

DURHAM COUNTY COUNCIL

At a Meeting of **Mountsett Crematorium Joint Committee** held in Committee Room 1B - County Hall, Durham on **Friday 30 September 2011 at 10.00 am**

Present:

Councillor O Temple (Chair)

Members of the Committee:

Durham County Council

Councillors A Bainbridge, J Nicholson and J Wilson

Gateshead Council:

Councillors M Ord and D Davidson

Apologies:

Apologies for absence were received from

Durham County Council

Councillors M Hodgson, J Hunter and O Johnson

Gateshead Council

Councillors K Dodds, P Ronan, J Hamilton, P Mole and M Wallace

1 Minutes of the Meeting held on 29th July 2011.

The minutes of the meeting held on 29 July 2011, were confirmed as a correct record, with the inclusion of members Apologies for Absence which had been omitted from the printed version.

2 Declarations of Interest, if any.

Councillor Wilson advised that although he did not have a personal or prejudicial interest on any of the items on the agenda, he did wish to make members aware that he was employed by Co-Operative Funeral Directors.

3 External Audit - Issues Arising Report for the year ended 31 March 2011 and Response.

The Committee received a report which outlined the Mountsett Crematorium Joint Committee, External Auditors (BDO LLP) Issues Arising Report for the year ended 31st March 2011 (for copy see file of minutes).

The report further detailed responses to the findings and recommendations identified within the Issues Arising Report for consideration.

The Head of Finance (Corporate Finance) advised that the Audit had not highlighted any material weaknesses around the Joint Committees system of internal control. It had, however, reiterated the recommendations proposed with the 2010/11 Annual Internal Audit Report considered by Members on 17 June 2011.

He referred to those recommendations and advised that they had been made in order to strengthen the internal control arrangements of the Joint Committee as follows:-

- *R1: Internal Auditors Recommendations:*
'The body must implement the recommendations made by the internal auditor to improve the systems of the Joint Committee as soon as possible or in any event before the end of the current year.'

The Head of Finance (Corporate Finance) advised that Members would recall that a response to the 2010/11 Annual Internal Audit Report and subsequent action plan was also considered at the 17 June 2011 meeting.

The action plan previously presented highlighted the issues raised and action taken / current position with regards to those issues / recommendations, as set out below:

- ***Adjustments should be made to ensure all Book of Remembrance Income correctly accounts for VAT.***

The error identified was as a result of the parameters within the cash receipting system being temporarily set incorrectly for this payment type. The impact of this error however was relatively minor with the VAT amounting to £386.43.

The system has been corrected immediately to ensure no further impact on the Crematoriums funds, and adjustments to correct the previous error have been undertaken and reported to the VAT officer within Durham County Council though the sums involved falls well below the threshold for voluntary disclosure.

- ***Application forms should be signed by the Funeral Director.***

The application forms are effectively an agreement by the Funeral Directors that all services requirements have been carried out in a suitable manner. The Superintendent and Registrar has now ensured that the administrative processes and procedures include the mandatory signing of such forms.

- ***Dates of when ashes are collected must be recorded on the collection form as well as the signature of the person collecting the ashes.***

Whilst Funeral Directors sign when ashes are collected, the date of collection is not always recorded. The Superintendent and Registrar has now ensured that the administrative processes and procedures include the dating of such records.

- ***Consideration should be given to the development of a Service Asset Plan.***

Substantial Improvements had been made through the opportunities afforded by the harmonisation of fees and charges in 2010/11. The Joint Committee has significantly more financial capacity to address investment requirements going forward. Feasibility studies were underway, specifically for the development of the crematorium grounds for the display of memorial plaques etc. These feasibility studies would further inform an Asset Management Plan, which would be produced in the coming year by the Superintendant and Registrar.

The Head of Finance (Corporate Services) advised that by implementing the actions identified demonstrated the commitment of the Joint Committee in ensuring that all systems of internal control were as robust as possible.

Councillor Temple advised that the report was very pleasing and it was good to see that External Audit were in agreement with those recommendations made by the Internal Audit department of Durham County Council.

Following discussion it was RESOLVED that:-

1. That the issues and recommendations identified within the External Auditors Issues Arising Report dated 17 September 2011 be noted.
2. that the actions, both implemented and required with regards to addressing the External Auditor's recommendations be noted.

4 Report of the Superintendant & Registrar

The Superintendant and Registrar presented the report which provided Members with a quarterly update relating to performance and other operational matters.

He then went on to provide details of the number of cremations undertaken during the period 1 April to 30 June inclusive, with comparative data in the same period last year.

In summary he advised that there were 295 cremations undertaken during the first quarter, compared to 273 in the comparable period last year, an increase of 22.

