

LLWYDCOED CREMATORIUM JOINT COMMITTEE
27th June 2023

REPORT OF THE TREASURER

MATTERS REPORTED FOR DECISION

**DRAFT ANNUAL RETURN FOR THE YEAR ENDED 31st MARCH 2023
(SUBJECT TO AUDIT), INTERNAL AUDIT REPORT FOR 2022/23 AND PERIOD 2
BUDGET MONITORING UPDATE 2023/24**

1. PURPOSE OF REPORT

1.1 This report provides Members with the unaudited Annual Return for the Year Ended 31st March 2023, the Internal Audit Final Report Llwydcoed Crematorium issued 25th April 2023 and the Period 2 Budget Monitoring Update 2023/24.

2. RECOMMENDATIONS

2.1 It is recommended that:

- Members note the report.
- Members note the unaudited Annual Return for the year ended 31st March 2023 as presented. (Appendix 1).
- Members note the Internal Audit Final Report (Appendix 2).
- Members note and approve the Period 2 Budget Monitoring Update 2023/24 (Appendix 3).
- The Chair of the Joint Committee signs the Approval and Certification section of the Annual Return.

3. BACKGROUND

3.1 The Accounts and Audit (Wales) Regulations 2014 require all local councils and joint committees to prepare their annual accounting statements in accordance with proper practices.

3.2 The Accounts and Audit (Wales) Regulations 2014 define a joint committee with income and expenditure of less than £2.5 million per annum as a 'smaller relevant body'.

3.3 In this case, the 'Governance and Accountability for Local Councils in Wales – a Practitioners Guide' has been identified as being proper practice for the preparation of accounts.

3.4 The Practitioners Guide allows bodies with income and expenditure of less than £2.5 million to prepare an annual return, which includes an income and expenditure account and a statement of balances, rather than a full statement of accounts.

- 3.5 Regulation 15(2) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that the Llwydcoed Crematorium Joint Committee must, no later than 31st May immediately following year end, consider and approve the annual return by the Members meeting as a whole.
- 3.6 Members will note that the Joint Committee has not considered the annual return for the year ended 31st March 2023 by 31st May 2023. Welsh Government has set out its expectation regarding an extended timescale for the certification and audit of statutory financial accounts for the 2022/23 financial year i.e. 31st July and 30th November respectively. For Members information, should bodies work to the above mentioned extended timescales, they will need to ensure the required notices are published as set out in the Regulations.
- 3.7 In line with the Welsh Government update, the Council has revised its timetable accordingly, ensuring the annual return is completed as timely as possible and has also published a notice on its website, as required by the Regulations.
- 3.8 Moving onto the external audit process for the Annual Return, unless the Annual Return needs to be amended, the auditor will certify the return and send it back to the Joint Committee for publication with no further approval required by the Joint Committee. If however amendments are required, the auditor will send the return to the Joint Committee for amendment and re-approval before the auditor can certify the return. As referred to in paragraph 3.6, where the required timescales as set out in the Accounts and Audit (Wales) Regulations 2014 are not compiled with, the Council will publish a notice in line with the Regulations.

4. FINANCIAL PERFORMANCE AND MOVEMENT OF USABLE RESERVES

- 4.1 The first part of the table below shows the controllable income and expenditure for 2022-23 compared to budget. It then shows the impact of interest earned on reserves and the balance of reserves available to the Joint Committee.

2022/23	Budget £	Actual £	Variance £	Annual Return Ref
Controllable Expenditure				
Employees	261,250	277,137	15,887	Line 4
Premises	206,110	362,231	156,121	Line 6
Transport	1,000	0	-1,000	Line 6
Supplies & Services	81,860	86,333	4,473	Line 6
Support Services	126,690	156,090	29,400	Line 6
	676,910	881,791	204,881	
Controllable Income				
Receipts/Fees	-1,176,020	-1,061,968	114,052	Line 3
Controllable Surplus	-499,110	-180,177	318,933	
Add interest earned		-28,547		Line 3
Revenue contribution to balances		-208,724		

2022/23	Budget £	Actual £	Variance £	Annual Return Ref
Distribution from General Reserve		350,000		Line 6
Net decrease in Reserves		141,276		
General Reserves B/F 01.04.22		-1,488,589		Line 1
General Reserves C/F 31.03.23		-1,347,313		Line 7

- 4.2 The General Reserve is a distributable revenue reserve, which consists of the accumulated surpluses of the Crematorium's operations.
- 4.3 This can be apportioned between Cynon Valley (now part of Rhondda Cynon Taf CBC) and Merthyr Tydfil CBC in the ratio of respective populations (2011 Census Data) as follows:

	Merthyr Tydfil	Cynon Valley	Total
Relevant Population	58,802	63,238	122,040
Balance at 1st April 2022	-717,240	-771,349	-1,488,589
(Surplus)/Loss for the Year	68,070	73,206	141,276
Balance at 31st March 2023	-649,170	-698,143	-1,347,313

- 4.4 The main reasons for the variances between budgeted and actual controllable expenditure were:
- Employee costs were higher than budgeted due to the retention of temporary staff.
 - Premises costs were higher than budgeted mainly due to additional maintenance and improvement works plus higher utility costs.
 - Support costs were higher than budgeted due to a reassessment of the actual costs.
- 4.5 The main reason for the variance between budgeted and actual controllable income was:
- Income received was lower than budgeted due to lower than forecasted number of cremations undertaken.

5. BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2023

- 5.1 In addition to the Annual Return, a supplementary Balance Sheet is provided in the table below. This supplementary information provides a further breakdown of the figures reported in the Annual Return, is purely for information only, and is not subject to audit at year end.

31-Mar-22 £		31-Mar-23 £	Annual Return Ref
	LONG TERM ASSETS		
1,667,839	Land & Property	1,561,477	
0	Plant & Equipment	0	
1,667,839	TOTAL LONG-TERM ASSETS	1,561,477	Line 12
	CURRENT ASSETS		
13,998	Inventories	12,339	Line 8
88,595	Debtors	88,434	Line 8
1,394,669	Cash and Bank (Personal Account)	1,252,592	Line 9
1,497,262	TOTAL CURRENT ASSETS	1,353,365	
	CURRENT LIABILITIES		
(8,673)	Creditors	(6,052)	Line 10
1,488,589	NET CURRENT ASSETS	1,347,313	Line 11
3,156,428	TOTAL ASSETS LESS CURRENT LIABILITIES	2,908,790	
	LONG TERM LIABILITIES		
(147,000)	Defined Pension Scheme Liability	136,000	
3,009,428	NET ASSETS	3,044,790	
	REPRESENTED BY :-		
	USABLE RESERVES		
(1,488,589)	General Fund Balances	(1,347,313)	Line 11
	UNUSABLE RESERVES		
1470,000	Pensions Reserve	(136,000)	
(55,723)	Revaluation Reserve	(52,936)	
(1,612,116)	Capital Adjustment Account	(1,508,541)	
(3,009,428)		(3,044,790)	

5.2 Further information to explain the balances are provided below:

- Long Term Assets include Land, Buildings and Equipment. The value of all land, buildings and equipment is based on a written down value after taking account of the assets remaining life and estimated cost of replacement.
- Inventories are stock included in the Balance Sheet at the lower of cost and net realisable value, and relates mainly to caskets, memorial bases and flower containers.
- Debtors represent monies owed to Llwydcoed Crematorium by trade debtors such as Funeral Directors.
- Cash and Bank (Personal Account) is the amount held on behalf of Llwydcoed Crematorium by Rhondda Cynon Taf County Borough Council. No separate bank account exists for the Joint Committee.
- Creditors are amounts owed by Llwydcoed Crematorium to suppliers for which goods and services were provided prior to the end of the financial year but at that time not invoiced.
- Defined Pension Scheme Liability – As part of the terms and conditions of employment, the employees of Llwydcoed Crematorium are offered retirement benefits by the Joint Committee. Although these benefits will not

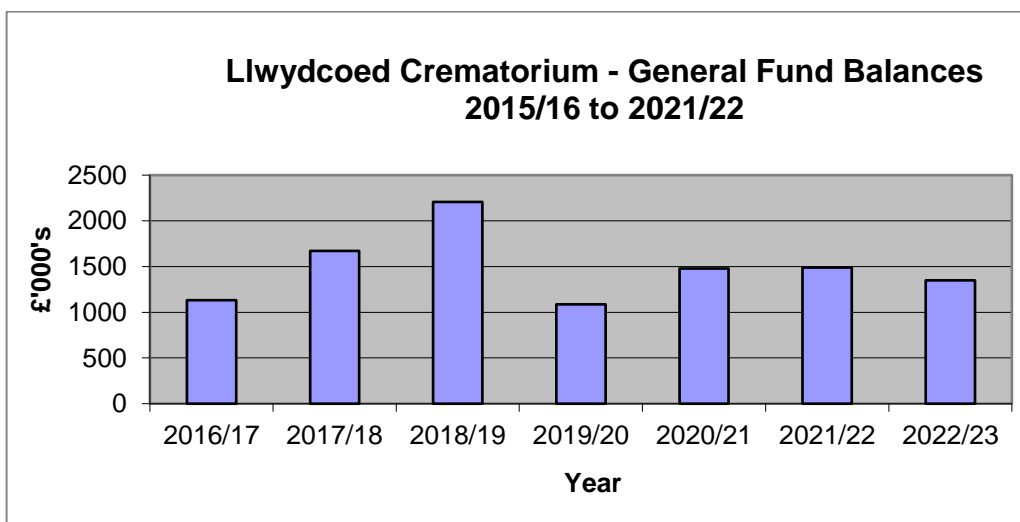
be payable until retirement, the Joint Committee has a commitment to make these payments. The liability for these payments need to be accounted for at the time the future entitlement is earned.

