

Report

Greater Gwent Crematorium Joint Committee

Part 1

Date: Wednesday 24th May 2023

Subject Draft Accounts Report 2022-23

Purpose To approve the draft accounts for 2022-23, prior to audit

Author Finance Business Partner - Systems

Ward General

Summary To provide the Committee with the draft accounts for 2022-23

Appendix:

- Appendix 1 Detailed Outturn Analysis 2022-23
- Appendix 2 Cremation Numbers
- Appendix 3 Annual Return for the Year Ended 31 March 2023

Proposal Members are asked to:

- receive and approve the draft accounts position
- approve the annual return
- note that a distribution of £450,000 was made to Councils as agreed, in line with budget expectations.
- agree an additional one-off distribution of £450,000

Action by Head of Finance

Timetable Draft annual return to be approved by Committee by 30 June, prior to Audit.

This report was prepared after consultation with:

- Head of Finance
- Service Manager – Environment + Leisure
- Head of People, Policy and Transformation
- Head of Law and Standards

Signed Background

At the last Committee meeting held in February 2023, the projected out-turn was £478k surplus, prior to distribution. The draft out-turn position, has favourably improved, and is showing a surplus of £686k surplus, compared to the budgeted surplus of £236k and the variance analysis shown in Table 1 below, highlights that the reason for this was increased income levels, and reduced expenditure levels. Further analysis is shown in Appendix 1 and the cremation numbers are shown in Appendix 2

Financial Summary

Table 1 - Outturn Summary Analysis

	FY Budget 2022-23	Forecast as at 31 Dec 22	Actual Outturn 2022-23	Variance to Budget
Total INCOME	(1,254,360)	(1,434,747)	(1,603,218)	(348,858)
Employees	317,821	318,072	313,524	(4,297)
Premises	350,000	333,415	306,417	(43,583)
Repairs and Renewals Reserve	100,000	100,000	100,000	0
Transport	1,010	301	301	(709)
Supplies & Services	181,782	151,862	143,647	(38,135)
Capital Financing	67,722	53,161	53,161	(14,561)
Total EXPENDITURE	1,018,335	956,811	917,049	(101,286)
(SURPLUS) / DEFICIT	(236,025)	(477,936)	(686,169)	(450,144)
Less Budgeted Distribution	450,000	450,000	450,000	
(Increase)/Decrease to Balances	213,975	(27,936)	(236,169)	

Impact on Reserves at 31st March 2023

Reserves b/f £1,046,681	832,706	1,074,617	1,282,850	
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EXPENDITURE

Employees – the vacancy has been partly offset by agency costs

Premises - In recent years, an area of concern has been the impact of the cost of cyclical planned maintenance of the cremators, which has resulted in overspends. The repairs and renewals reserve was therefore set up, to increase the budget contribution, and to smooth the impact of these costs, over their life cycle. At this time, there is still further work to do, to establish the correct level of the reserve, and we will continue to report our findings at future meetings.

The table below details the costs incurred this financial year, and the contribution from reserve of £100k has been able to offset most of these costs.

Table 2 – Repairs and Renewals Reserve

Replace filter bags & filter base	20,245.71	FACULTATIEVE TECHNOLOGIES
Reline Of 2 x 300/2 double ended cremators	118,808.56	FACULTATIEVE TECHNOLOGIES
	139,054.27	

Supplies and Services – there have been no bulk purchases of burial memorials in this financial year, and the budget has been reduced for 2023-24

Capital Financing – the budget for 2022-23 included financing costs for the proposed refurbishment works, but the work was not started in the financial year.

INCOME

When the budget for 2022-23 was set, we were facing financial challenges with greater competition from private crematoria, and there was still an element of uncertainty over cremation numbers. We therefore based our estimates on 6 services per day, out of the maximum 7 services, as the 9.30am slot was often available.

At the last Committee meeting, where we reported forecast figures, we again predicted the last quarter of the year at 6 services per day, as the actual figures at that time supported the decision.

However, based on the latest data, it is evident that we are seeing a consistent increase in numbers, and the average services per day for 2022-23 are 6.3, with the last quarter resulting in an increased average of 6.8 services per day, and outturn surplus income of £348k.

The income budget for 2023-24 has been based on increased cremation numbers of 1,607

Appendix 2 details the cremation numbers for 2022-23, the estimated numbers for 2023-24 and a comparison against the 2017-18 cremation numbers, which was prior to the opening of Langstone Vale Crematorium.

Overall despite the uncertain start to the year, re-thinking strategies by increasing service times and freezing fees, has had a positive impact, however as cremation numbers are now near to maximum capacity, there is little scope for increased income, and therefore it will be essential to closely monitor expenditure.

