



NOTICE OF MEETING

PORTCHESTER CREMATORIUM JOINT COMMITTEE

MONDAY, 9 DECEMBER 2013 AT 2.00 PM

CONFERENCE ROOM A, PORTSMOUTH CIVIC OFFICES

Telephone enquiries to Telephone enquiries to John Haskell, Clerk to the Joint Committee
Email:

Membership

Councillor Hugh Mason (Chair) (Portsmouth)
Councillor Leslie Keeble (Vice-Chair) (Fareham)

Councillor Mike Fairhurst (Havant)	Councillor Keith Evans (Fareham)
Councillor David Collins (Havant)	Councillor Dennis Wright (Gosport)
Councillor Jason Fazackarley (Portsmouth)	Councillor Peter Edgar (Gosport)

(NB This Agenda should be retained for future reference with the minutes of this meeting.)

Please note that the agenda, minutes and non-exempt reports are available to view online at www.portchestercrematorium.org

AGENDA

- 1 Apologies for Absence**
- 2 Declarations of Members' Interests**
- 3 Minutes of the Meeting held on 23 September 2013 (Pages 1 - 6)**
- 4 Matters Arising from the Minutes not specifically referred to on the Agenda**
- 5 Clerk's Items**

The Clerk to the Joint Committee will report on any matters requiring attention.

6 Finance Strategy and Budget for 2014/15 (Pages 7 - 12)

The Finance Strategy was last approved by Members in December 2012, setting out principles on which the strategy has been compiled, together with risks and other aspects of the financial management framework that the Crematorium operates in.

The attached report from the Treasurer encloses an updated Finance Strategy which provides added assurance to the Joint Committee and to the constituent authorities that sound and effective arrangements are in place to manage the Crematorium's finances.

RECOMMENDED (1) that the Finance Strategy 2014/15, attached as Appendix A to the report, be approved;

(2) that the Finance Strategy 2014/15 be sent to the four constituent authorities to note for their information.

7 Revenue Budget Report - 2014/15 (Pages 13 - 26)

The purpose of the attached report from the Treasurer is to set out the revenue budget, repairs and renewals programme for 2013/14 and 2014/15, together with a review of costs and charges. The revised capital works programme for 2013/14 and future years has been included for consideration at Appendix E to the report.

RECOMMENDED (a) That expenditure of £71,500 in 2014/15 to be financed from the repairs and renewals fund as detailed in Appendix D to the report be approved;

(b) That the capital works programme as detailed in Appendix E be approved;

(c) That the proposed charges as set out in Appendices B and C to the report be approved from 1 April 2014;

(d) That the revenue account estimates as set out in Appendix F to the report be approved subject to the Joint Committee's decisions in respect of recommendations a, b & c above;

(e) That the Joint Committee considers writing to the Leader of each constituent authority to advise them of the long term risk that the annual payment received from the Portchester Crematorium Joint Committee is likely to be reduced in 2015/16 and beyond.

8 External Audit Issues Arising Report (Pages 27 - 36)

At the meeting on the 23 September 2013, the Joint Committee approved and accepted the audited Annual Return for the financial year ended 31 March 2013. The external auditor also provided an 'Issues Arising' report for the year ended 31 March 2013.

The attached report from the Treasurer sets out the matters raised within the Issues Arising report and details the action taken with regard to them, and any future action required.

RECOMMENDED (1) that the BDP LLP External Audit Issues Arising Report for the year ended 31 March 2013, attached as Appendix A to the Treasurer's report, be noted;

(2) that the actions taken and required with regard to the Issues Arising Report be noted.

9 Engineer and Surveyor's Report - Planned Maintenance Programme - Progress Report (Pages 37 - 40)

The report of the Engineer and Surveyor, dealing with progress being made on the planned maintenance programme, is attached.

RECOMMENDED that the Joint Committee notes the contents of the report.

10 Horticultural Consultant's Report (Pages 41 - 42)

A report from the Horticultural Consultant on grounds maintenance generally is attached.

RECOMMENDED that the report be received and noted.

11 Manager and Registrar's Report (Pages 43 - 44)

(a) General Report attached

(b) Any other items of topical interest –

(1) Metals Recycling Scheme

Further to Minute 542, the Manager and Registrar will update the Joint Committee on the successful outcome of the grant application on behalf of the Rowans Hospice.

(2) Crematorium Health and Safety Policy

The Manager and Registrar will report that the Crematorium Health and Safety Policy approved by the Joint Committee in September 2010

has been reviewed in consultation with Fareham BC's Health and Safety Advisor. No material changes are required although some risks have been identified for re-assessment.

12 Crematorium Mercury Abatement Project

Oral update from Engineer and Surveyor on any relevant matters.

13 Building Surveying Consultancy Service (Exempt Item)

Before considering this item the Joint Committee will be asked to pass the following resolution –

RECOMMENDED that the public be excluded from the meeting during these items of business because it is likely that if members of the public were present there would be disclosure to them of 'exempt information' within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

The Clerk will report following the Joint Committee's decision at the meeting on the 23 September 2013.

14 Horticultural Grounds Maintenance Contract (Exempt Item)

Before considering this item the Joint Committee will be asked to pass the following resolution –

RECOMMENDED that the public be excluded from the meeting during these items of business because it is likely that if members of the public were present there would be disclosure to them of 'exempt information' within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

The purpose of the exempt report from the Clerk to the Joint Committee, in consultation with the Horticultural Consultant, is to advise members on the current position regarding the contract for the provision of horticultural and grounds maintenance services, following the Joint Committee's decision on 23 September 2013.

15 Date of Next Meeting - Monday 10 March 2014 at 2pm in Fareham

JH/me
27 November 2013
1061209a

Agenda Item 3

PORTCHESTER CREMATORIUM JOINT COMMITTEE

MINUTES OF THE MEETING of the Joint Committee held at the Public Services Plaza, Havant on Monday 23 September 2013 at 2.00 pm.

Present

Fareham Borough Council

Councillor Keith Evans
Councillor Leslie Keeble

Gosport Borough Council

Councillor Peter Edgar
Councillor Dennis Wright

Havant Borough Council

Councillor Dave Collins

Portsmouth City Council

Councillor Hugh Mason (Chairman)

Apologies for Absence (AI 1)

Councillor Mike Fairhurst (Havant BC), and Councillor Jason Fazackarley (Portsmouth CC), both engaged on other council business.

535 Declarations of Members' Interests (AI 2) - None

536 Minutes of the Meeting held on 17 June 2013 (AI 3)

RESOLVED that the minutes of the meeting held on the 17 June 2013 be signed as a correct record.

537 Matters Arising from the Minutes not specifically referred to on the Agenda (AI 4)

(a) Minute 519 – Presentation to Gosport BC's Scrutiny Board

The Clerk mentioned that a presentation had been given to Gosport Borough Council's Scrutiny Board on Wednesday 17 July at the Crematorium. The presentation included a tour of the Crematorium.

(b) Minute 525 – Annual Return

The Treasurer reported that BDO LLP, External Auditors had now completed their work and had provided an unqualified certificate and opinion for 2012/13. This was circulated to members and accepted and approved by the Joint Committee.

The auditors had also provided an issues arising report which would be presented to the Joint Committee in December together with a covering report of actions already completed and a plan of any further actions that may be required.

(c) Minute 523 – Risk Management

It was noted that the matrix information used to identify, assess and score each risk had been circulated to members.

538 Clerk's Items (AI 5) - None

539 Portchester Crematorium Internal Audit Report – 2013 (AI 6)

(TAKE IN INTERNAL AUDIT REPORT)

The Treasurer explained that account had been taken of the recommendations made to strengthen those controls that had been identified within the report. It also needed to be noted that at the time field work to prepare the audit report was being undertaken the Joint Committee was still to approve the new set of financial regulations; these having been subsequently approved at the meeting on 17 June 2013 under minute 523(3).

RESOLVED that completion of the Internal Audit and report in accordance with the 2013/14 Audit Plan be noted and accepted.

