

# Mountsett Crematorium Joint Committee

25 April 2013

## Crematorium Performance and Operational Report



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### Report of Graham Harrison, Bereavement Services Manager

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#### Purpose of the Report

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

#### Performance Update:

##### Number of Cremations: for the period 1 January 2013 to 31 March 2013

2. The table below provides details of the number of cremations for the period 1 January 2013 to 31 March 2013 inclusive, with comparative data in the same periods last year:

	2011/2012	2012/2013	Change
	QTR4 [Jan- March]	QTR4 [Jan- March]	
JAN	126	149	+23
FEB	107	117	+10
MARCH	116	123	+7
TOTAL	349	389	+40

Gateshead	124
Durham	204
Outside Area	61
<b>Total</b>	<b>389</b>

3. In summary there were 389 cremations undertaken during 1 January 2013 to 31 March 2013, compared to 349 in the comparable period last year, an increase of 40 (11%). The total number of cremations to 31 March 2013 is 1413 compared with 1258 in the previous year of 2011/12 this is an increase of 155 (12%). The 12/13 budget considered

a total of 1150 cremations, as can be seen above an additional 263 (23%) cremations (to budget) have been undertaken in year

### Memorials

4. The Table below outlines the number and value of the memorials sold in Quarter 4 2012/13 compared to the same period the previous year (2011/12).

	<b>Quarter 4</b>	<b>2011/ 2012</b>	<b>Quarter 4</b>	<b>2012/2013</b>
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
<b>Large Plaques</b>	3	984.00	7	2,296.00
<b>Total</b>	<b>3</b>	<b>984.00</b>	<b>7</b>	<b>2,296 .00</b>

5. In overall terms for the period 1 January to 31 March the number and value of memorials are 3/£984.00 in 2011/12, compared to 7/£2,296.00 in 2012/13 – an increase of £1,332 over the comparative period.

### Cremation & Burial Conference & Exhibition 2013

6. The necessary arrangements have been made for representation at the Joint Conference of the Federation of Burial & Cremation Authorities and The Cremation Society of Great Britain which is to be held at The Holiday Inn, Stratford-upon-Avon from Monday, 1 to Wednesday, 3 July 2013.

### Operational Matters

#### Staffing

7. As Members may recollect from the meeting held on 31 January 2013, The Bereavement Services Manager has been considering options regarding the replacement for the Superintendent & Registrar.
8. Following the January meeting however, the Superintendent & Registrar at the Central Durham Crematorium has advised of his resignation from the authority with effect from 31 May 2013.
9. Options have been considered with the Chair and Vice Chairs of the two Committees regarding the replacement for the Superintendent and Registrar.

For Members' information, the following options were considered:

- i. Joint Management Arrangements over the two Crematorium.
- ii. Support via an SLA with DCC Bereavement Services.
- iii. Replacement for the Superintendent and Registrar.

10. Following discussions, it is proposed that a replacement for the Superintendent & Registrar be sought.
11. In addition, it is proposed that an additional Cremator Attendant be appointed to ensure the efficient and effective running of the Crematorium. Members should note that an additional Employee budget of £20,400 will be required to fund this post, however as members will recall from the January meeting, the original budget incorporated an element of prudence within the Income budget and as such is it now proposed to increase the Income budget by the corresponding amount in order to ensure a balanced budget.

### **Business Administration Apprenticeship**

12. Consideration has been given (to further ensure business continuity in the longer term) to the employment of a Business Administration Apprentice. The table below identifies the costs (including NI and Pension Contributions based on a level 2 entry) to the Joint Committee of employing a Business Apprentice on a two year fixed term contract. Full details of the scheme are attached within the Briefing Note provided by DCC Organisational Design and Development Team Leader – Joanna Coppillie at Appendix 3.

<b>Age</b>	<b>Year 1 £</b>	<b>Year 2 £</b>	<b>Total £</b>
16-18	6,469	7,057	13,526
19-20	6,469	10,989	17,458
21+	6,469	13,865	20,334

13. Members should note that these amounts are not reflected in the budgets presented at the January meeting and if members approve the apprenticeship, that a revised budget be presented to Committee at a later date.

