



Central Durham Crematorium Joint Committee

Date Thursday 28 September 2017
Time 9.30 am
Venue Committee Room 1A, County Hall, Durham

Business

Part A

1. Apologies for Absence
2. Minutes of the Annual General Meeting held 28 June 2017
(Pages 3 - 10)
3. Declarations of Interest, if any
4. External Audit Annual Review of the Return for the Year Ended 31st
March 2017: (Pages 11 - 20)
Report of the Corporate Director of Resources / Treasurer to the Joint
Committee.
5. Quarterly Performance and Operational Report: (Pages 21 - 66)
Report of the Bereavement Services Manager.
6. Financial Monitoring Report 2017/18: Position at 31/08/17 with
Projected Outturn to 31/03/18: (Pages 67 - 72)
Joint Report of the Corporate Director of Resources / Treasurer to the
Joint Committee and the Corporate Director of Regeneration and Local
Services.
7. Risk Register 2017/18 - Update: (Pages 73 - 80)
Joint Report of the Corporate Director of Resources / Treasurer to the
Joint Committee and the Corporate Director of Regeneration and Local
Services.
8. Internal Audit Charter (Pages 81 - 104)
Report of the Chief Internal Auditor and Corporate Fraud Manager.
9. Annual Review of the System of Internal Audit: (Pages 105 - 108)
Report of the Corporate Director of Resources / Treasurer to the Joint
Committee.
10. Budget Strategy Report (Pages 109 - 116)
Joint Report of the Corporate Director of Resources / Treasurer to the
Joint Committee and the Corporate Director of Regeneration and Local
Services.

11. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration.

Laura Renaudon
Clerk to the Joint Committee

County Hall
Durham
20 September 2017

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

Durham County Council: J Chaplow (Vice-Chairman) D Bell,
D Brown, K Corrigan, P Jopling, H Liddle,
M McGaun, M McKeon, S Quinn,
J Shuttleworth, J Stephenson and
K Thompson

Spennymoor Town Council: L Maddison (Chairman), G Darkes, I Machin

Contact: Martin Tindle

Tel: 03000 269 713

DURHAM COUNTY COUNCIL

CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE

At the Annual Meeting of **Central Durham Crematorium Joint Committee** held in **Durham Crematorium, South Road, Durham** on **Wednesday 28 June 2017** at **5.30 pm**

Present:

Durham County Council:

Councillors D Brown, J Chaplow, K Corrigan, P Jopling, M McKeon, S Quinn, J Stephenson and K Thompson

Spennymoor Town Council:

Town Councillor L Maddison

1 Membership of the Joint Committee

The Clerk to the Joint Committee, Laura Renaudon, noted changes to the Membership of the Joint Committee following recent elections and the Annual Meetings of the two constituent Authorities. Those Officers and Members present introduced themselves and the Membership for the Joint Committee was confirmed as:

Durham County Council: D Bell, D Brown, J Chaplow, P Jopling, H Liddle, M McGaun, M McKeon, S Quinn, J Shuttleworth, K Thompson, K Corrigan and J Stephenson

Spennymoor Town Council: G Darkes, I Machin and L Maddison

Resolved:

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

2 Appointment of the Chairman for the ensuing year

The Clerk to the Joint Committee asked for nominations for Chairman to the Joint Committee for the ensuing year noting that the terms of reference would normally require this to be the outgoing Vice-Chairman, however, the previous Vice-Chairman was not returned at the recent elections. It was added that, wherever possible, the Chairmanship and Vice-Chairmanship alternated between the two constituent Authorities. As last year Durham County Council held the Chairmanship and Spennymoor Town Council held the Vice-Chairmanship, the position of Chairman would be for a Spennymoor Town Council Member.

Accordingly, Town Councillor L Maddison was proposed for the position of Chairman to the Joint Committee for the ensuing year. No further proposals were made.

Resolved:

That by unanimous agreement, Town Councillor L Maddison be appointed Chairman for the ensuing year.

COUNCILLOR L Maddison in the Chair

3 Appointment of the Vice-Chairman for the ensuing year

The Chairman thanked Members for their support and asked for nominations for Vice-Chairman to the Joint Committee for the ensuing year noting that, as per the terms of reference, this should be a Member from Durham County Council. Councillor J Chaplow was proposed for the position of Vice-Chairman to the Joint Committee for the ensuing year. No further proposals were made.

Resolved:

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

4 Apologies for Absence

Apologies for absence were received from Councillors D Bell, H Liddle and J Shuttleworth and Town Councillors G Darkes and I Machin.

5 Minutes

The Minutes of the meeting held on 26 April 2017 were confirmed as a correct record and were signed and initialled by the Chairman.

The Neighbourhood Protection Manager, Ian Hoult referred to Minute 4, Quarterly Performance and Operational Report, noting the long service of two of the Officers working at Durham Crematorium. He explained that, as the Service Manager with responsibility for the Council's Crematoria, he took great comfort that the strong reputation that had been built up as regards Durham Crematorium was in safe hands. The Neighbourhood Protection Manager noted that while there had been a lot of investment and change at Durham Crematorium, the performance of the facility and quality of the service had not been negatively affected by those works, a testament to the frontline staff providing excellent customer service for our residents.

Members were asked to thank the Crematorium Attendant, Mr Stephen Tinkler who had worked at Durham Crematorium for 30 years.

The Neighbourhood Protection Manager explained that the Bereavement Services Manager, Graham Harrison, had worked within Local Authorities for 30 years, with his current role also encompassing the management of the Council's other Crematorium, Mountsett Crematorium at Dipton, as well as those cemeteries operated by the Authority.

Members were asked to thank the Bereavement Services Manager, for his 30 years of service.

The Chairman thanked the Neighbourhood Protection Manager, asked the Members of the Joint Committee to show their appreciation for the Officers' long service, and suggested that a letter of thanks from the Joint Committee be sent to the two Officers.

Resolved:

- (i) That the Minutes of the meeting held 26 April 2017 be agreed as a correct record be noted.
- (ii) That a letter thanking those Officers with 30 years' service be prepared and sent on behalf of the Joint Committee.

6 Declarations of Interest

There were no Declarations of Interest submitted.

7 Annual Constitutional Review

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

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

Councillor D Brown noted that there were several references to the former City of Durham Council and asked whether this should be amended to reflect that, following Local Government Reorganisation in 2009, Durham County Council was one of the two constituent Local Authorities represented on the Joint Committee. The Clerk to the Joint Committee noted that those references were to previous arrangements and an Agreement between the former City of Durham Council and Spennymoor Town Council. She added that the Agreement as set out at Appendix 2 superseded previous agreements.

Resolved:

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

8 Annual Governance Statement 2016/17

The Joint Committee considered a Joint Report of the Corporate Director of Resources / Treasurer to the Joint Committee and the Corporate Director of Regeneration and Local Services which provided details of the Annual Governance Statement (AGS) for the year April 2016 to March 2017 (for copy see file of minutes).

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

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

Resolved:

That the Annual Governance Statement be approved for consideration as part of the Joint Committee’s Annual Return for the financial year ended 31 March 2017 and that the Chairman and Treasurer be authorised to sign the Statement.

9 Revenue Outturn & Joint Committees Annual Return for the Financial Year Ended 31 March 2017

The Joint Committee considered a Joint Report of the Corporate Director of Resources / Treasurer to the Joint Committee and the Corporate Director of Regeneration and Local Services which sought approval of the Joint Committees Return, with the report also including details of the financial outturn position against approved budgets for 2016/17 (for copy see file of minutes).

The Head of Finance and Transactional Services referred Members to the financial outturn position for 2016/17, advising that the final outturn position was broadly in line with the provisional outturn position, with a minor decrease in the overall net income for the year. Details of significant variances were contained within the report and duly noted. Members were reminded that in terms of capital works, while the canopies had been completed, some works had carried over into the next financial year, as set out at paragraph 9 of the report.

The report also included details of the updated position in terms of reserves and balances held and it was added that the Major Capital Works reserve was maintained in line with agreed policy.

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

Councillor K Thompson noted that the report set out a healthy financial position, however asked as regards the amount required to be in reserves to cover the cost of cremator replacement. The Head of Finance and Transactional Services noted that Members may recall that the scheme of works carried out at Durham Crematorium included elements other than cremator replacement, such as building extensions and car park works, and that it was felt that the level in reserves was approaching the amount required to cover cremator replacement, estimated to be approximately £1 million.

The Head of Finance and Transactional Services added that he would prepare a strategy paper for the September meeting outlining the position in terms of fees and charges. He noted that for this year, the Joint Committee had agreed not to increase its fees as Mountsett Crematorium was to undertake improvement works, reciprocating Mountsett Crematorium Joint Committee's decision not to increase their fees while Durham had undertaken improvement works. The Head of Finance and Transactional Services explained that, in the context of the fees at Durham and Mountsett being the lowest in the North East, Members may wish to look at the options in terms of fees and charges, perhaps with more dividend for each of the constituent Authorities. He added that with the Strategy Paper would provide Members an opportunity to look at this, in the context of the Service Asset Management Plan (SAMP), prior to budget setting in January 2018.

Councillor P Jopling asked what differences existed between cremator equipment and mercury abatement equipment.

The Head of Finance and Transactional Services explained that the current cremators at Durham Crematorium were fitted with mercury abatement equipment, and this meant they were not subject to paying into CAMEO (Crematoria Abatement of Mercury Emissions Organisation), a system akin to landfill diversion/landfill tax whereby those not abating mercury emissions would pay an amount into the scheme per cremation.

The Chairman noted she would be very interested in a strategy paper as described by the Head of Finance and Transactional Services, and looked forward to the Joint Committee receiving the report at its September meeting.

Resolved:

- (i) That the revenue and capital outturn position as at 31 March 2017, including the year-end position with regards reserves and balances of the Joint Committee, together with the Balance Sheet as at 31 March 2017 be noted.

