

**Report of Treasurer of Joint Crematorium Committee
To
Mansfield and District Joint Crematorium Committee
On
23 February 2018**

**FINANCIAL MANAGEMENT REVIEW
1 APRIL 2017 TO 31 JANUARY 2018**

1. SUMMARY

- 1.1 This report shows the forecasted year end position for the 2017/2018 financial year for the Joint Crematorium as at 31 January 2018.

2. RECOMMENDATION

To be resolved:

- i). The financial information provided in appendix 1 and table 3 is for noting only.
- ii) The capital budget increase of £9,989 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 January 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 Description	FULL YEAR			1 April 2017 to 31 January 2018
	Budget	Forecast	Variance	Actuals
Employee Costs	377,657	367,804	-9,853	307,868
Premises Related Expenses	381,602	380,251	-1,351	135,918
Transport Related Expenditure	530	200	-330	133
Supplies and Services	215,016	204,980	-10,036	102,334
Support Services	53,539	55,989	2,450	46,218
Depreciation & Impairment	106,610	106,610	0	593,957
Revenue Gross Expenditure	1,134,954	1,115,834	-19,120	1,186,427
Rev Gross Income	-1,739,709	-1,729,512	10,197	-1,360,223
Revenue Gross Income	-1,739,709	-1,729,512	10,197	-1,360,223
Net Cost of Service	-604,755	-613,678	-8,923	-173,796
Interest Income	-1,140	-1,140	0	0
Less Depreciation to be Reversed	-106,610	-106,610	0	-106,610
Less Impairment to be Reversed	0	0	0	-487,347
Less Business Rate Refunds to Capital Fund	0	0	0	126,189
Less Pension Increase from General Reserve	-13,831	-13,831	0	-12,222
Less External Painting from General Reserve	0	-13,578	-13,578	-13,239
Less Carryforward Budgets from General Reserve	-29,500	-29,500	0	-11,000
Below Net Cost of Service	-151,081	-164,659	-13,578	-504,229
Net (-) Surplus	-755,836	-778,337	-22,501	-678,025

3.1.1 Employee Expenses - £10,000 underspend

There are salary savings forecast of £10,000 as a result of turnover of staff to date, mainly due to gap between officers leaving and newly appointed staff starting. There is currently a vacancy for a technician.

At the 20 February 2017 meeting, approval was given to finance the superannuation budget increase of £13,831 from the general reserve funds in 2017/2018. This increase comprised of £4,176 for the cash deficit element and £9,655 for the salary element. In the period April to January 2018, the cash deficit element has been fully paid and the first 10 months of the salary element have been paid, resulting in £12,222 to be financed from the general reserve fund to date.

3.1.2 Premises Related Expenses – £1,000 underspend

There is a saving of £26,000 against the budget set for business rates (NDR) in 2017/2018. This is as a result of the change in the business rate multiplier set by government from 49.7 pence to 47.9 pence and the change in the rateable value from £221,000 to £178,300 as part of the 2017 Business Rates revaluation process which is undertaken every 5 years by the Valuation Office Agency. The next general revaluation is due in 2022.

A backdated appeal against the rateable value of the Crematorium has been successful; this has resulted in a refund of £100,000 on business rates. On 15 December 2017, approval was given to transfer both the £26,000 in year

saving and £100,000 business rate refund from the revenue accounts into the capital fund to contribute towards future capital works and this transfer is included in the updated financial statements within this report.

At the end of the 2016/2017 financial year, carry forwards were approved for catafalque works £11,000, video streaming equipment £15,000 and furniture upgrades £3,500, the funding for which was added to the general reserve. Works in relation to the catafalque lift and surround have been completed; £11,000 will be taken from the general reserve provision to finance this work, an adjustment has been made for this expenditure in table 1 and appendix 1.

Following on from the December 2016 report, minute 1666 approved that works for external painting and toilet alterations estimated at £25,000 were to be met from the general reserve provision when required. A contract for £13,578 has been awarded for the external painting works and to date £13,239 has been paid. There is no budget provision for this expenditure in the 2017/2018 budgets as this overspend is being met from general reserves. The works to the toilet alterations have been put on hold with minor expenditure required for this year being met from available premises expense budgets.