540 Engineer and Surveyor's Report - Planned Maintenance Programme - Progress Report (AI 7)

(TAKE IN REPORT OF THE ENGINEER AND SURVEYOR)

RESOLVED that the contents of the report be noted.

541 Horticultural Consultant's Report (AI 8)

(TAKE IN REPORT OF THE HORTICULTURAL CONSULTANT)

In presenting his report the Horticultural Consultant explained that given the good weather conditions it had been possible to reduce the number of grass cuts during the summer period, although, dependent upon the weather it might be necessary to carry out additional mowing during the autumn and winter period.

RESOLVED that the report be received and approved.

542 Manager and Registrar's Report (AI 9)

(a) General Statistical Report

(TAKE IN REPORT OF THE MANAGER AND REGISTRAR)

RESOLVED that the report be received and noted.

(b) Any other items of topical interest – Metals Recycling Scheme

The Manager and Registrar reported that following consultation with members during August, there had been widespread support for the submission of an application for the Rowans Hospice under the metals recycling scheme operated by the Institute of Cemetery and Cremation Management. The application had now been submitted, with the support of the Rowans who had been consulted.

NOTED

543 Developing and Enhancing the Crematorium's Services (AI 11)

(TAKE IN REPORT OF THE CLERK TO THE JOINT COMMITTEE)

Arising out of consideration of the report members noted the arrangements that currently existed whereby the Manager and Registrar had discretion to permit a double time slot to be allocated for a funeral where there appeared to be a need.

In respect of the cremation fee, members endorsed the view of officers that at present it was not necessary to make any recommendation for change.

After further detailed consideration it was -

RESOLVED that the report's recommendations be approved, as follows -

- (1) that in addition to the long standing discretion which the Manager and Registrar has to permit a double slot to be allocated for a funeral, he be authorised to permit a 40 minute slot where there appears to be a need, and in respect of this arrangement he brings forward for consideration timetable options to develop 40 minute timeslots.**
- (2) that in respect of chapel decor and decoration the services of a design consultant be sought to advise on what changes could be considered taking account of current trends in the design and decoration of crematoria chapels.**
- (3) that the action being taken to enhance the floral arrangements behind and around the catafalque in each chapel be supported.**
- (4) that that the action taken to facilitate video streaming be endorsed, and arrangements now be made to offer video streaming through the internet to any family requesting it, and the Manager and Registrar, in consultation with the Clerk to the Joint Committee, be authorised to finalise the arrangements including the necessary security safeguards for the provision of this service.**

- (5) that the proposal to install large video screens and associated equipment as outlined in the report be approved and pursued, and that the Manager and Registrar prepares a guidance note regulating the use of this service.
- (6) that the initiative to proceed with digitising the remaining Books of Remembrance and arranging for all the Books to be available on line through the internet including the installation of a video console within the garden of contemplation or near vicinity be approved and progressed.
- (7) that the use of the services of Portsmouth City Council's Web Design team be approved for the Portchester Crematorium Web site to be refreshed.
- (8) that the suggestions contained within the report in respect of reception and internal direction and signage arrangements be developed and a further report with detailed costs be brought forward for consideration by the Joint Committee, with priority being given to improved signage.
- (9) that the arrangements in respect of a customer survey outlined in the report be pursued.
- (10) that enhanced publicity supporting Portchester Crematorium's services be arranged, as described within the report.

544 Crematorium Mercury Abatement Project (AI 10)

- (a) The Engineer and Surveyor reminded the meeting that following completion of this project last year some works had been undertaken at roof level to mitigate noise emanating from the fan system. Reference was made to two complaints that had been made by nearby residents to Fareham BC's Environmental Health Department. There had been an onsite meeting between the Engineer and Surveyor and the EHO, from whom a response was currently awaited, in respect of the works that had been undertaken.

RESOLVED that the report be noted.

(b) Mercury Abatement Consultancy Service Contract

Before considering this part of the item the Joint Committee -

RESOLVED that the public be excluded from the meeting during this item of business because it is likely that if members of the public were present there would be disclosure to them of 'exempt information' within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

The Clerk reported receipt of correspondence received in respect of a matter relating to the Mercury Abatement Consultancy Contract.

Take in exempt minute setting out the decision of the Joint Committee.

545 Building Surveying Consultancy Service (Exempt Item) (AI 12)

(TAKE IN EXEMPT REPORT FROM THE ENGINEER AND SURVEYOR)

The purpose of the exempt report from the Engineer and Surveyor was to recommend a strategy for ensuring continuity of adequate support in the provision of the building surveying consultancy service in both the medium and long term.

Take in exempt minute setting out the decision of the Joint Committee.

546 Horticultural Grounds Maintenance Contract (Exempt Item) (AI 13)

Before considering this item the Joint Committee –

RESOLVED that the public be excluded from the meeting during this item of business because it is likely that if members of the public were present there would be disclosure to them of ‘exempt information’ within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

(TAKE IN EXEMPT REPORT OF THE HORTICULTURAL CONSULTANT)

The purpose of the exempt report from the Horticultural Consultant was to report back as requested by the Joint Committee on the contract for the provision of horticultural and grounds maintenance services that expires in December 2014. The report also included options and recommendations as to the way forward.

Take in exempt minute setting out the decision of the Joint Committee.

547 Date of Next Meeting (AI 14)

RESOLVED that the next meeting of the Joint Committee be held at 2pm on Monday 9 December 2013 in Portsmouth.

The meeting concluded at 3.25pm

Chairman

JH/me
26 September 2013
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Agenda Item 6

FAREHAM BOROUGH COUNCIL

Report to Portchester Crematorium Joint Committee

Date: 9 December 2013

Report of: Treasurer to the Joint Committee

Subject: FINANCE STRATEGY AND BUDGET FOR 2014/15

SUMMARY

At its meeting on 10 December 2012, the Joint Committee approved the Finance Strategy and the revenue budget for 2013/14.

One of the criteria for 2014 recognises that partnerships, such as the Joint Committee, play a key role in delivering services that individual authorities have a responsibility for. Underpinning this relationship, it is felt necessary to be able to demonstrate that any financial or service policies of the Joint Committee work in harmony with equivalent policies of the individual authorities.

The updated Finance Strategy provides a clear overview of the Joint Committee's financial framework and provides added assurance to the Committee and to the constituent authorities that sound and effective arrangements are in place to manage the Crematorium's finances.

The Finance Strategy has been prepared and is attached as appendix A of this report, for the Joint Committee's consideration.

Subject to approval, the Finance Strategy will be sent to the constituent authorities. Any comments received from them in response to the strategy will be brought back to the Joint Committee and, if appropriate, incorporated into the strategy when it is reviewed again.

RECOMMENDATIONS

- (a) That the Finance Strategy 2014/15, attached as Appendix A to this report, be approved;
- (b) That the Finance Strategy 2014/15 be sent to the constituent authorities to note.

PORTCHESTER CREMATORIUM JOINT COMMITTEE

FINANCE STRATEGY AND BUDGET FOR 2014/15

INTRODUCTION

1. The Portchester Crematorium was opened on 27 September 1958 and is the busiest crematorium in south-east Hampshire. It is managed by a Joint Committee of eight councillors, two from each of the constituent authorities of Fareham, Gosport, Havant and Portsmouth.
2. The key financial policies of the Joint Committee are set out in the Portchester Crematorium Development Plan – a document that is revisited and reviewed approximately every two years, supported by approved Financial Regulations.
3. The current Development Plan was approved by the Joint Committee on 11 March 2013 and covers the period from 2013 to 2018.

FINANCIAL MANAGEMENT

4. The main focus of prudent financial management is the Joint Committee's Finance Strategy, the overall objective of which is to structure and manage the Joint Committee's financial resources to ensure that they match and support the achievement of the Joint Committee's objectives.
5. At the same time the strategy must ensure that the requirement to set a balanced budget is fully met and that the Joint Committee is able to respond to year-on-year changes and short-term service delivery issues.
6. This can be difficult to achieve when faced with increasing expenditure and one main source of income that is directly affected by fluctuations in the mortality rate and increased local competition.
7. To overcome these difficulties there are a number of fundamental principles that are followed by the Joint Committee and which form the basis of the Finance Strategy.

