

Central Durham Crematorium Joint Committee

31 January 2018

Financial Monitoring Report – Position at 31/12/17, with Projected Revenue and Capital Outturn at 31/03/18



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 2017 to 31 December 2017, together with an updated forecast revenue and capital outturn position for 2017/18, 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 2017 and the updated forecast outturn position at 31 March 2018, taking into account expenditure to date and forecasts to the year end.

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 2017/18 £	Year to Date Actual April – December £	Forecast Outturn 2017/18 £	Variance Over/ (Under) £
Employees	254,004	179,083	242,099	(11,905)
Premises	322,643	261,591	318,094	(4,549)
Transport	2,700	1,198	1,597	(1,103)
Supplies & Services	108,650	73,634	113,700	5,050
Agency & Contracted	8,800	4,246	8,617	(183)
Capital Charges	213,738	13,446	213,738	0
Central Support Costs	37,800	37,800	37,800	0
Gross Expenditure	948,335	570,998	935,644	(12,690)
Income	(1,558,500)	(1,074,425)	(1,613,716)	(55,216)
Net Income	(610,165)	(501,577)	(678,072)	(67,906)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	180,915	0	248,417	67,501
- Cremator Reline Reserve	25,000	0	25,000	0
- Small Plant	(7,000)	0	(6,595)	405
Distributable Surplus	(406,250)	0	(406,250)	0
80% Durham County Council	325,000	243,750	325,000	0
20% Spennymoor Town Council	81,250	60,938	81,250	0

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2017 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2018 £
General Reserve	(465,225)	(408,575)	406,250	(467,550)
Masterplan Memorial Garden	(51,250)	(5,000)	0	(56,250)
Major Capital Works	(851,667)	(248,417)	42,651	(1,057,433)
Cremator Reline Reserve	(56,500)	(25,000)	18,000	(63,500)
Small Plant	(10,000)	(2,000)	8,595	(3,405)
Total	(1,434,642)	(688,992)	475,496	(1,648,138)

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 £678,072 against a budgeted surplus of £610,165, £67,906 more than the budgeted position. This compares to the previous forecast, based on the position to 31 August 2017 that was reported to the CDCJC in September, where a surplus of £626,008, £15,842 more than the budgeted position was reported.
7. The improved position relates to efficiencies / underspending against expenditure budgets of £28,108 and additional income forecasted at £23,956. The following section outlines the reasons for any significant variances against the 2017/18 budget by subjective analysis area:

7.1 *Employees*

The updated outturn forecast indicates an underspend of **(£11,905)**, in relation to employee costs. The reasons for this are identified below:

- Employer pension contributions are forecast to underspend by **(£6,654)** due to some staff not joining the pension scheme.
- Employer national insurance relating to medical practitioner fees is projected to underspend by **(£3,611)**.
- Pension Increase costs are forecast to underspend by **(£1,640)** due to a former district employees death.

7.2 *Premises*

The updated outturn forecast shows an underspend of **(£4,549)** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to redecoration works and the purchase of a lectern and mowing machine will be underspent by **(£1,105)**.
- The one off replacement pathway budget will be underspent **(£11,774)**.
- The cremator hearth reline budget of **(£3,890)** will not to be utilised as the works will now be completed within the main Cremator reline.
- Electricity, Gas and Water are forecast to be underspent by **(£9,000)** due to lower consumption rates and prices than what was built into the budget estimates.
- Cremator servicing, plant replacement and repairs is forecast to underspend by **(£8,375)** as less work was required this year than expected.
- Drainage works are forecast to overspend by **£29,595**. Members approved unbudgeted spending of £25,945 for these emergency works at the June 2017 meeting, but some additional works were required following the removal of tree roots from the pipework, resulting in a final cost of £29,595.

7.3 *Supplies and Services*

The updated outturn forecast shows an overspend of **£5,050** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the projected increase in cremations (highlighted later within the income section of the report), medical referee expenditure is projected to overspend by **£1,469**.
- Other general office costs such as telephones, printing and stationery are expected to overspend by **£4,499**.
- One off SAMP budgets relating to the purchase of a weed ripping machine and coffee machine will be underspent by **(£918)**.

7.4 *Income*

An overachievement of income of **(£55,216)** from the 2017/18 budget is included within the 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 **(£11,115)**.
- CAMEO income is underachieved by **£13,749** due to a reduced Tradable Mercury Abated cremations (TMAC) charge of £9.95 compared to the estimate of £15. TMAC rates have reduced significantly since 2013 from £36.39 to the current rate of £15 in 2016.
- The outturn includes a forecast additional 89 cremations compared to the budget, totalling an increased income to budget of **(£57,850)**. The outturn allows for an estimated 2,289 cremations against a budgeted 2,200 during 2017/18.

8. *Capital Programme*

The following table highlights the forecast capital outturn for the Central Durham Crematorium:

Phase 3 Redevelopment Works	Base Budget 2017/18 £	Revised Budget 2017/18 £	Year to Date Actual April - Dec £	Forecast Outturn 2017/18 £	Variance to Revised Budget Over/ (Under) £
Tarmac roads and car park bays	0	38,850	0	38,850	0
Carry out Re-lining of cremators x 1	31,800	31,800	0	18,000	(13,800)
Carry out creation of staff car parking area	0	27,030	1,476	1,476	(25,554)
Total	31,800	65,880	1,476	58,326	(39,354)

The cost of the Redevelopment Works is being financed from the Major Capital Works and Cremator Reline Earmarked Reserves. The outturn shows a projected underspend of **(£39,354)** and the reason for this is identified below:

- A full relining of cremator 3 is not yet required following a survey and it will instead be repaired, resulting in an underspend of **(£13,800)**
- The staff car parking area development commenced in 2016/17 and the final account in the current year resulted in a significant underspend of **(£25,554)**.

9. *Earmarked Reserves*

Contributions to the earmarked reserves are forecast as **£41,380** more than originally budgeted, primarily due to phase 3 redevelopment works being carried forward from 2016/17.

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 **£2,325** is required. This results in a net transfer to the Major Capital Works Reserve of **£205,766**.

The retained reserves of the CDCJC at 31 March 2017 are forecast to be **£1,180,588** along with a General Reserve of **£467,550**, giving a forecast total reserves and balances position of **£1,648,138** at the year end.

Recommendations and Reasons

10. It is recommended that:-

- Members note the April to December 2017 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2018, 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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