

Central Durham Crematorium Joint Committee

25 January 2017

Financial Monitoring Report – Position at 31/12/16, with Projected Revenue and Capital Outturn at 31/03/17



Joint Report of Ian Thompson – Corporate Director: Regeneration and Local Services; John Hewitt – 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 2016 to 31 December 2016, together with an updated forecast of the 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 2016 and updated forecast outturn position at 31 March 2017, taking into account the updated forecast 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 Regeneration and Local 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:

Subjective Analysis	Base Budget 2016/17 £	Year to Date Actual April – December £	Forecast Outturn 2016/17 £	Variance Over/ (Under) £
Employees	237,764	153,655	244,754	6,990
Premises	266,690	176,261	228,944	(37,746)
Transport	2,700	1,145	2,700	0
Supplies & Services	97,300	72,920	103,008	5,708
Agency & Contracted	10,100	5,625	9,414	(686)
Capital Charges	213,738	0	213,738	0
Central Support Costs	36,150	36,150	36,150	0
Gross Expenditure	864,442	445,756	838,708	(25,734)
Income	(1,550,750)	(1,156,234)	(1,670,385)	(119,635)
Net Income	(686,308)	(710,478)	(831,677)	(145,369)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	248,058	0	393,427	145,369
- 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	162,500	325,000	0
20% Spennymoor Town Council	81,250	60,938	81,250	0

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2016 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2017 £
General Reserve	(432,705)	(438,770)	406,250	(465,225)
Masterplan Memorial Garden	(46,250)	(5,000)	0	(51,250)
Major Capital Works	(857,846)	(393,427)	473,127	(778,147)
Cremator Reline Reserve	(110,000)	(25,000)	78,500	(56,500)
Small Plant	(8,000)	(2,000)	0	(10,000)
Total	(1,454,801)	(864,197)	957,877	(1,361,122)

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 £831,677 against a budgeted surplus of £686,308, £145,369 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 **£6,990**, in relation to employee costs. The reasons for this are identified below:

- Unbudgeted employer pension contributions backdated to 2004 relating to a medical practitioner will result in an overspend of **£14,800**.
- Delays in filling the Trainee Crematorium Operative post will result in an underspend of **(£7,210)**.
- The training budget is projected to be underspent by **(£600)**.

7.2 *Premises*

The outturn shows a forecast underspend of **(£37,746)** in relation to premises costs. The reasons for this are identified below:

- A successful appeal against the rateable value of the Crematorium last year, after the budget had been agreed has resulted in a revised Business Rate charge in 2016/17 of £60,783 compared to the budget of £89,000, a saving of **(£28,217)**.
- Gas expenditure is forecast to under spend by **(£4,684)** due to falling gas prices.
- Cremator servicing and repairs is projected to underspend by **(£1,395)**.
- Cremator hearth reline budget of **(£3,450)** is not to be utilised this year as this will be completed within the main Cremator reline.

7.3 *Supplies and Services*

The outturn shows a forecast over spend of **£5,708** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the increase in the Book of Remembrance and Memorial sales, the associated costs will also be overspent by **£2,822**.

- 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**.
- Other general office costs including printing and stationary are expected to overspend by **£559**.

7.4 *Agency and Contracted*

The outturn shows a forecast underspend of **(£686)** in relation to agency and contracted services costs. This relates to savings on Refuse Collection charges, which will be **(£686)** lower than budget.

7.5 *Income*

An increase in income of **(£119,635)** from the 2016/17 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 **(£6,882)**;
- The outturn includes a forecast additional 209 cremations compared to the budget, totalling an increased income to budget of **(£91,650)**. The outturn allows for a total of 2,409 cremations against a budgeted 2,200 during 2016/17.
- Miscellaneous sales and Book of Remembrance entries are anticipated to be higher than budget resulting in additional income of **(£7,519)**.
- The annual cremation abatement payment from CAMEO is forecast to be **(£13,584)** greater than the budgeted amount. The budget was based upon the tradeable mercury abated cremations (tmacs) rate of £10.00, however it is now forecast to be paid at a tmac rate of £15.00.

8. *Capital Programme*

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

Phase 3 & 4 Redevelopment Works	Base Budget 2016/17 £	Year to Date Actual April - Aug £	Probable Outturn 2016/17 £	Variance Over/ (Under) £
Replacement of copper roofing and canopies	279,890	277,041	279,890	0
Tarmac roads and car park bays	38,850	0	38,850	0
Carry out Re-lining of cremators x 3	110,300	39,250	78,500	(31,800)
Replacement of coffin charger	40,000	0	40,000	0
Replacement of ride on grass cutter	15,000	14,639	14,639	(361)
Carry out creation of staff car parking area	82,000	8,213	67,228	(14,772)
Total	566,040	339,143	519,107	(46,933)

The cost of the Redevelopment Works is being financed from the Major Capital Works and Cremator Reline Earmarked Reserves. One of the cremators is now planned to be relined in 2017/18, resulting in an underspend of (£31,800) which will be carried forward into the 2017/18 capital budget. The creation of the staff car parking area is expected to underspend by (£14,772).

9. *Earmarked Reserves*

Contributions to the earmarked reserves are forecast as **(£145,369)** more than originally budgeted, primarily due to additional unbudgeted income arising from the additional cremations forecast compared to budget in 2016/17 and the reduction in Business Rates.

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 **£32,520** is required. This results in a net transfer from the Major Capital Works Reserve of **(£79,700)**.

The retained reserves of the CDCJC at 31 March 2016 are forecast to be **£895,897** along with a General Reserve of **£465,225**, giving a forecast total reserves and balances position of **£1,361,122** at the year end.

Recommendations and Reasons

10. It is recommended that:

- Members note the April to December 2016 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2017, including the projected year position with regards to the reserves and balances of the Joint Committee.

Contact: Paul Darby, Head of Financial and HR 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.