

# Central Durham Crematorium Joint Committee

26 April 2023

## Financial Monitoring Report – Provisional Outturn as at 31 March 2023



### 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 2022/23 and the projected level of reserves and balances at 31 March 2023.

### Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2022 to 31 March 2023, showing the provisional revenue and capital outturn position for 2022/23 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 2022 and forecast final position at 31 March 2023, 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 £1,073,546 against a budgeted surplus of £996,425, £77,120 more than the budgeted position.
- 5 Contributions to earmarked reserves are £26,414 less than originally budgeted.

- 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 £16,500 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 from the Major Capital Works Reserve of £59,888.
- 7 The retained reserves of the CDCJC at 31 March 2023 are forecast to be £1,698,402 along with a General Reserve of £548,175, giving a forecast total reserves and balances position of £2,246,577 at the year end.

### **Recommendation(s)**

- 8 It is recommended that Members note the April 2022 to March 2023 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2023, 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 2022/23 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 2023.

| Subjective Analysis<br>(Type of Expenditure) | Base Budget<br>2022/23<br>£ | Year to Date<br>Actual April –<br>March<br>£ | Provisional<br>Outturn<br>2022/23<br>£ | Variance<br>Over/<br>(Under)<br>£ |
|--|-----------------------------|--|--|-----------------------------------|
| Employees                                    | 326,530                     | 400,117                                      | 402,393                                | 75,863                            |
| Premises                                     | 308,130                     | 369,656                                      | 392,229                                | 84,099                            |
| Transport                                    | 2,800                       | 2,641  | 2,641                                  | (159)                             |
| Supplies & Services                          | 140,715                     | 152,984                                      | 181,109                                | 40,394                            |
| Agency & Contracted                          | 10,465                      | 23,441                                       | 25,691                                 | 15,226                            |
| Capital Charges                              | 0                           | 0  | 0                                      | 0                                 |
| Central Support Costs                        | 42,185                      | 42,185                                       | 42,185                                 | 0                                 |
| <b>Gross Expenditure</b>                     | <b>830,825</b>              | <b>991,024</b>                               | <b>1,046,247</b>                       | <b>215,422</b>                    |
| <b>Income</b>                                | <b>(1,827,250)</b>          | <b>(2,093,926)</b>                           | <b>(2,119,793)</b>                     | <b>(292,543)</b>                  |
| <b>Net Income</b>                            | <b>(996,425)</b>            | <b>(1,102,902)</b>                           | <b>(1,073,546)</b>                     | <b>(77,120)</b>                   |
| <b>Transfer to / (from) Reserves</b>         |                             |  |  |                                   |
| - Masterplan Memorial Garden                 | 5,000                       | 0  | 5,000                                  |                                   |
| - Major Capital Works                        | 108,175                     | 0  | 185,296                                | 77,120                            |
| - Cremator Reline Reserve                    | 25,000                      | 0  | 25,000                                 |                                   |
| - Small Plant                                | 2,000                       | 0  | 2,000                                  |                                   |
| <b>Distributable Surplus</b>                 | <b>(856,250)</b>            | <b>0</b>                                     | <b>(856,250)</b>                       | <b>0</b>                          |
| <b>80% Durham County Council</b>             | <b>685,000</b>              | <b>685,000</b>                               | <b>685,000</b>                         | <b>0</b>                          |
| <b>20% Spennymoor Town Council</b>           | <b>171,250</b>              | <b>171,250</b>                               | <b>171,250</b>                         | <b>0</b>                          |

| Central Durham Crematorium<br>Earmarked Reserves | Balance @<br>1 April<br>2022<br>£ | Transfers<br>to Reserve<br>£ | Transfers<br>From<br>Reserve<br>£ | Balance @<br>31 March<br>2023<br>£ |
|--|-----------------------------------|------------------------------|-----------------------------------|------------------------------------|
| General Reserve                                  | (531,675)                         | (872,750)                    | 856,250                           | (548,175)                          |
| Masterplan Memorial Garden                       | (76,250)                          | (5,000)                      | 0                                 | (81,250)                           |
| Major Capital Works                              | (1,480,881)                       | (185,296)                    | 245,185                           | (1,420,992)                        |
| Cremator Reline Reserve                          | (157,755)                         | (25,000)                     | 0                                 | (182,755)                          |
| Small Plant                                      | (11,405)                          | (2,000)                      | 0                                 | (13,405)                           |
| <b>Total</b>                                     | <b>(2,257,966)</b>                | <b>(1,090,046)</b>           | <b>1,101,435</b>                  | <b>(2,246,577)</b>                 |

### 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 £1,073,546 against a budgeted surplus of £996,425, £77,120 more than the budgeted position.

14 This compares with the previously forecast position, based on income and expenditure to 31 December 2022, as reported to the Joint Committee on 25 January 2023, of a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £1,006,823 against a budgeted surplus of £996,425, £10,398 more than the budgeted position. The outturn position is therefore £66,722 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 £2,528 more than projected mainly due to average holiday entitlement back pay.
- Premises costs are £24,196 more than previously projected mainly due to building maintenance and grounds maintenance works.
- Transport costs relating to mileage expenses are £144 higher than previously projected.
- Supplies and Service costs are £25,930 higher than previously projected.
- Agency and Contracted Services are £15,288 more than previously projected.
- Income is (£134,808) more than previously projected due to an increased level of cremations and also a higher level of bank interest received.

