

# Agenda

## Cyd-Bwyllgor Amlosgiad Gwell Gwent

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Date: Dydd Mercher, 19 Ionawr 2022

Time: 10.00 am

To: Councillors J Taylor (Cadeirydd), J Hughes, Councillor R Jeavons, S Evans, K Williams, Pratt, J Simmonds, Meredith and Moore

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Item		Wards Affected
1	<u>Ymddiheuriadau dros Absenoldeb</u>	
2	<u>Datganiadau o ddiddordeb</u>	
3	<u>Cofnodion y Cyfarfod Diwethaf (Tudalennau 3 - 14)</u>	
4	<u>Ffurflen Flynyddol wedi'i hailddatgan 2020-21 a Llythyr Clo Archwilio Cymru (Tudalennau 15 - 28)</u>	All Wards
5	<u>Adolygiad o Berfformiad Cyllideb 2021-22 a Chynigion Cyllideb 2022-23 (Tudalennau 29 - 42)</u>	All Wards
6	<u>Rheoli Cyfleusterau</u> To receive an oral update from the Newport Norse representative	
7	<u>Adroddiad y Trefnydd Angladdau</u> To consider any issues raised by local Funeral Directors	
8	<u>Adroddiad y Rheolwr (Tudalennau 43 - 44)</u>	All Wards
9	<u>Digwyddiad Byw</u> <a href="#">Join live event</a>	

Contact: Meryl James, Swyddog Llywodraethu

Tel:

E-mail:

Date of Issue: Date Not Specified

All meeting recordings can be found [here](#).

Mae'r dudalen hon yn wag yn



MP informed the Committee that Egni Co-op energy group approached Newport City Council back in 2018 with their proposal to install roof mounted solar panels on a number of their buildings. A business appraisal was carried out and this particular community ownership method was considered to be more effective than the Council doing it themselves internally.

Over the past 18 months, 27 sites have had roof mounted solar panel systems, increasing the energy generating capacity of Newport City Council, rising from 35kW to 2300kW. The Officer explained to give an idea of this scale; this would be 390 individual panels to 7000 panels. This was only possible by using this community energy model due to the lack of the Council's internal resource to be able to manage that scale of work in such a short space of time.

#### The Arrangement

The Officer ran through the arrangement of the Community Energy Ownership Model and how it works. Torfaen County Borough Council were the legal owners of the Crematorium and they would be required to grant a 21 year Lease for roof space to the energy community group. However, there would be a back-to-back agreement between Torfaen and Newport City Council, as the managers of the building, to comply with the landlord's obligations in the lease and to indemnify Torfaen accordingly. A long-term Power Purchase Agreement would be put in place to sell power from the panels to Joint Committee at a favourable rate, which was guaranteed to be less than the current energy tariffs. Egni Co-op will undertake all maintenance for the 21-year period and cover the costs of all of the necessary insurances. If for some reason, the panels need to be removed for works during the 20-year period, Egni Co-op will pay for them to be taken down and re-instated during the term of the Lease. Once the 21-year Lease has finished, Egni Co-op can either transfer ownership of the installation to the Joint Committee or remove the installation at their cost.

In doing so, the Joint Committee would receive the full benefit from the solar panels from that point.

There is an option to buy out the whole system during the Lease, if it is felt better value for money. It was noted that the Gwent Crematorium would be paying 10% below the day time tariff from the current energy provider for electricity generated by the solar panels.

The Project Team would oversee the installation of the roof solar panels at Gwent Crematorium as they have done with the 27 other Newport sites. The benefits would be carbon savings and financial savings, which would directly benefit Newport City Council as they pay the bills for the Gwent Crematorium but that would reduce the operating costs to the Joint Committee and increase any profit share or distribution to the other authorities.

#### Egni Co-op – Community Organisation

Egni Co-op is a community organisation which funds and manages the installation of solar panels in Wales. Their main aim is to reduce carbon emissions, engage people in climate action and are not necessarily about making profit. They have over 3 megawatts on roofs across Wales on a range of different buildings. That community group would manage the installation from a client's perspective in terms of health and safety.

#### Proposal Design

MP presented the proposal design for the installation. It would be 99 solar panels with 50 power optimisers and 1 inverter. It would have a 36kWp array, the site could take more but they are restricted by the roof space. Two different roof types, which are flat and pitched so there will be a requirement for different mounting techniques.

### Benefits of the Project

MP highlighted benefits from this project as the Joint Committee could realise revenue savings for the site from year one, with guaranteed reduced electricity rates through the Power Purchase Agreement and at no cost to the joint committee for signing up.

It would class as permitted development as it is less than 0.5 hectares and would conform to the design requirements as listed in the Town and Country Planning Act.

The Officer also went into detail with regard to procurement and delivery of the installation, there would be an agreed contract variation on the existing contract between Newport City Council and Egni Co-op, Newport City Council would act as the contract manager and they have already vetted the installation partner. They have successfully delivered on other sites with Newport alongside other Welsh authorities. Lessons have also been learnt from previous installations to be utilised for this installation and also live data would be provided from the metering system to see how much carbon and financial savings have been made through the installation.

### Risk Mitigations

In relation to the business case that was circulated to the committee, the officer discussed the risk mitigations.

Newport City Council has drafted the Lease to protect the landlord at all times, even to the point where there is a need for a roof repair/replacement. If this would be needed for the crematorium, the solar panel community energy group would pay for the removal and reinstatement of the panels in full for the repair to go ahead.

Another risk could be that if the site is demolished or sold, there is a requirement to buy out those panels as the energy group has no guarantee to sell the electricity back to the site if changed hands. The Committee was informed that this would be deemed a fairly small risk as there is no immediate plan to sell the Gwent Crematorium.

MP had previously discussed the risk of procurement challenge with senior officers and the Head of Law and Regulation. The consensus was that they do not feel there is a risk and that this can be dealt with as an extension and variation to the current contract.

Newport would effectively act on behalf of the Landlord and do the works required to allow the solar panel installation to go ahead. As it can be appreciated that Torfaen may not have the same access to the building if required. Newport would indemnify Torfaen against all liabilities under the Lease.

### Environmental and Financial Perspectives

In summary, from an environmental perspective; allowing the solar panel installation would move the Joint Committee toward the target set by the Welsh Government in terms of renewable energy sectors, with renewable energy being in community ownership and in line for the 2030 public sector target both organisationally and nationally.

From a financial perspective, there is no cost to the joint committee for signing up as the system is owned and operated by the community energy group. The only cost to the committee would be by purchasing the renewable energy from the company, but this will be cheaper than the provider's energy.

The officer explained that revenue savings would be seen from year 1 with guaranteed lower rates through the Power Purchase Agreement. Over twenty years this could come to circa £30,000. From year one they estimate the savings to be around £1800.

Due to the agreed contract variation, there would be a streamlined exercise for delivery for the end of this financial year.

The Chair opened up questions from the Committee for the Carbon Reduction Assistant Manager to answer on the matter.

The Committee asked the following:

- Councillor Jeavons queried if there has been an assessment to determine if the roof is strong enough to take these panels.

The Carbon Reduction Assistant Manager confirmed there will be a structural survey done prior to the panels being installed. They are working in line with Newport Norse to ensure that no major repair work needs to be done before the installation. As this would be counter-productive for the initial repairs needed.

- Councillor Evans asked if they are looking to charge the council on how much energy they use; how would the team know it would be competitive in the market, given the current situation with energy bill prices.

MP responded stating that there would be a guaranteed reduction on what the joint committee or site would be paying the regular electricity provider. For example, instead of paying EDF Energy 15 pence per unit of electricity usually from national grid, the council would be using the energy from the solar panels at a reduced rate, so they would be paying 14 pence, making a saving of 1 pence. That gets extrapolated throughout the year which could be a £2000 saving.

