



## **Mountsett Crematorium Joint Committee**

**Date** Tuesday 24 September 2019

**Time** 9.30 am

**Venue** Chapel - Mountsett Crematorium, Dipton

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### **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
2. Substitute Members
3. Minutes of the meeting held on 24 June 2019 (Pages 3 - 8)
4. Declarations of Interest, if any
5. External Audit Annual Review of the Return for the year ended 31 March 2019 (Pages 9 - 12)  
Joint Report of Corporate Director of Regeneration and Local Services and the Corporate Director of Resources and Treasurer to the Joint Committee.
6. Mountsett Crematorium Performance and Operational Report (Pages 13 - 58)  
Report of the Bereavement Services Manager and Registrar.
7. Financial Monitoring Report - Position at 31/08/19, with Projected Revenue and Capital Outturn at 31/03/20 (Pages 59 - 66)  
Joint Report of Corporate Director of Regeneration and Local Services and the Corporate Director of Resources and Treasurer to the Joint Committee.
8. Risk Register Update 2019/20 (Pages 67 - 74)  
Joint Report of Corporate Director of Regeneration and Local Services and the Corporate Director of Resources and Treasurer to the Joint Committee.
9. Internal Audit Charter (Pages 75 - 98)  
Report of the Chief Internal Auditor and Corporate Fraud Manager.

10. Annual Review of the System of Internal Audit (Pages 99 - 102)  
Joint Report of Corporate Director of Regeneration and Local Services and the Corporate Director of Resources and Treasurer to the Joint Committee.
11. Provision of Internal Audit and Risk Management Services 2020-2023 (Pages 103 - 118)  
Report of the Chief Internal Auditor and Corporate Fraud Manager.
12. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration
13. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information

### **Part B**

#### **Items during which it is considered the meeting will not be open to the public (consideration of exempt or confidential information)**

14. Update Report on Cremator Replacement and Contingency Planning (Pages 119 - 142)  
Joint Report of Corporate Director of Regeneration and Local Services and the Corporate Director of Resources and Treasurer to the Joint Committee.
15. 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  
16 September 2019

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

#### **Durham County Council:**

Councillors: O Temple (Chair), A Bainbridge, A Batey, J Carr, J Charlton, C Hampson, O Milburn, S Robinson and B Stephens

#### **Gateshead Council:**

Councillors K Dodds, D Bradford (Vice-Chair), M Charlton, L Green, S Green, J Lee and M Ord

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**Contact: Amanda Stephenson      Tel: 03000 269 712**

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## DURHAM COUNTY COUNCIL

At a Meeting of **Mountsett Crematorium Joint Committee** held in Chapel - Mountsett Crematorium, Dipton on **Monday 24 June 2019 at 9.30 a.m.**

**Present:**

**Councillor O Temple in the Chair**

### **Durham County Council**

Councillors J Carr, J Charlton and C Hampson

### **Gateshead Council:**

Councillors K Dodds, D Bradford (Vice-Chair), S Green, J Lee and M Ord

## **1 Membership of the Joint Committee**

The Clerk informed the Joint Committee that Councillor S Robinson had replaced Councillor J Shuttleworth (Durham County Council) and Councillor M Charlton, who had previously served on the Joint Committee, had replaced Councillor C Buckley (Gateshead Council).

### **Resolved**

That the Committee note the revised membership for 2019/20.

## **2 Apologies**

Apologies for absence had been received from Councillors A Bainbridge, A Batey, O Milburn, S Robinson, B Stephens (Durham County Council) and L Green (Gateshead Council).

## **3 Declarations of Interest**

There were no declarations of interest in relation to any items of business on the agenda.

## **4 Appointment of Chair**

Councillor K Dodds nominated Councillor O Temple for the position of Chair to the Joint Committee. The nomination was seconded by Councillor J Charlton.

There being no further nominations, it was **unanimously resolved:**

That Councillor O Temple be elected as Chair of the Joint Committee for the ensuing year.

**Councillor O Temple** in the Chair

## **5 Appointment of Vice-Chair**

The Chair sought nominations for Vice-Chair to the Joint Committee for the ensuing year. Councillor C Hampson nominated Councillor D Bradford for the position of Vice-Chair to the Joint Committee. The nomination was Seconded by Councillor M Ord.

There being no further nominations, it was **unanimously resolved:**

That Councillor D Bradford (Gateshead Council) be appointed Vice-Chair for the ensuing year.

## **6 Minutes**

The minutes of the meeting held on 29 April 2019 were agreed as a correct record and signed by the Chair.

## **7 Changes to Constitution / Terms of Reference**

The Joint Committee considered a report of the Clerk which provided details of a proposed revision of the Joint Committee Constitution relating to substitutes. The Constitution was reviewed on an annual basis in accordance with the Annual Governance Statement (for copy see file of Minutes).

The proposal to provide for substitute members had arisen following the cancellation of a meeting of the Central Durham Crematorium Joint Committee as a result of it being inquorate. Unlike most local authority meetings, there was no provision for a Committee member to nominate a substitute at present. The proposed change to the Constitution had been agreed by the full Council of Durham County Council and the relevant clause had been incorporated into the revised draft Constitution. The effect of the clause would allow for a member of the joint committee to nominate a substitute to attend a meeting on their behalf if they were unable to attend, providing that the Clerk was notified of the nominated substitute, in writing by 4pm on the day before the meeting. Substitutes would be entitled to speak and vote on all items of business. A member may only nominate a substitute from the same relevant authority of which they are a member.

Councillor K Dodds commented that the Clerk inferred that a substitute member should be from the same relevant authority but also felt that it should be explicitly stated that the representative should be from same political party, given that the

membership of the Joint Committee was calculated using the political balance of both Durham County Council and Gateshead Council.

The Head of Finance and Transactional Services informed the Committee that he had spoken to the Head of Legal and Democratic Services of Durham County Council and it was expected that a member would seek a substitute from within their own political party, with inference being more on an expectation, without being explicitly stated in the Constitution.

Councillor K Dodds informed the Clerk that he would follow-up the query with the Head of Legal Services at Gateshead Council.

### **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 2018/19 Annual Governance Statement**

The Joint Committee considered a joint report of the Corporate Director of Regeneration and Local Services and the Corporate Director of Resources and Treasurer to the Joint Committee which provided details of the Annual Governance Statement (AGS) for the period April 2018 to March 2019 (for copy see file of Minutes).

The AGS had been prepared in accordance with CIPFA and SOLACE best practice guidance and formed part of the Annual Return for the Joint Committee. The AGS demonstrated how the Joint Committee complied with the requirements of auditing regulations in relation to the annual review of the effectiveness of its system of internal control against seven assertions relating to good governance, financial management and internal control. There were no significant governance issues or matters to disclose in the AGS.

### **Resolved**

- i. That the Joint Committee note the content of the 2018/19 Annual Governance Statement; and
- ii. That the Chair and Treasurer be authorised to sign the 2018/19 Annual Governance Statement as part of the consideration of the Joint Committees Annual Governance and Accountability Return for the financial year ended 31 March 2019.

## **9 Revenue Outturn and Joint Committees Annual Return for the Financial Year Ended 31 March 2019**

The Joint Committee considered a joint report of the Corporate Director of Regeneration and Local Services, Corporate Director of Resources and Treasurer

to the Joint Committee which sought approval of the Joint Committee Annual Governance and Accountability Return (AGAR) for the financial year ended 31 March 2019, including details of the final outturn position against the approved budgets for 2018/19 (for copy see file of Minutes).

The Head of Finance and Transactional Services advised that the final outturn position was broadly in line with the provisional outturn position reported to the Joint Committee on 29 April 2019, with only very minor changes across a number of budget levels. Details of any significant variances and the reasons by subjective analysis were detailed in the report.

### **Resolved**

- i. That the revenue outturn position as at 31 March 2019, including the year end position regarding reserves and balances of the Joint Committee be noted;
- ii. That Section 1 – Annual Governance Statement 2018/19 of the AGAR for the financial year ended 31 March 2019 be approved;
- iii. That Section 2 – Accounting Statements 2018/19 of the AGAR be approved; and
- iv. That the Chair, Clerk and Treasurer be authorised to sign the AGAR for the financial year ended 31 March 2019.

## **10 Mountsett Crematorium Performance and Operational Report**

The Joint Committee noted a report of the Bereavement Services Manager and Registrar which provided an update of performance and operational matters at the crematorium (for copy see file of Minutes).

