



Report to Portchester Crematorium Joint Committee

Date: **26 June 2023**

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

Subject: **ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

SUMMARY

This report sets out the Annual Return for the financial year ended 31 March 2023.

RECOMMENDATIONS

- (a) That Section 1 - Accounting Statements for Portchester Crematorium Joint Committee be approved.
- (b) That Section 2 - Annual Governance Statement for Portchester Crematorium Joint Committee be approved.
- (c) That the Income and Expenditure Statement for the year ended 31 March 2023 and Balance Sheet as at 31 March 2023 be noted.

INTRODUCTION

1. The Audit Commission Act 1998 (Section 2 and Schedule 2) required Joint Committees to prepare accounts and undergo an audit separate from their constituent bodies. From 1 April 2015, implementation of the Local Audit and Accountability Act 2014 means that Joint Committees are no longer required to have their accounts separately prepared and audited. The Government has made this change as the appropriate parts of the financial results of Joint Committees are reported in the accounts of their constituent bodies, so they will be audited by auditors appointed to audit the accounts of those bodies, and there is no separate audit appointment.
2. To provide consistency of information for the constituent bodies and to the Joint Committee an Annual Return for 2022/23 has been prepared and comprises the following sections for approval and information:
 - Section 1 - Accounting Statement - recording financial transactions during the year for both revenue and capital schemes.
 - Section 2 - Annual Governance Statement
 - Income and Expenditure Statement for the year ended 31 March 2023 and Balance Sheet as at 31 March 2023.
3. Section 1 - Accounting Statement
The Accounting Statement is presented for approval by the Joint Committee and is supported by details and explanations of the variances between the financial year 2022/23 and the previous financial year 2021/22.
4. Section 2 - Annual Governance Statement
The Annual Governance Statement is presented for approval by the Joint Committee and is supported by details of the key components upon which the Joint Committee has relied in agreeing each aspect of the Annual Governance Statement.
5. An Income and Expenditure statement, Balance Sheet, explanatory notes and details of the reserves held by the Joint Committee are then provided to complete the summary of the financial position at year end.
6. The final accounts for the Joint Committee show a breakeven outturn in line with the revised budget after a small contribution to the revenue surplus account which is in line with the Finance Strategy approved by the Joint Committee in December 2022.

Section 1 - Accounting Statement for: Portchester Crematorium Joint Committee

	Year ending		Notes and guidance
	31 March 2022 £	31 March 2023 £	
1. Balances brought forward	3,198,708	3,336,407	Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to underlying financial records. Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of the previous year.
2. (+) Income from local taxation and/or levy	0	0	Total amount of local tax and/or levy received or receivable in the year, including funding from a sponsoring body.
3. (+) Total other receipts	2,078,719	2,287,256	Total income or receipts as recorded in the cashbook less income from taxation and/or levy (line 2). Include any grants received here.
4. (-) Staff costs	(303,370)	(338,920)	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6. (-) All other payments	(1,637,650)	(1,805,660)	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	3,336,407	3,479,083	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total cash and short term investments	3,340,565	3,434,002	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9. Total fixed assets plus other long term investments and assets	8,216,747	8,216,747	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the body as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
<p>I certify that for the year ended 31 March 2023 the accounting statements in this annual return present fairly the financial position of the body and its income and expenditure, or properly present receipts and payments, as the case may be.</p> <p>Signed by Responsible Financial Officer</p> <p>_____</p> <p>Date: _____</p>		<p>I confirm that these accounting statements were approved by the body on:</p> <p>_____</p> <p>And recorded as minute reference:</p> <p>_____</p> <p>Signed by Chair of meeting approving these accounting statements.</p> <p>_____</p> <p>Date: _____</p>	

7. EXPLANATIONS OF VARIANCES BETWEEN ACCOUNTING YEARS

7.1 Annual Return - Other Receipts (line 3)

7.1.1 The number of cremations carried out during 2022/23 has totalled 3,177 of which 189 were walk-through cremation services and 22 were carried out at no charge. This represents an increase of 144 (4.7%) compared with the previous financial year's total of 3,033 although was slightly lower than the cremation numbers anticipated and budgeted. Income from charges and sales of £2,243,277 and interest of £43,979 was £208,537 higher than the previous year and £96,944 below the revised budget overall.

