



Mountsett Crematorium Joint Committee

Date **Thursday 27 September 2018**
Time **9.30 am**
Venue **Chapel - 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, if any
2. Minutes of the Meeting held on 28 June 2018 (Pages 3 - 10)
3. Declarations of Interest, if any.
4. External Auditor Annual Review of the Return for the Year Ended 31 March 2018 (Pages 11 - 20)
Joint Report of the Corporate Director of Regeneration and Local Services and Corporate Director of Resources and Treasurer to the Joint Committee.
5. Quarterly Performance and Operational Report (Pages 21 - 68)
Report of the Bereavement Services Manager
6. Financial Monitoring Report 2018/19: Position at 31/08/18 with Projected Outturn to 31/03/19 (Pages 69 - 76)
Joint Report of the Corporate Director Regeneration and Local Services and Corporate Director Resources and Treasurer to the Joint Report
7. Risk Register 2018/19 - Update (Pages 77 - 84)
Joint Report of the Corporate Director of Regeneration and Local Services & Corporate Director of Resources and Treasurer to the Joint Committee.
8. Internal Audit Charter (Pages 85 - 106)
Report of the Chief Internal Auditor and Corporate Fraud Manager

9. Annual Review of the System of Internal Audit (Pages 107 - 110)
Joint Report of the Corporate Director of Regeneration and Local Services and Corporate Director of Resources and Treasurer to the Joint Committee.
10. Budget Strategy Report (Pages 111 - 116)
Joint Report of the Corporate Director of Regeneration and Local Services and Corporate Director Resources and 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.

Helen Lynch
Head of Legal and Democratic Services

County Hall
Durham
19 September 2018

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

Durham County Council:-

Councillors: O Temple (Chairman), A Bainbridge, A Batey, J Carr, J Charlton, C Hampson, O Milburn, J Shuttleworth and B Stephens

Gateshead Council:

Councillors C Buckley, K Dodds, D Bradford (Vice-Chairman), L Green, S Green, J Lee and M Ord

Contact: Lucy Gladders

Tel: 03000 269712

DURHAM COUNTY COUNCIL

At a Meeting of **Mountsett Crematorium Joint Committee** held at **Mountsett Crematorium Meeting Room - Mountsett Crematorium, Dipton** on **Thursday 28 June 2018** at **9.30 am**

Present:

Councillor O Temple (Chairman)

Members of the Committee:

Durham County Council

Councillors A Bainbridge, A Batey, J Carr, J Charlton, C Hampson and O Milburn

Gateshead Council:

Councillor D Bradford

1 Membership of the Joint Committee

The Chairman noted a change of Membership in respect of the Joint Committee, with Councillor M Charlton of Gateshead Council having been replaced by Councillor C Buckley.

Resolved:

That the change in the Membership of the Central Durham Crematorium Joint Committee be noted.

2 Apologies for absence

Apologies for absence were received from Councillors L Green, S Green, J Lee, M Ord and J Shuttleworth.

3 Declarations of Interest

There were no Declarations of Interest submitted.

COUNCILLOR O Temple left the Chair

4 Appointment of Chairman

The Legal Manager Litigation, Bryan Smith, acting in the role of Clerk to the Joint Committee, noted that the Chairmanship of the Joint Committee could alternate between the two constituent Local Authorities, or Members could decide to nominate and vote accordingly. He added that if there was only one candidate then it could be agreed that the nominated Councillor be appointed as Chairman.

Councillor A Bainbridge nominated Councillor O Temple for the position of Chairman to the Joint Committee, he was seconded by Councillor D Bradford. No further proposals were made.

Resolved:

That by unanimous agreement, Councillor O Temple be appointed Chairman for the ensuing year.

COUNCILLOR O Temple in the Chair

5 Appointment of Vice-Chairman

The Chairman thanked Members for their continued support and asked for nominations for Vice-Chairman to the Joint Committee for the ensuing year. He added that the previous Vice-Chairman, Councillor K Dodds had previously mentioned he would not be seeking nomination and thanked him on behalf of the Committee for his service. Councillor C Hampson proposed Councillor D Bradford for the position of Vice-Chairman to the Joint Committee for the ensuing year, she was seconded by Councillor O Milburn. No further proposals were made.

Resolved:

That by unanimous agreement, Councillor D Bradford be appointed Vice-Chairman for the ensuing year.

6 Minutes

The Minutes of the meeting held on 27 April 2018 were confirmed as a correct record, subject to the inclusion of apologies for absence from Councillor J Charlton, and were signed and initialled by the Chairman.

The Chairman noted in terms of matters arising that a letter of thanks to the Phoenix Partnership from the Chairman had been sent on behalf of the Joint Committee.

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

The Clerk to the Joint Committee referred Members to the report within the agenda papers outlining the Terms of Reference for the Mountsett Crematorium Joint Committee (for copy see file of minutes).

Members were reminded that following audit reviews it was recommended that the Joint Committee undertake an annual review of the Terms of Reference and update as necessary. It was explained that there were no proposed changes to the Terms of Reference at this time.

Resolved:

That the Members of the Joint Committee note the Review of the Terms of Reference and reapprove the Constitution as set out in Appendix 2 to the report.

8 2017/18 Annual Governance Statement

The Joint Committee considered a Joint Report of the Corporate Director of Resources / Treasurer to the Joint Committee and the Corporate Director of Regeneration and Local Services which provided details of the Annual Governance Statement (AGS) for the year April 2017 to March 2018 (for copy see file of minutes).

The Principal Accountant, Ed Thompson, reminded Members that the AGS was prepared in line with CIPFA and SOLACE guidance and formed part of the Annual Return for the Joint Committee. Councillors were reminded that the AGS set out the governance framework for the Joint Committee and was informed by the views of Internal Audit, which had been set out in the report to the Joint Committee in April, noting “substantial assurance”. There were no significant governance issues or matters worthy of disclosing in the AGS.

It was added that the AGS looked to answer seven assertions relevant to the Joint Committee, as set out within the report and the AGS at Appendix 2, providing evidence of how the Joint Committee and Crematorium satisfy those assertions.

Resolved:

That the Annual Governance Statement be approved for consideration as part of the Joint Committee’s Annual Return for the financial year ended 31 March 2018 and that the Chairman and Treasurer be authorised to sign the Statement.

9 Revenue Outturn & Joint Committees Annual Return for the Financial Year Ended 31 March 2018

The Joint Committee considered a Joint Report of the Corporate Director of Resources / Treasurer to the Joint Committee and the Corporate Director of Regeneration and Local Services which sought approval of the Joint Committees Return, with the report also including details of the financial outturn position against approved budgets for 2017/18 (for copy see file of minutes).

The Principal Accountant referred Members to the financial outturn position for 2017/18, advising that the final outturn position was broadly in line with the provisional outturn position, with a minor increase in the overall net income for the year. Details of significant variances were contained within the report and duly noted. The report also included details of the updated position in terms of reserves and balances held and it was added that the Major Capital Works reserve was maintained in line with agreed policy.

With reference to the Joint Return, it was highlighted that this was a statutory return and once agreed and signed by the Chairman, Treasurer and Clerk it would be submitted to the Joint Committee's External Auditors accordingly. Members were also asked to note the balance sheet was attached at Appendix 2 of the report.

Resolved:

- (i) That the revenue and capital outturn position as at 31 March 2018, including the year-end position with regards reserves and balances of the Joint Committee, together with the Balance Sheet as at 31 March 2018 be noted.
- (ii) That Section 1 - Annual Governance Statement 2017/18 of the Joint Committees Annual Return for the financial year ended 31 March 2018 be approved.
- (iii) That Section 2 - Accounting Statements 2017/18 of the Joint Committees Annual Return for the financial year ended 31 March 2018 be approved.
- (iv) That the Chairman, Treasurer and Clerk sign the Joint Committees Annual Return for the financial year ended 31 March 2018.

10 Mountsett Crematorium Performance and Operational Report

The Bereavement Services Manager, Graham Harrison asked Members to note the performance figures from 1 April 2018 to 31 May 2018 and the comparison to the same period for 2017, highlighting that there was a net increase of 37 cremations year on year. It was noted that Office of National Statistics data had also shown an increase in the death rate nationally in this period.

Members were asked to note that the number of memorials sold was greater when comparing to the same period the previous year, with those sales representing an increase of income, £120 greater. The Bereavement Services Manager noted the wider choice of memorials was proving popular with service users.

The Joint Committee were asked to recall the vacant Business Administration Apprentice position had been advertised via the National Apprenticeship website, and the Bereavement Services Manager noted that a shortlist of 6 applicants had been produced and those applicants had been invited to interview. He explained that 5 candidates had failed to attend their interview, and accordingly he would be arranging for the position to be re-advertised.

The Joint Committee noted that the usual arrangements as regards attendance at the Institute of Cemetery and Crematorium Management (ICCM) Learning Convention and Exhibition, to be held 1 to 3 October 2018 in Oxfordshire, had been made for the Bereavement Services Manager and the Chairman.

Councillors noted that the Recycling of Metals Scheme had generated a sum of £5,000 for Cruse Bereavement Care and that a cheque had been presented to the charity by the Chairman. It was added that additional funds from collections in 2017 resulted in an extra round of nominations and therefore an additional cheque in the sum of £5,000 was available for Marie Curie, arrangements to be made with the Chairman and Vice-Chairman as regards presentation to the charity.

The Bereavement Services Manager noted an update had been given at the last meeting in respect of the installation of 2 new cremators with mercury abatement equipment and that work was ongoing with A.T.I. in terms of resolving issues.

Councillor A Bainbridge asked what work was ongoing with A.T.I. The Chairman noted that the Senior Projects Manager, Richard Fenwick was in attendance to speak to Members as an additional item, with the ability to move the meeting to closed session should Members require further details that may constitute an exempt item.

Councillor O Milburn noted she was surprised as regards only 1 candidate from 6 attending an interview for the apprentice position. Councillor A Batey asked if the apprentice process had been via the DurhamWorks programme. The Bereavement Services Manager noted it had, and also via the national apprentice service. Councillor A Batey asked how many hours the position was, the Bereavement Services Manager noted it was full-time, 37 hours per week, over a 2 year period. The Chairman added his surprise as regards those not attending interview and Councillor A Batey noted her disappointment as Council apprenticeships had been proving to be very popular.

Resolved:

- (i) That the current performance of the Crematorium be noted.
- (ii) That the re-advertisement of the Business Administration Apprentice post be noted.
- (iii) That the attendance of the Chairman and the Bereavement Services Manager at the Institute of Cemetery and Crematorium Management (ICCM) Learning Convention and Exhibition 2018 be noted.
- (iv) That the distribution of recycling income to the respective charities be noted.
- (v) That the progress with regards the cremator replacement be noted.

11 Forward Plan 2018/19

The Joint Committee considered a Report of the Corporate Director of Resources / Treasurer to the Joint Committee which set out proposals in respect of the Forward Plan of meetings of the Joint Committee for the municipal year 2017/18.

The Principal Accountant advised that the list of business to be conducted by the Joint Committee was not exhaustive and further items of business may be considered throughout the course of the year, an example being the strategy paper in terms of distributable surplus.

The Chairman recalled that the use of the small meeting room had been questioned in terms of the practicalities of the small size and asked for the Joint Committee's thoughts in terms of meeting location, for example at County Hall, Durham and the Civic Centre, Gateshead, or indeed within the Chapel at Mountsett Crematorium.

Councillor A Batey noted that she much preferred the Chapel at Mountsett. Councillor D Bradford noted he could not speak for other Gateshead Members, however, he felt for 4 meetings a year it was worth having the meetings at the Crematorium, being able to look at any issues at the Crematorium and also there was good parking provision at the Crematorium. Councillor J Charlton noted that 9.30am starts may be an issue, the Bereavement Services Manager noted that services may begin from 10.15am. The Chairman asked if Members were happy for meetings to take place at 9.30am, at Mountsett Crematorium, in the Chapel, Members agreed.

Resolved:

- (i) That the proposed schedule of meetings as set out in Appendix 2 to the report be approved.
- (ii) That future meetings of the Joint Committee take place at 9.30am in the Chapel at Mountsett Crematorium.

12 Cremator Control and Progress

The Chairman noted he would ask the Bereavement Services Manager and Senior Projects Manager to speak to Members in relation to two matters, local cremator control and progress with the new cremator works. He reiterated that if Members wished for specific details that may be exempt information then Members would need to propose and agree that the meeting move into closed session.

The Bereavement Services Manager explained as regards local control, cremation times and further training and explained he was working with A.T.I. as regards the issues. Members asked as regards whether there were technical issues and the Bereavement Service Manager reiterated that work was ongoing with A.T.I. in terms of looking at software and local control. Councillor J Charlton asked if there had been an impact in terms of the number of services. The Bereavement Services Manager noted the number of services had not been affected and that staff at the Crematorium had worked very hard to ensure this.

The Senior Projects Manager explained there had been some teething problems, largely software related, and that A.T.I. were working in terms of the issues raised. The Legal Manager Litigation reminded Members as regards discussion of issues, the public interest test and the level of detail in terms of the information.

Councillor J Carr entered the meeting at 10.10am

The Senior Projects Manager noted actions that could be undertaken should issues not be resolved and reassured Members in terms of warranty and the work ongoing with A.T.I. in looking to resolve issues. The Chairman asked if Members had sufficient information and assurance from the Officers, highlighting that the Joint Committee's role in terms of staff, as well as protecting the dignity of the services.

Resolved:

That the information as regards local control and the progress with the new cremator works be noted.

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**Mountsett Crematorium Joint
Committee**



27 September 2018

**External Audit Annual Review of the
Return for the year ended 31 March
2018.**



**Joint Report of Ian Thompson – Corporate Director: Regeneration
and Local Services; John Hewitt – Corporate Director: Resources
& Treasurer to the Joint Committee**

Purpose of the Report

1. The purpose of this report is to present to the Mountsett Crematorium Joint Committee, the External Auditors (Mazars LLP) Annual Review of the Joint Committees Return for the year ended 31 March 2018.

Background Information

2. In June 2018 the Mountsett Crematorium Joint Committee submitted the Joint Committees Annual Return for the year ended 31 March 2018 to Mazars LLP for audit under the limited assurance audit regime.

External Audit Findings and Required Action

3. The audit has now been completed and has not highlighted any material weaknesses around the Joint Committees system of internal control and accounting statements and reports no exceptions to the Return.

Recommendations and Reasons

4. Members of the Joint Committee approve the Joint Committees Annual Return for the year ended 31 March 2018 including the External Report 2017/18 Certificate (attached at Appendix 2).

Background Papers

Final accounts working papers and reports to / minutes of the Joint Committee in year

**Contact(s): Paul Darby 03000 261930
Ed Thompson 03000 263481**

Appendix 1: Implications

Finance

There are no financial implications associated with this report.

Staffing

There are no staffing implications associated with this report.

Risk

No issues were highlighted in the External Auditor's Report for the year ended 31 March 2018 thus demonstrating the Joint Committee's governance arrangements and awareness of risks associated with the Crematorium operations.

Equality and Diversity / Public Sector Duty

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

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

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

Human Rights

There are no implications associated with this report.

Consultation

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

Procurement

There are no implications associated with this report.

Disability Discrimination Act

There are no implications associated with this report.

Legal Implications

The Accounts and Audit Regulations 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

Joint Committees

Annual Governance and Accountability Return for the financial year ended 31 March 2018

The annual governance and accountability return on pages 2 to 7 is made up of four sections:

- Sections 1 and 2 are completed by the person nominated by the Joint Committee
- Section 3 is completed by Mazars LLP as the reviewer appointed by the Joint Committee.
- In addition, the internal audit report is completed by the Joint Committee's internal audit provider.

Each Joint Committee must approve Section 1 and Section 2.

Completing your annual governance and accountability return

Guidance notes, including a completion checklist, are provided on page 7 and at relevant points in the annual governance and accountability return.

Complete all highlighted sections. Do not leave any highlighted box blank. Incomplete or incorrect returns require additional work and so may incur additional costs.

Send the annual governance and accountability return, together with your bank reconciliation as at 31 March 2018, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to us, Mazars LLP by the due date.

We will identify and ask for any additional documents needed for our work. Therefore, unless requested, do not send any original financial records.

Once we have completed our work, the certified annual governance and accountability return will be returned to the Joint Committee for publication and public display of Sections 1, 2 and 3. It is recommended that you publish and display the annual governance and accountability return, including the external auditor's report, by 30 September 2018.

It should not be necessary for you to contact us for guidance.

