

**Central Durham Crematorium
Joint Committee**

24 April 2019

**Financial Monitoring Report –
Provisional Outturn as at 31 March
2019**



Joint Report of

**Ian Thompson, Corporate Director of Regeneration and Local
Services**

**John Hewitt, Corporate Director of Resources and Treasurer to the
Joint Committee**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report provides members of the Central Durham Crematorium Joint Committee with details of the provisional outturn position for 2018/19 and the projected level of reserves and balances at 31 March 2019.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2018 to 31 March 2019, showing the provisional revenue and capital outturn position for 2018/19 and highlighting areas of over / underspends against the approved budgets at a service expenditure analysis level.
- 3 The report also details the funds and reserves of the Joint Committee at 1 April 2018 and forecast final position at 31 March 2019, taking into account the updated provisional financial outturn.
- 4 The projected revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £888,024 against a budgeted surplus of £752,693, £135,331 more than the budgeted position.
- 5 Contributions to earmarked reserves are forecast as £160,837 more than originally budgeted, due mainly to the additional cremations (to budget) carried out throughout the year.

- 6 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 at year end. This results in a net transfer to the Major Capital Works Reserve of £172,655.
- 7 The retained reserves of the CDCJC at 31 March 2019 are forecast to be £1,404,509 along with a General Reserve of £485,175, giving a forecast total reserves and balances position of £1,889,684 at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April 2018 to March 2019 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.

Background

- 9 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

- 10 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 regular 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.
- 11 Members should be aware that the 2018/19 closedown process has only recently commenced and whilst no major variances are anticipated between the provisional and final outturn, the final information incorporated into the Annual Return may differ from that included within this report. Where this is the case, a full explanation will be provided in the June report.
- 12 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 as at 31 March 2019.

Subjective Analysis (Type of Expenditure)	Base Budget 2018/19 £	Year to Date Actual April – March £	Provisional Outturn 2018/19 £	Variance Over/ (Under) £
Employees	248,495	237,543	239,643	(8,852)
Premises	245,826	227,303	242,678	(3,148)
Transport	2,200	1,715	1,715	(485)
Supplies & Services	106,898	111,772	112,456	5,558
Agency & Contracted	8,800	8,598	8,671	(129)
Capital Charges	213,738	205,123	213,738	0
Central Support Costs	38,600	38,600	38,600	0
Gross Expenditure	864,557	830,653	857,501	(7,056)
Income	(1,617,250)	(1,744,702)	(1,745,526)	(128,276)
Net Income	(752,693)	(914,048)	(888,024)	(135,331)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	164,443	0	299,774	135,331
- 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	445,000	445,000	0
20% Spennymoor Town Council	111,250	111,250	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)	(299,774)	127,119	(1,216,399)
Cremator Reline Reserve	(96,455)	(25,000)	0	(121,455)
Small Plant	(3,405)	(2,000)	0	(5,405)
Total	(1,667,404)	(905,649)	683,369	(1,889,684)

Explanation of Significant Variances between Original Budget and Forecast Outturn

- 13 As can be seen from the table above, the projected revenue outturn is indicating a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £888,024 against a budgeted surplus of £752,693, £135,331 more than the budgeted position.
- 14 This compares with the previously forecast position, based on income and expenditure to 31 December 2018, as reported to the Joint Committee on 30 January 2019, of 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. The provisional outturn position is therefore £61,623 below what was previously forecast, which is a combination of additional expenditure (£15,710) and reduced income (£45,913). A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:
- Employee costs are £6,070 more than projected at quarter 3 due mainly to increased overtime working.
 - General Premises costs are £5,454 higher than previously projected.
 - Transport costs relating to mileage expenses are (£26) lower than previously projected.
 - General Supplies and Service costs are £4,245 higher than previously projected.
 - Agency and Contracted Services are (£34) lower than previously projected.
 - Income is £45,913 lower than previously projected mainly due to a reduced level of cremations in the last three months compared to the numbers previously forecast.
- 15 The following section outlines the reasons for any significant budget variances by subjective analysis (type of expenditure) 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 31 March. This results in additional charges/income being reported between the actuals as at 31 March and the provisional outturn figures. The table overleaf includes (amongst others) the following provisions within the outturn:
- Gas, electric and water charges not yet received from utility companies
 - Medical Referee fees for the final quarter
 - CAMEO income

11.1 *Employees*

The outturn shows an under spend of **(£8,852)**, in relation to employee costs. The reasons for this are identified below:

- Training costs underspent by **(£2,000)** due to the training of the apprentice taking place in house and no other external training being identified.
- Staffing costs underspent by **(£6,852)** due to two employees taking flexible retirement, the apprentice starting mid year and a vacancy which is currently being covered by overtime.

