

Mountsett Crematorium Joint Committee

30 January 2018

**Financial Monitoring Report – Position at
31/12/17, with Projected Outturn at 31/03/18**



**Joint Report of Ian Thompson – Corporate Director: Regeneration and
Local Services; John Hewitt – Corporate Director: Resources &
Treasurer to the Joint Committee**

Purpose of the Report

1. This report sets out details of income and expenditure in the period 1 April 2017 to 31 December 2017, together with the forecast outturn position for 2017/18, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
2. The report also details the funds and reserves of the Joint Committee at 1 April 2017 and forecast outturn position at 31 March 2018, taking into account the provisional financial outturn.

Background

3. Scrutinising the financial performance of the Mountsett Crematorium is a key role of the Joint Committee. Regular (quarterly) budgetary control reports are prepared by the Treasurer and aim to present, in a user friendly format, the financial performance in the year to date together with a forward projection to the year end. Routine reporting and consideration of financial performance is a key component of the Governance Arrangements of the Mountsett Crematorium.

Financial Performance

4. Budgetary control reports, incorporating outturn projections, are considered by Regeneration and Local Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers quarterly budgetary control reports, with quarterly reports also being considered by Cabinet / Overview and Scrutiny Committee. The outturn projections for the Mountsett Crematorium are included within this report.
5. The figures contained within this report have been extracted from the General Ledger and have been scrutinised and supplemented with information supplied by the Bereavement Services Manager. The following table highlights the provisional outturn financial performance of the Mountsett Crematorium:

Subjective Analysis	Base Budget 2017/18 £	Year to Date Actual April – December £	Probable Outturn 2017/18 £	Variance Over/ (Under) £
Employees	147,144	106,207	144,786	(2,358)
Premises	145,200	63,471	106,401	(36,799)
Transport	600	374	500	(100)
Supplies & Services	92,870	30,829	93,991	1,121
Agency & Contracted	7,100	5,252	5,252	(1,848)
Central Support Costs	27,450	27,450	27,450	0
Gross Expenditure	420,364	233,584	378,379	(41,985)
Income	(881,000)	(644,933)	(922,900)	(41,900)
Net Income	(460,636)	(411,349)	(544,521)	(83,885)
Transfer to (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	280,746	0	364,631	83,885
- General Reserve	0	0	0	0
Distributable Surplus	(164,890)	0	(164,890)	0
65% Durham County Council	107,178	80,385	107,178	0
35% Gateshead Council	57,712	43,284	57,712	0
Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2017 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2018 £
Repairs Reserve	(24,370)	(15,000)	0	(39,370)
Cremator Reserve	(1,235,484)	(363,181)	1,598,665	0
General Reserve	(263,400)	(165,790)	164,890	(264,300)
Total	(1,523,254)	(543,971)	1,763,555	(303,670)

Explanation of Significant Variances between Original Budget and Forecast Outturn

6. As can be seen from the table above, the updated projected outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £544,521 against a budgeted surplus of £460,636, (£83,885) more than the budgeted position. This compares with the previously forecast position (based on actual performance to 31 August 2017) of a surplus of £548,830, £88,194 more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis areas:

6.1 **Employees**

The updated outturn projections show an underspend of **(£2,358)** in relation to employee costs. The reasons for this are identified below:

- The Business Admin Apprentice costs are lower than budgeted due to the age of the year 1 apprentice appointed, resulting in a projected underspend of **(£2,358)**.

6.2 **Premises**

The updated outturn projections indicate an underspend of **(£38,799)** in relation to premises costs this year. The reasons for this are identified below:

- The installation of air conditioning budget will not be required as the costs are being incorporated within the cremator replacement capital works, resulting in an underspend of **(£15,000)**.
- The replacement of carpets to the office area budget is also being incorporated within the cremator replacement capital works, resulting in an underspend of **(£10,000)**.
- Cremator servicing and repairs are forecast to underspend by **(£4,663)** due to the old cremators being replaced during the year.
- Gas, electricity and water is forecast to be underspent by **(£3,636)** due to lower consumption rates and better prices than was originally estimated.
- General repairs are forecast to underspend by **(£5,500)** mainly due to the cremator replacement works being undertaken this year.

6.3 **Supplies and Services**

The updated outturn projections shows a net overspend of **£1,121** in relation to supplies and services. The reasons for this are highlighted below:

- Other general office costs such as printing and telephone costs are expected to be underspent by **(£1,849)**.
- Due to the projected numbers of cremations and a back dated payment due from 2015, medical referee expenditure is projected to overspend by **£2,970**.

6.4 **Agency & Contracted**

The updated outturn shows an underspend of **(£1,848)** in relation to agency and contracted services. The reasons for this are highlighted below:

- Environmental Protection Act testing will not need to be carried out due to the cremators being replaced, resulting in a underspend of **(£1,848)**

6.5 **Income**

An increase in income of **(£41,900)** from the 2017/18 budgeted position is included within the updated outturn projections. The reasons for this are identified below:

- The updated projection includes a forecast additional 56 more cremations compared to budget, totalling an over-achievement in the income budget of **(£36,400)**. The outturn allows for a total of 1,356 cremations against a budget estimate of 1,300 during the 2017/18 financial year.
- Book of Remembrance and Memorial Plaque income is forecast to be **(£5,500)** higher than budget.

6.5 **Earmarked Reserves**

Following the budget setting in January 2017, the cremator replacement and extension works are now scheduled to be completed this year and therefore contributions from earmarked reserves of **£1,597,765** are forecast to fund these works.

In line with the MCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **(£900)** is required in year. This results in a net transfer from the Cremator Replacement Reserve of **£1,235,484**.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2017 are forecast to be **£39,370**, along with a General Reserve of **£264,300**, giving a forecast total reserves and balances position of **£303,670** at the year end.

Recommendations and reasons

7. It is recommended that:-

- Members note the April to December 2017 revenue spend financial monitoring report and associated provisional outturn position at 31 March 2018, including the projected year end position with regards to the reserves and balances of the Joint Committee.

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Appendix 1: Implications

Finance

Full details of the year to date and projected outturn financial performance of the Mountseth Crematorium are included within the body of the report.

Staffing

There are no staffing implications associated with this report.

Risk

The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information supplied by the Bereavement Services Manager. The projected outturn has been produced taking into consideration spend to date, trend data and market intelligence, and includes an element of prudence. This, together with the information supplied by the Bereavement Services Manager should mitigate the risks associated with achievement of the forecast outturn position.

Equality and Diversity / Public Sector Equality Duty

There are no Equality and Diversity implications associated with this report.

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

There are no Crime and Disorder implications associated with this report.

Human Rights

There are no Human Rights implications associated with this report

Consultation

None. However, Officers of Gateshead Council were provided with a copy of the report and given opportunity to comments / raise any detailed queries on the contents of this report in advance of circulation to members of the Joint Committee.

Procurement

None

Disability Issues

None

Legal Implications

The outturn proposals contained within this report have been prepared in accordance with standard accounting policies and procedures.