



Mountsett Crematorium Joint Committee

Date **Friday 15 June 2012**
Time **10.00 am**
Venue **Meeting Room - Mountsett Crematorium, Dipton**

Business

Part A

**[Items during which the Press and Public are welcome to attend.
Members of the Public can ask questions with the Chairman's
agreement]**

1. Membership of the Joint Committee
2. Appointment of Chair for the Ensuing year.
3. Appointment of Vice-Chair for the Ensuing year.
4. Declarations of Interest, if any.
5. Minutes of the Meeting held on 27th April 2012. (Pages 1 - 6)
6. Mountsett Crematorium Performance and Operational Report.
(Pages 7 - 14)
7. Forward Plan 2012/13 (Pages 15 - 18)
8. Review of Terms of Reference (Pages 19 - 38)
9. 2011/12 Annual Governance Statement (Pages 39 - 52)
10. Revenue Outturn & Statement of Accounts for the Year Ended 31
March 2012. (Pages 53 - 86)
11. 2011/12 Small Bodies Return (Pages 87 - 92)
12. Such other business as in the opinion of the Chairman of the meeting
is of sufficient urgency to warrant consideration.

Colette Longbottom
Head of Legal and Democratic Services

County Hall

Durham
7 June 2012

To: **The Members of the Mountsett Crematorium Joint Committee**

Durham County Council:-

Councillors: O Temple (Chair), A Bainbridge, J Docherty, M Hodgson,
J Hunter, O Johnson, J Nicholson, B Stephens and J Wilson

Gateshead Council:

Councillors K Dodds (Vice-Chair), M Ord, P Ronan, J Hamilton, D Davidson
and P Mole and **Vacancy**

Contact: Lucy Stephenson

Tel: 0191 383 6644

DURHAM COUNTY COUNCIL

At a Meeting of **Mountsett Crematorium Joint Committee** held in Committee Room 1A - County Hall, Durham on **Friday 27 April 2012 at 10.00 am**

Present:

Councillor O Temple (Chair)

Members of the Committee:

Durham County Council

Councillors A Bainbridge, J Nicholson and B Stephens

Gateshead Council:

Councillors P Ronan and D Davidson

Apologies:

Apologies for absence were received from (Durham County Council) Councillor(s) J Docherty, M Hodgson, J Hunter, O Johnson and J Wilson. (Gateshead Council) Councillor(s) K Dodds, M Ord, P Mole and M Wallace.

1 Minutes

The minutes of the meeting held on 27 January 2012 were confirmed as a correct record and signed by the Chairman.

2 Declarations of Interest

There were no declarations of interest submitted.

3 Quarterly Report of the Superintendent & Registrar

The Committee received a report of Graham Harrison, Bereavement Services Manager which provided an update relating to performance and other operational matters (for copy see file of minutes).

With regards to performance it was reported that there were 349 cremations undertaken during 1 January 2012 to 31 March 2012, compared to 369 in the comparable period last year, a decrease of 20. However the total number of cremations to 31 March 2012 showed an increase of 5.89% to that of the previous year.

With regard to the take up of memorial plaques it was reported that during quarter 4 the total sale of plaques was now 4, with further interest from customers noted.

Further to discussions relating to the development of procedures and policies and logistics for the overall operation of the scheme, the Bereavement Services Manager advised that

following detailed work to look at schemes in place across neighbouring authorities it was recognised that the majority of those authorities who offered a renewal scheme, charged half of the total cost of a plaque for a ten year renewal period. It was therefore proposed that renewal should be offered, and the charge set at approximately 50% of the full cost of the purchase price. Further details were then reported with regard to storage and disposition of plaques which were not renewed.

At this point Councillor Temple referred to discussions at the previous meeting regarding the policy for renewal of memorial plaques. Members unanimously agreed that the policy as outlined within the report adequately met those concerns as raised at the last meeting. Councillor Bainbridge commented that he was pleased to see that once the 10 year lease had expired, an extension period for renewal would be permitted.

Councillor Temple added that he was also pleased to see that a clear policy was now in place.

Moving on to operational matters, the Bereavement Services Manager reported on staffing and the current situation with regard to the Superintendent and Registrar.

Further details were also provided with regard to additional payment which had been made as a result of a review of the Crematorium Assistant's terms and conditions.

Information was also provided in relation to the progress against FSA registration for the provision of pre-payment cremation bonds, the Green Flag application and recycling of metals scheme.

With regards to surplus generated from the recycling of metals scheme, it was noted that nominations were sought for a charity for surplus to be distributed to. It was noted that as Saltwell Crematorium had not as yet joined the recycling scheme it was suggested that the Crematorium Joint Committee nominate Willowburn Hospice. Councillor Temple sought agreement from members for this charitable organisation to be nominated. Members unanimously agreed that Willowburn Hospice be nominated.

Following discussions at the previous meeting the Bereavement Services Manager went on to provide an update on the development of the service asset management plan. He advised that a full report would be presented at the AGM scheduled to be held in June.

Councillor Ronan queried how long the works identified within the plan were expected to take to complete. The Bereavement Services Manager advised that the plan covered a 4 year period, and some of the works identified had already been actioned. The Head of Finance (Financial Services) advised that the full plan including costings and timetable for actions would be considered in full at the next meeting of the joint committee.

Resolved:

- That the the content of this report with regards to current performance of the crematorium be noted along with;
- The current situation with regards to the sale of Memorial Plaques.
- The proposal to charge approximately 50% of the full cost of the purchase price of a new plaque when renewal is required subject to annual increases.
- To store plaques if not renewed in order that families can collect these.

- The current situation with regards to the Superintendant and Registrar.
- The current situation with regards to the Pre-Payment bond and progress working with DCC legal team
- The current situation with regards to the Green Flag Judging.
- The current situation with regards to the Recycling of Metals Scheme and to seek nominations from Members for future Local or National death related charities.
- Note the current quotes now received with regards to the Service Asset Management Plan and agree to the internal decoration and the replacement of windows to staff room which are long overdue.
- That Members note the current situation with regards to the Accessibility Audit and associated costs of required works and agree to these works being carried out over the coming years and subject to budget provisions.
- That Members note the current situation with regards to the Fire Safety Audit.

4 Financial Monitoring Report 2011/12: Provisional Outturn - Revenue and Capital

The committee received a joint report of the Corporate Director, Neighbourhood Services and Corporate Director, Resources and Treasurer to the Joint Committee which set out details of income and expenditure in the period 1 April 2011 to 31 March 2012 together with, the provisional outturn position for 2011/12, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level (for copy see file of minutes).

It was reported that the provisional outturn was showing a surplus (before transfers to reserves and distribution of surpluses to the partners authorities) of £319,253 at the year end against a budgeted surplus to the partner authorities), £76,363 more than the budgeted position.

This compares with the previous forecast position of an additional surplus of £66,921 at year end and therefore reflects an improvement of £7,442. The reason for this is mainly two fold, income being £25,689 better than previously forecast and employee costs increasing by £17,868.

Explanations of variances were provided within the report and reflected those reported at the previous meeting in January 2012.

Paul Darby, Head of Finance (Financial Services) advised that the figures presented may change slightly once the closure of the accounts had taken place, however this was expected to be minimal.

Councillor Temple at that point thanked all of the finance staff who were involved in preparing the accounts for consideration at this meeting.

Resolved:

- That Members note the provisional outturn position for 2011/12.

5 Annual Internal Audit Report

The Committee received a report of the Corporate Director Resources, which summarised the work undertaken by Internal Audit during 2011/2012 and provided an independent opinion on the assurance of the effectiveness of the Joint Committee's control environment (for copy of report, see file of Minutes).

The report further included the revised internal audit charter which had been changed to include a more risk based approach to the audit.

The Manager of Internal Audit and Risk went on to provide a summary of the audit work undertaken and assurance work, further detailing the Annual Audit Plan 2012/13 work which was being undertaken in preparation for next year including planned audit days and timetabling.

Moving on to discuss Corporate Governance checklist the Manager of Internal Audit and Risk advised that the internal audit had concluded that appropriate Corporate Governance arrangements were in place and working effectively.

The report further detailed key areas for opinion and assurances provided against each. In conclusion the Internal Audit Manager reported that the Joint Committee had a sound system of internal control and based upon the work undertaken a substantial assurance opinion was given.

Resolved:

- (i) That the Annual Internal Audit Report and the overall opinion provided on the adequacy and effectiveness of the Joint Committee's control environment for the year 2011/2012 be noted.
- (ii) That the revised Internal Audit Charter and programme of work for the year 2012/2013 be approved.

6 Response to the 2011/12 Internal Audit report

The Committee received a joint report of the Corporate Director, Neighbourhood Services and Corporate Director, Resources and Treasurer to the Joint Committee (for copy of report, see file of Minutes).

The Head of Financial Services presented the report which provided a response to the Mountsett Crematorium Joint Committee Internal Audit Report for 2011/2012.

The Internal Audit Report had provided Substantial Assurance on the Joint Committee's systems of internal control highlighting only very minor weaknesses which have resulted in some system objectives being put at risk.

The three recommendations made by Internal Audit were as follows:-

- Requests should be sent to 'Neighbourhood Services Debtors' email address to improve the timeliness of raising invoices.
- Payment vouchers for medical referees should be sent to creditors for processing to improve the efficiency of the system.

- Staff should be notified of the need to code Book of Remembrance Income for VAT. In addition, adjustments should be made to ensure all Book of Remembrance income already received correctly accounts for VAT.

Some of the above actions had already been implemented and the action plan further indicated the Joint Committee's level of commitment in ensuring all systems of internal control were as robust as possible.

Resolved: That the Internal Control requirements and the action plan contents, both implemented and required with regards to addressing the Internal Audit recommendation be noted.

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Mountsett Crematoria Joint Committee



15 June 2012

Mountsett Crematorium Performance and Operational Report



Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources & Treasurer to the Joint Committee

Purpose of the Report

1. To provide Members of the Mountsett Crematorium Joint Committee with an update relating to performance and other operational matters.

Performance Update:

Number of Cremations: for the period 1 April 2012 to 31 May 2012

2. The table below provides details of the number of cremations for the period 1 April 2012 to 31 May 2012 inclusive, with comparative data in the same periods last year:

	2011/2012 Period [Apr-May]	2012/2013 Period [Apr-May]	Change
APRIL	89	105	+16
MAY	103	110	+7
TOTAL	192	215	+23

Gateshead	60
Durham	119
Outside Area	36
Total	215

3. In summary there were 215 cremations undertaken during 1 April 2012 to 31 May 2012, compared to 192 in the comparable period last year, an increase of 23 (12%).

Memorials

4. The table below outlines the number and value (exc. VAT) of the memorials sold in the first two months of 2012/13. Previous years comparisons are not possible due to this being a new service, introduced in last quarter of 2011/12.

	April to May	2012/13
	Number	£
Large Plaques	4	1,312.00
Total	4	1,312.00

Operational Matters

Staffing

- As Members may recall, it was reported at the previous meeting that Ian Staplin, Superintendent and Registrar, was on long term sick leave. This remains the case. His post continues to be temporarily filled by the Assistant Superintendent & Registrar from Mountsett Crematorium assisted by the Bereavement Services Manager.

Mountsett Crematorium Pre-Payment Cremation Bond

- Sarah Grigor, DCC Solicitor, continues to liaise with the Financial Services Agency regarding the Registration of the Pre-Payment Bond scheme. The scheme remains un-implemented.

Green Flag Application

- As Members will recall, the Green Flag Management Plan was submitted by the closing date of 31 January 2012.
- The judging of the site was carried out on Wednesday 23 May 2012. Initial feedback was very positive with exceptionally good weather conditions and an array of wildlife on show for the 2 judges.
- The announcement of winners for this year's Green Flag Award is due to take place week commencing 16 July 2012. The outcome of the application will be communicated to all Members of the Joint Committee once known and a press release issued if appropriate.

Service Asset Management Plan

- At the meeting held on 27 April 2012, an update report on the Service Asset Management Plan was provided to Members, together with details of the Fire Safety Audit and Accessibility Audits.
- Since the last meeting, the Bereavement Service Manager has been working with the DCC Asset Planning Manager to complete the Plan. Whilst some further progress has been achieved and an initial draft Asset Management Plan prepared, this is not yet finalised and ready for consideration by the Joint Committee at this stage.
- The Plan will be completed shortly and will be presented to members at the September meeting, together with proposals in terms of any consequential budget implications to finance the agreed schedule of works arising from this.

13. Members will however recall that the previous report included the outcome of the Fire Safety Audit. The required works identified within in the Fire Safety Audit (copy attached at Appendix 2), have been costed and the following works will be progressed as soon as possible:

- Installation of an Emergency Lighting System
- Installation of a Fire Alarm System (L2 standard)

14. The financial impact of these requirements is c£11,000; which can be funded via the current Revenue Repairs and Maintenance budget in 2012/13. The completion of these works will mitigate against the risks identified in the Fire Safety Audit.

Recommendations

15. It is recommended that Members of the Mountsett Joint Committee consider and

- Note the current performance of the crematorium.
- Note the operational matters highlighted in the report, including the current situation with regards to the Superintendent and Registrar; the Pre-Payment Bond Scheme; the Green Flag Application; and the Service Asset Management Plan.
- Approve the progressing of the Fire Safety Audit remedial works as identified in the report.

Contact: Graham Harrison 01207 218816

Appendix 1: Implications

Finance

As identified in the report.

Staffing

There are no implications

Risk

There are no implications

Equality and Diversity / Public Sector Equality Duty

There are no implications

Accommodation

There are no implications

Crime and Disorder

There are no implications

Human Rights

There are no implications

Consultation

None, however, Officers of Gateshead Council were provided with a copy of the report and given opportunity to comment/raise any detailed questions on the content of the report in advance of circulation to members of the Mountsett Crematorium.

Procurement

There are no implications

Disability Discrimination Act

There are no implications

Legal Implications

As outlined in the report

Appendix 2 – Fire Safety Audit

Date: 3rd April 2012

This matter is being dealt with by: Ian
Cockburn

Ext:

Our Ref: 7011050001

Your Ref:

Direct Dial Telephone: 01207 582872

E-mail: icockburn@ddfire.gov.uk

Mr M Chipperfield
Mountsett Crematorium
Ewehurst Road
Dipton
Stanley
DH9 9JP

Dear Sir

Regulatory Reform (Fire Safety) Order 2005
Mountsett Crematorium, Ewehurst Road, Dipton, Stanley, DH9 9JP

With reference to the fire safety audit of the above premises on 3rd April 2012, I confirm that the premises are considered to have some deficiencies of the above legislation and the attached measures should be carried out to comply.

Should you require any further information please do not hesitate to contact me on the telephone number or e-mail address shown above or visit our website www.ddfire.gov.uk and follow the link to Business Safety.

Yours faithfully

Ian Cockburn
Fire Safety Section

Cc Andrew Scarr (Corporate H & S) & Philip Grimes

County Durham and Darlington Fire and Rescue Service



Fire Safety Schedule

-oo0oo-

File Reference Number	7011050001
Premises Details	Mountsett Crematorium Ewehurst Road Dipton
Date of Fire Safety Audit	3rd April 2012
Name of Auditor	Ian Cockburn
Legislation Applying	Regulatory Reform (Fire Safety) Order 2005
Reason for the Audit	Non Scheduled

This fire safety schedule was written following a fire safety audit of the above premises, and details the Fire Authority's recommendations which should be implemented in order to comply with the Regulatory Reform (Fire Safety) Order 2005.

