

**Central Durham Crematorium  
Joint Committee**

**26 June 2019**



**Revenue Outturn and Joint Committees  
Annual Return for the Financial Year  
Ended 31 March 2019**

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**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 seeks approval of the Joint Committees Annual Return (attached at Appendix 3) for Central Durham Crematorium Joint Committee for the financial year ended 31 March 2019. It also includes details of the final outturn position against the approved budgets for 2018/19.

**Executive summary**

- 2 This report sets out details of income and expenditure in the period 1 April 2018 to 31 March 2019, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level and the capital budgets at a project level.
- 3 The report also details the funds and reserves of the Joint Committee at 1 April 2018 and final position at 31 March 2019, taking into account the updated financial outturn.
- 4 The revenue outturn was a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £885,782 against a budgeted surplus of £752,693, £133,089 more than the budgeted position.

- 5 The capital outturn was an underspend (before transfers to reserves) of £25,506 against the base budget and £64,356 against the revised budget.
- 6 Contributions to the earmarked reserves are therefore £158,595 more than originally budgeted, due mainly to the additional cremations carried out throughout the year and delays in the capital improvement works.
- 7 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.
- 8 The retained earmarked reserves of the CDCJC at 31 March 2019 are £1,402,267 along with a General Reserve of £485,175, giving a total reserves and balances position of £1,887,442 at the year end.

### **Recommendation(s)**

- 9 It is recommended that:-
  - Members note the revenue outturn position as at 31 March 2019, including the year end position with regards to the reserves and balances of the Joint Committee.
  - Members of the Joint Committee approve Section 1 – Annual Governance Statement 2018/19 of the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2019 (attached at Appendix 3).
  - Members of the Joint Committee approve Section 2 – Accounting Statements 2018/19 of the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2019 (attached at Appendix 3).
  - The Chair, Clerk and Treasurer sign the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2019 (attached at Appendix 3).

## **Background**

- 10 The Joint Committees Annual Return will be subject to external audit by the Joint Committee's appointed external auditors, Mazars LLP and the limited assurance audit will commence on 5 July 2019. Upon completion, the auditor's report will be reported to the Joint Committee and will be made available online, along with the Return.
- 11 The attached Joint Committees Annual Return is not a compulsory requirement for the Central Durham Crematorium Joint Committee but is good practice. Also attached for Members attention at Appendix 2 is the Balance Sheet as at 31 March 2019.

## **Financial Performance**

- 12 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.
- 13 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 revenue outturn financial performance of the Central Durham Crematorium as at 31 March 2019.

<b>Subjective Analysis</b>	<b>Base Budget 2018/19 £</b>	<b>Outturn 2018/19 £</b>	<b>Variance Over/ (Under) £</b>	<b>MEMO – Provisional Outturn (24.04.19) 2018/19 £</b>
Employees	248,495	239,806	(8,689)	239,643
Premises	245,826	244,089	(1,737)	242,678
Transport	2,200	1,932	(268)	1,715
Supplies & Services	106,898	112,962	6,064	112,456
Agency & Contracted	8,800	8,669	(131)	8,671
Capital Charges	213,738	213,738	0	213,738
Central Support Costs	38,600	38,600	0	38,600
<b>Gross Expenditure</b>	<b>864,557</b>	<b>859,796</b>	<b>(4,761)</b>	<b>857,501</b>
<b>Income</b>	<b>(1,617,250)</b>	<b>(1,745,577)</b>	<b>(128,327)</b>	<b>(1,745,526)</b>
<b>Net Income</b>	<b>(752,693)</b>	<b>(885,782)</b>	<b>(133,089)</b>	<b>(888,024)</b>
<b>Transfer to / (from) Reserves</b>				
- Masterplan Memorial Garden	5,000	5,000	0	5,000
- Major Capital Works	164,443	297,532	133,089	299,774
- Cremator Reline Reserve	25,000	25,000	0	25,000
- Small Plant	2,000	2,000	0	2,000
<b>Distributable Surplus</b>	<b>(556,250)</b>	<b>(556,250)</b>	<b>0</b>	<b>(556,250)</b>
<b>80% Durham County Council</b>	<b>445,000</b>	<b>445,000</b>	<b>0</b>	<b>445,000</b>
<b>20% Spennymoor Town Council</b>	<b>111,250</b>	<b>111,250</b>	<b>0</b>	<b>111,250</b>