The numbers of cremations for 2022/23 and the four previous financial years are set out in the table below. Income from other areas, such as Memorial Cards and Book of Remembrance entries and web broadcasting services have risen in line with the increased number of cremations during the year. £8,370 has been received from the CAMEO TMAC scheme.

	Cremations				
	2018/19	2019/20	2020/21	2021/22	2022/23
Cremations at nil charge (under 18)	19	28	25	20	22
Walk through cremations	168	195	374	253	189
	2,962	3,076	3,209	2,760	2,966
Total cremations	3,149	3,299	3,608	3,033	3,177

	Actual 2021/22	Actual 2022/23	Budget 2022/23
	£	£	£
Variation between accounting years			
<u>INCOME</u>			
Garden Improvement fund contributions	0	3,790	1,500
Memorial Cards	6,453	5,314	6,000
Cremation Fees	1,895,200	2,064,710	2,132,500
Book of Remembrance	50,347	55,473	55,000
Organ Music	1,196	1,733	2,000
CAMEO TMAC	9,041	8,370	0
Web broadcasting services	75,091	88,688	80,000
Other	41,391	59,178	107,000
TOTAL INCOME	2,078,719	2,287,256	2,384,000
Variation		208,537	
Expressed as a percentage		10.0%	

7.2 Annual Return – Staff Costs (line 4) and Other Payments (line 6)

STAFF COSTS AND OTHER PAYMENTS

7.2.1 Employee expenditure of £338,920 was £14,820 above the revised estimate of £324,100 for 2022/23, directly in line with absence cover and severance in administration that have arisen during the year.

7.2.2 Other expenditure of £1,805,660 was £168,010 higher in 2022/23 than the previous year.

	Actual 2021/22	Actual 2022/23	Budget 2022/23
	£	£	£
Variation between accounting years			
<u>EXPENDITURE</u>			
Premises expenditure	522,502	704,627	761,000
Contribution to Constituent Authorities	720,000	680,000	680,000
Capital Expenditure	0	0	0
Repairs and Renewals Expenditure	98,455	16,510	100,000
Supplies and Services	296,693	404,523	324,100
TOTAL EXPENDITURE	1,637,650	1,805,660	1,865,100
Variation		168,010	
Expressed as a percentage		10.2%	

PREMISES

7.2.3. **Repairs and Maintenance.** The total budget for premises repairs and maintenance, including grounds expenditure and energy costs, was £761,000. Actual expenditure of £704,627 was £56,373 below the revised budget level. Our utility costs have increased significantly during this financial year but were lower than anticipated as a result of the energy discount.

SUPPLIES AND SERVICES

7.2.5 Expenditure of £404,523 was above the revised budget of £324,100 by £80,400, with most administrative areas of spend being below the budget. Consultant and Architect costs of £49,803 and North Chapel equipment costs of £6,723 have been incurred during the financial year that have been accounted for as revenue expenditure from the Capital Programme with no increase in asset value arising. We have also seen an increase in the amount of non-reclaimable VAT in this year, in line with increased energy costs.

REPAIRS AND RENEWALS/CAPITAL WORKS FUND

7.2.6 During 2022/23 expenditure of £16,510 has been set against the Repairs and Renewals Fund, no contribution has needed to be made to replenish the fund following this expenditure. The balance of the fund being carried forward at the end of 2022/23 is £113,589; this is set out in Paragraph 9.3.

7.2.7. During 2022/23 there was no expenditure set against the Capital Works Fund, and a contribution of £159,000 has been made to the fund. The balance of the fund being carried forward at the end of 2022/23 is £3,207,600; this is set out in Paragraph 9.3.

