



## **Central Durham Crematorium Joint Committee**

**Date** **Wednesday 24 April 2019**

**Time** **2.00 pm**

**Venue** **Committee Room 1A - County Hall, Durham**

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### **Business**

#### **Part A**

1. Apologies for Absence
2. Minutes of the meeting held 11 February 2019 (Pages 3 - 10)
3. Declarations of Interest, if any
4. Quarterly Performance and Operational Report: (Pages 11 - 18)  
Report of the Bereavement Services Manager and Registrar.
5. Financial Monitoring Report 2018/19 - Provisional Outturn as at 31/03/2019: (Pages 19 - 28)  
Joint Report of the Corporate Director of Resources / Treasurer to the Joint Committee and the Corporate Director of Regeneration and Local Services.
6. Risk Register 2018/19 - Update: (Pages 29 - 38)  
Joint Report of the Corporate Director of Resources / Treasurer to the Joint Committee and the Corporate Director of Regeneration and Local Services.
7. Annual Internal Audit Report 2018/19: (Pages 39 - 54)  
Report of the Chief Internal Auditor and Corporate Fraud Manager.
8. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration.

**Sarah Grigor**  
Clerk to the Joint Committee

County Hall  
Durham  
12 April 2019

To: **The Members of the Central Durham Crematorium Joint Committee**

Durham County Council: D Bell, J Blakey, D Brown, J Chaplow,  
K Corrigan, P Jopling, B Kellett, H Liddle,  
S Quinn, J Stephenson and K Thompson

Spennymoor Town Council: I Geldard, A Lamb and I Machin

**DURHAM COUNTY COUNCIL**  
**CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE**

At a Meeting of **Central Durham Crematorium Joint Committee** held in **Committee Room 2 - County Hall, Durham** on **Monday 11 February 2019 at 2.00 pm**

**Present:**

**Councillor J Chaplow (Chairman)**

**Durham County Council:**

Councillors D Brown, J Chaplow, K Corrigan, P Jopling, B Kellett, H Liddle, S Quinn, J Stephenson and K Thompson

**Spennymoor Town Council:**

Town Councillor I Machin

**1 Apologies for Absence**

Apologies for absence were received from Councillors D Bell, J Shuttleworth and A Lamb.

**2 Minutes**

The Minutes of the meeting held on 26 September 2018 were confirmed as a correct record and were signed and initialled by the Chairman.

**3 Declarations of Interest**

There were no Declarations of Interest submitted.

**4 Clerk to the Joint Committee**

The Legal Manager (Litigation), Bryan Smith presented a report relating to the position of Clerk to the Joint Committee (for copy see file of minutes).

Members were reminded that the previous Clerk to the Joint Committee, Laura Renaudon had left the Local Authority. The report set out the Council's recommendation to the Joint Committee, to appoint the Solicitor (Litigation), Sarah Grigor as the new Clerk. It was noted she was unable to attend the meeting having annual leave that coincided with the rearranged meeting today.

The Legal Manager (Litigation) noted that the Solicitor (Litigation) had been the Clerk to the Mountsett Crematorium Joint Committee for over five years and therefore had a good understanding of Joint Committees and the operation of crematorium facilities.

**Resolved:**

That the Solicitor (Litigation), Sarah Grigor be appointed Clerk to the Central Durham Crematorium Joint Committee.

## **5      Quarterly Performance and Operational Report**

The Bereavement Services Manager, Graham Harrison asked Members to note the performance figures from 1 September 2018 to 31 December 2018 and the comparison to the same period for 2017, highlighting that there was a net increase of 22 cremations year on year. It was noted there was a total of 756 for the three month period with the September to December profile breakdown showing 252 from Durham, 34 from Spennymoor and 470 from outside of the area.

Members were asked to note that the number of memorials sold had decreased in comparison to the same period the previous year, however, revenue was slightly increased, £558 greater than the comparable period last year.

The Bereavement Services Manager noted that Members may have been aware of the sad passing of one of the Crematorium Attendants, Mr John Willis on 10 December 2018. Members noted Mr Willis had been employed by the Council since 1978 and had worked at the Crematorium since 1998. Members noted their respect for Mr Willis. The Bereavement Services Manager explained that an advertisement in respect of the vacancy would be placed internally within Durham County Council and Spennymoor Town Council initially.

The Bereavement Services Manager asked Members to recall that the Joint Committee agreed at its meeting in January 2018 to provide wifi connectivity at the Crematorium following several requests from members of the public, funeral directors and clergy. It was explained that it had been determined that there was a requirement for several access points in order to provide connectivity and while it had been envisaged that the works would have been completed prior to Christmas, due to the availability of contractors this had not been possible. It was added that the works were now taking place and would be completed by the end of the week.

Councillors were asked to recall that at the September meeting it had been noted that for the seventh year running the Crematorium, in a joint bid with the South Road Cemetery, had achieved the Green Flag Award. It was added that an application would be submitted for the 2019 Award and progress would be reported back to the Joint Committee.

In respect of the Recycling of Metals Scheme, Councillors noted a cheque in the sum of £5,000 had been received from the Institute of Cemetery and Crematorium Management for the Solan Connor Fawcett Cancer Trust. It was added that arrangements had been made for the Chairman and Vice-Chairman to present the cheque and a photograph of the presentation was included in the report at Appendix 3. It was explained that nationally the recycling of metals scheme had again produced a surplus and it was explained that the Great North Air Ambulance had been selected for the next available distribution of surplus and that this nomination had been submitted, the Bereavement Services Manager having recently received a cheque for £7,000.

Councillors noted the outcome from an Internal Audit report earlier in the year that had noted that entries in the Book of Remembrance had been completed by a single supplier, due to the specialist nature of the work. Members noted that, following internal Audit recommendations, a tender document had been drawn up by the Council's Procurement Team which would soon be advertised via the Procurement Portal.

The Bereavement Services Manager explained that another issue highlighted by Internal Audit was document retention. It was noted Internal Audit had acknowledged the existing paper records and the requirement to retain these for 15 years, however, Internal Audit had recommended to scan copies and only retain hard copies for one year. Members noted that an exercise was undertaken to look at how the scans could be linked to the BACAS system used by the Crematorium in order to retain the records electronically. It was noted that from the exercise, and looking at historic records, four options had been developed. It was explained that option one looked to scan all records, with the necessary retention of paper copies and disposal where appropriate. Members noted other options were: option two, scanning with a different provider; option three, secure storage with supplier one; and option four, secure storage as per option three, though with all records from 2018/19 being scanned annually at the end of each financial year. Members were given information on each option, including estimated costs and noted the recommendation from Officers was for option four.

The Bereavement Services Manager noted that for the seventh year running it had been agreed for St. Cuthbert's Hospice to provide a Christmas tree and baubles at the Crematorium, a facility to allow visitors to leave a personal message and place in on to the tree. It was noted that this had proved to be very popular again, with a substantial amount raised for the charity.