THE FUNDAMENTAL POLICIES

8. These fundamental and long-standing policies (set out in the following paragraph) on which the Joint Committee's Finance Strategy is based are subject to annual review as part of the budget process:
 - (i) Sufficient reserves and provisions will continue to be made to ensure that:
 - (a) no precept will be required from the constituent authorities within the foreseeable future and;
 - (b) all anticipated capital works can be funded from revenue income.

(ii) That subject to (i) above, an optimum annual contribution be available for re-distribution to each of the constituent authorities.

9. The distribution of the annual contribution in this way is effectively recognition of the significant original investment by each of the authorities in the Crematorium. These payments also assist them indirectly to support their own cemeteries and bereavement services.

FINANCIAL PLANNING

10. The financial planning process supports the preparation of this Finance Strategy and gives the necessary flexibility to allow the Joint Committee to consider objectives and priorities, as well as the maintenance of service standards and the scope for improvements where necessary, but at the same time seeking to minimise the increase in the overall net budget and the fees and charges for cremation.
11. The Finance Strategy, revenue budget and capital programme are the subject of a report to the Joint Committee by the Treasurer each December.

BUDGETARY CONTROL AND REPORTING

12. An essential pre-requisite of good financial management is to ensure that everyone with responsibility for the control of budgets has access to up to date information on the budgets for which they are responsible to inform their decision making and ensure that strict control of budgets is maintained.
13. Budgets are monitored by the Finance staff on a weekly basis and significant variances are brought to the attention of the appropriate officer and to the Treasurer.
14. Budgetary control information is provided to the Treasurer on a daily basis in respect of revenue expenditure and monthly in respect of capital expenditure.

BUDGET RESPONSIBILITIES

15. Responsibility for budgets rests formally with the Joint Committee but there are arrangements in place as part of the Constitution that delegates certain responsibilities to the officers.

Joint Committee

16. The Joint Committee has the general responsibility for setting the policy and budget framework and must ensure the following:
- Spending plans are approved in accordance with the projected resources of the Joint Committee;
 - Approved revenue budgets, capital programmes and the level of fees and charges are in accordance with the Finance Strategy;
 - Supplementary estimates are only approved after consideration of the Joint Committee's overall financial position.

The Appointed Officers

17. The Appointed Officers have general responsibility for the preparation of the detailed estimates of expenditure and income and the proposed fees and charges are prepared within the context of the Finance Strategy for approval by the Joint Committee.
18. They must also ensure that expenditure is only incurred if it forms part of the revenue budget or capital programme and that the overall revenue budget and capital programme are not exceeded.
19. Any decision to reallocate revenue or capital budgets from one service to another should not exceed the virement rules.

THE OVERALL FINANCIAL POSITION

20. Adherence to these fundamental policies means that the Joint Committee is in a strong financial position and able to meet all planned expenditure from income. Since 1999-2000 the Joint Committee has achieved sufficient surpluses to allow an amount to be distributed to each of the constituent authorities.
21. During 2013/14, however, the operating environment of Portchester Crematorium will significantly change with the opening of a private crematorium facility in the district of East Hampshire, very close to the border with the borough of Havant. The risk that this facility poses to the operation at Portchester has been fully evaluated and a report detailing measures to develop and enhance our service was presented to the Joint Committee in September 2013 when all of the recommendations were approved.
22. It is not possible to accurately estimate the impact on revenue income to the crematorium at this time, but it is recognised that this is highly likely to be significant. Considered reductions in revenue will be allowed for in the revised budget for 2013/14 and the base budget for 2014/15 based on a 30% annual reduction in the number of cremations at Portchester once the new crematorium opens.
23. A more complete and informed picture will emerge over the coming year, but in view of this a decision has been made to maintain the 2014/15 payment to each authority at the same level as for 2013/14 at £150,000. Once the actual impact of the new crematorium is experienced in financial and operational terms reductions to the payment to each authority will be put forward for 2015/16.

THE CAPITAL POSITION

24. To ensure that sufficient resources are in place to finance all anticipated capital works, an annual contribution is made out of revenue income to the Committee's Capital Works Fund.

25. The Capital Works Fund as at 1 April 2013 was £701,637, with a budgeted annual contribution of £475,000 for 2013/14. In order to preserve the payment to each authority the budgeted contribution to the Capital Works Fund will be reduced in 2013/14 and in 2014/15 no budget provision for this contribution will be made. It is acknowledged that it will be necessary to replenish the Capital Works Fund to levels required by the updated Capital Programme. However, the Capital Programme will also be reviewed during the coming year in response to a reduced level of cremations.
26. The Joint Committee also approves annually a programme of repairs and renewal work. To finance this expenditure an annual contribution is made from revenue income to the Repairs and Renewals Fund to ensure that these works are fully funded.

THE REVENUE POSITION

27. It is the Joint Committee's policy to maintain a significant Revenue Reserve in order to deal with fluctuations in revenue income and expenditure that are outside of the Joint Committee's control.
28. The principal fluctuations are variations in the number of cremations, external competition and the significant variations in energy costs together with business rate re-valuations.
29. The Revenue Reserve is an accumulation of budget surpluses from previous years and was approximately £133,407 as at 1 April 2013.
30. It is prudent to maintain the level of this reserve at over £100,000.

FINANCIAL RISK ASSESSMENT

31. Each year the revenue budget is prepared on a going-concern basis, taking account of current and previous year's activity as well as changes that are known to occur in the future that will have a bearing on the forecast for the financial year ahead. Changes in the crematorium's operating environment that impact on the current revenue budget are taken into account as part of the revised budget preparation.
32. The revenue reserve provides a small retained resource to meet unforeseen costs or changes in activity. Measures are also considered throughout the year in order to preserve the Joint Committee's income streams and keep costs to a minimum.
33. The repairs and renewals programme is fully funded from an earmarked fund, and it is estimated that there will be a retained balance of £81,874 as at 31st March 2014. A programme of repairs and renewals projects will be prepared within the available balance carried forward and the budgeted contribution to the earmarked fund of £80,000 2014/15.

34. The 7 year capital programme, from 2013/14 – 2019/20, totals £3,114,840. The programme is set out as being fully funded from the existing Capital Works Fund balance of £576,637 plus annual contributions over the life of the programme totalling £2,540,000. This demonstrates that the programme is heavily reliant on continued revenue contributions to the Capital Works Fund so that the programme of work can be fulfilled. It has already been highlighted within this report that in order to preserve the annual payment to the constituent authorities in 2014/15 there will be no budget set for a contribution to the Capital Works Fund, however wherever possible, steps will be taken to strengthen the Capital Works Fund balance, for example, where underspends occur in the year. The Capital programme will also be reviewed during the coming year in response to the actual reduced level of cremations experienced.

SUMMARY

35. Historically, Portchester Crematorium has always strived to provide the best quality of service that it can and to achieve this, the Joint Committee is committed to the maintenance of high standards in relation to both staff performance and to the maintenance, repair and improvement of the Crematorium infrastructure.
36. In addition increases in cremation charges have been kept to a minimum with the current charge being the lowest in Hampshire and well below the national average.
37. The principles of financial management set out in the Finance Strategy continue to support the achievement of these aims and objectives by ensuring that the Joint Committee remains in a strong financial position, able to meet all planned expenditure from income.
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Agenda Item 7

FAREHAM BOROUGH COUNCIL

Report to Portchester Crematorium Joint Committee

Date: 9 December 2013

Report of: Treasurer to the Joint Committee

Subject: REVENUE BUDGET 2014/15

SUMMARY

This report sets out the revenue budget and repairs and renewals programme for 2013/14 and 2014/15, together with a review of fees and charges. The revised capital works programme for 2013/14 and future years has also been included for consideration.

