



## Central Durham Crematorium Joint Committee

**Date**        **Wednesday 24 April 2013**  
**Time**        **5.30 pm**  
**Venue**       **Conference Room 4b, County Hall, Durham**

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### Business

#### Part A

1. Apologies for Absence.
2. Minutes of the meeting held 23 January 2013. (Pages 1 - 8)
3. Declarations of Interest, if any.
4. Review of Terms of Reference: (Pages 9 - 36)  
Report of the Clerk to the Joint Committee.
5. Report of the Superintendent and Registrar. (Pages 37 - 82)
6. Reserves Policy: (Pages 83 - 86)  
Joint Report of the Treasurer to the Joint Committee / Corporate Director of Resources and the Corporate Director of Neighbourhood Services.
7. Financial Monitoring Report - Provisional Outturn as at 31 March 2013: (Pages 87 - 92)  
Joint Report of the Treasurer to the Joint Committee / Corporate Director of Resources and the Corporate Director of Neighbourhood Services.
8. Annual Internal Audit Report 2012/13: (Pages 93 - 116)  
Report of the Head of Internal Audit.
9. Response to the 2012/13 Internal Audit Report: (Pages 117 - 120)  
Joint Report of the Treasurer to the Joint Committee / Corporate Director of Resources and the Corporate Director of Neighbourhood Services.
10. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration.

**Sharon Spence**  
Clerk to the Joint Committee

County Hall  
Durham  
16 April 2013

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

Durham County Council: M Plews (Chair), J Blakey, J Chaplow,  
N Foster, G Holland, D Stoker, L Thomson  
and M Williams

Spennymoor Town Council: J Marr (Vice-Chair), JV Graham and  
JL Wood

**DURHAM COUNTY COUNCIL**

**CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE**

At a Meeting of **Central Durham Crematorium Joint Committee** held in **Committee Room 1A, County Hall, Durham** on **Wednesday 23 January 2013** at **5.30 pm**

**Present:**

**Councillor M Plews (Chair)**

**Durham County Council:**

Councillors N Foster, G Holland and L Thomson

**Spennymoor Town Council:**

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

**A1 Apologies for Absence**

Apologies for absence were received from Councillors J Blakey, J Chaplow, M Williams and Councillor J Wood.

**A2 Minutes of the meeting held 26 September 2012**

The minutes of the meeting held 26 September 2012 were conformed as a correct record and signed by the Chair.

**A3 Declarations of Interest, if any**

There were no Declarations of Interest.

**A4 Report of the Superintendent and Registrar**

The Joint Committee considered a report of the Superintendent and Registrar which provided Members with the quarterly update relating to performance and other operational matters (for copy see file of minutes).

Members noted the performance figures from September 2012 to 31 December 2012 which highlighted that there was a net increase of 52 cremations on the comparable period last year.

Performance was further reported in respect of the sale of memorials sold during the same period and noted that there had been a small decrease of 6 memorials sold in that period, which was equal to £4061.02.

Moving on to report operational matters the Superintendent and Registrar reported that the DCC Solicitor had now submitted the application for FSA registration in relation to the Pre-Payment Bond scheme. It was noted that this application had now been approved and further proposals relating to this scheme could now be considered by the Joint Committee at their meeting in April 2013.

Details were then provided regarding the completion of the job evaluation scheme and advised that changes to staff's terms and condition had been implemented from 1 January 2013 and any financial impact had been factored into the financial monitoring report.

Members further noted that further to discussions at the last meeting of the joint committee regarding the recycling of metals donations from the scheme were now being forwarded to the Chyrelle Addams Breast Cancer Trust. A further request for nomination had now been received from the Tees Valley and Durham Branch area of C.R.U.S.E. and it was proposed that this nomination be accepted for the next distribution of recycling of income.

Moving on details were provided regarding the recent Crematorium User Survey and details of the results of which were appended to the report at Appendix 3. In view of those results a budget provision had been made within the 2013/14 budget for a feasibility study to be undertaken, to look at addressing those issues identified. It was proposed that this study be reported to the joint committee in September 2013 including options and costings to carry out any identified works.

The Superintendent and Registrar then went on to provide an update relating to heat recovery, and proposals to further utilise surplus heat from the cremators which were currently exhausting heat into the atmosphere. It was noted that discussions were ongoing between the Carbon Management Team and a firm within Europe who specialise in electricity generation to discuss ways in which the surplus heat could be utilised. The Joint Committee further noted that a more detailed report would be reported to the Joint Committee in April 2013.

It was also reported that the necessary arrangements had been made for the Chairman and the Superintendent and Registrar to represent the Central Durham Crematorium Joint Committee at the Joint Conference of Federation of Burial and Cremation Authorities and The Cremation Society of Great Britain conference on 1 to 3 July 2013 at Stratford-upon-Avon.

The Superintendent and Registrar advised that St. Cuthbert's Hospice would like to supply a Christmas tree and baubles with a facility for visitors to write a personal message again in 2013. The tree had in previous years proved to be popular with visitors.

The committee further noted that there had been a recent incident at the crematorium whereby thieves had stolen sections of the copper roofing. Temporary repairs had been carried out and following this, discussions were taking place between DCC Design Services team with a view to putting forward an alternative to replacing the copper roofing, which could again be vulnerable to theft. These options would also be included within the feasibility study.

Discussion then ensued regarding the theft of the copper roofing and options for its replacement. It was noted that a full list of options with costings would be brought to the committee for discussion. Councillor N Foster suggested that the council may be able to weigh-in the remaining copper and use any money generated from its sale to fund the replacement of the roof.

In conclusion the Superintendent and Registrar advised that there had been a recent complaint received regarding the use of the organ at services and the fee which was imposed if mourners wished to sing to recorded music. It was noted that the policy which had been in place since 1990 did outline the terms regarding organist's fees and therefore it was proposed that existing arrangements continued.

Councillor G Holland commented that the results of the survey relating to seating had shown that the seating situation within the crematorium was inadequate and clearly in need of review. It was noted that this would also be picked up within the feasibility study.

He further commented that it was important that the policy on organ fees was very clear and further communication with Funeral Directors was required to ensure that this information was correctly relayed to the customer.

**Resolved:**

That the update report be noted.

**A5 Service Asset Management Plan Update**

The Joint Committee considered a report of the Superintendent and Registrar which updated Member on the development of a Service Asset Management Plan as recommended in the Annual Internal Audit report (for copy see file of minutes).

The Superintendent and Registrar advised that the feasibility study which was currently being undertaken would form the blueprint for the Asset Management Plan, the joint committee would be given the opportunity to fully consider proposals alongside costings for their implementation.

Councillor Marr commented that he was pleased to see that paragraph 2 of the report had been amended to accurately reflect the agreement between the two authorities.

**Resolved:**

- (i) That the content of the Durham Crematorium Asset Management plan be noted.
- (ii) The costings for work as outlined within the report be agreed.
- (iii) To consider the full report including the feasibility study be presented at a future meeting.

## **A6 Risk Register Update 2012/13**

The Joint Committee considered a report of the Corporate Director Neighbourhood Services and Corporate Director Resources: Treasurer to the Joint Committee which provided an update with regards to the Risk Register for the Durham Crematorium Committee, in accordance with the arrangements established for the routine reporting of risk issues.

It was reported that the Risk Register had been reviewed in January 2013 in accordance with the Durham County Council methodology / approach to Risk Management and updated accordingly.

The Head of Finance (Financial Services) commented that the Risk Register team frequently commented upon the Crematorium's staff and their pro-active approach to managing risk. The report further provided assurance to the joint committee that risks were being adequately managed.

Councillor G Holland raised a query with regard to the risk identified relating to Pre-Payment Cremations Bonds and asked for further clarification on this risk. In response the Superintendent and Registrar advised that as this scheme had not yet been implemented the risk was in fact theoretical. As uptake and charges were not yet known the level of risk could not be determined accurately.

Further discussion took place regarding the scheme and how payments would be held. It was noted that the Crematorium would hold the payments as an earmarked receipt and would during that time gain interest. Further details on the scheme would be reported at a future meeting.

### **Resolved:**

- (i) That Members note the content of the report and the updated position following the January review.
- (ii) That the Risk Registers be kept up to date and continue to be reviewed by Joint Committee on a half yearly basis the next one to be completed in June 2013.

## **A7 Financial Monitoring Report - Spend to 31/12/12 and Projected Outturn to 31/03/13**

The Joint Committee considered a report of the Corporate Director Neighbourhood Services and Corporate Director Resources: Treasurer to the Joint Committee which set out details of income and expenditure for the period 1 April 2012 to 31 December 2012, together with the forecast outturn position for 2012/13, highlighting areas of over / under spend against the revenue budgets at a service expenditure analysis level (for copy see file of minutes).

The report further set out details of the funds and reserves of the Joint Committee at 1 April 2012 and the projected position at 31 March 2013, taking into account the forecast financial outturn projection of income and expenditure this year.

The Head of Finance (Financial Services) advised that the projected outturn showed a surplus of £392,334 against a budgeted surplus of £313,250, £79,084 more than the budgeted position. Variances for any significant variances were detailed within the report.

Details were also provided regarding earmarked reserves and it was reported that contributions from the revenue surplus towards earmarked reserves were forecast as £79,084 additional to budget. Therefore the retained reserves of the Central Durham Crematorium Joint Committee at 31 March were forecast to be £644,065 along with a General Reserve of £424,060, giving a forecast total reserves and balances position of £1,068,125 at the year end.

The Head of Finance (Financial Services) advised that the current level of reserves was held at between 30/40% however moving forward it may be prudent to reduce this to 20/30%. He explained that if the Central Durham Crematorium Joint Committee agreed to certain works within the feasibility study in the future this may result in loss of business whilst works were carried out, therefore more prudent financial planning would be beneficial to cover for any loss of income during that time.

D Singleton, Accountant, Spennymoor Town Council referred to the significant challenges which had been faced by Spennymoor Town Council during their budget setting process and asked that during the finer accounts process for 2013/14 that the Central Durham Crematorium Joint Committee review the level of reserves held and justify why currently held at 30/40%. Spennymoor Town Council had commented that if the level of reserves held was reduced that consideration be given to redistributing this between the two Authorities in line with the agreement.

In response the Head of Finance (Financial) Services advised that further details on the general reserves policy and explanations for its current level be brought to the next meeting of the Joint Committee in April 2013.

**Resolved:**

That the content of the report be noted.

**A8 Fees and Charges 2013/14**

The Joint Committee considered a report of the Corporate Director Neighbourhood Services and Corporate Director Resources: Treasurer to the Joint Committee which set out details of the proposed fees and charges for the Central Durham Crematorium for 2013/14 (for copy see file of minutes)

Details of the proposed charges were detailed within the report alongside comparable charges imposed by Crematorium's within the North East area.

A query was raised regarding the difference between the charges for adult cremations between Durham and Mountsett Crematoriums.

The Head of Finance (Financial Services) clarified that the Mountsett charge was split as an environmental surcharge of £50 was paid separately. Therefore the overall cost was the same across both crematoriums; although on paper appeared to be lower.

**Resolved:**

- (i) That the proposed fees and charges for 2013/14 be approved with effect from 1 April 2013.
- (ii) That all fees and charges be incorporated into the 2013/14 budget.

**A9 Provision of Support Services 2013/14**

The Joint Committee considered a report of the Corporate Director Neighbourhood Services and Corporate Director Resources: Treasurer to the Joint Committee which presented for approval a proposed Service Level Agreement for Support Service provision by Durham County Council to the Central Durham Crematorium Joint Committee for the period April 2013 to March 2014 (for copy see file of minutes).

The Head of Finance (Financial Services) advised that the Service Level Agreement covered the following functions:

- Management Services
- Financial Services
- Administration Services
- Payroll Services
- Human Resources Services.

The charge therefore proposed for 2013/14 was £29,300 (an £800 increase on the previous year). During 2013/14 a time recording exercise had been undertaken to ensure a true reflection of the cost of service provision. It was also noted that the fee applicable for 2013/14 also took into consideration the expectations from Service Asset Management Plan and Heat Exchange works to be undertaken.

**Resolved:**

That the Service Level Agreement be approved including the relevant schedule for the year 2013/14.

**A10 2013/14 Revenue and Capital Budgets**

The Joint Committee considered a report of the Corporate Director Neighbourhood Services and Corporate Director Resources: Treasurer to the Joint Committee which set out for Members' consideration proposals with regards to the 2013/14 revenue budget for the Central Durham Crematorium (for copy see file of minutes).

The Head of Finance (Financial Services) advised that the budget for 2013/14 contained a number of one off items of expenditure which would not reoccur in future years' budget setting. The forecast had been set on a prudent basis although it was noted that the budget included additional cremations which were forecast for the year. Therefore the budget for 2013/14 was set at £1,134,246.

Discussion then ensued regarding staffing and it was noted that a member of staff employed by Spennymoor Town Council who had been on the pandemic cremator operator reserves had now left the authority. The Superintendent and Registrar advised that funding was available to employ two further pandemic cremator operatives from April 2013. He further advised that during recent periods of staff sickness these reserves had been called upon to assist over busy periods which had proved very successful.

**Resolved:**

- (i) That the Joint Committee note and approve the budget proposals contained within the report.
- (ii) That the forecast level of reserves and balances at 31 March 2014 be noted.

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**Central Durham Crematorium  
Joint Committee**

**24 April 2013**

**Central Durham Crematorium  
Joint Committee – Changes to  
Constitution/Terms of Reference**



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**Report of the Clerk to the Joint Committee**

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**Purpose of the Report**

- 1 The Committee is asked to update/amend the Constitution of the Central Durham Crematorium Joint Committee. The report has been considered by the constituent Authorities – Durham County Council and Spennymoor Town Council.

**Background**

- 2 The Constitution of the Central Durham Crematorium Joint Committee was last reviewed and amended on 3 May 1983 to reflect the constituent authorities of the City of Durham Council and Spennymoor Town Council.
- 3 More recently, with effect from 1 April 2009, Local Government Re-organisation in County Durham transferred the responsibilities of City of Durham Council to Durham County Council.
- 4 Following audit reviews of the Joint Committee it was recommended that the Joint Committee undertake a review and update of its terms of reference.

**The Constitution**

- 5 The Constitution of the Central Durham Crematorium Joint Committee has been reviewed and brought up to date. The updated constitution fully reflects the revised constituent authority legal titles; expenditure and subsequent surplus distribution arrangements on an 80/20 basis; along with the policies regarding retained surplus transfer to reserves.
- 6 Members will note that the constituent authority membership appointments and asset ownership remains as per the original constitution. The Central Durham Crematorium will continue to operate within the procedure rules and financial regulations of the lead partner authority, Durham County Council, who will continue to be responsible for the management of the facility and for supporting the Joint Committee.
- 7 A minor amendment is proposed to paragraph 3.4 in the agreement (highlighted in bold) requiring both Councils to appoint Members to the Joint Committee in an election year at the first convenient meeting of such Councils (Annual Meetings) after said election.

### **Consideration**

- 8 The updated constitution is attached at Appendix 2. For Members' information, a copy of the original Constitution (dated 3 May 1983) is attached at Appendix 3.

### **Recommendations and Reasons**

- 9 The Joint Committee is asked to adopt the revised Constitution as presented.

### **Background papers**

- 10 Agreement dated 1983

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**Contact: Sharon Spence, Clerk to the Joint Committee**  
**Tel: 03000 269 731**

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## **Appendix 1: Implications**

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**Finance:** The Constituent Authority income sharing (unchanged) and reserves protocols (in line with the strategy adopted in recent years) are disclosed within the revised constitution detailed within Appendix 2.

**Staffing:** There are no staffing implications associated with this report.

**Risk:** There are no risk implications associated with this report

**Equality and Diversity/Public Sector Duty:** There are no Equality and Diversity implications associated with this report.

**Accommodation:** The Constituent Authority asset ownership (unchanged) is highlighted within the revised constitution detailed within Appendix 2.

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

**Human Rights:** There are no Human Rights implications associated with this report

**Consultation:** Legal officers of Spennymoor Town Council were provided with a copy of the constitution and given opportunity to comment / raise any detailed questions/ request amendments on its content in advance of circulation to members of the Central Durham Crematorium Joint Committee. Spennymoor Town Council have considered the document and submitted their comments.

**Procurement:** None specific within this report

**Disability Discrimination Act:** None specific within this report.

**Legal Implications:** The constitution has been updated by Legal services, Durham County Council, in line with relevant legislative requirements and taking into account the current constitution terms of reference, which remains substantially unchanged.



