



Report to Portchester Crematorium Joint Committee

Date: **18 June 2012**

Report of: **Treasurer to the Joint Committee**

Subject: **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2011/12**

SUMMARY

This report reviews the Joint Committee's revenue income and expenditure for the year ending 31 March 2012.

RECOMMENDATION

The contents of this report be noted.

INTRODUCTION

1. This report sets out the actual revenue expenditure of the Joint Committee for 2011/12. Included within this report are details of the following:
 - Actual revenue income and expenditure
 - Repairs and Renewals Fund expenditure
 - Capital Works Fund expenditure
 - Garden Improvement Fund expenditure
2. Included elsewhere on today's agenda is the draft Annual Return which includes the following sections:
 - Accounting Statement - recording financial transactions during the year for both revenue and capital schemes.
 - Annual Governance Statement
 - Annual Internal Audit Report

In support of the Annual Return explanatory notes are set out to summarise the financial position at the end of the financial year 2011/12 which include a Balance Sheet to provide detail on the accounts and operational assets.

3. The final income and expenditure accounts for the Joint Committee show a surplus of £16,202 compared with the revised estimated surplus of £7,700, an increase of £8,502.
4. The number of cremations carried out during the year totalled 3,978. This represents an increase of 84 compared with the previous financial year's total of 3,894. Overall income of £2,063,592 exceeded the revised budget of £2,043,500 by £20,092. Expenditure of £1,230,268 was below the revised budget of £1,301,000 by £70,732.
5. A detailed analysis of actual expenditure and income for the year is detailed in Appendix A. Comparisons are made between actual expenditure for 2011/12 with that of 2010/11 and the revised estimate for 2011/12 with supporting explanations in the following paragraphs.

EXPENDITURE

6. **Employees.** Under the IAS19 accounting policy on pensions an actuarial recalculation was reflected in the final accounts for 2010/11 against employee expenditure to reflect the policy change in measurement of pension inflation from RPI to CPI. There has been no further policy change and so there is no impact on this section of the accounts in 2011/12. Other than this variation employee expenditure of £231,319 is closely similar to that of 2010/11 and in line with the revised estimate for 2011/12.

PREMISES

7. **Repairs and Maintenance.** The budget for repairs and maintenance expenditure was reduced to £59,000 to reflect the reduction in planned maintenance requirements during 2011/12. Actual expenditure of £44,507 was below the revised budget level.
8. **Repairs and Renewals / Capital Works Programme financed from revenue.** The variation between the revised estimate and the actual expenditure is mainly due to

slippage in the repairs and renewals programme. However these changes do not affect the overall surplus as equivalent transfers are made from reserves to finance the repairs and renewals and capital works funds.

9. **Energy Costs.** The budget for energy costs was increased during 2011/12 to reflect significant price increases. Actual expenditure of £119,517 was £21,127 higher than in 2010/11 although within the budget provision for this area of expenditure.
10. **Rent and National Non Domestic Rates.** The budget for this area of expenditure was increased to reflect costs increases in 2011/12. Actual expenditure of £134,735 was £23,704 higher than in 2010/11 although within the budget provision for this area of expenditure.

SUPPLIES AND SERVICES

11. Expenditure of £296,001 in this area was higher than anticipated, exceeding the revised budget by £28,001. Significant increases in expenditure were largely as a result of an additional claim for consultancy fees from Parker Torrington related to the Mercury Abatement project. Progress against this capital works scheme has been well ahead of schedule and, as a result, the amount of VAT that cannot be reclaimed was also higher than anticipated.

INCOME

12. **Cremation Fees.** The number of cremations carried out during 2011/12 has totalled 3,978 of which 26 were carried out at no charge. The numbers of cremations for 2011/12 and the two previous financial years are set out in the table below.

	Actual Cremations 2009/10	Actual Cremations 2010/11	Actual Cremations 2011/12
Cremations at nil charge (under 16)	38	22	26
Cremations	3,912	3,872	3,952
Total cremations	3,950	3,894	3,978

13. **Other Income.** Income from charges and sales of £2,063,592 was £158,894 higher than the previous year with income from cremations fees rising in line with the increased numbers set out above. Income from other areas, such as Book of Remembrance entries and organ music, has remained at similar levels to last year reflecting a continuation in the trend of a small decline in demand for these services.

REPAIRS AND RENEWALS/CAPITAL WORKS FUND

14. Progress against the repairs and renewals programme during 2011/12 is set out in financial terms at Appendix B. Schemes re-programmed for 2012/13 include the refurbishment of the Book of Remembrance Room and the Fire Alarm/CCTV upgrade, whilst expenditure against the North Chapel Air Conditioning Unit has been incurred earlier than anticipated and is reflected in 2011/12. The contribution from revenue to the Repairs and Renewals Fund was increased by £10,000 to £80,000 in 2011/12 with the balance of the fund being £80,517 at the end of 2011/12.

