

## **Mountsett Crematorium Joint Committee**

**30 January 2014**

**Financial Monitoring Report – Position at  
31/12/13, with Projected Outturn to 31/03/14**



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

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### **Purpose of the Report**

1. The purpose of this report is to set out details of income and expenditure in the period 1 April 2013 to 31 December 2013, together with the provisional outturn position for 2013/14, 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 2013 and forecast outturn position of reserves at 31 March 2014, 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 surplus distribution 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 Superintendent & Registrar. The following table highlights the provisional outturn financial performance of the Mountsett Crematorium:

<b>Subjective Analysis</b>	<b>Base Budget 2013/14 £</b>	<b>Year to Date Actuals April – December £</b>	<b>Probable Outturn 2013/2014 £</b>	<b>Variance Over/ (Under) £</b>
Employees	108,051	69,377	116,822	8,771
Premises	233,480	162,990	197,825	(35,655)
Transport	400	0	400	0
Supplies & Services	83,828	46,574	130,040	46,212
Agency & Contracted	10,915	5,520	7,020	(3,895)
Central Support Costs	25,300	19,800	25,300	0
<b>Gross Expenditure</b>	<b>461,974</b>	<b>304,261</b>	<b>477,407</b>	<b>15,433</b>
<b>Income</b>	<b>(716,500)</b>	<b>(493,889)</b>	<b>(663,606)</b>	<b>52,894</b>
<b>Net Income</b>	<b>(254,526)</b>	<b>(189,628)</b>	<b>(186,199)</b>	<b>68,327</b>
<b>Transfer to Reserves</b>				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	74,636	0	6,309	(68,327)
- General Reserve	0	0	0	0
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>0</b>	<b>(164,890)</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>35% Gateshead Council</b>	<b>57,712</b>	<b>0</b>	<b>57,712</b>	<b>0</b>
<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2013 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2014 £</b>
Repairs Reserve	44,400	30,000	(15,000)	59,400
Cremator Reserve	327,252	6,309	(15,000)	318,561
General Reserve	214,950	0	0	214,950
<b>Total</b>	<b>586,602</b>	<b>36,309</b>	<b>(30,000)</b>	<b>592,911</b>

### 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 £186,199 against a budgeted surplus of £254,526, (£68,327) less than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis areas:

## 6.1 *Employees*

The forecast outturn is showing an anticipated overspend of **£8,771** against the approved budget. This net over spend is a result of the following:

- The vacant Superintendent & Registrar post has resulted in a net saving of **(£23,547)**.

This is however, offset by the following:

- The approved appointment of the Cremator Attendant, which has resulted in projected spend additional to the original budget of **£17,649**.
- The approved appointment of the Business Administration Modern Apprentice has resulted in projected spend additional to the original budget of **£2,093**.
- Alternative arrangements regarding the management of the Crematorium via the Bereavement Services Manager has resulted in projected additional spend to original budget of **£8,060**.
- Two members of staff are undertaking the Institute of Cemetery and Crematorium Diploma Course. The cost of this training is not included in the original budget and has resulted in additional expenditure of **£3,750**.
- Honorarium payments to the Cremator Attendant in relation to holiday cover totalling **£1,706** along with additional overtime costs to ensure cover for the current opening hours and weekend hours of **£7,120**. The Bereavement Services Manager will undertake a review of working practices in the coming months.

## 6.2 *Premises*

An under spend of **(£35,655)** is projected in relation to the Crematorium premises costs.

- Utility costs for gas, electricity and water are anticipated to result in an under spend against budget of **(£2,069)**.
- NNDR Charges for 2013/14 have been received at **£1,176** more than budget. This is as a result of a re- assessment and increase in the rateable value of the Crematorium undertaken during the year.
- SAMP works originally scheduled to be completed in 2013/14 have been carried forward to be completed in 2014/15 totalling **(£29,700)**. These include the upgrading of external handrails, the renewal of the south perimeter fence and the scheduled Cremator Reline.
- The BACAS booking system was completed in 2012/13 (following the 2013/14 budget approval) thus resulting in a saving against budget of **(£4,000)**. This has been removed from the 2014/15 budgets.