**Dated**

**2013**

**CENTRAL DURHAM  
CREMATORIUM JOINT COMMITTEE**

**AGREEMENT**

**for the constitution of the above named Joint Committee**

**Colette Longbottom  
Head of Legal and Democratic Services**

D1330/CDCJC Agreement



## **A G R E E M E N T**

**MEMORANDUM OF AGREEMENT** made the                      day of  
Two Thousand and Thirteen **BETWEEN THE COUNTY COUNCIL OF  
DURHAM** (hereinafter referred to as “the Durham County Council”) of the one  
part and **THE TOWN COUNCIL OF SPENNYMOOR** (hereinafter referred to as  
“the Town Council of Spennymoor”) of the other part.

### **WHEREAS:**

- (1) The Councils being parties hereto may by Section 4 of the Cremation Act 1902 as amended by the Cremation Act 1952 respectively provide and maintain crematoria.
- (2) The Authorities to this Agreement have by their respective Councils (Durham County Council and Spennymoor Town Council) and by virtue of Section 102(1) of the Local Government Act 1972, the Local Government Act 2000 the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000 the Local Authorities and all and every power enabling them agreed and resolved to constitute a joint committee to exercise the powers which each of the Authorities hereto might respectively have exercised by virtue of the Cremation Acts 1902 and 1952 for the provision of running, maintenance and management of the existing Crematorium at Durham within the County of Durham.
- (3) The said Authorities now wish to constitute the said Joint Committee on the terms set out below and to the intent that this of Agreement between the said Authorities and dated the third day of May one thousand nine hundred and eighty three shall cease to have effect.
- (4) By Section 103 of the Local Government Act 1972 is it provided that the expenses of a Joint Committee appointed thereunder shall be defrayed by appointing authorities in such proportions as they may agree upon.
- (5) The said Councils have each of them passed a resolution to enter into an Agreement as hereinafter appearing.

### **Interpretation**

- (6) In this Agreement the following expressions have the meanings set out below, unless the contract otherwise requires.

“Authority”, either Durham County Council or Spennymoor Town Council and “Authorities” shall be construed accordingly.

“Annual meeting”, the annual meeting of the Joint Committee held each year in accordance with paragraph 6.1 of this Agreement.

“Chief Executive”, the head of an Authority’s paid service being the person designated as such under Section 4 of the Local Government and Housing Act 1980.

“Clerk”, the person appointed by virtue of paragraph 6.1 to carry out certain duties allocated by this Agreement.

“Council”, the Council of elected members of one or other of the Authorities to this Agreement.

“Crematorium”, the crematorium known as Central Durham Crematorium which includes all buildings, grounds, equipment and other property appurtenant there.

“Financial year”, the period running from 1 April in one calendar year until 31 March in the next calendar year (inclusive).

“Joint Committee”, the Central Durham Crematorium Joint Committee constituted by this Agreement.

“Member”, unless the context otherwise so requires, a member of the Joint Committee.

“Monitoring Officer”, Durham County Council’s Head of Legal and Democratic Services being the person designated under Section 5 of the Local Government and Housing Act 1989 or the Officer’s nominated deputy in the case of absence or illness.

“Ordinary Meeting”, any meeting of the Joint Committee that is not an Annual Meeting or a Special Meeting.

“Principal Office” in the case of Durham County Council, the Council Offices, County Hall, Durham and in the case of Spennymoor Town Council the Town Hall, Spennymoor.

“Special Meeting”, a meeting of the Joint Committee convened in accordance with paragraph of this Agreement.

The Crematorium site is now vested in Durham County Council by virtue of Section 120(4) of the Local Government Act 1972 and all and every power so enabling and registered at HM Land Registry with Title Absolute under Title Number.

## **The Agreement**

**NOW IT IS HEREBY AGREED** by and between the parties hereto in pursuance of the powers conferred upon them by virtue of the hereinbefore recited enactments and of every other power (if any) them respectively hereunto enabling as follows that is to say:-

- 1 There shall be constituted a Joint Committee (hereinafter referred to as the “Joint Committee” of both the Councils being parties hereto (hereinafter collectively referred to as the two Councils) consisting of members appointed under provisions hereof and having the functions, powers and duties upon and subject to the terms and conditions hereinafter mentioned.
- 2 The name of the Joint Committee shall be the Central Durham Crematorium Joint Committee.

### 3 **Membership of Joint Committee**

- 3.1 The Joint Committee shall consist of Members appointed by each of the two Councils from amongst their respective Members in the following manner that is to say:-

<u>Appointing Council</u>	<u>Number of Members to be Appointed</u>
Durham County Council	12
Spennymoor Town Council	3

- 3.2 The whole number of Members of the Joint Committee shall retire on the first Thursday in May 2013 and on the first Thursday in May of every fourth year thereafter.
- 3.3 Each of the two Councils shall in respect of Members to retire on the first Thursday of May 2013 appoint the said Members at the first convenient meeting of such Council held after the execution of this Agreement.
- 3.4 In the year 2013 and every fourth year thereafter being a year in which Members of the Joint Committee shall retire each of the two Councils shall appoint Members of the Joint Committee as herein provided **at the first convenient meeting of such Councils.**
- 3.5 The two Councils may revoke an appointment of any Member at any time.
- 3.6 If either Authority does not appoint the number of Members which it is entitled to appoint the other Members of the Joint Committee shall be competent to carry out the business pursuant to the Agreement.
- 3.7 Any person who is a member of the Council of both Authorities shall only represent the first Authority to appoint him or her as a Member and any subsequent appointment by the other Authority shall be void.
- 3.8 Without prejudice to the generality of sub-clause 5 of this clause if a Member fails to attend four consecutive meetings of the Joint Committee such fact shall be reported by the Clerk to the Joint Committee to the Council by whom that Member was appointed and the Council may thereupon terminate the Member's term of office notwithstanding any other provision in this Agreement contained and any such termination of appointment shall be reported to the Clerk to the Joint Committee by the Council concerned.
- 3.9 If by reason of the operation of statutory provisions failure to attend meetings as hereinbefore mentioned or otherwise there shall be a vacancy and the Members of the Joint Committee as herein provided the Council out of whose appointment the vacancy occurs may thereupon appoint another Member to fill such vacancy and the person so appointed shall remain a Member of the Joint Committee until and shall retire on the date of the normal retirement under the provisions of this Agreement of the member whose place he or she fills.

#### **4 Powers of the Joint Committee**

The two Councils hereby delegate to the Joint Committee upon and subject to the terms and conditions of this Agreement all powers of the two councils with respect to the provisions and maintenance of crematoria in the area of each of them other than powers of borrowing money, levying or issuing a precept for a rate of holding land and without prejudice to the generality of the foregoing the Joint Committee shall to the exclusion of the two Councils have all the powers of each of the two Councils under the Cremation Act 1902 and 1952 and under any Act of Parliament or statutory instruments with respect to the provision of maintenance of crematoria.

#### **5 Meetings of the Joint Committee**

- 5.1 The Joint Committee shall hold four meetings at least in every year for the transaction of general business and may hold such other meetings including a visit to the Crematorium premises at such intervals as it may find necessary or convenient.
- 5.2 The Joint Committee shall elect annually from amongst its Members a Vice Chairman and shall appoint the outgoing Vice Chairman as Chairman.
- 5.3 The Election of the Chairman and Vice Chairman shall be respectively the first and second business transacted at the first meeting of the Joint Committee after the First June in any year (hereinafter referred to as the Annual Meeting).
- 5.4 So far as it is practicable to do so the Chairmanship and Vice Chairmanship shall alternate each year between a Member of Spennymoor Town Council and a Member of Durham County Council.
- 5.5 The Chairman of the Joint Committee shall, unless he or she resigns or becomes disqualified continue in office until his or her successor becomes entitled to act as Chairman. The Vice Chairman of the Joint Committee shall unless he or she resigns or becomes disqualified hold office immediately after the election of the Chairman of the Joint Committee at the next meeting of the Joint Committee.
- 5.6 If there is equality of votes as the appointment of Chair and Vice Chair then the Chairman for the time being of that meeting shall have a second or casting vote.

#### **6 Notice of Meeting**

- 6.1 The Joint Committee must appoint a Clerk and may appoint and pay such officers and servants as it may deem necessary for the purpose of carrying out its duties under this Agreement.
- 6.2 Sections 114 to 119 of the Local Government Act 1972 shall apply to an officer of the Joint Committee in the same manner as the said sections

apply to an officer of a local authority with such modifications as are necessary to make them applicable to officers of the Joint Committee.

- 6.3 Ordinary meetings and Annual meetings of the Joint Committee shall be convened by the Clerk who shall deliver notice thereof to each Member at least five clear days before the date of the meeting. This notice will give the date, time and place of each meeting and specify the business to be transacted.
- 6.4 With reference to the Notice referred to in paragraph 6.3 the Clerk shall send a copy of the agenda for the meeting which shall include:-
- Provision for the declaration of interests by Members for the purposes of the Code of Conduct issued under Section 50 of the Local Government Act 2000;
  - All items of business which have been, or are deemed to have been, referred to the Joint Committee by a Council resolution of either Authority
  - All reports submitted by any officer of either Authority, and
  - Any items of business directed to be included by the person appointed to preside at the meeting.
- 6.5 The quorum of a meeting will be one quarter of the whole number of Members (4 Members). Provided that there is at least one Member present from each Authority. During any meeting if the Chairman counts the number of Members present and declares there is not a quorum present, then the meeting will adjourn immediately. Remaining business will be considered at a time and date to be 'fixed' by the Chairman'. If he/she does not fix a date, the remaining business will be considered at the next ordinary meeting.
- 6.6 The Joint Committee and every officer thereof who is by reason of his office entrusted with the custody or control of money shall keep accounts of all money received by the Joint Committee or any such officer and all expenditure thereof by it or him as may be required for the purpose of Part VIII of the Local Government Act 1972 and Part III of the Local Government Finance Act 1982.
- 6.7 No act or proceeding of the Joint Committee shall be questioned on account of any vacancy or on account of any defect in the appointment of any Member.
- 6.8 The Chair and two members of the Joint Committee may at any time by notice specifying the business to be transacted and sent to the Clerk require a Special Meeting of the Joint Committee to be convened and the Clerk shall accordingly convene a special meeting which shall be held within thirty clear days of receipt by the Clerk of the said notice.
- 6.9 The Clerk shall give Members of the Joint Committee at least five clear days notice of the Special Meeting and such notice shall specify the business proposed to be transacted.

- 6.10 No business shall be transacted at a Special Meeting other than that specified in the notice sent to the Clerk and referred to in sub-clause 6.9 above.
- 6.11 No substitute Members may be appointed from either Authority to this Joint Committee.

### **Chair at Meetings**

- 6.12 The Chair or in his absence the Vice Chair shall preside at every meeting provided that if both the Chair and the Vice Chair are absent the Members present shall elect another Member of the Joint Committee who shall preside at that meeting.

### **Voting**

#### **7 Majority**

- 7.1 Unless this Agreement provides otherwise, any matter will be decided by a simply majority of those Members voting and present in the room at the time the question was put.

#### **Chairman's Casting Vote**

- 7.2 If there are equal numbers of votes for and against, the Chairman will have a second or casting vote. There will be no restriction on how the Chairman chooses to exercise a casting vote.

#### **Method of Voting**

- 7.3 Unless a recorded vote is demanded under sub-clause 7.4 the Chairman will take the vote by show of hands or if there is no dissent, by the affirmation of the meeting.

#### **Recorded Vote**

- 7.4 If 3 Members present at the meeting demand it the names for and against the motion or amendment or abstaining from voting will be taken down in writing and entered into the minutes.

#### **8 Minutes**

- 8.1 The Clerk shall be responsible for keeping a record of attendance and a record of the business transacted at every meeting of the Joint Committee and the minute book shall be submitted to, and signed at the next following meeting.
- 8.2 The person presiding at the next following meeting referred to in paragraph 1 above shall put the questions that the minutes be approved as a correct record of the previous meeting.
- 8.3 No discussion shall take place upon the minutes, except upon their accuracy. If no question is raised as to accuracy or if it is raised then as soon as it is disposed of, the person presiding shall sign the minutes.

- 8.4 Copies of the minutes of every meeting of the Joint Committee and any sub-committee thereof shall as soon as possible after each meeting be sent by the Clerk to each Authority.

9 **Sub-Committee**

The Joint Committee shall have power to appoint sub-committees from amongst its Members with or without delegated powers for any purpose which in its opinion could more satisfactorily be dealt with by a sub-committee.

10 **Finance**

- 10.1 The Joint Committee shall as soon may be after the conclusion of every financial year (which shall for the purposes of this Agreement be taken to be a period of twelve months ending on the thirty first day of March in any year) send to each of the two Councils a report on the operations of the Joint Committee during such financial year and a copy of the statutory statements of the Joint Committee for such financial year.
- 10.2 If the Joint Committee shall at any time require to incur capital expenditure for the acquisition of property or the construction of works or for other capital purposes in connection with the provision of crematoria then (unless the Joint Committee shall in their discretion decide to defray such expenditure out of revenue) such expenditure shall be borne by the two Council's respectively in the proportions four parts by the Durham County Council and one part by the Spennymoor Town Council **PROVIDED THAT** the Clerk of the Joint Committee shall obtain approval from both of the two Councils before the Joint Committee shall incur such expenditure.
- 10.3 That where possible any necessary borrowing be effected by the Durham County Council and that any requests for transfers of borrowing authority or capital expenditure allocation between the two Councils be made to the appropriate Minister or other authority.
- 10.4 Where any sum is to be borrowed by the County Council in pursuance of sub-clauses (1) and (2) of this clause the loan may be effected at the discretion of the Corporate Director Resources and Chief Financial Officer for the time being of the Durham County Council through the Durham County Council's loans pool in which case the loan shall be chargeable at such rates of interest and expenses as shall be applicable to such loans as prescribed by the said Corporate Director Resources and Chief Financial Officer and the period of such loan shall be in accordance with any guidelines prescribed for the time being for loans by local authorities by the Secretary of State for the Environment or other authority.
- 10.5 Subject to any condition or conditions prescribed by either or both of the two Councils in giving consent to any capital expenditure under the proviso to sub-clause (2) of this clause the two Councils or either or them shall pay to the joint committee the amount of any sums borrowed in

pursuance of this clause in such sums and at such times as the Joint Committee shall direct.

- 10.6 Subject as is hereinafter provided the Joint Committee shall from time to time pay to the two Councils or either or them the amounts of all interest and all instalments of principal or as and when the same shall become due and the cost of taking up any loans raised for such purposes by the two Councils or either of them.
- 10.7 The legal estate in all land acquired and works constructed whether by means of capital or annual expenditure for the purpose of enabling the Joint Committee to exercise its functions under the provisions of this Agreement shall be vested in the Council in whose area the same shall situate and that Council shall hold such land or works as the case may be for the purpose of provision and maintenance of crematoria expressly for the same to be maintained, controlled and managed by the Joint Committee.
- 10.8 All expenses incurred by the Joint Committee in any financial year so far as they are not paid out of income other than contributions from the two Councils under this clause shall be borne by the two Councils respectively in the proportions four parts by Durham County Council and one part by Spennymoor Town Council and such Councils shall pay to the Joint Committee such sum as the Joint Committee may estimate will be the proportion to be borne by that Council of any estimated deficit for that financial year.
- 10.9 The Joint Committee may:-
- (a) use any part or all of any profits or surplus made in any financial year to finance capital expenditure or to redeem debt;
  - (b) carry forward part or all of such profits or surplus or reserves as is in the opinion of the Joint Committee required to meet contingencies or to defray any expenditure which may fall to be defrayed before the date on which moneys to be received by the Joint Committee whether from the two Councils in accordance with this Agreement or from the operation of the crematoria established by the Joint Committee will become available and the Joint Committee shall as soon as practicable return to the two Councils the amount of such profits or surplus or reserves not so applied by the Joint Committee in proportion to the total amounts respectively contributed by each of the two Councils towards previous deficits provided that if at any time both the two Councils shall have had the total amount of their contributions towards previous deficits returned to them the Joint Committee shall pay al such unapplied profits or surplus to the two Councils in the same proportions in which by virtue of sub-clause (1) hereof the two Councils would have borne a deficit in that financial year had one occurred.
- 11.1 Either of the two Councils may terminate this Agreement by giving the other not less than one year's notice in writing to that effect expiring on the thirty first day of March in any year.