The Joint Committee noted that there had been 236 cremations undertaken in 2018/19 compared to 243 the previous year which related to an exceptionally high number of deaths in April 2018, in line with national trends which accounted for the decrease in numbers.

The Bereavement Services Manager and Registrar informed the Joint Committee that there had been one less memorial sold in the period to 31 May compared to the same period in the previous year.

The Joint Committee noted that the Institute of Cemetery and Cremation Management Learning Convention and Exhibition would be held from 23-25 September 2019 near Kenilworth. The Chair informed the Joint Committee that he did not wish to attend the event, as he had attended previously, however, he was happy for another Member to attend this beneficial event, along with representatives from around the country. Any expressions of interest were to be forwarded to the Bereavement Services Manager and Registrar.

The Bereavement Services Manager and Registrar informed the Joint Committee that document retention and scanning/secure storage had been agreed in January

2019 following an audit recommendation. Since that time, discussions had taken place with Box It, who were successful in tendering for the works. Unfortunately following testing, Box It were unable to accommodate the scanning of the records to the print quality required with some of the documentation being unreadable. Additionally, the documents were not returned in the order required. Following further discussion, it was confirmed that the costs to carry out the work to store records in the order required would double the cost of the work. Since then, discussions had been held with the NHS would could accommodate the work. Testing had returned successful results in terms of quality and collation of the records. This would also incur additional costs of £1161 which had been factored into the 2019/20 revenue outturn projections. Internal audit had confirmed that this was an acceptable solution.

## **11 Forward Plan 2019/20**

The Joint Committee considered a report of the Corporate Director of Resources and Treasurer to the Joint Committee which proposed a forward plan of meetings for the forthcoming year (for copy see file of Minutes).

The Head of Finance and Transactional Services informed the Joint Committee that the schedule followed a similar pattern of meetings as previous years with meetings in September (to consider the service asset management plan), January 2020 (to set the annual budget and fees for the financial year) and April (to consider the AGS and provisional outturn report). There was provision for the Joint Committee to call an urgent meeting should the need arise.

## **12 Exclusion of the public**

### **Resolved**

That under Section 100 A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the said Act.

## **13 Minutes**

The minutes of the meeting held on 29 April 2019 were agreed as correct record and signed by the Chair.

## **14 Update Report on Cremator Replacement and Contingency Planning**

The Joint Committee noted a report of the Corporate Director of Regeneration and Local Services which provided the current position and progress on the cremators replacement and contingency planning (for copy see file of Minutes).

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**Mountsett Crematorium Joint  
Committee**

**24 September 2019**

**External Audit Annual Review of the  
Return for the year ended 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 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 2019.

**Executive summary**

- 2 In June 2019 the Mountsett Crematorium Joint Committee submitted the Joint Committees Annual Return for the year ended 31 March 2019 to Mazars LLP for audit under the limited assurance audit regime.
- 3 The audit has been completed but is currently awaiting review and sign off from the External Audit manager. It is understood that the audit has not highlighted any material weaknesses around the Joint Committees system of internal control and accounting statements and will report no exceptions to the Return.

**Recommendation(s)**

- 4 Members of the Joint Committee note that the Joint Committees Annual Return for the year ended 31 March 2019 including the External Report 2018/19 Certificate will be circulated as soon as it is received and that discussions with the Auditor indicate that this will be in time for the Committee meeting.

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**Contact:** Paul Darby

Tel: 03000 261930

Ed Thompson

Tel: 03000 263481

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## **Appendix 1: Implications**

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### **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.

### **Finance**

There are no financial 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 MCJC.

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

None.

### **Human Rights**

None.

### **Crime and Disorder**

None.

### **Staffing**

None.

### **Accommodation**

None.

### **Risk**

No material issues were highlighted in the External Auditor's Report for the year ended 31 March 2019 thus demonstrating the Joint Committee's governance arrangements and awareness of risks associated with the Crematorium operations are considered to be appropriate.

### **Procurement**

None.

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**Mountsett Crematorium Joint Committee**

**24 September 2019**

**Mountsett Crematorium Performance and  
Operational Report**



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

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

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

**Executive summary**

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

**Recommendation(s)**

- 3 It is recommended that Members of the Mountsett Joint Committee:
  - (a) Note the current performance of the crematorium.
  - (b) Note the continued success with regards to the Green Flag Award.
  - (c) Note the updated position with regards to the relief crematorium attendants.
  - (d) Note the potential to introduce Resomation cremations in the future.
  - (e) Note and approve the content of the Service Asset Management Plan attached at Appendix 2, which will be factored into budget planning in 2020/21 and beyond.

## Background

- 4 Update reports relating to performance and other operational matters are presented to the Mountsett 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 June 2019 to 31 August 2019 inclusive, with comparative data in the same periods last year:

	2018/19	2019/20	Change
June	87	111	+ 24
July	122	109	- 13
August	105	106	+ 1
<b>TOTAL</b>	<b>314</b>	<b>326</b>	<b>+ 12</b>

6. There were 326 cremations undertaken during the period 1 June 2019 to 31 August 2019, compared to 314 in the comparable period last year, an increase of 12 year on year.

The profile of where families came from can be seen below:

Gateshead	82
Durham	178
Outside Area	66
<b>Total</b>	<b>326</b>

## Memorials

7. The table below outlines the number and value of the memorials sold in period June to August 2019 compared to the same period the previous year.

	June – August 2018/19		June – August 2019/20	
	Number	£	Number	£
Large Plaques	2	840	3	1,260
Small Plaques	3	828	11	3,036
<b>Total</b>	<b>5</b>	<b>1,668</b>	<b>14</b>	<b>4,296</b>

8. In overall terms the number and value of memorials sold of 14 / £4,296, compares to 5 / £1,668 in the same period last year, representing a year on year increase of 9 / £2,628. This increase is down to the introduction of the small memorial towers around the grounds which have become very popular.

## **Green Flag Application**

9. The Green Flag Award recognises good quality parks and green spaces, and 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 eighth year running, which is a great achievement.
10. 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 Accreditation.

## **Staffing**

11. Members agreed at the April 2019 meeting to advertise for the Relief Crematorium Attendant posts and this was carried out both internally and externally.
12. There were 3 applicants shortlisted and interviews were held on the 2 September 2019. Unfortunately two of the applicants did not turn up for their interview, however the remaining applicant was successful in being appointed.
13. The remaining posts will be advertised once again in the coming weeks.

## **Resomation**

14. Water cremation is the new, greener alternative to flame cremation and burial. Giving people an environmentally friendly option that offers a natural process using water instead of flames.
15. This natural approach to cremation uses water instead of flame to reduce the body to ashes and offers people the choice of a gentler, more environmentally-friendly end of life solution.
16. Families across North America are already choosing this natural process for their departed loved ones.
17. With a growing global population that is becoming increasingly aware of their environmental footprint more and more people are seeking greener alternatives, both in life and in death.
18. With no harmful emissions and wider environmental benefits, water cremation is considered a natural alternative to existing end of life solutions, giving people a new, modern option to consider when planning a funeral.

## **What are the benefits?**

**By offering water cremation to families in our community, we could:**

- i. Provide a greener alternative to people at the end of life so they have an environmentally friendly choice;
  - ii. Be one of the first in the country to introduce this as a service;
  - iii. Be part of something that is modernising the funeral industry and changing the way people make a choice at the end of life
19. This method of cremation is new to the industry and a further report will be presented to Members once more information is available and initial discussions with the water authority have been undertaken.

## **Service Asset Management Plan**

20. The Service Asset Management Plan (SAMP) was presented to Members on 27 September 2018 and has now been updated to provide further direction and highlight future budget pressures for the Joint Committee. The SAMP is attached at Appendix 2 and will need to be refined in line with any future decisions taken by Members.
21. 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 2020/21 have been estimated to the sum of £143,320. These will need to be considered as part of the budget setting process for next year. Some of the works include:

- Carry out energy improvement works
- Carry out Re-lining of 2 hearths x1
- Installation of memorial trees
- Installation of replacement tribute screens
- Installation of new bins

Priority 2 works, which will need to feature in 2021/22 budget plans have been estimated to total £88,000. Some of the works include:

- Re-Decoration Works
- Carry out Re-lining of 2 cremators x1

Priority 3 works, which would fall beyond the next two years, have been estimated to the sum of £8,500 and the works are set out below:

- Carry out Re-lining of 2 hearths x1

Longer term works have been costed to the sum of £96,500 and some of the works include:

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

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**Contact:** Graham Harrison,

Tel: 03000 265606

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## **Appendix 1: Implications**

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### **Legal Implications**

As outlined in the report.