RECOMMENDATIONS

- (a) That expenditure of £71,500 in 2014/15 to be financed from the repairs and renewals fund as detailed in Appendix D is approved;
- (b) That the capital works programme as detailed in Appendix E be approved;
- (c) That the proposed charges as set out in Appendices B and C are approved from 1 April 2014;
- (d) That the proposed revenue account estimates as set out in Appendix A be approved subject to the Joint Committee's decisions in respect of the recommendations (a, b & c) above.
- (e) That the Joint Committee considers writing to the Leader of each constituent authority to advise them of the long term risk that the annual payment received from the Portchester Crematorium Joint Committee is likely to be reduced in 2015/16 and beyond.

INTRODUCTION

1. The Joint Committee has in place a co-ordinated finance strategy that allows the consideration of availability of resources to finance both capital and revenue at the same time. There are a number of fundamental principles that are followed by the Joint Committee which form the basis of the finance strategy which are:
 - (i) Sufficient reserves and provisions will continue to be made to ensure that:
 - (a) no precept will be required from the constituent authorities within the foreseeable future and;
 - (b) all anticipated capital works can be funded from revenue income
 - (ii) That subject to (i) above, an optimum annual contribution be available for re-distribution to each of the constituent authorities.
2. This report has been prepared following the finance strategy principles so that members of the Joint Committee can consider in detail the financial position of Portchester Crematorium in the current year and the anticipated position in 2014/15.
3. Detailed information is set out in the various appendices to this report which cover the following:
 - Appendix A - Revised revenue budget for 2013/14 and the revenue budget for 2014/15;
 - Appendix B - Optional charges 2014/15;
 - Appendix C - Cremation fees 2014/15;
 - Appendix D - Repairs and renewals programme and funding;
 - Appendix E - Capital works programme and funding;

BASE REVENUE BUDGET 2013/14

4. The original revenue budget for 2013/14 was prepared on a projected outturn basis with an allowance for price increases included within the various budget heads as appropriate. The estimated surplus for the year was £8,600 based on 3,900 cremations during the year.

BUDGET ISSUES

5. During 2013/14 the operating environment of Portchester Crematorium will change significantly with the opening of a private crematorium facility in the district of East Hampshire, very close to the border with the Borough of Havant. The risk that this facility poses to the operation at Portchester has been fully evaluated and a report detailing measures to develop and enhance services provided was presented to the Joint Committee in September 2013 when all of the recommendations were approved.
6. It is not possible to accurately estimate the impact on revenue income to the Crematorium, but it is recognised that this is highly likely to be significant. Considered reductions in revenue have been allowed for in the revised budget for 2013/14 and the base budget for 2014/15 based on a 30% annual reduction in the numbers of cremations at Portchester once the new crematorium opens. For

setting a revised budget for 2013/14 the reduction is accounted for over the final four months of the financial year.

7. A more complete and informed picture will emerge over the coming year, but in view of this a decision has been made to maintain the 2014/15 payment to each authority at the same level as for 2013/14 at £150,000. Once the actual impact of the new crematorium is experienced in financial and operational terms reductions to the payment to each authority will be put forward for 2015/16.
8. The impact of the repairs and renewals and capital programmes, together with other budget variations are fully explained in the following paragraphs.

REVISED BUDGET 2013/14

9. The revised budget shows a surplus of £1,600, a reduction of £7,000 compared with the original estimated surplus. The budget variations are shown in the following table, and explained further below.

	Actuals 2012/13	Base Estimate 2013/14	Revised Estimate 2013/14	Variance
	£	£	£	£
EMPLOYEE RELATED EXPENDITURE	228,694	233,200	235,500	2,300
PREMISES RELATED EXPENDITURE	491,420	562,400	559,500	-2,900
SUPPLIES AND SERVICES	269,171	276,900	268,900	-8,000
CAPITAL CHARGES	247,000	250,000	250,000	0
SPECIAL EXPENDITURE	1,345,000	1,265,000	1,155,000	-110,000
GROSS EXPENDITURE	2,581,285	2,587,500	2,468,900	-118,600
GROSS INCOME	2,590,168	2,596,100	2,470,500	-125,600
SURPLUS / (DEFICIT)	8,883	8,600	1,600	-7,000

10. Premises related expenditure has decreased overall by £2,900; from £562,400 to £559,500. A budget of £81,500 has been set against repairs and renewals expenditure to reflect the programme set out in paragraph 23 and Appendix D. This expenditure budget is fully offset by the use of the Repairs and Renewals Fund reserve to finance these works so there is no overall effect on the revenue budget deficit / surplus.
11. A budget decrease of £11,100 has been set against energy costs based on the preceding year's annual usage and current energy costs. Budgeted expenditure against National Non-Domestic Rates has decreased by £11,800 following a successful valuation rating appeal. Other minor adjustments have been made to reflect coding changes and adjustments to budgeted expenditure have been made in line with the outturn for 2012/13.
12. Supplies and services related expenditure has decreased overall by £8,000; from £276,900 to £268,900. The budget for the amount of VAT that we are not able to reclaim has been decreased by £15,000 from £55,000 to £40,000 and the recharge from Fareham Borough Council has reduced to £10,000. A budget increase of £10,000 has been set against furniture and equipment purchases.

13. Special Expenditure has been reduced by £110,000. The Capital Works Fund as at 1 April 2013 was £701,637, with a budgeted annual contribution of £475,000 for 2013/14. In order to preserve the payment to each authority at £150,000 for 2013/14 the contribution to the Capital Works Fund will be reduced by £110,000. It is acknowledged that it will be necessary to replenish the Capital Works Fund to levels required by the updated Capital programme. However, the Capital programme will also be reviewed during the coming year in response to the actual reduced level of cremations experienced.
14. Gross income has decreased overall by £125,600 from £2,596,100 to £2,470,500. Reduced income budget levels of £10,000 and £5,000 have been set against income from Book of Remembrance entries and Organists Fees respectively. The income from cremation fees has been decreased by £118,600 based on a reduction in the numbers of cremations during the last four months of 2013/14.

BASE BUDGET 2014/15

15. The base budget for 2014/15 has been prepared on an outturn basis and shows a surplus of £1,000. The budget variations are shown in the following table, and explained further below.

	Actuals 2012/13	Base Estimate 2013/14	Base Estimate 2014/15	Variance
	£	£	£	£
EMPLOYEE RELATED EXPENDITURE	228,694	233,200	239,300	6,100
PREMISES RELATED EXPENDITURE	491,420	562,400	508,900	-53,500
SUPPLIES AND SERVICES	269,171	276,900	226,100	-50,800
CAPITAL CHARGES	247,000	250,000	250,000	0
SPECIAL EXPENDITURE	1,345,000	1,265,000	790,000	-475,000
GROSS EXPENDITURE	2,581,285	2,587,500	2,014,300	-573,200
GROSS INCOME	2,590,168	2,596,100	2,015,300	-580,800
SURPLUS / (DEFICIT)	8,883	8,600	1,000	-7,600

16. Premises related expenditure has decreased overall by £53,500; from £562,400 to £508,900. No adjustment to budgeted repairs and renewals expenditure has been required as the programme of works for 2014/15 totals £71,500. The budget for plant and cremators has been reduced by £15,000 and the budget for buildings has been increased by £5,000.
17. A budget decrease of £36,100 has been set against energy costs based on anticipated reduced annual usage and a 15% increase on current energy costs. Budgeted expenditure against National Non-Domestic Rates has decreased by £7,400 following a successful valuation rating appeal. Other minor adjustments have been made to reflect coding changes and adjustments to budgeted expenditure have been made in line with the outturn for 2012/13.

