



Mountsett Crematorium Joint Committee

Date **Wednesday 28 September 2016**
Time **10.00 am**
Venue **Committee Room 1A, County Hall, Durham**

Business

Part A

**[Items during which the Press and Public are welcome to attend.
Members of the Public can ask questions with the Chairman's
agreement]**

1. Apologies for Absence
2. Declarations of Interest, if any
3. Minutes of the Meeting held on 27 June 2016 (Pages 1 - 6)
4. External Audit Annual Review of the Return for the year ended 31 March 2016. (Pages 7 - 18)
Joint Report of the Interim Corporate Director: Neighbourhood Services and Interim Corporate Director: Resources / Treasurer to the Joint Committee.
5. Quarterly Performance and Operational Report (Pages 19 - 66)
Report of the Bereavement Services Manager.
6. Financial Monitoring Report 2016/17: Position at 31/08/16 with Projected Outturn to 31/03/17 (Pages 67 - 72)
Joint Report of the Interim Corporate Director: Neighbourhood Services and the Interim Corporate Director: Resources / Treasurer to the Joint Committee.
7. Risk Register 2016/17 - Update (Pages 73 - 82)
Joint Report of the Interim Corporate Director: Neighbourhood Services and the Interim Corporate Director: Resources / Treasurer to the Joint Committee.
8. Annual Review of the System of Internal Audit (Pages 83 - 96)
Joint Report of the Interim Corporate Director: Neighbourhood Services and the Interim Corporate Director: Resources / Treasurer to the Joint Committee.

9. Provision of Internal Audit and Risk Management Services 2017-2020
(Pages 97 - 112)

Report of the Chief Internal Auditor and Corporate Fraud Manager.

10. Such other business as in the opinion of the Chairman of the meeting
is of sufficient urgency to warrant consideration

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
20 September 2016

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

Durham County Council:-

Councillors: O Temple (Chairman), A Batey, K Dearden, C Hampson, I Jewell,
O Milburn, T Nearney, M Plews and W Stelling

Gateshead Council:

Councillors K Dodds (Vice-Chairman), M Charlton, D Davidson, L Green,
J Lee and M Ord

Contact: Lucy Gladders

Tel: 03000 269712

DURHAM COUNTY COUNCIL

At a Meeting of **Mountsett Crematorium Joint Committee** held in Mountsett Crematorium Meeting Room, Mountsett Crematorium, Dipton on **Monday 27 June 2016 at 9.30 am**

Present:

Councillor O Temple (Chairman)

Members of the Committee:

Durham County Council

Councillors A Batey, C Hampson, I Jewell, O Milburn, T Nearney and M Plews

Gateshead Council:

Councillors J Lee

1 Apologies for Absence

Apologies for absence were received from Councillors K Dodds, M Charlton, D Davidson, L Green and M Ord (Gateshead Council)

2 Declarations of Interest, if any.

There were no declarations of interest.

3 Membership of the Joint Committee

The Chair advised that the membership of the joint committee had remained unchanged however there was currently a vacancy on the Gateshead membership due to the resignation of Councillor Patricia Ronan.

4 Appointment of Chair

That Councillor O Temple be re-elected as Chairman for the ensuing year.

5 Appointment of Vice-Chair

That Councillor K Dodds be re-elected as Vice-Chairman for the ensuing year.

6 Appointment of Treasurer to the Joint Committee

The Clerk advised that P Darby had recently been appointed as Interim Corporate Director Resources and with such was now appointed as Treasurer to the Joint Committee.

Resolved:

That P Darby, Interim Corporate Director Resources be appointed as Treasurer to the Joint Committee until such time as a permanent appointment is made.

7 Minutes of the Meeting held on 29 April 2016

The minutes of the meeting held on 29 April 2016 were confirmed as a correct record and signed by the Chairman.

8 Review of the Terms of Reference

The Committee considered a report of the Clerk to the Joint Committee which provided details of a review of the Mountsett Crematorium Joint Committee's Constitution, which, in accordance with the Annual Governance Statement requirements is reviewed on an annual basis.

The Clerk advised that the review had not highlighted any requirements to change the current Constitution or governance arrangements set out within.

Resolved:

That the Constitution as set out in Appendix 2 of the report be reapproved following a full review which had been completed in accordance with Annual Governance Statement requirements.

9 Annual Governance Statement 2015/16

The Joint Committee considered a joint report of the Interim Corporate Director Neighbourhood Services and Interim Corporate Director Resources and Treasurer to the Joint Committee which provided details of the Annual Governance Statement (AGS) for the year April 2015-March 2016. The AGS was presented for approval as part of the consideration of the Joint Committee's Return for the financial year ended 31 March 2016 (for copy see file of minutes).

Resolved:

That the 2015/16 Annual Governance Statement be approved as part of consideration of the Joint Committee's Return for the financial year ended 31 March 2016.

10 Revenue Outturn and Joint Committees Return for the Financial Year Ended 31/03/2016

The Joint Committee considered a joint report of the Interim Corporate Director Neighbourhood Services and Interim Corporate Director Resources which sought approval of the Joint Committee's Return for Mountsett Crematorium Joint Committee for the financial year ended 31 March 2016. The report further included details of the final outturn position against the approved budgets for 2015/16 (for copy see file of minutes).

The Principal Accountant reported that the final outturn position was broadly in line with the provisional outturn reported to the Joint Committee on 29 April 2016 with only a minor change (£2,433 decrease) to the overall net income for the year.

With regard to earmarked reserves the Principal Accountant advised that contributions to the earmarked reserves were (£140,383) more than originally budgeted, primarily due to the increase in cremation income during the year, the over provision in the CAMEO abatement budget and the Business Rates refund, offset by the additional costs relating to the car park extension, albeit lower than previously anticipated.

It was further reported that in line with the MCJC Reserves Policy, a transfer to the General Reserve of (£16,920) was required as part of the final accounts process. This resulted in a net transfer to the Cremator Replacement Reserve of £265,921). The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2015, was £1,001,158 along with a General Reserve of £242,070 giving a total reserves and balances position of £1,243,248 at year end.

The Principal Accountant then asked members to approve sections 1 and 2 of the Joint Committees Return for the year ended 31 March 2016.

Resolved:

- i) That the revenue outturn position as at 31 March 2016, including the year end position with regards to the reserves and balances of the Joint Committee.
- ii) That The Joint Committee approve Section 1 – Accounting Statements 2015/16 of the Joint Committees Return for the financial year ended 31 March 2016.
- iii) That the Joint Committee approve Section 2 – Accounting Statements 2015/16 of the Joint Committees Return for the financial year ended 31 March 2016.
- iv) That the Chair, Clerk and Treasurer sign the Joint Committees Return for the financial year ended 31 March 2016.

11 Quarterly Performance and Operational Report

The Joint Committee considered a report of the Bereavement Services Manager which provided an update relating to performance and other operational matters (for copy see file of minutes).

It was reported that there were 257 cremations undertaken during the period 1 April 2016 to 31 May 2016, compared to 198 in the comparable period last year, an increase of 59 year on year. With regard to the sale of memorial plaques it was reported that during the period 2 plaques had been sold (£652), compared to 3 (£1,215) in the same period last year.

As previously reported an AED (Automated External Defibrillator) had been purchased. All staff had now been trained and the defibrillator was now in place.

Moving on, it was reported that a Business Administration Apprentice was employed in 2014 on a 2 year temporary contract, which was due to come to an end on 14 July 2016. It was noted that the contract would not be extended and the position be frozen. Members agreed that the position be frozen until a suitable replacement could be appointed.

Details were then reported in respect of the 50th Year Anniversary Celebration which was to be held on 23 July 2016. Members were reminded to let the Bereavement Services

Manager know if they were able / unable to attend. It was further reported that an open event would be held following the service and it had been agreed by the Communications team that this could now be opened up to the public.

The Bereavement Services Manager then went on to report that the recycling of metals scheme had generated £4,444 and a cheque for this value had been presented to Derwentside Hospice Care Foundation.

Further details were reported with regard to the ICCM Learning Convention and Exhibition 2016 and it was proposed that the Bereavement Services Manager and the Chair attend the conference as representatives of the Joint Committee.

Moving on to the issue of car parking the Bereavement Services Manager advised that as previously reported the car park had been extended to 88 spaces although on some occasions the capacity was still inadequate. He therefore presented 3 options for the Joint Committee's consideration. Details of each were included within the report and members' views were sought.

In conclusion details were reported with regard to the replacement of cremators and installation of mercury abatement plant. It was reported that ATI were the successful company during the very thorough and competitive tender process. Durham County Council's Design Team were currently working alongside the cremator manufacturer in order to design the equipment to fit in with the propose extension. Work was progressing well and it was anticipated that construction works would commence January 2017.

Councillor Temple added that he felt fortunate to be involved in the procurement process and had found the process extremely interesting. He further added that he was extremely impressed with the quality and price offered by the supplier and was hopeful of a good result for the Crematorium.

Councillor Batey in referencing the apprentice's position and the work of the Economy & Enterprise Overview and Scrutiny's work, added that she would like to see the position re-advertised. Councillor Jewell further commented that extra care should be taken with the selection of the next apprentice.

Moving on to discuss the issues surrounding car parking, Members agreed that Option C, to continue to monitor the situation be agreed. Councillor Batey added that she wanted to pass on her congratulations to the team on the car park improvement works and new spaces created adding that she had noted that this had alleviated car parking problems during well attended funerals.

Resolved:

- i) That the current performance be noted.
- ii) That the completion of the defibrillator staff training be noted.
- iii) That the situation with regards to the Business Administration Apprentice post be noted and that the position be re-advertised at the end of the 2 year contract period.
- iv) That the 50th anniversary celebrations be noted.
- v) That the distribution of recycling income received to the respective charity be noted.

- vi) That the Bereavement Services Manager and Chair of the Joint Committee attend the next ICCM Learning Convention and Exhibition.
- vii) That Option C, in respect of car parking be agreed and the situation continue to be monitored.
- viii) That progress with regards to the cremator replacement project be noted.

12 Forward Plan 2016/17

The Joint Committee considered a report of the Interim Corporate Director Resources and Treasurer to the Joint Committee which set out the suggested forward plan of meetings of the Joint Committee for the forthcoming year (for copy see file of minutes).

Resolved:

That the proposed schedule of meetings as set out in Appendix 2 of the report be approved.

13 Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration.

Iconography – Arrangements for covering the existing fixed cross in the Chapel area.

The Bereavement Services Manager reported that following discussions at the previous meeting, a quote had been sought for the supply and installation of an electronic curtain, which could be used to cover the cross which was displayed on the main marble wall in the Chapel area. He advised that work would cost in the region of £4,000 and Members views were sought.

M Morley, Gateshead Council added that following the last meeting he had checked what arrangements were in place at Birtley and Saltwell Crematoria and noted that both had received requests for the cross to be covered during services. Arrangements to do so had subsequently put in place.

Councillor Nearney commented that he felt that the curtain should be installed to provide peace of mind to those using the crematorium at a very sensitive time. Members reiterated these comments and agreed that the works should be undertaken.

Resolved:

That the Bereavement Services Manager make arrangements for the supply and installation of an electronic curtain to be fitted.

