

**Report of Treasurer of Joint Crematorium Committee
To
Mansfield and District Joint Crematorium Committee
On
17 September 2018**

**FINANCIAL MANAGEMENT REVIEW
1 APRIL 2018 TO 31 AUGUST 2018**

1. SUMMARY

- 1.1 This report shows the forecasted year end position for the 2018/2019 financial year for the Joint Crematorium as at 31 August 2018.

2. RECOMMENDATION

To be resolved:

- i). The financial information provided in appendix 1 and table 3 is for noting only.
- ii) The revenue budget increase of £55,000 identified in 3.1.3 to be financed from General Reserves is approved.
- iii) The capital budget increase of £5,135 identified in 3.2.5 is approved.

3. BACKGROUND

- 3.1 Summary Forecast Financial Position - see appendix 1

Table 1 below summarises the income and expenditure incurred to 31 August 2018 and the variances expected at year end. Further explanations are provided below where there are significant variances between the forecasted outturn position and the budget.

Table 1

CREMATORIUM	FULL YEAR			1 April 2018 to 31 August 2018
	Description	Budget	Forecast	Variance
Employee Costs	379,896	384,032	4,136	166,159
Premises Related Expenses	413,995	395,604	-18,391	183,535
Transport Related Expenditure	300	300	0	114
Supplies and Services	186,423	236,197	49,774	40,558
Support Services	61,435	61,435	0	1,158
Depreciation & Impairment	106,610	106,610	0	0
Revenue Gross Expenditure	1,148,659	1,184,178	35,519	391,524
Rev Gross Income	-1,859,047	-1,854,047	5,000	-674,512
Revenue Gross Income	-1,859,047	-1,854,047	5,000	-674,512
Net Cost of Service	-710,388	-669,869	40,519	-282,988
Interest Income	-1,860	-4,000	-2,140	0
Depreciation to be Reversed	-106,610	-106,610	0	0
CAMEO Non Abatement Fee from General Reserve	0	-55,000	-55,000	0
3% Cremation Fee Increase to Capital Fund	46,550	46,550	0	0
2017/2018 Carryforward Budgets from General Reserve	-28,000	-28,000	0	0
Below Net Cost of Service	-89,920	-147,060	-57,140	0
Net (-) Surplus	-800,308	-816,929	-16,621	-282,988
CREMATORIUM CAPITAL	FULL YEAR			1 April 2018 to 31 August 2018
Description	Budget	Forecast	Variance	Actuals
Capital New Land Infrastructure	0	5,315	5,315	0
Capital Gross Expenditure	0	5,315	5,315	0

3.1.1 Employee Expenses total forecasted variance £4,000

There are currently two vacancies at the Crematorium, one technician post and one recently vacated clerical assistant post. Officers have been working overtime which incurs additional national insurance and superannuation costs.

3.1.2 Premises Related Expenses total forecasted variance (£18,000)

Insurance premiums and business rates annual invoice were lower than budget estimates (£4,000). Utility forecasts for electricity and gas have been reduced (£14,000); this is based on current usage and the total expenditure for the previous financial year. The utility forecasts will be monitored to reflect and changes in usage and/or prices from suppliers.

3.1.3 Supplies and Services Expenses total forecasted variance £50,000

Due to the problems with the abatement equipment, the 50% target for abated cremations is not expected to be met this financial year. As a result of this target not being met during 2018/2019, the Mansfield & District Crematorium will have to purchase tradable mercury abated cremations (tmac's) from the CAMEO scheme to meet the 50% target. The shortfall in 2017/2018 resulted in 614 tmac's required from the CAMEO scheme which cost £32,542. The current forecast for 2018/2019 is £55,000, the number of abated cremations will be closely monitored during the calendar year and the forecast will be adjusted if required. It is recommended that this additional expenditure is financed from the general reserves held by the JCC.

On 22 November 2017 notification was received from the Smaller Authorities Appointments Limited (SAAA) advising that an annual external audit was required on the JCC statement of accounts commencing with the financial year 2017/2018. However, when the SAAA and the appointed auditors were contacted after the financial year end, MDC were told that Joint Committees are no longer required to have their accounts externally audited, and therefore do not need to complete an Annual Governance and Accountability Return under the Audit and Accountability Act 2014. MDC were advised to disregard the notification of external auditor appointment as this was sent to the JCC in error. As a result of this change the £2,000 budget is no longer required for external audit fees.

Other forecast budget reductions totalling £3,000 have been identified, as shown in Appendix 1.

3.1.4 Income total forecasted variance £5,000.

Based on lower monthly income in the current year and previous year actuals which totalled £27,762, the forecast income for organist fees has been reduced by £5,000 to £27,000.

3.1.5 Below Net Cost of Service total forecasted variance (£57,000)

Interest income has been increased by £2,000 due to the £750,000 capital spend being deferred to 2019/2020. £55,000 will be moved from the general usable reserve to finance the forecasted non abatement fees from CAMEO.