**Please note that this annual governance and accountability return is a variant of the version produced by JPAG for parish councils and other smaller authorities. As joint committees are not covered by JPAG's Practitioner's Guide it does not part of proper practice defined in the Practitioner's Guide.*

Section 1 – Annual Governance statement 2017/18

We acknowledge as the members of:

Enter name of
Joint Committee here:

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 2018, that:

	Agreed		'Yes'
	Yes	No*	Means that the Joint Committee has
1 We approved the accounting statements prepared in accordance with the guidance notes within this Return	✓		Prepared its accounting statements and approved them.
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 generally accepted good practice that could have a significant financial effect on the ability of the body to conduct its business or on its finances and have reported our financial results to our host authority for inclusion in their accounts.	✓		has only done what it has the legal power to do and has complied with generally accepted good practice.
4 We carried out an assessment of the risks facing the Joint Committee 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.
5 We maintained throughout the year an adequate and effective system of internal audit of the 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 Joint Committee.
6 We took appropriate action on all matters raised during the year in reports from internal and external reviews.	✓		responded to matters brought to its attention by internal and external reviewers.
7 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 Joint Committee 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.

The annual governance statement is approved by this Joint Committee on:

28/06/2018

and recorded as minute reference:

MINUTE REF 9

Signed by Chair at meeting where approval is given:


SIGNATURE REQUIRED

Clerk:


SIGNATURE REQUIRED

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

Section 2 – Accounting Statements 2017/18 for

Enter name of
Joint Committee here:

Mountsett Crematorium Joint Committee

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
1 Balances brought forward	1,243,228	1,523,253	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2 (+) Income from local taxation	0	0	Total amount of local tax received or receivable in the year including funding from a sponsoring body. Exclude any grants received.
3 (+) Total other receipts	974,250	948,671	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	(134,557)	(143,005)	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	(559,668)	(1,963,468)	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	1,523,253	365,451	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	1,595,379	711,855	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 long term investments and assets	0	0	This cell shows the value of all the property the Joint committee owns. It is made up of its fixed assets and long-term investments.
10 Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB)

I certify that for the year ended 31 March 2018 the accounting statements in the annual governance and accountability return present fairly the financial position of the Joint Committee and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

P. Dady

Date

28/06/2018

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

28/06/2018

and recorded as minute reference:

MINUTE REF 9

Signed by Chair of meeting where approval is given:

G. Duke

Section 3 – External Report 2017/18 Certificate

In respect of:

Enter name of
Joint Committee here:

Mountsett Crematorium Joint Committee

Respective responsibilities of the Joint Committee and the reviewer

The Joint Committee has taken on the responsibility of ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The Joint Committee prepares a return which:

- summarises the accounting records for the year ended 31 March 2018; and
- confirms and provides assurance on various governance matters in accordance with generally accepted good practice.

This report has been produced in accordance with the terms of our engagement letter dated 12 April 2018 ("the Engagement Letter") and in accordance with the International Standard on Related Services 4400 applicable to agreed-upon-procedures engagements as published by IAASB.

We have performed the following work in respect of the annual governance and accountability return prepared by the Joint Committee:

- agreed the bank reconciliation to the annual governance and accountability return and bank statements;
- agreed the annual governance and accountability return to the trial balance or ledger;
- ensured the trial balance and accounting statements add up;
- agreed any precept or other income from local taxation / levy to the funding body;
- agreed any loans to the Public Works Loan Board or whoever the loan is with;
- checked the comparative figures to prior year accounts;
- undertook an analytical review of the figures and investigate variances above agreed tolerance levels;
- ensured that the accounting statements and annual governance statement have been signed and dated as required;
- investigated any no answers in the Annual Governance Statement; and
- investigated any no answers in the Internal Audit Report.

[No exceptions were found / ~~Apart from the following exceptions, noted below, no exceptions were found.~~

We have not subjected the information contained in our report to checking or verification procedures except to the extent expressly stated above and this engagement does not constitute an audit or a review and, as such, no assurance is expressed. Had we performed additional procedures, an audit or a review, other matters might have come to light that would have been reported.

You were responsible for determining whether the agreed upon procedures we performed were sufficient for your purposes and we cannot, and do not, make any representations regarding the sufficiency of these procedures for your purposes.

Our report is prepared solely for the confidential use of the Joint Committee. Our report must not be used for any purpose other than for which it was prepared or be reproduced or referred to in any other document or made available to any third party without the written permission of Mazars LLP.

We accept no liability to any other party who is shown or gains access to this report.

Signature

Mazars LLP

Mazars LLP, Durham, DH1 5TS

Date 23 August 2017

Annual internal audit report 2017/18 to

Enter name of
Joint Committee here:

Mountsett Crematorium Joint Committee

The Joint Committee's internal audit service provider, 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 2018.

Internal audit has been carried out in accordance with the Joint Committee'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 Joint Committee.

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

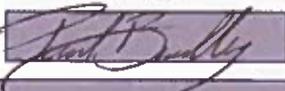
For any other risk areas identified by the Joint Committee adequate controls existed (list any other risk areas below or on separate sheets if needed) adequate controls existed:

N/A

Name of person who carried out the internal audit:

PAUL BRADLEY CPFA

Signature of person who carried out the internal audit:



Date: 15/05/2018

*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 2017/2018 return

1. Make sure that your annual governance and accountability return is complete (ie no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed return. Any amendments must be approved by the Joint Committee, properly initialled and explanation provided. Annual governance and accountability return's containing unexplained or unapproved amendments may be returned and incur additional costs.
2. **Joint Committees must approve Section 1 on page 2 before approving Section 2 on page 3.**
3. Use the checklist provided below. Use a second pair of eyes, perhaps a member of the committee or the Chair, to review your return for completeness before sending it to us.
4. Do not send us any information not specifically asked for. Doing so is not helpful. However, you must notify us of any change of Clerk, Responsible Financial Officer or Chair.
5. Make sure that the copy of the bank reconciliation confirming the balance held on your behalf which you send with the return covers all your bank balances. If the Joint Committee holds any short-term investments, note their value on the bank reconciliation. We must be able to agree your bank reconciliation to Box 8 on the accounting statements (Section 2 on page 3). You must provide an explanation for any difference between Box 7 and Box 8.
6. Explain fully significant variances in the accounting statements on page 3. Do not just send in a copy of your detailed accounting records instead of this explanation. We want to know that you understand the reasons for all variances. Include a complete numerical and narrative analysis to support your explanation.
7. If we have to review unsolicited information, or receive an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which we 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 2017) equals the balance brought forward in the current year (Box 1 of 2018).
9. Do not complete section 3. We will complete it at the conclusion of our work.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All highlighted boxed have been completed?	✓
	All additional information requested has been provided to us?	✓
Section 1	For any statement to which the response is 'no', an explanation is provided?	✓
Section 2	Joint Committee approval of the accounting statements is confirmed by the signature of the Chair of the approval meeting?	✓
	An explanation of significant variations from last year to this year is provided?	✓
	Bank reconciliation as at 31 March 2018 agrees to Box 8?	✓
	An explanation of any difference between Box 7 and Box 8 is provided?	✓
Internal Audit Report	All highlighted boxed completed by internal audit and explanations provided?	✓

Mountsett Crematorium Joint Committee

27 September 2018



Mountsett Crematorium Performance and Operational Report



Report of Graham Harrison, Bereavement Services Manager

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

- 2 The table below provides details of the number of cremations for the period 1 June 2018 to 31 August 2018 inclusive, with comparative data in the same periods last year:

	2017/18	2018/19	Change
June	120	87	- 33
July	129	122	- 7
August	101	105	+ 4
TOTAL	350	314	- 36

3. There were 314 cremations undertaken during 1 June 2018 to 31 August 2018, compared to 350 in the comparable period last year, a decrease of 36 year on year. The reduction in June is due to having both new cremators serviced, therefore reducing the number of available cremation slots.
4. The profile of where families came from can be seen below:

Gateshead	93
Durham	178
Outside Area	43
Total	314

Memorials

5. The table below outlines the number and value of the memorials sold in the period June to August 2018 compared to the same period the previous year.

	(June – August) 2017/18		(June – August) 2018/19	
	Number	£	Number	£
Large Plaques	9	3,780	2	840
Small Plaques	10	2,760	3	828
Total	19	6,540	5	1,668

6. In overall terms the number and value of memorials sold of 5 / £1,668, compares to 19 / £6,540 in the same period last year, representing a year on year a decrease of 14 / £4,872. The reduction is due to a tender exercise being undertaken with regards to plaque suppliers and we have been awaiting the appointment of the new supplier with regards to inscriptions on the new memorial towers. This exercise has now concluded and applications are starting to come in.

Green Flag Application

7. The Green Flag Award recognises good quality parks and green spaces, and is a sign to visitors that sites are well maintained and well managed with excellent facilities. Mountsett Crematorium was once again successful in retaining its Green Flag Award for the seventh year running, which is a great achievement.
8. This award is testimony to the dedication of the staff working at the Crematorium and is in addition to the award of Gold Star Status by the Institute of Cemetery and Crematorium Management.

Staffing

9. Members may recall that the vacant Business Admin Apprentice position was recently re-advertised. Shortlisting was undertaken and six candidates were invited for interview, however five applicants again failed to attend for interview.
10. The remaining applicant had a good interview and was therefore appointed to the position with a commencement date of 3 September 2018.

Recycling of Metals Scheme

11. Members may recall that at the last meeting the crematorium had received a cheque for the recycling of metals from the Institute of Cemetery and Crematorium Management to the sum of £5,000 for Marie Curie.
12. Arrangements were made for the cheque to be presented to Marie Curie by the Committee Chair and Vice Chair and a photograph of the presentation is attached at Appendix 2.
13. The recycling of metals scheme has again produced a surplus nationally in 2017/18.
14. Members may recall that a list for future nominations was produced and 'If U Care Share Foundation' have been selected for the next available distribution of funds. This nomination has been submitted and I am currently awaiting a response.

Wi-Fi Connectivity

15. Members may recall that it was agreed at the January 2018 meeting to provide Wi-Fi connectivity to the crematorium.
16. It was established by Durham County Council's Digital and Customer Services team that five access points are required and we are now awaiting an installation date, which will have to be carried out on a weekend.

Website Development

17. As Members may recall it was agreed to look into the production of a website for the Crematorium.
18. Discussions have been ongoing with our Digital and Customer services team, our Chair and Vice Chair with regards to content and a photographer had been appointed to take some new pictures of the crematorium. It is envisaged that wireframe examples of the website will be available for Members to view at this meeting.

Audit Recommendation – Supplier for Book of Remembrance Entries

19. The Internal Audit report earlier this year found that all entries into the Book of Remembrance are completed by one supplier due to the specialism of the work required. It was recommended that a procurement exercise be explored with the Procurement Team in order to ensure value for money whilst maintaining the quality of the Book of Remembrance.
20. Alternative suppliers have recently been identified by the procurement team and they have now asked for a specification to be drawn up for an invitation to tender for the contract. It is expected that this procurement exercise will be completed and the new contract be in place for the new financial year.

Audit Recommendation - Document Retention

21. The Internal Audit report also found that documents are retained for the required 15 years in paper form, however this requires a large amount of storage space. There is currently no scanning of documents undertaken and it was recommended that the possibility of scanning, which would then be attached to the BACAS system should be investigated.
22. The Procurement Team are currently looking at options for scanning all of the documentation, which would then be attached to BACAS. It is expected that a number of options and associated costs will be presented to Members at the next committee meeting.

Mountsett Crematorium: Replacement of Cremators and Installation of Mercury Abatement Plant

23. Members will recall that an update was given at the last meeting regarding the installation of the 2 new cremators with Mercury Abatement equipment to replace the existing cremators.

24. We are still working with A.T.I. to try and resolve ongoing issues. The initial emission testing results have indicated that they are borderline and it is DCC's Environmental Health team's opinion that the initial test did not fully comply with the emissions requirements. As a result a further three emission tests are required to confirm compliance.

Service Asset Management Plan

25. The current Service Asset Management Plan (SAMP) was presented to Members on 29 September 2017 and has now been updated to provide further direction and highlight investment requirements for the Joint Committee. The SAMP is attached at Appendix 3 and will need to be refined in line with any future decisions taken by Members.

26. The Service Asset Management Plan is split into four priorities of maintenance need and includes all of the completed and planned crematorium improvement works:

Priority 1 essential works for 2019/20 have been estimated to the sum of £57,000. These will need to be considered as part of the budget setting process for next year. Some of the works include:

- Re Decoration works
- Carry our re-lining of 2 hearths
- Carry out plot extension work
- Carry out re-roofing works
- Carry out replacement of service books

Priority 2 works which would need to feature in the 2020/21 budget plans have been estimated to total £70,000. Some of the works include:

- Carry out energy improvement works

Priority 3 works which would fall beyond the next two years, have been costed to the sum of £94,500. Some of the works include::

- Re-Decoration Works
- Carry out Re-lining of 2 cremators
- Carry out Re-lining of 2 hearths

Longer term works have been costed to the sum of £1,094,500 and some of the works include:

- Re-Decoration Works
- Carry out Re-lining of 2 cremators
- Carry out Re-lining of 2 hearths
- Carry out replacement of 2 cremators

Recommendations and Reasons

27. It is recommended that Members of the Mountsett Joint Committee:

- Note the current performance of the crematorium.
- Note the continued success with regards to the Green Flag Award.
- Note the appointment of the Business Administration Apprentice.
- Note the updated position with regards to the recycling of metals scheme.
- Note the updated position with regards to Wi-Fi connectivity.
- Note the progress with regards to the website development.
- Note the updated position with regards to the procurement of a supplier for entries in the Book of Remembrance.
- Note the updated position with regards to the procurement exercise relating to document retention.
- Note the current position with regards to the cremator replacement.
- Note and approve the content of the Service Asset Management Plan attached at Appendix 3, which will be factored into budget planning in 2019/20 and beyond.

Contact: Graham Harrison, 03000 265606

Appendix 1: Implications

Finance

As identified in the report with regards to the position of the Income.

Staffing

There are no implications

Risk

There are no implications

Equality and Diversity / Public Sector Equality Duty

There are no implications

Accommodation

There are no implications

Crime and Disorder

There are no implications

Human Rights

There are no implications

Consultation

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

Procurement

There are no implications

Disability Issues

There are no implications

Legal Implications

As outlined in the report.

Appendix 3: Service Asset Management Plan

Mountsett Crematorium

Service Asset Management Plan 2018/19+

*To provide a sensitive, respectful service, fitting for the bereaved.
Our plan for maintaining and developing the site and its facilities*



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Ian Thompson
*Corporate Director Regeneration and
Local Services*

Foreword

Welcome to our seventh Service Asset Management Plan (SAMP) for Mountsett Crematorium. The property and land that is our Crematorium is one of our key assets and we need to ensure that our approach to the management of it enables us to deliver our service in the best possible way, meeting the needs and expectations of customers and staff.

The publication of our property plan represents a significant moment in the Mountsett Crematorium Joint Committees approach to its property management. We need to view our premises, not simply as a building from which we deliver our service, but as an asset in the widest sense driving forward continual service improvement and investment.

We also increasingly need to see our property as a resource to deliver against the priorities set out in our service vision and also as a way of helping us to deliver a professional and dignified service for the residents of County Durham.

I am confident that this new Service Asset Management Plan provides an important part of our service delivery approach.



Mountsett Crematorium

1. Introduction

Our overall vision for all our cemeteries and crematoria, including Mountsett Crematorium is set out in our Service Development Plan and is:

- To provide a sensitive, respectful service fitting for the bereaved;
- To ensure the 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 cemeteries and crematoria across County Durham, working to maximise value for money;
- To ensure the proper respect of all Council cemeteries and crematoria with fair Rules and Regulations, which are explained to all visitors;
- To work in partnership with our colleagues at Gateshead Council through the Mountsett Crematorium Joint Committee.

Our vision reflects our overall Regeneration & Local Services Directorate aim which is to improve services and make a real difference to our communities. The Mountsett Crematoria SAMP is a document which can enable us to deliver our vision by:-

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

Our Crematorium 'stand alone' SAMP will inform the Regeneration & Local Services SAMP. The Regeneration & Local Services SAMP links to other Service Grouping SAMPs and the Corporate

Asset Management Plan to ensure the Council and its partners obtains best value for property assets they occupy and gets maximum return from these assets in terms of meeting its objectives.

1.1 How we fit in with Durham County Council and Gateshead Council Corporate Priorities

Under the terms of the MCJC Constitution, the Crematorium is legally vested in Durham County Council and operated by a Joint Committee on behalf of Durham County Council and Gateshead Council. All employees engaged in the service are employed by Durham County Council. The Committee operates within a strict Code of Corporate Governance which comprises systems, processes, culture and values by which the Mountsett Crematorium Joint Committee directs and controls its activities (Section 1.2 below sets this out in further detail.).