Repairs and Renewals Capital Programme	2022/23 Budget £'000	2022/23 Actual £'000
North Chapel Enhancement	20	8
Cremator Area Security	10	0
Office Extension improvements	20	16
Waiting Room Refurbishment	30	0
Signage	20	0
Chapel Entrance Road resurfacing	30	7
Roof Repairs / Improvements	25	4
Cremator Replacement Feasibility	50	50
Cremator Rebrick	81	0
Total Expenditure	286	85
Funded by:		
Capital Works Fund		
Opening Balance at 1.4.2022	(3,049)	(3,049)
Contribution	(235)	(159)
Application	131	0
Balance of Fund	(3,153)	(3,208)
Repairs and Renewals Fund		
Opening Balance at 1.4.2022	(130)	(130)
Contribution	(60)	(16)
Application	155	0
Balance of Fund	(35)	(114)
Revenue expenditure		(69)
Total Funding	(286)	(85)

7.2.8 During 2022/23 £1,270 of contributions towards the Garden Improvement Fund were received. The £3,790 balance of the Garden Improvement Fund has been applied to the wood carvings expenditure that have been completed in 2022/23.

7.3 Annual Return - Cash and Short Term Investments have increased in 2022/23 enabling a replenishment of balances held to support future capital expenditure.

Variation between accounting years (line 8)	2021/22	2022/23
<u>CASH AND SHORT-TERM INVESTMENTS</u>	£	£
Short Term Investment	3,198,708	3,336,406
Cash at Bank and In Hand	141,857	97,596
	<u>3,340,565</u>	<u>3,434,002</u>
Variation		93,437
Expressed as a percentage		2.8%

7.4 Annual Return - Fixed and Long Term Assets (line 9)

Historically, asset values have been included in the Annual Return at net current value. However, in line with proper practices as noted in Governance and Accountability for Local Councils each asset should be recorded on the asset register as its original purchase cost or where this is not known, a proxy value should be included. These values remain unchanged on the Annual Return until disposal, with only subsequent additions being added to the figure and depreciation is not reflected in the Annual Return value.

	Land & Buildings £	Plant & Equipment £	Total £
Cost or Valuation			
2020 Revaluation	5,479,243	2,543,400	8,022,643
Additions	67,674	126,430	194,104
As at 31 March 2023	5,546,917	2,669,830	8,216,747

Section 2 – Annual Governance Statement

We acknowledge as the members of **Portchester Crematorium Joint Committee** our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2023, that:

	Agreed -		'Yes'
	Yes	No	Means that the body :
1. We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	YES		prepared its accounting statements in the way prescribed by law.
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	YES		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of the body to conduct its business or on its finances.	YES		has only done what it has the legal power to do and has complied with proper practices in doing so.
4. We carried out an assessment of the risks facing the body and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	YES		considered the financial and other risks it faces and has dealt with them properly.
5. We maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems.	YES		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body.
7. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements.	YES		disclosed everything it should have about its business activity during the year including events taking place after the yearend if relevant.

This annual governance statement is approved by the body and recorded as minute reference : _____ Dated: _____	Signed by:
	Chair _____
	Dated _____
	Signed by:
	Clerk _____
	Dated _____

8. SUPPORTING THE ANNUAL GOVERNANCE STATEMENT FOR 2022/23

8.1 The table below sets out a short explanation of the key components upon which the Joint Committee has relied in agreeing each aspect of the Annual Governance Statement.