Risks

n/a

Links to Council Policies and Priorities

The overall aim of the recommendation enables Councils to receive the expected contribution from the service in 2022-23.

Options Available and considered

The out-turn position shows that after making a distribution of £450,000 the surplus will increase balances by £236,169, to a total of £1,282,850 going forward into 2023-24. The overall distribution to Councils will have been made in accordance with agreed budget expectations.

The Committee has the following options available:

- a) Agree the reserve balance of £1,282,850 going into 2023-24
- b) Agree an additional 2023-24 in-year distribution of £450k to reduce the balances of the Committee to around £850k, which was the level anticipated when the 2022-23 budget was set.

Preferred Option and Why

The preferred option is for the Committee to agree to make an additional one-off distribution to reduce reserve balances, as the approved budget projected reserves of £832k at the year end.

Comments of Chief Financial Officer

It is good to see the financial performance of the cremation service exceed budget, and the changes made recently to increased service times, and improvements to 'the offer' are paying off.

The additional distribution is supported, as it takes reserves down to a level they were expected and approved to be at the end of 2022-23 financial year. Cremation service management have not informed us of any extraordinary requirements to build up reserves higher, and therefore the additional distribution is justified. It will be a one-off in year 2023-24 distribution, if approved.

The analysis of the outturn suggests that the budget set for 2023-24 for cremation numbers and income is now more appropriate and that will mean that expenditure will need to be

carefully managed because it is unlikely that income will be (much) higher than already budgeted. An area of concern on expenditure is the planned maintenance reserve which currently has a budgeted contribution of £100k. At this time, the plans that sit behind this are still outstanding, and it is not possible to know if this has been set at the correct level. The cremation service management need to resolve this with finance colleagues as soon as possible, and that may impact future budgets.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report. The Joint Committee are required to approve the Annual Accounting Statement and the Annual Governance Statement for 2022-23, and to authorise the Chair to sign-off the statements, in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Accounts and Audit (Wales) Regulations 2014. The Annual Statement confirms the income and expenditure and the budget out-turn position for 2022-23. The Joint Committee previously agreed at the last meeting in February 2023 to make a distribution of £450k, in accordance with the budgeted provision. Since then, the out-turn figures have improved, and following full distribution an additional £236,189 will be available to add to reserves. The current level of reserve balances is now £1,282,850 and the recommendation is that this level of balance is decreased to approximately £1million by making an additional distribution of up to £450,000.

Comments of Head of People, Policy and Transformation

The report sets out the financial position for Gwent Crematorium and notes that a one-off distribution is to be made to the member authorities from reserve balances which will help address the challenges currently faced by other council services. There are no human resources implications arising from this report.

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**

The Equality Act 2010 contains a Public Sector Equality Duty, which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better-informed

decision-making and policy development and services that are more effective for users. Nothing in this report is considered to have a direct equality impact.

- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

In the case of the Welsh Language, the service will continue to ensure that, wherever possible, services or information is available in the medium of Welsh.

This is a financial report and does not deal with service delivery, policy or charges at the crematorium, as such there are no direct implications for Welsh language duties / the socio-economic duty / Equality Act 2010 etc.

Crime and Disorder Act 1998

n/a

Consultation

n/a

Background Papers

n/a

Dated:

APPENDIX 1 – Detailed Outturn Analysis

	FY Budget 2022-23	Forecast as at 31 December	Actual Outturn 2022-23	Under/(Over) Budget	Under/(Over) Forecast
Fees & Charges	(1,250,985)	(1,431,627)	(1,600,098)	349,113	168,471
Rent Income	(3,375)	(3,120)	(3,120)	(255)	0
INCOME	(1,254,360)	(1,434,747)	(1,603,218)	348,858	168,471
Pay	232,321	230,000	229,336	2,985	664
Pay-NI	22,841	25,000	24,459	(1,618)	541
Pay-Super	54,128	48,000	47,564	6,564	436
Pay-Overtime	8,531	9,612	9,480	(949)	132
Agency Staff	0	5,460	2,685	(2,685)	2,775
EMPLOYEES	317,821	318,072	313,524	4,297	4,548
Building Maint	220,908	200,511	185,447	35,461	15,064
Utilities	216,912	220,724	210,575	6,337	10,149
Cleaning	12,180	12,180	10,395	1,785	1,785
PREMISES	450,000	433,415	406,417	43,583	26,998
Petrol	1,010	301	301	709	0
TRANSPORT	1,010	301	301	709	0
Tools+Equip	3,418	3,000	2,255	1,163	745
Plants/Seeds/Shrubs	2,500	5,548	5,604	(3,104)	(56)
Purchase of Urns/Burial Memorials	54,000	15,800	14,256	39,744	1,544
Inscriptions	10,797	5,900	5,803	4,994	97
Uniforms	1,056	349	349	707	0
Stationery/Printing	2,500	1,667	1,834	666	(167)
Refuse Collection	6,671	6,671	4,992	1,679	1,679
Fees-Professional	91,810	100,000	97,727	(5,917)	2,273
Telephones/Postage	4,500	6,427	5,050	(550)	1,377
Computer Purchase	3,030	5,000	4,605	(1,575)	395
Subscriptions	1,500	1,500	1,172	328	328
SUPPLIES & SERVICES	181,782	151,862	143,647	38,135	8,215
Finance Costs-Mercury Abatement Equip	67,722	53,161	53,161	14,561	0
CAPITAL FINANCING	67,722	53,161	53,161	14,561	0
TOTAL EXPENDITURE	1,018,335	956,811	917,050	101,285	39,761
(SURPLUS)/DEFICIT	(236,025)	(477,936)	(686,168)	(450,140)	(208,232)
Less Distribution	450,000	450,000	450,000		
(INCREASE)/DECREASE TO BALANCES	(213,975)	(27,936)	(236,168)		

