



**Mountsett Crematorium Joint Committee  
Annual Meeting**

**Date**        **Friday 13 June 2014**  
**Time**        **9.30 am**  
**Venue**       **Mountsett Crematorium 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. Apologies for absence.
2. Declarations of Interest, if any.
3. Appointment of Chair for the Ensuing Year.
4. Appointment of Vice-Chair for the Ensuing Year.
5. Minutes of the Meeting held on 24 April 2014. (Pages 1 - 4)
6. Review of the Terms of Reference. (Pages 5 - 8)  
Report of the Clerk to the Joint Committee.
7. Annual Governance Statement 2013/14. (Pages 9 - 24)  
Joint Report of the Corporate Director, Neighbourhoods and Corporate  
Director Resources and Treasurer to the Joint Committee.
8. Revenue Outturn, Small Bodies Return and Statement of Accounts for  
the Year Ended 31 March 2014. (Pages 25 - 76)  
Joint Report of Corporate Director Neighbourhood Services and  
Corporate Director, Resources and Treasurer to the Joint Committee.
9. Quarterly Report of the Bereavement Services Manager.  
(Pages 77 - 82)
10. Forward Plan 2014/15. (Pages 83 - 88)  
Report of Corporate Director: Resources & Treasurer to the Joint  
Committee
11. 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  
5 June 2014

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

**Durham County Council:-**

Councillors: A Batey, K Dearden, C Hampson, I Jewell, O Milburn, T Nearney,  
W Stelling, O Temple (Chairman) and B Stephens

**Gateshead Council:**

Councillors K Dodds (Vice-Chairman), M Ord, M Charlton, P Ronan,  
D Davidson, P Mole and J Lee

---

**Contact: Lucy Gladders**

**Tel: 03000 269712**

---

**DURHAM COUNTY COUNCIL**

At a Meeting of **Mountsett Crematorium Joint Committee** held in Saltwell Room, Civic Suite, Gateshead Council on **Thursday 24 April 2014 at 10.00 am**

**Present:**

**Councillor O Temple (Chairman)**

**Members of the Committee:**

**Durham County Council**

Councillors A Batey, I Jewell and T Nearney

**Gateshead Council:**

Councillors K Dodds (Vice-Chairman), M Charlton, P Ronan, D Davidson and J Lee

**1 Apologies for absence.**

Apologies for absence were received on behalf of Councillors M Ord, P Mole (Gateshead Council) and Councillors C Hampson (Durham County Council).

**2 Minutes of the Meeting held on 30 January 2014.**

The Minutes of the meeting held on 30 January 2014 were confirmed as a correct record and signed by the Chairman.

**3 Declarations of Interest, if any.**

There were no declarations of interest submitted.

**4 Quarterly Performance and Operational Report.**

The Committee considered a report of the Bereavement Services Manager which provided an update relating to performance and other operational matters for the period 1 January to 31 March 2014 (for copy see file of minutes).

The Bereavement Services Manager reported that during the period 325 cremations were undertaken which was a decrease of 64 on the comparable period last year. The total number of cremations to 31 March 2014 was 1191 compared with 1404 in the previous year a decrease of 213. It was however noted that 2012/13 had been an exceptional year with a long winter and high mortality rates compared against 2013/14.

The reduction in numbers had also been seen at Durham Crematorium and figures would continue to be monitored. It was also noted that as the actual number of cremations was less than the budgeted position, this had been reflected in the budgetary control report.

Moving on the Bereavement Services Manager provided an update on sales of memorial plaques, noting an increase of 3 for the period.

With regard to operational matters updates were provided in respect of staffing, the recycling of metals scheme and the service asset management plan.

Councillor Nearney raised a query with regard to the issue raised within the report regarding the publication of a brochure and inclusion of information relating to the recycling of metals scheme, and asked why this information was not permitted to be published. In response the Bereavement Services Manager advised that Corporate Communications had advised that this information could be seen as direct advertising which was against council policy.

Further discussion and debate took place regarding this issue and it was agreed that the Corporate Communications team and Councillor B Stephens should be contacted directly on behalf of the Committee and to obtain some clarification over this issue as members felt strongly that the information should be publicised as it was considered to be good publicity.

#### **Resolved:**

That the recommendations contained in the report be approved.

#### **5 Financial Monitoring Report- Provisional Outturn as at 31 March 2014**

The Joint Committee considered 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 2013 to 31 March 2014, together with the provisional outturn position for 2013/14, highlighting areas of over / under spend against the revenue budgets at a service expenditure analysis level.

The report further set out details of the funds and reserves of the Joint Committee at 1 April 2013 and the provisional position as at the year ended 31 March 2014 (for copy see file of minutes).

The Principal Accountant went on to report that the outturn was showing a provisional year end surplus of £205,843 at the year end against a budgeted surplus of £254,526, £48,683 less than the budgeted position. Details of the significant variances by subjective analysis area were detailed within the report.

Further information was also presented in respect of capital expenditure and earmarked reserves.

In relation to the cremator reserves Councillor Dodds asked whether the reduction in income would create problems in the future for the cremator replacement scheme. In response the Principal Accountant advised that the reserves would be built up at a lower rate than previously forecasted if the trend remained the same. The joint committee were however still netting a profit at year end with surpluses being transferred to reserves therefore the reserves would continue to increase.

**Resolved:**

That the recommendations contained in the report be noted.

**6 Internal Audit Report 2013/14.**

The Joint Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager which presented the Annual Internal Audit Report for 2013/14 (for copy see file of minutes).

It was reported by the Chief Internal Auditor and Corporate Fraud Manager that a Substantial overall assurance opinion on the adequacy and effectiveness of internal control operating across the Joint Committee in 2013/14. Furthermore the opinion ranking provided assurance that there was a good system of control in operation and that there were no significant weaknesses that warranted inclusion in the 2013/14 Annual Governance Statement.

**Resolved:**

That the content of the report be noted.

**7 Response to the Internal Audit Report.**

Joint Report of the Corporate Director of Neighbourhoods and the Corporate Director of Resources / Treasurer to the Joint Committee which presented the response to the Mountsett Crematorium Joint Committee Internal Audit Report for 2013-14 (for copy see file of minutes).

The Principal Accountant advised that the Internal Audit had provided Substantial Assurance on joint committee's system of internal control with only minor weakness classified as low risk however an action plan had been put in place to fully address the issues identified in the Internal Audit Report. Further detail regarding to the two recommendations and associated actions were contained within the report.

**Resolved:**

That the content of the report be noted.

This page is intentionally left blank

**Mountsett Crematorium Joint Committee**  
**13<sup>th</sup> June 2014**



**Mountsett Crematorium, Joint Committee,**  
**Changes to Constitution/Terms of**  
**Reference**



---

**Report of the Clerk to the Joint Committee**

---

**Purpose of the Report**

1. The purpose of this report is to provide details of a review of the Mountsett Crematorium Joint Committee's Constitution, which, in accordance with the Annual Governance Statement requirements is reviewed on an annual basis.

**Background Information**

2. The Constitution of the Mountsett Crematorium Joint Committee was presented to, and approved by members on 25<sup>th</sup> April 2013.
3. Members also gave a commitment to review the Constitution on an annual basis, as part of the approval process for the Annual Governance Statement.

**Review of the Constitution**

- 5 The Constitution has been reviewed by the Clerk to the Mountsett Crematorium Joint Committee.
- 6 Members will recall that the Constitution fully reflects the constituent authority legal titles, expenditure and subsequent surplus distribution arrangements on a 60/40 basis, along with the policies regarding retained surplus transfer to reserves.
- 7 Members will again note that the constituent authority membership appointments and asset ownership remain as per the original constitution, dated 7<sup>th</sup> September 1976.
- 8 The Mountsett Crematorium Joint Committee will continue to operate within the procedure rules 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.
- 9 The review has not highlighted any requirements for change to the current Constitution, which is attached at Appendix 2 for members full consideration and therefore this report reaffirms continuation of the existing Constitution and governance arrangements set out within.

**Recommendations:**

**It is recommended that:**

10 Members of the Committee consider the outcome of the review of the Constitution of Mountsett Crematorium Joint Committee, and reapprove the Constitution as set out in Appendix 2, the review having been completed in accordance with Annual Governance Statement requirements.

**Background Papers**

**Mountsett Crematorium Joint Committee Constitution (amended 25.4.13)**

---

**Contact(s): Sarah Grigor – Clerk to the Joint Committee 03000 269 676**

---



---

## **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 originally 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 Mountsett Crematorium.

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

The constitution (revised (April 2013) has been reviewed by the Clerk to the Joint Committee, an employee of Legal Services, Durham County Council, in line with relevant legislative requirements.

This page is intentionally left blank

**Mountsett Crematorium Joint Committee**

**13 June 2014**

**2013/14 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 2013 to March 2014. 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 2013/14 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 2014.

## The Annual Governance Statement (AGS)

6 The format and structure of the AGS is prescribed in guidance contained within the Code of Practice on Local Authority Accounting 2013/14 (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 Bereavement Services Manager, 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 Audit Committee of the lead authority (Durham County Council) along with written assurances from the Bereavement Services Manager (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 by 7 July 2014.

## **Recommendations and Reasons**

10 It is recommended that:-

The Mountsett Crematorium Joint Committee examines the content of the 2013/14 Annual Governance Statement and approve it for consideration within the Statement of Accounts and Annual Return.

---

<b>Contact:</b>	<b>Paul Darby</b>	<b>Head of Finance (Financial Services)</b>	<b>03000 261930</b>
	<b>Jo McMahon</b>	<b>Principal Accountant</b>	<b>03000 261968</b>

---

---

## **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.

## Appendix 2

### 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 31 March 2014 and up to the date of approval of the Statement of Accounts and Small Bodies Annual Return.