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**Mountsett Crematorium Joint
Committee**

28 September 2016

**External Audit Annual Review of the
Return for the year ended 31 March
2016.**



**Joint Report of Oliver Sherratt – Interim Corporate Director:
Neighbourhood Services; Paul Darby – Interim Corporate Director:
Resources & Treasurer to the Joint Committee**

Purpose of the Report

1. The purpose of this report is to present to the Mountsett Crematorium Joint Committee, the External Auditors (BDO LLP) Annual Review of the Joint Committees Return for the year ended 31 March 2016.

Background Information

2. In June 2016, in line with the statutory requirements of a Smaller Relevant Body, the Mountsett Crematorium Joint Committee submitted the Joint Committees Return for the year ended 31 March 2016 to BDO LLP for audit under the limited assurance audit regime.

External Audit Findings and Required Action

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

Recommendations and Reasons

4. Members of the Joint Committee approve the Joint Committees Return for the year ended 31 March 2016 including the External Report 2015/16 Certificate (attached at Appendix 2).

Background Papers

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

**Contact(s): Phil Curran 03000 261967
Ed Thompson 03000 263481**

Appendix 1: Implications

Finance

There are no financial implications associated with this report.

Staffing

There are no staffing implications associated with this report.

Risk

No issues were highlighted in the External Auditor's Issues Arising Report for the year ended 31 March 2016 thus demonstrating the Joint Committee's governance arrangements and awareness of risks associated with the Crematorium operations.

Equality and Diversity / Public Sector Duty

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

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

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

Human Rights

There are no implications associated with this report.

Consultation

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

Procurement

There are no implications associated with this report.

Disability Discrimination Act

There are no implications associated with this report.

Legal Implications

The Accounts and Audit Regulations 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

Joint Committees

Return for the financial year ended 31 March 2016

The return on pages 2 to 5 is made up of four sections:

- Sections 1 and 2 are completed by the person nominated by the Joint Committee
- Section 3 is completed by BDO LLP as the reviewer appointed by the Joint Committee.
- Section 4 is completed by the Joint Committee's internal audit provider.

Completing your return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the return. Also our extranet contains useful advice for you to refer to, see below.

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

Send the return, together with your bank reconciliation as at 31 March 2016, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to us, BDO LLP, by the due date.

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

Once we have completed our work, the completed return will be returned to the Joint Committee.

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

Additional information can be found on our extranet
(<https://bdoextranet.bdo.co.uk/sites/councils/pages/default.aspx>.)

Section 1 – Governance statement 2015/16

We acknowledge as the members of

Enter name of reporting body here:

MOUNTSETT CREMATORIUM JOINT COMMITTEE

Our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2016, that:

	Agreed		'Yes' Means that the body
	Yes	No	
1 We approved the accounting statements prepared in accordance with the guidance notes within this Return.	✓		Prepared its accounting statements and approved them.
2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge
3 We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with generally accepted good practice that could have a significant financial effect on the ability of the body to conduct its business or on its finances and have reported our financial results to our host authority for inclusion in their accounts.	✓		Has only done what it has the legal power to do and has complied with general accepted good practice
4 We carried out an assessment of the risks facing the body and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		Considered the financial and other risks it faces and has dealt with them properly.
5 We maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems.	✓		Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body.
6 We took appropriated action on all matters raised during the year in reports from internal audit and external reviews.	✓		Responded to matters brought to its attention by internal and external reviewers.
7 We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during tor after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements.	✓		Disclosed everything it should have about its business activity during the yea including events taking place after the year-end if relevant.

The governance statement is approved by the Joint Committee and recorded as minute reference

MINUTE REF 10

Date 27/06/2016

Signed by:

Chair

[Signature]

Date

27/06/2016

Signed by:

Clerk

Sarah Gray

Date

27/06/2016

*Note: Please provide explanations on a separate sheet for each 'No' response. Describe how the joint committee will address the weaknesses identified.

Section 2 – Accounting Statements 2015/16 for

Enter name of reporting body here:

MOUNTSETT CREMATORIUM JOINT COMMITTEE

	Year ending		Notes and guidance Please round all figures to nearest £1. Do not leave any boxes blank and reports £0 or Nil balances. All figures must agree to underlying financial records.
	31 March 2015 £	31 March 2016 £	
1 Balances brought forward	637,905	961,539	Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year.
2 (+) Income from local taxation and/or levy	0	0	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body. Excluding any grants received.
3 (+) Total other receipts	865,865	847,072	Total income or receipts as recorded in the cashbook less the taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	(120,773)	(128,285)	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan Interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) All other payments	(421,458)	(437,098)	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances carried forward	961,539	1,243,228	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 Total cash and short term investments	1,009,610	1,291,623	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9 Total fixed assets plus other long term investments and assets	0	0	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the body as at 31 March
10 Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB)

I certify that for the year ended 31 March 2016 the accounting statements in the return present fairly the financial position of the Joint Committee and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

P. Nantley REQUIRED

Date

23/06/2016

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

27/06/2016

and recorded as minute reference:

MINUTE REF 10 E

Signed by Chair of meeting approving these accounting statements:

Bob Sample REQUIRED

Date

27/06/2016

Section 3 – External Report 2015/16 Certificate

We present the findings from our review of the return for the year ended 31 March 2016 in respect of:

Enter name of reporting body here:

MOUNTSETT CREMATORIUM JOINT COMMITTEE

Respective responsibilities of the Joint Committee and the reviewer

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

- summarises the accounting records for the year ended 31 March 2016; and
- confirms and provides assurance on various governance matters in accordance with generally accepted good practice

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

We have performed the following work in respect of the return prepared by the Joint Committee:

- agreed to bank reconciliation to the annual return and the bank statements
- agreed the Annual return figures back to the trial balance
- ensured the trial balance and accounting statements adds up
- agreed the precept to the funding body
- agreed any loans to the PWLB or whoever the loan is with
- checked the comparative figures to the prior year accounts
- undertake an analytical review of the figures and investigated any variances in excess of 10%
- agree that the accounting statements and annual governance statement have been signed and dated as required.
- investigated any NO answers to the Annual Governance Statement
- investigated any NO answers in the Internal auditor report

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

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

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

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

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

Reviewer signature

Paul W

BDO LLP

12/9/16

Section 4 – Annual internal audit report 2015/16 to

Enter name of reporting body here:

Mountsett Crematorium ENTER JOINT COMMITTEE NAME

The Joint Committee's internal audit service provider, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2016.

Internal audit has been carried out in accordance with the Joint Committee's needs and planned coverage.

On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Joint Committee.

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

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

Name of person who carried out the internal audit:

PAUL BRADLEY CPFA

Signature of person who carried out the internal audit:

Paul Bradley

Date:

14/06/2016

*Note: If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

Guidance notes on completing the 2015/2016 return

1. Make sure that your return is complete (i.e. no empty red boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are drawn to the attention of and approved by the body, properly initialled and an explanation provided to us. Returns containing unapproved or unexplained amendments will be returned and may incur additional costs.
2. Use the checklist provided below. Use a second pair of eyes, perhaps a member of the committee or the Chair, to review your return for completeness before sending it to us.
3. Do not send us any information not specifically asked for. Doing so is not helpful. However, you must notify us of any change of Clerk, Responsible Financial Officer or Chair.
4. Make sure that the copy of the bank reconciliation or letter confirming the balance held on your behalf which you send with the return covers all your bank balances. If the joint committee holds any short-term investments, note their value on the bank reconciliation. We must be able to agree your bank reconciliation to Box 8 on the Accounting statements. You must provide an explanation for any difference between Box 7 and Box 8.
5. Explain fully significant variances in the accounting statements on page 3. Do not just send in a copy of your detailed accounting records instead of this explanation. We want to know that you understand the reasons for all variances. Include a complete analysis to support your explanation.
6. If we have to review unsolicited information, or receive an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which we will make a charge.
7. Make sure that your accounting statements add up the balance carried forward from the previous year (Box 7 of 2015) equals the balance brought forward in the current year (Box 1 of 2016).
8. Do not complete section 3. We will complete it at the conclusion of our work.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All red boxed have been completed?	YES
	All information has been sent with this return?	YES
Section 1	For any statement to which the response is 'no', an explanation is provided?	YES
Section 2	Approval by the body confirmed by the signature of Chair of meeting approving the accounting standards?	YES
	An explanation of significant variations from last year to this year is provided?	YES
	Bank reconciliation as at 31 March 2016 agrees to Box 8?	YES
	An explanation of any difference between Box 7 and Box 8 is provided?	YES
Section 4	All red boxed completed by internal audit and explanations provided?	YES

Faint, illegible text covering the majority of the page, appearing as bleed-through or extremely low-contrast print.

Private and Confidential

Mr P Darby
Mountsett Crematorium Joint Committee
Durham County Council
County Hall
DURHAM
County Durham
DH1 5UL

13 September 2016

Our ref: 2016/1/MOUN01/LC

Direct line: 023 8088 1911
E-mail: councilaudits@bdo.co.uk

Dear Mr Darby

Annual Review of the return for the year ended 31 March 2016

We are pleased to advise that we have now completed the review of the return for the year ended 31 March 2016 based on agreed upon procedures.

Please find enclosed the following documents:

- Fee Note
- Return for the financial year ended 31 March 2016

The enclosed return should be presented to the committee now that the work is complete and a minute should be made to show that the return including our certificate has been approved and accepted by the smaller authority.

If you have any questions please contact Louise Caplen in the first instance.

Yours sincerely



Emma Prince (Mrs)
For and on behalf of BDO LLP

Enc.

Mountsett Crematorium Joint Committee

28 September 2016



Mountsett Crematorium Performance and Operational Report



Report of Graham Harrison, Bereavement Services Manager

Purpose of the Report

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

Performance Update - Number of Cremations

- The table below provides details of the number of cremations for the period 1 June 2016 to 31 August 2016 inclusive, with comparative data in the same periods last year:

	2015/16	2016/17	Change
June	99	112	+ 13
July	108	112	+ 4
August	90	118	+ 28
TOTAL	297	342	+ 45

- In summary there were 342 cremations undertaken during 1 June 2016 to 31 August 2016, compared to 297 in the comparable period last year and an increase of 45 year on year. The profile of where families came from can be seen below.

Gateshead	113
Durham	189
Outside Area	40
Total	342

Memorials

- The table below outlines the number and value of the memorials sold in period June to August 2016 compared to the same period the previous year.

	(June – August) 2015/16		(June – August) 2016/17	
	Number	£	Number	£
Large Plaques	11	4,291	4	1,728
Small Plaques	0	0	8	2,088
Total	11	4,291	12	3,816

5. In overall terms the number and value of memorials sold of 12 / £3,816, compared to 11 / £4,291 in the same period last year and shows an increase of 1 plaque, however a decrease in income of £475.

Operational Matters

Business Admin Apprentice

6. Members agreed to fill the vacant business admin apprentice position at the June 2016 meeting.
7. This has now been progressed and interviews will be held on 23 September 2016.

Green Flag Application

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

Recycling of Metals Scheme

10. The Recycling of metals scheme has produced a surplus of £350,000 nationally from the 2015/16 collection.
11. Members may recall that a list for future nominations was produced and the Macmillan Cancer Support has been nominated for the next available distribution of funds. This nomination has been submitted and I am currently awaiting a response.

Mountsett Crematorium 50th Year Anniversary

12. Members will recall that Mountsett Crematorium marked its 50th year anniversary on Saturday 23rd July 2016.
13. This special occasion was marked with a Memorial service which was attended by approximately 50 guests and a booklet covering the 50 years was distributed to those in attendance.
14. The event also provided an opportunity for members of the public to visit the crematorium and take a look around in the afternoon. Unfortunately due to the delay in publicising the event only two members of the public attended.