### **Finance**

As identified in the 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.

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

There are no implications

### **Human Rights**

There are no implications

### **Crime and Disorder**

There are no implications

### **Staffing**

As identified in the report.

### **Accommodation**

There are no implications

### **Risk**

There are no implications

### **Procurement**

There are no implications



# Mountsett Crematorium

## Service Asset Management Plan 2019/20+

*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 eighth 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 Environmental 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 big 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
- Global Gateshead
- 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.

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.

The annual report and accounts include a governance statement which is approved by the Joint

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



### 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.

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



*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 2019, Bereavement Services was rated by ICCM as the fourteenth 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 1<sup>st</sup> 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.

Project	Cost £
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
Tarmac access roads	£	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
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	£	5,511
Re-Decoration Works	£	ongoing
Carry out plot extension work	£	ongoing

Carry out replacement of service books	£	ongoing
<b>Total</b>	£	<b>1,954,008</b>

## 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 2019/20 and 2020/21.

### **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 2019 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 10 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 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 eight-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 2019 and shows that the premises are in good condition, only requiring internal / external decoration in 2019/20 which has recently been carried out. 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 £336,320, £143,320 considered as works which are urgent / essential and are included in the 20/21 budget. £88,000 is desirable works which are required in 2021/22; £8,500 for 2022/23 and £96,500 is longer term works.

#### **Premises Condition Summary (as at last survey in January 2019)**

PROPERTY	TOTAL MAINTENANCE NEED BY PRIORITY (£)			
	PRIORITY 1 URGENT, ESSENTIAL (20/21)	PRIORITY 2 LONGER TERM DESIRABLE (21/22)	PRIORITY 3 LONGER TERM DESIRABLE (22/23)	PRIORITY 4 LONGER TERM WORKS (23/24 onwards)
Mountsett Crematorium	£143,320	£88,000	£8,500	£96,500
<b>TOTAL</b>				<b>£336,320</b>

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 premise's manager through a premise's 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 2018/19 show that the energy consumption for Mountsett Crematorium was 1,733,393 kilowatt-hours (kWh) (based on a gross internal area of 753 sqm). In monetary terms, this consumption cost the Council £57,348 during 2018/19.

The total water consumption in 2018/19 was also in excess of 271 m<sup>3</sup>; again, in monetary terms this consumption cost £1,197 last year.

The tables below provide a summary of the energy performance of Mountsett Crematorium during 2018/19. 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 <sup>3</sup> )	TOTAL WATER CONSUMPTION PER SQM (£)
Mountsett Crematorium	1,733,393	57,348	271	0.36

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 CO<sup>2</sup> emissions
- Water consumption is below the Council average.

### Energy Proposals

Proposals have include 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 along with other energy improvements.

### Resomation

Water cremation is the new alternative to flame cremation and burial. Giving people a new choice, environmentally friendly option that offers a natural process using water instead of flames. Natural water cremation is the new, greener alternative to flame cremation and burial. This natural approach to cremation uses

water instead of flame to reduce the body to ashes and offers people the choice of a gentler, more environmentally-friendly end of life solution. Families across North America are already choosing this natural process for their departed loved ones. With a growing global population that is becoming increasingly aware of their environmental footprint more and more people are seeking greener alternatives, both in life and death. With no harmful emissions and wider environmental benefits, water cremation is a natural alternative to existing end of life solutions, giving people a new, modern option to consider when planning a funeral.

### What are the benefits?

**By offering water cremation to families in your community, you can:**

- Provide a greener alternative to people at the end of life so they have an environmentally friendly choice
- Be one of the first in the country to introduce this as a service
- Be part of something that is modernising the funeral industry and changing the way people make a choice at the end of life

### 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



*Resomation*



*Chapel of remembrance*

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:

### 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 funerals 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

Cont. ...

- The provision of a cremator that is compliant with 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.
- 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 a total 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

The anticipated lifespan of the Cremators at Mountsett Crematorium is approximately 10 years. 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 the Committee approved an increased budgeted contribution along with the continued policy to transfer all additional surpluses to the Cremator Reserve.

It is estimated that, based on today's prices, the funding required for the future cremator replacement (exc Mercury Abatement Technology) is £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 we replaced the cremators they were replaced with Mercury Abatement equipment. The new cremators, which were installed in 2018 were therefore fully compliant with the DEFRA guidelines.

Our Cremator Reserve fund as at the 1<sup>st</sup> April 2019 is £291,129 (2018/19 Joint Committee Accounts), with budgeted contributions into the reserve of £192,089 during 2019/20 thus resulting in an estimated year end reserve balance of £483,218.

### **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 2020/21 onwards are currently estimated at £336,320 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: -

#### **Hearth replacement**

The cremators will need new hearths installed.

<b>GAP 1</b>	Source budget provision and carry out Re-lining of hearths.	<b>Target:</b> 2020
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### **Re Memorial trees.**

Due to the financial burden placed on the bereaved and the current costs of providing memorial options, the introduction of memorial trees will allow families a much cheaper option with regards to memorialisation.

<b>GAP 2</b>	To purchase and install 2 memorial trees.	<b>Target:</b> June 2020
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### **Chapel viewing screens.**

The existing chapel viewing screens are no longer suitable for viewing images as they are the old analogue system and require replacing with new digital screens.

<b>GAP 3</b>	To provide and install new viewing screens.	<b>Target:</b> Dec 2020
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### **Crematorium bins.**

The existing crematorium bins are unsuitable and require replacing with new recycling bins.

<b>GAP 4</b>	To provide and install new bins.	<b>Target:</b> July 2020
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### **Redecoration**

The Mountsett Condition Survey includes redecoration requirements and indicative costs (17k) 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.

<b>GAP 5</b>	Secure a budget, and develop a 2-year schedule for internal and external redecoration	<b>Target:</b> April 2021
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### **Resomation**

The supply and installation of a water cremator, giving people a new choice at the end of life, water cremation is a gentler, environmentally friendly option that allows a natural process using water instead of flames.

<b>GAP 6</b>	Source budget provision and carry out the installation of a resomator.	<b>Target:</b> 2021
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### **Re lining of cremators**

The cremators will need new hearths installed.

<b>GAP 7</b>	Source budget provision and carry out Re-lining.	<b>Target:</b> 2021
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### **Re placement of cremators**

The cremators will need replacing.

<b>GAP 8</b>	Source budget provision and carry out Re-placement.	<b>Target:</b> 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 costs are high, for obvious reasons, when compared to the rest of the Council portfolio. Notwithstanding that comparable data are not presently available; we remain committed to reducing our energy costs and CO<sup>2</sup> 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.

<b>GAP 9</b>	Determine the feasibility and cost of installing Solar PV Panels and improving energy performance.	<b>Target:</b> 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 and effective planning tool in mapping our progress, it will be reviewed annually to take account of future

## 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 <sup>st</sup> April 2019 £	Transfer to Reserve £	Transfer from Reserve £	Balance @ 31 <sup>st</sup> March 2020 £
Cremator Replacement	(291,129)	(200,549)	8,460	<b>(483,218)</b>
Repairs	(54,370)	(15,000)	0	<b>(69,370)</b>
General	(278,055)	(358,460)	(350,000)	<b>(286,515)</b>
<b>Total</b>	<b>(623,554)</b>	<b>(574,009)</b>	<b>(358,460)</b>	<b>(839,103)</b>

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

General repairs and maintenance	Equipment Repairs and Servicing	<b>Total R&amp;M Budget</b>
£13,332	£13,700	<b>£27,032</b>

