

# Central Durham Crematorium Joint Committee



25 January 2012

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



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

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#### Purpose of the Report

1. The purpose of this report is to set out details of income and expenditure in the period 1 April 2011 to 31 December 2011, together with the forecast outturn position for 2011/12, and highlighting areas of over / under spend 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 2011 and the projected position at 31 March 2012, taking into account the forecast financial outturn projection of income and expenditure this year.
3. Finally the report also includes summary details of the Cremator Replacement and associated buildings work project, as detailed in the Superintendent and Registrars Report.

#### Background

4. 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

5. 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 surplus received as a partner authority from the Central Durham Crematorium are included within this report.
6. 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 2012:

<b>Subjective Analysis</b>	<b>Base Budget 2011/2012 £</b>	<b>Year to Date Actual – April – Dec £</b>	<b>Projected Outturn 2011/2012 £</b>	<b>Variance Over/ (Under) £</b>
Employees	209,450	146,033	201,520	(7,930)
Premises	200,300	107,034	218,207	17,907
Transport	2,000	2,254	3,177	1,177
Supplies & Services	96,300	53,368	104,595	8,295
Agency & Contracted	29,900	(4,875)	(1,138)	(31,038)
Transfer Payments	0	0	0	0
Capital Charges	214,000	106,869	213,738	(262)
Central Support Costs	32,000	26,500	32,000	0
<b>Gross Expenditure</b>	<b>783,950</b>	<b>437,183</b>	<b>772,099</b>	<b>(11,851)</b>
<b>Income</b>	<b>(1,095,200)</b>	<b>(830,221)</b>	<b>(1,117,710)</b>	<b>(22,510)</b>
<b>Net Income</b>	<b>(311,250)</b>	<b>(393,038)</b>	<b>(345,611)</b>	<b>(34,361)</b>
<b>Transfer to Reserves</b>				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	0	0	34,361	34,361
<b>Distributable Surplus</b>	<b>(306,250)</b>	<b>0</b>	<b>(306,250)</b>	<b>0</b>
<b>80% Durham County Council</b>	<b>245,000</b>	<b>122,500</b>	<b>245,000</b>	<b>0</b>
<b>20% Spennymoor Town Council</b>	<b>61,250</b>	<b>45,938</b>	<b>61,250</b>	<b>0</b>
<b>Central Durham Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2011 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2012 £</b>
General Reserve	(424,060)	(306,250)	306,250	(424,060)
Masterplan Memorial Garden	(21,250)	(5,000)	0	(26,250)
Major Capital Works	(393,384)	(34,361)	0	(427,745)
Cremator Replacement Fund	(600,000)	0	600,000	0
<b>Total</b>	<b>(1,438,694)</b>	<b>(345,611)</b>	<b>906,250</b>	<b>(878,055)</b>

### Explanation of Significant Variances between Original Budget and Forecast Outturn

7. 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 £345,611 against a forecast surplus of £311,250 (before transfers to reserves and distribution of surpluses to the partners authorities), £34,361 more than the budgeted position. The following

section outlines the reasons for any significant variances by subjective analysis area (many issues being previously reported):

### **7.1 Employees**

The probable outturn is an under spend of **(£7,930)** based on current spending. The base budget assumed all employees would be Local Government Pension scheme members thus contributing into the scheme on a monthly basis. As a result of the interim arrangements one post is currently not subject to pension contributions. The outturn assumes this post will be permanently filled in February when the contributions will commence, the resultant saving being **(£2,547)** for the interim period. In addition to this, it is not anticipated that the Pandemic Operator Training of **(£5,660)** budget will be required during 2011/12. These savings are however offset by a small increase in overtime payments totalling **£277**.

### **7.2 Premises**

The forecast outturn is a £17,907 overspend in this area. The main variances against the agreed budget are detailed below:

- As previously reported to members, the utility costs are expected to result in an under spend against budget of **(£9,480)**;
- Building Repairs & Maintenance budgets are expected to under spend by **(£2,728)** due to central heating maintenance not being carried out in 2011/12. This is mainly as a result of the major works undertaken at the Crematorium and the expected repairs to the Bungalow not being required
- Following a revaluation exercise, the valuation office have increased the rateable value assessment of the Crematorium, resulting in NNDR costs increasing by **£11,861** from the previous year. The Superintendent & Registrar is currently appealing against this valuation however as a matter of prudence, the outturn currently assumes that this charge will stand during 2011/12.
- Following the work undertaken as part of the Cremator Replacement Capital Project, it is anticipated that **(£12,000)** of the Path and Road Repairs budgets will not be required, however as a result of drainage surveys undertaken during the cremator replacement programme car parking works, remedial works required to the current drainage system have been highlighted with an anticipated cost of **£30,000**.
- Whilst members have previously been informed that there will be a saving on Tree Works of **(£1,770)** additional spend of **£524** has been required for hedge trimming. This was not included in previous forecasts.
- There is also expected to be an additional spend within General Grounds Maintenance of **£1,500** mainly due to a further the drainage survey.