- Councillor Evans commented that energy bill costs usually rise quarterly and unit costs. Would they stay fixed or go up?

MP explained that it would track what the unit rate is from the start of the financial year. For instance, if EDF would go up to 16p the following year due to inflation; there would be a saving of 0.6p.

Karl Donovan (Newport Norse) commented that they have commissioned a contractor to undertake investigative work on the repair of the roof. It will involve a scaffolding on each side of the crematorium. They will not know the full scale of what is wrong with the roof until inspected.

Agreed:

The Committee understood the importance of carbon reduction, and agreed to option 3 of the report.

They agreed to allow the solar panels installation and allow Newport City Council and Egni-co-op to deliver the scheme by the end of this financial year subject to the inspection of the roof being done beforehand.

The Finance Business Partner (JH) presented the budget monitoring position to the Committee as at the end of August.

The officer explained that they are projected to be down on income by £254,000.00. Expenditure will be overspent by £142,000 giving an overall deficit of £396,000 before any distribution.

The agreed budget distribution for this year is currently at £950,000. If the position stays at this projection, with a £396,000 deficit and maintain the current distribution of £950,000, the Joint Committee would be looking at a draw from balances of £874,000.

JH noted with the balances, they currently sit at £1.4 million, taking that £950,000 from it would leave a balance of £562,000. This is the position at end of August so they are hoping this position will improve.

JH advised the projected variances on the premises; the overspend could be largely attributed to some repair work that the council have had to do and on the replacement of a heat exchanger unit and fan for the mercury abatement equipment.

This was necessary as expenditure, without it, two of the cremators would have been inoperable.

There is an increase in the premises costs over the last four years, premises related costs have increased by 44%. The officer stated that this is largely due to the age and nature of the equipment needing replacing and repairing.

The services currently show an underspend of £8000, that tends to be more of independent supplies and services budget. Part of that has been taken off by the fact that the Committee has replaced the visual tributes and the audio upgrade; so they have replaced the audio equipment to give them access for visual tributes. That has been taken out of the supplies and services budget.

The revenue budget is meeting the costs for the full audio upgrade as previously agreed by the Committee to come out of reserves.

The income at the end of August is showing a forecast of £254,000. The officer presented a table to the Committee which showed this is due to a decreasing number of cremations compared to the last period. The officer warned that it is too soon to predict if it will increase.

The risk that the officer reported to the Committee is that there is a projected shortfall of £874,000. In order to ensure the £950,000 distribution is still met, they will have to make a substantial draw on the reserves to maintain that position.

The increase in building costs is because they have replaced the boiler and fan to ensure the operation of the two cremators; this will hopefully reduce the ongoing maintenance costs.

JH reminded the Committee to note the budget monitoring place at the end of August and be mindful of the impact this will have on the reserves held by the Committee when considering the works mentioned in the report.

Comments were welcomed by the Committee.

The Committee asked the following/made the following comments:

- Councillor Jeavons reminded the Committee to take these points into consideration with the exempt item at the end of the agenda before any judgement. Happy to reduce the amount but would like the Committee to consider the last item before making a decision on this.

The Head of Finance (MR) commented as section 151 officer; there are two issues. One is not knowing if the position will get better or not with the paperwork to note which will be discussed later in the meeting for item 9a. It does have the potential to impact on this situation.

When the council set the budgets back then this would be the last year that £952,000 distribution would be affordable, as the situation seems to have worsened since then.

MR explained that they are looking at two broad options; where they could maintain a distribution this year and next year but will have to reduce this year's budget distribution. If not, unless it improves significantly in the last five months of the financial year, then the council would look at a significant reduction in a single year. Those are the two issues. This decision can be taken at the next meeting. £400,000 is a steep position to recover from and anymore issues on premises costs will have to be factored into the position as well.

The Finance Business Partner pointed out the variant in the restated return but advised that the bottom line has not changed. There was a £3940 change between staff costs and other payments. This relates to medical referee fees that were paid via the Council payroll system and transferred into supplies and services to come out of professional fees.

Agreed:

The Committee agreed that they will be mindful of the financial situation that JH explained, when they have to make the decision at the next meeting.

## 6 Visual Tribute Prices

Councillor Jeavons raised this item in order for the committee to look at pricing structure for the visual tributes.

Councillor Jeavons mentioned when the Committee looked at the projected shortfall of a quarter of a million pounds, the visual tributes might help that, as other crematoriums also offer this facility.

It was suggested to the Committee that they should look into this as Councillor Jeavons agreed with the idea of installing the tributes, as it is what visitors want.

The Chair noted that the Gwent Crematorium is slightly cheaper than the other rivals on each of the elements.

This suggestion was noted by the Committee for consideration.

## 7 Funeral Director's Report

Funeral Director sent his apologies therefore nothing to discuss for the current meeting.

## 8 Manager's Report

The Team Manager (PD) noted that memorial sales are always changing but the cremation numbers have become more buoyant. The Gwent Crematorium is currently benefiting from the visual tributes which has proven popular. This option has brought in additional revenue via services. The feedback has been very positive on the visuals that the visitors see.



It also brings in more cremations as there were situations where people would go to other funerals as other places had this facility when the Gwent Crematorium did not.

Numbers for funerals now are very buoyant and the Gwent Crematorium are full almost every day which is good for revenue.

#### Website

Website is very popular due to the reduced face to face interaction from the impact of the pandemic.

#### Installation of Audio Equipment

Everything went to plan with the installation of the audio equipment. The team had a couple of days of down time so had it done at the same time. Therefore the crematorium did not lose more use of the building than they needed to.

The improvement is very popular and has made a huge difference in the chapel.

#### Screen Suggestion by Media Company

A further improvement has been suggested to the Team Manager by the Media Company.

They mentioned that the crematorium could replace the 50 inch screen in their cloister area, with additional wiring work and electric equipment. To be in a position that when visual tributes displayed on the tv screen; rather than seeing just the camera image within the chapel, the cloister screen would show the visual tributes so the full screen would fill up with images of the what pictures the family have suggested.

It was noted that this is certainly something the crematorium's rivals offer.

PD was quoted for £2885 including all of the cabling and installation. No need to do this but if the committee approve it, then the manager could arrange for that to be done.

#### Pricing Structure – discretionary items

The committee already approved the cost for visual tributes but subsequent to that manager has been made aware of other things the crematorium could do but did not know when the installation would be made.

PD noted an important idea for the price list, for the facility to charge £75 for orders placed after the cut off for ordering visual tribute requests (the immediate cut off period is after immediate 72 hours). There is no profit in this, but is a fee the company levy as it causes difficulty of late sending such images. So it would be a case of sending the fee back to the families.

PD suggested to delete the current fees for the recordings of CD's, USB's and DVD's, CDs have never been popular and the media company struggle to make these as most of the staff work from home now.

Suggested to rename these items, retain the £92 fees and offer downloadable files; the same thing but including the visual tributes of family photographs to the downloaded file. No difference in the cost to that. And the offer the same thing with CD's and DVD's but for £92 on top of the other £92 cost for the downloadable files. A unity of cost across the items of what would suit people better.

#### Service Times

The increased service time has proved very popular with the public regarding positive feedback. It has been instrumental in increasing the number of services per month, so it has been successful.

As the crematorium is now offering 45 minute service times, the extension need for services has now gone. The Team Manager proposed that they could drop that option from their service list. They have not been asked for an extension by the public since they increased the service time.

