

DURHAM COUNTY COUNCIL

CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE

At a Meeting of **Central Durham Crematorium Joint Committee** held in **Committee Room 1A, County Hall, Durham** on **Wednesday 22 January 2014** at **2.00 pm**

Present:

Councillor M Plews (Vice-Chairman in the Chair)

Durham County Council:

Councillors J Chaplow, P Conway, K Corrigan, N Foster, B Moir, M Plews (Vice-Chair, in the Chair), M Simmons and K Thompson

Spennymoor Town Council:

Town Councillors JV Graham and GD O'Hehir

1 Apologies for Absence

Apologies for absence were received from Councillors D Bell, J Buckham and J Marr.

2 Minutes

The minutes of the meeting held 25 September 2013 were agreed as a correct record and signed and initialled by the Chairman.

3 Declarations of Interest

There were no Declarations of Interest.

4 Appointment of Clerk to the Joint Committee

The Clerk to the Joint Committee, Sharon Spence referred Members to the report within the agenda papers, noting her retirement from the Local Authority on 31 January 2014. Councillors noted that Durham County Council's Head of Legal and Democratic Services and Monitoring Officer, Colette Longbottom had asked for expressions of interest from solicitors within Durham County Council, to take on the role of Clerk to the Joint Committee.. Accordingly, it was noted that an appropriate Officer would be provided in due course to the Joint Committee.

Resolved:

That an Officer from the Durham County Council's Legal and Democratic Services Section be appointed Clerk to the Joint Committee.

5 Quarterly Performance and Operational Report

The Bereavement Services Manager, Graham Harrison asked Members to note the performance figures from September 2013 to December 2013 and the comparison to the same period for 2012, highlighting that there was a net decrease of 18 cremations. It was noted there was a total of 732 for the four month period with the October to December profile breakdown showing 170 from Durham, 26 from Spennymoor and 345 from outside of the area. Councillors were reminded that despite a slight decrease in the numbers of cremations, the figures were within the prudent budget forecast.

Members were asked to note that the number of memorials sold had increased significantly in comparison to the same period the previous year, with sales being £11,211.35 more than the comparable period last year. It was explained that the recently appointed Business Administration Apprentice had contacted families as regards renewals of memorial plaques and this had helped to boost the figures.

The Bereavement Services Manager added that the Business Administration Apprentice was fitting in very well, was building up a good working relationship with funeral directors and had demonstrated confidence in dealing with service users' enquires.

The Joint Committee were informed that the crematorium team were dealing with a long term absence, with 2 members of staff from the cemetery team helping to provide support to crematoria operations. It was noted that following recent staff appraisals, one member of staff had expressed an interest in undertaking further training in respect of the Institute of Cemetery and Crematorium Management (ICCM) diploma course. It was explained that this would help to build additional skills within the crematorium team and provide greater resilience and was supported by Management. Members noted the costs and timeframes associated with the course, and were informed that they had been factored into 2013/14 financial outturn.

Councillors were reminded that, at the September meeting, the Joint Committee had agreed for the Bereavement Services Manager to continue to run crematorium operations until January 2014. It was added that similarly, Mountsett Crematorium Joint Committee at their last meeting had also agreed for the Bereavement Services Manager to run crematorium operations at Mountsett Crematorium until January 2014. Councillors noted that operations at the crematoria were running smoothly and good progress was being made on activities such as the Feasibility Study regarding improvement works at Durham Crematorium and other strategic responsibilities. Members noted that continuation of these arrangements had been factored into the 2014/15 budget setting, and that the arrangements had equated to a saving of £10,129 in respect of salaries and £4,000 on the costs of bungalow.

Members noted that a review of the opening hours of the Crematorium at weekends had been completed, with proposals to alter the opening hours to better suit the needs of service users to: 9.00am to 2.00pm Saturdays; 10.00am to 1.00pm Sundays; and 10.00am to 2.00pm on Bank Holidays.

It was added that this would be in line with opening hours at Mountsett Crematorium and that it was proposed that the new times be introduced after Easter to allow time to communicate the changes to service users.

Councillors noted that the proposals would result in an additional 2.5 hours to weekend working and 2 hours on Bank Holidays, estimated to be £2,566 in additional costs.