15. Details of expenditure from the capital works fund 2010/11 can be found in Appendix C. The programme of work for the Mercury Abatement capital works scheme is ahead of schedule and remains on target for completion during 2012/13. The contribution from revenue to the Capital Works Fund was increased to £490,000 in 2011/12 with the balance of the fund being £1,227,844 at the end of 2011/12.
16. Details of the Garden Improvement Fund can also be found in Appendix C where the entire fund was utilised on wooden carvings during 2011/12.

CONCLUSION

17. The budgeted level of surplus was higher than expected mainly due to the reduction in expenditure and increased income which has enabled a higher contribution to the revenue surplus reserve.

Background Papers

Report to the Portchester Crematorium Joint Committee 'Revenue Budget 2012/13' December 2011.

Report to the Portchester Crematorium Joint Committee 'Annual Financial Return 2010/11' June 2011.

Andy Wannell CPFA
Treasurer to the Joint Committee
Civic Offices
Fareham

For further information on this report please contact Kate Busby on 01329 824685.

Appendices

Appendix A – Actual revenue expenditure for the year 2011/12.

Appendix B – Repairs and Renewals Fund 2011/12.

Appendix C – Capital Works Fund and Garden Improvement Funds 2011/12.

APPENDIX A

PORTCHESTER CREMATORIUM JOINT COMMITTEE

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	Actual 2010/11 £	Revised Estimate 2011/12 £	Actual 2011/12 £	Variation £
<u>EMPLOYEES</u>				
Salaries-Full Time Officers	220,188	222,200	219,749	-2,451
IAS19 (FRS17) Pension adjustments	-240,000	0	0	0
Salaries-Part Time Officers	10,948	11,000	11,570	570
TOTAL EMPLOYEES	-8,864	233,200	231,319	-1,881
<u>PREMISES</u>				
Repairs and Maintenance	62,141	59,000	44,507	-14,493
RR/CWF repairs financed from revenue	83,672	142,400	94,835	-47,565
Grounds - Maintenance	66,779	70,000	76,491	6,491
Garden Improvement Scheme	1,501	1,500	1,927	427
Energy costs	98,390	125,500	119,517	-5,983
Water services	1,361	1,500	1,794	294
Rent & Rates	111,031	136,300	134,735	-1,565
Removal of Wreaths/Cleaning materials	7,559	10,900	11,162	262
TOTAL PREMISES	432,434	547,100	484,968	-62,132
<u>SUPPLIES AND SERVICES</u>				
Equipment,Furniture and Materials	7,381	8,200	7,448	-752
Protective Clothing,Uniforms & Laundry	5,274	6,600	1,569	-5,031
Printing,Stationery & General Expenses	3,130	5,300	8,220	2,920
Inscriptions - Book of Remembrance	19,124	19,500	22,731	3,231
- Memorial Cards	5,402	6,000	4,690	-1,310
Legal/Consultants fees	3,133	3,000	25,774	22,774
Consultants fees - Gosport	7,818	11,000	15,670	4,670
Administrative Expenses - Fareham	14,060	20,000	12,578	-7,422
- Portsmouth	12,045	9,500	9,450	-50
Medical Referees Fees	70,092	73,200	71,654	-1,546
Organists Fees	23,350	25,000	23,467	-1,533
Audit Commission Fees	5,000	5,500	3,000	-2,500
Bank Charges	1,123	1,500	1,019	-481
Postages,Telephones and Advertising	3,918	8,700	4,459	-4,241
Conferences,Subsistence & Travelling	1,883	2,000	847	-1,153
Subscriptions	3,513	3,700	3,428	-272
Miscellaneous Insurances	13,808	14,200	14,121	-79
Non reclaimable VAT	48,838	45,100	65,876	20,776
TOTAL SUPPLIES AND SERVICES	248,892	268,000	296,001	28,001
<u>DEPRECIATION</u>				
Depreciation	181,835	252,700	217,980	-34,720
TOTAL DEPRECIATION CHARGES	181,835	252,700	217,980	-34,720
GROSS EXPENDITURE	854,297	1,301,000	1,230,268	-70,732

INCOME

Garden Improvement fund contributions	-1,501	-1,500	-1,927	-427
Memorial Cards	-10,073	-10,000	-7,833	2,167
Cremation Fees	-1,769,504	-1,893,000	-1,928,576	-35,576
Book of Remembrance	-59,660	-68,000	-59,574	8,426
Organ Music	-59,775	-66,000	-60,525	5,475
Other	-4,185	-5,000	-5,157	-157

