

Report

Greater Gwent Crematorium Joint Committee

Part 1

Date: Wednesday 19th June 2024

Subject Draft Accounts Report 2023-24

Purpose To approve the draft accounts for 2023-24, prior to audit

Author Finance Business Partner - Systems

Ward General

Summary To provide the Committee with the draft accounts for 2023-24

Appendix:

Appendix 1 Detailed Outturn Analysis 2023-24

Appendix 2 Annual Return for the Year Ended 31 March 2024

Proposal Members are asked to:

- receive and approve the draft accounts position
- approve the annual return
- note that a distribution of £250,000 was made to Councils as agreed
- note that the mercury abatement loan balance of £265,803 was repaid in full, as agreed
- note the carried forward reserves balance of £812,825

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 Regulation

Signed

Background

At the last Committee meeting held in January 2024, the projected out-turn was £65k surplus, prior to distribution. The draft out-turn position, shows a deficit of £100k, compared to the budgeted surplus of £340k, and the variance analysis shown in Table 1 below, highlights that the reason for this was reduced income levels, due to the refurbishment works, and increased expenditure levels, due to the repayment of the mercury abatement loan. 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 2023-24	Forecast as at 31 Dec 23	Actual Outturn 2023-24	Variance to Budget
Total INCOME	(1,537,500)	(1,268,000)	(1,348,694)	188,806
Employees	313,890	373,947	404,138	90,248
Premises	652,259	583,938	598,809	(53,450)
Transport	1,010	300	0	(1,010)
Supplies & Services	162,329	191,786	179,924	17,595
Capital Financing	67,722	53,161	265,803	198,081
Total EXPENDITURE	1,197,210	1,203,132	1,448,674	251,464
(SURPLUS) / DEFICIT	(340,290)	(64,868)	99,980	440,270
Less Budgeted Distribution	450,000	450,000	250,001	
(Increase)/Decrease to Balances	109,710	385,132	349,981	

Impact on Reserves at 31st March 2024

Reserves b/f £1,162,806	1,053,096	777,674	812,825	
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EXPENDITURE

Employees - the Crematorium has experienced many staffing changes during this financial year, and to maintain service provision, it was necessary to engage agency support, for the manager position, which was in place since June 2023. This has had a significant impact on the outturn, resulting in an overspend of £90k. Recruitment has taken place for the Manager position, and the postholder will start on 11th July.

Premises - the saving on premises is mainly attributable to utilities. As a result of a sharp spike in energy prices, budgets were increased by predicted contract inflationary rates, however expenditure has not met these levels, and budgets have been adjusted for 2024-25.

The table below shows the variance between budget and actual within the financial year:

	Budget	Actual 24-25	Variance
Gas	201,594	139,390	(62,204)
Electricity	90,145	65,551	(24,594)
	291,739	204,941	(86,798)

The offsetting overspend is within Building Maintenance, where Newport Norse expenditure increased from £9,767 in 22/23 to £26,791 in 23/24 for work/repairs at the Crem, including £6k for removal and replacement of storm damaged fencing.

Supplies and Services – the overspend of 18k, can be attributed to 13k Wesley Media, as the number of visual tributes ordered through the Funeral Directors has increased, and another variance to note is 2k for felling a fallen oak tree

Capital Financing – the Committee agreed to repay the outstanding loan on the Mercury Abatement equipment of £265,803, which was being funded from revenue, at a cost of £53k per year, with 5 years remaining. Repaying the outstanding loan will reduce revenue expenditure going forward, which will partly offset the cost of funding the Cremator replacement works

INCOME

The position as at the end of December, indicated an out-turn forecast of £270k less income than budgeted. The budgeted position was based on 85% of available service times being booked, however there was a decrease in cremation numbers, due to the reduced services operating, as a result of the refurbishment works.

The outturn position shows a more favourable position to forecast, of £189k less income than budgeted, and this is due to the cremation numbers increasing in the last quarter of the year, compared to the previous quarters, as shown in Appendix 2.

Risks

n/a

Links to Council Policies and Priorities

The overall aim of the recommendation enables the Committee to maintain sufficient reserve balances, whilst reducing the ongoing revenue expenditure.

Options Available and considered

The out-turn position is confirmed, and the lower distribution level agreed for 2023-24 has mitigated, in part, the impact of the overspend on the reserves at 31 March, resulting in reserves balance of £812,826 being carried forward into 2024-25.

Preferred Option and Why

The preferred option is for the Committee to agree the reserve balance of £812,826, as having repaid the outstanding mercury abatement loan, there will be an ongoing saving on revenue expenditure, which will partly offset the future capital financing cost of funding the Cremator replacement.

Comments of Chief Financial Officer

The report outlines the crematorium outturn for the 2023/24 financial year. It explains the context to the two areas of budget variances on staffing and premises and then also the impact of the decision made by the committee on the early repayment of the mercury abatement loan funding. An outturn overspend of c£100k is confirmed, subject to audit. A lower distribution of £250k has been made as compared to the budgeted £450k and this has mitigated, in part, the impact of the overspend on the reserves at 31 March 2024; with the early repayment of the existing loan funding contributing to on-going savings in future years and which will mitigate, in part, the new loan funding required for cremator replacements in due course and safeguard future income levels and distributions to Councils.