The Joint Committee was reminded that Durham Crematorium, in a joint bid with the South Road Cemetery, had retained its Green Flag Award for 2013 and that an application would be made for the Award in 2014. It was explained that an updated management plan would reflect this application and any financial requirement in respect of necessary works was covered within existing budgets.

Councillors noted that the Recycling of Metals Scheme had generated a sum of £3,472 for the Tees Valley and Durham branch of CRUSE. The Bereavement Services Manager noted that he would speak to the Chairman and Vice-Chairman as regards future charities that could benefit from the scheme. Councillors were informed that the Christmas tree placed at the Crematorium by St. Cuthbert's Hospice had generated donations of £143 for the charity with St. Cuthbert's Hospice expressing their interest in supplying a tree for 2014, at no cost to the Joint Committee.

The Joint Committee noted the briefing not summarising the issues discussed at the ICCM Conference, held 30 September to 2 October 2013 as attached at Appendix 3 to the report.

The Bereavement Services Manager noted that following the meeting of the Joint Committee held 25 September 2013 Members had agreed to progress the feasibility study and refine costs associated with "Option C". Members noted these were set out within the report and Appendix 4 and were broadly in-line with previous estimates. It was explained that works would be split into 3 phases: office accommodation works (to be fully completed before moving on to the next phase); development of the new Book of Remembrance building, (again to be fully completed before moving on to the final phase); then the remodelling and extending of the chapel and other customer areas within the main building. It was noted that the works were based on a 2 year programme, with the office accommodation to be completed by Summer 2014 and the Book of Remembrance building to have foundations completed in 2014/15. The project to be finally completed by Autumn 2015, with phase 3 works being undertaken in 2015/16.

Members noted that the associated costs for phase 1 and 2 had been factored into the 2014/15 budget and there were various options for financing available to the Joint Committee should they wish to go ahead with redevelopment. Councillors noted that the options for the procurement of the works could be via competitive tender or in-house delivery, with Members understanding the advantages and disadvantages associated with each option.

It was pointed out that while the cost of the works was above the value that would require any competitive tender to be under European procurement rules, the County Council's Constitution notes that where an in-house service can deliver a project there is no statutory requirement to subject the works to competitive tender. The Joint Committee were reminded of the success of the cremator replacement works, the project coming in on time and within budget, and with minimum disruption to the facility during the works.

Members were informed that energy generation feasibility work had been progressed further and several issues undermining the business case for energy generation had come to light. Councillors noted that there would be a significant capital cost required in respect of energy generation equipment and this, together with the feed-in tariff rate being low as a consequence of the energy not being counted as renewable and the lack of grant funding available to offset the capital investment, meant that the payback period for the energy generation would be in excess of 40 years. Accordingly, Members noted that it was proposed to put the project on hold pending any further developments in relation to feed-in tariff, grant funding or other local developments.

Members asked questions in relation to: issues of competitive tender and opportunities for local businesses to secure contracts; the higher level of contingency allocated in comparison to the previous cremator replacement works project; and the high capital value that would be required in respect of energy generation.

The Head of Finance - Financial Services, Paul Darby reminded the Joint Committee that while the cremator replacement project had the Council's Direct Services as its main contractor, many of the specialist works had been sub-contracted and those had been subject to Tendering. The cremators themselves which were the largest element of the scheme had been subject to full EU Tendering.

Councillor K Thompson noted that if the Joint Committee was to decide to approve the Council's in-house service as the main contractor for redevelopment works, he felt that details of the sub-contracts should be reported back to the Joint Committee. The Head of Finance - Financial Services noted that for the cremator replacement works, the Joint Committee had received regular updates on progress and any issues arising. It was added that the contingency sum for the cremator replacement works had been a slightly lower percentage, and had been used in relation to deeper foundation that had been required.

Members noted that the flexibility of in-house team as main contractor for the cremator replacement works had meant that time and money was saved in relation to reprogramming and being able to find solutions without variations to contracts. The Head of Finance - Financial Services added that should the contingency as proposed for the new redevelopment works was not used, it would be retained by the Joint Committee. The Senior Projects Manager, Richard Fenwick explained that a slightly larger contingency percentage was felt appropriate as the 3 phase programme had greater risks, with works being to public areas of the building.