## **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 21<sup>st</sup> 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
<b>GAP 1</b>	Carry out the relining of hearths	Do Nothing	Maintenance Plan
<b>GAP 2</b>	To purchase and install 2 memorial trees.	Do Nothing	Maintenance Plan
<b>GAP 3</b>	To provide and install new viewing screens.	Do Nothing	Maintenance Plan
<b>GAP 4</b>	To provide and install new recycling bins.	Do Nothing	Maintenance Plan
<b>GAP 5</b>	Secure a budget, and develop a 2-year schedule for internal and external redecoration	Do Nothing	Maintenance Plan
<b>GAP 6</b>	Source budget provision and carry out the installation of a resomator.	Do Nothing	Maintenance Plan
<b>GAP 7</b>	Carry out the relining of cremators	Do Nothing	Maintenance Plan
<b>GAP 8</b>	Carry out the replacement of cremators	Do Nothing	Maintenance Plan
<b>GAP 9</b>	Determine the feasibility and cost of installing energy improvements	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
<b>GAP 1</b>	Carry out Re-lining of hearths	<ol style="list-style-type: none"> <li>1. Cremators require new hearths.</li> <li>2. Resources may not be available to carry out these works.</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop a suitable investment plan for replacement work</li> <li>2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund</li> </ol>
<b>GAP 2</b>	To purchase and install 2 memorial trees.	<ol style="list-style-type: none"> <li>1. Cheaper option for the recently bereaved who cannot afford a plaque.</li> <li>2. Resources may not be available to carry out purchase.</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop a suitable investment plan for purchase.</li> <li>2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund</li> </ol>
<b>GAP 3</b>	To provide and install new viewing screens.	<ol style="list-style-type: none"> <li>1. Existing viewing screens are analogue not digital.</li> <li>2. Resources may not be available to carry out replacement.</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop a suitable investment plan for replacement.</li> <li>2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund</li> </ol>
<b>GAP 4</b>	To provide and install new recycling bins.	<ol style="list-style-type: none"> <li>1. Existing bins are in need of replacing.</li> <li>2. Resources may not be available to carry out replacement.</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop a suitable investment plan for replacement.</li> <li>2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund</li> </ol>
<b>GAP 5</b>	Secure a budget, and develop a 2-year schedule for internal and external redecoration	<ol style="list-style-type: none"> <li>1. The Reserve fund resources available to carry out repairs outside the urgent and essential category at Gap 2 above will not suffice</li> <li>2. Re-decoration on a 2-year cycle will not align with maintenance plan (Gap 2)</li> </ol>	<ol style="list-style-type: none"> <li>1 Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund.</li> <li>2 Develop a suitable re-decoration investment plan and align this with urgent and essential category works</li> </ol>
<b>GAP 6</b>	Source budget provision and carry out the installation of a resomator.	<ol style="list-style-type: none"> <li>1. Existing service books are starting to fall apart.</li> <li>2. Resources may not be available to carry out replacement.</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop a suitable investment plan for replacement.</li> <li>2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund</li> </ol>
<b>GAP 7</b>	Carry out Re-lining of cremators	<ol style="list-style-type: none"> <li>1. Existing cremators requires re lining.</li> <li>2. Resources may not be available to carry out</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop a suitable investment plan for re-line work</li> </ol>

	<b>GAP IDENTIFIED</b>	<b>RISK IDENTIFIED</b>	<b>MITIGATION</b>
		these works.	2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
<b>GAP 8</b>	Carry out Replacement of cremators	1. Existing cremators requires replacing. 2. Resources may not be available to carry out these works.	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
<b>GAP 9</b>	Determine the feasibility and cost of installing Energy improvements.	1. Energy costs and co <sup>2</sup> emissions will not be reduced. 2. Associated project delivery costs and feasibility will prohibit delivery of the project.	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 (15 years) our priority will be to ensure our that our cremators continue 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 1<sup>st</sup> January 2013 and 100% by 2020. The cremators installed in 2018 ensure that all cremations at Mountsett are mercury abated.

Notwithstanding the legislative imperative above, there also exists the issue of operational costs and CO<sup>2</sup> emissions (Section 4 above) and potential rising maintenance and repair costs. The cremators lifespan in 2019 is estimated to be approximately 15 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 2020, 2022,2024,2026,2028,
- No2 Cremator 2020, 2022,2024,2026,2028,



*Crematorium*

## 8.2 Outstanding Repairs (Identified in the Condition Survey)

In the short (2020/21) to medium term (2021/22) 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 we 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 2020/21-21/22, 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 2020/21 Priority 1**

Project	Budget	Estimated Cost
Carry out Re-lining of 2 hearths	Premises	£ 8,500
To purchase and install 2 memorial trees.	Premises	£ 4,320*
To provide and install new viewing screens.	Premises	£ 4,000*
To replace crematorium bins	Premises	£ 1,500*
Carry out energy improvement works	Premises	£ 125,000*
<b>ESTIMATED TOTAL SPEND</b>		<b>£ 143,320</b>

**Planned Maintenance 2021/22 Priority 2**

Project	Budget	Estimated Cost
Re-Decoration Works	Premises	£ 17,000*
Carry out Re-lining of 2 cremators x1	Premises	£ 71,000
<b>ESTIMATED TOTAL SPEND</b>		<b>£ 88,000</b>

**Planned Maintenance 2022/23 Priority 3**

Project	Budget	Estimated Cost
Carry out Re-lining of 2 hearths x1	Premises	£ 8,500
<b>ESTIMATED TOTAL SPEND</b>		<b>£ 8,500</b>

#### **Planned Maintenance 2023 onwards Priority 4**

Project	Budget	Estimated Cost
Re-Decoration Works	Premises	£ 17,000*
Carry out Re-lining of 2 cremators x1	Premises	£ 71,000*
Carry out Re-lining of 2 hearths x1	Premises	£ 8,500*
<b>ESTIMATED TOTAL SPEND</b>		<b>£ 96,500</b>

\*estimate

### **8.3 Suitability**

In the short term (2020/21), 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 (2021-22) 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

Prudential

Borrowing

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**Mountsett Crematorium Joint  
Committee**

**24 September 2019**

**Financial Monitoring Report – Position  
at 31/08/19, with Projected Revenue and  
Capital Outturn at 31/03/20**



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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 Mountsett Crematorium Joint Committee with details of the provisional outturn position for 2019/20 and the projected level of reserves and balances at 31 March 2020.

**Executive summary**

- 2 This report sets out details of income and expenditure in the period 1 April 2019 to 31 August 2019, together with a forecast revenue and capital outturn position for 2019/20, 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 2019 and forecast final position at 31 March 2020, taking into account expenditure to date and forecasts to the year end.
- 4 The projected revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £565,549 against a budgeted surplus of £506,709, £58,840 more than the budgeted position.

- 5 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 £8,460 is required. This results in a net transfer to the Cremator Replacement Reserve of £192,089.
- 6 The retained reserves of the MCJC at 31 March 2020 are forecast to be £552,588 along with a General Reserve of £286,515, giving a forecast total reserves and balances position of £839,103 at the year end.

### **Recommendation(s)**

- 7 It is recommended that Members note the April to August 2019 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2020, including the projected year position with regards to the reserves and balances of the Joint Committee.

## **Background**

- 8 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**

- 9 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 Mountsett Crematorium are included within this report.
- 10 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 Mountsett Crematorium.

Subjective Analysis (Type of Expenditure)	Base Budget 2019/20 £	Year to Date Actual April – August £	Provisional Outturn 2019/20 £	Variance Over/ (Under) £
Employees	153,575	48,955	146,694	(6,881)
Premises	179,881	51,368	157,483	(22,398)
Transport	600	1,197	2,476	1,876
Supplies & Services	77,644	15,695	78,563	919
Agency & Contracted	8,211	3,505	4,805	(3,406)
Central Support Costs	28,430	0	28,430	0
<b>Gross Expenditure</b>	<b>448,341</b>	<b>120,720</b>	<b>418,451</b>	<b>(29,890)</b>
<b>Income</b>	<b>(955,050)</b>	<b>(397,996)</b>	<b>(984,000)</b>	<b>(28,950)</b>
<b>Net Income</b>	<b>(506,709)</b>	<b>(277,276)</b>	<b>(565,549)</b>	<b>(58,840)</b>
<b>Transfer to / (from) Reserves</b>				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	141,709	0	200,549	58,840
- General Reserve				
<b>Distributable Surplus</b>	<b>(350,000)</b>	<b>0</b>	<b>(350,000)</b>	<b>0</b>
<b>65% Durham County Council</b>	<b>227,500</b>	<b>113,750</b>	<b>227,500</b>	<b>0</b>
<b>35% Gateshead Council</b>	<b>122,500</b>	<b>61,250</b>	<b>122,500</b>	<b>0</b>

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2019 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2020 £
Repairs Reserve	(54,370)	(15,000)	0	(69,370)
Cremator Reserve	(291,129)	(200,549)	8,460	(483,218)
General Reserve	(278,055)	(358,460)	350,000	(286,515)
<b>Total</b>	<b>(623,554)</b>	<b>(574,009)</b>	<b>358,460</b>	<b>(839,103)</b>

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

- 11 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 £565,549 against a budgeted surplus of £506,709, £58,840 more than the budgeted position.