Durham County Council's Bereavement Services team (part of Direct Services within Regeneration & Local Services) manage the Crematorium on behalf of Joint Committee. Bereavement Services align to the constituent authorities' corporate priorities through the Durham County Council, Council Plan 2016-19 and the Gateshead Council 2030 Vision which is explored further below.

The Durham County Council, Council Plan 2016-19

The Plan links closely with our Budget/Medium Term Financial Plan (MTFP) and sets out how we will consider our corporate priorities for improvement, and the key actions we will take to deliver the longer-term goals in the Sustainable Community Strategy and our own improvement agenda. Bereavement Services has a role, along with all other services, to play in the achievement of the priorities within the Plan.

The actions within the Plan are structured around the five priority themes for County Durham, plus an additional one specifically for the council:

- Altogether wealthier - focusing on creating a vibrant economy and putting regeneration and economic development at the heart of all our plans
- Altogether healthier - improving health and wellbeing
- Altogether safer - creating a safer and more cohesive county
- Altogether better for children and young people - enabling children and young people to develop and achieve their aspirations, and to maximise their potential in line with Every Child Matters
- Altogether greener - ensuring an attractive and 'liveable' local environment, and contributing to tackling global environmental challenges
- Altogether better council - ensuring corporate improvements are achieved against the five priority

themes.

The Altogether Better Council strand aligns closest to Bereavement Services , by:

- Improving efficiency and value for money
- Working to satisfy customer needs and expectations

The Gateshead 2030 Vision

The Vision for Gateshead in 2030 is 'local people realising their full potential enjoying the best quality of life in a healthy, equal, prosperous and sustainable Gateshead'.

The Vision promotes 6 bid ideas which form the basis for all Gateshead Council plans and priorities for the next 20 years.

The six big ideas are:

- City of Gateshead
- Gateshead goes Global
- Creative Gateshead
- Sustainable Gateshead
- Active and Health Gateshead
- Gateshead Volunteers

Gateshead Council's key priorities which provide the basis for the Council's contribution to the delivery of

- Building Stronger Communities
- Empowering Children and Young People
- Empowering Older People and Ensuring Healthier Communities
- Improving Accessibility, connectivity and Economic Prosperity

- Serving our Customers
- Ensuring a Sustainable Gateshead

Our vision for our Crematorium cuts across a number of the key priorities and is most closely aligned to 'serving our Customers' in the same way as Durham County Councils priorities. It does so by;

- Improving efficiency and value for money
- Working to satisfy customer needs and expectations

1.2 Governance - The Mountsett Joint Crematorium Committee

Mountsett Crematorium Joint Committee comprises of 9 Durham County Councillors and 7 Gateshead Councillors. The key elements 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
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and officers

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.

STAGE 1: The purpose of our Service and how it may be changing in the future



A risk management approach is in operation that aids the achievement of strategic objectives, supports decision making processes, protects the reputation and other assets of the Crematorium and is compliant with statutory and regulatory obligations. This involves regular reports by internal audit, to standards defined in the CIPFA code of practice, and in accordance with the Accounts and Audit Regulations 2015. These include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control at the crematorium, together with recommendations for improvement.

An introduction to our Service; our roles and responsibilities, our links to Corporate Priorities, the scope of this Plan, and the anticipated changes to our Service over the next 10 years



STAGE 2: The future needs of our Service alongside our existing portfolio

Consideration of what our 'ideal' assets should look like in the future, an assessment of our existing portfolio and how it is performing, and an analysis of how our 'ideals' differ from our existing asset base



STAGE 3: The key areas of change for our Service

Develop priorities for our assets over the next 10 years, evaluating how we intend to deliver these (within available financial resources), and the impact that priorities will have upon our existing portfolio

The annual report and accounts includes a governance statement which is approved by the joint committee.

1.3 The scope of our Service Asset Management Plan

The Mountsett Crematoria SAMP is intended to show how our property assets should be developed to meet our continuing service delivery obligations and aspirations, and is also a means by which we can map how our current property assets match the future needs of our Service. It is a strategic document which will provide us with a clear direction of travel for the future.

The main stages in the development of the SAMP are outlined in the left column and are covered in more detail throughout the document.

The SAMP provides the framework by which our existing property assets are aligned to our service delivery priorities. Overall it ensures that our buildings and land can support service needs and provide the opportunity to lead and enable change.

The SAMP will also be an important tool which, alongside those documents from other Service areas, will inform the Council's Corporate Asset Management Plan, and the Mountsett Crematorium Maintenance Programme. This will enable us to;

- formulate a planned maintenance and repair programme,
- Consider property alterations, refurbishment works and new build projects.

The SAMP provides an effective link between the management of Crematorium utilised assets to ensure the efficient and effective delivery of service need. In order to achieve this it is essential that we analyse our existing property performance and carry out a comprehensive review of our Crematorium. Asset information, including building condition data and the outcomes of access audits will be detailed in the SAMP and reflected within the performance data detailed in Section 4. This baseline information enables us to view the performance of Mountsett Crematorium and provides a high level overview of investment need.



*View from Mountsett
Crematorium*

2. Our Service

Bereavement Services provides professional, sympathetic, supportive and confidential advice on funeral service arrangements and can give assistance in co-ordinating the funeral process if required. Overall the service provided is a valued one that has achieved a Gold standard through the ICCM (Institute of Cemetery and Crematorium Management). There are also six green flags awarded to Council cemeteries and crematoriums including Mountsett, in recognition of their maintenance and community involvement. In July 2018, Bereavement Services was rated by ICCM as the fifteenth best performing service in the country.

There are a number of areas of change that have affected delivery of our service. The main challenge to the Service was the requirement (from 1st January 2013) for 50% of all cremations to be mercury abated.

According to estimates from Public Health England, two thirds of adults and a quarter of children between two and 10 years old are overweight or obese. Obese children are more likely to become overweight adults and to suffer premature ill health and mortality, and by 2034, 70 per cent of adults are expected to be overweight or obese. Should this trend continue as indicated, we will have to adapt to dealing with larger clients for the foreseeable future. We need to monitor this trend and in the long term, consider adaptations to our existing crematoria facilities and equipment.

Since Local Government Review we have carried out significant investment within Mountsett crematorium, some of this work has included.

Buildings		
Repair paths and external pedestrian paved areas	£	6,836
Renew hot water heaters	£	8,764
Improvement to flagged area	£	490
Internal decoration	£	7,500
Replacement of carpets to chapel	£	13,191
Replacement of curtains in chapel	£	2,741
Provide tribute screens for service	£	11,242

Replacement of seating within chapel area	£	8,493
Carry out cremator hearth re-line	£	4,950
Upgrade and paint hand rails	£	1,980
Renew South perimeter (main road) fence	£	6,300
Road widening	£	24,973
Carry out Re-lining of cremators x1	£	27,950
Re-placement of hearth	£	2,800
Re-placement of grass cutter	£	13,995
Carry out improvement to catafalque doors	£	3,881
Install Shower to changing room	£	10,000
Provide order of service screen.	£	1,482
Re-placement of Sound system within Chapel	£	8,344
Installation of Memorial Tower	£	4,920
Relining of Hearth	£	2,800
Tarmac access roads car park	£	62,200
Re-decoration works	£	6,173
Replacement of CCTV system within Crematorium	£	1,584
Car Park extension	£	88,398
Installation of Memorial Tower	£	6,000
Installation of Memorial Tower	£	4,610
Re vamp of remaining existing shrub beds	£	8,000
Improvement works to uneven non slip pathway	£	8,460
Re vamp of remaining existing shrub beds	£	8,160
Installation of air conditioning		Included in building works
Replacement of carpets to office area		Included in building works
Replacement of lectern	£	1,800

Carry out extension to crematorium + cremators	£	1,564,515
Re-Decoration Works	£	8,759
Installation of Memorial Tower	£	6,000
Replace exterior gates	£	380
Purchase of pressure washer	£	526
Purchase of vac sweeper	£	2,100
Repairs to book of remembrance	£	ongoing
Total	£	1,951,297

2.1 The Vision for our Crematorium

The building and land utilised for our crematoria, needs to work towards delivering the overall vision for both Durham County Council and Gateshead Council, and our Service Vision described in Section 1. Bereavement Services works towards delivering the Altogether Better Council strand of the Council Plan. In addition there are many external factors that have driven changes across our Service i.e. the cremator replacement programme and Mercury Abatement issues, and the requirements to replace cremators able to accommodate the anticipated increase in adult obesity. To enable us to deliver our vision we require buildings that are legislatively compliant and provide an appropriate and sympathetic environment for the bereaved.

We will also need to ensure that a process of continual maintenance and periodic upgrade is established so that we can sustain an effective and efficient portfolio.

When considering future investment in our property portfolio we must therefore seek to ensure that we;

- V1** Provide buildings which provide a sensitive, respectful service fitting for the bereaved.
- V2** Provide cremators and abatement equipment which are fit for purpose and comply with the requirements set out in Environmental Protection Legislation and complies with Environment Protection Act 1990 and Statutory Guidance notes issued by DEFRA.
- V3** Maintain and develop the grounds and buildings of our crematorium to given comfort and consolation in a landscape setting.

3. The anticipated changes to the delivery of our Crematorium Services over the next ten years

As a service we also recognise that other challenges may lie ahead in the delivery of our service vision and aspirations and that it is important that we respond to any anticipated changes that may impact upon our Service delivery over the coming years, whether this be brought about by a shift in Government policy, changes in delivery methods, social or demographic changes etc.

As such, this section of our SAMP outlines the anticipated changes which we expect to appear on the horizon over the short term (up to 2 years), medium term (3 to 5 years) and longer term (6 to 10 years). In establishing these changes, we will then be able to map out how our existing property portfolio meets required needs and the changes we may need to make in the future.

Short-term changes (up to 2 years)

- To continue to respond to property and other service changes brought about through the implementation of the new changes with regards to the death certification process.
- To respond to the changes with regards to service delivery and the changes identified in the feasibility study for the crematorium improvements.
- To respond to any maintenance back logs during the financial years 2018/19 and 2019/20.

Medium-term changes (up to 3 to 5 years)

- As corporate priorities are reviewed in line with future Council Plans, we will need to revisit and adapt our own Service priorities so that these continue to align with any changing local needs.
- Further to the draft Cemetery Policy we will continue to seek to have a sustainable crematoria and cemetery portfolio which is fit for purpose.

Long-term changes (up to 6 to 10 years)

- It is anticipated that the death rate is expected to increase from 2018 naturally placing greater pressures upon the service that we will need to provide. We will need to monitor changes and adapt/improve/replace our Crematoria and Cemeteries as necessary.
- The anticipated lifespan of our Cremators is 20 years. Annual contributions will continue to be made to allow a substantial reserve fund to be created. This will enable the installation of replacement cremators and mercury abatement equipment if necessary without the need to source capital funding. We will need to monitor any increase in costs and source additional or alternative funding where required.
- It is anticipated that adult obesity levels will increase substantially in the long term. We will need to monitor this trend and adapt our crematoria to accommodate our larger clients.

**THE FUTURE NEEDS OF OUR SERVICE
ALONGSIDE OUR EXISTING PROPERTY
PORTFOLIO**

4. Asset Supply Profile

If we are to achieve our ambition to provide a sensitive, respectful service fitting for the bereaved, we must have a land and property portfolio which assists us. This means we must provide buildings and grounds that give comfort and consolation.

Whilst major steps have been taken over recent years to improve our existing Crematoria there are still significant steps that we need to take to realise our vision, and as such it is essential that we have up to date knowledge of our existing asset base and how it is performing.

4.1 Our existing property assets

4.1.1 Mountsett Crematorium

The Crematorium is owned and operated by a Joint Committee on behalf of Durham County Council and Gateshead Council.

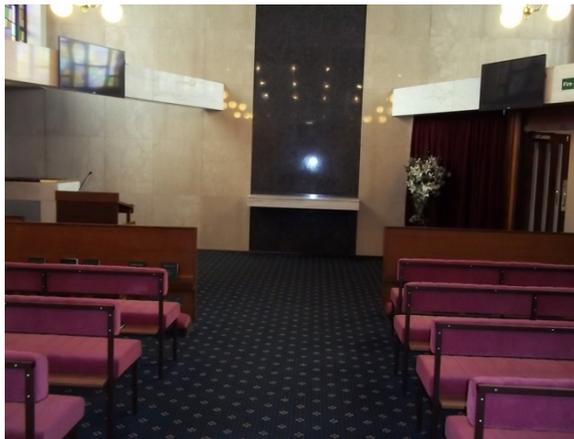
The Crematorium is nestled on the outskirts of Dipton on the (A692) and serves the residents of the whole of County Durham and Gateshead. It is 'T shaped', giving panoramic views over the meadowland surrounding the building and of the distant woodland surrounding the site.

There are two buildings that the public have access to within the crematorium. The Chapel, which incorporates two sets of ladies and gents washrooms and the Chapel of Remembrance which holds the Book of Remembrance.

Areas are set aside for the scattering of cremated remains throughout the crematorium land and an atmosphere of peace and tranquillity prevails in the surroundings of the Crematorium.

More recently Mountsett Crematorium was granted Green Flag status for the seventh year running,

In excess of 1,300 cremations are carried out each year.



Crematorium Chapel

4.1.2 Crematorium Chapel

The Crematorium Chapel provides seating for up to 120 people with standing room for over 100. Adjoining the chapel is a waiting room. The covered floral display area is situated to the exit area of the chapel, in which relatives and friends can view floral tributes following the service. All areas of the crematorium are accessible to people in wheelchairs.

For the hard of hearing, induction loops are installed in the Chapel. Specially adapted toilet facilities suitable for disabled persons are provided adjoining the waiting room, opposite the Chapel entrance. Guide dogs and assistance dogs are permitted to enter all parts of the buildings and grounds.

Service times are every 45 minutes and half hour, allowing some 20 minutes for each service and giving time for the Chapel to be tidied between each funeral service.

The style, character and condition of the building are in keeping with the crematorium.

4.1.3 Chapel of Remembrance

The Chapel of Remembrance is situated to the right hand side of the crematorium in an area designed for floral tribute.

It is a hexagonal building which incorporates the book of Remembrance along with a book view system which is touch screen to enable the whole book of remembrance to be viewed. There is also a facility available to place flowers within the building and vases are supplied.



Chapel of Remembrance

4.2 How our Existing Crematoria are Performing

As part of the Authority's Corporate Property Database, details where available, are held on all assets utilised by Bereavement Services including Mountsett Crematorium, with regards to their condition, sufficiency, suitability accessibility and energy performance.

4.2.1 Condition/outstanding repairs

A condition survey was carried out in respect of Mountsett Crematorium in 2016 and shows that the premises are in good condition, only requiring internal / external decoration in 2019/20. There are however a number of works identified which will improve the service offered to the bereaved. This has a

conditional estimated survey need of £1,316,000, £57,000, considered as works which are urgent / essential and are to be included in the 2019/20 budget. £70,000 is desirable works which are required in 2020/21; £94,500 for 2021/22 and £1,094,500 is longer term works.

Premises Condition Summary

PROPERTY	TOTAL MAINTENANCE NEED BY PRIORITY (£)			
	PRIORITY 1 URGENT, ESSENTIAL (19/20)	PRIORITY 2 LONGER TERM DESIRABLE (20/21)	PRIORITY 3 LONGER TERM DESIRABLE (21/22)	PRIORITY 4 LONGER TERM WORKS (22/23 onwards)
Mountsett Crematorium	£57,000	£70,000	£94,500	£1,094,500
TOTAL	£1,316,000			

In seeking to address the condition needs of our crematorium, we routinely prioritise and address maintenance issues where possible through our Repairs and Maintenance Budget and Repairs Reserve. Investment has been made in recent years to address the maintenance backlog and other repairs identified by the premises manager through a premises suitability assessment.

4.2.2. Sufficiency

Unfortunately sufficiency surveys are not planned to be undertaken across the Councils Portfolio as the resources are not available to do so.

Mountsett Crematorium is optimally used by residents of Durham County Council and Gateshead Council providing sufficient needs for the bereaved; however this may only become an issue for Mountsett where death rates do increase considerably. Sufficiency will where resources allow, be looked at as one part of

the Councils Property Review Programme although the property review programme covers whole portfolio areas rather than one individual property such as Mountsett.

4.2.3 Suitability

Unfortunately suitability surveys are not planned to be undertaken across the Councils Portfolio as the resources are not available to do so.

