

Mountsett Crematorium Joint Committee



4 February 2011

Financial Monitoring Report – Position at 31/12/10, with Forecast Outturn at 31/03/11



Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; and Don McLure – Corporate Director: Resources & Treasurer to the Joint Committee

Purpose of the Report

1. The purpose of this report is to set out details of income and expenditure in the period 1 April 2010 to 31 December 2010, together with the forecast outturn position for 2010/11, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
2. The report also sets out details of the funds and reserves of the Joint Committee at 1 April 2010 and the projected position at 31 March 2011, taking into account the forecast financial outturn projection of income and expenditure this year.

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 Neighbourhood Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers monthly 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. The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information and market intelligence supplied by the Superintendent and Registrar. The following table highlights the projected outturn financial performance of the Mountsett Crematorium at 31 March 2011:

Subjective Analysis	Base Budget 2010/2011 £	Year to Date Actual April – Dec £	Projected Outturn 2010/2011 £	Variance Over/ (Under) £
Employees	115,615	81,898	111,848	(3,767)
Premises	119,100	80,020	146,452	27,352
Transport	300	78	300	0
Supplies & Services	68,250	27,868	57,870	(10,380)
Agency & Contracted	17,415	1,450	17,415	0
Central Support Costs	8,330	0	8,330	0
Gross Expenditure	329,010	191,313	342,215	13,205
Income	(573,900)	(353,082)	(546,640)	27,260
Net Income	(244,890)	(161,769)	(204,425)	40,465
Transfer to Reserves				
- Repairs Reserve	15,000	0	(25,465)	(40,465)
- Cremator Reserve	65,000	0	65,000	0
Distributable Surplus	(164,890)	0	(164,890)	0
35% Gateshead Council	57,712	0	57,712	0
65% Durham County	107,178	0	107,178	0
Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2010 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2011 £
Major Repairs Reserve	(37,547)		25,465	(12,082)
Cremator Replacement Reserve	(160,412)	(65,000)		(225,412)
Total	(197,959)	(65,000)	25,465	(237,494)

Explanation of Significant Variances between Original Budget and Forecast Outturn

6. As can be seen above, the projected outturn is showing a Forecast surplus (before transfers to reserves and distribution of surpluses to the partners authorities) of £204,425 at the year end against a budgeted surplus of £244,890 (before transfers to reserves and distribution of surpluses to the partners authorities), £40,465 less than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis area:

6.1 Employees

The Forecast outturn is projecting a £3,767 underspend based on current staffing levels. The base budget assumed a 1.00% pay award, however, it is anticipated that this will not now materialise. In addition to this, are savings of £926 arising from revised winter working patterns and an anticipated reduction in holiday cover payments of £1,997.

6.2 Premises

The probable outturn is projecting a £27,352 overspend. The main variances to budget are detailed below:

- As previously reported, additional / unbudgeted premises costs (relating to car park resurfacing and replacement metal fencing) have resulted in an overspend of £20,025 this year;
- The previous outturn reported an overspend of £12,729 in relation to replacement paving. Following a decision by the Superintendent & Register to landscape the area in keeping with the surroundings area, this overspend has now reduced to £2,340;
- Non Domestic rates are forecast to exceed the budget by £3,747. This will need correcting in 2011/12;
- Cremator relining costs have exceeded the £18,000 budget provision by £1,240.

6.3 Supplies and Services

The £10,380 forecasted underspend on supplies and services expenditure is due to the following reasons:

- The Wesley Music System has cost £2,300 more than the budget sum due to extra maintenance costs.
- The Mercury Abatement provision of £10,680 is not required during 2010/2011 as payments will not be required until 2013/14.
- As a result of an anticipated reduction in cremations during 2010/2011, an underspend of £2,000 is projected in respect of Medical Referee charges.

6.4 Income

The 2010/11 budget assumed there would be 1,172 cremations in 2010/11. The projected outturn based on trend data in the first 9 months and discussions with local funeral directors, assumes a total of 1,114 cremations during 2010/11, resulting in a reduced income of £27,260 this year.

6.5 Earmarked Reserves

The additional premises costs, requiring funding from the Repairs Reserve, have been slightly reduced due to underspends on Supplies and Services and Employees costs (net of unachievable income). This has resulted in a necessary contribution **from** the reserve of £25,465 rather than a contribution **into** the reserve of £15,000, as budgeted.

The contribution of £65,000 to the Cremator Reserve is currently projected in line with the original budget resulting in a year end reserve of £225,412.

Overall the earmarked reserves projection for 2010/11 is £237,494, an in year increase of £39,535 or approximately 20%.

Recommendations and reasons

7 It is recommended that:-

- Members note the April to December 2010 Revenue spend financial monitoring report and associated provisional outturn position 2010/11;

Background Documents

2010/11 Revenue Budget and Fees and Charges Report – As approved by the Mountsett Crematorium Joint Committee

Previous 2010/11 Financial Monitoring Reports – As previously presented to the Mountsett Crematorium Joint Committee

Oracle Financial Management System Reports

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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 Superintendent and Registrar. The projected outturn has been produced taking into consideration the spend to date, trend data and market intelligence, and includes an element of prudence. This, together with the information supplied by the Superintendent and Registrar, should mitigate the risks associated with achievement of the forecast outturn position.

Equality and Diversity

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

Officers of Gateshead Council were consulted on the contents of this report.

Procurement

None

Disability Discrimination Act

None

Legal Implications

The outturn proposals contained within this report have been prepared in accordance with standard accounting policies and procedures.