

Central Durham Crematorium Joint Committee

28 April 2022

Financial Monitoring Report – Provisional Outturn as at 31 March 2022



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 March 2022, showing the provisional revenue and capital outturn position for 2021/22 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 2021 and forecast final position at 31 March 2022, 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 £1,111,676 against a budgeted surplus of £1,022,157, £89,519 more than the budgeted position.
- 5 Contributions to earmarked reserves are £191,772 more than originally budgeted, mainly due to additional cremation income received during the year and some 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 £13,905 is required from the Major Capital Works Reserve at year end. This transfer, in addition to the transfer in of the revenue surplus, combined with the funding of the capital programme results in a net transfer to the Major Capital Works Reserve of (£60,217).
- 7 The retained reserves of the CDCJC at 31 March 2021 are forecast to be £1,728,774 along with a General Reserve of £531,675, giving a forecast total reserves and balances position of £2,260,449 at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April 2021 to March 2022 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 Members should be aware that the 2021/22 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 2022.

Subjective Analysis (Type of Expenditure)	Base Budget 2021/22 £	Year to Date Actual April – March £	Provisional Outturn 2021/22 £	Variance Over/ (Under) £
Employees	295,151	300,735	302,834	7,683
Premises	270,622	237,587	254,171	(16,451)
Transport	2,800	3,134	3,134	334
Supplies & Services	131,351	142,312	144,369	13,018
Agency & Contracted	9,184	6,182	8,831	(353)
Capital Charges	0	0	0	0
Central Support Costs	40,985	40,985	40,985	0
Gross Expenditure	750,093	730,935	754,324	4,231
Income	(1,772,250)	(1,858,563)	(1,866,000)	(93,750)
Net Income	(1,022,157)	(1,127,628)	(1,111,676)	(89,519)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	133,907	0	223,426	89,519
- 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	685,000	685,000	0
20% Spennymoor Town Council	171,250	171,250	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)	(223,426)	163,209	(1,483,364)
Cremator Reline Reserve	(132,755)	(25,000)	0	(157,755)
Small Plant	(9,405)	(2,000)	0	(11,405)
Total	(2,154,327)	(1,125,581)	1,019,459	(2,260,449)

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 £1,111,676 against a budgeted surplus of £1,022,157, £89,519 more than the budgeted position.

14 This compares with the previously forecast position, based on income and expenditure to 31 December 2021, as reported to the Joint Committee on 1 February 2022, of 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. The outturn position is therefore £15,592 more 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 £8,188 more than projected mainly due to increased overtime working.
- Premises costs are (£25,283) lower than previously projected mainly due to the redecoration works and re-lining of hearths not being carried out during the year.
- Transport costs relating to mileage expenses are £519 higher than previously projected.
- Supplies and Service costs are (£1,258) lower than previously projected mainly due to general expenses.
- Agency and Contracted Services are (£727) lower than previously projected.
- Income is £2,971 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 and electric charges not yet received from utility companies
- Medical referee fees for the final quarter of the year
- Income relating to the 2021/22 CAMEO scheme for mercury abatement credits

15.1 **Employees**

The outturn shows a forecast overspend of **£7,683** in relation to employee costs. The reasons for this are identified below:

- Staffing costs overspent by **£7,683** due to increased overtime.

15.2 **Premises**

The outturn shows a forecast underspend of **(£16,451)** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to the replacement of the floral tribute stand, redecoration work and relining of the cremator hearth will not be spent resulting in an underspend of **(£25,500)**.
- Utilities are forecast to overspend by **£10,606** mainly due to rising gas and electricity prices.
- Tree works will overspend by **£2,778** due to storm damage during the year.
- Cleaning will overspend by **£5,093** due to additional cleans to ensure Covid compliance.
- Cremator servicing, repairs and equipment will be underspent by **(£9,428)**

15.3 **Supplies and Services**

The outturn shows a forecast overspend of **£13,018** 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 **£2,968**.
- Purchasing of webcasts is forecast to overspend by **£14,360** due to the initial limited chapel capacity and continued high demand. These costs are offset by additional income received, highlighted later in the report.
- Other general costs such as purchase of urns, cremator additives, telephones and vending machines will underspend by **(£2,810)**.
- The conference and seminars budget will underspend by **(£1,500)** due to the cancellation of the annual conference.

15.4 Income

An increase in income of **(£93,750)** from the 2021/22 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 106 cremations compared to the budget, totalling increased income to budget of **(£49,059)**. The outturn allows for a total of 2,306 cremations against a budgeted 2,200 during 2021/22.
- Book of Remembrance, plaques and Webcasts will be higher than budget resulting in additional income of **(£47,997)**.
- Organ fee income will be **£1,229** underachieved as playing of the organ was not permitted due to Covid-19.
- Interest received will be underachieved by **£2,076** as the bank accounts were not accruing any interest for much of the year due to the low bank interest rates.

16 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 - Mar £	Forecast Outturn 2021/22 £	Variance to Revised Budget Over/ (Under) £
Redevelopment Works					
Replacement of chapel dome	0	20,000	0	0	(20,000)
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	68,165	10,908
Re-lining of cremators x 2	71,300	71,300	0	0	(71,300)
Install lighting to the crematorium	10,000	10,000	0	8,878	(1,122)
Replacement for cooler cassettes	88,000	88,000	0	0	(88,000)
Total	251,557	341,557	139,808	149,305	(192,252)

The cost of the Redevelopment Works is being financed from the Major Capital Works reserve. The outturn shows a forecast underspend of **(£192,252)** and the main reasons for this are identified below:

- 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 now planned to be completed in 22/23 resulting in an underspend of **(£20,000)**.
- The replacement ride on grass cutter was purchased in August and there was an underspend of **(£14,238)**.
- The widening of the roadway entrance and new gates is forecast to overspend by **£10,908**.
- The re-lining of 2 cremators is no longer required and will therefore underspend by **(£71,300)**.
- The lighting installation is complete and underspent by **(£1,122)**.
- The replacement of the 3 cooler cassettes was not carried out and they are now to be replaced in 22/23 resulting in an underspend of **(£88,000)**.

17 Earmarked Reserves

Contributions to earmarked reserves are **£191,772** more than originally budgeted, mainly due to additional cremation income received during the year and some 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 **£13,905** is required from the Major Capital Works Reserve at year end. This transfer, in addition to the transfer in of the revenue surplus, combined with the funding of the capital programme results in a net transfer to the Major Capital Works Reserve of **(£60,217)**.

The retained reserves of the CDCJC at 31 March 2022 are forecast to be **£1,728,774** along with a General Reserve of **£531,675**, giving a forecast total reserves and balances position of **£2,260,449** at the year end.

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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.

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.