1	<ul style="list-style-type: none"> The accounting statements, prepared in the way prescribed by law, were approved by the Joint Committee on 26 June 2023 under minute []
2	<ul style="list-style-type: none"> The appointment of a professionally qualified and experienced Treasurer and Deputy Treasurer. A system of internal audit undertaken separately by Fareham BC. The Joint Committee's standing orders and Financial Regulations. The adoption of policies in respect of anti-fraud and corruption, and whistle blowing.
3	<ul style="list-style-type: none"> The Joint Committee is a single purpose body whose officers are well qualified and experienced to undertake their respective roles. The roles and responsibilities of the Joint Committee and the officer functions with clear delegations of their responsibilities are defined in the Memorandum of Agreement between the four constituent authorities and the scheme of delegation to officers. There is a financial strategy and capital programme approved annually. Decisions by the Joint Committee are taken on the basis of written reports from the officers. The Joint Committee is a member of the Federation of Burial and Cremation Authorities (FBCA) and complies with its code of practice and the law on cremation.
4	<ul style="list-style-type: none"> The Joint Committee has in place a risk management policy and risk registers which are reviewed periodically. Specific risk registers are prepared when needed – for example in respect of the mercury abatement project. There is a business continuity plan. There is a biennial health and safety audit. The FBCA undertook an inspection in November 2019. Protector was the Joint Committee's insurer during 2022/23
5	<ul style="list-style-type: none"> Fareham BC's internal audit service carries out an annual review and every three years, it carries out a planned programme of work based on a comprehensive risk assessment. The 8 day audit scheduled for the last quarter of the financial year 2020/21 was completed in April 2022 and the service was given an audit assurance opinion of Strong. The effectiveness of the internal audit function is undertaken by Fareham BC's Audit Committee, and reviewed annually. Internal Audit Reports, issues arising and subsequent actions reported to the Joint Committee as they arise.
6	<ul style="list-style-type: none"> Internal Audit Reports, issues arising and subsequent actions reported to the Joint Committee as they arise.
7	<ul style="list-style-type: none"> Any relevant matters have been included within the accounting statements.

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	Net Expenditure 2022/23 <u>£</u>
<u>EXPENDITURE and INCOME ON SERVICE</u>	
Employees	338,920
Premises	721,137
Supplies and Services	404,523
Depreciation	391,241
Income	<u>-2,243,277</u>
Cost of Services	-387,456
Other Operating Expenditure and Income	
Pension interest costs and expected return on pension assets	17,000
Interest Receivable	<u>-43,979</u>
Surplus on Provision of Service	-414,435
Actuarial gains / losses on pension assets / liabilities	-17,000
Total Comprehensive Income and Expenditure	<u>-431,435</u>
Reverse actuarial gains / losses on pension assets / liabilities	17,000
Contributions to Constituent Authorities	680,000
Reverse Depreciation of Fixed Assets included in Cost of Service	-391,241
Contributions to Capital Works Fund	159,000
Contributions to Repairs & Renewals Fund	0
Contribution to / from pensions reserve	-17,000
Contribution from reserves to finance repairs and renewals / capital works	-16,510
Revenue Surplus Balance	<u>-186</u>
	<u>0</u>

BALANCE SHEET AS AT 31 MARCH 2023

<u>2021/22</u> £	<u>Property, Plant & Equipment</u>	<u>2022/23</u> £
5,206,497	Land and buildings	5,090,768
1,864,466	Plant and equipment	1,588,954
<u>7,070,963</u>	Long Term Assets	<u>6,679,722</u>
3,198,708	Short Term Investments	3,336,406
83,330	Short term debtors & Prepayments	112,533
141,857	Cash - at Bank and in hand	97,596
<u>3,423,895</u>	Current Assets	<u>3,546,535</u>
-84,968	Short Term Creditors	-67,453
-2,520	Receipts in advance	0
<u>-87,488</u>	Current Liabilities	<u>-67,453</u>
-659,000	Pension scheme liability	-158,000
<u>-659,000</u>	Long Term Liabilities	<u>-158,000</u>
<u>9,748,370</u>	Net Assets	<u>10,000,804</u>
	Reserves	
-3,336,406	Usable Reserves	-3,479,082
-6,411,964	Unusable Reserves	-6,521,722
<u>-9,748,370</u>	Total Reserves	<u>-10,000,804</u>

9. BALANCE SHEET AS AT 31 MARCH 2023

9.1. The Balance Sheet shows the final financial position of the Joint Committee as at 31 March 2023. This includes items that are not separately disclosed as part of the Annual Return, namely revaluation and depreciation of non-current assets, short-term debtors and creditors and Pension Scheme Liability and Reserves that are held by the Joint Committee. These are set out in greater detail in the notes below.