### 3 The Governance Framework

The Governance Framework consistent with the principles of the CIPFA /SOLACE framework – Delivering Good Governance in Local Government 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 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 composition of the Committee and how appointments are made. The roles of the Chair and Vice Chair are also clearly documented. Arrangements are 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 (including the Scheme of Delegation for Senior Officers), 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
- Adopting the Register of Gifts and Hospitality in line with the lead Authority Durham County Council's policy
- 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 and Officer Codes of Conduct of the Lead Authority ensuring that expected standards of behaviour are communicated and embedded throughout the Joint Committee
- Formal/written declarations of Member Personal Interest
- Considering the requirement of the Localism Act to promote and maintain high standards of conduct, and adopting the ethical framework introduced via Durham County Council
- Adopting (via the Lead Authority), the revised Single Equality Scheme including the strengthened Equality Impact Assessment process to ensure that the impact on equality is fully considered in Joint Committees decision making processes.

### **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 Treasurer's 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 are fully explained to all visitors.

During 2013/14, the Joint Committee has engaged with Stakeholders to identify and communicate improvements to service provision and crematorium building requirements.

The Mountsett Crematorium Joint Committee revised its Service Asset Management Plan (SAMP) in October 2013 and commissioned further works as a result. The delivery of the Joint Committee's vision will be further demonstrated by:-

- Continuing to identify the property needs of the service to enable it to deliver its vision
- Continuing to assess the condition, sufficiency, suitability, accessibility and energy performance of the crematorium 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 to 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 its 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
- Reviewing the SAMP on an annual basis.
- Adopting a clearly defined Reserves Policy and Medium Term Financial Strategy
- Focus on the Strategic and Operational Risks via six monthly reports to the Joint Committee

**Measuring the quality of service for users, ensuring they are delivered in accordance with the Mountsett Crematorium Joint Committee's objectives and 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:-

- Aligning the annual budget to the Joint Committee's performance management arrangements and continuing to report under its framework of quarterly budgetary control reporting and high level objective of `Effective use of Resources`
- Financial Awareness Training undertaken by the Bereavement Services Manager and other officers whom service the Crematorium
- Undertaking Performance Management Reviews through comparative statistics with other crematoria. National comparisons via CIPFA Cemeteries and Crematoria Statistics Returns are undertaken on an annual basis
- Consideration and acknowledgement of Letters of Appreciation by the Joint Committee and also via the Direct Services Management Team within Durham County Council
- Logging and recording complaints in line with the lead authority's policy, 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.
- Adopting the lead authority's employee performance appraisal arrangements, designed around a number of key competencies. This is a key method of assessing the individual performance of officers, highlighting and addressing any areas for improvement
- The Joint Committee's overall 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
- The Service Asset Management Plan which ensures the Joint Committee make the best use of the assets available and prioritises investment in the facilities to maintain and improve the service offered to users ensuring value for money

- The application and award of the Green Flag, which recognises service quality and environmental cleanliness at Mountsett.

**Developing the capacity and capability of Members and Officers to provide effective service provision and undertake robust decision making.**

Mountsett Crematorium Joint Committee is committed to continually reviewing the development needs of members and officers. This is achieved by:-

- Adopting the Member Learning and Development Strategy; People and Organisational Development Strategy; and the Recruitment and Selection Policy of Durham County Council

During 2013/14 the following improvements (via DCC policies) have been undertaken:-

- Review of the Corporate Induction Programme
- Review and implementation of the Recruitment and Selection Policy
- Implementation of a staff records system, directly accessible by the Bereavement Services Manager through the DCC Intranet, leading to improved efficiency and shortened processing timescales
- Implementation of the revised Grievance Policy
- Implementation of the “The Durham Manager” Development Programme, which was rolled out to managers from September 2013
- ◆ Appointment of a Business Administration Apprentice to the Crematorium staffing Establishment
- ◆ Successful completion of the ICCM qualification by a member of staff with another employee enrolled to undertake the qualification during 2014/15

**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 the 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 Bereavement Services Manager 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.
- Has strategically aligned, during 2013/14 (via Durham County Council's newly formed Corporate Fraud Team), the Internal Audit and Fraud service provision to enable access to trained investigators and allow greater coverage of counter fraud work when required
- Includes a Fraud Awareness training programme undertaken by Senior Officers
- Involves regular reports by internal audit to those charged with governance, to standards defined in the CIPFA Code of Practice, and in accordance with the Accounts and Audit Regulations 2006. These include the Chief Internal Auditor and Corporate Fraud Manager'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 Standing Orders, Contract Procedure and Procurement Rules, Financial Regulations and Financial Procedure Rules of Durham County Council
- Has 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
- Includes SMART targets which are set to measure financial and other performance
- Ensures clearly defined capital expenditure guidelines are adhered to (where applicable) in line with Durham County Councils performance and governance framework to improve the financial control of the capital portfolio.
- Enables employees, contractors and suppliers providing services to the Crematorium to raise concerns regarding any potential breaches of conduct in decision making via Durham County Council's Confidential Reporting Code (Whistle Blowing Policy)
- Allows non statutory complaints to be considered in line with Durham County Council's Complaints Policy.

## **Ensure the Joint Committee's financial management arrangements conform to 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 qualified and 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
- Having a clearly articulated Medium Term Financial Plan/Reserves Strategy and Policy
- 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
- Maintaining the Service Asset Management Plan.

#### **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 Managers within the authority who have responsibility for the development and maintenance of the internal control environment. The review is also informed by comments made by the external auditors and other review agencies and inspectorates.

Mountsett Crematorium Joint Committee has the following processes in place to achieve this aim:-

- Formalised arrangements with Durham County Council for the provision of Internal Audit and Risk Management Services are established and embedded following

the consideration and approval of the Mountsett Crematorium Joint Committee Internal Audit Charter

- Internal Audit arrangements are clearly defined and articulated through a formally approved Service Level Agreement (SLA) covering the following areas:-
  - Management and Assurance
  - Advice and Guidance
  - Risk Management
  - Financial and Non - financial key systems of Internal Control.
  
- Support Services provision are clearly defined and articulated through a formally approved Service level agreement (SLA) with Durham County Council covering the following areas:-
  - Management Services
  - Financial Services
  - Administration Services (including legal, monitoring and Clerk to the committee roles)
  - Payroll Services
  - Human Resources Services.
  
- Internal Audit arrangements produce 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 Bereavement Services Manager along with action plan reports produced and approved where necessary. Full details are reported to the Joint Committee on a six monthly basis
  
- Robust year end procedures for producing financial statements and the Small Bodies Annual Return with the production of a closedown timetable including risk assessment and control, ensuring those involved in the closedown process are fully aware of the closedown requirements for 2013/14
  
- Robust 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. Whilst there is no legal requirement for the Joint Committee (as a small body) to meet the requirements of the Accounts and Audit Regulations 2011, evidence of the effectiveness of the Audit Service is presented to, and reviewed by the Audit Committee of the lead authority, Durham County Council. The assurance provided by the review is presented to, considered by and minuted by the Mountsett Crematorium Joint Committee
- Robust Service Asset Management Plan to drive investment and resource requirements to ensure crematorium facilities continue to maintain and improve service provision
- 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 an annual written agreement between the Joint Committee and the lead authority Durham County Council
- Use of Green Flag Awards to measure and recognise service/environmental excellence at the site
- Financial Awareness Training with Crematorium Management staff.



In summary, the governance framework and the system of internal control in place at Mountsett Crematorium for the year ended 31 March 2014 and up to the date of approval of the Small Bodies Annual Return and Statement of 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 Committee's System of Internal Control, highlighting only 2 very minor governance and internal control issues (categorised as low), with none of these issues warranting comment within the Annual Governance Statement.

## 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  
13 June 2014

Don McLure, CPFA  
Corporate Director of Resources and Treasurer to the Joint Committee  
13 June 2014

This page is intentionally left blank

**Mountsett Crematorium Joint Committee**

**13 June 2014**

**Revenue Outturn & Statement of Accounts  
for the Year Ended 31 March 2014**



---

**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 2014. The report also includes details of the Final outturn position against the approved budgets for 2013/14.

**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 7 July 2014. 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 certain requirements of the 2013/14 '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 Statement of Movement in Reserves
  - The Income and Expenditure Account
  - The Balance Sheet
  - The Cash Flow Statement
  - The Annual Governance Statement.

## Financial Outturn 2013/14

- 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 24 April 2014.
- 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 24 April 2014:-

Subjective Analysis	Original Base Budget 2013/14 £	Outturn 2013/14 £	Variance Over/ (Under) £	MEMO - Provisional Outturn [24.4.14] 2013/14 £
Employees	108,051	112,886	4,835	117,067
Premises	233,480	190,031	(43,449)	193,214
Transport	400	512	112	400
Supplies & Services	83,828	131,703	47,875	131,776
Agency & Contracted	10,915	6,419	(4,496)	9,020
Central Support Costs	25,300	25,300	0	25,300
<b>Gross Expenditure</b>	<b>461,974</b>	<b>466,851</b>	<b>4,877</b>	<b>476,777</b>
<b>Income</b>	<b>(716,500)</b>	<b>(683,044)</b>	<b>33,456</b>	<b>(682,620)</b>
<b>Net Income</b>	<b>(254,526)</b>	<b>(216,193)</b>	<b>38,333</b>	<b>(205,843)</b>
<b>Transfer to Reserves</b>				
- Repairs Reserve	15,000	15,158	158	15,000
- Cremator Reserve	74,636	36,145	(38,491)	25,953
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>(164,890)</b>	<b>0</b>	<b>(164,890)</b>
<b>35% Gateshead Council</b>	<b>57,712</b>	<b>57,712</b>	<b>0</b>	<b>57,712</b>
<b>65% Durham County Council</b>	<b>107,178</b>	<b>107,178</b>	<b>0</b>	<b>107,178</b>

Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2013 £	Transfers to Reserve ® £	Transfers From Reserve £	Balance @ 31 March 2014 £
Repairs Reserve	(44,400)	(15,158)	0	(59,558)
Cremator Reserve	(327,252)	(36,145)	0	(363,397)
General Reserve	214,950	0	0	(214,950)
<b>Total</b>	<b>(586,602)</b>	<b>(51,303)</b>	<b>0</b>	<b>(637,905)</b>

## ***The Outturn***

- 8 The final outturn position is broadly in line with the provisional outturn reported to the Joint Committee on 24 April 2014 with only a minor change (£10,350 increase) to 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 shows an overspend of **£4,835**. The main variances are shown below:
- The vacant Superintendent & Registrar post has resulted in a saving of (£31,607). Alternative arrangements regarding the management of the Crematorium via the Bereavement Services Manager has however resulted in additional spend to original budget of £8,144. A net saving of **(£23,463)** is therefore relative to this post.
  - The approved appointment of the additional Cremator Attendant, has resulted in a spend additional to the original budget of **£18,019**.
  - The approved appointment of the Business Administration Modern Apprentice has resulted in a spend additional to the original budget of **£2,145**.
  - A member of staff undertaking studies via the Institute of Cemetery and Crematorium Diploma Course. The cost of this training was not included in the original budget and has resulted in additional expenditure of **£1,785**.
  - Honorarium payments to the Cremator Attendant in relation to holiday cover totalling £1,706 along with additional overtime costs (to ensure cover for the current opening hours and weekend hours) of £7,293 have resulted in total enhancement payments over budget of **£8,999**.
  - The Employees insurance budget has not been fully utilised during 2013/14 resulting in a saving of **(£2,650)**.