- 11.2 The Council which shall have given notice under sub-clause (1) of this clause shall bear the expense of settling the adjustment required by clause (12) hereof.
- 12 In the event of either of the two Councils at any time hereafter terminating this Agreement under the provisions hereinbefore contained or otherwise there shall as on the date of such termination be an adjustment between the two Councils of all property income debts liabilities and expenses then existing and of any financial relations affected by such termination and on such adjustment there shall be an adjustment of capital assets and liabilities acquired or assumed by either of the two Councils on such termination including any outstanding loans borrowed by either or both of the two Councils under clause 13 hereof and provision may then be made for the payment to either or both of the two Councils of such sum as seems equitable.
- 13 When this agreement is silent the Central Durham Crematorium Joint Committee will operate within the procedure rules and financial regulations of the lead partner authority, Durham County Council to ensure that the Central Durham Crematorium Joint Committee have effective and appropriate corporate governance arrangements and financial management arrangements in place, given the Committee's fiduciary duties in relation to the management of public resources, and Durham County Council will continue to be responsible for the management of the facility and for supporting the Joint Committee.
- 14 Subject to Section 103 (1) (b) of the Local Government Act 1972 all disputed between the two Councils or between either of them and the Joint Committee on the interpretation of this Agreement and all disputes or differences in any way or at any time arising hereon (including without prejudice to the generality of these words the adjustments required by clause 17 hereof) shall be referred to some competent arbitrator agreed on by the two Councils or in the absence of agreement to be named by the Secretary of State for the Environment or his successor and the Arbitration Act 1950 or any statutory modification thereof for the time being in force shall apply to any such arbitration.
- 15 This Agreement shall come into effect on the date of its sealing when it shall in all respects supersede and replace the provisions of the Memorandum of Agreement made on the third day of May one thousand nine hundred and eighty three between Council of the City of Durham and the Town Council of Spennymoor relating to the constitution of a Joint Committee of those Councils to perform the functions of those Councils under the Cremation Act 1902 as amended by the Cremation Act 1952 and the Cremation (England and Wales) Regulations 2008 provided 1) that any rights or liabilities arising under the said Memorandum of Agreement dated the third day of May one thousand nine hundred and eighty three prior to the coming into effect of this Memorandum of Agreement shall not be affected thereby
- 16 That the making of this Agreement shall not be deemed to be a withdrawal by any party from the joint committee constituted thereby

**IN WITNESS** whereof the Parties hereunto have caused their respective  
Common Seals to be affixed to this Deed the day and year first before written

**THE COMMON SEAL** of **THE** )  
**COUNTY COUNCIL OF** )  
**DURHAM** was hereunto affixed )  
**BY ORDER:** )

Chairman:

Head of Legal and Democratic Services:

**THE COMMON SEAL** of **THE** )  
**TOWN COUNCIL OF** )  
**SPENNYMOOR** was hereunto )  
affixed in the presence of: )

Town Clerk:

Mayor

DATED \_\_\_\_\_ 1983

CENTRAL DURHAM JOINT  
CREMATORIUM COMMITTEE

A G R E E M E N T

for the constitution of the  
above-named joint committee

\_\_\_\_\_  
\_\_\_\_\_

M E M O R A N D U M O F A G R E E M E N T made  
the \_\_\_\_\_ day of \_\_\_\_\_ One thousand  
nine hundred and eighty three B E T W E E N  
THE COUNCIL OF THE CITY OF DURHAM (hereinafter  
referred to as "the City Council") of the one  
part and THE TOWN COUNCIL OF SPENNYMOOR  
(hereinafter referred to as "the Spennymoor  
Council") of the other part \_\_\_\_\_

W H E R E A S :

(1) The Councils being parties hereto may by  
section 4 of the Cremation Act 1902 as amended by  
the Cremation Act 1952 respectively provide and  
maintain crematoria \_\_\_\_\_

(2) Both the said Councils are local  
authorities for the purposes of Local Government  
Act 1972 and are empowered by section 101 thereof  
(subject as therein provided) to arrange with one  
or more other local authorities for the discharge  
of their functions jointly and to arrange for the  
discharge of those functions by a joint committee  
of those authorities and are empowered by section  
102 thereof (subject as therein provided) to  
appoint a joint committee in pursuance of the  
arrangements for the discharge of functions  
hereinbefore mentioned \_\_\_\_\_

(3) By section 103 of the Local Government  
Act 1972 it is provided that the expenses of a  
joint committee appointed thereunder shall be  
defrayed by appointing authorities in such  
proportions as they may agree upon \_\_\_\_\_

(4) The said Councils have each of them  
passed a resolution to enter into an agreement as  
hereinafter appearing \_\_\_\_\_

NOW IT IS HEREBY AGREED by and between the parties hereto in pursuance of the powers conferred upon them by virtue of the hereinbefore recited enactments and of every other power (if any) them respectively hereunto enabling as follows that is to say:-

1. There shall be constituted a joint committee (hereinafter referred to as the "joint committee") of both the Councils being parties hereto (hereinafter collectively referred to as the two Councils) consisting of members appointed under provisions hereof and having the functions powers and duties upon and subject to the terms and conditions hereinafter mentioned \_\_\_\_\_

2. The name of the joint committee shall be the Central Durham Crematorium Joint Committee \_\_\_\_

3. (1). The joint committee shall consist of members appointed by each of the two Councils from amongst their respective members in the following manner that is to say:-

<u>Appointing Council</u>	<u>Number of members to be appointed</u>
The City Council	12
The Spennymoor Council	3

3. (2). The whole number of the members of the joint committee shall retire on the thirtieth day of May one thousand nine hundred and eighty three and on the thirtieth day of May in every fourth year thereafter \_\_\_\_\_

3. (3). Each of the two Councils shall in respect of members to retire on the thirtieth day of May in the year one thousand nine hundred and eighty seven appoint the said members at the first convenient meeting of such Council held after the execution of this agreement \_\_\_\_\_

3. (4). In the year one thousand nine hundred and eighty seven and in every fourth year thereafter being a year in which members of the joint committee shall retire each of the two Councils shall appoint members of the joint committee as herein provided to take office on the thirtieth day of May in that year \_\_\_\_\_

3. (5). The two Councils may revoke an appointment of any member at any time \_\_\_\_\_

3. (6). Without prejudice to the generality of sub-clause (5) of this clause if a member fails to attend four consecutive meetings of the joint committee such fact shall be reported by the Clerk to the joint committee to the Council by whom that member was appointed and the Council may thereupon terminate the member's term of office notwithstanding any other provision in this agreement contained and any such termination of appointment shall be reported to the Clerk to the joint committee by the Council concerned \_\_\_\_\_

3. (7). If by reason of the operation of statutory provisions failure to attend meetings as hereinbefore mentioned or otherwise there shall be a vacancy amongst the members of the joint committee as herein provided the Council out of whose appointment the vacancy occurs may

thereupon appoint another member to fill such vacancy and person so appointed shall remain a member of the joint committee until and shall retire on the date of the normal retirement under the provisions of this agreement of the member whose place he fills \_\_\_\_\_

4. The two Councils hereby delegate to the joint committee upon and subject to the terms and conditions of this agreement all the powers of the two councils with respect to the provisions and maintenance of crematoria in the area of each of them other than powers of borrowing money levying or issuing a precept for a rate of holding land and without prejudice to the generality of the foregoing the joint committee shall to the exclusion of the two Councils have all the powers of each of the two Councils under the Cremation Acts 1902 and 1952 and under any Act of Parliament or statutory instruments with respect to the provision of maintenance of crematoria \_\_\_\_\_

5. (1). The joint committee shall hold four meetings at least in every year for the transaction of general business and may hold such other meetings at such intervals as it may find necessary or convenient \_\_\_\_\_

5. (2). The joint committee shall elect annually from amongst its members a Chairman and a Vice-Chairman \_\_\_\_\_

5. (3). The election of the Chairman and the Vice-Chairman shall be respectively the first and the second business transacted at the first

meeting of the joint committee after the First June in any year (hereinafter referred to as "the annual meeting") \_\_\_\_\_

5. (4). The Chairman of the joint committee shall unless he resigns or becomes disqualified continue in office until his successor becomes entitled to act as Chairman \_\_\_\_\_

5. (5). The Vice-Chairman of the joint committee shall unless he resigns or becomes disqualified hold office until immediately after the election of the Chairman of the joint committee at the next annual meeting of the joint committee \_\_\_\_\_

5. (6). The joint committee shall have power to appoint sub-committees from amongst its members with or without delegated powers for any purpose which in its opinion could more satisfactorily be dealt with by a sub-committee \_\_\_\_\_

6. (1). The joint committee may appoint and pay such officers and servants as it may deem necessary for the purpose of carrying out its duties under this agreement \_\_\_\_\_

6. (2). Sections 114 to 119 of the Local Government Act 1972 shall apply to an officer of the joint committee in the same manner as the said sections apply to an officer of a local authority with such modifications as are necessary to make them applicable to officers of the joint committee \_\_\_\_\_

7. (1). The joint committee and every officer thereof who is by reason of his office entrusted with the custody or control of money

shall keep accounts of all money received by the joint committee or any such officer and all expenditure thereof by it or him as may be required for the purpose of Part VIII of the Local Government Act 1972 and Part III of the Local Government Finance Act 1982 \_\_\_\_\_

7. (2). The joint committee shall as soon may be after the conclusion of every financial year (which shall for the purposes of this agreement be taken to be a period of twelve months ending on the thirty first day of march in any year) send to each of the two Councils a report on the operations of the joint committee during such financial year and a copy of the final accounts of the joint committee for such financial year \_\_\_\_\_

8. (1). If the joint committee shall at any time require to incur capital expenditure for the acquisition of property or the construction of works or for other capital purposes in connection with the provision of crematoria then (unless the joint committee shall in their discretion decide to defray such expenditure out of revenue) such expenditure shall be borne by the two Councils respectively in the proportions four parts by the City Council and one part by the Spennymoor Council PROVIDED THAT the Clerk of the joint committee shall obtain approval from both of the two Councils before the joint committee shall incur such expenditure \_\_\_\_\_

8. (2). That where possible any necessary borrowing be effected by the City Council and

that any requests for transfers of borrowing authority or capital expenditure allocation between the two Councils be made to the appropriate Minister or other authority \_\_\_\_\_

8. (3). Where any sum is to be borrowed by the City Council in pursuance of sub-clauses (1) and (2) of this clause the loan may be effected at the discretion of the City Treasurer for the time being of the City Council through the City Council's loans pool in which case the loan shall be chargeable at such rates of interest and expenses as shall be applicable to such loans as prescribed by the said City Treasurer and the period of such loan shall be in accordance with any guidelines prescribed for the time being for loans by local authorities by the Secretary of State for the Environment or other authority \_\_\_\_\_

8. (4). Subject to any condition or conditions prescribed by either or both of the two Councils in giving consent to any capital expenditure under the proviso to sub-clause (1) of this clause the two Councils or either of them shall pay to the joint committee the amount of any sums borrowed in pursuance of this clause in such sums and at such times as the joint committee shall direct \_\_\_\_\_

8. (5). Subject as is hereinafter provided the joint committee shall from time to time pay to the two Councils or either of them the amounts of all interest and all instalments of principal or sinking fund contributions as and when the same shall become due and the cost of taking up

any loans raised for such purposes by the two Councils or either of them \_\_\_\_\_

9. The legal estate in all land acquired and works constructed whether by means of capital or annual expenditure for the purpose of enabling the joint committee to exercise its functions under the provisions of this agreement shall be vested in the Council in whose area the same shall situate and that Council shall hold such land or works as the case may be for the purpose of provision and maintenance of crematoria expressly for the same to be maintained controlled and managed by the joint committee \_\_\_\_\_

10. (1). All expenses incurred by the joint committee in any financial year so far as they are not paid out of income other than contributions from the two Councils under this clause shall be borne by the two Councils respectively in the proportions four parts by the City Council and one part by the Spennymoor Council and such Councils shall pay to the joint committee such sum as the joint committee may estimate will be the proportion to be borne by that Council of any estimated deficit for that financial year \_\_\_\_\_

10. (2). The joint committee may:-

(a) use any part or all of any profits or surplus made in any financial year to finance capital expenditure or to redeem debt \_\_\_\_\_

(b) carry forward part or all of such profits or surplus as is in the opinion

of the joint committee required to meet contingencies or to defray any expenditure which may fall to be defrayed before the date on which moneys to be received by the joint committee whether from the two Councils in accordance with this agreement or from the operation of the crematoria established by the joint committee will become available and the joint committee shall as soon as practicable return to the two Councils the amount of such profits or surplus not so applied by the joint committee in proportion to the total amounts respectively contributed by each of the two Councils towards previous deficits provided that if at any time both the two Councils shall have had the total amount of their contributions towards previous deficits returned to them the joint committee shall pay all such unapplied profits or surplus to the two Councils in the same proportions in which by virtue of sub-clause (1) hereof the two Councils would have borne a deficit in that financial year had one occurred \_\_\_\_\_

11. (1). Either of the two Councils may terminate this agreement by giving the other not less than one year's notice in writing to that effect expiring on the thirty-first day of March

in any year \_\_\_\_\_

11. (2). The Council which shall have given notice under sub-clause (1) of this clause shall bear the expense of settling the adjustment required by clause 12 hereof \_\_\_\_\_

12. In the event of either of the two Councils at any time hereafter terminating this agreement under the provisions hereinbefore contained or otherwise there shall as on the date of such termination be an adjustment between the two Councils of all property income debts liabilities and expenses then existing and of any financial relations affected by such termination and on such adjustment there shall be an adjustment of capital assets and liabilities acquired or assumed by either of the two Councils on such termination including any outstanding loans borrowed by either or both of the two Councils under clause 8 hereof and provision may then be made for the payment to either or both of the two Councils of such sum as seems equitable \_\_

13. Subject to section 103(1)(b) of the Local Government Act 1972 all disputes between the two Councils or between either of them and the joint committee on the interpretation of this agreement and all disputes or differences in any way or at any time arising hereon (including without prejudice to the generality of these words the adjustments required by clause 12 hereof) shall be referred to some competent arbitrator agreed on by the two Councils or in the absence of agreement to be named by the Secretary of State

for the Environment or his successor and the Arbitration Act 1950 or any statutory modification thereof for the time being in force shall apply to any such arbitration \_\_\_\_\_

14. (1) This agreement shall come into effect on the date of its sealing when it shall in all respects supersede and replace the provisions of the Memorandum of Agreement made the First day of October One thousand nine hundred and fifty five between the Mayor Aldermen and the Citizens of the City of Durham and Framwelgate of the first part the Rural District Council of Durham of the second part the Urban District Council of Brandon and Byshottles of the third part and the Urban District Council of Spennymoor of the fourth part relating to the constitution of a joint committee of those Councils to perform the functions of those Councils under the Cremation Act 1902 as amended by the Cremation Act 1952 Provided (1) that any rights or liabilities arising under the said Memorandum of Agreement dated the First day of October One thousand nine hundred and fifty five prior to the coming into effect of this Memorandum of Agreement shall not be affected thereby \_\_\_\_\_

14. (2). that the making of this agreement shall not be deemed to be a withdrawal by any party from the joint committee constituted thereby \_\_\_\_\_

I N W I T N E S S      whereof the parties hereto  
have unto caused their respective Common Seals to  
be hereunto affixed the day and year first before  
written \_\_\_\_\_

THE COMMON SEAL of  
THE COUNCIL OF THE  
CITY OF DURHAM was  
affixed in the  
presence of \_\_\_\_\_

Mayor

Chief Executive

THE COMMON SEAL of  
THE SPENNYMOOR TOWN  
COUNCIL was  
hereunto affixed in  
the presence of \_\_\_\_\_

Town Clerk

Town Mayor

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**Central Durham Crematorium  
Joint Committee**

**24 April 2013**

**Report of the Superintendent and  
Registrar**



**Report of Alan José, Superintendant and Registrar**

**Purpose of the Report**

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

**Performance Update - Number of Cremations**

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

	<b>2011/12</b>	<b>2012/13</b>	<b>Change</b>
	Period [Jan- March]	Period [Jan- March]	
JANUARY	231 + 2*	291 + 1*	+ 60 – 1*
FEBRUARY	210 + 2*	223	+ 13 – 2*
MARCH	212 + 2*	216 + 1*	+ 4 – 1*
<b>TOTAL QTR4</b>	<b>653 + 6*</b>	<b>730 + 2*</b>	<b>+ 77 – 4*</b>

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

3. The full profile of where families came from can be seen in Appendix 2. In summary 300 came from Durham and 430 from outside of the area. There was 2 NVF cremations undertaken for the period 1 January 2013 to 31 March 2013, compared to 6 in the comparable period last year, a decrease of 2 NVF and an increase of 77 Cremations (11.8%). The comparative figures for the two financial years 2011/12 and 2012/13 are as follows:

- 2011/2012: 2,200 cremations
- 2012/2013: 2,379 cremations. An increase of 179 over the comparative period (8.1%)

The budget assumed 2,040 cremations would be undertaken in 2012/13.

## Memorials

4. The Table below outlines the number and value of the memorials sold in Quarter 4 2013 compared to the same period the previous year (2012). The numbers include 1 Renewal of Plaques that have come to the end of the original 10 year lease.

