
**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 2013 to 31 March 2014, together with the provisional outturn position for 2013/14, 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 2013 and the provisional position as at the year ended 31 March 2014.

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. Members should be aware that the 2013/14 closedown process has only recently commenced and whilst no major variances are anticipated between the provisional and final outturns, the final information incorporated into the Annual Return and associated Statement of Accounts may differ from that included within this report. Where this is the case, a full explanation will be provided in the June report.
6. 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 2014:

Subjective Analysis	Base Budget 2013/2014 £	Year to Date Actual April – March £	Projected Outturn 2013/2014 £	Variance Over/ (Under) £
Employees	108,051	102,938	117,067	9,016
Premises	233,480	186,160	193,214	(40,266)
Transport	400	0	400	0
Supplies & Services	83,828	52,824	131,776	47,948
Agency & Contracted	10,915	9,020	9,020	(1,895)
Central Support Costs	25,300	25,300	25,300	0
Gross Expenditure	461,974	376,242	476,777	14,803
Income	(716,500)	(681,911)	(682,620)	33,880
Net Income	(254,526)	(305,669)	(205,843)	48,683
Transfer to Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	74,636	0	25,953	(48,683)
Distributable Surplus	(164,890)	0	(164,890)	0
35% Gateshead Council	57,712	57,712	57,712	0
65% Durham County Council	107,178	107,178	107,178	0
Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2013 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2014 £
Repairs Reserve	44,400	15,000	0	59,400
Cremator Reserve	327,252	25,953	0	353,205
General Reserve	214,950	0	0	214,950
Total	586,602	40,953	0	627,555

Explanation of Significant Variances between Original Budget and Forecast Outturn

7. 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 £205,843 at the year end against a budgeted surplus of £254,526 (before transfers to reserves and distribution of surpluses to the partners authorities), **(£48,683)** less than the budgeted position.
8. The following section outlines the reasons for any significant variances by subjective analysis area. Members should note that some transactions are undertaken annually at the year end, in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31st March, this results in additional charges/income being reported between the actuals as at 31st March and the provisional outturn figures. The table overleaf includes (amongst others) the following provisions within the outturn:
 - Bereavement Services Manager recharge from Durham County Council
 - Gas, electric and water charges not received from utility companies

- Insurance recharge from Durham County Council
- Environmental Surcharge/ Tmac value payment to CAMEO

8.1 *Employees*

The outturn shows an over spend of **£9,016**. The main variances are highlighted below:

- The vacant Superintendent & Registrar post has resulted in a saving of (£31,607). Alternative arrangements regarding the management of the Crematorium via the Bereavement Services Manager has however resulted in additional spend to original budget of £8,144. A net saving of **(£23,463)** is therefore relative to this post.
- The approved appointment of the additional Cremator Attendant, has resulted in a spend additional to the original budget of **£18,019**.
- The approved appointment of the Business Administration Modern Apprentice has resulted in a spend additional to the original budget of **£2,145**.
- Two members of staff are undertaking studies via the Institute of Cemetery and Crematorium Diploma Course. The cost of this training was 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 £6,859 have resulted in total enhancement payments over budget of **£8,565**.

8.2 *Premises*

The outturn is showing a **(£40,266)** under spend against budget. The main variances are detailed below:

- Utility costs for gas, electricity and water are lower than those originally budgeted by **(£2,194)**.
- 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 for completed during 2013/14 have been carried forward and provision made within the 2014/15 budget totalling **(£29,700)**. These works include the upgrading of external handrails, the renewal of the south perimeter fence and the scheduled cremator reline.
- The BACAS booking system was purchased and installed earlier than anticipated. Completion took place during 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.

- Works in the Chapel to replace units, wall tiling and water damage repairs have cost (**£1,836**) less than those originally budgeted within the SAMP.
- Repairs to the Crematorium paths and roads (additional to those identified originally via the SAMP) have resulted in a **£5,036** overspend to budget.
- Tribute screens costing **£4,642** in addition to those 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 (**£13,390**).

8.3 **Supplies and Services**

The **£47,948** reported over spend on supplies and services expenditure is due to the following reasons:

- Equipment, telephones, clothing and sundry items such as subscriptions to the Institute and conference fees are collectively underspent by a net (**£3,097**).
- The decrease in cremations (to budget) identified within the Income element below has resulted in a corresponding under spend in the medical referee costs of (**£974**).
- The cost of the BACAS licence was not included in the original budget so has resulted in an overspend of **£1,088**.
- Masterplan costs not included within the original budget have resulted in an overspend of **£2,095**.
- The correspondence received from CAMEO identified an environmental surcharge/Tmac value of £50.52 per cremation undertaken during the period of January to December 2013. The budget assumed a charge of £25.00 per cremation (based on best known information at that time). Taking into consideration the 2013/14 actual cremation numbers, the outturn identifies an over spend of **£48,836** 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 (393 cremations - £10,029). The 2014/15 budget has been adjusted to reflect these revised costs.

8.4 **Agency and Contracted**

An under spend of (**£1,895**) is reported, the main reasons are:

- A saving of (**£1,195**) due to elements of the Grounds Maintenance Contract works being undertaken by the Crematorium staff.
- An additional saving of (**£700**) in relation to the External Auditors fees charged by BDO LLP during 2013/14.

8.5 *Income*

A reduction in income of £33,880 over the amount budgeted is included within the reported forecast outturn. The reasons are as follows:

- The total cremation numbers have reduced to 1191, (including non-chargeable cremations) from those originally budgeted at 1,250. This has resulted in a reduction in income of £35,591.
- Entries into the Book of Remembrance are higher than budget by (£2,258).
- Miscellaneous sales, including Organ Fees and Vending, have exceeded those budgeted by (£544).
- (£709) from Investments has been received.
- The Plaque sales are lower than those budgeted resulting in a reduced income of £1,800.

8.6 *Capital Expenditure*

Members will recall the Committee's approval to purchase a Grass cutting machine at the last meeting. The specifications have been produced and the procurement process has commenced. The machine will now be purchased during 2014/15.

8.7 *Earmarked Reserves*

Contributions from the revenue surplus towards earmarked reserves are forecast to be **(£48,683)** less than budgeted.

In line with the Reserves Policy, a contribution from revenue trading to the Cremator Reserve of £25,953 is included within the outturn.

The contribution to the Repairs Reserve is £15,000 and is in line with the budgeted amount.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2014 are forecast to be **£627,555**, representing a £25,953 (4%) increase over the opening position at 1 April 2013.

Recommendations and Reasons

9 It is recommended that:

- Members note the April 2013 to March 2014 revenue spend within the financial monitoring report and associated provisional outturn position for the year ended 31 March 2014 including the forecast year end position with regards to reserves and balances held by the Joint Committee

Background Documents

2013/14 Revenue Budget and Fees and Charges Report – As approved by the Mountsett Crematorium Joint Committee.

Previous 2013/14 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 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.