Utilities underspends are forecast at £12,000 but will be monitored as consumption increases in the winter months and insurance fire underspends are forecast at £3,000.

The Director and Registrar has completed the 2017 annual CAMEO abatement return for January-December 2017 and as a result of the problems with the abatement equipment, the 50% target for abated cremations has not been achieved. As a result of the target not being met during 2017, 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 is 614 cremations charged at £55.00 each resulting in an invoice being due this financial year for £33,770. A budget realignment for £33,770 has been processed this financial year to move un-used budgets within repair/maintenance fixed plant cremators to fees and allowances to finance this overspend.

The grounds maintenance budget for this year is forecast to overspend by £11,430, this is a result of the additional land purchase this year requiring a boundary fence and grounds maintenance works. A budget realignment for £11,430 has been processed this financial year to move un-used budgets within repair/maintenance fixed plant cremators to grounds maintenance general to finance this overspend.

3.1.3 Supplies and Services Expenses - £10,000 underspend

There are forecasted underspends within supplies and services of £10,000 mainly comprising of £1,000 office machinery, £6,000 printing/publications special due to work due in the next financial year, £1,000 telephones and £2,000 for temporary memorials.

3.1.4 Support Services - £2,000 overspend

There have been three support services recharges that are new to the crematorium this year and have resulted in a forecasted increase in costs of £2,000. These are cash collection charges, which relate to the transaction charges incurred for accepting payments by debit and credit cards from customers through the income collection software system, pest control recharges for the use of this environmental health service and ad-hoc electricians recharges for the installation of footway lighting.

3.1.5 Income – Reduction of £10,000.

Income for containers and the organist have been reduced in line with current usage and the expected income from CAMEO for mercury abatement has been forecast to nil due to the problems with the abatement equipment.

3.1.6 The number of cremations carried out between 1 April 2017 and 31 January 2018 is 2,026, a decrease of 110 (5.1%) compared to 2,136 over the same period in 2016/2017. Table 2 below compares the April to January number of cremations for the last 4 years.

Table 2

Period	Ashfield	Mansfield	Newark & Sherwood	Out of Area	Total
April 2017-Jan 2018	703	813	143	367	2026
April 2016-Jan 2017	658	784	203	491	2136
April 2015-Jan 2016	698	656	179	489	2022
April 2014-Jan 2015	725	707	177	669	2278

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 January 2018.

Table 3

Mansfield & District Joint Crematorium		
Balance Sheet as at 31 January 2018		
31 March 2017		31 January 2018
£		£
1,844,190	Property, Plant & Equipment	1,737,580
1,844,190	Long Term Assets	1,737,580
233,403	Short Term Debtors	181,203
0	Prepaid Pension Lump Sum 2018/19 & 2019/20	39,919
1,972,702	Cash and Cash Equivalents	1,388,487
2,206,105	Current Assets	1,609,609
-876,901	Short Term Creditors	0
-10,189	Provisions	-10,189
-887,090	Current Liabilities	-10,189
-1,273,000	Net Pension Liability	-1,273,000
-1,273,000	Long Term Liabilities	-1,273,000
1,890,205	Net Assets	2,064,000
	Financed by:	
1,131,515	Capital Fund	770,357
0	Surplus / (Deficit) in year	678,024
187,500	General Reserve	151,039
1,319,015	Usable Reserves	1,599,420
103,627	Revaluation Reserve	97,413
1,740,563	Capital Adjustment Accounts	1,640,167
-1,273,000	Pension Reserve	-1,273,000
£571,190	Unusable Reserves	464,580
1,890,205	Total Reserves	2,064,000

3.2.1 Long Term Assets – The movement in Property, Plant and Equipment from £1,844,190 to £1,737,580 relates to the annual depreciation of the Crematorium assets of £106,610.

3.2.2 Current Assets

Short Term Debtors - Total outstanding at 31 January 2018 was £181,203.

Ageing Summary:

Month invoice raised:	Amount Due £
○ January (Current month)	130,298
○ December (1 month overdue)	31,907
○ November (2 months overdue)	8,559
○ October and earlier (3 months plus)	10,439
○ TOTAL	181,203

Payments of £83,168 relating to the above invoices had been received by 14 February 2018. Of the remaining £98,035, invoices totalling £17,986 have been outstanding for more than 1 month. All these debtor invoices relate to monies due from funeral directors.