**Resolved:**

- (i) That the current performance of the Crematorium be noted.
- (ii) That the advertising of the vacant Crematorium Attendant post be noted.
- (iii) That the continued success with regards the Green Flag Award be noted.
- (iv) That the updated position with regards to the recycling of metals scheme be noted.
- (v) That the updated position with regards to the Book of Remembrance tender be noted.

- (vi) That the Joint Committee agree to Option Four in respect of document retention moving forward.
- (vii) That the provision of a Christmas tree by St. Cuthbert's Hospice in 2019 be approved.

## **6 Financial Monitoring Report - Position at 31/12/18, with Projected Revenue and Capital Outturn at 31/03/19**

The Joint Committee considered a joint report of the Corporate Director of Regeneration and Local Services and Corporate Director of Resources and Treasurer to the Joint Committee which set out details of income and expenditure in the period 1 April 2018 to 31 December 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.

The report further detailed 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 (for copy see file of Minutes).

The Head of Finance and Transactional Services, Paul Darby explained that the updated projected outturn showed a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £949,647 against a budgeted surplus of £752,693 (£196,954) more than the budgeted position. Details of the significant variances were detailed in the report. It was noted that the major variances were set out at paragraph 7.1 onwards, by subjective analysis area.

*Councillor S Quinn entered the meeting at 2.05pm*

The Head of Finance and Transactional Services went on to advise that in terms of the retained reserves at 31 March 2019, they were forecast to be £1,411,136, along with a General Reserve of £485,175, giving a forecast total reserves and balances position of £1,896,311 at the year end. It was noted this represented a very strong position going forward, especially in terms of funding for replacement cremators in the future.

### **Resolved:**

That the April to December 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 be noted.

## **7 Provision of Support Services 2019/20**

The Joint Committee considered a joint report of the Corporate Director of Regeneration and Local Services and Corporate Director of Resources and Treasurer to the Joint Committee which outlined the proposed Service Level Agreement (SLA) for Support Service provision by Durham County Council to the Central Durham Crematorium Joint Committee for the period April 2019 to March 2020 (for copy see file of Minutes).

The Head of Finance and Transactional Services noted the two percent increase to the fee reflected the staff pay award and the details of SLA were set out at Appendix 2.

Councillor S Quinn asked as regards any proposals for a budget funeral plan. The Head of Finance and Transactional Services noted he would speak as regards options available at the Fees and Charges report.

### **Resolved:**

That the Service Level Agreement attached at Appendix 2 (including relevant schedule) for the year 2019/20 be approved.

## **8 Fees and Charges 2019/20**

The Joint Committee considered a joint report of the Corporate Director of Regeneration and Local Services and Corporate Director of Resources and Treasurer to the Joint Committee which set out details of the proposed fees and charges for Durham Crematorium for 2019/20 (for copy see file of Minutes).

The Head of Finance and Transactional Services advised that taking into account inflationary and cost pressures, including the increase of the Medical Referee fee. It was recommended that the cremation fee increased by £20 (2.9 percent) to £700 inclusive of medical referee, and environmental surcharge fees where appropriate.

In reference to the earlier question from Councillor S Quinn, the Head of Finance and Transactional Services noted that there was a proposed "direct cremation", both attended and unattended, with no service which was to be charged at a reduced fee, £590 and £450 respectively. Councillors noted that in cases where a longer service was required, it was proposed for a charge of £50 where the allotted time was exceeded by 10 minutes or more. The Head of Finance and Transactional Services added there had been no cancellation fee within the fees and charges previously and it was proposed there was a fee of £250, although it was noted that it was rare that a service would be cancelled.

Members were reminded that following Local Government Review in 2009 the fees and charges at the Central Durham Crematorium were harmonised with the charges at Mountsett Crematorium and that Mountsett Crematorium Joint Committee had met on 31 January 2019 and agreed their fees and charges.

A full schedule of the proposed fees and charges for Durham Crematorium was shown in Appendix 2 of the report, alongside benchmarking comparison data shown in Appendix 3.

Councillor K Thompson noted the report set out a balance in terms of fees and charges, and asked that in the future, given the healthy position in terms of reserves, if there would be an opportunity to look at the distribution of surplus.

The Head of Finance and Transactional Services noted that this would be the case once the loan payback was complete. He added that this would be similar to previous strategy papers, looking at cremation numbers, any issues raised within the Service Asset Management Plan (SAMP) and would include a range of options which could include a reduction of fees or increased surplus distribution. He added that this would likely be after 2020/21. Councillor K Thompson asked if there could be an option in terms of partner Authorities receiving a lump sum. The Head of Finance and Transactional Services noted options, including any potential dividend would be set out within a strategy paper.

Councillor D Brown asked if many services overran and was there time for people to enter and exit the facility. The Bereavement Services Manager noted that there was some scope to accommodate, with the proposed fee being for an overrun of 10 minutes or more than the allocated slot.

Councillor H Liddle noted the charge for the use of the chapel only was considerable greater than those listed for other facilities and asked if there was a demand for its use. The Bereavement Services Manager noted there was an increasing demand, however, as this would take up a cremation and service slot the fee was to reflect any loss of cremation fee. The Head of Finance and Transactional Services noted that the benchmarking figures were the current fees and charges of the other facilities and that they too would be undergoing reviews of their fees and charges for the upcoming year.

The Vice-Chairman, Councillor I Machin asked if there had been any further information as regards a potential crematorium at Castle Eden. The Bereavement Services Manager noted he had no additional information at this time.

The Head of Finance and Transactional Services noted the prudent forecast in terms of cremation numbers and the issues and risks that would be factored into future forecasts accordingly.

**Resolved:**

- (i) That Members of the Joint Committee note and approve the proposed fees and charges at Appendix 2 effective from 1 April 2019, which seeks to increase the cremation by £20 (2.9%) per crematorium from £680 to £700.
- (ii) The proposed fees and charges are incorporated into the 2019/20 budget.

## **9      2019/20 Revenue and Capital Budgets**

The Joint Committee considered a joint report of the Corporate Director of Regeneration and Local Services and Corporate Director of Resources which set out proposals with regards to the 2019/20 revenue budgets for Durham Crematorium (for copy see file of Minutes).

The Head of Finance and Transactional Services noted the report incorporated the information from the previous items, the support services SLA, fees and charges and issues in relation to the SAMP. He explained that, as previously stated, there would be scope for a budget strategy paper following the completion of the loan for redevelopment works.

Councillor K Thompson noted the strong position of the crematorium and asked if there were any opportunities for economies of scale working with Mountsett Crematorium. The Head of Finance and Transactional Services noted that there were already joint procurement exercises, for example in terms of the Book of Remembrance, document storage. It was added that the Bereavement Services Manager managed both Durham and Mountsett Crematoria, in the past each having a separate Superintendent and Registrar. He added that there was the potential for mutual aid should any issues arise.

