

Central Durham Crematorium Joint Committee



11 February 2019

Financial Monitoring Report – Position at 31/12/18, with Projected Revenue and Capital Outturn at 31/03/19



Joint Report of Ian Thompson - Corporate Director: Regeneration and Local Services; John Hewitt – Corporate Director: Resources & Treasurer to the Joint Committee

Purpose of the Report

1. This report sets out details of income and expenditure in the period 1 April 2018 to 31 December 2019, together with an updated forecast revenue and capital outturn position for 2018/19, highlighting areas of over / underspends against the approved budgets at a service expenditure analysis level.
2. The report also details the funds and reserves of the Joint Committee at 1 April 2018 and the updated forecast outturn position at 31 March 2019, taking into account expenditure to date and forecasts to the year end.

Background

3. Scrutinising the financial performance of the Central Durham 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 Central Durham Crematorium.

Financial Performance

4. Budgetary control reports, incorporating outturn projections, are considered by Regeneration and Local 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 Central Durham 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 supplied by the Bereavement Services Manager. The following table highlights the provisional revenue outturn financial performance of the Central Durham Crematorium:

Subjective Analysis	Base Budget 2018/19 £	Year to Date Actual April – December £	Forecast Outturn 2018/19 £	Variance Over/ (Under) £
Employees	248,495	176,032	233,573	(14,922)
Premises	245,826	188,587	237,224	(8,602)
Transport	2,200	1,174	1,741	(459)
Supplies & Services	106,898	69,284	108,211	1,313
Agency & Contracted	8,800	6,808	8,705	(95)
Capital Charges	213,738	106,868	213,738	0
Central Support Costs	38,600	38,600	38,600	0
Gross Expenditure	864,557	587,353	841,792	(22,765)
Income	(1,617,250)	(1,254,569)	(1,791,439)	(174,189)
Net Income	(752,693)	(667,216)	(949,647)	(196,954)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	164,443	0	361,397	196,954
- Cremator Reline Reserve	25,000	0	25,000	0
- Small Plant	2,000	0	2,000	0
Distributable Surplus	(556,250)	0	(556,250)	0
80% Durham County Council	445,000	333,750	445,000	0
20% Spennymoor Town Council	111,250	83,438	111,250	0

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2018 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2019 £
General Reserve	(467,550)	(573,875)	556,250	(485,175)
Masterplan Memorial Garden	(56,250)	(5,000)	0	(61,250)
Major Capital Works	(1,043,744)	(361,397)	182,115	(1,223,026)
Cremator Reline Reserve	(96,455)	(25,000)	0	(121,455)
Small Plant	(3,405)	(2,000)	0	(5,405)
Total	(1,667,404)	(967,072)	738,365	(1,896,311)

Explanation of Significant Variances between Original Budget and Forecast Outturn

6. As can be seen from the table above, the projected revenue outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £949,647 against a budgeted surplus of £752,693, £196,954 more than the budgeted position. This compares to the previous forecast, based on the position to 31 August 2018 that was reported to the CDCJC in September, where a surplus of £1,010,266, £257,573 more than the budgeted position was reported.
7. There is a £60,619 decrease in the forecast surplus now anticipated, mainly due to a reduction in the forecast number of cremations for the year compared to the position in September. The following section outlines the reasons for any significant variances by subjective analysis area:

7.1 *Employees*

The updated outturn forecast indicates an underspend of **(£14,922)**, in relation to employee costs. The reasons for this are identified below:

- Training costs are expected to underspend by **(£2,000)** due to the training of the apprentice taking place in house and no other external training identified.
- Staffing costs are projected to underspend by **(£12,922)** due to two employees taking flexible retirement, the apprentice starting mid year and a vacancy which is currently being covered by overtime.

