

Mountsett Crematorium Joint Committee

28 June 2018

**Revenue Outturn & Joint Committees
Annual Return for the Financial Year Ended
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 seeks approval of the Joint Committees Annual Return (attached at Appendix 3) for Mountsett Crematorium Joint Committee for the financial year ended 31 March 2018. It also includes details of the final outturn position against the approved budgets for 2017/18.

Background

2. The Joint Committees Annual Return will be subject to external audit by the Joint Committee's appointed external auditors, Mazars LLP and the limited assurance audit will commence on 6 July 2018. Upon completion, the auditor's report will be reported to the Joint Committee and will be made available online, along with the Return.
3. The attached Joint Committees Annual Return is not compulsory requirement for the Mountsett Crematorium Joint Committee but is good practice. Also attached for Members attention at Appendix 2 is the Balance Sheet as at 31 March 2018.

Financial Outturn 2017/18

4. Members will recall that regular (quarterly) budgetary control reports have been considered throughout the year, which incorporated forecast year-end outturn positions. A provisional outturn report was presented to Members at the meeting of 27 April 2018.
5. The following table shows the final outturn position together with comparative data against the provisional outturn report considered on 27 April 2018.

Subjective Analysis	Base Budget 2017/18 £	Outturn 2017/18 £	Variance Over/ (Under) £	MEMO – Provisional Outturn (27.04.18) 2017/18 £
Employees	147,144	143,005	(4,139)	143,005
Premises	145,200	1,668,766	1,523,566	1,668,533
Transport	600	462	(138)	462
Supplies & Services	92,870	95,934	3,064	95,962
Agency & Contracted	7,100	5,967	(1,133)	5,967
Central Support Costs	27,450	27,450	0	27,450
Gross Expenditure	420,364	1,941,584	1,521,219	1,941,379
Income	(881,000)	(948,671)	(67,671)	(948,912)
Net Income	(460,636)	992,913	1,453,549	992,467
Transfer to (from) Reserves				
- Repairs Reserve	15,000	15,000	0	15,000
- Cremator Reserve	280,746	(1,172,803)	(1,453,549)	(1,172,357)
- General Reserve	0	0	0	0
Distributable Surplus	(164,890)	(164,890)	0	(164,890)
65% Durham County Council	107,178	107,178	0	107,178
35% Gateshead Council	57,712	57,712	0	57,712
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	1,173,703	(61,781)
General Reserve	(263,400)	(165,790)	164,890	(264,300)
Total	(1,523,254)	(180,790)	1,338,593	(365,451)

Explanation of Significant Variances between Original Budget and Forecast Outturn

- The final outturn position is broadly in line with the provisional outturn position reported to the Joint Committee on 27 April 2018, with only very minor changes across a number of budget levels at the final outturn (£446 increase) to the overall net income for the year.

7. The following section outlines the reasons for significant variances by subjective analysis area (most of which was disclosed in the provisional outturn report), comparing the outturn position against the budget.

7.1 **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.

7.2 **Premises**

The outturn shows an overspend of **£1,523,566** in relation to premises costs. The reasons for this are identified below:

- Utility charges underspent by **(£805)**.
- 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.

7.3 **Supplies and Services**

The outturn shows an overspend of **£3,064** in relation to supplies and services. The reasons for this are highlighted below:

- General office costs and sundry items underspent by **(£3,385)**.
- Due to the increase in cremations and a back dated payment from 2015, medical referee expenditure is overspent by **£3,630**.
- The environmental surcharges payable for tradable mercury abated cremations from the CAMEO scheme is overspent by **£2,819**, again due to the increase in cremation numbers

7.4 **Income**

An increase in income of **(£67,671)** from the 2017/18 budget is included within the final outturn. The reasons for this are identified below:

- The 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 **(£303)** 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.

8. **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 £61,781 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)** was required at year end.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2018 are **£101,151**, along with a General Reserve of **£264,300**, giving a total reserves and balances position of **£365,451** at the year end. This represents an in year decrease of **(£1,157,803)** (approximately 76% decrease on the balances held at 31 March 2017) – reflecting the application of reserves to fund the cremator replacements in year.

Recommendations and reasons

9. It is recommended that:-

- Members note the revenue outturn position as at 31 March 2018, including the year end position with regards to the reserves and balances of the Joint Committee.
- Members of the Joint Committee approve Section 1 – Annual Governance Statement 2017/18 of the Joint Committees Annual Return for the financial year ended 31 March 2018 (attached at Appendix 3).
- Members of the Joint Committee approve Section 2 – Accounting Statements 2017/18 of the Joint Committees Annual Return for the financial year ended 31 March 2018 (attached at Appendix 3).
- The Chair, Clerk and Treasurer sign the Joint Committees Annual Return for the financial year ended 31 March 2018 (attached at Appendix 3).

Contact(s): Paul Darby 03000 261930
Ed Thompson 03000 263481

Appendix 1: Implications

Finance

Full details of the 2017/18 outturn financial performance of the Mountsett 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 outturn has been produced taking into consideration all spend in year and year end accounting requirements. This, together with the information supplied by the Bereavement Services Manager should mitigate any risks with regard to challenge and review of the financial outturn position of the Joint Committee.

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.

Appendix 2

Mountsett Crematorium Joint Committee
Balance Sheet as at 31st March 2018

31st March 2017 £000		31st March 2018 £000
0	Property, Plant & Equipment	0
0	Intangible Assets	0
0	Long Term Investments	0
0	Long Term Debtors	0
0	Long Term Assets	0
1,010	Short term Investments	0
0	Inventories	0
17	Short Term Debtors	39
586	Cash & Cash Equivalents	712
1,613	Current Assets	751
0	Short Term Borrowing	0
(90)	Short Term Creditors	(386)
0	Provisions	0
(90)	Current Liabilities	(386)
0	Long Term Creditors	0
0	Provisions	0
0	Long Term Borrowing	0
0	Other Long Term Liabilities	0
0	Long Term Liabilities	0
1,523	NET ASSETS	365
1,523	Usable Reserves	365
0	Unusable Reserves	0
1,523	TOTAL RESERVES	365