Prepaid Pension - The opportunity to pay for three years Nottinghamshire County Council lump sum pension payments in advance for the period 2017/2018, 2018/2019 and 2019/2020 to achieve savings of £3,246 over the three year period was accepted by the Treasurer in relation to the employees of the Mansfield and District Crematorium. Amounts of £19,960 2018/2019 and £19,959 2019/2020 have been paid in advance and have been treated as a prepayment in the 2017/2018 accounts.

Cash and Cash Equivalents – The main changes relate to the payment of the 2016/2017 allocated surplus to each authority, capital expenditure payments to suppliers and the revenue surplus calculated up to 31 January 2018 on the revenue accounts.

3.2.3 Current Liabilities

Short Term Creditors – There are no short term creditors at 31 January 2018. However, at the financial year end the outstanding creditors will be calculated based on the invoices relating to the 2017/2018 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 2017/2018 is £490,097 however the forecast spend on capital expenditure is £500,086, resulting in a £9,989 overspend on the capital budget. Tranche 1 of the land purchase was completed at the end of the 2016/2017 financial year. Works have been completed on the car park infrastructure incurring costs of £168,869 to date and a retention amount of £5,135 to be accrued at year end and paid in 2018/2019. Tranche 2 of the land purchase has cost £318,478 which includes the purchase price, Forestry Commission payments, seller’s legal fees and surveyor fees. A further £750 is due to be paid to the Forestry Commission for surveyor fees, £4,854 to HMRC for Stamp Duty Land Tax, £1,000 for Land Registry Fees and an estimated £1,000 to resolve a historic title issue.

It is recommended that the capital budget for 2017/2018 is increased by £9,989 to meet the final costs for the car park infrastructure and land purchase schemes.

As noted in 3.1.2, the budget saving and rateable value refund for business rates totalling £126,189 has been transferred from revenue to the capital fund.

The forecast capital fund usable reserve balance at 31 March 2018 is £757,618 as detailed in table 4 below.

Table 4

Capital Fund Balance Brought Forward 1 April 2017		£1,131,515
Less Expenditure to 31 January 2018:		
Car Park Infrastructure Works	£168,869	
Land Purchase	£318,478	£487,347
Additions:		
Business Rate Savings and Refunds 2017/2018		£126,189
Capital Fund Balance as at 31 January 2018		£770,357
Less Estimated Expenditure Feb 2018 to March 2018		
Car Park Infrastructure Works Retention Accrual	£5,135	
Land Purchase Payment to Forestry Commission	£750	
Land Purchase Payment to HMRC Stamp Duty Land Tax	£4,854	
Land Registry Fees	£1,000	
Fees Resolution to Historic Title	£1,000	£12,739
Capital Fund Forecasted Balance as at 31 March 2018		£757,618

General Reserve – At the end of 2016/2017 budget carry-forwards were approved totalling £29,500. The carry-forward budgets were included in the general reserve increasing the closing balance of this reserve to £187,500 at the end of the last financial year.

As noted in 3.1.1 the general reserve will finance the additional budget required in 2017/2018 for the increase in the superannuation budgets, as at 31 January 2018 £12,222 expenditure has been incurred. As noted in 3.1.2 £11,000 of the carry-forward works for the catafalque and £13,239 of the external painting contract has been incurred as at 31 January 2018. Taking this expenditure into account the current balance of the general reserve is now £151,039. The forecasted balance of the general reserve at the end of this financial year is £130,591, as detailed in table 5 below.

Table 5

General Reserve Balance Brought Forward 1 April 2017		£187,500
Less Expenditure to 31 January 2018		
NCC Superannuation Budget Increase 2017/2018	-£12,222	
Calatafalque Works	-£11,000	
External Painting Works	-£13,239	-£36,461
General Reserve Balance as at 31 January 2018		£151,039
Less Estimated Expenditure February 2018 to March 2018		
Video Streaming Works	-£15,000	
Furniture Upgrade Works	-£3,500	
Balance of NCC Superannuation Expenditure	-£1,609	
Balance of External Painting Works	-£339	-£20,448
General Reserve Forecasted Balance as at 31 March 2018		£130,591

3.2.6 Unusable Reserves

Revaluation reserve - The annual adjustment between historic cost depreciation and current value depreciation has been processed for £6,214.

