

DURHAM COUNTY COUNCIL

CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE

At a Meeting of **Central Durham Crematorium Joint Committee** held in Durham Crematorium, South Road, Durham on **Wednesday 29 June 2011 at 5.30 pm**

Present:

Councillor M Plews (Chair)

Durham County Council:

Councillors N Foster, G Holland, D Stoker and M Williams

Spennymoor Town Council:

Town Councillors J Marr (Vice-Chair) and JV Graham

Apologies:

Apologies for absence were received from J Blakey, J Chaplow, A Hopgood and JL Wood

A1 Appointment of a Chair for the ensuing year.

The Clerk to the Joint Committee, Sharon Spence, opened the meeting and asked for any nominations for Chair to the Joint Committee for the ensuing year. Councillor Foster proposed Councillor Marr for the position of Chair to the Joint Committee for the ensuing year and Councillor Graham seconded the proposal. No further proposals were made.

Resolved:

That by unanimous agreement, Councillor Marr be appointed Chair for the ensuing year.

COUNCILLOR J Marr in the Chair

A2 Appointment of a Vice-Chair for the ensuing year.

The Chair asked for any nominations for Vice-Chair to the Joint Committee for the ensuing year. Councillor Williams proposed Councillor Plews for the position of Vice-Chair to the Joint Committee for the ensuing year and Councillor Foster seconded the proposal. The Chair asked whether there were any further nominations.

Resolved:

That by unanimous agreement, Councillor Marr be appointed Chair for the ensuing year.

A3 Minutes of the meeting held 27 April 2011.

That the minutes of the meeting held 27 April 2011 be approved as a correct record and signed by the Chair.

A4 Declarations of Interest, if any.

There were no declarations of interest submitted.

A5 Report of the Superintendent and Registrar.

The Superintendent & Registrar presented the report which provided members with details of operational matters and performance in the first two months, plus details of the number of cremations undertaken in April and May 2011, and a project update and proposals for the introduction of a Pre-payment bond scheme. (for copy see file of minutes).

He then went on to provide a comprehensive report on the following:-

- Performance; Number of Cremations April & may (with comparisons against the same period in 2010)
- Operational Matters; Staffing Issues
- Nomination to Vice-President – ICCM
- Cremator Replacement & Crematoria Redevelopment Project
- Durham Crematorium Pre-payment Cremation Bond.
- Scatter Tubes.

It was reported that the existing vacancy within the service had been covered temporarily, however the post was critical to the ongoing operation and it was therefore proposed that the post be advertised internally in the first instance at both Durham County Council and Spennymoor Town Council.

With regard to the redevelopment project, Members had prior to the AGM undertaken a full site visit of the development works; Members were referred to Appendix 2 which fully detailed progress from May – June 2011. It was noted that all deadlines had been met and it was anticipated that the completed works would come within the approved cost envelope, with the two major risks to the project (foundations and steel erection) being successfully negotiated.

Further detail was then provided with relation to the proposed Pre-payment Cremation Bond scheme. It was reported that following the opening of Wear Valley Crematorium at Counden in 2009, the CDCJC had faced increased competition and although the impact had been relatively minor to date it felt, it was recognised that the Durham Crematorium needed to continue to maintain its market share as the Counden Crematorium becomes more established in the area.

It was therefore proposed that Durham Crematorium introduce a new scheme which would help secure future business in the form of a Pre-payment Cremation Bond. The price of the bond would be reviewed annually and a premium mark up had been suggested to protect against inflationary increases in fees and charges between sale and redemption.

It was further reported that due to increased demand from Funeral Directors, a small number of a new type of Urn for cremated remains called a 'Scatter Tube' had been purchased.

Councillor Stoker raised a query with regard to the time commitment placed on the Superintendent & Registrar by undertaking the roles and responsibilities that would come with the Vice-Presidency of the ICCM. Further clarification over the time spent in years one and two were provided.

Councillor Stoker further raised a point with regard to the introduction of a pre-payment bond scheme and premium fees. These concerns were clarified and it was noted that the scheme and fees would be kept under continual review.

Resolved:

- That the contents of this report with regards to current performance of the crematorium and progress with regards to the redevelopment project be noted;
- That the advertisement of the vacant post internally at Durham County Council and Spennymoor Town Council in August 2011 be approved.
- That the introduction of a Pre-Payment Bond which will be offered from 1st October 2011 be approved.
- That Scatter Tubes be added to official Fees and Charges Sheet at a charge of £12.
- That the Joint Committee agree to support the nomination of the Superintendent and Registrar to Vice President of the ICCM.

