

Central Durham Crematorium Joint Committee

22 January 2014

Financial Monitoring Report – Position at 31/12/13, with Projected Outturn to 31/03/14



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 2013 to 31 December 2013, together with the provisional outturn position for 2013/14, 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 2013 and forecast outturn position of reserves at 31 March 2014, taking into account the provisional financial outturn.

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 supplied by the Bereavement Services Manager. The following table highlights the year to date and provisional outturn financial performance of the Central Durham Crematorium:

Subjective Analysis	Base Budget 2013/14 £	Year to Date Actual April – December £	Probable Outturn 2013/2014 £	Variance Over/ (Under) £
Employees	204,915	143,629	216,960	12,045
Premises	279,840	150,703	214,015	(65,825)
Transport	3,900	580	2,971	(929)
Supplies & Services	124,225	79,926	105,449	(18,776)
Agency & Contracted	46,011	31,022	44,157	(1,854)
Transfer Payments	0	0	0	0
Capital Charges	213,738	106,869	213,738	0
Central Support Costs	34,800	29,300	34,800	0
Gross Expenditure	907,429	542,029	832,090	(75,339)
Income	(1,281,800)	(989,340)	(1,364,870)	(83,070)
Net Income	(374,371)	(447,311)	(532,780)	(158,409)
Transfer to Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	36,121	0	194,530	158,409
- Cremator Reline Reserve	25,000	0	25,000	0
- Small Plant	2,000	0	2,000	0
Distributable Surplus	(306,250)	0	(306,250)	0
80% Durham County Council	245,000	183,750	245,000	0
20% Spennymoor Town Council	61,250	45,938	61,250	0
Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2013 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2014 £
General Reserve	(384,540)	(306,250)	306,250	(384,540)
Masterplan Memorial Garden	(31,250)	(5,000)	0	(36,250)
Major Capital Works	(716,470)	(194,530)	0	(911,000)
Cremator Reline Reserve	0	(25,000)	0	(25,000)
Small Plant	(2,000)	(2,000)	0	(4,000)
Total	(1,134,260)	(532,780)	306,250	(1,360,790)

Explanation of Significant Variances between Original Budget and Forecast Outturn

6. 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 £532,780 against a budgeted surplus of £374,371, £158,409 more than the budgeted position.

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

7.1 *Employees*

The Forecast outturn reflects a projected **£12,045** over spend. The reasons for this are in line with previous reporting and are set out below;

- The recruitment of a Modern Apprentice approved by the Joint Committee 24th April 2013, was not provided for within the original budget, resulting in a **£3,386** unbudgeted cost in the year.
- Long Term sickness cover has resulted in additional staffing/ overtime payments of **£12,726** in the year,
- Savings within the Training budget of **(£3,000)** have been achieved.
- Savings as a result of the revised management arrangements within the crematorium establishments of **(£10,357)** have been achieved.
- The provisional additional Cremator Operatives cover has totalled **£9,290**, which was agreed by the Joint Committee on 24th April 2013.

7.2 *Premises*

A net under spend of **(£65,825)** is projected in relation to Crematorium premises related costs. There are number of reasons for this, as identified below:

- Following last year's Crematorium Redevelopment works, some areas within the internal redecoration programme are not required during 2013/14. This has resulted in a forecast underspend of **(£4,187)**.
- Utility costs for Gas, water and electricity are projected to underspend by **(£5,743)**.
- The rateable value and subsequent charge for 2013/14 was lower than the original budgeted estimate. The resulted in a **(£5,690)** saving within this budget.
- Following a review of the Crematorium Service Asset Management Plan (SAMP) the one off budget for the Electric opening for the main gates is no longer required, resulting in an underspend of **(£10,000)**
- Following a review of the SAMP and in consideration of the forthcoming improvements works originally scheduled to be completed in 2013/14 have been carried forward to be completed in 2014/15 totalling **(£32,866)**. These include the replacement of copper roofing and canopy, relining of concrete guttering, replacement outside lighting, exterior brickwork pointing and path and road repairs.

