

Merton and Sutton Joint Cemetery Board
7 February 2012
Supplementary Agenda

4 **Budget Monitoring 2011/12 and Revenue Estimates 2012/22** 3

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Committee: MERTON AND SUTTON JOINT CEMETERY BOARD
Date: 7th February 2012

Agenda Item: 4
Wards; Borough Wide Merton and Sutton
Subject: Budget Monitoring 2011/12 and Revenue Estimates 2012/22

Lead Officer: Zoe Church

Urgent Report:

The legal requirements for Access to Information have not been met. The chair has approved the urgent submission of this item for the following reason:

In order that the statutory requirements to levy a council precept for 2012/13 are met, it is essential that this Board consider the proposals in this report.

Recommendations:

1. That the current budgetary position for 2011/12 based on the third quarters monitoring be noted.
 2. The Revenue Estimates for 2012/13 as submitted be approved and subsequent years estimates be noted.
 3. That the precepts for the financial year ended 31 March 2013 be set at zero.
 4. The board note that approximately 260 internments are required per annum to provide income sufficient to fund the full cost of the loan.
 5. That letters are sent to both Merton and Sutton indicating the intention to levy a precept from 1 April 2014. These letter should highlight the steps that would be taken to minimise expenditure levels and maximise income generation prior any precept being established.
 6. That the scale of fees and charges detailed within Appendix E are approved.
 7. That the Board review the use of the remaining land holding to determine if additional rental income could be generated at it's next meeting.
 8. That the Board establishes it's next meeting in June 2012 to ensure that information is despatched to Merton's External Auditors by 30th June 2012.
 9. That the Board adopt Merton's approach to risk management and agrees to review their risk register at each meeting.
 10. That the Board review the Risk Assessment attached as Appendix L
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1. Purpose of the Report and Executive Summary

- 1.1 This report presents the revised revenue estimates for 2011/12, the budgetary monitoring to 31 December 2011 and revenue estimates for 2012-2013.

1.2 The Board currently has the option to borrow up to £2 million from constituent authorities and have requested that estimates are compiled for 10 years to review the longer-term impact of the cost of debt repayment on the cemetery's financial position.

2. Background

2.1 In October 2008 Peter Mitchell Associates were commissioned to undertake a Burial Space Review for Merton Council. Merton had two main cemeteries for burials MSJC and London Road. At this time it was estimated that MSJC had up to 18 months space for Christian burials and London Road had space of up to 10 years for burials.

2.2 Over the next 30 years it is envisaged that demand for burial services will increase as Lambeth, Sutton and Wandsworth burial space was used up. In addition, the Jewish and Muslim religious beliefs, desire burial.

2.3 At this time it was estimated that MSJCB had just over 34 acres of new land which would provide just over 27,000 graves over an estimated 80 to 100 year period based on current demand. At this time it was estimated that it would cost £15 million to develop the whole site.

2.4 MSJCB is a precepting Authority to both Merton and Sutton Councils'. At the time the Board had the option to do nothing. If this approach was taken then it is envisaged that (based on 2011/12 projected income) the following income would cease:

Type of Income	2011/12 Projected Income £	Projected Income if no Grave Space £	Variance £
Internment Fees	(347,052)	*(71,000) to 0	276,052 to 347,052
Memorial Fees	(25,000)	0	25,000
Memorial Seats	(200)	0	200
Maint. Of Graves	(7,762)	0	7,762
Grave Rights Trans.	(31,039)	0	31,039
Total	(411,053)	*(71,000) to 0	340,053 to 411,053
Full Year Debt Chgs			180,000
Total	(401,878)	*(71,000) to 0	160,053 to 231,053

* This figure assumes that approximately 35% of burials will involve re-opening existing graves. This will eventually dwindle to zero. Calculations have assumed resident unit pricing of £950.

- 2.5 By investing in the layout of a parcel of available landholding (1.75 hectares) these income streams will be maintained for an estimated 20 years. Offsetting the estimated full year debt charges of £180,000 per annum will maintain income of between £160,053 to £231,053 above the “do nothing” option.
- 2.6 At the time the decision was made consideration was given to the sale of part of the land owned by the cemetery board, however, this was found to be impractical for drainage and planning reasons. At that time the land value would not have made a significant contribution to the costs of the scheme.
- 2.7 In 15 to 20 years time when the board consider the laying out of further parcels of their landholding key factors such as demand, drainage restrictions, land value and planning legislation may be completely different. It is envisaged that any future development of the site should only be progressed if it would eliminate the need to precept.

3. Estimating the level of Demand over the Next Ten Years

- 3.1 Internments provide the bulk of the income to MCJCB. The further into the future projections are made of demand, the greater the level of uncertainty. In the original report there was considerable discussion over the level of demand in the next 30 to 35 years. The bulk of neighbouring provision would be fully utilised by this time and unless other land was set out MSJC was cited as the only source of supply (the analysis appeared to exclude Croydon).
- 3.2 In the original report it was envisaged that the vast majority of demand for London Road would transfer to MSJC once full. Current indications are that the laying out of a parcel of land next to the current site at minimal cost may extend the life of the London Road cemetery. It is possible that other neighbouring authorities may be able to extend the life of their provision.
- 3.3 It is envisaged that these additional factors will have an impact on demand:
- i) Merton’s population is increasing. Currently, officers within Merton are adding 25 plus forms of entry to primary provision due to the increased child population within the borough.
 - ii) ONS projections up to 2025 indicate that the 15-64 age population in Merton will increase by 11.3% to 162,900 by 2025.
 - iii) ONS projections up to 2025 indicate that the 65 plus age population in Merton will increase by almost 22% to 28,600 by 2025.
 - iv) Merton has an ethnically diverse population and this will affect demand for burial space and reflects the prominent religious beliefs of these cultures.
 - v) There is some discussion that the low birth rates during the Second World War are impacting on current death rates.

vi) Merton and Sutton have a younger population than England as a whole.

3.4 For the last two financial years London Road and MSJC have increased their fees by 20% to provide additional income to offset some of the additional costs incurred to pay off the loan. It is unclear if this has had an impact on demand for services.

3.5 Internment figures over the past few years have fluctuated quite considerably, as shown below:

Financial Year	Internment Numbers
2006/2007	291
2007/2008	254
2008/2009	266
2009/2010	228
2010/2011	243
2011/2012*	213

* Estimated

3.6 In conclusion, it has proved impossible to predict with any great accuracy demand for internments over the next 10 years. Four scenarios have been developed to incorporate different levels of demand. All scenarios assume a 20% increase in internment fees in 2012/13 (with 2% in subsequent years), with other fees weighted. Demand for each level is summarised in the table below:

Scenario 1 – Lower Levels of Demand to 2018/19

Scenario 2 – Higher Level of Demand

Scenario 3 – Constant with a slight drop to reflect lower birth rates in World War Two

Scenario 4 - Oscillating to reflect demand for internments over the last few years

Estimated Numbers of Internments 2011 to 2022

Financial Year	Lower Levels of Demand	Higher Levels of Demand	Constant Demand	Oscillating Demand
2011/2012	213	213	213	213
2012/2013	201	201	201	223
2013/2014	189	189	201	210
2014/2015	177	177	201	220
2015/2016	165	189	213	207
2016/2017	177	201	213	217
2017/2018	165	213	213	204
2018/2019	177	225	213	214
2019/2020	170	237	213	201
2020/2021	182	249	213	211
2021/2022	175	261	213	201

- 3.7 From these four income projections the highest and lowest income figures have been calculated for each financial year and fed into the budgeting model. The difference in internments income levels is summarised in the table below:

Financial Year	Lowest Income £	Highest Income £	Variance £
2011/2012	347,052	347,052	0
2012/2013	360,250	399,680	39,430
2013/2014	342,130	380,144	38,014
2014/2015	323,611	402,228	78,617
2015/2016	304,688	393,325	88,637
2016/2017	330,116	404,718	74,602
2017/2018	310,812	401,230	90,418
2018/2019	336,751	428,073	91,322
2019/2020	326,667	455,413	128,745
2020/2021	353,224	483,257	130,033
2021/2022	343,034	511,611	168,577

- 3.8 The table above highlights the trend that further into the future the projection the greater the difference between the highest and lowest internments income projection. These highest and lowest have been fed into the budgeting model.