Iconography

15. Members agreed at the June 2016 meeting to install an electronic curtain which could be used to cover the cross on the main marble wall within the Chapel.
16. Discussions with the manufacturer indicated that the curtains would prove difficult to maintain and keep clean and suggested an alternative electronic roll down blind in keeping with the dark marble wall. Following further discussions with the Chair it was agreed to progress this alternative option and works are expected to be completed during October 2016.

Replacement of Cremators and Installation of Mercury Abatement Plant

17. Members may recall from the June 2016 meeting that A.T.I. were successful in tendering for the replacement cremators.
18. Durham County Council's design team are still working with the cremator manufacturer in order to design the equipment to fit in with the proposed extension and then Direct Services will be able to price the proposed works.
19. It is envisaged that the extension project could commence on site as early as January 2017 and that A.T.I. could be on site by June 2017.
20. A payment to A.T.I. for 25% on the contract value will be required once the advanced payment bond has been agreed and signed off by both parties.

Service Asset Management Plan

21. The Crematorium's fourth Service Asset Management Plan (SAMP) was presented to Members on 25 September 2015 and has now been amended to provide further direction and highlight future investment requirements and budget pressures for the Joint Committee. The SAMP is attached at Appendix 2 and will need to be refined in line with any future decisions taken by Members.
22. The Service Asset Management Plan is split into 4 priorities of maintenance need and includes all of the planned crematorium improvement works:

Urgent essential works for 2017/18 have been included within crematorium improvement works, estimated to the sum of £2,561,757. Some of the works include:

- Re decoration works
- Carry out extension to crematorium and cremators
- Installation of memorial towers
- Installation of air conditioning
- Replacement of lectern
- Replacement of carpets to office area
- Re vamp of remaining existing shrub beds

Priority 2 works for 2018/19 have been estimated to total £6,000 as shown below:

- Installation of memorial towers

Priority 3 works for 2019/20 have now been costed to the sum of £18,500 and some of the works include:

- Re-Decoration Works
- Installation of memorial towers

Priority 4 works for 2020 onwards have been costed to the sum of £92,000 and some of the works include:

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

Recommendations and Reasons

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

- Note the current performance of the crematorium.
- Note the current situation with regards to the business admin position.
- Note the continued success with regards to the Green Flag Award.
- Note the current round of money available with regards to the recycling of metal scheme.
- Note the recent 50 year anniversary event.
- Note the progress with regards to the iconography within the Chapel.
- Note the current position with regards to the cremator replacement.
- Note and agree the content of the Service Asset Management Plan attached at Appendix 2, which will be factored into the budget planning for 2017/18.

Contact: Graham Harrison, 03000 265606

Appendix 1: Implications

Finance

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

Staffing

There are no implications

Risk

There are no implications

Equality and Diversity / Public Sector Equality Duty

There are no implications

Accommodation

There are no implications

Crime and Disorder

There are no implications

Human Rights

There are no implications

Consultation

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

Procurement

There are no implications

Disability Issues

There are no implications

Legal Implications

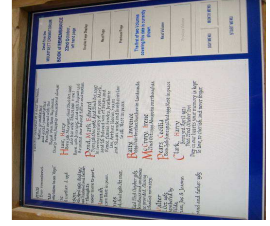
As outlined in the report.

Appendix 2: Service Asset Management Plan



Mountsett Crematorium Service Asset Management Plan 2016/17

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



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Foreword



*Oliver Sherratt
Interim Corporate Director
Neighbourhood Services*

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

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

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

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



Mountsett Crematorium

1. Introduction

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

- To provide a sensitive, respectful service fitting for the bereaved;
- To ensure the sympathetic, supportive and confidential advice is given to the recently bereaved on funeral service arrangements and give assistance in co-ordinating the funeral process if required;
- To provide consistent high quality standards of maintenance in cemeteries and crematoria across County Durham, working to maximise value for money;
- To ensure the proper respect of all Council cemeteries and crematoria with fair Rules and Regulations, which are explained to all visitors;
- To work in partnership with our colleagues at Gateshead Council through the Mountsett Crematorium Joint Committee.

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

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

Our Crematorium 'stand alone' SAMP will inform the Neighbourhoods Directorate SAMP. The

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

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

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

Durham County Council's Bereavement Services team (part of Direct Services within Neighbourhoods) manage the Crematorium on behalf of Joint Committee. Bereavement Services align to the constituent authorities' corporate priorities through the Durham County Council, Council Plan 2015-18 and the Gateshead Council 2030 Vision which is explored further below.

The Durham County Council, Council Plan 2015-18

The Council Plan 2015-18, aligns with the ambition to transform the economy of County Durham and Bereavement Services has a role, along with all other services, to play in the achievement of the priorities within the Plan. In operational terms the Plan links closely with our Medium-Term Financial Plan and in broad terms also sets out what we consider to be our corporate priorities for improvement. The Council Plan provides a means by which we can shape our future plans for County Durham and outlines our vision of an: **“ Altogether Better Durham”**

All actions within the Council Plan are structured around this overarching vision. The Plan also outlines five priority themes which will enable us to deliver the vision, as well as an additional priority theme specifically around the continuing improvement of the County Council. These priority themes are;

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

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

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

The Gateshead 2030 Vision

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

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

The six big ideas are:

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

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

- Building Stronger Communities
- Empowering Children and Young People
- Empowering Older People and Ensuring Healthier Communities
- Improving Accessibility, connectivity and Economic Prosperity
- Serving our Customers
- Ensuring a Sustainable Gateshead

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

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

1.2 Governance - The Mountsett Joint Crematorium Committee

Mountsett Crematorium Joint Committee comprises of 9 Durham County Councillors and 7 Gateshead Councillors. The key elements that comprise the Joint Committee's governance arrangements include:

- Defining and documenting the roles and responsibilities of the Mountsett Crematorium Joint Committee member and officer functions, with clear delegation arrangements and protocols for effective communication
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and officers

Reviewing and updating financial instructions and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required in managing risks.

Durham County Council and Mountsett Crematorium Joint Committee Constitutions set out how they operate, how decisions are made and the procedures which are followed to ensure that these are effective, transparent and accountable to service users.

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



A risk management approach is in operation that aids the achievement of strategic objectives, supports decision making processes, protects the reputation and other assets of the Crematorium and is compliant with statutory and regulatory obligations. This involves regular reports by internal audit, to standards defined in the CIPFA code of practice, and in accordance with the Accounts and Audit Regulations 2003. These include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control at the crematorium, together with recommendations for improvement.

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

1.3 The scope of our Service Asset Management Plan

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

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

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

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

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

The SAMP provides an effective link between the management of Crematorium utilised assets to ensure the efficient and effective delivery of service need. In order to achieve this it is essential that we analyse our existing property performance and carry out a comprehensive review of our Crematorium. Asset

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



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

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



STAGE 3: The key areas of change for our Service

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

information, including building condition data and the outcomes of access audits will be detailed in the SAMP and reflected within the performance data detailed in Section 4. This baseline information enables us to view the performance of Mountsett Crematorium and provides a high level overview of investment need.

2. Our Service

Bereavement Services provides professional, sympathetic, supportive and confidential advice on funeral service arrangements and can give assistance in co-ordinating the funeral process if required. Overall the service provided is a valued one that has achieved a Gold standard through the ICCM (Institute of Cemetery and Crematorium Management). There are also six green flags awarded to Council cemeteries and crematoriums including Mountsett, in recognition of their maintenance and community involvement. In September 2015, Bereavement Services was rated by ICCM as the thirteenth best performing service in the country.

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

*View from Mountsett
Crematorium*



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

Buildings	
Repair paths and external pedestrian paved areas	£ 6,836
Renew hot water heaters	£ 8,764
Improvement to flagged area	£ 490
Internal decoration	£ 7,500
Replacement of carpets to chapel	£ 13,191
Replacement of curtains in chapel	£ 2,741
Provide tribute screens for service	£ 11,242
Replacement of seating within chapel area	£ 8,493
Carry out cremator hearth re-line	£ 4,950
Upgrade and paint hand rails	£ 1,200
Renew South perimeter (main road) fence	£ 6,300
Road widening	£ 24,973
Carry out Re-lining of cremators x1	£ 27,950
Re-placement of hearth	£ 2,800
Re-placement of grass cutter	£ 13,995
Carry out improvement to catafalque doors	£ 3,881
Install Shower to changing room	£ 10,000
Provide order of service screen.	£ 1,482
Re-placement of Sound system within Chapel	£ 8,344
Installation of Memorial Tower	£ 4,920
Tarmac access roads	£ 38,400
Re-decoration works	£ 6,173
Replacement of CCTV system within Crematorium	£ 1,584
Re-Lining of hearth	£ 2,800
Car Park extension	£ 80,246
Total	£ 299,255

2.1 The Vision for our Crematorium

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

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

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

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

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

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

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

Short-term changes (up to 2 years)

- To continue to respond to property and other service changes brought about through the implementation of the new changes with regards to the death certification process.
- To respond to the changes with regards to service delivery and the changes identified in the feasibility study for the crematorium improvements.
- To respond to any maintenance back logs during the financial years 2017/18 and 2018/19.

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

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

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

- It is anticipated that the death rate is expected to increase from 2018 naturally placing greater pressures upon the service that we will need to provide. We will need to monitor changes and adapt/improve/replace our Crematoria and Cemeteries as necessary.
- The anticipated lifespan of our Cremators is 10 years. Annual contributions are being made to a reserve fund which will enable the installation of new cremators and mercury abatement equipment. A report was presented to Members in September 2015 to discuss 3 possible options for replacement; however this will incur the need to source capital funding. We will need to monitor any increase in costs and source additional or alternative funding where required.
- It is anticipated that adult obesity levels will increase substantially in the long term. We will need to monitor this trend and adapt our crematoria to accommodate our larger clients.

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

4. Asset Supply Profile

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

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

4.1 Our existing property assets

4.1.1 Mountsett Crematorium

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

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

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

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

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

Approximately 1,300 cremations are carried out each year.

4.1.1.2 Crematorium Chapel

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

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

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

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

4.1.1.3 Chapel of Remembrance

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

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

4.2 How our Existing Crematoria are Performing

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

4.2.1 Condition/outstanding repairs

A condition survey was carried out in respect of Mountsett Crematorium in 2016 and shows that the premises are in good condition, only requiring internal / external decoration in 2017/18. There are however a number of works identified which will improve the service offered to the bereaved. This has a



Crematorium Chapel



Chapel of Remembrance

conditional estimated survey need of £2,678,257, £2,561,757, considered as works which are urgent / essential and will be included in the 17/18 budget. £6,000 is desirable works which are required in 2018/19; £18,500 for 2019/20 and £92,000 is longer term works.

Premises Condition Summary (as at last survey in January 2016)

PROPERTY	TOTAL MAINTENANCE NEED BY PRIORITY (£)			
	PRIORITY 1 URGENT, ESSENTIAL (17/18)	PRIORITY 2 LONGER TERM DESIRABLE (18/19)	PRIORITY 3 LONGER TERM DESIRABLE (19/20)	PRIORITY 4 LONGER TERM WORKS (20/21 onwards)
Mountsett Crematorium	£2,561,757	£6,000	£18,500	£92,000
TOTAL				£2,678,257

The table above includes requirements and feasibility costs in relation to the future replacement of the Cremators.