- Reserves are reported in two categories. Usable reserves can be used by the Committee to provide services subject to the need to provide a prudent level of reserves. Unusable reserves are not available to provide services.
- The General Fund Balance is a distributable revenue reserve, which consists of the accumulated surpluses of the Crematorium's operations.
- The Pensions Reserve covers the Defined Pension Scheme Liability.
- The Revaluation Reserve contains the gains made by the Joint Committee arising from increases in the value of its Land, Buildings and Equipment.
- The Capital Adjustment Account represents the difference between the cost of fixed assets used by the Joint Committee and the capital financing set aside to pay for them.

6. GENERAL FUND BALANCES - 2016/17 TO 2022/23

6.1 The table below shows Llwydcoed Crematorium's level of General Fund Balances for the last seven years. The reserves grew steadily in 2017/18 and 2018/19.

6.2 In 2019/20 a decision was taken by the Joint Committee at the meeting of 10th December 2019 to distribute £1,500,000 of the General Reserve to each Authority in line with the relevant populations as detailed in 4.3 above. For 2020/21 the reserve balance increased and was maintained at generally the same level for 2021/22. In 2022/23 the reserve balance decreased due to additional maintenance works and improvement costs.



7. INTERNAL AUDIT FINAL REPORT

- 7.1 The Internal Audit Final Report 'Llwydcoed Crematorium 2022/23' was issued on the 25th April 2023 (and is attached as Appendix 2).
- 7.2 The audit opinion provides reasonable assurance that there is a generally sound system of governance, risk management and control in place. Some issue, non-compliance or scope for improvement were identified that may put at risk the achievement of objectives in the area audited. The management team has considered this report and an action plan has been prepared to address areas requiring improvement.

8. PERIOD 2 BUDGET MONITORING UPDATE 2023/24

- 8.1 Appendix 3 sets out details of the budget, actual expenditure to 31st May 2023 and projected outturn figures for 2023/24.
- 8.2 **Operating Expenditure for 2023/24 is projected to be £848,198 against a budget of £868,170 – a projected underspend of £19,972.**
- 8.3 The main projected expenditure variances are as follows: -
- Employees - £21,957 projected overspend due to the retention of an agency staff member
 - Premises - £35,178 projected underspend due to lower than anticipated costs on gas and electricity partly offset by increased NNDR costs
- 8.4 **Operating income for 2023/24 is projected to be £1,114,056 against a budget of £1,218,170 showing a projected deficit of income of £104,114.**
- 8.5 Projections for cremation fees have been made based on actuals to date and an estimated number of cremations for the remainder of the financial year and will be monitored closely throughout the financial year.
- 8.6 **Investment costs identified to date are projected to be £37,000 across the following areas**
- £20,000 – CCTV System
 - £17,000 - Underground fibre link to main building
- 8.7 Summary position for 2023-24

	£
General reserves brought forward 1st April 2023	1,347,313
Projected Operating Surplus 2023/24	265,858
Interest earned 2023/24	20,000
Investment Costs	-37,000
Redistribution to Joint Authorities	-350,000
Projected General Reserves 31st March 2024	<u>1,246,171</u>

9. SUMMARY

- 9.1 The General Reserves are required to fund further capital expenditure as part of the ongoing delivery of the service and is considered to be at a prudent level as at 31st March 2023.
- 9.2 The level of General Reserve will be monitored closely as part of the ongoing Budget Monitoring process and reported to the Joint Committee at appropriate intervals.

LOCAL GOVERNMENT ACT 1972

As amended by

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LLWYDCOED CREMATORIUM JOINT COMMITTEE

27th June 2023

Report of the Treasurer to Llwydcoed Crematorium

LIST OF BACKGROUND PAPERS

Ref:	Contact Officer
Appendix 1 Draft Annual Return for the Year Ended 31st March 2023	Steve Preddy (01443 680644)
Appendix 2 Internal Audit Final Report	Steve Preddy (01443 680644)
Appendix 3 Period 2 Budget Monitoring Update 2023/24	Steve Preddy (01443 680644)