### **Mountsett Crematorium Pre-Payment Cremation Bond**

14. The D.C.C. Solicitor submitted the application for registration with the FSA on 1 August 2012. In December 2012 confirmation was received by the FSA of the acceptance of the application. The FSA has since however, highlighted possible implications to the ongoing activities of Durham County Council with regards to regulated service provision exemptions.
15. In order to ensure that the full legal status/implications have been considered prior to implementing a pre payment bond scheme further advice has been sought (via Durham Crematorium Joint Committee) by Financial Services Regulatory Consultants - Bovill. A copy of the preliminary advice report is attached at Appendix 2.
16. Bovill advise that the Council's application be withdrawn due to unknown wider implications and potential threats to Durham County Councils regulated activities (resulting in loss of exemptions).

17. As members will see within Appendix 2, Bovill have considered the possibility of argument for such bonds being classified as contracts of Insurance. They have advised, however that it would not be practicable for Durham County Council to be authorised as an insurer rather (should this be an avenue for further consideration), and that arrangements for the performance of the contracts be put in place for the bonds to be underwritten by an authorised insurer.
18. Whilst the scheme would be very popular with Funeral Directors, in consideration of the advice received and given the lengthy and potentially costly processes required to undertake a tender exercise to invite/appoint insurance providers, the bond scheme potentially has more negative than positive effects to the Joint Committee. As such the continuation of the scheme must be brought into question

### **Recycling of Metals Scheme**

19. At the meeting held on 31 January 2013, the Committee agreed to nominate St Oswald's Hospice, Gosforth as recipient.
20. I am pleased to inform the Committee that a cheque was received from the Institute of Cemetery and Crematorium Management to the sum of £4,333 for St Oswald's Hospice, Gosforth.
21. Arrangements are currently being made for the cheque to be presented to St Oswald's Hospice, Gosforth.

### **Introduction of a Coffin Footplate**

22. Earlier this year there was an incident at a local Crematorium which resulted in a coffin being cremated in error. This incident obviously caused major distress to the families involved and in order to ensure no such error could occur within Mountsett Crematorium consideration has been given to ways of improving the coffin identity process.
23. It is proposed that all coffins which are brought to Mountsett Crematorium for Cremation have a nameplate placed at the foot of the coffin. This footplate would be easily visible by not only Funeral Directors employees but by Clergy/Funeral Officiates and by Crematorium Staff.
24. Members should be fully aware that the risk of any such error at Mountsett Crematorium is extremely low as all coffins at Mountsett are checked to ensure that the nameplate agrees with the requisite paperwork and the Cremator operators signs his operation sheet to indicate that the check has taken place.

25. To ensure that any risk of an incorrect coffin being brought to the Crematorium is avoided, a slight change in operational processes (which would add only a very small cost to Funeral Directors in the form of the small plaque) will be required.

### **Service Asset Management Plan Update**

26. Members will recall an update regarding the SAMP works scheduled for completion during 2012/13 financial year.

27. A number of these works have now been completed, namely:

- The installation of the BACAS computer software system
- Assess means of escape strategy.

There are however, works which have not been fully completed (80% completion) during the year:

- Provide accessible WC for public that can be accessed internally
- Upgrade existing ambulant WC's with contrasting grab rails.

These works are scheduled to be fully completed by 30 April 2013.

### **Recommendations and Reasons**

28. It is recommended that Members of the Mountsett Joint Committee consider and agree:
- The content of this report with regards to current performance of the crematorium
  - The current situation with regards to the sale of Memorial Plaques
  - Note the current situation with regards to the staffing situation and proceed with the appointment of the Superintendent & Registrar and additional Crematorium Attendant
  - Note the current situation with regards to the Apprenticeship scheme.
  - Note the current situation with regards to the Pre-Payment bond and consider whether the Joint Committee wish to pursue any further actions.
  - Note the current tranche of money from the Recycling of Metals Scheme
  - Note the recommendation to Funeral Directors regarding the implementation of a coffin footplate

- Note the works currently underway with regards to The Service Asset Management Plan.

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**Contact:           Graham Harrison - 03000 265 606**

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## **Appendix 1: Implications**

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### **Finance**

As identified in the report.

### **Staffing**

As identified within the report.

### **Risk**

The Superintendent & Registrar vacancy at Mountsett Crematorium identifies a possible risk regarding the Business continuity of the Crematorium service. Proposals presented to Joint Committee members should mitigate any risk and ensure the efficient and effective operations going forward.