7.2 *Premises*

The updated outturn forecast shows an underspend of **(£8,602)** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to the replacement of the exterior gates was not required, instead repairs were carried out on the gates resulting in an underspend of **(£4,060)**.
- One off SAMP budgets relating to the re-lining of one the hearth is not needed in year resulting in an underspend of **(£3,450)**
- The cremator, plant and equipment servicing budgets are expected to underspend by **(£7,707)** as less work is required this year than expected.
- Roof Repairs are expected to overspend by **£3,500** due to leak repairs and surveys that were required to determine the cause of the problems.
- Utilities are expected to overspend by **£2,100**.
- Overspend on general premises expenses of **£1,015**.

7.3 *Supplies and Services*

The updated outturn forecast shows an overspend of **£1,313** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the projected increase in cremations (highlighted later within the income section of the report), medical referee expenditure is projected to overspend by **£4,323**.
- Cremator additives are expected to underspend by **(£5,000)** due to current high stock levels.
- One off SAMP budgets relating to the purchase of a pressure washer will be underspent by **(£455)**.
- Other general office costs such as webcasting and DVD purchases are expected to overspend by **£2445**.

7.4 *Income*

An overachievement of income of **(£174,189)** from the 2018/19 budget is included within the outturn forecasts. The reasons for this are identified below:

- The sale of large plaques, vase blocks, columbaria units and seats etc. is forecast to be less than budgeted, generating a shortfall of **£11,100**.
- The interest received is forecast to be more than budgeted by **(£5,600)** due to the higher level of balances and higher interest rates.
- Miscellaneous income and webcasting is forecast to be more than budget by **(£1,529)**.
- The outturn includes a forecast additional 262 cremations compared to the budget, totalling an increased income to budget of **(£178,160)**. The outturn allows for an estimated 2,462 cremations against a budgeted 2,200 cremations during 2018/19.

In 2017/18 there were 2,294 cremations undertaken. The projected outturn is for 168 more cremations to be undertaken this year compared to last year. At 31 December there had been 119 more cremations undertaken in the first nine months of this year compared to the same period last year.

8. *Capital Programme*

The following table highlights the forecast capital outturn for the Central Durham Crematorium:

Phase 3 Redevelopment Works	Base Budget 2018/19 £	Revised Budget 2018/19 £	Year to Date Actual April - Dec £	Forecast Outturn 2018/19 £	Variance to Revised Budget Over/ (Under) £
Tarmac roads and car park bays	0	38,850	37,490	37,490	(1,360)
Improvements to roadways	110,000	110,000	0	110,000	0
Improvements to boundary wall	25,000	25,000	0	17,000	(8,000)
Total	135,000	173,850	37,490	164,490	(9,360)

The cost of the Redevelopment Works is being financed from the Major Capital Works Reserve. The outturn shows a projected underspend of **(£9,360)** and the reason for this is identified below:

- The tarmacking of the roads and car park bays, which had been carried forward from 2017/18 resulted in an underspend of **(£1,360)**.
- The quotes received for the boundary wall work were less than anticipated and are now forecast to underspend by **(£8,000)**.

9. *Earmarked Reserves*

Contributions to the earmarked reserves are forecast as **£167,464** more than originally budgeted, primarily due to the increase in cremation income.

In line with the CDCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **£17,625** is required. This results in a net transfer to the Major Capital Works Reserve of **£179,282**.

The retained reserves of the CDCJC at 31 March 2019 are forecast to be **£1,411,136** along with a General Reserve of **£485,175**, giving a forecast total reserves and balances position of **£1,896,311** at the year end.

Recommendations and Reasons

10. It is recommended that:-

- Members note the April to December 2018 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2019, including the projected year position with regards to the reserves and balances of the Joint Committee.

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Appendix 1: Implications

Finance

Full details of the year to date and projected outturn financial performance of the Durham 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. The projected outturn has been produced taking into consideration the 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, 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 Spennymoor Town 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 CDCJC.

Procurement

None

Disability Discrimination Act

None

Legal Implications

The outturn proposals contained within this report have been prepared in accordance with standard accounting policies and procedures.

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