Capital Adjustment Account – The annual straight line depreciation has been processed for £106,610 less the annual adjustment between historic cost and annual depreciation £6,214.

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 January 2018 is a surplus of £678,025, see appendix 1.

The year-end forecast position to 31 March 2018 is a surplus of £778,337, compared to the budgeted surplus of £755,836, which is an additional surplus of £22,501.

3.3.1 As approved at the December 2017 JCC meeting, the surplus distribution will not exceed the budgeted surplus of £755,836 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 2017- January 2018 No. of Cremations	April 2017 - January 2018 Usage Percentage	Budgeted Surplus £755,836 split
Mansfield	813	49.01%	£ 370,401
Ashfield	703	42.37%	£ 320,285
Newark & Sherwood	143	8.62%	£ 65,150
TOTAL	1,659	100.00%	£ 755,836

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 2017 to 31 January 2018
Description	Budget	Forecast	Variance	Expenditure
	£	£	£	£
Salaries Basic Pay	272,962	250,655	-22,307	209,415
Salaries Overtime	16,650	22,700	6,050	18,399
Salaries National Insurance	20,613	21,367	754	17,831
Salaries Superannuation	47,582	48,300	718	40,319
Salaries Vacancy Savings	-4,970	0	4,970	0
Superann Additional Allowances	774	774	0	86
Pension Deficit Lump Sum	20,546	19,960	-586	19,960
Advertising Appointments	0	1,048	1,048	1,048
Occupational Health Services	500	0	-500	0
Training Expenses Staff	3,000	3,000	0	810
Employee Related Expenditure	377,657	367,804	-9,853	307,868
Repair/Maintenance Buildings	33,667	33,667	0	26,586
Repair/Maintenance Painting	0	13,578	13,578	13,239
Grounds Maintenance General	25,870	25,870	0	13,860
EPA Testing	1,500	1,500	0	0
Repair/Maintenance Fixed Plant Cremators	74,800	74,800	0	22,970
Electricity	51,000	45,000	-6,000	25,408
Gas	56,001	50,000	-6,001	25,295
Rent of Premises	159	159	0	159
Business Rates	111,605	111,605	0	-14,584
Sewage/Water Rates	5,000	5,000	0	4,887
Insurance	17,000	14,072	-2,928	14,072
Cleaning Materials	5,000	5,000	0	4,026
Premises Related Expenditure	381,602	380,251	-1,351	135,918
Car Allowances	530	200	-330	133
Transport Related Expenditure	530	200	-330	133
Equipment Acquisitions	22,000	22,000	0	0
Furniture Acquisitions	7,500	7,500	0	62
Hire Vending Machines	500	500	0	310
Light Plant and Tools	5,000	5,000	0	175
Bio Boxes	4,000	4,000	0	963
Office Machinery Repair/Maintenance	0	77	77	77
Office Machinery Replacement	1,000	0	-1,000	0
Uniforms	3,500	3,500	0	2,520
Books & Publications	6,000	0	-6,000	0
Printing	5,000	5,000	0	2,783
Stationery	3,000	3,000	0	1,694
Advertising Other	2,500	2,500	0	1,657
Fees and Allowances	33,770	33,770	0	0
Waste Collection Skips	1,500	1,500	0	435
Medical Referee Fees	45,325	45,325	0	38,350
Payments to Local Authorities	4,000	4,000	0	2,000
External Audit Fees	2,000	2,000	0	0
Software Licences	9,000	8,240	-760	8,240
Mobile Phones	372	0	-372	0
Postages	4,500	4,500	0	2,744
Telephones	7,000	6,200	-800	4,562
Conference Expenses	0	0	0	0
Subscriptions	2,300	2,300	0	2,003
Book of Remembrance Inscriptions	8,000	9,580	1,580	6,195
Contributions	250	250	0	0