### **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.

## Appendix 2: Pre-paid Cremation Bonds – FSA Authorisation



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Sarah Grigor  
Litigation Solicitor  
Durham County Council  
By email  
21 February 2013

Dear Sarah  
**Pre-paid cremation bonds – FSA authorisation**

You have asked Bovill to advise you on a number of questions raised by the FSA in connection with an application for authorisation submitted by Durham County Council in connection with the proposed sale by the Council's crematoria of "pre-paid cremation bonds". The background was set out in the instructions attached to your email of 13 February 2013. This letter sets out the main issues and our views based on the information provided in your instructions. We would need more information about the detail to advise more fully on specific points.

I hope however there is enough here to explain why we believe that the present application to the FSA in the name of the Council should be withdrawn, and to assist you consider the next steps. The key question is whether the issue and sale of the "bonds" would amount to a regulated activity within the meaning of the Financial Services and Markets Act 2000 (FSMA) for which the Council might require to be authorised by the FSA. This is a question of law which ultimately can be decided only by the courts. As you know, Bovill is not a law firm and we are unable to provide you with legal advice, but we are able to give you our views as specialist regulatory consultants with some experience in this area.

### **Regulated activities**

In principle there are several regulated activities that might arise in connection with the proposed bonds. Whether authorisation would be required depends on a number of factors and is not straightforward. I have set out the detail on this in an annex to this letter. In summary, it is at least arguable that the bonds could be found to be contracts of insurance. Effecting and carrying out contracts of insurance requires authorisation, unless the activity is not carried on "by way of business". Whether the Council would be found to be acting "by way of business" in relation to the bonds is uncertain, but I do not think that the possibility can be ruled out. It would not be practicable for the Council itself to be authorised as an insurer, and while in theory a subsidiary could be established for the purpose the costs and considerable ongoing regulatory obligations would be quite disproportionate.

If the bonds are not contracts of insurance, the arrangements may (depending on the detail of how the scheme would operate) involve the regulated activity of deposit taking. To the extent that the scheme is operated by the local authority itself (rather than a separate legal entity) this would not require authorisation, as local authorities are exempt from authorisation in respect of deposit-taking activities.





If the payments received for the bonds are to be invested in any way it is conceivable that the scheme could amount to a collective investment scheme operated by the Council. Operating a collective investment scheme is a regulated activity, and there are restrictions on the promotion and sale of collective investment schemes which would effectively prevent the sale of the bonds to the general public. In practice it should be possible to structure any arrangements so as to avoid their amounting to a collective investment scheme; the point just needs to be borne in mind in working up the detail.

The bonds do not appear to fall within the regulatory definition of a “funeral plan contract” as they are not contracts for the provision of a funeral.

It will be seen from the above that the principal difficulty is the possibility that the bonds might be found to be contracts of insurance. An alternative analysis is that the transactions are in substance no more than a prepayment for services to be provided at a future date, so should not be regarded as insurance, or indeed as involving regulated activities at all. I touch on this and the relevant FSA guidance – such as it is - at the end of the annex. While there is an argument to be made, it seems to me that a very similar argument could be made that pre-paid funeral contracts are no more than a prepayment for services – yet they are subject to regulation and the guidance suggests that they would be regarded as insurance contracts in the absence of the specific provisions in the legislation.

That said, in practice the issue of cremation bonds by a local authority operating the crematoria in question may not involve the same risks to consumers as pre-paid funeral contracts, so the Council might want to consider further whether its objectives can be met by arrangements which could be more readily characterised as no more than a prepayment.

## **Other considerations**

### **The nature of the obligation**

Your instructions do not set out in detail precisely what obligations the Council would take on in consideration of the purchase price of the bonds. Clearly the intention is that the Council will provide a cremation at the specified crematorium, on the death of the bond holder. But what if that crematorium is not available at the time? Presumably the Council would offer a cremation elsewhere (which might or might not give rise to complaint where the holder had attached particular importance to a particular location). What if the Council’s crematoria were to be privatised?

The point here is essentially whether the contractual undertaking is in fact to secure the provision of a cremation at no further cost to the holder’s estate. This is more in the nature of a financial liability than the provision of a service as such (even if the intention is that in normal circumstances the liability will be discharged by the provision of a service by the Council itself), and may make it more difficult to argue that the initial consideration is a prepayment for a service. I note also that the bonds would be repayable (without interest) on demand – which again might point to a financial obligation.

Para 9 of the instructions notes that “the risks are believed to be minor” given the likely age profile of prospective purchasers. I am not clear what assumptions have been used about longevity risk and the likely investment returns and increases in cremation costs over a 10-20 year timescale. While it is not a matter for us, if the costings have not been subject to some actuarial review this may be worth considering (note that pre-paid funeral plans that operate on a trust fund basis are required to have an actuarial valuation every three years).