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 2022/23 CAMEO scheme for mercury abatement credits

### 15.1 **Employees**

The outturn shows an overspend of **£75,863** in relation to employee costs. The reasons for this are identified below:

- Staffing costs are overspent by **£28,631** mainly due to the national pay settlement for 2022/23 and average holiday entitlement back pay.
- The staffing restructure approved in January 2022 has resulted in a one off overspend of **£47,232** due to ERVR costs as mentioned in the September 2022 report.

### 15.2 **Premises**

The outturn shows a forecast overspend of **£84,099** in relation to premises costs. The reasons for this are identified below:

- Energy budgets are overspent by **£48,711** due to the global increase in the cost of gas and electric.
- One off SAMP budgets relating to redecoration works in 2021/22 were delayed until the current year and it is therefore overspent by **£16,599**.
- One off SAMP budget for the improvements to cremator charging operations is no longer required and therefore underspent by **(£3,075)**.
- One off SAMP budgets for the replacement sweeper, improvements to shrub beds and re-lining of a hearth are underspent by **(£5,134)**.
- Grounds Maintenance is forecast to overspend by **£17,959** due to increased winter maintenance costs and Green Flag works.
- Other premises costs such as general cleaning, cremator repairs and servicing are overspent by **£9,039**.

### 15.3 **Supplies and Services**

The outturn shows a forecast overspend of **£40,394** 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 overspent by **£8,295**.
- The Wesley music system is overspent by **£7,581** as it required a total re-wire along with the purchase of a new rack and speaker.

- Refreshments are overspent by **£5,166** due to the purchase of a new coffee machine.
- Masterplan costs are overspent by **£9,261** due to an increase in plaque sales.
- Other general office costs such as purchase of urns, cremator additives and sundries are expected to overspend by **£10,091**.

#### 15.4 **Income**

An increase in income of **(£292,543)** from the 2022/23 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 313 cremations compared to the budget, totalling increased income to budget of **(£201,809)**. The outturn allows for a total of 2,513 cremations against a budgeted 2,200 during 2022/23.
- Book of Remembrance, plaques, webcasting and use of chapel have overachieved by **(£37,168)**.
- Interest received has overachieved by **(£53,566)** due to rising interest rates.

## 16 **Capital Programme**

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

|   | <b>Base Budget<br/>2022/23<br/>£</b> | <b>Revised Budget<br/>2022/23<br/>£</b> | <b>Year to Date<br/>Actual<br/>April - Mar<br/>£</b> | <b>Forecast<br/>Outturn<br/>2022/23<br/>£</b> | <b>Variance to<br/>Revised<br/>Budget<br/>Over/<br/>(Under)<br/>£</b> |
|---|--------------------------------------|---|--|---|---|
| <b>Redevelopment Works</b>                          |                                      |   |  |   |   |
| Carry out installation of charging points           | 24,000                               | 24,000                                  | 17,834   | 17,834  | (6,166)   |
| Carry out feasibility into excess heat regeneration | 50,000                               | 50,000                                  | 2,981  | 2,981   | (47,019)  |
| Carry out enlargement of cremator 2                 | 67,650                               | 67,650                                  | 72,812   | 72,812  | 5,162   |
| Repairs to Chapel Dome                              | 0                                    | 20,000                                  | 3,148  | 3,148   | (16,852)  |
| Replacement of Cooler Cassettes                     | 0                                    | 132,000                                 | 131,109  | 131,109                                       | (891)   |
| Feasibility Fountain works - 23/24                  | 0                                    | 0                                       | 801  | 801   | 801   |
| <b>Total</b>  | <b>141,650</b>                       | <b>293,650</b>                          | <b>228,684</b>                                       | <b>228,684</b>                                | <b>(64,965)</b>   |

The cost of the Redevelopment Works is being financed from the Major Capital Works reserve. The outturn shows a forecast underspend of (£64,965) and the main reasons for this are identified below:

- The installation of the charging points was completed within budget, resulting in an underspend of £6,166.
- The feasibility into excess heat was reported to the Committee in September 2022 and has resulted in an underspend of £47,019.
- The enlargement of cremator 2 was completed during the year, however it resulted in an overspend of £5,162.
- The chapel dome repairs were originally planned for 20/21 but the works were delayed and carried forward to 22/23. The project was completed during the year and resulted in an underspend of £16,852.
- The replacement of the 3 cooler cassettes was approved in 20/21 but the work was delayed and instead replaced in the current year, resulting in a small underspend of £891.
- The fountain works are due to be completed in 23/24, however the feasibility study for this has already commenced in the current year, costing £801 to date.

## 17 Earmarked Reserves

Contributions to earmarked reserves are £26,414 less than originally budgeted.

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 £16,500 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 from the Major Capital Works Reserve of £59,888.

The retained reserves of the CDCJC at 31 March 2023 are forecast to be £1,698,402 along with a General Reserve of £548,175, giving a forecast total reserves and balances position of £2,246,577 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.

### **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.