11.2 *Premises*

The outturn shows a forecast underspend of **(£3,148)** 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 hearth is not needed in year resulting in an underspend of **(£3,450)**.
- One off SAMP budgets relating to the hedge layering underspent by **(£2,098)**.
- General premises costs such as plant and equipment repairs, cremator servicing and building maintenance underspent by **(£1,192)**.
- Utilities expenditure is forecast to overspend by **£7,652** mainly due to estimated water bills being processed which were too low compared to the actual consumption.

11.3 *Supplies and Services*

The outturn shows a forecast over spend of **£5,558** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the increase in cremations (highlighted later within the income section of the report), medical referee expenditure overspent by **£3,168**.
- Printing and stationery budgets overspent by **£1,838**.
- General office costs including telephones and office equipment overspent by **£1,007**.
- One off SAMP budgets relating to the purchase of a pressure washer will be underspent by **(£455)**.

11.4 Income

An increase in income of **(£128,276)** from the 2018/19 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The sale of large plaques, vase blocks, columbaria units and seats etc. was less than budget, resulting in an underachievement of income of **£2,164**.
- The outturn includes an additional 192 cremations compared to the budget, totalling an increased income to budget of **(£117,750)**. The outturn allows for a total of 2,392 cremations against a budgeted 2,200 during 2018/19.
- Miscellaneous sales and Book of Remembrance entries were higher than budget resulting in additional income of **(£7,700)**.
- Interest received is forecast to be greater than budget resulting in additional income of **(£6,871)**.
- CAMEO income underachieved by **£1,881** due to a reduced Tradable Mercury Abated cremations (TMAC) charge of £7.98 compared to the estimate of £9. TMAC rates have reduced significantly since 2013 from £36.39 to the current rate of £7.98 in 2017.

16 Capital Programme

The following table highlights the capital outturn of the Central Durham Crematorium

	Base Budget 2018/19 £	Revised Budget 2018/19 £	Year to Date Actual April - Mar £	Forecast Outturn 2018/19 £	Variance to Revised Budget Over/ (Under) £
Phase 3 Redevelopment Works					
Tarmac Roads and car park bays	0	38,850	37,490	37,490	(1,360)
Improvements to roadway	110,000	110,000	72,004	72,004	(37,996)
Improvements to boundry wall	25,000	25,000	0	0	(25,000)
Total	135,000	173,850	109,494	109,494	(64,356)

The cost of the Redevelopment Works is being financed from the Major Capital Works reserves. The outturn shows a forecast underspend of **(£64,356)** and the main reasons for this are 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)**.
- Delays in the procurement of the boundary wall improvements have resulted in the project having to be carried forward into 2019/20, resulting in an underspend of **(£25,000)**.
- The roadway improvements have to be carried out at weekends and the project will not be completed until April 2019, resulting in an underspend of **(£37,996)** in 2018/19, which will be carried forward into 2019/20.

17 Earmarked Reserves

Contributions to earmarked reserves are forecast as **£160,837** more than originally budgeted, due mainly to the additional cremations (to budget) carried out throughout the year.

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 at year end. This results in a net transfer to the Major Capital Works Reserve of **£172,655**.

The retained reserves of the CDCJC at 31 March 2019 are forecast to be **£1,404,509** along with a General Reserve of **£485,175**, giving a forecast total reserves and balances position of **£1,889,684** at the year end.

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Appendix 1: Implications

Legal Implications

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

Finance

Full details of the year to date and projected outturn financial performance of the Central Durham Crematorium are included within the body of the 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.

Equality and Diversity / Public Sector Equality Duty

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

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.

Procurement

None.