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

4.2.2. Sufficiency

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

Mountsett Crematorium is optimally used by residents of Durham County Council and Gateshead Council

providing sufficient needs for the bereaved; however this may only become an issue for Mountsett where death rates do increase considerably. Sufficiency will where resources allow, be looked at as one part of the Councils Property Review Programme although the property review programme covers whole portfolio areas rather than one individual property such as Mountsett.

4.2.3 Suitability

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

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

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

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

4.2.4 Accessibility

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



Crematorium front entrance



Bookcase within Chapel

4.2.5 Energy performance

Annual energy performances details are collated on all assets utilised by Bereavement Services and include information around energy consumption (electricity and gas) and water consumption. These figures are reported as part of the Corporate Asset Management Plan. The latest figures available for 2015/16 show that the energy consumption for Mountsett Crematorium was 1,413,581 kilowatt-hours (kWh) (based on a gross internal area of 560.31 sqm). In monetary terms, this consumption cost the Council £31,717 during 2015/16.

The total water consumption in 2015/16 was also in excess of 7510 m³; again in monetary terms this consumption cost £2,734 last year.

The tables below provide a summary of the energy performance of Mountsett Crematorium during 2015/16. In future SAMPs we will seek to report the trends in these figures, with a view to making improvements year on year. Any such trend analysis will be calculated on upon the consumption figures (rather than the monetary value attached to energy) due to the ever fluctuating costs associated with electricity and gas. In light of our commitment to support the Council's sustainability and climate change agendas we recognise the need to improve these energy performance statistics over the coming years, particularly in respect of carbon emissions from our buildings.

Energy Performance Summary

PROPERTY	TOTAL ENERGY CONSUMPTION (kWh)	TOTAL ENERGY CONSUMPTION (£)	TOTAL WATER CONSUMPTION (m ³)	TOTAL WATER CONSUMPTION PER SQM (£)
Mountsett Crematorium	1,413,581	31,717	7,510	4.88

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

The data collated shows us that:

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

Energy Proposals

Proposals could include fully exploring the possibilities that may allow use of the waste heat generated by the installation of a heat exchanger system to heat the building, as well as the possibility of the installation of solar energy panels to the building.

5. Asset Demand Profile

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

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

5.1 Our ideal property assets for the future

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

The table below sets out the considerations for our Crematorium:



Crematorium general view



Chapel

Location

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

Size

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

Layout and image

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

Cont ...

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

Customer needs

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

Other Requirements

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

6. Supply and Demand Comparison (Gap Analysis)

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

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

Investment has been made to reduce our overarching maintenance need and to improve facilities in line with our changing service delivery need requirements. Since LGR a total investment of **£299,255** has been carried out on the creation of disabled toilets, fire alarm and emergency lighting systems, along with chapel improvements. Despite this investment however, there are gaps between our current asset portfolio and our 'ideals' for the future.

6.1.1 Cremator Replacement and Mercury Abatement

The remaining anticipated lifespan of the Cremators at Mountsett Crematorium is approximately 10 years; however some components may become unavailable during this time. In 2003/04 prior to LGR, Mountsett Crematorium Joint Committee established a Cremator Replacement Reserve Fund with an annual contribution of 20k factored into the revenue budget. Following LGR, the Committee updated its reserve policy approving all additional surplus generated (over and above budget) to be transferred to the Cremator Replacement reserve.

In order to ensure sufficient funding for the future replacement of cremators from 2017-2025 the

Committee approved an increased budgeted contribution along with the continued policy to transfer all additional surpluses to the Cremator Reserve in 2016/17.

It is estimated that, based on today's prices, the funding required for the future cremator replacement (exc Mercury Abatement Technology) is £500k per cremator.

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

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

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

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

Our Cremator Reserve fund as at the 1st April 2016 was £927,542 (2015/16 Joint Committee Accounts), with budgeted contributions into the reserve of £244,653 during 2016/17 thus resulting in an estimated year end reserve balance of £1,172,195.

6.1.1.2 Outstanding Repairs

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

Repairs and maintenance investment from 2017/18 onwards is currently estimated at £2,678,257 through the implementation of a robust repairs and maintenance strategy. There are also other works in the long term categories in the condition survey that will need to be considered going forward. The investment includes the future Cremator Replacement requirements.

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

Redecoration

The Mountsett Condition Survey includes redecoration requirements and indicative costs (£12,500) with the majority of work required in 2017/18. Therefore it is proposed that this is placed on a two year cycle and that funding be secured in order to carry out this work. It is however appreciated that redecoration works may need to be aligned to the delivery of other maintenance and improvement works.

GAP 1	Secure a budget, and develop a 2 year schedule for internal and external redecoration	Target: April 2017
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6.1.3 Suitability

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

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

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

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

Carpets

The main carpet when accessing the office and exit area is showing signs of wear and requires re-placing.

GAP 2	Carry out replacement of certain carpets	Target: Sept 2017
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Memorial Plaques

The Joint Committee agreed to the sale of memorial plaques which are to be displayed on the outer walls of the chapel of remembrance. This has proved popular and consideration needs to be given for the installation of smaller memorial towers to monthly sections in the crematorium grounds.

GAP 3	Carry out the installation of a smaller memorial tower within the crematorium grounds.	Target: Sept 2017
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Lectern

The current lectern used for holding services by ministers has been in use for a number of years and requires replacing with a height adjustable lectern.

GAP 4	Carry out the replacement of lectern.	Target: Sept 2017
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Crematorium shrub beds

The remaining shrubs within the crematorium have been in situ for a number of years and require removing and new soil added and replanting.

GAP 5	Carry out improvement works to shrub beds.	Target: Nov 2017
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Installation of air conditioning units

The current chapel does not have the facility to allow air to circulate and it is proposed to install some air conditioning units.

GAP 6	Source budget provision and carry out installation of air conditioning units.	Target: 2017/18
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Crematorium extension and new equipment

GAP 7	Installation of new Cremators and extension to Mountsett Crematorium that comply with the requirements of the Environmental Permitting (England and Wales) Regulations 2007 – The Environmental Protection (England) (Crematoria Mercury Emissions) direction 2008	Target: 2017/18
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Redecoration

The Mountsett Condition Survey includes redecoration requirements and indicative costs (£12,500) with the majority of work required in 2019/20. Therefore it is proposed that this is placed on a two year cycle and that funding be secured in order to carry out this work. It is however appreciated that redecoration works may need to be aligned to the delivery of other maintenance and improvement works.

GAP 8	Secure a budget, and develop a 2 year schedule for internal and external redecoration	Target: April 2019
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Hearth replacement

The cremators will need new hearths installed.

GAP 9	Source budget provision and carry out Re-lining of hearth.	Target: 2020
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Re lining of cremators

The cremators will need new hearths installed.

GAP 10	Source budget provision and carry out Re-lining of hearth.	Target: 2022
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6.1.4 Accessibility

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

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

6.1.5 Energy

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

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

GAP 11	Determine the feasibility and cost of installing a heat exchanger system and of installing Solar PV Panels	Target: 2017-2025
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7. Closing the gaps in our Provision

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

7.1 How we intend to close the 'gap'

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

7.1.1 Reserve Fund

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

The Reserve Fund presently comprises:

Reserve	Balance @ 1 st April 2016 £	Transfer to Reserve £	Transfer from Reserve £	Balance @ 31 st March 2017 £
Cremator Replacement	(927,542)	(265,983)	21,330	(1,172,195)
Repairs	(73,616)	(15,000)	64,094	(24,522)
General	(242,070)	(21,330)	0	(263,400)
Total	(1,243,228)	(302,313)	85,424	(1,460,117)

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

General repairs and maintenance	Equipment Repairs and Servicing	Total R&M budget
£7,000	£14,500	£21,500

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

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

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

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

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

7.3.1 Options Appraisals and Criteria for Determining Priorities

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

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

Members have agreed an option with regards to the Crematorium Improvement Works.

This work is to be funded by a mixture of earmarked reserves and a loan.

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

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

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

GAP IDENTIFIED			OPTION 1	OPTION 2
GAP 1	Secure a budget, and develop a 2 year schedule for internal and external redecoration		Do Nothing	Maintenance Plan
GAP 2	Carry out the Replacement of carpets in office area		Do Nothing	Maintenance Plan
GAP 3	Carry out the erection of a memorial towers.		Do Nothing	Maintenance Plan
GAP 4	Carry out the replacement of lectern within chapel.		Do Nothing	Maintenance Plan
GAP 5	Carry out improvement works to shrub beds.		Do Nothing	Maintenance Plan
GAP 6	Carry out the installation of air-conditioning to chapel area.		Do Nothing	Maintenance Plan
GAP 7	Installation of new crematorium extension building in order to house new cremators and associated plant		Do Nothing	Maintenance Plan
GAP 8	Secure a budget, and develop a 2 year schedule for internal and external redecoration		Do Nothing	Maintenance Plan
GAP 9	Carry out the relining of hearth		Do Nothing	Maintenance Plan
GAP 10	Carry out the relining of cremators		Do Nothing	Maintenance Plan
GAP 11	Determine the feasibility and cost of installing a heat exchanger system and of installing Solar PV Panels		Do Nothing	Maintenance Plan

7.3.2 Risk Assessments

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

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

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

	GAP IDENTIFIED	RISK IDENTIFIED	MITIGATION
GAP 1	Secure a budget, and develop a 2 year schedule for internal and external redecoration	<ol style="list-style-type: none"> The Reserve fund resources available to carry out repairs outside the urgent and essential category at Gap 2 above will not suffice Re-decoration on a 2 year cycle will not align with maintenance plan (Gap 2) 	<ol style="list-style-type: none"> Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund. Develop a suitable re-decoration investment plan and align this with urgent and essential category works
GAP 2	Carry out the replacement of carpets in office area.	<ol style="list-style-type: none"> The cost of replacement is £10,000 Resources may not be available to replace items 	<ol style="list-style-type: none"> Develop a suitable investment plan for repair. Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 3	Source suitable budget to install a smaller memorial towers in crematorium grounds.	<ol style="list-style-type: none"> Memorial plaque sales are increasing and other alternatives require investigation. Resources may not be available to carry out work 	<ol style="list-style-type: none"> Develop a suitable investment plan for installation. Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 4	Carry out the replacement of lectern in chapel	<ol style="list-style-type: none"> Current lectern unable to adjust height. 	<ol style="list-style-type: none"> Develop a suitable investment plan for

