

Agenda



Greater Gwent Cremation Joint Committee

Date: Friday, 16 December 2022

Time: 10.00 am

Venue: Committee Room 1 - Civic Centre

To: Councillors Y Forsey, L Lacey, Lane, Thomas, S Evans, Leadbeater, J Simmonds, J Taylor and Cross

Item	Wards Affected
1	<u>Apologies for Absence</u>
2	<u>Declarations of Interest</u>
3	<u>Minutes of the Previous Meeting</u> (Pages 3 - 4)
4	<u>Review of Budget Performance 2022/23</u> (Pages 5 - 10)
5	<u>Facilities Management</u> To receive an oral update from the Newport Norse representative
6	<u>Funeral Director's Report</u> To consider any issues raised by local Funeral Directors
7	<u>Manager's Report - to follow</u> (Pages 11 - 12)
8	<u>Live Event Link</u> To view the Live Event please click here

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Date of Issue: 12 December 2022

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Minutes



Greater Gwent Cremation Joint Committee

Date: 18 July 2022

Time: 10.00 am

Present: Councillors L Lacey, S Evans, J Taylor and Cross

Apologies: Councillors Y Forsey, Lane, Thomas, Leadbeater and J Simmonds

1 Apologies for Absence

See above.

2 Declarations of Interest

None received.

3 Chair of Committee for the period May 2022 to May 2023

The Council to Chair the Committee on rotation for the period 2022/23 would be a member of Blaenau Gwent Council.

As there was no one present to be nominated, Councillor Taylor from Caerphilly County Borough Council kindly stood in as Chair for the meeting.

The Chair would be selected at the next meeting of the committee.

4 Minutes of the Previous Meeting

The Minutes of 19 January were accepted as a true record.

5 Draft Accounts Report 2021/22

Joanne Hazelwood (Finance Business Partner – Systems) and Mark Howcroft (Chief Accountant and Project Manager) were present and provided the Committee with the draft accounts for 2021/22.

The Appendices contained the Annual Return for 2021/22 and the Summary of the Out-turn Analysis.

Agreed:

Members of the Committee received and approved the draft accounts position and noted that the distribution of £950,000 was made to Councils as agreed, in line with budget expectations.

6 **Manager's Report**

The Superintendent Registrar presented the Manager's Report to the Committee, highlighting statistics on memorial sales and cremations for the for the period January to June 2022.

Agreed:

That the Committee noted the Manager's Report.

Report

Greater Gwent Crematorium Joint Committee

Part 1

Date: 16 December 2022

Subject **Review of Budget Performance 2022/23**

Purpose To provide supporting information relating to the budget performance in 2022/23

Author Joanne Hazlewood

Ward General

Summary To provide the Committee with up to date budget monitoring data, and summary analysis

Proposal The Committee is asked to consider the budget position, and the potential impact on reserves

Action by Head of Finance

Timetable 1. Draft budget proposals, fees and charges and distribution level to be agreed for 2023/24 at the next Committee meeting in January

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 current financial year, prior to setting the budget for 2023/24, which the Committee will be asked to do in January.

Financial Summary

Forecasts based on actual cremations Apr-Nov (1058) and 85% capacity Dec-Mar (500)

Total 1558 cremations + 15k per month other income eg memorials/inscriptions/rent etc

	FY Budget 22/23	Actual to 30 Nov	Forecast 22/23	Variance to Budget
Total INCOME	(1,254,360)	(955,971)	(1,432,514)	(178,154)
Employees	317,821	215,115	298,179	(19,642)
Premises	350,000	57,151	304,914	(45,086)
Repairs + Renewals Reserve	100,000	44,262	145,086	45,086
Transport	1,010	301	301	(709)
Supplies & Services	181,782	85,859	151,862	(29,920)
Capital Financing	67,722	0	53,161	(14,561)
Total EXPENDITURE	1,018,335	402,688	953,503	(64,832)
(SURPLUS) / DEFICIT	(236,025)	(553,284)	(479,011)	(242,986)
Less Budgeted Distribution	450,000		450,000	
(Increase)/Decrease to Balances	213,975		(29,011)	

Potential impact on Reserves at 31st March 2023

Reserves b/f £1,046,681	832,706		1,075,692	
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When the estimates were approved by Committee, due to the decreasing cremation numbers/income levels, it was agreed to reduce the level of distribution for this financial year, to £450k, and to draw from reserves, if required, however in light of the most recent data, the out-turn position shows that the reduced distribution can be managed within the revenue balances and therefore Committee reserves balances would remain stable.

Explanation of projected variances

Employees - there has been a vacant post due to long term sickness

Premises – in the last 4 years, premises related costs have been increasing consistently, due to the age and nature of the equipment at the Crematorium, so the repairs and renewals reserve was introduced to manage cremator maintenance costs. This financial year the costs incurred within this fund include £20k for replacing filter bags and filter base, and £85k for the reline of the cremators, which has just been completed. Other costs are for parts, servicing cremators and analytical panels. The budget split between the Repairs and Renewals fund will need to be reviewed, when setting the budget, however, overall the Premises budget is sufficient to fund this year's expenditure.

Supplies & Services – 30k underspend is due to there being surplus budget held for the bulk purchase of burial memorials. Due to the fact that they are ordered in bulk, there has been no requirement for purchases in this financial year. This budget will be reviewed when the Committee sets the budget for 2022/23 in January.

Income – the position as at the end of November, is showing an out-turn forecast of £178k more income than budgeted. The budgeted position was based on 85% of available service times being booked, and the table below highlights that there has been an increase in cremation numbers compared to the same period last year. Gwent Crematorium have improved their offering, as agreed by Committee, by having a full audio upgrade, including external speaker replacement, and the ability to show visual tributes during the service. Longer service times have also been introduced, and this, along with lower fees than our private competitors, has contributed to the increase in cremation numbers. Income will be monitored closely for the remaining months, but we hope to report the same favourable position at the next meeting, when we set the budget for 23/24.