APPENDIX 2 - Cremation numbers

Cremation numbers:	2017-18	22-23 Budgeted Cremations	22-23 Actual Cremations	Variance to 22-23 Budget	Variance to 2017-18	23-24 Budgeted Cremations
April	229	125	130	5	-99	132
May	266	125	143	18	-123	132
June	260	125	129	4	-131	132
July	219	125	122	-3	-97	132
August	236	131	131	0	-105	139
September	228	131	119	-12	-109	139
October	240	125	132	9	-108	132
November	251	131	141	10	-110	139
December	191	119	132	13	-59	126
January	246	125	142	17	-104	132
February	254	119	137	18	-117	126
March	230	137	156	19	-74	145
	2,850	1,518	1,614	98	-1,236	1,607

APPENDIX 3

**Minor Joint Committees in Wales
Annual Return for the Year Ended 31 March 2023
Accounting statements 2022-23 for:**

Name of body: GWENT CREMATION COMMITTEE

	Year ending		Notes and guidance for compilers
	31 March 2022 (£)	31 March 2023 (£)	
			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.
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	1,437,303	1,046,681	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	1,433,829	1,603,218	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	313,140	313,524	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	1,506,311	1,048,525	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	1,046,681	1,282,850	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
Statement of balances			
8. (+) Debtors	121,102	247,493	Income and expenditure accounts only: Enter the value of debts owed to the body.
9. (+) Total cash and investments	941,528	1,491,932	All accounts: 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	15,949	456,575	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	1,046,681	1,282,850	Total balances should equal line 7 above: 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	318,963	265,803	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

Annual Governance Statement

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 2023, 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"> effective financial management during the year; and the preparation and approval of the accounting statements. 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9
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.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	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
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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 statements 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 statements 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.

Certification by the RFO 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 2023.	Approval by the Council/Board/Committee I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:
RFO signature:	Minute ref:
Name: Meirion Rushworth	Chair of meeting signature:
Date:	Name:
	Date:

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 2023.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Detailed Internal Audit report issued 23 rd December 2022.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Detailed Internal Audit report issued 23 rd December 2022.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not covered in last audit 2022/23.
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="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The annual resource demand and reserves were not examined as part of the 2022/23 Internal Audit review. Budget monitoring was covered – budget not reviewed for first 6mths of year. Action taken: Budget forecasts entered and monitored.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Detailed Internal Audit report issued 23 rd December 2022.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not covered in 2022/23 Internal Audit due to the low value of transactions.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Detailed Internal Audit report issued 23 rd December 2022.
8. Asset and investment registers were complete, accurate, and properly maintained.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Detailed Internal Audit report issued 23 rd December 2022. Values or contents of the Chapel not included in inventory. Action taken: Inventory record updated.

	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="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not covered in 2022/23 Internal Audit.
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="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The accounting statements were not examined as part of the Internal Audit 2022/23. Detailed Internal Audit report issued 23 rd December 2022 supports that an adequate audit trail existed in relation to income & expenditure recorded in the Authority's main accounting system from which the statements were prepared.

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="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
12. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
13. Insert risk area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified

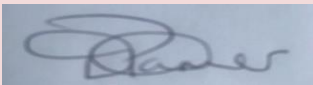
(add separate sheets if needed).

** 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.

[The detailed findings and recommendations which I draw to the attention of the Committee are included in the detailed internal audit report dated 22nd December 2022.]

Internal audit confirmation

I confirm that as the Committee's internal auditor, I 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 2021-22 and 2022-23. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: DONA PALMER	
Signature of person who carried out the internal audit:	
Date: 16.05.23	

