

Central Durham Crematorium Joint Committee

27 June 2018

Revenue Outturn and Joint Committees Annual Return for the Financial Year Ended 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 seeks approval of the Joint Committees Annual Return (attached at Appendix 3) for Central Durham Crematorium Joint Committee for the financial year ended 31 March 2018. The report also includes details of the final outturn position against the approved budgets for 2017/18.

Background

2. The Joint Committees Annual Return will be subject to external audit by the Joint Committee's appointed external auditors, Mazars LLP and the limited assurance audit will commence on 6 July 2018. 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 Annual Return is not compulsory for the Central Durham Crematorium Joint Committee but is good practice. Also attached for Member's attention at Appendix 2 is the Balance Sheet as at 31 March 2018.

Financial Outturn 2017/18

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 25 April 2018.
5. The following table shows the final outturn position together with comparative data against the provisional outturn report considered on 25 April 2018:

Subjective Analysis	Base Budget 2017/18 £	Outturn 2017/18 £	Variance Over/ (Under) £	MEMO- Provisional Outturn (25.4.17) 2017/18 £
Employees	254,004	240,096	(13,908)	240,096
Premises	322,643	334,314	11,671	333,254
Transport	2,700	1,503	(1,197)	1,503
Supplies & Services	108,650	117,119	8,469	116,513
Agency & Contracted	8,800	8,277	(523)	8,277
Capital Charges	213,738	213,738	0	213,738
Central Support Costs	37,800	37,800	0	37,800
Gross Expenditure	948,335	952,847	4,512	951,181
Income	(1,558,500)	(1,613,380)	(54,880)	(1,613,724)
Net Income	(610,165)	(660,533)	(50,368)	(662,543)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	5,000	0	5,000
- Major Capital Works	180,915	195,878	14,963	197,888
- Cremator Reline Reserve	25,000	60,000	35,000	60,000
- Small Plant	(7,000)	(6,595)	405	(6,595)
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 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)	(195,878)	3,801	(1,043,744)
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)	(671,453)	438,691	(1,667,404)

The Outturn

6. The final outturn position is broadly in line with the provisional outturn reported to the Joint Committee on 25 April 2018 with only minor changes across a number of budget levels at the final outturn (a £2,010 decrease to the previously reported position) 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 underspend of **(£13,908)**, 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 **(£2,387)** due to a reduction in overtime hours worked

8.2 *Premises*

The outturn shows an overspend of **£11,671** 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 underspent by **(£4,816)** 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 underspent by **(£588)**.
- 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 an overspend of **£8,469** 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 **£3,832**.
- 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 to a reduction in audit fees from previous years.

8.5 *Income*

An increase in income of **(£54,880)** from the 2017/18 budget is included within the final outturn. The main reasons are detailed below:

- The sale of large plaques, vase blocks, columbaria units and seats etc. was greater than budget, generating additional income of **(£9,659)**;
- 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 **(£8,691)**.

- 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.

8. Capital Programme

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

	Base Budget 2017/18 £	Revised Budget 2017/18 £	Outturn 2017/18 £	Variance Over/ (Under) £
Phase 3 Redevelopment Works				
Tarmac Roads and car park bays	0	38,850	0	(38,850)
Carry out relining of cremators x 1	31,800	31,800	20,045	(11,755)
Carry out creation of staff car parking area	0	27,030	1,476	(25,554)
Total	31,800	65,880	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 an underspend of **(£76,159)** and the main reasons for this are identified below:

- The tarmac of the roads and car park bays was delayed due to bad weather in February / March and work only being able to take place on a weekend. This will now be completed in 2018/19. The underspend of **(£38,850)** in 2017/18 has been 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 were **£60,647** more than originally budgeted in the year, primarily due to additional unbudgeted income arising from the additional cremations compared to budget in 2017/18.

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** was required at year end. This results in a net transfer from the Major Capital Works Reserve of **(£192,077)**.

The retained reserves of the CDCJC at 31 March 2018 are **£1,199,854** along with a General Reserve of **£467,550**, giving a total reserves and balances position of **£1,667,404** at the year end. This represents an in-year increase of **£232,762** (approximately 16.2% over the balances held at 31 March 2017).

Recommendations and Reasons

11. It is recommended that:

- (i) Members note the revenue outturn position as at 31 March 2018, 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 – Annual Governance Statement 2017/18 of the Joint Committees Annual Return for the financial year ended 31 March 2018 (attached at Appendix 3).
- (iii) Members of the Joint Committee approve Section 2 – Accounting Statements 2017/18 of the Joint Committees Annual Return for the financial year ended 31 March 2018 (attached at Appendix 3).
- (iv) The Chair, Clerk and Treasurer sign the Joint Committees Annual Return for the financial year ended 31 March 2018 (attached at Appendix 3).

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Appendix 1: Implications

Finance

Full details of the 2017/18 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 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 2018

31st March 2017 £000		31st March 2018 £000
2,559	Property, Plant & Equipment	2,640
0	Intangible Assets	0
0	Long Term Investments	0
0	Long Term Debtors	0
2,559	Long Term Assets	2,640
500	Short Term Investments	500
2	Inventories	2
90	Short Term Debtors	73
898	Cash & Cash Equivalents	1,175
1,490	Current Assets	1,750
(188)	Short Term Borrowing	(195)
(56)	Short Term Creditors	(83)
0	Provisions	0
(244)	Current Liabilities	(278)
0	Long Term Creditors	0
0	Provisions	0
(605)	Long Term Borrowing	(410)
0	Other Long Term Liabilities	0
(605)	Long Term Liabilities	(605)
3,200	NET ASSETS	3,702
1,435	Usable Reserves	1,667
1,765	Unusable Reserves	2,035
3,200	TOTAL RESERVES	3,702