4. Levels of Expenditure

- 4.1 Levels of expenditure on each budget head have been reviewed, and the following reductions to budgets have been made:

4.2 Employee Budgets

- 4.2.1 Direct Employee costs total £215,055 for 2012-13, this is a reduction of £13,005 from the previous years budget. This saving has been made as follows:
- a) £8,800 has been saved from the Foreman/Supervisor salary as they are no longer required to lock the gates. Consequently, they are not paid for this task.
 - b) The Wages budget has been decreased by £4,235. This is because the Wages budget had previously been over budgeted.
 - c) £30 has been added to the Misc staff costs. This is inflation relating to money paid to Surrey County Council for some MSJCB staff pensions.

4.2.2 These figures are based on current budgets. However, there are two proposals relating to MSJCB salaries which have not yet been built into salary estimates:

- a) The first proposal is for one Foreman/Supervisor post is shared equally by Merton and MSJCB. If this was accepted the Foreman/Salary Budget for MSJCB 2012-13 would decrease to £18,515 (50% of the full £37,030). This would save £18,515 from the budget.
- b) The other proposal is that MSJCB pay half of the overall manager's salary. Currently MSJCB contribute £19,150 to this salary. If the proposal was accepted the budget for 2012-13 would need to be increased by £4,135.

If both proposals were accepted the salary budget would be decreased by £14,380. These savings have not input into the budget report. Leaving a Salary budget of £200,675 and a reduction from 2011-12 of £27,385.

4.2.3 Pay Awards - Salaries to the Board's part time Chief Officers, i.e. Clerk, Treasurer, Registrar and Consultant Surveyor are increased annually in line with negotiated and announced Joint Negotiating Committee (JNC) awards in accordance with the Board policy, approved on 8th March 1972 (Min. 48/3/72).

The Board meeting of 24th April 1989 resolved that subject to there being no legal impediment, future salary awards for the Board's part time officers be implemented from 1 April each year so as to coincide with the Board's financial year. The interim JNC pay award for Officers for 2012-13 is set at 0.5% although the pay award is currently subject to arbitration.

4.3 Running expenses

4.3.1 The estimated running expense for 2012-13 are £116,990, a marginal increase of £270. Major changes are:

Reductions

- a) Reduction in General maintenance grounds and paths budget by £3,670 to £6000
- b) Removal of the £790 Advertising budget
- c) A £340 reduction in the Postage budget to £50

Increases

- f) Rubbish disposal budget increased from 0 to £3,500

4.4 Miscellaneous Expenses

4.4.1 The Specific Maintenance Budget of £26,850 has been removed as it has been unspent.

4.5 It is envisaged that considerable work will need to be undertaken reviewing the levels of expenditure required to maintain the cemetery prior to any precept being levied,

4.6 Interest / Minimum Revenue Provision

4.6.1 Machinery: Attached as Appendix H is the proposed Machinery Replacement Programme for MSJC. Based on this information an annual depreciation charge of £12,850 has been entered into the revenue estimates over the projection period.

4.6.2 Loan: Appendix I sets out the anticipated interest and principle repayments incurred from the £2 million loan for various works. It is assumed that the loan will be over 20 years (the anticipated life of the extension) at a rate of 5%, however, this will be dependant on the prevailing rate at the time of scheme completion when the loan will be taken out. It is currently envisaged that interest only will be charged for 2011/12 and 2012/13, with loan repayments commencing in 2013/2014. These figures have been fed into the estimates in Appendix B.

4.7 Income

4.7.1 Fees: The lowest and highest income figures have been incorporated into Appendix B. This indicates that:

- a) It will be necessary to levy a precept from 2014/15 if the lower level of income are achieved
- b) It will be necessary to levy a precept from 2015/16 if the higher level of income are achieved
- c) In order to break even from 2015/16 onwards approximately 260 internments are required per annum.

Given the likely need to precept constituent authorities, consideration needs to be given to further increases above inflation for fees.

4.7.2 Rents: The following rental income is anticipated in 2012/13 onwards:

<u>Area</u>	<u>£ Per Annum</u>
A	3,500
B	25
B1	25
C	25
D	10,167
Total	13,742

It is recommended that the Board review the income generated from it's land holding at its next meeting

5. Common Fund Balances

- 5.1 The balance on the Common Fund brought forward into 2011/2012 is £139,969. The balance on Purchasing Graves in Reserve Fund brought forward into 2011/2012 is £26,040. This provides a total fund balances carried forward of £166,009.
- 5.2 Attached as Appendix K are the possible levels of precept required to be levied from Merton and Sutton up to 2021/22.

6. External Auditors Report

- 6.1 The External Auditors report is attached as Appendix L. Two key points were raised as part of the Audit:
 - a. The requirement to establish the summer (year end accounts) meeting of the Board in June 2012. This requirement has been highlighted as a recommendation to the Board.
 - b. The requirement to undertake a risk assessment, which is attached as Appendix M.

7. Alternative options

- 7.1 None for the purposes of this report.

8. Consultation undertaken or proposed

- 8.1 None for the purposes of this report.

9. Timetable

- 9.1 None for the purposes of this report.

10. Financial, resource and property implications

- 10.1 As contained in the body of the report

11. Legal and statutory implications

- 11.1 None for the purposes of this report.

12. Human rights, equalities and community cohesion implications

- 12.1 None for the purposes of this report.

13. Risk management and health and safety implications

- 13.1 It is proposed that the Board adopt Merton's approach to Risk Management as detailed in Appendix M. In accordance with this process officers have compiled a risk register (Appendix N), this risk register will be reviewed and presented to each meeting of the Board.

<u>Appendices</u>	A – Q3 Budgetary Monitoring & 2011/12 B – Revenue Estimates 2012/2022 C – Employee Costs D – Management and Administration Expenses E – Proposed Scale of Fees and Charges F – Comparison of Fees and Charges G – Projected Income H - Machinery Replacement Programme I – Estimated Debt Repayment J – Precept History MSJCB K – Precept Calculation L – Copy of the External Auditors Certificate and Opinion M – Merton's Draft Risk Management Strategy 2012 N – Risk Assessment
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Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report

2009/10 to 2011/12 Budget files and Budgetary Control files in the Corporate Services Department

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 - Useful links

Merton Council's Web site: <http://www.merton.gov.uk>

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<http://www.merton.gov.uk/legal.htm>

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MERTON AND SUTTON JOINT CEMETERY BOARD**BUDGETARY CONTROL Q3 2011/12**