- (ii) That Section 1 - Annual Governance Statement 2016/17 of the Joint Committees Annual Return for the financial year ended 31 March 2017 be approved.
- (iii) That Section 2 - Accounting Statements 2015/16 of the Joint Committees Annual Return for the financial year ended 31 March 2017 be approved.
- (iv) That the Chairman, Treasurer and Clerk sign the Joint Committees Annual Return for the financial year ended 31 March 2017.
- (v) That a Strategy Paper be prepared for consideration by the Joint Committee at its meeting in September 2017.

10 Quarterly Performance and Operational Report

The Bereavement Services Manager, Graham Harrison asked Members to note the performance figures from 1 April 2017 to 31 May 2017 and the comparison to the same period for 2016, highlighting that there was a net decrease of 6 cremations year on year. It was noted there was a total of 375 for the three month period with the April to May profile breakdown showing 115 from Durham, 26 from Spennymoor and 234 from outside of the area.

Members were asked to note that the number of memorials sold was the same when comparing to the same period the previous year, however, those sales represented an increase of income, being £3,007 more than the comparable period last year.

The Joint Committee noted that the vacant Cremator Operative post had been advertised internally at both Durham County Council and Spennymoor Town Council and interviews had been held on 13 June 2017. The Bereavement Services Manager explained that the previous Trainee Cremator Operative had been successful and would take up the post shortly.

The Joint Committee noted that the usual arrangements as regards attendance at the Institute of Cemetery and Crematorium Management (ICCM) Learning Convention and Exhibition, to be held 25 to 27 September 2017 in Oxfordshire, had been made for the Bereavement Services Manager and the Chairman.

Councillors noted that the Recycling of Metals Scheme had generated a sum of £5,000 for the Stillbirth and Neonatal Death Charity (SANDS) and that as there had not been the opportunity to present the cheque due to the election period, arrangements would be with the Chairman in this regard.

Resolved:

- (i) That the current performance of the Crematorium be noted.
- (ii) That the appointment with regards to the Crematorium Operative be noted.
- (iii) That the attendance of the Chairman and the Bereavement Services Manager at the Institute of Cemetery and Crematorium Management (ICCM) Learning Convention and Exhibition 2017 be noted.
- (iv) That the distribution of recycling income to the respective charity be noted.

11 Forward Plan 2017/18

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

The Head of Finance and Transactional Services advised that the list of business to be conducted by the Joint Committee was not exhaustive and further items of business may be considered throughout the course of the year, an example being the strategy paper as previously mentioned.

Resolved:

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

12 Member Training

The Chairman noted she felt that training for Members of the Joint Committee would be useful and asked that this be arranged.

Councillor J Chaplow asked as regards the adjacent burial site and the Neighbourhood Protection Manager explained that while the matter was outside of the remit of the Joint Committee, the matter was being addressed in a thorough and correct manner and Members would be informed as regards developments through the correct channels.

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Central Durham Crematorium Joint Committee

28 September 2017

External Audit Review of the Annual Return for the year ended 31 March 2017



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

Purpose of the Report

1. The purpose of this report is to present to the Central Durham Crematorium Joint Committee, the External Auditors (Mazars LLP) Annual Review of the Joint Committees Return for the year ended 31 March 2017.

Background Information

2. In June 2017 the Central Durham Crematorium Joint Committee submitted the Joint Committees Annual Return for the financial year ended 31 March 2017 to Mazars LLP for audit under the limited assurance audit regime.

External Audit Findings and Required Action

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

Recommendations

4. Members of the Joint Committee approve the Joint Committees Annual Return for the year ended 31 March 2017 including the External Report 2016/17 Certificate (attached at Appendix 2).

Background Papers

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

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

Appendix 1: Implications

Finance

There are no financial implications associated with this report.

Staffing

There are no staffing implications associated with this report.

Risk

No material issues were highlighted in the External Auditor's Report for the year ended 31st March 2017 thus demonstrating the Joint Committee's governance arrangements and awareness of risks associated with the Crematorium operations.

Equality and Diversity/ Public Sector Equality 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

None

Consultation

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

Procurement

None

Disability Discrimination Act

None

Legal Implications

The Accounts and Audit Regulations set out the legal and regulatory framework in which the accounts of the Joint Committee are prepared. The proposals within this report seek to strengthen the Joint Committees compliance with these

Joint Committees

Annual Return for the financial year ended 31 March 2017

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

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

Each Joint Committee must approve Section 1 and Section 2.

Completing your annual return

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

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

Send the annual return, together with your bank reconciliation as at 31 March 2017, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to us, Mazars LLP by the due date.

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

Once we have completed our work, the certified annual return will be returned to the Joint Committee for publication and public display of Sections 1, 2 and 3. It is recommended that you publish and display the annual return, including the external auditor's report, by 30 September 2017.

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

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

Section 1 – Annual Governance statement 2016/17

We acknowledge as the members of:

Enter name of
Joint Committee here:

CENTRAL DURHAM 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 2017, that:

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

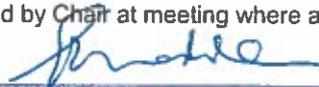
The annual governance statement is approved by this
Joint Committee on:

28/6/2017

and recorded as minute reference:

MINUTE REF 9

Signed by Chair at meeting where approval is given:



SIGNATURE REQUIRED

Clerk:



SIGNATURE REQUIRED

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

Section 2 – Accounting Statements 2016/17 for

Enter name of
Joint Committee here:

CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE

	Year ending		Notes and guidance
	31 March 2016 £	31 March 2017 £	
			Please round all figures to nearest £1. Do not leave any boxes blank, and report £0 or Nil balances. All figures must agree to underlying financial records.
1 Balances brought forward	1,459,632	1,454,800	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2 (+) Income from local taxation 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. Exclude any grants received.
3 (+) Total other receipts	1,506,730	1,643,620	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	(228,413)	(243,031)	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	(213,738)	(213,738)	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) All other payments	(1,069,411)	(1,207,009)	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances carried forward	1,454,800	1,434,642	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	1,418,862	1,398,499	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9 Total fixed assets plus long term investments and assets	3,599,857	4,025,150	This cell shows the value of all the property the Joint committee owns. It is made up of its fixed assets and long-term investments.
10 Total borrowings	975,458	793,258	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 2017 the accounting statements in the annual 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:



Date

28/06/2017

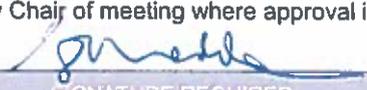
I confirm that these accounting statements were approved by the Joint Committee on:

28/06/2017

and recorded as minute reference:

MINUTE REF 9.

Signed by Chair of meeting where approval is given:


SIGNATURE REQUIRED

Section 3 – External Report 2016/17 Certificate

In respect of:

Enter name of
Joint Committee here:

Central Durham 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 2017; 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 7 March 2017 ("the Engagement Letter") and in accordance with the International Standard on Related Services 4400 applicable to agreed-upon-procedures engagements as published by IAASB.

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

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

No exceptions were found

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

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

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

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

Signature

Mazars LLP

Mazars LLP, Durham, DH1 5TS

Date

3 August 2017

Annual internal audit report 2016/17 to

Enter name of
Joint Committee here:

CENTRAL DURHAM CREMATATORIUM JOINT COMMITTEE

The Joint Committee's internal audit service provider, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2017.

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 met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. The Joint Committee assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The annual taxation or levy or funding requirements resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with the Joint Committee's approval, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		

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

Name of person who carried out the internal audit:

PAUL BRADLEY CPFA

Signature of person who carried out the internal audit:

Paul Bradley

Date: 09/10/2017

*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 2016/2017 return

1. Make sure that your annual return is complete (ie no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed return. Any amendments must be approved by the Joint Committee, properly initialled and explanation provided. Annual returns containing unexplained or unapproved amendments may be returned and incur additional costs.
2. **Joint Committees must approve Section 1 on page 2 before approving Section 2 on page 3.**
3. Use the checklist provided below. Use a second pair of eyes, perhaps a member of the committee or the Chair, to review your return for completeness before sending it to us.
4. Do not send us any information not specifically asked for. Doing so is not helpful. However, you must notify us of any change of Clerk, Responsible Financial Officer or Chair.
5. Make sure that the copy of the bank reconciliation confirming the balance held on your behalf which you send with the return covers all your bank balances. If the Joint Committee holds any short-term investments, note their value on the bank reconciliation. We must be able to agree your bank reconciliation to Box 8 on the accounting statements (Section 2 on page 3). You must provide an explanation for any difference between Box 7 and Box 8.
6. Explain fully significant variances in the accounting statements on page 3. Do not just send in a copy of your detailed accounting records instead of this explanation. We want to know that you understand the reasons for all variances. Include a complete numerical and narrative analysis to support your explanation.
7. If we have to review unsolicited information, or receive an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which we will make a charge.
8. Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2016) equals the balance brought forward in the current year (Box 1 of 2017).
9. Do not complete section 3. We will complete it at the conclusion of our work.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All highlighted boxed have been completed?	YES
	All additional information requested has been provided to us?	YES
Section 1	For any statement to which the response is 'no', an explanation is provided?	YES
Section 2	Joint Committee approval of the accounting statements is confirmed by the signature of the Chair of the approval meeting?	YES
	An explanation of significant variations from last year to this year is provided?	YES
	Bank reconciliation as at 31 March 2017 agrees to Box 8?	YES
	An explanation of any difference between Box 7 and Box 8 is provided?	YES
Internal Audit Report	All highlighted boxed completed by internal audit and explanations provided?	YES

Central Durham Crematorium Joint Committee



28 September 2017

Quarterly Performance and Operational Report



Report of Graham Harrison, Bereavement Services Manager

Purpose of the Report

- To provide Members of the Central Durham 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 to 31 August 2017 inclusive, with comparative data in the same period last year:

	2016/17	2017/18	Change
June	191 + 0*	185 + 1*	- 6 + 1 *
July	171 + 0*	173 + 1*	+ 2 + 1 *
August	177 + 2*	156 + 1*	- 21 - 1 *
TOTAL	539 + 2*	514 + 3*	- 25 + 1 *

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

- The full profile of where families came from can be seen in Appendix 2. In summary 177 came from Durham, 26 came from Spennymoor and 311 from outside of the area. There have been 3 NVF cremations undertaken for the period covered by this report compared to 2 in the comparable period last year, which is an increase of 1 NVF and a decrease of 25 cremations year on year. Funeral directors have experienced a similar trend over the August period.
- The overall number of cremations undertaken to 31 August 2017 is 889, compared to 920 in the same period last year. Whilst the number of cremations is lower than last year, it is forecast that the prudent budgeted number of 2,200 across the whole financial year will still be exceeded.

