

Central Durham Crematorium Joint Committee

25 April 2012



Financial Monitoring Report – Provisional Outturn as at 31 March 2012

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

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 March 2012, together with the provisional 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 provisional financial outturn of income and expenditure this year.

Background

3. 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

4. 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 outturn projections for the Central Durham Crematorium are included within this report.
5. 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 provisional outturn financial performance of the Central Durham Crematorium at the year end, the difference between the actual expenditure to 31 March 2012 (taken directly from the ledger) and the provisional outturn being the inclusion of debtors and creditors and accounting adjustments for items not processed in the ledger at 31 March 2012:

Subjective Analysis	Base Budget 2011/2012 £	Year to Date Actual – April – March £	Projected Outturn 2011/2012 £	Variance Over/ (Under) £
Employees	209,450	194,143	200,511	(8,939)
Premises	200,300	144,684	183,620	(16,680)
Transport	2,000	2,906	3,064	1,064
Supplies & Services	96,300	77,078	87,456	(8,844)
Agency & Contracted	29,900	(3,587)	(151)	(30,051)
Capital Charges	214,000	213,738	213,738	(262)
Central Support Costs	32,000	26,500	32,000	0
Gross Expenditure	783,950	655,462	720,238	(63,712)
Income	(1,095,200)	(1,171,822)	(1,173,322)	(78,122)
Net Income	(311,250)	(516,360)	(453,084)	(141,834)
Transfer to Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	0	0	141,834	141,834
Distributable Surplus	(306,250)	0	(306,250)	0
80% Durham County Council	245,000	0	245,000	0
20% Spennymoor Town Council	61,250	0	61,250	0
Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2011 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2012 £
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)	(141,834)	0	(535,218)
Cremator Replacement Fund	(600,000)	0	600,000	0
Total	(1,438,694)	(453,084)	906,250	(985,528)

Explanation of Significant Variances between Original Budget and Forecast Outturn

- As can be seen above, the provisional outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partners authorities) of **£453,084** against a forecast surplus of **£311,250** (before transfers to reserves and distribution of surpluses to the partners authorities), **£141,834** more than the budgeted position.
- This compares with the previously forecast position of an additional surplus of £34,361 at year end and therefore reflects an improvement of £107,473, primarily due to income being £55,612 better than previously forecast and expenditure being £51,861 lower than previously forecast.

8. The following section outlines the reasons for any significant variances by subjective analysis area:

8.1 Employees

The provisional outturn indicates a **(£8,939)** under spend based on current staffing levels. 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 vacancies and the interim arrangements in place for the Gardener / Crematorium Technician post, which is currently not subject to pension contributions, therefore resulting in a saving of **(£3,135)**. In addition the Pandemic Operator Training budget of **(£6,250)** has not been required during 2011/12. These savings are however offset by a small increase in overtime payments totalling **£446**.

8.2 Premises

The provisional outturn is showing a **(£16,680)** under spend in this area. The main variances against the agreed budget are detailed below:

- 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.
- Utility costs are expected to under spend against budget by **(£16,611)**;
- Building Repairs & Maintenance budgets have underspent by **(£11,463)** 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.
- The Cremator Replacement capital scheme has also resulted in the Cremator repairs budget of £26,500 has not been fully utilised within 2011/12. This has provided a saving of **(£11,029)**;
- In addition, following the works undertaken as part of the Cremator Replacement Capital Project, the **(£15,000)** budget for Path and Road Repairs has not been required within 2011/12, 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 required costing an additional **£23,058**.
- The Grounds Maintenance budget has overspent by **£4,232**, due to landscaping works around the new car park, offset by savings on Tree Works of **(£1,728)**.

8.3 Supplies and Services

The **(£8,844)** forecast under spend on supplies and services expenditure is due to several factors, the main reasons are as follows:

- The increased number of cremations undertaken during 2011/12 has resulted in increased medical referee fees of **£3,300**.