The detail contained in this schedule allows the responsible person one option to achieve compliance with the above legislation and does not preclude the adoption of a design approach that corresponds to the complexity of the building and to the degree of flexibility required. It is without prejudice to anything which may be required by an enforcing Authority.

ARTICLE 9 - FIRE SAFETY RISK ASSESSMENT

1. The fire safety risk assessment was not suitable and sufficient. A suitable and sufficient fire safety risk assessment should be undertaken and be made available for inspection. The assessment should cover all significant risks to relevant persons who may be affected by fire and should identify the general fire precautions needed. The assessment should be reviewed at regular intervals (recommended annually) to keep it up to date and when a significant change is made. The fire safety risk assessment should be undertaken by a competent person.

The fire safety risk assessment was not suitable and sufficient as it failed to identify a suitable method as to how the alarm is to be raised in the case of fire.

ARTICLE 13 - FIRE-FIGHTING AND FIRE DETECTION

2. The fire detection and warning system arrangements in the premises are to be improved to provide appropriate warning in case of fire, having regard to the features of the premises, the activity carried out, any hazards present or any other relevant circumstances in order to ensure the safety of all relevant persons. What is appropriate is to be determined having regard to the dimensions and use of the premises, the equipment contained on the premises, the physical and chemical properties of the substances likely to be present and the maximum number of persons who may be present at any one time.

The fire detection and warning system in this premises should be installed to the current British or European test Standard but at least to BS 5839 Part 1: 2002. The fire detection and warning system should be designed, installed and commissioned by a competent person.

3. **It is recommended** that the hose reels be removed from the premises and that suitable portable extinguishers are provided in their place. Normally a 6 litre AFFF (13A Rated) and a 2Kg CO₂ (34B Rated) will compensate for each hose reel removed.

ARTICLE 14 - EMERGENCY ROUTES AND EXITS

4. Emergency routes and exits which may be used outside of daylight hours and do not benefit from borrowed street lighting should be provided with emergency lighting of adequate intensity in case of failure of their normal lighting. The emergency lighting should comply with the current British or European test standard.

Consideration should be given within the fire risk assessment as to whether the provision of four hand lamps is appropriate for the risk.

ARTICLE 15 - PROCEDURES FOR SERIOUS AND IMMINENT DANGER

5. There should be an effective emergency plan which should be appropriate to the nature of activities in the premises and the size of the undertaking. The purpose of an emergency plan is to ensure that people know what to do if there is a fire and that the premises can be safely evacuated. Details of what may be included within a fire safety emergency plan can be downloaded from our website at www.ddfire.gov.uk.

A fire drill should be carried out a minimum of once a year to ensure all staff have participated. If you have a high staff turnover, you may need to carry drills out more often.

ARTICLE 17 - MAINTENANCE

6. The current system of emergency lighting (hand lamps) should be tested monthly to ensure their correct operation. Details of these tests should be maintained in a fire safety logbook

ARTICLE 21 - TRAINING

7. Staff training on emergency procedures and other fire safety training should be undertaken at appropriate intervals ensuring all staff receive suitable and sufficient training. Records for this training should be kept up to date and should include the following details: -

- a) the date of instruction
- b) the duration
- c) name of the person receiving the instruction
- d) the nature of the instruction and / or, drill; and
- e) names of persons giving the instruction.

Signed

Ian Cockburn
Fire Safety Section

Mountsett Crematoria Joint Committee

15 June 2012

Forward Plan 2012 / 2013



Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources & Treasurer to the Joint Committee

Purpose of the Report

1. The purpose of this report is to set out proposals with regards to a suggested forward plan of meetings of the Joint Committee for the remainder of 2012 / 13.

Forward Plan 2012 / 2013

2. Members will be aware that meetings of the Joint Committee have traditionally been held on a quarterly basis. The purpose of the meetings in year being to monitor financial and other performance data and provide effective governance over the Mountsett Crematorium.
3. A proposed schedule of meetings for the remainder of 2012 / 13, showing a forward plan of proposed reports that will be considered at these meetings, is attached at Appendix 2.

Recommendations

4. It is recommended that:
 - Members approve the proposed schedule of meetings as set out at Appendix 2.

Background Papers

- None

Contact(s): Paul Darby Head of Finance (Financial Services) 03000 261930

Appendix 1: Implications

Finance

There are no financial implications associated with this report. Routine monitoring of budgetary control information and annual budget and fees and charges setting processes are factored into the Forward Plan.

Staffing

There are no staffing implications associated with this report.

Risk

There are no risk implications associated with this report.

Equality and Diversity / Public Sector Duty

There are no equality and diversity implications associated with this report. Equality Impact Assessments, where appropriate, are undertaken as a matter of routine part of the development of any new policy or policy change.

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

There are no Crime and Disorder implications associated with this report.

Human Rights

There are no implications associated with this report.

Consultation

None. However, officers of Gateshead Council were provided with a copy of the report and given opportunity to comment / raise any detailed questions on the content of the report in advance of circulation to members of the Mountsett Crematorium.

Procurement

There are no implications associated with this report.

Disability Discrimination Act

There are no implications associated with this report.

Legal Implications

There are no implications associated with this report.

Appendix 2: Forward Plan : 2012 / 2013 Meetings

Meeting Date	Location	Reports to Consider	Report of
28/09/12	Committee Room 1B, County Hall, Durham	External Auditors Report : 2011/12 Accounts	Report of Corporate Director of Resources + Treasurer to the Joint Committee
		Response to the External Audit Report	Report of Corporate Director of Resources + Treasurer to the Joint Committee
		Quarterly Report of the Superintendant & Registrar	Report of Corporate Director of Neighbourhood Services
		Service Asset Management Plan	Report of Corporate Director of Neighbourhood Services
		Budget Revision 2012/13	Report of Corporate Director of Resources + Treasurer to the Joint Committee
		Risk Register 2012/13 - Update	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Financial Monitoring Report 2012/13: Spend to 31/08/12 and Projected Outturn to 31/03/13	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
25/01/13	Civic Centre, Gateshead	Quarterly Report of the Superintendant & Registrar	Report of Corporate Director of Neighbourhood Services
		Risk Register 2012/13 - Update	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Financial Monitoring Report 2012/13: Spend to 31/12/12 and Projected Outturn to 31/03/13	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Fees and Charges 2013/14	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		2013/14 Revenue and Capital Budgets	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Review of the Effectiveness of Internal Audit	Report of Corporate Director of Resources + Treasurer to the Joint Committee

Meeting Date	Location	Reports to Consider	Report of
26/04/13	Committee Room 1B, County Hall, Durham	Quarterly Report of the Superintendant & Registrar	Report of Corporate Director of Neighbourhood Services
		Financial Monitoring Report 2012/13: Provisional Outturn – Revenue and Capital	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Annual Internal Audit Report 2012/13	Report of Corporate Director of Resources + Treasurer to the Joint Committee
		Response to the 2012/13 Internal Audit report	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
14/06/13 (Annual General Meeting)	Mountsett Crematorium Meeting Room	Quarterly Report of the Superintendant & Registrar	Report of Corporate Director of Neighbourhood Services
		Annual Governance Statement 2012/13	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Revenue Outturn Report for Year Ended 31 st March 2013	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Small Bodies Annual Return and Statement of Accounts 2012/13	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee

Mountsett Crematorium Joint Committee

15 June 2012

Review of Terms of Reference



Report of the Clerk to the Joint Committee

Purpose of the Report

- 1 The purpose of the report is to set out for Members consideration, the revised / updated Constitution of the Mountsett Crematorium Joint Committee.

Background

2. The Constitution of the Mountsett Crematorium Joint Committee was last reviewed and updated on 07 September 1976, in consideration of the Local Government Act 1972 and subsequent transfer of the former Urban District Councils of Stanley and Consett to Derwentside District Council; and the Urban District Councils of Blaydon and Whickham to the Borough Council of Gateshead Council.
3. More recently, with effect from 01 April 2009, Local Government Reorganisation in County Durham transferred the responsibilities of Derwentside District Council to Durham County Council
4. Following the external audit review of the Joint Committee's 2010 / 11 Small Bodies Annual Return and supporting documentation, it was recommended that the Joint Committee undertake a review and update of its terms of reference.

The Constitution

5. The Constitution of the Mountsett Crematorium Joint Committee has been reviewed and brought up to date. The updated constitution now fully reflects the revised constituent authority legal titles; expenditure and subsequent surplus distribution arrangements which were changed post 1976 and have remained on a 65/35 split since 1997; along with the policies regarding retained surplus transfer to reserves.
6. In addition, whilst traditionally (although not constitutionally bound), the chair to the Committee has been appointed from the lead authority, the updated constitution also proposes that the Chair to the Joint Committee alternate between the constituent authorities on an annual basis unless agreed at the Annual meeting.
7. Members will note that the Constituent authority membership appointments and asset ownership remains as per the original constitution. The Mountsett Crematorium will continue to operate within the standing orders and financial regulations of the

lead partner authority, Durham County Council, who will continue to be responsible for the management of the facility and for supporting the Joint Committee.

8. The updated constitution is attached at Appendix 2. For Members' information, a copy of the original Constitution (dated 7 September 1976) is attached at Appendix 3.

Recommendations and Reasons

9. It is recommended that:

- Members of the Joint Committee note and approve the updated Constitution;
- That the Chair and Treasurer to the Joint Committee sign the updated Constitution of the Mountsett Crematorium Joint Committee

Contact: Lucy Stephenson 0191 383 6644

Appendix 1: Implications

Finance

The Constituent Authority income sharing (unchanged) and reserves protocols (in line with the strategy adopted in recent years) are disclosed within the revised constitution detailed within Appendix 2.

Staffing

There are no staffing implications associated with this report.

Risk

There are no risk implications associated with this report

Equality and Diversity / Public Sector Duty

There are no Equality and Diversity implications associated with this report.

Accommodation

The Constituent Authority asset ownership (unchanged) is highlighted within the revised constitution detailed within Appendix 2.

Crime and Disorder

There are no Crime and Disorder implications associated with this report.

Human Rights

There are no Human Rights implications associated with this report

Consultation

Legal officers of Gateshead Council were provided with a copy of the constitution and given opportunity to comment / raise any detailed questions/ request amendments on its content in advance of circulation to members of the Mountseth Crematorium.

Procurement

None

Disability Discrimination Act

None

Legal Implications

The constitution has been updated by Legal services, Durham County Council, in line with relevant legislative requirements and taking into account the current constitution terms of reference, which remains substantially unchanged.

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This DEED of Agreement is made theday of2012

BETWEEN:-

- 1) The County Council of Durham, Durham County Council, County Hall, Durham and
- 2) The Borough Council of Gateshead of the other part.

WHEREAS:-

1. The Authorities to the Deed have by their respective Executive Cabinets and by virtue of Section 102(1) of the Local Government Act 1972 the Local Government Act 2000 the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000 the Local Authorities and all and every power enabling them agreed and resolved to constitute a joint committee to exercise the powers which each of the Authorities hereto might respectively have exercised by virtue of the Cremation Acts 1902 and 1952 for the provision running, maintenance and management of the existing Crematorium at Mountsett within the County of Durham which is more particularly described in paragraph 1 below.
2. The said Authorities now wish to constitute the said joint committee on the terms set out below and to the intent that the Deeds of Agreement between the said Authorities and dated 7th September 1976 and 8th September 1983 shall cease to have effect.

NOW in pursuance of the said agreement and the respective resolutions and in consideration of these presents THIS DEED WITNESSES as follows:-

1. Definition and Interpretation

1.1 In this agreement the following expressions have the meanings set out below, unless the context otherwise requires.

‘Authority’ either Durham or Gateshead and ‘Authorities’ shall be construed accordingly.

‘Annual meeting’ the annual meeting of the Joint Committee held each year in accordance with paragraph 7.2 of this agreement.

‘Blue land’, land forming part of the Crematorium Site and shown shaded blue on the plan.

‘Chief Executive’ the head of an Authority’s paid service being the person designated as such under Section 4 of the Local Government and Housing Act 1989.

‘Clerk’, the person appointed by virtue of paragraph 16.1 to carry out certain duties allocated by this agreement.

‘Council’ the Council of elected members of one or other of the Authorities to this agreement.

‘Crematorium’ the crematorium known as Mountsett Crematorium which includes all buildings grounds equipment and other property appurtenant there.

‘Crematorium site’ the land shown edged red

‘Financial year’ the period running from 1st April in one calendar year until 31st March in the next calendar year (inclusive).

‘Joint committee’ the Mountsett Crematorium Joint Committee constituted by this agreement.

‘Member’ unless the context otherwise so requires, a member of the Joint Committee.

‘Monitoring officer’, Durham County Council’s Head of Legal and Democratic Services being the person designated under Section 5 of the Local Government and Housing Act 1989 or this officers nominated deputy in the case of absence or illness.

‘Ordinary meeting’, Any meeting of the Joint Committee that is not an Annual Meeting or a Special Meeting.

‘Pink Land’ Land forming part of the Crematorium Site and shown shaded pink on the Plan.

‘Plan’ the plan attached hereto.

‘Principal Office’ in the case of Durham County Council, the Council Offices and the case of Gateshead Council the Civic Centre as referred to at the beginning of the agreement.

‘Special meeting’ a meeting of the Joint Committee convened in accordance with paragraph 7.6 of this Agreement.

2. Duration of Joint Committee

The Authorities shall constitute the Joint Committee from the Commencement Date and the Joint Committee shall continue thereafter unless and until determined by either Authority or both of them under the provisions contained in this agreement.

3. Name of Joint Committee

The Joint Committee shall be known as the Mountsett Crematorium Joint Committee.

4. Provision and Location of Crematorium

4.1 The Crematorium is located on the Crematorium Site which site was acquired by the Authorities prior to the date hereof and more particularly the Blue Land was acquired in July 1966

4.2 The Crematorium site is vested 60% in Durham County Council and 40% Gateshead Council by virtue of Section 120(4) of the Local Government Act 1972 and all and every power so enabling and registered at HM Land Registry with Title Absolute under Title Number.

Membership

5.1 The Joint Committee shall consist of Members appointed by the Authorities as follows:-

5.1.1 Each Authority shall appoint from its own membership nine Members from Durham County Council and seven Members from Gateshead Council which appointments shall reflect the political balance of each membership.

5.1.2 Subject to the provisions of this agreement each Member shall continue in office for a period of one year or until such time as he shall cease to be a members of the Council by whom he is appointed whichever is the sooner and any provision in the Standing Orders of either Authority to the contrary is hereby waived. Each member shall be eligible for re- appointment until such time as he shall cease to be a member of the council by whom he is appointed.

5.1.3 If either Authority does not appoint the number of Members which it is entitled to appoint the other Members of the Joint Committee shall be competent to carry out the business thereof pursuant to this agreement.

5.1.4 Any person who is a member of the Councils of both Authorities shall only represent the first Authority to appoint him as a Member and any subsequent appointment by the other Authority shall be void.

5.1.5 The Chief Executive of each Authority shall notify the Chief Executive of the other Authority and the Clerk within fourteen days of any appointment of a member of his Council to the Joint Committee.