Memorials

5. The table below outlines the number and value of the memorials sold in the period June to August 2017 compared to the same period the previous year.

	(June – Aug) 2016/17		(June – Aug) 2017/18	
	Number	£	Number	£
Vase Blocks	9	5,904	4	2,696
Large Plaques	19	7,982	21	8,892
Small Plaques	5	1,305	4	1,044
Niche	1	222	6	7,555
Renewal	28	4,176	35	6,493
Total	62	19,589	70	26,680

6. In overall terms the number and value of memorials sold 70 / £26,680 compares to 62 / £19,589 in the same period last year shows an increase of 8 memorials sold and an increase of £7,091 in terms of revenue generated.

Chairman's Medal Nomination 2017

6. Derrick Allison, one of our four organists, who has played at services in the Crematorium Chapel over the last 28 years, has informed the crematorium that he wishes to tender his resignation, to take effect in December 2017 in order to spend more time with his family.
7. The Chairman's Medal is the highest award given by Durham County Council for outstanding services to the community and I feel that the Joint Committee should acknowledge the work he has done over the years and celebrate this by nominating him for the above Medal.

Green Flag Award

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

Recycling of Metals Scheme

10. Members may recall that at the last meeting the crematorium had received a cheque for the recycling of metals from the Institute of Cemetery and Crematorium Management to the sum of £5,000 for Stillbirth & Neonatal Death Charity (SANDS).

11. Arrangements were made for the cheque to be presented to SANDS by the Committee Chair and a photograph of the presentation is attached at appendix 3.
12. The recycling of metals scheme has again produced a surplus of £350,000 nationally in 2017/18.
13. The Crematorium has received a further cheque relating to the recycling of metals scheme from the Institute of Cemetery and Crematorium Management to the sum of £5,000 for North of England Children's Cancer Research and arrangements are to be made for the presentation to the charity.

Service Asset Management Plan

14. The updated Service Asset Management Plan (SAMP) was presented to Members on 28 September 2016 and has now been updated to provide further direction and highlight investment requirements for the Joint Committee. The SAMP is attached at Appendix 4 and will need to be refined in line with any future decisions taken by Members.
15. The Service Asset Management Plan is split into four priorities of maintenance need and includes all of the completed and planned crematorium improvement works.
16. Priority 1 essential works for 2018/19 have been estimated to the sum of £149,450. These will need to be considered as part of the budget setting process for next year. Some of the works include:
 - Carry out Re-lining of hearths x 1
 - Carry out hedgelaying to boundary hedge
 - Purchase of high pressure washer
 - Replacement of exterior gates to compound
 - Improvement to roadway layout
 - Retaining wall repairs
17. Priority 2 works, which would need to feature in 2019/20 budget plans have been estimated to total £87,450. Some of the works include:
 - Carry out Re-lining of hearths x 1
 - Re-Decoration Works
 - Carry out energy improvement works
18. Priority 3 works, which would fall beyond the next two years, have been costed to the sum of £121,090 and some of the works include:
 - Carry out Re-lining of hearths x 3
 - Carry out Re-lining of cremators x 3

19. Longer term works have been costed to the sum of £135,090 and some of the works include:
- Carry out Re-lining of cremators x 3 in 2024
 - Carry out Re-lining of hearths x 3 in 2024
 - Re-Decoration Works

Recommendations:

20. It is recommended that Members of the Central Durham Crematorium Joint Committee:-
- (i) Note the current performance of the crematorium.
 - (ii) Agree to the Joint Committee nominating the organist for the Chairmans medal.
 - (iii) Note the continued success with regards to the Green Flag Award.
 - (iv) Note the updated position with regards to the recycling of metals scheme.
 - (v) Note and approve the content of the Service Asset Management Plan attached at Appendix 4, which will be factored into budget planning in 2018/19 and beyond.

Contact(s): Graham Harrison 03000 265606

Appendix 1: Implications

Finance

As identified in the report with regards to the position of the income and the crematorium improvement works.

Staffing

As identified in the report.

Risk

There are no risk implications associated with this report.

Equality and Diversity / Public Sector Equality Duty

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

Accommodation

The development project will improve customer and staff accommodation.

Crime and Disorder

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

Human Rights

There are no Human Rights implications associated with this report.

Consultation

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

Procurement

There are no procurement issues associated with this report.

Disability Issues

There are no disability issues associated with this report.

Legal Implications

There are no legal implications associated with this report.

Appendix 2: Breakdown of Figures

	Jun	Jul	Aug	Total Jun-Aug
DURHAM	63	64	50	177
ALNWICK	1			1
BILLINGHAM		1		1
BEAMISH	1			1
BISHOP AUCKLAND	2	5	8	15
BISHOP MIDDLEHAM			1	1
BLACKHALL	1	3	2	6
CHESTER LE STREET	15	13	10	38
CYPRUS			1	1
CHILTON	2	3	3	8
CONSETT		1		1
COUNDON	1			1
CROOK	5	5	3	13
EASINGTON	3	1	5	9
EAST RAINTON	1	1	1	3
FERRYHILL	6	4	2	12
FISHBURN	2	2	1	5
GLOUCESTER	1			1
GREAT LUMLEY	1	2	2	5
HARTLEPOOL	1			1
HASWELL	3			3
HETTON LE HOLE		2	2	4
HORDEN	3	4	5	12
HOUGHTON	3	4	1	8
LONDON/KENT	1			1
MIDDLESBOROUGH	1		1	2
MURTON	2	3	5	10
NETTLESWORTH	1			1
NEWCASTLE		2		2
NEWTON AYCLIFFE	9	3	4	16
PETERLEE	7	8	9	24
SACRISTON	1		3	4
SEAHAM	6	4	10	20
SEDFIELD	4		3	7
SHILDON		1	2	3
SHOTTON	2	5	2	9
SOUTH HETTON	1		1	2
SOUTH OF ENGLAND	1	1		2
SPENNYMOOR	10	10	6	26

	Jun	Jul	Aug	Total Jun-Aug
STANHOPE		1	2	3
STANLEY	2	2	1	5
SUNDERLAND	1	1		2
SUNNYBROW			1	1
THORNLEY	4	1		5
TOW LAW	2			2
TRIMDON	1	4	2	7
WASHINGTON	2	1	1	4
WEST AUCKLAND			1	1
WEST CORNFORTH	4	3	2	9
WHEATLEY HILL	3	1	1	5
WILLINGTON	2	2	2	6
WINGATE	2	3		5
WOLSINGHAM	1	2		3
Total	185	173	156	514

Appendix 3: Re-cycling of metals cheque presentation



Cllr Liz Maddison, chair of Central Durham Crematorium Joint Committee, presenting a cheque for £5,000 to Ashleigh Corker from stillbirth and neonatal death charity Sands.

Appendix 4: Service Asset Management Plan

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Central Durham Crematorium

Service Asset Management Plan 2017/18+

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



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Ian Thompson
*Corporate Director Regeneration and
Local Services*

Foreword

Welcome to our fifth Service Asset Management Plan (SAMP) for the Central Durham 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 Central Durham 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.

1. Introduction

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

- To provide a sensitive, respectful service fitting for the bereaved;
- To ensure that 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 Spennymoor Town Council through the Central Durham Crematorium Joint Committee.

Our vision reflects our overall Regeneration and Local Services (ReaL) aim which is to improve services and make a real difference to our communities. The Central Durham Crematorium 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 crematorium 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 to consideration available funding streams and opportunities.

Our Crematorium 'stand-alone' SAMP will inform the Regeneration and Local Services Directorate SAMP. The ReaL SAMP links to other Service Grouping SAMPs and the Corporate Asset Management Plan to ensure the Council and its partners obtain best value for property assets they occupy and gets maximum return from these assets in terms of meeting its objectives.



Durham Crematorium

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

Under the terms of the CDCJC Constitution, the Crematorium is legally vested in Durham County Council and operated by a Joint Committee on behalf of Durham County Council and Spennymoor Town 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 Central Durham 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 ReaL) manage the Crematorium on behalf of the Joint Committee. Bereavement Services align to the constituent authorities' corporate priorities through the Durham County Council, Council Plan 2016-19 and the Spennymoor Town Council Mission which is explored further below.

The Durham County Council, Council Plan 2016-19

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

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

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

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

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

The Spennymoor Town Council, Mission

“ To listen to and learn from our community, and respond to the needs of our community with effective services, delivered in an efficient way”

1.2 Governance - The Central Durham Joint Crematorium Committee

Central Durham Crematorium Joint Committee comprises of 12 Durham County Councillors and 3 Spennymoor Town Councillors. The key elements that comprise the Joint Committee’s governance arrangements include:

- Defining and documenting the roles and responsibilities of the Durham 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 Central Durham Crematorium Joint Committee Constitutions set out how they operate, how decisions are made and the procedures which are followed to ensure that these are effective, transparent and accountable to service users.

