

## **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 **Thursday 28 September 2017** at **9.30 am**

**Present:**

**Councillor L Maddison (Chairman)**

**Durham County Council:**

Councillors D Brown, J Chaplow (Vice-Chairman), K Corrigan, P Jopling, H Liddle, M McGaun, S Quinn and K Thompson

#### **1 Apologies for Absence**

Apologies for absence were received from Councillors D Bell, G Darkes, I Machin and J Stephenson.

#### **2 Minutes**

The Minutes of the Annual General Meeting held on 28 June 2017 were confirmed as a correct record and were signed and initialled by the Chairman.

#### **3 Declarations of Interest**

There were no Declarations of Interest submitted.

#### **4 External Audit Annual Review of the Return for the Year Ended 31st March 2017**

The Joint Committee considered a Joint Report of the Interim Corporate Director Neighbourhood Services and Interim Corporate Director Resources and Treasurer to the Joint Committee relating to the External Auditors (Mazars LLP) issues Arising Report for the year ended 31 March 2017 (for copy see file of minutes).

The Head of Finance and Transactional Services, Paul Darby advised that the audit had now been concluded, adding that there had been no material weaknesses highlighted around the Joint Committee's system of internal control.

The Chairman noted the positive report which showed the strength of the Joint Committee going forward and referred Members to the recommendation.

**Resolved:**

That the Joint Committee approve the Joint Committee's Annual Return for the year ended 31 March 2017 including the External Report 2016/17 Certificate (attached at Appendix 2).

**5 Quarterly Performance and Operational Report**

The Bereavement Services Manager, Graham Harrison asked Members to note the performance figures from 1 June 2017 to 31 August 2017 and the comparison to the same period for 2016, highlighting that there was a net decrease of 25 cremations year on year. It was noted there was a total of 514 for the 3 month period with the June to August profile breakdown showing 177 from Durham, 26 from Spennymoor and 311 from outside of the area. It was added that Funeral Directors had also noted a decrease in respect of numbers.

Members were asked to note that the number of memorials sold had increased in comparison to the same period the previous year, with sales being £7,091 greater than the comparable period last year.

The Bereavement Services Manager explained that Derrick Allison, one of the four organists that play at services at the Crematorium Chapel had informed the Crematorium that he wished to tender his resignation. It was added that this would take effect from December 2017 and the Bereavement Services Manager felt that it would be appropriate for the Joint Committee to recognise Mr Allison's service over the years by nominating him for the Chairman's Medal, the highest award given by Durham County Council for outstanding services to the community.

Councillors noted that for the sixth year running the Crematorium, in a joint bid with the South Road Cemetery, had achieved the Green Flag Award. It was added this was testimony to the dedication of the staff working at the Crematorium and South Road Cemetery and was in addition to the award of Gold Star Status by the Institute of Cemetery and Crematorium Management.

In respect of the Recycling of Metals Scheme, Councillors noted that the cheque referred to at the last meeting of the Joint Committee for the Stillbirth and Neonatal Death Charity (SANDS) had now been presented by the Chairman of the Joint Committee to SANDS. Members noted that the Recycling of Metals Scheme had generated a sum of £350,000 nationally in 2017/18 and that a further cheque in the sum of £5,000 was ready for presentation to the North of England Children's Cancer Research and arrangements were being made for this to be presented to the charity.

The Bereavement Services Manager referred Members to the Service Asset Management Plan (SAMP) appended to the report which set out a number of proposed works, set out by priority: priority 1; priority 2; priority 3; and longer term works. Members noted some of the works included relining of the hearths and cremators, improvements to the roadway layout and re-decoration works.

The Chairman noted that in reference to the organist she felt that the thanks of the Joint Committee should be passed on, in recognition of his contribution. She added that the news in terms of the Green Flag Award and Gold Star Status was very good and welcomed. In reference to the presentation of the cheque to SANDS, the chairman explained that finding out about the work that they carried out in our local hospitals had been very rewarding and looked forward to the presentation to the North of England Children's Cancer Research charity in due course.

The Chairman also noted as regard benchmarking for like-for-like works in terms of other similar organisations.

Councillor K Thompson asked as regards the opportunities in terms of tendering for works, noting the number of works undertaken during the cremator replacement and redevelopment works and for the possibility of opportunities in terms of sub-contracts, accepting some works would be of a specialist nature and would require a specialist company.

*Councillor H Liddle entered the meeting at 9.40am*

Councillor J Chaplow noted the quality of the works that had been carried out by the Council's Direct Services, on time and on budget, with no interruptions to services.

The Chairman noted that Spennymoor Town Council required 3 quotes when tendering for works.