5.1.6 Any member may at any time resign his office as such Member by notice addressed to the Clerk who shall forthwith notify the respective Chief Executives of each of the Authorities.

5.1.7 Any member may be removed at any time by resolution by the Authority by whom he was appointed but such removal should only become effective upon receipt by the Clerk of notification thereof.

Chair and Vice Chair

- 6.1 At the first meeting of the Joint Committee and subsequently at its Annual Meeting in each successive year the Joint Committee shall select one of its Members as Chair and another as Vice Chair for the forthcoming year Provided that at no time shall the Chair and Vice Chair be members of the same Authority.
- 6.2 The Chair of the Committee shall alternate between both authorities on an annual basis unless otherwise agreed at the Annual meeting of the Committee
- 6.3 The elected Chair and Vice Chair shall remain in office until the next Annual Meeting.
- 6.4 The elected Chair and Vice Chair shall remain in office until the next Annual Meeting unless by reason of death resignation disqualification or any other cause before that time and upon a vacancy occurring during the term of office another Member from the same Authority shall be appointed by the Joint Committee to fill the vacancy until the next Annual Meeting.
- 6.5 If there is equality of votes as to the appointment of Chair or Vice Chair then the Chair for the time being of that meeting shall have a casting vote.

Meetings of the Joint Committee

- 7.1 The first meeting of the Joint Committee shall be convened by the Clerk.
- 7.2 The Joint Committee shall hold an Annual Meeting before the end of June in each year.
- 7.3 Other than the Annual Meeting, meetings shall be held at such places and on such dates and at such times as the Joint Committee may decide from time to time save that meetings shall be held not less than quarterly.
- 7.4 Ordinary meetings and Annual Meetings of the Joint Committee shall be convened by the Clerk who shall deliver notice thereof to each member at least five clear days before the date of the meeting.
- 7.5 With the notice referred to in paragraph 7.4 the Clerk shall send a copy of the agenda for the meeting which shall include:
 - provision for the declaration of personal and prejudicial interests by Members for the purposes of the Code of Conduct issued under Section 50 Local Government Act 2000.
 - all items of business which have been, or are deemed to have been, referred to the Joint Committee by a scrutiny committee the Cabinet or a Council resolution of either Authority.
 - all reports submitted by any officer of either Authority; and

- any item of business directed to be included by the person appointed to preside at the meeting.

7.6 A quorum of four members must be present to constitute a meeting Provided that there is at least one member present from each Authority.

7.7 The Chair and two members of the Joint Committee may at any time by notice specifying the business to be transacted and sent to the Clerk require a Special Meeting of the Joint Committee to be convened and the Clerk shall accordingly convene a special meeting which shall be held within thirty clear days of receipt by the Clerk of the said notice.

7.8 The Clerk shall give Members of the Joint Committee at least five clear days notice of the Special Meeting and such notice shall specify the business proposed to be transacted.

7.9 No business shall be transacted at a Special Meeting other than that specified in the notice sent to the Clerk and referred to in paragraph 7.7 above.

8. **Person Presiding at Meetings**

8.1 The Chair or in his absence the Vice Chair shall preside at every meeting provided that if both the Chair and the Vice Chair are absent the Members present shall elect another Member of the Joint Committee who shall preside at that meeting.

9. **Voting**

9.1 Every matter at a meeting of the Joint Committee shall be decided by a simple majority of those Members voting and present and in the venue, at the time the question is put. In the case of an equality of votes the person presiding at the meeting shall have a second or casting vote.

9.2 Except where a requisition is made under the next paragraph 9.3, the method of voting at meetings of the Joint Committee shall be by show of hands.

9.3 If a requisition for a recorded vote is made by any Member present before a vote is taken on any question or motion, the voting shall be recorded so as to show whether each Member present voted for or against that question or motion or abstained from voting.

10. **Minutes**

10.1 The Clerk shall be responsible for keeping a record of attendance and a record of the business transacted at every meeting of the Joint committee and the minute book shall be submitted to, and signed at the next following meeting.

10.2 The person presiding at the next following meeting referred to in paragraph 10.1 shall put the questions that the minutes be approved as a correct record of the previous meeting.

- 10.3 No discussion shall take place upon the minutes, except upon their accuracy. If no question is raised as to accuracy or if it is raised then as soon as it is disposed of, the person presiding shall sign the minutes.
- 10.4 Copies of the minutes of every meeting of the Joint Committee and any sub-committee thereof shall as soon as possible after each meeting be sent by the Clerk to the Head of Legal of each Authority and each Head of Legal shall submit a copy of the minutes to the appropriate scrutiny committee of his Council for consideration at the next meeting thereof, subject to proper notice in accordance with that Council's standing orders.
- 10.5 If any matter or decision arising from the minutes of the Joint Committee is referred by a scrutiny committee of either Authority to the Joint Committee, it shall be reconsidered in the light of the scrutiny committee's reference and reasons by the Joint Committee at the next Joint Committee meeting of which proper notice of the matter can be given and the Joint Committee's decision after such reconsideration shall be final.

11 **Sub-Committees**

- 11.1 The Joint committee may from time to time appoint sub-committees for any general or special purpose in connection with their powers and functions. Any sub-committee so appointed shall consist of a minimum of three members and shall include at least one Member from each Authority.
- 11.1 The Joint Committee shall at the time of appointing any sub-committee resolve what shall be the terms of reference of that sub-committee.

12 **Vacancies**

- 12.1 No act or proceeding of the Joint Committee shall be questioned on account of any vacancy or on account of any defect in the appointment of any Member.

13 **Capital Expenditure**

- 13.1 If the Joint Committee shall at any time require to incur capital expenditure for the:
- 13.1.1 The acquisition of property.
- 13.1.2 The construction of works, or
- 13.1.3 Any other capital purposes in connection with its powers.
- 13.2 then (unless the Joint Committee shall in their discretion decide to delay such expenditure out of revenue) the Authorities shall either pay such sums to be allocated 65% to Durham County Council and 35% to Gateshead Council to the Joint Committee at such times as the Joint Committee shall direct, or if the Joint Committee so decides and subject to any necessary statutory or other

consents, borrow the sum required in equal shares on the terms and conditions prescribed or approved by the Joint Committee.

- 13.2 The Joint Committee shall from time to time pay the amounts of all interest and all instalments of principal or other payments that become due under any loan raised pursuant to paragraph 13.1 above.

14 **Revenue Expenditure**

- 14.1 All expenses incurred by the Joint Committee out of income in any financial year shall be borne equally by the Authorities.

- 14.2 The Joint committee may require each Authority to pay to the Joint committee on 1st April or such other date as the Authorities may determine in each financial year such sum as the Joint Committee might estimate as half of the expected deficit for that financial year to be allocated 65% to Durham County Council and 35% to Gateshead Council.

- 14.3 As soon as possible after the end of any financial year the Joint Committee shall calculate the exact net revenue expenditure for the preceding year and shall make the appropriate adjustment of the payments already made by each Authority to be allocated 65% to Durham County Council and 35% to Gateshead Council.

- 14.4 The Joint Committee may use or carry forward retained surplus made in any financial year for the purpose of:

- 14.5 Paying debts
- 14.6 Meeting contingencies
- 14.7 Meeting future expenses

But any amount of such profit or surplus not so applied shall be returned to the Authorities to be allocated 65% to Durham County Council and 35% to Gateshead Council.

15 **Interest on Sums Due**

- 15.1 Any sum properly payable by either of the Authorities to the Joint committee whether of a capital or revenue nature, which is not paid by the due date shall be liable to interest at the base lending rate of the Co-operative Bank plc until such time as the sum due is paid in full.

16 **Appointment of Officers**

- 16.1 (a) The clerk shall be the Head of Legal and democratic Services or anyone appointed by him of Durham County Council.
- (b) The Treasurer shall be the Corporate Director Resources of Durham County Council

(c) Durham County Council shall appoint a Liaison Officer to the Joint Committee and the Chief Executive of Durham County Council shall notify and keep notified the Clerk of the person appointed by Durham County Council to the post.

16.2 The Joint Committee shall appoint and pay such employees as it deems necessary to provide equip maintain and manager the Crematorium and all services and duties ancillary thereto and required to be provided by virtue of this agreement or by statute and such employees shall be enabled to join any pension scheme which employees of Durham County Council are entitled to join by virtue of their individual contracts of employment.

16.3 The functions of the Joint Committee shall be dealt with by Durham County Council officers in accordance with the attached Schedule. For the avoidance of doubt the identified officers shall include officers succeeding to the named officers responsibilities on any re-organisation.

Accounts

17.1 The Treasurer shall keep accounts of all monies received by and all expenditure of the Joint committee as may be required for the purposes of Part 8 of the Local Government Act 172

17.2 As soon as practicable after the end of the Financial Year the Joint Committee shall send to each Authority a full report of the operations of the Joint Committee during the last financial year and a copy of the accounts thereof.

17.3 Durham County Council will carry out an annual audit of the accounts and the Joint Committee will provide a copy of the report thereof to each of the Authorities as soon as practicably possible after receipt of the same.

Performance of Agreement

18.1 The Authorities shall at all times take all or any action as may be necessary for giving full effect to this agreement and every provision and obligation contained herein and any decision made by the Joint Committee pursuant hereto.

18.2 Each Authority shall bear its own costs for the negotiation preparation completion and stamping of this agreement.

18.3 If either Authority shall fail to carry out any necessary act required to be taken pursuant to paragraph 18.1 above, the other may implement any reasonable measures necessary to give effect to this agreement or any proper decision of the Joint Committee and the reasonable costs thereof shall be recoverable as a debt from the Authority which so failed to act.

Termination

- 19.1 If the Authorities or either of them shall wish to determine this agreement or make any alteration to the terms hereof then in default of agreement between the Authorities the matter shall be referred to arbitration in accordance with paragraph 20 below

Arbitration

Any dispute between the Authorities under or arising out of this agreement shall be referred to a single arbitrator to be agreed upon by the Authorities or in default of agreement to be nominated by the Secretary of State for Communities and Local Government or such other Government Minister as shall be appropriate in accordance with and subject to the provision of [the Arbitration Acts 1950 and 1979] or any statutory modification or re-enactment of them for the time being in force.

Complaints

Any complaint received by the Joint Committee or either or both of the Authorities relating to the Crematorium or any officer employed thereat or to the performance of functions under this agreement shall be dealt with in the first instance in accordance with Durham County Council's formal complaints procedure and if the complaint is not resolved as a result of that process or if a complaint is received from the Local Government Ombudsman by the Monitoring Officer.

Notices

Notices under this agreement shall be in writing and except where otherwise specifically provided herein delivered or dispatched by first class post to the Principal Office of the Authority or the Principal Office of the Authority by whom the Clerk is employed as the case may be. A notice given by first class post is deemed to be given and received three days after it is dispatched.

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J
29/9

AN AGREEMENT

made this 7th day of

September

One thousand nine hundred and seventysix BETWEEN THE DISTRICT

COUNCIL OF DERWENTSIDE of the one part and THE BOROUGH COUNCIL OF GATESHEAD of the other part

WHEREAS :-

(1) This Deed is supplemental to an Agreement (hereinafter called "the Agreement") dated the twentieth day of May One thousand nine hundred and sixtyfour and made between the Urban District Council of Stanley (1) the Urban District Council of Consett (2) the Urban District Council of Blaydon (3) and the Urban District Council of Whickham (4) which contains provisions agreements and stipulations for the establishment and organisation of a Joint Crematorium Committee

(2) By virtue of the Local Government Act 1972 the benefit and liability of the said provisions agreements and stipulations contained in the Agreement and which formerly affected the said Urban District Council of Stanley and the said Urban District Council of Consett are now transferred to the District Council of Derwentside and the benefit and liability of the said provisions agreements and stipulations which formerly affected the said Urban District Council of Blaydon and the said Urban District Council of Whickham are now transferred to the Borough Council of Gateshead

(3) Sections 91 and 93 of the Local Government Act 1933 referred to in the Agreement have now been repealed and replaced as slightly amended by Section 101 and 103 respectively of the Local Government Act 1972

(4) The Councils parties hereto have passed the necessary resolutions for the purpose of entering into this Agreement and have agreed that the Agreement shall be varied in manner hereinafter appearing

NOW THIS DEED WITNESSETH by virtue of the Local Government Act 1972 and of every other power (if any) then respectively hereunto enabling the Councils parties hereto hereby agree that the terms of the Agreement shall continue to govern the rights and duties of the aforementioned Joint Crematorium Committee except in so far as the same are inconsistent with the within-written agreement and in particular the terms of the Agreement shall be varied as follows :-

1. A Crematorium Joint Committee shall be and is hereby formed in accordance with Clause 1 of the Agreement save that it shall be known forthwith as the Mounsett Crematorium Joint Committee (hereinafter referred to as the Crematorium Joint Committee) and the members thereof shall be appointed by the Councils parties hereto out of their respective bodies and not as set out in the Agreement
2. The number of the said members to be appointed by each of the Councils parties hereto to the said Crematorium Joint Committee shall be nine members to be appointed by the said District Council of Derwentside and seven members to be appointed by the said Borough Council of Gateshead and not as set out in Clause 2 of the Agreement

3. Both of the Councils parties hereto hereby agree with one another that they will not for a period of thirty years from the twenty-sixth day of May One thousand nine hundred and sixty-four without the consent of approval of the other and subject to such conditions as may be imposed by the other as a condition of giving any such consent or approval take any step or action with a view to terminating their obligations and liabilities under the Agreement as varied by this Agreement

4. Both of the Councils parties hereto hereby agree with one another that if it should appear desirable to an absolute majority of the representatives of such Councils that application should be made whether by the promotion of a Bill in Parliament or to the Secretary of State for the Environment for a Provisional Order or otherwise for the establishment of a Joint Crematorium Board as a separate legal entity in lieu of the Crematorium Joint Committee established by the Agreement as varied by the provisions hereof but otherwise on the same terms and conditions as nearly as may be as are contained in the Agreement as varied as aforesaid in regard to such Crematorium Joint Committee each Council will forthwith take such action as may be necessary on its part to support any such application. All expenses incurred ^{by} either of the said Councils in and about the establishment of any such Joint Crematorium Board including the costs of any inquiries shall be deemed to be incurred by the Crematorium Joint Committee and shall be payable out of the common fund hereinafter referred to in Clause 15

5. The Crematorium Joint Committee shall and are hereby as from the date of the execution of this Agreement authorized to provide and maintain a fully equipped crematorium of a sufficient size to serve the inhabitants of the area comprising the respective districts of each of the Councils parties hereto (which said area is hereinafter called the Joint Crematorium District) and for that purpose by themselves or their trustees to acquire by purchase or otherwise the land necessary for the site of the said crematorium

6. The Crematorium Joint Committee shall and are hereby authorized to provide the said crematorium with a proper system of drainage and a sufficient supply of proper water and of gas electricity or other means of lighting and heating and to connect the said crematorium with any system of telegraphs and telephones and to furnish the said crematorium with the necessary appliances and furniture required for the purpose of the reception and cremation of human remains therein including such buildings or erections and equipment as may be required for the retention or disposal as the case may be of the ashes of human remains

7. The said land and crematorium together with all fixtures and fittings thereto as provided under Clause 5 and 6 hereof shall be owned by the Councils parties hereto in the following percentages

The District Council of Darventside 60%

The Borough Council of Gateshead 40%

8. The said crematorium shall be exclusively under the control and management of the Crematorium Joint Committee and the services of the crematorium shall be available