With the offer for memorial service; at the moment the Gwent Crematorium charge £196 for a Memorial Service, where people bring ashes or service has taken place in another crematorium and they do a service with their local families in the Gwent Crematorium.

This takes away the time for a cremation time, therefore increases the waiting time for services; the manager would like to overhaul how they charge for that.

Therefore PD proposed a standard cremation fee £828, remove the cost of an unattended cremation which is £450 which leaves a charge of £378. Which puts our revenue where it should be under normal circumstances. It would add clarity to the pricing structure.

The Crematorium have been successful in keeping the green flag award for the fifth consecutive year. And managed to keep their gold award for the chartered for the bereaved benchman scheme for the third consecutive time.

The move to longer service times and visual tribute prices would add to this and consolidate the Crematorium's position.

#### Mention of Longstanding Staff Member Retirement

The Team Manager informed the Committee that Doctor Brian Wilcox who has been a medical referee at the crematorium since 1982 was taking retirement on this day. He has been titled the longest serving medical referee in the country and has been an enormous asset in running of the crematorium; as well as a great friend and colleague to the team of the crematorium over the years.

The Committee passed on good wishes for his retirement and the committee suggested if they could send a letter to thank him for his services over the several years.

#### Agreed:

1. The Committee approved of the quoted cost of £2885 for allowing the works to relay visual tributes on the screen.
2. The Committee agreed and approved of the change of the CDs/DVDs to the downloadable file with a visual file including tributes to remain the same at £92. The Team Manager confirmed that funeral directors are aware on every instance of the cut off period and that they only had one instance where this had to be charged.
3. The Committee agreed and approved of the suggestion of Memorial Service cost to reflect the actual cost of cremation minus the unattended cremation cost itself; as the Team Manager confirmed with the Committee it is very rarely asked for. They factored in that the service would take time, and factoring in the removal of an extension time and they are happy to recoup charges if necessary.
4. The Committee agreed that the crematorium can delete the option of extended service times.
5. The Committee Clerk would write a letter of thanks to Dr Brian Wilcox on behalf of the Committee to thank him for his outstanding service.

**The Committee resolved to exclude the press and public during the consideration of the following items as it contained exempt information under Schedule 12A of the local government act 1972 due to confidential financial details.**

a Facilities Management

The Newport Norse Manager (KD) explained to the Committee that he and the Team Manager for Bereavement have been looking at the Gwent Crematorium and its services, to see if they can do something to it to make it a more pleasant experience for everyone.

From their last meeting, KD and PD met with Councillor Simmonds and Councillor Jeavons and took them around the crematorium to discuss what plans they have and outlined the feasibility cost.

KD presented the floor plan of the facility of the Gwent Crematorium to the Committee.

It showed three areas, the waiting area with the ladies toilets, the second area being the gentlemen's toilets and the third being the book of remembrance room.

KD explained that with the waiting room area, it is difficult to get across via diagrams but it is a very small and cramped room with a disabled toilet facility. If it is full, people have to come through to get to the ladies' toilets, therefore it is not a very good layout.

PD highlighted that just outside of the double doors where the coffin is placed before the service; people who are coming out of the toilets are exiting to the side of the coffin – the layout is not appropriate.

KD made the suggestion of removing the disabled and ladies' toilets to open up the waiting room in its entirety.

For the second area, the main room would not be touched. The supporting room; they could remove but there would be no point for that. They allowed for a complete refurbishment for this and that the doors will be coming off and refurbished with new lighting for a more pleasant experience.

KD showed on the floorplan what the layout would look like, if the toilets were to be taken out. KD proposed that on the left wing, where the gentlemen's toilets and urinals are currently, gents who use the urinals are facing the window where the flower display arrives.

Therefore, it was suggested to move the urinals out of the way and a trough sink for washing hands with an entry to an accessible toilet instead.

KD then explained that the lobby itself will have two doors and a sign which will allow access and a larger ladies toilet on the end. It was mentioned that there will be a move of drainage and water services, but for a much better layout.

PD recommended putting a storage area in there that the cleaners could use, by the store at the top relocated to the cremators room. As when cleaners are working there, they have no reason to go outside with the storage area being inside. This also adds to their security when working in the early morning hours.

PD also advised the Committee that the staff room can be absorbed to other rooms in the building.

It was suggested to renew the roof, board the walls and make them smooth with new flooring and new doors. It was mentioned that Councillor Jeavons acknowledged the old style doors by the book of remembrance room.

PD noted how changing the roof would have appropriate netting which would not allow further flies to enter. The Committee was informed how the book of remembrance room has been treated twice in two weeks for flies; the crematorium had pest control come in and they advised that it was the worst infestation they had seen.

The Officers welcomed questions from the Committee.

The Committee asked the following:

- Councillor Evans suggested that with the cost of works, they could put in LED lights to the ceiling to help this situation and asked if this work will impact on the other services?

In response, KD explained that it will be tendered out and with better prices. The construction price will all be done out of working hours as it cannot be done when services are on.

KD advised it has been considered to bring in portable toilets at certain times. Details will follow later on when the team appoint a contractor.

- Councillor Williams queried with regard to the waiting room area proposals. Referring to the floorplan; Councillor asked for further clarification on where the disabled toilets are shown, there are four seats, but the other side of that seems to have more space for more seats. How is the crematorium going to achieve this or is this an example of how many seats can sit there?

KD responded by stating that he did not draft up the ideas so is unsure whether it is to scale.

- Councillor Williams went on to note that from the single door to the women's toilets, and have that many seats there, seems out of proportion in relation to what is there currently and asked if they could switch the door around the other way. For the plans for the new waiting room, the first part on the left where the disabled toilet was, if they took that out, where seating will be instead; but a lot more seats on the other side but it appears to be a narrow area.

KW responded to clarify that it is 6.3 metres for total width and 2.7 metres for depth which is quite good for the space.

Councillor Williams acknowledged this back wall dimension which answered his question.

- Councillor Jeavons wished to raise a couple of comments after the inspection of the facilities.
  - Considering the facilities in its present state which is inadequate for what is needed. PD has raised this issue with using toilets with the coffin just outside the room – Councillor Jeavons agreed that they need to alter that. The design in the day was ok back then but now it is not a good design as the public convenience area should be away from the coffin and waiting areas.
  - The works being carried out will be outside of the service times to minimise disruption.
  - For the Book of Remembrance Room; despite winning the Green Flag Award, the doors look like school doors and if you look at the ceiling, you can see the 12-14 diameter light full of flies. An overhaul is needed and it needs looking at.

Councillor Jeavons confirmed he is happy to support the work proposed hence why he intended to refer the budget item until this part to throw a different light on what is needed.

Councillor Simmonds agreed with Councillor Jeavons' comments as he was part of the inspection and stressed that the facilities are woefully dated and inadequate. Therefore a clean up is necessary. This was agreed by PD.

The Carbon Reduction Assistant Manager (MP) commented to build on what Councillor Evans' mentioned earlier; they should consider service savings for the new roof, especially as LED lighting has detection and any new toilets – egni-coop energy have saving measures which could save revenue costs in the long run.

- Cllr K Williams asked MP if any design that they will do, would it be taken account to help account for carbon savings and be as green as can be.
- The Chair mentioned his apologies for missing the inspection for the crematorium and confirmed he was happy to go along with the suggestions made as the waiting room needs work.

The Chair noted that the Committee's financial position might not be as good as they want it to be but reminded the members that they are in competition with the likes of Langstone Crematorium and the facilities are the type of facilities that people would want to have at a cremation; thus the Gwent Crematorium needs to improve.

- Councillor Williams asked the officers; when they change the waiting room, would they put the service screen in to relay the service so the visitors can see it from inside of that room; as Wales gets about 50 weeks of rain a year; is this something the crematorium team would consider?