3.1.6 The number of cremations carried out between 1 April 2018 and 31 August 2018 is 920, a decrease of 79 (7.9%) compared to 999 over the same period in 2017/2018. Table 2 below compares the April to August number of cremations for the last 4 years.

Table 2

Period	Ashfield	Mansfield	Newark & Sherwood	Out of Area	Total
April 2018-Aug 2018	328	356	50	186	920
April 2017-Aug 2017	340	394	71	194	999
April 2016-Aug 2016	328	387	112	223	1050
April 2015-Aug 2015	343	338	86	247	1014

Appendix 2 shows the number of cremations and the percentage of the split between Ashfield District Council, Mansfield District Council, Newark and Sherwood District Council and Outside of the Joint Committee area. A graph showing these proportions is attached in appendix 3.

3.2 Balance Sheet Review – Table 3 below shows the balance sheet as at 31 August 2018.

Table 3

Mansfield & District Joint Crematorium		
Balance Sheet as at 31 August 2018		
31 March 2018		31 August 2018
£		£
1,993,480	Property, Plant & Equipment	1,993,480
1,993,480	Long Term Assets	1,993,480
243,519	Short Term Debtors	162,602
1,607,129	Cash and Cash Equivalents	1,157,363
1,850,648	Current Assets	1,319,965
-813,671	Short Term Creditors	0
-12,288	Provisions	-12,288
-825,959	Current Liabilities	-12,288
-1,223,000	Net Pension Liability	-1,223,000
-1,223,000	Long Term Liabilities	-1,223,000
1,795,169	Net Assets	2,078,157
	Financed by:	
764,707	Capital Fund	764,707
0	Surplus/(deficit) in year	282,988
299,901	General Reserve	299,901
1,064,608	Usable Reserves	1,347,596
97,413	Revaluation Reserve	97,413
1,896,067	Capital Adjustment Accounts	1,896,067
-1,262,919	Pension Reserve	-1,262,919
£730,561	Unusable Reserves	730,561
1,795,169	Total Reserves	2,078,157

3.2.1 Long Term Assets – There is currently no movement in the long term assets. Transactions for depreciation and any changes in the re-valuation of the crematorium assets, which is to be undertaken during this financial year, will be calculated before the financial year end.

3.2.2 Current Assets

Short Term Debtors - Total outstanding at 31 August 2018 was £162,602.

Ageing Summary:

Month invoice raised:	Amount Due £
○ August (Current month)	127,122
○ July (1 month overdue)	16,378
○ June (2 months overdue)	3,130
○ May and earlier (3 months plus)	15,972
○ TOTAL	162,602

These debtor invoices relate to monies due from funeral directors.

Cash and Cash Equivalents – The main changes relate to the payment of the 2017/2018 allocated surplus to each authority, accrued creditor payments to suppliers and the revenue surplus calculated up to 31 August 2018 on the revenue accounts.

3.2.3 Current Liabilities

Short Term Creditors – There are no short term creditors at 31 August 2018. However, at the financial year end the outstanding creditors will be calculated based on the invoices relating to the 2018/2019 accounts that have not yet been paid and the net surplus due to the 3 authorities.

Provisions – At the financial year end the value required for this provision will be recalculated based on the age of outstanding debtor invoices.

3.2.4 Long Term Liabilities

Net Pension Liability – This will remain unchanged until the actuary report is received at the financial year end advising of the changes to the value of the JCC pension scheme.

3.2.5 Usable Reserves

Capital Fund – The capital budget for 2018/2019 was set at £750,000 for replacement cremator abatement equipment. It has been agreed by the constituent authorities to defer these works to 2019/2020. There is a final retention payment due this financial year for the works undertaken on the car park infrastructure undertaken during 2017/2018. It is recommended that the

capital budget for 2018/2019 is set at £5,135 to meet the retention costs for the car park infrastructure scheme.

The forecast capital fund usable reserve balance at 31 March 2019 is £806,122 as detailed in table 4 below.

Table 4

Capital Fund Balance Brought Forward 1 April 2018		£764,707
Add estimated income from 3% cremation fee increase based on 2,450 cremations		£46,550
Less estimated expenditure Sept 2018-March 2019 for the retention due on the car park infrastructure works		-£5,135
Capital Fund Forecasted Balance as at 31 March 2019		£806,122

General Reserve – At the end of 2017/2018 budget carry-forwards were approved totalling £28,000. The carry-forward budgets were included in the general reserve increasing the closing balance of this reserve to £299,901 at the end of the last financial year. These carry-forward budgets are now included in the 2018/2019 budgets.

As identified in 3.1.3, fees are expected to be incurred during 2018/2019 from CAMEO for the purchase of tmac's, the costs are forecast at £55,000 with a recommendation to finance this spend from the general reserve.