- for the cremation and the retention or disposal of the ashes of persons dying within or without the joint crematorium district on payment of such charges and subject to such terms and conditions as the Crematorium Joint Committee may fix with such consents or approvals only as are required by law in regard to such charges terms and conditions
9. Meetings of the Crematorium Joint Committee shall be held and the proceedings thereat shall be conducted in accordance with the rules as to meetings and proceedings contained in Parts III and V of the Third Schedule to the Local Government Act 1955
10. The Crematorium Joint Committee may from time to time make such rules and regulations for the conduct and management of the said crematorium as they shall consider necessary
11. The Crematorium Joint Committee may appoint or employ such officers and servants as may be necessary for the efficient management and conduct for the purposes aforesaid of the said crematorium and may make regulations with respect to the duties and conduct of the said officers and servants and may pay them such reasonable salaries wages or allowances as the Crematorium Joint Committee may think proper and every such officer and servant so appointed or employed as aforesaid shall (subject to the terms of their respective appointments) be removable by the Crematorium Joint Committee at their pleasure. The Crematorium Joint Committee may also make such provision as to the inclusion of their officers and servants within a superannuation scheme as may be practicable and to pay such contributions in respect of such officers and servants according to such superannuation scheme and any additional contributions as they may think proper
12. The Crematorium Joint Committee shall pay and discharge all debts liabilities and expenses incurred or to be incurred for or in connection with the provisions of the said crematorium in accordance with this Agreement
13. The Crematorium Joint Committee shall keep and cause to be kept proper books of account of their income and expenditure under this Agreement. The said books of account and all vouchers for the income and expenditure of the Crematorium Joint Committee shall be open to inspection at all reasonable times by any person duly appointed in writing for that purpose by either of the Councils parties hereto and a copy of any such appointments purporting to be signed by the Chief Executive Officer of the Council making the same shall be conclusive evidence thereof for the purpose of such inspection
14. The Joint Committee shall as soon as may be after the conclusion of every financial year (which shall for the purposes of this Agreement be taken to be a period of twelve months ending on the thirtyfirst day of March in any year) send to both of the Councils parties hereto a report on the operations of the Crematorium Joint Committee during such financial year and a copy of the final accounts of the Crematorium Joint Committee for such financial year this provision being in addition to and not in substitution for their obligations to furnish to each of the Councils parties hereto copies of the auditor's report on such accounts and of the financial statement thereof

under regulations eight of the Audit Regulations 1934

15. (1) All expenses incurred and deemed to be incurred by the Crematorium Joint Committee under this Agreement shall be paid out of a common fund to which all receipts of the Crematorium Joint Committee shall be carried and to which each of the Councils parties hereto shall contribute in the following proportions :

The District Council of Derwentside.	60%
The Borough Council of Gateshead	40%

with effect from the First day of April One thousand nine hundred and seventyfive

PROVIDED that the proportion of contributions mentioned above may be varied in subsequent years by agreement between the Councils parties hereto

(2) the Joint Committee may -

- (a) use part or all of any profits or surplus made in any financial year to finance capital expenditure or to redeem debt
- (b) carry forward part or all of such profits or surplus as in the opinion of the Joint Committee required to meet contingencies or to defray any expenditure which may fall to be defrayed before the date on which money to be received by the Joint Committee whether from the Councils parties hereto in accordance with the Agreement as varied by this Agreement or from the operation of the crematoria established by the Crematorium Joint Committee will become available

and the Joint Committee shall as soon as practicable return to each of the Councils the amount of such profits or surplus not so applied by the Joint Committee in proportion to the total amounts respectively contributed by each of the Councils towards previous deficits provided that if at any time both of the constituent Councils shall already have had the total amount of their contributions towards previous deficits returned to them the Joint Committee shall pay any such unapplied profits or surplus to each of the Councils in the same proportions in which by virtue of sub-clause (1) hereof the constituent Councils would have borne a deficit in that financial year had one occurred

16. For the purpose of arranging payment from the Councils parties hereto of the sums to be contributed by them respectively as aforesaid the Crematorium Joint Committee shall before the first day of February in each year send to each of the Councils parties hereto (a) an estimate of the amount required and (b) a demand based on the proportionate basis before referred to Where the amount due under a demand or any part of that amount is not paid on or before the date specified in the demand for payment the Crematorium Joint Committee may if they think fit require such Council to pay interest on that amount or that part of the amount and any interest so payable shall be paid by such Council to the Crematorium Joint Committee in like manner as if it were due under the demand for the purpose of the foregoing provision interest shall be calculated at two per centum above the Bank of England minimum lending rate and shall commence to run from the date of payment specified in the demand except that no interest shall be charged in respect of any day before the expiration of six weeks from the commencement of the financial year

or financial half year as the case may be in respect of which the demand was issued

17. Any sum mentioned in a demand addressed by the Crematorium Joint Committee to either of the Councils parties hereto or deemed to be due under the demand by Clause 16 hereof and not paid by that Council within the time limited by the demand in that behalf shall as between the Councils parties hereto be deemed to be a debt due from the defaulting Council to the Council entitled to the benefit of the contribution other than the defaulting Council and may be recovered from the defaulting Council accordingly in any court of competent jurisdiction by action brought by the Council entitled to the benefit of the contribution other than the defaulting Council

18. In the case of any doubt arising as to what are expenses or demands within the meaning of this Agreement the decision of the Crematorium Joint Committee shall be conclusive

19. (1) If the Crematorium Joint Committee shall at any time require to incur capital expenditure for the acquisition of property or the construction of works or for other capital purposes in connection with the provision of crematoria then (unless the Crematorium Joint Committee shall in their discretion decide to defray such expenditure out of revenues) the said District Council of Darventside (or the said Borough Council of Gateshead if the said Borough Council of Gateshead shall at the request of the Crematorium Joint Committee so agree) shall subject to the consent of the Secretary of State for the Environment or other appropriate authority borrow or shall pay to the Crematorium Joint Committee the amount thereof in such sum and at such times as the Crematorium Joint Committee shall direct and subject as aforesaid the borrowing thereof shall be for such periods at such rates of interest and on such terms and conditions as to mode of repayment and otherwise as the Crematorium Joint Committee may reasonably prescribe or approve

(2) Subject as is hereinafter provided the Crematorium Joint Committee shall from time to time pay to the said District Council of Darventside or the said Borough Council of Gateshead as the case may be the amounts of all interest and all instalments of principal or sinking fund contributions as and when the same shall become due and the cost of taking up any loans raised for such purposes by the said District Council of Darventside or the said Borough Council of Gateshead as the case may be

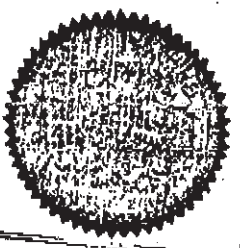
20. The Crematorium Joint Committee may and are hereby authorized with any necessary consent of the Secretary of State for the Environment to let for any term any lands which shall have been acquired for the purposes of this Agreement and which shall not be immediately required therefor

IN WITNESS whereof the parties hereto have caused their respective Common Seals to be hereunto affixed the day and year first before written

THE COMMON SEAL of the DISTRICT COUNCIL OF DARVENTSIDE was hereunto affixed in the presence of :-

[Signature]
CHAIRMAN.

[Signature]
CHIEF EXECUTIVE OFFICER.



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Mountsett Crematorium Joint Committee

15 June 2012

2011 / 2012 Annual Governance Statement



Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources & Treasurer to the Joint Committee

Purpose of the Report

- 1 The purpose of this report is to provide details of the Annual Governance Statement (AGS) for the year April 2011 to March 2012. The AGS will need to be formally approved by members as part of the consideration of the Statement of Accounts and Small Bodies in England Annual Return 2011/2012 and is attached at Appendix 2.

Background

- 2 The Mountsett Crematorium Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in a way which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 3 In discharging this overall responsibility, the Mountsett Crematorium Joint Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risks.
- 4 The Mountsett Crematorium Joint Committee has adopted and operates under (via Durham County Council, its lead Authority), a code of corporate governance which is consistent with the principles of the 2007 CIPFA/SOLACE Framework – 'Delivering Good Governance in Local Government'. The Annual Governance Statement (AGS) explains how the Joint Committee complies with this code and also meets the requirements of the Accounts and Audit regulations 2011 in relation to an annual review of the effectiveness of its system of internal control
- 5 Under the Accounts and Audit (England) Regulation 4(3), the AGS will need to be formally signed by the Chair and Treasurer (Durham County Council's Corporate Director: Resources) to the Mountsett Crematorium Joint Committee and published as part of the Mountsett Crematorium Joint Committee's Statement of Accounts and Annual Return by no later than the 30 June 2012.

The Annual Governance Statement

6 The format and structure of the statement is prescribed in guidance contained within the Code of Practice on Local Authority Accounting 2011/2012 (the CODE) and is broken down into a number of different sections. The terminology used is therefore consistent across all authorities. These are:-

- Scope of Responsibility
- The purpose of the Governance Framework
- The Governance Framework – incorporating details of the internal control environment i.e. the systems, procedures, processes and Financial Management by which the Joint Committee directs and controls its functions, including the formulation of strategy, its objectives and how it delivers services to meet those objectives;
- Review of Effectiveness – which sets out details of a review of the Governance Framework (set out above) and which is informed by the work of internal audit, the Superintendent & Registrar, external auditors and other review agencies and inspectorates;
- Significant Governance Issues – the Mountsett Crematorium Joint Committee must identify any areas of significant internal control weaknesses, including what action is being taken to address them.
- Signature by the leading member (Chair) & Treasurer to the Joint Committee

7 The statement is initially compiled by the Head of Finance (Financial Services), in accordance with guidance contained within the CODE.

The statement reflects the current position within the Joint Committee.

8 The statement is evidence based and relies upon the review of the effectiveness of internal audit undertaken by the Head of Finance (Financial Services) along with written assurances from the Superintendent & Registrar (who prepares a standardised comprehensive assurance statement on an annual basis), Internal audit's views, having carried out a review during the year and commented on the assurance given by each, external auditors and other review agencies and inspectorates and the assurances contained within their reports to the Mountsett Crematorium Joint Committee.

9 The Statement is submitted to the Mountsett Crematorium Joint Committee with the Statement of Accounts and Annual Return for approval with submission to External Audit – BDO LLP within 7 days.

Recommendations and Reasons

10 It is recommended that:

The Mountsett Crematorium Joint Committee examines the content of the 2011/2012 Annual Governance Statement and approve it for consideration within the Statement of Accounts and Annual Return.

Contact: Paul Darby Head of Finance (Financial Services) 03000 261930

Appendix 1: Implications

Finance

Financial planning and management is a key component of effective corporate governance

Staffing

Ensuring staff are adequately trained and professionally competent to meet the core principles of the CIPFA/ SOLACE guidance.

Risk

Risk is intrinsic to the system of internal audit and governance.

Equality and Diversity / Public Sector Duty

Engaging local communities including hard to reach groups meets a core principle of the CIPFA/ SOLACE guidance

Accommodation

Asset Management is a key component of effective corporate governance

Crime and Disorder

There are no Crime and Disorder implications associated with this report.

Human Rights

There are no Human Rights implications associated with this report

Consultation

Engaging local communities meets a core principle of the CIPFA/ SOLACE guidance

Procurement

None

Disability Discrimination Act

None

Legal Implications

The Accounts and Audit Regulations and Code of Practice set out the legal and regulatory framework in which the accounts of the Joint Committee are prepared. The proposals within this report seek to strengthen the Joint Committees compliance with these regulations.

1. Scope of Responsibility

The Mountsett Crematorium Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It also has a responsibility under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy efficiency and effectiveness. This Committee was established in 1964 by the Urban District Councils of Stanley and Consett (transferred to Derwentside District Council, 1976) and the Urban District Councils of Blaydon and Whickham (transferred to Gateshead Metropolitan Borough Council, 1976).

Following Local Government Reorganisation in 2009, as successor to Derwentside District Council, Durham County Council acts as the lead authority.

The Mountsett Crematorium Joint Committee is also responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

The Mountsett Crematorium Joint Committee has adopted a code of corporate governance consistent with the principles of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government' and operates under the policies and strategies including Contract Procedure Rules, Financial Procedure Rules, Financial Regulations, developed, agreed and adopted by the Durham County Council, its lead authority.

This statement explains how the Mountsett Crematorium Joint Committee has complied with the code and also meets the requirements of Regulation 4(2) of the Accounts and Audit regulations 2011.

2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Mountsett Crematorium Joint Committee directs and controls its activities through which it accounts to, engages with and leads the community. It enables the Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Mountsett Crematorium Joint Committee's aims and objectives, its policies and

procedures, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Mountsett Crematorium Joint Committee for the year ended 31st March 2012 and up to the date of approval of the Statement of Accounts and Small Bodies Annual Return

3. The Governance Framework

The Governance Framework supports the Mountsett Crematorium Joint Committee in establishing, implementing and monitoring policies and objectives. The system of internal control refers to the system by which the Mountsett Crematorium Joint Committee directs and controls its operational functions and relates this to the community it serves. It is therefore the totality of the strategies and objectives of the joint committee and the management systems, procedures, and structures it has adopted, that together determine and control the way in which the Mountsett Crematorium Joint Committee manages its business, and sets about delivering its services to meet those objectives.

The system of internal control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers appointed by the joint committee to facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieve its objectives. The Mountsett Crematorium Joint Committee system of internal control reflects its control environment which encompasses its organisational structure.

In particular, the system includes control activities, information and communication processes and processes instigated by the Mountsett Crematorium Joint Committee and its lead authority for monitoring the continuing effectiveness of the system of internal control.

The key elements of the systems and processes that comprise the Joint Committee's governance arrangements include:

Defining and documenting the roles and responsibilities of the Mountsett Crematorium Joint Committee member and officer functions, with clear delegation arrangements and protocols for effective communication

Mountsett Crematorium Joint Committee ensures that the necessary roles and responsibilities for the Governance of the crematorium are identified and allocated so that it is clear who is accountable for decisions that are made. This is achieved by:

- ◆ Electing a Chair and Vice Chair with defined executive responsibilities.
- ◆ The Mountsett Crematorium Joint Committee Constitution which clearly describes the roles of the Chair and Vice Chair. The constitution has been revised during the

year and arrangements have been put in place for a review to be undertaken at the Annual General Meeting of the Joint Committee in June of each year.

- ◆ Adopting Durham County Councils constitution, undertaking regular reviews of the operation of both the Mountsett Crematorium Joint Committee and Durham County Council Constitutions.
- ◆ Ensuring that all policy and decision making is facilitated through the Mountsett Crematorium Joint Committee with all party membership being drawn from nomination by the constituent authorities.
- ◆ Making Durham County Council's nominated Responsible Financial Officer (under S151 of the Local Government Act 1972) responsible for the proper administration of its financial affairs (Treasurer)
- ◆ Developing protocols that ensure effective communications between Members and Officers.
- ◆ Regularly reviewing the Corporate Governance arrangements in place.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and officers

Mountsett Crematorium Joint Committee fosters a culture of behaviour based on shared values, high ethical principles and good conduct. This is achieved by:

- ◆ Adopting the Human Resource policies, plans and procedures of the lead authority, Durham County Council.
- ◆ Establishing and keeping under review, systems for reporting and dealing with any incidents of fraud and corruption.
- ◆ Appropriate and timely advice, guidance and training for both Members and Officers.
- ◆ Formally adopting the Member Code of Conduct of the Lead Authority
- ◆ Formal/ written declarations of member personal interest

Identifying and communicating Mountsett Crematorium Joint Committee's vision of its purpose and intended outcomes for citizens and service users.