	REVENUE ESTIMATE 2011-12 £	REVISED ESTIMATE 2011-12 £	Expected to date End Dec11 £	Actual to date End Dec11 £	Variance to date £	Forecast Position at 31st March 2012 £
Employees						
Salaries	71,480	65,000	32,500	33,692	1,192	65,000
Wages	151,520	148,700	111,525	111,512	(13)	148,700
Pensions	5,060	0	0	0	0	0
Misc Staff costs	0	5,060	3,795	3,309	(486)	5,060
Gratuities	0	0			0	0
	228,060	218,760	147,820	148,513	693	218,760
Running Expenses						
Maintenance - Buildings	4,790	4,790	3,593	3,543	(50)	4,790
Maintenance - Electrical	1,000	2,000	1,500	1,464	(36)	2,000
Maintenance - Grounds and Paths	9,670	3,000	2,250	1,400	(850)	3,000
Electricity	3,600	3,000	2,250	2,000	(250)	3,000
Gas	3,850	3,000	2,250	2,275	25	3,000
Cleaning Materials	320	200	150	144	(6)	200
Rubbish Disposal	0	9,000	6,750	7,000	250	9,000
Water	2,190	3,500	2,625	2,700	75	3,500
Rates	6,820	6,276	6,276	6,276	0	6,276
Equipment	1,810	500	375	50	(325)	500
Tools	160	100	75	0	(75)	100
Materials	3,760	1,000	750	2,200	1,450	1,000
Memorials, Burial and Cremation	1,240	2,000	1,500	1,526	26	2,000
Laundry	100	100	75	25	(50)	100
Clothing and Uniforms	640	1,200	900	214	(686)	1,200
Car Allowances	0	0	0		0	0
Petrol and Oil	930	500	375	7,300	6,925	500
Repair and Maintenance - Vehicles (SLA)	6,860	6,800	5,100	4,400	(700)	6,800
Printing and Stationery	1,510	800	600	400	(200)	800
Advertising	790	0	0	0	0	0
Postage	390	30	23	10	(13)	30
Telephones	560	620	465	500	35	620
Training/Conference Expenses	540	600	450	400	(50)	600
Subscriptions	410	320	240	0	(240)	320
Software Licence	2,200	2,200	1,650	0	(1,650)	2,200
Insurance	2,980	2,980	2,235	0	(2,235)	2,980
Management and Administration Expenses	56,910	56,910	0	0	0	56,910
Audit Fee	2,630	2,050	1,538	2,050	513	2,050
Travel Expenses	60	40	30	0	(30)	40

MERTON AND SUTTON JOINT CEMETERY BOARD**BUDGETARY CONTROL Q3 2011/12**

	REVENUE ESTIMATE 2011-12 £	REVISED ESTIMATE 2011-12 £	Expected to date End Dec11 £	Actual to date End Dec11 £	Variance to date £	Forecast Position at 31st March 2012 £
	116,720	113,516	0	44,024	1,854	113,516
Interest and MRP - £2 Million Loan	72,000	31,816	0	0	0	31,816
MRP - Machinery	0	12,850				12,850
Operational Leasing	1,180	0	0	0	0	0
Interest / Minimum Revenue Provision	73,180	44,666	0	0	0	44,666

MERTON AND SUTTON JOINT CEMETERY BOARD**BUDGETARY CONTROL Q3 2011/12**

	REVENUE ESTIMATE 2011-12 £	REVISED ESTIMATE 2011-12 £	Expected to date End Dec11 £	Actual to date End Dec11 £	Variance to date £	Forecast Position at 31st March 2012 £
Miscellaneous Expenses						
Specific Maintenance Provision	26,850	0	20	0	(20)	0
	26,850	0	20	0	(20)	0
TOTAL EXPENDITURE	444,810	376,942	191,864	194,390	2,527	376,942
INCOME						
Interment Fees	(383,290)	(347,052)	(260,289)	(273,731)	(13,442)	(347,052)
Memorial Fees	(20,100)	(25,000)	(18,750)	(23,787)	(5,037)	(25,000)
Memorial Seats	(500)	(200)	(150)	0	150	(200)
Recovery of Misc Expenses	0	(7,762)	0	(7,762)	(7,762)	(7,762)
Maintenance of Graves	(25,000)	(31,039)	(23,279)	(31,039)	(7,760)	(31,039)
Grave Rights Transfer Fees	(1,500)	0			0	0
Rents	(13,670)	(13,740)	(18,320)	(3,500)	14,820	(13,740)
Interest	(690)	(5)		(5)		(5)
Miscellaneous Fees	(60)	(10,000)	(4)	(2,743)	(2,739)	(10,000)
TOTAL INCOME	(444,810)	(434,798)	(320,792)	(342,567)	(21,770)	(434,798)
NET EXPENDITURE (INCOME)	0	(57,856)	(128,928)	(148,177)	(19,249)	(57,856)

Merton and Sutton Joint Cemetery Board
Employee Costs

Appendix C

	REVENUE ESTIMATE 2011/12 £	REVENUE ESTIMATE 2012/13 £
Salaries (inclusive of employers' Superannuation and National Insurance)		
Full time Officers		
Foreman/Supervisor	45,910	37,030
Other supervisory costs	19,150	19,150
	65,060	56,180
Part time Officers		
Clerk	1,660	1,680
Treasurer	1,660	1,680
Registrar	1,660	1,680
Consultant Surveyor	520	530
Superannuation and National Insurance	920	930
	71,480	62,680
Wages (inclusive of employers' Superannuation and National Insurance)	151,520	147,285
Pensions	5060	5060
	228,060	215,025
Total Employee Costs		

Merton and Sutton Joint Cemetery Board

	Revenue Estimate 2010/11 £	REVENUE ESTIMATE 2011/12 £	REVENUE ESTIMATE 2012/13 £
<u>Management and Administration Expenses</u>			
CORPORATE SERVICES DEPARTMENT:			
Environmental Finance Manager	4,480	4,550	4,620
and Principal Accountant	1,570	1,590	1,610
and Clerical Assistant - Payments & Income	2,170	2,200	2,230
Payroll & Pensions	5,580	5,660	5,740
Cashiers Office Recharge (Incl Merton Link)	1,340	1,360	1,380
Human Resources, Training & Staff Side	3,280	3,330	3,380
Information Technology	210	210	210
Solicitor	2,610	2,650	2,690
Marketing & Communications	21,240	21,550	21,860
Democratic Services			
Sub total for CORPORATE SERVICES DEPART			
ENVIRONMENT & REGENERATION DEPARTMENT:			
3 Professional Officers with technical, horticultural	14,700	14,920	15,140
and arboricultural experience	17,910	18,180	18,450
2 Administrative Assistants			
Various professional officers experienced			
in mechanical, electrical and general			
building repairs and			
Estates Management staff	2,230	2,260	2,290
Sub total for ENVIRONMENT & REGENERATIO	34,840	35,360	35,880
Total for MANAGEMENT & ADMIN EXPENSES	56,080	56,910	57,740
		1.85%	

To make a funeral booking or for enquires please call: 020 8545 3666 (office hours)

1. Interments & Lawn Grave

All new graves are dug for 2 interments

	Lawn Grave		
	Resident purchase 50 Year Lease	Non Resident (x 1.75) 50 Year Lease	Resident purchase 75 Year Lease
PURCHASE OF BURIAL RIGHTS	£1,740.00	£3,045.00	£2,610.00
INTERMENTS (chapel facilities can be included at no cost)	£1,140.00	£1,995.00	£1,140.00
TOTAL	£2,880.00	£5,040.00	£3,750.00

1A. Interments in private grave

Re - Opening a grave to a depth of 6'6" or 4'6"

INTERMENTS (chapel facilities can be included at no cost)	Private Graves	
	Resident	Non Resident (x 1.75)
	£1,140.00	£1,995.00

21

2. Interments & Semi Lawn

All new graves are dug for 2 interments

	Semi Lawn Grave		
	Resident purchase 50 Year Lease	Non Resident (x 1.75) 50 Year Lease	Resident purchase 75 Year Lease
PURCHASE OF BURIAL RIGHTS	£1,943.00	£3,400.00	£2,915.00
INTERMENTS (chapel facilities can be included at no cost)	£1,140.00	£1,995.00	£1,140.00
TOTAL	£3,083.00	£5,395.00	£4,055.00

1B. Interments in a common grave

All common graves are owned by the cemetery and have other interments in the grave

