

# Mountsett Crematorium Joint Committee

25 April 2013

Financial Monitoring Report – Provisional  
Outturn as at 31 March 2013



---

## 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 March 2013, together with the provisional outturn position for 2012/13, highlighting areas of over/under spend 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 provisional position as at the year ended 31 March 2013.

### 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 provisional outturn financial performance of the Mountsett Crematorium at 31 March 2013:

<b>Subjective Analysis</b>	<b>Base Budget 2012/2013 £</b>	<b>Year to Date Actual April – March £</b>	<b>Projected Outturn 2012/2013 £</b>	<b>Variance Over/ (Under) £</b>
Employees	108,900	119,424	127,242	18,342
Premises	124,609	140,762	195,636	71,027
Transport	300	0	300	0
Supplies & Services	59,828	58,457	68,248	8,420
Agency & Contracted	11,915	10,611	10,611	(1,304)
Central Support Costs	23,500	23,500	23,500	0
<b>Gross Expenditure</b>	<b>329,052</b>	<b>352,754</b>	<b>425,537</b>	<b>96,485</b>
<b>Income</b>	<b>(599,500)</b>	<b>(737,121)</b>	<b>(737,121)</b>	<b>(137,621)</b>
<b>Net Income</b>	<b>(270,448)</b>	<b>(384,367)</b>	<b>(311,584)</b>	<b>(41,136)</b>
<b>Transfer to Reserves</b>				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	90,558	0	131,694	41,136
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>0</b>	<b>(164,890)</b>	<b>0</b>
<b>35% Gateshead Council</b>	<b>57,712</b>	<b>43,824</b>	<b>57,712</b>	<b>0</b>
<b>65% Durham County Council</b>	<b>107,178</b>	<b>0</b>	<b>107,178</b>	<b>0</b>
<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2012 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2013 £</b>
Repairs Reserve	29,284	15,000	0	44,284
Cremator Reserve	416,499	131,694	0	548,193
<b>Total</b>	<b>445,783</b>	<b>146,694</b>	<b>0</b>	<b>592,477</b>

### Explanation of Significant Variances between Original Budget and Forecast Outturn

6. As can be seen above, the outturn is showing a provisional year end surplus (before transfers to reserves and distribution of surpluses to the partners authorities) of £311,584 at the year end against a budgeted surplus of £270,448 (before transfers to reserves and distribution of surpluses to the partners authorities), £41,136 more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis area:

#### 6.1 Employees

The outturn shows an over spend of **£18,342**. The over spend 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 **£13,706** variance to budget. Overtime undertaken to ensure business continuity (including staff transfers from central Durham Crematorium) during the Superintendent& Registrar's long term sickness absence has totalled **£13,716**. The Superintendent& Registrar's employment ended on 19 December 2012, however, resulting in savings of (**£9,080**).

## 6.2 Premises

The outturn is showing a **£71,027** over spend against budget. The main variances are detailed below:

- Additional works (including DDA works of £10,426) of **£60,414** as highlighted in the Service Asset Management Plan reported to members in September 2012
- Higher utility costs of gas, electricity and water than those budgeted have resulted in a provisional over spend of **£6,403**. It should be noted that the final quarter invoices have not been received for all utilities and estimates have been incorporated into the outturn at this point. The final outturn will include the final actual costs, however, it is not anticipated any major variance between provisional and final outturn positions
- 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 **£8,420** reported over spend on supplies and services expenditure is due to the following reasons:

- Book of Remembrance costs are higher than budgeted by **£4,460** due to the purchase of the new Book of Remembrance Quarterly Volume
- Medical referee costs are higher than budgeted by **£3,679** due to the increased number of cremations carried out during the year
- The requirements of the Cremation Abatement of Mercury Emissions Organisation (CAMEO) did not come into place until 1 January 2013. This has resulted in a saving on budget during 2012/13 of **(£7,185)**. Members should note again 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 charge of £50 per cremation for the period January to March 2013 in lieu of the estimated payment requirement
- Overspend on equipment purchases and repairs totalling **£9,060**, £4,000 of this over spend is due to the BACAS installation, the remaining £5,060 is in relation to grasscutting equipment repairs, cremator replacement parts, flower display units and flagpoles (required for the Green Flag Award)
- Expenditure within the Vending Machine Rental Budget is lower than budgeted by **(£2,480)**
- Additional spend to budget for stationery and telephones totals **£886**.

## 6.4 Agency and Contracted

An under spend of **(£1,304)** is reported, 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
- Grounds Maintenance charges are **(£999)** less than budgeted.

### **6.5 Income**

Additional income of **(£137,621)** is included within the outturn position. The reasons are as follows:

- The cremation numbers have increased to 1413, (including non chargeable cremations) during 2012/13, this is an additional 263 from the original budgeted numbers (1,150) resulting in an additional income of **(£130,151)**
- The sale of plaques have exceeded budgeted expectations resulting in an additional income of **(£9,407)**
- Miscellaneous sales, including Organ Fees and Urns, have very slightly exceeded those budgeted by **(£89)**
- Offsetting these additional income amounts however, is a reduction in the Book of Remembrance entries, resulting in reduced income of **£2,026**.

### **6.6 Earmarked Reserves**

A contribution into the Cremator Reserve of £131,694 is reported within this outturn. This is £41,136 additional to that originally budgeted.

Overall, the earmarked reserves position as at 31 March 2013 is £592,477, an in year increase of £146,694 (33%).

### **Recommendations and Reasons**

7 It is recommended that:

- Members note the April to March 2013 revenue spend within the financial monitoring report and associated provisional outturn position for the year ended 31 March 2013.

### **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.

<b>Contact(s):</b>	<b>Paul Darby</b>	<b>03000 261 930</b>
--------------------	-------------------	----------------------

---

## **Appendix 1: Implications**

---

### **Finance**

Full details of the year to date and projected 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 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.