

Mountsett Crematorium Joint Committee

27 April 2018

Financial Monitoring Report – Provisional Outturn as at 31 March 2018



Joint Report of Ian Thompson – Corporate Director: Regeneration and Local Services; John Hewitt – Corporate Director: Resources and 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 March 2018, together with the provisional 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 final position at 31 March 2018, taking into account the updated financial outturn projections.

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 regular budgetary control reports, with quarterly reports being considered by Cabinet / Overview and Scrutiny Committee. The outturn projections for the Mountsett Crematorium are included within this report.
5. Members should be aware that the 2017/18 closedown process has only recently commenced and whilst no major variances are anticipated between the provisional and final outturns, the final information incorporated into the Annual Return may differ from that included within this report. Where this is the case, a full explanation will be provided in the June report.
6. 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 – March £	Provisional Outturn 2017/18 £	Variance Over/ (Under) £
Employees	147,144	140,355	143,005	(4,139)
Premises	145,200	1,734,956	1,668,533	1,523,333
Transport	600	462	462	(138)
Supplies & Services	92,870	95,860	95,962	3,092
Agency & Contracted	7,100	5,631	5,967	(1,133)
Central Support Costs	27,450	27,450	27,450	0
Gross Expenditure	420,364	2,004,713	1,941,379	1,521,015
Income	(881,000)	(948,662)	(948,912)	(67,912)
Net Expenditure / (Income)	(460,636)	1,056,052	992,467	1,453,103
Transfer to (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	280,746	0	(1,172,357)	(1,453,103)
- General Reserve	0	0	0	0
Distributable Surplus	(164,890)	0	(164,890)	0
65% Durham County Council	107,178	107,178	107,178	0
35% Gateshead Council	57,712	57,712	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)	0	1,173,257	(62,227)
General Reserve	(263,400)	(165,790)	164,890	(264,300)
Total	(1,523,254)	(180,790)	1,338,147	(365,897)

Explanation of Significant Variances between Original Budget and Forecast Outturn

7. As can be seen from the table above, the projected outturn is showing a shortfall (before transfers to reserves and distribution of surpluses to the partner authorities) of £992,467 against a budgeted surplus of £460,636, £1,453,103 less than the budgeted position.
8. This compares with the previously forecast position, based on income and expenditure to 31 December 2017, as reported to the Joint Committee on 30 January 2018, of 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. A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:

- Employee costs are (£1,781) lower than projected at quarter 3 due to the apprentice leaving during the year
- Premises costs are £1,562,132 higher than projected due mainly to the crematorium extension and cremator replacement works being transacted through the revenue account at year end
- Transport costs are (£38) lower than projected
- General Supplies and Service costs are £1,971 higher than projected
- Agency and Contracted Services are £715 higher than projected
- Income is (£26,012) higher than projected due mainly to the additional cremations in the final quarter

9. The following section outlines the reasons for any significant variances by subjective analysis areas. Members should note that some transactions are undertaken annually at the year end and in line with the accounting policies, sundry creditor and debtor provisions are required after the 31 March. This results in additional charges / income being reported between the actuals as at 31 March and the provisional outturn figures. The table overleaf includes (amongst others) the following provisions within the outturn:

- Gas, electric and water charges not yet received from utility companies
- Medical Referee fees for the final quarter
- CAMEO surcharge for the final quarter

9.1 **Employees**

The outturn shows an underspend of **(£4,139)** in relation to employee costs. The reasons for this are identified below:

- The Business Admin Apprentice costs were lower than budgeted due to the age of the apprentice and the post holder left in February, resulting in an underspend of **(£5,104)**.
- The staff training budget overspent by **£965** due to coursework fees.

9.2 **Premises**

The outturn shows a projected overspend of **£1,523,333** in relation to premises costs. The reasons for this are identified below:

- Utility charges are projected to underspend by **(£1,038)**.

- The installation of air conditioning budget was not required as the costs have been incorporated within the cremator replacement works, resulting in an underspend of **(£15,000)**.
- The replacement of carpets to the office area budget was also incorporated within the cremator replacement works, resulting in an underspend of **(£10,000)**.
- The redecoration works underspent by **(£8,097)**. Internal works were completed as planned but the external works have been delayed due to the poor weather.
- The cremator replacement and crematorium extension works have been charged to the revenue account and total **£1,564,515**. There was no budget for the works initially incorporated into the Premises Budget set in January 2017 due to the uncertainty at the time of the level of reserves and the loan required from DCC to fund the works. The costs incurred in 2017/18 have been accommodated from a combination of utilising the Cremator Replacement Reserve and in-year underspends across other budget heads.
- Cremator servicing and repairs underspent by **(£2,710)** due to the old cremators being replaced during the year.
- General repairs underspent by **(£4,337)** due mainly to the cremator replacement works being undertaken this year.

9.3 **Supplies and Services**

The outturn shows a projected overspend of **£3,092** in relation to supplies and services. The reasons for this are highlighted below:

- General office costs and sundry items underspent by **(£3,357)**.
- Due to the increase in cremations and a back dated payment from 2015, medical referee expenditure is projected to overspend by **£3,630**.
- The environmental surcharges payable for tradable mercury abated cremations from the CAMEO scheme is predicted to overspend by **£2,819**, again due to the increase in cremation numbers.

9.4 **Income**

An increase in income of **(£67,912)** from the 2017/18 budget is included within the provisional outturn. The reasons for this are identified below:

- The provisional outturn has taken into consideration an additional 96 cremations compared to budget, totalling excess income to budget of **(£60,022)**. The outturn is based on a total of 1,396 cremations against a budget estimate of 1,300 during 2017/18.

- Interest is **(£544)** higher than expected due to a slight increase in interest rates and higher levels of balances than originally forecast.
- Book of Remembrance and Memorial Plaque income were **(£7,346)** higher than budget.

10. ***Earmarked Reserves***

The 2017/18 base budget included provision for a £280,746 contribution to the Cremator Replacement Reserve in year.

The cremator replacement and extension works were nearing completion at the year end and therefore the budgeted contribution to the Cremator Replacement reserve and the brought forward balance on this reserve has been applied to fund these works. The closing balance of £62,227 will be utilised in 2018/19 upon completion of the project.

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.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2018 are forecast to be **£29,236**, along with a General Reserve of **£264,300**, giving a forecast total reserves and balances position of **£293,536** at the year end.

Recommendations and reasons

11. It is recommended that:-

- Members note the 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 Mountset 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.