

Central Durham Crematorium Joint Committee



26 January 2011

Financial Monitoring Report – Position at 31/12/10, with Forecast Outturn at 31/03/11



Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; and Don McLure – Corporate Director: Resources & Treasurer to the Joint Committee

Purpose of the Report

1. The purpose of this report is to set out details of income and expenditure in the period 1 April 2010 to 31 December 2010, together with the forecast outturn position for 2010/11, and highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
2. The report also sets out details of the funds and reserves of the Joint Committee at 1 April 2010 and the projected position at 31 March 2011, taking into account the forecast financial outturn projection of income and expenditure this year.

Background

3. 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

4. Budgetary control reports, incorporating outturn projections, are considered by Neighbourhood Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers monthly 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.
5. The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information and market intelligence supplied by the Superintendent and Registrar. The following table highlights the projected outturn financial performance of the Central Durham Crematorium at 31 March 2011:

Subjective Analysis	Base Budget 2010/2011 £	Year to Date Actual – April – Dec £	Projected Outturn 2010/2011 £	Variance Over/ (Under) £
Employees	220,000	148,734	207,804	(12,196)
Premises	189,700	102,654	182,378	(7,322)
Transport	1,500	2,054	2,000	500
Supplies & Services	132,990	77,213	120,906	(12,084)
Agency & Contracted	50,230	36,653	54,001	3,771
Central Support Costs	32,000	0	32,000	0
Gross Expenditure	626,420	367,308	599,089	(27,331)
Income	(1,094,530)	(863,302)	(1,148,032)	(53,502)
Net Income	(468,110)	(495,994)	(548,943)	(80,833)
Transfer to Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	141,860	0	222,693	80,833
- Small Plant	5,000	0	5,000	0
- Central Heating Renewal Fund	10,000	0	10,000	0
Distributable Surplus	(306,250)	0	(306,250)	0
80% Durham County Council	245,000	0	245,000	0
20% Spennymoor Town Council	61,250	0	61,250	0
Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2010 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2011 £
General Reserve	(424,060)	(306,250)	306,250	(424,060)
Masterplan Memorial Garden	(16,250)	(5,000)	0	(21,250)
Major Capital Works	(655,964)	(222,693)	543,998	(334,659)
Small Plant	(18,001)	(5,000)	23,001	0
Central Heating Renewal Fund	(23,001)	(10,000)	33,001	0
Cremator Replacement Fund	0	(600,000)	0	(600,000)
Total	(1,137,276)	(1,148,943)	906,250	(1,379,969)

Explanation of Significant Variances between Original Budget and Forecast Outturn

6. As can be seen above, the projected outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partners authorities) of £548,943 against a forecast surplus of £468,110 (before transfers to reserves and distribution of surpluses

to the partners authorities), £80,883 more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis area:

6.1 Employees

The forecast outturn indicates a £12,196 underspend based on current staffing levels. The base budget assumed a 1.0 % pay award (£2,200), however, it is anticipated that this will not materialise. In addition to this, are forecast savings of £3,000 within the training and staff advertising budgets, savings of £3,500 on Agency staffing requirements and £1,500 within the employee advertising budgets. Further savings of £2,200 have been made as a result of other staff changes in the year..

6.2 Premises

The forecast outturn is projecting a £7,322 underspend in this area. The main variances against the agreed budget are detailed below:

- NNDR costs are £6,300 over the budgeted level. This is net of a refund of £1,800 relating to a rateable value adjustment, which was received from Durham County Council. This refund dates back a number of years and is a one off saving in 2010/11. The underlying budget pressure in this area being £8,100;
- There is a forecast saving of £10,700 against the budget for repairs to roads and footpaths, following the decision by the Superintendent and Registrar (in light of the forthcoming redevelopment scheme) to undertake only emergency “patching repairs” during 2010/2011;
- Central Heating Maintenance works are projected to be £1,600 lower than budget; and
- The additional tree works anticipated in the budget have not been required during 2010/11, resulting in a saving of £1,300.

6.3 Supplies and Services

The £12,084 forecast underspend on supplies and services expenditure is due to several factors, the main reasons are as follows:

- The Public BOR Visual Reference System and Replacement Computer budget of £7,500 will not be required during 2010/11. The procurement and implementation of this system has been delayed until 2012/13 at the earliest and as a result this element has also been removed from the 2011/12 budget, subject to approval by the Joint Committee;
- The £3,000 budget provision for Barcoded Identity Tokens will not be spent during 2010/11;
- Unbudgeted advertising costs of £1,400 have been incurred. These relate to advertising the Notification of the Audit of the 2009/2010 Statement of Accounts in various press; and
- A reduced number of vases and Columbaria units have been purchased during the year, resulting in a £3,000 saving.

6.4 Agency and Contracted

The £3,771 overspend on Agency and Contracted is due to a number of factors detailed below:

- The on- line referencing system budget of £11,912 is not now required during the current year. The procurement and implementation of this system has been delayed until 2012/13 at the earliest and as a result this budget has also been removed from the 2011/12 budget, subject to consideration and approval by the Joint Committee;
- The Audit Commission audit and inspection costs for 2010/11 will be £13,500. This is £10,000 more than the current budgeted level and with the introduction of the new IFRS regime, can be expected to continue at this level. The external audit fee budget will need to be increased in 2011/12 to reflect these significantly higher costs;
- The Feasibility Studies undertaken in relation to Cremator Replacement Capital scheme are anticipated to cost a further £10,000 to the original £15,000 budget. Feasibility Studies are usually charged at between 1% and 2% of the total value of the works. Based on the £2.4M Capital scheme it would be reasonable to assume that these charges would have totalled £25,000 and therefore the outturn seems reasonable; and
- The Crematoria brochures, which will not be produced during 2010/11, have resulted in a £4,500 saving in printing and publications expenditure.

6.5 Income

Income is expected to exceed the budget by £53,502. This is as a result of higher than anticipated / budgeted cremations being undertaken during the year.

6.6 Earmarked Reserves

In line with previous practise, the additional surplus generated is to be transferred to the Major Repairs Reserve at the year end.

The balances on the Small Plant and Central Heating Renewals Reserves, along with an element (£544,000) of the Major Capital Works are to be transferred to a newly created Cremator Replacement Reserve at 31 March 2011. This reserve will total £600,000 at the year end and will be applied to part finance the Cremator Replacement and Building Works Capital Scheme next year.

The earmarked reserves (including the newly created Cremator Replacement Reserve) of the CDCJC at 31 March 2011 are forecast to be £955,909, along with a General Reserve of £424,060, giving a forecast total reserve projection £1,379,969 at the year end.

Recommendations and reasons

10 It is recommended that:-

- Members note the April to December 2010 Revenue spend financial monitoring report and associated provisional outturn position 2010/11;

Background Documents

2010/11 Revenue Budget and Fees and Charges Report – As approved by the CDCJC

Previous 2010/11 Financial Monitoring Reports – As previously presented to the CDCJC

Oracle Financial Management System Reports

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Appendix 1: Implications

Finance

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

Staffing

There are no staffing implications associated with this report.

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 Superintendent and Registrar. 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 Superintendent and Registrar, should mitigate the risks associated with achievement of the forecast outturn position.

Equality and Diversity

There are no Equality and Diversity implications associated with this report.

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

There are no Crime and Disorder implications associated with this report.

Human Rights

There are no Human Rights implications associated with this report

Consultation

Officers of Spennymoor Town Council were consulted on the contents of this report.

Procurement

None

Disability Discrimination Act

None

Legal Implications

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