



Report to Portchester Crematorium Joint Committee

Date: **24 June 2024**

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

Subject: **ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

SUMMARY

This report sets out the Annual Return for the financial year ended 31 March 2024.

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 2024 and Balance Sheet as at 31 March 2024 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 2023/24 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 2024 and Balance Sheet as at 31 March 2024.
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 2023/24 and the previous financial year 2022/23.
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 and Finance Strategy approved by the Joint Committee in December 2023.

Section 1 - Accounting Statement for: Portchester Crematorium Joint Committee

	Year ending		Notes and guidance
	31 March 2023 £	31 March 2024 £	
1. Balances brought forward	3,336,407	3,479,083	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	2,287,256	2,320,026	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	(338,920)	(342,872)	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	(1,805,660)	(2,005,892)	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	3,479,083	3,450,345	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	3,434,002	3,318,475	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	8,616,414	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 2024 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 2023/24 has totalled 2,881 of which 175 were walk-through cremation services and 16 were carried out at no charge. This represents a decrease of 296 (9.3%) compared with the previous financial year's total of 3,177 and was lower than the cremation numbers budgeted (2,900 cremations and 200 walk through cremations). Income from charges and sales of £2,285,542 and interest of £34,484 was £32,770 higher than the previous year and £193,974 below the revised budget overall as a result of lower than anticipated cremation numbers.

The numbers of cremations for 2023/24 and the four previous financial years are set out in the table below. Income from other areas, such as Memorial cards, organ music and web broadcasting services have risen during the year in line with price increases. Book of Remembrance income reflects the fall in cremation numbers but is offset by price increases. £6,371 has been received from the CAMEO TMAC scheme.

	Cremations				
	2019/20	2020/21	2021/22	2022/23	2023/24
Cremations at nil charge (under 18)	28	25	20	22	16
Walk through cremations	195	374	253	189	175
	3,076	3,209	2,760	2,966	2,690
Total cremations	3,299	3,608	3,033	3,177	2,881

	Actual 2022/23	Actual 2023/24	Budget 2023/24
	£	£	£
Variation between accounting years			
<u>INCOME</u>			
Garden Improvement fund contributions	3,790	1,266	1,500
Memorial Cards	5,314	6,699	7,000
Cremation Fees	2,064,710	2,096,450	2,265,000
Book of Remembrance	55,473	54,108	55,000
Organ Music	1,733	2,633	2,000
CAMEO TMAC	8,370	6,371	0
Web broadcasting services	88,688	100,650	98,500
Other	59,178	51,849	85,000
TOTAL INCOME	2,287,256	2,320,026	2,514,000
Variation		32,770	
Expressed as a percentage		1.4%	

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

STAFF COSTS AND OTHER PAYMENTS

7.2.1 Employee expenditure of £342,872 was £17,128 below the revised estimate of £360,000 for 2023/24, with superannuation being lower than originally budgeted.

7.2.2 Other expenditure of £2,005,892 was £200,232 higher in 2023/24 than the previous year.

	Actual 2022/23	Actual 2023/24	Budget 2023/24
	£	£	£
Variation between accounting years			
<u>EXPENDITURE</u>			
Premises expenditure	704,627	770,765	835,000
Contribution to Constituent Authorities	680,000	400,000	400,000
Capital Expenditure	0	399,667	0
Repairs and Renewals Expenditure	16,510	72,260	100,000
Supplies and Services	404,523	363,200	348,500
TOTAL EXPENDITURE	1,805,660	2,005,892	
Variation		200,232	
Expressed as a percentage		11.1%	

PREMISES

7.2.3. **Repairs and Maintenance.** The total budget for premises repairs and maintenance, including grounds expenditure and energy costs, was £835,000. Actual expenditure of £770,765 was £64,235 below the revised budget level. Our utility costs have fallen as a result of reduced price and cremator gas consumption and were £52,403 below the budget level. Premises maintenance costs were £39,042 lower than anticipated with the completion of some renewals schemes rolling forward into 2024/25.

SUPPLIES AND SERVICES

7.2.5 Expenditure of £363,200 was above the revised budget of £348,500 by £14,700, with most administrative areas of spend being close to the budget. Consultant costs were higher than budgeted with Emission testing costs having been incurred in the year at a higher than expected cost.