A risk management approach is in operation that aids the achievement of strategic objectives, supports decision making processes, protects the reputation and other assets of the Crematorium and is compliant with statutory and regulatory obligations. This involves regular reports by internal audit, to standards defined in the CIPFA code of practice, and in accordance with the Accounts and Audit Regulations

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



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

2015/16. 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 (SAMP)

The Central Durham Crematorium 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 Central Durham Crematorium Maintenance Programme. This will enable us to;

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

The SAMP provides an effective link between the management of Crematorium utilised assets to ensure the efficient and effective delivery of service need. In order to achieve this it is essential that we analyse our existing property performance and carry out a comprehensive review of our Crematorium. Asset information, including building condition data and the outcomes of access audits will be detailed in the SAMP and reflected within the performance data detailed in Section 4. This baseline information enables us to view the performance of the Central Durham 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 the Central Durham Crematorium, in recognition of their maintenance standards and community involvement. In 2017, Bereavement Services was rated by ICCM as the fourteenth best performing service in the country.

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

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

Since 2009 there has been significant investment in the Central Durham Crematorium, some of this work has included:-

Buildings		
New additional car park	£	182,899
Crematorium extension	£	953,983
New cremators and mercury abatement plant	£	1,292,918
Re-surfacing of car park	£	18,000
Alterations/upgrade to catafalque doors, heating control, fire alarms	£	29,745
Disabled Toilets upgrade	£	6,500
Improvement to office facilities	£	145,000

Alterations to Book of Remembrance Room	£	171,463
Improvements to ramp ways	£	18,569
Improvements to drainage system	£	18,398
Alteration to bin storage area	£	5,803
Installation of outside lighting to new office entrance	£	2,500
Refurbishment of chapel	£	122,698
Alterations to chapel doors	£	20,145
Refurbishment of the internal waiting room	£	131,819
Alterations to external waiting area	£	63,451
Improvements to crematorium heating	£	11,853
Additional toilet facilities	£	66,035
Replacement of seating in waiting room	£	3,380
Re-lining of hearths x1	£	3,800
Replacement of curtain track system	£	2,672
Replacement of litter bins	£	2,636
Replacement of curtains/blinds to chapel area	£	3,857
Re decoration works	£	4,231
Upgrade Wesley Music system	£	3,679
Upgrade Wesley Tribute system	£	11,856
Replacement of ride on grass cutter	£	14,639
Replacement of copper roofing canopies	£	277,184
Purchase of weed ripping machine	£	3,514
Purchase of coffee machine	£	3,968
Purchase of electric mowing machine	£	8,595
Re decoration works	£	11,500
Replacement of lectern to chapel area	£	2,250*
Re placement of windows to office & new paving	£	24,804
Re placement of shrub beds in grounds	£	8,000*
Replacement of pathways around garden of remembrance	£	18,800

Creation of staff car parking area	£	69,675
Carry out Re-lining of hearths x 1	£	3,890
Total	£	3,744,709

2.1 The Vision for our Crematorium

The building and land utilised for our crematorium needs to work towards delivering the overall vision for both Durham County Council and Spennymoor Town 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 change 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 give comfort and consolation in a landscape setting

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

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

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

Short-term changes (up to 2 years)

- To continue to respond to property and other service changes brought about through the implementation of the new changes with regards to the death certification process.
- To respond to the changes with regards to service delivery and the changes identified in the feasibility study for the crematorium improvements.
- To respond to any maintenance back logs during the financial years 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 about 20 years. At the end of the loan repayment period in 2021, the Annual contribution to the reserve fund will be a sum equivalent to the current loan and will allow a substantial reserve fund to be created. This will enable the installation of replacement cremators and mercury abatement equipment if necessary without the need to source capital funding. We will need to monitor any increase in costs and source additional or alternative funding where required.
- It is anticipated that adult obesity levels will increase substantially in the long term. We will need to monitor this trend and adapt our crematoria to accommodate our larger clients.

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

4. Asset Supply Profile

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

Whilst major steps have been taken over recent years to improve our existing Crematorium 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 Central Durham Crematorium

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

The Crematorium is nestled on the outskirts of Durham on South Road (A177 Just off A167) close to Durham Cathedral and serves the residents of the whole of County Durham and beyond. The Crematorium Chapel, designed by J P Chaplin, A.R.I.B.A is hexagonal in shape and has large windows, giving panoramic views over the meadowland surrounding the building and of the distant woodland surrounding the site. The Crematorium was opened in August 1960.

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

Within the crematorium grounds there are also 2 bungalows which are owned by Durham County Council, one of these properties is currently rented out whilst the other property remains vacant.

More recently an area of land to the bottom of the crematorium which is owned by Durham County Council was established as a community owned woodland burial site which was created by the Woodland Burial Trust by way of a lease agreement, however this has now gone into administration and Durham County Council have taken this over and are currently working with a friends group on this site.

More recently Durham crematorium was granted Green Flag status for the sixth year running.



Crematorium Chapel



Chapel of Remembrance

In excess of 2,300 cremations are carried out each year.

4.1.2 Crematorium Chapel

The Crematorium Chapel has recently been refurbished and now provides seating for up to 100 people with standing room for over 50. 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 on every hour and half hour, allowing some 20 minutes for each service and giving time for the Chapel to be tidied between each funeral service.

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

4.1.3 Chapel of Remembrance

A new Chapel of Remembrance building has also recently been constructed and this is now situated to the right hand side of the crematorium chapel. There is also a facility available to place flowers within the building and vases are supplied which also house the two book of remembrance cabinets and a new touch screen book view facility.

4.2 How our Existing Assets are Performing

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

4.2.1 Condition/outstanding repairs

The condition survey that was previously carried out in respect of Durham Crematorium in 2014 showed that the premises are in good condition. There are however a number of works identified which will improve the service offered to the bereaved. This has a conditional estimated survey need of **£493,080**,

£149,450 considered as works which are urgent / essential and will be included in the 18/19 budget. **£87,450** desirable works which are required in 19/20, **£121,090** for 2020/21 and **£135,090** are longer term works.

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

	TOTAL MAINTENANCE NEED BY PRIORITY (£)			
PROPERTY	PRIORITY 1 URGENT, ESSENTIAL (18/19)	PRIORITY 2 LONGER TERM DESIRABLE WORKS (19/20)	PRIORITY 3 LONGER TERM DESIRABLE WORKS (20/21)	PRIORITY 4 LONGER TERM WORKS (21/22 onwards)
Durham Crematorium	£ 149,450	£ 87,450	£ 121,090	£ 135,090
TOTAL				£493,080

The table above does not include any requirements or 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 Repair 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 assessments are not planned to be undertaken across the Councils Portfolio – the resources are not unfortunately available to do so.

However Durham Crematorium is optimally used by residents of Durham County Council and



Crematorium general view

Spennymoor Town Council providing sufficient needs for the bereaved; however this may only become an issue for Durham Crematorium 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 Durham Crematorium.

4.2.3 Suitability

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

The manager of Durham 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. It is possible although, we usually find that the premises manager is the best source of knowledge, that 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, Durham Crematorium 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.



Crematorium front entrance

4.2.5 Energy performance

Annual energy performance 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 2016/17 show that the energy consumption for Durham Crematorium was in excess of 1,249,189 Kilowatt-hours (kWh) (based on a gross internal area of 560.31 sqm). In monetary terms, this consumption cost the Crematorium Joint Committee in excess of £47,444 during 2016/17.

The total water consumption in 2016/17 was also in excess of xyz m³; again in monetary terms this consumption cost in excess of £5,725 per year.

The tables below provide a summary of the energy performance of Durham Crematorium during 2016/17. 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 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

Year	TOTAL ENERGY CONSUMPTION (kWh)	TOTAL ENERGY CONSUMPTION (£)	TOTAL WATER CONSUMPTION (m ³)	TOTAL WATER CONSUMPTION PER SQM (£)
2016/17	1,249,189	47,444	xyz	10.20

As Durham 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 included fully exploring the possibilities that may allow further use of the waste heat generated by the heat exchangers. The crematorium project team investigated ways in which the surplus heat from 2 cremators could be utilised however it was felt that this be put on hold, as well as the possibility of the installation of solar energy panels to the building.

In 2016 Durham crematorium was subject to an energy assessment and recommendations were made to improve energy performance, with £70,000 being estimated to complete these works in 2019/20.

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.

As part of Property Assets for the future we carried out a survey of users on our open evening held in May 2013. This highlighted some future investments going forward.

Location

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

Size

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

Layout and image

- Entrances and exits should not be in close proximity to incompatible establishments
- Entrances and exits should not be located on main trunk roads
- The flow of traffic to the building should be simple, dignified, uninterrupted and screened.
- Shared vehicular entrance and exit roads should be at least five metres wide.
- Entrances and exits to ancillary rooms should flow through the building in sequence.
- Adequate car parking facilities which are DDA compliant.

Cont. ...

- Undercover entrances
- The entrance hall or vestibule should be spacious and provide for toilet facilities
- The waiting room should have adequate seating capacity, toilet facilities and be set out to allow the arrival of the cortege to be seen by those waiting.
- The vestry should be located at the front of the building
- The chapel should provide for 80/100 mourners and should be flexible enough to allow for funerals of different denominations. It should be set out in such a way that provides for the comfort and use of all mourners and is DDA compliant
- The provision of a cremator that is compliant with Environmental legislation and Secretary of State guidance particularly in relation to mercury abatement
- The provision of an adequate and suitable music system including an organ
- CCTV to allow for traffic monitoring, chapel and crematory arrangements and security.
- A suitably designed and appropriate for use catafalque.
- The provision of a Committal Hall and viewing room
- Provision of adequate and suitable ancillary accommodation including a Bearers Room Chapel of Rest, Coffin Storage Facilities, Treatment Room for Cremated Remains and staff facilities.

