

# Central Durham Crematorium Joint Committee

27 April 2011



## Financial Monitoring Report – Provisional Outturn as at 31 March 2011

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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 2010 to 31 March 2011, together with the provisional outturn position for 2010/11, and highlighting areas of over / underspend 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 2010 and the projected position at 31 March 2011, taking into account the provisional financial outturn projection 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 2011 (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 2011:

<b>Subjective Analysis</b>	<b>Base Budget 2010/2011 £</b>	<b>Year to Date Actual – April – March £</b>	<b>Projected Outturn 2010/2011 £</b>	<b>Variance Over/ (Under) £</b>
Employees	220,000	197,060	204,160	(15,840)
Premises	189,700	120,181	148,742	(40,958)
Transport	1,500	2,754	2,754	1,254
Supplies & Services	132,990	115,427	131,299	(1,691)
Agency & Contracted	50,230	43,890	52,292	2,062
Central Support Costs	32,000	0	32,000	0
<b>Gross Expenditure</b>	<b>626,420</b>	<b>479,311</b>	<b>571,247</b>	<b>(55,173)</b>
<b>Income</b>	<b>(1,094,530)</b>	<b>(1,179,266)</b>	<b>(1,179,266)</b>	<b>(84,736)</b>
<b>Net Income</b>	<b>(468,110)</b>	<b>(699,955)</b>	<b>(608,019)</b>	<b>(139,909)</b>
<b>Transfer to Reserves</b>				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	141,860	0	281,769	139,909
- Small Plant	5,000	0	5,000	0
- Central Heating Renewal Fund	10,000	0	10,000	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>0</b>	<b>245,000</b>	<b>0</b>
<b>20% Spennymoor Town Council</b>	<b>61,250</b>	<b>0</b>	<b>61,250</b>	<b>0</b>
<b>Central Durham Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2010 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2011 £</b>
General Reserve	(424,060)	(306,250)	306,250	(424,060)
Masterplan Memorial Garden	(16,250)	(5,000)	0	(21,250)
Major Capital Works	(655,964)	(281,769)	543,998	(393,735)
Small Plant	(18,001)	(5,000)	23,001	0
Central Heating Renewal Fund	(23,001)	(10,000)	33,001	0
Cremator Replacement Fund	0	(600,000)	0	(600,000)
<b>Total</b>	<b>(1,137,276)</b>	<b>(1,148,943)</b>	<b>906,250</b>	<b>(1,439,045)</b>

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

6. 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 £608,019 against a forecast surplus of £468,110 (before transfers to reserves and distribution of surpluses to the partners authorities), £139,909 more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis area:

## 6.1 Employees

The provisional outturn indicates a £15,840 underspend based on current staffing levels. The base budget assumed a 1.0 % pay award £2,200, which will not materialise. In addition to this, are savings of £3,250 within the training and staff advertising budgets, savings of £3,500 on Agency staffing requirements and £1,500 within the employee advertising budgets, further savings of £5,390 have been made as a result of other staff changes in the year.

## 6.2 Premises

The provisional outturn is projecting a £40,958 underspend in this area. The main variances against the agreed budget are detailed below:

- NNDR costs are **£6,300** over the budgeted level. This is net of a refund of £1,800 relating to a rateable value adjustment, which was received from Durham County Council. This refund dates back a number of years and is a one off saving in 2010/11.
- There is a saving of **(£11,200)** against the budget for repairs to roads and footpaths, following the decision by the Superintendent and Registrar (in light of the forthcoming redevelopment scheme) to undertake only emergency “patching repairs” during 2010/2011;
- The Central Heating Maintenance works are **(£2,300)** lower than budget
- Some anticipated repairs to the Crematorium building and bungalow have not been necessary during 2010/11 resulting in a saving of **(£5,000)**
- In light of the forthcoming cremator replacement programme, a budgeted cremator reline has not been necessary during the year saving **(£8,000)**
- The additional tree works anticipated in the budget have not been required during 2010/11, resulting in a saving of **(£3,700)** ; and
- Utility costs mainly in relation Gas are **(£17,000)** under the budgeted level

## 6.3 Supplies and Services

The £1,691 underspend on supplies and services expenditure is due to several factors, the main reasons are as follows:

- The Public BOR Visual Reference System and Replacement Computer budget of **(£7,500)** is not required during 2010/11. The procurement and implementation of this system has been delayed until 2012/13 at the earliest
- Only £1,100 of the £3,000 budget provision for Identity Tokens has been required during 2010/11, the unused element totalling **(£1,900)** relates to Barcoded identity tokens which have not been introduced during the year.
- Unbudgeted advertising costs of **£1,000** have been incurred. These relate to advertising the Notification of the Audit of the 2009/2010 Statement of Accounts in various press; and
- A reduced number of vases, urns and columbaria units have been purchased during the year, resulting in a **(£8,200)** saving.

- SAGE Software necessary to fulfill Accounting requirements in line with the Audit Commissions recommendation was purchased during February 2011, at a cost of **£3,000**
- As a result of the increased number of cremations undertaken during 2010/11, medical referee fees and Masterplan costs have increased by **£11,900**

#### **6.4 Agency and Contracted**

The £2,062 overspend on Agency and Contracted is due to a number of factors detailed below:

- The on- line referencing system budget of (**£11,910**) has not been required during the current year. The procurement and implementation of this system has been delayed until 2012/13 at the earliest.
- The Audit Commission audit and inspection costs for 2010/11 have totalled £13,500. This is **£10,000** more than the current budgeted level.
- The Feasibility Studies undertaken in relation to Cremator Replacement Capital scheme have cost a further **£10,000** to the original £15,000 budget. Feasibility Studies are charged at between 1% and 2% of the total value of the works. Based on the £2.4M Capital scheme these charges have totalled £25,000.
- The Crematoria brochures, which have not been produced during 2010/11, have resulted in a (**£4,500**) saving in printing and publications expenditure; and
- Independent monitoring costs, originally anticipated to be £6,000 have actually cost £4,000, a saving of (**£2,000**) on budget ; and
- Unbudgeted Post Mortem costs totalling **£500** have been incurred during the year.

#### **6.5 Income**

Income has exceeded the budget by £84,736. This is as a result of higher than anticipated / budgeted cremations being undertaken during the year.

#### **6.6 Earmarked Reserves**

In line with previous practise, the additional surplus generated will now be transferred to the Major Repairs Reserve.

The balances on the Small Plant and Central Heating Renewals Reserves, along with an element (£544,000) of the Major Capital Works are now to be transferred to a newly created Cremator Replacement Reserve. This reserve will total £600,000 and will be applied to part finance the Cremator Replacement and Building Works Capital Scheme next year.

Subject to any final adjustments, the earmarked reserves (including the newly created Cremator Replacement Reserve) of the CDCJC at 31 March 2011 are expected to be £1,014,985, along with a General Reserve of £424,060, giving a forecast total reserve £1,439,045.

## **Recommendations and reasons**

10 It is recommended that:-

- Members note the April 2010 to March 2011 Revenue spend financial monitoring report and associated provisional outturn position 2010/11;

## **Background Documents**

Previous 2010/11 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**

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.