	Period Jan-March 2012		Period Jan-March 2013	
	Number	£	Number	£
<b>Vase Blocks</b>	8	3,638.00	5	2,181.67
<b>Large Plaques</b>	29	9,966.67	17	4,956.01
<b>Small Plaques</b>	3	654.00	2	436.00
<b>Niche</b>	2	2,090.00	0	0.00
<b>Renewal</b>	3	436.33	1	145.00
<b>Total</b>	<b>45</b>	<b>16,785 .00</b>	<b>25</b>	<b>7,718.68</b>

5. In overall terms for the period 1 January – 31 March 2013, the number and value of memorials total 25/£7,718.68, compared to 45/£16,785.00 in 2011/12 – a decrease of 20/£9,066.32 over the comparative periods.

## Cremation & Burial Conference & Exhibition 2013

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

## Operational Matters

7. The Superintendent and Registrar at the Central Durham Crematorium has advised both Officers and Members of Durham County Council and Spennymoor Town Council of his resignation from post with effect from 31 May 2013.
8. Options have been considered with the Chair and Vice Chairs of the Committee regarding the replacement for the Superintendent and Registrar.

For Members' information, the following options were considered:

- Joint Management Arrangements
  - Support via an SLA with DCC Bereavement Services
  - Replacement for the Superintendent and Registrar.
9. Following discussions, it is proposed that a replacement for the Superintendent and Registrar be sought.
10. A meeting at Durham Crematorium had been arranged for Monday 20th May 2013 at 6pm, to which Funeral Directors, Clergy, Funeral Celebrants and other interested parties will be invited.

11. The purpose of the meeting is to explain the proposals for replacing the Superintendent and Registrar and to assure everyone that the same high standards of service will be maintained in the interim period before an appointment is made.
12. The meeting will also be an opportunity to advise that the Construction Programme Management Unit will be undertaking a Feasibility Study at the Crematorium looking at how the public areas can be improved with a view to reporting to the Central Durham Crematorium Joint Committee in September.
13. To ensure business continuity in the short to medium term, from 3 June 2013, arrangements have been made for Mr Raymond Goodson to work at the Crematorium on a temporary contract for 3 months. Members will recall that Mr Goodson has provided temporary staff cover at the Crematorium in the past. Mr Goodson has experience of all aspects of the Crematorium operation and the administration software package BACAS.

### **Business Administration Apprenticeship**

14. In addition to the discussions being held regarding the Superintendent and Registrar post, consideration has been given (to further ensure business continuity for the longer term) to the employment of a Business Administration Apprentice. The table below identifies the costs (including NI and Pension Contributions based on a level 2 entry) to the Joint Committee of employing a Business apprentice on a two year fixed term contract. Full details of the scheme are attached within the Briefing Note provided by DCC organisational Design and Development Team Leader – Joanna Coppillie at Appendix 3.

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

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

### **Durham Crematorium Pre-Payment Bond**

16. The D.C.C. Solicitor submitted the application for registration with the FSA on 1 August 2012. In December 2012 confirmation was received by the FSA of the acceptance of the application. The FSA has since however, highlighted possible implications to the ongoing activities of Durham County Council with regards to regulated service provision exemptions.
17. In order to ensure that the full legal status/ implications have been considered prior to implementing a pre payment bond scheme further advice has been sought (via Durham Crematorium Joint Committee) by Financial Services Regulatory Consultants - Bovill. A copy of the preliminary advice report is attached at Appendix 4.
18. Bovill advise that the Council's application be withdrawn due to unknown wider implications and potential threats to Durham County Councils regulated activities (resulting in loss of exemptions).

19. As Members will see within Appendix 4, Bovill have considered the possibility of/ argument for such bonds being classified as contracts of Insurance. They have advised, however that it would not be practicable for Durham County Council to be authorised as an insurer rather (should this be an avenue for further consideration), and that arrangements for the performance of the contracts be put in place for the bonds to be underwritten by an authorised insurer.
20. Whilst the scheme would be very popular with Funeral Directors, in consideration of the advice received and given the lengthy and potentially costly processes required to undertake a tender exercise to invite/ appoint insurance providers, the bond scheme potentially has more negative than positive effects to the Joint Committee. As such the continuation of the scheme must be brought into question

### Green Energy Proposals

21. As Members may recollect a Feasibility study was commissioned with regards to the installation new heat recovery measures at Durham Crematorium. These measures would make use of waste heat produced by the recently installed cremators which is presently discharged into the atmosphere. The primary purpose of the project is to utilise this waste heat energy for the operation of the Crematorium, with any excess being exported off site.
22. Whilst the Feasibility Study is not finalised, a number of possible uses for the waste heat have been identified at this stage, although three specific proposals are recommended for consideration within this report:
  - To provide an alternative source of heating to two residential bungalows, which are located on the crematorium site
  - To provide de-icing and frost control to the drive and pathways in the immediate vicinity of the crematorium building main entrance and exit, by means of underground heating
  - To provide electricity generation by means of a turbine generator, which runs on the *organic Rankine-cycle* principle.
23. In order to realise the benefits identified in the feasibility study, capital investment will need to be undertaken. The known estimated capital costs at this stage of the proposals are as follows:

Heating to bungalows	£71,600
Heating to driveways/paths	£100,000
Approx Total	<u>£171,600</u>

All costs include professional fees.

24. A European Union grant is being sought to fund part of the cost of the power generation plant. This however requires partnering from similar facilities in two other European Union countries. Whilst two possible partners have been identified at the time of writing this report, the application had not been submitted so it is not clear whether this funding would be available. It is unlikely that the power generation element of the work would proceed without this grant.

25. A suggested programme is included which would allow for procurement of the proposed generating plant during 2014 with delivery/installation during mid 2015. The roadway heating and bungalow heating could be designed and procured from late 2013/early 2014 and could incorporate an enabling works contract to construct an external screened area for the accommodation of the proposed containerised electrical generating plant. It would be necessary to complete the ground works before installation of the power generation equipment could commence.

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

26. Earlier this year there was an incident at a local Crematorium which resulted in a coffin being cremated in error. This incident obviously caused major distress to the families involved and in order to ensure no such error could occur within Durham Crematorium the Superintendent and Registrar has considered ways of improving the coffin identity process.
27. It is proposed that all coffins which are brought to Durham Crematorium for Cremation have a nameplate placed at the foot of the coffin. This footplate would be easily visible by not only Funeral Directors employees but by Clergy/Funeral Officiates and by Crematorium Staff.
28. Members should be fully aware that the risk of any such error at Durham Crematorium is extremely low as all coffins at Durham are checked to ensure that the nameplate agrees with the requisite paperwork and the Cremator operators signs his operation sheet to indicate that the check has taken place.
29. To ensure that any risk of an incorrect coffin being brought to the Crematorium is avoided, a slight change in operational processes (which would add only a very small cost to Funeral Directors in the form of a small plaque) will be required.

### **Recommendations:**

30. It is recommended that Members of the Central Durham Crematorium Joint Committee consider and agree:
- The current performance of the Crematorium.
  - The current performance with regard to the sale of memorials.
  - That Members note the date of the meeting with Funeral Directors, Clergy and interested parties.
  - The current situation with regards to the staffing operations and approve the Mr Raymond Goodson temporary contract at the Crematorium.
  - That the creation of a Business Administration Apprentice post be considered and approved.
  - Note the current situation with regards to the Pre-Payment Bond and consider whether the Joint Committee wish to pursue any further actions.
  - The progress with regards to the Green energy proposal and note that a further report will be presented once full Design has been completed and full costings have been obtained.
  - That with effect from 3 June 2013, all coffins must have a Breast Name Plate and a Foot Name Plate.

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**Contact: Alan José, Superintendent and Registrar**  
**Tel: 0191 384 8677**

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## **Appendix 1: Implications**

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**Finance** - As identified in the report.

**Staffing** - A member of staff is leaving the Authority and this will be reviewed in due course.

**Risk** - The resignation of the Superintendent & Registrar highlights possible risk regarding the Business continuity of the crematorium service. Proposals presented to Joint Committee members should mitigate any risk and ensure the efficient and effective operations going forward.

**Equality and Diversity/Public Sector Equality Duty** - There are no Equality and Diversity implications associated with this report.

**Accommodation** - There are no Accommodation implications associated with this report.

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

**Human Rights** - There are no Human Rights implications associated with this report.

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

**Procurement** - None

**Disability Discrimination Act** - None

**Legal Implications** - None

## Appendix 2: Breakdown of figures

	January	February	March	Total Jan- Mar
DURHAM	106	76	73	255
BARNARD CASTLE				0
BILLINGHAM				0
BINCHESTER				0
BISHOP AUCKLAND	13	4	6	23
BISHOP MIDDLEHAM		1	1	2
BLACKHALL		5	2	7
Bedale				0
BURNHOPE				0
CHESTER LE STREET	24	12	15	51
CHESHIRE				0
CHILTON	1			1
CONSETT	3	2	1	6
CYPRUS				0
OUNDON		1		1
CROOK	7	10	5	22
DARLINGTON	1	1	1	3
EASINGTON	1	4	7	12
DONCASTER				0
ESH WINNING				0
FENCEHOUSES		1		1
FERRYHILL	12	10	5	27
FISHBURN	3			3
FROSTERLEY	1			1
GATESHEAD				0
GUILFORD				0
GREAT LUMLEY		2	1	3
HAMSTERLEY				0
HARTLEPOOL			1	1
HASWELL	1	3		4
HETTON LE HOLE	8	3		11
HERTS	1			1
HORDEN	2	1	2	5
HOUGHTON	9	4	3	16
HOWDEN			2	2
HUNWICK	2		1	3
KIRBY STEPHEN				0
LANCHESTER				0
LANGLEY PARK			2	2
LEICESTER				0
LEEDS				0
LEYBURN				0

LONDON		1		1
MORECAMBE				0
MORPETH				0
MURTON	2	3	3	8
NETTLESWORTH	1			1
NEW BRANCEPETH				0
NEWTON AYCLIFFE	4	5	10	19
NEWCASTLE		2		2
NORFOLK				0
NORTHALLERTON		1	1	2
NORWICH				0
NOTTINGHAM			1	1
OUSTON	2	1	1	4
PETERLEE	18	8	17	43
REDCAR				0
SACRISTON	4	6		10
SCARBOROUGH				0
SEAHAM	6	8	2	16
SEDFIELD	5	3	3	11
SHILDON	3	2	2	7
SCOTLAND	1			1
SHOTTON	3	4	5	12
SOUTH HETTON	1	2	1	4
SOUTH SHIELDS	1			1
SPENNYMOOR	17	14	14	45
STAINDROP				0
STANHOPE	4	1	2	7
STANLEY	1	2	1	4
STATION TOWN				0
STOCKTON	2	2	1	5
SUNDERLAND	3	1	2	6
SUNNYBROW	1	2		3
THIRSK			1	1
THORNLEY	4	2	3	9
TOW LAW	1		1	2
TRIMDON		1	4	5
WASHINGTON	1		1	2
WEST AUCKLAND			1	1
WEST CORNFORTH	2	3		5
WHEATLEY HILL	1	2	1	4
WILLINGTON	5	5	4	14
WINGATE	1	2	4	7
WOLSINGHAM	1		1	2
WARWICK				0
WALES	1			1
YORK			1	1
<b>Total</b>	<b>291</b>	<b>223</b>	<b>216</b>	<b>730</b>

## **Central Durham Crematorium Joint Committee**

### **Business Administration Apprentice**

#### **Introduction**

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

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

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

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

#### **Financial Contribution**

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

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

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

#### **Apprenticeship Framework**

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

Apprenticeship frameworks also include functional skills in Maths and English.

#### **Recruitment and Selection**

A job description for the Business Administration Apprentice is attached as Appendix 3a.

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

## **Conclusion**

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

## **Recommendations**

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

Contact: Joanna Coppillie, Organisational Design and Development Team Leader tel: 03000 265 450, e-mail: [joanna.coppillie@durham.gov.uk](mailto:joanna.coppillie@durham.gov.uk)



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

Dear Sarah

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

You have asked Bovill to advise you on a number of questions raised by the FSA in connection with an application for authorisation submitted by Durham County Council in connection with the proposed sale by the Council's crematoria of "pre-paid cremation bonds". The background was set out in the instructions attached to your email of 13 February 2013.

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

**Regulated activities**

In principle there are several regulated activities that might arise in connection with the proposed bonds. Whether authorisation would be required depends on a number of factors and is not straightforward. I have set out the detail on this in an annex to this letter.

In summary, it is at least arguable that the bonds could be found to be contracts of insurance.

Effecting and carrying out contracts of insurance requires authorisation, unless the activity is not carried on "by way of business". Whether the Council would be found to be acting "by way of business" in relation to the bonds is uncertain, but I do not think that the possibility can be ruled out. It would not be practicable for the Council itself to be authorised as an insurer, and while in theory a subsidiary could be established for the purpose the costs and considerable ongoing regulatory obligations would be quite disproportionate.

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

Financial services regulatory consultants

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

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

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

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

### **Other considerations**

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

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

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

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



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

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

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

### **Assessment**

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

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

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

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

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



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

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

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

Yours sincerely  
John Whitlock

## Annex

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

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

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

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

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

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

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

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

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

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

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

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

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

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



One of the purposes of introducing this activity was to resolve uncertainty about the regulatory status of pre-paid funeral plans and to ensure that they were subject to an appropriate degree of regulation. We understand that in practice all existing plans operate under the exclusions as either insurance based or trust-based arrangements.

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

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

### **Deposit-taking**

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

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

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

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

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

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

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



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

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

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

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

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

### **Prepayment for services**

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

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

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

Bovill  
21 February 2013

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## Feasibility Study:

### The Utilisation of Surplus Heat at: Durham Crematorium



Project number: 1227036

**Durham County Council**  
**Technical Services**  
County Hall,  
Durham  
DH1 5UQ

March 2013

Author:  
A. G. Cameron BEng (Hons) MIET

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Checked by:						
Approved by:						

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# 1. Executive Summary

This feasibility study report recommends the installation new heat recovery measures at Durham Crematorium. These measures would make use of waste heat produced by the recently installed cremators which is presently discharged to atmosphere. The primary purpose of the project is to utilise this waste heat energy for the operation of the Crematorium, with any excess being exported off site.

The waste heat would be classified as low grade and would typically be at around 90°C. A number of possible uses for the waste heat have been identified, although three specific proposals are recommended by this report:

- ◆ To provide an alternative source of heating to two residential bungalows, which are located on the crematorium site;
- ◆ To provide de-icing and frost control to the drive and pathways in the immediate vicinity of the crematorium building main entrance and exit, by means of underground heating;
- ◆ To provide electricity generation by means of a turbine generator, which runs on the *organic Rankine-cycle* principle.

Each of the three proposals is considered in detail within the main body of this report.

A further option to provide district heating to neighbouring properties was considered but discounted as it would be less practical and could prove to detract from the more favourable proposals mentioned above.

Each of the proposals would involve some disruption to the normal operation of the Crematorium. With careful consideration and planning, however, it should not prevent the Crematorium from being used. Disruptive work would need to be carried out outside of normal crematorium hours. Heating to the bungalow would involve crossing the main site access road with a pipe trench and could require the crematorium heating to be isolated for a time. Work to the drive and pathways around the main building entrance and exits would be the cause of significant disruption, however the management of the facility have suggested temporary closure of one of the entrances could be accommodated whilst work could be undertaken. The power generation proposal would involve installation of a containerised packaged plant facility, which would need to be accommodated within a screened or walled area at the rear of the main building. The proposed container would need to be craned over the building at installation and additionally, it would require an access road for service vehicles.

Planning Approval would need to be sought for the proposals.

The estimated budget cost for the proposals are as follows:

◆ Heating to bungalows	£71,600
◆ Heating to driveways/paths	£100,000
◆ Power generation plant	£ TBA

All costs include professional fees.

A programme for the works is yet to be agreed however work on the power generation plant alone is expected to take around eighteen months for the design, installation delivery and setting to work. The bungalow heating and roadway/pathway heating could be worked into this programme, to ensure that these works are co-ordinated fully to the benefit of the Crematorium.

A European Union grant is being sought to fund part of the cost of the power generation plant. This however requires partnering from similar facilities in two other European Union countries. Whilst two possible partners have been identified at the time of writing this report, the application had not been submitted so it is not clear whether this funding would be available. It is unlikely that the power generation element of the work would proceed without this grant.

## **2. Introduction**

DCC Technical Services (Mechanical and Electrical Section) have been commissioned by Alan José of Durham Crematorium to provide a Feasibility Study into the utilisation of the surplus heat produced by the crematorium in its day to day operation.

Three new cremators were installed in 2011-12 as part of a major redevelopment of the crematorium, to bring the facility into line with new emission legislation. The new cremators each produce a significant amount of waste heat; some of which is utilised for building heating, however the majority of which is currently discharged to atmosphere.