KD confirmed the reservation with that is that people sat in the waiting room would be waiting to go in for a separate funeral, but would have to watch someone else's funeral on the screen.

#### Refurbishment Project Feasibility Order of Cost Report

KD went on to cover the cost plans for the Committee, as there is a high level of feasibility with lots of detail they are looking at.

There are a number of caveats with the current situation of the construction industry with the changing market conditions with the supply chain being selective in the opportunities they pursue. It was confirmed that this will not be finalised until tendered out at the moment. KD assumed this would be the total approximate cost for the three areas.

MR reminded the committee that they have only just seen the cost and that they do not have the options on how to fund the works mentioned. MR went on to ask if the committee would want to borrow and fund that, or charge against revenue budget which puts pressure on the revenue budget, or use the reserves.

MR referred back to the earlier discussion regarding maintaining the distribution this year or next year, or do we go as planned this year and nothing for next year? MR stressed that they need to recognise the implications of this and what the options are.

MR noted that he had not seen any of the figure detail and have spoken to JH (Finance Business Partner) since said discussion and JH has not seen anything in relation to this

either. So the Committee was reminded to be cognisant on how they would fund this and fully understand the impact.

The Chair suggested that the Committee should agree that this continues to be explored and a report for the next meeting should be drawn up for the financial implications and options for this. It was suggested that PD and KD would carry on with JH to get this costed up with all implications so the Committee can take a considered decision.

Agreed:

It was agreed that the Committee will be provided with a report detailing the financial implications and options for this work first before they reach a decision.

The Members of the Committee agreed with the Head of Finance that they should be provided with an updated forecast so they know what it means for future budgets for a more rounded consideration.

The meeting terminated at 11:14am

## Minor Joint Committees in Wales Annual Return for the Year Ended 31 March 2021

### LANGUAGE PREFERENCE

Please indicate how you would like us to communicate with you during the audit. Note that audit notices will be issued bilingually.

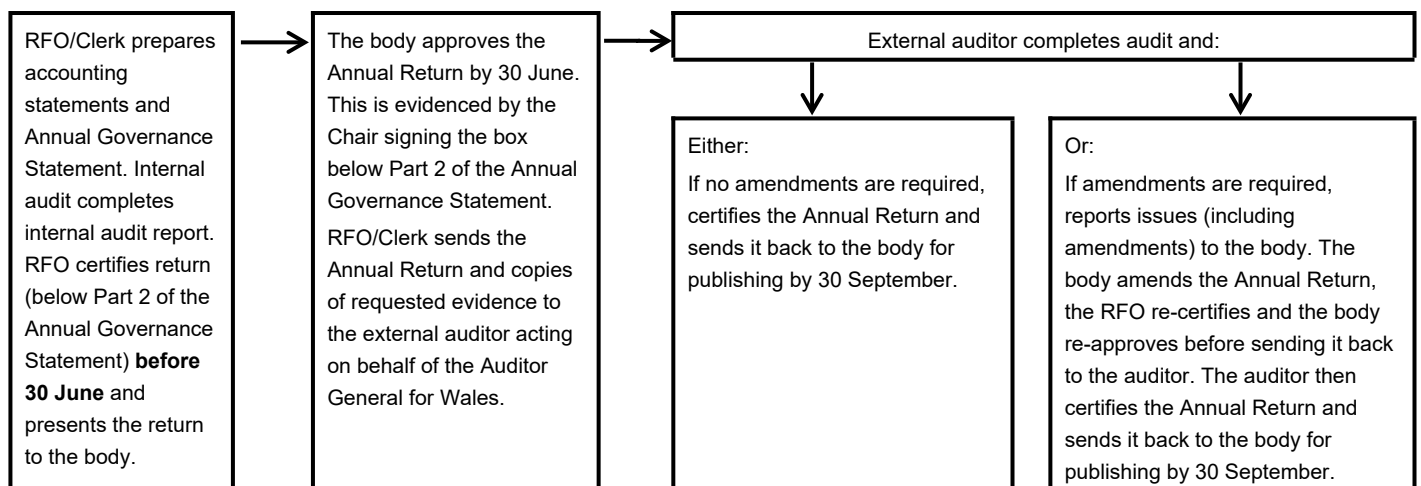
	Yes	No		Yes	No		Yes	No
<b>ENGLISH</b>	<input checked="" type="radio"/>	<input type="radio"/>	<b>WELSH</b>	<input type="radio"/>	<input type="radio"/>	<b>BILINGUALLY</b>	<input type="radio"/>	<input type="radio"/>

### THE ACCOUNTS AND AUDIT PROCESS

Section 12 of the Public Audit (Wales) Act 2004 requires local government bodies in Wales (including joint committees) to make up their accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies i.e. those with annual income and expenditure below £2.5 million must prepare their accounts in accordance with proper practices.

For minor joint committees with income and expenditure below £2.5 million, proper practices are set out in the One Voice Wales/Society of Local Council Clerks publication, **Governance and accountability for local councils in Wales – A Practitioners’ Guide** (the Practitioners’ Guide). The Practitioners’ Guide requires that they prepare their accounts in the form of an Annual Return. This Annual Return meets the requirements of the Practitioners’ Guide.

The accounts and audit arrangements follow the process as set out below.



Please read the guidance on completing this Annual Return and **complete all sections highlighted pink**.

### APPROVING THE ANNUAL RETURN

The Committee must approve the Annual Return BEFORE the accounts and supporting documents are made available for public inspection under section 30 of the Public Audit (Wales) Act 2004.

If it is unable to complete the approval process by 30 June 2021 or publish the audited return by 30 September, the Committee must publish notices as required by the Regulations.

The Auditor General for Wales’ Audit Certificate and report is to be completed by the auditor acting on behalf of the Auditor General. It **MUST NOT** be completed by the Clerk/RFO, the Chair or the internal auditor.

Audited and certified returns are sent back to the body for publication and display of the accounting statements, Annual Governance Statement and the Auditor General for Wales’ certificate and report.

Name of body:

GWENT CREMATION COMMITTEE

	Year ending		Notes and guidance for compilers
	31 March 2020 RESTATED (£)	31 March 2021 (£)	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.
<b>Statement of income and expenditure/receipts and payments</b>			
1. Balances brought forward	1,236,346	1,374,275	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	0	0	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	2,052,561	1,948,531	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	321,349	323,414	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg termination costs.
5. (-) Loan interest/capital repayments	5,000	5,000	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	1,588,283	1,557,089	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	1,374,275	1,437,303	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
<b>Statement of balances</b>			
8. (+) Debtors	253,545	118,460	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body.
9. (+) Total cash and investments	1,261,449	1,321,746	<b>All accounts:</b> The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	140,719	2,903	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	1,374,275	1,437,303	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	2,307,326	2,307,326	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	425,284	372,124	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).



## Annual Governance Statement (Part 1)

We acknowledge as the members of the Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2021, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
<p>1. We have put in place arrangements for:</p> <ul style="list-style-type: none"> <li>• effective financial management during the year; and</li> <li>• the preparation and approval of the accounting statements.</li> </ul>	<input checked="" type="radio"/>	<input type="radio"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12
<p>2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
<p>3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
<p>4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23
<p>5. We have carried out an assessment of the risks facing the Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9
<p>6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.</p>	<input type="radio"/>	<input checked="" type="radio"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8
<p>7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Committee and, where appropriate, have included them on the accounting statements.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
<p>8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23

\* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

## Additional disclosure notes\*

The following information is provided to assist the reader to understand the accounting statement and/or the Annual Governance Statement

1.

2.

3.