INTERMENTS (chapel facilities can be included at no cost)	Common Graves		
	Garden spaces or vases are not allowed on common graves	Resident / Non Resident (x 5)	
	Stillborn or child up to one year	£116.00	£580.00
	Over 1 year up to 12 years	£181.00	£906.00
	Over 12 years	£364.00	£1,820.00

Merton & Sutton Joint Cemetery Board fees effective from 1st April 2012

Appendix E

3. Interments & Cremation Remain Lawn Graves

1C. Interments for under 12 yrs of age in a private grave

	Cremation Remain Lawn Graves		
	Resident purchase 25 Year Lease	Non Resident (x 1.75) 25 Year Lease	Resident purchase 40 Year Lease
PURCHASE OF BURIAL RIGHTS	£840.00	£1,470.00	£1,344.00
INTERMENTS (chapel facilities can be included at no cost)	£340.00	£425.00	£340.00
TOTAL	£1,180.00	£1,895.00	£1,684.00
			£2,777.00

INTERMENTS (Including Chapel facilities and grass mats)	Stillborn or child up to one year	Child Interments	
		Resident	Non Resident (x 1.75)
		£233.00	£408.00
	Over 1 year up to 12 years	£580.00	£1,015.00

4. Reduced fees for Non Residents Interments

For re-opening of a grave space, where the deceased has moved out from Merton and Sutton Boroughs (this does not include the purchase of a new grave).

Evidence of residency must be provided to qualify.

Number of years as a resident.	Fee for an interment in a cremated remains grave	Fee for an interment in a coffin grave
40 + years	£340.00	£1,140.00

Merton & Sutton Joint Cemetery Board fees effective from 1st April 2012

Appendix E

5. Miscellaneous fees

Digging extra depth beyond 2 metres (6'6") - 3 interments depending on location	£490.00
Digging extra depth beyond 2 metres (6'6") America and English Casket depending on location	£525.00
Coffins over 29" extra charge	£244.00
Scattering Cremated Remains Over Graves	£96.00
Scattering Cremated Remains for a still born or up to 1 years old	£57.00
Interment of Cremated Remains of Resident in a private grave only	£340.00
Interment of Cremated Remains of a Non Resident in a private grave only	£425.00
Each additional Interment of Cremated Remains is half price of the original fee	POA
Transfer of Ownership of Grave (includes V.A.T.)	£82.00
Duplicate deed	£57.00
Exhumations:	
Exhumation of a body	£3,610.00
Exhumation of a cremation remains	£550.00
Search fee for per burial	£57.00
Saturdays additional charge for a burial NB this service is not always possible	£642.00
	Coffin
	Ashes
Ground burial including formation of chamber	£360.00
Cancellation (if a grave has already been prepared)	£1,140.00
Cancellation (if a grave has already been prepared) for an American or English Casket	£1,418.00
Hire of Chapel only - use of chapel for maximum 1 hour (for weekends please contact the Cemetery office)	£97.00
Service over run / late arrival of funeral per 30 mins	£244.00
Refund Charge	£50.00
Turfing of a grave only undertaken between October and March	£152.00

6. Memorial Fees *For sizes please see memorial application form*

For the right to erect a Lawn or Traditional memorial or Tablet over 3" x width 18" x depth 12"	£233.00
To replace an existing memorial stone for a new memorial	£233.00
To replace an existing memorial stone like for like for a new memorial	£233.00
Exceeding 4'6" in height but not exceeding 5' in height from ground level	£540.00
For the right to erect and place a vase, urn or other similar flower container maximum size of: height 7" x width 10" x depth 7"	£96.00
Additional Inscription and or repainting letters	£96.00
For the right to install a tablet maximum size of height 3" x width 18" x depth 12"	£96.00
To renovate or repair existing memorial and clean at the same time	£96.00
To renovate or repair existing memorial	£96.00

Merton & Sutton Joint Cemetery Board fees effective from 1st April 2012

Appendix E

To clean a memorial only	£96.00
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7. Other Fees and Charges

Where memorial has subsided - to reinstat and level - Full Memorial	£282.00
Where memorial has subsided - to reinstat and level - Headstone only	£158.00

8. Planting and Upkeep of Private Graves

This service does not apply to common graves as garden spaces are not allowed

	Charge	20% V.A.T.	Total
1. Forming / Re-forming Garden area on single grave space (Adult or Child)	£72.50	£14.50	£87.00
2. Planting a traditional or semi lawn grave space with spring and summer flowers (including bulbs) and attendance throughout the year.	1 year	£38.17	£229.00
	10 years	£449.67	£2,698.00
3. Planting single lawn section grave space with spring and summer flowers (including bulbs) and attendance throughout the year.	1 year	£22.83	£137.00
	10 years	£259.67	£1,558.00

MJSC 2011/12 comparison of resident fees

Appendix F

	Merton 2012	Sutton 2011	Wandsworth 2012	Kingston 2011	Richmond 2011	Hammersmith and Fulham 2011	Lambeth 2011	Croydon 2011	Current Average based on 2011 & 2012 fees	Merton Ranking based on current prices (1st = most expensive)
Purchase lawn section	1740	1495	2420	1195	1500	1600	3850	3000	1882.50	4 of 8
Interment lawn section	1140	635	1600	700	900	1200	1100	908	880.38	3 of 8
TOTAL	2880	2130	4020	1895	2400	2800	4950	3908	2762.88	4 of 8
Interment Cremated Remain in CR section	340	190	388	160	250	300	150	176	201.75	2 of 8
Purchase of plot in CR section	840	910	1485	930	900	550	1350	1341	933.25	7 of 8
Interment in common grave adult	364	630	500	700	800	1200	2100	908	854.75	7 of 8
Interment in private grave children under 12	580	215	800	0	0	0	650	154	227.38	3 of 5
Interment casket shaped coffin	1384	835	2065	n/a	1494	1500	2200	1189	1160.38	4 of 7
Digging Extra Depth to 8'	490	175	n/a	n/a	200	250	0	1202	365.40	2 of 5
Scattering of cremated remains over grave	96	tbc	37	80	105	75	70	70	72.83	2 of 7
Transfer of ownership	82	57	60	30	121	90	65	33	57.00	3 of 8
Geneology Search Fee	57	0	53	30	44	10	45	33	35.83	1 of 7
Erection of Memorials under 4ft 6in	233	130	150	80	60	225	165	108	131.14	1 of 8
Erection of Memorials over 4ft 6in	540	210	150	80	100	225	165	259	169.86	1 of 8
Right to erect vase urn etc.	96	46	150	80	0	225	77	108	114.33	4 of 7
Additional inscriptions	96	46	60	80	0	75	80	87	71.33	1 of 7

MSJCB Internments - Lower Levels of Demand

	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
April	19	20	19	19	18	19	18	19	20	21	22	17	14	34	18	27
May	18	19	18	17	17	18	17	18	19	20	21	27	17	22	23	23
June	13	14	13	14	13	14	13	14	15	16	17	23	15	28	20	24
July	13	14	13	13	12	13	12	13	14	15	16	23	20	14	27	29
August	10	10	9	10	9	10	9	10	11	12	13	15	13	16	20	24
September	23	24	23	23	22	23	22	23	24	25	26	14	17	25	18	23
October	13	14	13	14	13	14	13	14	15	16	17	22	25	22	24	23
November	10	11	10	10	9	10	9	10	11	12	13	21	21	24	18	25
December	10	10	9	10	9	10	9	10	11	12	13	23	22	21	20	19
January	20	20	19	20	19	20	19	20	21	22	23	26	23	22	26	26
February	9	9	8	9	8	9	8	9	10	11	12	12	18	16	20	19
March	17	17	16	17	16	17	16	17	18	19	20	20	23	22	30	29
TOTAL	175	182	170	177	165	177	165	177	189	201	213	243	228	266	264	291
Inflation	2%	2%	2%	2%	2%	2%	2%	2%	2%	20%	20%	20%	10%	20%		
Total £	343,034	353,224	326,667	336,751	310,812	330,116	304,688	323,611	342,130	360,250	347,052	357,633	311,657			