REPAIRS AND RENEWALS/CAPITAL WORKS FUND

7.2.6 During 2023/24 expenditure of £72,260 has been set against the Repairs and Renewals Fund, and a contribution of £8,670. has been made to replenish the fund following this expenditure. The balance of the fund being carried forward at the end of 2023/24 is £50,000; this is set out in Paragraph 9.3.

7.2.7. During 2023/24 there was £399,667 of expenditure set against the Capital Works Fund, and a contribution of £434,518 has been made to the fund. The balance of the fund being carried forward at the end of 2023/24 is £3,242,452; this is set out in Paragraph 9.3.

Repairs and Renewals Capital Programme	2023/24 Budget £'000	2023/24 Actual £'000
Waiting Room Refurbishment	62	66
Roof Repairs / Improvements	75	60
Garden Memorial Installations and Wood Carvings	60	21
Garden Shelter Refurbishment	10	0
Signage	20	0
Chapel Entrance Road resurfacing	30	0
External Redecoration	25	0
Store for Grounds Maintenance	15	0
Cremator Replacement	150	319
Staff Area Improvements	0	6
Total Expenditure	447	472
Funded by:		
Capital Works Fund		
Opening Balance at 1.4.2023	(3,208)	(3,208)
Contribution	(500)	(434)
Application	367	400
Balance of Fund at 31.3.2024	(3,341)	(3,242)
Repairs and Renewals Fund		
Opening Balance at 1.4.2023	(114)	(114)
Contribution	(70)	(8)
Application	80	72
Balance of Fund at 31.3.2024	(104)	(50)
Revenue expenditure	0	0
Total Funding	(447)	(472)

7.2.8 During 2023/24 £1,266 of contributions towards the Garden Improvement Fund were received and have been applied in full to the wood carvings expenditure that have been completed in 2023/24.

7.3 Annual Return - Cash and Short Term Investments have decreased in 2023/24 in line with expenditure on the cremator replacement project.

Variation between accounting years (line 8)	2022/23	2023/24
<u>CASH AND SHORT-TERM INVESTMENTS</u>	£	£
Short Term Investment	3,336,406	2,256,406
Cash at Bank and In Hand	97,596	1,062,069
	<u>3,434,002</u>	<u>3,318,475</u>
Variation		-115,527
Expressed as a percentage		-3.3%

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.

Cost or Valuation	Land & Buildings £	Plant & Equipment £	Total £
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
2023/24 Additions	60,627	339,040	399,667
As at 31 March 2024	5,607,544	3,008,870	8,616,414

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 2024, 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 year end 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 2023/24

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 24 June 2024 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 current cremator replacement project. There is a business continuity plan. There is a biennial health and safety audit. The FBCA undertook an inspection in November 2023. Zurich Municipal was the Joint Committee's insurer during 2023/24
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 2024

<u>EXPENDITURE and INCOME ON SERVICE</u>	Net Expenditure 2022/23 £	Net Expenditure 2023/24 £
Employees	338,920	342,872
Premises	721,137	843,025
Supplies and Services	404,523	363,200
Depreciation	391,241	481,769
Income	<u>(2,243,277)</u>	<u>(2,285,542)</u>
Cost of Services	(387,456)	(254,676)
Other Operating Expenditure and Income		
Pension interest costs and expected return on pension assets	17,000	7,000
Interest Receivable	<u>(43,979)</u>	<u>(34,484)</u>
Surplus on Provision of Service	(414,435)	(282,160)
Actuarial gains / losses on pension assets / liabilities	(17,000)	(7,000)
Total Comprehensive Income and Expenditure	<u>(431,435)</u>	<u>(289,160)</u>
Reverse actuarial gains / losses on pension assets / liabilities	17,000	7,000
Contributions to Constituent Authorities	680,000	400,000
Reverse Depreciation of Fixed Assets included in Cost of Service	(391,241)	(481,769)
Contributions to Capital Works Fund	159,000	434,519
Contributions to Repairs & Renewals Fund	0	8,670
Contribution to / from pensions reserve	(17,000)	(7,000)
Contribution from reserves to finance repairs and renewals / capital works	(16,510)	(72,260)
Revenue Surplus Balance	<u>(186)</u>	<u>0</u>
	<u>0</u>	<u>0</u>

BALANCE SHEET AS AT 31 MARCH 2024

<u>2022/23</u> £	<u>Property, Plant & Equipment</u>	<u>2023/24</u> £
5,090,768	Land and buildings	5,033,645
1,588,954	Plant and equipment	1,563,975
<u>6,679,722</u>	Long Term Assets	<u>6,597,620</u>
3,336,406	Short Term Investments	2,256,406
112,533	Short term debtors & Prepayments	164,469
97,596	Cash - at Bank and in hand	1,062,069
<u>3,546,535</u>	Current Assets	<u>3,482,944</u>
(67,453)	Short Term Creditors	(32,599)
0	Receipts in advance	0
<u>(67,453)</u>	Current Liabilities	<u>(32,599)</u>
(158,000)	Pension scheme liability	(147,000)
<u>(158,000)</u>	Long Term Liabilities	<u>(147,000)</u>
<u>10,000,804</u>	Net Assets	<u>9,900,965</u>
	Reserves	
(3,479,082)	Usable Reserves	(3,450,345)
(6,521,722)	Unusable Reserves	(6,450,620)
<u>(10,000,804)</u>	Total Reserves	<u>(9,900,965)</u>

9. BALANCE SHEET AS AT 31 MARCH 2024

9.1. The Balance Sheet shows the final financial position of the Joint Committee as at 31 March 2024. 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 2023	5,546,917	2,669,830	8,216,747
Additions	60,627	339,040	399,667
As at 31 March 2024	5,607,544	3,008,870	8,616,414
Accumulated Depreciation and Impairment			
At 1 April 2023	(456,149)	(1,080,876)	(1,537,025)
Depreciation charge	(117,750)	(364,019)	(481,769)
As at 31 March 2024	(573,899)	(1,444,895)	(2,018,794)
Net Book Value			
At 31 March 2024	5,033,645	1,563,975	6,597,620

	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

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 :-

	2022/23	2023/24
	£	£
<u>Debtors</u>		
Short Term Debtors – Fees	104,599	146,155
HMRC	7,934	18,314

The year end Cremation Fee and HMRC Debtors have increased overall as at 31 March 2024.

	2022/23	2023/24
	£	£
<u>Creditors</u>		
Short Term Creditors	67,453	32,599

The year end Creditors have decreased overall as at 31 March 2024.

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 2023/24.

	Balance at 1 April 2023 £	Transfers Out 2023/24 £	Transfer In 2023/24 £	Balance at 31 March 2024 £
General Fund	157,893	0	0	157,893
Capital Works Fund	3,207,600	-399,667	434,519	3,242,452
Repairs & Renewals Fund	113,590	-72,259	8,670	50,000
Total	3,479,083			3,450,345

9.4 Unusable Reserves

Unusable Reserves summary	2022/23	2023/24
	£	£
Revaluation Reserve	3,160,736	3,160,736
Capital Adjustment Account	3,518,986	3,436,884
Pensions Reserve	-158,000	-147,000
	<u>6,521,722</u>	<u>6,450,620</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	2022/23	2023/24
	£	£
Opening Balance as at 1 April	3,852,659	3,518,986
Capital financing	0	399,667
Less depreciation provision in year	-391,241	-481,769
Historical Cost Adjustment	57,568	0
Balance as at 31 March	<u>3,518,986</u>	<u>3,436,884</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	2022/23	2023/24
	£	£
Opening Balance	-659,000	-158,000
Net service cost	-102,000	-54,000
Interest income on assets	59,000	93,000
Interest cost	-76,000	-100,000
Actuarial gain / loss	-864,000	-61,000
Contributions to liabilities	244,000	133,000
Closing Balance	<u>-158,000</u>	<u>-147,000</u>

Background Papers

- (a) Report of the Treasurer to the Portchester Crematorium Joint Committee 'Revenue Budget 2023-24 - 11 December 2023
- (b) Report of the Treasurer to the Portchester Crematorium Joint Committee 'Annual Return For The Financial Year Ended 31 March 2023' – 26 June 2023

Andy Wannell CPFA
 Treasurer to the Joint Committee
 Civic Offices
 Fareham

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