

**Central Durham Crematorium Joint
Committee**

29 January 2020



**Financial Monitoring Report – Position
at 31/12/19, with Projected Revenue
and Capital Outturn at 31/03/20**

Joint Report of

**Geoff Paul, Interim 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 updated forecast revenue and capital outturn position for 2019/20 and also the projected level of reserves and balances at 31 March 2020.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2019 to 31 December 2019, together with a forecast revenue and capital outturn position for 2019/20, 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 2019 and forecast final position at 31 March 2020, taking into account expenditure to date and forecasts to the year end.
- 4 The projected revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £785,208 against a budgeted surplus of £753,769, £31,439 more than the budgeted position.

- 5 Contributions to earmarked reserves are forecast as £179,993 less than originally budgeted, due mainly to capital schemes being carried forward from the previous 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 £12,495 is required. This results in a net transfer from the Major Capital Works Reserve of £157,764.
- 7 The retained reserves of the CDCJC at 31 March 2020 are forecast to be £1,237,803 along with a General Reserve of £497,670, giving a forecast total reserves and balances position of £1,735,473 at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April to December 2019 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2020, 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 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 (Type of Expenditure)	Base Budget 2019/20 £	Year to Date Actual April – December £	Forecast Outturn 2019/20 £	Variance Over/ (Under) £
Employees	258,068	198,395	266,557	8,489
Premises	256,163	227,172	301,159	44,996
Transport	1,900	2,513	3,445	1,545
Supplies & Services	127,032	81,092	132,513	5,481
Agency & Contracted	8,980	6,773	8,562	(418)
Capital Charges	213,738	6,949	213,738	0
Central Support Costs	39,250	39,250	39,250	0
Gross Expenditure	905,131	562,143	965,224	60,093
Income	(1,658,900)	(1,260,205)	(1,750,432)	(91,532)
Net Income	(753,769)	(698,063)	(785,208)	(31,439)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	165,519	0	196,958	31,439
- 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	222,500	445,000	0
20% Spennymoor Town Council	111,250	83,438	111,250	0

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2019 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2020 £
General Reserve	(485,175)	(568,745)	556,250	(497,670)
Masterplan Memorial Garden	(61,250)	(5,000)	0	(66,250)
Major Capital Works	(1,214,157)	(196,958)	354,721	(1,056,393)
Cremator Reline Reserve	(121,455)	(25,000)	38,700	(107,755)
Small Plant	(5,405)	(2,000)	0	(7,405)
Total	(1,887,442)	(797,703)	949,671	(1,735,473)

Explanation of Significant Variances between Original Budget and Forecast Outturn

12 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 £785,208 against a budgeted surplus of £753,769, £31,439 more than the budgeted position. This is a slight deterioration on the position reported to the committee in September, when the outturn was forecast to be £55,713 more than the budgeted position.

13 The following section outlines the reasons for any significant budget variances by subjective analysis (type of expenditure) area:

13.1 *Employees*

The updated outturn shows a forecast overspend of **£8,489**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are projected to overspend by **£8,489** due to the more overtime being worked than was budgeted. This is a result of the lack of relief crematorium attendants and an increase in cremation numbers in December.

13.2 *Transport*

The updated outturn shows a forecast overspend of **£1,545**, in relation to transport costs. The reasons for this are identified below:

- Transport costs are projected to overspend by **£1,545** due to additional travel required by the Apprentice for training purposes.

13.3 *Premises*

The outturn shows a forecast overspend of **£44,996** in relation to premises costs. The reasons for this are identified below:

- One off SAMP expenditure relating to the replacement of the organ, improvements to the wall by the book of remembrance and new paving around floral tributes have been incurred, totalling **£28,902**. These improvements were approved by Members in the SAMP report at the September 2018 meeting but were not included in the base budget for 2019/20.
- Cremator repairs and servicing is expected to overspend by **£18,394** due the repair of damaged flue pipes on cremators 1 and 3.

- Other premises costs such as utilities and building maintenance are expected to underspend by **(£2,300)**.

13.4 *Supplies and Services*

The updated outturn shows a forecast overspend of **£5,481** 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 **£3,313**.
- Masterplan costs are forecast to underspend by **(£3,000)** due to a cheaper supplier now being used.
- BACAS licence fees are forecast to overspend by **£2,303** due to a one off upgrade to merge the Crematorium and Bereavements systems.
- Wesley Music System and customer CD / DVD costs are forecast to overspend by **£1,738** due to increased use – this is offset by additional income.
- Other supplies and services costs such as protective clothing and computer maintenance are forecast to overspend by **£1,127**.

13.5 *Income*

An increase in income of **(£91,532)** from the 2019/20 budget is included within the outturn forecasts. The reasons for this are identified below:

- The outturn includes an estimated 125 cremations compared to the budget, totalling an increased income to budget of **(£87,500)**. The outturn allows for a total of 2,325 cremations against a budgeted 2,200 during 2019/20.
- Miscellaneous sales, bank interest and Book of Remembrance entries are expected to be higher than budget resulting in additional income of **(£4,032)**.

14 **Capital Programme**

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

	Base Budget 2019/20 £	Revised Budget 2019/20 £	Year to Date Actual April - Dec £	Forecast Outturn 2019/20 £	Variance to Revised Budget Over/ (Under) £
Redevelopment Works					
Carry out energy improvement works	125,000	125,000	993	61,684	(63,316)
Improvements to office accommodation	0	197,144	20,850	185,825	(11,319)
Improvements to roadway	0	37,996	29,717	69,717	31,721
Improvements to boundary wall	0	25,000	0	25,000	0
Cremator reline	0	38,700	0	38,700	0
Total	125,000	423,840	51,560	380,926	(42,914)

The energy improvement works are projected to underspend by (£63,316) due to the electricity meters and cooling system not needing to be upgraded, following a full energy survey of the site.

The improvements to office accommodation was approved by Members in the SAMP report at the September 2018 meeting but was not included in the base budget and has now been included within the revised budget.

The improvements to the roadway and boundary wall were included in the 2018/19 budget but the works were not completed by the year end so the budgets were carried forward into the current year. The entrance gates were omitted from the original roadway works design and are now being carried out.

A Cremator reline on cremator 3 is required in the current year because the emissions report flagged it as an urgent repair which cannot wait until 2020/21, when it had been programmed to be carried out.

The cost of the Redevelopment Works is being financed from the Major Capital Works and Cremator Reline reserves. All the above works are expected to be completed in the current financial year.

15 Earmarked Reserves

Contributions to earmarked reserves are forecast as **£179,993** less than originally budgeted, due mainly to capital schemes being carried forward from the previous year and the inclusion of SAMP related investments that were not factored into the original budget.

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 **£12,495** is required. This results in a net transfer from the Major Capital Works Reserve of **£157,764**.

The retained reserves of the CDCJC at 31 March 2020 are forecast to be **£1,237,803** along with a General Reserve of **£497,670**, giving a forecast total reserves and balances position of **£1,735,473** 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.

Climate Change

None.