	Land & Buildings	Plant & Equipment	Total
Cost or Valuation	£	£	£
At 1 April 2022	5,546,917	2,669,830	8,216,747
Additions	0	0	0
As at 31 March 2023	5,546,917	2,669,830	8,216,747
Accumulated Depreciation and Impairment			
At 1 April 2022	(340,420)	(805,364)	(1,145,784)
Depreciation charge	(115,729)	(275,512)	(391,241)
As at 31 March 2023	(456,149)	(1,080,876)	(1,537,025)
Net Book Value			
At 31 March 2023	5,090,768	1,588,954	6,679,722
	Land & Buildings	Plant & Equipment	Total
Cost or Valuation	£	£	£
At 1 April 2021	5,546,917	2,669,830	8,216,747
Additions	0	0	0
As at 31 March 2022	5,546,917	2,669,830	8,216,747
Accumulated Depreciation and Impairment			
At 1 April 2021	(224,691)	(529,852)	(754,543)
Depreciation charge	(115,729)	(275,512)	(391,241)
As at 31 March 2022	(340,420)	(805,364)	(1,145,784)
Net Book Value			
At 31 March 2022	5,206,497	1,864,466	7,070,963

9.2 Short-Term Debtors and Short-Term Creditors

The variation between Short Term Debtors and Short Term Creditors is set out in the table below :-

	2021/22	2022/23
	£	£
<u>Debtors</u>		
Short Term Debtors – Fees	75,741	104,599
HMRC	7,589	7,934

The year end Cremation Fee Debtors have increased overall as at 31 March 2023.

	2021/22	2022/23
	£	£
<u>Creditors</u>		
Short Term Creditors	84,968	67,453
Grounds Maintenance	8,642	14,600
Utilities	7,787	38,163
Obitus Fees	6,625	7,750
Cleaning	12,416	
North Chapel Curtains	19,944	
Other Creditors	29,554	6,940

The year end Creditors have decreased overall as at 31 March 2023 by £17,515

9.3 Usable Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure during 2022/23

	Balance at 1 April 2022 £	Transfers Out 2022/23 £	Transfer In 2022/23 £	Balance at 31 March 2023 £
General Fund	157,707	0	186	157,893
Capital Works Fund	3,048,600	0	159,000	3,207,600
Repairs & Renewals Fund	130,099	-16,510	0	113,589
Total	3,336,406	-16,510	159,186	3,479,082

9.4 Unusable Reserves

Unusable Reserves summary	2021/22	2022/23
	£	£
Revaluation Reserve	3,218,305	3,160,736
Capital Adjustment Account	3,852,659	3,518,986
Pensions Reserve	-659,000	-158,000
	<u>6,411,964</u>	<u>6,521,722</u>

Revaluation Reserve

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. An increase in valuation was recognised during 2019/20 following a revaluation of the crematorium buildings and plant and equipment.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement. Depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Joint Committee as finance for the costs of acquisition, construction and enhancement.

Capital Adjustment Account	2021/22	2022/23
	£	£
Opening Balance as at 1 April	4,186,332	3,852,659
Capital financing from revenue in year	0	0
Less depreciation provision in year	-391,241	-391,241
Historical Cost Adjustment	57,568	57,568
Balance as at 31 March	<u>3,852,659</u>	<u>3,518,986</u>

Pensions Reserve

The Local Government Pension Scheme (LGPS) is administered by Hampshire County Council. This is a funded defined benefit final salary scheme, meaning that the Joint Committee and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Joint Committee accounts for post employment benefits in the Income and Expenditure Accounts as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Joint Committee makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Joint Committee has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pension Reserve	2021/22	2022/23
	£	£
Opening Balance	-884,000	-659,000
Net service cost	-87,000	-102,000
Interest income on assets	43,000	59,000
Interest cost	-61,000	-76,000
Actuarial gain / loss	183,000	-864,000
Contributions to liabilities	147,000	244,000
Closing Balance	<u>-659,000</u>	<u>-158,000</u>

Background Papers

- (a) Report of the Treasurer to the Portchester Crematorium Joint Committee 'Revenue Budget 2022-23 - 12 December 2022
- (b) Report of the Treasurer to the Portchester Crematorium Joint Committee 'Annual Return For The Financial Year Ended 31 March 2022' – 27 June 2022

Andy Wannell CPFA
 Treasurer to the Joint Committee
 Civic Offices
 Fareham

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