The manager of Mountsett Crematorium has carried out a basic suitability audit, the results of which are set out below at Section 6 (Gap analysis)

However providing investment into the current building will provide suitability in terms of service delivery and the right location.

Suitability is about whether the property users/customers consider that the premises meet requirements in terms of use. A series of questions are asked around whether staff/customers find the heating/lighting/ventilation/decoration/staff facilities and general aesthetics etc in their opinion as good/fair/poor. This detail helps to inform future investment requirements. In this instance, the premises manager advised in his opinion what the issues were in terms of suitability and this enabled the gaps to be drawn out. Although we usually find that the premises manager is the best source of knowledge, there may be other suitability issues that staff/customers may be able to highlight which could, subject to service approval and of course resources are included in the premises Investment Plan.



Crematorium front entrance

4.2.4 Accessibility

As part of the Council's recognised duty to plan for improved access to facilities for disabled or impaired service users, staff and visitors, Mountsett Crematoria was subject of an accessibility audit carried out in 2011. A feasibility report to deliver these works had been carried out by our in house Design Team and necessary works were undertaken.



Bookcase within Chapel

4.2.5 Energy performance

Annual energy performances details are collated on all assets utilised by Bereavement Services and include information around energy consumption (electricity and gas) and water consumption. These figures are reported as part of the Corporate Asset Management Plan. The latest figures available for 2017/18 show that the energy consumption for Mountsett Crematorium was 1,054,400 kilowatt-hours (kWh) (based on a gross internal area of 753 sqm). In monetary terms, this consumption cost the Joint Committee £31,331 during 2017/18.

The total water consumption in 2017/18 was also in excess of 616 m³; again in monetary terms this consumption cost £2,063 last year.

The tables below provide a summary of the energy performance of Mountsett Crematorium during 2017/18. In future SAMPs we will seek to report the trends in these figures, with a view to making improvements year on year. Any such trend analysis will be calculated on upon the consumption figures (rather than the monetary value attached to energy) due to the ever fluctuating costs associated with electricity and gas. In light of our commitment to support the Council's sustainability and climate change agendas we recognise the need to improve these energy performance statistics over the coming years, particularly in respect of carbon emissions from our buildings.

Energy Performance Summary

PROPERTY	TOTAL ENERGY CONSUMPTION (kWh)	TOTAL ENERGY CONSUMPTION (£)	TOTAL WATER CONSUMPTION (m ³)	TOTAL WATER CONSUMPTION PER SQM
Mountsett Crematorium	1,054,400	31,331	616	0.81

As Mountsett Crematorium buildings and the cremator is updated and/or replaced it should be the prime objective to reduce all these figures.

The data collated shows us that:



Crematorium general view

- For obvious reasons the Crematorium consumes a far greater amount of gas and electricity (based on kWh usage) than the Council average. This is considered to have a consequent knock on effect on CO² emissions
- Water consumption is below the Council average.

Energy Proposals

Proposals included fully exploring the possibilities that may allow use of the waste heat generated by the installation of a heat exchanger system to both new cremators to heat the building, this has now been implemented, the possibility of the installation of solar energy panels to the building in the future is still to be looked at.

5. Asset Demand Profile

Being mindful of the anticipated changes that our Service is likely to face over the next 10 years, it is important that we consider what our 'ideal' property portfolio should look like to reflect our future needs. In this section of our SAMP we therefore take a 'blank piece of paper' to set out what our real asset needs are, without being restricted by our existing portfolio.

These 'ideals' are however tempered by a realistic appreciation that we do not have infinite resources.

5.1 Our ideal property assets for the future

In assessing what our ideal Crematorium should look like we have analysed the needs of our Service. In doing so we have recognised that our assets need to be fit for purpose and provide for changes in legislation and government guidance whilst delivering improvements and maximising the opportunity to achieve value for money.

The table below sets out the considerations for our Crematorium:



Chapel of remembrance

Location

- A woodland or parkland setting in an area of undulating ground with good natural features and mature trees
- Accessible by public transport
- Section 5 of the Crematoria Act 1902 stipulates that no crematorium shall be within :
 - 200 yards of any dwelling house
 - 100 yards with consent
 - 50 yards of any public highway nor in any consecrated part of a burial ground

Size

- A minimum of two hectares (approximately five acres) per estimated 1000 cremations per annum

Layout and image

- Entrances and exits should not be in close proximity to incompatible establishments
- Entrances and exits should not be located on main trunk roads
- The flow of traffic to the building should be simple, dignified, uninterrupted and screened.
- Shared vehicular entrance and exit roads should be at least five metres wide.
- Entrances and exits to ancillary rooms should flow through the building in sequence.
- Adequate car parking facilities which are DDA compliant.
- Undercover entrances
- The entrance hall or vestibule should be spacious and provide for toilet facilities
- The waiting room should have adequate seating capacity, toilet facilities and be set out to allow the arrival of the cortege to be seen by those waiting
- The vestry should be located at the front of the building
- The chapel should provide for 80/100 mourners and should be flexible enough to allow for funeral of different denominations. It should be set out in such a way that provides for the comfort and use of all mourners and is DDA compliant
- The provision of a cremator that is compliant Environmental legislation and Secretary of State guidance particularly in relation to mercury abatement
- The provision of an adequate and suitable music system including an organ
- CCTV to allow for traffic monitoring, chapel and crematory arrangements and security.
- A suitably designed and appropriate for use catafalque

Cont ...

- The provision of a Committal Hall and viewing room
- Provision of adequate and suitable ancillary accommodation including a Bearers Room, Chapel of Rest, Coffin Storage Facilities, Treatment Room for Cremated Remains and staff facilities.

Customer needs

- Provision for commemorative floral tributes to be accommodated within the general vicinity of memorials.
- Provision of chamfered terra-cotta brick or stone edging to the walks of the Garden of Remembrance to allow for the fixing of memorial plates.
- Provision of a Book of Remembrance
- Provision of a Columbaria

Other Requirements

- The provision of a Chapel of Remembrance, hexagonal shaped 8' sides, situated to the right hand side of the crematorium in an area designed for the floral tribute. The building should be designed so that it can be used for the storing and display of the Books of Remembrance, in suitable cabinets. Ideally this chapel should be separate from the main building and close to the Garden of Remembrance. Visitors, who wish to view the Books of Remembrance, or quietly mediate in the chapel, should not be disturbed by mourners attending services and vice versa.

6. Supply and Demand Comparison (Gap Analysis)

The aim of the gap analysis is to review our existing Crematorium against our anticipated future requirements. We need to provide the right environments, and particularly the right buildings, which project the right image to our service users and the wider community. By examining our existing crematoria (Section 4) against our 'ideal' property portfolio (Section 5) we can see what improvements and modifications this will need to entail, which in turn allow us to target available resources towards our areas of greatest need and importance over the coming years.

6.1 How our 'ideal' property portfolio differs from our 'existing' asset base

Investment has been made to reduce our overarching maintenance need and to improve facilities in line with our changing service delivery need requirements. Since LGR investment of over £1.9 million has been carried out on the creation of disabled toilets, fire alarm and emergency lighting systems, along with chapel improvements. Despite this investment however, there are gaps between our current asset portfolio and our 'ideals' for the future.

6.1.1 Cremator Replacement and Mercury Abatement

In 2003/04 prior to LGR, Mountsett Crematorium Joint Committee established a Cremator Replacement Reserve Fund with an annual contribution of 20k factored into the revenue budget. Following LGR, the Committee updated its reserve policy approving all additional surplus generated (over and above budget) to be transferred to the Cremator Replacement reserve.

In order to ensure sufficient funding for the future replacement of cremators from 2017-2025 the Committee approved an increased budgeted contribution along with the continued policy to transfer all additional surpluses to the Cremator Reserve from 2016/17.

It was estimated that, the funding required for the future cremator replacement (exc Mercury Abatement

Technology) was £600k per cremator.

In 2004 DEFRA issued guidelines in the cremation industry advising that at least 50% of all cremations should be mercury abated by the end of 2012. Should this not be achievable, legislation would be introduced whereby all crematoria undertaking excess of 1970 cremations during 2003 would be required to install abatement equipment.

The Federation of Cremation Authorities felt that rather than the cost of Mercury Abatement being met by the busiest crematoria the cost should be shared around the industry and introduced the CAMEO scheme (a burden sharing scheme where those who with abatement equipment would receive payment from those without, based on the number of cremations undertaken).

In 2003 Mountsett Crematorium carried out significantly less cremations than the threshold set out in the 2003 legislation (1,326) and was therefore not compelled to install equipment in line with legislation. In consideration of this Members of the Joint Committee agreed that the Mountsett Crematorium should join the CAMEO scheme rather than install abatement equipment.

Whilst it was envisaged that the number of projected cremations would continue to be lower than the legislative threshold, there were strong environmental reasons why, when replacing cremators in the future, they should be replaced with Mercury Abatement equipment.

Our Cremator Reserve fund as at the 1st April 2018 was £61,781 (2017/18 Joint Committee Accounts), with budgeted contributions into the reserve of £110,669 during 2018/19 thus resulting in an estimated year end reserve balance of £172,450.

6.1.2 Outstanding Repairs

Mountsett Crematoria is well located in terms of the service required and provides an ideal atmosphere for customers and users. We consider that both are suitable for use and matches the majority of the criteria set out as our 'ideals'. There are however, improvements that can be made to portfolio which are identified below:

Repairs and maintenance investment from 2019/20 onwards is currently estimated at £1,316,000 through the implementation of a robust repairs and maintenance strategy. There are also other works in the long term categories in the condition survey that will need to be considered going forward. The investment includes the future Cremator Replacement requirements.

In addition to those works identified in the Condition Survey, a number of works which are outside the scope of this particular survey type have been identified. As detailed below an identified portfolio gap is the need to have a maintenance plan which will address repair and improvement need going forward. The Plan has been developed and is set out at Section 8.2 below and includes work identified outside the condition survey remit.



6.1.3 Suitability

As highlighted in Section 4 Suitability Surveys are not planned to be undertaken across the Councils Portfolio as resources are not unfortunately available to do so.

The Mountsett Crematorium property manager has carried out a suitability audit which has shown generally the suitability of the building to deliver the service is good.

Health and Safety requirements are being satisfactorily met and the premises are considered suitable in terms of internal layouts. The location of the Chapel of Remembrance is considered suitable in terms of image location and environment being situated away from the main chapel in a secluded and peaceful area setting the right tone for the service it provides.

The main areas of weakness in terms of suitability are:-

Redecoration

The Mountsett Condition Survey includes redecoration requirements and indicative costs (£15k) with the majority of work required in 2019/10. Therefore it is proposed that this is placed on a two year cycle and that funding be secured in order to carry out this work. It is however appreciated that redecoration works may need to be aligned to the delivery of other maintenance and improvement works.



GAP 1	Secure a budget, and develop a 2 year schedule for internal and external redecoration	Target: April 2019
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Hearth replacement

The cremators will need new hearths installed.

GAP 2	Source budget provision and carry out Re-lining of hearths.	Target: 2019
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Monthly plot extension

Some areas within the grounds require gorse removing and preparing to allow for future interment of ashes.

GAP 3	Source budget provision and carry out plot extension works.	Target: 2019
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Re Roofing works

Some areas within the current building require roofing works.

GAP 4	Source budget provision and carry out re-roofing works.	Target: 2019
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Service books

Some of the chapel service books are in need of replacing.

GAP 5	Source budget provision and carry out replacement of service books.	Target: 2019
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Re lining of cremators

The cremators will need new hearths installed.

GAP 6	Source budget provision and carry out Re-lining.	Target: 2021
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Re placement of cremators

The cremators will need replacing.

GAP 7	Source budget provision and carry out Re-placement.	Target: 2030
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6.1.4 Accessibility

Equality colleagues will develop an Access Strategy the purpose of which, is to identify accessibility works through Audits and to agree, working alongside services, and through the priorities identified in SAMPs accessibility works that will be carried out.

We are committed to ensuring that all our premises are DDA compliant.

6.1.5 Energy

As identified in Section 4.2.5 our energy cost are high, for obvious reasons, when compared to the rest of the Council portfolio. Benchmarking data with other local authority similar property types is available through the Chartered Institute of Public Finance and Accountancy (CIPFA) at a cost of approximately £200 and would allow us to make a like for like comparison and help us to monitor energy performance improvement. Notwithstanding that comparable are not presently available; we remain committed to reducing our energy costs and CO² emissions.

The installation of solar photovoltaics (PV) panels on our Crematorium as a means by which we could possibly heat out premises, save energy costs and reduce our carbon dioxide emissions. Further exploration around the feasibility and associated costs will however, need to be determined.

GAP 8	Determine the feasibility and cost of installing Solar PV Panels and improving energy performance.	Target: 2020
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7. Closing the gaps in our Provision

As determined by our Gap analysis there is specific areas that require investment so that we are able to achieve our 'ideal' property, and thus allow us to deliver our service vision. In order for the SAMP to be an effective planning tool in mapping our progress, it will be reviewed annually to take account of future emerging needs, whilst also re-visiting our stated priorities (Section 8)

7.1 How we intend to close the 'gap'

We recognise the need to use asset management planning as a strategic tool to tackle our property related issues and problems, and to steer investment in line with our priorities. The key projects and targets which we believe will enable us to close some of the 'gaps' are set out in section 8, and the platforms which can enable us to reach our property 'ideals' for the future described below.

7.1.1 Reserve Fund

In 2003/04 (pre Local Government Re-organisation) a ring fenced reserve fund, met from surpluses generated by the crematorium, was established for the purpose of which was to accommodate the future capital investment requirements regarding cremator replacement and any risk / Asset management issues as they might arise. These reserves were developed in the context of a financial strategy aimed at providing sufficient funding within the Mountsett Crematorium accounts

The Reserve Fund presently comprises:

Reserve	Balance @ 1 st April 2018 £	Transfer to Reserve £	Transfer from Reserve £	Balance @ 31 st March 2019 £
Cremator Replacement	(61,781)	(124,424)	13,755	(172,450)
Repairs	(39,370)	(15,000)	0	(54,370)
General	(264,300)	(178,645)	164,890	(278,055)
Total	(365,451)	(318,069)	178,645	(504,875)

In addition the following Revenue Budgets are available for Repairs and Maintenance:

General repairs and maintenance	Equipment Repairs and Servicing	Total R&M budget
£13,280	£17,700	£30,980

7.2 How we intend to monitor the 'gaps' in our provision

The Mountsett Crematorium Joint Committee meets Quarterly to discuss all issues relating to Mountsett Crematorium which are highlighted through the Bereavement Services Manager's reports. In addition to their remit as set out in Section 2, the Committee will also be used as a means to refine the recognised gaps in our portfolio, direct funds and monitor delivery of our SAMP.

7.3 How we intend to determine future investment priorities and mitigate risk

Mountsett Crematorium is providing the required service to the residents of County Durham and other users of our service however, as with any property changes and improvements are continually required to keep up to date with 21st century service delivery needs, with routine investment also required in respect of repairs and maintenance issues to prevent premises from further deterioration.

In developing priorities for investment, and to ensure that required Service delivery improvements are made, we have adopted a robust options appraisal process in order to consider needs fully, whilst also following the Council's corporate risk assessment protocols when assessing any project or investment opportunity.

7.3.1 Options Appraisals and Criteria for Determining Priorities

As a Service, we always ensure that full options appraisals are undertaken by a team of multi-disciplined officers when considering investment, including representatives from Bereavement Services and colleagues in Asset Management. Advice and support is also taken from other appropriate Council Services where required. The aim of any options appraisal is to provide value for money solutions that meet our strategic objectives and which also:

- Consider all delivery avenues for projects, including changes in the way we provide our service
- Undertake feasibility options for projects which involve maintenance and refurbishment works and,
- Prepare fully costed project appraisals, whilst also identifying project benefits and risks

In future months/years, we will need to undertake full and robust options appraisals in respect of the 'gaps' that have been identified (as set out in Section 6) and how we will deliver value for money solutions in respect of these issues.

A high level options appraisal on each gap identified is shown below. This details potential high level considerations for taking forward work to minimise our identified gaps.