The committee who own and operate the crematorium wish to explore the possibility of utilising more of the waste heat for the following purposes:

- ◆ To generate electricity specifically for the crematorium but with the possibility of exporting surplus to the grid;
- ◆ To heat the two bungalows located near the main entrance to the site;
- ◆ To heat the roadway and paths in the area immediately around the entrance and exist to the crematorium building for the purpose of eliminating frost, snow and ice;
- ◆ To consider exporting heat further afield to Durham University buildings to the north of the site or Mount Oswald to the west of the site.

The report is based on the information provided in the commission document, together with a full review of record documentation and a site visit by Alasdair Cameron of DCC M&E Section in February and March 2013.

## **3. Project Details**

### **Project Sponsor**

Alan José FICCM, Superintendant and Registrar, Durham Crematorium, South Road, Durham, DH1 3TQ.

## **Project Title**

Feasibility Study: The Utilisation of Surplus Heat at Durham Crematorium.

## **Project Budget**

It is recommended that a works budget of £XXX,XXX be made available to carry out this project in its entirety.

The individual estimated budget cost for the proposals are as follows:

◆ Heating to bungalows	£71,600
◆ Heating to driveways/paths	£100,000
◆ Power generation plant	£ TBA

Depending upon which option is preferred. Building Control fees and Planning fees would be applicable to the project.

The above figures include professional fees at around 12.5%.

## **Design Team – Project Directory**

Project Manager	Richard Fenwick (03000 268 120)
Lead Consultant & Mechanical Design Engineer	A. G. Cameron (03000 260 965)
Electrical Engineer	Alan Davies (03000 260 971)
Quantity Surveyor	Gordon Tabor (03000 268 127)
CDM Co-ordinator	B. Freear (0191 383 4023)

## **Consultees**

DCC Asbestos Management Unit, Sean Durran (03000 261 217).  
DCC Energy Management & Carbon Reduction Unit: Keith Slater (03000 265 546)  
IFZW Cremator manufacturer & Installer: Danny Heinrich (+49 375 27767);  
UAS Specialist power generation manufacturers: (+49 9942 9486)

## **Construction (Design and Management) Regulations 2007**

The CDM Regulations will apply to the proposed works detailed within this document.  
The project will require notification to the Health & Safety Executive.

Principal client duties under the regulations are:-

All construction projects (Part 2 of the Regulations)	Additional duties for notifiable projects (Part 3 of the Regulations)
<ul style="list-style-type: none"> <li>• Check competence and resources of all appointees (designers, CDM co-ordinators, contractors, specialists etc.).</li> <li>• Ensure there are suitable management arrangements for the project welfare facilities.</li> <li>• Allow sufficient time and resources for all stages (including adequate mobilisation time between appointment of contractor and start of work).</li> <li>• Provide pre-construction information to designers and contractors (details of location of services, asbestos information, access restrictions, ground conditions, drawings etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Appoint CDM co-ordinator.*</li> <li>• Appoint principal contractor.*</li> <li>• Make sure that the construction phase does not start unless there are suitable welfare facilities and a construction phase plan is in place.</li> <li>• Provide information relating to the health and safety file to the CDM co-ordinator.</li> <li>• Retain and provide access to the health and safety file.</li> <li>• The client must sign the F10 declaration form to confirm awareness of their duties under CDM 2007.</li> </ul> <p>(* There must be a CDM co-ordinator and principal contractor until the end of the construction phase)</p>

## 4. Client Requirements

### Brief

Refer to commissioning document, included in this report under Appendix A.

### Additional Requirements

Durham County Council is committed to reducing its CO<sub>2</sub> emissions to 40% of its 2010 level by 2015. When installing any new plant therefore, consideration must be given to utilising plant which uses energy from renewable sources, where these prove to be financially viable.

### Design Guidance/Regulations

- Chartered Institution of Building Services Engineers (CIBSE) *Guides A, B, C & H*, London CIBSE 2001-2005.
- HM Government, *The Building Regulations Approved document L (Conservation of Fuel & Power)* HMSO London 2010.

## **5. Site Investigations**

### **Site survey**

A detailed survey of the existing mechanical installation has been undertaken, within the main plant room of the crematorium, together with a full review of relevant record information held at the Crematorium and at County Hall. A brief visual survey of the Crematorium and the general site area was also carried out to ascertain the extent of any external pipework.

### **Restrictive Covenants**

Not applicable.

### **Site Investigation Report**

Not applicable.

### **Site Services**

No alterations to existing site services have been identified, although additional underground heating pipework would be required as part of the proposal. A detailed survey and scan will be required at design stage to ascertain the position of existing external services, prior to any work being undertaken on site. The extent of external services is however expected to be well recorded, given the recent nature of work undertaken on site.

## **6. Statutory Approvals**

### **Planning Permission**

The preferred proposal is to locate new electricity generating equipment within a shipping container, located behind the main crematory building at the south east of the site. This would however necessitate that a suitable building treatment be provided to screen the container to ensure the final construction is sympathetic to the surrounding environment. Planning approval will need to be sought for such a building, should the Authority commit to design and implementation of the proposed scheme.

Design work relating to any necessary building work and alterations to the landscaping to cater for such a structure would be carried out by one of the DCC Architectural team members. The Architects Section would also be responsible for preparing and submitting Planning applications.

### **Building Regulations**

It will be necessary to apply for Building Regulations approval as part of the design and implementation of the scheme. Liaison/communication with *Building Control* will be headed by the DCC Architects Section.

## **7. Programme**

### **Critical Path**

Given that the existing crematorium has recently undergone a major plant refurbishment, the purpose of this project is essentially improvement and enhancement of the existing estate. The programme given below is therefore set out on the basis that the proposals are not required to meet any particular timescale or completion date. Notwithstanding this, a suggested programme is included which would allow for procurement of the proposed generating plant during 2014 with delivery/installation during mid 2015. The roadway heating and bungalow heating could be designed and procured from late 2013/early 2014 and could incorporate an enabling works contract to construct an external screened area for the accommodation of the proposed containerised electrical generating plant. It would be necessary to complete the ground works before installation of the power generation equipment could commence.

The bungalow heating element of the project could be installed without affecting the operation of the crematorium, although connections into the heating system would need to be made outside of normal working hours. For the roadway heating, this would require temporary closure of each of the two public entrances to the building, although this has been approved in principle by the Crematorium. The Crematorium would be able to operate with limited disruption providing the management are given sufficient notice as to the proposed dates of construction and that the work is indeed completed within the agreed timescales.

For the power generation part of the project, this could also be installed without affecting the operation of the crematorium, although it would need to be commissioned and set to work outside of normal working hours. The ground works and external work required for the plant container could be carried out without affecting the operation of the crematorium, however due consideration must be taken to avoid noisy plant operations during ceremonies.

## **8. Architectural Design Report**

By Architect

## **9. Structural Engineer's Report**

Not Applicable to project.

## **10. Mechanical Engineer's Report**

### **Heat Recovery: Bungalow heating**

Two bungalows are located at the north west of the Crematorium site which are owned by the Crematorium but are rented to tenants under long term lease agreements. Each of these buildings is presently heated by a single gas fired condensing combination boiler. It would be possible to utilise waste heat from the Crematorium to provide heating and domestic hot water to each of these buildings.

This could be facilitated by installing a second pumped heating circuit which would run from the existing plantroom, located to the south of the main crematory room, to the bungalows on the western boundary of the site. The circuit would be connected to the existing 2500 litre accumulator vessel at the plantroom end and would circulate water from this point via a new set of dedicated heating pumps. Within the plantroom, the new steel pipework would connect to a pre-insulated plastic piping system before dropping below ground level and leaving the building. The pipework would then run externally, within a trench to the west of the main drive way in a northerly direction to the bungalows. The trench could be located within soft ground for almost its entire length, although it would need to cross the drive near the main gate (see sketch 1 in Appendix 2). The pipework would split in order to serve each of the two bungalows. It is suggested that the proposed heating circuit be connected to the existing bungalow heating systems adjacent to the existing boiler plant in each premises, where it would connect to a proprietary heat exchanger/metering unit.

The type of heat exchanger to be considered for heating each of the two bungalows would be able to provide domestic hot water in addition to central heating. This heat exchanger unit is similar to the type used on multi-tenant building which rely on a single primary heating system, although the water would be hydraulically separated by plate heat exchangers. The metering unit suggested would be able to quantify the energy consumed within each of the buildings to allow the tenants to be charged per kWh of heat used. It is intended that the existing combination boilers for each building be retained however as the waste heat would not be available when the crematorium is not in operation. Consideration will be given to locating the heat exchanger unit adjacent to the existing boiler plant within each building. The existing boiler for "Links View" is located within the garage and the existing boiler plant for "The Bungalow" is located east of the front door within a utility room.

The existing 2500 litre accumulator vessel would be of sufficient capacity to be able to provide a the full heating load imposed by the bungalows alone, however its energy capacity could be significantly depleted, by use of other waste heat systems (such as the crematorium building or driveway heating). Additionally, as the heat produced by the cremators reduces after a day's operation, the waste heat available is likely to drop off.

The existing heating control panel would require additional controls for the pumps at the plantroom end of the circuit. At the bungalow end, additional heating controls would be required to permit the heat exchanger units to work in conjunction with the existing combination boilers.

### **Heat Recovery: De-icing of driveway/paths at entrance to Crematorium building**

The Crematorium management have expressed a request for frost control of the drive and pathways to be considered for the external area, immediately adjacent to the crematorium entrance and exit (see sketch 2 in Appendix 2 which shows the approximate area of coverage). This type of system could be implemented and would again make use of waste heat produced by the crematorium.

The system would use a water/ethylene glycol mix which would be heated and circulated within a pipework grid located beneath the surface of the drive and the adjacent pathway. Such a system would incorporate thermal-insulation base upon which pipework would be laid, to prevent heat loss into the ground. The insulation compressive strength would need to be carefully considered to support vehicular traffic of the type commonly in use at the crematorium.

The system would consist of a third pumped heating circuit dedicated to driveway heating which would run from the existing plantroom, located to the south of the main crematory room, to the main public entrance and exit drop off points at the crematorium. The circuit would be connected to the existing 2500 litre accumulator vessel at the plantroom end and would circulate water from this point via a new set of dedicated heating pumps. Within the plantroom, a plate heat exchanger would be required to hydraulically separate the water within the 2500 litre accumulator vessel from the water/glycol mix which would need to be circulated through external pipework and could be subject to freezing. After the plate heat exchanger, the new steel pipework would connect to a pre-insulated plastic piping system before dropping below ground level and leaving the building. The pipework would then run externally, within a trench to the rear (east) of the main building, in a northerly direction to main entrance loop/drop off area. The trench could be located within soft ground for the majority of its length before connecting to the heating grid. Consideration would be given to installing a remote mixing manifold, which would be located externally, in the vicinity of the underground heating grid. This would be housed within a GRP box and would consist of pumps, controls and valves which operate to control the temperature of the ground in order to prevent frost and ice forming on the road and adjacent paved areas.

The existing 2500 litre accumulator vessel would be of sufficient capacity to be able to provide a the full heating load imposed by the driveway heating alone, however its energy capacity could be significantly depleted, by use of other waste heat systems (such as the crematorium building or bungalow heating). Additionally, as the heat produced by the cremators reduces after a day's operation, the waste heat available is likely to drop off significantly.

The existing heating control panel would require additional controls for the pumps at the plantroom end of the circuit, in addition to thermostats and manifold pump controls located near the main building entrance.

## **Heat Recovery: Off-site Heating**

Consideration has been given to using heat waste heat generated by the crematorium, for heating neighbouring properties. Durham University has a number of buildings to the north of the site at its Ustinov and xxx Colleges. To the west of the site across the A177 road is the main historic building at Mount Oswald, although it has recently been announced that planning approval has been granted for the development of housing on the site of the Mount Oswald golf course.

These sites have been considered as potential users of waste heat, however it is unlikely that this would be a feasible proposal for the following reasons:

- ◆ There would be insufficient residual heat from Cremators 1 and 3, should the power generation proposal be adopted (which is a preferred proposal);
- ◆ There would be insufficient residual heat from Cremator 2, should either the bungalow or the driveway heat recovery proposals be adopted;
- ◆ Both sites are really too distant to be economically viable: Mount Oswald is at a distance of some 400m. Although the University buildings are as near as 280m however the ground levels are such that it would be impractical to install external buried pipework between the two sites.

It should be noted that formal enquiries have not yet been made with the owners of these buildings regarding the use of waste heat.

## **Heat Recovery: Power generation**

Management of the Crematorium have expressed their interest in exploring the possibility of utilising waste heat from one or two of the recently installed cremators for the purpose of generating electricity for the crematorium.

Due to the highly specialised nature of this technology, it has been necessary to employ the skills of a team of specialists to consider this proposal. The team includes representatives from the recently installed cremator manufacturers, IFZW, from Germany and an engineering company (UAS) who specialise in the manufacture of turbine generator sets which utilise the Organic Rankine Cycle. This equipment enables the use of low grade heat for power generation by the use of a refrigerant which in is gaseous condition is able to power a turbine generator. Further details of the proposed plant are provided within Appendix C of this report.

Consideration has been given to locating this plant within garden equipment store, in the recently constructed building extension. This would however necessitate the construction of alternative accommodation for the garden equipment.

A more practical option would be to house the proposed electricity generating plant within a standard 20-foot shipping container. This would enable the plant to be accommodated on site within construction of a new building. Additionally, the plant could be fully assembled and tested at the manufacturer's own premises and delivered to site in full working order, within the container. A possible location has been identified at the rear of the existing crematory building, to the south east of the main crematorium. Consideration will be given to constructing appropriate screening for the container to ensure the final installation is sympathetic to the existing building and the surrounding environment in addition to meeting any Planning requirements.

This could take the form of a walled compound with gates, constructed to match the existing building.

A new access road would be required to permit service vehicles (i.e. light vans etc.) to access the container; this could be constructed around the southern perimeter of the existing crematorium. Delivery of the container would have to be by a suitable wagon however a crane would be required to lift the container over the existing crematorium building and set it down at the rear. A contract lift should be considered for this operation.

It is acknowledged that the system has a high capital cost however it may be possible for the Crematorium Committee to obtain a grant from the European Union for part of the funds required. This grant is dependent upon the applicant forming a partnership with two other applicants for the same technology within two separate EU countries. Two possible partners have been identified in Belgium and Germany and an application is in the process of being prepared.

Keith Slater of the DCC Energy Management and Carbon Reduction Team has been tasked with compiling the application on behalf of the Crematorium Committee. Details of this application do not fall within the remit of this report.

### **Asbestos**

The proposals covered within this report are confined to recently constructed areas of the main Crematorium building (completed in early 2012) which do not contain or make use of any asbestos containing materials. Alterations to plant and equipment would not extend into older areas of the existing building where asbestos materials could be present.

Minor alterations to the existing bungalows are proposed, however the asbestos management plan for the site does not indicate that these buildings contain asbestos materials in the areas where work is proposed. Notwithstanding this, it is still recommended that a *Refurbishment* type survey is undertaken prior to any works taking place within the bungalows. The main cost plan and risk register cover the cost of this survey and any necessary costs for remedial action, should asbestos be discovered within these buildings.

### **Ecology**

To be added.

## **11. Electrical Engineer's Report**

### **Electrical Distribution**

Details to be added by Electrical Engineer

## 12. Cost Analysis

### Estimated Costs

Based on recent similar projects, we would estimate the costs of the work to be as follows:

#### Proposal 1: Bungalow Heating

Building & trenching works	£10,000
Mechanical installation	£43,120
Electrical Installation	£3,000
Asbestos removal	£Nil
Preliminaries	£2,500
Contingency	£5,000
Design Fees	£7,953
Total Construction Cost	£71,573

#### Proposal 2: Roadway/Pathway Heating

Building, civil & trenching works	£36,000
Mechanical installation	£43,000
Electrical Installation	£2,500
Asbestos removal	£Nil
Preliminaries	£2,500
Contingency	£5,000
Design Fees	£11,125
Total Construction Cost	£100,125

#### Proposal 3: Power Generation

Building enabling works	£TBA
Containerised plant	£TBA
Electrical Installation for above	£TBA
External services/utility costs	£TBA
Preliminaries	£TBA
Contingency	£TBA
Design fees	£TBA
Total construction cost	£TBA

### Exclusions

Feasibility study fees.

## **Procurement Strategy**

The provision of heating to the bungalows and to the driveway/pathways at building entrance, could be procured through Durham County Council Direct Services. Bungalow heating could be procured separately through a mechanical services contractor if required. Procurement of the containerised power generation plant however is of a highly specialised nature and would have to be procured through the crematory installers IFZW and their specialist partner, UAS. To enable this, it would be necessary to obtain permission from a DCC Head of Service/Crematorium Committee, to carry out the procurement exercise as a *variation to contract procedure rules*.

## **Professional Fees**

Professional fees of 12.5% of the total construction cost have been allowed within the cost plan.

Feasibility fees expended to date: (to be advised separately by Business Support Unit).

## **Historical Analysis**

Not applicable.