				Appendix 1
REVENUE CREMATORIUM	Full Year			1 April 2017 to 31 January 2018
Description	Budget	Forecast	Variance	Expenditure
	£	£	£	£
External Legal and Audit Expenses	0	0	0	0
Other Costs - Rating Appeal	6,999	6,999	0	6,999
Other Expenses	500	239	-261	239
Memorial Plaques	11,500	9,000	-2,500	5,235
Organist Fees	18,000	18,000	0	15,091
Supplies & Services Expenditure	215,016	204,980	-10,036	102,334
Head of Service	5,192	5,192	0	5,192
Human Resources	6,932	6,932	0	6,932
Payroll	2,411	2,411	0	1,953
Accountancy	6,848	6,848	0	6,848
BSU Creditors	3,354	3,354	0	2,380
Customer Support Unit Telephony	489	489	0	489
Cash Collection	0	700	700	521
Customer Support Unit Reception	133	133	0	133
Debtors	2,273	2,273	0	1,216
Internal Audit	2,717	2,717	0	2,717
Postal Services	2	12	10	4
IT GIS	882	882	0	882
IT Network	7,609	7,609	0	7,609
Design Services	5,796	5,796	0	0
Waste & Litter Collection	6,836	6,836	0	5,709
Electricians Service	0	996	996	996
Environmental Health	0	894	894	894
Risk Management	905	905	0	905
Telephone Recharges	1,160	1,010	-150	838
Support Services	53,539	55,989	2,450	46,218
Depreciation	106,610	106,610	0	106,610
Impairment	0	0	0	487,347
Depreciation and Impairment	106,610	106,610	0	593,957
Revenue Gross Expenditure	1,134,954	1,115,834	-19,120	1,186,427
Book of Remembrance Inscriptions	-24,480	-24,480	0	-19,908
Crematorium Containers	-500	-200	300	-116
Crematorium Memorials	-44,737	-47,000	-2,263	-36,088
Organist	-33,660	-28,000	5,660	-22,638
Cremation Fees	-1,555,750	-1,555,750	0	-1,244,417
Medical Fees	-45,325	-45,325	0	-37,056
CAMEO Burden Sharing Scheme	-6,500	0	6,500	0
Recharges to Cemeteries	-28,757	-28,757	0	0
Revenue Gross Income	-1,739,709	-1,729,512	10,197	-1,360,223
Net Cost of Service	-604,755	-613,678	-8,923	-173,796
Interest Income	-1,140	-1,140	0	0
Less Depreciation to be Reversed	-106,610	-106,610	0	-106,610
Less Impairment to be Reversed	0	0	0	-487,347
Less Business Rate Refunds to Capital Fund	0	0	0	126,189
Less Pension increase from General Reserve	-13,831	-13,831	0	-12,222
Less External Painting from General Reserve	0	-13,578	-13,578	-13,239
Less Carryforward Budgets from General Reserve	-29,500	-29,500	0	-11,000
Below Net Cost of Service Sub Total	-151,081	-164,659	-13,578	-504,229
Net Surplus	-755,836	-778,337	-22,501	-678,025

				Appendix 1
CAPITAL CREMATORIUM	Full Year			1 April 2017 to 31 January 2018
Description	Budget	Forecast	Variance	Expenditure
	£			£
Land Purchase	315,478	326,082	10,604	318,478
New Land Infrastructure	174,619	174,004	-615	168,869
Grand Total	490,097	500,086	9,989	487,347

Appendix 2

Number of Cremations by Area - 2017/2018

Month	Ashfield	%	Mansfield	%	Newark	%	Out of Area	%	TOTAL
Apr-17	64	34%	78	41%	13	7%	34	18%	189
May-17	84	36%	83	36%	20	9%	45	19%	232
Jun-17	62	32%	82	42%	14	7%	35	18%	193
Jul-17	64	32%	85	43%	8	4%	41	21%	198
Aug-17	66	35%	66	35%	16	9%	39	21%	187
Sep-17	67	36%	82	44%	11	6%	27	14%	187
Oct-17	73	39%	72	38%	13	7%	30	16%	188
Nov-17	55	31%	82	46%	13	7%	29	16%	179
Dec-17	85	38%	76	34%	16	7%	44	20%	221
Jan-18	83	33%	107	42%	19	8%	43	17%	252
Feb-18									
Mar-18									
	703	35%	813	40%	143	7%	367	18%	2026

Appendix 3