- As a result of the Superintendent & Registrar's major involvement in the Capital Programme, his ability to attend all the budgeted conferences has been limited during 2011/12 therefore the conference budget has under spent by **(£3,780)**;
- General Office and Administration costs including printing, postage and general advertising have under spent by **(£7,648)**
- The Computer replacement budget of **(£1,000)** has not been utilised in 2011/12.
- Due to increased demand for entries into the Book of Remembrance, calligraphy costs are higher than anticipated by **£3,718**;
- Operational budgets including Masterplan costs and the purchases of Urns have under spent by **(£3,434)**

8.4 Agency and Contracted

The **(£30,051)** under spend on Agency and Contracted is due to a number of factors detailed below:

- As a result of the revised classification of the Joint Committee to a smaller relevant body during 2010/11, there is a saving of **(£12,000)** against the original Audit Fee budget of £15,000;
- In addition, subsequent to the revised classification, a refund of **(£10,150)** exclusive of VAT, has been received from the Audit Commission for prepaid 2010/11 charges;
- Due to the timing of the installation of the new Cremators the Independent Testing of the existing Cremator has not been undertaken this year. This has resulted in a saving of **(£6,050)** in 2011/12;
- The Environmental Protection Fee of £1,111 is lower than the budget by **(£339)**;
- The Medical Referees fees for Post Mortems budget of **(£1,000)** has not been utilised in 2011/12;
- **(£512)** of the total Cremation Register budget will not be required in 2011/12.

8.5 Income

Additional Income has been realised totalling **(£78,122)**. The main reasons are detailed below;

- Cremation numbers have increased by 160 (including non chargeable cremations) to budget during 2011/12. This has resulted in additional income of **(£75,088)** attributable to cremation fees. The previous forecast of outturn was prepared on a prudent basis, with only an additional 37 cremations (over budget) being factored into the forecasts.

- Entries into the Book of remembrance have increased resulting in additional income of **(£4,070)**;
- The Masterplan income is lower than anticipated as a result of reduced renewals and seat income. This has resulted in an unachievable income of **£1,325**;
- Miscellaneous sales have proven to be higher than budgeted by **(£289)**

8.6 Earmarked Reserves

The additional surplus generated of **(£141,834)** will now be transferred to the Major Repairs Reserve.

Subject to any final adjustments, the earmarked reserves of the CDCJC at 31 March 2012 are expected to be **£561,468**, along with a General Reserve of **£424,060**, giving a forecast total reserve **£985,528**.

9. Cremator Replacement and Redevelopment Project

	Original Budget £	Actual Spend to 31/03/2012 £	Projected Outturn £	Variance to Budget £
Cremator Equipment	1,298,115	919,850	1,307,615	9,500
Building and Redevelopment Works	801,060	755,976	818,460	17,400
Fees / Project Mgmt Costs	225,500	169,854	198,600	(26,900)
Contingency / Variations	74,750	70,405	74,750	0
TOTAL	2,399,425	1,916,085	2,399,425	0

The costs to 31 March 2012 include the (draft) valuation of work completed to that date, including contract payments to IFZW. These figures may change and be updated as the accounts are closed.

The table above shows the overall forecast outturn for the duration of the scheme. As can be seen, the programme of works continues to be managed well and is projected to be contained within the £2.4m budget.

Recommendations

10. It is recommended that:-

- Members note the April 2011 to March 2012 Revenue spend financial monitoring report and associated provisional outturn position 2011/12;
- Members note the April 2011 to March 2012 capital spend and projected outturn for the redevelopment project.

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

Contact(s): Paul Darby

Tel:03000 261930

Appendix 1: Implications

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 provided with a copy of the report and were given the opportunity to comment prior to distribution of the papers.

Procurement

There are no procurement implications associated with this report.

Disability Discrimination Act

There are no disability issues associated with this report.

Legal Implications

The outturn proposals contained within this report have been prepared in accordance with standard accounting policies and procedures.