Customer needs

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

Other Requirements

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



6. Supply and Demand Comparison (Gap Analysis)

The aim of the gap analysis is to review our existing Crematorium against our anticipated future requirements. We need to provide the right environments and particularly the right buildings with the right facilities, which project the right image to our service users and the wider community. By examining our existing crematorium (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. Over the last 7 years total investment of over £3.7 million has been carried out on the replacement of cremators, crematory extension and additional car parking facilities, along with office and chapel improvements. Despite this investment however, there are gaps between our current asset portfolio and our 'ideals' for the future.

6.1.1 Cremator Replacement and Mercury Abatement

The anticipated lifespan of the Cremators at Durham Crematorium is in excess of 20 years. In 1998/99 prior to LGR, the Central Durham Crematorium Joint Committee established a Cremator Replacement Reserve Fund with an annual contribution of 30k factored into the revenue budget. Following LGR, the Committee updated its reserve policy approving that all additional surplus generated (over and above budget) to be transferred to the Cremator replacement reserve. For the recent project to build an extension to the crematory and the installation of new cremators and abatement plant £600k was used from reserves to offset the total cost of project.

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



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

In 2003 Durham Crematorium carried out significantly more cremations than the threshold set out in the 2003 legislation (1,326) and was therefore compelled to install equipment in line with legislation. In consideration of this Members of the Joint Committee agreed to install abatement equipment.

6.1.2 Outstanding Repairs

Durham Crematorium 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 2018/19 onwards is currently estimated at £493,080, 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 does not include the future Cremator Replacement requirements.

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



6.1.3 Suitability

As highlighted in Section 4 Suitability Surveys are not planned to be undertaken across the Councils Portfolio – the resources are not unfortunately available to do so. The Durham 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:-

Re lining of hearth

Cremator no 2 is the only cremator that has not had a new hearth installed and is in need of replacing.

GAP 1	Source budget provision and carry out Re-lining of hearth.	Target: December 2018
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Hedge laying to boundary hedge

The boundary hedge has been in situ for several years and is in need of laying to form a stronger hedge.

GAP 2	Source budget provision and carry out the laying of hedge	Target: December 2018
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Pressure washer

The current block paving in and around the gardens are in need of power washing as well as cleaning of fountains on a regular basis, therefore purchasing this equipment would be economical .

GAP 3	Carry out the purchase of a pressure washer.	Target: December 2018
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Existing compound exterior gates.

The existing gates are totally unsuitable for protecting the site and are starting to collapse.

GAP 4	To provide new exterior gates to the crematorium compound.	Target: Sept 2018
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Existing roadway.

The existing roadway is totally unsuitable for allowing two cars to pass and enter /exit safely.

GAP 5	To provide new two way passing to the crematorium.	Target: Sept 2018
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Existing Boundary wall.

The existing boundary wall is becoming unstable and requires taking down and rebuilding.

GAP 6	To carry out repairs to boundary wall.	Target: Sept 2018
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Redecoration

The Durham Condition Survey includes redecoration requirements and indicative costs (£14k) with the

work required in 2019. 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 7	Secure a suitable budget, and develop a 2 year schedule for internal and external redecoration	Target: April 2019
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Re lining of hearth

Cremator no 1 is the only cremator that has not had a new hearth installed and is in need of replacing.

GAP 8	Source budget provision and carry out Re-lining of hearth.	Target: December 2019
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Carry out Re-lining of cremators

The current cremators have been in situ since 2012 and will shortly require re-lining.

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

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

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

6.1.5 Energy

As identified in Section 4.2.5 our energy costs are high, for obvious reasons, when compared to the rest of the Council portfolio. 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 plus VAT and would allow us to make a like for like comparison and help us to monitor energy performance improvement. Notwithstanding that comparables are not presently available; we remain committed to reducing our energy costs and CO² emissions. From June 2012 the heating for the crematorium buildings has been mainly provided via a plate heat exchanger fitted to the no 2 cremator, early indications are that the heating bills will be reduced by 60% as a result of this installation.

The installation of solar photovoltaics' (PV) panels on our Crematorium will be explored around the feasibility and associated costs will however, need to be determined. Along with improved energy performance, we are currently awaiting an exact cost to have these recommendations undertaken.

GAP 10	Determine the feasibility and cost of installing Solar PV Panels and improving energy performance	Target: December 2019/20
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7. Closing the gaps in our Provision

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

7.1 How we intend to close the 'gap'

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

7.1.1 Reserve Fund

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

Reserve	Balance @ 1 st April 2017 £	Transfer to Reserve £	Transfer from Reserve £	Estimated Balance @ 31 st March 2018 £
Masterplan Memorial Garden	(51,250)	(5,000)	0	(56,250)
Major Capital Works	(851,667)	(196,353)	68,205	(979,815)
Cremator reline reserve	(56,500)	(25,000)	14,340	(67,160)
Small Plant	(10,000)	(2,000)	8,595	(3,405)
Total	(969,417)	(228,353)	91,140	(1,106,630)

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

General repairs and maintenance	Equipment Repairs and Servicing	Total R&M budget
£34,340	£65,500	£99,840

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

The Central Durham Crematorium Joint Committee meets Quarterly to discuss all issues relating to Durham Crematorium which are highlighted through the Bereavement Services Manager 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

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

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

7.3.1 Options Appraisals and Criteria for Determining Priorities

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

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

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

A high level options appraisal on each gap identified is shown below. This details potential high level

considerations for taking forward work to minimise our identified gaps.

High level options to minimise the ‘gaps’ in our portfolio

	GAP IDENTIFIED	OPTION 1	OPTION 2
GAP 1	Carry out Re-lining of hearths	Do Nothing	Maintenance Plan
GAP 2	Carry out the laying of boundary hedge	Do Nothing	Maintenance Plan
GAP 3	Source budget provision and carry out the purchase of a pressure washer	Do Nothing	Maintenance Plan
GAP 4	Source budget provision and carry out replacement of gates to compound	Do Nothing	Maintenance Plan
GAP 5	Source budget provision and carry out improvements to existing roadway.	Do Nothing	Maintenance Plan
GAP 6	Source budget provision and carry out improvements to existing boundary wall.	Do Nothing	Maintenance Plan
GAP 7	Secure a suitable budget, and develop a 2 year schedule for internal and external redecoration	Do Nothing	Maintenance Plan
GAP 8	Carry out Re-lining of hearths	Do Nothing	Maintenance Plan
GAP 9	Carry out Re-lining of cremators	Do Nothing	Maintenance Plan
GAP 10	Determine the feasibility and cost of utilising the surplus heat from cremators 1 & 3 and of installing Solar PV Panels to increase energy performance.	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	Carry out Re-lining of hearths x1	1. Cremator no 2 requires a new hearth. 2. Resources may not be available to carry out these works.	1. Develop a suitable investment plan for re-placement work 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 2	Source budget provision and carry out a relaying of boundary hedge.	1. Existing hedge requires layering. 2. Resources may not be available to carry out these works.	1. Develop a suitable investment plan for maintenance work. 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 3	Source budget provision and carry out purchase of power washer	1. Areas around the crematorium require regular cleansing. 2. Resources may not be available to carry out these works.	1. Develop a suitable investment plan for purchase of machine. 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 4	Source budget provision and carry out a replacement of existing gates to compound	1. Existing gates requires replacing. 2. Resources may not be available to carry out these works.	1. Develop a suitable investment plan for replacement. 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 5	Source budget provision and carry out improvements to existing roadway.	1. Existing roadway requires updating. 2. Resources may not be available to carry out these works.	1. Develop a suitable investment plan for improvements. 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 6	Source budget provision and carry out improvements to existing boundary wall.	1. Existing wall requires re-building. 2. Resources may not be available to carry out these works.	1. Develop a suitable investment plan for improvements. 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 7	Secure a suitable budget, and develop a 2 year schedule for internal and external redecoration	1. The Reserve fund resources available to carry out repairs outside the urgent and essential category so will not suffice 2. Re-decoration on a 2 year cycle will not align with maintenance plan	1 Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund. 2 Develop a suitable re-decoration investment plan and align this with urgent and essential category works
GAP 8	Carry out Re-lining of hearths x1	1. Cremator no 1 requires a new hearth. 2. Resources may not be available to carry out these works.	1. Develop a suitable investment plan for re-placement work 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund
GAP 9	Carry out Re-lining of cremators	1. Existing cremators requires re lining. 2. Resources may not be available to carry out these works.	1. Develop a suitable investment plan for re-line work 2.Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund

	GAP IDENTIFIED	RISK IDENTIFIED	MITIGATION
GAP 10	Determine the feasibility and cost of utilising the surplus heat from cremators 1 & 3 and of installing Solar PV Panels and increasing energy performance.	<ol style="list-style-type: none"> 1. The Reserve fund resources available to carry out this work are outside the urgent and essential category so will not suffice 2. Resources may not be available to carry out these works. 	<ol style="list-style-type: none"> 1. Explore the potential for increasing the amount of surplus that can be placed in the Repair Reserve Fund 2. Develop a suitable investment plan for alteration work and align this with longer term desirable category works

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 that our cremators continue to control mercury emissions from the Crematorium – The Environmental Protection (England) (Crematoria Mercury Emissions) Direction 2008, advising that at least 50% of all cremations should be mercury abated by 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 2012 was estimated to be approximately 20 years and as the cremators get older costs associated with maintenance and repair will rise, and parts will be obsolete.

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 2020,2024,2028,2032
- No 2 Cremator 2020,2024,2028,2032
- No3 Cremator 2020,2024,2028,2032

Cremator Hearth Replacement:

- No1 Cremator 2019,2022,2025,2028,2031,2033
- No 2 Cremator 2018,2021,2024,2027,2030,2033
- No3 Cremator 2020,2023,2026,2029,2032,2035

8.2 Outstanding Repairs (identified in the Condition Survey)

In the short (2018/19) to medium term (2019/10) 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 & Registrar.

Previously we had carved out Feasibility studies which in turn lead to the redevelopment work in creating an extension to the Crematorium. This allowed us to install the latest Cremator equipment and mercury abatement system and a number of alternative improvements.

This will also 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 2018/19-19/20, 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 2018/19 – Priority 1

PROJECT	FUNDING	EST COST
Carry out Re-lining of hearths x 1	Premises Budget	£ 3,450
Carry out hedge layering	Premises Budget	£ 5,000*
Purchase of pressure washer	Supplies and Services Budget	£ 1,000
Replace exterior gates	Premises Budget	£ 5,000
Improvements to roadway	Reserves	£ 110,000
Improvements to boundary wall	Reserves	£ 25,000
ESTIMATED TOTAL SPEND		£ 149,450

Planned maintenance 2019/20- Priority 2

PROJECT	FUNDING	EST COST
Re-Decoration Works x 1	Premises Budget	£ 14,000
Carry out Re-lining of hearths x 1	Premises Budget	£ 3,450
Carry out energy improvement works	Reserves	£ 70,000*
ESTIMATED TOTAL SPEND		£ 87,450

Planned maintenance 2020/21- Priority 3

PROJECT	FUNDING	EST COST
Carry out Re-lining of cremators x 3	Reserves	£ 110,300

Carry out Re-lining of hearths x 3	Premises Budget	£	10,790
ESTIMATED TOTAL SPEND		£	121,090

Planned maintenance 2021 onwards - Priority 4

PROJECT	FUNDING	EST COST	
Re-Decoration Works x 1	Premises Budget	£	14,000
Carry out Re-lining of cremators x 3, Year 2024	Reserves	£	110,300
Carry out Re-lining of hearths x 3, Year 2024	Premises Budget	£	10,790
ESTIMATED TOTAL SPEND		£	135,090

* Estimate

8.3 Suitability

In the short term (2018/19), 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.

8.4 Accessibility

Our aim is to ensure that are premises are DDA compliant and to provide better accessibility through our premises as identified.

9. Financial Resources available to deliver our priorities

Investment in our Crematorium is supported through our Crematorium Reserves. This is reviewed annually by the Durham Crematorium 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 out, funding is to be allocated from a number of sources as including:-

Repairs and Maintenance Revenue Budget
Contributions from the Major Capital Works Reserve

Contributions from the Cremator Reline Reserve
Reduced contributions to the Major Capital Reserve in future years
Borrowing



Central Durham Crematorium Joint Committee

28 September 2017

Financial Monitoring Report – Position at 31/08/17, with Projected Revenue and Capital Outturn at 31/03/18



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

Purpose of the Report

1. This report sets out details of income and expenditure in the period 1 April 2017 to 31 August 2017, together with a forecast revenue and capital outturn position for 2017/18, highlighting areas of over / underspends against the approved budgets at a service expenditure analysis level.
2. The report also details the funds and reserves of the Joint Committee at 1 April 2017 and the forecast outturn position at 31 March 2018, taking into account expenditure to date and forecasts to the year end.

Background

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

Financial Performance

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

Subjective Analysis	Base Budget 2017/18 £	Year to Date Actual April – August £	Forecast Outturn 2017/18 £	Variance Over/ (Under) £
Employees	254,004	99,629	244,257	(9,747)
Premises	322,643	179,558	347,193	24,550
Transport	2,700	678	1,628	(1,072)
Supplies & Services	108,650	40,051	110,395	1,745
Agency & Contracted	8,800	2,246	8,742	(58)
Transfer Payments	0	0	0	0
Capital Charges	213,738	0	213,738	0
Central Support Costs	37,800	0	37,800	0
Gross Expenditure	948,335	322,162	963,753	15,418
Income	(1,558,500)	(603,065)	(1,589,760)	(31,260)
Net Income	(610,165)	(280,903)	(626,008)	(15,842)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	180,915	0	196,353	15,438
- Cremator Reline Reserve	25,000	0	25,000	0
- Small Plant	(7,000)	0	(6,595)	405
Distributable Surplus	(406,250)	0	(406,250)	0
80% Durham County Council	325,000	162,500	325,000	0
20% Spennymoor Town Council	81,250	40,625	81,250	0

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2017 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2018 £
General Reserve	(465,225)	(408,575)	406,250	(467,550)
Masterplan Memorial Garden	(51,250)	(5,000)	0	(56,250)
Major Capital Works	(851,667)	(196,353)	68,205	(979,815)
Cremator Reline Reserve	(56,500)	(25,000)	14,340	(67,160)
Small Plant	(10,000)	(2,000)	8,595	(3,405)
Total	(1,434,642)	(636,928)	497,390	(1,574,180)

Explanation of Significant Variances between Original Budget and Forecast Outturn

6. As can be seen from the table above, the projected revenue outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £626,008 against a budgeted surplus of £610,165, £15,842 more than the budgeted position.

7. The following section outlines the reasons for any significant variances by subjective analysis area:

7.1 *Employees*

The outturn shows an underspend of **(£9,747)**, in relation to employee costs. The reasons for this are identified below:

- Employer pension contributions are forecast to underspend by **(£6,057)** due to some staff not joining the pension scheme
- Employer national insurance relating to medical practitioner fees is projected to underspend by **(£3,690)**

7.2 *Premises*

The outturn shows a forecast overspend of **£24,550** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to redecoration works and the purchase of a lectern and mowing machine will be underspent by **(£1,155)**
- The cremator hearth reline budget of **(£3,890)** will not to be utilised as the works will now be completed within the main Cremator reline.
- Drainage works are forecast to overspend by **£29,595**. Members approved unbudgeted spending of £25,945 for these emergency works at the June 2017 meeting, but some additional works were required following the removal of tree roots from the pipework, resulting in a final cost of £29,595.

7.3 *Supplies and Services*

The outturn shows a forecast overspend of **£1,745** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the projected increase in cremations (highlighted later within the income section of the report), medical referee expenditure is projected to overspend by **£759**.
- Other general office costs such as telephones, printing and vending supplies are expected to overspend by **£1,904**
- One off SAMP budgets relating to the purchase of a weed ripping machine and coffee machine will be underspent by **(£918)**

7.4 Income

An overachievement of income of **(£31,260)** from the 2017/18 budget is included within the outturn forecasts. The reasons for this are identified below:

- The sale of large plaques, vase blocks, columbaria units and seats etc. is forecast to be greater than budgeted, generating additional income of **(£1,360)**;
- The outturn includes a forecast additional 46 cremations compared to the budget, totalling an increased income to budget of **(£29,900)**. The outturn allows for an estimated 2,246 cremations against a budgeted 2,200 during 2017/18.

8. Capital Programme

The following table highlights the forecast capital outturn for the Central Durham Crematorium:

Phase 3 Redevelopment Works	Base Budget 2017/18 £	Year to Date Actual April - Aug £	Forecast Outturn 2017/18 £	Variance Over/ (Under) £
Tarmac roads and car park bays	38,850	0	38,850	0
Carry out Re-lining of cremators x 1	31,800	0	14,340	(17,460)
Carry out creation of staff car parking area	27,030	0	27,030	0
Total	97,680	0	80,220	(17,460)

The cost of the Redevelopment Works is being financed from the Major Capital Works and Cremator Reline Earmarked Reserves. The outturn shows a projected underspend of **(£17,460)** and the reason for this is identified below:

- A full relining of cremator 3 is not yet required following a survey and it will instead be repaired, resulting in an underspend of **(£17,460)**

9. Earmarked Reserves

Contributions to the earmarked reserves are forecast as **(£32,577)** less than originally budgeted, primarily due to phase 3 redevelopment works being carried forward from 2016/17.

In line with the CDCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **£2,325** is required. This results in a net transfer to the Major Capital Works Reserve of **£128,148**.

The retained reserves of the CDCJC at 31 March 2017 are forecast to be **£1,106,630** along with a General Reserve of **£467,550**, giving a forecast total reserves and balances position of **£1,574,180** at the year end.

Recommendations and Reasons

10. It is recommended that:-

- Members note the April to August 2017 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2018, including the projected year position with regards to the reserves and balances of the Joint Committee.

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

Appendix 1: Implications

Finance

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

Staffing

There are no staffing implications associated with this report.

Risk

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

Equality and Diversity / Public Sector Equality Duty

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

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

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

Human Rights

There are no Human Rights implications associated with this report

Consultation

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

Procurement

None

Disability Discrimination Act

None

Legal Implications

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



Central Durham Crematorium Joint Committee

28 September 2017

Risk Register Update 2017/18



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

Purpose of the Report

1. To inform the Central Durham Crematorium Joint Committee of the outcome of the half-yearly risk review, which was undertaken during August 2017.

Background

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

Risk Review

3. Since the previous risk update in April 2017, the three-yearly, in-depth review of health and safety risks has been undertaken by the Bereavement Services Manager, supported by Durham County Council's Occupational Health and Safety Team.
4. This review incorporated all operational activities, namely: fountain/pump maintenance; chapel duties and music room; office and administrative duties; loading and unloading of flat barrow with floral tributes; grounds maintenance; and cleaning duties. In total, 45 health and safety risks have been identified and the assessments concluded that the net evaluation of each risk was at a satisfactory level.
5. The health and safety risk register will continue to be subject to a light-touch review twice each year and, in line with corporate procedures, an in-depth review every three years. Due to the large number of risks in the health and safety risk register, revised arrangements for providing risk management assurance are proposed in paragraph 8 [recommendations a) and b)].
6. The review of the service risk register highlighted one issue. Routine testing of the Bereavement Services Business Continuity Plan, which is a mitigating control for several service risks, led to a recommendation that a fire-proof door be installed in the ashes store room. This will be implemented by the Bereavement Services Manager. All other risks on the service register remain unchanged and the net evaluation for each risk is within the risk appetite (shaded area in appendix 5).
7. The updated service risk register is included in **appendix 4**. A profile of service risks is included in **appendix 5**.