With regard to Quarter 2 he advised that there had been 200 cremations undertaken during the period, compared to 169 in the comparable period last year and increase of 31. Overall there has been 495 cremations in the first 5 months of 2011/12, compared to 442 in the same period last year, an increase of 12%.

The Superintendant & Registrar then proceeded to detail operational matters and up date members on developments since the previous meeting.

Members at their last meeting agreed to the principle of introducing a Pre-Payment Bond from 1 October 2011, subject to confirmation being received regarding registration requirements from the Financial Services Authority (FSA).

It was reported that full details had been provided to the FSA and discussions were ongoing, in consultation with the Councils legal team. It was noted that if registration is ultimately required, a cost of £1,500 will be payable, with the process of application taking approximately 6 months.

Given the above it was reported that the pre-payment bond scheme would now not be commencing on 1 October 2011 as earlier reported and would be delayed until the issue of FSA registration was resolved.

In response to this particular issue Councillor Wilson advised that he had not been in attendance at the last meeting, but had some major concerns about the introduction of the bond. He added that in his opinion the offer of this bond would be financially imprudent. He further added that Funeral Directors would find the scheme attractive as the risk of offering up pre-paid cremations would be taken away from them and bore by the County Council. He felt that it would be irresponsible for the Council to take on this level of risk given that crematorium charges were the only form of income to the Crematorium.

He further pointed out that changes in legislation and methods of cremation could change dramatically in the future, not to mention the inevitable increases in inflation. This in his opinion would leave the Council in a position where the full cost of the cremation would not be covered by the purchased bond, and any subsequent financial loss could not be controlled.

In response Councillor Temple reminded members that a decision had been taken at the last meeting to implement this bond, therefore the Committee were bound by that decision. He did however suggest that this should be investigated further via Legal & Democratic Services.

The Head of Finance (Corporate Finance) clarified for members a number of points on how the scheme would be operated. In response to a question from Mr J Moffett (Gateshead Council), the Head of Finance advised that a risk based assessment outlining benefits and dis-benefits could be brought to a future meeting to discuss further.

Councillor Ord asked whether this form of scheme was being used anywhere else in the Country. In response the Head of Finance advised that it was not.

As a way forward Councillor Temple suggested the following actions:

1. The issue be placed on the Agenda for the next meeting of the Joint Committee.
2. Seek Legal advice on the whether the previous decision can be revisited by the Joint Committee, and if so, within what timescale.
3. Provide a Risk based assessment on the pro's and con's of the scheme along with consequences of action, to be presented to the next meeting.
4. That a view be sought from Gateshead regarding the implementation of the scheme.

Moving on the Superintendent & Registrar advised of an International Conference for Cremation and Burial Authorities which was attended by the Superintendant & Registrar from the Central Durham Crematorium in July 2011. Notes of that meeting were attached to the papers for Members information.

Further detail was then provided regarding improving the process of Death Certification. Members were advised that the Government had for some years been looking at ways to improve the process of Death Certification and indeed a new scheme was due to come into effect on 1 April 2012.

It was reported that this date was now to be put back to April 2013 due to changes in public health arrangements. Full details of the proposed changes were included within Appendix 3 of the report, the main changes being to the paperwork required for Death Certification and that the Local Authority would need to establish a local medical examiner's service for their area.

Following discussion it was RESOLVED:

1. That the content of the report be noted with regard to current performance of the crematorium.
2. that the current situation with regards to the Pre-Payment bond be noted and appropriate action be undertaken to address the points and concerns raised.
3. that the information with regards to the International Conference be noted.
4. that the current situation and delays with regard to Death Certification changes be noted.

5 Risk Register 2011/12.

The Head of Finance (Corporate Services) presented the report which updated Members on the current position with regard to the Risk Register of the Mountsett Crematorium Joint Committee.

A risk assessment report had been presented to members at the February meeting which included a comprehensive risk register that identified all known risks of a Service and Operational nature, with all risks scored using the Durham County Council methodology approach to Risk Management. It was subsequently agreed at that meeting to regularly monitor and report on both strategic and operational risks.

In line with the previous report, two risk registers had been prepared and reviewed identifying Service and Operational risks. It was reported that following a review of these known risks, all strategic risks now had low Net Scores and there has been no changes to the scores following the review. The risks were all recorded at tolerable levels. This was also the case for Operational Risks.

It was further noted that Risk 8(Service Risks) (Adverse inspection / audit report) and Risk 15 (Lack of evidence for Employers Liability Claims) had now been closed as it was considered that these were generic management issues rather than risks to the Committee.