The provisional outturn reported to the Joint Committee in April, indicated a projected overspend for employees of **£9,016**, the change in outturns being **(£4,181)** less than previously reported. The main reasons for this movement are as a result of employees insurance recharged from DCC being less than expected and a delay in the commencement of the Institute of Cemetery and Crematorium Diploma Course for one member of staff (this course will be undertaken during 2014/15)

### ***Premises***

- 9.2 The final outturn shows a **(£43,449)** under spend in relation to premises expenditure. The main variances to budget are detailed below:-

- Utility costs for gas, electricity and water are lower than those originally budgeted by **(£2,012)**.
- NNDR charges for 2013/14 were **£1,176** more than budget. This is as a result of a re-assessment and increase in the rateable value of the Crematorium undertaken during the year.
- SAMP works originally scheduled for completion during 2013/14 have been carried forward and provision made within the 2014/15 budget totalling **(29,700)**. These works include the upgrading of external handrails, the renewal of the south perimeter fence and the scheduled cremator reline.
- The BACAS booking system was purchased and installed earlier than anticipated. Completion took place during 2012/13 (following the 2013/14 budget approval) thus resulting in a saving against budget of **(£4,000)**.
- Works in the Chapel to replace units, wall tiling and water damage repairs have cost **(1,836)** less than those originally budgeted within the SAMP.
- Repairs to the Crematorium paths and roads (additional to those identified originally via the SAMP) have resulted in a **£5,036** overspend to budget.
- Tribute screens costing **£4,642** in addition to those originally budgeted within the SAMP have been purchased.
- Works undertaken as part of the SAMP have resulted in elements of the general repairs budget not being required during 2013/14. This has resulted in an under spend of **(£12,655)**.
- The Premises insurance budget has not been fully utilised during 2013/14 resulting in a saving of **(£4,100)**.

The provisional outturn indicated a projected under spend of **(£40,266)**, the change in outturns being **(£3,183)** additional underspend to that previously reported in April. The change in outturns is due to the Insurance recharge from DCC being less than anticipated.

### ***Supplies and Services***

- 9.3 The **£47,875** over spend on the supplies and services budget is mainly due to a combination of the following factors:-
- Equipment, telephones, clothing and sundry items such as subscriptions to the Institute and conference fees are collectively underspent by a net **(£4,615)**.
  - The decrease in cremations to budget (identified within the Income element of the report below) has resulted in a corresponding under spend in the medical referee costs of **(£1,106)**.

- The requirement for the BACAS licence has been introduced during 2013/14 and as a result was not included in the original budget. This has therefore resulted in an overspend of **£1,588**.
- Masterplan costs not identified in the original budget has resulted in a spend of **£3,172**.
- The correspondence subsequently received from the Cremation Abatement of Mercury Emissions Organisation (CAMEO) has identified an environmental surcharge/Tmac value of £50.52 per cremation undertaken during the period of January to December 2013. The budget assumed a charge of £25.00 per cremation (based on best known information at the time). Taking into consideration the 2013/14 actual cremation numbers, the outturn identifies an over spend of **£48,836** against this budget. In line with Accounting Policies, the outturn includes provision for payments to CAMEO covering the period January 2013 to March 2014. An element of the costs relates to 2012/13 (393 cremations - £10,029).

### ***Agency and Contracted***

9.4 The **(£4,496)** under spend in relation to Agency and Contracted services relates to the following two issues:-

- A saving of **(£3,796)** as a result of Grounds Maintenance Contract works being undertaken by the Crematorium staff.
- A saving of **(£700)** against budget in relation to the External Auditors fees charged by BDO LLP during 2013/14.

The provisional outturn indicated a projected under spend of **(£1,895)**. The change in outturns being a further underspend of **(£2,601)**. The change relates to a reduced recharge than expected from DCC for Grounds Maintenance works.

### ***Income***

9.5 A reduction in income of **£33,456** over the amount budgeted is reported at Final outturn. This reduction in income is accounted for as follows:-

- The total cremation numbers have reduced to 1,191 (including non-chargeable cremations) from those originally budgeted at 1,250. This has resulted in a reduced income of **£35,620**.
- Fees received relating to Book of Remembrance entries are greater than budgeted by **(£2,258)**.
- Miscellaneous sales, including Organ Fees and Urns, have exceeded those budgeted by **(£996)**
- **(£710)** Interest earned on surplus funds invested via Durham County Council was received during 13/14.

- Plaque sales are lower than budgeted. This has resulted resulting in a reduced income to budget of **£1,800**.

### **Earmarked Reserves**

- 10 Contributions from the Revenue surplus towards earmarked reserves are **(£38,333)** less than budgeted.

The provisional outturn reported at the April meeting, showed a transfer to reserves of £40,953. The final outturn highlights a slightly higher transfer to reserves of £51,303. In line with the Reserves Policy, £15,158 was transferred to the Repairs Reserve and £36,145 to the Cremator Reserve.

The additional transfer to the Repairs Reserve is **£158**. This additional amount represents the Interest receivable relative to the reserve.

The transfer to reserves are, however £38,333 less than budgeted as a result of the variances to various budgets detailed in the report.

The retained reserves of the Joint Committee as at 31 March 2014, is **£637,905**. This represents an in year increase of **£51,303** (approximately 9% over the balances held at 31 March 2013).

### **Recommendations and Reasons**

- 11 It is recommended that:-

- Members of the Joint Committee note the April 2013 to March 2014 Income and Expenditure within the Revenue Financial Monitoring Report and subsequent year balance of reserves.

---

**Contact: Paul Darby - 03000 261 930**  
**Joanne McMahon – 03000 261 968**

---



---

## **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 Bereavement Services Manager. The outturn has been produced taking into consideration all spend in year and year end accounting requirements. This, together with the information supplied by the Bereavement Services Manager, 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.

This page is intentionally left blank

# Small Bodies in England

## Annual return for the financial year ended 31 March 2014

---

Small relevant bodies in England with an annual turnover of £6.5 million or less must complete an annual return in accordance with proper practices 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 appointed by the Audit Commission.
- Section 4 is completed by the body's internal audit provider.

Each body must approve this annual return no later than 30 June 2014.

### **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 2014, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your external auditor by the due date.

Your external 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 2014.

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](http://www.nalc.gov.uk) or [www.slcc.co.uk](http://www.slcc.co.uk)) or from the members area of the Association of Drainage Authorities website ([www.ada.org.uk](http://www.ada.org.uk)).

# Section 1 – Accounting statements 2013/14 for:

Enter name of reporting body here:

MOUNTSETT CREMATORIUM JOINT COMMITTEE

	Year ending		Notes and guidance
	31 March 2013 £	31 March 2014 £	
1 Balances brought forward	445,783	586,602	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	738,127	683,044	Total income or receipts as recorded in the cashbook less the taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	(131,454)	(112,886)	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) All other payments	(465,854)	(518,855)	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	586,602	637,905	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	604,866	716,786	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9 Total fixed assets plus other long term investments and assets			The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the body as at 31 March
10 Total borrowings			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 2014 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 2013/14

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 2014, 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 took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of the body to conduct its business or on its finances.	✓		has only done what it has the legal power to do and has complied with proper practices in doing 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 certificate and opinion 2013/14

### Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2014 of:

ENTER REPORTING BODY NAME HERE

### 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 2014; 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 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 signature

External auditor 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 2013/14 to

ENTER REPORTING BODY NAME HERE

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 2014.

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 one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been kept properly throughout the year.	Y		
B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	Y		
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Y		
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.	Y		
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Y		
F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.		N	
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	Y		
H Asset and investments registers were complete and accurate and properly maintained.	Y		
I Periodic and year-end bank account reconciliations were properly carried out.	Y		
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.	Y		

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

*F:- No Petty Cash kept at Mountbatt Cemeterian and weaknesses were identified in the ordering process.*

Name of person who carried out the internal audit:

*TAN BRADLEY CPFA*

Signature of person who carried out the internal audit:

*Tan Bradley*

Date: *29/05/2014*

\*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 2013/14 annual return

- 1 You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guides\* which 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 external 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 external auditor.
- 4 Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must notify the external 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 external 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 external auditor must be able to agree your bank reconciliation to Box 8 on the Accounting statements. 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 external 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 external 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 2013) equals the balance brought forward in the current year (Box 1 of 2014).
- 9 Do not complete section 3. The external auditor will complete it at the conclusion of the 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 2014 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, 112 Cranes Drive, Surbiton, Surrey, KT5 8AL or from the NALC, SLCC or ADA websites - see page 1 for addresses.





