

Central Durham Crematorium Joint Committee

22 April 2015



Financial Monitoring Report – Provisional Outturn as at 31 March 2015

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 2014 to 31 March 2015, together with the provisional outturn position for 2014/15, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
2. The report also details the funds and reserves of the Joint Committee at 1 April 2014 and the forecast outturn position at 31 March 2015, 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. Members should be aware that the 2014/15 closedown process has only recently commenced and whilst no major variances are anticipated between the provisional and final outturn, the final information incorporated into the Annual Return may differ from that included within this report. Where this is the case, a full explanation will be provided in the June report.

6. 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 Bereavement Services Manager. The following table highlights the provisional outturn financial performance of the Central Durham Crematorium as at 31 March 2015:

Subjective Analysis	Base Budget 2014/15 £	Year to Date Actual April – March £	Provisional Outturn 2014/15 £	Variance Over/ (Under) £
Employees	212,189	201,759	220,643	8,454
Premises	446,460	558,178	597,365	150,905
Transport	1,900	2,387	2,604	704
Supplies & Services	105,740	90,567	100,910	(4,830)
Agency & Contracted	13,111	15,586	15,658	2,547
Transfer Payments	0	0	0	0
Capital Charges	213,738	213,738	213,738	0
Central Support Costs	35,975	35,700	35,975	0
Gross Expenditure	1,029,113	1,117,915	1,186,893	157,780
Income	(1,480,000)	(1,684,369)	(1,684,369)	(204,369)
Net Income	(450,887)	(566,454)	(497,475)	(46,589)
Transfer to Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	12,637	0	59,225	46,589
- Cremator Reline Reserve	25,000	0	25,000	0
- Small Plant	2,000	0	2,000	0
Distributable Surplus	(406,250)	0	(406,250)	0
80% Durham County Council	325,000	325,000	325,000	0
20% Spennymoor Town Council	81,250	81,250	81,250	0

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2014 £	Transfers To Reserve £	Transfers From Reserve £	Balance @ 31 March 2015 £
General Reserve	(384,540)	(465,710)	406,250	(444,000)
Masterplan Memorial Garden	(36,250)	(5,000)	0	(41,250)
Major Capital Works	(915,386)	(59,225)	59,460	(915,151)
Cremator Reline Reserve	(25,000)	(25,000)	0	(50,000)
Small Plant	(4,000)	(2,000)	0	(6,000)
Total	(1,365,176)	(556,935)	465,710	(1,456,401)

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 £497,475 against a budgeted surplus of £450,887, £46,589 more than the budgeted position. This reflects a £173,691 improvement on the previously reported forecasted surplus and is a result of the increase number of cremations to budget and additional unbudgeted income, as discussed later in this report.
8. The following section outlines the reasons for any significant variances by subjective analysis area/type of expenditure. Members should note that some transactions are undertaken annually at the year end, in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31 March, this results in additional charges/income being reported between the actuals as at 31 March and the provisional outturn figures. The table overleaf includes (amongst others) the following provisions within the outturn:

- Gas, electric and water charges not received from utility companies
- Insurance recharge from Durham County Council

8.1 Employees

The provisional outturn reflects a **£8,454** over spend, based on current spending. The reasons for this are highlighted below:

- The Pandemic Operator Training and general training budget was not required during 2014/15 resulting in an underspend of **(£3,500)**.
- Additional National Insurance and Pension contributions not included in the original budget of **£6,994** was incurred.
- Additional overtime not included in the original budget of **£4,960** was incurred.

8.2 Premises

A net over spend of **£150,905** has arisen in relation to Crematorium premises related costs. The reasons for this are identified below:

- Detailed contractor discussions for Phase 1 of the Crematorium Redevelopment Works identified a re-profiling of works with elements brought forward to 2014/15 from later phases. This has resulted in additional costs of **£42,769** in year.
- Phase 2 of the Crematorium Redevelopment Works had an initial budget of £30,000 for 2014/15. Due to the mild winter, the works were brought forward and have been completed in 2014/15, resulting in additional unbudgeted spend of **£141,464** in year.
- Maintenance and replacement works (canopy/guttering replacements, path/road repairs, general roof repairs and buildings maintenance) originally budgeted to be undertaken during 2014/15 have been re-profiled and will be undertaken during 2015/16. This has resulted in an underspend of **(£14,279)**.
- Utility expenditure is expected to underspend by **(£13,727)**.