	GAP IDENTIFIED	RISK IDENTIFIED	MITIGATION
GAP 5	Source suitable budget to replace shrub beds.	<p>2.Resources may not be available to carry out work</p> <p>1. The shrub beds have been in place for a number of years and require upgrading.</p> <p>2.Resources may not be available to carry out work</p>	<p>repair.</p> <p>2 Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund</p> <p>1. Develop a suitable investment plan for replacement.</p> <p>2 Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund</p>
GAP 6	Source suitable budget to install air conditioning units in chapel area.	<p>1. Resources may not be available to carry out work.</p>	<p>1. Develop a suitable investment plan for installation.</p> <p>2 Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund</p>
GAP 7	Delivery of new Cremators to Mountsett Crematorium that comply with the requirements of the Environmental Permitting (England and Wales) Regulations 2007 – The Environmental Protection (England) (Crematoria Mercury Emissions) direction 2008	<p>1. Cremator Reserve Fund will not be sufficient to meet the needs of replacement in 2017-2025</p> <p>2. Use of service will decline and will impact on Reserve balance</p> <p>3. May be subject to adverse publicity</p> <p>4. Failure before target date.</p>	<p>1 & 2 Reserve Fund for cremator replacement including mercury abatement is on target for 2020. Based on current estimates for replacement and service demand it is estimated that the fund will have a 50% surplus</p> <p>3. Establish clear lines of communication with all interested parties and undertake consultation</p> <p>4. Increase charges.</p>
GAP 8	Secure a budget, and develop a 2 year schedule for internal and external redecoration	<p>1. The Reserve fund resources available to carry out repairs outside the urgent and essential category at Gap 2 above will not suffice</p> <p>2. Re-decoration on a 2 year cycle will not align with maintenance plan (Gap 2)</p>	<p>1 Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund.</p> <p>2 Develop a suitable re-decoration investment plan and align this with urgent and essential category works</p>
GAP 9	Carry out Re-lining of hearths	<p>1. Cremators require new hearths.</p> <p>2. Resources may not be available to carry out these works.</p>	<p>1. Develop a suitable investment plan for re-placement work</p> <p>2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund</p>
GAP 10	Carry out Re-lining of cremators	<p>1. Existing cremators requires re-lining.</p> <p>2. Resources may not be available to carry out</p>	<p>1. Develop a suitable investment plan for re-line work</p>

	GAP IDENTIFIED	RISK IDENTIFIED	MITIGATION
GAP 11	Determine the feasibility and cost of installing a heat exchanger system and of installing Solar PV Panels	<p>these works.</p> <ol style="list-style-type: none"> 1. Energy costs and co² emissions will not be reduced. 2. Associated project delivery costs and feasibility will prohibit delivery of the project. 	<ol style="list-style-type: none"> 2. Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund 1. Carry out a feasibility study to determine associated costs and potential to deliver project. 2. Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund.

8. Our Priorities for Delivery

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

8.1 Cremator Replacement and Relining

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

Notwithstanding the legislative imperative above, there also exists the issue of operational costs and CO² emissions (Section 4 above) and potential rising maintenance and repair costs. The cremators lifespan in 2015 is estimated to be approximately 10 years and as the cremators get older costs associated with maintenance and repair will rise, and parts will be obsolete. A 3 year service contract is in place with Phoenix Partnership to cover the period of 2013-2016 inclusive to ensure optimum levels of maintenance.

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

- No1 Cremator 2022, 2027, after 15 years
- No2 Cremator 2022, 2027,

Cremator Hearth Replacement:

- No1 Cremator 2020, 2023,2026
- No2 Cremator 2020, 2023,2026



Chapel



Crematorium

8.2 Outstanding Repairs (Identified in the Condition Survey)

In the short (2017/18) to medium term (2018/19) our aim is to address those urgent repair and maintenance works, identified in our Condition Survey and those repairs identified by the Bereavement Services Manager.

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

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

8.2.1 Maintenance Plan

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

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

Over the next year we will continue to address any reactive needs in the estate, as and when they may arise, and we will also seek to undertake planned maintenance works. Those works which need to be considered for investment are listed below, with any works not addressed during 2016/17-17/18, rolled forward.

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

Planned Maintenance 2017/18 Priority 1

PROJECT	Budget	EST COST
Re-Decoration Works	Premises	£ 12,500*
Carry out extension to crematorium + cremators	Reserves / Borrowing	£ 2,507,757*
Installation of Memorial Tower	Premises	£ 6,000*
Installation of air conditioning	Premises	£ 15,000*
Replacement of lectern	Premises	£ 2,500*
Replacement of carpets to office area	Premises	£ 10,000*
Re vamp of remaining existing shrub beds	Premises	£ 8,000*
ESTIMATED TOTAL SPEND		£ 2,561,757

Planned Maintenance 2018/19 Priority 2

PROJECT	Budget	EST COST
Installation of Memorial Tower	Premises	£ 6,000*
ESTIMATED TOTAL SPEND		£ 6,000

Planned Maintenance 2019/20 Priority 3

PROJECT	Budget	EST COST
Re-Decoration Works	Premises	£ 12,500
Installation of Memorial Tower	Premises	£ 6,000*
ESTIMATED TOTAL SPEND		£ 18,500

Planned Maintenance 2020 onwards Priority 4

PROJECT	Budget	EST COST
Re-Decoration Works	Premises	£ 12,500
Carry out Re-lining of 2 cremators x1	Premises	£ 71,000*
Carry out Re-lining of 2 hearths x1	Premises	£ 8,500*
ESTIMATED TOTAL SPEND		£ 92,000

8.3 Suitability

In the short term (2017/18), our aim is to address those issues works which have potential health and safety implications. Our priority will also be to ensure that our crematorium continues to meet the expectations of all our service users, and demonstrates a professional and dignified service. In the medium term (2018-19) our aim is therefore, to address those issues identified in the feasibility report.

8.4 Accessibility

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

9. Financial Resources Available to Deliver our Priorities

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

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

- Repairs and Maintenance Revenue Budget
- Contributions from the Repairs Reserve
- Reduced contributions to the Repairs Reserve in future years
- Prudential Borrowing

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Mountsett Crematorium Joint Committee

28 September 2016

Financial Monitoring Report – Position at 31/08/16, with Projected Outturn at 31/03/17



Joint Report of Oliver Sherratt – Interim Corporate Director: Neighbourhood Services; Paul Darby – Interim Corporate Director: Resources and Treasurer to the Joint Committee.

Purpose of the Report

1. The purpose of this report is to set out details of income and expenditure in the period 1 April 2016 to 31 August 2016, together with the provisional outturn position for 2016/17, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
2. The report also details the funds and reserves of the Joint Committee at 1 April 2016 and forecast outturn position at 31 March 2017, taking into account the provisional financial outturn.

Background

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

Financial Performance

4. Budgetary control reports, incorporating outturn projections, are considered by 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 outturn projections for the Mountsett Crematorium are included within this report.
5. The figures contained within this report have been extracted from the General Ledger and have been scrutinised and supplemented with information supplied by the Bereavement Services Manager. The following table highlights the provisional outturn financial performance of the Mountsett Crematorium:

Subjective Analysis	Base Budget 2016/17 £	Year to Date Actual April – August £	Probable Outturn 2016/17 £	Variance Over/ (Under) £
Employees	141,717	45,193	138,861	(2,856)
Premises	166,790	141,995	206,421	39,631
Transport	600	136	600	0
Supplies & Services	89,820	23,804	101,368	11,548
Agency & Contracted	7,100	4,421	7,295	195
Central Support Costs	26,100	0	26,100	0
Gross Expenditure	432,127	215,549	480,645	48,518
Income	(878,000)	(405,947)	(1,008,070)	(130,070)
Net Income	(445,873)	(190,398)	(527,425)	(81,552)
Transfer to (from) Reserves				
- Repairs Reserve	15,000	0	(49,246)	(64,246)
- Cremator Reserve	265,983	0	411,781	145,798
- General Reserve	0	0	0	0
Distributable Surplus	(164,890)	0	(164,890)	0
65% Durham County Council	107,178	26,795	107,178	0
35% Gateshead Council	57,712	14,428	57,712	0
Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2016 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2017 £
Repairs Reserve	73,616	15,000	(64,246)	24,370
Cremator Reserve	927,542	411,781	(21,330)	1,317,993
General Reserve	242,070	21,330	0	263,400
Total	1,243,228	448,111	(85,576)	1,605,763

Explanation of Significant Variances between Original Budget and Forecast Outturn

6. As can be seen from the table above, the projected outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £527,425 against a budgeted surplus of £445,873, (£81,552) more than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis areas:

6.1 **Employees**

The outturn shows an underspend of **(£2,856)** in relation to employee costs. The reasons for this are identified below:

- An underspend of **(£2,856)** is projected for the vacant period relating to the Business Admin Apprentice post.

6.2 **Premises**

The outturn shows an overspend of **£39,631** in relation to premises costs. The reasons for this are identified below:

- Major repairs are projected to overspend by **£5,010**, mainly due to additional spend on the road and car park resurfacing budget.
- A successful appeal against the rateable value of the Crematorium last year has resulted in a revised Business Rate charge in 2016/17 of £20,377 compared to the budget of £45,000, a saving of **(£24,623)**.
- Costs relating to the car park extension have resulted in an approved overspend of **£64,246**
- Gas charges are projected to underspend by **(£5,002)** due to falling gas prices.

6.3 **Supplies and Services**

The outturn shows an overspend of **£11,548** in relation to supplies and services. The reasons for this are highlighted below:

- General and sundry items are expected to be overspend by **£1,673**.
- It is anticipated that the Book of Remembrance calligraphy costs will be overspent by **£1,000**.
- Due to the projected increase in cremations medical referee expenditure is projected to overspend by **£3,135**.
- The environmental surcharges payable for tradable mercury abated cremations from the CAMEO scheme is predicted to overspend by **£5,740**, again due to the increase in cremation numbers.

6.4 **Income**

An increase in income of **(£130,070)** from the 2016/17 budget is included within the outturn. The reasons for this are identified below:

- The updated outturn projection has taken into consideration a forecast additional 190 more cremations compared to budget, totalling an increased income to budget of **(£123,500)**. The outturn allows for a total of 1,490 cremations against a budget estimate of 1,300 during the 2016/17 financial year.

- Miscellaneous income is projected to be higher than budget by **(£2,714)**.
- Book of Remembrance and Memorial Plaque income is forecast to be **(£3,857)** higher than budget.

6.5 ***Earmarked Reserves***

Contributions to the earmarked reserves are forecast as **(£81,552)** more than originally budgeted, primarily due to the increase in cremation income during the year.

In line with the MCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **(£21,330)** is required in year. This results in a net transfer to the Cremator Replacement Reserve of **£390,451**.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2016 are forecast to be **£1,342,363**, along with a General Reserve of **£263,400**, giving a forecast total reserves and balances position of **£1,605,763** at the year end.

Recommendations and reasons

7. It is recommended that:

- Members note the April to August 2016 revenue spend financial monitoring report and associated provisional outturn position at 31 March 2017, including the projected year end position with regards to the reserves and balances of the Joint Committee.

Contact(s): Philip Curran, Finance Manager – Neighbourhoods	03000 261 967
Ed Thompson, Principal Accountant	03000 263 481

Appendix 1: Implications

Finance

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

Staffing

There are no staffing implications associated with this report.

Risk

The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information supplied by the Bereavement Services Manager. The projected outturn has been produced taking into consideration spend to date, trend data and market intelligence, and includes an element of prudence. This, together with the information supplied by the Bereavement Services Manager should mitigate the risks associated with achievement of the forecast outturn position.

Equality and Diversity / Public Sector Equality Duty

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

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

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

Human Rights

There are no Human Rights implications associated with this report

Consultation

None. However, Officers of Gateshead Council were provided with a copy of the report and given opportunity to comments / raise any detailed queries on the contents of this report in advance of circulation to members of the Joint Committee.

Procurement

None

Disability Issues

None

Legal Implications

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

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Mountsett Crematorium Joint Committee**28 September 2016****Risk Register 2016/17**

**Joint Report of Oliver Sherratt – Interim Corporate Director:
Neighbourhood Services; Paul Darby – Interim Corporate Director:
Resources and Treasurer to the Joint Committee**

Purpose of the Report

1. To provide an update on the current position with regards to the Risk Register of the Mountsett Crematorium Joint Committee.

