

QUARTERLY FEEDBACK REPORT

Quarter 1

April – June 2014

1.0 INTRODUCTION

Since launching the company in April 2014, Orbitas has now successfully completed its first trading period of 14/15 (quarter 1). In accordance with the co's governance arrangements and commitment to shareholders, regular performance reports are now being prepared. This report reflects a developing framework to embed performance management culture throughout Orbitas.

The report provides details of the Company's financial and non-financial performance together with other operational matters.

Section 1 of this report provides details of the company's financial performance for the first quarter.

Section 2 provides a summary of the key non financial performance update.

Section 3 looks at the operational headlines, during the first three months of operation.

2.0 SECTION 1 – FINANCIAL INFORMATION

Appendix A shows the latest financial position.

The appendix shows year to date performance for the first 3 months, a column showing current commitments and a forecast position for 2014-15. The Forecast Column is primarily based on a pay forecast that has been provided by financial services. Taken into consideration is a high level Fuel/Fleet forecast provided by Ansa. All other headings have been shown as at budget as it is relatively early in the year to predict anything further at this stage.

As a consequence of the pay variance forecast, the bottom line is currently forecasting an operating profit of £60k.

3.0 SECTION 2 – NON FINANCIAL PERFORMANCE UPDATE

3.1 Number of Cremations for the period 1st April 2013 to 31st June 2014

The table below provides details of the number of cremations taken place at Macclesfield and Crewe Crematoria, for the period April to June inclusive, with comparative data in the same periods last year.

Month	2013/14	2014/15
April	188	218
May	274	253
June	227	209
Total	689	680

3.2 Number of full interments for the period 1st April 2013 to 31st June 2014

The table below provides details of the number of full interments taken place throughout all of the Council's cemeteries, for the period April to June inclusive, with comparative data in the same periods last year.

Month	2013/14	2014/15
April	31	38
May	48	38
June	31	11
Total	110	87

3.3 In summary there were a total 767 of burials and cremations undertaken during the period 1st April to June inclusive, compared to 799 in the same period last year, a decrease of 32 (4%).

3.4 Information from the Office of National Statistics, shows that for the months of April and May the number of deaths registered in England and Wales was 80,757. This represents a decrease of 11,052 (12%) deaths in comparison to the same months in 2013.

3.5 Information from the Office of National Statistics, shows that for the months of April and May the number of deaths registered in Cheshire East was 577. This represents a decrease of 75 (12%) deaths in comparison to the same months in 2013.

3.6 Green Flag Application

A KPI set for the Company was for the year 2014 to apply and be successful in attaining Green Flag status in one of the Council's cemeteries. I am pleased to advise that we have been successful.

3.7 Other Agreed KPIs

Ministry of Justice fines to be one or less	Nil
Number of exhumations due to erroneous burial to be 3 or less	Nil
Number of Local Government Ombudsman complaints upheld 2 or less	Nil
ICCM Charter for the Bereaved to be Silver or Gold	No result yet

3.8 MP Letters

Three letters have been received from Edward Timpson MP. All have been answered within 15 working days.

3.9 Absence Monitoring

Long Term Absence	Number of Days	Comment
1 Employee	53	This employee resigned on 19 th June
Total	53	

Short Term Absence	Number of Days	Number of Occurrences	Comment
Employee 'A'	5	1	North
Employee 'B'	3	1	North
Employee 'C'	1	1	North
Employee 'D'	5	1	South
Employee 'E'	2	1	South
Total	16	5	

Orbitas has a 28 staff in total

3.10 Employee time on Union duties

One employee has spent 5 days on Union duties out of a total of 61 working days (8.2%)

3.11 Compliments/Requests for Service/Complaints etc Related to Orbitas

Number of Compliments	23
Number of Requests for Service	10
Number of Complaints	0

For clarification there have been one or two high profile complaints depicted in the media these pre date the creation of Orbitas and are excluded from the figures.

4.0 SECTION 3 – OPERATIONAL HEADLINES

4.1 Board Meetings

Monthly Board meetings have taken place. Attending the Board meetings are staff representatives who have been nominated by the staff; they are not trade union representatives. There are two staff representatives one for the north and one for the south, this reflects the wishes of the staff.

4.2 PDRs

Staff appraisals took place the first two weeks in June. All staff have now been appraised, using a newly developed appraisal system based upon ACAS template. Feedback from the staff is 100% supportive.

4.3 Health and Safety Inspections

The first half yearly Health and Safety Inspection of Premises have now taken place.

4.4 Health and Safety Handbook

The Handbook was approved by the Board in May, and has subsequently been approved by Unison, GMB and Unite. The handbooks are currently being printed once this has been done they will be circulated to all staff.