### **Use in conjunction with pre-paid funeral plans**

Para 5 of your instructions suggests that funeral directors (and by implication the major providers of pre-paid funerals) would be interested in purchasing a bond for each of the pre-payment plans that they sell. This interest is understandable, as the use of a bond would enable the provider to transfer to the Council one of the more significant financial risks that the provider currently bears itself (where the cremation fee is "guaranteed" within the terms of the funeral plan). However the detail appears to require further consideration. As far as we are aware, all pre-paid funeral plans currently operate within the exclusions in the financial services legislation for plans covered by insurance or trust arrangements. While it is a matter for the providers and their advisers, it is not clear to us that a plan where part of the consumer's payment was applied at the outset to the purchase of a cremation bond would necessarily meet the requirements of the exclusions (particularly in relation to insurance-backed plans). This could have significant implications for the providers. It might be necessary for their plans to be restructured so that the cremation element was handled separately as a distinct transaction outside the funeral plan itself.

To the extent that the sale of the bonds was in practice handled by the funeral directors, the Council may want to consider what the financial arrangements are to be and what responsibility is to be taken by whom in the event of any alleged mis-selling. Were the bonds to be considered insurance contracts regulatory issues may also arise inasmuch as arranging their sale may amount to a regulated activity.

### **Assessment**

We are unable to say what view the courts would take if asked to rule on whether the bonds amounted to contracts of insurance. The difficulty from the Council's perspective is that the matter is unlikely to be tested, unless a scheme is proceeded with and challenged. On the face of it the risk of consumer detriment appears fairly small, on the basis that the Council can be expected to honour its obligations even should the eventual cost of providing the cremations significantly exceed the funds generated by their sale, so the risk of challenge from the regulator, in the absence of any material complaints, is perhaps not very great.

The Council may want to consider the risk of challenge from other sources, such as competitors or indeed local taxpayers in the event that the scheme proved costly in the long term through a mismatch of assets and liabilities. This is not in itself a regulatory issue, but could become one if any challenge was based in whole or part on the suggestion that regulated activities were being carried on without authorisation.

### **Options and possible next steps**

If the points raised under "Other considerations" above have not yet been considered, the Council may want to address these before deciding how best to take forward a scheme. Subject to that, it may be worth looking at ways in which the scheme can be structured so as to come as close as may be to a prepayment for a service, with the option of having the prepayment back if the customer changes his mind. While this does not completely remove the possibility of the scheme being challenged as insurance, as noted above, the risk of such a challenge may not be very great. To the extent that any part of the arrangements amounted to deposit taking, this would be covered by the local authority exemption for deposit taking.

Though the bonds would not in our view amount to funeral plan contracts, there are clearly some similarities. It might therefore be desirable for the Council to ensure that the arrangements for holding and managing the funds received were such as to secure in substance (if not necessarily the exact



form, given that the council is a public authority) the kind of protections designed to be secured by the requirements for funeral plans covered by trust arrangements (see article 60(1)(b) of the Regulated Activities Order). Presumably this would largely be a matter of “ring-fencing” the funds. The intention here would be to put the Council in a position to counter any challenge by showing that it had put in place protections at least equivalent to those considered appropriate for a “fully-fledged” funeral plan to operate without requiring authorisation.

For the reasons set out in my email of 20 February, and summarised in the third paragraph of the annex, we suggest that the current application to the FSA is in any event withdrawn.

I appreciate that this letter and its attachment raises a number of questions that you may wish to discuss. I will be pleased to assist with any queries you may have.

Yours sincerely  
John Whitlock



## **Annex**

### **Proposed “cremation bonds” – regulated activities**

#### **Background - the need for authorisation**

Whether a person requires authorisation depends essentially on whether they are carrying on, by way of business, a regulated activity in relation to specified investment and, if so whether any exclusions or exemptions apply.

Local authorities are exempt from the requirement to be authorised in respect of any deposit taking activities and (broadly speaking) activities to do with arranging general insurance contracts or mortgage and similar home finance contracts.

However a person (including a local authority) cannot be both exempt and authorised, so if the Council were to be authorised for any activity connected with cremation bonds it would lose the exemptions it currently enjoys and would need to be authorised, for example, for any deposit taking activities that it carries on. This is likely to cause considerable practical difficulties in relation to aspects of the authority's day to day functions. In addition, there would be difficulties with the FSA's requirements in relation to approved persons, controllers and other matters arising from the constitution and financing of local authorities.