### **Resolved:**

- (i)      That the revenue and capital budget proposals contained within the report and appendices be noted and approved.
- (ii)     That the forecast level of reserves and balances at 31 March 2020 be noted.

## **10     Membership and Terms of Reference**

The Legal Manager (Litigation) noted the Members may be aware that Councillor M McGaun had resigned as a County Councillor and replacement Member for the Joint Committee would be put forward from the relevant group in due course.

The Legal Manager (Litigation) explained that following the requirement to rearrange the meeting of the Joint Committee, as the meeting would have been inquorate, the Clerk would look at the terms of reference for the Joint Committee, including in relation to a substitution rule. It was noted that a review of the terms of reference was brought to the Annual General Meeting each year and this would provide an opportunity to review the terms of reference.

Members noted the issue in respect of substitute members, with Councillor K Thompson asking whether he would be able substitute as a Spennymoor Town Council Member as he was Councillor for both Authorities. The Legal Manager (Litigation) noted that this would not be possible as Councillors were representatives appointed by each Authority, with Councillor K Thompson having been put forward by his group in relation to a County Council seat on the Joint Committee. It was reiterated that it would be for each of the partner Authorities to put forward their representatives to serve on the Joint Committee.

**Resolved:**

That a report in relation to the terms of reference for the Joint Committee be considered at the Joint Committee Annual General Meeting.

**Central Durham Crematorium  
Joint Committee**

**24 April 2019**

**Quarterly Performance and  
Operational Report - Position to 31  
March 2019**



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

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

1. To provide Members of the Central Durham Crematorium Joint Committee with the quarterly update relating to performance and other operational matters.

**Executive summary**

2. This report provides Members of the Central Durham Crematorium Joint Committee with a quarterly update of performance and operational matters at the crematorium.

**Recommendations**

3. It is recommended that Members of the Central Durham Joint Committee:
  - a) Note the current performance of the crematorium.
  - b) Note the current situation with regards to the crematorium attendant's post.
  - c) Agree to advertise for relief cremator operators.
  - d) Note the installation of Wi-Fi at the crematorium.
  - e) Note the attendance at the Joint Conference of the Federation of Burial & Cremation Authorities.
  - f) Note the distribution of recycling income to the respective charity.
  - g) Note the continuation of the current supplier with regards to the Book of Remembrance.

## **Background**

4. Update reports relating to performance and other operational matters are presented to the Central Durham Crematorium Joint Committee on a quarterly basis.

## **Performance Update - Number of Cremations**

5. The table below provides details of the number of cremations for the period 1 January to 31 March 2019 inclusive, with comparative data in the same period last year:

	<b>2017/18</b>	<b>2018/19</b>	<b>Change</b>
January	256 + 1*	240 + 1*	- 16 + 0*
February	211 + 2*	220 + 2*	+ 9 + 0*
March	204 + 2*	190 + 1*	-14 - 1*
<b>TOTAL</b>	<b>671 + 5*</b>	<b>650 + 4*</b>	<b>- 21 - 1</b>

\* = Non-Viable Foetus (NVF)      \*\* = Stillborns (STs)      \*\*\* = Body part

6. The full profile of where families came from can be seen in Appendix 2. In summary, 198 came from Durham, 26 came from Spennymoor and 426 from other areas. There were 4 NVF cremations undertaken for the period covered by this report compared to 5 in the comparable period last year, which is a decrease of 1 NVF and a decrease of 21 cremations.
7. The total number of cremations in 2018/19 was 2,392 compared with 2,294 in 2017/18, an increase of 98 cremations year on year.
8. The 2018/19 budget was set at a prudent assumption of 2,200 cremations during the year. The actual number of cremations undertaken was therefore 192 more than the budgeted position. This is reflected in an over achievement of cremation fee income of £117,750 in year, which is included in the budgetary control report.
9. The table below shows the comparative figures for the previous eight financial years:

<b>Year</b>	<b>Cremations</b>
2010/11	2,282
2011/12	2,205
2012/13	2,379
2013/14	2,227
2014/15	2,287
2015/16	2,247
2016/17	2,324
2017/18	2,294
2018/19	2,392
<b>9 Year Average</b>	<b>2,293</b>

## **Memorials**

10. The table below outlines the number and value of the memorials sold in the period January to March 2019 compared to the same period the previous year.

	<b>Jan-March 2017/18</b>	<b>Jan-March 2018/19</b>		
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
<b>Vase Blocks</b>	2	1,294	6	3,882
<b>Large Plaques</b>	14	5,958	25	10,620
<b>Small Plaques</b>	4	1,044	2	522
<b>Niche</b>	1	122	3	3,597
<b>Renewal</b>	20	3,101	24	3,994
<b>Seat</b>	0	0	0	0
<b>Total</b>	<b>41</b>	<b>11,519</b>	<b>60</b>	<b>22,615</b>

11. In overall terms, the number and value of memorials sold of 60 / £22,615, compares to 41 / £11,519 in the same period last year. This is a year on year increase of 19 memorials sold and £11,096 in terms of income generated.

## **Operational Matters**

### **Staffing matters**

12. Members may recall from the January meeting that it was agreed to recruit to the vacant Crematorium Attendant post, which was subsequently advertised internally within Durham County Council and Spennymoor Town Council. There was only one applicant, who was employed as a relief operative and they have recently been interviewed and appointed to the position.
13. Members may also be aware that we have previously had a small number of relief cremator operators who could be called upon to assist with holiday cover and also in the event of a pandemic plan. Unfortunately one of our relief operators has indicated that they do not wish to provide cover anymore and another relief operative has been appointed to the vacant operative post as mentioned above.
14. It is therefore proposed that we advertise for some additional relief cremator operators who could work between both Central Durham and Mountsett crematoriums in order to provide business continuity for the service.

## **WI FI Connectivity**

15. Members may recall from the January 2018 meeting that it was agreed to provide Wi-Fi connectivity to the crematorium and I am pleased to report that this has now been successfully installed.

## **Cremation and Burial Conference and Exhibition 2019**

16. As in previous years, the necessary arrangements will be made for representation at the Joint Conference of the Federation of Burial and Cremation Authorities and the Cremation Society of Great Britain, which is to be held at the Hilton Ageas Bowl, Southampton from Monday 1 to Wednesday 3 July 2019.

## **Recycling of Metals Scheme**

17. The crematorium has received a cheque relating to the recycling of metals from the Institute of Cemetery and Crematorium Management to the sum of £7,000 for the Great North Air Ambulance.
18. Arrangements have been made for the cheque to be presented to the Great North Air Ambulance by the Committee Chair, Vice Chair and the Bereavement Services Manager & Registrar.
19. Additional funds from the recycling of metals scheme in 2018 have resulted in the first scheduled round of nominations commencing immediately to distribute these funds.