Recommendations

8. It is recommended that :-

- a) the following risk be added to the service risk register, to reflect all risks in the health and safety risk register, '*Serious breach of health and safety legislation*';
- b) the detailed health and safety risk register no longer be included in the half-yearly update report to the Crematorium Joint Committee;
- c) members of the Crematorium Joint Committee note the content of this report and the updated position; and
- d) the service risk register continues to be reviewed by the Crematorium Joint Committee half-yearly.

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

Appendix 1: Implications

Finance

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

Staffing

None

Risk

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

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

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

Procurement

None

Disability Issues

None

Legal Implications

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

Appendix 2: How Central Durham Crematorium risks are managed

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

Service Risk Register

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

Health and Safety Risk Register

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

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

Civil Emergencies

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

Appendix 3A: Strategic Risk Assessment Criteria – Impact Factors

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

Appendix 3B: Strategic Risk Assessment Criteria – Likelihood Factors

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

Appendix 4: Service Risk Register for Central Durham Crematorium

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

Ref	Risk	Net Impact	Net Likelihood	Net Risk Score	Conclusion	Changes/ Comments
1	Serious breach of health and safety legislation	Moderate (8)	Unlikely (2)	16	Tolerate	New risk reflecting all operational health and safety risks.
2	Managing excess deaths	Minor (4)	Possible (3)	12	Tolerate	
3	ICT and Power Failure	Minor (5)	Unlikely (2)	10	Tolerate	
4	Loss of knowledge and ability to cover existing workload through premature staff loss	Minor (5)	Unlikely (2)	10	Tolerate	
5	Breakdown of the partnership (with Spennymoor Town Council)	Moderate (7)	Remote (1)	7	Tolerate	
6	Sickness absence of key staff	Moderate (7)	Remote (1)	7	Tolerate	
7	Not implementing changes in legislation	Minor (6)	Remote (1)	6	Tolerate	
8	Failure of Cremators / Specialist Equipment	Minor (6)	Remote (1)	6	Tolerate	
9	Damage to Public or Vehicles due to tree branches falling	Insignificant (3)	Unlikely (2)	6	Tolerate	
10	Disclosure of confidential information through incorrect disposal / maintenance of information	Minor (5)	Remote (1)	5	Tolerate	
11	Loss of Income/Money	Minor (5)	Remote (1)	5	Tolerate	
12	Lack of awareness of the Impact of Equalities, DDA, Access to Services and Age Legislation	Insignificant (3)	Remote (1)	3	Tolerate	

Appendix 5: Profile of Service Risks for Central Durham Crematorium

Service Risks

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

As the net risk evaluations of risks 1 to 12 are within the risk appetite, they are considered to be at an acceptable level.

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

**Central Durham Crematorium
Joint Committee**

28 September 2017

Internal Audit Charter



Report of the Chief Internal Auditor and Corporate Fraud Manager

Purpose of the Report

1. The purpose of this report is to seek agreement on the revised Internal Audit Charter to take immediate effect and to be applied to reviews undertaken as part of the Internal Audit plan for 2017/18.

Background

2. The Public Sector Internal Audit Standards (PSIAS), that came into effect from April 2013, define internal audit as,

‘an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.’
3. These standards are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
4. The PSIAS have been revised from 01 April 2017 in line with new and revised IPPF Global standards and consequently amendments have been made to incorporate the additional public sector requirements and interpretations.
5. The Internal Audit Charter at Appendix 2 has therefore been revised to accommodate the changes made to the PSIAS

Internal Audit Charter

6. The Internal Audit Charter defines the Internal Audit Service’s purpose, authority and responsibility. It establishes Internal Audit’s position within the organisation, including the nature of the Chief Internal Auditor and Corporate Fraud Manager’s functional reporting relationship with the Joint Committee; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
7. The main points and changes to the PSIAS and subsequently the Internal Audit Charter are summarised in paragraphs 8 & 9 overpage.

8. A set of Core Principles are set out for the service, taken as a whole these articulate internal audit effectiveness. In order to be considered effective all of the principles should be present and operating:
- Demonstrates integrity;
 - Demonstrates competence and due professional care;
 - Is objective and free from undue influence (independent);
 - Aligns with the strategies, objectives and risks of the organisation;
 - Is appropriately positioned and adequately resourced;
 - Communicates effectively;
 - Provides risk-based assurance;
 - Is insightful, proactive and future-focused;
 - Promotes organisational improvement.
9. The other significant changes are:
- A requirement that the Audit Charter details the Mission of Internal Audit;
 - An emphasis on proper safeguards being in place where the Chief Audit Executive has roles beyond Internal Audit;
 - The standards now explicitly refer to the service considering ‘trends and emerging issues that could impact the organisation’;
 - Specifically references that the service should be ‘future focussed and continually add value to the organisation’; and
 - Inclusion of a new interpretation relating to reliance on other assurance providers
10. The Charter was previously considered by the Joint Committee at its meeting of 27 April 2016. Revisions to the Charter made to reflect the changes referred to above have been highlighted for ease of reference

Recommendation

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

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

Appendix 1: Implications

Finance

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

Staffing

None

Risk

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

Equality and Diversity / Public Sector Equality Duty

None

Accommodation

None

Crime and disorder

None

Human rights

None

Consultation

None

Procurement

None

Disability issues

None

Legal Implications

Compliance with Public Sector Internal Audit Standards

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INTERNAL AUDIT CHARTER

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

**September
2017**

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Introduction

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

Statutory Basis

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

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

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

Definition

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

Mission

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

Code of Ethics

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

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Strategic Aims

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

Objectives of Internal Audit

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

Outcomes of Internal Audit

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

Independence, Objectivity and Authority

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

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

Scope of Audit Work

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

Audit Planning

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

Audit Approach

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

Strategic Risk

Reviews of strategic risks will provide assurance that:

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

Operational Risk

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

Audit Reporting

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

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

Audit Resources, Skills and Service Quality

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

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

Approval and Review

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

Key Contact

Head of Internal Audit

Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager

Tel:

03000 269645

Mobile:

07900 701932

Email:

paul.bradley@durham.gov.uk

Address

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

Other Related Documents

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

ASSESSMENT OF AUDIT FINDINGS, RECOMMENDATIONS AND AUDIT OPINIONS

APPENDIX A

Findings

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

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

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

Overall Finding Rating

This grid is used to determine the overall finding rating.

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

Priority of our recommendations

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

High	Action that is considered imperative to ensure that the service/system/process objectives are not exposed to significant risk from weaknesses in critical or key controls
Medium	Action is required to ensure that the service/system/process objectives are not exposed to major risk from weaknesses in controls
Best Practice	The issue merits attention and its implementation will enhance the control environment or promote value for money.

Overall Assurance Opinion

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

Substantial Assurance	Whilst there is a sound system of control, any weaknesses identified may put some of the system objectives at minor risk.
Moderate Assurance	Whilst there is basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk.
Limited Assurance	There are weaknesses in key areas in the system of control, which put the system objectives at significant risk.

DEFINITIONS UNDER PSIAS

APPENDIX B

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

DEFINITIONS UNDER PSIAS

APPENDIX B

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

DEFINITIONS UNDER PSIAS**APPENDIX B**

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

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Central Durham Crematorium Joint Committee

28 September 2017

Annual Review of the System of Internal Audit



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

Purpose of the Report

1. The purpose of this report is to advise the Joint Committee of a review of effectiveness of the Durham County Council Internal Audit Service, which was carried out by the County Council's Audit Committee in June 2017.

Background

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

Conformance with UK Public Sector Internal Audit Standards (PSIAS)

5. In April 2013, the Public Sector Internal Audit Standards (PSIAS) became effective. These standards apply to Internal Audit in all parts of the public sector in the UK and are mandatory. The standards are intended to reflect that "a professional, independent and objective internal audit service is one of the key elements of good governance".
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. The External Assessment for Durham County Council was performed by Newcastle City Council in April and May 2016 and concluded "that Durham County Council's Internal Audit Service **conforms** to the requirements of the Public Sector Internal Audit Standards". The External Assessment report was presented to the Joint Committee in September 2016.

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

7. The Audit Committee considered a report presented by the Chief Internal Auditor and Corporate Fraud Manager that provided evidence on the effectiveness of the service during 2016/17. This took the form of a self-assessment against the key elements of the PSIAS that considered the following current arrangements for Internal Audit:
 - The structure and resourcing level, including qualifications and experience of the audit team.
 - The extent of conformance with the PSIAS in producing quality work.
 - Ensuring audit work was successfully delivered in the most appropriate areas on a prioritised (risk) basis.
 - The overall performance of the Internal Audit team.
8. For 2016/17 this demonstrated that the Section was conforming to the Code's requirements. This self-assessment was based on the PSIAS that were in place during 2016/17. Going forward external and self-assessments will be conducted against the new PSIAS which were brought into effect on 01 April 2017.

Other Relevant Performance Indicators

9. Following each annual audit, a post audit satisfaction survey is issued to the Bereavement Services Manager. The feedback from the 2016/17 audit returned an average score of 4.67 where 1 is very poor and 5 is very good.

Recommendation and Reasons

10. 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 28 June 2017

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

Appendix 1: Implications

Finance

None

Staffing

None

Risk – Not a key decision

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

None

Procurement

None

Disability Issues

None

Legal Implications

Compliance with the Account and Audit Regulations 2015

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Central Durham Crematorium Joint Committee

28 September 2017

Budget Strategy Report



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

Purpose of the Report

1. This report outlines a range of issues that will need to be considered as part of the medium term budget strategy and sets out proposals to increase the surplus distribution to both partner authorities from 2018/19. The views of the committee on these issues are sought in advance of the 2018/19 budget setting process.

Background

2. The current level of surplus distribution to partner authorities was implemented on 1 April 2014. Following the completion of the major renovation works and in light of continuing budget pressures facing both partner authorities it is now considered an opportune time to review the budget strategy of the Joint Committee.
3. The earmarked reserves of the Joint Committee have built up significantly in recent years, in advance of the next cremator replacement programme which is estimated for 2032. Increases to the fees and charges at the crematorium, which are harmonised with Mountsett Crematorium, have also been kept to a minimum over recent years, resulting in the current charges being the lowest of all neighbouring facilities.