### 13. CDM Co-ordinator

The following risks have been identified with the project to date:

<b>Risk</b>	<b>Precautions</b>
Working in an occupied area	Liase closely with management and staff on site. Maintain access and compound away from public areas. Erect fencing around construction area and provide clear directions of alternative routes.
Asbestos	Type 3 survey to be undertaken and 14 days notice to HSE prior to any works to asbestos containing materials. Works to be undertaken in accordance with HSE guidelines.
Craneage of containerised plant	Use contract lift. Obtain method statements prior to work being carried out.
Installation of new plant & heavy equipment	Break sections down & use lifting equipment
Hot work	Implement hot work permit system
Working in at high level	Use appropriate access platforms, ensure lighting is adequate.
Excavation works	Check record drawings, carry out Cat scan, utilise safe digging techniques. Ensure barriers around excavation work.

## 14. Risk Register

Item No.	Description of Risk	Probability	Impact	Action/ Mitigation	Action Owner	Cost
1.	Undiscovered asbestos	Low	Low	Type 3 survey	S. Durran	£1500
2.	Poor condition of existing distribution pipework	Low	Low	Disconnect pipes to check	Contractor	£1500
3.	Problems relating to ground works for containerised plantroom	Low	High	Full survey and detailed design	Contractor	£5000
4.	Unforeseen external services	Low	Medium	Carry out CAT scan before work commences	Contractor	£5000
5.	Unforeseen electrical work	Low	High	Carry out load check during design	Client	£5000
6.	Unforeseen works relating to power generation installation	High	High	Allow contingency	Client/ designer	£10,000

A contingency sum of £20,000 has been allocated within the cost report to cover all risk items associated with the proposals.

## **15. Conclusion and Recommendations**

### **Summary**

The proposals within section 10 complies fully with the requirements of the brief for the project.

### **Option Appraisals**

Four option proposals are included within this report, as follows:

Heating to Bungalows

De-icing of road/pathways at entrance and exit to Crematorium;

Off-site heating

Power generation

Each option is discussed in detail within Section 10 of the report.

### **Recommendations**

It is recommended that the proposals for heating to the bungalows, de-icing of the road/pathways around the crematorium entrance/exit and power generation be adopted. See Section 10 for details.

### **Clients Action**

Consider cost of project and commission DCC Technical Services, to design and implement the scheme as proposed.

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**Commissioning Brief**

<b>Concerto Reference</b>	<b>50060 0005</b>	<b>Date</b>	<b>29<sup>TH</sup> January 2013</b>
<b>Time recording Number</b>	<b>TS1227036</b>	<b>Client/Budget Oracle Number</b>	<b>A1227026/14960</b>
<b>Original or revised</b>	<b>Original</b>	<b>Version</b>	<b>1</b>
<b>Category</b>	<b>Project Work</b>		
<b>Select a client</b>	Neighbourhoods		
<b>Select a project</b>	50060 - DURHAM CREMATORIUM - FEAS Utilisation of Surplus Heat		

**Core Project Information**

<b>UPRN</b>	50060 Durham Crematorium	
<b>Establishment</b>	South Road, Durham	
<b>Scope of commission</b>	Feasibility	
<b>Description of work</b>	Prepare a report to investigate possible further utilisation of surplus heat at the above premises.	
<b>Procurement</b>	N/R	
<b>Budget available</b>	Fees: time charge	
<b>Budget source(s)</b>	Revenue 099270	
<b>Service required</b>	Project Manager	T/C
	QS	T/C
	Electrical Engineer	T/C
	Mechanical Engineer	T/C
<b>Project Sponsor</b>	Alan Jose	
<b>Address</b>	Superintendent & Registrar	

**Consultant's Brief**

<b>Outputs</b>	♦ Consideration of options
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	<ul style="list-style-type: none"> <li>◆ Proposals for carrying out the work to minimise disruption to the building</li> <li>◆ Ecology issues</li> <li>◆ Regulatory issues (Building Regulations, Planning etc)</li> <li>◆ Contingencies and risk management issues including preliminary risks register including CDM hazard identification with proposals for elimination/reduction/control</li> <li>◆ Programme for designing and implementing the project</li> <li>◆ Utility and services information.</li> <li>◆ Capital costs</li> <li>◆ Asbestos removal</li> <li>◆ Fee and statutory approvals</li> <li>◆ Preliminaries</li> <li>◆ Whole life costs for viable options</li> </ul>
<b>Format of reports</b>	Electronic
<b>Outline programme/ Key dates</b>	To be agreed at commission review
<b>Requirements for progress reports</b>	Gateway 1 Business Justification
<b>Design criteria</b>	All works shall comply to relevant British Standards, codes of practice and professional guidelines in accordance with DCC standards.

**Client information**

<b>Health &amp; safety file</b>	A Health & Safety File may be available. You are advised to source this via the premises management.
<b>Existing drawings, specifications</b>	Please provide a scaled drawing of the proposed works showing site location and details of the site/building including room layouts for the Database Team IPF (AutoCad DWG format).
<b>Topographical surveys</b>	N/A
<b>Condition surveys</b>	Available from Nor Durran – Property Database 0191 383 5641
<b>Public utilities information</b>	Not available.
<b>Ecological surveys</b>	Feasibility study should include advice on any investigation needed in the light of option proposed.

<b>Asbestos surveys</b>	"Asbestos information is available from the Asbestos Management Unit, County Hall, Durham. The consultant shall initiate a dialogue with the Asbestos Management Unit by completing the Asbestos Request pro forma and sending it to the Unit or e-mailing it to asbestos.unit@durham.gov.uk. The Asbestos Management Unit will advise on the implications on the scheme of any asbestos-containing materials present or on the need for further investigations such as Type 3 surveys."
<b>Other surveys/ information</b>	
<b>Previous information prepared in connection with the project</b>	
<b>Information on hazard elimination identified by the client</b>	<p>The premises are operational.</p> <p>Ensure:-</p> <ol style="list-style-type: none"> <li>1. Adequate separation of occupants from the work.</li> <li>2. Disruption to access is minimised.</li> <li>3. Adequate emergency egress is maintained throughout the works.</li> <li>4. Dust, dirt arising from the work does not reach occupants.</li> </ol> <p>Secure site area and contractors compound.</p>

DURHAM COUNTY COUNCIL

Project Directory (Provisional)

Role	Name	Address	Telephone	E-mail
Health & safety adviser	Ernie Turnbull	Health & Safety Unit Manager, Resources County Hall, Durham DH1 5UL	0191 383 3508 07786 027 307	<a href="mailto:Ernie.turnbull@durham.gov.uk">Ernie.turnbull@durham.gov.uk</a>
Procurement/Commissioning	Katherine Beattie	Neighbourhood Services County Hall Durham DH1 5UL	03000 261123	<a href="mailto:Katherine.beattie@durham.gov.uk">Katherine.beattie@durham.gov.uk</a>
Planning Officer	John Byers	Business Manager (Planning Development Control, Environment, County Hall, Durham DH1 5UQ	0191 383 3408	<a href="mailto:John.byers@durham.gov.uk">John.byers@durham.gov.uk</a>
Building Control	Stuart Bell or, John Baker	Durham County Council Building Control	0191 301 8777 0191 370 8780	
CDM Co-ordinator	Brian Freear	Asset Management Corporate Resources, County Hall, Durham DH1 5UL	0191 3836430 07786026959	<a href="mailto:brian.freear@durham.gov.uk">brian.freear@durham.gov.uk</a>









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**Central Durham Crematorium  
Joint Committee**

**24 April 2013**

**Reserves Policy**



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**Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources and Treasurer to the Joint Committee**

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**Purpose of the Report**

1. The purpose of this report is to set out, for Members' consideration, a proposed Reserves Policy for the Central Durham Crematorium Joint Committee.

**Background**

2. The Chartered Institute of Public Finance and Accountancy (CIPFA) Local Authority Accounting Panel (LAAP) issued guidance notes (LAAP 77) on Reserves and Balances, making recommendations to the determination and to the adequacy of Local Authority Reserves.
3. The bulletin highlights a number of factors, in addition to the cash flow requirements that should be considered by an authority when establishing Reserve balances. These include:
  - The treatment of inflation
  - The treatment of demand led pressures
  - The general financial climate
4. The guidance states that there has been no case made to set a statutory minimum level of reserves (either as an absolute, or as a percentage of budget) rather that advice should be sought from the Chief Finance Officer basing judgement of local circumstances.
5. In addition, The Joint Practitioners Advisory Group (JPAG), Governance and Accountability for Local Councils – A Practitioners Guide advises that earmarked Reserves which are set aside for specific purposes and for the savings of future projects should be realistic and approved by the formal decision making body, general reserves should be risk assessed and approved by the formal decision making body.

## Reserves Policy

6. Reserves are held for 3 main purposes:

- As a working balance to help cushion the impact of uneven cash flow and avoid unnecessary temporary borrowing
- As a contingency to cushion the impact of unexpected events or emergencies
- As a means to build up funds – earmarked reserves to meet predicted future liabilities

7. Taking these into consideration along with the recently commissioned feasibility study in relation to the Chapel extension and other works requirements, it is proposed that the Reserves Policy of the Durham Crematorium Joint Committee is as follow:

- 1 To set aside sufficient sums in Earmarked reserves (Major Capital Works, Masterplan, Small Plant, Central Heating reserves) as is considered prudent for the anticipated known areas of future expenditure. As a minimum, the strategy of the Joint Committee should be to increase the value of the Major Capital Works earmarked reserve to circa £1m in the medium term to cover future liabilities in respect of cremator replacement.
- 2 Maintain a General Reserve of at least 30% of the Joint Committee's Income budget. (This is based on a risk assessment identifying Income as the highest financial risk element to the Joint Committee)

8. The 2012/13 provisional outturn reports a General Reserve Balance (as at the 31<sup>st</sup> March 2013) of £424,060. The 2013/14 revenue budget approved by members at the January meeting incorporated an Income budget of £1,121,800. In line with the reserve policy proposed above, this would represent a General Reserve balance of £384,540 at 30%. This highlights an additional £39,520 being held within the General Reserve than required.

9. Members will recall at the June 2012 AGM, approval via the Annual Return and Statement of Accounts of continued additional surplus transfers to the Major Capital Works Reserve until the balance totalled £1m, following which the Joint Committee would undertake a further review. Based on current performance, it could reasonably be expected that this will be achieved within the next 3-5 year, notwithstanding other capital investment plans arising from the updated Service Asset Management Plan

10. The 2012/13 provisional outturn reports a balance on the Major Repairs Reserve of £671,137 (as at 31<sup>st</sup> March 2013). It is proposed to transfer the additional £39,520 from the General Reserve to the Major Capital Works reserve to achieve the £1m balance within a shorter time frame.

## **Recommendations and Reasons**

11. It is recommended that Members of the Central Durham Crematorium Joint Committee consider and agree the:

- 1 The Reserves Policy to set aside sufficient sums in Earmarked reserves as is considered prudent for the anticipated known areas of future expenditure, including maintaining a major Capital works Reserve balance of circa £1m to cover future liabilities in respect of cremator replacement.
- 2 The Reserves Policy to maintain a General Reserve of at least 30% of the Joint Committee's Income budget
- 3 Transfer of the surplus General Reserve balance to the Major Capital works Reserve at the 2012/13 year end as part of the preparation of the Annual Return and Statement of accounts.

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**Contact: Paul Darby, Head of Finance – Financial Services**  
**Tel: 03000 261 930**

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## **Appendix 1: Implications**

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### **Finance**

Full details of the financial implications are included within the body of the report.

### **Staffing**

There are no staffing implications associated with this report.

### **Risk**

In setting the reserve balances, major risks regarding income receipts, financial climate, demand led pressures (such as building redevelopment / alterations) have been considered in order to ensure that future financial risks to the Joint Committee are mitigated

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

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

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

There are no Human Rights implications associated with this report.

### **Consultation**

Initial consultation with the Finance Manager at Spennymoor Town Council has been undertaken. Officers of Spennymoor Town Council were also provided with a copy of the report and given opportunity to comment/raise any detailed queries on the contents of this report in advance of circulation to members of the CDCJC.

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

The proposals regarding the reserve policy contained within this report have been prepared in accordance with standard accounting policies and procedures.

**Central Durham Crematorium  
Joint Committee**

**24 April 2013**

**Financial Monitoring Report –  
Provisional Outturn as at 31  
March 2013**



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**Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources and Treasurer to the Joint Committee**

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**Purpose of the Report**

1. The purpose of this report is to set out details of income and expenditure in the period 1 April 2012 to 31 March 2013, together with the provisional outturn position for 2012/13, highlighting areas of over/under spend against the revenue budgets at a service expenditure analysis level.
2. The report also sets out details of the funds and reserves of the Joint Committee at 1 April 2012 and the provisional year end position at 31 March 2013.

**Background**

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

**Financial Performance**

4. Budgetary control reports, incorporating outturn projections, are considered by Neighbourhood Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers monthly budgetary control reports, with quarterly reports being considered by Cabinet / Overview and Scrutiny Committee. The surplus received by DCC as a partner authority from the Central Durham Crematorium are included within this report.
5. The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information and market intelligence supplied by the Superintendent and Registrar. The following table highlights the provisional outturn financial performance of the Central Durham Crematorium at 31 March 2013:

6.

Subjective Analysis	Base Budget 2012/2013 £	Year to Date Actual – April – March £	Projected Outturn 2012/2013 £	Variance Over/ (Under) £
Employees	204,137	209,685	207,862	3,725
Premises	231,340	233,918	254,971	23,631
Transport	3,300	2,450	2,880	(420)
Supplies & Services	105,085	87,216	99,728	(5,357)
Agency & Contracted	31,350	12,411	16,539	(14,812)
Transfer Payments	0	0	0	0
Capital Charges	213,738	213,738	213,738	0
Central Support Costs	34,000	34,000	34,000	0
<b>Gross Expenditure</b>	<b>822,950</b>	<b>686,548</b>	<b>829,718</b>	<b>6,768</b>
<b>Income</b>	<b>(1,136,200)</b>	<b>(1,282,374)</b>	<b>(1,282,374)</b>	<b>(146,174)</b>
<b>Net Income</b>	<b>(313,250)</b>	<b>(595,826)</b>	<b>(452,656)</b>	<b>(139,406)</b>
<b>Transfer to Reserves</b>				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	0	0	139,406	139,406
- Small Plant	2,000	0	2,000	0
<b>Distributable Surplus</b>	<b>(306,250)</b>	<b>0</b>	<b>(306,250)</b>	<b>0</b>
<b>80% Durham County Council</b>	<b>245,000</b>	<b>245,000</b>	<b>245,000</b>	<b>0</b>
<b>20% Spennymoor Town Council</b>	<b>61,250</b>	<b>61,250</b>	<b>61,250</b>	<b>0</b>
<b>Central Durham Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2012 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2013 £</b>
General Reserve	(424,060)	(306,250)	306,250	(424,060)
Masterplan Memorial Garden	(26,250)	(5,000)	0	(31,250)
Major Capital Works	(531,731)	(139,406)	0	(671,137)
Small Plant	(0)	(2,000)	0	(2,000)
<b>Total</b>	<b>(982,041)</b>	<b>(452,656)</b>	<b>306,250</b>	<b>(1,128,447)</b>

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

7. As can be seen from the table above, the provisional outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £452,656 against a budgeted surplus of £313,250, £139,406 more than the budgeted position. This is an improvement on the previously forecast position of a £79,084 additional surplus. The following section outlines the reasons for any significant variances by subjective analysis area:

## 7.1 *Employees*

The provisional outturn reflects a **£3,725** employee over spend (this takes into consideration the impact of the job evaluation exercise). Additional overtime totalling **£9,975** has resulted from the Cremator replacement project, this has been as a consequence of running with two cremators rather than three during the transition period early in the year. In addition, the environmental measures installed have increased the average time taken per cremation. This overspend has however been offset by a **(£6,250)** saving against the Pandemic Cremator Operator Training budget.