The vision for Mountsett Crematorium is set out within the Treasurers Report to the Statement of Accounts. The vision encompasses the lead Authority's `Altogether Better Durham` focus reflecting the aim to improve service provision and make a real difference to service users.

The vision for the Mountsett Crematorium Joint Committee takes the following format:

- ◆ To provide a sensitive, respectful and valued service fitting for the bereaved and their families.

- ◆ To ensure sympathetic, supportive and confidential advice is given to the recently bereaved on funeral service arrangements and give assistance in co-ordinating the funeral process if required.
- ◆ To provide consistent high quality standards of maintenance in Mountsett Crematorium, working to maximise value for money.
- ◆ To fully comply with all environmental and regulatory standards and requirements
- ◆ To ensure the proper respect of Mountsett Crematorium with fair Rules and Regulations, fully explained to all visitors.

During the year, the Mountsett Crematorium Joint Committee Service considered the requirements of a Service Asset Management Plan, with surveys undertaken and priority work progressed. The Service Asset Management Plan will be considered fully by the Joint Committee in September 2012 and will further demonstrate the delivery of the Joint Committee's vision by:

- ◆ Identifying the property needs of the service to enable it to deliver its vision
- ◆ Assessing the condition, sufficiency, suitability, accessibility and energy performance of our crematoria and looking at their appropriateness to deliver the future service.
- ◆ Identifying the portfolio gaps and appraising the options and priorities to close the gaps between future needs and current provision
- ◆ Mapping a way forward to deliver the changes needed which takes in consideration available funding streams and opportunities.

Reviewing Mountsett Crematorium Joint Committee's vision and its implication for its governance arrangements

Mountsett Crematorium Joint Committee reviews its vision and implication for its governance arrangements on an annual basis. This is achieved by:

- ◆ Reviewing its Code of Corporate Governance, ensuring that it remains consistent with the principles of the CIPFA/ SOLACE Framework – Delivering Good Governance in Local Government
- ◆ Reviewing the Mountsett Crematorium Joint Committee Constitution on an annual basis.

Measuring the quality of service for users, for ensuring they are delivered in accordance with Mountsett Crematorium Joint Committee's objectives and for ensuring they represent best use of resources

Mountsett Crematorium Joint Committee measures the quality of service for users, ensures that they are delivered in line with service objectives and that they represent the best use of resources. This is achieved by:

- ◆ The annual budget contributes to the Joint Committee's performance management arrangements and has a framework of quarterly budgetary control reporting
- ◆ Performance management undertaken through comparative statistics with other crematoria is produced monthly and incorporated into the Superintendent & registrars report considered by the Joint Committee on a quarterly basis.
- ◆ Letters of appreciation are considered and acknowledged by the Joint Committee and also via the Direct Services management team within Durham County Council
- ◆ In line with the lead authority's policy, any complaints are logged and recorded indicating the type of complaint, response time and outcomes. The process also identifies how the crematorium has changed practices, procedures and policies as a result of any such complaint.
- ◆ The lead authority's employee performance appraisal arrangements, designed around a number of competencies are a key method of assessing the individual performance of officers and addressing any areas for improvement.
- ◆ The Joint Committee's approach to the management of the Crematorium assets enabling the best possible service delivery. The Joint Committee considers its assets in the widest sense, driving forward continual service improvement and investments.

Reviewing and updating financial instructions and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required in managing risks.

Durham County Council and Mountsett Crematorium Joint Committee Constitutions set out how they operate, how decisions are made and the procedures which are followed to ensure that these are effective, transparent and accountable to service users

A risk management approach is in operation that aids the achievement of strategic objectives, supports decision making processes, protects the reputation and other assets of the Crematorium and is compliant with statutory and regulatory obligations.

The Mountsett Crematorium Joint Committee ensures that the risk management approach:

- ◆ Is conducted in accordance with the risk management policy and strategy of Durham County Council. The Superintendent and Registrar is advised by the corporate risk management working group where strategic and operational risks are considered.

- ◆ Involves Risk Register reviews reported on a six monthly basis for consideration by the Joint Committee.
- ◆ Involves regular reports by internal audit, to standards defined in the CIPFA code of practice, and in accordance with the Accounts and Audit Regulations 2006. These include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control, at the crematorium, together with recommendations for improvement
- ◆ Involves independent annual audits carried out by BDO LLP with the recommended outcome of these reviews actioned and undertaken.
- ◆ Ensures Financial Management is undertaken by the Head of Finance (Financial Services) under the scheme of delegated responsibilities by the Treasurer of the Joint Committee in accordance with the standing orders, contract procedure and procurement rules, financial regulations and financial procedure rules of Durham County Council.
- ◆ Ensures comprehensive monthly budgetary control systems including income and expenditure reconciliations and the preparation of regular financial reports which indicate actual expenditure against budget and forecast year end positions are undertaken and reported quarterly to Mountsett Crematorium Joint Committee.
- ◆ Ensures SMART targets are set to measure financial and other performance
- ◆ Ensures clearly defined capital expenditure guidelines are adhered to

Ensure the Joint Committee's financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Finance Officer

Mountsett Crematorium Joint Committee ensures that its financial management arrangements conform to the CIPFA statement by:

- ◆ Appointing as its Treasurer, the Corporate Director: Resources and Chief Finance Officer (CFO) from the lead authority along with the Head of Finance (Financial Services) under the scheme of delegated responsibilities by the Treasurer. The Corporate Director and Head of Finance are professionally qualified and possess the necessary skills, knowledge and experience to perform effectively in both a financial and non financial role.
- ◆ Ensuring the finance function in support to the Treasurer is adequately resourced to fulfil its duties and a structure is in place that provides a line of professional accountability for the finance staff.
- ◆ Ensuring that Key CIPFA Codes such as the Prudential Framework for Local Authority Capital Finance and the Treasury Management code are complied with where required.

- ◆ Producing Monthly Budgetary Control Reports which are considered on a quarterly basis by the Joint Committee.
- ◆ Ensuring proper Internal Audit, Risk and Governance arrangements are in place.

4. Review of Effectiveness

Mountsett Crematorium Joint Committee has responsibility for conducting, at least annually, a review of the effectiveness of its system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

Mountsett Crematorium Joint Committee has established the following processes to achieve this aim:

- ◆ A process to formalise arrangements with Durham County Council for the provision of internal audit has been established and embedded following the consideration and approval of the Mountsett Crematorium Joint Committee Internal Audit Charter
- ◆ Strengthened existing internal audit arrangements through a formally approved Service Level Agreement (SLA) covering the following areas for the year :
 - Management and Assurance
 - Fundamental Accounting Systems
 - Crematorium Review
 - Advice and Assistance
- ◆ Strengthened and formalised support services provided by Durham County Council to the Joint Committee through the approval of a Service Level Agreement covering:
 - Management Services
 - Financial Services
 - Administration Services
 - Payroll Services
 - Creditor Services
 - Human Resources Services
- ◆ Strengthened existing internal audit arrangements through the production of an Annual Audit Report and Audit Opinion to inform the Annual Governance Statement

- ◆ Risk based assessments of key financial systems (as approved in the SLA) carried out in the final quarter of the financial year to ensure maximum coverage of the Crematorium's financial transactions and provide an informed opinion on the robustness, adequacy and effectiveness of the system of internal control, at the crematorium, together with recommendations for improvement
- ◆ The production of a Risk Register with regular reviews undertaken by the Superintendent & Registrar and action plan reports produced and approved where necessary. Full details are reported to the Joint Committee on a six monthly basis.
- ◆ Strengthened year end procedures for producing financial statements with the production of a closedown timetable including risk assessment and control and ensuring those involved in the closedown process are fully aware of the closedown requirements for 2011/12.
- ◆ Strengthened budget setting processes to support its decision making process. Comprehensive monthly budgetary control systems including income and expenditure reconciliations and the preparation of regular financial reports which indicate actual expenditure against budget and forecast year end positions are also undertaken and reported quarterly to the Mountsett Crematorium Joint Committee.
- ◆ Annual reviews of corporate governance arrangements and the annual review undertaken by the lead authority, Durham County Council, of its corporate governance arrangements, together with the arrangements that the lead authority, Durham County Council has in place to detect and deter fraud and corruption.
- ◆ Membership to the Federation of Burial and Cremation Authorities, which requires that each year a signed declaration, is made so that the Codes of Practice have been strictly adhered to. The Crematorium is also subject to bi annual inspection by the regulator (DCC) who has to be satisfied that all Environmental Legislation is being implemented.
- ◆ Performance monitoring undertaken through the use of comparative statistics with other crematoria and across years.
- ◆ The Internal Audit Section is also subject to an annual review of its activities and performance by the Head of Finance (Financial Services) under the scheme of delegated responsibilities by the Treasurer to the Joint Committee in order to meet the requirements of the Accounts and Audit Regulations 2011. This review is undertaken drawing on the CIPFA Self Assessment Checklist based on the Code of Practice which sets out the minimum standards required to maintain an effective Internal Audit Service. A formal report and completed checklist regarding the Review of the Effectiveness of Internal Audit is presented to, considered by and minuted by the Joint Committee on an annual basis.
- ◆ Completion of an Internal Audit Satisfaction Survey following the completion of each Audit Assignment to measure further the effectiveness of the Internal Audit service
- ◆ Formal Adoption of the FOI Act Publication Scheme approved and minuted by the Joint Committee.

- ◆ Formalised Treasury Management Arrangements through the production of a written agreement between the Joint Committee and the lead authority Durham County Council.

In summary, the governance framework and the system of internal control in place at the Mountsett Crematorium for the year ended 31st March 2012 and up to the date of approval of the annual report and accounts accords with proper practice.

5. Significant Governance Issues

Mountsett Crematorium Joint Committee is fully committed to the principles of Corporate Governance, and has made further progress in recent months in developing its arrangements.

The Internal Audit Section sought further assurance, via its annual plan of work and review of key systems.

As a result, Internal Audit has provided **Substantial** Assurance on the Joint Committees system of internal control, highlighting only very minor governance and internal control issues (categorised as low/advisory), with none of these issues warranting comment within the Annual Governance Statement.

Whilst Internal Audit has provided such assurance, the following governance and internal control issue has been identified by The Joint Committee

Service Asset Management Plan

Whilst progress has been made regarding the Service Asset Management Plan with surveys undertaken and priority work progressed. A complete Service Asset Management Plan should be produced and considered by the Joint Committee at the September 2012 meeting.

6. Declaration of Those Charged with Governance

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and the system of internal control by the Mountsett Crematorium Joint Committee and are satisfied that plans to address weaknesses and ensure continuous improvement of the system is in place.

SIGNED:

Chair to the Joint Committee

Don McLure, CPFA

Corporate Director of Resources and Treasurer to the Joint Committee

15 June 2012

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Mountsett Crematorium Joint Committee

15 June 2012

**Revenue Outturn & Statement of Accounts
for the Year Ended 31 March 2012**



Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources

Purpose of the Report

- 1 The purpose of this report is to seek approval of the Small Bodies in England Annual Return (attached at Appendix 2) and supporting Statement of Accounts (attached at Appendix 3) for Mountsett Crematorium Joint Committee for the financial year ended 31 March 2012. The report includes details of the outturn position against the approved budgets for 2011/12.

Background

- 2 The Annual Return will be subject to external audit by the Joint Committee's appointed external Auditors – BDO LLP. The audit will commence 13 July 2011. On completion, the auditor's report will be reported to the Joint Committee and will be incorporated into a published Statement of Accounts document which will be made available online.
- 3 The attached Annual Return is the statutory requirement for the Mountsett Crematorium Joint Committee.

The Statement of Accounts

4. The Annual Return and Statement of Accounts have been prepared considering the requirements of the 2011/12 'Code of Practice on Local Authority Accounting in Great Britain' as updated and published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and in accordance with the Governance and Accountability for Local Councils in England – Practitioners Guidance.
5. There are five Core Statements that provide fundamental information on the financial activities and position of the Joint Committee.
 - The Income and Expenditure Account
 - The Statement of Movement on the General Fund Balance
 - The Balance Sheet
 - The Cash Flow Statement
 - The Annual Governance Statement

Financial Outturn 2011 / 12

6. Members will recall that regular (quarterly) budgetary control reports have been considered throughout the year, which incorporated forecast year end outturn positions. A provisional outturn report was presented to Members at the meeting of 27 April 2012.
7. The following table shows the final outturn position (as incorporated into the Statement of Accounts), together with comparative data against the provisional outturn report considered 27 April 2012:

Subjective Analysis	Original Base Budget 2011/12 £	Outturn 2011/12 £	Variance Over/ (Under) £	MEMO - Provisional Outturn [27.4.12] 2011/12 £
Employees	114,615	126,529	11,914	126,529
Premises	110,935	99,209	(11,726)	99,051
Transport	300	142	(158)	142
Supplies & Services	50,685	47,408	(3,277)	48,124
Agency & Contracted	17,415	9,445	(7,970)	8,950
Transfer Payments	0	0	0	0
Capital Charges	0	0	0	0
Central Support Costs	22,700	22,700	0	22,700
Gross Expenditure	316,650	305,433	(11,217)	305,496
Income	(561,540)	(622,652)	(61,112)	(624,749)
Net Income	(244,890)	(317,219)	(72,329)	(319,253)
Transfer to Reserves				
- Repairs Reserve	15,000	15,069	69	15,000
- Cremator Reserve	65,000	137,260	72,260	139,363
Distributable Surplus	(164,890)	(164,890)	0	(164,890)
65% Durham County Council	107,178	107,178	0	107,178
35% Gateshead Council	57,712	57,712	0	57,712

Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2011 £	Transfers to Reserve ® £	Transfers From Reserve £	Estimated Balance @ 31 March 2012 £
Cremator Replacement Reserve	(279,239)	(137,260)	0	(416,499)
Major Repairs Reserve	(14,215)	(15,069)	0	(29,284)
Total	(293,454)	(152,329)	0	(445,783)

8. The final outturn position is broadly in line with the provisional outturn reported to the Joint Committee on 27 April 2012 with only a minor change (£2,034 reduction) in the overall net income for the year.
9. The following sections outline the reasons for significant variances by subjective analysis area (most of which was disclosed in the provisional outturn report), comparing the outturn position against the budget and highlighting the reasons for variances between the actual and provisional outturn position previously reported:

Employees

- 9.1 The outturn was an **£11,914** over spend against the approved budget. This over spend follows a review of the Cremator operatives terms and conditions resulting in additional employee costs to the Crematorium of **£17,868**. This over spend is however slightly reduced by the **(£5,954)** under spend relative to revised working patterns not reflected in the 2011/12 budget.

Premises

- 9.2 The final outturn shows an **(£11,726)** under spend in relation to premises expenditure. The main variances to budget are detailed below:
 - The **(£6,000)** budget in relation to Water Seepage Repairs was not required during 2011/12.
 - General Repairs and Maintenance under spent by **(£8,700)**
 - Utility costs (Gas, Electricity and Water) exceeded budget by **£87**
 - Non Domestic Rates exceeded the budget by **£2,887**

The provisional outturn indicated a projected under spend of **(£11,884)**. The resultant variance between outturns being **£158**.