Capital Investment at the Crematorium

4. Since Local Government Reorganisation (LGR) in 2009 there has been significant investment in the Central Durham Crematorium totalling £3,744,709, with the major improvement works including:

Project	Cost £
New additional car parking	182,899
Crematorium extension	953,983
New cremators and mercury abatement plant	1,292,918
Improvement to office facilities	145,000
Alterations to book of remembrance room	171,463
Refurbishment of chapel	122,698
Refurbishment of internal waiting room	131,819
Replacement of copper roofing canopies	277,184

5. The estimated costs of current and future improvements, as identified in the Strategic Asset Management Plan in an earlier report are relatively modest going forward due to the above major investments at the Crematorium and are summarised in the table below:

Year	Premises Budget £	Earmarked Reserves £	Total Cost £
2017/18	83,395	80,220	163,615
2018/19	14,450	135,000	149,450
2019/20	17,450	70,000	87,450
2020/21	10,790	110,300	121,090
2021 onwards	24,790	110,300	135,090

6. Members can see from the table that there will be an opportunity to reduce the Premises budget from next year, which could lead to a greater distributable surplus being achieved year on year. This will need to be factored into the medium term budget forecast.

Cremator Replacement

7. The three cremators at the crematorium were last replaced in 2012/13, with full mercury abatement equipment being installed. They have a life expectancy of 20 years, so the next cremator replacement programme is not scheduled until approximately 2032.
8. Based upon the ongoing cremator replacement works at Mountsett Crematorium it is estimated that the next cremator replacement programme at Durham would cost in the region of £1 million, based upon today's market prices. However, these requirements could be subject to change in the event of future changes in legislation affecting the provision of crematorium services.

Loan Repayment

9. In 2011, as part of the financing arrangements to fund the redevelopment works, the Joint Committee agreed to a £1.8m loan from Durham County Council to fund the cremator replacements and extension, repayable over 10 years. The annual loan repayments are £213,737 with the last repayment due to be made in 2020/21.
10. It was originally planned to reinvest the £213,737 loan budget into the Major Capital Works Reserve from 2021/22 in preparation for the next cremator replacement programme in 2032. However, due to the projected level of reserves, this may no longer be required.

Earmarked Reserves

11. The projected reserves and balances of the Central Durham Crematorium Joint Committee at 31 March 2018 are as follows:

Earmarked Reserve	Balance @ 1 April 17 £	Balance @ 31 March 18 £
General Reserve	(465,225)	(467,550)
Masterplan Memorial Garden	(51,250)	(56,250)
Major Capital Works	(851,667)	(979,815)
Cremator Reline Reserve	(56,500)	(67,160)
Small Plant	(10,000)	(3,405)
Total	(1,434,642)	(1,574,180)

Fees and Charges

12. The fees and charges at Central Durham Crematorium are harmonised with those at the Mountsett Crematorium. The current 2017/18 cremation fee (inclusive of medical referee's fees) is £650. No increase was applied in 2017/18 as the Mountsett Crematorium is undergoing major refurbishment works, including the installation of new cremators and mercury abatement equipment. During the redevelopment works in Durham no increase was applied that year either.
13. The current cremation fees for crematoria across the region, shown in the table below, indicates an average cremation fee of £744 (inclusive of medical referees fees and environmental surcharge where appropriate) across the region:

Crematorium	Cremation Fee
North Tyneside	£707
Hartlepool	£710
Northumberland	£720
Gateshead	£724
Middlesbrough	£724
Sunderland	£740
South Tyneside	£754
Newcastle	£764
Coundon	£795
Darlington	£801
Average	£744

14. The projected number of cremations at the Central Durham Crematorium in 2017/18 is 2,246, which will be 46 more than the budgeted position of 2,200. Should the 2018/19 cremation fees be increased by £30 (4.6%) and assuming a prudent forecast of 2,200 cremations next year an additional £66,000 income would be generated by the Joint Committee next year and this increase has been built into the medium term budget forecasts at this stage.
15. The proposed 2018/19 cremation fee of £680 would still remain the lowest in comparison with all other neighbouring facilities in the region and £115 below the current charge at the nearest facility at Coundon.

New Crematorium

16. Planning permission was recently given to a new build private crematorium at Castle Eden in County Durham. Timescales for the construction and opening of the crematorium are currently unknown but Members will need to bear in mind that this facility will most likely have an adverse impact upon business at Durham Crematorium once it is opened.

Surplus Redistribution

17. Members will recall that the Constitution sets out the constituent authority title deeds and subsequent surplus distribution arrangements to Durham County Council (DCC) / Spennymoor Town Council (STC) on an 80 / 20 basis.
18. The current surplus distributed is £406,250 per year (£325,000 DCC and £81,250 STC). This has not been reviewed or increased for four years and prior to 2014/15 the surplus distribution was £306,250 (£245,000 DCC and £61,250 STC).
19. It is now considered an appropriate time to consider an increase in the surplus distribution to both constituent authorities, bearing in mind all of the factors discussed previously in the report.
20. Whilst maintaining a strong financial position for the Joint Committee it is recommended that Members approve an increase of £150,000 from the 2018/19 financial year as detailed in the table below and the increase has subsequently been factored into the Medium Term Budget Forecast:

Constituent Authority	2017/18 Distributable Surplus £	2018/19 Distributable Surplus £	Increase £
Durham County Council	325,000	445,000	120,000
Spennymoor Town Council	81,250	111,250	30,000
Total	406,250	556,250	150,000

21. As mentioned previously, the loan repayments to Durham County Council of £213,737 per annum will end in 2020/21 and in light of this it is recommended that Members review the budget strategy and surplus redistribution again in 2020 in preparation for the 2021/22 budget setting year.

Medium Term Budget Forecast

22. In terms of financial modelling for the Central Durham Crematorium, the following working assumptions have been applied:
- Premises budgets have been adjusted for a reduction in priority repair costs (in line with the SAMP)
 - Contributions from earmarked reserves to fund the planned capital works (in line with the SAMP) have been built into the budget forecast

- A £30 increase per cremation has been factored into the income budget from 2018/19
- An increase of £150,000 surplus redistribution to the constituent authorities has been built into the budget forecast from 2018/19
- All other budgets have remained at the 2017/18 levels – with the estimated / budgeted level of cremations being 2,200 per annum.

23. The table below provides a financial summary of the revenue budget, capital budget and forecast earmarked reserves of the Joint Committee projected for the next three financial years:

	Base Budget 2017/18 £	Forecast Outturn 2017/18 £	Base Budget 2018/19 £	Base Budget 2019/20 £	Base Budget 2020/21 £
Revenue Budget					
Expenditure	948,335	963,752	879,390	882,390	875,730
Income	(1,558,500)	(1,589,760)	(1,624,500)	(1,624,500)	(1,624,500)
Net Income	(610,165)	(626,008)	(745,110)	(742,110)	(748,770)
Transfer to / (from) Reserves					
Masterplan Memorial Garden	5,000	5,000	5,000	5,000	5,000
Major Capital Works	180,915	196,353	156,860	153,860	160,520
Cremator Reline Reserve	25,000	25,000	25,000	25,000	25,000
Small Plant	(7,000)	(6,595)	2,000	2,000	2,000
Distribute Surplus	(406,250)	(406,250)	(556,250)	(556,250)	(556,250)
80% Durham County Council	325,000	325,000	445,000	445,000	445,000
20% Spennymoor Council	81,250	81,250	111,250	111,250	111,250

	Budget 2017/18 £	Forecast 2017/18 £	Budget 2018/19 £	Budget 2019/20 £	Budget 2020/21 £
Capital Budget					
Tarmac roads and car park bays	38,850	38,850			
Relining of cremators x 1	31,800	14,340			
Create staff car parking	27,030	27,030			
Improvements to roadway			110,000		
Improvements to boundary wall			25,000		
Energy Improvement works				70,000	
Relining of cremators x 3					110,300
Total Spend	97,680	80,220	135,000	70,000	110,300
Transfer to / (from) Reserves					
Major Capital Works	(65,880)	(65,880)	(135,000)	(70,000)	
Cremator Reline Reserve	(31,800)	(14,340)			(110,300)

	Balance @ 1 April 2017 £	Balance @ 31 March 2018 £	Balance @ 31 March 2019 £	Balance @ 31 March 2020 £	Balance @ 31 March 2021 £
Earmarked Reserves					
General Reserve	(465,225)	(467,550)	(487,350)	(487,350)	(487,350)
Masterplan Memorial Garden	(51,250)	(56,250)	(61,250)	(66,250)	(71,250)
Major Capital Works	(851,667)	(979,815)	(1,001,675)	(1,085,536)	(1,246,056)
Cremator Reline Reserve	(56,500)	(67,160)	(92,160)	(117,160)	(31,860)
Small Plant	(10,000)	(3,405)	(5,405)	(7,405)	(9,405)
Total	(1,434,642)	(1,574,180)	(1,647,840)	(1,763,701)	(1,845,921)

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

Recommendations

25. It is recommended that:-

- Members of the Joint Committee note and consider the contents of the report
- Members of the Joint Committee approve the proposed increase in the fees and charges and the surplus redistribution, as identified in the report
- Members of the Joint Committee agree to review the budget strategy and surplus redistribution in three years' time in preparation for the 2021/22 budget setting year

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

Appendix 1: Implications

Finance

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

Staffing

There are no staffing implications associated with this report.

Risk

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

Equality and Diversity / Public Sector Equality Duty

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

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

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

Human Rights

There are no Human Rights implications associated with this report

Consultation

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

Procurement

None

Disability Discrimination Act

None

Legal Implications

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

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