A6 Annual Internal Audit Report 2010/2011

The Audit Manager, Resources, presented the report which requested Members to consider the Central Durham Crematorium Joint Committee Annual Internal Audit Report for 2010/2011, copies of which had been circulated (for copy see file of minutes).

The Joint Committee was advised that the Assurance level for the review had been classed as Substantial which meant that the internal control systems in place were working effectively however some low risk, minor weaknesses had been identified which, if addressed, would further assist the Joint Committee's system objectives.

The Audit Manager also advised Members that the audit process was changing and in future years would be more risk based and that revisions had been made to the Internal Audit Charter, programme of works and level of fees, details of which had been circulated.

It was also noted that it was intended that in future the Annual Review would be brought forward earlier in the year so that Members could consider the report in April rather than June. The Audit Manager welcomed the improvements that had been made to the CDCJC governance arrangements with regards to the adoption of SLAs with DCC and monitoring of progress with Internal Audit and EA recommendations.

The Chair noted that the achievement of a Substantial rating was very pleasing and asked that the Joint Committee's congratulations be passed to the staff responsible.

Resolved:

- (i) That the Annual Internal Audit Report and the overall opinion provided on the adequacy and effectiveness of the Joint Committee's control environment for the year 2010/2011 be noted.
- (ii) That the revised Internal Audit Charter, programme of work and level of fees for 2011/12 as set out be approved.

A7 Response to the 2010/2011 Internal Audit Report

The Head of Finance, HR and Business Support, Neighbourhood Services, presented this report which set out the response to the Internal Audit Report for Members' consideration (for copy see file of minutes).

The Internal Audit Report had provided Substantial Assurance on the Joint Committee's systems of internal control highlighting only very minor governance and internal control issues, 2 of which had been classified as medium risk and 4 being classified as low risk. It was considered desirable however to address all these weaknesses to strengthen the system of internal control and an action plan had therefore been produced addressing the following:-

- All orders should be independently authorised.
- Arrangements should be made for the IT system to be 'backed up' on a weekly basis.
- Ashes collection forms should be signed and dated by the Funeral Director.
- Consideration should be given to the development of a Service Asset Plan.
- Consideration should be given for a smoke alarm to be installed within the Superintendent and Registrars office.
- Consideration should be given for the BACUS system to be used in future to determine Medical fees which are due for payment.

A number of these actions had already been implemented and / or were in the process of being addressed and the action plan further indicated the Joint Committee's level of commitment in ensuring all systems of internal control were as robust as possible.

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

A1 Review of the Effectiveness of the System of Internal Audit for 2010/2011

The Head of Finance, HR and Business Support, Neighbourhood Services, presented this report which updated the Joint Committee on revisions to the review of the effectiveness of the system of internal audit which had been considered in January 2011, a number of areas having improved, mainly as a result of the approval of the Service Level Agreement and adoption of the Internal Audit Charter (for copy see file of minutes), plus the consideration of the first comprehensive Internal Audit Report and Assurance Opinion 2010/2011.

The Review was put in place to help inform consideration of the system of internal audit, which in turn supported the Committee's Annual Governance Statement (AGS).

Details were provided of how the Internal Audit service had been assessed and details were presented as to how the review had been revisited and refreshed since its presentation to the meeting held in January 2011.

Resolved: that based on the evidence disclosed Members' of the Joint Committee are satisfied with the effectiveness of the system of Internal Audit and assurances could be give on the work of the Internal Audit service.

A2 Annual Governance Statement 2010/2011

The Head of Finance, HR and Business Support, Neighbourhood Services presented this report which provided details of the Annual Governance Statement (AGS) for the year 2010/2011 (for copy see file of minutes). The AGS needed to be formally approved by Members as part of the consideration of the Statement of Accounts and Small Bodies in England Annual Return 2010/2011. Copies of the AGS had been previously circulated. This drew on evidence from the Internal Audit report, external assessments etc; plus the reports and business of the Joint Committee during the year.

The Crematorium Joint Committee had adopted and operated under a code of corporate governance which was consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' and the AGS explained how the Joint Committee complied with the code and met the requirements of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendments)_(England) Regulations 2006 in relation to the publication of a statement on internal control. The Annual Governance Statement included a review of the governance arrangements in place during the year and identified that there were no significant governance issues/weaknesses to correct with improvements implemented during the year being reflected in the statement.

Resolved: That the Annual Governance Statement be approved and signed by the Chair.