18. Supplies and services related expenditure has decreased overall by £50,800; from £276,900 to £226,100. The budget for the amount of VAT that we are not able to reclaim has been decreased by £15,000 from £55,000 to £40,000. Other reductions have been made based on anticipated reduced cremation numbers in the coming year against the budgets for Book of Remembrance Inscriptions, Medical Referees and Organist Fees.
19. Special expenditure has reduced to £790,000. The annual contribution to each of the four constituent authorities for 2014/15 remains at £150,000, but there is no budgeted contribution to the Capital Works Fund for 2014/15. It is acknowledged that it will be necessary to replenish the Capital Works Fund to levels required by the updated Capital Programme. However, the Capital Programme will be reviewed during the coming year in response to a reduced level of cremations.
20. Gross income has decreased overall by £580,800; from £2,596,100 to £2,015,300. Reduced income budget levels of £18,000 have been set against income from Book of Remembrance entries and Organists Fees. The income from cremation fees has been reduced by £542,800.

REVIEW OF FEES & CHARGES

21. The optional charges are set out in Appendix B to this report, with increases proposed against most existing charges. The charges for Book of Remembrance, Memorial Cards and the Scattering of Ashes show increases that range from 2.04% to 3.15%. Charges are rounded to the nearest pound for ease of cash handling and it is proposed that these charges are increased from 1 April 2014.
22. The cremation fees are set out in Appendix C to this report, with no increase proposed for 2014/15. The fee level of £520 is still below the 2013 average cremation fee for the UK of £612.03, and the 2013/14 average cremation fee for Hampshire of £648.20. The table below shows a comparison of the 2013 fees with the nearest crematoria:

Chichester	£786
Southampton	£625
Eastleigh	£650
Portchester	£520

REPAIRS AND RENEWALS FUND

23. Appendix D sets out the revised repairs and renewals programme for 2013/14 which totals £81,500 and includes any slippage from the 2012/13 programme. The programme of repairs and renewals projects for 2014/15 is presented for approval.
24. The revenue budget within the premises heading 'repairs and renewals and capital works fund repairs financed from revenue', reflects the revenue element of the programme for the year. However, this is fully offset by the use of the Repairs and Renewals Fund to finance these works, so there is no overall effect on the revenue budget deficit / surplus.

CAPITAL WORKS FUND

25. Appendix E sets out the future programme for capital works schemes which total approximately £3,114,840. A longer term view of potential schemes has been taken to cover the next 7 years and only includes provision for replacement cremators at this time. Works on the Mercury Abatement Scheme and Cremator Furnace Relining have now been completed.
26. Although the cremators are unlikely to be replaced for many years, the estimated cost of £2,300,000 is shown in the programme as it is essential that sufficient contributions are made to the Capital Works Fund annually to ensure that when the work is required, funding is available to meet the very significant costs.

GENERAL FUND REVENUE RESERVE

27. This reserve is an accumulation of budget surpluses from previous years and as at 1 April 2013 stands at £133,407. This is estimated to increase to approximately £135,000 by March 2014, as shown in Appendix A. In accordance with the Finance Strategy for 2014/15 it is prudent to maintain the level of this reserve at over £100,000 in order to deal with fluctuations in revenue income and expenditure that are outside of the Joint Committee's control.

FINANCIAL RISK ASSESSMENT

28. The revenue budget has been prepared based on a going-concern basis, taking account of current and previous year's activity as well as changes that are known to occur in the current and next financial year.
29. During 2013/14 the operating environment of Portchester Crematorium will significantly change with the opening of a private crematorium facility in the district of East Hampshire, very close to the border with the borough of Havant. The risk that this facility poses to the operation at Portchester has been fully evaluated and a report detailing measures to develop and enhance our service was presented to the Joint Committee in September 2013 when all of the recommendations were approved.
30. It is not possible to accurately estimate the impact on revenue income to the crematorium, but it is recognised that this is highly likely to be significant. Considered reductions in revenue have been allowed for in the revised budget for 2013/14 and the base budget for 2014/15 based on a 30% annual reduction in the number of cremations at Portchester once the new crematorium opens. For setting a revised budget for 2013/14 the reduction is accounted for over the final four months of the financial year.
31. A more complete and informed picture will emerge over the coming year, but in view of this a decision has been made to maintain the 2014/15 payment to each authority at the same level as for 2013/14 at £150,000. Once the actual impact of the new crematorium is experienced in financial and operational terms reductions to the payment to each authority will be put forward for 2015/16.
32. The General Fund Revenue Reserve has been accumulated to provide a small retained resource to meet unforeseen costs or changes in activity. Measures are also considered on an on-going basis in order to preserve the Joint Committee's income streams and keep costs to a minimum.

33. The repairs and renewals programme is fully funded from an earmarked fund, and it is estimated that there will be a retained balance of £81,874 as at 31st March 2014. A programme of repairs and renewals projects will be prepared within the available balance carried forward and the budgeted contribution to the earmarked fund of £80,000 for 2014/15.
34. The 7 year capital programme, from 2013/14 – 2019/20, totals £3,114,840. The programme is set out as being fully funded from the existing Capital Works Fund balance of £576,637 plus annual contributions over the life of the programme totalling £2,540,000. This demonstrates that the programme is heavily reliant on continued revenue contributions to the Capital Works Fund so that the programme of work can be fulfilled along with required reactive capital expenditure for mechanical equipment to maintain the crematory function. It has already been highlighted within this report that in order to preserve the annual payment to the constituent authorities in 2014/15 there will be no budget set for a contribution to the Capital Works Fund, however wherever possible, steps will be taken to strengthen the Capital Works Fund balance, for example, where underspends occur in the year. The Capital programme will also be reviewed in full during the coming year in response to the actual reduced level of cremations experienced.

CONCLUSION

21. This report includes various amendments to the budgets which, together with the proposed increase in fees and charges, will ensure that the Joint Committee remains in a strong financial position and that sufficient reserves are built up to cover any future budget shortfall.

APPENDICES

APPENDIX A – Revenue account for the year ended 31 March 2014

APPENDIX B – Optional charges

APPENDIX C – Cremation fees

APPENDIX D – Repairs and renewals programme

APPENDIX E – Capital works programme

Reference Papers

- (a) Report of the Treasurer to the Portchester Crematorium Joint Committee 'Revenue Budget 2013/14' - 10 December 2012.
- (b) Report of the Treasurer to the Portchester Crematorium Joint Committee 'Actual Income and Expenditure Account 2012/13' - 17 June 2013.

