

Central Durham Crematorium Joint Committee

25 April 2018

Financial Monitoring Report – Provisional Outturn as at 31 March 2018



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 March 2018, together with the provisional 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 forecast final position at 31 March 2018, 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 2017/18 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 2018:

Subjective Analysis	Base Budget 2017/18 £	Year to Date Actual April – March £	Provisional Outturn 2017/18 £	Variance Over/ (Under) £
Employees	254,004	237,996	240,096	(13,907)
Premises	322,643	314,762	333,254	10,611
Transport	2,700	1,503	1,503	(1,197)
Supplies & Services	108,650	116,434	116,513	7,863
Agency & Contracted	8,800	7,954	8,277	(523)
Capital Charges	213,738	213,737	213,738	0
Central Support Costs	37,800	37,800	37,800	0
Gross Expenditure	948,335	930,188	951,181	2,846
Income	(1,558,500)	(1,605,632)	(1,613,724)	(55,224)
Net Income	(610,165)	(675,444)	(662,543)	(52,377)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	180,915	0	197,888	16,972
- Cremator Reline Reserve	25,000	0	60,000	35,000
- Small Plant	(7,000)	0	(6,595)	405
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 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)	(197,888)	3,801	(1,045,754)
Cremator Reline Reserve	(56,500)	(60,000)	20,045	(96,455)
Small Plant	(10,000)	(2,000)	8,595	(3,405)
Total	(1,434,642)	(673,463)	438,691	(1,669,414)

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 £663,073 against a budgeted surplus of £610,165, £52,908 more than the budgeted position.
8. This compares with the previously forecast position, based on income and expenditure to 31 December 2017, as reported to the Joint Committee on 31 January 2018, of 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. A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:
 - Employee costs are (£2,003) lower than projected at quarter 3 due mainly to reduced overtime working.
 - General Premises costs are £15,034 higher than previously projected.
 - Transport costs relating to mileage expenses are (£94) lower than previously projected.
 - General Supplies and Service costs are £2,730 higher than previously projected.
 - Agency and Contracted Services are (£663) lower than previously projected.
 - Income is (£8) higher than previously 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 under spend of **(£13,907)**, in relation to employee costs. The reasons for this are identified below:

- The training budget has underspent by **(£1,085)** due to modules not being completed this year.
- Employer pension contributions are underspent by **(£6,591)** due to some staff not joining the pension scheme.
- Employer national insurance relating to medical practitioner fees is underspent by **(£2,206)**.

- Pension Increase costs are underspent by **(£1,639)** due to a former district employees death.
- Overtime costs are underspent by **(£2,386)** due to a reduction in overtime hours worked.

8.2 Premises

The outturn shows a forecast overspend of **£10,611** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to redecoration works, purchase of a lectern, replacement of shrub beds and purchase of a mowing machine underspent by **(£2,295)**.
- The one off replacement pathway budget underspent by **(£5,001)**. In January 2018 it was forecast that this budget line would underspend by (£11,774).
- The cremator hearth reline budget of **(£3,890)** was not utilised as the works were completed within the main Cremator reline.
- The replacement of office windows overspent by **£1,510** as the incorrect glass was initially installed and needed to be corrected.
- Utilities expenditure is forecast to under spend by **(£4,778)** due to lower consumption rates and prices than what was built into the budget estimates.
- Cremator repairs and servicing budgets overspent by **£4,679**. In January 2018 it was forecast that this budget line would underspend by (£8,375).
- Plant and equipment servicing and repairs underspent by **(5,173)**.
- Tree works and Hedge trimming budgets underspent by **(£2,350)**.
- Other miscellaneous premises budgets are forecast to underspend by **(£1,686)**.
- Drainage works are overspent 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.

8.3 Supplies and Services

The outturn shows a forecast over spend of **£7,863** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the increase in cremations (highlighted later within the income section of the report), medical referee expenditure is overspent by **£1,551**.

- Printing and stationery budgets overspent by **£4,004**
- General office costs including telephones and office equipment overspent by **£3,226**.
- One off SAMP budgets relating to the purchase of a weed ripping machine and coffee machine underspent by **(£918)**.

8.4 Agency and Contracted

The outturn shows an underspend of **(£523)** in relation to agency and contracted services costs which relates mainly a reduction in audit fees from previous years.

8.5 Income

An increase in income of **(£55,224)** from the 2017/18 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 **(£9,933)**;
- The outturn includes an additional 94 cremations compared to the budget, totalling an increased income to budget of **(£50,579)**. The outturn allows for a total of 2,294 cremations against a budgeted 2,200 during 2017/18.
- Miscellaneous sales and Book of Remembrance entries were higher than budget resulting in additional income of **(£8,762)**.
- CAMEO income underachieved by **£14,050** 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.

10. Capital Programme

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

	Base Budget 2017/18 £	Revised Budget 2017/18 £	Year to Date Actual April - Mar £	Forecast Outturn 2017/18 £	Variance to Revised Budget Over/ (Under) £
Phase 3 Redevelopment Works					
Tarmac Roads and car park bays	0	38,850	0	0	(38,850)
Carry out relining of cremators x 1	31,800	31,800	20,045	20,045	(11,755)
Carry out creation of staff car parking area	0	27,030	1,476	1,476	(25,554)
Total	31,800	65,880	21,521	21,521	(76,159)

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 **(£76,159)** and the main reasons for this are identified below:

- The tarmacing of the roads and car park bays has been delayed due to bad weather over the last few months and work only being able to take place on a weekend. This will now be completed in 2018/19, resulting in an underspend of **(£38,850)** which will be carried forward into the 2018/19 capital budget.
- A full relining of cremator 3 is not yet required following a survey and it was instead repaired, resulting in an underspend of **(£11,755)**
- 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)**.

10. *Earmarked Reserves*

Contributions to the earmarked reserves are forecast as **£62,656** more than originally budgeted, due mainly to the additional cremations carried out throughout the year.

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 from the Major Capital Works Reserve of **£194,087**.

The retained reserves of the CDCJC at 31 March 2017 are forecast to be **£1,201,864** along with a General Reserve of **£467,550**, giving a forecast total reserves and balances position of **£1,669,414** at the year end.

Recommendations and Reasons

11. It is recommended that:

- Members note the April to March 2018 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.