4.5 WW1 & WW2 Commemorations

A programme of WW1 and WW2 Commemorations has been produced, and these include:

- Matron to Martyr – book talk at Crewe and Macclesfield, relating to a Scottish Missionary who died in Auschwitz.
- Two floral tributes to mark WW1 100th anniversary
- Drumhead Service on 4th August
- Candlelight vigil on the morning of 11th November at Macclesfield Crematorium.
- Service at Cross of Sacrifice, Macclesfield cemetery on 11th November
- Commemoration of the Villiers-Russell Twins, Coppenhall Cemetery, whose death in WW1 allegedly changed naval history.

4.6 The Valley Project , Macclesfield Cemetery

Work has commenced on the initial reinstatement of the Valley, Gardens of Remembrance. Assets are project managing this.

4.7 Vale Royal Crematorium

Vale Royal Crematorium owned by the Westerleigh Group, was due to open in April however the opening has been put back until the end of July. It is anticipated that the Crematorium will take approximately 200 cremations from Orbitas which will have a financial impact of between £125k and £200k. Orbitas representatives have been invited to a private tour of the facilities, reflecting the already close working relationship.

4.8 Health and Safety Policy

A draft Health and Safety Policy has been produced and is with Assets awaiting for their contribution, before submitting to the Board for approval.

4.9 Anti Social Behaviour

Problems are being encountered at Macclesfield cemetery with drug dealers. The police have been informed and all staff have been given the direct number for the drug squad.

4.10 Weekly Updates

Weekly updates have been provided to the Leader, Portfolio, Orbitas Board and Client and have been well received. At the leaders request these have been reduced to twice monthly although still prepared on a weekly basis.

Orbitas, Bereavement Services Limited
Finance Update

The table below shows the summary financial position for Orbitas, Bereavement Services Limited (OBSL), for the quarter ended Jun 2014 and also the year end forecast where available:

	Qtr1 2014-15 £'000	Forecast 2014-15 £'000
Income	(224)	(1,172)
Gross Profit	(109)	(378)
Operating Profit	(44)	(63)
Profit on Ordinary Activities after Tax	(35)	(50)
Level of Current Assets	140	n/a
Level of Current Liabilities	(64)	n/a
Teckal - % of income from external customers	0%	0%

The Summary Operating Statement (Profit and Loss Account) is shown in **Appendix B**. As reported above this shows a forecast operating profit of £63k for the year which is primarily due to vacancy management savings in the first quarter. The annual forecast reflects that a number of vacancies are in the process of being filled. In addition to employee costs there is a small favourable variance against insurance due to the first years insurances being paid as part of the company set up costs, funded by Cheshire East Council (Cost of Investment monies) in 2013-14.

In this first quarter 2014-15, the OBSL Accounts are only reflecting expenditure on employee related & new company costs, all other operating costs are being reported for Qtr1 in Cheshire East Council's accounts. From 1st July 2014, OBSL will record and account for all operational expenditure associated with the operation of the services contracted to it by Cheshire East Council and in addition will record and retain any new income streams generated/developed specifically by OBSL.

Income

The Income relative to the Service Contract is held and reported in Cheshire East Council's accounts. The Contractor Generated Income - Target Income relative to the Service Contract (CEC Accounts) is as follows:

	Budget 14-15 (£'000)	Qtr1 Target (£'000)	Qtr1 Actual (£'000)	Qtr1 Var (£'000)	Forecast 14-15 (£'000)
Contractor Generated Income	(2,405)	(601)	(544)	57	(2,405)

At QTR1, whilst the performance is showing a small adverse variance of £57k, this is set against a profiled annual target and at this stage of the year the overall annual target is considered to be achievable. However, it should be highlighted that a new Crematorium is due to open in Northwich in August 2014 and there is a risk that the number of cremations in Crewe will be affected but at this stage it is too early to identify the impact.

Target Net Income for the Services – Clause 6

As set out in clause 6 of the Services Contract, if the difference between the Target Income and the Estimated Total Cost of Services as agreed in the Business Plan in any contract year (“Net Income”) is exceeded (“Excess”), the amount of Excess will be shared as follows:

50% Held in a Ring Fenced Fund

25% paid to the Contractor

25% paid to the Authority

2014-15	Target £'000	Forecast £'000	Variance £'000
Estimated Contractor Generated Income - Target Income relative to the Service Contract (CEC Accts)	(2,405)	(2,405)	0
Estimated Total Cost of Services - Year 1*	1,246	1,211	(35)
Net Income (Includes Q1 CEC costs)	(1,159)	(1,194)	(35)

*Year 1 – Includes OBSL forecast plus QTR1 operational costs (non pay) reported in CEC Accounts.

The current combined OBSL/CEC forecasts project an Excess of £35k, however given the potential income risk from a new external crematorium this position should be treated as an indication only at this stage in the year.

Cash-flow

The table below shows the Cash-flow position for the first quarter during which only payroll related costs and related payments were processed through the OBSL Accounts. A more detailed review of the next quarter cash-flow will be undertaken before the next Board report, especially as all operating costs will be undertaken through OBSL from 1st July 2014.