# Statement of Accounts 2013/14

Mountsett Crematorium Joint Committee



# Explanatory Foreword

## Introduction and Accounting Requirement

The purpose of this foreword is to offer interested parties an easily understandable guide to the most significant matters reported in the accounts for the financial year 2013/14. It provides an explanation, in overall terms, of the purpose and content of the Joint Committee's accounts and should assist in the interpretation of the accounting statements.

The Joint Committee's accounts and financial statements for 2013/14 are set out on pages 11 - 37 of this document and provide further evidence to the Statutory Small Bodies Annual Return which is subject to independent Audit opinion.

In addition, this document includes a Report by the Treasurer, which is designed to help the reader understand in greater detail the financial standing of the Joint Committee as at 31<sup>st</sup> March 2014. It also contains a commentary on the major influences affecting the Joint Committee's income and expenditure and cash flow, and information on the financial needs and resources of the Joint Committee in 2013/14.

The Statement of Accounts summarises the Joint Committee's transactions for the 2013/14 financial year and its position at the year-end of 31<sup>st</sup> March 2014. It has been prepared in consideration of the Code of Practice on Local Authority Accounting in the United Kingdom – (the CODE).

**The main purpose of the Financial Statements that make up the Statement of Accounts, are detailed below: -**

### 1. Statement of Responsibilities for the Statement of Accounts

This statement sets out the respective responsibilities of The Joint Committee and the Treasurer for the accounts.

The Statement of Accounts is intended to present fairly the financial transactions of the Joint Committee during the year ended 31<sup>st</sup> March 2014 (the 2013/14 financial year).

Page 5 summarises the responsibilities of the Joint Committee and the Treasurer, relating to the making of proper arrangements for the administration of the financial affairs of the Joint Committee and the keeping of accounting records.

The Statement of Accounts in respect of 2013/14 have been prepared considering the professional guidance given in the Code of Practice on Local Authority Accounting 2013/14, together with other legal requirements as contained in various Acts of Parliament, including the Accounts and Audit Regulations 2011.

The Certification of the Accounts by the Treasurer is shown on Page 6.

### 2. Report of the Treasurer – Overview of Financial Performance

This report outlines the main financial results for the year ended 31<sup>st</sup> March 2014. They summarise the income and expenditure incurred by the Joint Committee and highlight any change to the financial position that occurred during the year.

The Report of the Treasurer is shown on Pages 7-10.

### **3. Statement of Accounting Policies, Changes in Accounting Estimates and Errors**

Accounting Policies are the specific principles, bases, rules and practices applied by the Joint Committee in preparing and presenting its financial statements.

A change in accounting estimate is an adjustment of the carrying amount of an asset (or liability), or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected benefits and obligations associated with assets and liabilities. Changes in accounting estimates result from a change in the circumstances on which the estimate was based or as a result of new information.

The purpose of the statement is to explain 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 the Joint Committee'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 that have been used in applying those policies, are explained.

Note 1 to the Statement of Accounts explains the Accounting Policies adopted in preparing the Joint Committee's Statement of Accounts.

## **The Core Financial Statements**

### **4. Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' and 'unusable reserves'.

The Movement in Reserves Statement is shown on Page 11.

### **5. Comprehensive 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 all the functions for which the Joint Committee is responsible, and demonstrates how that cost has been financed.

The Comprehensive Income and Expenditure Account has been compiled in accordance with the Service Reporting Accounting Code of Practice.

The Comprehensive Income and Expenditure Account is shown on Page 12.

### **6. Balance Sheet**

The balance sheet is fundamental to the understanding of the Joint Committee's financial position at the year-end. It shows its balances and reserves, and any applicable long-term indebtedness, the assets employed in its operations, together with summarised information on any long term assets held.

There are no Items of Long Term Assets held by the Joint Committee.

The Balance Sheet is shown on Page 13

## **7. Cash Flow Statement**

This consolidated statement summarises the changes in cash and cash equivalents arising from transactions with third parties for operating, investing and financing purposes. Cash is defined for the purpose of this statement, as cash in hand and deposits repayable without penalty on notice of not more than 24 hours less overdrafts repayable on demand. Cash equivalents are investments that mature within 3 months or less from the date of acquisition and are held for the purposes of liquidity rather than investments.

Page 14 summarises the inflows and outflows of cash arising from operating, investing and financing activities (where applicable) with third parties.

## **8. Notes to the Core Financial Statements**

The notes to the core financial statements are required to be presented together after the core financial statements mentioned above. The notes are shown on pages 15 - 27.

## **Supplementary Financial Statements**

### **9. Annual Governance Statement**

The preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2011 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.

Pages 28 – 37 show the Annual Governance Statement relating to the financial year 1<sup>st</sup> April 2013 to the 31<sup>st</sup> March 2014.

### **Declaration of those charged with Governance**

This is shown on Page 37.

# The Statement of Responsibilities for the Statement of Accounts

## The Joint Committee's Responsibilities

The Joint Committee is required to:

- ◆ Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. For this purpose that officer is the Treasurer to the Joint Committee
- ◆ Manage its affairs to secure economic, efficiency and effective use of resources and safeguards its assets
- ◆ Approve the Statement of Accounts.

The Members of the Mountsett Crematorium Joint Committee are:-



Councillor A Batey  
Councillor K Dearden  
Councillor C Hampson  
Councillor I Jewell  
Councillor O Milburn  
Councillor T Nearney  
Councillor W Stelling  
Councillor O Temple  
Councillor B Stephens



Councillor K Dodds  
Councillor M Charlton  
Councillor B Davidson  
Councillor J Lee  
Councillor P Mole  
Councillor M Ord  
Councillor P Ronan

## The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LAASAC Code of Practice on Local Authority Accounting in the United Kingdom (the CODE).

In preparing this Statement of Accounts, the Treasurer has:-

- ◆ Selected suitable accounting policies and then applied them consistently
- ◆ Made judgements and estimates that were reasonable and prudent
- ◆ Complied with elements of Code of Practice on LA Accounting in the UK.

The Treasurer has also:

- ◆ Kept proper accounting records which were up to date
- ◆ Taken reasonable steps for the prevention and detection of fraud and other irregularities.

## **Certificate of The Treasurer**

I certify that the Statement of Accounts presents fairly the financial position of the Mountsett Crematorium Joint Committee as at 31<sup>st</sup> March 2014 and its income and expenditure for the year ended 31<sup>st</sup> March 2014.

<b>Signed</b>	<b>Date</b>
	13 June 2014
<b>Don McLure C.P.F.A.</b> <b>Corporate Director: Resources and Treasurer to the Joint Committee</b>	

# 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, that are fully explained to all visitors.

## Overview of Financial Performance in 2013/2014

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 31<sup>st</sup> March, 2014. 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 2013/14 budget anticipated that the Joint Committee would achieve a surplus prior to the distribution of surpluses to the Constituent partner authorities of £254,526. This was based on an estimated 1,250 cremations during the year resulting in a net budgeted contribution to reserves of £89,636 along with a £164,890 distribution of surplus to the constituent partner authorities.

During 2013/14 the number of cremations carried out was 1,191, a decrease of 59 from the estimated figure.

## Surplus Distribution

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

Durham CC	65%
Gateshead MBC	35%

The table overleaf summarises the budget and actual income and expenditure for 2013/14. Variations are shown alongside.

Subjective Analysis	Original Base Budget 2013/14	Outturn 2013/14	Variance Over/ (Under)
	£	£	£
Employees	108,051	112,886	4,835
Premises	233,480	190,031	(43,449)
Transport	400	512	112
Supplies & Services	83,828	131,703	47,875
Agency & Contracted	10,915	6,419	(4,496)
Central Support Costs	25,300	25,300	0
<b>Gross Expenditure</b>	<b>461,974</b>	<b>466,851</b>	<b>4,877</b>
<b>Income</b>	<b>(716,500)</b>	<b>(683,044)</b>	<b>33,456</b>
<b>Net Income</b>	<b>(254,526)</b>	<b>(216,193)</b>	<b>38,333</b>
<b>Transfer to Reserves</b>			
- Repairs Reserve	15,000	15,158	158
- Cremator Reserve	74,636	36,145	(38,491)
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>(164,890)</b>	<b>0</b>
<b>35% Gateshead Council</b>	<b>57,712</b>	<b>57,712</b>	<b>0</b>
<b>65% Durham County Council</b>	<b>107,178</b>	<b>107,178</b>	<b>0</b>

The table above shows an increase in gross expenditure of **£4,877** and a decrease in income of **£33,456**. The main reasons for these variances are as follows:

	£
<b>Gross Expenditure</b>	
Employee related costs overspend	4,835
Crematorium Non Domestic Rates overspend	1,176
SAMP works not required in 2013/14	(7,212)
SAMP works carried forward to 2014/15	(29,700)
Utility Costs under budget	(2,012)
BACAS booking system purchased in previous year	(4,000)
Medical Referees Fees under budget	(1,106)
Mercury Abatement payment to CAMEO in excess of provision	48,836
Grounds Maintenance contract under budget	(3,796)
Audit Fees under budget	(700)
Masterplan costs (plaques, vases etc) over budget	3,172
Equipment, stationery, postages under budget	(4,616)
	<u>4,877</u>
<b>Income</b>	
Reduced number of Cremations undertaken during the year	35,621
Increased Book of Remembrance entries	(2,258)
Reduced Plaque sales	1,800
Increase in Miscellaneous income	(997)
Interest on investments	(710)
	<u>33,456</u>



## Capital Expenditure and financing by Mountsett Crematorium Joint Committee

The Mountsett Crematorium has a de minimus level for the capitalisation of assets. This level is set at £10,000.

No Capital Expenditure was incurred during 2013/14.