It was added that any potential sub-contracts would be through the appropriate frameworks and there would be an opportunity for local companies to tender at that stage.

The Senior Projects Manager explained that the high capital cost of the energy generation equipment was in part due to the highly specialist nature and scale of the equipment required. Members were reminded that heat recovery had been built in at the cremator replacement stage, providing heating and hot water for the crematorium.

Resolved:

- (i) That the current performance of the Crematorium and monitoring against budget be noted.
- (ii) That the positive situation with regards to the sale of Memorials be noted.
- (iii) That the current staffing arrangements and action on building resilience be noted.
- (iv) That the enrolment of a member of staff on the Institute of Cemetery and Cremation Management Diploma course be approved.
- (v) That the changes to the opening times at weekends and bank holidays be approved.
- (vi) That the distribution of the recycling income to the respective charities be noted.
- (vii) That provision of a Christmas tree by St. Cuthbert's Hospice for 2014 be approved.
- (viii) That the progress on the improvement works be noted and the funding for the project be approved.
- (ix) That the contract for the improvement works be awarded to Durham County Council's in-house team.
- (x) That progress with the energy generation feasibility study be noted and that further developments are held back until any changes in grants or feed-in tariffs.

6 Financial Monitoring Report - Position at 31/12/13, with Projected Outturn to 31/03/14

The Head of Finance - Financial Services referred Members to Financial Monitoring Report, as set out in the usual format, for the period to 31 December 2013 and with projected outturn to 31 March 2014 (for copy see file of minutes).

The Joint Committee noted that the income and expenditure were broadly in line with the budget and the variances as set out in the report meant that projections were for an additional surplus of £158,409 to be included in the major capital works reserves as previously agreed by Members. Members noted a projected Reserve of approximately £1.36 Million at the year-end, giving a strong financial position.

Councillor K Thompson asked whether the additional redistribution of surplus to the two constituent Authorities had in fact been agreed.

The Head of Finance - Financial Services noted that the budget report for 2014/15 as set out later in the agenda would set out the additional redistribution next year and added that would be for the Joint committee to debate and decide upon accordingly. This report was in line with the approved budget for 2013/14 and an additional distribution had not been factored in for this year.

Resolved:

That the April to December 2013 Revenue Spend Financial Monitoring Report and associated Provision Outturn position at 31 March 2014 be noted.

7 Fees and Charges 2014/15

The Head of Finance - Financial Services referred Members to Fees and Charges 2014/15 report (for copy see file of minutes).

It was noted that the report had been prepared in accordance with Members directions given at the meeting held 25 September 2013, with proposals for increased charges in line with the regional average.

Members noted that if agreed, then there would be an opportunity for the Joint Committee to direct how any additional income could be utilised in connection with redevelopment works to provide an improved crematorium facility for service users.

The Joint Committee were reminded that, in line with current practice, it was proposed to retain the nil fee for child cremation (under 16's). Members noted a proposal for a pilot operation during the first 6 months of the year to offer underutilised appointment times at a discount, once other appointment times have been filled, to ascertain whether this could help encourage uptake of these appointment times. The discounted rate would be the current 2013/14 charges.

Resolved:

- (i) That the proposed fees and charges be approved and be effective from 1 April 2014.
- (ii) That the approved fees and charges be incorporated into the 2014/15 Budget.

8 Provision of Support Services 2014/15

The Head of Finance - Financial Services referred Members to the report setting out the proposed Service Level Agreement (SLA) for Support Service provision by Durham County Council to the Central Durham Crematorium Joint Committee (for copy see file of minutes).

Councillors were reminded that the SLA had been in place for a few years, following External Audit recommendations, and set out the support services provided to the Joint Committee by Durham County Council:

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

It was noted that the SLA included all support services other than Internal Audit, which has its own SLA, and the breakdown of services provided and costs were set out within the report. Councillors were reminded that the SLA is reviewed and updated annually. It was noted that additional work in relation to the Service Asset Management Plan (SAMP) had been included in the 2014/15 charges

Resolved:

That the Service Level Agreement for the provision of Support Services to the Joint Committee for the year 2014/15 be approved.

