

Durham Crematorium Joint Committee

27 June 2012



Revenue Outturn & Statement of Accounts for the Year Ended 31st March 2012



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

Purpose of the Report

1. The purpose of the report is to seek out approval of the Small Bodies in England Annual Return (attached at appendix 2) and supporting Statement of Accounts (attached at Appendix 3) for Central Durham Crematorium Joint Committee for the financial year ended 31st March 2012. The report includes details of the outturn position against the approved budgets for 2011/12.

Background

2. The Annual Return will be subject to external audit by the Joint Committee's appointed external Auditors – BDO LLP. The audit will commence 20th July 2012. On completion, the auditor's report will be reported to the Joint Committee and will be incorporated into a published Statement of Accounts document which will be made available online.
3. The attached Annual Return is the statutory requirement for the Durham Crematorium Joint Committee.

The Statement of Accounts

4. The Annual Return and Statement of Accounts have been prepared in accordance with the requirements of the 2011/12 'Code of Practice on Local Authority Accounting in Great Britain' as updated and published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and in accordance with the Governance and Accountability for Local Councils in England – Practitioners Guidance.
5. There are five Core Statements that provide fundamental information on the financial activities and position of the Joint Committee.
 - The Income and Expenditure Account
 - The Statement of Movement on the General Fund Balance
 - The Balance Sheet
 - The Cash Flow Statement
 - The Annual Governance Statement

Financial Outturn 2011/12

- 6 Members will recall that regular (quarterly) budgetary control reports have been considered throughout the year, which incorporated forecast year end outturn positions. A provisional outturn report was presented to Members at the meeting of 25th April 2012.
- 7 The table overleaf shows the final outturn position (as incorporated into the Statement of Accounts), together with comparative data against the provisional outturn report considered 25th April 2012:

Subjective Analysis	Original Base Budget 2011/12 £	Final Outturn 2011/12 £	Variance Over/ (Under) £	MEMO - Provisional Outturn [25.4.12] £
Employees	209,450	200,644	(8,806)	200,511
Premises	200,300	180,470	(19,830)	183,620
Transport	2,000	3,392	1,392	3,064
Supplies & Services	96,300	92,922	(3,378)	87,456
Agency & Contracted	29,900	(16)	(29,916)	(151)
Capital Charges	214,000	213,737	(263)	213,738
Central Support Costs	32,000	32,000	0	32,000
Gross Expenditure	783,950	723,149	(60,801)	720,238
Income	(1,095,200)	(1,172,746)	(77,546)	(1,173,322)
Net Income	(311,250)	(449,597)	(138,347)	(453,084)
Transfer to Reserves				
- Masterplan Memorial Garden	5,000	5,000	0	5,000
- Major Capital Works	0	138,347	138,347	141,834
Distributable Surplus	(306,250)	(306,250)	0	(306,250)
80% Durham County Council	245,000	245,000	0	245,000
20% Spennymoor Town Council	61,250	61,250	0	61,250

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)	(138,347)	0	(531,731)
Cremator Replacement Fund	(600,000)	0	600,000	0
Total	(1,438,694)	(448,597)	906,250	(982,041)

8. The final outturn position is broadly in line with the provisional outturn reported to the Joint Committee on 25th April 2012 with only a minor change (**£3,487 reduction**) in the overall net income for the year.
9. The following sections outline the reasons for significant variances by subjective analysis area (most of which was disclosed in the provisional outturn report), comparing the outturn position against the budget and highlighting the reasons for variances between the actual and provisional outturn position previously reported.

Employees

- 9.1 The final outturn shows a (**£8,806**) saving against the approved budget. The base budget assumed that all employees would be members of the 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 was not subject to pension contributions), a saving of (**£3,135**) against employee pension contributions was made. 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 **£579**.

The previous outturn indicated an under spend of (**£8,939**). The resultant variance between outturns being **£133**.

Premises

- 9.2 The final outturn shows an under spend of (**£19,830**). The main variances to budget are detailed below:
 - Following a revaluation exercise, the valuation office increased the rateable value assessment of the Crematorium, resulting in NNDR costs increasing by **£11,861**.
 - Following works undertaken as part of the Cremator Replacement Capital scheme, the (**£15,000**) budget for Path and Road repairs has not been required for 2011/12, however as a result of drainage surveys undertaken during the cremator replacement car parking works, remedial works required to the current drainage system have been required costing an additional **£23,058**.
 - The Cremator Replacement Capital Scheme has also resulted in the Cremator Repairs budget of £26,500 not being fully utilised during 2011/12 resulting in a saving of (**£12,029**)
 - Utility Costs have under spent by (**£22,139**).
 - Building Repairs & Maintenance budgets have under spent by (**£10,378**), 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 grounds maintenance budget has overspent by **£4,638** as a result of additional landscaping around the car park, offset by savings on tree works (**£2,252**)
- The equipment replacement budget has overspent by **£2,411** following the purchase and fitting of a viewing screen located in the entrance to the chapel.

The previous outturn indicated an under spend of (**£16,680**). The variance between outturns being an additional saving of (**£3,150**), relative mainly to utility charges offset by the purchase of viewing screens.

Supplies and Services

9.3 The (**£3,378**) under spend on the supplies and services budget is due to a combination of the following reasons:

- The increased number of cremations undertaken during 2011/12 has resulted in increased Medical Referees Fees of **£3,779**
- As a result of the Superintendent & Registrar's major involvement in the Capital Programme, his ability to attend all the budgeted conferences was 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 (**£6,272**)
- The Computer replacement budget of (**£1,000**) has not been required in 2011/12.
- Due to increased demand for entries into the Book of Remembrance, calligraphy costs were higher than anticipated by **£3,895**.