## 7.2 *Premises*

A net over spend of **£23,631** has arisen in relation to Crematorium premises costs. There are number of reasons for this, as identified below:

- **£12,989** unbudgeted spend regarding Fire Alarm upgrades and Fire Safety requirements in order to comply with Building Regulations as reported to, and approved at the by the Committee at the 27 June 2012 meeting
- **£724** additional spend in relation to additional alarm call out charges following the break-ins at the Crematorium
- **£16,756** unbudgeted spend regarding alterations to the Catafalque Doors (including fire shutter, smoke curtain and fire alarm interface) and Integrated Heating Controls.
- **£6,500** unbudgeted spend regarding buildings maintenance including the disabled toilet upgrade following complaints from the public / service users as reported to and approved by the Committee at the 27 June 2012 meeting; has not happened yet
- **(£8,018)** under spend relating to the NNDR budget. The budget was set including an estimated increase in consideration of the larger facility from 2012/13. The rateable value and subsequent charge has been received from the Valuation Offices which is lower than the estimated level
- **(£12,000)** of the redecoration budget has not been required as a result of the Cremator replacement programme undertaken during 2012/13
- **£14,992** additional/unbudgeted Cremator equipment and servicing costs following the installation of the new cremators
- **£1,116** additional spend on bungalow repairs and furniture and fittings
- **(£5,418)** under spend on utilities. It should be noted that the final quarter invoices have not been received for all utilities and estimates have been incorporated into the outturn at this point. The final outturn will include the final actual costs, however it is not anticipated any major variance between provisional and final outturn positions
- **(£4,010)** saving within the Hedge Trimming and Tree Works budget. These services have not been required during the 2012/13 financial year

### 7.3 *Supplies and Services*

An under spend of **(£5,357)** is reported in relation to Supplies and Services. The reasons for this are highlighted below:

- As a consequence of reduced Masterplan sales (highlighted later in the report) the costs for Masterplan memorials are also lower than budgeted. This has resulted in a saving of **(£4,081)**
- The BACAS licence charge for 2012/13 has been received at **(£150)** less than budgeted
- As a result of increased cremation numbers (highlighted under the income section of the report), the Medical Referees Costs have also increased resulting in an over spend against this budget of **£5,594**
- The Public Book of Remembrance Visual Reference System has not been completed during this financial year resulting in an under spend of **(£4,490)** against this budget
- The Service Booklets were purchased during the previous financial year therefore the **(£1,000)** budget has not been utilised in 2012/13
- Due to involvement in the capital project, the attendance by the Superintendent & Registrar at various conferences has reduced this year. This has resulted saving of **(£1,745)**
- A net over spend of **£515** within the subscriptions £1,058, sundry operational (£365), hospitality (£825), Computer maintenance and electronic stationery £881 and clothing (£234) budgets has arisen.

### 7.4 *Agency and Contracted*

An under spend of **(£14,812)** is reported in connection with Agency and Contracted services, details are as follows:

- The cost of the Environmental Protection Licence Fee is **(£340)** lower than originally budgeted
- The budget of **(£8,000)** for the Independent Testing of the Cremator & Abatement Equipment has not been required in the current financial year. The installation of the new Cremators has included such testing and the costs have therefore been funded via the Cremator Replacement Capital budget
- A delay in the waste energy feasibility study being undertaken has resulted in an anticipated under spend for 2012/13 of **(£8,622)** the remaining feasibility study requirements will be completed and fully charged by the end of May 2013. Members should note this will require a transfer back from reserves during 2013/14.
- The Medical Referee Post Mortem budget of **(£1,000)** has not been required during this financial year (members should note the requirement for this budget cannot be easily identified in advance and therefore it is subject to subsequent variances)

- The payment to the FSA in connection with the Prepayment Bond Application is **(£750)** less than budgeted. The total charge of £1500 was made to both Central Durham and Mountsett Crematoria resulting in a shared cost. This saving has, however, been offset by the additional charges, **£3,000** from Bovill's following additional legal advice undertaken as highlighted in the Superintendent & Registrars Report.
- Unexpected Cremator Operator fees paid to Spennymoor Town Council at the beginning of the year have resulted in an over spend of **£315**
- Refuse collection charges have exceeded budget by **£585**.

### 7.5 *Income*

Additional income from the 2012/13 budget totalling **(£146,174)** is reported in this provisional outturn. The main reasons detailed below.

- Income from memorial sales for 2012/13 is considerably lower than in previous years and therefore a net reduction in the sale of large plaques, vase blocks, columbaria units and seats of **£21,606** has been experienced during the year. Members will recall a similar position in the 2011/12 final outturn and as such the 2013/14 budget has reduced in consideration of this
- Cremation numbers have increased to 2379 during 2012/13, an additional 339 to budget. This has resulted in additional cremation fee income (inc Medical Referee fees) of **(£168,798)**
- Whilst there has been an increase in cremation numbers during 2012/13, entries to the Book of Remembrance have not followed the same trend. Income from Book of Remembrance Fees is lower than budget by **£819**
- Income for miscellaneous items such as the scattering of ashes and webcasting, DVD, CD sales are lower than budget by **£199**.

### 7.6 *Earmarked Reserves*

Contributions from the revenue surplus towards earmarked reserves are reported as **£139,406** additional to budget.

The retained reserves of the CDCJC at 31 March 2013 are provisionally reported as £704,387 along with a General Reserve of £424,060, giving a total reserves and balances position of **£1,128,447** as at 31 March 2013.

## Recommendations and Reasons

8. It is recommended that:

- Members note the April 2012 to March 2013 revenue spend financial monitoring report and associated provisional outturn position as at 31 March 2013.

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**Contact: Paul Darby, Head of Finance – Financial Services**  
**Tel: 03000 261 930**

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## **Appendix 1: Implications**

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### **Finance**

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

### **Staffing**

There are no staffing implications associated with this report.

### **Risk**

The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information supplied by the Superintendent and Registrar. 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 Superintendent and Registrar, should mitigate the risks associated with achievement of the forecast outturn position.

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

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

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

There are no Human Rights implications associated with this report.

### **Consultation**

None. However, Officers of Spennymoor Town Council were provided with a copy of the report and given opportunity to comment/raise any detailed queries on the contents of this report in advance of circulation to members of the CDCJC.

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

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

Central Durham Crematorium  
Joint Committee

24 April 2013

Annual Internal Audit Report  
2012/13



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## Report of the Head of Internal Audit

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### Purpose of the Report

1. The purpose of this report is to present the Annual Internal Audit Report for 2012/13. (Copy attached at Appendix 2).
2. The report also looks ahead and details, at Appendix 3, Internal Audit and Risk Services to be provided in 2013/14.

### Background

3. This report fulfils the requirement of the CIPFA Code of Practice for the Head of Internal Audit to provide, "a written report to those charged with governance timed to support the Statement of Internal Control", which is now incorporated as part of the Council's Annual Governance Statement.
4. The Annual Internal Audit Report should therefore be considered in the context of fulfilling the requirement to provide an opinion on the overall adequacy and effectiveness of the Council's control environment during the year, and how this opinion has been derived.
5. Based on the work undertaken, the Head of Internal Audit is able to provide a **Substantial** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Joint Committee in 2012/13. This substantial opinion ranking provides assurance that there is a sound system of control in operation and there are no significant control weaknesses that warrant inclusion in the 2012/2013 Annual Governance Statement.

### Recommendation

6. Members note the content of the Annual Internal Audit Report and the overall 'substantial' opinion provided on the adequacy and effectiveness of the Council's control environment for 2012/13.
7. Members approve the proposal for the provision of Audit and Risk Services to be provided in 2013/14.

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## **Appendix 1: Implications**

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### **Finance**

There are no direct financial implications arising for the Joint Committee as a result of this report, although we aim through our audit planning arrangements to review core systems in operation and ensure through our work that the Joint Committee has made safe and efficient arrangements for the proper administration of its financial affairs.

### **Staffing**

None

### **Risk**

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

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

None

### **Accommodation**

None

### **Crime and Disorder**

None

### **Human Rights**

None

### **Consultation**

None

### **Procurement**

None

### **Disability issues**

None

### **Legal Implications**

None



**CENTRAL DURHAM CREMATORIUM  
JOINT COMMITTEE**

**INTERNAL AUDIT  
ANNUAL REPORT  
2012/13**

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### **Appendices:**

Appendix 2 Annual Review of the Central Durham Crematorium 2012/13

Appendix 3 Audit and Risk Services 2013/14

## **Introduction**

1. This report summarises work carried out by Durham County Council Internal Audit and Risk Service during 2012 / 2013, as part of the 4 year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2014.
2. All Internal Audit work carried out in 2012/13 was in accordance with proper internal audit practices as described within the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (2006)
3. This report fulfils the requirement of the CIPFA Code of Practice for the Head of Internal Audit to provide, "a written report to those charged with governance timed to support the Statement of Internal Control", which is now incorporated as part of the Joint Committee's Annual Governance statement appended to the Joint Committee's Annual Statement of Accounts which will be presented to the Joint Committee for approval in June 2013.

## **Service Provided and Audit Methodology**

4. Internal Audit is an independent, objective assurance and consultancy activity designed to add value and improve an organisation's operations.
5. Our primary objective is to provide an independent and objective annual opinion on the Joint Committee's control environment which is comprised of the systems of governance, risk management and internal control.
6. The Internal Audit Charter, last reviewed by the Joint Committee in April 2012, establishes and defines the role the terms of reference and scope of audit work, including the audit strategy, organisational independence and the reporting lines of Internal Audit. No changes to the Charter were required during 2012/13.
7. In accordance with the Internal Audit Charter, a risk based audit approach has been applied to work undertaken in 2012/13.
8. To determine the audit opinion the internal audit service has considered the following:
  - The adequacy of risk identification, assessment and mitigation
  - The adequacy and application of controls to mitigate identified risk
  - The adequacy and extent of compliance with the Council's corporate governance framework
  - The extent of compliance with relevant legislation
  - The extent to which the organisation's assets and interests are accounted for and safeguarded from loss of all kinds including fraud, waste, extravagance, inefficient administration and poor value for money
  - The quality and integrity of financial and other management information utilised within the organisation

## Work carried out in 2012/13 to inform the annual audit opinion

9. The key areas of assurance of the control environment where assurance is required to inform our overall opinion are financial management, risk management and corporate governance.
10. Our assurance opinion for 2012/13 has been primarily determined through the annual review of processes and procedures in place on site at the Crematorium which evaluated the management of the following risks:
  - Non compliance with the Cremation Regulations 2008.
  - Non compliance with the Federation of British Cremation Authorities Code of Cremation Practice.
  - Ashes are disposed of incorrectly.
  - Equipment failure.
  - Health impact to the public.
  - Lack of experienced staff.
  - Insufficient capacity to meet demand in the event of an epidemic, pandemic or major disaster.
  - Injury to staff.
  - Income is not accounted for/misappropriated.
  - Unauthorised payments are made.
  - Stock / Assets are not accounted for / misappropriated.
  - Damage / theft of equipment.
  - Employees are incorrectly paid.
11. This audit was carried out during January 2013 in accordance with terms of reference agreed with the Crematorium's Superintendent and Registrar. The review concluded that the internal control systems in place provided a **substantial** level of assurance that the above risks were being effectively managed. The full audit report is attached as Appendix 2. Minor weaknesses in control identified at audit as set out in the action plan of the report are being addressed by management.
12. Further assurance on the effectiveness of risk management arrangements can also be taken from the work carried out by the County's Corporate Risk Officers who have continued to monitor strategic and operational risk registers during the year, with 6 monthly reviews being reported for consideration by the Joint Committee in September 2012 and January 2013 respectively.
13. Processes in place provide assurance that the Crematorium Superintendent and Registrar and his staff have a very good understanding of risk and adequate measures have been put in place to either mitigate or tolerate identified risks and it is evident from audit work carried out that risk management processes are well embedded.
14. No specific work has been carried out this year in reviewing the effectiveness of the Joint Committee's key corporate governance arrangements by Internal Audit as this was not considered a high risk area.

The majority of the Joint Committee's key corporate governance arrangements in place reflect those of Durham County Council which are subject to an annual effectiveness review to inform the County Council's Annual Governance Statement. This is subject to review and challenge by the County's Audit Committee.

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

### **Quality Assurance Framework**

16. The scope and terms of reference for this year's annual audit review were developed using a risk based approach agreed with the Crematorium's Superintendent and Registrar. This approach ensured that audit resources were applied to agreed high risk areas where there was little or no other assurance.
17. In accordance with the Internal Audit Charter audit working papers and all audit reports have been reviewed by an audit manager to ensure that expected quality standards are maintained and that all audit findings and conclusions were supported by appropriate testing and evidence.
18. The accuracy of audit findings were confirmed by the Crematorium's Superintendent and Registrar who was given the opportunity to challenge audit findings and the draft report prior to them being finalised.
19. In total, 22 audit days have been incurred this year. This compares with the 20 audit days planned in accordance with the Service Level Agreement. This was primarily due to a change in audit staff and additional transaction testing due to an increase volume of business in 2012/13. No additional charge will be made for this.
20. A customer satisfaction survey is issued after every audit to provide feedback and help the service continually improve,
21. Under the Account and Audit Regulations, the County Council is required to carry out an annual review of the effectiveness of Internal Audit. The Joint Committee, classed as a smaller body under the Regulations, is not required to carry out such a review. However, the Joint Committee can take assurance on the quality of internal services provided during 2012/13 from the outcomes of the last review of the service undertaken by the County Council's Corporate Director Resources and its Audit Committee in May 2012. This review was informed by consideration of a series of questions, designed to evaluate compliance with best practice, independently by
  - The Chair of the Audit Committee
  - The Corporate Director Resources

- The Head of Internal Audit
- External Audit

22. The Committee noted that good progress had been made with the implementation of a risk based approach to auditing but recognised that the skills mix of the in house team needed to be strengthened in some specialist areas. Overall the Committee concluded that the service was effective and reliance could be placed on the audit opinion provided by the service.

23. In arriving at this conclusion the Audit Committee also monitor performance against an agreed set of performance indicators. One of these indicators that is particularly relevant to services provided to the Joint Crematorium is the cost per chargeable audit day. The service performance target was to be lower than CIPFA Benchmarking Club average. Actual performance for 2011/12 was £279 compared with the average of £313. This demonstrates the competitiveness of fees charges to the Joint Committee through the SLA of £250 per day.

### **Audit Opinion Statement**

24. The Joint Committee has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives.

25. The Head of Internal Audit is required to provide an opinion on adequacy and effectiveness of the Joint Committee's risk management, control and governance processes.

26. In giving this opinion it should be noted that assurance can never be absolute and therefore only reasonable assurance can be provided that there are no major weaknesses in these processes.

- In assessing the level of assurance to be given, we based our opinion on:
  - The audit review of the Central Durham Crematorium undertaken during the year
  - Follow up action on audit recommendations
  - Matters arising from the work carried out by Internal Audit on the redevelopment of the Crematorium
  - Any significant recommendations not accepted by management and the consequent risk
  - The effects of any significant changes in the Crematorium's systems
  - Matters arising from previous reports to the Joint Committee
  - Any limitations which may have been placed on the scope of internal audit's annual review
  - The extent to which resource constraints may impinge on internal audit's ability to meet the full audit needs of the Joint Committee
  - The outcomes of the audit quality assurance process
  - Consideration of a number of other sources of assurance available

27. Based on the work undertaken, the Head of Internal Audit is able to provide a **Substantial** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Joint Committee in 2012/13. This substantial opinion ranking is the same as 2011/12 and provides assurance that there is a sound system of control with no material weaknesses. Consequently, there are no significant issues that warrant inclusion in the 2012/ 2013 Annual Governance Statement.



## INTERNAL AUDIT REPORT

**Durham Crematorium**  
 Ref No 13580/2013
*Final Report*

<b>Assurance Opinion:</b>	<b>Substantial Assurance</b>
<b>Prepared by:</b>	<b>Debra Lewis, Senior Auditor</b>
<b>Reviewed by:</b>	<b>David Mitchell, Principal Auditor Stephen Carter, Audit Manager</b>
<b>Date issued:</b>	<b>19th February 2013</b>
<b>Distribution List</b>	
<b>For Action:</b>	<b>Alan Jose, Superintendent and Registrar</b>
<b>For Information:</b>	<b>Ian Hault, Streetscene Area Manager North Paul Darby, Head of Finance – Financial Services Graham Harrison, Bereavement Services Manager Terry Collins, Corporate Director for Neighbourhood Services Avril Wallage, Manager of Internal Audit and Risk Teresa Morgan, Strategic Insurance &amp; Risk Officer Debra Kitching, Policy &amp; Performance Team Leader</b>



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## **EXECUTIVE SUMMARY**

1. This report relates to the evaluation of the control framework in place to provide assurance on the management of the risks associated with the Durham Crematorium.
2. The objective of the review was to ensure that there are effective controls and procedures in place with regards to the running and operating of Durham Crematorium, and that practices are carried out in compliance with legislative requirements and the Code of Cremation Practice issued by the Federation of British Cremation Authorities.
3. Transactions were reviewed, from 1st January 2012 to 31st December 2012.
4. The review confirmed that there are effective arrangements in place for the management of the risks associated with the Durham Crematorium. There was one minor weakness identified however, with regards to the maintenance of stock records held for the Urns.
5. An action plan, summarising all findings and recommendations made to improve the evaluated control framework, is attached at Appendix A.
6. In conclusion, the audit work carried out can provide a Substantial level of assurance that the control framework in place is effective in managing risks.