Supplies and Services

- 9.3 The **(£3,277)** under spend on the supplies and services budget is mainly due to a combination of the following reasons:
 - The Wesley Music System cost **£1,422** more than the budget sum as a result of extra maintenance costs
 - The increased number of cremations during 2011/12 resulted in additional medical referee costs of **£1,147** being incurred.
 - Collective under spends on the equipment, postage, printing, stationery and telephones budgets totalling **(£5,846)**

The previous outturn showed an under spend of **(£2,561)**. The difference of **£716** between the two outturns being the Book of Remembrance Calligraphy costs which were estimated at the last meeting higher than the final actual requirement.

Agency and Contracted

9.4 The (£7,970) under spend in relation to Agency and Contracted services related to two issues:

- As a result of the revised working practices/ duties undertaken by crematorium staff, an element of the Grounds Maintenance budget was not required during the year, resulting in a saving of **(8,465)**.
- Slightly offsetting this saving however, were the Independent Testing fees which have exceeded budget by **£495**

The difference between the actual and provisional outturn relates to the Independent Testing fee element, which was **£495** more than previously forecast.

Income

9.5 Members will recall, based on the 2010/11 trend, the 2011/12 budget was set on a very prudent basis, however due to the significant increased demand for cremations during this financial year, additional income has been realised totalling **(£61,112)**. This income is shown by the following elements:

- Cremation numbers have increased to a total of 1,258, including non chargeable cremations during 2011/12, an additional 125 on budget resulting in additional income of **(£54,720)** attributable to cremation fees.
- Inserts into the Book of Remembrance have increased, providing additional income of **(£3,082)**
- The introduction of plaque sales during Qtr 4 of 2011/12 resulted in additional income of **(£945)**
- Miscellaneous sales, including Organ Fees and the sale of memorial urns, have resulted in additional income of **(£1,402)**.
- Interest earned on investment of surplus funds with Durham County Council was **(£963)** more than budgeted.

The previous outturn showed an additional income of **(£63,209)**. The difference of **£2,097** between the two outturns being the interest earned of **(£963)** which was not factored into the provisional outturn along with VAT relative to the Book of Remembrance which had previously been incorporated into the outturn figures.

Earmarked Reserves

10. The provisional outturn showed an additional net income (over the budgeted contribution to reserves) to transfer to the Cremator Reserve of **£74,363**. The actual outturn shows a slightly lower net income transfer of **£72,260** due to the combined movements reported earlier within the report.

The additional transfer to the Repairs Reserve is **£69**. This additional amount represents the Interest receivable relative to the reserve.

The retained reserves of the Joint Committee as at 31 March 2012, is **£445,783**. This represents an in year increase of **£152,329** (approximately 52% over the balances held at 31 March 2011).

Recommendations and Reasons

11. It is recommended that:
- Members of the Joint Committee note the April 2011 to March 2012 Income and Expenditure within the Revenue Financial Monitoring Report and subsequent year balance of reserves.

Contact: Paul Darby 03000 261930

Appendix 1: Implications

Finance

Full details of the year to date and outturn financial performance of the Mountsett Crematorium are included within the body of the report.

Staffing

There are no staffing implications associated with this report.

Risk

The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information supplied by the Superintendent and Registrar. The outturn has been produced taking into consideration all spend to date and year end accounting requirements. This, together with the information supplied by the Superintendent and Registrar, should mitigate any risks with regards to challenge and review of the financial outturn position of the Joint Committee.

Equality and Diversity / Public Sector Duty

There are no Equality and Diversity implications associated with this report.

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

There are no Crime and Disorder implications associated with this report.

Human Rights

There are no Human Rights implications associated with this report

Consultation

None. However, officers of Gateshead Council were provided with a copy of the report and given opportunity to comment / raise any detailed questions on the content of the report in advance of circulation to members of the Mountsett Crematorium.

Procurement

None

Disability Discrimination Act

None

Legal Implications

The outturn contained within this report has been prepared in accordance with standard accounting policies and procedures.



Statement of Accounts 2011/12

Mountsett Crematorium Joint Committee



Explanatory Foreword

The purpose of this foreword is to provide a guide to the Statement of Accounts for Mountsett Crematorium Joint Committee for the financial year 2011/12 and assist in the interpretation of the accounting statements.

The Statement of Accounts comprises:

1. Report of the Treasurer

This outlines the main financial results for the year ended 31st March 2012. It summarises the income and expenditure incurred by the Joint Committee and highlights any change against the original budget that occurred during the year and the reasons for this.

2. Statement of Accounting Policies

This explains the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. In certain circumstances, where more than one accounting basis or estimation technique is acceptable, the accounting policy and/or estimation techniques followed can significantly affect an authority's reported results and financial position. The view presented can only be appreciated properly if the policies which have been followed for material items and estimation techniques which have been used in applying those policies are explained.

The accounting policies that were followed in preparing these accounts are explained on pages 7-8

3. Crematorium Core Financial Statements

Income and Expenditure Account

This statement is fundamental to the understanding of the Joint Committee's activities, in that it reports the net cost for the year of the functions for which the Crematorium is responsible, and demonstrates how that cost has been financed.

The Crematorium's Income and Expenditure Account is shown on page 9.

Statement of Movement on the Constituent Authorities Account Balance

This statement contains the amounts in addition to the Income and Expenditure Account surplus or deficit for the year that are required by statute and non-statutory proper practices to be charged or credited to the Constituent Authorities Account in determining the movement on the constituent Authorities Account Balance for the year.

The Statement of Movement on the Constituent Authorities Account Balance is shown on page 10.

Balance Sheet

The Balance Sheet is fundamental to the understanding of the Joint Committee's financial position at the year-end. It shows the balances and reserves of the Joint Committee and the fixed (where applicable) and net current assets employed in the operation, together with summarised information on the fixed assets held and disposed of in the year of the Mountsett Crematorium,

The Balance Sheet is shown on page 11.

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and where applicable capital purposes. Cash is defined for the purposes of this statement as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

The Cash Flow Statement is shown on page 12.

Notes to the Core Financial Statements

The notes to the core financial statements are required to be shown together, after the core financial statements. They are shown on pages 13 -18.

4. Annual Governance Statement

The preparation and publication of an Annual Governance Statement in accordance with the CIPFA/ SOLACE Framework is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (amendment) (England) regulations 2011 in which requires authorities to 'conduct a review at least once in a year of the effectiveness of its system of internal control' and to prepare a statement on internal control 'in accordance with proper practices'

In addition, The Delivering Good Governance in Local Government framework urges relevant bodies to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the corporate governance and internal control framework of an organisation.

Report of the Treasurer

The Mountsett Crematorium Joint Committee aims:

- To provide a sensitive, respectful and valued service fitting for the bereaved and their families.
- To ensure sympathetic, supportive and confidential advice is given to the recently bereaved on funeral service arrangements and give assistance in co-ordinating the funeral process if required.
- To provide consistent high quality standards of maintenance in Mountsett Crematorium, working to maximise value for money.
- To fully comply with all environmental and regulatory standards and requirements
- To ensure the proper respect of Mountsett Crematorium with fair Rules and Regulations, fully explained to all visitors.

Overview of Financial Performance in 2011/2012

Each year the Joint Committee approves a budget and schedule of Fees and Charges for the forthcoming year. This report outlines the main financial results for the year ended 31st March, 2012. It summarises the income and expenditure incurred by the Joint Committee and highlights any change to the financial position that occurred during the year.

The 2011/12 Budget anticipated that the Joint Committee would achieve a surplus of £244,890. This was based on a forecast contribution to reserves of £80,000 and a distribution of surplus of £164,890 to the constituent partner authorities.

The table below summarises the budget and actual income and expenditure for 2011/12. Variations are shown alongside.	Budget 2011/2012 £	Actual 2011/2012 £	Variance 2011/2012 £
Gross Expenditure on Services	316,650	305,433	(11,217)
Income	(561,540)	(622,652)	(61,112)
(Surplus) / Deficit for the year	(244,890)	(317,219)	(72,329)
Contribution to Reserves	80,000	152,329	72,329
Transfer from Reserves	0	0	0
To Constituent Authorities A/c	164,890	164,890	0
	0	0	0
Memo; Payments to Constituent Authorities			
Durham County Council	(107,178)	(107,178)	0
Gateshead Metropolitan Borough	(57,712)	(57,712)	0
Balance	(164,890)	(164,890)	0

The table above shows a reduction in gross expenditure of **£11,217** and an increase in income of **£61,112**. The main reasons for these variances are as follows:

	£
Gross Expenditure	
Staffing	11,914
Water Seepage Repairs	(6,000)
Non Domestic rates	2,887
General Grounds Maintenance	(8,700)
Wesley Music Centre	1,422
Medical Referees Fees	1,147
Grounds Maintenance	(8,415)
Independent Testing	495
Equipment, stationery, postages	(5,967)
	<u>(11,217)</u>
Gross Income	
Increased number of Cremations	(54,886)
Book of Remembrance	(3,082)
Miscellaneous sales	(2,181)
Interest	(963)
	<u>(61,112)</u>

Surplus Distribution

The surplus is distributed to the constituent authorities in the following percentages;

Durham CC	65%
Gateshead MBC	35%

Capital Expenditure

As a result of Local Government Re-organisation, Mountsett Crematorium has adopted Durham County Council's deminimus level for the capitalisation of assets. This level is £10,000. There was no Capital Expenditure during 2011/12.

Major Fixed Asset Acquisitions and disposals

Fixed assets of Land, Buildings and fixtures and fittings are owned by the Constituent Authorities in accordance with Mountsett Crematorium Joint Committee Constitution (dated 7 September 1976) in the following percentages:

Durham CC (as successor to Derwentside District Council)	60%
Gateshead MBC	40%

As such, fixed assets are not recorded within the Mountsett Crematorium Joint Committee's Balance Sheet.

Reserves

The Crematorium Committee holds various reserves and balances earmarked for future spending plans. Reserves are created by appropriating amounts in the Statement of Movement on Constituent Authorities Account Balance. When expenditure to be financed from a reserve is incurred, it is charged to the Crematorium Revenue Account in that year to score against the Net Cost of Service in the Income and Expenditure Account. The reserve is then appropriated back into the Constituent Authorities Account Statement so that there is no net charge.

In 2011/2012 there was no expenditure financed via the Repairs Reserve:

The table below highlights the movement between the Earmarked Reserves and Balances of the Mountsett Crematorium Joint Committee:

Reserve	Balance at 1.4.11 £	Contribution to Reserves £	Use of reserve £	Balance at 31.3.12 £
Repairs Reserve	14,215	15,069	0	29,284
Cremator Reserve	279,239	137,260	0	416,499
TOTAL	293,454	152,329	0	445,783

Material and unusual charges and credits

There are no unusual charges or credits within the 2011/2012 Statement of Accounts.

Significant Changes in Accounting Policies

There were no changes in accounting policies during 2011/2012.

Significant Changes to Statutory Functions

There were no changes in statutory function of the Mountsett Crematorium Joint Committee in 2011/2012 that had a significant impact on the Statement of Accounts.

SIGNED:

Don McLure CPFA
Treasurer to the Joint Committee

Date: 15 June 2012

Statement of Accounting Policies

General Principles

The form and general principles adopted in compiling these accounts are those recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in documents such as the Best Value Code of Practice on Local Authority Accounting (BVACOP) and the accompanying Guidance Notes for Practitioners. Elements of the CIPFA Guidance Notes on the Code of Practice on Local Authority Accounting in the United Kingdom 2011-2012 have also been considered in preparing the 2011-2012 Statement of Accounts

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Fees and charges due from customers are accounted for as income at the date the Joint Committee provides the service.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as stocks on the balance sheet.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that may not be collected.

Support Services Allocations

The costs of Durham County Councils Support Services are allocated to the service areas that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2008 (BVACOP). The total absorption costing principle is used – the full costs of support services are shared between users in proportion to the benefits. Mountsett Crematorium Joint Committee is subject to an element of the Support Service Allocation, and has been considered and approved via a Support Service and Audit SLA, which is shown within the Income and Expenditure Account under Management and Support Services Recharges.

Interest

Surplus monies are invested externally by Durham County Council on behalf of the Mountsett Crematorium Joint Committee, which receives the interest earned on a quarterly basis at the average 7 day LIBID rate.

Interest receivable on investment income is accounted for on an accruals basis and is credited to the Income and expenditure account.

Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Joint Committee and the service it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is classified as Revenue Expenditure Funded from Capital under Statute and is charged to revenue as it is incurred.

During 2009/10, investigations highlighted that fixed assets of Land, Buildings and fixtures and fittings are owned by the Constituent Authorities in accordance with Mountsett Crematorium Joint Committee Constitution (dated 7 September 1976, revised 2012) in the following percentages:

Durham CC	60%
Gateshead Council	40%

As a result, any such fixed assets recorded within the Mountsett Crematorium Joint Committee's Balance Sheet prior to 2009/2010 are now shown within the Balance Sheets of the Constituent Authorities.

Current Assets - Stock

Stocks held at the Crematorium are included in the Balance Sheet at Average cost.

This practice conflicts with IAS 2 which recommends that stocks should be shown at the lesser of cost or realisable value. The rate of movement of stock, however, is such that valuation in the latter bases would not significantly affect the stock balance.

Revenue Expenditure funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non current asset has been charged as expenditure in the Income and expenditure Account in the year. Where the Crematorium Joint Committee has determined to meet the cost of this expenditure from existing capital resources, a transfer from the Statement of Movement on Constituent Authorities Account Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the constituent Authorities.

Income and Expenditure Account

This account summarises the resources that have been generated and consumed in providing and managing a Crematorium service during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed.

Year ended 31st March 2011		Year ended 31st March 2012
£	Expenditure	£
110,461	Employees	126,529
139,349	Premises	99,209
45	Transport	142
53,057	Supplies and Services	47,408
4,945	Agency & Contract Services	9,445
8,330	Establishment Expenses	22,700
0	Capital charges	0
<u>316,187</u>		<u>305,433</u>
575,707	Income	621,689
865	Interest and Investment income	963
<u>(260,385)</u>	Net Cost of Services	<u>(317,219)</u>
<u><u>(260,385)</u></u>	(Surplus) /Deficit for the year	<u><u>(317,219)</u></u>

Statement of Movement on Constituent Authorities Account Balance

The purpose of this statement is to clarify how the surplus / deficit from the Income and Expenditure Account impacts the resources available to fund the activities of the Constituent Authorities.

The Income and Expenditure Account shows the Joint Committee's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Constituent Authorities are required to raise council tax on a different accounting basis, the main difference being:

- ◆ Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed
- ◆ Retirement benefits are charged as amounts become payable to pensions funds and pensioners rather than as future benefits are earned

This reconciliation statement summarises the difference between the surplus / deficit on the Income and Expenditure Account and the amount available to be added in the future to the General Fund Balance of each Constituent Authority.