MSJCB Internments - Higher Levels of Demand

	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
April	26	25	24	23	22	21	20	19	20	21	22	17	14	34	18	27
May	25	24	23	22	21	20	19	18	19	20	21	27	17	22	23	23
June	21	20	19	18	17	16	15	14	15	16	17	23	15	28	20	24
July	20	19	18	17	16	15	14	13	14	15	16	23	20	14	27	29
August	17	16	15	14	13	12	11	10	11	12	13	15	13	16	20	24
September	30	29	28	27	26	25	24	23	24	25	26	14	17	25	18	23
October	21	20	19	18	17	16	15	14	15	16	17	22	25	22	24	23
November	17	16	15	14	13	12	11	10	11	12	13	21	21	24	18	25
December	17	16	15	14	13	12	11	10	11	12	13	23	22	21	20	19
January	27	26	25	24	23	22	21	20	21	22	23	26	23	22	26	26
February	16	15	14	13	12	11	10	9	10	11	12	12	18	16	20	19
March	24	23	22	21	20	19	18	17	18	19	20	20	23	22	30	29
TOTAL	261	249	237	225	213	201	189	177	189	201	213	243	228	266	264	291
Inflation	2%	2%	2%	2%	2%	2%	2%	2%	2%	20%	20%	20%	10%	20%		
Total £	511,611	483,257	455,413	428,073	401,230	374,877	349,006	323,611	342,130	360,250	347,052	357,633	311,657			

MSJCB Internments - Constant Demand

	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
April	22	22	22	22	22	22	22	21	21	21	22	17	14	34	18	27
May	21	21	21	21	21	21	21	20	20	20	21	21	17	22	23	23
June	17	17	17	17	17	17	17	16	16	16	17	23	15	28	20	24
July	16	16	16	16	16	16	16	15	15	15	16	23	20	14	27	29
August	13	13	13	13	13	13	13	12	12	12	13	15	13	16	20	24
September	26	26	26	26	26	26	26	25	25	25	26	14	17	25	18	23
October	17	17	17	17	17	17	17	16	16	16	17	22	25	22	24	23
November	13	13	13	13	13	13	13	12	12	12	13	21	21	24	18	25
December	13	13	13	13	13	13	13	12	12	12	13	23	22	21	20	19
January	23	23	23	23	23	23	23	22	22	22	23	26	23	22	26	26
February	12	12	12	12	12	12	12	11	11	11	12	12	18	16	20	19
March	20	20	20	20	20	20	20	19	19	19	20	20	23	22	30	29
TOTAL	213	213	213	213	213	213	213	201	201	201	213	243	228	266	264	291
Inflation	2%	2%	2%	2%	2%	2%	2%	2%	2%	20%	20%	20%	10%	20%		
Total £	417,522	413,388	409,295	405,243	401,230	397,258	393,325	367,491	363,852	360,250	347,052	357,633	311,657			

MSJCB Internments - Oscillating

	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
April	21	21	21	22	21	22	21	22	21	23	22	17	14	34	18	27
May	20	21	20	21	21	22	21	22	21	22	21	27	17	22	23	23
June	16	17	16	17	16	18	17	18	17	18	17	23	15	28	20	24
July	15	16	15	16	14	16	14	17	15	17	16	23	20	14	27	29
August	12	13	12	13	13	14	13	14	13	14	13	15	13	16	20	24
September	25	25	25	26	25	26	26	26	26	27	26	14	17	25	18	23
October	16	17	16	17	16	18	16	18	16	18	17	22	25	22	24	23
November	12	13	12	13	12	14	12	14	13	14	13	21	21	24	18	25
December	12	14	12	14	13	13	13	14	13	14	13	23	22	21	20	19
January	22	22	22	23	22	24	23	24	23	24	23	26	23	22	26	26
February	11	12	11	12	12	12	12	13	12	13	12	12	18	16	20	19
March	19	20	19	20	19	18	19	18	20	19	20	20	23	22	30	29
TOTAL	201	211	201	214	204	217	207	220	210	223	213	243	228	266	264	291
Inflation	2%	2%	2%	2%	2%	2%	2%	2%	2%	20%	20%	20%	10%	20%		
Total £	394,000	403,507	386,236	407,145	384,277	404,718	382,245	402,228	380,144	399,680	347,052	357,633	311,657			

Calculation of the Highest and Lowest Income Figures for Merton and Sutton Joint Cemetery

Financial Year	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
Lower Levels of Demand	343,034	353,224	326,667	336,751	310,812	330,116	304,688	323,611	342,130	360,250	347,052
Higher Levels of Demand	511,611	483,257	455,413	428,073	401,230	374,877	349,006	323,611	342,130	360,250	347,052
Constant Demand	417,522	413,388	409,295	405,243	401,230	397,258	393,325	367,491	363,852	360,250	347,052
Oscillating Demand	394,000	409,507	386,236	407,145	384,277	404,718	382,245	402,228	380,144	399,680	347,052
Lowest	343,034	353,224	326,667	336,751	310,812	330,116	304,688	323,611	342,130	360,250	347,052
Highest	511,611	483,257	455,413	428,073	401,230	404,718	393,325	402,228	380,144	399,680	347,052
Variance	168,577	130,033	128,745	91,322	90,418	74,602	88,637	78,617	38,014	39,430	

Merton & Sutton Joint Cemetery - Estimated Machinery Replacement Programme

Appendix H

Machinery	Approx new purchase price	Date Purchased	2011/12 2012	2011/13 2013	2013/14 2014	2014/15 2015	2015/16 2016	2016/17 2017	2017/18 2018	2018/19 2019	2019/20 2020	2020/21 2021	2021/22 2022
1 Wright Stander mower 48" (ride on mower)	£6,000.00	Apr-04				6,000							6,000
1 Wright Stander mower 36" (ride on mower)	£4,500.00	Mar-06				4,500							4,500
1 Wright Stander mower 36" (ride on mower)	£4,500.00	2004				4,500						4,500	
1 Kubota tractor - Not replaced	£15,000.00	Jul-04											
Kubota digger - excavator	£25,000.00	Jan-11				18,750				18,750			
1 Thwaites dumper truck	£12,000.00	Jan-12	9,000					9,000				9,000	
1 Ransomes Matador mower	£2,500.00	approx 1997				2,500							
1 Van	£24,000.00									18,000			
3 Hayter pedestrian mowers	£500.00	approx 1997		1,500					1,500				
3 Hayter Hawk pedestrian mowers	£300.00	approx 1992		900					900				
4 Stihl FS400 strimmers	£450.00	Apr-08		1,800		1,800			1,800				1,800
2 Stihl FS100 strimmers	£450.00	Apr-08		900		900			900				900
1 Stihl pole saw	£500.00	approx 2002			500						500		
1 Stihl long arm hedge cutter	£550.00	approx 2005			550						550		
1 Stihl hedge cutter	£450.00	approx 2002			450						450		
1 Stihl hand held blower	£350.00	Feb-12	350						350				
1 Stihl chain saw	£450.00	approx 2011								450			
1 Ryobi leaf vac / blower	£250.00	approx 2009		250			250			250			250
2 Back pack blowers	£450.00	approx 2005			450				450				450
1 Alko small rotavator	£240.00	approx 2008				240				240			
1 Air compressor	£150.00	approx 2009				150						150	
1 Kew jet washer	£150.00	approx 1995				150				150			
1 Honda water pump	£250.00	approx 2008				250						250	
Estimated Cost			9,350	5,350	1,950	18,690	22,100	10,500	3,200	21,790	20,250	14,250	13,900