\* Include here any additional disclosures the Council considers necessary to aid the reader's understanding of the accounting statement and/or the annual governance statement.

## Committee approval and certification

The Committee is responsible for the preparation of the accounting statements and the annual governance statement in accordance with the requirements of the Public Audit (Wales) Act 2004 (the Act) and the Accounts and Audit (Wales) Regulations 2014.

<p><b>Certification by the RFO</b></p> <p>I certify that the accounting statements contained in this Annual Return present fairly the financial position of the Committee, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2021.</p>	<p><b>Approval by the Committee</b></p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p>
<p><b>RFO signature:</b> </p>	<p><b>Minute ref: Agenda Item 4 26<sup>th</sup> May 2021</b></p>
<p><b>Name:</b> Meirion Rushworth</p>	<p><b>Chair of meeting signature:</b> </p>
<p><b>Date:</b> 26<sup>th</sup> May 2021</p>	<p><b>Name:</b> Councillor John Taylor</p>
	<p><b>Date:</b> 26<sup>th</sup> May 2021</p>

## Committee re-approval and re-certification (only required if the annual return has been amended at audit)

<p><b>Certification by the RFO</b></p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2021.</p>	<p><b>Approval by the Committee</b></p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p>
<p><b>RFO signature:</b></p>	<p>Insert minute reference and date of meeting</p>
<p><b>Name:</b> Meirion Rushworth</p>	<p><b>Chair of meeting signature:</b></p>
<p><b>Date:</b> 19<sup>th</sup> January 2022</p>	<p><b>Name:</b></p>
	<p><b>Date:</b> 19<sup>th</sup> January 2022</p>

## Auditor General for Wales' Audit Certificate and report

I report in respect of my audit of the accounts under section 13 of the Act, whether any matters that come to my attention give cause for concern that relevant legislation and regulatory requirements have not been met. My audit has been conducted in accordance with guidance issued by the Auditor General for Wales.

I certify that I have completed the audit of the Annual Return for the year ended 31 March 2021 of:

**GWENT CREMATION COMMITTEE**

### Auditor General's report

#### Audit opinion

[Except for the matters reported below]\* On the basis of my review, in my opinion no matters have come to my attention giving cause for concern that in any material respect, the information reported in this Annual Return:

- has not been prepared in accordance with proper practices;
- that relevant legislation and regulatory requirements have not been met;
- is not consistent with the Committee's governance arrangements; and
- that the Committee does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

#### Other matters arising and recommendations

I draw the Committee's attention to the following matters and recommendations which do not affect my audit opinion but should be addressed by the body. / There are no further matters or recommendations that I wish to draw to the Committee's attention.\*

**External auditor's name:**

**External auditor's signature:**

**Date:**

**For and on behalf of the Auditor General for Wales**

\* Delete as appropriate.

## Annual internal audit report to:

Name of body: GWENT CREMATION COMMITTEE

The Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2021.

The internal audit has been carried out in accordance with the Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	NOT COVERED. LAST INTERNAL AUDIT WAS UNDERTAKEN DURING 2016/17.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
8. Asset and investment registers were complete, accurate, and properly maintained.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	SEE ABOVE
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	

**For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:**

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
11. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	SEE ABOVE
12. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	

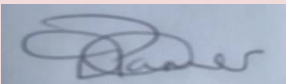
\* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\* If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

[My detailed findings and recommendations which I draw to the attention of the Committee are included in my detailed report to the Committee dated \_\_\_\_\_.] \* Delete if no report prepared.

### Internal audit confirmation

I/we confirm that as the Committee's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2019-20 and 2020-21. I also confirm that there are no conflicts of interest surrounding my appointment.

<b>Name of person who carried out the internal audit: DONA PALMER</b>
<b>Signature of person who carried out the internal audit:</b> 
<b>Date: 10/05/21</b>

## Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this Annual Return. Proper practices are set out in the Practitioners' Guide.
2. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs.
3. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
4. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2020) equals the balance brought forward in the current year (line 1 of 2021). Explain any differences between the 2020 figures on this Annual Return and the amounts recorded in last year's Annual Return.
5. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. The auditor should also be able to agree your bank reconciliation to line 9 in the accounting statements. More help on bank reconciliations is available in the Practitioners' Guide.
7. **You must send to the external auditor, information to support the assertions made in the Annual Governance Statement.** Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records to the external auditor and not the original documents themselves.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
9. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
10. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
11. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
<b>Accounts</b>	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?		
	Does the bank reconciliation as at 31 March 2021 agree to Line 9?		
<b>Approval</b>	Has the RFO certified the accounting statements and Annual Governance Statement (Regulation 15 (1)) no later than 30 June 2021?		
	Has the body approved the accounting statements before 30 June 2021 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?		
<b>All sections</b>	Have all pink boxes in the accounting statements and Annual Governance Statement been completed and explanations provided where needed?		
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.		

If accounts are amended after receipt of the Auditor General's report on matters arising		Yes	No
<b>Accounts</b>	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Committee's approval of the amendments before re-submission to the auditor?		

Mae'r dudalen hon yn wag yn



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Greater Gwent Cremation Joint Committee  
c/o Newport City Council,  
Civic Centre,  
Godfrey Road,  
Newport,  
NP20 4UR

**Reference:** NCC/GGCJC/20-21/1

**Date issued:** November 2021

Dear Joint Committee Members,

## Greater Gwent Cremation Joint Committee – Independent Examination of the 2020-21 Annual Return

### Requirement to produce an Annual Return

The Accounts and Audit (Wales) Regulations 2014 (the Regulations) define local government bodies in Wales as ‘larger’ or ‘smaller’ bodies. To qualify as a ‘smaller’ body under the Regulations, a body must have gross income or expenditure (whichever is higher) of not more than £2.5 million in the year of account or in either of the two preceding years.

According to this year’s Annual Return, the Greater Gwent Crematorium Joint Committee (the Committee) has total gross income of £1.95 million, and gross expenditure of £1.89 million for the 2020-21 financial year. Consequently, the Committee is defined as a ‘smaller’ local government body for 2020-21.

As a ‘smaller’ body, the Committee is only required to produce a summarised Annual Return, rather than a full set of financial statements. That Annual Return is then subject to a ‘limited assurance’ independent examination rather than a full external audit, in line with the Auditor General for Wales’ Code of Audit Practice.

A limited assurance opinion (if satisfactory) aims only to confirm that

- the information contained in the Annual Return is in accordance with proper practices; and
- no matters have come to the auditor's attention giving cause for concern that relevant legislation and regulatory requirements have not been met

### **Outcome of Independent Examination**

We have completed our independent examination of the Committee's Annual Return for 2020-21. In carrying out this work, we have identified a small number of required amendments to the comparative 2019-20 figures within the Annual Return that have now been restated:

- 'Staff costs' (Row 4) has been increased by £3,940 to £321,349, with an offsetting reduction in 'total other payments (Row 6) of the same amount to £1,588,283.
- 'Debtors' (Row 8) has been increased by £143,589 to £253,545.

These corrections have arisen due to an issue with certifying last year's Annual Return – the version of the Annual Return certified following our 2019-20 examination was incorrect and included the errors above. The above restatements are therefore required to accurately disclose the correct 2019-20 balances and totals.

No corrections have been required to any 2020-21 figures following our independent examination this year.

### **Certification of the Annual Return**

As summarised above, the above restatements have been made to the Annual Return, and, if re-approved by the Committee and Responsible Finance Officer at the Committee meeting on 19 January 2022, we propose to certify this amended Annual Return on 21 January 2022 as follows:

'On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.'

We do not propose to add any further comments in the 'other matters and recommendations' section of our certificate.

