

Central Durham Crematorium Joint Committee

29 June 2016

Revenue Outturn & Joint Committees Return for the Year Ended 31 March 2016



Joint Report of Oliver Sherratt – Interim Corporate Director: Neighbourhood Services; Paul Darby – Interim Corporate Director: Resources and Treasurer to the Joint Committee

Purpose of the Report

1. The purpose of this report is to seek approval of the Joint Committees Return (attached at Appendix 3) for Central Durham Crematorium Joint Committee for the financial year ended 31 March 2016. The report also includes details of the final outturn position against the approved budgets for 2015/16.

Background

2. The Joint Committees Return will be subject to external audit by the Joint Committee's appointed external auditors, BDO LLP and the audit will commence on 1 July 2016. Upon completion, the auditor's report will be reported to the Joint Committee and will be made available online, along with the Return.
3. The attached Joint Committees Return is a statutory requirement for the Central Durham Crematorium Joint Committee. Also attached for Member's attention at Appendix 2 is the Balance Sheet as at 31 March 2016.

Financial Outturn 2015/16

4. Members will recall that regular (quarterly) budgetary control reports have been considered throughout the year, which incorporated forecast year end outturn positions. A provisional outturn report was presented to Members at the meeting of 27 April 2016.
5. The following table shows the final outturn position together with comparative data against the provisional outturn report considered on 27 April 2016:

Subjective Analysis	Base Budget 2015/16 £	Outturn 2015/16 £	Variance Over/ (Under) £	MEMO – Provisional Outturn [27.04.16] 2015/16 £
Employees	221,813	228,413	6,600	229,174
Premises	281,550	136,029	(145,521)	135,717
Transport	2,000	1,928	(72)	2,042
Supplies & Services	121,330	120,898	(432)	115,265
Agency & Contracted	9,611	9,732	121	9,201
Capital Charges	213,738	213,738	0	213,738
Central Support Costs	35,700	35,700	0	35,700
Gross Expenditure	885,742	746,438	(139,304)	740,837
Income	(1,442,350)	(1,506,730)	(64,380)	(1,503,715)
Net Income	(556,608)	(760,292)	(203,684)	(762,878)
Transfer to (from) Reserves				
- Masterplan Memorial Garden	5,000	5,000	0	5,000
- Major Capital Works	118,358	287,042	168,684	289,628
- Cremator Reline Reserve	25,000	60,000	35,000	60,000
- Small Plant	2,000	2,000	0	2,000
Distributable Surplus	(406,250)	(406,250)	0	(406,250)
80% Durham County Council	325,000	325,000	0	325,000
20% Spennymoor Town Council	81,250	81,250	0	81,250

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)	(298,337)	358,874	(857,846)
Cremator Reline Reserve	(50,000)	(60,000)	0	(110,000)
Small Plant	(6,000)	(2,000)	0	(8,000)
Total	(1,459,633)	(771,587)	776,419	(1,454,801)

The Outturn

6. The final outturn position is broadly in line with the provisional outturn reported to the Joint committee on 27 April 2016 with only a minor change £2,586 decrease to the overall net income for the year.
7. The following sections outline the reasons for any significant variances by subjective analysis area (most of which was disclosed in the provisional outturn report), comparing the outturn position against the budget.

8.1 *Employees*

The outturn shows an over spend of **£6,600** in relation to employee costs. The reasons for this are highlighted 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 previously 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 resulted in an underspend of **(£1,023)**.
- The long term sickness of the cleaner resulted in an underspend of **(£2,867)**.
- Additional National Insurance and Pension contributions of **£4,907** 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 an underspend of **(£145,521)** 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**.
- 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)**.
- Utility bills overspent by **£1,718** due to a water leak which has now been repaired.
- Other miscellaneous premises budgets overspent by **£591**.

- A successful appeal against the rateable value of the Crematorium, carried out by Durham County Council's rating agents resulted in a refund of Business Rates totalling **(£129,191)**. The appeal reduced the rateable value of the property from 179,000 to 122,300 and was backdated to 1 April 2010. The Business Rate charge in 2016/17 will now be £60,783 compared to the approved budget of £89,000, resulting in scope to reduce the budget in 2017/18.
- The provision for path, road and general building repairs underspent by **(£10,000)** as these works will be undertaken within the capital redevelopment works.

8.3 *Supplies and Services*

The outturn shows an underspend of **(£432)** in relation to supplies and services costs. The reasons for this are identified below:

- The Public BOR Visual Reference System was not required during 2015/16, therefore saving **(£1,000)**.
- Due to the increase in cremations (highlighted later within the income section of the report), medical referee expenditure overspent by **£8,646**.
- General office and administration costs underspent by **(£1,835)**.
- The Cremator software and additives budgets were not fully utilised during 2015/16, resulting in an underspend of **(£5,734)**.
- Due to the increase in Book of Remembrance sales, associated costs overspent by **£3,996**.
- Upgrades to the Wesley Music System and Tribute System underspent by **(£4,505)**.