Risk 8 (Operational Risks) (Slips, trips and falls) had one action remaining and it was reported that the action to carry out training in risk assessments for ladder duties had been arranged but subsequently cancelled. It was noted that following a further cancellation of training the Bereavement Services Manager was looking to reschedule at the earliest opportunity.

The Head of Finance (Corporate Finance) also reported that one emerging risk to monitor was that relating to the implementation of changes brought in under the Health and Social Care Bill regarding Death Registration. It was reported that each local authority should by December 2011 have appointed someone to oversee these responsibilities. Further details would be provided to the next meeting of the Joint Committee.

In conclusion the Head of Finance (Corporate Services) advised that in order to ensure that the risk register was kept up to date, regular reviews would continue to be carried out to ensure that any new and emerging risks are identified, existing risks were removed if no longer appropriate and existing risks were reviewed taking into account current issues. It was further agreed that given the size of the Risk Register, a full copy shall be circulated annually only.

Following debate it was RESOLVED:

1. That Members of the Joint Committee note the contents of the report and the updated position.
2. The Risk Registers be kept up to date and reviewed by the Joint Committee on a half yearly basis.

6 Financial Monitoring Report 2011/12: Position at 31/08/11, with Projected Outturn at 31/03/12.

The Head of Finance (Corporate Finance) presented the report which set out details of income and expenditure in the period 1 April 2011 to 31 August 2011, together with the provisional outturn position for 2011/12, and highlighting areas of over / underspend against 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 2011 and forecast outturn position at 31 March 2012, taking into account the provisional financial outturn.

The report further detailed the provisional outturn financial performance of the Mountsett Crematorium. Variances between original budget and forecasted outturn were detailed within the report.

It was reported that the projected outturn was showing (before transfers to reserves and distribution of surpluses to the partner authorities) of £295,990 against a budgeted surplus of £245,390, £50,600 more than the budgeted position.

Variances were outlined within the report as follows:-

Employees

Probable outturn was showing an anticipated saving of £5,050 against the approved budget. These savings were as a result of the revised working patterns (including the change in working requirements during the winter months) that were implemented last year but which are not reflected in the 2011/12 base employees budget.

Premises

An underspend of £12,235 is projected in relation to Crematorium premises costs. This is a result of the following:-

- Utility costs of gas, electricity and water are anticipated to result in an underspend against budget of £6,235
- The historic £6,000 budget in relation to Water Seepage Repairs will not be required during 2011/12.

Supplies and Services

An underspend of £675 is projected in relation to Supplies and Services:-

- The collective equipment, postage, printing and stationary budgets were anticipated to underspend by £3,000
- The Wesley Music System had cost £1,450 additional to the budgeted sum as a result of maintenance costs. Additional charges to the previous year's budget were identified during the 2010/11 closedown period. It was noted that this variance was identified after the 2011/12 budget was set.
- The projected increase in cremations (identified in the Income element below) has resulted in anticipated additional medical referee costs of £875.

Agency and Contracted

As a result of the revised working practices / duties undertaken by the crematorium staff during 2010/2011, it was anticipated that an element of the Grounds Maintenance budget would not be required during this financial year. It was further reported however that an element would be retained to cover the anticipated costs in relation to Winter Maintenance and snow clearing. The outturn therefore indicated a prudent anticipated saving of £7,000.

Income

The base budget assumed a total of 1133 cremations during 2011/12. Taking into consideration the numbers to date and also previous years trends in relation to the forthcoming months, it was anticipated that a further 53 cremations (to budget) will be undertaken during the year. This resulted in an additional (£25,440) income against the base budget.

Further detail was provided regarding the development of a Memorial Garden at Mountsett Crematorium. It was reported that whilst it was anticipated that an income from the sale of memorials would materialise during the 2011/12 financial year, it had not at this point been factored into the provisional outturn.

Earmarked Reserves

Contributions from the revenue surplus towards earmarked reserves were forecast to be £50,600 additional to budget. This is as a result of the net savings and additional income identified above.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2012 were forecast to be £424,554, representing a £131,100 (45%) increase over the opening position at 1 April 2011.

In conclusion the Head of Finance (Corporate Finance) added that the budget was well under control and the outturn position presented a positive picture of the Joint Committee's finances.

Councillor Wilson added his congratulations to the team on the very satisfactory financial position. Councillor Temple reiterated these comments and added that he was pleased to note the increasingly healthy position of the Cremator Replacement Reserve.

Following discussion it was RESOLVED:

- That Members note the budget virement regarding the Premises Insurance costs.

- Members note the April to August 2011 revenue spend financial monitoring report, associated provisional outturn position and the forecasted Crematorium earmarked reserve balances at 31 March 2012.