## **Audit Recommendations Book of Remembrance**

20. Members may recall that internal audit previously recommended that a procurement exercise be undertaken to supply entries into the Book of Remembrance in order to ensure value for money whilst maintaining its quality. The procurement exercise has now been completed and the original company were successful in retaining this work at a slightly lower price.

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## **Appendix 1: Implications**

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### **Legal Implications**

There are no legal implications associated with this report

### **Finance**

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

### **Consultation**

Officers of Spennymoor Town Council were consulted on the contents of this report.

### **Equality and Diversity / Public Sector Equality Duty**

There are no Equality and Diversity implications associated with this report.

### **Human Rights**

There are no Human Rights implications associated with this report.

### **Crime and Disorder**

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

### **Staffing**

As identified in the report.

### **Accommodation**

There are no accommodation implications associated with this report.

### **Risk**

As identified in the report.

### **Procurement**

There are no procurement issues associated with this report.

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## Appendix 2: Breakdown of Figures

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	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Total Jan-Mar</b>
Durham	67	70	61	198
Billingham		1		1
Bishop Auckland	4	3	5	12
Bishop Middleham			1	1
Blackhall	3	5	4	12
Burnhope	1			1
Chester Le Street	19	14	17	50
Chilton		2	3	5
Consett	2	1	1	4
Crook	9	10	6	25
Darlington	2	1	1	4
Easington	5	6	6	17
Fencehouses		1		1
Ferryhill	6	2	4	12
Fishburn	2	1		3
Frosterley		1		1
Hamsterley			1	1
Great Lumley	1	4	2	7
Hartlepool	3		1	4
Haswell		2	1	3
Hetton Le Hole	3	4	3	10
Horden	4	6	3	13
Houghton	6	4	2	12
Lanchester			1	1
Langley Park	2			2
Murton	3	3	3	9
Nettlesworth			1	1
New Brancepeth	1			1
Newcastle	1			1
Newton Aycliffe	8	4		12
Ouston	1	1		2
Peterlee	19	9	12	40
Sacriston	5	6	3	14
Scotland	1	1		2
Seaham	11	14	9	34
Sedgefield	2	3	2	7
Shildon		1	2	3
Shotton	3	4	4	11

	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Total Jan-Mar</b>
South Hetton	2	1	1	4
South Of England	5	1	1	7
Spennymoor	5	12	9	26
Stanley	2			2
Stockton			1	1
Sunderland	4	1	3	8
Sunnybrow	1		1	2
Yorkshire	3			3
Thornley	1		1	2
Tow Law	2	1	1	4
Trimdon	5	6	4	15
Washington		1		1
West Cornforth	4	1	1	6
Wheatley Hill	5	3	1	9
Willington	6	6	3	15
Wingate	1	3	3	7
Wynyard			1	1
<b>Total</b>	<b>240</b>	<b>220</b>	<b>190</b>	<b>650</b>

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**Central Durham Crematorium  
Joint Committee**

**24 April 2019**

**Financial Monitoring Report –  
Provisional Outturn as at 31 March  
2019**



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**Joint Report of**

**Ian Thompson, Corporate Director of Regeneration and Local Services**

**John Hewitt, Corporate Director of Resources and Treasurer to the Joint Committee**

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 This report provides members of the Central Durham Crematorium Joint Committee with details of the provisional outturn position for 2018/19 and the projected level of reserves and balances at 31 March 2019.

**Executive summary**

- 2 This report sets out details of income and expenditure in the period 1 April 2018 to 31 March 2019, showing the provisional revenue and capital outturn position for 2018/19 and highlighting areas of over / underspends against the approved budgets at a service expenditure analysis level.
- 3 The report also details the funds and reserves of the Joint Committee at 1 April 2018 and forecast final position at 31 March 2019, taking into account the updated provisional financial outturn.
- 4 The projected revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £888,024 against a budgeted surplus of £752,693, £135,331 more than the budgeted position.
- 5 Contributions to earmarked reserves are forecast as £160,837 more than originally budgeted, due mainly to the additional cremations (to budget) carried out throughout the year.

- 6 In line with the CDCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of £17,625 is required at year end. This results in a net transfer to the Major Capital Works Reserve of £172,655.
- 7 The retained reserves of the CDCJC at 31 March 2019 are forecast to be £1,404,509 along with a General Reserve of £485,175, giving a forecast total reserves and balances position of £1,889,684 at the year end.

### **Recommendation(s)**

- 8 It is recommended that Members note the April 2018 to March 2019 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2019, including the projected year position with regards to the reserves and balances of the Joint Committee.

## **Background**

- 9 Scrutinising the financial performance of the Central Durham 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 Central Durham Crematorium

## **Financial Performance**

- 10 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 regular budgetary control reports, with quarterly reports being considered by Cabinet / Overview and Scrutiny Committee. The outturn projections for the Central Durham Crematorium are included within this report.
- 11 Members should be aware that the 2018/19 closedown process has only recently commenced and whilst no major variances are anticipated between the provisional and final outturn, the final information incorporated into the Annual Return may differ from that included within this report. Where this is the case, a full explanation will be provided in the June report.
- 12 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 revenue outturn financial performance of the Central Durham Crematorium as at 31 March 2019.

<b>Subjective Analysis (Type of Expenditure)</b>	<b>Base Budget 2018/19 £</b>	<b>Year to Date Actual April – March £</b>	<b>Provisional Outturn 2018/19 £</b>	<b>Variance Over/ (Under) £</b>
Employees	248,495	237,543	239,643	(8,852)
Premises	245,826	227,303	242,678	(3,148)
Transport	2,200	1,715	1,715	(485)
Supplies & Services	106,898	111,772	112,456	5,558
Agency & Contracted	8,800	8,598	8,671	(129)
Capital Charges	213,738	205,123	213,738	0
Central Support Costs	38,600	38,600	38,600	0
<b>Gross Expenditure</b>	<b>864,557</b>	<b>830,653</b>	<b>857,501</b>	<b>(7,056)</b>
<b>Income</b>	<b>(1,617,250)</b>	<b>(1,744,702)</b>	<b>(1,745,526)</b>	<b>(128,276)</b>
<b>Net Income</b>	<b>(752,693)</b>	<b>(914,048)</b>	<b>(888,024)</b>	<b>(135,331)</b>
<b>Transfer to / (from) Reserves</b>				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	164,443	0	299,774	135,331
- Cremator Reline Reserve	25,000	0	25,000	0
- Small Plant	2,000	0	2,000	0
<b>Distributable Surplus</b>	<b>(556,250)</b>	<b>0</b>	<b>(556,250)</b>	<b>0</b>
<b>80% Durham County Council</b>	<b>445,000</b>	<b>445,000</b>	<b>445,000</b>	<b>0</b>
<b>20% Spennymoor Town Council</b>	<b>111,250</b>	<b>111,250</b>	<b>111,250</b>	<b>0</b>

