

## Central Durham Crematorium Joint Committee

26 September 2012

### Financial Monitoring Report – Position at 31/08/12, with Projected Outturn at 31/03/13



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### Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources and 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 2012 to 31 August 2012, together with the provisional outturn position for 2012/13, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
2. The report details the funds and reserves of the Joint Committee at 1 April 2012 and forecast outturn position at 31 March 2013, taking into account the provisional financial outturn.
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 outturn projections for 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 supplied by the Superintendent and Registrar. The following table highlights the provisional outturn financial performance of the Central Durham Crematorium:

<b>Subjective Analysis</b>	<b>Base Budget 2012/13 £</b>	<b>Year to Date Actual April – August £</b>	<b>Probable Outturn 2012/2013 £</b>	<b>Variance Over/ (Under) £</b>
Employees	204,137	85,299	209,346	5,209
Premises	231,340	69,438	241,262	9,922
Transport	3,300	914	3,628	328
Supplies & Services	105,085	33,289	96,835	(8,250)
Agency & Contracted	31,350	3,892	23,011	(8,339)
Transfer Payments	0	0	0	0
Capital Charges	213,738	0	213,738	0
Central Support Costs	34,000	0	34,000	0
<b>Gross Expenditure</b>	<b>822,950</b>	<b>192,832</b>	<b>821,820</b>	<b>(1,130)</b>
<b>Income</b>	<b>(1,136,200)</b>	<b>(485,770)</b>	<b>(1,135,200)</b>	<b>1,000</b>
<b>Net Income</b>	<b>(313,250)</b>	<b>(292,938)</b>	<b>(313,380)</b>	<b>(130)</b>
<b>Transfer to Reserves</b>				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	0	0	130	130
- Small Plant	2,000	0	2,000	0
<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>61,250</b>	<b>245,000</b>	<b>0</b>
<b>20% Spennymoor Town Council</b>	<b>61,250</b>	<b>15,312</b>	<b>61,250</b>	<b>0</b>

<b>Central Durham Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2012 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2013 £</b>
General Reserve	(424,060)	(306,250)	306,250	(424,060)
Masterplan Memorial Garden	(26,250)	(5,000)	0	(31,250)
Major Capital Works	(531,731)	(130)	0	(531,861)
Small Plant	0	(2,000)	0	(2,000)
<b>Total</b>	<b>(982,041)</b>	<b>(313,380)</b>	<b>306,250</b>	<b>(989,171)</b>

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

7. As can be seen from the table above, the projected outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £313,380 against a budgeted surplus of £313,250, £130 more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis area:

### 7.1 *Employees*

The probable outturn is reflects a **£5,209** over spend, based on current spending. Additional overtime totalling **£9,209** has been incurred during the Cremator replacement transition period. This was as a consequence of running with two cremators rather than three during this transition period. This overspend has however been offset by a **(£4,000)** saving against the Pandemic Cremator Operator Training budget.

### 7.2 *Premises*

A net over spend of **£9,922** is projected in relation to Crematorium premises costs. There are number of reasons for this, as identified below:

- **£12,989** unbudgeted spend regarding Fire Alarm upgrades and Fire Safety requirements in order to comply with Building Regulations as reported to, and approved at the by the Committee at the 27 June 2012 meeting;
- **£1,000** spend in relation to additional alarm call out charges following the break-ins at the Crematorium;
- **£3,951** unbudgeted spend regarding the disabled toilet upgrade following complaints from the public / service users as reported to and approved by the Committee at the 27 June 2012 meeting;
- **(£8,018)** underspending relating to the Rates budget. The budget was set including an estimated increase in consideration of the larger facility from 2012/13. The rateable value and subsequent charge has been received and is lower than the estimated level.

### 7.3 *Supplies and Services*

An under spend of **(£8,250)** is projected in relation to Supplies and Services. The reasons for this are highlighted below:

- The reduction in actual and projected Masterplan sales (highlighted later in the report) indicates that the costs for Masterplan memorials will also reduce. This will result in a forecast saving of **(£4,100)**;
- The BACAS licence charge for 2012/13 has been received at **(£150)** less than budgeted;
- Due to the projected increase (over the level budgeted) in cremations during 2012/13 the Medical Referees Costs is also projected to increase resulting in an over spend of **£495**;
- The Public Book of Remembrance Visual Reference System will not be completed during this financial year resulting in an under spend of **(£3,290)** against this budget;
- Additional upgrades to the IT system have been undertaken totalling **£575**;

- The Service Booklets were purchased during the 2011/2012 financial year therefore the **(£1,000)** budget will not be utilised in 2012/13; and
- Due to involvement in the capital project, the attendance by the Superintendent & Registrar at various conferences has reduced. This has resulted in a forecast saving of **(£780)** this year.

#### 7.4 *Agency and Contracted*

An under spend of **(£8,339)** is forecast in connection with Agency and Contracted services details are as follows:

- The cost of the Environmental Protection Licence Fee is **(£339)** lower than budgeted; and
- The budget of **(£8,000)** for the Independent Testing of the Cremator & Abatement Equipment will not be required in the current financial year. The recent installation of the new Cremators included such testing and such costs have therefore been funded via the Cremator Replacement Capital budget.

#### 7.5 *Income*

It is anticipated that there will be reduction in income from the 2012/13 budget totalling **£1,000**. The main reasons detailed below.

- Income from memorial sales for the period up to 31 August 2012 is significantly lower than in previous years. It is considered that a similar trend will arise throughout the year and therefore an estimated reduction in the sale of large plaques, vase blocks, columbaria units and Seats of **£16,000** has been factored into the outturn position. Members will recall a similar position in the 2011/12 final outturn and as such the budget setting process for the next financial year will take this into consideration;
- To date, the cremation numbers are 39 higher than that recorded in the comparative period last year. The outturn has taken into consideration a prudent increase of 25 additional cremation numbers to budget, totalling an additional **(£15,000)**. The outturn allows for a total of 2,070 cremations during the 2012/13 financial year. There were 2,200 cremations in 2011/12.

#### 7.6 *Earmarked Reserves*

Contributions from the revenue surplus towards earmarked reserves are forecast as £130 additional to budget.

The retained reserves of the CDCJC at 31 March 2013 are forecast to be £565,111 along with a General Reserve of £424,060, giving a forecast total reserves and balances position of £989,171 at the year end.

## 8 Cremator Replacement and Redevelopment Project

	<b>Original Budget £</b>	<b>Actual Spend and Final Outturn £</b>	<b>Variance to Budget £</b>
Cremator Equipment	1,298,115	1,302,999	4,884
Building and Redevelopment Works	801,060	868,997	67,937
Fees / Project Mgmt Costs	225,500	224,856	(644)
Contingency / Variations	74,750	0	(74,750)
<b>TOTAL</b>	<b>2,399,425</b>	<b>2,396,852</b>	<b>(2,573)</b>

8.1 As can be seen from the table above, the Cremator Replacement and Redevelopment programme has been 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 as they arose.

### Recommendations and Reasons

9 It is recommended that:-

- Members note the April to August 2012 revenue spend financial monitoring report and associated provisional outturn position at 31 March 2013.
- Members note the cremator replacement project and redevelopment Capital Project spend and associated final outturn.

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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**

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.

### **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.