Background

2. A Risk Assessment report was presented to members at the April 2016 meeting which included a comprehensive risk register that identified all known risks of a Service and Operational nature, with all risks scored using the Durham County Council methodology approach to Risk Management. In approving the report, the Committee committed to regular monitoring and reporting of both strategic and operation risks.

Risk Assessment – September 2016

3. The Risk Register considered and approved by the Joint Committee on 29th April 2016 has been reviewed, reassessed and updated in accordance with the Durham County Council methodology/approach to Risk Management. This entails an assessment of both the gross and net risk from each area, the difference between the gross and net risk score being that the net risk result is after taking into account existing control measures.
4. In line with the previous report, two risk registers have been prepared, separately identifying Service and Operational risks.
5. Both sections of the Risk Register have been reviewed by the Risk Officer responsible for Neighbourhood Services and the Bereavement Services Manager. Net risk ratings have been agreed by consensus and actions to mitigate and/or tackle issues arising from the individual risks have been agreed for the forthcoming year.
6. The Service Risks (i.e. those that are key to the service achieving its strategic objectives and priorities for improvement, linked to service improvement plans and the budget setting cycle) have been plotted onto a risk matrix, based on Net Risk Scores. This is set out at Appendix 2. The risk matrix plots the risk to a grid based upon the assessment of likelihood and impact scores. The higher a risk is in the top right corner of the matrix the bigger a risk it is to the service.
7. The crematorium car park extension was completed on time.
8. Major refurbishment work involving installation of new cremators and an extension is due to start in January 2017. A full risk assessment for this project has been completed

and is attached in appendix 4. This will be updated in the April 2017 review once the works are underway.

9. As with Service Risks, the Operational Risks (i.e. those that are key to the operational areas of the service which relate to individual tasks carried out on a routine basis) have also been plotted onto a risk matrix and these are set out at Appendix 3.
10. There have been no changes to the remaining Operational Net Risk Scores following the review and all risks are considered to be at a tolerable level.

Embedding Risk Management - Monitoring and Review

11. In order to ensure that risk management is embedded and that the risk register is kept up to date, regular reviews will continue to be carried out to ensure any new and emerging risks are identified, existing risks are removed if no longer appropriate and existing risks are reviewed taking into account current issues.

Conclusions

12. The original risk register has been revised and updated and rescored in accordance with Durham County Council criteria.

Recommendations

13. It is recommended that:

- Members of the Mountsett Joint Crematorium Committee note the content of this report and the updated position.
- The Risk Registers be kept up to date and reviewed by the Joint Committee on a half yearly basis.

Background Papers

- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 29 April 2016.
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 25 September 2015.
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 24 April 2015.
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 3 October 2014.
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 4 October 2013.
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 31 January 2013
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – September 2012
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 27 January 2012
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 30 September 2011
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 4 February 2011
- Risk Assessment – Report to Mountsett Crematorium Joint Committee –

23 September 2010

- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 29 January 2010
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 12 June 2009
- External Audit Report – Report to Mountsett Crematorium Joint Committee – 30 October 2009

Contact(s):	Ed Thompson, Principal Accountant	03000 263 481
	Teresa Morgan, Strategic Insurance & Risk Officer	03000 269 666

Appendix 1: Implications

Finance

There are no financial implications associated with this report. Exposure to financial risk is integral to the gross and net risk assessments undertaken and included in the Risk Registers attached at Appendix 2 and 3.

Staffing

There are no staffing implications associated with this report.

Risk

There are no implications in this report

Equality and Diversity / Public Sector Equality Duty

There are no implications in this report

Accommodation

There are no implications in this report

Crime and Disorder

There are no implications in this report

Human Rights

None

Consultation

Officers of Gateshead Council were consulted on the contents of this report.

Procurement

None

Disability Issues

None

Legal Implications

None

Appendix 2: Service Risk Register

RISK MATRIX							
5	Highly Probable						LIKELIHOOD
4	Probable						
3	Possible		9				
2	Unlikely		3, 6				
1	Remote		1, 2, 4, 5, & 7	8			
		Insignificant (Score 1-3)	Minor (Score 4-6)	Moderate (Score 7-9)	Major (Score 10-12)	Critical (Score 13-15)	
		IMPACT					

Risk No.	Risk – By Risk Number	Net Risk Score	Ranking
1	Not implementing changes in legislation	6	5
2	Non compliance with the current fire order	6	5
3	Sickness absence of Key staff	20	1
4	Disclosure of confidential information through incorrect disposal/maintenance of information	5	8
5	Failure of Cremators	6	5
6	Power Failure	10	3
7	Loss of Income/Money	5	8
8	Breakdown of Partnership	7	4
9	Managing Excess Deaths	12	2

Risk. No.	Risk – Ranked by Net Risk Score	Net Risk Score	Ranking
3	Sickness absence of key staff	20	1
9	Managing Excess Deaths	12	2
6	Power Failure	10	3
8	Breakdown of Partnership	7	4
1	Not implementing changes in legislation	6	5
2	Non compliance with the new fire order	6	5
5	Failure of Cremators	6	5
4	Disclosure of confidential information through incorrect disposal/maintenance of information	5	8
7	Loss of Income/Money	5	8

Appendix 3: Operational Risk Register

RISK MATRIX							
5	Highly Probable						LIKELIHOOD
4	Probable						
3	Possible						
2	Unlikely		7				
1	Remote	8	2,3,4,5	1,6			
		Insignificant (Score 1-3)	Minor (Score 4-6)	Moderate (Score 7-9)	Major (Score 10-12)	Critical (Score 13-15)	
IMPACT							

Risk. No.	Risk – By Risk Number	Net Risk Score	Ranking
1	Injury to staff and visitors	7	2
2	Exterior Pathways and Steps	5	5
3	Use of hand tools and machinery for gardening	5	5
4	Cleaning Duties	5	5
5	Violence/Assault from Member of the Public	6	4
6	Fire	7	2
7	Risk Assessments and Reviews not undertaken	10	1
8	Slips, trips and falls	3	8

Risk. No.	Risk – Ranked by Net Risk Score	Net Risk Score	Ranking
7	Risk Assessments and Reviews not undertaken	10	1
1	Injury to staff and visitors	7	2
6	Fire	7	2
2	Exterior Pathways and Steps	5	5
3	Use of hand tools and machinery for gardening	5	5
4	Cleaning Duties	5	5
5	Violence/Assault from Member of the Public	6	4
8	Slips, trips and falls	3	8

Appendix 4: New Risk

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium	
Risk	New Risk	
Risk Owner	Graham Harrison	
Detail of Risk	Strategic Risk Adverse impact on Crematorium business due to the building of a new extension to house the new cremators works to start January 2017	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> Contractors do not satisfactorily manage site safety and disruption due to refurbishment Contractors do not complete the project on time and within budget. 	
Potential Impact	<ul style="list-style-type: none"> Injury to members of the public/ staff. Loss of income due to clients being put off by the surroundings of the crematorium while works being carried out during opening hours. Reputational damage. Adverse financial impact. 	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	2	
Service Delivery Impact (1 to 5)	4	
Stakeholder Impact (1 to 5)	3	
Total Gross Impact Score (sum above)	9 (Moderate)	
Likelihood (1 to 5)	4 (Probable)	
Total Gross Risk Score (Total Impact * Likelihood)	36	
Existing Control Measures		
<ul style="list-style-type: none"> Contractor's supervisor will be on site at all times during the works to ensure works are left in safe state. Contractors on site during crematorium opening hours but the works being carried out are at the rear of the building which has limited public access. 		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	3	
Total Net Impact Score (sum above)	7 (Moderate)	
Likelihood (1 to 5)	3 (Possible)	
Total Net Risk Score (Total Impact * Likelihood)	21	
CONCLUSION		
<ul style="list-style-type: none"> TOLERATE after taking into account existing control measures and planned actions 		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Contractor & Bereavement Services Manager to complete a risk assessment of the works prior to commencement of the build.	G Harrison	31/12/16
Completed by	Date	
T Morgan/G Harrison	17 th August 2016	

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Mountsett Crematorium Joint Committee

28 September 2016

Annual Review of the System of Internal Audit



Joint Report of Oliver Sherratt – Interim Corporate Director: Neighbourhood Services; Paul Darby – Interim Corporate Director: Resources and Treasurer to the Joint Committee

Purpose of the Report

1. The purpose of this report is to advise the Joint Committee of a review of effectiveness of the Durham County Council Internal Audit Service, which was carried out by the County Council's Audit Committee in July 2016.

Background

2. The Joint Committee's internal audit provider is Durham County Council Internal Audit Services. The service is delivered in accordance with a Service Level Agreement (SLA) approved by the Joint Committee in January 2014.
3. In order to place reliance on the work of internal audit, and the annual audit opinion provided through it on the adequacy and effectiveness of the control environment operating across the Joint Committee, it is important that the Joint Committee is assured that the service is effective.
4. Under the Accounts and Audit Regulations 2011, Durham County Council as a large public body is required to carry out an annual review of the effectiveness of its Internal Audit Service. Whilst there is no such legal requirement for the Joint Committee as a small body under these regulations to do likewise, assurance can be provided on the effectiveness of the service provided to the Joint Committee from this review.

Conformance with UK Public Sector Internal Audit Standards (PSIAS)

5. In April 2013, the Public Sector Internal Audit Standards (PSIAS) became effective. These standards apply to Internal Audit in all parts of the public sector in the UK and are mandatory. The standards are intended to reflect that "a professional, independent and objective internal audit service is one of the key elements of good governance".
6. The PSIAS introduced a requirement for an external assessment of an organisation's internal audit function, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.

7. Durham County Council, Newcastle City Council, South Tyneside Council and North Tyneside Council group have established a 'peer-review' process that is managed and operated by the constituent authorities. This process addresses the requirement of external assessment by 'self-assessment with independent external validation' and this report presents the summary findings of the review carried out on behalf of Durham County Council.
8. The outcome of this assessment is attached as Appendix 2.

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

9. The Audit Committee considered a report presented by the Chief Internal Audit and Fraud Manager that provided evidence on the effectiveness of the service during 2015/16, that incorporated the outcomes of the external assessment. Having considered the evidence, the Committee concluded that sufficient assurance had been provided that the service was effective. In reaching this conclusion regarding the current arrangements for Internal Audit, the Committee considered:
 - The structure and resourcing level, including qualifications and experience of the audit team.
 - The extent of conformance with the PSIAS in producing quality work.
 - Ensuring audit work was successfully delivered in the most appropriate areas on a prioritised (risk) basis.
 - The overall performance of the Internal Audit team.

Other Relevant Performance Indicators

10. Following each annual audit, a post audit satisfaction survey is issued to the Crematorium Superintendent. The feedback from the 2015/16 audit returned an average score of 5 where 1 is very poor and 5 is very good.