<b>Central Durham Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2018 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2019 £</b>
General Reserve	(467,550)	(573,875)	556,250	(485,175)
Masterplan Memorial Garden	(56,250)	(5,000)	0	(61,250)
Major Capital Works	(1,043,744)	(299,774)	127,119	(1,216,399)
Cremator Reline Reserve	(96,455)	(25,000)	0	(121,455)
Small Plant	(3,405)	(2,000)	0	(5,405)
<b>Total</b>	<b>(1,667,404)</b>	<b>(905,649)</b>	<b>683,369</b>	<b>(1,889,684)</b>

## **Explanation of Significant Variances between Original Budget and Forecast Outturn**

- 13 As can be seen from the table above, the projected revenue outturn is indicating a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £888,024 against a budgeted surplus of £752,693, £135,331 more than the budgeted position.
- 14 This compares with the previously forecast position, based on income and expenditure to 31 December 2018, as reported to the Joint Committee on 30 January 2019, of a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £949,647 against a budgeted surplus of £752,693, £196,954 more than the budgeted position. The provisional outturn position is therefore £61,623 below what was previously forecast, which is a combination of additional expenditure (£15,710) and reduced income (£45,913). A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:
- Employee costs are £6,070 more than projected at quarter 3 due mainly to increased overtime working.
  - General Premises costs are £5,454 higher than previously projected.
  - Transport costs relating to mileage expenses are (£26) lower than previously projected.
  - General Supplies and Service costs are £4,245 higher than previously projected.
  - Agency and Contracted Services are (£34) lower than previously projected.
  - Income is £45,913 lower than previously projected mainly due to a reduced level of cremations in the last three months compared to the numbers previously forecast.
- 15 The following section outlines the reasons for any significant budget variances by subjective analysis (type of expenditure) area. Members should note that some transactions are undertaken annually at the year end, in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31 March. This results in additional charges/income being reported between the actuals as at 31 March and the provisional outturn figures. The table overleaf includes (amongst others) the following provisions within the outturn:
- Gas, electric and water charges not yet received from utility companies
  - Medical Referee fees for the final quarter
  - CAMEO income

### **11.1 Employees**

The outturn shows an under spend of (**£8,852**), in relation to employee costs. The reasons for this are identified below:

- Training costs underspent by (**£2,000**) due to the training of the apprentice taking place in house and no other external training being identified.
- Staffing costs underspent by (**£6,852**) due to two employees taking flexible retirement, the apprentice starting mid year and a vacancy which is currently being covered by overtime.

### **11.2 Premises**

The outturn shows a forecast underspend of (**£3,148**) in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to the replacement of the exterior gates was not required, instead repairs were carried out on the gates resulting in an underspend of (**£4,060**).
- One off SAMP budgets relating to the re-lining of one hearth is not needed in year resulting in an underspend of (**£3,450**).
- One off SAMP budgets relating to the hedge layering underspent by (**£2,098**).
- General premises costs such as plant and equipment repairs, cremator servicing and building maintenance underspent by (**£1,192**).
- Utilities expenditure is forecast to overspend by **£7,652** mainly due to estimated water bills being processed which were too low compared to the actual consumption.

### **11.3 Supplies and Services**

The outturn shows a forecast over spend of **£5,558** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the increase in cremations (highlighted later within the income section of the report), medical referee expenditure overspent by **£3,168**.
- Printing and stationery budgets overspent by **£1,838**.
- General office costs including telephones and office equipment overspent by **£1,007**.
- One off SAMP budgets relating to the purchase of a pressure washer will be underspent by (**£455**).

## 11.4 Income

An increase in income of **(£128,276)** from the 2018/19 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The sale of large plaques, vase blocks, columbaria units and seats etc. was less than budget, resulting in an underachievement of income of **£2,164**.
- The outturn includes an additional 192 cremations compared to the budget, totalling an increased income to budget of **(£117,750)**. The outturn allows for a total of 2,392 cremations against a budgeted 2,200 during 2018/19.
- Miscellaneous sales and Book of Remembrance entries were higher than budget resulting in additional income of **(£7,700)**.
- Interest received is forecast to be greater than budget resulting in additional income of **(£6,871)**.
- CAMEO income underachieved by **£1,881** due to a reduced Tradable Mercury Abated cremations (TMAC) charge of £7.98 compared to the estimate of £9. TMAC rates have reduced significantly since 2013 from £36.39 to the current rate of £7.98 in 2017.

## 16 Capital Programme

The following table highlights the capital outturn of the Central Durham Crematorium

Phase 3 Redevelopment Works	Base Budget 2018/19 £	Revised Budget 2018/19 £	Year to Date Actual April - Mar £	Forecast Outturn 2018/19 £	Variance to Revised Budget Over/ (Under) £
Tarmac Roads and car park bays	0	38,850	37,490	37,490	(1,360)
Improvements to roadway	110,000	110,000	72,004	72,004	(37,996)
Improvements to boundary wall	25,000	25,000	0	0	(25,000)
<b>Total</b>	<b>135,000</b>	<b>173,850</b>	<b>109,494</b>	<b>109,494</b>	<b>(64,356)</b>

The cost of the Redevelopment Works is being financed from the Major Capital Works reserves. The outturn shows a forecast underspend of **(£64,356)** and the main reasons for this are identified below:

- The tarmacaking of the roads and car park bays, which had been carried forward from 2017/18 resulted in an underspend of **(£1,360)**.
- Delays in the procurement of the boundary wall improvements have resulted in the project having to be carried forward into 2019/20, resulting in an underspend of **(£25,000)**.
- The roadway improvements have to be carried out at weekends and the project will not be completed until April 2019, resulting in an underspend of **(£37,996)** in 2018/19, which will be carried forward into 2019/20.

## 17 Earmarked Reserves

Contributions to earmarked reserves are forecast as **£160,837** more than originally budgeted, due mainly to the additional cremations (to budget) carried out throughout the year.

In line with the CDCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **£17,625** is required at year end. This results in a net transfer to the Major Capital Works Reserve of **£172,655**.

The retained reserves of the CDCJC at 31 March 2019 are forecast to be **£1,404,509** along with a General Reserve of **£485,175**, giving a forecast total reserves and balances position of **£1,889,684** at the year end.

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**Contact:** Paul Darby

Tel: 03000 261 930

Ed Thompson

Tel: 03000 263 481

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## **Appendix 1: Implications**

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### **Legal Implications**

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

### **Finance**

Full details of the year to date and projected outturn financial performance of the Central Durham Crematorium are included within the body of the report.

### **Consultation**

None. However, Officers of Spennymoor Town 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 CDCJC.

### **Equality and Diversity / Public Sector Equality Duty**

None.

### **Human Rights**

None.

### **Crime and Disorder**

None.

### **Staffing**

None.

### **Accommodation**

None.

### **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 the 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.

### **Procurement**

None.