The forecasted balance of the general reserve at the end of this financial year is £216,901, as detailed in table 5 below.

Table 5

General Reserve Balance Brought Forward 1 April 2018		£299,901
<u>Less Estimated Expenditure Sept 2018 to March 2019</u>		
CAMEO Non Abatement Fees	-£55,000	
Equipment budget for video streaming	-£22,000	
Printing budget	-£6,000	-£83,000
General Reserve Forecasted Balance as at 31 March 2019		£216,901

3.2.6 Unusable Reserves

Revaluation reserve - This will remain unchanged until the end of the current financial year.

Capital Adjustment Account – This will remain unchanged until the end of the current financial year.

Pension Reserve - This will remain unchanged until the actuary report is received at the financial year end advising of the changes to the value of the JCC pension scheme.

3.3 The position at 31 August 2018 is a surplus of £282,988, see appendix 1.

The year-end forecast position to 31 March 2019 is a surplus of £816,929, compared to the budgeted surplus of £800,308, which is an additional surplus of £16,621.

3.3.1 As approved at the December 2017 JCC meeting, the surplus distribution will not exceed the budgeted surplus of £800,308 and that any additional surplus will be transferred to the General Reserve for future planned preventative works.

3.3.2 Table 6 below shows the forecast surplus payments to each authority based on the budgeted surplus and the usage to date by area.

Table 6

District	April 2018- August 2018 No. of Cremations	April 2018 - August 2018 Usage Percentage	Budgeted Surplus £800,308 split
Ashfield	328	44.69%	£ 357,631
Mansfield	356	48.50%	£ 388,160
Newark & Sherwood	50	6.81%	£ 54,517
TOTAL	734	100.00%	£ 800,308

4. RISK ASSESSMENT OF RECOMMENDATIONS AND OPTIONS

Risk	Risk Assessment	Risk Level	Risk Management
Financial forecasts are inaccurate	A number of the Joint Crematorium's budgets are dependent on external factors and influences which cannot be accurately forecast	Medium	The budgetary management system is in place whereby finance and budget officers meet to discuss issues surrounding the budgets.

5. ALIGNMENT TO COMMITTEES PRIORITIES

This report is directly aligned to ensuring effective management of the Crematorium.

6. IMPLICATIONS RELATING TO RELEVANT LEGISLATION

- (a) Relevant Legislation: The accounts are produced in accordance with the requirements of the Accounts and Audit Regulations 2015. The format reflects the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2017/2018 and the Service Accounting Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by the International Financial Reporting Standards (IFRS).
The audit is carried out in accordance with the Accounts and Audit Regulations 2015.
- (b) Human Rights: No impact
- (c) Equality and Diversity: No impact.
- (d) Climate change and environmental sustainability: No impact.
- (e) Crime and Disorder: No impact.
- (f) Budget / Resources: This report is to note the out-turn position on the Joint Crematorium Account and the balances on the Reserve funds.

7. CONSULTATION

The proposals have been provided by the Director and Registrar of the Mansfield & District Crematorium.

8. BACKGROUND PAPERS

None.

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				Appendix 1
REVENUE CREMATORIUM	Full Year			1 April 2018 to 31 August 2018
Description	Budget	Forecast	Variance	Expenditure
	£	£	£	£
Salaries Basic Pay	275,549	266,990	-8,559	107,439
Salaries Overtime	18,000	19,250	1,250	8,574
Salaries National Insurance	20,859	22,560	1,701	9,098
Salaries Superannuation	46,017	50,625	4,608	20,526
Salaries Vacancy Savings	-5,136	0	5,136	0
Superann Additional Allowances	1,147	1,147	0	44
Pension Deficit Lump Sum	19,960	19,960	0	19,960
Occupational Health Services	500	500	0	0
Training Expenses Staff	3,000	3,000	0	518
Employee Related Expenditure	379,896	384,032	4,136	166,159
Repair/Maintenance Buildings	22,667	22,667	0	10,194
Grounds Maintenance General	20,440	20,440	0	7,069
EPA Testing	1,500	1,200	-300	0
Repair/Maintenance Fixed Plant Cremators	137,600	137,600	0	26,975
Electricity	45,000	43,000	-2,000	10,114
Gas	55,000	43,000	-12,000	10,290
Rent of Premises	159	159	0	0
Business Rates	90,629	87,902	-2,727	87,902
Sewage/Water Rates	20,000	20,000	0	14,777
Insurance	16,000	14,636	-1,364	14,636
Cleaning Materials	5,000	5,000	0	1,577
Premises Related Expenditure	413,995	395,604	-18,391	183,535
Car Allowances	300	300	0	114
Transport Related Expenditure	300	300	0	114
Equipment Acquisitions	22,000	22,000	0	0
Furniture Acquisitions	4,000	4,000	0	200
Hire Vending Machines	600	600	0	206
Light Plant and Tools	5,000	5,000	0	1,678
Bio Boxes	4,000	4,000	0	2,002
Office Machinery Repair/Maintenance	0	64	64	64
Office Machinery Replacement	1,000	936	-64	0
Uniforms	3,500	3,500	0	335
Books & Publications	12,000	12,000	0	0
Printing	9,000	9,000	0	647
Stationery	6,000	6,000	0	2,337
Advertising Other	1,650	1,650	0	1,294
Waste Collection Skips	1,500	1,500	0	0
Medical Referee Fees	45,325	45,325	0	16,983
Payments to Local Authorities	4,000	4,000	0	417
External Audit Fees	2,000	0	-2,000	-2,000
Software Licences	9,180	8,500	-680	0
Mobile Phones	100	0	-100	0
Postages	4,500	4,500	0	1,206
Telephones	6,800	6,500	-300	2,044
Conference Expenses	1,000	0	-1,000	0
Subscriptions	2,346	2,200	-146	1,060
Book of Remembrance Inscriptions	8,922	8,922	0	4,080
Other Expenses General	500	500	0	0
Memorial Plaques	11,500	11,500	0	1,665
Organist Fees	20,000	19,000	-1,000	6,340
CAMEO Non Abatement Fees	0	55,000	55,000	0
Supplies & Services Expenditure	186,423	236,197	49,774	40,558