12 The following section outlines the reasons for any significant budget variances by subjective analysis (type of expenditure) area:

### 13.1 *Employees*

The outturn shows an underspend of **(£6,881)**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are forecast to underspend by **(£6,881)** due mainly to the Apprentice starting on a lower grade than budgeted and a long term sickness absence.

### 13.2 *Transport*

The outturn shows an overspend of **£1,876**, in relation to transport costs. The reasons for this are identified below:

- Transport costs are forecast to overspend by **£1,876** due to hire of a vehicle to transport a member of staff between Durham and Mountsett Crematorium to assist with staff shortages.

### 13.3 *Premises*

The outturn shows a forecast underspend of **(£22,398)** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to the re-lining of 2 hearths is not required following an inspection by ATI, resulting in an underspend of **(£8,500)**.
- One off SAMP budgets relating to the re-roofing is not required following an inspection from Corporate Property and Land, resulting in an underspend of **(£20,000)**.
- One off SAMP budgets relating to the plot extension is forecast to underspend by **(£2,500)**.
- General premises costs such as plant and equipment repairs, cremator servicing and building maintenance is forecast to underspend by **(£2,000)**.
- Utilities expenditure is forecast to overspend by **£10,602** mainly due to increases in gas charges. The gas exchanger is still not connected, and the cremators are still taking longer than average to heat up resulting in higher gas consumption.

### 13.4 *Supplies and Services*

The outturn shows a forecast over spend of **£919** 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 **£645**.
- General office costs including telephones and office equipment overspent by **£274**.

### 13.5 *Income*

An increase in income of **(£28,950)** from the 2019/20 budget is included within the outturn forecasts. The reasons for this are identified below:

- The outturn includes an additional 42 cremations compared to the budget, totalling a forecast increased income to budget of **(£29,400)**. The outturn allows for a total of 1,342 cremations against a budgeted 1,300 during 2019/20.
- Miscellaneous sales and Book of Remembrance entries are expected to be lower than budget resulting in an underachievement of income of **£3,047**.
- Interest received is forecast to be greater than budget resulting in additional income of **(£2,597)**.

## 13 Earmarked Reserves

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 **£8,460** is required. This results in a net transfer to the Cremator Replacement Reserve of **£192,089**.

The retained reserves of the MCJC at 31 March 2020 are forecast to be **£552,588** along with a General Reserve of **£286,515**, giving a forecast total reserves and balances position of **£839,103** at the year end.

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<b>Contact:</b>	Paul Darby	Tel: 03000 261930
	Ed Thompson	Tel: 03000 263481

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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 Mountsett Crematorium are included within the body of the 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 MCJC.

### **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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**Mountsett Crematorium Joint  
Committee**

**24 September 2019**

**Risk Register Update 2019/20 - 1**



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

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 To inform the Mountsett Crematorium Joint Committee of the outcome of the half-yearly risk review in August 2019.

**Executive summary**

- 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.
- 3 Following a review of the service risk register, the outcomes are: -
  - (a) One new risk has been added, the "Risk of a suspension notice under Regulation 37, Environmental Permitting Regulations 2016, leading to a partial cessation of operations at Mountsett Crematorium";
  - (b) The net evaluation of all risks except one (see paragraph 3a, suspension notice) remain within the risk appetite.

**Recommendation(s)**

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

## Background

- 5 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

- 6 The current service risk register is included in **appendix 4**.
- 7 A new risk has been added to the risk registers of both Mountsett Crematorium Joint Committee and Durham County Council. Officers are in ongoing communications with the supplier of the cremator to improve the arrangements for ensuring compliance with the Environmental Permitting Regulations. Servicing activities and performance of the equipment are being monitored closely. These activities aim to prevent the “Risk of a suspension notice under Regulation 37, Environmental Permitting Regulations 2016, leading to a partial cessation of operations at Mountsett Crematorium” (risk 1). This risk replaces the former ‘Failure of Cremators’ risk.
- 8 Since April 2019, 14 years’ records (2004 to 2017) are being held off-site under a contract with Boxit. Records for 2018 onwards will be scanned and stored electronically under a contract with the NHS. These arrangements help mitigate against risk 7 (data breach).
- 9 The three biggest funeral directors now pay by BACS, which accounts for approximately 70% of transactions. These arrangements help mitigate against risk 8 (loss of income/money).
- 10 A profile of service risks is included in **appendix 5**.

## Conclusion

- 11 The net evaluation of all risks except one (risk 1, suspension notice) remain within the risk appetite (shaded area in appendix 5).

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<b>Contact:</b>	Paul Darby	Tel: 03000 261930
	Kevin Roberts	Tel: 03000 269657

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## **Appendix 1: Implications**

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### **Legal Implications**

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

### **Finance**

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

### **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.

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

None

### **Human Rights**

None

### **Crime and Disorder**

None

### **Staffing**

None

### **Accommodation**

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.

### **Procurement**

None

## 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 (a full definition of each rating is set out in the detailed methodology)			
		1 Very Unlikely	2 Unlikely	3 Likely	4 Very Likely
Impact	<u>4 Extreme</u> Death or multiple deaths; substantial damage.	Low Risk	Medium Risk	High Risk	High Risk
	<u>3 Severe</u> Loss of limb or multiple injuries; significant damage.	Low Risk	Medium Risk	High Risk	High Risk
	<u>2 Minor</u> Three day or greater injury or illness; insignificant damage.	Insignificant	Low Risk	Medium Risk	Medium Risk
	<u>1 Negligible</u> 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		Finan-cial	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><b>(in context of a project, this can also mean that the project cannot proceed, or that several critical benefits/ opportunities cannot be achieved)</b></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><b>(in context of a project, this can also mean major disruption to delivering the project, or that a critical benefit/ opportunities cannot be achieved)</b></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><b>(in context of a project, this can also mean moderate disruption to delivering the project, or moderate impact on achieving benefits/ opportunities)</b></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><b>(in context of a project, this can also mean minor disruption to delivering the project, or minor impact on achieving benefits/ opportunities)</b></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><b>(in context of a project, this can also mean insignificant disruption to delivering the project, or insignificant impact on achieving benefits/ opportunities)</b></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>

## 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	Risk of a suspension notice under Regulation 37, Environmental Permitting Regulations 2016, leading to a partial cessation of operations at Mountsett Crematorium (Risk R0680 on the DCC corporate risk register).	Moderate (9)	Possible (3)	27	Tolerate (i.e. it is not practical or cost-effective to implement any further controls).	New risk. Mitigating controls include ongoing communications with the cremator supplier to improve the arrangements for ensuring compliance with the Regulations, and close monitoring of servicing activities and equipment performance.
2	Managing excess deaths	Minor (6)	Possible (3)	18	Treat	
3	Serious breach of health and safety legislation	Moderate (8)	Unlikely (2)	16	Tolerate	
4	ICT and Power Failure	Minor (5)	Unlikely (2)	10	Tolerate	
5	Sickness absence of key staff	Moderate (7)	Remote (1)	7	Tolerate	
6	Breakdown of the partnership (with Gateshead Metropolitan Borough Council)	Moderate (7)	Remote (1)	7	Tolerate	
7	Disclosure of confidential information through incorrect disposal / maintenance of information (data breach).	Minor (5)	Remote (1)	5	Tolerate	Since April 2019, 14 years' records (2004 to 2017) are being held off-site under a contract with Boxit. Records for 2018 onwards will be scanned and stored electronically under a contract with the NHS.
8	Loss of Income/Money	Minor (5)	Remote (1)	5	Tolerate	The three biggest funeral directors now pay by BACS, which accounts for approximately 70% of transactions.

## 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.

As the net evaluations of risks 2 to 8 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)	5 Sick Absence  6 Partnership	3 Health & Safety Breach	1 Suspension Notice		
Minor (score 4 – 6)	7 Data Breach  8 Loss of Income	4 ICT & Power	2 Excess Deaths		
Insignificant (score 1 – 3)					
<b>Likelihood</b>	Remote (score 1)	Unlikely (score 2)	Possible (score 3)	Probable (score 4)	Highly Probable (score 5)

**Mountsett Crematorium Joint Committee**

**24 September 2019**

**Internal Audit Charter**



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**Report of Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager**

**Electoral division(s) affected:**

Countywide

**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 2019/20.

**Executive summary**

- 2 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.
- 3 The Charter reflecting the changes made to the PSIAS in 2017 was previously considered by the Joint Committee at its meeting of 27 September 2018. The Charter is subject to annual review by the Chief Internal Auditor and Corporate Fraud Manager. On this occasion, with no new revisions to the PSIAS made, it is considered that no further amendments are required.