Councillor K Thompson added that he was not saying anything against the quality of the works that had been carried out, he thought they were of a very good quality, rather to open up the opportunities in terms of local companies, including those in the Spennymoor area, adding was there not a list of companies in terms of sub-contracting.

The Head of Finance and Transactional Services noted that the Council's Constitution set out that if there was an in-house capacity to carry out works then there was not a requirement to go out to tender. He added that sub-contracts would be subject to the tendering process, however, in the case of the works at the Crematorium, the vast majority of the works provided externally were by IFZW in terms of the cremator equipment itself. The Head of Finance and Transactional Services noted that a major concern noted by the Joint Committee prior to the works was that of sensitivity and to protect the good reputation of the Crematorium, maintaining a clean site. He added that it would be for the Joint Committee to decide if there was a new capital development, whether to look for a full tendering process or via sub-contracting.

Councillor K Thompson noted the sub-contracting and asked as regards the list of approved contractors, and noted that he was only asking in terms of best value. The Head of Finance and Transactional Services noted he would go back to procurement as regards the sub-contract list.

Councillor D Brown noted he understood the concerns raised, however, he felt that you should not change a winning team, and that ensuring the quality and that the works were carried out with sensitivity and compassion was important.

The Head of Finance and Transactional Services noted that the SAMP set out the planned works over the next few years and a number of items would not necessarily be carried out by the County Council and that therefore companies, including those from the Spennymoor area would be able to bid for any works put out to tender.

Councillor M McKeon noted the points made and added that while specialist works may require a tender, would other less specialist works not simply require a company to be added to a list of approved contractors. The Head of Finance and Transactional Services noted he would speak to procurement as regards this.

The Chairman added that this was an important area with the Crematorium providing a unique service and in was appreciated that there was a need for quality.

**Resolved:**

- (i) That the current performance of the Crematorium be noted.
- (ii) That the Joint Committee nominate the organist, Mr Derrick Allison for the Chairman's Medal and a letter be sent on behalf of the Joint Committee to the Mr Derrick Allison for his service.
- (iii) That the continued success with the Green Flag Award be noted.
- (iv) That updated position with regards the Recycling of Metals Scheme be noted.
- (v) That the Service Asset Management Plan be approved and factored into budget planning in 2018/19 and beyond.
- (vi) That a benchmarking exercise be undertaken.

**6 Financial Monitoring Report 2017/18: Position at 31/08/17 with Projected Outturn to 31/03/18**

The Head of Finance and Transactional Services referred Members to Financial Monitoring Report, as set out in the usual format, for the period to 31 August 2017 and with projected outturn to 31 March 2018 (for copy see file of minutes).

The Joint Committee noted that there was a projected revenue outturn surplus of £15,842 more than the budgeted position, with the reasons for the major variances set out in detail within the report. It was added that one of the main additional spends was in relation to drainage and removal of tree roots, as agreed by the Joint Committee at the June meeting, however these were offset against saving in other areas.

Members noted a projected total reserve of approximately £1.6 Million at the year-end, giving a strong financial position. It was added that The Head of Finance and Transactional Services noted that overall the budget was in line with the original base budget and later within the agenda there was a paper looking at the options in terms of the distribution of surplus to the partner Authorities.

Councillor K Thompson asked when Spennymoor Town Council would have the figures in terms of distribution of surplus in order to look forward to next year's budget. The Head of Finance and Transactional Services noted this was set out within Item 10.

The Chairman noted the healthy position in terms of the budget, income and reserves.

**Resolved:**

That the April to August 2017 Financial Monitoring Report and associated provision revenue and capital outturn positions at 31 March 2018, including the projected year end position with regards to the reserves and balances of the Joint Committee, be noted.

## **7 Risk Register 2017/18 - Update**

The Head of Finance and Transactional Services asked Members to note the Risk Register Update 2017/18 report, the Joint Committee considering updates on a 6 monthly basis. Members recalled that the report set out service risk register and the health and safety risk register, with risks being regularly reviewed by the DCC Risk Management Team in conjunction with the Bereavement Services Manager. Due to the large number of Health and Safety risks within that register, revised arrangements for providing risk management assurance were proposed within the report recommendations.

It was explained that one new service risk had been highlighted with a recommendation that a fire-proof door be fitted to the ashes store room. It was noted that this would be implemented by the Bereavement Services Manager and that all other risks on the service register remained unchanged. The Head of Finance and Transactional Services noted that the risks were at a "tolerate" level and therefore Members could take assurance that risks were being assessed and subject challenged by colleagues from outside of the Bereavement Services Manager's Team.

