

# Report

## Greater Gwent Crematorium Joint Committee



### Part 1

Date: Wednesday 18th September 2024

**Subject** Review of Budget Performance 2024/25

**Purpose** To provide supporting information relating to the budget performance in 2024/25

**Author** Finance Business Partner - Systems

**Ward** General

**Summary** To provide the Committee with up to date budget monitoring data, and approve the revised annual return for 23-24

Appendix:

Appendix 1: Audit Wales Independent Examination of the 2023-24 Annual Return Closing Letter

Appendix 2: Revised Accounting Statements for 2023-24

**Proposal** Members are asked to:

- consider the budget position, and the potential impact on reserves
- note/approve the restated annual return for 23-24

**Action by** Head of Finance

**Timetable** 1. Draft budget proposals, fees and charges and distribution level to be agreed for 2025/26 at the next Committee meeting in December

This report was prepared after consultation with:

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

**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 2025/26 which the Committee will be asked to do in December.

## Financial Summary 2024/25

	<b>FY Budget 24/25</b>	<b>Actual to 31 Aug</b>	<b>Forecast 24/25</b>	<b>Variance to Budget</b>
<b>Total INCOME</b>	<b>(1,674,830)</b>	<b>(517,146)</b>	<b>(1,596,830)</b>	<b>78,000</b>
<b>Employees</b>	329,585	177,014	325,925	(3,660)
<b>Premises</b>	445,327	86,584	476,820	31,493
<b>Contribution to Repairs and Renewals Fund</b>	100,000	0	100,000	0
<b>Transport</b>	500	0	500	0
<b>Supplies &amp; Services</b>	162,921	88,547	211,297	48,376
<b>Capital Financing</b>	67,722	0	0	(67,722)
<b>Total EXPENDITURE</b>	<b>1,106,055</b>	<b>352,145</b>	<b>1,114,542</b>	<b>8,487</b>
<b>(SURPLUS) / DEFICIT</b>	<b>(568,775)</b>	<b>(165,001)</b>	<b>(482,288)</b>	<b>86,487</b>
<b>Less Budgeted Distribution</b>	<b>450,000</b>		<b>450,000</b>	
<b>(Increase)/Decrease to Balances</b>	<b>(118,775)</b>		<b>(32,288)</b>	

### Potential impact on Reserves at 31<sup>st</sup> March 2024

Reserves b/f £812,825	<b>931,600</b>		<b>845,113</b>	
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## Explanation of projected variances

**Employees** – appointments have been made, and training is underway for new staff members. The forecast is showing that there will be a slight underspend, however, there is currently a temporary agency cover arrangement in place for a part-time admin post, which has been projected until December. We will review this position at the next meeting.

**Premises** –in the last few years there has been increased costs in relation to the cremators, and ensuring the equipment is maintained to the required regulations. The repairs and renewals reserve fund was created to smooth the fluctuation of costs between years, and to minimise the impact on revenue spend. The cremator replacement works will reduce the projected repairs and maintenance costs in future years, allowing the reserve fund balances to increase, until required.

**Supplies & Services** – historically there has been an underspend within Supplies and Services, and as a result the budget was reduced, however this financial year there are plans to purchase burial memorials for an area identified for garden redevelopment works.

**Income** – the position as at the end of August, is showing an out-turn forecast of £78k less income than budgeted. The budgeted position was based on 1614 cremations, and the table below highlights that there has been an increase in cremation numbers in Qtr1 compared to the same period last year, with the introduction of early morning services for direct cremations, but being mindful of the fact that the cremator replacement works will begin in October, the projections have been revised and cremation numbers have been based on 85% of services being booked. The cremation numbers are therefore reduced by 84 compared to budget, which based on the adult cremation fee of £930 is a loss of £78k income

**Capital Financing** – the Committee approved the repayment of the Mercury Abatement loan, reducing the annual revenue costs. The cremator replacement works will begin in October, and the associated capital financing costs will start next financial year.

Cremation numbers:	23/24	24/25	Variance
Apr	116	137	21
May	103	139	36
Jun	121	134	13
Jul	110	121	11
Aug	120	124	4
Sep	111	125	14
Oct	102	137	35
Nov	132	125	-7
Dec	105	113	8
Jan	129	131	2
Feb	141	119	-22
Mar	130	125	-5
	<b>1,420</b>	<b>1,530</b>	<b>110</b>

## 2023/24 Restated Annual Statement

Audit Wales have completed their independent examination of the Annual Return for 2023-24 (Appendix 1)

In carrying out this work, the following amendments were identified, and the return has been amended accordingly (shown in Appendix 2):

- Balances carried forward (Row 7) have been reduced by £1
- An explanation was added to the “additional disclosure notes” section regarding point 6 of the Annual Governance Statement
- All answers in the annual Internal Audit report section were amended to “Not Covered” as there was no internal audit in 2023-24

The Committee should now re-approve the amended Annual Return.