8.4 *Agency and Contracted*

The outturn shows an over spend of **£121** in relation to agency and contracted services costs. The reasons for this are identified below:

- Refuse collection costs overspent by **£235** due to the replacement of the previous contract.
- External audit fees were **£500** more than budgeted.
- The legionella contract, medical referee fees for post mortems and cremation register budgets were underspent by **(£614)**.

8.5 *Income*

An increase in income of **(£64,380)** from the 2015/16 budget is included within the final outturn. The main reasons are detailed below.

- An increase in the sale of large plaques, vase blocks, columbaria units and seats etc. resulted in additional income of **(£12,404)**.
- The updated outturn has taken into consideration an additional 127 more cremations compared to budget, totalling an increased income to budget of **(£74,400)**. The outturn is based on a total of 2,247 cremations against a budget estimate of 2,120 during the 2015/16 financial year.
- Miscellaneous sales and Book of Remembrance entries were **(£6,775)** higher than budget.
- Interest receivable on the Crematorium current account and investments was **(£1,503)** higher than budget.
- The annual cremation abatement payment from the Crematoria Abatement of Mercury Emissions Organisation (CAMEO) was **£30,702** 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 rate of £15.66.

9. Capital Programme

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

<i>Phase 3 Redevelopment Works</i>	Base Budget 2015/16	Revised Budget 2015/16	Outturn 2015/16	Variance Over/ (Under)
	£	£	£	£
Replacement of roofing and canopies	199,263	279,890	0	(279,890)
Alterations to chapel	124,224	115,808	106,158	(9,650)
Alterations to chapel doors	20,395	18,962	17,382	(1,580)
Alterations to waiting room	133,458	124,079	113,741	(10,338)
Alterations to external waiting area	64,240	59,726	54,750	(4,976)
Alterations to crematoria heating	12,000	11,157	10,227	(930)
Alterations to toilet area	66,856	62,158	56,616	(5,542)
Total	620,436	671,780	358,874	(312,906)

The cost of the Phase 3 Redevelopment Works is being financed from the Major Capital Works Earmarked Reserve. The final outturn shows an underspend of (£312,906), which is (£33,016) more than the provisional outturn reported to the Joint Committee on 27 April 2016.

The replacement of the roofing and canopies will be completed in early 2016/17 and (£279,890) will be carried forward from the underspend to finance these works. The remaining (£33,016) relates to an underspend on the Phase 3 design fees and will remain in the Major Capital Works reserve to fund future planned works.

8.6 Earmarked Reserves

Contributions from the earmarked reserves are **(£474,910)** 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** was required as part of the final accounts process. This resulted in a net transfer from the Major Capital Works Reserve of **(£60,537)**.

The retained reserves of the CDCJC at 31 March 2016 is **£1,022,096** along with a General Reserve of **£432,705**, giving a total reserves and balances position of **£1,454,801** at the year end. This represents an in-year decrease of **(£4,832)**.

Recommendations and Reasons

9. It is recommended that:

- (i) Members note the revenue and capital outturn position as at 31 March 2016, including the year end position with regards to the reserves and balances of the Joint Committee.
- (ii) Members of the Joint Committee approve Section 1 – Governance Statement 2015/16 of the Joint Committees Return for the financial year ended 31 March 2016 (attached at Appendix 3).
- (iii) Members of the Joint Committee approve Section 2 – Accounting Statements 2015/16 of the Joint Committees Return for the financial year ended 31 March 2016 (attached at Appendix 3).
- (iv) The Chair, Clerk and Treasurer sign the Joint Committees Return for the financial year ended 31 March 2016 (attached at Appendix 3).

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Appendix 1: Implications

Finance

Full details of the 2015/16 outturn financial performance of the Central 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 outturn has been produced taking into consideration all spend in year and year end accounting requirements. This, together with the information supplied by the Bereavement Services Manager, should mitigate any risks with regards to challenge and review of the financial outturn position of the Joint Committee.

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.

Appendix 2

Central Durham Crematorium Joint Committee

Balance Sheet as at 31st March 2016

31st March 2015 £000		31st March 2016 £000
2,899	Property, Plant & Equipment	2,682
0	Intangible Assets	0
0	Long Term Investments	0
0	Long Term Debtors	0
2,899	Long Term Assets	2,682
500	Short Term Investments	500
0	Inventories	2
249	Short Term Debtors	90
731	Cash & Cash Equivalents	918
1,480	Current Assets	1,510
(176)	Short Term Borrowing	(182)
(21)	Short Term Creditors	(56)
0	Provisions	0
(197)	Current Liabilities	(238)
0	Long Term Creditors	0
0	Provisions	0
(975)	Long Term Borrowing	(793)
0	Other Long Term Liabilities	0
(975)	Long Term Liabilities	(793)
3,207	NET ASSETS	3,161
1,459	Usable Reserves	1,454
1,748	Unusable Reserves	1,707
3,207	TOTAL RESERVES	3,161