### Long Term Asset Acquisitions and Disposals

Long Term Property, Plant and Equipment (Land, Buildings and fixtures and fittings) are owned by the Constituent Authorities in accordance with Mountsett Crematorium Joint Committee Constitution (dated 25 April 2013) in the following percentages:

Durham CC	60%
Gateshead MBC	40%

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

### Mountsett Crematorium Joint Committee Reserves as at 31<sup>st</sup> March 2014

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 Comprehensive Income and Expenditure Account. The reserve is then appropriated back into the Movement in Reserves Statement so that there is no net charge.

During the year the Mountsett Crematorium Committee adopted a revised Policy on Reserves. The Policy of the Committee is as follows:-

- 1 To set aside sufficient sums in Earmarked reserves (Cremator and Repairs reserves) as is considered prudent for the anticipated known areas of future expenditure. As a minimum, the strategy of the Joint Committee should be to increase the value of the Cremator earmarked reserve to circa £1m in the medium term to cover future liabilities.
- 2 Create and maintain a General Reserve of at least 30% of the Joint Committee's Income budget. (This is based on a risk assessment identifying Income as the highest financial risk element to the Joint Committee).

The 2013/14 revenue budget approved by members at the January meeting incorporated an Income budget of £716,500. In line with the reserve policy this would represent a General Reserve requirement of balance of £214,950 at 31/03/14.

In addition to the General Reserve the Joint Committee holds the following Reserves:

- Cremator Reserve
- Repairs Reserve

These reserves are held by the Joint Committee to fund major works to the Crematorium buildings, grounds and equipment.

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

<b>Reserve</b>	<b>Balance at 1.4.13 £</b>	<b>Contribution to Reserves £</b>	<b>Use of reserve / Transfer between reserves £</b>	<b>Balance at 31.3.14 £</b>
General Reserve	214,950	0	0	214,950
Repairs Reserve	44,400	15,158	0	59,558
Cremator Reserve	327,252	36,145	0	363,397
<b>TOTAL</b>	<b>586,602</b>	<b>51,303</b>	<b>0</b>	<b>637,905</b>

### **Significant Changes in Accounting Policies**

There have been no significant changes to existing Accounting Policies however additional Accounting Policies have been included during 2013/14.

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' and other reserves. The surplus or deficit on the Provision of Service line shows the true economic cost of providing the Crematorium Service, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the amounts required to be charged to the General Reserve.

The net increase/decrease before transfers to the earmarked reserves line shows the statutory general reserve balance before any discretionary transfers to or from earmarked reserves undertaken by the Joint Committee.

### For the Year ended 31<sup>st</sup> March 2014

	General Reserve Balance £000	Earmarked Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31<sup>st</sup> March 2013 carried forward</b>	<b>215</b>	<b>372</b>	<b>587</b>	<b>0</b>	<b>587</b>
<i>Movement in reserves during 2013-14</i>					
Surplus or Deficit on provision of service	216	0	<b>216</b>	0	<b>216</b>
Other Comprehensive Income & Expenditure	(165)	0	<b>(165)</b>	0	<b>(165)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>51</b>	<b>0</b>	<b>51</b>	<b>0</b>	<b>51</b>
Adjustments between accounting basis & funding basis under regulations (Note 7)	0	0	<b>0</b>	0	<b>0</b>
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>51</b>	<b>0</b>	<b>51</b>	<b>0</b>	<b>51</b>
Transfers to/from Earmarked Reserves (Note 9)	(51)	51	<b>0</b>	0	<b>0</b>
<b>Increase/ Decrease in Year</b>					
<b>Balance at 31<sup>st</sup> March 2014 Carried Forward</b>	<b>215</b>	<b>423</b>	<b>638</b>	<b>0</b>	<b>638</b>

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing Crematorium services in accordance with generally accepted accounting practice.

It 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 non-current assets actually consumed.

2012 - 2013				2013 - 2014		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
432	(737)	(305)	Crematorium and Associated Services	467	(682)	(215)
0	0	0	Other Corporate Costs			
432	(737)	(305)	Cost of Services	467	(682)	(215)
0	0	0	Other Operating Income/ Expenditure			
0	0	0	Crematorium revaluation			
0	(1)	(1)	Financing and Investment Income and Expenditure		(1)	(1)
432	(738)	(306)	Surplus / Deficit on the Provision of Service	467	(683)	(216)
		165	Distribution to Constituent Authorities			165
		165	Other Comprehensive Income and expenditure			165
		<b>(141)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(51)</b>

## Balance Sheet as at 31<sup>st</sup> March 2014

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first are usable reserves, i.e. those reserves that the Joint Committee may use in the provision of the crematorium services (subject to the need to maintain a prudent level of reserves and any statutory limitations to their use). The second are those which the Joint Committee are not able to use to provide Crematorium services.

The Joint Committee does not hold any Unusable Reserves.

31 <sup>st</sup> March 2013 £000		Notes	31 <sup>st</sup> March 2014 £000
0	Property, Plant & Equipment		0
0	Intangible Assets		0
0	Long Term Investments		0
0	Long Term Debtors		0
0	<b>Long Term Assets</b>		0
200	Short Term Investments		200
0	Inventories		0
5	Short Term Debtors		6
405	Cash & Cash Equivalents		517
610	<b>Current Assets</b>		723
0	Short Term Borrowing		0
(23)	Short Term Creditors		(85)
0	Provisions		0
(23)	<b>Current Liabilities</b>		(85)
0	Long Term Creditors		0
0	Provisions		0
0	Long Term Borrowing		0
0	Other Long Term Liabilities		0
0	<b>Long Term Liabilities</b>		0
587	<b>Net Assets</b>		638
587	Usable Reserves		638
0	Unusable Reserves		0
587	<b>Total Reserves</b>		638

## The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during 2013/14. The statement shows how the Joint Committee generates and uses its cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of the net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of income from the recipients of the Crematorium service. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Committees future service delivery. Cash flows arising from financing activities, (where applicable) are useful in predicting claims on future cash flows.

Year Ended 31 <sup>st</sup> March 2013 £000		Year Ended 31 <sup>st</sup> March 2014 £000	Notes
	<b>Operating Activities</b>		
(782)	Sale of goods and rendering of services	(681)	
0	Interest Received	0	
0	Other operating cash receipts	0	
<b>(782)</b>	<b>Cash Inflows generated from Operating Activities</b>	<b>(681)</b>	
131	Cash paid to and on behalf of employees	113	
323	Cash paid to suppliers of goods and services	292	
165	Other payments for operating activities	165	
<b>619</b>	<b>Cash Outflows from Operating Activities</b>	<b>570</b>	
<b>(163)</b>	<b>Net Cash flow from Operating Activities</b>	<b>(111)</b>	
	<b>Investing Activities</b>		
0	Purchase of property, plant and equipment, investment property and intangible fixed assets	0	
(1)	Purchase of short term ( not considered to be cash equivalents) and long term investments	(1)	
	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		
<b>(1)</b>	<b>Net Cash flow from Investing Activities</b>	<b>(1)</b>	
	<b>Financing Activities</b>		
0	Cash receipts	0	
0	Other receipts from financing	0	
0	Other payments for financing	0	
<b>(164)</b>	<b>Net cash flow from Financing Activities</b>	<b>(112)</b>	
	<b>Net (increase) / decrease in cash</b>		

# Notes to the Core Financial Statements

## 1. Accounting Principles

### 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 2013-2014 have also been considered in preparing the 2013-2014 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.

### Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions (in accordance with Durham County Council's Local Code of Treasury Management) repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 3 months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Joint Committee's cash management.

### Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Joint Committee's financial performance.

### Prior Period Adjustments / Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions,

other events and conditions on the Joint Committee's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## **Employee Benefits**

### **Benefits payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for service in the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Service provision, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### **Events after the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when an entity becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Under its constitution deed, the Crematorium Joint Committee is not permitted to borrow money from any source other than Durham County Council



Gains and losses on the re-purchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and expenditure in the Comprehensive Income and Expenditure Statement in the year of repurchase/ resettlement

## **Financial Assets**

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

The Financial Assets shown in the balance sheet represent surplus cash balances loaned to Durham County Council and fall under the Financial Instruments classification of loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

## **Loans and Receivables**

Loans and receivables are recognised on the Balance Sheet when an entity becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. The loan made to Durham County Council by the Crematorium Joint Committee means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## **Inventories and Long term Contracts**

Inventories where applicable are valued and included in the Balance Sheet at current market value. This is a departure from the requirements of the Code of IAS2, which requires stocks to be shown at actual costs or net realisable value, if lower. The effect of this different treatment has not been quantified, but the opinion is held that because of the low levels of stocks held, any difference in value would be immaterial

## **Overhead and Support Services**

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 Service Reporting Code of Practice 2013/14 (2013). 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 individual Support Service

and Audit SLAs, details of which is shown within the Report of the Treasurer under Central Support costs.

### **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Crematorium Joint Committee and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

During 2009/10, investigations highlighted that Property, Plant and Equipment are owned by the Constituent Authorities in accordance with Mountsett Crematorium Joint Committee Constitution (dated 7 September 1976, revised January 2013) in the following percentages:

Durham CC	60%
Gateshead Council	40%

As a result there are no items of Property, Plant and Equipment recorded within the Mountsett Crematorium Joint Committee's Balance Sheet.

### **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 Comprehensive Income and Expenditure Account in the year.

### **Provisions**

Provisions are made where an event has taken place that gives the Crematorium Joint Committee a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate line in the Comprehensive Income and Expenditure Statement in the year that the Crematorium Joint Committee becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the Crematorium Joint Committee settles the obligation.

## Contingent Liability

A contingent liability arises where an event has taken place that gives the Crematorium Joint Committee a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Crematorium Joint Committee. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

## Contingent Asset

A contingent asset arises where an event has taken place that gives the Crematorium Joint Committee a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Crematorium Joint Committee.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## Reserves

During the year the Mountsett Crematorium Committee adopted a revised Policy on Reserves. The Policy of the Committee is as follows:-

- To set aside sufficient sums in Earmarked reserves (Cremator and Repairs reserves) as is considered prudent for the anticipated known areas of future expenditure. As a minimum, the strategy of the Joint Committee should be to increase the value of the Cremator earmarked reserve to circa £1m in the medium term to cover future liabilities.
- Create and maintain a General Reserve of at least 30% of the Joint Committee's Income budget. (This is based on a risk assessment identifying Income as the highest financial risk element to the Joint Committee).