### 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	The impact of the cremator replacement works has yet to be assessed, but could reduce the projected cremation numbers, and the associated income levels.	Head of Finance
Increase in building maintenance costs	H	H	Continue to monitor the increasing costs associated with the building maintenance	Head of Finance

### 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 2024-25, and consider the position when setting the budget, fees and distribution levels, at the next Committee meeting in December.

The Committee is asked to approve the amended annual return for 2023-24, following the amendments noted

## **Preferred Option and Why**

It is recommended that the Committee note the financial position for 2024-25, and approve the amended return for 2023-24.

## **Comments of Chief Financial Officer**

This is the Committee's regular monitoring report and shows a broadly balanced position, after allowing for a £450k budgeted distribution to Gwent Councils. As the report highlights; the impact of the cremator replacement works may have an adverse impact on these current forecasts though the income forecasts are themselves reflective of some slowdown in income because of this. This will need to be reported back to the Committee in due course.

The audit of the annual statement has been completed and pleasing to note no changes to the 'figures' and financial position of the joint service; with changes being confined to other areas of the statement.

## **Comments of Monitoring Officer**

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

## **Comments of Service Manager for Environment and Leisure**

## **Comments of Head of People, Policy and Transformation**

Budget monitoring and oversight helps to ensure the financial sustainability of this Greater Gwent joint arrangement. The report sets out the financial position for Gwent Crematorium and sets out a restated financial statement for 2023/24 following independent review by Audit Wales.

There are no human resources implications arising from this report.

## **Comments of Cabinet Member**

## **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



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Reference: NCC/GGCJC/23-24

Date issued: 4 September 2024

Dear Joint Committee Members,

## Greater Gwent Cremation Joint Committee – Independent Examination of the 2023-24 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 audited Annual Return, the Greater Gwent Crematorium Joint Committee (the Committee) has total gross income of £1.35 million, and gross expenditure of £1.7 million for the 2023-24 financial year. Consequently, the Committee is defined as a 'smaller' local government body for 2023-24.

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 2023-24. In carrying out this work, we identified amendments required to the Annual Return, which have been amended in the revised return presented to the Committee, as follows:

- 'Balances carried forward' (row 7) has been reduced by £1 to ensure it totalled correctly.
- An explanation was added to the "additional disclosure notes" section regarding point 6 of the Annual Governance Statement.
- All answers in the annual Internal Audit Report section were amended to "Not covered", as no Internal Audit was undertaken in 2023-24.

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

The Committee should now consider the amended 2023-24 Annual Return for re-approval at the meeting on 18 September 2024.

Subject to local government electors for the area exercising their rights under sections 30 and 31 of Public Audit (Wales) Act 2004, to question the Auditor General about or make objections to the annual return for the year ended 31 March 2024 on 1 October 2024, we propose to certify the amended 2023-24 Annual Return 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 2023-24 Annual Return.

Yours sincerely,

**Helen Goddard**

**Audit Manager**

## APPENDIX 2 – Revised Accounting Statement 2023-24

### Accounting statements 2023-24 for:

Name of body: **GWENT CREMATION COMMITTEE**

	Year ending		Notes and guidance for compilers
	31 March 2023 (£)	31 March 2024 (£)	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	1,046,681	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	812,825	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	126,559	111,935	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body.
9. (+) Total cash and investments	1,491,932	922,435	<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	455,685	221,544	<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	1,162,806	812,825	<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	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"> <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 statements and/or the Annual Governance Statement

1. **Point 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.

The last internal audit was 2022/23, therefore we have not received a report from the internal auditor, relating to the 2023/24 accounts

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><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 2024.</p>	<p><b>Approval by the Council/Board/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:</b></p>
<p><b>Name:</b> Meirion Rushworth</p>	<p><b>Chair of meeting signature:</b></p>
<p><b>Date:</b></p>	<p><b>Name:</b></p>
<p><b>Date:</b></p>	<p><b>Date:</b></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 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"/>	ALL RESPONSES ARE 'NOT COVERED' AS THERE WAS NO INTERNAL AUDIT IN 2023/24
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"/>	LAST INTERNAL AUDIT WAS UNDERTAKEN IN 2022/23
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"/>	<div style="border: 1px solid black; padding: 5px; width: fit-content;">           ALL RESPONSES ARE 'NOT COVERED' AS THERE WAS NO INTERNAL AUDIT IN 2023/24         </div>
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"/>	<div style="border: 1px solid black; padding: 5px; width: fit-content;">           ALL RESPONSES ARE 'NOT COVERED' AS THERE WAS NO INTERNAL AUDIT IN 2023/24         </div>
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 2022-23 and 2023-24. I also confirm that there are no conflicts of interest surrounding my appointment.

<b>Name of person who carried out the internal audit:</b> Linda Rees
<b>Signature of person who carried out the internal audit:</b> 
<b>Date:</b> 10/06/24