

Central Durham Crematorium Joint Committee

24 April 2013

Financial Monitoring Report – Provisional Outturn as at 31 March 2013



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 this report is to set out details of income and expenditure in the period 1 April 2012 to 31 March 2013, together with the provisional outturn position for 2012/13, 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 2012 and the provisional year end position at 31 March 2013.

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 surplus received by DCC as a partner authority from 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 31 March 2013:

6.

Subjective Analysis	Base Budget 2012/2013 £	Year to Date Actual – April – March £	Projected Outturn 2012/2013 £	Variance Over/ (Under) £
Employees	204,137	209,685	207,862	3,725
Premises	231,340	233,918	254,971	23,631
Transport	3,300	2,450	2,880	(420)
Supplies & Services	105,085	87,216	99,728	(5,357)
Agency & Contracted	31,350	12,411	16,539	(14,812)
Transfer Payments	0	0	0	0
Capital Charges	213,738	213,738	213,738	0
Central Support Costs	34,000	34,000	34,000	0
Gross Expenditure	822,950	686,548	829,718	6,768
Income	(1,136,200)	(1,282,374)	(1,282,374)	(146,174)
Net Income	(313,250)	(595,826)	(452,656)	(139,406)
Transfer to Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	0	0	139,406	139,406
- Small Plant	2,000	0	2,000	0
Distributable Surplus	(306,250)	0	(306,250)	0
80% Durham County Council	245,000	245,000	245,000	0
20% Spennymoor Town Council	61,250	61,250	61,250	0
Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2012 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2013 £
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)	(139,406)	0	(671,137)
Small Plant	(0)	(2,000)	0	(2,000)
Total	(982,041)	(452,656)	306,250	(1,128,447)

Explanation of Significant Variances between Original Budget and Forecast Outturn

7. As can be seen from the table above, the provisional outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £452,656 against a budgeted surplus of £313,250, £139,406 more than the budgeted position. This is an improvement on the previously forecast position of a £79,084 additional surplus. The following section outlines the reasons for any significant variances by subjective analysis area:

7.1 *Employees*

The provisional outturn reflects a **£3,725** employee over spend (this takes into consideration the impact of the job evaluation exercise). Additional overtime totalling **£9,975** has resulted from the Cremator replacement project, this has been as a consequence of running with two cremators rather than three during the transition period early in the year. In addition, the environmental measures installed have increased the average time taken per cremation. This overspend has however been offset by a **(£6,250)** saving against the Pandemic Cremator Operator Training budget.

7.2 *Premises*

A net over spend of **£23,631** has arisen 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
- **£724** additional spend in relation to additional alarm call out charges following the break-ins at the Crematorium
- **£16,756** unbudgeted spend regarding alterations to the Catafalque Doors (including fire shutter, smoke curtain and fire alarm interface) and Integrated Heating Controls.
- **£6,500** unbudgeted spend regarding buildings maintenance including 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; has not happened yet
- **(£8,018)** under spend relating to the NNDR 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 from the Valuation Offices which is lower than the estimated level
- **(£12,000)** of the redecoration budget has not been required as a result of the Cremator replacement programme undertaken during 2012/13
- **£14,992** additional/unbudgeted Cremator equipment and servicing costs following the installation of the new cremators
- **£1,116** additional spend on bungalow repairs and furniture and fittings
- **(£5,418)** under spend on utilities. It should be noted that the final quarter invoices have not been received for all utilities and estimates have been incorporated into the outturn at this point. The final outturn will include the final actual costs, however it is not anticipated any major variance between provisional and final outturn positions
- **(£4,010)** saving within the Hedge Trimming and Tree Works budget. These services have not been required during the 2012/13 financial year

7.3 *Supplies and Services*

An under spend of **(£5,357)** is reported in relation to Supplies and Services. The reasons for this are highlighted below:

