

Mountsett Crematorium Joint Committee

21 April 2011

Financial Monitoring Report – Provisional Outturn as at 31 March 2011



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 March 2011, together with the provisional 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 position at 31 March 2011, taking into account the provisional 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 provisional outturn for the Mountsett Crematorium is 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 provisional financial performance of the Mountsett Crematorium at 31 March 2011:

Subjective Analysis	Base Budget 2010/2011 £	Year to Date Actual April 2010 – March 2011 £	Provisional Outturn 2010/2011 £	Variance Over/ (Under) £
Employees	115,615	108,362	111,747	(3,868)
Premises	119,100	120,662	140,007	20,907
Transport	300	78	78	(222)
Supplies & Services	68,250	48,802	49,147	(19,103)
Agency & Contracted	17,415	4,945	4,945	(12,470)
Central Support Costs	8,330	0	8,330	0
Gross Expenditure	329,010	282,849	314,254	(14,756)
Income	(573,900)	(521,495)	(572,195)	1,705
Net Income	(244,890)	(238,646)	(257,941)	(13,051)
Transfer to Reserves				
- Repairs Reserve	15,000	0	(24,110)	(39,110)
- Cremator Reserve	65,000	0	117,161	52,161
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)	0	24,110	(13,437)
Cremator Replacement Reserve	(160,412)	(117,161)	0	(277,573)
Total	(197,959)	(117,161)	24,110	(291,010)

Explanation of Significant Variances between Original Budget and Forecast Outturn

6. As can be seen above, the provisional outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partners authorities) of £257,941 at the year end against a budgeted surplus of £244,890 (before transfers to reserves and distribution of surpluses to the partners authorities), £13,051 more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis area:

6.1 Employees

The provisional outturn is projecting a £3,868 underspend based on current staffing levels. The base budget assumed a 1.00% pay award (£844) which not materialise. In addition to this, are savings of (£926) arising from revised winter working patterns and reductions in holiday cover payments (£2,098).

6.2 Premises

The provisional outturn is projecting a £20,907 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 £19,450 this year;
- Landscaping has resulted in an overspend of £2,340. (However this cost is substantially reduced following the Superintendent & Registrars decision not to construct a paved area)
- Non Domestic rates are forecast to exceed the budget by £3,747. This has been corrected in the 2011/12 budget;
- Cremator relining costs have exceeded the £18,000 budget provision by £1,240 and;
- Utility savings on the Gas, Electric and Water budgets of (£5,500)

6.3 Supplies and Services

The £19,103 underspend on supplies and services expenditure is mainly 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 (£10,680) is not required during 2010/11 as payments will not be required until 2013/14.
- An element (£6,000) of the budget provision for Book of Remembrance purchase and calligraphy costs have not been required during 2010/11
- Postage, printing and stationery savings of (£2,200)
- Equipment budget savings of (£2,500)

6.4 Agency and Contracted

The underspend (£12,470) on Agency and Contracted expenditure is as a result of Grounds Maintenance being undertaken by Crematorium staff rather than by staff employed within DCC Street Scene Area North.

6.5 Income

The previous outturn reported that whilst the 2010/11 budget assumed there would be 1,172 cremations in 2010/11, trend data in the first 9 months and discussions with local funeral directors, suggested a total of 1,114 cremations during 2010/11, resulting in an expected reduced income of £27,260 this year. However in the final quarter this position

has improved and cremation numbers have rebounded to a forecasted outturn of 1168 cremations, giving a reduced budget pressure of £1,705.

6.6 Earmarked Reserves

Additional premises costs in relation to car park resurfacing, replacement fencing and landscaping require funding from the Repairs Reserve. This has resulted in a necessary contribution from the reserve of £24,110 rather than a contribution of £15,000 into the reserve as budgeted.

The contribution of £65,000 originally budgeted to the Cremator Reserve has increased to £117,161, as a result of savings made within the Supplies and Services, Agency and Contracted and Employees budget areas resulting in a year end reserve of £277,573.

Overall the earmarked reserves balance as at 31 March 2011 is forecasted to be £291,010, an in year increase of £93,051 or approximately 47% over the balances held at 31 March 2010.

Recommendations and reasons

7 It is recommended that:-

- Members note the April 2010 to March 2011 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 provisional outturn financial performance of the Mountsett 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 provisional outturn has been produced taking into consideration the spend to date, trend data and market intelligence. 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.