GROSS INCOME

-1,904,698	-2,043,500	-2,063,592	-20,092
------------	------------	------------	---------

NET COST OF SERVICE

-1,050,401	-742,500	-833,324	-90,824
------------	----------	----------	---------

(Gain) or Loss on disposal of assets	0	0	0	0
Interest Receivable	-66	-100	-63	37
Pensions Interest costs	120,000	110,000	90,000	-20,000
Expected return on pensions assets	-80,000	-50,000	-70,000	-20,000

GENERAL FUND BALANCE

NET OPERATING INCOME	-1,010,467	-682,600	-813,387	-130,787
-----------------------------	------------	----------	----------	----------

MOVEMENT ON THE GENERAL FUND BALANCE

(Surplus)/Deficit on the Income & Expenditure Account	-1,010,467	-682,600	-813,387	-130,787
Net Gain or Loss on disposal of assets	0	0	0	0
Contributions to Constituent Authorities	540,000	560,000	560,000	0
Depreciation of Fixed Assets	-181,835	-252,700	-217,980	34,720
Contributions to Capital Works Fund	460,000	490,000	490,000	0
Contributions to Repairs & Renewals Fund	70,000	80,000	80,000	0
Contribution to / from pensions reserve	200,000	-60,000	-20,000	40,000
Contribution from reserves to finance repairs and renewals/capital works programmes	-83,672	-142,400	-94,835	47,565

(SURPLUS)/DEFICIT FOR THE YEAR

-5,974	-7,700	-16,202	-8,502
--------	--------	---------	--------

APPENDIX B

REPAIRS AND RENEWALS FUND EXPENDITURE 2011/12

	Revised Estimate 2011/12 £	Revised Estimate 2011/12 £	Actual 2011/12 £	Actual 2011/12 £
Balance 1.4.2011		95,352		95,352
ACTUAL EXPENDITURE		-120,495		-94,835
ADVANCES 2011/12		80,000		80,000
		<u>54,857</u>		<u>80,517</u>
Less applications 2011/12				
* Bench Granite Covers	10,000		17,386	
Refurbish Book of Remembrance Room	11,000		1,174	
Internal Decoration (Rolling Programme)	4,230		4,763	
Repairs to Paving	6,841		6,841	
Redecorate North Chapel Waiting Room	3,900		4,356	
Door Refurbishment/Redecorate Timber Screens	5,500		4,155	
Refurbish Garden of Contemplation Seating	6,395		6,395	
Granite Covers to Wreath Bays (Final Phase)	21,079		21,079	
Store for Grit and Materials	16,550		17,115	
Fire Alarm System / CCTV Upgrade	29,000		2,176	
North Chapel/Office Heating Improvements	6,000		4,462	
Upgrade North Chapel Air Conditioning Unit			4,933	
Balance of Works as at 31.3.2012		-120,495	-94,835	
Balance of Fund as at 31.03.2012		54,857		80,517

* Slippage from prior years programmes

Analysis of Programme Balance Remaining

	£
W.I.P / Awaiting invoice / Slippage	37,732
2012/13 Programme in advance	-4,933
Additional costs	-8,484
Less Programme savings	<u>1,345</u>
Balance Remaining	<u>25,660</u>

APPENDIX C

CAPITAL WORKS FUND 2011/12

<u>CAPITAL WORKS FUND 2011/12</u>	Revised Estimate 2011/12 £	Actual 2011/12 £
Balance of Fund as at 1.4.2011	2,234,184	2,234,184
ADVANCES 2011/12	490,000	490,000
	<u>2,724,184</u>	<u>2,724,184</u>
Less Applications 2011/12		
EPA Phase 2 Mercury Emissions		767,138
Crematorium Buildings		646,426
Cremator Furnace Relining		39,540
Hearth Replacement		19,858
Staff Facilities		23,379
		<u>1,496,340</u>
Balance of Fund as at 31.03.2012	<u>2,724,184</u>	<u>1,227,844</u>

GARDEN IMPROVEMENT FUND 2011/12

	Revised Estimate 2011/12 £	Actual 2011/12 £
Balance of Fund as at 1.4.2011	0	0
Contributions to Fund 2011/12	1,500	1,927
	<u>1,500</u>	<u>1,927</u>
<u>Less</u>		
Works 2011/12	<u>1,500</u>	<u>1,927</u>
Balance of Fund as at 31.03.2012	<u>0</u>	<u>0</u>