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**Central Durham Crematorium  
Joint Committee**

**24 April 2019**

**Risk Register Update 2018/19**



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**Joint Report of**

**Ian Thompson, Corporate Director of Regeneration and Local Services**

**John Hewitt, Corporate Director of Resources and Treasurer to the Joint Committee**

**Electoral division(s) affected:**

**Countywide**

**Purpose of the Report**

1. To inform the Central Durham Crematorium Joint Committee of the outcome of the half-yearly risk review in March 2019.

**Recommendations**

2. That members of the Crematorium Joint Committee note the content of this report and the updated position.

## **Background**

3. 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**

4. One of two relief crematorium attendants has left the post, which has potential implications for risk 1 (managing excess deaths). The other attendant is covering temporarily and permission to advertise for two relief operators will be requested at the April 2019 Joint Committee.
5. A Business Administration apprentice commenced employment in September 2018, which helps mitigate risk 6 (sickness absence).
6. It has been confirmed that proposed reforms to the death certification process will not directly affect the crematorium, so risk 7 has been closed (legislation changes).
7. As from April 2019, due to lack of capacity, cremation forms will be held off-site under a contract with Boxit, which helps mitigate risk 10 (data breach).
8. The current service risk register is included in **appendix 4**. A profile of service risks is included in **appendix 5**.

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<b>Contact:</b>	<b>Paul Darby</b>	<b>Tel: 03000 261 930</b>
	<b>Kevin Roberts</b>	<b>Tel: 03000 269 657</b>

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## **Appendix 1: Implications**

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### **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 Central Durham Crematorium Joint Committee.

### **Equality and Diversity**

None

### **Accommodation**

None

### **Crime and Disorder**

None

### **Human Rights**

None

### **Consultation**

Officers of Spennymoor Town Council were consulted on the contents of this report.

### **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.

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## **Appendix 2: How Central Durham Crematorium risks are managed**

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Two risk registers have been developed for Durham 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 Central Durham 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 Central Durham Crematorium Joint Committee twice a year.

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

## Appendix 3B: Strategic Risk Assessment Criteria – Likelihood Factors

Factor and Description		Expected Frequency
5	Highly Probable	<ul style="list-style-type: none"> <li>• <b>More than once a year</b></li> <li>• Something that is already occurring or is likely to be a regular occurrence throughout a one year period</li> <li>• Inevitable i.e. the event is expected to occur in most circumstances</li> <li>• &gt;80% chance of occurring</li> </ul>
4	Probable	<ul style="list-style-type: none"> <li>• <b>Once a year</b></li> <li>• Something that has occurred in the last year or is likely to occur at least once throughout a one-year period.</li> <li>• Probable or where the conditions of the loss occur on a regular basis i.e. the event will probably occur in most circumstances</li> <li>• 61% to 80% chance of occurring</li> </ul>
3	Possible	<ul style="list-style-type: none"> <li>• <b>Every 1-3 years</b></li> <li>• Likely only to happen at some point over the next 1 to 3 years.</li> <li>• Possible but responding to well understood situations i.e. the event might occur at some time</li> <li>• 31% to 60% chance of occurring</li> </ul>
2	Unlikely	<ul style="list-style-type: none"> <li>• <b>Every 3-5 years</b></li> <li>• 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</li> <li>• 11% to 30% chance of occurring</li> </ul>
1	Remote	<ul style="list-style-type: none"> <li>• <b>Over 5 years</b></li> <li>• Rare activity or is unlikely based on current intelligence i.e. the event may only occur in exceptional circumstances</li> <li>• &lt; 10% chance of occurring</li> </ul>

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## Appendix 4: Service Risk Register for Central Durham Crematorium

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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. Changes to the risk assessment and other relevant issues during the last quarter are indicated in the last column.

Ref	Risk	Net Impact	Net Likelihood	Net Risk Score	Conclusion	Changes/ Comments
1	Managing excess deaths	Minor (6)	Possible (3)	18	Treat	Staff vacancy: relief crematorium attendant. Net impact increased 4 to 6 but is still minor.
2	Serious breach of health and safety legislation	Moderate (8)	Unlikely (2)	16	Tolerate	
3	ICT and Power Failure	Minor (5)	Unlikely (2)	10	Tolerate	
4	Loss of knowledge and ability to cover existing workload through premature staff loss	Minor (5)	Unlikely (2)	10	Tolerate	
5	Breakdown of the partnership (with Spennymoor Town Council)	Moderate (7)	Remote (1)	7	Tolerate	
6	Sickness absence of key staff	Moderate (7)	Remote (1)	7	Tolerate	Business Administration apprentice started September 2018.
7	Not implementing changes in legislation	Minor (6)	Remote (1)	6	Tolerate	Risk closed. Proposed reforms to death certification will not directly affect crematorium.
8	Failure of Cremators / Specialist Equipment	Minor (6)	Remote (1)	6	Tolerate	
9	Damage to Public or Vehicles due to tree branches falling	Insignificant (3)	Unlikely (2)	6	Tolerate	
10	Disclosure of confidential information through incorrect disposal / maintenance of information	Minor (5)	Remote (1)	5	Tolerate	From April 2019, due to lack of capacity, cremation forms will be held off-site under a contract with Boxit.
11	Loss of Income/Money	Minor (5)	Remote (1)	5	Tolerate	
12	Potential breach of equality and diversity legislation	Insignificant (3)	Remote (1)	3	Tolerate	

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## Appendix 5: Profile of Service Risks for Central Durham Crematorium

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### 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.

It is recommended that risk 10 be closed. As the net evaluations of risks 1 to 9, 11 and 12 are within the risk appetite, they are considered to be at an acceptable level.

Impact					
Likelihood	Remote (score 1)	Unlikely (score 2)	Possible (score 3)	Probable (score 4)	Highly Probable (score 5)
Critical (score 13 – 15)					
Major (score 10 – 12)					
Moderate (score 7 – 9)	5 Partnership 6 Sick Absence	2 Health & Safety Breach			
Minor (score 4 – 6)	7 Legislation 8 Cremators [10 Confidentiality] 11 Income Loss	3 ICT & Power Failure 4 Staff Loss	1 Excess Deaths		
Insignificant (score 1 – 3)	12 Equality & Diversity Breach	9 Tree Branches			

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**Central Durham Crematorium  
Joint Committee**

**24 April 2019**

**Annual Internal Audit Report  
2018/19**



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**Report of the Chief Internal Auditor and Corporate Fraud Manager**

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

1. The purpose of this report is to present the Annual Internal Audit Report for 2018/19. (Copy attached at Appendix 2).

**Executive Summary**

2. The Annual Internal Audit Report provides an Opinion which makes conclusions on the overall adequacy and effectiveness of the Committees Framework of Governance, Risk Management and Control.
3. The work undertaken by Internal Audit in 2018/19 was in accordance with proper internal audit practices as described within the Public Sector Internal Audit Standards (PSIAS).
4. The report fulfils the requirements of PSIAS for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report that can be used by the Committee to inform its Annual Governance Statement.
5. The report provides a **Substantial** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Joint Committee in 2018/19.