## **Conclusion**

We would like to thank all staff within Newport City Council who assisted with the production and independent examination of the 2020-21 Annual Return.

Yours sincerely

**Gareth Lucey**

**Audit Manager (Audit Wales)**

Mae'r dudalen hon yn wag yn



# Report

## Greater Gwent Crematorium Joint Committee

---

### Part 1

**Date:** 19 January 2022

**Subject** **Review of Budget Performance 21-22 and Budget Proposals for 2022-23**

**Purpose** To provide supporting information relating to the budget performance in 21-22 and to present the draft budget proposals for 2022-23.

**Author** Joanne Hazlewood

**Ward** General

**Summary** To review and consider the budget performance 21-22, and the budget proposals for 2022-23.

Appendix:

Appendix 1	Detailed Monitoring Position 21-22
Appendix 2	Fees for consultation 2022-23
Appendix 3	Draft budget proposals 2022-23
Appendix 4	Distribution summary

**Proposal** The Committee is asked to

For 2021-22,

- note the revised forecast activity, and approve the budgeted distribution of £950k, and use of reserves to meet that level of payment as needed

For 2022-23,

- agree to retain cremation fees at 2021-22 levels  
approve the budget proposals for 2022-23, and the current indicative dividend payment recommended of £450k, subject to review in year, based on financial performance

**Action by** Head of Finance

**Timetable**

1. Any fee increases would be implemented from 01 April 2022
2. Draft budget proposals, fees and charges and distribution level to be agreed for 2022-23.

This report was prepared after consultation with:

- Head of Finance
- Service Manager for Environment and Leisure
- Team Manager-Bereavement
- Head of Law and Regulation
- Head of People and Business Change

**Signed**

## Background

It is necessary for the Joint Committee to review the financial position of Gwent Crematorium for the coming year in light of the recent increase in competition in S.E. Wales area. The fee options are detailed within this report, along with the draft budget proposals for 2022-23, which show a planned surplus of £236,024, prior to any distribution, or fee increase, which indicates we will be unable to sustain the current level of distribution going forward.

## Financial Summary

### Forecast Position 2021-22

The following summary monitoring predictions, are reflective of November financial activity extrapolated to year end. The more detailed monitoring position is included in Appendix 1.

*Forecasts based on actual cremations Apr-Oct (772) and Nov-Mar (649)*

**Total 1421 cremations + 15k per month other income eg memorials/inscriptions/rent etc**

	21/22 BUDGET	21/22 FORECAST	VARIANCE (+adverse)
<b>INCOME</b>	<b>-1,391,040</b>	<b>-1,368,481</b>	<b>22,559</b>
Employees	334,139	318,617	-15,522
Premises	350,184	408,565	58,381
Transport	1,010	400	-610
Supplies + Services	180,623	172,528	-8,095
Capital Financing	53,161	53,161	0
<b>EXPENDITURE</b>	<b>919,117</b>	<b>953,271</b>	<b>34,154</b>
<b>(SURPLUS)/DEFICIT prior to distribution</b>	<b>-471,923</b>	<b>-415,210</b>	<b>56,713</b>

The predominant cause for variances are as follows

**Employees** – Net employee underspend £15k caused by part year vacancy saving of a Crematorium Assistant post, and reduction in the requirement for overtime, due to decreased volumes

**Premises** – the overspend of £58k can be attributed to the essential maintenance required in July on the heat-exchangers, which are used to cool the exhaust gases from the cremators via a water jacket. The gas temperature need to be controlled to allow the removal of heavy metals from the exhaust stream. Premises costs have been rising significantly in the past few years, due to the age and nature of the equipment.

**Supplies & services** – The significant variances are £8k underspend due to there being no bulk purchase of burial memorials during the financial year. These are ground level vaults, that hold up to 2 sets of remains, with inscribed granite fascia plaques, and are currently priced at £1,463 including a 20 year lease. The purchases are demand driven, but due to their nature and cost, they are purchased in bulk. The last purchases were in March 2020. Also, attributing to the variance, is the upgrade to the Wesley music/speaker system, allowing for visual tributes, which was agreed as part of the improvements programme.

**Income** - The reduced budgeted income levels for 2021-22 of £1.36m have been provided by Cremation service colleagues and are reflective of an average cost of £828 per service and 1421 services (taking into account bank holidays and vacant service times). This is a material change to historic income levels, and is reflective of heightened choice in the area following the opening of 2 private crematoria facilities. In competing with those private concerns the service has increased the duration of cremation ceremonies, from 20 minutes to 45 minutes, consistent with those private enterprises. This has had the effect at arresting volume declines, but does restrict the number of services annually such that historic income levels are no longer attainable.

The budget initially agreed for 2021-22 presumed £472k surplus. This would have been insufficient to accommodate the annual dividend of £950k, however at the budget setting meeting, the Head of Finance recommended, and the Committee agreed, to use reserve balances (£478k), to offset any shortfall, and maintain the distribution for the current financial year. The latest monitoring forecast implies an even greater reliance (extra £56k) on reserve usage, to sustain the anticipated dividend at historic levels for 2021-22, and it is felt that this is still within acceptable parameters of the reserves, and there are no other material issues which affect the position.

b/f reserves 1,437,303

	Budgeted	Revised
Distribution	950,000	950,000
Impact on Reserves	478,077	535,000
Reserves Balance c/f to 22-23	959,226	902,303

Therefore, for 2021-22 it is recommended we maintain the budgeted dividend of £950k, but as discussed at previous meetings, we need to think carefully about dividend payments for 2022-23 and beyond, to bring them more in line with out-turn position and financial sustainability.

## **2022-23 Budget**

The Committee is required by law to set a balanced budget every year.

With the continuing financial pressures and demands, the Committee must consider options for ensuring service/financial sustainability in the increasingly competitive market, to achieve future requirements.

We are facing continuing financial challenges, namely: increasing costs around pay (inflated by 4%), contract prices and greater competition from private crematoria, with consequential decreasing cremation numbers / income levels. Due to the age, nature, and cost of the equipment, which is fundamental to the running of the crematorium, maintenance costs have been increasing over the last few years, to a level which is no longer sustainable within the existing premises budget. This also adds a degree of volatility to the dividend administration which isn't preferable. In order to minimise this impact, it is recommended that the proposed refurbishment works will be capitalised and will be proportionately incurred/recorded over the next 15 years. An equivalent budget has been created for such. Going forward a change of accounting approach is also proposed to use a repairs and renewal fund to absorb the impact of future significant adhoc repairs. The 2022-23 budget includes an estimated



contribution to this specific repair fund of £100k. Further work is required to establish future costs based on discussions with the crematorium manager and supplier estimates. However should the repair fund grow to a level that regularly exceeds the level of annual repair liability, this Committee will be able to consider a rebalancing of that fund level through the issue of an extraordinary dividend and reducing the annual contribution accordingly. The approach is designed to give a greater certainty about the extent of general dividend annually.

An incremental budget setting approach has been adopted reviewing the traditional budget levels for staff and running costs, and factoring in reduced income levels more akin with expectation.

Appendix 3 provides an analysis of the various fees charged in the region, together with an understanding of historic activity levels. This shows that Gwent crematorium fees are equitably priced, occupying the arithmetic median position in comparison to nearest alternatives, and importantly pitched at a level that bisects those of the private competition in the area.

There is an argument for increasing fees annual to take account of expenditure inflation. Appendix 3 also models a 4% increase in fees to derive an extra £45k income. However, this is potentially risky whilst there is new capacity elsewhere to cope with cremation numbers.

Income levels are based on no fee increase and 1,370 cremations @ £828 which is takes into account bank holidays and vacant service times + £120k other income e.g. memorials/inscriptions/rent. These figures have been prepared in conjunction with service colleagues, and it is proposed to retain fees at 2021-22 levels i.e. £828 per service.