High level options to minimise the 'gaps' in our portfolio

	GAP IDENTIFIED	OPTION 1	OPTION 2
GAP 1	Secure a budget, and develop a 2 year schedule for internal and external redecoration	Do Nothing	Maintenance Plan
GAP 2	Carry out the relining of hearths	Do Nothing	Maintenance Plan
GAP 3	Secure a budget, and carry out plot extension works.	Do Nothing	Maintenance Plan
GAP 4	Secure a budget, and carry out re-roofing works.	Do Nothing	Maintenance Plan
GAP 5	Secure a budget, and carry out replacement of service books.	Do Nothing	Maintenance Plan
GAP 6	Carry out the relining of cremators	Do Nothing	Maintenance Plan
GAP 7	Carry out the replacement of cremators	Do Nothing	Maintenance Plan
GAP 8	Determine the feasibility and cost of installing Solar PV Panels	Do Nothing	Maintenance Plan

7.3.2 Risk Assessments

The Council has a formal adopted Risk Management Policy and Strategy which sets out the approach to risk management. It ensures consistency of approach and an understanding of the management of business risks across the Council, with each Service having a designated Risk Manager to mitigate risks associated with Bereavement Services strategic business objectives.

Through this SAMP we therefore hope to consider the areas of greatest risk to our assets over the short to medium term, and particularly for those 'gaps' which have been identified. In turn this will also help us to determine whether additional finances, which cannot be presently met from our Reserve Fund, are required and avoid longer-term service delivery problems. The approach to risk assessment through the SAMPs is approached by reviewing each identified gap in turn and highlighting potential risks.

Property Risk Assessment (for' gaps' in existing portfolio)

	GAP IDENTIFIED	RISK IDENTIFIED	MITIGATION
GAP 1	Secure a budget, and develop a 2 year schedule for internal and external redecoration	<ol style="list-style-type: none"> 1. The Reserve fund resources available to carry out repairs outside the urgent and essential category at Gap 2 above will not suffice 2. Re-decoration on a 2 year cycle will not align with maintenance plan (Gap 2) 	<ol style="list-style-type: none"> 1 Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund. 2 Develop a suitable re-decoration investment plan and align this with urgent and essential category works
GAP 2	Carry out Re-lining of hearths	<ol style="list-style-type: none"> 1. Cremators require new hearths. 2. Resources may not be available to carry out these works. 	<ol style="list-style-type: none"> 1. Develop a suitable investment plan for replacement work 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 3	Source budget provision and carry out plot extension works.	<ol style="list-style-type: none"> 1. Areas around the crematorium require extending. 2. Resources may not be available to carry out these works. 	<ol style="list-style-type: none"> 1. Develop a suitable investment plan for extending site. 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 4	Source budget provision and carry out re-roofing works.	<ol style="list-style-type: none"> 1. Existing building requires updating. 2. Resources may not be available to carry out these works. 	<ol style="list-style-type: none"> 1. Develop a suitable investment plan for replacement. 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 5	Source budget provision and carry out replacement of service books.	<ol style="list-style-type: none"> 1. Existing service books are starting to fall apart. 2. Resources may not be available to carry out replacement. 	<ol style="list-style-type: none"> 1. Develop a suitable investment plan for replacement. 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 6	Carry out Re-lining of cremators	<ol style="list-style-type: none"> 1. Existing cremators requires re lining. 2. Resources may not be available to carry out these works. 	<ol style="list-style-type: none"> 1. Develop a suitable investment plan for re-line work 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 7	Carry out Replacement of cremators	<ol style="list-style-type: none"> 1. Existing cremators requires replacing. 2. Resources may not be available to carry out these works. 	<ol style="list-style-type: none"> 1. Develop a suitable investment plan for re-line work 2.Explore the potential for increasing the

	GAP IDENTIFIED	RISK IDENTIFIED	MITIGATION
			amount of surplus that can be placed in the Repair Reserve Fund
GAP 8	Determine the feasibility and cost of installing Solar PV Panels	<ol style="list-style-type: none"> 1. Energy costs and co² emissions will not be reduced. 2. Associated project delivery costs and feasibility will prohibit delivery of the project. 	<ol style="list-style-type: none"> 1. Carry out a feasibility study to determine associated costs and potential to deliver project. 2. Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund.

8. Our Priorities for Delivery

In terms of our priorities over the short, medium and long term, we have already established our property gaps, this section of the SAMP summarises our key projects required to close these gaps. These projects are detailed at Appendix A and show how these projects are aligned to the identified gaps. The Appendix also demonstrates how these projects align themselves with our Vision as set-out in Section 1. These will be subject to updates as the SAMP moves forward.



Chapel

8.1 Cremator Replacement and Relining

In the long term (10 years) our priority will be to ensure our that our cremators are replaced to control mercury emissions from the Crematorium – The Environmental Protection (England) (Crematoria Mercury Emissions) Direction 2008, advising that at least 50% of all cremations should be mercury abated by 1st January 2013 and 100% by 2020.

Notwithstanding the legislative imperative above, there also exists the issue of operational costs and CO² emissions (Section 4 above) and potential rising maintenance and repair costs. The cremators lifespan in 2018 is estimated to be approximately 20 years and as the cremators get older costs associated with maintenance and repair will rise, and parts will be obsolete. A 5 year service contract is in place with ATI to cover the period of 2019-2023 inclusive to ensure optimum levels of maintenance. Since then they have undertaken repairs and servicing works as and when required.

In the short to medium and long term we will continue to maintain our crematorium and reline our cremators. Cremator relining will be carried out:

- No1 Cremator 2021, 2027,
- No2 Cremator 2021, 2027,

Cremator Hearth Replacement:

- No1 Cremator 2019, 2021,2023,2025,2027,2029
- No2 Cremator 2019, 2021,2023,2025,2027,2029



Crematorium

8.2 Outstanding Repairs (Identified in the Condition Survey)

In the short (2019/20) to medium term (2020/21) our aim is to address those urgent repair and maintenance works, identified in our Condition Survey and those repairs identified by the Bereavement Services Manager.

Previously we had carried out a Feasibility study, which in turn led to the redevelopment work in creating additional disabled toilet facilities.

There will also be the requirement for us to commission an up to date Condition Survey. This will ensure appropriate investment is made across our crematorium including the development of a maintenance and investment plan. This will form part of an overall 5 year investment plan for the improvement of our crematorium.

8.2.1 Maintenance Plan

Our crematorium will be subject to an annual maintenance regime to ensure that is maintained to an appropriate standard with, financial and other risks also controlled. As part of this regime, we recognise that the maintenance of our assets will fall into two distinct categories:

- **Reactive Maintenance** - i.e. the repair of components upon failure. Repair may have to take place immediately (emergency repairs) or almost immediately (urgent repairs) in order that the premises may continue to function effectively or safely, and
- **Planned Maintenance** – i.e. carried out to reduce the level of reactive maintenance, by replacing component and elements of repair before they have deteriorated to a critical level. This will comprise of both regular servicing of equipment and inspection/testing in accordance with the requirements of regulations (routine maintenance) and planned repair or replacement of deteriorated components, such as maintenance carried out according to planned recurrent cycles (for example, redecoration) or according to the lifecycle of the component/element (for example re-roofing)

Over the next year we will continue to address any reactive needs in the estate, as and when they may arise, and we will also seek to undertake planned maintenance works. Those works which need to be considered for investment are listed below, with any works not addressed during 2019/20-20/21, rolled forward.

The works and costs listed below are estimated and as such are indicative costs only. A Feasibility Study will be required before final budget costs can be established.

Planned Maintenance 2019/20 Priority 1

Project	Budget	Estimated Cost
Re-Decoration Works	Premises	£ 15,000*
Carry out Re-lining of 2 hearths	Premises	£ 8,500
Carry out plot extension work	Premises	£ 10,500*
Carry out re-roofing works	Premises	£ 20,000*
Carry out replacement of service books	Supplies	£ 3,000*
ESTIMATED TOTAL SPEND		£ 57,000

Planned Maintenance 2020/21 Priority 2

Project	Budget	Estimated Cost
Carry out energy improvement works	Premises	£ 70,000*
ESTIMATED TOTAL SPEND		£ 70,000

Planned Maintenance 2021/22 Priority 3

Project	Budget	Estimated Cost
Re-Decoration Works	Premises	£ 15,000*
Carry out Re-lining of 2 cremators	Premises	£ 71,000
Carry out Re-lining of 2 hearths	Premises	£ 8,500
ESTIMATED TOTAL SPEND		£ 94,500

Planned Maintenance 2022 onwards Priority 4

PROJECT	Budget	Estimated Cost
Re-Decoration Works	Premises	£ 15,000*
Carry out Re-lining of 2 cremators	Premises	£ 71,000*
Carry out Re-lining of 2 hearths	Premises	£ 8,500*
Carry out Replacement of 2 cremators	Premises	£ 1,000,000*
ESTIMATED TOTAL SPEND		£ 1,094,500

*estimate

8.3 Suitability

In the short term (2019/20), our aim is to address those issues works which have potential health and safety implications. Our priority will also be to ensure that our crematorium continues to meet the expectations of all our service users, and demonstrates a professional and dignified service. In the medium term (2020/21) our aim is therefore, to address those issues identified in the feasibility report.

8.4 Accessibility

Our aim is to ensure that are premises are DDA compliant.

9. Financial Resources Available to Deliver our Priorities

Investment in our Crematorium is supported through our Crematorium Repair Reserves. This is reviewed annually by the Mountsett Crematoria Joint Committee and is aligned to its budget setting processes.

In Order to ensure that the repairs identified within this Service Asset Management Plan can be carried, funding is to be allocated from a number of sources including:-

Repairs and Maintenance Revenue Budget

Contributions from the Repairs Reserve

Reduced contributions to the Repairs Reserve in future years



Mountsett Crematorium Joint Committee

27 September 2018

Financial Monitoring Report – Position at 31/08/18, with Projected Outturn at 31/03/19



Joint Report of Ian Thompson – Corporate Director: Regeneration and Local Services; John Hewitt – Corporate Director: Resources & Treasurer to the Joint Committee

Purpose of the Report

1. This report sets out details of income and expenditure in the period 1 April 2018 to 31 August 2018, together with the forecast outturn position for 2018/19, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
2. The report also details the funds and reserves of the Joint Committee at 1 April 2018 and forecast outturn position at 31 March 2019, taking into account the provisional financial outturn.

Background

3. Scrutinising the financial performance of the Mountsett Crematorium is a key role of the Joint Committee. Regular (quarterly) budgetary control reports are prepared by the Treasurer and aim to present, in a user friendly format, the financial performance in the year to date together with a forward projection to the year end. Routine reporting and consideration of financial performance is a key component of the Governance Arrangements of the Mountsett Crematorium.

Financial Performance

4. Budgetary control reports, incorporating outturn projections, are considered by Regeneration and Local Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers quarterly budgetary control reports, with quarterly reports also being considered by Cabinet / Overview and Scrutiny Committee. The outturn projections for the Mountsett Crematorium are included within this report.
5. 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 following table highlights the provisional outturn financial performance of the Mountsett Crematorium:

Subjective Analysis	Base Budget 2018/19 £	Year to Date Actual April – August £	Probable Outturn 2018/19 £	Variance Over/ (Under) £
Employees	151,436	46,178	145,002	(6,434)
Premises	144,350	65,238	322,947	178,597
Transport	600	137	410	(190)
Supplies & Services	65,949	14,798	67,207	1,258
Agency & Contracted	9,520	1,537	5,259	(4,261)
Capital Charges	222,712	0	0	(222,712)
Central Support Costs	27,970	0	27,970	0
Gross Expenditure	622,536	127,888	568,796	(53,740)
Income	(926,850)	(391,576)	(1,000,099)	(73,249)
Net Income	(304,314)	(263,688)	(431,303)	(126,989)
Transfer to (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	124,424	0	251,413	126,989
- General Reserve				
Distributable Surplus	(164,890)	0	(164,890)	0
65% Durham County Council	107,178	53,589	107,178	0
35% Gateshead Council	57,712	28,856	57,712	0
Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2018 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2019 £
Repairs Reserve	(39,370)	(15,000)	0	(54,370)
Cremator Reserve	(61,781)	(251,413)	13,755	(299,439)
General Reserve	(264,300)	(178,645)	164,890	(278,055)
Total	(365,451)	(445,058)	178,645	(631,864)

Explanation of Significant Variances between Original Budget and Forecast Outturn

6. As can be seen from the table above, the projected outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £431,303 against a budgeted surplus of £304,314, (£126,989) more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis areas:

6.1 **Employees**

The outturn shows an underspend of **(£6,434)** in relation to employee costs. The reasons for this are identified below:

- The Business Admin Apprentice costs are lower than budgeted due to the Apprentice only starting in September and is forecast to underspend by **(£8,149)**.
- The staff overtime budget is forecast to overspend by **£3,215** due to additional weekend working.
- The training budget will not be required this year resulting in an underspend of **(£1,500)**.

6.2 **Premises**

The outturn shows an overspend of **£178,597** in relation to premises costs. The reasons for this are identified below:

- The replacement of the exterior gates was not required, instead the gates were repaired, which has resulted in an underspend of **(£4,620)**.
- The redecoration works were not completed in 17/18 due to the bad weather and the external works being delayed and had to be completed in the current year resulting in an overspend of **£4,356**.
- Cremator servicing and repairs are forecast to underspend by **(£10,193)** due to the old cremators being replaced during 17/18.
- Utility budgets are expected to overspend by **£15,729** due mainly to significant increases in electricity tariffs charged from April 2018.
- The funding of the remaining costs relating to the extension and new cremators are being funded directly through the revenue account and therefore this area of the budget is **£173,325** overspent. This overspend is offset by the capital charges underspend due to not having to take out a loan for the works.

6.3 **Supplies and Services**

The outturn shows an overspend of **£1,258** in relation to supplies and services. The reasons for this are highlighted below:

- The one off purchases of a pressure washer and vac sweeper are underspent by **(£1,373)**.
- Due to the projected numbers of cremations, medical referee expenditure is projected to overspend by **£1,716**.

- The installation of WIFI and the website development is expected to overspend by **£2,072**.
- Book of remembrance fees are expected to underspend by **(£1,000)** due to low demand.
- Other sundry expenses are expected to underspend by **(£157)**.

6.4 **Agency & Contracted**

The outturn shows an overspend of **(£4,261)** in relation to agency and contracted services. The reasons for this are highlighted below:

- Environmental Protection Act testing will not need to be carried out due to the cremators being replaced, resulting in a underspend of **(£4,261)**.

6.5 **Capital Charges**

The outturn shows an underspend of **(£222,712)** in relation to capital charges. The reasons for this are highlighted below:

- The loan from DCC for the Major Works will not now be required and instead paid from the Premises budget, resulting in an underspend of **(£222,712)**.

6.6 **Income**

An increase in income of **(£73,249)** from the 2018/19 budgeted position is included within the outturn. The reasons for this are identified below:

- The updated outturn projection has taken into consideration a forecast additional 104 more cremations compared to budget, totalling an over-achievement in the income budget of **(£70,720)**. The outturn allows for a total of 1,404 cremations against a budget estimate of 1,300 during the 2018/19 financial year. In the first five months there have been 557 cremations undertaken – 3 more than at the same point last year. There were 1,396 cremations in total in 2017/18.
- Memorial Plaque income and bank interest is forecast to be **(£2,529)** higher than budget.

6.7 **Earmarked Reserves**

Contributions to the earmarked reserves were **£126,989** more than originally budgeted, primarily due to the increase in cremation income during the year and a reduction in the Cremator Replacement and Extension costs.

In line with the MCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **(£13,755)** is required in year. This results in a net transfer from the Cremator Replacement Reserve of **£237,658**.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2018 are forecast to be **£353,809**, along with a General Reserve of **£278,055**, giving a forecast total reserves and balances position of **£631,864** at the year end.

Recommendations and reasons

7. It is recommended that:-

- Members note the April to August 2018 revenue spend financial monitoring report and associated provisional outturn position at 31 March 2019, including the projected year end position with regards to the reserves and balances of the Joint Committee.

Contact(s): Paul Darby 03000 261930
Ed Thompson 03000 263481

Appendix 1: Implications

Finance

Full details of the year to date and projected outturn financial performance of the Mountset 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 projected outturn has been produced taking into consideration spend to date, trend data and market intelligence, and includes an element of prudence. This, together with the information supplied by the Bereavement Services Manager should mitigate the risks associated with achievement of the forecast outturn position.

Equality and Diversity / Public Sector Equality 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 comments / raise any detailed queries on the contents of this report in advance of circulation to members of the Joint Committee.

Procurement

None

Disability Issues

None

Legal Implications

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

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Mountsett Crematorium Joint Committee

27 September 2018

Risk Register Update 2018/19 - 1



Joint Report of Ian Thompson, Corporate Director, Regeneration and Local Services; and John Hewitt, Corporate Director, Resources and Treasurer to the Joint Committee

Purpose of the Report

1. To inform the Mountsett Crematorium Joint Committee of the outcome of the half-yearly risk review in September 2018.

Background

2. A service risk register and a health and safety risk register are maintained in accordance with Durham County Council's methodology and approach to risk management, further details of which are included in **appendices 2 and 3**.