**Recommendation**

6. Members note the content of the Annual Internal Audit Report and the overall 'Substantial' opinion provided on the adequacy and effectiveness of the Council's control environment for 2018/19.

## **Background**

7. This report fulfils the requirements of Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report that can be used by the Committee to inform its Annual Governance Statement.
8. The Annual Internal Audit Opinion makes conclusions on the overall adequacy and effectiveness of the Committees Framework of Governance, Risk Management and Control.

## **Other useful documents**

Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note

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**Contact: Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager DCC**  
**Tel: 03000 269 645**

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## **Appendix 1: Implications**

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### **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.



## **CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE**

**INTERNAL AUDIT  
ANNUAL REPORT  
2018/19**

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## **Appendix:**

Appendix 3 Internal Audit Report Central Durham Crematorium 2018/19

## **Introduction**

1. This report summarises the work carried out by Durham County Council Internal Audit and Risk Service during 2018/19, as part of the three year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2020.
2. All Internal Audit work carried out in 2018/19 was in accordance with proper internal audit practices as described within the Public Sector Internal Audit Standards (PSIAS).
3. This report fulfils the requirements of PSIAS and the CIPFA Local Government Application note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report that can be used by the Committee to inform its Annual Governance Statement.

## **Service Provided and Audit Methodology**

4. Internal Audit is an independent, objective assurance and consultancy activity designed to add value and improve an organisation's operations.
5. Our primary objective is to provide an independent and objective annual opinion on the Joint Committee's control environment which is comprised of the systems of governance, risk management and internal control.
6. The Internal Audit Charter establishes and defines the role, the terms of reference and the scope of audit work, including the audit strategy, organisational independence and the reporting lines of Internal Audit. The Charter in its current form was last considered by the Joint Committee on 26 September 2018.
7. In accordance with the Internal Audit Charter, a risk based audit approach has been applied to work undertaken in 2018/19.
8. To determine the audit opinion the internal audit service has considered the following:
  - 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

## **Work carried out in 2018/19 to inform the annual audit opinion**

9. The key areas of assurance of the control environment where assurance is required to inform our overall opinion are financial management, risk management and corporate governance.
10. Our assurance opinion for 2018/19 has been primarily determined through the annual review of processes and procedures in place on site at the Crematorium which evaluated the management of the following risks:
  - Non-compliance with the Cremation Regulations 2008.
  - Non-compliance with the Federation of British Cremation Authorities Code of Cremation Practice.
  - Ashes are disposed of incorrectly.
  - Equipment failure.
  - Lack of experienced staff.
  - Insufficient capacity to meet demand in the event of an epidemic, pandemic or major disaster.
  - Income is not accounted for / misappropriated.
  - Unauthorised payments are made.
  - Stock / Assets are not accounted for / misappropriated.
  - Damage / theft of equipment.
  - Employees are incorrectly paid.
  - Significant risks are not being managed and the objectives are not being achieved.
  - Ineffective budget monitoring processes are in place.
11. This audit was carried out during February 2019 in accordance with terms of reference agreed with the Crematorium's Bereavement Services Manager. The review concluded that the internal control systems in place provided a **Substantial** level of assurance that the above risks were being effectively managed. The full audit report is attached as Appendix 3.
12. Further assurance on the effectiveness of risk management arrangements can also be taken from the work carried out by the County's Corporate Risk Officers who have continued to monitor strategic and operational risk registers during the year, with their latest reviews being reported for consideration by the Joint Committee on 25 April 2018 and 26 September 2018.
13. Processes in place provide assurance that the Bereavement Services Manager and his staff have a very good understanding of risk and adequate measures have been put in place to either mitigate or tolerate identified risks and it is evident from audit work carried out that risk management processes are well embedded.
14. No specific work has been carried out this year in reviewing the effectiveness of the Joint Committee's key corporate governance arrangements by Internal Audit as this was not considered a high risk area. The majority of the Joint Committee's key corporate governance arrangements in place reflect those of Durham County Council which are subject to an annual effectiveness review to inform the County Council's Annual Governance Statement. This is subject to review and challenge by the County Council's Audit Committee.

15. It should, however, be noted that in evaluating the control framework in place relating to the risks identified at paragraph 10, the adequacy and effectiveness of relevant policies and procedures that contribute to the Joint Committee's corporate governance arrangements were considered in arriving at the Substantial Assurance Opinion.

### **Quality Assurance Framework**

#### **Conformance with Public Sector Internal Audit Standards (PSIAS)**

16. The Accounts and Audit Regulations 2015 require that 'a larger relevant body (the Council) must, at least once in each year, conduct a review of the effectiveness of its internal audit' and confirms that the findings of the review "must be considered as part of the consideration of the system of internal control".
17. The Council's Audit Committee at its meeting on 29 June 2018 received an evaluation, in the form of a self-assessment carried out by the Chief Internal Auditor and Corporate Fraud Manager, with regards to compliance with the key elements of the PSIAS that considered the following matters:
  - 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.
18. For 2017/18, this demonstrated that the Section was conforming to the Code's requirements. This self-assessment was based on the PSIAS that were in place during 2017/18.
19. A self-assessment for 2018/19 is currently being undertaken against the PSIAS and whilst no issues have been identified at the time of writing this report, the final outcome of the review will be reported to Council's Audit Committee at its meeting on 28 June 2019.
20. In compliance with the services' quality assurance framework, the 2018/19 annual Internal Audit review, the scope and terms of reference were developed using a risk based approach and agreed with the Bereavement Services Manager. This approach ensured that audit resources were applied to agreed high risk areas where there was little or no other assurance.
21. In accordance with the Internal Audit Charter audit working papers and all audit reports have been reviewed by an audit manager to ensure that expected quality standards are maintained and that all audit findings and conclusions were supported by appropriate testing and evidence.
22. The accuracy of audit findings was confirmed by the Bereavement Services Manager who was given the opportunity to challenge audit findings and the draft report prior to it being finalised.

23. A customer satisfaction survey is issued after every audit to provide feedback and help the service continually improve.

### **Audit Opinion Statement**

24. The Joint Committee has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives.
25. The Chief Internal Auditor and Corporate Fraud Manager is required to provide an opinion on the adequacy and effectiveness of the Joint Committee's risk management, control and governance processes.
26. In giving this opinion it should be noted that assurance can never be absolute and therefore only reasonable assurance can be provided that there are no major weaknesses in these processes.
  - In assessing the level of assurance to be given, we based our opinion on:
    - The audit review of the Central Durham Crematorium undertaken during the year
    - Follow up action on audit recommendations
    - Any significant recommendations not accepted by management and the consequent risk
    - The effects of any significant changes in the Crematorium's systems
    - Matters arising from previous reports to the Joint Committee
    - Any limitations which may have been placed on the scope of internal audit's annual review
    - The extent to which resource constraints may impinge on internal audit's ability to meet the full audit needs of the Joint Committee
    - The outcomes of the audit quality assurance process
    - Consideration of a number of other sources of assurance available
27. Based on the work undertaken, the Chief Internal Auditor and Corporate Fraud Manager is able to provide a **Substantial** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Joint Committee in 2018/19. This opinion ranking provides assurance that "There is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk". Consequently, there are no significant issues that warrant inclusion in the 2018/19 Annual Governance Statement.