Year ended 31 st March 2011 £	Notes	Year ended 31 st March 2012 £
(260,385)	(Surplus)/Deficit for the year on the Income and Expenditure Account	(317,219)
318,098	Net additional amount required by statute and non-statutory proper accounting practices to be debited or credited to the Constituent Authorities A/c Balance for the year	317,219
<u>57,713</u>	(Increase)/Decrease in the Constituent Authorities A/c Balance for the year	<u>0</u>
(57,713)	Constituent Authorities A/c Balance Brought Forward	0
<u><u>0</u></u>	Constituent Authorities A/c Balance Carried Forward	<u><u>0</u></u>

Balance Sheet as at 31 March 2012

Year ended 31 st March 2011 £		Note	Year ended 31 st March 2012 £
	Fixed Assets		
	<i>Operational Assets</i>		
0	Operational Land & Buildings		0
0	Other operational assets		0
<u>0</u>	Total Fixed Assets		<u>0</u>
	Current Assets		
256,925	Cash in Hand		440,596
30	Petty Cash		0
700	Stock		359
52,380	Debtors	6	<u>50,186</u>
<u>310,035</u>	Total Current Asset		<u>491,141</u>
	Current Liabilities		
16,581	Creditor	6	<u>45,358</u>
<u>16,581</u>	Total Current liabilities		<u>45,358</u>
<u>293,454</u>	Total assets less Current Liabilities		<u>445,783</u>
	Financed By		
0	Constituent Authorities A/c	1	0
14,215	Repairs Reserve	5	29,284
279,239	Cremator Reserve	5	416,499
0	Revaluation Reserve	5	0
0	Capital Adjustment A/c	5	<u>0</u>
<u>293,454</u>	Total Net Worth		<u>445,783</u>

The Cash Flow Statement

Year ended 31 st March 2011 £		Year ended 31 st March 2012 £
	Revenue Activities	
	<i>Cash Outflows</i>	
222,603	Cash paid to Constituent Authorities	164,890
110,461	Cash paid to and on behalf of employees	126,529
196,527	Other operating cash payments	149,756
	<i>Cash Inflows</i>	
(559,297)	Cash received for goods and services	(623,883)
(29,706)	Other operating cash receipts	(182,708)
	Net cash (inflow)/outflow from revenue activities	
	Dividends from Joint Ventures and Associates	
	<i>Cash Inflows</i>	
0	Dividends received	0
0	Net cash (inflow) from Joint Ventures and Associates	
	Returns on Investments and Servicing of Finance	
	<i>Cash Outflows</i>	
0	Interest paid	0
0	Interest element of finance lease rental payments	0
	<i>Cash Inflows</i>	
(865)	Interest received	(963)
(865)	Net cash (inflow)/outflow from returns on investments	(963)
	Capital Activities	
	<i>Cash Outflows</i>	
0	Purchase of fixed assets	0
0	Purchase of long-term investments	0
0	Other capital cash payments	0
	<i>Cash Inflows</i>	
0	Sale of fixed assets	0
0	Other capital cash receipts	0
0	Net cash (inflow)/outflow from capital activities	0
	Management of Liquid Resources	
0	Net (increase)/decrease in short-term deposits	0
0	Net (increase)/decrease in other liquid resources	0
	Financing	
0	<i>Cash Outflows</i>	0
0	<i>Cash Inflows</i>	0
(30,571)	Net (increase)/decrease in cash	(183,671)

Notes to the Core Financial Statements

1. Constituent Authorities Surplus Account

This account contains any deficit or surplus generated in the Revenue Account, and shows the extent to which these are attributable to each of the Mountsett Crematorium Joint Committee's Constituent Authorities.

A summary of the movements during the year is shown below

Year ended 31 st March 2011 £		Durham County Council £	Year ended 31 st March 2012 £	Gateshead Council £	Total £
57,713	Balance 1 April	0	0	0	0
(222,603)	Payments during year	(107,178)	(57,712)	(164,890)	
260,385	Surplus for Year	206,192	111,027	317,219	
0	Capital Accounting Adjustment				
(15,163)	Transfers to Repairs Reserve	(9,795)	(5,274)	(15,069)	
38,495	Transfers from Repairs Reserve	0	0	0	
(118,827)	Transfers to Cremator Reserve	(89,219)	(48,041)	(137,260)	
<u>0</u>	Balance 31 March	<u>0</u>	<u>0</u>	<u>0</u>	
<u>0</u>	Repaid to Authority	<u>0</u>	<u>0</u>	<u>0</u>	
<u><u>0</u></u>	Balance c/fwd	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	

2. Explanation of the significance of the Statement of Movement on the Constituent Authorities Account Balance

The Income and Expenditure Account summarises all of the resources that the Joint Committee has generated, consumed or set aside in providing its service during the year. However, this accounting basis is currently out of line with the statutory provisions that specify the net expenditure that the Constituent Authorities need to take into account when setting local taxes. In order to give a full presentation of the financial performance of an authority during the year and the actual spending power carried forward to future years, the outturn on the Income and Expenditure Account needs to be reconciled to the balance established by the relevant statutory provisions.

The Statement of Movement on the Constituent Authorities Account Balance provides this necessary reconciliation. The full significance of the Statement for the Constituent Authorities local taxation purposes is described in the introduction to the statement itself.

3. Breakdown of reconciling items in the Statement of Movement on the Constituent Authorities Account Balance

Year ended 31 st March 2011 £		Year ended 31 st March 2012 £
	Amounts to be included in the Income and expenditure Account but required by statute to be excluded when determining the movement on the general fund/ constituent Authorities Account Balance for the year	
0	Depreciation and Impairment of Fixed assets	0
0	Amounts treated as revenue expenditure but which are classified as Capital expenditure under Statute	0
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement of the General Fund Balance for the year:	
	Net Transfers to (from) Earmarked Reserves	
15,163	Transfers to Repairs Reserve	15,069
(38,495)	Transfers from Repairs Reserve	0
118,827	Transfers to Cremator Reserve	137,260
107,178	Transfers to/ Durham County Council	107,178
115,425	Transfers to Gateshead Council	57,712
<u>318,098</u>	Net additional amount required by statute and non-statutory proper accounting practices to be debited (or credited) to the Constituent Authorities A/c Balance for the year	<u>317,219</u>

4. Movement on Fixed Assets

Ownership of Assets

The Mountsett Crematorium Joint Committee does exert any direct ownership over the assets that are held for use in the provision of the Crematorium business

In accordance with Constitution for the Mountsett Crematorium Joint Committee, Legal title of Fixed Assets of Land, Building, Plant, Furniture and Equipment is vested in the Constituent Authorities in the following percentages:

Durham County Council	60%
Gateshead Council	40%

5. Reserves

The Joint Committee keeps a number of reserves in the Balance Sheet. Some are needed to comply with proper accounting practice and can be classified as either usable or unusable reserves, others have been set up voluntarily to earmark resources for future spending plans, these are classified as usable.

Usable Reserves

Repairs Reserve

A Repairs Reserve has been established to finance major works on the Crematorium Buildings and Grounds.

A summary of the movements during the year is shown below:

Year ended 31 st March 2011 £		Year ended 31 st March 2012 £
37,547	Balance Brought Forward	14,215
15,163	Contribution from Constituent Authorities Account	15,069
(38,495)	Use of Fund	0
<u>14,215</u>	Balance Carried Forward	<u>29,284</u>

Cremator Reserve

A Cremator Reserve has been established to finance major capital works on the Cremators

A summary of the movements during the year is shown below:

Year ended 31 st March 2011 £		Year ended 31 st March 2012 £
160,412	Balance b/fwd	279,239
118,827	Contribution from Constituent Authorities Account	137,260
0	Use of Fund	0
<u>279,239</u>	Balance c/fwd	<u>416,499</u>

Unusable Reserves

Revaluation Reserve

The Revaluation Reserve contains revaluation timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Due to the ownership change in assets during 2009/2010, there has been no movement on the Revaluation Reserve during the year

Capital Adjustment Account

The balance on the Capital Adjustment Account represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Year ended 31 st March 2011 £		Year ended 31 st March 2012 £
0	Balance b/fwd	0
23,940	Revenue Expenditure Funded from capital under statute (REFCUS)	0
0	Depreciation	0
(23,940)	Funding from Repairs Reserve re REFCUS	0
0	Removal of Assets	0
<u>0</u>	Balance c/fwd	<u>0</u>

6. Debtors & Creditors

Debtors and Payments in Advance

A summary of amounts receivable (not received) as at 31st March 2012 is shown below:

Year ended 31 st March 2011 £		Year ended 31 st March 2012 £
	Debtors	
50,390	Funeral Directors - Cremations	49,135
1,620	Book of Remembrance	633
0	Masterplan	328
300	Ashes	90
70	Urns	0
<u>52,380</u>	Total	<u>50,186</u>

Historically the amounts receivable have been paid during the initial months of the following year. Risk assessments undertaken on the probability of 'bad debt' have identified no requirement for a provision for bad debts to be made and thus reporting via the Financial Statement.

Creditors and Receipts in Advance

A summary of amounts payable (not paid) as at 31st March 2012 is shown below:

Year ended 31 st March 2011 £		Year ended 31 st March 2012 £
	Creditors	
0	Rates	39,187
10,705	General Repairs	24
450	Materials	0
1,766	Medical Referees fees	2,054
1,220	Book of Remembrance	552
0	Telephone	106
2,440	Electricity & Gas	3,435
<u>16,581</u>	Total	<u>45,358</u>

7. Notes relating to the Cash Flow Statement

Reconciliation of Net Surplus/Deficit on the Income and Expenditure Account to the Revenue Activities to Net Cash Flow in the Cash Flow Statement.

Year ended 31 st March 2011 £000s		Year ended 31 st March 2012 £000s
(260,385)	Surplus/(Deficit) from Income and Expenditure Statement	(317,219)
	Non-cash transactions:	
0	Depreciation and Impairment of Fixed Assets	0
	Debtors and Creditors	
8,031	Net movement in Revenue Debtors and Creditors	(30,971)
0	Movement on Petty Cash	(30)
(820)	Movement on Stocks	(341)
222,603	Movement on Provisions and Reserves	164,890
	Items classified in another category in cash flow statement	
865	Interest received	963
<u>(29,706)</u>	Net Cash flow from Revenue Activities	<u>(182,708)</u>

Movement in Cash and Cash Equivalents:

Year Ended 31 st March 2011 £000s		Year ended 31 st March 2012 £000s	
		Balance 31.3.12 £000s	Movement in Year £000
256,925	Cash and Bank Balances	440,596	183,671
<u>256,925</u>	Net Movement	<u>440,596</u>	<u>183,671</u>

Annual Governance Statement

1. Scope of Responsibility

The Mountsett Crematorium Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It also has a responsibility under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy efficiency and effectiveness. This Committee was established in 1964 by the Urban District Councils of Stanley and Consett (transferred to Derwentside District Council, 1976) and the Urban District Councils of Blaydon and Whickham (transferred to Gateshead Metropolitan Borough Council, 1976).

Following Local Government Reorganisation in 2009, as successor to Derwentside District Council, Durham County Council acts as the lead authority.

The Mountsett Crematorium Joint Committee is also responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

The Mountsett Crematorium Joint Committee has adopted a code of corporate governance consistent with the principles of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government' and operates under the policies and strategies including Contract Procedure Rules, Financial Procedure Rules, Financial Regulations, developed, agreed and adopted by the Durham County Council, its lead authority.

This statement explains how the Mountsett Crematorium Joint Committee has complied with the code and also meets the requirements of Regulation 4(2) of the Accounts and Audit regulations 2011.

2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Mountsett Crematorium Joint Committee directs and controls its activities through which it accounts to, engages with and leads the community. It enables the Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Mountsett Crematorium Joint Committee's aims and objectives, its policies and procedures, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Mountsett Crematorium Joint Committee for the year ended 31st March 2012 and up to the date of approval of the Statement of Accounts and Small Bodies Annual Return

3. The Governance Framework

The Governance Framework supports the Mountsett Crematorium Joint Committee in establishing, implementing and monitoring policies and objectives. The system of internal control refers to the system by which the Mountsett Crematorium Joint Committee directs and controls its operational functions and relates this to the community it serves. It is therefore the totality of the strategies and objectives of the joint committee and the management systems, procedures, and structures it has adopted, that together determine and control the way in which the Mountsett Crematorium Joint Committee manages its business, and sets about delivering its services to meet those objectives.

The system of internal control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers appointed by the joint committee to facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieve its objectives. The Mountsett Crematorium Joint Committee system of internal control reflects its control environment which encompasses its organisational structure.

In particular, the system includes control activities, information and communication processes and processes instigated by the Mountsett Crematorium Joint Committee and its lead authority for monitoring the continuing effectiveness of the system of internal control.

The key elements of the systems and processes that comprise the Joint Committee's governance arrangements include:

Defining and documenting the roles and responsibilities of the Mountsett Crematorium Joint Committee member and officer functions, with clear delegation arrangements and protocols for effective communication

Mountsett Crematorium Joint Committee ensures that the necessary roles and responsibilities for the Governance of the crematorium are identified and allocated so that it is clear who is accountable for decisions that are made. This is achieved by:

- ◆ Electing a Chair and Vice Chair with defined executive responsibilities.
- ◆ The Mountsett Crematorium Joint Committee Constitution which clearly describes the roles of the Chair and Vice Chair. The constitution has been revised during the year and arrangements have been put in place for a review to be undertaken at the Annual General Meeting of the Joint Committee in June of each year.
- ◆ Adopting Durham County Councils constitution, undertaking regular reviews of the operation of both the Mountsett Crematorium Joint Committee and Durham County Council Constitutions.

- ◆ Ensuring that all policy and decision making is facilitated through the Mountsett Crematorium Joint Committee with all party membership being drawn from nomination by the constituent authorities.
- ◆ Making Durham County Council's nominated Responsible Financial Officer (under S151 of the Local Government Act 1972) responsible for the proper administration of its financial affairs (Treasurer)
- ◆ Developing protocols that ensure effective communications between Members and Officers.
- ◆ Regularly reviewing the Corporate Governance arrangements in place.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and officers

Mountsett Crematorium Joint Committee fosters a culture of behaviour based on shared values, high ethical principles and good conduct. This is achieved by:

- ◆ Adopting the Human Resource policies, plans and procedures of the lead authority, Durham County Council.
- ◆ Establishing and keeping under review, systems for reporting and dealing with any incidents of fraud and corruption.
- ◆ Appropriate and timely advice, guidance and training for both Members and Officers.
- ◆ Formally adopting the Member Code of Conduct of the Lead Authority
- ◆ Formal/ written declarations of member personal interest

Identifying and communicating Mountsett Crematorium Joint Committee's vision of its purpose and intended outcomes for citizens and service users.

The vision for Mountsett Crematorium is set out within the Treasurers Report to the Statement of Accounts. The vision encompasses the lead Authority's `Altogether Better Durham` focus reflecting the aim to improve service provision and make a real difference to service users.

The vision for the Mountsett Crematorium Joint Committee takes the following format:

- ◆ To provide a sensitive, respectful and valued service fitting for the bereaved and their families.
- ◆ To ensure sympathetic, supportive and confidential advice is given to the recently bereaved on funeral service arrangements and give assistance in co-ordinating the funeral process if required.
- ◆ To provide consistent high quality standards of maintenance in Mountsett Crematorium, working to maximise value for money.
- ◆ To fully comply with all environmental and regulatory standards and requirements

- ◆ To ensure the proper respect of Mountsett Crematorium with fair Rules and Regulations, fully explained to all visitors.