Where a local authority wishes to undertake activities requiring authorisation we would normally expect to see this done through a separate entity set up for the purpose.

#### **Regulated activities and specified investments**

These are set out in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (RAO). There is other secondary legislation bearing on exemptions and the meaning of “by way of business”. The FSA's Perimeter Guidance Manual (PERG) provides guidance on interpretation of the legislation but is neither comprehensive nor definitive so it is often not possible to say definitively whether regulated activities arise in any particular circumstances.

In principle there are several regulated activities that might arise in connection with the proposed cremation bonds. I discuss these in general terms below. In order to advise more fully on whether a particular activity arose, we would need a detailed description of how the scheme would work in practice – for example, the terms of the contracts and the arrangements for handling and investing the prepayments.

#### **Regulated activities which might arise in relation to “cremation bonds”**

##### **Activities relating to funeral plan contracts**

The RAO specifies a distinct regulated activity of “entering as provider into a funeral plan contract”. A funeral plan contract is a contract:

“...under which a person (“the customer”) makes one or more payments to another person (“the provider”); and the provider undertakes to provide, or secure that another person provides, a funeral in the United Kingdom for the customer (or some other person who is living at the date when the contract is entered into) on his death...”.

However contracts which are covered by insurance or trust arrangements meeting certain conditions are specifically excluded from being funeral plan contracts (and entering into such contracts is therefore not a regulated activity).



One of the purposes of introducing this activity was to resolve uncertainty about the regulatory status of pre-paid funeral plans and to ensure that they were subject to an appropriate degree of regulation.

We understand that in practice all existing plans operate under the exclusions as either insurance based or trust-based arrangements.

The proposed cremation bonds do not appear to fall within the definition of "funeral plan contract" as they do not amount to contracts to provide a funeral. Unfortunately this appears to leave their status subject to the kinds of uncertainties that surrounded the status of funeral plan contracts prior to their being specified in the RAO as a particular kind of investment in their own right.

If the bonds are not funeral plan contracts the regulated activity of "entering as provider into a funeral plan contract" will not arise, nor will related activities such as arranging or advising on funeral plan contracts.

### **Deposit-taking**

It is possible that the payments received against future cremations might be regarded as deposits.

This may depend on the terms on which refunds may be given, and also on the use that the Council intends to make of the monies received (and any interest thereon) prior to their being drawn down to meet the costs of the cremation in question. Fortunately it is not necessary to examine this in great detail as local authorities are specifically exempted from the requirement to be authorised for deposit taking.

### **Operating (etc) a Collective Investment Scheme**

It is conceivable that the "bonds" could be characterised as units in a collective investment scheme operated by the Council. Funeral plan contracts are specifically excluded from being a collective investment scheme. The existence of such a specific exclusion does of course raise the possibility that analogous arrangements might be collective investment schemes; on the other hand there are other exclusions, relating for example to pure deposit based schemes and common accounts which might be applicable, depending on how the scheme operated. On balance the likelihood of the proposed arrangements being deemed to amount to a collective investment scheme seems fairly remote.

### **Effecting and carrying out contracts of insurance**

It is arguable that the "bond" would amount to a contract of insurance on the basis that it is a contract under which the Council undertakes:

- in consideration of one or more payments [the initial payment];
- to pay money or provide a corresponding benefit (including in some cases services to be paid for by the provider) to a 'recipient' [the cremation];
- in response to a defined event the occurrence of which is uncertain (either as to when it will occur or as to whether it will occur at all) and adverse to the interests of the recipient [the death of the recipient].

(see chapter 6 of PERG at PERG 6.4.3). Furthermore, the FSA guidance on insurance contracts notes that funeral plan contracts would generally be contracts of insurance at common law. The RAO specifically excludes funeral plan contracts (as defined) from being contracts of insurance, which may suggest that contracts with similar characteristics but falling outside the definition of funeral plan contract do fall to be considered as insurance.



If the bonds did amount to contracts of insurance the Council would (providing it did so “by way of business”) be effecting the contracts when it issued them and carrying them out when it provided the funeral. This would require the Council to be authorised as an insurer which is not practicable, not least because of the limitations on the other activities which an insurer may undertake. While this limitation might be avoided through the setting up of a separate subsidiary, the considerable cost and the ongoing regulatory requirements would very likely be disproportionate. An alternative might be to arrange for the performance of the contracts to be underwritten by an authorised insurer.