Cash-flow	April 2014 £	May 2014 £	June 2014 £	QTR1 2014 £
Planned	89,649	89,649	89,649	268,947
Performance	30,906	29,929	67,966	128,801
Variance	(58,743)	(59,720)	(21,683)	(140,146)

Note: April & May Management Fee paid 1.4.2014 (in advance), June paid 1.6.2014.

The Planned Cash-flow reflects the agreed management fee payments including VAT (ie total payment to OBSL). The variances reported above are mainly due to:

- VAT will be paid over in August hence the monthly variance above reflects VAT received but not yet paid over (approx £15k per month),
- the management fee assumed Support Service Buyback being charged monthly from CEBC, these costs are in the process of being charged (planned for July re Qtr1 and then monthly thereafter),
- Some new company costs forecast in the management were included on a monthly profile, eg marketing, Insurance and external audit costs, these new costs have not as yet been incurred,
- Finally, as reported above, there have been vacancies in the first quarter, hence the actual payroll spend has been lower than planned.

ORBITAS LTD

PROFIT & LOSS ACCOUNT AS AT 30th JUNE 2014

BUSINESS UNIT:	Annual Budget	Budget To Date	Actual To Date	Variance To Date	Commitment To Date	Annual Forecast	Variance Forecast	
BEREAVEMENT SERVICES	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	
	£	£	£	£	£	£	£	
1. Reimbursements & Contributions	0	0	0	0		0	0	
2. Sales	0	0	0	0		0	0	
3. Fees & Charges	0	0	0	0		0	0	
4. Rents	0	0	0	0		0	0	
5. Other Income **	(1,171,789)	(224,119)	(224,119)	0		(1,171,789)	0	Agreed Management Fee
SALES	(1,171,789)	(224,119)	(224,119)	0	0	(1,171,789)	0	
1. Direct Employees	605,436	151,308	114,642	(36,666)	31	530,319	(75,117)	Vacancy Mgt
2. Direct Transport	64,190	306	830	524	7,259	77,329	13,139	
3. Cost of Sales	186,460	0			12,738	186,460	0	
COST OF SALES	856,086	151,614	115,472	(36,142)	20,027	794,108	(61,978)	
GROSS PROFIT	(315,703)	(72,505)	(108,647)	(36,142)	20,027	(377,681)	(61,978)	
1. Indirect Costs - Employees	149,168	37,292	36,968	(324)		147,741	(1,427)	
2. Indirect Costs - Other Employee Exps	0	0	0	0		0	0	
3. Indirect Costs - Transport	0	0	438	438		2,642	2,642	Employee exps
4. Indirect Costs - External Support	123,347	30,837	27,087	(3,750)	96,260	123,347	0	
5. Indirect Costs - Bank Charges	0	0	0	0		0	0	
6. Indirect Costs - Depreciation	0	0	0	0		0	0	
7. Indirect Costs - Taxation	0	0	0	0		0	0	
8. Indirect Costs - Finance Leases	0	0	0	0		0	0	
9. Indirect Costs - Prof fees Subscriptions & Licences	4,230	0	0	0	0	4,230	0	
10. Indirect Costs - Donations	0	0	0	0		0	0	
11. Indirect Costs - Insurance	1,817	454	0	(454)		0	(1,817)	Insurance for 14-15 paid as set up cost 13-14
12. Indirect Costs - Advertising, Marketing & Hospitality	15,000	3,750	0	(3,750)		15,000	0	
13. Indirect Costs - Premises	0	0	0	0	3,221	0	0	
14. Indirect Costs - Hired & Contracted Services	3,128	0	0	0	7,380	3,128	0	
15. Indirect Costs - Clothing & Uniforms	1,995	0	0	0	0	1,995	0	
16. Indirect Costs - Printing & Stationary	0	0	0	0		0	0	
17. Indirect Costs - Telephones & Mobiles	6,728	0	0	0		6,728	0	
18. Indirect Costs - Postage	0	0	0	0		0	0	
19. Indirect Costs - Other Exps	690	173	3	(170)		690	0	
20. Indirect Costs - Equipment & Materials	8,872	1,479	0	(1,479)		8,844	(28)	
21. Indirect Costs - ICT/Communications	728	0	0	0		728	0	
22. Indirect Costs - Accounting Adjustments	0	0	0	0		0	0	
ADMINISTRATIVE EXPENSES	315,703	73,985	64,496	(9,488)	106,861	315,073	(630)	
1. Other Costs	0	0	0	0		0	0	
OTHER COSTS	0	0	0	0	0	0	0	
OPERATING (PROFIT)/LOSS (BEFORE INTEREST, TAX &	0	1,480	(44,151)	(45,630)	126,888	(62,608)	(62,608)	

*NOTE: Excludes Premises costs (Assets) & Capital Charges retained by CEC

** NOTE: Management Fee