**Recommendation(s)**

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

## Background

5 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’.

## Other useful documents

Report to Durham County Council’s Audit Committee on 28 June 2019

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**Contact:** Paul Bradley

Tel: 03000 269645

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## **Appendix 1: Implications**

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### **Legal Implications**

Compliance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

### **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

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

There are no implications

### **Human Rights**

There are no implications

### **Crime and Disorder**

There are no implications

### **Staffing**

As identified in the report.

### **Accommodation**

There are no implications

### **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.

### **Procurement**

There are no implications

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# INTERNAL AUDIT CHARTER

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

September  
2019

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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 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

Tel:

03000 269645

Mobile:

07900 701932

Email:

paul.bradley@durham.gov.uk

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

**Findings**

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

Impact Rating	Assessment Rationale
<b>Critical</b>	<b>A finding that could have a:</b>
	<b>Critical</b> impact on operational performance (Significant disruption to service delivery)
	<b>Critical</b> monetary or financial statement impact (In excess of 5% of service income or expenditure budget )
	<b>Critical</b> 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)
	<b>Critical</b> impact on the reputation of the Council (Significant reputational damage with partners/central government and/or significant number of complaints from service users)
	<b>Critical</b> impact on the wellbeing of employees or the public (Loss of life/serious injury to employees or the public)
<b>Major</b>	<b>A finding that could have a:</b>
	<b>Major</b> impact on operational performance (Disruption to service delivery)
	<b>Major</b> monetary or financial statement impact (1-5% of service income or expenditure budget )
	<b>Major</b> 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)
	<b>Major</b> impact on the reputation of the service within the Council and/or complaints from service users
<b>Minor</b>	<b>A finding that could have a:</b>
	<b>Minor</b> impact on operational performance (Very little or no disruption to service delivery)
	<b>Minor</b> monetary or financial statement impact (less than 1% of service income or expenditure budget )
	<b>Minor</b> 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
<b>Probable</b>	Highly likely that the event will occur (>50% chance of occurring)
<b>Possible</b>	Reasonable likelihood that the event will occur (10% - 50% chance of occurring)
<b>Unlikely</b>	The event is not expected to occur (<10% chance of occurring)

**Overall Finding Rating**

This grid is used to determine the overall finding rating.

<b>LIKELIHOOD</b>			
Probable	M	H	H
Possible	L	M	H
Unlikely	L	L	M
	Minor	Major	Critical
	<b>IMPACT</b>		

**Priority of our recommendations**

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

<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.

**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:

<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.

## 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	<b>Senior Management</b> and the <b>board</b> 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 <b>board</b> at least annually the organisational independence if the Internal Audit activity.</p> <p>The CAE must report functionality to the <b>board</b>. 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"> <li>• Approving the Internal Audit Charter</li> <li>• Approving the Risk Based Internal Audit Plan</li> <li>• Approving the internal audit budget and resource plan</li> </ul>		<p>The Joint Committee</p> <p>The Joint Committee</p>

**DEFINITIONS UNDER PSIAS**

**APPENDIX B**

		<ul style="list-style-type: none"> <li>• Receiving communications from the CAE on the internal audit activity’s performance relative to its plan and other matters</li> <li>• Approving decisions regarding the appointment and removal of the Internal Audit Service Provider</li> <li>• 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</li> </ul>		
1130. C2	Impairment to Independence or Objectivity	Approval must be sought from the <b>board</b> 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 <b>board</b>:</p> <ul style="list-style-type: none"> <li>• The form of external assessments</li> <li>• The qualifications and independence of the external assessor or assessment, including any potential conflict of interests</li> </ul> <p>NB The Public Sector requirement of this standard states,</p> <p><b>“The CAE must agree the scope of external assessments with an appropriate sponsor e.g the Accounting /</b></p>		The Joint Committee

## DEFINITIONS UNDER PSIAS

## APPENDIX B

		<b>Accountable Officer or Chair of the audit committee as well as with the external assessor or assessment team”</b>		
1320	Reporting the results of QAIP	The CAE must communicate the results of the quality assurance and improvement programme to <b>senior management</b> and the <b>board</b> .	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 <b>board</b> 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 <b>senior management</b> and the <b>board</b> 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 <b>board</b> .	John Hewitt Ian Thompson	The Joint Committee
2060	Reporting to Senior Management and the Board	The CAE must report periodically to <b>senior management</b> and the <b>board</b> 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 <b>senior management</b> . If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the <b>board</b> .	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**

**24 September 2019**

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



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

**Electoral division(s) affected:**

Countywide

**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 2019.

**Executive summary**

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

- 2 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**

- 3 The Audit Committee considered, at its meeting on 28 June 2019, a report presented by the Chief Internal Auditor and Corporate Fraud Manager that provided evidence on the effectiveness of the service during 2018/19. This took the form of a self-assessment against the key elements of the PSIAS and 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.
- 4 For 2018/19 this demonstrated that the Section was conforming to the Code's requirements and was based on the revised PSIAS brought into effect on 01 April 2017.

### **Recommendation(s)**

- 5 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

- 6 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.
- 7 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.
- 8 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.

## Other useful documents

Report to Durham County Council's Audit Committee on 28 June 2019

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**Contact:** Paul Darby

Tel: 03000 261930

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## **Appendix 1: Implications**

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### **Legal Implications**

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

### **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 Consultation

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

There are no implications

### **Human Rights**

There are no implications

### **Crime and Disorder**

There are no implications

### **Staffing**

As identified in the report.

### **Accommodation**

There are no implications

### **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.

### **Procurement**

There are no implications

**Mountsett Crematorium Joint Committee**

**24 September 2019**

**Provision of Internal Audit and Risk  
Management Services 2020 to 2023**



**Report of Paul Bradley, 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 Committee with proposals for the continued delivery of Internal Audit and Risk Management Services by Durham County Council to cover the period April 2020 to March 2023.

**Executive summary**

- 2 It is proposed that a 3 year SLA is agreed covering the period 2020/21 to 2022/23. In practice as the annual reporting of work carried out and the annual audit opinion is not concluded until after the financial year end the proposed agreement will continue up to June 2023. The proposed SLA, covering both internal audit and risk management services is attached at Appendix 2.
- 3 The proposed annual plan of work to be carried out under this agreement, reflecting the same level of service as currently supplied, is set out in Schedule 2 of the SLA. The annual fee for each of the 3 years is also shown in Schedule 2.
- 4 The SLA is supplemented by a detailed Internal Audit Charter which sets out the terms of reference and audit strategy for how the internal audit service is to be delivered. The Charter is subject to annual review and was last approved by the Joint Committee at its meeting of 27 September 2018.
- 5 In considering the agreement of the SLA, the Committee is reminded that each year the County Council's Audit Committee carries out a review of the effectiveness of the Internal Audit Service, in accordance with the requirements of the Accounts and Audit Regulations 2015.

- 6 As a smaller body under these regulations, there is no requirement for the Joint Committee to carry out such a review. However, in accordance with previous practice, the outcomes of the last review, carried out by the Chief Internal Auditor and Corporate Fraud Manager in June 2019, have been considered by the Treasurer to the Joint Committee. A report summarising the findings has been presented for consideration of the Joint Committee as a separate agenda item for this meeting.

### **Recommendation(s)**

- 7 The Joint Committee is asked to:
- Approve the proposed Internal Audit & Risk Management Services SLA with Durham County Council covering the next 3 financial years as attached at Appendix 2.
  - Approve the proposed annual audit plan and fee as set out in Schedule 2 of the SLA.
  - When considering the above, to have regard to the report prepared by the Joint Committee's Treasurer relating to the effectiveness of Durham County Council's Internal Audit Service.

## **Background**

- 8 The current service level agreement for the provision of Internal Audit and Risk Management Services, approved by the Joint Committee at its meeting on 28 September 2016 expires on 31 March 2020.

## **Other useful documents**

Existing SLA covering the period April 2017 to March 2020

Public Sector Internal Audit Standards (revised 01 April 2017) and CIPFA's accompanying Local Government Application Note (PSIAS and LGAN)

Annual Review of Effectiveness – Report of Chief Internal Auditor and Corporate Fraud Manager to DCC Audit Committee 28 June 2019

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**Contact:** Paul Bradley

Tel: 03000 269645

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## **Appendix 1: Implications**

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### **Legal Implications**

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

### **Finance**

The annual audit fee for the three-year period is set out at Schedule 2 to the proposed SLA, fees are summarised below:

2020/21 Internal Audit Fee - £5,900

2021/22 Internal Audit Fee - £6,050

2022/23 Internal Audit Fee - £6,200

The 2019/20 Internal Audit Fee is £6,250.