- Following the resignation of the Superintendent & Registrar and the subsequent changes to terms and conditions/ working arrangements attached to the post, the bungalow repairs and replacement budget of **(£4,000)** is no longer required. This budget has also been removed from the 2014/15 budget.
- The general grounds maintenance & tree works is not fully required during 2013/14 resulting in an under spend of **(£3,339)**

7.3 *Supplies and Services*

An under spend of **(£18,776)** is projected in relation to Supplies and Services. The reasons for this are highlighted below:

- Expenditure on new Masterplan materials has reduced resulting in a forecasted underspend of **(£1,404)**.
- The projected reduction in Book of Remembrance sales results in a corresponding reduction in costs of **(£786)**.
- The projected increased cremation numbers (highlighted within the income section of this report) has led to an increase in Medical Referees costs of **£2,096** over the budgeted amount.
- The Public BOR Visual Reference System expected to be purchased during 2013/14 will now be purchased during 2014/15 resulting in an underspend of **(£4,850)**. The budget has been carried forward into 2014/15 to fund the purchase.
- Office, admin and other operational costs such as conference, general advertising, postage, stationery and clothing are anticipated to under spend by **(£6,342)**
- The upgrade of the projector incorporated into the 2013/14 budget is no longer required, resulting in a saving of **(£4,000)**. This requirement has also been removed from the 2014/15 budget
- The requirement for Identity Tokens, Columbaria Units and replacement Service Booklets has reduced this year by **(£3,490)**

7.4 *Agency and Contracted*

An under spend of **(£1,854)** is forecast in connection with Agency and Contracted services, details are as follows:

- The cost of the Refuse Collection is **£983** higher than budgeted due to a price increase by the service provider during 2013/14. This increase has been reflected in the 2014/15 budget.

- The Independent Testing of the Cremator & Abatement Equipment for 2013/14 is **£760** higher than budget. This increase has been reflected in the 2014/15 budget.
- External Audit fees from BDO LLP have been received resulting in an underspend against budget of **(£1,000)**
- The Waste Energy feasibility study budget will underspend by **(£2,500)**
- The replacement cremation registers purchased during the year have resulted in an additional **£404** cost to budget.
- The Spennymoor Operators Contingency budget will not be required during 2013/14, resulting in a saving of **(£500)**.

7.5 *Income*

It is anticipated that there will be an increase in income from the 2013/14 budget totalling **(£83,070)**. The main reasons detailed below.

- To date there has been 6 less cremations undertaken in the reporting period from last year. Members will recall however that the 2013/14 budget was set at a very prudent level and therefore the outturn (continuing this prudent approach and considering the final quarters historic trend)) has factored in an additional 127 cremations to budget giving an overachievement of income of **(£69,850)** for the year.
- A backlog exercise has been undertaken at the crematorium regarding the renewal of Large Plaques and Vase Blocks. As a result, income from memorial sales for the period up to 31 December 2013 has increased significantly and is much higher than in previous years. It is anticipated that there will be an additional **(£12,398)** income to budget. It should be noted however that this will have a slightly negative impact on the 2014/15 renewals and as such the 2014/15 budget has been amended to reflect this.
- Book of Remembrance entries have reduced resulting in an underachieved income to budget of **£1,605**
- To date, miscellaneous sales including organ fees, the sale of urns and the scattering of ashes are higher than that recorded in the comparative period last year. The outturn has taken into consideration this increased trend thus projecting a **(£2,427)** additional income to budget.

7.6 *Earmarked Reserves*

Contributions from the revenue surplus towards earmarked reserves are forecast as **£158,409** over the budgeted position.

The retained reserves of the CDCJC at 31 March 2014 are forecast to be **£976,250** along with a General Reserve of **£384,540**, giving a forecast total reserves and balances position of **£1,360,790** at the year end.

Recommendations and Reasons

8 It is recommended that:

- Members note the April to December 2013 revenue spend financial monitoring report and associated provisional outturn and reserves position at 31 March 2014.

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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 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.