

# Central Durham Crematorium Joint Committee

27 January 2021

## Financial Monitoring Report – Position at 31/12/20, with Projected Revenue and Capital Outturn at 31/03/21



### Joint Report of

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

**Paul Darby, Interim 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 December 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 £978,197 against a budgeted surplus of £761,132, £217,065 more than the budgeted position.
- 5 Contributions to earmarked reserves are forecast as £275,287 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 £185,519 in year.
- 7 The retained reserves of the CDCJC at 31 March 2021 are forecast to be £1,546,351 along with a General Reserve of £517,770, giving a forecast total reserves and balances position of £2,064,121 at the year end.

### **Recommendation(s)**

- 8 It is recommended that Members note the April to December 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.

<b>Subjective Analysis (Type of Expenditure)</b>	<b>Base Budget 2020/21 £</b>	<b>Year to Date Actual April – December £</b>	<b>Forecast Outturn 2020/21 £</b>	<b>Variance Over/ (Under) £</b>
Employees	285,430	225,955	316,103	30,673
Premises	277,255	210,563	323,543	46,288
Transport	2,800	2,378	3,496	696
Supplies & Services	136,051	118,933	162,559	26,508
Agency & Contracted	9,184	6,681	11,613	2,429
Capital Charges	213,738	3,533	213,738	0
Central Support Costs	40,310	40,310	40,310	0
<b>Gross Expenditure</b>	<b>964,768</b>	<b>608,353</b>	<b>1,071,362</b>	<b>106,594</b>
<b>Income</b>	<b>(1,725,900)</b>	<b>(1,510,242)</b>	<b>(2,049,558)</b>	<b>(323,658)</b>
<b>Net Income</b>	<b>(761,132)</b>	<b>(901,889)</b>	<b>(978,197)</b>	<b>(217,065)</b>
<b>Transfer to / (from) Reserves</b>				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	91,632	0	308,697	217,065
- Cremator Reline Reserve	25,000	0	25,000	0
- Small Plant	2,000	0	2,000	0
<b>Distributable Surplus</b>	<b>(637,500)</b>	<b>0</b>	<b>(637,500)</b>	<b>0</b>
<b>80% Durham County Council</b>	<b>510,000</b>	<b>255,000</b>	<b>510,000</b>	<b>0</b>
<b>20% Spennymoor Town Council</b>	<b>127,500</b>	<b>63,750</b>	<b>127,500</b>	<b>0</b>

<b>Central Durham Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2020 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2021 £</b>
General Reserve	(497,670)	(576,350)	556,250	(517,770)
Masterplan Memorial Garden	(66,250)	(5,000)	0	(71,250)
Major Capital Works	(1,147,423)	(308,697)	123,178	(1,332,941)
Cremator Reline Reserve	(107,755)	(25,000)	0	(132,755)
Small Plant	(7,405)	(2,000)	0	(9,405)
<b>Total</b>	<b>(1,826,503)</b>	<b>(917,047)</b>	<b>679,428</b>	<b>(2,064,121)</b>

## 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 £978,197 against a budgeted surplus of £761,132, £217,065 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 **£30,673**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are projected to overspend by **£30,373** due to Covid-19 redeployment, overtime and training costs.

### 13.2 *Premises*

The outturn shows a forecast overspend of **£46,288** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to the new viewing screens, new catafalque and memorial trees are forecast to underspend by **(£2,845)**.
- Cremator repairs are forecast to overspend by **£51,000** due to the heat exchanger cooling cassettes having to be replaced on Cremator 3, following a routine service and repairs to damaged flue ducts.
- Mortuary refrigerator packs are overspent by **£1,648** due to Covid-19.
- Cremator servicing, grounds maintenance and building maintenance is forecast to be underspent by **(£3,515)**.

### 13.3 *Supplies and Services*

The outturn shows a forecast overspend of **£26,508** 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 **£13,913**.
- Purchasing of webcasts is forecast to overspend by **£22,000** due to the free provision until November 20.

- Other general office costs such as purchase of urns, subscriptions and vending machines are expected to underspend by **(£7,905)**.
- 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 **(£323,658)** from the 2020/21 budget is included within the outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 525 cremations compared to the budget, totalling increased income to budget of **(£344,440)**. The outturn allows for a total of 2,725 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 **(£8,468)**.
- 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.
- Organ fee income is forecast to be **£1,250** underachieved as the organ is not currently permitted to be used 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 - Dec £	Forecast Outturn 2020/21 £	Variance to Revised Budget Over/ (Under) £
<b>Redevelopment Works</b>					
Carry out energy improvement works	0	0	5,769	5,769	5,769
Office accommodation improvements	0	25,503	12,309	12,309	(13,194)
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)
Enlarging of cremator 1	70,000	70,000	0	65,000	(5,000)
<b>Total</b>	<b>161,300</b>	<b>194,276</b>	<b>18,078</b>	<b>103,078</b>	<b>(91,198)</b>

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 £13,194.

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 £275,287 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 £185,519.

The retained reserves of the CDCJC at 31 March 2021 are forecast to be £1,546,351 along with a General Reserve of £517,770, giving a forecast total reserves and balances position of £2,064,121 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 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.