

LLWYDCOED CREMATORIUM JOINT COMMITTEE

19th June 2018

REPORT OF THE TREASURER

MATTERS REPORTED FOR DECISION

DRAFT ANNUAL RETURN FOR THE YEAR ENDED 31 MARCH 2018 (SUBJECT TO AUDIT)

1. PURPOSE OF REPORT

- 1.1 This report provides Members with the unaudited Annual Return for the Year Ended 31 March 2018 and the Internal Audit Final Report Llwydcoed Crematorium issued 25th September 2017.

2. RECOMMENDATIONS

2.1 It is recommended:

- That members note the report.
- That members note the unaudited Annual Return for the year ended 31st March 2018 as presented. (Appendix 1)
- That the Chair of the Joint Committee signs the Approval and Certification section of the Annual Return.
- That the members note and approve the Internal Audit Final Report (Appendix 2)

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 being defined 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 The Accounts and Audit (Wales) Regulations 2014 require that the Joint Committee must formally approve the Annual Return by 30th June and certify that they present fairly the financial position of Llwydcoed Crematorium.

3.6 Following which 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 back to the Joint Committee for amendment and re-approval before the auditor can certify the return. The certified annual return must be published by no later than 30th September

4. FINANCIAL PERFORMANCE AND MOVEMENT OF USABLE RESERVES

4.1 The first part of the table below shows the controllable income and expenditure for 2017-18 compared to budget. It then shows the impact of interest earned on reserves and capital expenditure charged directly to reserves on the balance of reserves available to the Joint Committee.

| 2017/18 | Budget £ | Actual £ | Variance £ | Annual Return Ref |
|---|-----------------|-------------------|----------------|----------------------|
| Controllable Expenditure | | | | |
| Employees | 172,140 | 191,673 | 19,533 | Line 4 |
| Premises | 133,740 | 204,553 | 70,813 | Line 6 |
| Transport | 3,000 | 4,340 | 1,340 | Line 6 |
| Supplies & Services | 76,490 | 112,048 | 35,558 | Line 6 |
| Support Services | 56,630 | 89,908 | 33,278 | Line 6 |
| | 442,000 | 602,523 | 160,523 | |
| Controllable Income | | | | |
| Receipts/Fees | -887,600 | -1,138,838 | -251,238 | Line 3 |
| Controllable Surplus | -445,600 | -536,315 | -90,715 | |
| | | | | |
| Add interest earned | | -2,099 | | Line 3 |
| | | | | |
| Revenue contribution to balances | | -538,414 | | |
| | | | | |
| Capital expenditure charged directly to Reserves | | 0 | | Line 6 |
| | | | | |
| Net increase in Reserves | | -538,414 | | |
| | | | | |
| General Reserves B/F 01.04.17 | | -1,131,293 | | Line 1 |
| | | | | |
| General Reserves C/F 31.03.18 | | -1,669,707 | | 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 1 st April 2017 | -545,086 | -586,207 | -1,131,293 |
| (Surplus)/Loss for the Year | -259,422 | -278,992 | -538,414 |
| Balance at 31st March 2018 | -804,508 | -865,199 | -1,669,707 |

- 4.4 The main reasons for the variances between budgeted and actual controllable expenditure were;
- Employee costs were over spent due to the employment of an agency gardener over and above the budgeted staff structure.
 - Premises costs were higher than budgeted mainly because of the provision of the rose garden.
 - Supplies & services were over spent mainly due the costs of the cremator maintenance agreement.
 - Support costs were higher than budgeted due to an assessment of the actual operational management resource provided by RCT Bereavement Services.
- 4.5 The main reasons for the variances between budgeted and actual controllable income were;
- income received was higher than budgeted due to an increase in the number of cremations undertaken

5. BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2018

- 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-17 £ | | 31-Mar-18 £ | Annual Return Ref |
|--------------------|--|--------------------|----------------------|
| | LONG TERM ASSETS | | |
| 2,199,408 | Land & Property | 2,093,126 | |
| 240 | Plant & Equipment | 160 | |
| 0 | Assets Under Construction | 0 | |
| 2,199,648 | TOTAL LONG TERM ASSETS | 2,093,286 | Line 12 |
| | CURRENT ASSETS | | |
| 4,499 | Inventories | 6,783 | Line 8 |
| 73,326 | Debtors | 82,378 | Line 8 |
| 1,072,093 | Cash and Bank (Personal Account) | 1,585,602 | Line 9 |
| 1,149,918 | TOTAL CURRENT ASSETS | 1,674,763 | |
| | CURRENT LIABILITIES | | |
| (18,625) | Creditors | (5,056) | Line 10 |
| 1,131,293 | NET CURRENT ASSETS | 1,669,707 | Line 11 |
| | | | |
| 3,330,941 | TOTAL ASSETS LESS CURRENT LIABILITIES | 3,762,993 | |
| | LONG TERM LIABILITIES | | |
| (339,000) | Defined Pension Scheme Liability | (328,000) | |
| 2,991,941 | NET ASSETS | 3,434,993 | |
| | REPRESENTED BY :- | | |
| | USABLE RESERVES | | |
| (1,131,293) | General Fund Balances | (1,669,707) | Line 11 |
| | UNUSABLE RESERVES | | |
| 339,000 | Pensions Reserve | 328,000 | |
| (70,773) | Revaluation Reserve | (67,578) | |
| (2,128,876) | Capital Adjustment Account | (2,025,708) | |
| (2,991,941) | | (3,434,993) | |

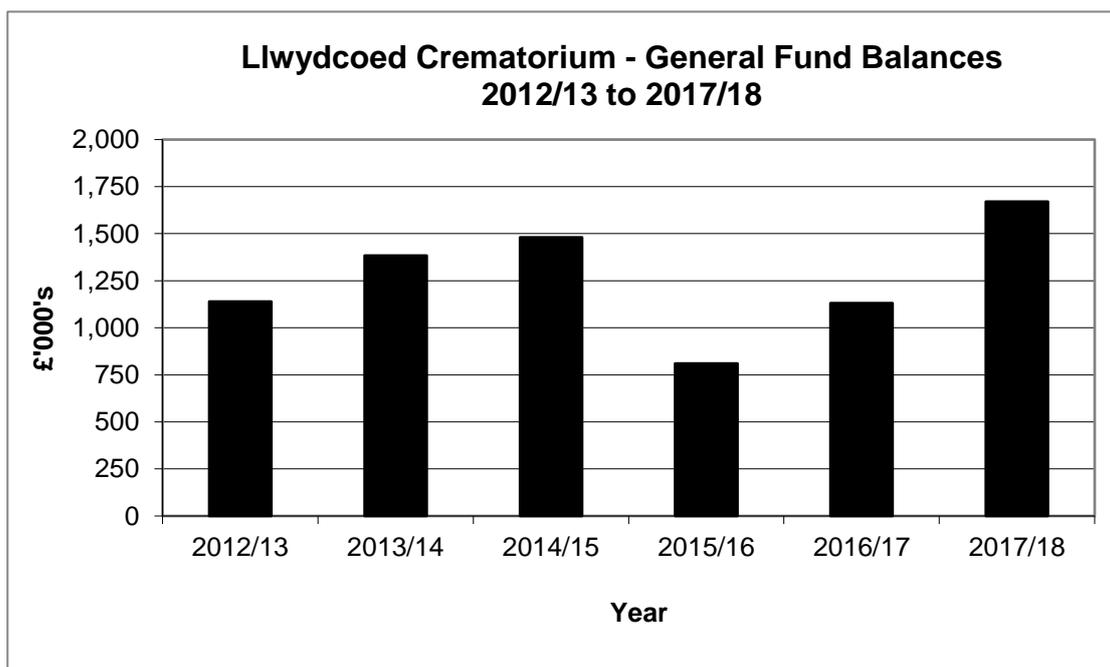
5.2 Further information to explain the balances are provided below:

- 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 represents 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 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 the employees of Llwydcoed Crematorium they 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 Property, Plant 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 2012/13 TO 2017/18

6.1 The table below shows Llwydcoed Crematorium’s level of General Fund Balances for the last six years. It can be seen that the level of the Crematorium’s reserves had grown steadily before being reduced in 2015/16 as a result of the costs of the replacement of the cremators. Further expenditure on the replacement of the cremators was incurred in 2016/17 due to the final stage payments of the contracted works but this was compensated partly by increased income received.



7. INTERNAL AUDIT FINAL REPORT

- 7.1 The Internal Audit Final Report Llwydcoed Crematorium was issued 25th September 2017. The Audit Opinion states that “The overall control environment at Llwydcoed Crematorium is considered to be effective.”
- 7.2 Management have reviewed and responded to the findings of the Report and have implemented procedures to ensure the recommendations are met.

8. SUMMARY

- 8.1 The level of reserves are required to fund further capital expenditure as part of the ongoing delivery of the service and is considered to be prudent as at 31st March 2018.
- 8.2 The level of reserves will be monitored closely as part of the ongoing Budget Monitoring process and reported to the Joint Committee at appropriate intervals.