There is further indication of a need to undertake £193k worth of refurbishment work, which could be treated as a one off 2022-23 cost and which would illustratively reduce the reserve balance to £709k. However it is assumed to instead capitalise such costs, resulting in an annualised revenue cost over 15 years, reflective of the life of the asset.

The 2022-23 draft budget indicates a net surplus of £236k, a reduction of £236k on 2021-22 levels.

## Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Budgeted income level is unachievable with the increased competition	H	H	Consider reducing the budgeted income level	Head of Finance
Projected cremation numbers continue to fall, resulting in deficit position	H	H	Further draw down on reserves or reduced distribution	Head of Finance

\* Taking account of proposed mitigation measures

## **Links to Council Policies and Priorities**

The overall aim of the budget proposals is to ensure the on-going delivery of the Cremation service whilst also providing an income source to Gwent Councils.

## **Options Available and considered**

There are options available for consideration, for both fees and distribution levels

All the following assumptions are based on reduced cremation numbers of 1,370 projected for 2022-23.

### **Fees**

- a) No fee increase, would provide no opportunity for additional income
- b) A 4% increase, could result in total additional income/surplus of £45,000 if cremation numbers remain stable

### **Distribution**

There is question mark on the sustainability of historic dividend levels based on reduced income levels, the combined effect of increased competition in the sector, and adjustments to service times to compete. This was highlighted in the Committee's budget report for this current year, back in the January 2021 meeting. There is also increased adhoc repair incidence as plant/machinery approaches the end of its useful economic life.

The 2021-22 budget agreed presumed £472k surplus, and was insufficient to provide a dividend of £950k for Gwent partners without also utilising part of reserve balance. From a budget planning point of view, this distribution can be sustained for this financial year, but is no longer sustainable without ultimately expiring the reserve balance.

In order to provide financial certainty to Gwent Councils, the Head of Finance confirms that reserves could be used in 2021-22 to provide the budgeted distribution of £950k to Councils. This would then need to be reduced for 2022-23 onwards to a more sustainable level – in the region of £450k for 22-23, and even further at some point in the future, to a level which would require no drawdown on reserves, which on current financial data, looks to be around £250k. This would also require Councils to reduce their own income budgets/forecasts from this distribution.

As the information in Appendix 1 shows, this still leaves a good level of reserves available for funding improvements to the site and service, which are needed to maintain 'the offer'.

A key component in enabling this approach is the establishment of the renewals reserve for operational equipment so that these don't become an unbudgeted pressure on the budget and adversely impacts on the crematorium general reserve. This allows us to potentially take that general reserve 'down' to a lower level than current levels to fund the dividend payments outlined here. We will then review the position annually and when the general reserve has reduced to a lower, but still prudent level, any future dividend then needs to match or be within the annual surpluses made, with the general reserve maintained for dealing with unexpected financial and service issues.

## **Preferred Option and Why**

It is recommended that there be no fee increase in 2022-23. Having improved the service provided, by increasing service times in line with the competition, and offering visual tributes, it is felt that Gwent Crematorium is now well placed in the current market, and is attracting increased business from funeral directors and families.

### Distribution

It is recommended that the Committee agree a distribution of the budgeted £950k for 2021-22, with any shortfall to be taken from reserves to fund that.

Then review the position, starting in 2022-23 so that future dividends revert to levels consistent with the annual surplus generation, rather than necessitating any annual distribution of the reserve balance, which ought to remain sufficient as a risk mitigation against unanticipated cost volatility.

## **Comments of Chief Financial Officer**

A dividend of £950k is recommended for 2021/22, partly funded from reserves. From 2022/23, the dividend is recommended to reduce to a more sustainable level but there is some scope to draw from reserves to maintain at c£450k in 2022/23 at least and potentially, longer, dependant on financial performance.

At some point however, the use of the reserves will no longer be prudent and sustainable and then the dividend will need to match the surpluses made in any particular year. These are substantially lower than current levels.

The use of the renewals reserve is integral to the above and the accuracy of identifying a renewals timetable is key to that. Further work is required to finish that but is deemed sufficient at this point to agree the budget. As happens in many renewals programmes, slippage can happen but the annual contribution into that reserve is required to maintain the integrity of this mechanism.

## **Comments of Monitoring Officer**

There are no comments from the Monitoring Officer

## **Comments of Head of People and Business Change**

There are no HR or People and Business Change related matters arising from this report.

## **Comments of Cabinet Member**

There are no comments from the Cabinet Member

## **Scrutiny Committees**

n/a

## **Fairness and Equality Impact Assessment:**

- **Wellbeing of Future Generation (Wales) Act**

In preparing this report, the Wellbeing of Future Generations (Wales) Act 2015 has been considered by balancing short-term needs with the need to safeguard the ability to also meet long term needs. We are considering options to provide a service which will allow us to withstand the competitive market, and meet our future wellbeing goals and objectives, and in doing so, understand the importance of involving those with an interest in achieving them, and ensuring that those people reflect the diversity of those to whom we provide a service.

- **Equality Act 2010**
- **Socio-economic duty**
- **Welsh Language (Wales) Measure 2011**

The council has a number of legislative responsibilities to assess the impact of any strategic decision or policy on people that may experience disadvantage or inequality. The Council is a trustee in the application of a proportion of Gwent wide fund, and therefore would not be able to use this funding for other laudable activities.

## **Crime and Disorder Act 1998**

Section 17(1) of the Crime & Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area.

## APPENDIX 1 – DETAILED MONITORING POSITION 21-22

*Forecasts based on actual cremations Apr-Oct (772) and Nov-Mar (649)*

**Total 1421 cremations + 15k per month other income eg memorials/inscriptions/rent etc**

<b>Gwent Cremation Service</b>	<b>21-22 BUDGET</b>	<b>21-22 FORECAST</b>	<b>VARIANCE (+ adverse)</b>
Pay	250,315.00	243,813.00	-6,502.00
National Insurance	22,393.00	21,063.00	-1,330.00
Pension	53,067.00	49,741.00	-3,326.00
Overtime	8,364.00	4,000.00	-4,364.00
<b>Employees</b>	<b>334,139.00</b>	<b>318,617.00</b>	<b>-15,522.00</b>
Contract Buildg Maint	128,048.00	193,245.07	65,197.07
Gas	55,650.00	55,650.00	0.00
Electricity	36,225.00	28,893.00	-7,332.00
Rates-General	114,444.00	109,140.00	-5,304.00
Rates Water/Sewerage	3,637.00	3,637.00	0.00
Building Cleaning	12,180.00	18,000.00	5,820.00
<b>Premises</b>	<b>350,184.00</b>	<b>408,565.07</b>	<b>58,381.07</b>
Fleet Workshop	1,010.00	400.00	-610.00
<b>Transport</b>	<b>1,010.00</b>	<b>400.00</b>	<b>-610.00</b>
Tools, Furniture + Other Equipment	3,418.00	27,057.00	23,639.00
Plants/Seeds/Shrubs/Hort Sundries	2,500.00	4,360.00	1,860.00
Purchase of Urns	16,000.00	12,000.00	-4,000.00
Inscriptions	10,797.00	9,225.00	-1,572.00
Purchase of Burial Memorials	38,000.00	9,829.00	-28,171.00
Protective Clothes	1,056.00	817.00	-239.00
Printing / Stationery	2,500.00	2,439.00	-61.00
Refuse Collection/Disposal	5,512.00	5,512.00	0.00
Fees-Other Professional	91,810.00	91,810.00	0.00
Telephones General	4,500.00	5,253.00	753.00
Computer Purchase + Computer Relate	3,030.00	2,726.09	-303.91
Subscriptions	1,500.00	1,500.00	0.00
<b>Supplies &amp; Services</b>	<b>180,623.00</b>	<b>172,528.09</b>	<b>-8,094.91</b>
<b>Capital Financing</b>	<b>53,161.00</b>	<b>53,161.00</b>	<b>0.00</b>
<b>Net Expenditure Total</b>	<b>919,117.00</b>	<b>953,271.16</b>	<b>34,154.16</b>