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

There are no implications

### **Human Rights**

There are no implications

### **Crime and Disorder**

There are no implications

### **Staffing**

As identified in the report.

### **Accommodation**

There are no implications

### **Risk**

There are no direct risk implications arising for the Joint Committee as a result of this report.

### **Procurement**

Purchase of Internal Audit and Risk Management Services as set out in the report

## Appendix 2



# **Service Level Agreement**

for the provision of Internal Audit Services to

## **MOUNTSETT CREMATORIUM JOINT COMMITTEE**

2020-2023

## **AGREEMENT FOR THE PROVISION OF AN INTERNAL AUDIT SERVICE**

**THIS AGREEMENT is made 24 September two thousand and nineteen  
BETWEEN DURHAM COUNTY COUNCIL (the Council) and MOUNTSETT  
CREMATORIUM JOINT COMMITTEE (“the Partnership”)**

### **1. PROVISION OF SERVICES**

- 1.1. The Mountsett Crematorium Joint Committee engages the Council to provide an Internal Audit service as set out in Schedule 1 and in return for the payments as set out in Schedule 2.

### **2. DURATION**

- 2.1. This agreement will be effective from 01 April 2020 and will cover the 3 financial years 2020/21 to 2022/23 with work carried out in 2022/23 being concluded and reported by 30 June 2023, subject to cancellation as set out in clause 9.

### **3. THE COUNCIL’S OBLIGATIONS**

#### **3.1. Services**

- 3.1.1. The scope of the Audit Service available to the Mountsett Crematorium Joint Committee is summarised in Schedule 1.
- 3.1.2. The Council will provide an Internal Audit service with all reasonable skill and care and in compliance with:
- The Accounts and Audit Regulations 2015
  - The UK Public Sector Internal Audit Standards (PSIAS)
  - The Internal Audit Charter with sets out the terms of reference and audit strategy for how the service is to be delivered
  - The terms and conditions of this agreement
- 3.1.3. The Council will provide strategic risk management and corporate governance support, if required, in accordance with best professional practice, and as provided for in the audit fee provision (see clause 4.1.1).

#### **3.2. Accommodation**

- 3.2.1. To provide at its own cost its own office accommodation, administrative support and services as may be necessary for the provision of the Service.

### **3.3. Insurance**

- 3.3.1. To ensure that adequate insurance cover is affected and maintained in respect of, any property held by it for the purposes of this agreement, employee liability, public liability and liability for professional negligence.

## **4. THE JOINT COMMITTEE'S OBLIGATIONS**

### **4.1. Audit Fee Provision**

- 4.1.1. To make available such audit fee provision as set out in Schedule 2 for the provision of agreed services for the year 2020/21 and the two subsequent years. Notwithstanding the contents of Schedule 2, the audit fee provision will be the subject of annual review and agreement by both parties as part of the Joint Committee's normal budget timetable. Final confirmation of the audit fee provision must be agreed no later than the 31<sup>st</sup> March in each year.
- 4.1.2. Both parties intend that the annual audit fee provision will be set at such a level as to cover the costs incurred by the Council in delivering the annual internal audit plan, any elements of risk management and / or corporate governance work and a contingency provision for unplanned work. An indicative annual budget and number of days allocated to each of these areas as at the date of this agreement is set out in Schedule 2.
- 4.1.3. The parties agree that, without affecting the annual audit fee provision and the principles set out in Schedule 2, at the Joint Committee's request;
- the percentage split between the service elements to be provided can be varied up to 10% provided always that the maximum number of days specified in Schedule 2 is not exceeded.
  - Any surplus (unused) contingency days in any financial year may be used during the same financial year on any element of work as agreed between the two parties.
  - Any surplus (unused) allocated days in any financial year not required for the delivery of the service up to a maximum of 10% (rounded up to the nearest day ) of the total number of days may be treated as a credit and carried forward into the next financial year.
  - Any days which as a result of sickness absence across the Audit Team are unused will not be subject to such carry over. Under such circumstances all efforts will be made to deliver the plan but where this is not possible all available resources will be focused on the highest risk areas to give a reasonable level of assurance. The cost of any such days lost will be deducted from the annual audit fee.

- Any additional days used in any financial year required for the delivery of the service up to a maximum of 10% (rounded up to the nearest day) of the total number of days may be treated as a debit and deducted from the following year's allocation subject to the Mountsett Crematorium Joint Committee being satisfied that such reduction will not have an adverse impact on the delivery of the following year's Audit Plan.
- 4.1.4. The parties agree that all variations, other than those referred to in the clause 4.1.3 above, require the express written consent of both parties.
- 4.1.5. Notwithstanding clause 4.1.3 above, the Joint Committee may make in year changes to the Audit Plan so as to bring the delivery of the Audit Plan within budget and within the allocated number of days as set out in Schedule 2 .This includes either deleting low priority planned work from the Audit Plan or requesting an increase in the Audit Plan where the time required for any additional work exceeds the contingency provision set out in Schedule 2. In cases where an increase is requested the Council will endeavour to respond to the request dependent upon the availability of resources and at such additional cost as agreed between the parties.
- 4.1.6. To pay the Council annually the payments as set out in Schedule 2. The payment principles set out in Schedule 2 will apply for the purposes of determining the payments paid to the Council by the Joint Committee.

## **4.2. Service Delivery**

- 4.2.1. The Joint Committee is required to make arrangements for:
- 4.2.1.1. Allowing Council staff access to the Joint Committee's business premises at reasonable times for the provision of the Services.
- 4.2.1.2. The provision of suitable accommodation for the use of the Internal Audit Service on the Joint Committee's business premises, at its own cost, as may be necessary.
- 4.2.1.3. Allowing Council staff access to all relevant assets, records (including those belonging to third parties, subject to the Joint Committee having lawful authority to do so) documents, correspondence, electronic files, software and other systems as may be necessary for the provision of the Service.
- 4.2.1.4. Providing free of charge access to the Joint Committee's network and IT applications including email, intranet and internet and to grant such licenses as are necessary to enable a maximum of six Council staff to access the Joint Committee's computer networks at the Joint Committee's offices using the Council's ICT equipment subject to the Council signing a security declaration.

- 4.2.1.5. Allowing and facilitating where necessary direct access by the Audit Manager to the Chair of the Joint Committee and the Treasurer (or his nominated representative) for the purpose of delivering the Service.
- 4.2.1.6. The management of risks and the effectiveness of the control environment to mitigate risks
- 4.2.1.7. Approving the Internal Audit Charter and the annual audit plan
- 4.2.1.8. Considering the Annual Internal Audit Report
- 4.2.1.9. Taking whatever action it considers necessary as a result of an audit
- 4.2.1.10. Reviewing its internal control system, including its corporate governance and risk management arrangements, and preparing its annual governance statement to comply with responsibilities under the Accounts and Audit Regulations and relevant CIPFA guidance (including the maintenance of an Audit Committee or equivalent).
- 4.2.1.11. Notifying internal audit promptly of any material change in the risks facing the Joint Committee.
- 4.2.1.12. Agreeing variations to the audit plan during its currency to allow Internal Audit to respond to changing risks.

## **5. MANAGEMENT OF THE SERVICE**

- 5.1. The Audit Manager is responsible for the management and delivery of the service and will in practice fulfil the role of the Head of Internal Audit for the Joint Committee. Any queries arising from specific audit reports and general day to day enquiries about the service should be addressed to the Audit Manager.

Contact details are:

Stephen Carter, Audit Manager,  
Internal Audit Service,  
Durham County Council,  
County Hall,  
Durham  
E-mail: [stephen.carter@durham.gov.uk](mailto:stephen.carter@durham.gov.uk)  
Telephone 03000 269665

- 5.2. The Audit Manager will report functionality of the audit service to the Mountsett Crematorium Joint Committee who will undertake the role of the "Board" for the purpose of the PSIAS and Internal Audit activity. For operational management purposes the Audit Manager will report to, the Head of Finance and Transactional Services within Durham County Council who is authorised to act on behalf of the Corporate Director Resources, the Treasurer to the Joint Crematorium Committee.