Authorisation would not be required if the Council was not effecting or carrying out the contracts “by way of business”. The FSA guidance on this is as follows:

Whether or not an activity is carried on by way of business is ultimately a question of judgement that takes account of several factors (none of which is likely to be conclusive). These include the degree of continuity, the existence of a commercial element, the scale of the activity and the proportion which the activity bears to other activities carried on by the same person but which are not regulated. The nature of the particular regulated activity that is carried on will also be relevant to the factual analysis.

Applying this to particular situations is not always straightforward. The proposed activities would clearly be only a very small part of the Council’s overall activities. The scale appears relatively small, although a “fund” in excess of £1m might be built up quite quickly. There is continuity. The commercial element is more debateable, although as part of the rationale is to ensure business for the Council’s crematoria in the face of competition there is an argument that there is a commercial element.

In addition to effecting and carrying out, the regulated activity of arranging insurance contracts, and possibly also of advising on insurance, may arise. The Council itself is likely to be exempt from the requirement to be authorised for arranging (and advising on) in relation to insurance contracts of this kind, but any third parties (eg funeral directors) involved in arranging contracts or introducing potential customers may need to be authorised.

### **Prepayment for services**

The alternative view is that the bonds amount to no more than a prepayment for services to be provided at some future time, such that there is no specified investment and the question of regulated activities does not arise. The FSA guidance (PERG 6.6.3) is that:

“Contracts, under which the amount and timing of the payments made by the recipient make it reasonable to conclude that there is a genuine pre-payment for services to be rendered in response to a future contingency, are unlikely to be regarded as insurance. In general, the FSA expects that this requirement will be satisfied where there is a commercially reasonable and objectively justifiable relationship between the amount of the payment and the cost of providing the contract benefit”.

On the face of it, the bonds might appear to meet this test, but then the same might be said of funeral plans, which the guidance suggests would be regarded as insurance, absent the specific provision made for them. The difficulty may be with demonstrating the necessary “commercially reasonable and objectively justifiable relationship” where the longevity risk (and therefore the cost of providing the contract benefit) is unknown.

## **Appendix 3**

### **Mountsett Crematorium Joint Committee**

#### **Business Administration Apprentice**

##### **Introduction**

This briefing paper has been developed for the Committee to consider the employment of a Business Administration Apprentice.

Apprenticeships have received increased attention in recent times against a backdrop of rising youth unemployment and increases in university tuition fees. Apprenticeships allow access to professions by offering a direct and affordable route into skilled jobs and careers and as an alternative to a university education. They are also an effective way for employers to develop their own talent, with the current and future skills needs of their organisation in mind.

Apprenticeships offer work-based training programmes designed and developed around the needs of employers, whilst providing individuals with a nationally recognised accredited qualification.

An apprenticeship must last for at least 12 months and the apprentice is issued with a fixed term contract together with an Apprenticeship Agreement.

##### **Financial Contribution**

The National Minimum Wage for an apprentice in the first year of an apprenticeship is £98.05 per week (based on 37 hours), however the Council has locally set rates of £110 for apprentices studying towards a Level 2 qualification (intermediate apprenticeship) and £120 for a Level 3 qualification (advanced level apprenticeship).

For the second year of an apprenticeship an apprentice who is 19 years plus must receive the national minimum wage for their age for the remainder of the apprenticeship, £184.26 per week for 19 years plus or £229.03 for 21 years plus per week.

Whilst there are no funding streams available to the Council to subsidise the wages for apprentices the training provider receives governments funding to provide the formal training element of the apprenticeship. The training for 16-18 year olds is fully funded however depending on funding streams available at a given time the employer may have to make a contribution to the training for apprentices who are 19 years and over.

## **Apprenticeship Framework**

The training element of the apprenticeship will consist of Business and Administration Level 2 and Business and Administration Level 3 and will be delivered by the Council's Adult Learning and Skills Service (ALSS).

Apprenticeship frameworks also include functional skills in Maths and English.

## **Recruitment and Selection**

An apprenticeship is advertised through the North East Jobs Portal and on the National Apprenticeship Service web-site. A clerical aptitude test can be arranged for 'sifting' if a large number of applicants are received.

## **Conclusion**

The use of, and investment in apprenticeship programmes have many benefits, they tackle local unemployment and skills issues, support workforce planning, demonstrate commitment to developing the local workforce and address social agendas i.e. NEET (not in employment, education or training).

## **Recommendations**

That a Business Administration Apprentice is employed by the Mountsett Crematorium Joint Committee on a two year fixed term contract.

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