

Central Durham Crematorium Joint Committee

1 February 2022

Financial Monitoring Report – Position at 31/12/21, with Projected Revenue and Capital Outturn at 31/03/22



Joint Report of

Alan Patrickson, Corporate Director of Neighbourhoods and Climate Change

Paul Darby, 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 2021/22 and the projected level of reserves and balances at 31 March 2022.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2021 to 31 December 2021, together with a forecast revenue and capital outturn position for 2021/22, 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 2021 and forecast final position at 31 March 2022, 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 1,096,084 against a budgeted surplus of £1,022,157, £73,927 more than the budgeted position.
- 5 Contributions to earmarked reserves are forecast as £8,926 less than originally budgeted, due mainly to additional capital works.

- 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 £13,905 is required. This results in a net transfer from the Major Capital Works Reserve of £122,629.
- 7 The retained reserves of the CDCJC at 31 March 2022 are forecast to be £1,545,928 along with a General Reserve of £531,675, giving a forecast total reserves and balances position of £2,077,603 at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April to December 2021 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2022, 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 2021/22 £ | Year to Date Actual April – December £ | Forecast Outturn 2021/22 £ | Variance Over/ (Under) £ |
|--|--------------------------------------|---|---|---|
| Employees | 295,151 | 192,509 | 294,647 | (504) |
| Premises | 270,622 | 177,494 | 279,454 | 8,832 |
| Transport | 2,800 | 1,743 | 2,615 | (185) |
| Supplies & Services | 131,351 | 87,049 | 145,628 | 14,277 |
| Agency & Contracted | 9,184 | 4,312 | 9,558 | 374 |
| Capital Charges | 0 | 0 | 0 | 0 |
| Central Support Costs | 40,985 | 40,985 | 40,985 | 0 |
| Gross Expenditure | 750,093 | 504,092 | 772,886 | 22,793 |
| Income | (1,772,250) | (1,321,567) | (1,868,971) | (96,721) |
| Net Income | (1,022,157) | (817,474) | (1,096,084) | (73,927) |
| Transfer to / (from) Reserves | | | | |
| - Masterplan Memorial Garden | 5,000 | 0 | 5,000 | 0 |
| - Major Capital Works | 133,907 | 0 | 207,834 | 73,927 |
| - Cremator Reline Reserve | 25,000 | 0 | 25,000 | 0 |
| - Small Plant | 2,000 | 0 | 2,000 | 0 |
| Distributable Surplus | (856,250) | 0 | (856,250) | 0 |
| 80% Durham County Council | 685,000 | 342,500 | 685,000 | 0 |
| 20% Spennymoor Town Council | 171,250 | 128,438 | 171,250 | 0 |

| Central Durham Crematorium Earmarked Reserves | Balance @ 1 April 2021 £ | Transfers to Reserve £ | Transfers From Reserve £ | Balance @ 31 March 2022 £ |
|--|---|---------------------------------------|---|--|
| General Reserve | (517,770) | (870,155) | 856,250 | (531,675) |
| Masterplan Memorial Garden | (71,250) | (5,000) | 0 | (76,250) |
| Major Capital Works | (1,423,147) | (207,834) | 330,463 | (1,300,518) |
| Cremator Reline Reserve | (132,755) | (25,000) | 0 | (157,755) |
| Small Plant | (9,405) | (2,000) | 0 | (11,405) |
| Total | (2,154,327) | (1,109,989) | 1,186,713 | (2,077,603) |

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 £1,096,084 against a budgeted surplus of £1,022,157, £73,927 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 underspend of **(£504)**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are projected to underspend by **(£504)** due to an employee not joining the pension scheme.

13.2 *Premises*

The outturn shows a forecast overspend of **£8,832** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to the replacement of the floral tribute will not be spent and therefore results in an underspend of **(£2,500)**.
- Utilities are forecast to underspend by **(£2,217)** mainly due to low water meter readings.
- Plant and equipment replacement is forecast to overspend by **£3,400** mainly due to the purchasing of a new hoover for the cremators.
- Cleaning is forecast to overspend by **£4,619** due to additional cleans to ensure Covid compliance.
- Cremator servicing and tree works are forecast to be overspent by **£5,530**

13.3 *Supplies and Services*

The outturn shows a forecast overspend of **£14,277** 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 **£2,624**.

- Purchasing of webcasts is forecast to overspend by **£19,000** due to continued high demand.
- Other general costs such as purchase of urns, cremator additives, telephones and vending machines are expected to underspend by **(£5,647)**.
- The conference and seminars budget will underspend by **(£1,700)** due to the cancellation of the annual conference.

13.4 Income

An increase in income of **(£96,721)** from the 2021/22 budget is included within the outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 99 cremations compared to the budget, totalling increased income to budget of **(£73,260)**. The outturn allows for a total of 2,299 cremations against a budgeted 2,200 during 2021/22.
- Book of Remembrance, plaques and webcasts are expected to be higher than budget resulting in additional income of **(£27,711)**.
- Organ fee income is forecast to be **£1,250** underachieved as playing of the organ is not currently permitted due to Covid-19.
- Interest received is forecast to be underachieved by **£3,000** as the bank accounts are not accruing any interest due to the current interest rates.

14 Capital Programme

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

| | Base Budget 2021/22 £ | Revised Budget 2021/22 £ | Year to Date Actual April - Dec £ | Forecast Outturn 2021/22 £ | Variance to Revised Budget Over/ (Under) £ |
|---|--------------------------|-----------------------------|--------------------------------------|-------------------------------|---|
| Redevelopment Works | | | | | |
| Replacement of chapel dome | 0 | 20,000 | 0 | 20,000 | 0 |
| Enlarging of cremator 1 | 0 | 70,000 | 61,500 | 61,500 | (8,500) |
| Replacement ride on grass cutter | 25,000 | 25,000 | 10,762 | 10,762 | (14,238) |
| Install new gates and adjust roadway to allow 2 way passing | 57,257 | 57,257 | 67,546 | 82,296 | 25,039 |
| Re-lining of cremators x2 | 71,300 | 71,300 | 0 | 0 | (71,300) |
| Install lighting to the crematorium | 10,000 | 10,000 | 0 | 10,000 | 0 |
| Replacement for cooler cassettes | 88,000 | 88,000 | 0 | 132,000 | 44,000 |
| Total | 251,557 | 341,557 | 139,808 | 316,558 | (24,999) |

- The chapel dome and enlargement of cremator 1 were originally planned for 20/21 but the works were delayed and carried forward to 21/22. The enlarging of cremator 1 is complete and cost £61,500, resulting in an underspend of **(£8,500)**. The replacement of the chapel dome is still planned to be completed this year.
- The replacement ride on grass cutter was purchased in August and there was an underspend of **(£14,238)** against the budget.
- The widening of the roadway entrance and new gates is forecast to overspend by **£25,039**.
- The re-lining of 2 cremators is no longer required.
- The replacement of the 3 cooler cassettes is forecast to overspend by £44,000. This overspend, which relates to 1 of the cremators, was approved in 20/21 but the work was not carried out and it now has to be replaced in the current year.

All other work is expected to be completed within 21/22.

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 £8,926 less than originally budgeted, due mainly to additional capital works.

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 £13,905 is required. This results in a net transfer from the Major Capital Works Reserve of £122,629.

The retained reserves of the CDCJC at 31 March 2022 are forecast to be **£1,545,928** along with a General Reserve of **£531,675**, giving a forecast total reserves and balances position of **£2,077,603** at the year end.

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|---------------------------------|-------------------|
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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.

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.