Recommendation and Reasons

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

Background Documents

Report to DCC Audit Committee 29 July 2016

Contact(s): Paul Darby, Interim Corporate Director: Resources

Appendix 1: Implications

Finance

None

Staffing

None

Risk – Not a key decision

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

None

Procurement

None

Disability Issues

None

Legal Implications

Compliance with the Account and Audit Regulations 2011

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DURHAM COUNTY COUNCIL

PEER REVIEW OF INTERNAL AUDIT AGAINST THE UK PUBLIC SECTOR INTERNAL AUDIT STANDARDS

**CARRIED OUT BY:
NEWCASTLE CITY COUNCIL**

REPORT DATE: JULY 2016

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1. Introduction

- 1.1 In April 2013, the Public Sector Internal Audit Standards (PSIAS) became effective. These standards apply to Internal Audit in all parts of the public sector in the UK and are mandatory. The standards are intended to reflect that “a professional, independent and objective internal audit service is one of the key elements of good governance”.
- 1.2 The PSIAS introduced a requirement for an external assessment of an organisation’s internal audit function, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.
- 1.3 Durham County Council, Newcastle City Council, South Tyneside Council and North Tyneside Council have established a ‘peer-review’ process that is managed and operated by the constituent authorities. This process addresses the requirement of external assessment by ‘self-assessment with independent external validation’ and this report presents the summary findings of the review carried out on behalf of Durham County Council.
- 1.4 The assessment was carried out April and May 2016.

2. Purpose

- 2.1 The purpose of the external assessment is to help improve delivery of the Internal Audit Service and establish whether governance requirements relating to provision of the Service are embedded. The assessment should be a supportive process that identifies opportunities for development and enhances the value of the audit service to the authority.

3. Approach/Methodology

3.1 Review of Self-Assessment

The Chief Audit Executive (Chief Internal Auditor and Corporate Fraud Manager) had completed a self-assessment of Durham County Council’s Internal Audit Service, and its compliance with the Standards. The self-assessment was used as the basis for the external assessment, which was then evidenced with reference to a range of internal and published documentation.

3.2 Further Evidence Gathering and Testing

Operational practices were discussed with the Chief Internal Auditor and Corporate Fraud Manager and the Audit and Fraud Managers.

A meeting was held with the Corporate Director, Resources to explore the key expectations of the Internal Audit Service.

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To support and further inform the assessment, a sample of internal audit files was randomly selected and compared against the requirements of the Standards and the related Local Government Application Note. The files selected for review were:

- Agency Staff
- Licensing
- Internet Security
- Budgetary Control (Durham Constabulary)

4. Opinion of External Assessment

- 4.1 This external assessment concludes that Durham County Council's Internal Audit Service **conforms** to the requirements of the Public Sector Internal Audit Standards. There are some areas which require action but these do not significantly impact on the overall opinion.

5. Executive Summary

- 5.1 It was evident from the self-assessment, review of supporting evidence and on site interview with the Corporate Director, Resources that the Service is valued and is seen as making a positive contribution to the continuous improvement of governance, risk management and internal control.
- 5.2 The Service is viewed as independent, operating to ethical standards and operates with a high level of professionalism and integrity. This is achieved through the planned programme of audit work but also the engagement and involvement of the Service in system development and working groups looking at changing ways of working. This is further enhanced by the Corporate Fraud Team sitting directly under the management of the Chief Internal Auditor and Corporate Fraud Manager.
- 5.3 The Corporate Director, Resources expressed his opinion that the leadership style of the Chief Internal Auditor and Corporate Fraud Manager has made a significant impact in improving both the profile and perceived value of the Service since his appointment. This is supported by the Service winning external business in the recent past.

6. Findings

- 6.1 The Public Sector Internal Audit Standards include a specific definition of Internal Auditing (expected to be used whenever the function of internal audit is explained, for example in the Audit Charter); a Code of Ethics and eleven specific standards. The standards are divided into attribute standards and performance standards as follows:

Attribute Standards

- Purpose, authority and responsibility
- Independence and objectivity
- Proficiency and due professional care

- Quality assurance and improvement programme

Performance Standards

- Managing the internal audit activity
- Nature of work
- Engagement planning
- Performing the engagement
- Communicating results
- Monitoring progress
- Communicating the acceptance of risks

6.2 The evidence examined as part of the assessment demonstrated that the Internal Audit Service was compliant with the majority of the Standards. A summary of this is detailed below.

Purpose, authority and responsibility

6.3 Internal Audit has an Audit Charter which defines its purpose, authority and responsibility. The Charter was last revised in June 2015 and approved by the Audit Committee.

Independence and Objectivity

6.4 The Chief Audit Executive was appointed by management not the Board. Whilst this is not in accordance with PSIAS it is in line with standard practice within Local Government and in our opinion is an appropriate deviation from the Standard.

6.5 The Standards expect feedback to be sought from the Chair of the Audit Committee and Chief Executive as part of the Chief Audit Executive's performance appraisal. At present, this appraisal is performed by the Corporate Director, Resources who confirmed that informal feedback is provided throughout the year and this informs the appraisal process. In our opinion this is an appropriate approach and in line with standard practice within Local Government.

6.6 All staff within the service are required to complete a Record of Personal Interests, including a statement confirming they understand PSIAS and the requirements of the Code of Ethics and the Seven Principles of Public Life, on an annual basis. However, the declarations completed early in the 2015/16 financial year could not be located at the time of the assessment. The previous declarations, completed by most staff in July / August 2013 (January 2014 for the Corporate Fraud Team), are the latest declarations held.

6.7 The roles of the Audit and Fraud managers within the Service are not periodically rotated due to their experience and knowledge of the areas they oversee although arrangements are in place to rotate staff completing audits. This should be kept under review to ensure there is no actual or perceived conflict of interest which could compromise independence and objectivity.

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Proficiency and due professional care

- 6.8 The Chief Audit Executive is professionally qualified (CIPFA) and has over 20 years of experience working in local government. Staff within the Service have a range of financial qualifications and a number of individuals are currently studying. The Service also possess qualifications and experience in the areas of fraud and IT.

Quality assurance and improvement programme

- 6.9 The Chief Audit Executive has a formally documented Quality Assurance and Improvement Programme (QAIP) Framework which was agreed in October 2015. This comprises 2 elements:

- Internal Review
Incorporating quality assurance checks on samples of completed audits and performance reporting of internal audit activity. The outcomes of these were reported to Audit Committee in June 2015 as part of the Annual Review of the System of Internal Audit.
- External Review
The Standards require an external assessment at least once every five years. This peer review assessment satisfies this requirement of the Standard.

Managing the internal audit activity

- 6.10 There is a robust audit planning process in place which involves consultation with key stakeholders including Service Group Management Teams, Corporate Management Team and Audit Committee. The audit plan also demonstrates clear links to the objectives within the Council's corporate plan.
- 6.11 The Chief Audit Executive has overseen the development of the Assurance Map for the Council and has used this to inform audit planning for 2016/17.

Nature of work

- 6.12 The Service's systems and processes for undertaking work are supported by the Audit Manual and the use of the Galileo audit management system which contains all information relevant to individual assignments.
- 6.13 The Chief Audit Executive is also responsible for the Risk Management section within the Council and this enables them to understand the arrangements in place. A Fraud Risk Register is also maintained. Independent peer reviews are undertaken by external sources where appropriate.

Engagement planning

- 6.14 A terms of reference is prepared and agreed for each assignment. The terms of reference identifies key officers, audit objectives, audit scope, approach, reporting arrangements and anticipated timescale for completion.
- 6.15 The planned dates for completion and associated resource budgets are recorded within the Galileo system to enable managers to monitor progress.
- 6.16 When reviewing a sample of personal interest records one auditor declared their mother worked in an area where they subsequently undertook audit work. Whilst it is clear that this did not impact upon the audit and there was no conflict this should have been highlighted as a potential conflict at the outset and risk assessed to confirm independence could not be compromised.

Performing the engagement

- 6.16 Detailed working papers are held on Galileo to support each engagement undertaken. These are completed by the auditor and reviewed by the responsible supervising officer assigned to the engagement.
- 6.17 The quality assurance and improvement programme reviews a sample of engagements. These are supported by sufficient, appropriate evidence and are completed to expected standards.

Communicating results

- 6.18 There are established mechanisms in place for discussing and agreeing audit reports. The final reports contain the internal auditor's opinion, an action plan which prioritises recommendations and management responses to the recommendations made. There is no indication that management unduly influence the outcomes of the audit.
- 6.19 The Chief Audit Executive produces an annual internal audit opinion which concludes on the overall adequacy and effectiveness of the County Council's framework of governance, risk management and control. This includes all expected elements. However, it does not explicitly state that there are no qualifications to the opinion.

Monitoring progress

- 6.20 All recommendations made are recorded within the Galileo audit management system and there are formal follow up processes in place. Recommendations follow up forms part of quarterly monitoring reports to Audit Committee and senior management are provided information in advance of these meetings.

Communicating the acceptance of risks

- 6.21 There are no examples of management accepting a level of risk which is unacceptable to the Council. However, should this be the case the formal

reporting mechanisms to Audit Committee provide an appropriate route to raise such concerns.

7 Impact of non-conformance and steps to be taken to ensure conformance.

- 7.1 Any non-conformance with the standards and the impact must be disclosed to senior management and the Audit Committee. The Chief Internal Auditor has agreed that an action plan will be drafted to respond to the areas of non-conformance for consideration by the Audit Committee. (Appendix 1)

8 Conduct of the External Assessment

- 8.1 This external assessment of Durham County Council's Internal Audit Service has been conducted in accordance with Standard 1312 (External Assessments) of the Public Sector Internal Audit Standards and the related CIPFA Local Government Application Note.
- 8.2 Such external assessments must be conducted at least once in every five years by a qualified, independent assessor / assessment team from outside the organisation.
- 8.3 The qualified assessor / assessment team must demonstrate competence in two areas – the professional practice of internal auditing, and the external assessment process.
- 8.4 Regarding competence, the Standards state that experience gained in organisations of similar size, complexity, sector or industry and technical issues is more valuable than less relevant experience.
- 8.5 Regarding independence, the independent assessor must not have either a real or an apparent conflict of interest and must not be a part of, or under the control of, the organisation to which the internal audit activity belongs.
- 8.6 I certify that as the external assessor as defined in the PSIAS, I am a qualified Accountant (ACCA Affiliate) and have 18 years of audit experience. For the last 10 years my experience has been gained in a comparable sector (local government). I have no conflict of interest in performing this assessment in respect of Durham County Council's Internal Audit Service – I am not a part of, or under the control of, Durham County Council.

Ian Pattison
Principal Auditor
Newcastle City Council
Civic Centre
Newcastle upon Tyne
NE1 8QH

Appendix A – Action Plan

Observation	Recommendation	Management response
<p>The Record of Personal Interests completed for the 2015/16 audit year could not be located.</p>	<p>All staff should complete an up to date Record of Personal Interests and these should be retained by the Chief Internal Auditor and Corporate Fraud Manager.</p>	<p>These had been completed but due to an office move have been destroyed in error. There exercise is completed annually and going forward have been made electronic so this cannot happen again in the future.</p>
<p>The roles of the Audit and Fraud managers are not periodically rotated due to their experience and knowledge of the areas they oversee.</p>	<p>The Chief Internal Auditor and Corporate Fraud Manager should consider rotation of the Audit and Fraud managers. If this is not feasible he should keep the situation under review to ensure there is no actual or perceived conflict of interest which could compromise independence and objectivity.</p>	<p>The situation will be kept under review and with the current reorganisation across the Council responsibilities are likely to change as a result.</p>
<p>When reviewing a sample of personal interest records one auditor declared their mother worked in an area where they subsequently undertook audit work. Whilst it is clear that this did not impact upon the audit and there was no conflict this should have been formally considered when planning the audit.</p>	<p>Where there is any potential conflict of interest a note should be retained on the audit file which confirms this has been risk assessed and management are satisfied independence could not be compromised.</p>	<p>Agreed that whilst this potential conflict had been reviewed it was not documented on the electronic file held within the Audit System (Galileo). A reminder to employees will be sent to document when reviews of this nature have been assessed.</p>
<p>The Internal Audit Annual Opinion does not explicitly state there are no qualifications to the opinion.</p>	<p>The Chief Internal Auditor and Corporate Fraud Manager should include a statement in his annual opinion which explicitly states there are no qualifications to his opinion.</p>	<p>Agreed. This has been included in the 2015/16 Internal Audit Annual Opinion to be presented to the Audit Committee on 30 June 2016.</p>

CONFIDENTIAL

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**Mountsett Crematorium
Joint Committee**



28 September 2016

**Provision of Internal Audit & Risk
Management Services 2017-2020**



Report of the Chief Internal Auditor and Corporate Fraud Manager

Purpose of the Report

1. The purpose of this report is to present the Committee with proposals for the continued delivery of Internal Audit and Risk Management Services by Durham County Council to cover the period April 2017 to March 2020.