Risk Review

3. The review of the service risk register resulted in no change to the net evaluation of any risk, all of which remain within the risk appetite (shaded area in appendix 5).
4. The current service risk register is included in **appendix 4**. A profile of service risks is included in **appendix 5**. The net evaluation of all risks remain within the risk appetite (shaded area in appendix 5).

Recommendations

5. It is recommended that members of the Crematorium Joint Committee note the content of this report and the updated position.

Contact:	Paul Darby	Tel: 03000 261930
	Kevin Roberts	Tel: 03000 269657

Appendix 1: Implications

Finance

There are no direct financial implications but effective risk management helps to avoid or minimise financial loss.

Staffing

None

Risk

This report supports the delivery of the objectives of the Durham County Council's Risk Management Strategy. Each risk has been evaluated using Durham County Council's risk management methodology. Maintaining and continually reviewing the risk register is a key component of the control and governance framework for the Mountsett Crematorium Joint Committee.

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

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 Issues

None

Legal Implications

There are no direct implications but effective risk management helps to ensure compliance with legal and regulatory obligations.

Appendix 2: How Mountsett Crematorium risks are managed

Two risk registers have been developed for Mountsett Crematorium, containing service and health and safety risks respectively. They are maintained in accordance with Durham County Council’s methodology and approach to risk management. Regular reviews are undertaken to ensure that risk management continues to be embedded and that the risk registers are kept up to date, taking current issues into account.

Service Risk Register

The service risk register is maintained by the Bereavement Services Manager & Registrar (Countywide), supported by Durham County Council’s Principal Risk and Governance Officer. Risk assessments are based on the impact on finance, service delivery and stakeholders if the risk materialises, and on the likelihood that the risk will occur over a given period, as shown in appendices 3A and 3B. This requires an evaluation of the gross risk and the net risk, which takes into account mitigating control measures. Formal reviews are undertaken twice a year and reported to the Mountsett Crematorium Joint Committee.

Health and Safety Risk Register

The health and safety risk register is maintained by the Bereavement Services Manager & Registrar (Countywide), supported by Durham County Council’s Occupational Health and Safety Team. Risk assessments are based on the potential severity of injury and the likelihood of occurrence, as shown in the table below. This requires an evaluation of the net risk, which takes into account mitigating control measures. In line with Durham County Council’s procedures, an in-depth review is undertaken every three years. A light-touch review is also undertaken twice a year. A single, overarching health and safety risk is included in the service risk register, which is reported to the Mountsett Crematorium Joint Committee twice a year.

HEALTH & SAFETY RISK ASSESSMENT CRITERIA		Likelihood			
		<small>(a full definition of each rating is set out in the detailed methodology)</small>			
		1 Very Unlikely	2 Unlikely	3 Likely	4 Very Likely
Impact	4 Extreme Death or multiple deaths; substantial damage.	Low Risk	Medium Risk	High Risk	High Risk
	3 Severe Loss of limb or multiple injuries; significant damage.	Low Risk	Medium Risk	High Risk	High Risk
	2 Minor Three day or greater injury or illness; insignificant damage.	Insignificant	Low Risk	Medium Risk	Medium Risk
	1 Negligible Less than a three-day injury or illness; superficial damage.	Insignificant	Insignificant	Low Risk	Low Risk

Civil Emergencies

Durham County Council is jointly responsible for responding to civil emergencies (such as severe weather events, network power losses and flu epidemics) through the County Durham and Darlington Local Resilience Forum. An explanation of the arrangements for managing the risk of such events and a copy of the latest Community Risk Register can be found on the web page of the County Durham and Darlington [Local Resilience Forum](#).

Appendix 3A: Strategic Risk Assessment Criteria – Impact Factors

Factor and Description	Financial	Service Delivery/ Performance	Stakeholder and Reputation
5 Critical	> / = £15M > 5% of Service/ budget	<ul style="list-style-type: none"> Inability to meet statutory duties Key services can no longer be delivered – emergency actions needed, which need Cabinet approval. Significant legal action or challenge Intervention or sanctions by regulatory body / prosecution or litigation (including corporate manslaughter) Strike action which is Council-wide or service-wide in a critical service for a long period (in context of a project, this can also mean that the project cannot proceed, or that several critical benefits/ opportunities cannot be achieved) 	<ul style="list-style-type: none"> Perception of the majority of potential partners and stakeholders that the Council is not 'fit to deal with'. Loss of life
4 Major	£5M - £15M 3% - 5% of Service/ budget	<ul style="list-style-type: none"> Major disruption to some statutory and / or non statutory services i.e. key service delivery adversely affected – crisis management implemented, which needs Cabinet approval. Strike action which is Council-wide or service-wide in a critical service for a short period. (in context of a project, this can also mean major disruption to delivering the project, or that a critical benefit/ opportunities cannot be achieved) 	<ul style="list-style-type: none"> Serious reputational damage to the Council regionally/ nationally/ internationally Damage to relationships with central government or other public bodies e.g. Environment Agency, other Councils Perception of small number of potential partners and stakeholders that the Council is not 'fit to deal with'. Serious injury to individual
3 Moderate	£1M - £5M 1% - 3% of Service/ budget	<ul style="list-style-type: none"> Moderate disruption to statutory and / or non statutory services i.e. some disruption to service delivery – action plans to rectify Service fails to maintain existing status under inspection regimes e.g. Ofsted Resolution requires approval at CMT level Limited strike action within a service (in context of a project, this can also mean moderate disruption to delivering the project, or moderate impact on achieving benefits/ opportunities) 	<ul style="list-style-type: none"> Results in negative Regional or National press / media coverage Minor reputational damage to the County Council Major criticism by other stakeholders e.g. partners, central government Significant impact on the quality of life for a large section of the community
2 Minor	£0.5M - £1M 0.2% - 1% of Service/ budget	<ul style="list-style-type: none"> Minor service disruption / customer dissatisfaction i.e. little disruption to service delivery – no long term or permanent impact on key services Capable of resolution by Service Management Team (in context of a project, this can also mean minor disruption to delivering the project, or minor impact on achieving benefits/ opportunities) 	<ul style="list-style-type: none"> Results in negative press coverage within County Durham Minor criticism by Community or other stakeholders e.g. Partners, central government Significant number of complaints from service users Serious reputational damage to own service area Significant impact on the quality of life for a small section of the community
1 Insignificant	< £0.5M < 0.2% of Service/ budget	<ul style="list-style-type: none"> Insignificant service disruption e.g. very little or no disruption to services Impairment of quality of service Capable of resolution by head of service and their management team (in context of a project, this can also mean insignificant disruption to delivering the project, or insignificant impact on achieving benefits/ opportunities) 	<ul style="list-style-type: none"> Results in negative press coverage within the locality / ward Insignificant criticism by community or other stakeholders e.g. partners, central government Insignificant number of complaints from service users Minor reputational damage to own service area

Appendix 3B: Strategic Risk Assessment Criteria – Likelihood Factors

Factor and Description		Expected Frequency
5	Highly Probable	<ul style="list-style-type: none"> • More than once a year • Something that is already occurring or is likely to be a regular occurrence throughout a one year period • Inevitable i.e. the event is expected to occur in most circumstances • >80% chance of occurring
4	Probable	<ul style="list-style-type: none"> • Once a year • Something that has occurred in the last year, or is likely to occur at least once throughout a one-year period. • Probable or where the conditions of the loss occur on a regular basis i.e. the event will probably occur in most circumstances • 61% to 80% chance of occurring
3	Possible	<ul style="list-style-type: none"> • Every 1-3 years • Likely only to happen at some point over the next 1 to 3 years. • Possible but responding to well understood situations i.e. the event might occur at some time • 31% to 60% chance of occurring
2	Unlikely	<ul style="list-style-type: none"> • Every 3-5 years • Likely only to happen at some point over the next 3 to 5 years or likely to continue to occur i.e. the event is not expected to occur • 11% to 30% chance of occurring
1	Remote	<ul style="list-style-type: none"> • Over 5 years • Rare activity or is unlikely based on current intelligence i.e. the event may only occur in exceptional circumstances • < 10% chance of occurring

Appendix 4: Service Risk Register for Mountsett Crematorium

This is a list of service risks, ranked in order of net risk evaluation, based on the strategic risk assessment criteria in appendices 3A and 3B. Where changes to the risk assessment have occurred during the last quarter, these are indicated in the last column.

Ref	Risk	Net Impact	Net Likelihood	Net Risk Score	Conclusion	Changes/ Comments
1	Serious breach of health and safety legislation	Moderate (8)	Unlikely (2)	16	Tolerate	
2	Managing excess deaths	Minor (4)	Possible (3)	12	Tolerate	
3	ICT and Power Failure	Minor (5)	Unlikely (2)	10	Tolerate	
4	Sickness absence of key staff	Moderate (7)	Remote (1)	7	Tolerate	
5	Breakdown of the partnership (with Gateshead Metropolitan Borough Council)	Moderate (7)	Remote (1)	7	Tolerate	
6	Failure of Cremators	Minor (6)	Remote (1)	6	Tolerate	
7	Not implementing changes in legislation	Minor (6)	Remote (1)	6	Tolerate	
8	Disclosure of confidential information through incorrect disposal / maintenance of information	Minor (5)	Remote (1)	5	Tolerate	
9	Loss of Income/Money	Minor (5)	Remote (1)	5	Tolerate	

Appendix 5: Profile of Service Risks for Mountsett Crematorium

Service Risks

This matrix profiles all service risks shown in appendix 4, based on the net risk evaluation. The shaded area represents the corporate risk appetite. None of the net risk evaluations are above the risk appetite.

As the net risk evaluations of risks 1 to 9 are within the risk appetite, they are considered to be at an acceptable level.

Impact					
Critical (score 13 – 15)					
Major (score 10 – 12)					
Moderate (score 7 – 9)	4 Sick Absence 5 Partnership	1 Health & Safety Breach			
Minor (score 4 – 6)	6 Cremators 7 Legislation 8 Confidentiality 9 Loss of Income	3 ICT & Power	2 Excess Deaths		
Insignificant (score 1 – 3)					
Likelihood	Remote (score 1)	Unlikely (score 2)	Possible (score 3)	Probable (score 4)	Highly Probable (score 5)

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**Mountsett Crematorium
Joint Committee**

27 September 2018

Internal Audit Charter



Report of the Chief Internal Auditor and Corporate Fraud Manager

Purpose of the Report

1. The purpose of this report is to seek agreement on the revised Internal Audit Charter to take immediate effect and to be applied to reviews undertaken as part of the Internal Audit plan for 2018/19.

Background

2. The Public Sector Internal Audit Standards (PSIAS), that came into effect from April 2013, and which were subsequently revised from 01 April 2017, define internal audit as,

‘an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

Internal Audit Charter

3. The Internal Audit Charter defines the Internal Audit Service’s purpose, authority and responsibility. It establishes Internal Audit’s position within the organisation, including the nature of the Chief Internal Auditor and Corporate Fraud Manager’s functional reporting relationship with the Joint Committee; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
4. The Charter reflecting the changes made to the PSIAS in 2017 was previously considered by the Joint Committee at its meeting of 29 September 2017. Revisions to the Charter this time which reflect a change in the reporting of ‘follow up’ reviews undertaken and in the definitions used for the priority of Internal Audit recommendations and the Overall Assurance Opinion have been highlighted for ease of reference.

Recommendation

5. It is recommended that in considering the content of the report, the Joint Committee approve the Internal Audit Charter attached at Appendix 2.

**Contact: Paul Bradley Chief Internal Auditor and Corporate Fraud Manager DCC
Tel: 03000 269645**

Appendix 1: Implications

Finance

The broad programme of work undertaken by Internal Audit supports the Joint Committee in maintaining safe and efficient arrangements for the proper administration of its financial affairs

Staffing

None

Risk

There are no direct risk implications arising for the Joint Committee as a result of this report, although we aim through our planning arrangements to review the adequacy and effectiveness of the risk management arrangements in place.

Equality and Diversity / Public Sector Equality Duty

None

Accommodation

None

Crime and disorder

None

Human rights

None

Consultation

None

Procurement

None

Disability issues

None

Legal Implications

Compliance with Public Sector Internal Audit Standards



INTERNAL AUDIT CHARTER

**For the Provision of an Internal Audit Service to the
Mountsett Crematorium Joint Committee**

**September
2018**

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Introduction

1. The purpose of this Charter is to establish the terms of reference for the delivery of Internal Audit to the Mountsett Crematorium Joint Committee by Durham County Council Internal Audit & Risk Services. It sets out the purpose, authority and responsibility of Internal Audit.

Statutory Basis

2. Internal Audit is a statutory service in the context of the Accounts and Audit Regulations(England) 2015, which state that:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”
3. The Public Sector Internal Audit Standards (PSIAS) and CIPFA’s Local Government Application Note (LGAN), which came into effect April 2013, constitute proper practices to satisfy the requirements for larger relevant local government bodies as set out in the Accounts and Audit Regulations 2015. The PSIAS were updated on 01 April 2017 and the Charter reflects these changes.
4. Section 151 of the Local Government Act 1972 states that every local authority should make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs (The Chief Financial Officer (CFO)). CIPFA has defined proper administration in that it should include, ‘compliance with the statutory requirements for accounts and internal audit’.
5. The CIPFA Statement on the Role of the Chief Financial Officer states that the CFO must:
 - Ensure an effective internal audit function is resources and maintained
 - Ensure that the authority has but in place effective arrangements for internal audit of the control environment
 - Support internal audit arrangements and
 - Ensure the audit committee receives the necessary advice and information so that both functions can operate effectively
6. This Internal Audit Charter recognises the mandatory nature of the PSIAS including the definition of Internal Auditing, the Mission of Internal Audit, the Code of Ethics and the Standards themselves.
7. As required by the PSIAS, this Charter defines the group or body determined to fulfil the roles and responsibilities of the ‘board ‘and ‘senior management’ for the purpose of internal audit activity, as referred to in the individual standards. These definitions are set out in Appendix C.

Definition

8. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Mission

9. The mission of the Internal Audit Service is "to enhance and protect the Joint Committee's values by providing risk based and objective assurance, advice and insight".

Code of Ethics

10. Internal Auditors in the UK public sector organisations must conform to the Code of Ethics, (the Code), as set out in the PSIAS. The Code applies to both individuals and entities that provide internal auditing services.
11. The Code consists of 4 principles that are relevant to the profession and practice of internal auditing and set out the rules of conduct that describe behaviour norms expected of internal auditors to guide their ethical conduct. The 4 principles are integrity, objectivity, confidentiality and competency.
12. Internal auditors must also have regard to the Committee on Standards in Public Life, "Seven Principles of Public Life", those being:
 - Selflessness
 - Integrity
 - Objectivity
 - Accountability
 - Openness
 - Honesty
 - Leadership

Strategic Aims

13. Our overall strategy is to support the Joint Crematorium in achieving its aims and objectives through the provision of a high quality internal audit service that gives management reasonable assurance on the effectiveness of the Joint Crematorium's internal control environment and acts as an agent for change by making recommendations for continual improvement.
14. The service aims to be flexible, pragmatic and to work in collaboration with management to suit organisation needs. Through a risk based approach to audit planning, the service will make a positive contribution to corporate governance arrangements and assist management in developing a framework for achieving objectives within acceptable levels of risk.

Objectives of Internal Audit

15. Our primary objective is the provision of reasonable, not absolute, evidenced based assurance on the effectiveness of the **whole** of the Council's risk management, control and governance environment to the Corporate Management Team and the Audit Committee.
16. The provision of our annual assurance opinion will be in compliance with professional guidelines and in accordance with the Accounts and Audit Regulations. Our annual opinion will be included in the Council's Annual Governance Statement which forms part of the Council's published annual Statement of Accounts.
17. To determine the audit opinion the internal audit service will review, appraise and report upon:
 - The adequacy of risk identification, assessment and mitigation
 - The adequacy and application of controls to mitigate identified risk
 - The adequacy and extent of compliance with the Council's corporate governance framework
 - The extent of compliance with relevant legislation
 - The extent to which the organisation's assets and interests are accounted for and safeguarded from loss of all kinds including fraud, waste, extravagance, inefficient administration and poor value for money
 - The quality and integrity of financial and other management information utilised within the organisation.
18. When presenting the annual audit opinion the Head of Internal Audit will:
 - Disclose any qualification to that opinion, together with the reasons for that qualification
 - Present a copy of the finalised audit report reflecting work carried out in accordance with the agreed Service Level Agreement (SLA) and the detailed terms of reference agreed with the Crematorium Superintendent
 - Draw attention to any issues considered particularly relevant to the preparation of the Annual Governance Statement
 - Present a statement on conformance with the PSIAS and the results of a Quality Assurance and Improvement Programme (QAIP) required by the PSIAS.