<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2018 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2019 £</b>
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)	(297,532)	127,119	(1,214,157)
Cremator Reline Reserve	(96,455)	(25,000)	0	(121,455)
Small Plant	(3,405)	(2,000)	0	(5,405)
<b>Total</b>	<b>(1,667,404)</b>	<b>(903,407)</b>	<b>683,369</b>	<b>(1,887,442)</b>

## Explanation of Significant Variances between Original Budget and Forecast Outturn

- 14 The final outturn position is broadly in line with the provisional outturn position reported to the Joint Committee on 24 April 2019, with only minor changes across a number of budget levels at the final outturn (£2,242 decrease) to the overall net income for the year.
- 15 The following section outlines the reasons for significant variances by subjective analysis area (most of which was disclosed in the provisional outturn report), comparing the outturn position against the budget.

### 14.1 *Employees*

The outturn shows an under spend of **(£8,689)**, 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 **(£6,689)** due to two employees taking flexible retirement, the apprentice starting mid year and a vacancy which is currently being covered by overtime.

### 14.2 *Premises*

The outturn shows an underspend of **(£1,737)** 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 was 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)**.
- Building Maintenance was overspent by **£1,906**.
- Utilities expenditure was overspent by **£7,157** mainly due to estimated water bills being processed which were too low compared to the actual consumption.

### 14.3 **Supplies and Services**

The outturn shows an overspend of **£6,064** 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**.
- Purchase of Urns overspent by **£506** due to additional demand.
- One off SAMP budgets relating to the purchase of a pressure washer are underspent by **(£455)**.

### 14.4 **Income**

An increase in income of **(£128,327)** 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 was greater than budget resulting in additional income of **(£6,922)**.
- 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

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

The cost of the Redevelopment Works is being financed from the Major Capital Works reserves. The outturn shows an 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, were completed under budget and resulted in an underspend of **(£1,360)**.
- The roadway improvements have to be carried out at weekends and the project was not completed until April 2019, resulting in an underspend of **(£37,996)** in 2018/19, which will be carried forward into 2019/20 to cover costs incurred in the current year.
- 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)**.

## 17 Earmarked Reserves

Contributions to the earmarked reserves are **£158,595** more than originally budgeted, due mainly to the additional cremations carried out throughout the year and the delays in the capital improvement works.

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.

The retained reserves of the CDCJC at 31 March 2019 are **£1,402,267** along with a General Reserve of **£485,175**, giving a forecast total reserves and balances position of **£1,887,442** at the year end.

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## **Appendix 1: Implications**

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### **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 Cantral 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 Joint Committee.

### **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 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.

## Appendix 2 – Balance Sheet as at 31 March 2019

### Central Durham Crematorium Joint Committee

#### Balance Sheet as at 31<sup>st</sup> March 2019

31st March 2018 £000		31st March 2019 £000
2,640	Property, Plant & Equipment	2,535
0	Intangible Assets	0
0	Long Term Investments	0
0	Long Term Debtors	0
<b>2,640</b>	<b>Long Term Assets</b>	<b>2,535</b>
500	Short term Investments	500
2	Inventories	1
73	Short Term Debtors	43
1,175	Cash & Cash Equivalents	1,408
<b>1,750</b>	<b>Current Assets</b>	<b>1,952</b>
(195)	Short Term Borrowing	(202)
(83)	Short Term Creditors	(65)
0	Provisions	0
<b>(278)</b>	<b>Current Liabilities</b>	<b>(267)</b>
0	Long Term Creditors	0
0	Provisions	0
(410)	Long Term Borrowing	(208)
0	Other Long Term Liabilities	0
<b>(410)</b>	<b>Long Term Liabilities</b>	<b>(208)</b>
<b>3,702</b>	<b>NET ASSETS</b>	<b>4,012</b>
1,667	Usable Reserves	1,887
2,035	Unusable Reserves	2,125
<b>3,702</b>	<b>TOTAL RESERVES</b>	<b>4,012</b>