Dec to Jan projected on 85% of available service times booked. 9.30 am slot is often available

Cremation numbers:	21/22	22/23	Variance
Apr	111	141	30
May	93	143	50
Jun	83	129	46
Jul	100	122	22
Aug	121	131	10
Sep	141	119	-22
Oct	123	132	9
Nov	146	141	-5
Dec	139	119	-20
Jan	134	125	-9
Feb	129	119	-10
Mar	134	137	3
	1,454	1,558	104

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?
Reduced cremation numbers	H	H	Continue to monitor income levels and review distribution to Constituent Authorities, to ensure reserve balances are maintained	Head of Finance
Increase in building maintenance costs	H	H	Continue to monitor the increasing costs associated with running 2 cremators, and helping to reduce maintenance costs	Head of Finance

Budgeted Position 2022/23

The reduced budgeted income levels for 2022/23 of £1.25m reflect a fee of £828 per adult cremation and 1517 services (85% capacity). Revising the service durations from 20 minutes to 45 minutes, consistent with private enterprises, has had a positive impact on cremation numbers, and along with the lower fee at Gwent Crematorium, compared with those of our private competitors, these factors have had a positive effect on the previous declines we were experiencing.

The budget agreed presumed £236k surplus, and was insufficient to provide the reduced dividend of £450k for Gwent partners, without also utilising part of reserve balance. However, having revised the forecasts, the position is more favourable, and reserve balances should remain stable.

We are facing continuing financial challenges, with increasing contract prices and it is therefore important for the Committee to consider options, when setting the budget in January, for ensuring service/financial sustainability in the increasingly competitive market, to achieve future requirements.

Newport City Council is the only Gwent partner that actively budgets to receive an annual dividend payment of their share of £950k, and the impact of the reduced distribution has been reflected as an MTFP pressure.

For risk mitigation and to maintain a reserve of circa £1m, the level of annual dividend affecting each Gwent authority has been revised, as shown below:

	Population 1996	% share	Traditional Dividend 950,000	Revised Dividend 450,000	Reduction
Blaenau Gwent Caerphilly (Islwyn only)	77,400	17.59	167,114	79,159	-87,955
Monmouthshire	66,800	15.18	144,227	68,318	-75,909
Newport	81,200	18.45	175,318	83,045	-92,273
Torfaen	120,900	27.48	261,034	123,648	-137,386
TOTAL	440,000	100.00	950,000	450,000	-500,000

Links to Council Policies and Priorities

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

Options Available and considered

The Committee is asked to note the financial position for 2022/23, and consider the position when setting the budget, fees and distribution levels, at the next Committee meeting in January.

Preferred Option and Why

It is recommended that the Committee notes the distribution of £450,000 for 2022/23, and agrees to use reserves balances to fund any shortfall.

Then starting in 2023/24 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

As indicated to the Committee previously, the budget and distribution levels of the service requires careful planning from now on, as cremation numbers have reduced, and Gwent Crematorium is no longer generating the income levels they were historically. However, numbers have now stabilised, following the opening of Sirhowy Valley Crematorium, and are showing an increase since last year.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report.

Comments of Service Manager for Environment and Leisure

Comments will be provided at the meeting.

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

Comments will be provided at the meeting.

Scrutiny Committees

n/a

Equalities Impact Assessment and the Equalities Act 2010

n/a

Children and Families (Wales) Measure

n/a

Wellbeing of Future Generations (Wales) Act 2015

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.

Crime and Disorder Act 1998

n/a

Dated: 12 December 2022

Manager's Report

Statistics

MEMORIAL SALES

MONTH	VASE BLOCKS	SANCTUM VAULTS	LEASE RENEWALS – vase blocks	LEASE RENEWALS - vaults
July	2	2	3	0
August	4	3	11	1
September	3	3	6	0
October	2	2	3	1
November	5	3	3	1

CREMATIONS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Jan	134	241	211	233	246	268	240	262	278	220	254	278	254
Feb	129	225	197	211	254	258	243	262	254	200	268	256	226
Mar	134	148	196	204	230	299	277	287	241	267	279	249	235
Apr	141	111	223	178	237	229	268	245	222	268	237	193	229
May	143	93	240	195	219	266	266	230	234	274	270	232	198
Jun	129	83	140	150	164	260	264	241	239	218	193	232	235
Jul	122	100	91	212	186	219	211	237	257	211	175	204	208
Aug	131	121	98	165	176	236	244	187	206	183	168	241	198
Sep	119	141	149	181	173	228	228	232	204	194	158	221	218
Oct	132	123	141	206	193	240	224	225	243	234	186	233	232
Nov	141	146	186	169	190	251	239	249	222	226	176	220	219
Dec	128*	139	215	197	166	191	244	266	248	200	182	234	227
	1583*	1671	2087	2301	2434	2945	2948	2913	2848	2695	2546*	2793	2679

NB December cremation figures and 2022 year totals are subject to slight change due to possible further bookings

RE-LINING OF CREMATORS

Work is continuing to reline cremators #3 and #4. Progress has been delayed to difficulties in getting arranging contractors to complete the job. Additionally, the scale of the work needed inside the cremator turned out to be greater than expected. Unfortunately, much of the cremator ductwork is hidden from view until the machine is

dis-assembled, so this is non-foreseeable. However, the operational life of the re-lined machines will now be lengthened because of the increased number of new components.

The work has been arranged to be being undertaken without disturbance to existing services, and no possible service times have been lost.

The re-commissioning of cremator #3 should take place around Christmas, and the reline of #4 cremator will then take place early in the new year.