Outcomes of Internal Audit

19. The main outcome of Internal Audit is the provision of independent assurance to “those charged with governance”, which within the Joint Committee, is the Committee itself, on the effectiveness or otherwise of the Joint Committee’s risk management, control and governance arrangements and in so doing we contribute to:
 - Improved identification and management of risks contributing to improved performance management and the successful achievement of the Council’s vision and priorities.
 - Improved corporate governance through helping to support compliance with relevant legislation, the Joint Committee’s policies, plans and procedures.
 - Improved accountability, safeguarding of assets and interests and use of public resources
 - Improved quality and reliability of financial and other management information used to support informed decisions

Independence, Objectivity and Authority

20. To be effective Internal Audit must operate independently and in an unbiased manner and have unrestricted access to all information deemed necessary in the course of its work.
21. The Head of Internal Audit has direct and unrestricted access to any employee or elected member.
22. For day to day operational activities the Head of Internal Audit reports to the Joint Committee’s Treasurer but maintains independence by reporting in her/his own name on functionality of the audit service direct to the Joint Committee.
23. Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free and unrestricted access to all records, assets, elected members, personnel and premises, including those of partner organisations or external contractors conducting business on behalf of or in partnership with the Joint Committee, in order to obtain such information and explanations as it considers necessary to fulfil its responsibilities.
24. Internal Audit will remain free from interference by any element in the organisation including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of the necessary independent and objective standards.
25. Objectivity is maintained by ensuring that all internal auditors are free from any conflicts of interest and being free from direct management responsibility for the development, implementation or operations of any of activities audited.
26. Internal Auditors will not be allocated to assurance reviews in areas where they have had a responsibility for, or have undertaken any significant advice and consultancy work, within the previous 2 years.

27. As the Head of Internal Audit also has responsibility within Durham County Council for corporate risk management, counter fraud and insurance services, arrangements will be made for any audit work to be carried out in these areas by a suitably experienced and qualified auditor. In these cases the Head of Internal Audit will remove themselves from the review process of these audits and all findings and draft reports will be shared at their conclusion with both the Head of Internal Audit and the Corporate Director, Resources in order to apply the necessary safeguards as set out in PSIAS standard 1112 where the Chief Audit Executive has roles beyond Internal Auditing

Scope of Audit Work

28. Internal Audit's role applies to all functions and services for which the Joint Crematorium is responsible, including those delivered by its partners where appropriate.
29. In addition to the regular review of all key systems of internal control which forms the bulk of our assurance work, Internal Audit will:
- Respond to requests for support, advice and guidance on implementing and/or improving best practice control procedures for current and new systems.
 - Promote the development and effective implementation of Control and Risk Self Assessments (CRSA) as outlined within the Audit Approach Section of this Charter.
 - Provide support, advice and guidance on risk and controls to staff involved in the design and implementation of new systems and processes.
 - Provide assistance on key projects, including attendance on project boards, and conduct specialist consultancy and value for money reviews. The scope of this work is agreed with management and is subject to having the necessary resources, skills and ensuring suitable assurance over our independence and objectivity. Any significant advice and consultancy work that may be considered to impact on the independence of the Internal Audit Service will be reported to the Audit Committee for approval.
 - Be alert in all its work to risks and exposure that could allow fraud or corruption to occur and to any indications that a fraudulent or corrupt practice may have been occurring
 - Review controls where a potential fraud has been detected/reported to provide assurance that the alleged fraudulent activity is unable to continue and to prevent a reoccurrence.
 - In consultation with appropriate officers, determine the most appropriate course of action by which fraud and irregularities should be investigated.
30. It must be noted that whilst Internal Audit will promote fraud awareness, it does not have responsibility for the prevention and detection of fraud and corruption. Internal Audit cannot guarantee that fraud or corruption will be detected in its work. Managing the risk of fraud and corruption is the responsibility of service managers.

Audit Planning

31. The level of internal audit resources required to deliver an annual audit opinion will be specified in a SLA to be agreed by the Joint Committee.
32. A risk based approach to annual audit planning and the agreement of detailed terms of reference will be applied to allow sufficient work to be undertaken each year to draw reasonable conclusion and assurance on the effectiveness of the whole of the Joint Committee's risk management, control and governance arrangements in a way which affords suitable priority to the Joint Committee's objectives and risks.
33. In consultation with management internal audit will
 - Consider the Joint Committee's risk across two categories:
 - a. **Strategic Risks** - these are the business risks that may arise both internally and externally from the Joint Committee which should be included in the Strategic Risk Register
 - b. **Operational Risks** - these are the risks that arise directly from the core activities of delivering services which should be included in the Operational Risk Register
34. Risk registers will inform but not drive the internal planning process and internal audit will audit those risks where controls have been identified as the means of managing the risk. Priority will be given to those risks which have a high gross score and a low net score, where the effective management of the risk is heavily dependent on the identified controls, and there is little or no other source of assurance.
35. Some key risks where a high level of assurance is required to demonstrate the continuous effectiveness of internal controls, for example those associated with key financial systems, will be subject to annual review. The timing of annual reviews will be agreed in consultation with management wherever possible.
36. The level of audit resources required to deliver, at the very least, both a minimum level of independent assurance and adequate provision for advice and consultancy will be considered by the Head of Internal Audit and incorporated into draft SLA's to be approved by the Joint Committee.
37. Minimum assurance levels will be informed by the maturity of the Joint Committee's risk management arrangements and the reliance that can be placed on other assurance sources. Any concerns the Head of Internal has over the quantity and quality of skills available to deliver the required level of assurance, or to add value through its advice and consultancy work, will be referred to the Section 151 Officer, (Chief Financial Officer), and the Joint Committee for consideration.
38. Draft SLA and annual audit plans will be considered by the senior management and approved and monitored by the Joint Committee.

Audit Approach

39. Internal Audit will adopt a risk based approach to all our assurance work as outlined below:

Strategic Risk

Reviews of strategic risks will provide assurance that:

- Risk management processes, defined by the Joint Committee's risk management strategy and policy, are in place and are operating as intended
- Managers are responding to risks adequately and effectively so that those risks are reduced to an acceptable level
- The controls that managers have in place are successful in managing those risks

Operational Risk

40. Reviews of key service delivery activities and key systems will provide assurance on the effectiveness of
- Compliance with corporate governance arrangements
 - Risk identification, assessment and business continuity
 - The control environment to manage identified risks and to ensure that the Joint Committee's assets and interests are accounted for and safeguarded from loss of all kinds including fraud, waste, extravagance, inefficient administration and poor value for money, including
 - Information governance (quality and integrity of financial and other management information and how it is used and communicated)
41. Internal Audit will adopt a risk based approach to evaluate the effectiveness of controls designed to mitigate risks through substantive testing and/ or compliance testing. Compliance testing will confirm if a control actually exists and substantive testing will provide assurance that the control is effective and / or is consistently applied. The level of testing will be relative to the impact and likelihood of the risk occurring due to a control weakness.
42. Internal Audit will work with service managers to help embed effective risk management by supporting them to carry out a control and risk assessment (CRA) of risks for each annual audit review in advance of the audit.
43. Internal Audit will agree the objectives and risks associated with each key system or service delivery area to be reviewed with the Bereavement Services Manager prior to the start of each annual audit to ensure that the scope and objectives of each review are focused on providing assurance on the high or significant risks identified through the CRA. Terms of reference will be issued to the Bereavement Services Manager to formally agree the scope of each review, identified keys risks, potential impact and expected key controls.

Audit Reporting

44. Each annual audit will be the subject of a formal report and will include an audit opinion.
45. Towards the end of an audit we will arrange an exit meeting with the Bereavement Services Manager where we will share and discuss our initial findings. The discussion will seek to eliminate any inaccuracies in our findings so that these can be resolved before a formal draft report is issued. Draft reports will ask the Bereavement Services Manager to provide a management response to the recommendations made and agree target implementation dates and responsible officer.
46. To assist the Bereavement Services Manager in his response we categorise the importance of our recommendations as High, Medium or Best Practice. Details of how we assess the importance of audit findings leading to these recommendation rankings are given in Appendix A.
47. It is the responsibility of management to address audit findings and implement audit recommendations or other agreed appropriate action, or accept the risk resulting from not taking action.
48. An overall assurance opinion will be provided on each annual audit review to help inform the overall opinion required to support the Joint Committee's Annual Governance Statement.
49. The determination of our audit assurance opinion is derived from the overall level of assurance, positive as well as negative, on the effectiveness of controls operating in each specific area reviewed and is informed by the risk identified through recommendation rankings.
50. Where a Limited assurance opinion is given the control framework in place is considered to be ineffective and requires improvement to maintain an acceptable level of control. Further details of how assurance opinions are derived are given in Appendix A.
51. Management responses to recommendations made in the draft report will be incorporated into the audit report that will then be reissued as the final version. A copy of the final report will be shared with the Council's External Auditor on request.
52. The CRA will be updated with any further expected controls identified through the audit process and details of actual controls in place, and issued to Bereavement Services Manager as part of the reporting process. If controls are considered to be inadequate, recommended action to improve controls will also be entered to provide management with the necessary information to update risk registers which can then be regularly reviewed.
53. Wherever possible the circulation of audit reports will be agreed at the outset and will have due regard to confidentiality and legal requirements. Information gained in the course of audit work remains confidential without limiting or preventing internal audit from meeting its wider reporting responsibilities.

54. Internal Audit will follow-up progress made by management in responding to the draft report and on the implementation of all high and medium priority recommendations agreed. Any concerns on the lack of appropriate management action will be reported to the Joint Committee.
55. Where a limited assurance opinion is given, it is the intention of Internal Audit to follow up the audit within six months of issue to verify that agreed actions have been taken in line with recommendations made. ~~A revised assurance opinion will then be given.~~ A follow up report detailing progress made and any actions that are still to be completed will be prepared on completion of the review.
56. In accordance with the PSIAS, to maintain organisational independence, Internal Audit will report on the functionality of the audit service to the Joint Committee by:
- Presenting the proposed SLA and planned annual audit coverage for each year covered by the SLA:
 - Presenting an Annual Audit Report and audit opinion detailing all work undertaken to formulate the annual opinion on the entire control environment, including reliance placed on work of other assurance bodies.
 - The annual audit report will also demonstrate the extent of compliance with the PSIAS and the results of the Quality Assurance and Improvement Programme, including internal and any external assessments carried out, and will draw attention to any issues considered particularly relevant to the preparation of the Annual Governance Statement.

Audit Resources, Skills and Service Quality

57. In order for Internal Audit to demonstrate high standards of professional conduct, the Internal Auditor must be impartial in discharging all responsibilities. Bias, prejudice or undue influence must not be allowed to limit or override objectivity.
58. The service is required to operate in accordance with compliance with both the PSIAS and the LGAN. Policies and standard working practices have been put in place to ensure all audit staff understand and comply with the PSIAS/LGAN.
59. An important element of the PSIAS is the requirement to undertake regular quality assurance assessments and maintain a QAIP.
60. A quality assurance framework, detailing the policies, procedures and working practices under which the service operates has been defined and documented in an Audit Manual.
61. The Head of Internal Audit is responsible for providing periodically a self-assessment on the effectiveness of the internal audit service and compliance with agreed procedures to ensure professional standards are maintained. Any areas of non-compliance with the standards and or the LGAN will be reported as part of the Annual Audit Report to senior management and the Joint Committee.

62. In accordance with the PSIAS, an external assessment will be carried out at least every five years. The results of this external assessment will also be reported to senior management and the Joint Committee.
63. The service is provided by Durham County Council's in house internal audit team, supported in specialist areas as and when considered necessary by a third party partner. The staffing structure will, as far as possible, be comprised of a suitable mix of qualifications, experience and skills.
64. The Head of Internal Audit ensures internal audit resources are sufficient to meet its responsibilities and achieve its objectives. Resource requirements are reviewed annually. Any concerns that the Head of Internal Audit has regarding resources available to deliver the service in accordance with the SLA and PSIAS will be reported to the Chief Finance Officer and the Joint Committee.
65. Individual training needs are identified in accordance with the County Council's Performance Appraisal Scheme and supplemented by regular audit skills assessments and post audit reviews. As well as basic training in audit techniques and the development of specialist skills, the service is committed to coaching and mentoring its staff and to providing opportunities for continuous professional development to all staff (CPD).
66. Internal Audit maintains its awareness of national and local issues through membership and subscription to professional bodies such as CIPFA's Better Governance Forum, Technical Information Service, Finance Advisory Network (FAN), County Chief Internal Auditor Network, the Institute of Internal Auditors as well as liaison with external audit and networking with other internal audit service providers.
67. The service will keep abreast of best audit practice by adhering to CIPFA's and the IIA's practice advisories and practice guides, where applicable, as well as networking with other internal audit service providers. In this regard the service considers trends and emerging issues that could impact the Joint Committee.
68. In accordance with the requirements of the Accounts and Audit Regulations 2015, an annual review of the effectiveness of the internal audit service is undertaken by the County Council's Audit Committee. This will be informed by a review of the service carried out by the Corporate Director Resources and from consideration of the Quality Assurance and Improvement Programme and any internal or external assessments required by the PSIAS. By reviewing the service the Audit Committee is able to gain assurance that the service maintains its independence and objectivity, that it is effective and conforms to the expected professional quality standards so that it can place reliance on its work and the annual audit opinion.
69. The outcome from the annual effectiveness review is reported to the County's Corporate Management Team and Audit Committee as part of the Annual Internal Audit Report. The outcome of the annual effectiveness review and the QAIP will also be reported to senior management and the Joint Committee in accordance with the PSIAS.

Approval and Review

70. The Head of Internal Audit will annually review this Charter to ensure that it is kept up to date and fit for purpose. The Charter is endorsed by senior management and approved by the Joint Committee. Any amendments will be reported to Joint Committee for approval.

Key Contact

Head of Internal Audit

Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager

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Address

Internal Audit, Risk and Fraud
Resources Group
Durham County Council
County Hall
Durham
DH1 5UE

Other Related Documents

- Other related documents that should be read in conjunction with this Charter are:
 - Public Sector Internal Audit Standards
 - CIPFA's Local Government Application Note
 - Service Level Agreement for the Provision of Audit Services

ASSESSMENT OF AUDIT FINDINGS, RECOMMENDATIONS AND AUDIT OPINIONS

APPENDIX A

Findings

Individual findings are assessed on their impact and likelihood based on the assessment rationale in the tables below:

Impact Rating	Assessment Rationale
Critical	A finding that could have a:
	Critical impact on operational performance (Significant disruption to service delivery)
	Critical monetary or financial statement impact (In excess of 5% of service income or expenditure budget)
	Critical breach in laws and regulations that could result in significant fine and consequences (Intervention by regulatory body or failure to maintain existing status under inspection regime)
	Critical impact on the reputation of the Council (Significant reputational damage with partners/central government and/or significant number of complaints from service users)
	Critical impact on the wellbeing of employees or the public (Loss of life/serious injury to employees or the public)
Major	A finding that could have a:
	Major impact on operational performance (Disruption to service delivery)
	Major monetary or financial statement impact (1-5% of service income or expenditure budget)
	Major breach in laws, regulations or internal policies and procedures (non compliance will have major impact on operational performance, monetary or financial statement impact or reputation of the service)
	Major impact on the reputation of the service within the Council and/or complaints from service users
Minor	A finding that could have a:
	Minor impact on operational performance (Very little or no disruption to service delivery)
	Minor monetary or financial statement impact (less than 1% of service income or expenditure budget)
	Minor breach in internal policies and procedures (non compliance will have very little or no impact on operational performance, monetary or financial statement impact or reputation of the service)

Likelihood	Assessment criteria
Probable	Highly likely that the event will occur (>50% chance of occurring)
Possible	Reasonable likelihood that the event will occur (10% - 50% chance of occurring)
Unlikely	The event is not expected to occur (<10% chance of occurring)

Overall Finding Rating

This grid is used to determine the overall finding rating.

LIKELIHOOD			
Probable	M	H	H
Possible	L	M	H
Unlikely	L	L	M
	Minor	Major	Critical
	IMPACT		

Priority of our recommendations

We define the priority of our recommendations arising from each overall finding as follows;

High	Action required, that is considered imperative , to improve the control environment so that objectives are not exposed to unacceptable risks through lack of or weaknesses in critical or key controls.
Medium	Action required to improve the control environment so that objectives are not exposed to risks through weaknesses in controls.
Best Practice	The issue merits attention and its implementation will enhance the control environment.