9 Review of the Effectiveness of Internal Audit

Councillors were introduced to the new Chief Internal Auditor and Corporate Fraud Manager, Paul Bradley, who had replaced the Manager and Head of Internal Risk, Avril Wallage who had retired. The Head of Finance - Financial Services noted that it was a requirement for the body that reviews the accounts to also have a review of the effectiveness of Internal Audit (for copy see file of minutes).

Members noted that part of the role of Durham County Council's Audit Committee was to scrutinise the performance of Internal Audit. It was explained that this, and the work of External Auditors, provided assurance to the Joint Committee that the work carried out by Internal Audit was in line with best practice and the latest audit standards.

The Head of Finance - Financial Services explained that Appendix 2 to the report set out the main outcomes from the review and the resultant improvement plan. Members were reminded that the review feeds into the Annual Governance Statement and Statement of Accounts.

Resolved:

- (i) That the information demonstrating the efficiency and effectiveness of the Durham County Council Internal Audit Service be noted.
- (ii) That the actions to further improve the service during 2013/14 be noted.

10 Provision of Internal Audit Services

The Audit Manager, Internal Audit, Stephen Carter referred Members to the report setting out proposals for the continued delivery of Internal Audit and Risk Management Services for the Central Durham Crematorium Joint Committee by Durham County Council's Internal Audit service (for copy see file of minutes).

Members noted the proposed number of days providing audit services through until 2016/17, and the breakdown as set out in the proposed SLA attached at Appendix 2 to the report. It was noted that the daily rate of £275 was below the benchmarked average cost per audit day for Unitary Authorities of £317 and that, in addition to the SLA, an updated Audit Charter was attached at Appendix 3 reflecting requirements of the Public Sector Internal Audit Standards that came into effect 1 April 2013.

The Joint Committee was reminded that the Council's Internal Audit service was not only scrutinised by the Council's Audit Committee, it was subject to External Audit every five years.

Resolved:

- (i) That the extension of the Service Level Agreement for the provision of Internal Audit and Risk Services for the next 3 financial years be approved.
- (ii) That the Annual Audit Plan and fee as set out within Schedule 2 of the Service Level Agreement be approved.
- (iii) That the updated Internal Audit Charter as set out at Appendix 3 to the report be approved.

11 2014/15 Revenue and Capital Budgets

The Joint Committee considered a report of the Corporate Director Neighbourhood Services and Corporate Director Resources / Treasurer to the Joint Committee which set out for Members' consideration proposals with regards to the 2014/15 Revenue and Capital Budgets for the Central Durham Crematorium (for copy see file of minutes).

The Head of Finance - Financial Services advised that the changes in comparison to the 2013/14 budget were set out within the report and highlighted the main points, including: the modern apprentice being now included within the budget; decisions on the redevelopment works being reflected; and realignment across a number of areas to better reflect current activity and costs. Members were asked to note the inclusion of work relating to: the SAMP; the impact of the review of fees and charges; and consolidation of all cremation related costs within premises charges. It was explained that the income projections were prudent, to reflect the increased fee, however, acknowledging any potential reduction in the numbers of cremations the budgeted assumed numbers had been reduced.

The Joint Committee were reminded of proposals for an increased distribution of surplus to the constituent Authorities, which would be useful to both Authorities in the current period of austerity, and this was reflected in the report for Members' consideration.

Councillors were asked to note the movement of some funds into the general reserve to maintain a level of 30% of the gross income budget in line with the reserves policy agreed by the Joint Committee.

A question was raised as regards potential pension contribution increases as a result of recent changes. The Head of Finance - Financial Services explained that the employers' contribution for 2014/15 had increased marginally as the percentage had increased from 13.1% to 13.8%, however, in terms of the number of employees at the Crematorium this was a small increase. The impact of this increase had been factored into the 2014/15 budget proposals.

Resolved:

- (i) That the Joint Committee note and approve the budget proposals contained within the report.
- (ii) That the forecast level of reserves and balances at 31 March 2015 be noted.