The Chairman asked why the Health and Safety risk would not be included in the 6 monthly report. The Head of Finance and Transactional Services advised that if there was an issue it would be escalated to the Joint Committee.

Councillor P Jopling noted the appendices setting out the risks and asked were there any risks to the public. The Head of Finance and Transactional Services noted that the report set out those risks, however, there were systems of control in place such to best mitigate those risks, meaning they were not likely to materialise.

An example given was the work undertaken to ensure there was sufficient capacity in the case of a severe winter, or pandemic flu, such that the Crematorium, and the other Council facility at Mountsett, could operate more cremations if required. Councillor M McGaun asked if it was possible for Members to view the risk register in some way. The Head of Finance and Transactional Services noted it had been made available looking at older Committee papers, however, the Bereavement Services Manager could look to make it available and to be appended to the Committee paper for the next few meetings. The Chairman noted that if Members wished to have this information it could be added to the recommendations.

**Resolved:**

- (i) That 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*'.
- (ii) That the detailed health and safety risk register no longer be included in the half-yearly update report to the Joint Committee, but be available to view if requested.
- (iii) That Members of the Central Durham Crematorium Joint Committee note the content of the report and the updated position.
- (iv) That the service risk register continues to be reviewed by the Joint Committee half yearly.
- (v) That the Risk Register is appended to the Joint Committee agenda papers for Members information.

## **8 Internal Audit Charter**

The Audit and Fraud Manager, Resources, Stephen Carter referred Members to a revised Internal Audit Charter (for copy see file of minutes).

Members noted that Public Sector Internal Audit Standards (PSIAS) came into effect from April 2013 and were revised in April 2017 to be in line with the Institute of Internal Auditors global International Professional Practices Framework, with the update to the Internal Audit Charter reflecting those changes.

It was explained that the Charter defines the Internal Audit Service's purpose, authority and responsibility, as well as its relationship to the Joint Committee. Members noted that changes to the Charter were set out in bold for ease of reference.

Councillor K Thompson noted that page 102 set out Appendix B, which noted the "Senior Management" which included the Corporate Director of Resources/Treasurer to the Joint Committee and the Corporate Director of Regeneration and Local Services, however, it did not include the Clerk to Spennymoor Town Council. The Audit and Fraud Manager noted he would check as regards this matter. The Chairman added that the charter, at Paragraphs 27 to 29 referred to any consultancy work and this being reported to the Audit Committee and asked if this should also involve Spennymoor Town Council

**Resolved:**

That the Central Durham Crematorium Joint Committee approve the revised Internal Audit Charter as set out at Appendix 2 to the report, with the Audit and Fraud Manager to check as regards the inclusion of an Officer from Spennymoor Town Council within the document.

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

The Audit and Fraud Manager stated 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 and effectiveness of Internal Audit and had received a report at its meeting in June. It was explained that this provided assurance to the Joint Committee that the work carried out by Internal Audit was in line with best practice and the latest PSIAS. It was explained that as part of the standards there was a requirement for an external review every 5 years and this had been undertaken by Newcastle City Council in 2016 which concluded "that Durham County Council's Internal Audit Service conforms to the requirements of the PSIAS".

The Chairman asked whether it was appropriate that the Durham County Council Audit Report came to the Joint Committee. The Head of Finance and Transactional Services noted not necessarily, however, it was an assurance that in terms of the financial returns and annual governance statement, the Internal Audit Service had been looked at by both the Durham County Council Audit Committee, and independently by Newcastle City Council, and therefore were providing a correct service for the Joint Committee.

The Chairman asked if issues were found, would they be flagged up and report back to the Joint Committee. The Head of Finance and Transactional Services noted this was the case.

**Resolved:**

That the information demonstrating the efficiency and effectiveness of the Durham County Council Internal Audit Service be noted.

**10 Budget Strategy Report**

The Head of Finance and Transactional Services reminded the Joint Committee that Members had requested a report setting out a range of issues that would need to be considered as part of the medium term budget strategy and look at the possible increase in the distribution of surplus to the partner Authorities from 2018/19.

He added that the purpose of the report as set out in the agenda pack was to gauge the views of Members in advance of the January meeting that would look at budget proposals.

Councillors noted the table set out at Paragraph 4, which listed that capital investment at the Crematorium totalling approximately £3.7 million which had secured a core asset for the future, with the building being in good shape, new cremators and mercury abatement equipment being in place, compliant with the necessary EU regulations.