Andrew Wannell, CPFA
Treasurer to the Joint Committee
Civic Offices, Fareham

For further information on this report, contact Kate Busby, 01329 824685

APPENDIX A

REVENUE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2014

	Actual 2012/13 £	Base Estimate 2013/14 £	Revised Estimate 2013/14 £	Base Estimate 2014/15 £
EMPLOYEES				
Salaries-Full Time Officers	180,744.25	173,700	175,500	178,500
Salaries-Part Time Officers		9,900	8,300	8,300
Salaries-Overtime	4,693.56	5,400	5,000	5,000
National Insurance	11,239.30	12,100	11,900	12,100
Superannuation	31,157.77	31,700	34,400	35,000
First Aid Allowances	384.00	400	400	400
Training Expenses	475.00	0	0	0
Staff Advertising	0.00	0	0	0
TOTAL EMPLOYEES	228,693.88	233,200	235,500	239,300
PREMISES				
- Buildings	24,828.33	15,000	25,000	20,000
- Plant and Cremators	37,619.04	75,000	75,000	60,000
RR/CWF repairs financed from revenue	77,142.33	71,500	81,500	71,500
- Repairs & Maintenance - Grounds	68,349.68	70,000	70,000	70,000
- Garden Improvement Scheme - PCC	1,497.00	1,500	1,500	1,500
Electricity	28,201.55	26,100	30,000	30,000
Gas	108,550.37	135,000	120,000	95,000
Rent payable-Premises	10,395.00	11,000	11,000	11,000
NNDR	118,297.66	140,400	128,600	133,000
Water Charges - Portsmouth Water Co	3,592.42	2,000	2,000	2,000
Sewerage & Env Services (SWS)	1,296.19	500	500	500
Cleaning Materials	503.68	400	400	400
Toilet Requisites	4,805.76	4,000	4,000	4,000
Removals of Wreaths	6,341.21	10,000	10,000	10,000
TOTAL PREMISES	491,420.22	562,400	559,500	508,900
SUPPLIES AND SERVICES				
Furniture and Equipment - Purchase	7,409.70	3,000	13,000	3,000
Materials (Operational)	100.99	100	100	100
Furniture and Equipment - Maintenance	4,799.96	6,000	6,000	6,000
Protective Clothing and Uniforms	1,010.61	1,600	1,600	1,600
Laundry	39.67	500	500	500
Books and Publications	1,235.50	1,200	1,200	1,200
External Printing	2,099.60	4,000	4,000	4,000
Stationery	2,351.68	2,500	2,500	2,500
Inscriptions - Book of Remembrance	18,777.39	25,000	25,000	20,000
Inscriptions - Memorial Cards	5,925.93	5,000	5,000	5,000
Legal fees	0.00	0	0	0
Consultants fees HCC/other	25,673.35	1,500	1,500	1,500
Administrative Expenses - Fareham	9,604.09	13,000	10,000	10,000
Consultants fee - Gosport	8,307.00	15,000	15,000	15,000
Administrative Expenses - Portsmouth	9,450.00	9,500	9,500	9,500
Medical Referees Fees	73,836.00	71,200	71,200	51,400
Organists Fees	23,130.06	25,000	25,000	17,000
Audit Fees	-1,000.00	4,000	4,000	4,000
Other Services	50.00			
Postages	1,313.96	1,200	1,200	1,200

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Telephones	1,829.04	1,700	1,700	1,700
Computer Software	2,765.00	3,000	3,000	3,000
Travel/Subsistence Expenses - Officers	675.60	700	700	700
Conference Expenses - Officers	0.00	500	500	500
Subscriptions	2,524.00	3,500	3,500	3,500
Miscellaneous Insurances	20,740.87	21,000	21,000	21,000
Advertising	1,143.32	1,000	1,000	1,000
Non Reclaimable VAT	43,757.16	55,000	40,000	40,000
Bank Charges	1,120.29	1,200	1,200	1,200
Special Expenditure	500.00	0	0	0
TOTAL SUPPLIES AND SERVICES	269,170.77	276,900	268,900	226,100

CAPITAL FINANCING COSTS

Depreciation	247,000.00	250,000	250,000	250,000
TOTAL CAPITAL FINANCING COSTS	247,000.00	250,000	250,000	250,000

SPECIAL EXPENDITURE

Contributions to Capital Works Fund	575,000.00	475,000	365,000	0
Pension interest cost and return assets	90,000.00	110,000	110,000	110,000
Contributions to R & R Fund	80,000.00	80,000	80,000	80,000
Contribution to Constituent Authorities	600,000.00	600,000	600,000	600,000
TOTAL SPECIAL EXPENDITURE	1,345,000.00	1,265,000	1,155,000	790,000

GROSS EXPENDITURE

2,581,284.87	2,587,500.00	2,468,900	2,014,300
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INCOME

Contribution from Garden Imp.Fund	1,497.00	1,500	1,500	1,500
Memorial Cards	9,345.89	10,000	8,000	8,000
Cremation Fees No's	2,040,000.00	2,028,000	1,909,400	1,485,200
Book of Remembrance	57,053.41	60,000	50,000	42,000
Organists Fees	60,711.37	60,000	55,000	42,000
Costs recovered	2,208.00	0	0	0
Other	5,123.00	5,000	5,000	5,000
Bank Investment Account	87.17	100	100	100
Asset Rental Recharge	247,000.00	250,000	250,000	250,000
Contribution from reserves to fin.RR/CWF	77,142.33	71,500	81,500	71,500
Return on pension fund asset	70,000.00	50,000	50,000	50,000
Movement on Pension reserve	20,000.00	60,000	60,000	60,000
Appropriation from Revenue Surplus	0.00	0	0	0
GROSS INCOME	2,590,168.17	2,596,100	2,470,500	2,015,300

NET EXPENDITURE

-8,883.30	-8,600	-1,600	-1,000
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After taking into account the revised estimates for this year, and the proposed charges for 2014/15, the balance of the General Fund is estimated to be £136,007 by 31 March 2014 as set out below:-

General Fund balance as at 1 April 2013	£ 133,407
<u>Add</u> Estimated revenue surplus 2013/14	<u>1,600</u>
General Fund balance as at 31 March 2014	135,007
<u>Add</u> Estimated revenue surplus 2014/15	<u>1,000</u>
General Fund balance as at 31 March 2015	<u>136,007</u>

APPENDIX B

PORTCHESTER CREMATORIUM JOINT COMMITTEE

OPTIONAL CHARGES

	Charge 2013/14 £	Proposed Charge 2014/15 £	% Increase £
<u>BOOK OF REMEMBRANCE (INC. VAT)</u>			
Single entry (2 lines)	47.00	48.00	2.13
Double entry (5 lines)	76.00	78.00	2.63
Double entry with badge or crest	126.00	129.00	2.38
Treble entry (8 lines)	105.00	108.00	2.86
Treble entry with badge or crest	147.00	150.00	2.04
Quadruple entry (11 lines)	127.00	131.00	3.15
Quadruple entry with badge or crest	161.00	165.00	2.48
<u>MEMORIAL CARDS (INC. VAT)</u>			
Single entry (2 lines)	33.00	34.00	3.03
Double entry (5 lines)	40.00	41.00	2.50
Double entry with badge or crest	76.00	78.00	2.63
Treble entry (8 lines)	46.00	47.00	2.17
Treble entry with badge or crest	80.00	82.00	2.50
Quadruple entry (11 lines)	53.00	54.00	1.89
Quadruple entry with badge or crest	87.00	89.00	2.30
<u>USE OF ORGAN (INC. VAT)</u>			
Use of Organ	31.35	32.00	2.07
Services of Organist	<u>19.65</u>	<u>20.00</u>	<u>1.78</u>
	<u>51.00</u>	<u>52.00</u>	<u>1.96</u>
<u>OTHER</u>			
Scattering of ashes from other Crematoria	48.00	49.00	2.08
Temporary retention of cremated remains	11.00	11.00	0.00

PORTCHESTER CREMATORIUM JOINT COMMITTEE

CREMATION FEES

	Number of Cremations 2012/13	Existing Charge 2013/14	Proposed Charge 2014/15	% Increase
		£	£	
A young person whose age at the time of death did not exceed 16 years	22	No Charge	No Charge	-
A person whose age at the time of death exceeded 16 years	4,080	520	520	NIL

PORTCHESTER CREMATORIUM JOINT COMMITTEE

STATEMENT OF REPAIRS AND RENEWALS FUND

	£	£
Balance 1.4.2013		83,374
Contribution from Revenue Account 2013/14		<u>80,000</u>
		163,374
Proposed applications 2013/14		
* Balance of works from prior years programmes		
* Fire Precautions Installation Work	10,000	
- CCTV Camera Replacement	6,000	
- Internal Redecorations	5,000	
- Steam Cleaning Paving	3,000	
- Replacement Door Locks	5,000	
- Memorial Storage Room/Workshop Refurbishment	5,500	
- Reception/Office Area Refurbishment	13,000	
- External Lighting Improvements	4,500	
- South Chapel Redecoration	25,000	
- Garden of Contemplation Seating Improvements	<u>4,500</u>	<u>81,500</u>
Estimated Balance 31.3.2014		81,874
Contribution from Revenue Account 2013/14		<u>80,000</u>
		161,874
Proposed applications 2013/14		
- CCTV Camera Replacement	14,000	
- Internal Redecorations	5,000	
- Steam Cleaning Paving	3,000	
- Hardwiring of Alarm System	12,500	
- Car park fence / gate	8,100	
- Waiting Room and WC (South)	8,800	
- Water Feature	3,000	
- Book of Remembrance Room stonework	5,500	
- Mess Room improvements	2,600	
- Crematory Room improvements	<u>9,000</u>	<u>71,500</u>
Estimated Balance 31.3.2015		<u>90,374</u>

