

28 April 2021



**Financial Monitoring Report –
Provisional Outturn as at 31 March 2021**

Joint Report of

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

**Paul Darby, Corporate Director of Resources (Interim) 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 March 2021, showing the provisional revenue and capital outturn position for 2020/21 and 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 the updated provisional financial outturn.
- 4 The revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £985,411 against a budgeted surplus of £761,132, £224,279 more than the budgeted position.
- 5 Contributions to earmarked reserves are £367,501 more than originally budgeted, mainly due to the additional cremations (to budget) carried out throughout the year and a number of capital schemes being carried forward into next 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 £20,100 is required at year end. This results in a net transfer to the Major Capital Works Reserve of (£277,733).
- 7 The retained reserves of the CDCJC at 31 March 2021 are forecast to be £1,638,566 along with a General Reserve of £517,770, giving a forecast total reserves and balances position of £2,156,336 at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April 2020 to March 2021 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 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 Members should be aware that the 2020/21 closedown process has only recently commenced and whilst no major variances are anticipated between the provisional and final outturn, the final information incorporated into the Annual Return may differ from that included within this report. Where this is the case, a full explanation will be provided in the June report.
- 12 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 as at 31 March 2021.

Subjective Analysis (Type of Expenditure)	Base Budget 2020/21 £	Year to Date Actual April – March £	Provisional Outturn 2020/21 £	Variance Over/ (Under) £
Employees	285,430	319,038	329,431	44,001
Premises	277,255	266,139	279,069	1,814
Transport	2,800	3,390	3,390	590
Supplies & Services	136,051	182,736	183,154	47,103
Agency & Contracted	9,184	9,849	11,719	2,535
Capital Charges	213,738	3,533	213,738	0
Central Support Costs	40,310	40,310	40,310	0
Gross Expenditure	964,768	824,994	1,060,812	96,044
Income	(1,725,900)	(2,046,223)	(2,046,223)	(320,323)
Net Income	(761,132)	(1,221,229)	(985,411)	(224,279)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	91,632	0	315,911	224,279
- 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	510,000	510,000	0
20% Spennymoor Town Council	127,500	127,500	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)	(576,350)	556,250	(517,770)
Masterplan Memorial Garden	(66,250)	(5,000)	0	(71,250)
Major Capital Works	(1,147,423)	(315,911)	38,178	(1,425,156)
Cremator Reline Reserve	(107,755)	(25,000)	0	(132,755)
Small Plant	(7,405)	(2,000)	0	(9,405)
Total	(1,826,503)	(924,261)	594,428	(2,156,336)

Explanation of Significant Variances between Base Budget and Provisional Outturn

13 As can be seen from the table above, the revenue outturn is indicating a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £985,411 against a budgeted surplus of £761,132, £224,279 more than the budgeted position.

14 This compares with the previously forecast position, based on income and expenditure to 31 December 2020, as reported to the Joint Committee on 27 January 2021, of 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. The outturn position is therefore £7,215 less than what was previously forecast. A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:

- Employee costs are £13,328 more than projected at quarter 3 mainly due to increased overtime working.
- Premises costs are (£44,474) lower than previously projected mainly due to cremator repairs not being completed this year.
- Transport costs relating to mileage expenses are (£106) lower than previously projected.
- Supplies and Service costs are £20,596 higher than previously projected mainly due to increased book of remembrance and webcasting costs.
- Agency and Contracted Services are £106 higher than previously projected.
- Income is £3,335 lower than previously projected.

15 The following section outlines the reasons for any significant budget variances by subjective analysis (type of expenditure) area. Members should note that some transactions are undertaken annually at the year end, in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31 March. This results in additional charges/income being reported between the actuals as at 31 March and the provisional outturn figures. The table overleaf includes (amongst others) the following provisions within the outturn:

- Gas, electric and water charges not yet received from utility companies
- Medical Referee fees for the final quarter
- CAMEO income

15.1 **Employees**

The outturn shows a forecast overspend of **£44,001** in relation to employee costs. The reasons for this are identified below:

- Staffing costs overspent by **£44,001** due to staff redeployment, increased overtime and additional training costs.

15.2 **Premises**

The outturn shows a forecast overspend of **£1,814** 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 underspent by **(£2,845)**.
- Relining of a hearth and the re-surfacing of the memorial garden have not been carried out and will instead be completed in 21/22, resulting in an underspend of **(£8,450)**.
- Cremator servicing and repairs overspent by **£14,669** due to repairs to damaged flue ducts.
- Mortuary refrigerator packs overspent by **£1,648**.
- Grounds maintenance and building maintenance underspent by **(£4,277)**
- Contract cleaning overspent by **£1,069** due to extra cleans for Covid-19.

15.3 **Supplies and Services**

The outturn shows a forecast overspend of **£47,103** 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 **£15,363**.
- Purchasing of webcasts overspent by **£27,390** due to the free provision until November 20.
- The Book of Remembrance budget overspent by **£6,846** mainly due to the purchase of a new book.
- Other general office costs such as subscriptions and vending machines underspent by **(£796)**.
- The conference and seminars budget underspent by **(£1,700)** due to the cancellation of the annual conference.

15.4 Income

An increase in income of **(£320,323)** from the 2020/21 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 more than budget, resulting in an overachievement of income of **(£25,406)**.
- The outturn includes an additional 538 cremations compared to the budget, totalling an increased income to budget of **(£325,839)**. The outturn allows for a total of 2,738 cremations against a budgeted 2,200 during 2020/21.
- Sale of urns underachieved by **£17,710**. 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 underachieved by **£1,255** as the organ is not currently permitted to be used due to Covid-19.
- Interest received is **£11,957** lower than the budget as the bank accounts are not accruing any interest due to the current interest rate of 0.1%.

16 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 - Mar £	Forecast Outturn 2020/21 £	Variance to Revised Budget Over/ (Under) £
Redevelopment Works					
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	0	(20,000)
Re-lining of 2 cremators	71,300	71,300	0	0	(71,300)
Enlarging of cremator 1	70,000	70,000	0	0	(70,000)
Total	161,300	194,276	18,078	18,078	(176,198)

The cost of the Redevelopment Works is being financed from the Major Capital Works reserve. The outturn shows a forecast underspend of **(£176,198)** and the main reasons for this are identified below:

- The majority of the energy improvement works were carried out in 2019/20 and the **£5,769** 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 was not spent in the current year, resulting in a underspend of **(£7,473)** and a larger project to widen the access road and gates has been included in the 2021/22 SAMP.
- The replacement of the chapel dome has not yet commenced, resulting in an underspend of **(£20,000)**, which will be carried forward into 2021/22.
- The re-lining and enlarging of the cremators were rescheduled to the new financial year, resulting in underspends of **(£71,300)** and **(£70,000)**, which will both be carried forward into 2021/22.

17 Earmarked Reserves

Contributions to earmarked reserves are **£367,501** more than originally budgeted, mainly due to the additional cremations (to budget) carried out throughout the year and a number of capital schemes being carried forward into next year.

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 at year end. This results in a net transfer to the Major Capital Works Reserve of **(£277,733)**.

The retained reserves of the CDCJC at 31 March 2021 are forecast to be **£1,638,566** along with a General Reserve of **£517,770**, giving a forecast total reserves and balances position of **£2,156,336** at the year end.

Contact:	Philip Curran	Tel: 03000 261967
	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.

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.