## **BACKGROUND**

7. This review has been carried out in accordance with the Terms of Reference attached at Appendix B.
8. This review aims to help management achieve its objectives by providing an opinion on the adequacy of the control framework in place to manage risks effectively. The conclusions from the review will inform the annual audit opinion provided by the Head of Internal Audit on the adequacy and effectiveness of the entire control environment operating across the whole of the Authority, required to inform the Annual Governance Statement.
9. The report is intended to present to management the findings and conclusions of the audit. Wherever possible findings and recommendations made to improve the control framework have been discussed with the appropriate officers and their views taken into account.
10. In carrying out the audit, the time and assistance afforded by Alan Jose of Durham Crematorium and his staff was greatly appreciated.

## **SCOPE AND AUDIT APPROACH**

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

## **FINDINGS AND RECOMMENDATIONS**

12. Our findings relating to issues of key concern, together with recommendations made to improve the management of identified risks and the resultant management response, are provided in the action plan attached as Appendix A.

13. The CRA has been updated to reflect actual evidenced controls in place and improvements agreed. This is attached as an accompanying document to aid monitoring and future self assessment of risks and the control framework. It is recommended that a Control Risk **Self** Assessment (CRSA) is carried out annually.

### **AUDIT FINDINGS AND ASSURANCE OPINION RATINGS**

14. Details of how individual findings and assurance opinions have been assessed are detailed in Appendix C.

### **LIMITATIONS AND RESPONSIBILITIES**

15. Details of limitations and responsibilities of auditors and management in relation to this review are summarised in Appendix D.

## APPENDIX A: ACTION PLAN FOR IMPLEMENTATION – Durham Crematorium

Action Ref	Finding	Potential Impact	Priority	Recommendation	Management Comment	Responsibility Timescale
01 CRA Risk 11	Stock recorded in the stock book does not agree to physical stock held. Stock checks are not currently being carried out.	Insufficient stock held Stock may run out.	Low	A physical stock check is carried out and the stock book updated to reflect this. Thereafter, regular stock checks should be carried out to ensure the stock book continues to accurately reflect the stock held. The stock book should be initialled or signed to demonstrate this has taken place.	The stock take has not been perfect for the urns over the past year or so due to building disruption and moving stock from place to place and the matter will be addressed.	Alan Jose, Superintendent and Registrar 31/03/2013

**DURHAM COUNTY COUNCIL INTERNAL AUDIT SERVICE**

**Terms of Reference**

<b>Client</b>	<b>Neighbourhood Services</b>
<b>Service</b>	<b>Bereavement Services</b>
<b>Head of Service</b>	<b>Ian Hoults, Streetscene Area Manager North Paul Darby, Head of Finance – Financial Services Graham Harrison, Bereavement Services Manager</b>
<b>Responsible Key Contact</b>	<b>Alan Jose, Superintendent and Registrar</b>
<b>Nominated Manager</b>	<b>Alan Jose, Superintendent and Registrar</b>
<b>Audit</b>	<b>Durham Crematorium</b>

**Introduction**

1. This review is being undertaken in accordance with the approved Internal Audit Plan for 2012/13.

**Overall Objective of the Audit**

2. To evaluate the control environment of Durham Crematorium and provide an independent opinion on whether or not controls are adequate, appropriate and effective in providing reasonable assurance that risks to the achievement of service/system/process objectives are being managed effectively.
3. In arriving at this opinion consideration will be given to the effectiveness of:
  - relevant key corporate governance policies and procedures
  - the arrangements in place to identify, assess and monitor risks
  - the control design to ensure that the Council'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.

**System Objectives**

4. The objectives Durham Crematorium are :
  - To provide a sensitive, respectful service suitable for the bereaved.
  - To ensure cremations comply with the Cremation Regulations 2008.
  - To ensure the FBCA Code of Cremation Practice is complied with.
  - To ensure all income and expenditure is in line with financial regulations.

**Control Risk Assessment**

5. A summary of identified risks, the potential impact and expected controls, agreed as part of the audit planning process, using a control risk assessment (CRA) methodology to inform the scope of this review, is attached as an accompanying document.
6. The criteria used to assess identified gross risks (before controls are applied) are attached as Appendix A.

### Scope of Audit

7. The scope of this audit is to provide assurance on the management of the following risks:
- Non compliance with the Cremation Regulations 2008.
  - Non compliance with the Federation of British Cremation Authorities Code of Cremation Practice.
  - Ashes are disposed of incorrectly.
  - Equipment failure.
  - Health impact to the public.
  - Lack of experienced staff.
  - Insufficient capacity to meet demand in the event of an epidemic, pandemic or major disaster.
  - Injury to staff.
  - Income is not accounted for/misappropriated.
  - Unauthorised payments are made.
  - Stock / Assets are not accounted for / misappropriated.
  - Damage / theft of equipment.
  - Employees are incorrectly paid.

### Audit Approach

8. The review will be carried out using a risk based approach informed by the CRA and will involve:
- Review of relevant documentation held and maintained
  - Interviews with responsible persons where necessary
  - Assessment of existing controls
  - Perform testing.

### Key Contact

9. Key contacts for this review are
- Debra Lewis, Lead Auditor
  - David Mitchell, Principal Auditor

### Target Dates

10. The target dates for this review are:
- Fieldwork start date: 21<sup>st</sup> January 2013
  - 12 audit days
  - Draft report issued date: 31<sup>st</sup> March 2013
11. These timescales are subject to the following assumptions:
- All relevant documentation, including source data, reports and procedures will be made available promptly on request.
  - Staff and management will make reasonable time available for interviews and will promptly follow-up questions or requests for documentation.
  - Assistance will be available in scheduling meetings and interviews where required.

### **Reporting Arrangements**

12. Alan Jose will be kept regularly informed of progress on our review. Any significant issues will be discussed as they arise.
13. On completion of the review, our findings together with recommendations to address any control weaknesses will be discussed with Alan Jose at an exit meeting prior to the preparation and issue of a Formal Draft report. The Formal Draft will then be issued to Alan Jose and will include responses.
14. We request that managers aim to provide a full response within 20 working days of receipt of the agreed draft report.
15. An updated CRA will be provided as an accompanying document to draft reports to reflect any changes to expected controls identified through the audit process and actual controls in place. Any recommendations made to improve the control environment will be incorporated into an action plan and reflected in the updated CRA to aid future self assessment of risks and the control framework.

### **Limitations of scope**

16. This audit review will focus on Crematorium arrangements and the financial reporting of expenditure from these activities.
17. The review of the pre-payment cremation bonds will not be reviewed as part of this audit as this is still within its development stages.

### **Terms of Reference Approval**

18. These terms of reference have been reviewed and approved by:
  - Alan Jose, Superintendent and Registrar
  - Stephen Carter, Audit Manager

## APPENDIX C: AUDIT FINDINGS, RECOMMENDATIONS AND ASSURANCE OPINION RATINGS

### 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)

## APPENDIX C: AUDIT FINDINGS, RECOMMENDATIONS AND ASSURANCE OPINION RATINGS

### Overall Finding Rating

This grid is used to determine the overall finding rating.

LIKELIHOOD			
Probable	M	H	H
Possible	L	M	H
Unlikely	L	L	L
	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 that is considered imperative to ensure that the service/system/process objectives are not exposed to <b>significant risk</b> from weaknesses in critical or key controls
<b>Medium</b>	Action required to ensure that the service/system/process objectives are not exposed to <b>major risk</b> from weaknesses in controls
<b>Low</b>	Action required to ensure that the service/system/process objectives is not exposed to <b>minor risk</b> from weaknesses in controls
<b>Advisory</b>	Action that is considered desirable to address minor weaknesses in control that if implemented may not reduce the impact or likelihood of a risk occurring but should result in enhanced control or better value for money.

### 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>Full Assurance</b>	There is a sound system of control designed to achieve the process/system/service objectives and manage the risks to achieving those objectives. (No H, M or L findings/recommendations)
<b>Substantial Assurance</b>	Whilst there is a sound system of control, there are some weaknesses, which may put some of the system objectives at minor risk. (No H or M findings/recommendations)
<b>Moderate Assurance</b>	Whilst there is basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk. (No H findings/recommendations)
<b>Limited Assurance</b>	There are weaknesses in key areas in the system of control, which put the system objectives at significant risk.(H findings/recommendations)
<b>No Assurance</b>	Control is weak as controls in numerous key areas are ineffective leaving the system open to significant risk of error or abuse

## **Limitation inherent to the internal auditor's work**

We have undertaken this review subject to the following limitations.

### **Internal Control**

Internal control, no matter how well designed and operated, can provide only reasonable assurance not absolute assurance regarding achievement of the service objectives. The likelihood of the achievement is affected by limitations inherent in all internal control frameworks. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

### **Future Periods**

The assessment of the control framework in place relating to this review is at 14th February 2013. Historic evaluation of effectiveness is not relevant to the future period due to:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate

### **Responsibilities of management and internal auditors**

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of fraud and irregularities. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We will endeavour to plan our work so that we have a reasonable expectation of detecting **significant control weaknesses** and if detected, we will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist, unless we are requested to carry out a special investigation for such activities in a particular area.

### **Management responses**

We ask that management responses to our recommendations are provided within 20 working days of the draft report being issued.

Outstanding responses will be monitored. Any overdue responses will be escalated to the responsible Corporate Director and reported to the Audit Committee.

### **Follow up**

In accordance with the Internal Audit Charter, we will monitor progress on the implementation of agreed recommendations and the findings will be reported to the audit committee. Where considered appropriate follow-up audits will be scheduled.

## Appendix 3

### Audit and Risk Services to be provided for 2013/14

1. Details of the Internal Audit and Risk Services to be provided by Durham County Council's Internal Audit and Risk Services are set out in the Service Level Agreement (SLA) approved by the Joint Committee in September 2010. Indicative days to deliver the services, as per the SLA, together with actual days taken on 2012/13 are given the table below. The proposed days required for 2013/14 reflecting past experience and new initiatives that will impact on service is also indicated.

AREA PER SLA	2012/13 Actual	2013/14 Indicative	2013/14 Proposed	Comments
<b>Management and Assurance</b>				<b>Management, planning, preparation and quality assurance</b>
Preparation of Internal Audit plan (including risk assessment of audit needs, planning for reviews and production of report)	3	3	5	The Internal Audit Charter will require review in 2013/14 to ensure compliance with the introduction of the Public Sector Internal Audit Standards that come into effect 1/4/2013.  A new SLA agreement will need to be negotiated for services beyond 31/3/2014.
Production of Annual report and opinion	2	2		
Attendance at ad hoc meetings, Committee pre meetings and Committee meetings	1	1		
Regular liaison with relevant staff and follow up of recommendations	1	1		
<b>Fundamental Accounting Systems</b>				
Audit testing in relation to Crematorium sub systems to include Personnel, Payroll, Expenditure/Purchasing, Accounts Payable, Accounts receivable.	2	2	0	

<b>Crematorium Review</b>				<b>Annual Review of Control Environment</b>
Establishment audit to include Petty Cash, Budgetary Control and Financial Reporting, Income & Debt Collection, Bank Reconciliation, Asset Management, stock control, Strategic Risks, Operational Risks, Risk Management Assurance Review and Corporate Governance Assurance Review	10	7	11	Applying a risk based audit approach the distinction between fundamental accounting systems and an establishment type audit is not necessary.  The annual review will consist of a risk based evaluation of the control framework in place relating to key service activities and systems. This will include the provision of assurance on the management of both financial and non financial operational and strategic risks and compliance with corporate governance arrangements.
<b>Ad Hoc Advice and Assistance</b>	1	2	3	Provision for ad hoc advice and consultancy type services to consider control issues relating to any new or emerging risks on which assurance may be required outside of the annual review
<b>Contingency</b>	0	2		
<b>Total</b>	22	20	19	

<b>Optional Additional Services;</b>	2012/13	2013/14	2013/14	Comment
Risk Management Support	2	2	3	Risk management support in the identification, assessment, monitoring and reporting of strategic and operational risks and support on annual review of corporate governance arrangements
Corporate Governance Support	0			

28. The scope of the annual audit assurance review for 2013/14 will be informed by the maturity of the Crematorium's risk management arrangements, its risk appetite and the reliance that can be placed on other assurance sources. Operational risks relating to key service activities and key systems will be audited annually dependent and an audit assessment of known risks and the reliability of other assurance sources.
29. Other sources of assurance to be considered when determining the scope of the review will include:

<b>Other Assurance Sources</b>
The External Auditor annual audit letter and opinion on the financial statement of accounts and VFM conclusion
Independent testing of all cremators and equipment is carried out annually.
The Crematorium is licensed and is regulated by Durham County Council's Environmental Monitoring section. Regular progress reports are provided to the regulator regarding compliance with emissions.
The Crematorium Superintendent and Registrar is Secretary of the Northern branch of the Institute of Cemeteries and Crematoria
Crematorium charges are regularly benchmarked against other Crematoria.
The Crematorium Superintendent and Registrar must provide an annual statement to the Federation of Burial and Cremation Authorities that they have complied with the Federations Code of Practice
The Ministry of Justice can inspect Crematorium premises at any time, although this is normally carried out by the Regulator on their behalf

30. We 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.
31. In accordance with the agreed Internal Audit Charter, we will agree the objectives, risks associated, other sources of assurance and the proposed scope of the review on the operation of the Crematorium with the Crematorium's Superintendent and Registrar, prior to the start of any fieldwork, using a Control Risk Assessment (CRA) methodology. Detailed terms of reference will be agreed with the Crematorium's Superintendent and Registrar, informed by the CRA, to formally agree the scope of the review, in respect of identified key risks, potential impact and expected key control.

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Central Durham Crematorium  
Joint Committee

24 April 2013

Response to the 2012/2013  
Annual Internal Audit Report



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**Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources and Treasurer to the Joint Committee**

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**Purpose of the Report**

1. The purpose of this report is to present for Members' consideration, the response to the Central Durham Crematorium Joint Committee Internal Audit Report for 2012/13

**Background Information**

2. In accordance with Durham County Council's Annual Internal Audit plan, a review of the Central Durham Crematorium was undertaken in February 2013.
3. The overall objective of the review has been to provide a risk based assessment of the systems in place in order to form an opinion as to whether such systems are robust and provide an adequate basis for effective internal control.
4. The review undertaken by Internal Audit forms part of the overall assurance process required by the Joint Committee for inclusion within the Annual Governance Statement and Statement of Accounts.

**Audit Opinion and Action Plan**

5. Following the presentation of the 2012/13 Annual Internal Audit report, members will note that Internal Audit has provided **Substantial Assurance** on the Joint Committee's system of internal control highlighting only one minor weakness which may result in system objectives being put at risk. Members should note the minor governance and internal control weakness identified has been classified as Low:
6. Whilst such a classification indicates that the action required is considered desirable, to strengthen the system of internal control this has now been incorporated into an action plan.
7. The action plan fully addresses the issue identified in the Internal Audit Report and the current position is set out below for Members' information.

- **Recommendation 01**

***Regular Stock checks should be carried out to ensure the Stock book continues to accurately reflect stock held. Stock should be initialled or signed to demonstrate such stock checks are being undertaken.***

Stock Operations have been disrupted during the earlier months of the year as a result of the Cremator Replacement programme. A full review of stock has been undertaken as at 31 March 2013 in line with year-end closedown procedures and quarterly stock checks will be undertaken along with reconciliations to the Stock books to address the audit recommendation during 2013/14 onwards.

8. The action plan identified above further indicates the high level of commitment of Joint Committee in ensuring that all systems of internal control are as robust as possible.

### **Recommendations**

9. It is recommended that:

- Members of the Joint Committee note the Internal Control requirements and the action plan contents (both implemented and required) with regards to addressing the Internal Audit recommendations.

### **Background Papers**

- 2012/2013 Annual Audit Report and Audit Opinion.

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<b>Contact:</b>	<b>Paul Darby, Head of Finance – Financial Services</b>
<b>Tel:</b>	<b>03000 261 930</b>
<b>Contact:</b>	<b>Jo McMahon, Principal Accountant</b>
<b>Tel:</b>	<b>03000 261 968</b>

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## **Appendix 1: Implications**

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### **Finance**

There are no finance implications associated with this report.

### **Staffing**

There are no staffing implications associated with this report.

### **Risk**

Addressing the recommendations arising from the Annual Internal Audit Report 2011/12 will ensure that the Joint Committee will improve its governance arrangements and address the minor inefficiencies identified with regards to the maintenance of the Joint Committees books and records. Failure to address these concerns could potentially adversely affect future audit conclusions and could also affect the working relationship that exists with our internal and external auditors.

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

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

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

There are no Human Rights implications associated with this report.

### **Consultation**

None. However, officers of Spennymoor Town 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 Central Durham Joint Committee.

### **Procurement**

There are no Procurement implications associated with this report.

### **Disability Discrimination Act**

There are no Disability issues associated with this report.

### **Legal Implications**

The Accounts and Audit Regulations and Code of Practice 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 regulations.

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