Fees+Charges	-1,387,795.00	-1,365,236.00	22,559.00
Rent Income	-3,245.00	-3,245.00	0.00
<b>Income</b>	<b>-1,391,040.00</b>	<b>-1,368,481.00</b>	<b>22,559.00</b>
<b>(SURPLUS)/DEFICIT prior to distribution</b>	<b>-471,923.00</b>	<b>-415,209.84</b>	<b>56,713.16</b>

## APPENDIX 2 – INCOME/FEE EXAMINATION

### 1. FEES in 2021-22

The table below shows the current cremation fee in Gwent, in relation to our geographically nearest competitors.

	<b>Basic adult Cremation fee* 1 Nov 21</b>
<b>BRIDGEND</b>	707.50
<b>ABERDARE</b>	721.00
<b>PONTYPRIDD</b>	721.00
<b>CARDIFF</b>	740.00
<b>SIRHOWY VALLEY (PRIVATE)</b>	790.00
<b>GWENT</b>	828.00
<b>HEREFORD</b>	856.00
<b>LANGSTONE VALE (PRIVATE)</b>	875.00
<b>BARRY</b>	890.00
<b>GLOUCESTER</b>	912.00
<b>FOREST OF DEAN</b>	940.00

\* Cremation fee, plus medical referee's fee and environmental surcharge

### 2 STATISTICS – Council Crematorium Volumes

<b>Financial Year</b>	<b>Actual cremations</b>
April 2013 – March 2014	2781
April 2014 – March 2015	2893
April 2015 – March 2016	2872
April 2016 – March 2017	3013
April 2017 – March 2018	2850
April 2018 – March 2019	2352
April 2019 – March 2020	2257
April 2020 – March 2021	2097
April 2021 – March 2022 (projected)	1421
April 2022 – March 2023 (projected)	1370

Increased service times were introduced in July 2021, so the cremation numbers in 21-22, do not reflect a full year operating at the reduced volumes, therefore we are projecting a further reduction in cremation numbers in 22-23, to account for quiet times/Bank Holidays etc.



### 3. CREMATION FEES for 2022-23

The following table shows the impact of various increases in the fees, based on the projected 22-23 cremation numbers of 1,370

*Based on cremation numbers of 1,370 (projected for 2022-23)*

<b>% increase / decrease</b>	<b>Revised Fee</b>	<b>Impact on adult cremation fee</b>	<b>Impact on income levels</b>
0%	£828	£0	£0
4%	£861	£33	£45,210



### APPENDIX 3 - DRAFT BUDGET PROPOSALS 22-23

Income based on no fee increase and 1370 cremations @ £828 + 120k other income  
eg memorials/inscriptions/rent

	<b>21/22 BUDGET</b>	<b>22/23 DRAFT BUDGET based on no fee increase £828</b>	<b>Difference</b>
<b>INCOME</b>	-1,391,040	-1,254,360	136,680
Employees	334,139	317,822	-16,317
Premises	350,184	350,000	-184
Repairs and Renewals Reserve		100,000	100,000
Transport	1,010	1,010	0
Supplies + Services	180,623	181,782	1,159
Capital Financing	53,161	67,722	14,561
<b>EXPENDITURE</b>	919,117	1,018,336	99,219
<b>(SURPLUS)/DEFICIT prior to distribution</b>	-471,923	-236,024	235,899

	<b>21/22 BUDGET</b>	<b>22/23 DRAFT BUDGET based on no fee increase £828</b>	<b>22/23 DRAFT BUDGET based on 4% inflationary increase £861</b>	<b>23/24 DRAFT BUDGET</b>
<b>INCOME</b>	-1,391,040	-1,254,360	-1,299,734	-1,254,360
Employees	334,139	317,822	317,822	324,178
Premises	350,184	350,000	350,000	350,000
Repairs and Renewals Reserve		100,000	100,000	100,000
Transport	1,010	1,010	1,010	1,010
Supplies + Services	180,623	181,782	181,782	182,236
Capital Financing	53,161	67,722	67,722	67,722
<b>EXPENDITURE</b>	919,117	1,018,336	1,018,336	1,025,147
<b>(SURPLUS)/DEFICIT prior to distribution</b>	-471,923	-236,024	-281,398	-229,213

#### APPENDIX 4 – DISTRIBUTION SUMMARY

	Population 1996	% share	Traditional Dividend <b>950,000</b>	Revised Dividend <b>450,000</b>	Revised Dividend <b>250,000</b>
Blaenau Gwent	77,400	17.59	167,114	79,159	43,977
Caerphilly (Islwyn only)	66,800	15.18	144,227	68,318	37,955
Monmouthshire	81,200	18.45	175,318	83,045	46,136
Newport	120,900	27.48	261,034	123,648	68,693
Torfaen	93,700	21.30	202,307	95,830	53,239
<b>TOTAL</b>	<b>440,000</b>	<b>100.00</b>	<b>950,000</b>	<b>450,000</b>	<b>250,000</b>

<b>Draft Budget Surplus 22-23</b>			<b>-236,024</b>	<b>-236,024</b>	<b>-236,024</b>
<b>Impact on Reserves</b>			<b>713,976</b>	<b>213,976</b>	<b>-13,976</b>

## Manager's Report

### Statistics

#### MEMORIAL SALES

MONTH	VASE BLOCKS	SANCTUM VAULTS	LEASE RENEWALS – vase blocks	LEASE RENEWALS - vaults
JANUARY	2	3	12	1
FEBRUARY	7	2	6	0
MARCH	6	0	12	3
APRIL	3	2	4	3
MAY	5	0	7	2
JUNE	1	3	15	3
JULY	2	4	17	2
AUGUST	2	3	7	0
SEPTEMBER	5	4	6	0
OCTOBER	8	2	4	2
NOVEMBER	5	2	8	1
DECEMBER	0	1	4	1

#### CREMATIONS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Jan	241	211	233	246	268	240	262	278	220	254	278	254	283
Feb	225	197	211	254	258	243	262	254	200	268	256	226	262
Mar	148	196	204	230	299	277	287	241	267	279	249	235	253
Apr	111	223	178	237	229	268	245	222	268	237	193	229	222
May	93	240	195	219	266	266	230	234	274	270	232	198	204
Jun	83	140	150	164	260	264	241	239	218	193	232	235	206
Jul	100	91	212	186	219	211	237	257	211	175	204	208	205
Aug	121	98	165	176	236	244	187	206	183	168	241	198	191
Sep	141	149	181	173	228	228	232	204	194	158	221	218	204
Oct	123	141	206	193	240	224	225	243	234	186	233	232	225
Nov	146	186	169	190	251	239	249	222	226	176	220	219	212
Dec	139	215	197	166	191	244	266	248	200	182	234	227	238
	<b>1671</b>	<b>2087</b>	<b>2301</b>	<b>2434</b>	<b>2945</b>	<b>2948</b>	<b>2913</b>	<b>2848</b>	<b>2695</b>	<b>2546*</b>	<b>2793</b>	<b>2679</b>	<b>2705</b>

**Website**

In the past 28 days to date, there have been approximately 13000 views of the crematorium web pages.