Background

2. The current service level agreement for the provision of Internal Audit and Risk Management Services, approved by the Joint Committee at its meeting on 30 January 2014 expires on 31 March 2017.

Proposal

3. It is proposed that a 3 year SLA is agreed covering the period 2017/18 to 2019/20. In practice as the annual reporting of work carried out and the annual audit opinion is not concluded until after the financial year end the proposed agreement will continue up to June 2020. The proposed SLA, covering both internal audit and risk management services is attached at Appendix 2.
4. The proposed annual plan of work to be carried out under this agreement, reflecting the same level of service as currently supplied, is set out in Schedule 2 of the SLA. The annual fee for each of the 3 years, also shown in Schedule 2, is £5,670 for Internal Audit and £580 for Risk Management.
5. The SLA is supplemented by a detailed Internal Audit Charter which sets out the terms of reference and audit strategy for how the internal audit service is to be delivered. The Charter is subject to annual review and was last approved by the Joint Committee at its meeting of 29 April 2016.
6. In considering the agreement of the SLA, the Committee is reminded that each year the County Council's Audit Committee carries out a review of the effectiveness of the Internal Audit Service, in accordance with the requirements of the Accounts and Audit Regulations 2011.

7. As a smaller body under these regulations, there is no requirement for the Joint Committee to carry out such a review. However in accordance with previous practice, the outcomes of the last review, carried out via external assessment in May 2016, have been considered by the Treasurer to the Joint Committee. A report summarising the findings has been presented for consideration of the Joint Committee as a separate agenda item for this meeting.

Recommendations and Reasons

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

Background Documents

- Existing SLA covering the period April 2014 to March 2017
- Public Sector Internal Audit Standards that came into effect 1 April 2013, and CIPFA's accompanying Local Government Application Note (PSIAS and LGAN)
- Annual Review of Effectiveness – Report of Chief Internal Auditor and Corporate Fraud Manager to DCC Audit Committee 29 July 2016

Contact(s): Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager
Tel: 03000 269 645

Appendix 1: Implications

Finance

The annual audit fee is set out in the report.

Staffing

None

Risk – Not a key decision

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

Paul Darby, Interim Corporate Director: Resources, Durham County Council was consulted on the contents of this report.

Procurement

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

Disability Issues

None

Legal Implications

Compliance with the Account and Audit Regulations 2011

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Service Level Agreement

for the provision of Internal Audit Services to

MOUNTSETT CREMATORIUM JOINT COMMITTEE

2017-2020

AGREEMENT FOR THE PROVISION OF AN INTERNAL AUDIT SERVICE

**THIS AGREEMENT is made 28 September two thousand and sixteen
BETWEEN DURHAM COUNTY COUNCIL (the Council) and MOUNTSETT
CREMATORIUM JOINT COMMITTEE (“the Partnership”)**

1. PROVISION OF SERVICES

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

2. DURATION

- 2.1. This agreement will be effective from 01 April 2017 and will cover the 3 financial years 2017/18 to 2019/20 with work carried out in 2019/20 being concluded and reported by 30 June 2020, subject to cancellation as set out in clause 9.

3. THE COUNCIL’S OBLIGATIONS

3.1. Services

- 3.1.1. The scope of the Audit Service available to the Mountsett Crematorium Joint Committee is summarised in Schedule 1.
- 3.1.2. The Council will provide an Internal Audit service with all reasonable skill and care and in compliance with:
- The Accounts and Audit Regulations 2011
 - The UK Public Sector Internal Audit Standards
 - The Internal Audit Charter with sets out the terms of reference and audit strategy for how the service is to be delivered
 - The terms and conditions of this agreement
- 3.1.3. The Council will provide strategic risk management and corporate governance support, if required, in accordance with best professional practice, and as provided for in the audit fee provision (see clause 4.1.1).

3.2. Accommodation

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

3.3. Insurance

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

4. THE JOINT COMMITTEE'S OBLIGATIONS

4.1. Audit Fee Provision

- 4.1.1. To make available such audit fee provision as set out in Schedule 2 for the provision of agreed services for the year 2017/18 and the two subsequent years. Notwithstanding the contents of Schedule 2, the audit fee provision will be the subject of annual review and agreement by both parties as part of the Joint Committee's normal budget timetable. Final confirmation of the audit fee provision must be agreed no later than the 31st March in each year.
- 4.1.2. Both parties intend that the annual audit fee provision will be set at such a level as to cover the costs incurred by the Council in delivering the annual internal audit plan, any elements of risk management and / or corporate governance work and a contingency provision for unplanned work. An indicative annual budget and number of days allocated to each of these areas as at the date of this agreement is set out in Schedule 2.
- 4.1.3. The parties agree that, without affecting the annual audit fee provision and the principles set out in Schedule 2, at the Joint Committee's request;
- the percentage split between the service elements to be provided can be varied up to 10% provided always that the maximum number of days specified in Schedule 2 is not exceeded.
 - Any surplus (unused) contingency days in any financial year may be used during the same financial year on any element of work as agreed between the two parties.
 - Any surplus (unused) allocated days in any financial year not required for the delivery of the service up to a maximum of 10% (rounded up to the nearest day) of the total number of days may be treated as a credit and carried forward into the next financial year.
 - Any days which as a result of sickness absence across the Audit Team are unused will not be subject to such carry over. Under such circumstances all efforts will be made to deliver the plan but where this is not possible all available resources will be focused on the highest risk areas to give a reasonable level of assurance. The cost of any such days lost will be deducted from the annual audit fee.

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

4.2. Service Delivery

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

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

5. MANAGEMENT OF THE SERVICE

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

Contact details are:

Stephen Carter, Audit and Fraud Manager,
Internal Audit Service,
Durham County Council,
County Hall,
Durham
E-mail: stephen.carter@durham.gov.uk
Telephone 03000 269665

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

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

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

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

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

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

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

6. FRAUD AND IRREGULARITY

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

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

- 6.3 It will be the responsibility of the Audit and Fraud Manager in consultation with senior management to determine the most appropriate way to investigate the allegations. Where it is agreed an internal audit investigation is to be carried out the day to day management of the investigations will be the responsibility of the Audit and Fraud Manager.
- 6.4 A contingency provision (as set out in Schedule 2) will be included in the Audit Plan to allow for unplanned work to be undertaken. Use of the contingency provision allocation will be agreed between the parties and the provisions of clause 4.1.3, (surplus/insufficient contingency days), will apply.

7. INFORMATION AND CONFIDENTIALITY

- 7.1. Each party will provide all information within its control necessary to enable the other to discharge its obligations under this agreement.
- 7.2. Neither party shall, without the written consent of the other party, make use of for its own purposes or disclose or allow to be disclosed to any person, (except as may be required by law or by an authorised body in evaluating the Internal Audit work e.g. external audit), this Agreement or any material connected with it.

8. DATA PROTECTION AND FREEDOM OF INFORMATION

- 8.1. Each party will:
- 8.1.1. Comply with the Data Protection Act 1998
- 8.1.2. Maintain the confidentiality of personal data to which it has authorised access under the terms of this Agreement
- 8.1.3. Take reasonable technical and organisational measures against the unauthorised or unlawful processing of personal data and against the accidental loss of destruction of or damage to personal data (including adequate back up procedures and disaster recovery systems).
- 8.1.4. Provide such assistance and/ or information reasonably required by the other in connection with any requests for information received by that party under the Freedom of Information Act 2000.

9. TERMINATION

- 9.1 Either party may terminate the agreement before the 1st April 2020 by giving the other not less than 12 months prior written notice.

10. VARIATION

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

AS WITNESSED

Signed by:.....

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

Date

Signed by:.....

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

Date

SERVICES TO BE PROVIDED

The following services may be provided.

Management and Assurance

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

Advice

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

Risk Management

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

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

Corporate Governance

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

Counter Fraud

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

VFM Reviews

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

Investigations

14. Investigations into suspected fraud or irregularities

Contingency

15. A contingency provision will be included in annual plans to allow for a certain level of unplanned reactive and pro-active work to be undertaken. Use of the contingency provision will be agreed between the parties and the provisions of clauses 4.1.3, (surplus/insufficient contingency days), will apply

BUDGET SCHEDULE AND ALLOCATED DAYS

	2017/18	2018/19	2019/20
Annual Fee	£5,670	£5,670	£5,670
AREA			
Management and Assurance			
Preparation of Annual Audit Review (including review, update and agreement of Control Risk Assessment (CRA) scope and terms of reference)	1	1	1
Production of Annual Report and opinion and annual review of Internal Audit Charter and periodic review of SLA	2	2	2
Attendance at ad hoc meetings, Committee pre meetings and Committee meetings	1	1	1
Regular liaison with relevant staff and follow up of recommendations	1	1	1
Fieldwork			
Detailed audit testing of financial and non-financial key systems of internal controls, including: Budget setting and monitoring, financial reporting, income, debt collection, creditor payments, petty cash expenditure, taxation (VAT/PAYE,NI), bank reconciliation, asset and investment management, stock control, specific strategic and operational service risks and key elements of corporate governance, as agreed in the TOR for each annual audit review.	11	11	11
Advice and Assistance/Contingency	2	2	2
Total	18	18	18

Optional Additional Services;	2017/18	2018/19	2019/20
Fee	£580	£580	£580
Risk Management & Insurance Support	2	2	2
Corporate Governance Support			

BASIS OF CHARGE

1. Charges in respect of the period 1st April 2017 to 31st March 2020 will be recharged to the Joint Committee using the existing methodology.
2. The cost of providing the internal audit service **for the period 1st April 2017 to 31st March 2020** will be based on planned audit days of 18 audit days at a charge of £315 per day and an annual audit fee of £5,670. If the risk management and insurance option is taken up, **the combined annual audit fee is £6,250.**
3. This audit fee set out above covers the cost of all planning, management, research, preparation, audit visits, follow-up, production of reports, and presentation of reports to managers and members, discussions and travelling time. The daily charge is inclusive of all travelling costs and other overheads.
4. Any requests for additional services, including VFM studies, special investigations and specific consultancy/project work that can not be accommodated from the contingency provision and the provisions of clause 4.1.3 (surplus/insufficient contingency) plans will be considered against the availability of the necessary resources and skills. The cost of this work will be subject to the agreement of additional fees at an appropriate daily charge, depending on the nature of the work required, in accordance with clause 4.1.5.
5. A recharge for fees payable will be annually in arrears based on the actual audit and risk management provision and any variances agreed under clauses 4.1.3 and 4.1.5.