PORTCHESTER CREMATORIUM JOINT COMMITTEE

CAPITAL WORKS PROGRAMME

SCHEME	Estimated Total Cost	Expenditure to 31.03.13	Revised Estimate 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimated after March 2019
Mercury Abatement - EPA Phase 2	2,465,800								
- Works		2,230,271	166,700						
- Fees		68,840							
Cremator Furnace Relining	129,000								
- Works			120,000						
- Fees			9,000						
Analyser Renewal Cremators 1 to 6	118,000								
- Works		112,523							
- Fees		5,494							
Non-reclaimable VAT	1,002,560	483,426	59,140	0					460,000
Replacement Cremator programme	2,300,000								2,300,000
	6,015,360	2,900,554	354,840	0	0	0	0	0	2,760,000
			Revised Estimate 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2017/18	Estimated after March 2019
<u>Capital Works Fund</u>									
Opening balance			576,637	586,797	586,797	1,021,797	1,456,797	1,891,797	2,326,797
Contribution from Revenue Account (7 years)			365,000	0	435,000	435,000	435,000	435,000	435,000
			941,637	586,797	1,021,797	1,456,797	1,891,797	2,326,797	2,761,797
Less Cost of Works/Fees			354,840	0	0	0	0	0	2,760,000
			586,797	586,797	1,021,797	1,456,797	1,891,797	2,326,797	1,797
Balance C/F									

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Agenda Item 8

FAREHAM BOROUGH COUNCIL

Report to Portchester Crematorium Joint Committee

Date: **9 December 2013**

Report of: **Treasurer to the Joint Committee**

Subject: **EXTERNAL AUDIT
ISSUES ARISING REPORT FOR THE YEAR ENDED 31 MARCH 2013**

SUMMARY

At its meeting on 23 September 2013, the Joint Committee approved and accepted the audited Annual Return for the financial year ended 31 March 2013.

BDO LLP, the External Auditors for Portchester Crematorium Joint Committee, also provided an Issues Arising Report for the year ended 31 March 2013.

This report sets out the matters raised within the Issues Arising Report and details the action taken with regard to them, and any future action required.

RECOMMENDATIONS

- (a) That the BDP LLP External Audit Issues Arising Report for the year ended 31 March 2013, attached as Appendix A to this report, be noted;
- (b) That the actions taken and required with regard to the Issues Arising Report be noted.

PORTCHESTER CREMATORIUM JOINT COMMITTEE

BDO LLP ISSUES ARISING REPORT FOR PORTCHESTER CREMATORIUM JOINT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2013

INTRODUCTION

1. BDO LLP, the External Auditors for Portchester Crematorium Joint Committee, completed their work and provided an unqualified Certificate and Opinion on the Annual Return for the year ended 31 March 2013.
2. The Audited Annual Return was approved and accepted by the Joint Committee at its meeting held on 23 September 2013.
3. BDO LLP have also provided an Issues Arising Report, attached as Appendix A to this report, raised to draw matters to the attention of Portchester Crematorium Joint Committee.
4. The matters raised within the report are set out below, along with an update of action already taken or required in the future, either as a matter of course or in direct response to the report.

MATTERS ARISING

FIDELITY GUARANTEE

5. BDO LLP have recommended that the Fidelity Guarantee Cover held as part of the insurance policy with Zurich Municipal for Portchester Crematorium is insufficient in light of the bank balances held at 31 March 2013.

ACTION TO BE TAKEN

6. As part of the Insurance Renewal process which will commence in January / February 2014 the level of cover will be increased to cover the estimated maximum amount of money held during the year.

INTERNAL AUDIT CHECKS

7. BDO LLP have noted that, where items have been recorded as 'Not Covered' on the Annual Return, the Internal Auditor has not stated, or noted as required on Section 4 of the Annual Return, when the most recent internal audit work was undertaken and when it is next planned in respect of these test(s), or if coverage is not required, explained why not.

ACTIONS COMPLETED

8. Section 4 of the Annual Return does in fact include detail of when the most recent internal audit work was undertaken where items have been recorded as 'Not Covered'.

9. The Internal Audit Plan for 2013/14 to 2017/18 provides detail of when areas were last covered and the frequency of testing that will be applied going forward based on the risk category assigned. This approach was discussed and agreed with the Treasurer to the Joint Committee prior to reporting and approval by the Joint Committee in June 2013, and informed the testing carried out for 2012/13.

INTERNAL AUDITORS RECOMMENDATIONS

10. BDO LLP have recommended that the recommendations made by internal audit be implemented.

ACTIONS COMPLETED

11. The following action has already been taken in respect of this finding and recommendation, the Internal Audit Report for 2013/14 being presented and noted by the Joint Committee at its meeting held on 23 September 2013. The following paragraphs set out the steps taken to implement the recommendations raised within that report.
- (i) Control / Actions Plans included in Risk Registers – completed; with control / action plans incorporated into the Risk Register and circulated to the Joint Committee in September 2013.
 - (ii) Alarm System and CCTV will be fixed – an update will be provided by the Engineer to the Joint Committee.
 - (iii) Annual Review of Risk Management Policy Statement – completed in June 2013
 - (iv) Staffing Structure – completed; with up to date staffing structure now held at the Crematorium.
 - (v) Expenses Claims – implemented; expense claims for postage stamps will only be processed if receipts are present.
 - (vi) Software Licence documentation – implemented; documentation now retained where required.

RISK ASSESSMENT APPROVAL

12. BDO LLP have recommended that, in future, the review of the Risk Assessment is completed at a full Joint Committee meeting.

ACTION COMPLETED

13. The Risk Register is the subject of a report to the Joint Committee by the Treasurer each year where the Risk Register is approved. At the request of the Joint Committee at the meeting held on 17 June 2013 additional information is to be provided to enable an informed evaluation and approval of the controls and actions plans in support of each risk detailed on the Risk Register. This information has already been provided for the current Risk Register having been circulated to the Joint Committee in September 2013.

Andy Wannell CPFA
Treasurer to the Joint Committee
Civic Offices
Fareham

For further information on this report please contact Kate Busby on 01329 824685.

BDO LLP

ISSUES ARISING REPORT FOR
PORTCHESTER CREMATORIUM JOINT COMMITTEE
AUDIT FOR THE YEAR ENDED 31 MARCH 2013

ISSUES ARISING REPORT FOR
Portchester Crematorium Joint Committee
Audit for the year ended 31 March 2013



Introduction

The following matters have been raised to draw items to the attention of Portchester Crematorium Joint Committee. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2013.

The audit of the annual return may not disclose all shortcomings of the systems as some matters may not have come to the attention of the auditor. For this reason, the matters raised may not be the only ones that exist.

The matters listed below are explained in further detail on the page(s) that follow;

- Fidelity Guarantee
- Internal Audit Checks
- Internal auditor's recommendations
- Risk Assessment - approved at a sub committee

The following issue(s) have been raised to assist the body in improving its internal controls or working practices. The body is recommended to consider these but is under no statutory obligation to act upon them.

Internal Audit Checks

What is the issue?

The Internal Auditor has entered 'Not Covered' to the following test(s) on Section 4 which we consider relevant to the body. The Internal Auditor has not stated, or noted as required on Section 4 of the Annual Return, when the most recent internal audit work was undertaken and when it is next planned in respect of these test(s), or, if coverage is not required, explained why not.

The following issue(s) have been raised to assist the body. The body is recommended to take action on the following issue(s) to ensure that the body acts within its statutory and regulatory framework.

Fidelity Guarantee

What is the issue?

The body has fidelity guarantee cover, however this appears to be insufficient in light of the bank balances held at 31 March 2013.

Why has this issue been raised?