				Appendix 1
REVENUE CREMATORIUM	Full Year			1 April 2018 to 31 August 2018
Description	Budget	Forecast	Variance	Expenditure
	£	£	£	£
Head of Service	6,636	6,636	0	0
Human Resources	7,737	7,737	0	0
Payroll	2,413	2,413	0	970
Accountancy	7,219	7,219	0	0
BSU Creditors	3,683	3,683	0	0
Customer Support Unit Telephony	688	688	0	0
Customer Support Unit Reception	30	30	0	0
Debtors	2,312	2,312	0	0
Internal Audit	3,016	3,016	0	0
Postal Services	4	4	0	0
IT GIS	1,610	1,610	0	0
IT Network	11,398	11,398	0	0
Design Services	5,422	5,422	0	0
Waste & Litter Collection	6,987	6,987	0	0
Environmental Health	450	450	0	0
Risk Management	780	780	0	0
Telephone Recharges	1,050	1,050	0	188
Support Services	61,435	61,435	0	1,158
Depreciation	106,610	106,610	0	0
Depreciation and Impairment	106,610	106,610	0	0
Revenue Gross Expenditure	1,148,659	1,184,178	35,519	391,524
Book of Remembrance Inscriptions	-24,970	-24,970	0	-9,120
Crematorium Containers	-200	-200	0	-140
Crematorium Memorials	-45,631	-45,631	0	-18,178
Organist	-32,000	-27,000	5,000	-9,628
Cremation Fees	-1,680,700	-1,680,700	0	-620,370
Medical Fees	-45,325	-45,325	0	-17,076
Recharges to Cemeteries	-30,221	-30,221	0	0
Revenue Gross Income	-1,859,047	-1,854,047	5,000	-674,512
Net Cost of Service	-710,388	-669,869	40,519	-282,988
Interest Income	-1,860	-4,000	-2,140	0
Depreciation to be Reversed	-106,610	-106,610	0	0
CAMEO Non Abatement Fees from General Reserve	0	-55,000	-55,000	0
3% Cremation Fee Increase Income to Capital Fund	46,550	46,550	0	0
2017/2018 Carryforward Budget from General Reserve	-28,000	-28,000	0	0
Below Net Cost of Service Sub Total	-89,920	-147,060	-57,140	0
Net Surplus	-800,308	-816,929	-16,621	-282,988
CAPITAL CREMATORIUM	Full Year			1 April 2018 to 31 August 2018
Description	Budget	Forecast	Variance	Expenditure
	£		£	£
New Land Infrastructure	0	5,135	5,135	0
Grand Total	0	5,135	5,135	0

Appendix 2

Number of Cremations by Area - 2018/2019

Month	Ashfield	%	Mansfield	%	Newark	%	Out of Area	%	TOTAL
Apr-18	71	35%	79	39%	12	6%	40	20%	202
May-18	55	32%	79	45%	6	3%	34	20%	174
Jun-18	68	35%	76	39%	8	4%	44	22%	196
Jul-18	65	39%	55	33%	7	4%	38	23%	165
Aug-18	69	38%	67	37%	17	9%	30	16%	183
Sep-18									
Oct-18									
Nov-18									
Dec-18									
Jan-19									
Feb-19									
Mar-19									
	328	36%	356	39%	50	5%	186	20%	920

Appendix 3

Mansfield & District Crematorium - Cremations 2018/2019