The 2013/14 revenue budget approved by members at the January meeting incorporated an Income budget of £716,500. In line with the reserve policy this would represent a General Reserve requirement of balance of £214,950 at 31/03/14.

In addition to the General Reserve, the following earmarked reserves are held by the committee:

### Cremator Reserve

The Cremator Reserve was established in order to fund Cremator replacement requirements at the Crematorium.

The annual crematorium budget includes a fixed transfer to the reserve however the policy of the Crematorium Joint Committee is to transfer any additional surplus (over and above the fixed distributable amount to the Constituent Authorities) to the Cremator Reserve at the end of the financial year.

Additional surplus transfers will continue into the Cremator Reserve, until its balance totals circa £1.0m, following which the Joint Committee will undertake a further review of its policy.

## Repairs Reserve

The Repairs Reserve was established in order to fund major works on the Crematorium Building and grounds.

The annual Crematorium budget includes a fixed transfer to the reserve.

### **2. Accounting Standards that have been issued but not yet been adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the CODE) has introduced several changes in accounting policies which will be required in future year. There are no changes that are deemed relevant to the Joint Committee or considered to have any significant impact on the Statement of Accounts.

### **3 Critical Judgement in Applying Accounting Policies**

In applying the Accounting Policies set out in Note 1, the Crematorium Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Due to the nature of the Crematorium business and its robust risk management processes, there are no judgements deemed to be critical within the 2013/14 Statement of Accounts.

### **4 Assumptions made about the future and other major sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There are no items within the Mountsett Crematorium Joint Committee's Balance Sheet at 31<sup>st</sup> March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year.

### **5 Material Items of Income and Expenses**

There are no material items of Income and expense not disclosed on the face of the Comprehensive Income and expenditure Account.

### **6 Events after the Balance Sheet Date**

The Statement of Accounts were authorised for issue by the Treasurer on **13 June 2014**.

There were no events arising after the Balance Sheet date and up to the approval date that materially affected the amounts included or the fair presentation of the financial statements.

## 7. Financial Instruments

### Categories of Financial Instruments

The following category of financial instrument is carried in the Balance Sheet:

Year Ended 31 <sup>st</sup> March 2013 £000			Year Ended 31 <sup>st</sup> March 2014 £000	
Long Term £000	Current £000		Long Term £000	Current £000
0	201	<b>Investments:</b> Loans and Receivables	0	201
<b>0</b>	<b>201</b>	<b>Total Investments</b>	<b>0</b>	<b>201</b>

## 4. Fair Values of Assets and Liabilities

Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Valuations use the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms. This is a widely accepted valuation technique commonly used by the private sector.

Under the constitution deed, the Crematorium Joint Committee is not permitted to borrow money from any source other than Durham County Council.

No borrowing has been undertaken by the Crematorium Joint Committee during the 2013/14 year.

The investments shown in the balance sheet represent surplus cash balances loaned to Durham County Council, which are repayable on demand, plus accrued interest. Due to the short term nature of the loan, interest due is calculated at the average current account rate. As this investment is pooled within Durham County Council's investment portfolio a higher rate is achievable than that available in the market. The interest income on Loans and Receivables included above is £710 (£794: 2012/13).

The fair values calculated are as follows:-

Year Ended 31 <sup>st</sup> March 2013 £000			Year Ended 31 <sup>st</sup> March 2014 £000	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
201	201	Loans and Receivables	201	201

*There is no difference between the carrying value of this loan and receivable and its fair value.-*

## 5. Inventories

The Joint Committee holds a small inventory of urns. The value however is negligible and is therefore not classified on the balance sheet.

## 6. Debtors

Year Ended 31 <sup>st</sup> March 2013 £000		Year Ended 31 <sup>st</sup> March 2014 £000
5	Other entities and individuals	6
<b>5</b>	<b>Total</b>	<b>6</b>

## 7. Cash and Cash Equivalents

Year Ended 31 <sup>st</sup> March 2013 £000		Year Ended 31 <sup>st</sup> March 2014 £000
405	Cash at Bank	517
0	Bank overdraft	0
<b>405</b>	<b>Total</b>	<b>517</b>

## 8. Creditors

Year Ended 31 <sup>st</sup> March 2013 £000		Year Ended 31 <sup>st</sup> March 2014 £000
(23)	Other entities and individuals	(85)
<b>(23)</b>	<b>Total</b>	<b>(85)</b>

## 9. Usable Reserves

The movement in the Joint Committee's usable reserves are as follows:

Year Ended 31 <sup>st</sup> March 2013 £000		Year Ended 31 <sup>st</sup> March 2014 £000
215	General Reserve	215
45	Repairs Reserve	60
327	Cremator Reserve	363
<b>587</b>	<b>Total Usable Reserves</b>	<b>638</b>

## 10. Unusable Reserves

### *Revaluation Reserve and Capital Adjustment Account*

Property, Plant and Equipment utilised by the Joint Committee are owned by the Constituent Authorities, therefore unusable reserves such as the Revaluation Reserve and the Capital Adjustment Account are not held by the Joint Committee.

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. There have been no material accumulated absences during the reporting periods.

The Joint Committee holds no unusable reserves.

### 11. Cash Flow Statement – Operating Activities

The surplus on the Provision of Services has been adjusted for the following non cash movements:-

Year Ended 31 <sup>st</sup> March 2013 £000		Year Ended 31 <sup>st</sup> March 2014 £000
0	Interest received	0
0	Interest paid	0
0	Dividends Received	0
0	Depreciation	0
0	Impairment and downward valuations	0
0	Amortisation	0
0	Increase/(decrease) in impairment for bad debts	0
22	Increase in creditors	(62)
(45)	Increase in debtors	1
0	Increase/decrease in inventories	0
0	Movement in pension liability	0
0	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	0
0	Other non-cash items charged to the net surplus or deficit on the provision of services	0
<b>(23)</b>		<b>(61)</b>

The surplus on the Provision of Services has been adjusted for the following items that are investing and financing activities:

Year Ended 31 <sup>st</sup> March 2013 £000		Year Ended 31 <sup>st</sup> March 2014 £000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
1	Any other items for which the cash effects are investing or financing cash flows	1
<b>1</b>		<b>1</b>

## 12. Cash Flow Statement – Investing Activities

Year Ended 31 <sup>st</sup> March 2013 £000		Year Ended 31 <sup>st</sup> March 2014 £000
0	Purchase of property, plant and equipment, investment property and intangible assets	0
0	Purchase of short-term and long-term investments	0
0	Other payments for investing activities	0
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
1	Proceeds from short-term and long-term activities	1
<b>1</b>	<b>Net Cash flows from investing activities</b>	<b>1</b>

## 13. Agency Services

The Joint Committee does not provide any agency services and has therefore not incurred any expenditure in relation to such services during 2013/2014.

## 14. Members' Allowances

Members' allowances are paid through the two Constituent Authorities Durham County Council and Gateshead Council. There has been no members' allowances payable directly via the Joint Committee during 2013/2014.



## 15. Officers' Remuneration

### *Senior employees*

The CODE defines senior employees as those employees whose annual salary is £150,000 or more or whose annual salary is £50,000 or more and who is a:

- Statutory Chief Officer
- Head of Paid Service
- Non statutory Chief Officer (subject to certain criteria).

The post of Bereavement Services Manager does not fall into the Senior Employee classification.

### *Employee remuneration banding*

There were no employees of the Joint Committees paid more than £50,000 remuneration for the 2013/2014 financial year (excluding employer's pension contributions).

### *Exit Packages*

There were no terminations of contract or exit packages in 2013/2014.

## 16. External Audit Costs

The Joint Committee has incurred the following costs in relation to the audit of the Statement of Accounts, statutory inspections and to non-audit services provided (where applicable) by the Joint Committee's external auditors:

Year Ended 31 <sup>st</sup> March 2013 £000		Year Ended 31 <sup>st</sup> March 2014 £000
2	Fees payable to the appointed external auditors with regard to external audit services carried out	1
0	Fees payable to the appointed external auditors in respect of Statutory Inspections	0
0	Fees payable in respect of other services provided by the appointed external auditors during the year	0
<b>2</b>	<b>Total</b>	<b>1</b>

The 2013/14 figure above is made up of a £1,300 charge from the External Auditors BDO LLP in relation to the statutory Small Bodies Annual Return.

## 17. Related Parties

The Joint Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

The Joint Committee's membership and responsibilities are set out in the Statement of Responsibilities on page 5. The powers delegated to the Joint Committee by the constitution deed are restricted to those relevant to the provision and maintenance of crematoria under the Cremation Acts of 1902 and 1952. Neither Constituent Authority is considered to be the ultimate controlling party.

## Central Government

Central government has no direct control over the general operations of the Joint Committee. Although it is responsible for providing the statutory framework within which the Crematorium operates, it does not provide any direct funding.

## Members

During 2013/14 no members had interests to declare in relation to Joint Committee business.

## Officers

During 2013/14, the Treasurer or other officers had no interests to declare in relation to Joint Committee business.

### **18. Termination Benefits**

No contracts were terminated by the Joint Committee during 2013/14.

### **19. Contingent Liabilities**

There are no contingent liabilities identified in respect of the financial year 2013/2014.

### **20. Contingent Assets**

There are no contingent assets identified in respect of the financial year 2013/2014.

### **21. Nature and Extent of Risks Arising from Financial Instruments**

Whilst the Joint Committee's use of financial instruments is very limited, its activities may expose it to the following possible financial risks. (Any such exposure to risk however, is not considered material).

*Credit Risk* – the possibility that other parties might fail to pay amounts due to the Joint Committee.