Overall Assurance Opinion

Based upon the ratings of findings and recommendations arising during the audit as summarised in risk matrix above we define the overall conclusion of the audit through the following assurance opinions:

Substantial Assurance	There is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk.
Moderate Assurance	Whilst there is basically a sound system of control, there are some weaknesses, which expose objectives to risk.
Limited Assurance	There are weaknesses in key areas in the system of control, which expose objectives to unacceptable levels of risk.

Public Sector Internal Audit Standards

Definition of the terms 'Board' and 'Senior Management' for the purpose of Internal Audit Activity

Standard		Reference to board or senior management	Proposed body/group to fulfil role	
Ref	Title		Senior Management	Board
1000	Purpose, authority and responsibility	Senior Management and the board must approve the Internal Audit Charter	John Hewitt Ian Thompson	The Joint Committee
1110	Organisational Independence	<p>The Chief Audit Executive (CAE) must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The CAE must confirm the board at least annually the organisational independence if the Internal Audit activity.</p> <p>The CAE must report functionality to the board. The CAE must also establish effective communication with, and have free and unfettered access to the Chief Executive and the Chair of the Audit Committee.</p> <p>Functionality includes:</p> <ul style="list-style-type: none"> • Approving the Internal Audit Charter • Approving the Risk Based Internal Audit Plan • Approving the internal audit budget and resource plan 		<p>The Joint Committee</p> <p>The Joint Committee</p>

DEFINITIONS UNDER PSIAS

APPENDIX B

		<ul style="list-style-type: none"> • Receiving communications from the CAE on the internal audit activity’s performance relative to its plan and other matters • Approving decisions regarding the appointment and removal of the Internal Audit Service Provider • Making appropriate enquiries of management and the CAE to determine whether there are inappropriate enquiries of management and CAE to determine whether there are inappropriate scope or resources limitations 		
1130. C2	Impairment to Independence or Objectivity	Approval must be sought from the board for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement		The Joint Committee
1312	Quality Assurance and Improvement Programme (QAIP)	<p>External Assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team form outside the organisation. The CAE must discuss with the board:</p> <ul style="list-style-type: none"> • The form of external assessments • The qualifications and independence of the external assessor or assessment, including any potential conflict of interests <p>NB The Public Sector requirement of this standard states,</p> <p>“The CAE must agree the scope of external assessments with an appropriate sponsor e.g the Accounting /</p>		The Joint Committee

DEFINITIONS UNDER PSIAS

APPENDIX B

		Accountable Officer or Chair of the audit committee as well as with the external assessor or assessment team”		
1320	Reporting the results of QAIP	The CAE must communicate the results of the quality assurance and improvement programme to senior management and the board .	John Hewitt Ian Thompson	The Joint Committee
1322	Disclosure of Non - Conformance	Instances of non-conformance with the definition of Internal Auditing , the Code of Ethics or the standards impacts the overall scope or operation of the Internal Audit Activity, must be reported to the board by the CAE. More significant deviations must be considered for inclusion in the annual governance statement		The Joint Committee
2020	Communications and Approval	The CAE must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. Where the CAE believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board .	John Hewitt Ian Thompson	The Joint Committee
2060	Reporting to Senior Management and the Board	The CAE must report periodically to senior management and the board on the internal audit activity’s purpose, authority, responsibility and performance relative to its plan. Reporting must include significant risk exposures and control issues, including fraud risks governance issues and other matters needed or requested by senior management and the board.	John Hewitt Ian Thompson	The Joint Committee

DEFINITIONS UNDER PSIAS**APPENDIX B**

2600	Communicating the Acceptance of Risk	When the CAE concludes that management has accepted a low level of risk that may be unacceptable to the organisation, the CAE must discuss the matter with senior management . If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the board .	John Hewitt Ian Thompson	The Joint Committee
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NB. The role of Chief Audit Executive referred to in the Standards is that undertaken by the Chief Internal Auditor and Corporate Fraud Manager.

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**Mountsett Crematorium
Joint Committee**



27 September 2018

**Annual Review of the System
of Internal Audit**



**Joint Report of Ian Thompson – Corporate Director: Regeneration
and Local Services; John Hewitt – Corporate Director: Resources
and Treasurer to the Joint Committee**

Purpose of the Report

1. The purpose of this report is to advise the Joint Committee of a review of the effectiveness of the Durham County Council Internal Audit Service, which was carried out by the County Council's Audit Committee in June 2018.

Background

2. The Joint Committee's internal audit provider is Durham County Council Internal Audit Services. The service is delivered in accordance with a Service Level Agreement (SLA) approved by the Joint Committee in September 2016.
3. In order to place reliance on the work of internal audit, and the annual audit opinion provided through it on the adequacy and effectiveness of the control environment operating across the Joint Committee, it is important that the Joint Committee is assured that the service is effective.
4. Under the Accounts and Audit Regulations 2015, Durham County Council as a large public body is required to carry out an annual review of the effectiveness of its Internal Audit Service. Whilst there is no such legal requirement for the Joint Committee as a small body under these regulations to do likewise, assurance can be provided on the effectiveness of the service provided to the Joint Committee from this review.

Conformance with UK Public Sector Internal Audit Standards (PSIAS)

5. In April 2013, the Public Sector Internal Audit Standards (PSIAS) became effective. These standards apply to Internal Audit in all parts of the public sector in the UK and are mandatory. The standards are intended to reflect that "a professional, independent and objective internal audit service is one of the key elements of good governance". The standards were revised from 01 April 2017 and it is these standards that Internal Audit works to.

Summary of the outcomes from the review carried out by DCC Audit Committee

6. The Audit Committee considered, at its meeting on 29 June 2018, a report presented by the Chief Internal Auditor and Corporate Fraud Manager that provided evidence on the effectiveness of the service during 2017/18. This took the form of a self-assessment against the key elements of the PSIAS and built upon the outcomes of an external assessment undertaken in 2016/17 which had concluded "that Durham County Council's Internal Audit Service **conforms** to the requirements of the Public Sector Internal Audit Standards". The self-assessment considered the following current arrangements for Internal Audit:
- The structure and resourcing level, including qualifications and experience of the audit team.
 - The extent of conformance with the PSIAS in producing quality work.
 - Ensuring audit work was successfully delivered in the most appropriate areas on a prioritised (risk) basis.
 - The overall performance of the Internal Audit team.
7. For 2017/18 this demonstrated that the Section was conforming to the Code's requirements. This self-assessment was based on the revised PSIAS brought into effect on 01 April 2017.

Other Relevant Performance Indicators

8. Following each annual audit, a post audit satisfaction survey is issued to the Bereavement Services Manager. The feedback from the 2017/18 audit returned an average score of 4.83 where 1 is very poor and 5 is very good.

Recommendation and Reasons

9. The Joint Committee is asked to note:
- The information provided that demonstrates the efficiency and effectiveness of the Durham County Council Internal Audit Service.

Background Documents

Report to DCC Audit Committee 29 June 2018

Contact(s): Paul Darby, Head Of Finance & Transactional Services

Appendix 1: Implications

Finance

None

Staffing

None

Risk – Not a key decision

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

None

Procurement

None

Disability Issues

None

Legal Implications

Completion of the self-assessment review ensures compliance with the Accounts and Audit Regulations 2015.

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Mountsett Crematorium Joint Committee

27 September 2018



Budget Strategy Report

Joint Report of Ian Thompson – Corporate Director: Regeneration and Local Services; John Hewitt – Corporate Director: Resources and Treasurer to the Joint Committee

Purpose of the Report

1. This report outlines a range of issues that will need to be considered as part of the medium term budget strategy and sets out proposals to increase the surplus distribution to both partner authorities from 2019/20. The views of the committee on these issues are sought in advance of the 2019/20 budget setting process.

Background

2. The current level of surplus distribution to partner authorities has not been reviewed since Local Government Reorganisation (LGR) throughout County Durham in 2009. Following the completion of the cremator replacement and extension works and in light of continuing budget pressures facing both partner authorities it is now considered an opportune time to review the budget strategy of the Joint Committee.
3. The earmarked reserves of the Joint Committee have been used in the last year to fund the cremator replacement and extension works and will need to be built back up, in advance of the next cremator replacement programme which is estimated for 2038. Increases to the fees and charges at the crematorium, which are harmonised with Central Durham Crematorium, have also been kept to a minimum over recent years, resulting in the current charges being the lowest of all neighbouring facilities.

Capital Investment at the Crematorium

4. Since Local Government Reorganisation in 2009 there has been significant investment in the Mountsett Crematorium totalling £1,951,297, with the major improvement works including:

Project	Cost £
Installation of Memorial Towers	21,530
Road Widening	24,973
Tarmac Access Roads to Car Park	62,200
Car Park Extension	88,398
Cremator Replacement and Extension	1,564,515

5. The estimated costs of current and future improvements, as identified in the Strategic Asset Management Plan in an earlier report are relatively modest going forward due

to the above major investments at the Crematorium and are summarised in the table below:

Year	Premises Budget £	Supplies Budget £	Total Cost £
2018/19	36,000	4,000	40,000
2019/20	54,000	3,000	57,000
2020/21	70,000	0	70,000
2021 onwards	94,500	0	94,500

6. Members can see from the table that budgets will need to be increased slightly year on year to fund the proposed investments. This will need to be factored into the medium term budget forecast.

Cremator Replacement

7. The two cremators at the crematorium have just recently been replaced, with full mercury abatement equipment being installed and they have a life expectancy of 20 years, so the next cremator replacement programme is not scheduled until approximately 2038.
8. Based upon the recent cremator replacement works it is estimated that the next cremator replacement programme at Mountsett would cost in the region of £1 million, based upon today's market prices. However, these requirements could be subject to change in the event of future changes in legislation affecting the provision of crematorium services.
9. It is considered prudent for the Joint Committee to build up the Cremator Reserve to the £1 million over the next ten years and therefore a minimum annual transfer to the Cremator Reserve of £100,000 will need to be factored into the medium term budget forecast.

Loan Repayment

10. As part of the financing arrangements to fund the cremator replacement and extension works, the Joint Committee agreed to a £217,000 loan from Durham County Council, repayable in full in 2018/19. The loan repayment of £222,712 was built into the 2018/19 budget but will not now be required. Instead, the projected remaining costs of £173,325 will be paid directly from the Premises account in 2018/19 and this has been factored into the Financial Monitoring Report.
11. The loan repayment budget of £222,712 can be removed after 2018/19 and this will be factored into the medium term budget forecast.

Earmarked Reserves

12. The projected reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2019 are as follows:

Earmarked Reserve	Balance @ 1 April 18 £	Balance @ 31 March 19 £
Repairs Reserve	(39,370)	(54,370)
Cremator Reserve	(61,781)	(299,439)
General Reserve	(264,300)	(278,055)
Total	(365,451)	(631,864)

Fees and Charges

13. The fees and charges at Mountsett Crematorium are harmonised with those at the Central Durham Crematorium. A £30 (4.6%) increase was applied in 2018/19 and the current cremation fee (inclusive of medical referee's fees) is £680.
14. The current cremation fees for crematoria across the region, shown in the table below, indicates an average cremation fee of £777 (inclusive of medical referees fees and environmental surcharge where appropriate) across the region:

Crematorium	Cremation Fee
Hartlepool	£735
Middlesbrough	£735
Gateshead	£739
North Tyneside	£755
Northumberland	£760
Sunderland	£780
South Tyneside	£782
Newcastle	£788
Darlington	£848
Coundon	£850
Average	£777

15. The projected number of cremations at the Mountsett Crematorium in 2018/19 is 1,404, which will be 104 more than the budgeted position of 1,300. Should the 2019/20 cremation fees be increased by £10 (1.5%) and assuming a prudent forecast of 1,300 cremations next year an additional £13,000 income would be generated by the Joint Committee next year and this increase has been built into the medium term budget forecasts at this stage.
16. The proposed 2019/20 cremation fee of £690 would still remain the lowest in comparison with all other neighbouring facilities in the region.

Surplus Redistribution

17. Members will recall that the Constitution sets out the constituent authority title deeds and subsequent surplus distribution arrangements to Durham County Council (DCC) / Gateshead Council (GC) on an 65 / 35 basis.
18. The current surplus distributed is £164,890 per year (£107,178 DCC and £57,712 GC) and has not been reviewed or increased since Local Government Reorganisation in 2009.
19. It is now considered an appropriate time to consider an increase in the surplus distribution to both constituent authorities, bearing in mind all of the factors discussed previously in the report.
20. Whilst maintaining a strong financial position for the Joint Committee it is recommended that Members approve an increase of £185,110 from the 2019/20 financial year as detailed in the table below and the increase has subsequently been factored into the Medium Term Budget Forecast:

Constituent Authority	2018/19 Distributable Surplus £	2019/20 Distributable Surplus £	Increase £
Durham County Council	107,178	227,500	120,322
Gateshead Council	57,712	122,500	64,788
Total	164,890	350,000	185,110

21. It is recommended that Members review the budget strategy and surplus redistribution again in 2021 in preparation for the 2022/23 budget setting year.

Medium Term Budget Forecast

22. In terms of financial modelling for the Central Durham Crematorium, the following working assumptions have been applied:
 - Premises budgets have been adjusted for the increase in priority repair costs (in line with the SAMP)
 - A £10 increase per cremation has been factored into the income budget from 2019/20
 - An increase of £185,110 surplus redistribution to the constituent authorities has been built into the budget forecast from 2019/20
 - All other budgets have remained at the 2018/19 levels – with the estimated / budgeted level of cremations being 1,300 per annum.
23. The table below provides a financial summary of the revenue budget and forecast earmarked reserves of the Joint Committee projected for the next three financial years:

	Base Budget 2018/19 £	Forecast Budget 2018/19 £	Base Budget 2019/20 £	Base Budget 2020/21 £	Base Budget 2021/22 £
Revenue Budget					
Expenditure	622,536	568,796	416,824	429,824	454,324
Income	(926,850)	(1,000,099)	(939,850)	(939,850)	(939,850)
Net Income	(304,314)	(431,303)	(523,026)	(510,026)	(485,526)
Transfer to / (from) Reserves					
Repairs Reserve	15,000	15,000	15,000	15,000	15,000
Cremator Reserve	124,424	251,413	154,126	145,026	120,526
General Reserve	0	0	3,900	0	0
Distribute Surplus	(164,890)	(164,890)	(350,000)	(350,000)	(350,000)
65% Durham County Council	107,178	107,178	227,500	227,500	227,500
35% Gateshead Council	57,712	57,712	122,500	122,500	122,500

	Balance @ 1 April 2018 £	Balance @ 31 March 2019 £	Balance @ 31 March 2020 £	Balance @ 31 March 2021 £	Balance @ 31 March 2022 £
Earmarked Reserve					
Repairs Reserve	(39,370)	(54,370)	(69,370)	(84,370)	(99,370)
Cremator Reserve	(61,781)	(299,439)	(453,565)	(598,591)	(719,117)
General Reserve	(264,300)	(278,055)	(281,955)	(281,955)	(281,955)
Total	(365,451)	(631,864)	(804,890)	(964,916)	(1,100,442)

24. The budget forecast shows that having incorporated all of the proposed changes, including the increased surplus redistribution, the reserves balances of the Joint Committee are still projected to increase year on year, demonstrating a sound financial position for the coming years.

Recommendations

25. It is recommended that:-

- Members of the Joint Committee note and consider the contents of the report
- Members of the Joint Committee approve the proposed increase in the fees and charges and the surplus redistribution, as identified in the report
- Members of the Joint Committee agree to review the budget strategy and surplus redistribution in three years' time in preparation for the 2022/23 budget setting year

Contact(s): Paul Darby 03000 261930
Ed Thompson 03000 263481

Appendix 1: Implications

Finance

The financial implications associated with this report are disclosed in the body of the report

Staffing

There are no staffing implications associated with this report.

Risk

The figures contained within this report have been scrutinised and supplemented with information supplied by the Bereavement Services Manager. The medium term financial budget forecast has been produced taking into consideration current year forecasts, future improvement costs obtained from the SAMP and pricing structures from neighbouring facilities. This, together with the information supplied by the Bereavement Services Manager, should mitigate any risks with regards to challenge and review of the financial forecast of the Joint Committee.

Equality and Diversity / Public Sector Equality 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 comments / raise any detailed queries on the contents of this report in advance of circulation to members of the Joint Committee.

Procurement

None

Disability Discrimination Act

None

Legal Implications

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