

Mountsett Crematorium Joint Committee



5 October 2012

**Financial Monitoring Report – Position at
31/08/12, with Projected Outturn at 31/03/13**



Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources and 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 2012 to 31 August 2012, together with the provisional outturn position for 2012/13, and 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 2012 and forecast outturn position at 31 March 2013, 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 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 are provisional at this stage, they have been scrutinised and supplemented with information supplied by the Bereavement Services Manager and the Assistant Superintendant & Registrar. The following table highlights the provisional outturn financial performance of the Mountsett Crematorium:

Subjective Analysis	Base Budget 2012/13 £	Year to Date Actual – April – August £	Probable Outturn 2011/2012 £	Variance Over/ (Under) £
Employees	108,900	48,498	123,516	14,616
Premises	124,609	39,939	182,957	58,348
Transport	300	0	300	0
Supplies & Services	59,828	16,514	54,017	(5,811)
Agency & Contracted	11,915	3,495	12,410	495
Central Support Costs	23,500	0	23,500	0
Gross Expenditure	329,052	108,446	396,700	67,648
Income	(599,500)	(284,436)	(634,826)	(35,326)
Net Income	(270,448)	(175,990)	(238,126)	32,322
Transfer to Reserves				
- Repairs Reserve	15,000	0	(17,322)	(32,322)
- Cremator Reserve	90,558	0	90,558	0
Distributable Surplus	(164,890)	0	(164,890)	0
65% Durham County Council	107,178	0	107,178	0
35% Gateshead Council	57,712	0	57,712	0
Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2012 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2013 £
Repairs Reserve	29,284	0	(17,322)	11,962
Cremator Reserve	416,499	90,558	0	507,057
Total	445,783	90,558	(17,322)	519,019

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 £238,126 against a budgeted surplus of £270,448, (£32,322) less than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis areas:

6.1 **Employees**

The probable outturn is showing an anticipated overspend of **£14,616** against the approved budget. This overspend is mainly as a result of revised employee terms and conditions agreed in the latter part of the 2011/12 financial year. The review had not been undertaken in time for the 2012/13 budget setting process thus resulting in a projected **£13,706** variance to budget. In addition overtime undertaken to ensure business continuity during the Superintendent & Registrar's long term sickness absence is expected to total **£910**.

6.2 **Premises**

An over spend of **£58,348** is projected in relation to the Crematorium premises costs.

As members will recall, the condition survey and fire safety audit undertaken as part of the preparation for the Asset Management Plan highlighted a number of urgent repairs. Whilst some of these repairs can be funded from the repairs and maintenance budget provision, the full requirement has resulted in a projected overspend of **£54,439**. Members agreed to fund any over spend as a result of progressing these works by a contribution from the Repairs Reserve. The details of the urgent repairs are highlighted in the Service Asset Management Plan considered by members earlier in the agenda.

In addition, Utility costs for gas, electricity and water are anticipated to result in an over spend against budget of **£3,909**.

6.3 **Supplies and Services**

An under spend of (£5,811) is projected in relation to Supplies and Services. The reasons for this are identified below:

- The equipment, postage, printing and stationery budgets are anticipated to under spend by **(£3,604)**.
- The anticipated reduction in the Book of Remembrance entries (identified in the income element below) has resulted in a corresponding reduction in Calligraphy Costs **(£2,504)**.
- Telephones, sundries & clothing are collectively anticipated to under spend by **(£858)**.
- The projected increase in cremations (identified in the Income element below) has resulted in anticipated additional medical referee costs of **£1,155**.

6.4 **Agency and Contracted**

The actual cost of the Independent Testing of the Cremator & Abatement Equipment is **£495** higher than budget.

6.5 **Income**

An additional income of **(£35,326)** is projected within 2012/13. The reasons are as follows:

The base budget assumes a total of 1150 cremations during 2012/13. Taking into consideration the numbers to date along with previous years trends, it is anticipated that a further 70 cremations (additional to budget) will be undertaken during the year. This results in an additional **(£35,000)** income against the base budget.

Entries into the Book of Remembrance are expected to be below budget by **£5,971**. It is however, projected that plaque sales will increase significantly against budget resulting in an overachievement of income of **(£6,297)**.

6.6 ***Earmarked Reserves***

Contributions from the revenue surplus towards earmarked reserves are forecast to be **(£32,322)** reduction to budget. This reduction is relative to the Repairs Reserve as a result of the urgent repairs progressed in 2012/13. The contribution to the Cremator Reserve is in line with budget.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2013 are forecast to be **£519,019**, representing a £73,236 (16%) increase over the opening position at 1 April 2012.

Recommendations and reasons

7. It is recommended that:-

- Members note the April to August 2012 revenue spend financial monitoring report ,associated provisional outturn position and the forecast Crematorium earmarked reserve balances at 31 March 2013.

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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 Bereavement Services Manager and Assistant Superintendent and Registrar. 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 and Assistant Superintendent and Registrar, 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.