- Cremator Abatement & Equipment Servicing, Cremator Repairs and plant and equipment servicing and repairs will be overspent by **£4,372**.
- Path, road and general building repairs will be underspent by **(£9,694)**.

8.3 *Supplies and Services*

An under spend of **(£4,830)** is anticipated in relation to Supplies and Services. The reasons for this are highlighted below:

- The upgrade of the cremator software will not be required until 2015/16, resulting in a saving to budget of **(£4,500)**.
- The servicing of the Public Visual Reference System will not be required until 2015/16, therefore a saving of **(£5,290)**.
- Due to the actual increase in cremations (highlighted later within the income section of the report), medical referee expenditure is projected to overspend by **£1,436**.
- General Admin budgets have overspent by **£2,428**.
- Due to the increase in the Masterplan sales, associated costs will be overspent by **£3,243**
- The increase in Book of Remembrance sales has led to increased costs of **£853**.
- Hospitality and General Advertising budgets have not been utilised during 2014/15, resulting in a saving of **(£2,000)**.
- Computer replacements were not expended in 2014/15 **(£1,000)**

8.4 *Agency and Contracted*

An over spend of **£2,547** is reported in connection with Agency and Contracted services, details are as follows:

- The actual charge for the Refuse Collection service is **£3,825** higher than budget which is due to the replacement of the previous contract.
- External Audit fees were **(£500)** less than anticipated.
- The Legionella contract, Medical Referee fees for Post Mortems and Cremation Register budgets were underspent by **(£778)**.

8.5 *Income*

An increase in income of **(£204,369)** from the 2014/15 budget is included within the reported forecast outturn. The main reasons are detailed below.

- An increase in the sale of large plaques, vase blocks, columbaria units and seats etc. has resulted in additional income of **(£28,079)**;
- The outturn has taken into consideration the fact that there were 87 more cremations compared to budget in year, totalling an increased income to budget of **(£44,810)**. The outturn includes 2,287 cremations against a budget 2,200 during the 2014/15 financial year.
- Miscellaneous sales and Book of Remembrance entries were higher than budget resulting in increased income of **(£4,735)**.
- Interest receivable on the Crematorium current account and investments balances is expected to be **(£1,923)** additional to budget.
- A one off backdated VAT claim has resulted in additional income of **(£29,823)**.
- A new unbudgeted annual cremation abatement payment from the Crematoria Abatement of Mercury Emissions Organisation (CAMEO) has resulted in additional income of **(£42,779)** relating to 2013/14. It is also anticipated that the 2014/15 payment will be **(£52,220)**, resulting in additional unbudgeted CAMEO abatement income of **(£94,999)** in year.

8.6 *Earmarked Reserves*

Contributions to the earmarked reserves are forecast as **£46,589** more than originally budgeted. Although the re-phasing (bringing forward) of the redevelopment works originally planned for completion in 2015/16 has increased the expenditure for 2014/15, the additional unbudgeted income and the increased number of cremations in the final quarter has resulted in the additional contributions to earmarked reserves.

In line with the CDCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **(£59,460)** is required as part of the final accounts closedown process. This results in a net transfer from the Major Capital Works Reserve of **(£235)**.

The retained reserves of the CDCJC at 31 March 2015 are forecast to be **£1,012,401** along with a General Reserve of **£444,000**, giving a forecast total reserves and balances position of **£1,456,401** at the year end.

Recommendations and Reasons

9. It is recommended that:
Members note the April 2014 to March 2015 revenue spend financial monitoring report and associated provisional outturn position as at 31 March 2015, including the forecast year end position with regards to the reserves and balances of the Joint Committee.

Contact:	Paul Darby – Head of Finance (Financial Services)	
Tel:	03000 261 930	E-mail: paul.darby@durham.gov.uk
Contact:	Ed Thompson – Principal Accountant	
Tel:	03000 263 481	E-mail: ed.thompson@durham.gov.uk

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 Bereavement Services Manager. 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 Bereavement Services Manager, 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.