### **7.3 Supplies and Services**

The **£8,295** forecast over spend on supplies and services expenditure is due to several factors, the main reasons are as follows:

- Increased demand for entries into the Book of Remembrance has resulted in increased payments to the Calligrapher of **£8,087**.
- As a result of revised numbers of cremations, the Medical Referees costs are also expected to rise by **£1,271**.
- The computer maintenance budget of **(£1,080)** will not be required in 2011/12. This budget however, will remain in 2012/13 to allow for any SAGE system updates and maintenance and any relocation of computers following the redevelopment works.
- As a result of the Superintendent & Registrar's major involvement in the redevelopment works, his ability to attend all budgeted conferences during 2011/12 has been limited therefore the Conference budget is projected as **(£600)** less than originally budgeted.
- Unbudgeted maintenance costs in connection with the Wesley Music System have totalled **£587**,

#### **7.4 Agency and Contracted**

The £31,038 under spend on Agency and Contracted is due to a number of factors as detailed below:

- As a result of the revised classification of the Joint Committee to a smaller relevant body, there will be a saving of **(£12,000)** against the original Audit Fee budget of £15,000.
- In addition, subsequent to the revised classification, a refund of **(£12,150)** has been received from The Audit Commission for prepaid 2010/2011 charges.
- Due to the forthcoming installation of the new Cremators in early 2012/13 a decision not to undertake the next scheduled Independent Testing of the Cremator and Abatement Equipment has been made. This has resulted in a saving of **(£6,050)** in 2011/2012.
- The Environmental Protection Licence Fee of £1,111 is less than the allocated budget by **(£339)**.
- **(£578)** of the total Cremation Register budget will not be required in 2011/12.
- There is a very small overspend of **£79** in connection with Refuse collection charges.

#### **7.5 Income**

Income is expected to exceed the budget by **(£22,510)**

- The outturn assumes an extra 37 cremations above those budgeted resulting in an overall additional income of **(£17,760)**. Members should recall however that the 2011/2012 budget was set prudently assuming a total of 150 cremations

lower than the previous year's budget in consideration of the possible impact from the cremator replacement programme.

- Increased demand for entries to the Book of Remembrance have resulted in an projected additional income to budget of **(£3,849)**
- The outturn assumes an additional income of **(£1,401)** from Memorial sales. Plaque & Vase sales are expected to exceed the budget by **(£9,280)** along with the 10 year renewals of plaques and vases which are also projected to exceed the budget by **(£3,121)**. Seat Income and Renewals sales however are significantly lower than anticipated therefore projecting a **£11,000** decrease to budget.
- Miscellaneous income is expected to be **£1,000** below budget, however this is slightly reduced as a result of the additional sales of urns **(£150)** and the increased requests for the use of the Organ during services **(£350)**.

### 7.6 Earmarked Reserves

In line with previous practice, the additional surplus generated, forecast to be **£34,361** is to be transferred to the Major Repairs Reserve at the year end.

The Cremator Replacement Reserve balance of £600,000 has been paid over to DCC as a contribution to the capital financing costs of the Cremator Replacement and Redevelopment Project.

The earmarked reserves of the CDCJC at 31 March 2012 are forecast to be **£453,995**, along with a General Reserve of **£424,060**, giving a forecast total reserve projection **£878,055** at the year end.

### 7.7 Cremator Replacement and Redevelopment Project

	<b>Original Budget £</b>	<b>Actual Spend to 31/12/2011 £</b>	<b>Projected Outturn £</b>	<b>Variance to Budget £</b>
Cremator Equipment	1,298,115	562,869	1,305,615	7,500
Building and Redevelopment Works	801,060	804,074	839,860	38,800
Fees / Project Mgmt Costs	225,500	192,160	224,856	(644)
Contingency / Variations	74,750	0	29,294	(45,456)
<b>TOTAL</b>	<b>2,399,425</b>	<b>1,559,103</b>	<b>2,399,625</b>	<b>0</b>

The table above shows the overall projected outturn for the duration of the scheme. For members information, £233,078 was spent during 2010/11, £1,818,636 will be spent during 2011/12 with the remaining £347,711 scheduled to be spent during 2012/13.

- 8 As can be seen from the table above, the Cremator Replacement and Redevelopment programme is being managed and delivered within the £2.4m budget, this has been possible by working with the in house construction teams and by using value engineering to manage risks and variations.

## **Recommendations and Reasons**

9 It is recommended that:-

- Members note the April to December 2011 Revenue spend financial monitoring report and associated provisional outturn position 2011/12;
- Members note the April to December 2011 cremator replacement and redevelopment Capital Project spend and associated outturn.

## **Background Documents**

2011/12 Revenue Budget and Fees and Charges Report – As approved by the CDCJC  
Previous 2011/12 Financial Monitoring Reports – As previously presented to the CDCJC  
Oracle Financial Management System Reports.

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## **Appendix 1: Implications**

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### **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/ Public Sector Equality Duty**

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.