

Central Durham Crematorium Joint Committee

26 April 2017

Financial Monitoring Report – Provisional Outturn as at 31 March 2017



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 March 2017, 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 2016 and forecast final position at 31 March 2017, taking into account the updated 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 Regeneration and Local Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers regular 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 2016/17 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 2017:

Subjective Analysis	Base Budget 2016/17 £	Year to Date Actual April – March £	Provisional Outturn 2016/17 £	Variance Over/ (Under) £
Employees	237,764	242,682	242,682	4,918
Premises	266,690	219,970	225,070	(41,620)
Transport	2,700	1,748	1,748	(952)
Supplies & Services	97,300	89,859	100,798	3,498
Agency & Contracted	10,100	6,914	9,948	(152)
Capital Charges	213,738	213,738	213,738	0
Central Support Costs	36,150	36,150	36,150	0
Gross Expenditure	864,442	811,061	830,134	(34,308)
Income	(1,550,750)	(1,621,062)	(1,643,629)	(92,879)
Net Income	(686,308)	(810,001)	(813,495)	(127,187)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	248,058	0	375,245	127,187
- 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)	(375,245)	379,313	(853,778)
Cremator Reline Reserve	(110,000)	(25,000)	78,500	(56,500)
Small Plant	(8,000)	(2,000)	0	(10,000)
Total	(1,454,801)	(846,015)	864,063	(1,436,753)

Explanation of Significant Variances between Original Budget and Forecast Outturn

7. As can be seen from the table above, the projected revenue outturn is indicating a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £813,495 against a budgeted surplus of £686,308, £127,187 more than the budgeted position.
8. This compares with the previously forecast position, based on income and expenditure to 31 December 2016, as reported to the Joint Committee on 25 January 2017, of 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. A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:
 - Employee costs are (£2,072) lower than projected at quarter 3 due mainly to reduced overtime working.
 - General Premises costs are (£3,874) lower than projected.
 - Transport costs relating to mileage expenses are (£952) lower than projected.
 - General Supplies and Service costs are (£2,210) lower than projected.
 - Agency and Contracted Services are £534 higher than projected due to increased cremation register costs.
 - Income is £26,756 lower than forecast due mainly to the year on year increase in cremations for the final quarter of the year being lower than projected.
9. The following section outlines the reasons for any significant budget 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 yet received from utility companies
 - Medical Referee fees for the final quarter
 - CAMEO income

8.1 *Employees*

The outturn shows an over spend of **£4,918**, in relation to employee costs. The reasons for this are identified below:

- Unbudgeted employer pension contributions backdated to 2004 relating to a medical practitioner have resulted in an overspend of **£14,800**.
- Delays in filling the Trainee Crematorium Operative post will result in an underspend of **(£9,282)**.
- The training budget has underspent by **(£600)**.

8.2 Premises

The outturn shows a forecast underspend of **(£41,620)** 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 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)**.
- Utilities expenditure is forecast to under spend by **(£5,725)**.
- Cremator repairs and servicing budgets underspent by **(£6,173)**.
- Cremator hearth reline budget of **(£3,450)** was not utilised in the year and was completed within the main Cremator reline.
- Drainage repair budget overspent by **£9,148** due to the issues highlighted earlier in the Quarterly Performance and Operational report.
- Tree works and Hedge trimming budgets have not been required in 2016/17, resulting in an underspend of **(£3,000)**.
- Other miscellaneous premises budgets underspent by **(£4,203)**.

8.3 Supplies and Services

The outturn shows a forecast over spend of **£3,498** in relation to supplies and services costs. The reasons for this are identified below:

- General office costs including printing, stationery and office equipment are expected to overspend by **£3,498**.

8.4 Agency and Contracted

The outturn shows a forecast underspend of **(£152)** in relation to agency and contracted services costs which relates mainly to savings on Refuse Collection charges.

8.5 Income

An increase in income of **(£92,879)** 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. was greater than budget, generating additional income of **(£3,313)**;
- The outturn includes an additional 124 cremations compared to the budget, totalling an increased income to budget of **(£66,740)**. The outturn allows for a total of 2,324 cremations against a budgeted 2,200 during 2016/17.

- Miscellaneous sales and Book of Remembrance entries were higher than budget resulting in additional income of **(£9,355)**.
- The annual cremation abatement payment from CAMEO is forecast to be **(£13,471)** 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.

10. Capital Programme

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

	Base Budget 2016/17 £	Provisional Outturn 2016/17 £	Variance Over/ (Under) £
Phase 3 & 4 Redevelopment Works			
Replacement of copper roofing and canopies	279,890	277,184	(2,706)
Tarmac roads and car park bays	38,850	0	(38,850)
Carry out Re-lining of cremators x 3	110,300	78,500	(31,800)
Replacement of coffin charger	40,000	0	(40,000)
Replacement of ride on grass cutter	15,000	14,639	(361)
Carry out creation of staff car parking area	82,000	54,970	(27,030)
Total	566,040	425,293	(140,747)

The cost of the Redevelopment Works is being financed from the Major Capital Works and Cremator Reline Earmarked Reserves. The outturn shows a forecast underspend of **(£140,747)** and the main reasons for this are identified below:

- The tarmacking of the roads and car park bays has been delayed due to the repairs required to the drains and will now be completed in 2017/18, resulting in an underspend of **(£38,850)** which will be carried forward into the 2017/18 capital budget.
- One of the cremators will now be relined in 2017/18, resulting in an underspend of **(£31,800)** which will be carried forward into the 2017/18 capital budget.
- The coffin charger was replaced on a like for like basis at no additional cost to the Committee, resulting in an underspend of **(£40,000)**.
- The creation of the staff car parking area was not completed by the end of March, resulting in an underspend of **(£27,030)** which will be carried forward into the 2017/18 capital budget.

10. Earmarked Reserves

Contributions to the earmarked reserves are forecast as **(£127,187)** 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 **(£4,068)**.

The retained reserves of the CDCJC at 31 March 2016 are forecast to be **£971,528** along with a General Reserve of **£465,225**, giving a forecast total reserves and balances position of **£1,436,753** at the year end.

Recommendations and Reasons

11. It is recommended that:

- Members note the April to March 2017 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.

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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.

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