Average to use as Depreciation Charge to Revenue

12,848

Notes

- (a) Assumes 25% Trade in on Repurchase
- (b) The Excavator and the dumper truck both have 5 year service contracts.
Depending on finances it is advisable to part exchange these to every three years

Merton & Sutton Joint Cemetery Board £2 million Loan

Appendix I

Interest		5.00%											
Repayment Period		20 Years											
Spend	£	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
2009/10	179,535												
2010/11	10,119												
2011/12	636,315												
2012/13	1,174,030												
Total	<u>2,000,000</u>												
Interest	£	31,816	61,167	90,517	95,000	90,000	85,000	80,000	75,000	70,000	65,000	60,000	
Repayment	£	0	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Total	£	<u>31,816</u>	<u>61,167</u>	<u>190,517</u>	<u>195,000</u>	<u>190,000</u>	<u>185,000</u>	<u>180,000</u>	<u>175,000</u>	<u>170,000</u>	<u>165,000</u>	<u>160,000</u>	

PRECEPT HISTORY M&SJC

Year ended 31st March	Interments	Expenditure	Income (excluding precepts)	Net Expenditure/ (Income)	Precepts	Surplus / (Deficit) C/Fwd
		£	£	£	£	£
1948	170	8,000	1,266	6,734	8,243	1,316
1949	285	7,477	2,214	5,263	4,593	646
1950	377	8,803	3,476	5,327	5,747	1,066
1951	414	9,927	4,572	5,355	6,494	2,205
1952	373	10,422	3,931	6,491	4,411	125
1953	406	10,845	4,152	6,693	6,927	359
1954	364	10,305	5,032	5,273	7,531	2,617
1955	379	11,091	5,660	5,431	5,344	2,530
1956	417	12,915	6,297	6,618	6,626	2,538
1957	423	14,338	6,584	7,754	7,355	2,139
1958	396	15,237	7,482	7,755	7,413	1,797
1959	422	14,680	7,459	7,221	9,215	3,791
1960	374	17,225	7,123	10,102	8,903	2,592
1961	372	16,485	7,121	9,364	9,455	2,683
1962	379	17,968	8,226	9,742	10,462	3,403
1963	409	19,154	8,202	10,952	11,406	3,851
1964	333	18,636	8,150	10,486	10,956	4,327
1965	339	19,356	7,727	11,629	10,472	3,170
1966	410	21,488	9,539	11,949	12,971	4,192
1967	355	24,293	9,307	14,986	13,989	3,195
1968	375	26,500	9,322	17,178	18,346	4,363
1969	399	26,182	10,103	16,079	17,564	5,848
1970	411	25,878	10,191	15,687	17,983	8,144
1971	387	30,941	10,156	20,785	17,983	5,342
1972	397	33,707	15,173	18,534	26,228	13,036
1973	359	33,495	18,645	14,850	18,395	16,581
1974	346	37,703	15,871	21,832	20,104	14,853
1975	322	46,775	17,103	29,672	19,785	4,966
1976	323	57,495	24,559	32,936	35,180	7,210
1977	295	67,119	24,308	42,811	42,084	6,483
1978	313	67,444	25,799	41,645	36,636	1,424
1979	301	75,975	28,991	46,984	53,581	8,071
1980	325	91,654	34,860	56,794	60,155	11,432
1981	304	107,837	43,524	64,313	69,434	16,553
1982	304	117,461	48,842	68,619	69,784	17,718
1983	325	129,798	48,909	80,889	71,163	7,992
1984	303	137,921	51,307	86,614	80,920	2,298
1985	306	129,955	61,550	68,705	88,640	22,533
1986	311	134,485	66,690	67,795	80,560	35,298
1987	333	148,940	71,782	77,158	67,860	26,000
1988	320	146,533	75,728	70,805	73,442	28,637
1989	340	159,704	80,465	79,239	69,058	18,456
1990	327	162,053	88,208	73,845	75,565	20,176
1991	314	179,929	92,042	87,887	85,149	17,438
1992	343	188,624	110,025	78,599	68,365	7,204
1993	312	191,312	107,427	83,885	76,192	(489)
1994	387	189,687	152,926	36,761	79,444	42,194
1995	379	231,725	167,181	64,544	79,444	36,261
1996	358	207,870	197,191	10,679	80,795	106,377
1997	348	198,678	204,958	(6,280)	40,000	152,658
1998	364	194,514	236,535	(42,021)	0	194,679
1999	356	211,242	244,542	(33,300)	0	227,979
2000	312	216,869	248,694	(31,825)	0	259,804
2001	314	230,329	255,315	(24,987)	0	284,791

Calculation of Anticipated Precept to London Boroughs of Merton and Sutton

<u>Population</u>	<u>2010/11</u>	<u>%</u>	<u>2015/16</u>	<u>%</u>	<u>2020/21</u>	<u>%</u>
Sutton	183,745	47%	187,468	46%	191,399	46%
Merton	205,900	53%	216,000	54%	225,500	54%
Total	389,645	100%	403,468	100%	416,899	100%

<u>Precept</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>
Lowest										
Sutton	£ 0	£ 0	£ (50,690)	£ (88,454)	£ (77,442)	£ (87,460)	£ (76,434)	£ (82,191)	£ (70,068)	£ (76,030)
Merton	£ 0	£ 0	£ (56,801)	£ (101,916)	£ (89,228)	£ (100,771)	£ (88,067)	£ (94,700)	£ (82,552)	£ (89,576)
Total	£ 0	£ 0	£ (107,491)	£ (190,370)	£ (166,670)	£ (188,230)	£ (164,500)	£ (176,890)	£ (152,620)	£ (165,606)
Highest										
Sutton	£ 0	£ 0	£ 0	£ (7,695)	£ (38,598)	£ (41,172)	£ (29,726)	£ (18,098)	£ (6,235)	£ 5,587
Merton	£ 0	£ 0	£ 0	£ (8,866)	£ (44,472)	£ (47,438)	£ (34,251)	£ (20,852)	£ (7,345)	£ 6,583
Total	£ 0	£ 0	£ 0	£ (16,561)	£ (83,070)	£ (88,610)	£ (63,977)	£ (38,950)	£ (13,580)	£ 12,170

Section 3 – External auditor's certificate and opinion

Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2011 of

MERTON AND SUTTON JOINT CEMETERY BOARD

Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2011; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

External auditor's report

Except for the matters reported below, on the basis of our review, in our opinion the information contained in the annual return is in accordance with the Audit Commission's requirements and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

1. The Board failed to approve the Annual Return by 30 June 2011, the date required by the Accounts and Audit (England) Regulations 2011.

Other matters not affecting our opinion which we draw to the attention of the Board:

1. The Annual Return and supporting information were not submitted for audit by the date requested. Also, in future years, please ensure that all documentation requested for the audit is submitted with the Annual Return.
2. The audit trail from the supporting accounts to the Annual Return was difficult to follow and the Principal Accountant found it difficult to explain where some of the figures had been derived from.
3. There were a number of errors in the Annual Return:
 - total borrowings as at 31 March 2011 (Section 1, Box 10), should state £186,045 (PWL B - £40, LB Merton - £186,005)
 - total loan interest/capital payments for the year (Section 1, Box 5) should state £18,075 and thus the total other expenditure (Section 1, Box 6) must be £134,181 to reconcile to the total expenditure in the supporting documentation
 - total fixed assets and long term assets (Section 1, Box 9) is not valued on the correct basis – please refer to the NALC/SLCC Practitioners' Guide
4. The Board should undertake a risk assessment, which should consider both financial and operational risks. This should be formally reviewed on an annual basis - refer to the Practitioners Guide for further information. The Board currently relies on the risk assessment carried out by the London Borough of Merton.
5. The Board must ensure it takes appropriate action to address the matters raised by the internal auditor in the detailed report, particularly in relation to the preparation of the Annual Return. However, from a review of that report, it is not clear that the internal auditor has a full understanding of the accounting requirements for the Annual Return or the scope of the internal audit requirements for the limited assurance regime. Please refer to the Practitioners' Guide. (For example, Section 4, Box C was not covered, but no explanation was provided.)
6. Although no longer a statutory requirement, it remains good practice for the effectiveness of the system of internal audit to be reviewed each year, as part of the wider annual review of the system of internal control. Please refer to the Practitioners' Guide.

External auditor's signature:

Mazars LLP

External auditor's name:

Mazars LLP, Southampton, SO15 2BE

Date:

30/12/2011

Note: The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission's publication entitled *Statement of Responsibilities of Auditors and of Audited Small Bodies*.



Draft

**London Borough of Merton
Risk Management Strategy**

January 2012

To be agreed at Cabinet 20 February 2012

Context

What is risk management?

All organisations exist to achieve their ambitions, aims and objectives. Risk management is the process for how we manage the risks that may prevent us from doing so. A risk is simply a threat, obstacle, barrier, concern, problem or event that will stop us from achieving our ambitions, aims and objectives. Ultimately risk management is about creating a better understanding of the most important problems facing an organisation, so it can do something about them.

It is not practical to identify and manage every risk the council faces, therefore it is necessary to focus on the key risks to the council, department, division or team.

Scope of risk management

Risk Area	Definition	Examples
Reputational	An incident or decision that could affect the 'brand' of the council	Negative media reports, external inspections etc.
Political	Failure to deliver local or central government policy or meet local administration's manifesto commitments	New political arrangements, political personalities, political make-up etc.
Legal	Possible breaches of legislation or statutory duties	Failure to comply with statutory requirements etc.
Social	Effects of socio-economic factors on ability to meet objectives	Staff levels from available workforce, ageing population, health statistics etc.
Technological	Capacity to deal with pace & scale of change & consequence of IT failures on ability to deliver objectives	e-government, IT infrastructure, staff & client needs, security standards etc.
Legislative	Current or potential changes in national or European law	Human rights, TUPE regulations etc.
Environmental	Environmental consequences of progressing strategic objectives	Land use, recycling, CO2 emissions etc.
Competitive	Competitiveness of the service and ability to deliver value for money	Fail to win quality accreditation, position in league tables etc.
Customer / Citizen	Failure to meet current & changing needs & expectations of customers and citizens	Managing expectations, extent of consultation etc.
Managerial / Professional	Associated with particular nature of each profession, internal protocols & managerial abilities	Staff restructure, key personalities, internal capacity etc.
Financial	Financial planning & control, budgetary pressures	Budget overspends, level of council tax, reserves etc.
Economic	Ability to meet our financial commitments	Cost of living, interest rates, inflation, poverty indicators etc.
Partnership / Contractual	Failure of contractors & partnerships to deliver to agreed cost & specification	Contractor fails to deliver, not to specification etc.
Physical	Related to fire, security, accident prevention and health & safety	Offices in poor state of repair, use of equipment etc.

Benefits of risk management

Successful risk management will produce many benefits for us, including:

- An increased chance of achieving ambitions, aims and objectives as key risks are managed
- Better decision making as we are more aware of risk
- Ability to take advantage of opportunities because we understand the risks attached to them
- Better governance and the ability to demonstrate it to our stakeholders
- Improved performance

National drivers behind risk management

Risk management is something that the council is required to do, and forms part of the Annual Governance Statement, where we must demonstrate a systematic strategy, framework and processes for managing risk.

Links to other disciplines

Risk management links closely with Health and Safety, Business Continuity, Emergency Planning and Insurance. Generally a single issue or risk will fall into only one of these categories, however some may fall into two or more.

Risk management in projects

Risk management is a key part of the ongoing management of projects and partnerships and is clearly defined in [Merton's approach to projects \(MAP\)](#).

Risk management in partnerships

The council is involved in a wide range of partnerships to achieve our ambitions, aims and objectives. It is vital we assess the risks to achievement within our key partnerships.

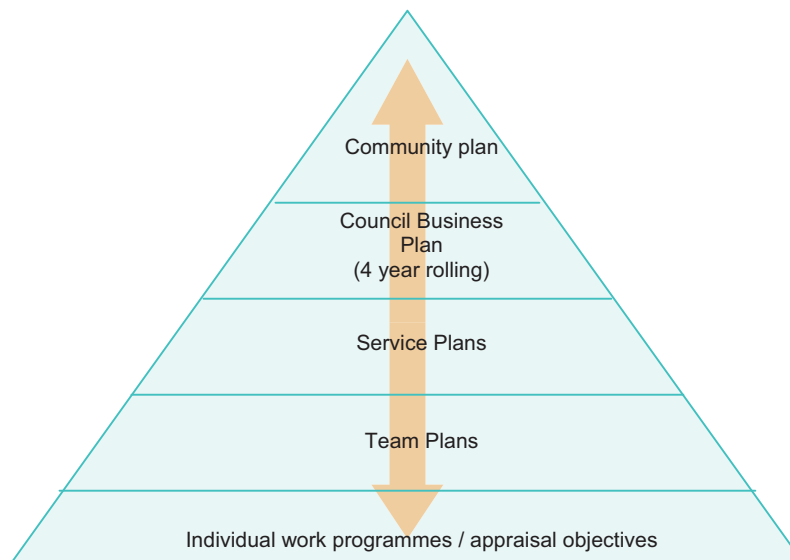
Risk management and financial planning

Risk management is an important part of financial planning. As part of the budget setting process a robust risk assessment is completed and reviewed on a regular basis.

Corporate approach to risk management

In order to formalise and structure risk management, it is recognised there is an obvious and clear link between the business planning process and risk management. This is why responsibility for risk management now sits within the Business Planning team. There are many types of business plans within the council, which set out what a team, division, department, or the council as a whole, wants to achieve in a set time frame, as shown below.

Merton Performance Management Framework



- Corporate Management Team (CMT) is ultimately accountable for delivering the council's Business Plan therefore they are responsible for the corporate Key Strategic Risk (KSR) register.
- Departmental Management Teams (DMT) are responsible for their own departmental risk registers.
- Divisions or teams are responsible for their own risk registers, if applicable.

It is important that risks identified and assessed by managers at an operational level are able to be escalated to a departmental or corporate level. However, because a risk would have a great impact on a team it **does not** necessarily follow that it would have a great impact on the department. Ultimately it is the respective management team who decide if a risk is worthy of inclusion on their risk register.

For details of some examples of key strategic risks see Appendix 1 and for departmental risks, see Appendix 2.

The risk management process

Stage 1 – Identification of the risk

The first step is to identify any significant risk that could prevent the council, or a department's, ambitions, aims and objectives being achieved. It is important that those involved in the process clearly understand the objectives in order to be able to identify the barriers to achievement. Various techniques can be used to begin to identify key or significant business risks including, local knowledge and experience, inspection and audit reports, brainstorming sessions, management evaluation tools such as a SWOT analysis, learning from others and perceived areas of weakness.

Stage 2 – Analysing the risk

The information gathered needs to be analysed into risk scenarios to provide a clear understanding of what the risk is. There are two parts to a risk scenario. The cause,

Appendix M

describes the situation and event, real or perceived, that exposes us to a risk. The consequences are the events that follow in the wake of the risk, if it were to happen. This allows the potential impact of the risk to be assessed. Each risk is logged on the respective risk register.

Cause	Consequence
Statement of fact or perception about the organisation, department or project that exposes it to a risk. Include the event that could or has occurred that results in a negative impact on the objectives being achieved	The negative impact <ul style="list-style-type: none"> • How big? • How bad? • How much? • Consider worst likely scenario

Stage 3 – Risk Prioritisation

The risk will need to be evaluated, discussed and scored, by looking at the risk scenarios and decide the ranking according to the potential likelihood of the risk occurring and the impact if it did occur.

When assessing the potential likelihood and impact the risks must be compared to the appropriate objectives e.g. corporate risks should be scored against the business plan; departmental risks scored against service plans; project risks scored against the project objectives; and partnership risks scored against the aims and objectives of the partnership.

A timeframe for assessing the likelihood of the risk has to be agreed. It is useful to use the same timeframes as in business planning, e.g. as service plans are done annually, the timeframe for likelihood should be the likelihood of the risk happening in the next 12 months. With corporate risks, it would be the likelihood over the next four years. The likelihood and impact should also be considered as they stand at that moment in time, with existing controls in place – **not taking future or planned actions into account**. Once a risk has been scored, a 'sense check' should be undertaken to ensure the risk has been prioritised realistically.

Red risks are of greatest priority and require immediate attention. Amber risks should be reviewed, as further risk mitigation action may be required and Green risks are likely to require no further action.

Risk matrix

Likelihood	6				
	5				
	4				
	3				
	2				
	1				
		1	2	3	4
		Impact			

Likelihood

6 – Very high

5 - High

4 - Significant

3 - Possible

2 – Low

1 – Almost impossible

Impact

4 – Catastrophic

3 - Critical

2 - Significant

1 - Marginal

Stage 4 – Action Planning

This is the process of turning ‘knowing’ into ‘doing’ and assessing what to do with the risk.

Controlled – It may be possible to mitigate the risk by ‘managing down’ the likelihood, the impact, or both. The control measures should, however, be appropriate and proportionate to the potential frequency, severity and financial consequences of the risk event.

Accepted – Certain risks may be accepted as they form part of, or are inherent in, the activities of the council. The important point is that these risks have been identified and are clearly understood. Risks that are unlikely to happen or will have a negligible impact may also fall into this category.

Terminated – By ending all participation in a particular service, project or activity

Transferred – Risks may be handed off to another body or organisation, e.g. through insurance, contractual arrangements, outsourcing, partnerships etc.

Most risks are capable of being managed – either by managing down the likelihood, the impact, or both. Relatively few risks have to be transferred or terminated. It is also important to recognise that existing controls may be in place and so these should be considered before further action is taken. Ideally the actions for controlling the risks will be identified in the service plans. Existing controls, their adequacy, new mitigation measures and associated action planning information should be recorded on the risk register, and where possible hyperlinked to that document.

Stage 5 – Monitoring risk management

CMT is responsible for ensuring the key risks on the KSR are managed and monitored regularly. Directors are responsible for ensuring their departmental risk registers are managed and Assistant Directors, Heads of Service and team managers, where appropriate, are responsible for managing their risk registers. Monitoring of any departmental Red risks, should form part of Directors Information Centre monitoring.

Low risks, rated Green, do not have to be included in the risk registers, to enable DMTs to focus on those risks likely to happen and that will have a major impact. Green risks should still be monitored through the current performance monitoring arrangements of service plans actions.

Reporting and escalating risks

During the year, new risks will arise that have not previously been considered and there may be changes to existing risks. Therefore the risk registers need to be regularly managed. The reviews of risk registers should be managed by exception.

The reporting cycle is as follows:

- DMTs to review departmental risks during the first weeks of October, January, April and July.
- CRMG to review their departmental risks and proposed KSRs during the second weeks of October, January, April and July

- CMT to review the key strategic risks during the fourth weeks of October, January, April and July.

CMT will submit an annual report on risk to General Purposes Committee and Cabinet.

Roles and responsibilities

Business Planning team

To ensure risk management is embedded throughout the council. In particular:

- To ensure risk is part of the annual service planning process.
- To Chair CRMG.
- To submit strategic updates and reports on risk management.
- To provide risk awareness sessions and training to officers and Members.

Members

Elected members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the key risks the council faces and will be made aware of how these risks are being managed through the annual business planning process. All Members will have the responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the plans and reports submitted to them.

General Purposes Committee

To provide an independent oversight of the adequacy of the risk management framework and the associated control environment. In particular:

- To receive the annual review of internal controls and be satisfied it properly reflects the risk environment and any actions required to improve it.
- To receive reports on the KSR to determine whether strategic risks are being actively managed.
- To review and recommend adoption of the risk management strategy to Cabinet on an annual basis, or if significant changes require a revision.

Cabinet

- To receive reports on the risk management strategy to determine whether corporate risks are being actively managed.
- To agree the risk management strategy on an annual basis, or when significant changes are made.
- To report to full Council on the risk management framework.

Chief Executive and CMT

- To take a leading role in the risk management process and to set an example and standard to all staff.
- To identify, analyse and score corporate and crosscutting risks.
- To advise on the management of corporate and other significant risks.
- To be ultimately accountable that risk management is communicated, understood and implemented by Members, managers and staff, and is fully embedded in the council's business planning and monitoring processes.

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- To work with Members, when appropriate, on the management of risks that could affect the council achieving its ambitions

Directors

- Each Director is accountable for proper monitoring of their departmental risk register, action plans and the embedding of risk management into the business planning process of their directorate.
- Be actively involved in the risk management process within their department and CMT, including nominating an appropriate Risk Champion for their department.
- Report quarterly, or at other agreed times, to CMT on Corporate risks s/he owns.

Service Managers

- To maintain the awareness of risks and feeding them into the risk management process by identifying and assessing risks.
- To implement approved risk management action plans.

Corporate Risk Management Group (CRMG)

- To collate on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership, to be put forward for discussion at CMT.
- To act as a forum for the sharing of best practice.
- To act as champions, facilitators and coordinators of risk management within the council.
- CRMG is made up of:
 - Director of Corporate Services;
 - Head of Business Planning;
 - Departmental risk champions;
 - Head of Audit;
 - Insurance Manager; and
 - Head of Safety Services and Head of Commercial and Procurement on an ad-hoc basis

Risk Champions

- Liaise with DMTs on an ongoing basis, maintaining their risk registers.
- To maintain officer and Member awareness of risks and feed them into the risk identification process.
- To ensure that risks and action plans are updated in the KSR and departmental risk registers.
- To attend and be an active member of CRMG.
- To share and exchange relevant information and knowledge with colleagues.

Section 151 Officer / Internal Audit

- To carry out independent review of the risk management strategy and processes.
- To provide assurance, giving an independent and objective opinion, to the council on the adequacy of risk management, control procedures and governance.
- To report to Members on the control environment.

- To provide an annual Audit Plan, based on a reasonable evaluation of risk, and to provide an annual assurance statement to the council based on work undertaken in the previous year.

Individual Employees

- To be aware of risk and risk management relevant to their role.
- To identify risks surrounding their everyday work, processes and environment.
- To actively manage risks and complete risk actions, where appropriate.

Risk management in committee reports

When a report is submitted to a committee the author is required to complete a section on Risk Management and Health and Safety Implications. The committee should be informed of any significant risks involved in taking a recommended course of action or if it decides not to follow the recommend course of action. The risk assessment should follow the corporate procedure and scored using the risk matrix. The report should also give details of any controls proposed, or in place, to manage the significant risks identified. Where appropriate, reference should be made to any existing risk.

Report authors are advised to consult with the Business Planning team or their departmental risk champion, for further advice and to propose any risks to be considered for inclusion in the departmental or KSR.

For more information on risk management contact the Business Planning team or go to the [Risk Management](#) Intranet page.