- The Replacement units, wall tiling and water damage repairs have cost **(£1,836)** less than originally budgeted within the SAMP.
- Paths and roads repairs (additional original SAMP requirements) have resulted in a **£4,200** overspend to budget.
- Additional tribute screens costing **£4,608** to that originally budgeted within the SAMP have been purchased.
- Works undertaken as part of the SAMP have resulted in elements of the General repairs budget not being required during 2013/14. This has resulted in an under spend of **(£8,034)**.

### 6.3 *Supplies and Services*

An over spend of **£46,212** is projected in relation to Supplies and Services. The reasons for this are identified below:

- Equipment, telephones, clothing and sundry items such as subscriptions to the Institute and conference fees are collectively anticipated to over spend by a net **£629**.
- The projected decrease in cremations to budget (identified in the Income element below) has resulted in a corresponding under spend in the medical referee costs of **(£1,535)**.
- Recent correspondence received from CAMEO has identified an environmental surcharge/Tmac value of £50.52 per cremation undertaken during the period of January to December 2013. The budget assumes a charge of £25.00 (based on best known information at that time). Taking into consideration the 2013/14 projected cremation numbers, the outturn assumes an over spend of **£47,118** against this budget. It should be noted that in line with Accounting Policies, the outturn considers the accruals concept and includes a payment to CAMEO covering the period January 2013 to March 2014. An element of these costs therefore relate to 2012/13. The 2014/15 budget has been adjusted to reflect these revised costs.

### 6.4 *Agency and Contracted*

The outturn assumes an under spend of **(£3,895)**. This is mainly as a result of the Grounds Maintenance Contract works previously undertaken by DCC's Clean and Green Service now being completed by Crematorium staff.

In addition External Audit fees received are **(£700)** lower than budgeted.

### 6.5 *Income*

A reduction in income of **£52,894** is projected within the 2013/14 outturn. The reasons are as follows:

- The 2013/14 base budget assumes a total of 1,250 cremations. Taking into consideration the numbers to date along with previous years information, it is envisaged that a reduction of 93 cremations to budget will be undertaken during the year. This results in a corresponding reduction to income of **£51,150** against budget.
- Entries into the Book of Remembrance are considered to be higher than budget by **(£733)**.
- Miscellaneous income from vending and Organ fees is projected to exceed budget by **(£526)**.
- Plaque sales however are significantly lower than the numbers budgeted to date and it is assumed that the trend will continue for the remainder of the financial year. This has resulted in a projected reduction in income to budget of **£3,003**.

## 6.6 **Capital Expenditure**

Members will recall the Committee's approval to purchase a Grass cutting machine at the last meeting. The table below highlights the costs and funding:

	<b>Expenditure £</b>	<b>Transfer from Cremator Reserve £</b>	<b>Transfer to Repairs Reserve £</b>	<b>Funding from Repairs Reserve £</b>
<b>Grass Cutting Machine</b>	15,000	(15,000)	15,000	(15,000)

## 6.7 **Earmarked Reserves**

Contributions from the revenue surplus towards earmarked reserves are forecast to be **(£68,327)** less than budgeted.

In line with the Reserves Policy, a contribution from revenue trading to the Cremator Reserve of £6,309 is included within the outturn.

In order to finance the capital expenditure above however, a transfer from the Cremator Reserve to the Repairs Reserve is also projected. This results in a net transfer from the Cremator Reserve of (£8,691).

The net movement on the Repairs Reserve is a £15,000 contribution from revenue trading.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2014 are forecast to be **£592,911**, representing a £6,309 (1%) increase over the opening position at 1 April 2013.

## **Recommendations and reasons**

7. It is recommended that:-

- Members note the April to December 2013 revenue and capital spend financial monitoring report, associated provisional outturn position and the forecast Crematorium earmarked reserve balances at 31 March 2014.

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**Contact(s): Paul Darby 03000 261930**  
**Jo McMahon 03000 261968**

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## **Appendix 1: Implications**

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### **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 directly 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.