- As a consequence of reduced Masterplan sales (highlighted later in the report) the costs for Masterplan memorials are also lower than budgeted. This has resulted in a saving of **(£4,081)**
- The BACAS licence charge for 2012/13 has been received at **(£150)** less than budgeted
- As a result of increased cremation numbers (highlighted under the income section of the report), the Medical Referees Costs have also increased resulting in an over spend against this budget of **£5,594**
- The Public Book of Remembrance Visual Reference System has not been completed during this financial year resulting in an under spend of **(£4,490)** against this budget
- The Service Booklets were purchased during the previous financial year therefore the **(£1,000)** budget has not been utilised in 2012/13
- Due to involvement in the capital project, the attendance by the Superintendent & Registrar at various conferences has reduced this year. This has resulted saving of **(£1,745)**
- A net over spend of **£515** within the subscriptions £1,058, sundry operational (£365), hospitality (£825), Computer maintenance and electronic stationery £881 and clothing (£234) budgets has arisen.

7.4 *Agency and Contracted*

An under spend of **(£14,812)** is reported in connection with Agency and Contracted services, details are as follows:

- The cost of the Environmental Protection Licence Fee is **(£340)** lower than originally budgeted
- The budget of **(£8,000)** for the Independent Testing of the Cremator & Abatement Equipment has not been required in the current financial year. The installation of the new Cremators has included such testing and the costs have therefore been funded via the Cremator Replacement Capital budget
- A delay in the waste energy feasibility study being undertaken has resulted in an anticipated under spend for 2012/13 of **(£8,622)** the remaining feasibility study requirements will be completed and fully charged by the end of May 2013. Members should note this will require a transfer back from reserves during 2013/14.
- The Medical Referee Post Mortem budget of **(£1,000)** has not been required during this financial year (members should note the requirement for this budget cannot be easily identified in advance and therefore it is subject to subsequent variances)

- The payment to the FSA in connection with the Prepayment Bond Application is **(£750)** less than budgeted. The total charge of £1500 was made to both Central Durham and Mountsett Crematoria resulting in a shared cost. This saving has, however, been offset by the additional charges, **£3,000** from Bovill's following additional legal advice undertaken as highlighted in the Superintendent & Registrars Report.
- Unexpected Cremator Operator fees paid to Spennymoor Town Council at the beginning of the year have resulted in an over spend of **£315**
- Refuse collection charges have exceeded budget by **£585**.

7.5 *Income*

Additional income from the 2012/13 budget totalling **(£146,174)** is reported in this provisional outturn. The main reasons detailed below.

- Income from memorial sales for 2012/13 is considerably lower than in previous years and therefore a net reduction in the sale of large plaques, vase blocks, columbaria units and seats of **£21,606** has been experienced during the year. Members will recall a similar position in the 2011/12 final outturn and as such the 2013/14 budget has reduced in consideration of this
- Cremation numbers have increased to 2379 during 2012/13, an additional 339 to budget. This has resulted in additional cremation fee income (inc Medical Referee fees) of **(£168,798)**
- Whilst there has been an increase in cremation numbers during 2012/13, entries to the Book of Remembrance have not followed the same trend. Income from Book of Remembrance Fees is lower than budget by **£819**
- Income for miscellaneous items such as the scattering of ashes and webcasting, DVD, CD sales are lower than budget by **£199**.

7.6 *Earmarked Reserves*

Contributions from the revenue surplus towards earmarked reserves are reported as **£139,406** additional to budget.

The retained reserves of the CDCJC at 31 March 2013 are provisionally reported as £704,387 along with a General Reserve of £424,060, giving a total reserves and balances position of **£1,128,447** as at 31 March 2013.

Recommendations and Reasons

8. It is recommended that:

- Members note the April 2012 to March 2013 revenue spend financial monitoring report and associated provisional outturn position as at 31 March 2013.

Contact: Paul Darby, Head of Finance – Financial Services
Tel: 03000 261 930

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

None. However, Officers of Spennymoor Town Council were provided with a copy of the report and given opportunity to comment/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.