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## **Internal Audit Report**

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### **Durham Crematorium**

Ref No: 13580/2018

### **Final Report**

**Assurance Opinion:** **Substantial Assurance**

**Prepared by:** **Lisa Metcalfe, Senior Auditor**  
**Jill Nattrass, Senior Auditor**

**Reviewed by:** **David Mitchell, Principal Auditor**  
**Stephen Carter, Audit and Fraud Manager**

**Date issued:** **03 April 2019**

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#### **Confidential**

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## Introduction

1. As part of the 2018/19 Internal Audit Plan, an audit was carried out in January 2019 to evaluate the control framework in place on the management of the risks associated with Durham Crematorium.
2. The last audit in this area was completed in February 2018.

## Conclusion

3. The audit work carried out can provide a **Substantial** level of assurance that the control framework and procedures in place are effective in managing the associated risks.

## Summary of Findings

4. The review was carried out using a risk based approach informed by the Control Risk Assessment (CRA) document and was undertaken by a review of supporting systems, documentation, discussion with key employees, and sample testing covering the period January 2018 to December 2018.
5. The review confirmed that there are effective arrangements for the management of the risks associated with the Durham Crematorium.
6. Effective budgetary control and performance monitoring processes were in place.
7. Fees had been appropriately approved and charged in respect of cremations, memorial plaques, and entries into the book of remembrance.
8. Income collection and banking records were found to be complete and accurate and were independently reconciled to the bank account.
9. The register of cremations was found to be accurate and entries were traced to supporting documentation including the application form, medical forms, authorisation to cremate, and treatment of ashes.
10. Invoices for cremation costs reviewed on BACAS had been raised for the samples chosen and had corresponding payments.
11. An outstanding invoice report was obtained which identified some recent outstanding invoices. The Technical Assistant advised that these related to Funeral Directors who pay either fortnightly or monthly and as such there are no issues with payments.
12. Appropriate controls were in place for the management of petty cash including the independent verification of expenditure.

13. Purchase orders were authorised, and invoices were checked prior to payment being made.
14. Salary payments to employees were found to be accurate.
15. As a result of the audit, there were two medium priority findings. A summary of these is set out below:
  - Regular cash payments are made by one Funeral Director for the cremation service. In October, November and December 2018 £11,685 was paid to the crematorium from this company. This is causing a large amount of work for employees at the crematorium and exposes them to greater inherent risks in cash collection. It cannot be confirmed that the clients have paid cash to the Funeral Director, therefore the money may not relate to funeral payments and raises potential money laundering concerns.
  - 13% of invoices paid in 2018/19 had not been paid within 30 days. The current process is that invoices are received by the Finance office at the Crematorium for input into SAGE. The invoices are then physically taken by the Bereavement Services Manager to Finance at County Hall for payment in Oracle. The delay is often the result of invoices being sent by the supplier to Creditors, despite the Bereavement Services Manager having requested the suppliers on numerous occasions to send them directly to the Crematorium.
16. Our findings, together with recommendations made to improve the management of identified risks and the resultant management response, are provided in the action plan attached as Appendix A.
17. Two best practice recommendations have also been identified during the audit;
  - One person only had emptied and counted the contents of the ‘Donation Box’. This should be emptied by two members of staff and documentation initialled to demonstrate this.
  - Four of the 10 orders selected for review had been raised after the invoice had been received. All orders should be raised as soon as possible and prior to the invoice being received.

## **Background**

18. This review has been carried out in accordance with the Terms of Reference.
19. This review aims to help management achieve its objectives by providing an opinion on the adequacy of the control framework in place to manage risks effectively. The conclusions from the review will inform the annual audit opinion provided by the Chief Internal Auditor on the adequacy and effectiveness of the entire control environment operating across the whole of the Authority, required to inform the Annual Governance Statement.
20. The report is intended to present to management the findings and conclusions of the audit. Wherever possible, findings and recommendations made to improve the control framework have been discussed with the appropriate officers and their views taken into account.
21. In carrying out the audit, the time and assistance afforded by the Crematorium employees and Eleanor Bennett in Resources Finance was greatly appreciated.

## **Scope and Audit Approach**

22. The scope and audit approach for this review were agreed as part of the preparation stage of the audit and were reflected in the agreed terms of reference. The scope was informed by a Control Risk Assessment (CRA) determined in consultation with appropriate officers.

## **Overall Assurance Opinion and Priority of Our Recommendations**

23. Based upon the ratings of our findings and recommendations arising during the audit, we define the overall conclusion through the following assurance opinions.

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

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

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

## Appendix A – Action Plan of Findings and Recommendations

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Finding	Recommendation	Management Comment	Responsibility Timescale
<b>Action Ref: 01</b>	<p>Gibson Funeral Services make regular cash payments for the cremation service. In October, November and December 2018 £11,685 was paid to the crematorium along with a few intermittent cheques. This is causing a large amount of work for the employees at the crematorium and exposes them to greater risks inherent in cash collection. It cannot be confirmed that the clients have paid cash to the Funeral Director, therefore the money may not relate to funeral payments and therefore raises potential money laundering concerns.</p>	<p>Gibson's funeral service be instructed to make payments by cheque or BACS.</p>	<p>All Funeral directors have been written to and advised that we are no longer taking any large amounts of money.</p> <p>Graham Harrison 01/04/2019</p>
<b>Action Ref: 02</b>	<p>It was established that 31 of the 235 invoices reviewed in 2018/19 (13%) had not be paid within 30 days.</p> <p>The current process is that invoices are received by the Finance office at the Crematorium for input into SAGE. The invoices are then physically taken by the Bereavement Services Manager to Finance at County Hall for payment in Oracle. The delay is often the result of invoices being sent by the supplier to Creditors, despite the Bereavement Services Manager having requested the suppliers on numerous occasions to send them directly to the Crematorium.</p>	<p>The Bereavement Services Manager should investigate with the Payments and Expenditure Team other methods available for the receiving and payment of invoices to streamline processes, avoid delay and duplication of effort.</p> <p>In the interim, all invoices should be date stamped upon receipt at the Crematorium to confirm the date the invoice was actually received. The invoices should then be passed for payment as soon as possible in order to be paid within the 30 day target.</p>	<p>All invoice are now date stamped and all suppliers are to be e-mailed advising them of where invoices should be directed.</p> <p>Graham Harrison 01/04/2019</p>