

Mountsett Crematorium Joint Committee



31 January 2013

Financial Monitoring Report – Position at 31/12/12, with Forecast Outturn at 31/03/13



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 2012 to 31 December 2012, together with the forecast outturn position for 2012/13, 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 the projected position at 31 March 2013, 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 Bereavement Services manager. The following table highlights the projected outturn financial performance of the Mountsett Crematorium at 31 March 2013:-

Subjective Analysis	Base Budget 2012/2013 £	Year to Date Actual April – Dec £	Projected Outturn 2012/2013 £	Variance Over/ (Under) £
Employees	108,900	94,895	119,794	10,894
Premises	124,609	97,981	172,351	47,742
Transport	300	302	403	103
Supplies & Services	59,828	36,904	53,544	(6,284)
Agency & Contracted	11,915	5,445	11,610	(305)
Central Support Costs	23,500	18,000	23,500	0
Gross Expenditure	329,052	253,527	381,202	52,150
Income	(599,500)	(532,256)	(690,127)	(90,627)
Net Income	(270,448)	(278,729)	(308,925)	(38,477)
Transfer to Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	90,558	0	129,035	38,477
Distributable Surplus	(164,890)	0	(164,890)	0
35% Gateshead Council	57,712	43,824	57,712	0
65% Durham County Council	107,178	0	107,178	0
Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2012 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2013 £
Repairs Reserve	29,284	15,000	0	44,284
Cremator Reserve	416,499	129,035	0	545,534
Total	445,783	144,035	0	589,818

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 £304,819 at the year end against a budgeted surplus of £270,448 (before transfers to reserves and distribution of surpluses to the partners authorities), £34,371 more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis area:

6.1 Employees

The forecast outturn shows an over spend of **£10,894** based on current staffing levels. The overspend is mainly as a result of revised employee terms and conditions agreed in the latter part of 2011/12. 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. Overtime undertaken to ensure business continuity during the Superintendent

& Registrar's long term sickness absence is expected to total **£1,294**. However the Superintendent & Registrar's employment ended on 19th December 2012 so there are savings of **(£4,106)** built into the forecast relating to Qtr 4 costs.

6.2 *Premises*

The forecast outturn is showing a **£47,742** over spend against budget. The main variances are detailed below:

- Additional works of **£40,145** as highlighted in the Service Asset Management Plan reported to members in September 2012. Members will note a slight reduction in the over spend attributable to the Repairs and Maintenance budget than previously reported, this is due to other works (previously considered as necessary) not being undertaken in order to ensure sufficient reserve capacity to fund the works identified via the Service Asset Management Plan.
- Utility costs of gas, electricity and water are anticipated to result in an over spend against budget of **£3,387**
- NNDR charges have been received at **£4,210** higher than budget. This is due to a revaluation during 2012/13 and subsequent increase in the rateable value of the Crematorium.

6.3 *Supplies and Services*

The **(£6,284)** forecasted under spend on supplies and services expenditure is due to the following reasons:

- Calligraphy costs for the Book of Remembrance are lower than budgeted by **(£1,385)** due to the number of entries requested during the year.
- Medical referee costs are higher than budgeted by **£2,805** due to the increased number of cremations carried out during the year.
- The requirements of the Cremation Abatement of Mercury Emissions Organisation (CAMEO) scheme do not come into place until 1st January 2013. This has resulted in a saving on budget during 2012/13 of **(£7,185)**. Members should note however that the first charge will be levied by CAMEO in arrears during January 2014. The 2012/2013 outturn considers 50% of budgeted cremations at an estimated £50 per cremation for the period January to March 2013 in lieu of the estimated payment requirement.
- Expenditure in relation to Licences and subscriptions is **(£550)** lower than budgeted
- A very slight over spend re clothing and uniforms of **£31** has been incurred during the year.

6.4 Agency and Contracted

An under spend of **£305** is expected, the main reasons are:-

- The actual cost of the Independent Testing of the Cremator & Abatement Equipment is higher than budget by **£495**
- The payment to FSA in connection with the Prepayment Bond application is **(£750)** less than budgeted as the charge was made to both Mountsett and Durham Joint Committees resulting in a shared cost
- Actual external audit fees for the year were received at **£50** less than budgeted.

6.5 Income

An additional income of **(£90,627)** is projected within 2012/13. Reasons are as follows:-

- The 2012/2013 budget assumes a total of 1,150 cremations. The projected outturn (based on a historic trend data projection for the remaining 3 months along with actual cremations carried out to date), assumes a total of 1,320 cremations during 2012/13, resulting in an increase of 170 from original budget and an additional income of **(£85,000)** this year
- Plaque sales, (taking into consideration numbers to date), are expected to exceed budgeted income expectations by **(£9,590)**
- Miscellaneous sales, including Organ Fees and Urns, are anticipated to exceed budget by **(£961)**
- Offsetting these additional income amounts however, is an expected reduction in the Book of Remembrance entries, resulting in a reduction in income of **£4,924**.

6.6 Earmarked Reserves

A contribution into the Cremator Reserve of £129,035 is projected within this outturn report. This is £38,477 additional to that originally budgeted

Overall, the earmarked reserves projection at 31 March 2013 is £589,818, an in year increase of £144,035 or approximately 32% in year. This is in line with the previously agreed strategy of the Joint Committee.

Recommendations and Reasons

7 It is recommended that:-

- Members note the April to December 2012 revenue spend financial monitoring report and associated projected outturn position 2012/13:-

Background Documents

2012/13 Revenue Budget and Fees and Charges Report – As approved by the Mountsett Crematorium Joint Committee

Previous 2012/13 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 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.