Members noted future planned capital works of approximately £600,000 over the next three to four years and that the new cremators had a asset life that would take them through to around 2032, maybe longer and that current estimates for the replacement of the cremators was for around £1million. Councillors recalled that the previous works had been funded partly by reserves and partly by borrowing, and that payments in terms of the borrowing would end in 2020/21, giving a £210,000 surplus from then on.

The Head of Finance and Transactional Services noted that the Crematorium Business Plan was prudent in terms of the numbers of cremations and financial performance and set out that the £210,000 would go back into reserves. It was highlighted that as the financial position was much stronger, not as much was needed within the reserves.

The Joint Committee noted that in terms of fees and charges, it was noted that in 2017/18 there had been no increase as Mountsett Crematorium was now ongoing a programme of improvement works. Members were reminded that Mounsett Crematorium Joint Committee had agreed a no increase to their fees during the period when Durham Crematorium had undergone its programme of works.

Members noted that the proposed fee for 2018/19 was £680, still being the lowest in comparison with other neighbouring facilities, even with a £30 increase on the current £650 charge. The Head of Finance and Transactional Services noted that Members of the Joint Committee had been mindful in the past to ensure the affordability of the service.

The Head of Finance and Transactional Services noted that planning permission had been granted for a new crematorium at Castle Eden, however timescales in terms of construction and opening were not known. It was added that this would need to be taken into account in terms of risk moving forward.

Members were referred to the proposed increased distributable surplus to each partner Authority and asked to consider these and the increased fees and charges to allow for budget reports to be drafted, and to review the budget strategy and surplus redistribution in three years' time in preparation for the 2021/22 budget setting year.

Councillor K Thompson asked if there was a need to declare an interest as he was also a Spennymoor Town Councillor. The Chairman noted that Councillor K Thompson was a representative of Durham County Council on the Joint Committee and the Clerk to the Joint Committee, Laura Renaudon noted that it was to bear in mind, however both Authorities would benefit from the proposals in terms of increased surplus redistribution.

Councillor M McGaun asked if there was a business case in terms of the increase to the fees, in light of the information in terms of £210,000 being available once the borrowing had been paid off. He noted that it may be a very good “quick win” and help to impact positively where other cuts to both Authorities had been made, however he asked for further information for the proposed increase in fees.

The Head of Finance and Transactional Services noted that there was an identified need for works to be carried out at Durham Crematorium, as set out within the SAMP. It was added there was a need to harmonise the fees and charges with those of Mountsett Crematorium, with there being a need for this in terms of the ongoing improvement works being undertaken. The Head of Finance and Transactional Services noted that also in terms of medium term financial plans, both partner Authorities could benefit from the redistribution to help offset against cuts being made to those Authorities.

Councillor P Jopling noted the proposed increase in fee, and that it would still be the lowest in our area. She added that she felt that with the other facilities in the area and new ones that had recently gained planning permission, it would be prudent to be able to have a “cushion”, in order to react positively should any other facility offer a new service or product. The Head of Finance and Transactional Services noted that any new facility at Castle Eden would likely draw more users from the Hartlepool facility rather than Durham, however, it was noted that it was not always the charge itself, rather with some funeral directors and their relationships to a particular facility.

Councillor M McGaun asked what the justification was for the increase in fees and charges. The Head of Finance and Transactional Services noted that it was in order to meet the needs of the capital investment required and was in line with the strategy to build up reserves, including the distributable surplus.

The Chairman noted that the SAMP identified issues that required works and there was always the possibility of a requirement that would necessitate a change, for example a new cremator in order to accommodate a larger person.

The Head of Finance and Transactional Services noted that should Members agree, the additional £30 in respect of the cremation fee would be factored into the 2018/19 budget and this would give an additional £120,000 and £30,000 respectively to Durham County Council and Spennymoor Town Council. Members were reminded that as the loan would drop out of the budget in three years, this would be a good point to look again at issues and options. The Head of Finance and Transactional Services noted the amount distributable to Spennymoor Town Council was proposed as being £111,250 for 2018/19.

**Resolved:**

- (i) That the report be noted.
- (ii) That the Central Durham Crematorium Joint Committee approve the proposed increase in the fees and charges, and the surplus redistribution, as identified within the report.
- (iii) That the Joint Committee review the budget strategy and surplus distribution in three years' time in preparation for the 2021/22 budget setting year.

**11 Crematorium Heritage Weekend**

Councillor D Brown noted a press article in terms of an open event held at the Crematorium and asked for more information.

The Bereavement Services Manager noted a recent Crematorium Heritage Weekend event had been very successful, with around 70 people having attended Durham Crematorium.

The Chairman noted that it would be useful for the Members of the Joint Committee to be made aware of such events.