

Mountsett Crematorium Joint Committee



27 September 2018

Financial Monitoring Report – Position at 31/08/18, with Projected Outturn at 31/03/19



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 2018 to 31 August 2018, together with the forecast outturn position for 2018/19, 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 2018 and forecast outturn position at 31 March 2019, 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 2018/19 £	Year to Date Actual April – August £	Probable Outturn 2018/19 £	Variance Over/ (Under) £
Employees	151,436	46,178	145,002	(6,434)
Premises	144,350	65,238	322,947	178,597
Transport	600	137	410	(190)
Supplies & Services	65,949	14,798	67,207	1,258
Agency & Contracted	9,520	1,537	5,259	(4,261)
Capital Charges	222,712	0	0	(222,712)
Central Support Costs	27,970	0	27,970	0
Gross Expenditure	622,536	127,888	568,796	(53,740)
Income	(926,850)	(391,576)	(1,000,099)	(73,249)
Net Income	(304,314)	(263,688)	(431,303)	(126,989)
Transfer to (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	124,424	0	251,413	126,989
- General Reserve				
Distributable Surplus	(164,890)	0	(164,890)	0
65% Durham County Council	107,178	53,589	107,178	0
35% Gateshead Council	57,712	28,856	57,712	0
Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2018 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2019 £
Repairs Reserve	(39,370)	(15,000)	0	(54,370)
Cremator Reserve	(61,781)	(251,413)	13,755	(299,439)
General Reserve	(264,300)	(178,645)	164,890	(278,055)
Total	(365,451)	(445,058)	178,645	(631,864)

Explanation of Significant Variances between Original Budget and Forecast Outturn

6. As can be seen from the table above, the projected outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £431,303 against a budgeted surplus of £304,314, (£126,989) more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis areas:

6.1 **Employees**

The outturn shows an underspend of **(£6,434)** in relation to employee costs. The reasons for this are identified below:

- The Business Admin Apprentice costs are lower than budgeted due to the Apprentice only starting in September and is forecast to underspend by **(£8,149)**.
- The staff overtime budget is forecast to overspend by **£3,215** due to additional weekend working.
- The training budget will not be required this year resulting in an underspend of **(£1,500)**.

6.2 **Premises**

The outturn shows an overspend of **£178,597** in relation to premises costs. The reasons for this are identified below:

- The replacement of the exterior gates was not required, instead the gates were repaired, which has resulted in an underspend of **(£4,620)**.
- The redecoration works were not completed in 17/18 due to the bad weather and the external works being delayed and had to be completed in the current year resulting in an overspend of **£4,356**.
- Cremator servicing and repairs are forecast to underspend by **(£10,193)** due to the old cremators being replaced during 17/18.
- Utility budgets are expected to overspend by **£15,729** due mainly to significant increases in electricity tariffs charged from April 2018.
- The funding of the remaining costs relating to the extension and new cremators are being funded directly through the revenue account and therefore this area of the budget is **£173,325** overspent. This overspend is offset by the capital charges underspend due to not having to take out a loan for the works.

6.3 **Supplies and Services**

The outturn shows an overspend of **£1,258** in relation to supplies and services. The reasons for this are highlighted below:

- The one off purchases of a pressure washer and vac sweeper are underspent by **(£1,373)**.
- Due to the projected numbers of cremations, medical referee expenditure is projected to overspend by **£1,716**.

- The installation of WIFI and the website development is expected to overspend by **£2,072**.
- Book of remembrance fees are expected to underspend by **(£1,000)** due to low demand.
- Other sundry expenses are expected to underspend by **(£157)**.

6.4 **Agency & Contracted**

The outturn shows an overspend of **(£4,261)** 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 **(£4,261)**.

6.5 **Capital Charges**

The outturn shows an underspend of **(£222,712)** in relation to capital charges. The reasons for this are highlighted below:

- The loan from DCC for the Major Works will not now be required and instead paid from the Premises budget, resulting in an underspend of **(£222,712)**.

6.6 **Income**

An increase in income of **(£73,249)** from the 2018/19 budgeted position is included within the outturn. The reasons for this are identified below:

- The updated outturn projection has taken into consideration a forecast additional 104 more cremations compared to budget, totalling an over-achievement in the income budget of **(£70,720)**. The outturn allows for a total of 1,404 cremations against a budget estimate of 1,300 during the 2018/19 financial year. In the first five months there have been 557 cremations undertaken – 3 more than at the same point last year. There were 1,396 cremations in total in 2017/18.
- Memorial Plaque income and bank interest is forecast to be **(£2,529)** higher than budget.

6.7 **Earmarked Reserves**

Contributions to the earmarked reserves were **£126,989** more than originally budgeted, primarily due to the increase in cremation income during the year and a reduction in the Cremator Replacement and Extension costs.

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 **(£13,755)** is required in year. This results in a net transfer from the Cremator Replacement Reserve of **£237,658**.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2018 are forecast to be **£353,809**, along with a General Reserve of **£278,055**, giving a forecast total reserves and balances position of **£631,864** at the year end.

Recommendations and reasons

7. It is recommended that:-

- Members note the April to August 2018 revenue spend financial monitoring report and associated provisional outturn position at 31 March 2019, 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.