

Central Durham Crematorium Joint Committee

27 April 2016

Financial Monitoring Report – Provisional Outturn as at 31 March 2016



Joint Report of Oliver Sherratt – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources and Treasurer to the Joint Committee

Purpose of the Report

1. This report sets out details of income and expenditure in the period 1 April 2015 to 31 March 2016, together with the provisional revenue and capital outturn position for 2016/17, 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 position at 31 March 2016, taking into account the updated provisional 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 2015/16 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 supplied by the Bereavement Services Manager. The following table highlights the provisional revenue outturn financial performance of the Central Durham Crematorium as at 31 March 2016:

Subjective Analysis	Base Budget 2015/16 £	Year to Date Actual April – March £	Provisional Outturn 2015/16 £	Variance Over/ (Under) £
Employees	221,813	221,690	229,174	7,361
Premises	281,550	119,656	135,717	(145,833)
Transport	2,000	1,694	2,042	42
Supplies & Services	121,330	117,303	115,265	(6,065)
Agency & Contracted	9,611	9,201	9,201	(410)
Capital Charges	213,738	0	213,738	0
Central Support Costs	35,700	35,700	35,700	0
Gross Expenditure	885,742	505,244	740,837	(144,905)
Income	(1,442,350)	(1,539,930)	(1,503,715)	(61,365)
Net Income	(556,608)	(1,034,686)	(762,878)	(206,270)
Transfer to Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	118,358	0	289,628	171,270
- Cremator Reline Reserve	25,000	0	60,000	35,000
- 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 2015 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2016 £
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)	(300,923)	391,890	(827,416)
Cremator Reline Reserve	(50,000)	(60,000)	0	(110,000)
Small Plant	(6,000)	(2,000)	0	(8,000)
Total	(1,459,633)	(774,173)	809,435	(1,424,371)

Explanation of Significant Variances between Original Budget and Forecast Outturn

7. As can be seen from the table above, the updated projected revenue outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £762,878 against a budgeted surplus of £556,608, £206,270 more than the budgeted position. This compares with the previously forecast position, based on income and expenditure to 31 December, 2015, as reported to the Joint Committee on 27 January, 2016, of a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £624,145 against a budgeted surplus of £556,608, £67,537 more than the budgeted position.
8. The following section outlines the reasons for any significant variances by subjective analysis area. 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
 - Provisions for the environmental surcharge receipt from CAMEO

8.1 *Employees*

The outturn shows an over spend of **£7,361**, in relation to employee costs. The reasons for this are a combination of the items identified below:

- The Pandemic Operator Training and general training budget was not required during 2015/16 resulting in an underspend of **(£3,600)**.
- The new Technical Assistant Post was filled by the Modern Apprentice leading to additional costs of **£7,021**, as approved by Members at the January 2015 meeting.
- The vacant Cremator Operator post has resulted in an underspend of **(£1,023)**.
- The long term sickness of the cleaner, who has now returned to work resulted in an underspend of **(£2,867)**.
- Additional National Insurance and Pension contributions of **£5,668** were incurred which were not included in the original budget .
- Additional overtime of **£2,162** was incurred over and above the original budget.

8.2 *Premises*

The outturn shows a forecast net underspend of **(£145,833)** in relation to premises costs. The reasons for this are identified below:

- Due to the long term sickness of the cleaner, external services were brought in resulting in additional costs of **£5,900**.
- Utility bills are forecast to overspend by **£2,818** due to a water leak which has now been repaired.
- The provision for path and road repairs underspent by **(£10,000)** as these works will be undertaken within the capital redevelopment works.
- Fire alarm and central heating maintenance along with general repair budgets were not required during 2015/16 resulting in an underspend of **(£10,770)**.
- The redecoration works underspent by **(£3,769)**.
- Other miscellaneous premises budgets are forecast to underspend by **(£821)**.
- A successful appeal against the rateable value of the Crematorium, carried out by Durham County Council's rating agents has resulted in a refund of Business Rates totalling **(£129,191)**. This was not known at the time the previous report was prepared. The appeal reduced the rateable value of the property from 179,000 to 122,300 and was backdated to 1 April 2010. The Business Rates charges in 2016/17 will now be £60,783 compared to the approved budget of £89,000, resulting in scope to reduce this budget in 2017/18.

8.3 *Supplies and Services*

The outturn shows a forecast net underspend of **(£6,065)** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the increase in the Book of Remembrance sales, the associated costs overspent by **£3,996**.
- Medical referee expenditure is projected to overspend by **£2,096**, due to the increased number of cremations undertaken in the year.
- General office and administration costs underspent by **(£918)**.
- The Public BOR Visual Reference System was not been spent during 2015/16 saving **(£1,000)**.
- Upgrades to the Wesley Music System and Tribute System will be underspent by **(£4,505)**.
- The Cremator software and additives budgets will not be fully utilised during 2015/16, resulting in an underspend of **(£5,734)**.

8.4 Income

Income is **(£61,365)** over the 2015/16 budgeted level. The reasons for this are identified below:

- An increase in the sale of large plaques, vase blocks, columbaria units and seats etc. has resulted in additional income of **(£12,404)**.
- The outturn has taken into consideration the fact that there were 127 more cremations compared to the budget, totalling an increased income to budget of **(£73,770)**. The outturn includes 2,247 cremations against a budgeted 2,120 during the 2015/16 financial year.
- Miscellaneous sales and Book of Remembrance entries were higher than budget resulting in increased income of **(£5,191)**.
- The annual cremation abatement payment from the Crematoria Abatement of Mercury Emissions Organisation (CAMEO) is forecast to be **£30,000** lower than the budgeted amount, due to an over provision of expected income in 2014/15. The 2014/15 provision was based upon the tradable mercury abated cremations (tmacs) rate of £36.39 which was in line with the 2013 rate. However, the payment subsequently received for 2014 was at a much reduced tmac rate of £15.66.

9. Capital Programme

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

<i>Phase 3 Redevelopment Works</i>	Base Budget 2015/16	Revised Budget 2015/16	Year to Date Actual Apr-Mar	Forecast Outturn 2015/16	Variance Over/ (Under)
	£	£	£	£	£
Replacement of roofing and canopies	199,263	279,890	0	0	(279,890)
Alterations to chapel	124,224	115,808	106,159	115,808	(0)
Alterations to chapel doors	20,395	18,962	17,382	18,962	(0)
Alterations to waiting room	133,458	124,079	113,741	124,079	(0)
Alterations to external waiting area	64,240	59,726	54,750	59,726	(0)
Alterations to crematoria heating	12,000	11,157	10,227	11,157	(0)
Alterations to toilet area	66,856	62,158	56,978	62,158	(0)
Total	620,436	671,780	359,237	391,890	(279,890)

The cost of the Phase 3 Redevelopment Works is being financed from the Major Capital Works Earmarked Reserve. The replacement of the roofing and canopies works will be completed in early 2016/17 now.

10. *Earmarked Reserves*

Contributions from the earmarked reserves are forecast as **(£424,660)** less than originally budgeted. This is mainly due to the canopy replacement being delayed until 2016/17, the Business Rates refund and the increased number of cremations compared to the budget.

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** has been required. This results in a net transfer from the Major Capital Works Reserve of **(£90,967)**.

The retained reserves of the CDCJC at 31 March 2016 are forecast to be **£991,666** along with a General Reserve of **£432,705**, giving a forecast total reserves and balances position of **£1,424,371** at the year end.

Recommendations and Reasons

11. It is recommended that:

- Members note the April to March 2016 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

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.