*Liquidity Risk* – the possibility that the Joint Committee might not have the funds available to make payments and meet its commitments

*Market Risk* – the possibility that financial loss might arise for the Joint Committee as a result of changes in such measures as interest rates and stock market movement

#### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Joint Committee's customers. The Joint Committee has all deposits with Durham County Council. The Joint Committee does not expect any losses from non-performance by its counter party Durham County Council in relation to such deposits.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by Durham County Council.

The analysis overleaf summarises the Joint Committees potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability adjusted to reflect current market conditions.

31 <sup>st</sup> March 2013		31 <sup>st</sup> March 2014			
Estimated Maximum Exposure to Default & Uncollectability £000		Amount (A) £000	Historical Experience of Default (B) %	Historical Experience Adjusted for Market Conditions (C) %	Estimated Maximum Exposure to Default & Uncollectability (AXC) £000
201	Local Authority				201
5	Customers				4
206					205

The historical experience for default customers has been derived from actual losses occurring from 31<sup>st</sup> March 2006 to 31<sup>st</sup> March 2014.

No credit limits were exceeded during the reporting period.

Whilst debts are payable immediately, the Joint Committee generally allows customers up to 30 days for payment. There is no outstanding debt past its due date for payment.

Risk Management is carried out by Durham County Council's Treasury Management Team under policies approved by the Council in its Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. The Risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

### Liquidity Risk

The Joint Committee has a comprehensive cash flow system that seeks to ensure that cash is available as needed. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

### Market Risk

#### *Interest Rate Risk*

The Joint Committee is exposed to limited risk in terms of its exposure to interest rate movements on its investments. A rise in interest rates would have the following effects:-

Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.

Investments at fixed rates – the fair value of the assets will fall.

Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

At the balance sheet date, the Joint Committee has total liabilities of (£85k) and total current assets of £723k. The total liabilities consist of Sundry Creditors £85k (2012/13 £23k) of short term trade payables whose carrying amount is not considered to differ from their fair value.

## 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 31 March 2014 and up to the date of approval of the Statement of Accounts and Small Bodies Annual Return.

### 3 The Governance Framework

The Governance Framework consistent with the principles of the CIPFA /SOLACE framework – Delivering Good Governance in Local Government 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 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 composition of the Committee and how appointments are made. The roles of the Chair and Vice Chair are also clearly documented. Arrangements are 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 (including the Scheme of Delegation for Senior Officers), 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
- ◆ Adopting the Register of Gifts and Hospitality in line with the lead Authority Durham County Council's policy
- ◆ 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 and Officer Codes of Conduct of the Lead Authority ensuring that expected standards of behaviour are communicated and embedded throughout the Joint Committee
- ◆ Formal/written declarations of Member Personal Interest
- ◆ Considering the requirement of the Localism Act to promote and maintain high standards of conduct, and adopting the ethical framework introduced via Durham County Council
- ◆ Adopting (via the Lead Authority), the revised Single Equality Scheme including the strengthened Equality Impact Assessment process to ensure that the impact on equality is fully considered in Joint Committees decision making processes.

**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 Treasurer's 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 are fully explained to all visitors.

During 2013/14, the Joint Committee has engaged with Stakeholders to identify and communicate improvements to service provision and crematorium building requirements.

The Mountsett Crematorium Joint Committee revised its Service Asset Management Plan (SAMP) in October 2013 and commissioned further works as a result. The delivery of the Joint Committee's vision will be further demonstrated by:-

- ◆ Continuing to identify the property needs of the service to enable it to deliver its vision
- ◆ Continuing to assess the condition, sufficiency, suitability, accessibility and energy performance of the crematorium 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 to 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 its 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
- ◆ Reviewing the SAMP on an annual basis.

#### **Measuring the quality of service for users, ensuring they are delivered in accordance with the Mountsett Crematorium Joint Committee's objectives and 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:-

- ◆ Aligning the annual budget to the Joint Committee's performance management arrangements and continuing to report under its framework of quarterly budgetary control reporting and high level objective of 'Effective use of Resources'
- ◆ Financial Awareness Training undertaken by the Bereavement Services Manager and other officers whom service the Crematorium
- ◆ Undertaking Performance Management Reviews through comparative statistics with other crematoria. National comparisons via CIPFA Cemeteries and Crematoria Statistics Returns are undertaken on an annual basis

- ◆ Consideration and acknowledgement of Letters of Appreciation by the Joint Committee and also via the Direct Services Management Team within Durham County Council
- ◆ Logging and recording complaints in line with the lead authority's policy, 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.
- ◆ Adopting the lead authority's employee performance appraisal arrangements, designed around a number of key competencies. This is a key method of assessing the individual performance of officers, highlighting and addressing any areas for improvement
- ◆ The Joint Committee's overall 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
- ◆ The Service Asset Management Plan which ensures the Joint Committee make the best use of the assets available and prioritises investment in the facilities to maintain and improve the service offered to users ensuring value for money
- ◆ The application and award of the Green Flag, which recognises service quality and environmental cleanliness at Mountsett.

**Developing the capacity and capability of Members and Officers to provide effective service provision and undertake robust decision making.**

Mountsett Crematorium Joint Committee is committed to continually reviewing the development needs of members and officers. This is achieved by:-

- ◆ Adopting the Member Learning and Development Strategy; People and Organisational Development Strategy; and the Recruitment and Selection Policy of Durham County Council

During 2013/14 the following improvements (via DCC policies) have been undertaken:-

- ◆ Review of the Corporate Induction Programme
- ◆ Review and implementation of the Recruitment and Selection Policy
- ◆ Implementation of a staff records system, directly accessible by the Bereavement Services Manager through the DCC Intranet, leading to improved efficiency and shortened processing timescales
- ◆ Implementation of the revised Grievance Policy
- ◆ Implementation of the "The Durham Manager" Development Programme, which was rolled out to managers from September 2013
- ◆ Appointment of a Business Administration Apprentice to the Crematorium staffing Establishment
- ◆ Successful completion of the ICCM qualification by a member of staff with another



employee enrolled to undertake the qualification during 2014/15

**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 the 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 Bereavement Services Manager 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.
- ◆ Has strategically aligned, during 2013/14 (via Durham County Council's newly formed Corporate Fraud Team), the Internal Audit and Fraud service provision to enable access to trained investigators and allow greater coverage of counter fraud work when required
- ◆ Includes a Fraud Awareness training programme undertaken by Senior Officers
- ◆ Involves regular reports by internal audit to those charged with governance, to standards defined in the CIPFA Code of Practice, and in accordance with the Accounts and Audit Regulations 2006. These include the Chief Internal Auditor and Corporate Fraud Manager'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 Standing Orders, Contract Procedure and Procurement Rules, Financial Regulations and Financial Procedure Rules of Durham County Council
- ◆ Has 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
- ◆ Includes SMART targets which are set to measure financial and other performance
- ◆ Ensures clearly defined capital expenditure guidelines are adhered to (where applicable) in line with Durham County Councils performance and governance framework to improve the financial control of the capital portfolio.

- ◆ Enables employees, contractors and suppliers providing services to the Crematorium to raise concerns regarding any potential breaches of conduct in decision making via Durham County Council's Confidential Reporting Code (Whistle Blowing Policy)
- ◆ Allows non statutory complaints to be considered in line with Durham County Council's Complaints Policy.

**Ensure the Joint Committee's financial management arrangements conform to 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 qualified and 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
- ◆ Having a clearly articulated Medium Term Financial Plan/Reserves Strategy and Policy
- ◆ 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
- ◆ Maintaining the Service Asset Management Plan.

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 Managers within the authority who have responsibility for the development and maintenance of the internal control environment. The review is also informed by comments made by the external auditors and other review agencies and inspectorates.

Mountsett Crematorium Joint Committee has the following processes in place to achieve this aim:-

- ◆ Formalised arrangements with Durham County Council for the provision of Internal Audit and Risk Management Services are established and embedded following the consideration and approval of the Mountsett Crematorium Joint Committee Internal Audit Charter
- ◆ Internal Audit arrangements are clearly defined and articulated through a formally approved Service Level Agreement (SLA) covering the following areas:-
  - Management and Assurance
  - Advice and Guidance
  - Risk Management
  - Financial and Non - financial key systems of Internal Control.
- ◆ Support Services provision are clearly defined and articulated through a formally approved Service level agreement (SLA) with Durham County Council covering the following areas:-
  - Management Services
  - Financial Services
  - Administration Services (including legal, monitoring and Clerk to the committee roles)
  - Payroll Services
  - Human Resources Services.
- ◆ Internal Audit arrangements produce 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 Bereavement Services Manager along with action plan reports produced and approved where necessary. Full details are reported to the Joint Committee on a six monthly basis
- ◆ Robust year end procedures for producing financial statements and the Small Bodies Annual Return with the production of a closedown timetable including risk assessment and control, ensuring those involved in the closedown process are fully aware of the closedown requirements for 2013/14
- ◆ Robust 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. Whilst there is no legal requirement for the Joint Committee (as a small body) to meet the requirements of the Accounts and Audit Regulations 2011, evidence of the effectiveness of the Audit Service is presented to, and reviewed by the Audit Committee of the lead authority, Durham County Council. The assurance provided by the review is presented to, considered by and minuted by the Mountsett Crematorium Joint Committee
- ◆ Robust Service Asset Management Plan to drive investment and resource requirements to ensure crematorium facilities continue to maintain and improve service provision
- ◆ 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 an annual written agreement between the Joint Committee and the lead authority Durham County Council
- ◆ Use of Green Flag Awards to measure and recognise service/environmental excellence at the site
- ◆ Financial Awareness Training with Crematorium Management staff.

In summary, the governance framework and the system of internal control in place at Mountsett Crematorium for the year ended 31 March 2014 and up to the date of approval of the Small Bodies Annual Return and Statement of 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 Committee's System of Internal Control, highlighting only 2 very minor governance and internal control issues (categorised as low), with none of these issues warranting comment within the Annual Governance Statement.