The previous outturn indicated an under spend of (**£8,844**). The variance between outturns of **£5,466** relates to additional medical referee fees, masterplan expenditure and general office and administration costs than originally projected.

Agency & Contracted

9.4 The (**£29,916**) under spend on agency & contracted relates to following reasons:

- The revised classification of the Joint Committee to a smaller relevant body during 2010/11, has resulted in 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, was 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 was not undertaken this year. This has resulted in a saving of **(£6,050)** in 2011/12;
- The Environmental Protection Fee of £1,111 was lower than the budget by **(£339)**;
- The Medical Referees fees for Post Mortems budget of **(£1,000)** has not been required in 2011/12;
- **(£578)** of the total Cremation Register budget has not been required in 2011/12.
- The cost of cremator operator cover, by Spennymoor Town Council staff was higher than budgeted by **£201**

The previous outturn indicated an under spend of **(£30,051)**. The difference of **£135** between the two outturns relates mainly to additional Cremator Operator costs.

Income

- 9.5 Members will recall, based on the 2010/11 trend and the uncertainty regarding the impact on business of the Cremator Replacement and re-development works, the 2011/12 budget was set on a very prudent basis, however due to the increased demand (against budget) for cremations additional income has been realised totalling **(£77,833)**.

The additional cremation fee income is shown in the following elements:

- 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.
- Entries into the Book of remembrance have increased providing additional income of **(£4,070)**.
- The Masterplan income is lower than budget. Whilst the plaque renewal element of this budget resulted in additional income to budget of **(£9,752)**, the seat renewals were much lower, by **£11,077**. This has resulted in an unachievable income of **£1,325**.
- Miscellaneous sales including organ fees and the sale of memorial urns have resulted in additional income of **(£289)**.

Interest receivable was lower than budget by **£576** which has very slightly offset the additional cremation fee income above to result in a total additional income of **(£77,546)**.

The previous outturn showed an additional income of **(£78,122)**. The difference of **£576** between the two outturns being the reduced interest receivable.

10. *Earmarked Reserves*

- 10.1 In line with previous practice, any additional surpluses are transferred to the Major Repairs Reserve.

The earmarked reserves of the CDCJC at 31st March 2012 total **£557,981**, along with the General Reserve of **£424,060**, giving a total reserve of **£982,041**.

- 10.2 Members will recall at the meeting on the 25th April 2012, discussions regarding the level of earmarked reserves and the treatment of such reserves going forward.
- 10.3 In line with previous recommendations by the Treasurer, it is proposed that the Joint Committee continue to re-distribute a fixed surplus amount of £306,250 to the constituent authorities, retaining and transferring any additional surplus to the Major Repairs Reserve in order to fund future required capital works.

11. *Reconciliation of Account Balances*

- 11.1 The table below highlights the transactions between Durham County Council and the Joint Committee, reconciling the account balances between the two parties providing assurance to both the Joint Committee and External Audit of the transactions carried out between the two bodies.

Amount owed to Central Durham Crematorium Joint Committee as at 31 March 2011.	£ (100,782)
Expenditure paid by DCC on behalf of the Joint Committee during 2011/12.	307,633
Reimbursement payments to DCC from the Joint Committee.	(335,286)
Amount owed to Central Durham Crematorium Joint Committee as at 31 March 2012.	(128,435)

- 11.2 The following table provides a reconciliation of the items paid by DCC on behalf of the Joint Committee to the Gross expenditure shown with the revenue outturn above.

	£
Expenditure paid by DCC on behalf of the Joint Committee during 2011/12.	307,633
NNDR , Refuse collection and Petty cash payments paid direct by the Joint Committee	213,236
Borrowing – Loan repayment (principal and interest)	213,737
Gross Expenditure	723,149

12. ***Cremator replacement and redevelopment project***

	Original Budget £	Actual Spend to 31/03/2012 £	Projected Outturn to end of project £	Variance to Budget £
Cremator Equipment	1,298,115	916,170	1,307,615	9,500
Building and Redevelopment Works	801,060	783,338	866,954	65,894
Fees / Project Mgmt Costs	225,500	199,630	224,856	(644)
Contingency / Variations	74,750	0	0	(74,750)
TOTAL	2,399,425	1,899,138	2,399,425	0

The table above shows the expenditure to the 31st March 2012, together with the overall scheme projected outturn. The scheme is expected to be completed in July 2012. As can be seen the programme of works has been managed well and is projected to remain within the £2.4m budget.

Recommendations and Reasons

22. It is recommended that:

- Members of the Joint Committee note the April 2011 to March 2012 Income and Expenditure within the Revenue Financial Monitoring Report and subsequent year balance of reserves
- Members approve the proposed treatment of reserves
- Members of the Joint Committee approve the Annual Return and Statement of Accounts for the year ended 31st March 2012 (attached at appendix 2).
- The Chair and Treasurer sign the Annual Return and Statement of Accounts (attached at Appendix 2)

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Appendix 1: Implications

Finance

Full details of the year to date and 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 outturn has been produced taking into consideration all spend to date and year end accounting requirements. This, together with the information supplied by the Superintendent and Registrar, should mitigate any risks with regards to challenge and review of the financial outturn position of the Joint Committee.

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

None. However, Officer's of Spennymoor Town Council were provided with a copy of the report and given opportunity to comment / raise any detailed questions on the content of the report in advance of circulation to members of the CDCJC.

Procurement

None

Disability Issues

None

Legal Implications

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