

**Central Durham Crematorium
Joint Committee**

1 October 2020



**Financial Monitoring Report –
Position at 31/08/20, with
Projected Revenue and Capital
Outturn at 31/03/21**

Joint Report of

**Alan Patrickson, Corporate Director of Neighbourhoods and
Climate Change**

**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 2020/21 and the projected level of reserves and balances at 31 March 2021.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2020 to 31 August 2020, together with a forecast revenue and capital outturn position for 2020/21, 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 2020 and forecast final position at 31 March 2021, 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 £1,036,345 against a budgeted surplus of £761,132, £275,213 more than the budgeted position.
- 5 Contributions to earmarked reserves are forecast as £335,981 more than originally budgeted, due mainly to additional cremation income.

- 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 £20,100 is required. This results in a net transfer to the Major Capital Works Reserve of £246,213 in year.
- 7 The retained reserves of the CDCJC at 31 March 2021 are forecast to be £1,607,046 along with a General Reserve of £517,770, giving a forecast total reserves and balances position of £2,124,816 at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April to August 2020 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2021, 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 Neighbourhoods and Climate Change Management Team on a quarterly 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 2020/21 £	Year to Date Actual April – August £	Provisional Outturn 2020/21 £	Variance Over/ (Under) £
Employees	285,430	153,524	315,159	29,729
Premises	277,255	140,571	321,583	44,328
Transport	2,800	1,484	3,200	400
Supplies & Services	136,051	64,732	146,596	10,545
Agency & Contracted	9,184	4,756	11,603	2,419
Capital Charges	213,738	0	213,738	0
Central Support Costs	40,310	0	40,310	0
Gross Expenditure	964,768	365,066	1,052,189	87,421
Income	(1,725,900)	(961,911)	(2,088,534)	(362,634)
Net Income	(761,132)	(596,844)	(1,036,345)	(275,213)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	91,632	0	366,845	275,213
- Cremator Reline Reserve	25,000	0	25,000	0
- Small Plant	2,000	0	2,000	0
Distributable Surplus	(637,500)	0	(637,500)	0
80% Durham County Council	510,000	255,000	510,000	0
20% Spennymoor Town Council	127,500	31,875	127,500	0

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2020 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2021 £
General Reserve	(497,670)	(657,600)	637,500	(517,770)
Masterplan Memorial Garden	(66,250)	(5,000)	0	(71,250)
Major Capital Works	(1,147,423)	(366,845)	120,632	(1,393,636)
Cremator Reline Reserve	(107,755)	(25,000)	0	(132,755)
Small Plant	(7,405)	(2,000)	0	(9,405)
Total	(1,826,503)	(1,056,445)	758,132	(2,124,816)

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 of £1,036,345 against a budgeted surplus of £761,132, £275,213 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 outturn shows a forecast overspend of **£29,729**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are projected to overspend by **£29,729** due to Covid-19 redeployment, overtime and training costs.

13.2 *Premises*

The outturn shows a forecast overspend of **£44,328** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to the relining of hearth is not needed this year resulting in an underspend of **(£3,450)**.
- Cremator repairs are forecast to overspend by **£43,000** due to the heat exchanger cooling cassettes having to be replaced on Cremator 3, following a routine service.
- Mortuary refrigerator packs are overspent by **£1,648** due to Covid-19.
- Cremator servicing, grounds maintenance and building maintenance is forecast to be overspent by **£3,130**.

13.3 *Supplies and Services*

The outturn shows a forecast overspend of **£10,545** 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 **£15,556**.
- Purchasing of webcasts is forecast to overspend by **£7,000** due to the free provision as mentioned in the Bereavement Services Manager's report.

- Other general office costs such as purchase of urns, subscriptions and vending machines are expected to underspend by **(£10,511)**.
- The conference and seminars budget will underspend by **(£1,500)** due to the cancellation of the annual conference.

13.4 Income

An increase in income of **(£362,634)** from the 2020/21 budget is included within the outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 587 cremations compared to the budget, totalling increased income to budget of **(£388,260)**. The outturn allows for a total of 2,787 cremations against a budgeted 2,200 during 2020/21.
- Miscellaneous sales and Book of Remembrance entries are expected to be higher than budget resulting in additional income of **(£3,624)**.
- Sale of urns is forecast to underachieve by **£16,000**. It was agreed at the January 2020 meeting to increase the cost of urns to £10 and to sell them with every cremation, however this has not yet commenced due to Covid-19.
- Organ fee income is forecast to be **£1,250** underachieved as the organ is not currently permitted due to Covid-19.
- Interest received is forecast to be underachieved by **£12,000** as the bank accounts are not accruing any interest due to the current interest rate of 0.1%.

14 Capital Programme

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

	Base Budget 2020/21 £	Revised Budget 2020/21 £	Year to Date Actual April - Aug £	Forecast Outturn 2020/21 £	Variance to Revised Budget Over/ (Under) £
Redevelopment Works					
Carry out energy improvement works	0	0	4,119	4,119	4,119
Office accommodation improvements	0	25,503	11,413	11,413	(14,090)
Improvements to roadway	0	7,473	0	0	(7,473)
Replacement of chapel dome	20,000	20,000	0	20,000	0
Re-lining of 2 cremators	71,300	71,300	0	0	(71,300)

	Base Budget 2020/21 £	Revised Budget 2020/21 £	Year to Date Actual April - Aug £	Forecast Outturn 2020/21 £	Variance to Revised Budget Over/ (Under) £
Redevelopment Works					
Enlarging of cremator 1	70,000	70,000	0	65,000	(5,000)
Total	161,300	194,276	15,532	100,532	(93,744)

The majority of the energy improvement works were carried out in 2019/20 and the costs in the current year relate to unbudgeted final account claims.

The office accommodation improvements were included in the 2019/20 budget but the works were not completed by the year end so the budgets were carried forward into the current year . The improvements have now been completed with an underspend of £14,090.

The roadway improvements were included in the 2019/20 budget but the works were not completed so the remaining budget was carried forward into the current year. However, the budget will not be spent in the current year and a larger project to widen the access road and gates has been included in the 2021/22 SAMP.

The re-lining of the cremators will not be completed in the current year and instead will be completed in 2021/22. All other work is expected to be completed in the current financial year and within budget.

The cost of the Redevelopment Works is being financed from the Major Capital Works reserve.

15 Earmarked Reserves

Contributions to earmarked reserves are forecast as £335,981 more than originally budgeted, due mainly to the additional 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 **£20,100** is required. This results in a net transfer to the Major Capital Works Reserve of £246,213.

The retained reserves of the CDCJC at 31 March 2021 are forecast to be £1,607,046 along with a General Reserve of £517,770, giving a forecast total reserves and balances position of £2,124,816 at the year end.

Contact: Paul Darby

Tel: 03000 261930

Ed Thompson

Tel: 03000 263481

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.

Climate Change

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.