

# Central Durham Crematorium Joint Committee

23 September 2015

## Financial Monitoring Report – Position at 31/08/15, with Projected Revenue and Capital Outturn at 31/03/16



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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. This report sets out details of income and expenditure in the period 1 April 2015 to 31 August 2015, together with the provisional revenue and capital outturn position for 2015/16, highlighting areas of over / underspends against the approved budgets at a service expenditure analysis level.
2. The report also details the funds and reserves of the Joint Committee at 1 April 2015 and forecast outturn position at 31 March 2016, 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 provisional revenue outturn financial performance of the Central Durham Crematorium:

<b>Subjective Analysis</b>	<b>Base Budget 2015/16 £</b>	<b>Year to Date Actual April – August £</b>	<b>Forecast Outturn 2015/16 £</b>	<b>Variance Over/ (Under) £</b>
Employees	221,813	77,177	232,799	10,986
Premises	281,550	115,279	291,696	10,146
Transport	2,000	138	2,000	0
Supplies & Services	121,330	37,523	123,893	2,563
Agency & Contracted	9,611	2,860	9,846	235
Transfer Payments	0	0	0	0
Capital Charges	213,738	0	213,738	0
Central Support Costs	35,700	30,200	35,700	0
<b>Gross Expenditure</b>	<b>885,742</b>	<b>263,176</b>	<b>909,671</b>	<b>23,929</b>
<b>Income</b>	<b>(1,442,350)</b>	<b>(585,526)</b>	<b>(1,580,047)</b>	<b>(137,697)</b>
<b>Net Income</b>	<b>(556,608)</b>	<b>(322,350)</b>	<b>(670,376)</b>	<b>(113,768)</b>
<b>Transfer to Reserves</b>				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	118,358	0	232,126	113,768
- Cremator Reline Reserve	25,000	0	25,000	0
- Small Plant	2,000	0	2,000	0
<b>Distributable Surplus</b>	<b>(406,250)</b>	<b>0</b>	<b>(406,250)</b>	<b>0</b>
<b>80% Durham County Council</b>	<b>325,000</b>	<b>0</b>	<b>325,000</b>	<b>0</b>
<b>20% Spennymoor Town Council</b>	<b>81,250</b>	<b>0</b>	<b>81,250</b>	<b>0</b>

<b>Central Durham Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2015 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2016 £</b>
General Reserve	(444,000)	(406,250)	417,545	(432,705)
Masterplan Memorial Garden	(41,250)	(5,000)	0	(46,250)
Major Capital Works	(918,383)	(243,421)	615,263	(546,541)
Cremator Reline Reserve	(50,000)	(25,000)	0	(75,000)
Small Plant	(6,000)	(2,000)	0	(8,000)
<b>Total</b>	<b>(1,459,633)</b>	<b>(681,671)</b>	<b>1,032,808</b>	<b>(1,108,496)</b>

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

6. As can be seen from the table above, the projected revenue outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £670,376 against a budgeted surplus of £556,608, £113,768 more than the budgeted position.
7. The following section outlines the reasons for any significant variances by subjective analysis area:

### **7.1 Employees**

The outturn shows an over spend of **£10,986**, in relation to employee costs. The reasons for this are identified below:

- The Pandemic Operator Training and general training budget will not be required during 2015/16 resulting in an underspend of **(£2,000)**
- The new Technical Assistant Post has now been filled by the Modern Apprentice leading to additional costs of **£7,445** as approved by Members at the January 2015 meeting.
- The long term sickness of the cleaner is resulting in an underspend of **(£4,473)**
- Additional National Insurance and Pension contributions not included in original budget of **£6,786**
- Additional overtime not included in original budget of **£3,228**.

### **7.2 Premises**

The outturn shows a forecast over spend of **£10,146** in relation to premises costs. The reasons for this are identified below:

- Due to the long term sickness of the Cleaner external services have been brought in resulting in additional costs of **£7,592**.
- Utility expenditure is forecast to overspend by **£2,307**.
- Rates will be slightly overspent by **£247**.

### **7.3 Supplies and Services**

The outturn shows a forecast over spend of **£2,563** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the increase in the anticipated Book of Remembrance sales, the associated costs will also be overspent by **£1,606**.

- Due to the projected increase in cremations (highlighted later within the income section of the report), medical referee expenditure is projected to overspend by **£2,327**.
- Printing costs predicted to be overspend by **£1,591**.
- Due to the projected increase in the Masterplan sales it is anticipated that associated costs will be overspent by **£1,504**
- Upgrades to the Wesley Music System and Tribute System will be underspent by **(£4,465)**

#### 7.4 *Agency and Contracted*

The outturn shows a forecast over spend of **£235** in relation to agency and contracted services costs. The reasons for this are identified below:

- The actual charge for the Refuse Collection service is **£235** higher than budgeted which is due to the final payment of the previous contract.

#### 7.5 *Income*

An increase in income of **(£137,697)** from the 2015/16 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The sale of large plaques, vase blocks, columbaria units and seats etc. is forecast to be greater than budgeted, generating additional income of **(£14,135)**;
- The outturn includes a forecast additional 141 cremations compared to the budget, totalling an increased income to budget of **(£88,830)**. The outturn allows for a total of 2,261 cremations against a budgeted 2,120 during 2015/16.
- Miscellaneous sales and Book of Remembrance entries are anticipated to be higher than budget resulting in additional income of **(£8,732)**.
- The annual cremation abatement payment from the Crematoria Abatement of Mercury Emissions Organisation (CAMEO) is forecast to be **(£26,000)** higher than the budgeted amount.

#### 8. *Capital Programme*

The following table highlights the provisional capital outturn of the Central Durham Crematorium:

<b>Phase 3 Redevelopment Works</b>	<b>Base Budget 2015/16 £</b>	<b>Year to Date Actual April - August £</b>	<b>Probable Outturn 2015/16 £</b>	<b>Variance Over/ (Under) £</b>
Replacement of copper roofing and canopies	199,263	0	199,263	0
Alterations to chapel	124,224	91,721	122,698	(1,526)
Alterations to chapel doors	20,395	14,924	20,145	(250)
Alterations to waiting room	133,458	98,561	131,819	(1,639)
Alterations to external waiting area	64,240	47,570	63,451	(789)
Alterations to crematoria heating	12,000	8,706	11,852	(148)
Alterations to toilet area	66,856	49,436	66,035	(821)
<b>Total</b>	<b>620,436</b>	<b>310,918</b>	<b>615,263</b>	<b>(5,173)</b>

The cost of the Phase 3 Redevelopment Works is being financed from the Major Capital Works Earmarked Reserve.

#### 9. *Earmarked Reserves*

Contributions from the earmarked reserves are forecast as **(£118,941)** less than originally budgeted, primarily due to additional unbudgeted income arising from the additional cremations forecast compared to budget in 2015/16, offset by some modest overspending on various expenditure lines.

In line with the CDCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer from the General Reserve of **£11,295** is required. This results in a net transfer from the Major Capital Works Reserve of **(£371,842)**.

The retained reserves of the CDCJC at 31 March 2016 are forecast to be **£675,791** along with a General Reserve of **£432,705**, giving a forecast total reserves and balances position of **£1,108,496** at the year end.

#### **Recommendations and Reasons**

10. It is recommended that:-

- Members note the April to August 2015 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2016, including the projected year position with regards to the reserves and balances of the Joint Committee.

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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 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.