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

13 June 2014

Don McLure, CPFA

Corporate Director of Resources and Treasurer to the Joint Committee

13 June 2014

This page is intentionally left blank

**Mountsett Crematorium Joint Committee**

13<sup>th</sup> June 2014

**Mountsett Crematorium Performance and Operational Report**



**Report of Graham Harrison, Bereavement Services Manager & Registrar**

**Purpose of the Report**

- 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 2014 to 31 May 2014**

- The table below provides details of the number of cremations for the period 1 April 2014 to 31 May 2014 inclusive, with comparative data in the same periods last year

	2013/2014	2014/2015	Change
	Period Apr - May	Period Apr-May	
APRIL	112	101	-11
MAY	103	108	+5
<b>TOTAL</b>	<b>215</b>	<b>209</b>	<b>-6</b>

Gateshead	126
Durham	58
Outside Area	25
<b>Total</b>	<b>209</b>

- In summary there were 209 cremations undertaken during 1 April 2014 to 31 May 2014, compared to 215 in the comparable period last year and a reduction of 6 in the period.
- Members will recall that cremations undertaken during the 2013/14 financial year were lower than those undertaken in the previous year (1,191 compared to 1,143 in 2012/13). The 2014/15 budget has been set to a lower number of cremations of 1150.
- A survey with the main funeral directors has been undertaken over recent months. The survey confirmed the varying number of funerals from week to week. The survey also highlighted that the Funeral Directors value the service provided by Mountsett Crematorium and that staff are very helpful when dealing with their service requirements.

6. We also continue to monitor the cremations on a weekly basis and will advise the Committee where necessary of any actions to be undertaken

## Memorials

7. The table overleaf outlines the number and value (exc. VAT) of the memorials sold in the first two months of 2014/15 compared to the same period the previous year (2013/14).

	<b>Apr – May</b>	<b>2013/2014</b>	<b>Apr – May</b>	<b>2014/2015</b>
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
<b>Large Plaques</b>	3	984.00	6	2168.80
<b>Total</b>	3	984.00	6	2168.80

8. In overall terms for the period 1st April to 31st May, the number and value of memorials sold are 6/ £2,168.80 in 2014/15, compared to 3 / £984.00 in 2013/14. This represents an increase of 3/ £1,184.80 over the comparative previous year's period.

## Institute of Cemetery and Crematorium Management ICCM Learning Convention and Exhibition 2014.

9. The Institute of Cemetery and Crematorium Management ICCM Learning Convention and Exhibition is to be held at Forest Pines Hotel, North Lincolnshire from 29<sup>th</sup> September to 1<sup>st</sup> October 2014. It is proposed that the Bereavement Services Manager and the Chair attend this conference as representatives of the Mountsett Crematorium Joint Committee.

## Operational Matters

### Staffing

10. The position of Trainee Crematorium Attendant has now been filled and they have commenced the Cremator Technician's qualification course.
11. At the last meeting members were informed of the resignation of the Business Administration Apprentice. The reserve candidate has been contacted and a start date is currently being negotiated.

### Crematorium Brochure

12. Members will recall considering the production of a Crematorium brochure to assist the bereaved with regards to service provision. Discussions have been ongoing with DCC's publicity team and they are currently producing a draft brochure.
13. It is proposed to present the draft brochure to the Chair and vice Chair of the Committee for review and sign off, with a final version brought to the next committee meeting for information.



## **Recycling of Metals Scheme**

14. The cheque for £4,412 received from the Institute of Cemetery and Crematorium Management was presented to the British Heart Foundation by the Vice Chair and the Bereavement Services Manager on 12<sup>th</sup> May 2014 (See Appendix 2).

## **Service Asset Management Plan**

15. Members will recall a number of SAMP works were carried forward from 2013/14 to be undertaken during this financial year. These works have now been completed in the main, with the painting of the fence to the book of remembrance and the replacement of boundary fence line due for completion over the summer months.

## **Recommendations and Reasons**

16. It is recommended that Members of the Mountsett Joint Committee consider and agree:-
  - The content of this report with regards to first two months performance of the crematorium.
  - The current situation with regards to the sale of Memorial Plaques.
  - To agree to the attendance of the Bereavement Services Manager and the Chair at the yearly Institute of Cemetery and Crematorium Management Conference.
  - Note the current staffing situation.
  - Note the current tranche of money and recent presentation to the British Heat Foundation from the Recycling of Metals Scheme.

---

**Contact:                   Graham Harrison, 0191 3848677**

---

---

**Appendix 1: Implications**

---

**Finance**

As identified in the report.

**Staffing**

Contained in the report

**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

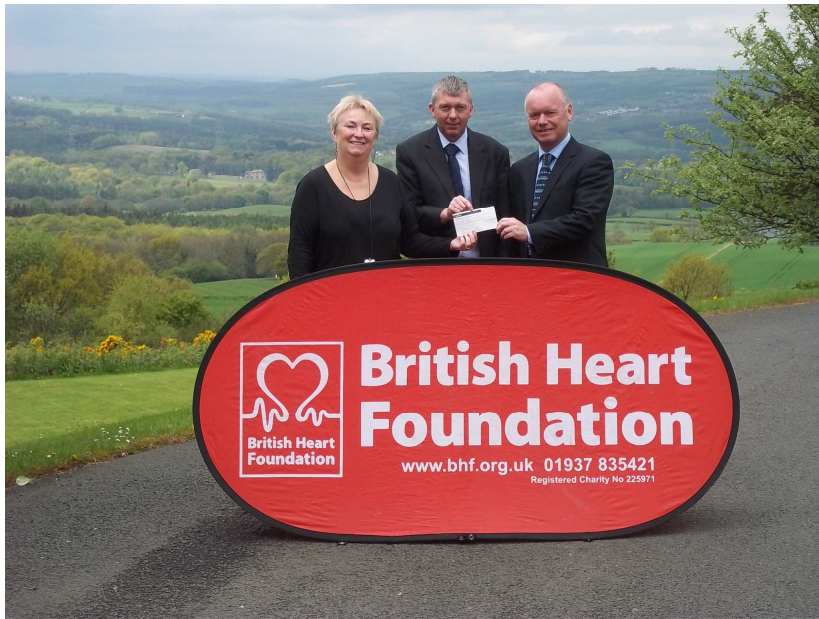
**Disability Issues**

There are no implications

**Legal Implications**

As outlined in the report

<b>Appendix 2: Cheque Presentation</b>
--



This page is intentionally left blank



**Mountsett Crematorium  
Joint Committee**

**13 June 2014**



**Forward Plan 2014 / 2015**

---

**Report of 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 forthcoming year.

**Forward Plan 2014 / 2015**

2. A proposed schedule of meetings for the remainder of 2014 / 2015, showing a forward plan of reports that will be presented, is attached at Appendix 2.

**Recommendations and Reasons**

3. That Members approve the proposed schedule of meetings as set out at Appendix 2.

**Background Papers**

- None

---

**Contact: Paul Darby, Head of Finance - Financial Services**  
**Tel: 03000 261 930 E-mail: paul.darby@durham.gov.uk**

---

---

## **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 Equality 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 Joint Committee.

### **Procurement**

There are no implications associated with this report.

### **Disability Issues**

There are no implications associated with this report.

### **Legal Implications**

There are no implications associated with this report.

**Appendix 2: Forward Plan : 2014 / 2015 Meetings**

<b>Meeting Date</b>	<b>Location</b>	<b>Reports to Consider</b>	<b>Report of</b>
3/10/2014	Committee Room 1A, County Hall  10.00AM	External Auditors Report: Matters Arising Report re the Small Bodies Annual Return and response	Report of Corporate Director of Resources + Treasurer to the Joint Committee
		Quarterly Report of the Bereavement Services Manager	Report of Corporate Director of Neighbourhood Services
		Risk Register 2014/15 - Update	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Service Asset Management Plan Update	Report of Corporate Director of Neighbourhood Services
		Financial Monitoring Report 2014/15: Spend to 31/08/14 and Projected Outturn to 31/03/15	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Financial Management System Appraisal Report – Action Plan from 2013/14 Internal Audit Report	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
30/01/2015	Gateshead 11.00AM	Quarterly Report of the Bereavement Services Manager	Report of Corporate Director of Neighbourhood Services
		Financial Monitoring Report 2014/15: Spend to 31/12/14 and Projected Outturn to 31/03/15	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Review of the Effectiveness of Internal Audit 2014/15	Report of Corporate Director of Resources + Treasurer to the Joint Committee
		Provision of Internal Audit Services – SLA 2015/16	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Provision of Support Services – SLA 2015/16	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee

<b>Meeting Date</b>	<b>Location</b>	<b>Reports to Consider</b>	<b>Report of</b>
		Fees and Charges 2015/16	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Reserves Policy 2015/16	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		2015/16 Revenue Budget Report	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
24/04/2015	Committee Room 1A, County Hall 11.00AM	Quarterly Report of the Bereavement Services Manager	Report of Corporate Director of Neighbourhood Services
		Financial Monitoring Report 2014/15: Provisional Outturn – Revenue and Capital	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Annual Internal Audit Report 2014/15	Report of Corporate Director of Resources + Treasurer to the Joint Committee
		Response to the 2014/15 Internal Audit report	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
June 2015 (AGM) Date TBC	TBC	Appointment of Chair	Report of the Clerk to the Joint Committee
		Appointment of Vice-Chair	Report of the Clerk to the Joint Committee
		Review of the Terms of Reference	Report of the Clerk to the Joint Committee
		Annual Governance Statement 2014/15	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Revenue Outturn, Small Bodies Annual Return and Statement of Accounts for the Year Ended 31/03/2015	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee



<b>Meeting Date</b>	<b>Location</b>	<b>Reports to Consider</b>	<b>Report of</b>
		Quarterly Report of the Bereavement Services Manager	Report of Corporate Director of Neighbourhood Services
		Forward Plan 2015/16	Report of Corporate Director of Resources + Treasurer to the Joint Committee

This page is intentionally left blank