During the year, the Mountsett Crematorium Joint Committee Service considered the requirements of a Service Asset Management Plan, with surveys undertaken and priority work progressed. The Service Asset Management Plan will be considered fully by the Joint Committee in September 2012 and will further demonstrate the delivery of the Joint Committee's vision by:

- ◆ Identifying the property needs of the service to enable it to deliver its vision
- ◆ Assessing the condition, sufficiency, suitability, accessibility and energy performance of our crematoria and looking at their appropriateness to deliver the future service.
- ◆ Identifying the portfolio gaps and appraising the options and priorities to close the gaps between future needs and current provision
- ◆ Mapping a way forward to deliver the changes needed which takes in consideration available funding streams and opportunities.

Reviewing Mountsett Crematorium Joint Committee's vision and its implication for its governance arrangements

Mountsett Crematorium Joint Committee reviews its vision and implication for its governance arrangements on an annual basis. This is achieved by:

- ◆ Reviewing its Code of Corporate Governance, ensuring that it remains consistent with the principles of the CIPFA/ SOLACE Framework – Delivering Good Governance in Local Government
- ◆ Reviewing the Mountsett Crematorium Joint Committee Constitution on an annual basis.

Measuring the quality of service for users, for ensuring they are delivered in accordance with Mountsett Crematorium Joint Committee's objectives and for ensuring they represent best use of resources

Mountsett Crematorium Joint Committee measures the quality of service for users, ensures that they are delivered in line with service objectives and that they represent the best use of resources. This is achieved by:

- ◆ The annual budget contributes to the Joint Committee's performance management arrangements and has a framework of quarterly budgetary control reporting
- ◆ Performance management undertaken through comparative statistics with other crematoria is produced monthly and incorporated into the Superintendent & registrars report considered by the Joint Committee on a quarterly basis.

- ◆ Letters of appreciation are considered and acknowledged by the Joint Committee and also via the Direct Services management team within Durham County Council
- ◆ In line with the lead authority's policy, any complaints are logged and recorded indicating the type of complaint, response time and outcomes. The process also identifies how the crematorium has changed practices, procedures and policies as a result of any such complaint.
- ◆ The lead authority's employee performance appraisal arrangements, designed around a number of competencies are a key method of assessing the individual performance of officers and addressing any areas for improvement.
- ◆ The Joint Committee's approach to the management of the Crematorium assets enabling the best possible service delivery. The Joint Committee considers its assets in the widest sense, driving forward continual service improvement and investments.

Reviewing and updating financial instructions and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required in managing risks.

Durham County Council and Mountsett Crematorium Joint Committee Constitutions set out how they operate, how decisions are made and the procedures which are followed to ensure that these are effective, transparent and accountable to service users

A risk management approach is in operation that aids the achievement of strategic objectives, supports decision making processes, protects the reputation and other assets of the Crematorium and is compliant with statutory and regulatory obligations.

The Mountsett Crematorium Joint Committee ensures that the risk management approach:

- ◆ Is conducted in accordance with the risk management policy and strategy of Durham County Council. The Superintendent and Registrar is advised by the corporate risk management working group where strategic and operational risks are considered.
- ◆ Involves Risk Register reviews reported on a six monthly basis for consideration by the Joint Committee.
- ◆ Involves regular reports by internal audit, to standards defined in the CIPFA code of practice, and in accordance with the Accounts and Audit Regulations 2006. These include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control, at the crematorium, together with recommendations for improvement
- ◆ Involves independent annual audits carried out by BDO LLP with the recommended outcome of these reviews actioned and undertaken.
- ◆ Ensures Financial Management is undertaken by the Head of Finance (Financial Services) under the scheme of delegated responsibilities by the Treasurer of the Joint Committee in accordance with the standing orders, contract procedure and procurement rules, financial regulations and financial procedure rules of Durham County Council.
- ◆ Ensures comprehensive monthly budgetary control systems including income and expenditure reconciliations and the preparation of regular financial reports which

indicate actual expenditure against budget and forecast year end positions are undertaken and reported quarterly to Mountsett Crematorium Joint Committee.

- ◆ Ensures SMART targets are set to measure financial and other performance
- ◆ Ensures clearly defined capital expenditure guidelines are adhered to

Ensure the Joint Committee's financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Finance Officer

Mountsett Crematorium Joint Committee ensures that its financial management arrangements conform to the CIPFA statement by:

- ◆ Appointing as its Treasurer, the Corporate Director: Resources and Chief Finance Officer (CFO) from the lead authority along with the Head of Finance (Financial Services) under the scheme of delegated responsibilities by the Treasurer. The Corporate Director and Head of Finance are professionally qualified and possess the necessary skills, knowledge and experience to perform effectively in both a financial and non financial role.
- ◆ Ensuring the finance function in support to the Treasurer is adequately resourced to fulfil its duties and a structure is in place that provides a line of professional accountability for the finance staff.
- ◆ Ensuring that Key CIPFA Codes such as the Prudential Framework for Local Authority Capital Finance and the Treasury Management code are complied with where required.
- ◆ Producing Monthly Budgetary Control Reports which are considered on a quarterly basis by the Joint Committee.
- ◆ Ensuring proper Internal Audit, Risk and Governance arrangements are in place.

4. Review of Effectiveness

Mountsett Crematorium Joint Committee has responsibility for conducting, at least annually, a review of the effectiveness of its system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

Mountsett Crematorium Joint Committee has established the following processes to achieve this aim:

- ◆ A process to formalise arrangements with Durham County Council for the provision of internal audit has been established and embedded following the consideration and approval of the Mountsett Crematorium Joint Committee Internal Audit Charter
- ◆ Strengthened existing internal audit arrangements through a formally approved Service Level Agreement (SLA) covering the following areas for the year :

- Management and Assurance
 - Fundamental Accounting Systems
 - Crematorium Review
 - Advice and Assistance
- ◆ Strengthened and formalised support services provided by Durham County Council to the Joint Committee through the approval of a Service Level Agreement covering:
- Management Services
 - Financial Services
 - Administration Services
 - Payroll Services
 - Creditor Services
 - Human Resources Services
- ◆ Strengthened existing internal audit arrangements through the production of an Annual Audit Report and Audit Opinion to inform the Annual Governance Statement
- ◆ Risk based assessments of key financial systems (as approved in the SLA) carried out in the final quarter of the financial year to ensure maximum coverage of the Crematorium's financial transactions and provide an informed opinion on the robustness, adequacy and effectiveness of the system of internal control, at the crematorium, together with recommendations for improvement
- ◆ The production of a Risk Register with regular reviews undertaken by the Superintendent & Registrar and action plan reports produced and approved where necessary. Full details are reported to the Joint Committee on a six monthly basis.
- ◆ Strengthened year end procedures for producing financial statements with the production of a closedown timetable including risk assessment and control and ensuring those involved in the closedown process are fully aware of the closedown requirements for 2011/12.
- ◆ Strengthened budget setting processes to support its decision making process. Comprehensive monthly budgetary control systems including income and expenditure reconciliations and the preparation of regular financial reports which indicate actual expenditure against budget and forecast year end positions are also undertaken and reported quarterly to the Mountsett Crematorium Joint Committee.
- ◆ Annual reviews of corporate governance arrangements and the annual review undertaken by the lead authority, Durham County Council, of its corporate governance arrangements, together with the arrangements that the lead authority, Durham County Council has in place to detect and deter fraud and corruption.
- ◆ Membership to the Federation of Burial and Cremation Authorities, which requires that each year a signed declaration is made so that the Codes of Practice have been strictly adhered to. The Crematorium is also subject to bi annual inspection by the regulator (DCC) who has to be satisfied that all Environmental Legislation is being implemented.

- ◆ Performance monitoring undertaken through the use of comparative statistics with other crematoria and across years.
- ◆ The Internal Audit Section is also subject to an annual review of its activities and performance by the Head of Finance (Financial Services) under the scheme of delegated responsibilities by the Treasurer to the Joint Committee in order to meet the requirements of the Accounts and Audit Regulations 2011. This review is undertaken drawing on the CIPFA Self Assessment Checklist based on the Code of Practice which sets out the minimum standards required to maintain an effective Internal Audit Service. A formal report and completed checklist regarding the Review of the Effectiveness of Internal Audit is presented to, considered by and minuted by the Joint Committee on an annual basis.
- ◆ Completion of an Internal Audit Satisfaction Survey following the completion of each Audit Assignment to measure further the effectiveness of the Internal Audit service
- ◆ Formal Adoption of the FOI Act Publication Scheme approved and minuted by the Joint Committee.
- ◆ Formalised Treasury Management Arrangements through the production of a written agreement between the Joint Committee and the lead authority Durham County Council.

In summary, the governance framework and the system of internal control in place at the Mountsett Crematorium for the year ended 31st March 2012 and up to the date of approval of the annual report and accounts accords with proper practice.

5. Significant Governance Issues

Mountsett Crematorium Joint Committee is fully committed to the principles of Corporate Governance, and has made further progress in recent months in developing its arrangements.

The Internal Audit Section sought further assurance, via its annual plan of work and review of key systems.

As a result, Internal Audit has provided **Substantial** Assurance on the Joint Committees system of internal control, highlighting only very minor governance and internal control issues (categorised as low/advisory), with none of these issues warranting comment within the Annual Governance Statement.

Whilst Internal Audit has provided such assurance, the following governance and internal control issue has been identified by The Joint Committee

Service Asset Management Plan

Whilst progress has been made regarding the Service Asset Management Plan with surveys undertaken and priority work progressed. A complete Service Asset Management Plan should be produced and considered by the Joint Committee at the September 2012 meeting.

6. Declaration of Those Charged with Governance

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and the system of internal control by the Mountsett Crematorium Joint Committee and are satisfied that plans to address weaknesses and ensure continuous improvement of the system is in place.

SIGNED:

Chair to the Joint Committee

Don McLure, CPFA

Corporate Director of Resources and Treasurer to the Joint Committee

15 June 2012

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Small Bodies in England

Annual return for the year ended

31 March 2012

Small relevant bodies in England with an annual turnover of £6.5 million or less must complete an annual return summarising their annual activities at the end of each financial year.

The annual return on pages 2 to 5 is made up of four sections:

- **Sections 1 and 2** are completed by the person nominated by the body.
- **Section 3** is completed by the external auditor.
- **Section 4** is completed by the body's internal audit provider.

Each body must approve this annual return no later than 30 June 2012.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all sections highlighted in red. Do **not** leave any red box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2012, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your appointed external auditor by the due date.

Your auditor will identify and ask for any additional documents needed for audit. Therefore, unless requested, do **not** send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the body for publication or public display of sections 1, 2 and 3. You must publish or display the audited annual return by 30 September 2012.

It should not be necessary for you to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides for either local councils or internal drainage boards. These publications may be downloaded from the National Association of Local Councils (NALC) or Society of Local Council Clerks (SLCC) websites (www.nalc.gov.uk or www.slcc.co.uk) or from the members area of the Association of Drainage Authorities website (www.ada.org.uk).

Section 1 – Accounting statements for:

Enter name of reporting body here:

MOUNTSETT CREMATORIUM JOINT COMMITTEE

	Year ending		Notes and guidance
	31 March 2011 £	31 March 2012 £	
			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.
1 Balances brought forward	255,672	293,454	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 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	576,572	622,652	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	(110,461)	(126,529)	Total expenditure or payments made to and on behalf of all body 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	(428,329)	(343,794)	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	293,454	445,783	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	256,955	440,596	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 and long term assets	0	0	The recorded book value at 31 March of all fixed assets owned by the body and any other long term assets e.g. loans to third parties and any long-term investments.
10 Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that for the year ended 31 March 2012 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.

Signed by Responsible Financial Officer:

Date

I confirm that these accounting statements were approved by the body on:

and recorded as minute reference:

Signed by Chair of meeting approving these accounting statements:

Date

Section 2 – Annual governance statement

We acknowledge as the members of MOUNTSETT 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 2012, that:

	Agreed –		'Yes' means that the body:
	Yes	No*	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	✓		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.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the body to conduct its business or on its finances.	✓		has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.
4 We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year has given all persons interested the opportunity to inspect and ask questions about the body's accounts.
5 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.	✓		considered the financial and other risks it faces and has dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems.	✓		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 took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8 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.	✓		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

***Note:** Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the body will address the weaknesses identified.

Section 3 – External auditor’s certificate and opinion

Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2012 of:

MOUNTSETT CREMATORIUM JOINT COMMITTEE

Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2012; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

External auditor’s report

(Except for the matters reported below)* on the basis of our review, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the body:

(continue on a separate sheet if required)

External auditor’s signature

External auditor’s name

Date

Note: The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission’s publication entitled *Statement of Responsibilities of Auditors and of Audited Small Bodies*.

Section 4 – Annual internal audit report to

MOUNTSETT CREMATORIUM JOINT COMMITTEE

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2012.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

Internal control objective	Agreed? Please choose from one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been kept properly throughout the year.	✓		
B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.	✓		
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	✓		
H Asset and investments registers were complete and accurate and properly maintained.			N/A
I Periodic and year-end bank account reconciliations were properly carried out.	✓		
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.	✓		

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Print name of person who carried out the internal audit: **AVRIL WALLACE**

Signature of person who carried out the internal audit:  Date: **22 05 2012**

*Note: If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

Guidance notes on completing the 2012 annual return

- 1 Proper practices for preparing this annual return are found in the *Practitioners' Guides**. These publications are updated from time to time and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines if you want to talk through any problem you may encounter.
- 2 Make sure that your annual return is complete (i.e. no empty red boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are drawn to the attention of and approved by the body, properly initialled and an explanation is provided to the auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a member or the Chair, to review your annual return for completeness before sending it to the auditor.
- 4 Do not send the auditor any information not specifically asked for. Doing so is not helpful. However, you must advise the auditor of any change of Clerk, Responsible Financial Officer or Chair.
- 5 Make sure that the copy of the bank reconciliation which you send to your auditor with the annual return covers **all** your bank accounts. If your body holds any short-term investments, note their value on the bank reconciliation. The auditor must be able to agree your bank reconciliation to Box 8 on the Statement of Accounts. **You must provide an explanation for any difference between Box 7 and Box 8.** More help on bank reconciliation is available in the *Practitioners' Guides**.
- 6 **Explain fully** significant variances in the accounting statements on page 2. Do not just send in a copy of your detailed accounting records instead of this explanation. The auditor wants to know that **you** understand the reasons for all variances. Include a complete analysis to support your explanation. There are a number of examples provided in the *Practitioners' Guides** to assist you.
- 7 If the auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 8 Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2011) equals the balance brought forward in the current year (Box 1 of 2012).
- 9 **Do not complete section 3.** The external auditor will complete it at the conclusion of their audit.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All red boxes have been completed?	
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	
Section 1	Approval by the body confirmed by signature of Chair of meeting approving the accounting statements?	
	An explanation of significant variations from last year to this year is provided?	
	Bank reconciliation as at 31 March 2012 agreed to Box 8?	
	An explanation of any difference between Box 7 and Box 8 is provided?	
Section 2	For any statement to which the response is 'no', an explanation is provided?	
Section 4	All red boxes completed by internal audit and explanations provided?	

***Note:** *Governance and Accountability for Local Councils in England – A Practitioners' Guides*, is available from NALC and SLCC representatives or *Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guides*, is available from the ADA at The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL or from the NALC, SLCC or ADA websites - see page 1 for addresses.