The lower level of reserves at nearly £900k is considered sufficient at this time but the committee will need to adjust future distributions to Councils in line with or closer to surpluses made so that reserves are not used unsustainably to maintain higher/unaffordable levels of distribution. The 2024/25 budget is based on continuation of a £450k distribution, in part due to the early repayment of the existing loan funding to mitigate the new loan funding required for the cremator replacements and also lower running costs. The replacement period of the new cremators will be a key aspect to this and planning it so that there is the least possible impact on activity and therefore income levels will be important.

Comments of Monitoring Officer

There are no specific legal issues arising from the report at this stage

Comments of Head of People, Policy and Transformation

The report sets out the financial position for Gwent Crematorium which Newport City Council operates on behalf of the Gwent Authorities. There are no direct human resources implications as a result of the report and it is noted that Agency costs for the manager role will cease and a more permanent solution has been supported.

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 2023-24	Actual Outturn 2023-24	Under/(Over) Budget
Fees & Charges	(1,533,990)	(1,345,574)	188,416
Rent Income	(3,510)	(3,120)	390
INCOME	(1,537,500)	(1,348,694)	188,806
Pay	246,260	232,121	14,139
Pay-NI	24,211	24,063	148
Pay-Super	34,376	22,229	12,147
Pay-Overtime	9,043	10,099	(1,056)
Agency Staff	0	111,765	(111,765)
Other Employee related	0	3,860	(3,860)
EMPLOYEES	313,890	404,138	(90,247)
Building Maint	223,117	263,326	(40,209)
Utilities	416,962	325,048	91,914
Cleaning	12,180	10,435	1,745
PREMISES	652,259	598,809	53,450
Petrol	1,010	0	1,010
TRANSPORT	1,010	0	1,010
Tools+Equip	3,418	3,448	(30)
Plants/Seeds/Shrubs	2,500	6,384	(3,884)
Purchase of Urns/Burial Memorials	34,000	20,094	13,906
Inscriptions	10,797	0	10,797
Uniforms	1,056	1,809	(753)
Stationery/Printing	2,500	2,067	433
Refuse Collection	7,218	7,286	(68)
Fees-Professional	91,810	122,674	(30,864)
Telephones/Postage	4,500	4,298	202
Computer Purchase	3,030	7,155	(4,125)
Subscriptions	1,500	4,710	(3,210)
SUPPLIES & SERVICES	162,329	179,924	(17,596)
Finance Costs-Mercury Abatement Equip	67,722	265,803	(198,081)
CAPITAL FINANCING	67,722	265,803	(198,081)
TOTAL EXPENDITURE	1,197,210	1,448,674	(251,464)
(SURPLUS)/DEFICIT	(340,290)	99,980	440,270
Less Distribution	450,000	250,000	
(INCREASE)/DECREASE TO BALANCES	109,710	349,980	

APPENDIX 2 - Cremation numbers

Cremation numbers:	23-24 Budgeted Cremations	23-24 Actual Cremations	Variance	Quarterly Totals
April	132	116	-16	
May	132	103	-29	
June	132	121	-11	-56 Q1
July	132	110	-22	
August	139	120	-19	
September	139	111	-28	-69 Q2
October	132	102	-30	
November	139	132	-7	
December	126	105	-21	-58 Q3
January	132	129	-3	
February	126	141	15	
March	145	130	-15	-3 Q4
	1,606	1,420	-186	

APPENDIX 3

**Minor Joint Committees in Wales
Annual Return for the Year Ended 31 March 2024
Accounting statements 2023-24 for:**

Name of body: GWENT CREMATION COMMITTEE

	Year ending		Notes and guidance for compilers
	31 March 2023 (£)	31 March 2024 (£)	
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	1,046,681	1,162,806	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	1,482,284	1,348,694	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	313,524	404,138	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	265,803	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	1,047,635	1,028,734	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	1,162,806	812,826	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
Statement of balances			
8. (+) Debtors	126,559	111,935	Income and expenditure accounts only: Enter the value of debts owed to the body.
9. (+) Total cash and investments	1,491,932	922,435	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	455,685	221,544	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	1,162,806	812,826	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	265,803	0	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 2024, 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="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 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.

<p>Certification by the RFO</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 2024.</p>	<p>Approval by the Council/Board/Committee</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p>
<p>RFO signature:</p>	<p>Minute ref:</p>
<p>Name: Meirion Rushworth</p>	<p>Chair of meeting signature:</p> <p>Name:</p>
<p>Date:</p>	<p>Date:</p>

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 2024.

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="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	NOT COVERED. LAST INTERNAL AUDIT WAS UNDERTAKEN DURING 2022/23.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
8. Asset and investment registers were complete, accurate, and properly maintained.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input 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"/>	
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.

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 2022-23 and 2023-24. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: LINDA REES

Signature of person who carried out the internal audit:



Date: 10.06.2024