5.3. The Audit Manager and the Head of Finance and Transactional Services and / or the Bereavement Services Manager will meet periodically to review performance on delivering agreed services and agree any changes to the delivery of the Service. Such meetings may be attended by other such persons as either party may wish.

5.4. The Chief Internal Auditor and Corporate Fraud Manager at Durham County Council is ultimately responsible for the performance and effectiveness of services provided to the Joint Committee under this agreement. Any issues concerning any aspect of the delivery of the service or terms of this agreement that can not be satisfactory resolved with the Audit Manager should be referred to the Chief Internal Auditor and Corporate Fraud Manager. Contact details are:

Paul Bradley,  
Chief Internal Auditor and Corporate Fraud Manager,  
Internal Audit Service,  
Durham County Council,  
County Hall,  
Durham  
E-mail: [paul.bradley@durham.gov.uk](mailto:paul.bradley@durham.gov.uk)  
Telephone 03000 269645

5.5 The Audit Manager will meet with the Head of Finance and Transactional Services each financial year to consider the audit fee for the following financial year. Such meetings will be scheduled in line with the Joint Committee's normal budget timetable. (Final confirmation of the audit fee provision must be agreed no later than the 31<sup>st</sup> March in each year) and be attended by such other persons as either party may wish.

5.6 In response to audit findings, the Bereavement Services Manager is responsible for ensuring:

- Responses to draft audit reports are received within timescales specified in the Internal Audit Charter.
- Providing information to substantiate the implementation of audit recommendations when requested.

## **6. FRAUD AND IRREGULARITY**

6.1 The Audit Manager will inform senior management, Corporate Director, Regeneration and Local Services, the Corporate Director, Resources and other appropriate client lead officers of any suspected irregularity reported to or discovered by any member of the Council's staff.

6.2 Client lead officers will notify the Audit Manager of all suspected fraudulent irregularities.

6.3 It will be the responsibility of the Audit Manager in consultation with senior management to determine the most appropriate way to investigate the allegations. Where it is agreed an internal audit investigation is to be carried out, the day to day management of the investigations will be the responsibility of the Audit Manager.

**7. INFORMATION AND CONFIDENTIALITY**

7.1. Each party will provide all information within its control necessary to enable the other to discharge its obligations under this agreement.

7.2. Neither party shall, without the written consent of the other party, make use of for its own purposes or disclose or allow to be disclosed to any person, (except as may be required by law or by an authorised body in evaluating the Internal Audit work e.g. external audit), this Agreement or any material connected with it.

**8. DATA PROTECTION AND FREEDOM OF INFORMATION**

8.1. Each party will:

8.1.1. Comply with the Data Protection Act 1998 and General Data Protection Regulations (GDPR)

8.1.2. Maintain the confidentiality of personal data to which it has authorised access under the terms of this Agreement

8.1.3. Take reasonable technical and organisational measures against the unauthorised or unlawful processing of personal data and against the accidental loss of destruction of or damage to personal data (including adequate back up procedures and disaster recovery systems).

8.1.4. Provide such assistance and / or information reasonably required by the other in connection with any requests for information received by that party under the Freedom of Information Act 2000.

**9. TERMINATION**

9.1 Either party may terminate the agreement before the 1<sup>st</sup> April 2023 by giving the other not less than 12 months prior written notice.

**10. VARIATION**

10.1. The terms of this agreement may only be varied by written agreement signed by both parties

**AS WITNESSED**

**Signed by:**.....

Duly authorised for and on behalf of **DURHAM COUNTY COUNCIL**

**Date**

**Signed by:**.....

Duly authorised for and on behalf of the **MOUNTSETT CREMATORIUM JOINT COMMITTEE.**

**Date**

**SERVICES TO BE PROVIDED**

The following services may be provided.

**Management and Assurance**

1. Provision of an independent and impartial audit service in accordance with the Public Sector Internal Audit Standards.
2. Preparation of and annual review of an Internal Audit Charter, setting out the terms of reference and audit strategy of how the service is to be delivered, for approval by the Mountsett Crematorium Joint Committee.
3. Preparation of risk based audit plans in accordance with the agreed Internal Audit Charter, for approval by the Mountsett Crematorium Joint Committee.
4. Carry out audit (s) as detailed in the scope and terms of reference for each annual audit.
5. Follow up, and report upon, progress made by the Bereavement Services Manager in implementing agreed audit recommendations.
6. Maintenance of a comprehensive electronic file for each annual audit in accordance with best professional practice.
7. Monitoring and reporting of progress made in the delivery of the agreed annual audit to Senior Management and the Mountsett Crematorium Joint Committee.

**Advice**

8. Provision of help and advice to the Bereavement Services Manager and other officers and nominated members of the Mountsett Crematorium Joint Committee on all audit matters.
9. Provision of advice on the risk and control implications of new or changes to existing systems or service activities.

**Risk Management**

10. To provide advice and support on developing strategic risk management up to a maximum of days to be agreed annually. The scope of this work may include:
  - Taking a leading role in the annual review of the risk management strategy
  - Providing advice and guidance on matters of risk management and facilitating risk management training where appropriate.

- Supporting risk identification and assessment workshops where appropriate.
- Attending the Risk Management Group

### **Corporate Governance**

11. To provide advice and support on corporate governance issues up to a maximum of days to be agreed annually. The scope of this work may include:
  - Talking a leading role on the review of the corporate governance framework.
  - Supporting the preparation of the Annual Governance Statement

### **Counter Fraud**

12. To provide advice and support on counter fraud activities. The scope of this work to be agreed annually and may include:
  - Targeted reviews to prevent or detect fraud.
  - Development of Counter Fraud Strategy and supporting policies and plans.
  - Counter fraud awareness training and publicity

### **VFM Reviews**

13. To carry out, or provide support to, VFM reviews.

### **Investigations**

14. Investigations into suspected fraud or irregularities

### **Advice and Assistance**

15. An allocation has been made for advice and assistance provided to both the team at the Crematorium and to the Joint Committee this provision also allow for a certain level of unplanned reactive and pro-active work to be undertaken.

**BUDGET SCHEDULE AND ALLOCATED DAYS**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>Annual Fee</b>	<b>£5,900</b>	<b>£6,050</b>	<b>£6,200</b>
<b>AREA</b>			
<b>Management and Assurance</b>			
Preparation of Annual Audit Review (including review, update and agreement of Control Risk Assessment (CRA) scope and terms of reference)	1	1	1
Production of Annual Report and opinion and annual review of Internal Audit Charter and periodic review of SLA	2	2	2
Attendance at ad hoc meetings, Committee pre meetings and Committee meetings	1	1	1
Regular liaison with relevant staff and follow up of recommendations	1	1	1
<b>Fieldwork</b>			
Detailed audit testing of financial and non-financial key systems of internal controls, including: Budget setting and monitoring, financial reporting, income, debt collection, creditor payments, petty cash expenditure, taxation (VAT/PAYE,NI), bank reconciliation, asset and investment management, stock control, specific strategic and operational service risks and key elements of corporate governance, as agreed in the TOR for each annual audit review.	11	11	11
<b>Advice and Assistance</b>	2	2	2
<b>Total</b>	18	18	18

<b>Optional Additional Services;</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>Fee</b>	<b>£600</b>	<b>£620</b>	<b>£640</b>
Risk Management & Insurance Support	2	2	2
Corporate Governance Support			

## **BASIS OF CHARGE**

1. Charges in respect of the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2023 will be recharged to the Joint Committee using the existing methodology.
2. The cost of providing the internal audit service for the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2023 is based on 18 planned audit days in each of the three years at an average charge of £336 per day.
3. The cost of providing Risk Management & Insurance Support for the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2023 is based on 2 planned days in each of the three years at an average charge of £310 per day.
4. This audit fee set out above covers the cost of all planning, management, research, preparation, audit visits, follow-up, production of reports, and presentation of reports to managers and members, discussions and travelling time. The daily charge is inclusive of all travelling costs and other overheads.
5. Any requests for additional services, including VFM studies, special investigations and specific consultancy/project work that can not be accommodated from the contingency provision and the provisions of clause 4.1.3 (surplus/insufficient contingency) plans will be considered against the availability of the necessary resources and skills. The cost of this work will be subject to the agreement of additional fees at an appropriate daily charge, depending on the nature of the work required, in accordance with clause 4.1.5.
6. A recharge for fees payable will be annually in arrears based on the actual audit and risk management provision and any variances agreed under clauses 4.1.3 and 4.1.5.

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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