A body, under S114 of the Local Government Act 1972, must take security as it considers sufficient in the case of any of its officers likely to handle its money. The body may decide that insurance is not 'sufficient' for them, but in order to come to this opinion it must have reviewed the requirement annually and have objective grounds for such a conclusion.

What do we recommend you do?

The body should consider the level of insurance cover and set it to a level that will protect the body against potential loss. The body should review the level of cover at least annually as circumstances may change throughout the year.

The amount should be sufficient to cover the maximum amount of money the body holds at any one time during the year. A body does not have to have fidelity guarantee insurance if it considers that no security is 'sufficient' but there must be objective grounds for such a conclusion.

Further guidance on this matter can be obtained from the following source(s):

Local Council Administration, 8th Edition, Charles Arnold-Baker, Chapter 9.8
Governance and Accountability in Local Councils in England - A Practitioners Guide, NALC/SLCC

Internal auditor's recommendations

What is the issue?

The internal auditor has noted a number of weaknesses in the financial systems of the body.

Why has this issue been raised?

The body is exposed to the risks associated with these weaknesses.

What do we recommend you do?

The body must implement the recommendations made by the internal auditor to improve the financial systems of the body as soon as possible or in any event before the end of the current financial year.

If the body addresses all the issues raised by the internal auditor the body should improve internal controls which will help to prevent and detect error and fraud and assist the body to operate in an effective and efficient manner.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners Guide, NALC/SLCC

Risk Assessment - approved at a sub committee*What is the issue?*

The body have minuted its review of the risk assessment during the year ended 31 March 2013 at a sub committee of the full body. These minutes were reviewed and adopted by a meeting of the body as a whole but no reference was made in these full minutes that the body as a whole had considered the risk assessment.

Why has this issue been raised?

The Accounts and Audit (England) Regulations 2011, which came into force on the 31 March 2011, require the approval of a risk assessment at a full body meeting and not at a sub committee of the body.

What do we recommend you do?

The body must ensure in future years that the risk assessment is reviewed by a full body meeting and not a sub committee.

Further guidance on this matter can be obtained from the following source(s):

The Accounts and Audit (England) Regulations 2011

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 02 September 2013

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TO THE MEETING OF: THE PORTCHESTER CREMATORIUM JOINT COMMITTEE

ON: 9th DECEMBER 2013

REPORT OF: ENGINEER AND SURVEYOR

1.0 MAINTENANCE - PROGRESS REPORT

1.1 PROGRESS AND FINANCIAL STATEMENT

Ref	Repairs & Renewals Schemes	Progress Stage	Original Budget £	Revised Budget £	Actual Cost £	Budget/Actual Variation Note +/- 20%
1.12.14	Fire Precautions Installation Work	Assessing requirements (following completion of installations)	10,000			
1.12.01	North Chapel New Curtains	Work Complete	5,000		1,015	
1.12.02	South Chapel Carpet Replacement	Work Complete	9,000		9,495	
1.12.03	Office Carpet Replacement	Work complete (in conjunction with 1.13.06)	1,500		1,500	
1.12.04	Internal Redecoration (Rolling Programme)	Work Complete	5,000		4,030	
1.12.05	Repairs to Paving/Steam Cleaning	Work Complete	2,500		2,258	
1.12.06	Treatment of North and West Boundary Fences	Work Complete	4,500		3,245	

Ref	Repairs & Renewals Schemes	Progress Stage	Original Budget £	Revised Budget £	Actual Cost £	Budget/Actual Variation Note +/- 20%
1.12.07	Replacement Compactor	Work Complete	16,500		16,050	
1.12.08	Replacement Computers for Cremation Control	Work Complete	5,000		4,752	
1.12.09	Replacement WCs in Public Toilets	Work Complete	7,000		7,975	
1.12.10	Upgrade North Chapel Air Conditioning Unit	Work Complete	5,000		4,933	
1.12.11	Renewable Energy Consultant	Work Complete	10,000		4,320	
2.12.01	Mercury Abatement EPA Phase 2	Scheme Complete	2,392,000		2,263,070	
2.12.02	Cremator Furnace Relining	Work Complete	35,000		35,474	
2.03	Analyser Renewal to Cremators Nos 1 to 6	Work Complete	98,000		93,769	
1.13.01	CCTV Camera Replacement (Rolling Programme)	Work Complete	6,000	-	5,509	
1.13.02	Internal Redecorations (Rolling Programme)	Work Complete	5,000	-	4,390	
1.13.03	Steam Cleaning Paving (Rolling Programme)	Work Complete	3,000	-	1,804	
1.13.04	Replacement Door Locks	Work on site	5,000	-	6,056	
1.13.05	Memorial Storage Room/Workshop Refurbishment	Work Complete	5,500	-	5,747	
1.13.06	Reception/Office Area Refurbishment	Reception—order issued (Office Complete)	13,000	-	16,043	
1.13.07	External Lighting Improvements	Work Complete	£4,500	-	4,231	
1.13.08	South Chapel Redecoration	Scheme Deferred	£25,000			
1.13.09	Garden of Contemplation Seating Improvements	Work Complete	4,500	-	4,045	

Ref	Repairs & Renewals Schemes	Progress Stage	Original Budget £	Revised Budget £	Actual Cost £	Budget/Actual Variation Note +/- 20%
2.13.01	Mercury Abatement EPA Phase 2	Retention Release	90,000			
2.13.02	Cremator Furnace Relining	Work Complete (Nrs 2, 5 & 6 remain)	120,000		35,500	
2.13.03	Waste Heat Recovery	Assessing requirements	28,500			

Note

Actual cost excludes standard VAT or unreclaimable VAT.

1.2 RECOMMENDATION

The Committee is recommended to note the contents of this report.

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1.3 BACKGROUND PAPERS

Nil

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Agenda Item 10

REPORT TO: PORTCHESTER CREMATORIUM JOINT COMMITTEE
Monday 9 December 2013

REPORT BY: THE HORTICULTURAL CONSULTANT

CREMATORIUM GROUNDS – GENERAL UPDATE

It has been a relatively quiet time within the grounds recently, with the majority of staff time spent on basic day-to-day tasks.

The strong winds in October felled a small conifer and broke a small limb from a cedar in the south west corner of the main car park. Brighstone dealt with these two issues very quickly and efficiently.

I have requested some dead wooding of trees on the northern boundary of the site; now the leaves are off the trees it is easier to spot where trimming is required. This work will be carried out by ISS Facility Management during December.

The litter bins and seats on the site are receiving their 'annual visit'. This consists of cleaning and repainting the bins and treating the seats with preservatives.

Following reports of a heron taking fish from the pond I have installed a plastic heron as a deterrent - apparently other herons will not feed at the pond while it is there.

Brighstone continue to work well and I am very pleased with their standard of work.

Ashley Humphrey
Horticultural Consultant

*Background List of Documents –
Section 100D of the Local Government Act 1972 - None*

AH/jh
27 November 2013

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Agenda Item 11

Item 11(a) General report

REPORT TO: PORTCHESTER CREMATORIUM JOINT COMMITTEE –
9th DECEMBER 2013

REPORT BY: MANAGER AND REGISTRAR

STATISTICS

1. MONTHLY COMPARISON

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
SEPT	284	295	287	294
OCT	308	318	331	329
NOV	319	312	336	305

2. TOTAL CREMATIONS

	<u>YEAR</u>	<u>TO END OF NOVEMBER</u>
2010	3851	3492
2011	4015	3697
2012	3975	3656
2013	-	3926

3. DISPOSAL OF REMAINS

Ashes received from other Crematoria.....	24
i) Total disposals within grounds.....	320
ii) Remains removed from crematorium.....	544
iii) Retained.....	42
TOTAL	906*

Scattered 37% Removed 63%

4. GAS CONSUMPTION

Total gas consumption (cu.m.).....	68211
Total cremations.....	880
Average gas consumption(cu.m).....	78**

* To end 27th November

** To end 25th November

JAMES CLARK
MANAGER & REGISTRAR

27th NOVEMBER 2013

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