A3 Revenue Outturn and Statement of Accounts for the Year Ended 31 March 2011

The Head of Finance, HR and Business Support, Neighbourhood Services, presented this report which sought approval of the Small Bodies in England Annual Return and supporting Statement of Accounts, copies of which had been circulated (for copy see file of minutes).

The Annual Return would be subject to external audit by the Joint Committee's appointed external auditors, with the audit due to commence on 29 July 2011.

The Annual Return and Statement of Accounts had been prepared considering the requirements of the 2010/2011 'Code of Practice on Local Authority Accounting in Great Britain' as updated and published by the Chartered Institute of Public Finance and Accountancy.

Members were reminded that quarterly budgetary control reports had been considered throughout the year and a provisional outturn report had been presented to Members in April 2011. Details of the final outturn position as incorporated into the Statement of Accounts had been circulated with the papers.

It was reported that there were five Core Statements within the Statement of Accounts that provided fundamental information on the financial activities of the Joint Committee, as follows:-

- The Movement in Reserves Statement
- The Comprehensive Income and Expenditure Statement
- The Balance Sheet
- The Cash Flow Statement
- The Annual Governance Statement.

The report further set out details of the materiality levels proposed / included within the Statement of Accounts as a result of the conversion from UK GAAP (SORP) to International Financial Reporting Standards (IFRS) compliant Financial Statements.

The conversion therefore required additional materiality levels to be considered and approved by the Joint Committee. Details were provided on potential materiality levels and comparisons.

Following discussion with the Treasurer to the Joint Committee, it was proposed that the Joint Committee approve an adjustment materiality level, for the conversion from the 2009/10 SORP compliant Statement of Accounts to the 2010/11 IFRS compliant Statement of Accounts, at 1.0%.

An exception to the above is that in relation to the componentisation of Assets. Therefore it was further proposed that the materiality level when considering the requirement for componentisation of plant, property and equipment be set at £450,000, with an individual component part being equal to, or greater than 20% of the assets total value.

The Head of Finance, HR and Business Support, Neighbourhood Services then went on report on the final outturn position, together with comparative data against the provisional outturn report considered 27th April 2011, and details of any variances were also included within the report.

Councillor Holland raised a query with regard to the rates of interest that were currently applied to the Crematorium's investments. In response the Head of Finance, HR & Business Support explained that the Crematorium invested in line with Durham County Council's Treasury Management Policy.

Resolved:

- That Members' agree an adjustment to the materiality level of 1% for the conversion from 2009/2010 SORP Compliance to the IFRS Code of Compliance for inclusion within the Statement account and annual return.
- That Members' note and approve a Componentisation materiality level of £450,000 with an individual component parts being equal to, or greater than 20% of the asset value.
- That Members' of the Joint Committee note the April 2010 to March 2011 Income and Expenditure within the Revenue Financial Monitoring Report and subsequent year balance of reserves.
- That Members' approve the Annual Return and Statement of Accounts for the year ended 31 March 2011.
- That the Chair and Treasurer sign the Annual Return and Statement of Accounts.

A4 Forward Plan 2011/2012

The Head of Finance, HR and Business Support, Neighbourhood Services, presented the report which set out proposals for a suggested forward plan of meetings (for copy see file of minutes). A proposed schedule of meetings showing the reports which would be presented had been circulated.

Members commented that perhaps the AGM in June each year should be held at the Crematorium. The Forward Plan was to be amended accordingly.

Members commented that in the past the Joint Committee had occasionally met at the Crematorium and felt that it would be useful to continue to do so, perhaps once per year. A suggestion was made that as proposals for the Memorial Garden were to be considered at the July meeting that would be an ideal opportunity to meet at the Crematorium.

Resolved: That the proposed schedule of meetings for 2011/12 be approved.

A5 Financial Monitoring Report 2011/2012 - Spend to 30 May 2011 and Projected Outturn to 31 March 2012

The Head of Finance, HR & Business Support, Neighbourhood Services presented the report which set out details of income and expenditure in the period 1 April 2011 to 31 May 2011, together with a provisional outturn position for 2011/12, and highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.

The report further detailed the funds and reserves of the Joint Committee at 1 April 2011 and a projected outturn position at 31 March 2012, taking into account the provisional financial outturn at 31 March 2012 (for copy see file of minutes).

Members were referred to the table as set out within the report which detailed current budget position, actual spend and forecasted outturn. It was noted that the balance as at 1 April 2011 was £1,438,694 with the projected balance as at 31 March 2012 being £855,956.

Resolved: that the April to May 2011 revenue spend financial monitoring report and associated provisional outturn position at 31 March 2012 be noted.

A6 Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration.