

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 24 September 2014** at **2.00 pm**

Present:

Councillor M Plews (Chairman)

Durham County Council:

Councillors D Bell, A Bonner, J Buckham, J Chaplow, P Conway, B Moir, M Simmons and K Thompson

Spennymoor Town Council:

Town Councillors JV Graham (Vice-Chairman) and GD O'Hehir

1 Apologies for Absence

An apology for absence was received from Councillor D Stoker.

2 Minutes

The minutes of the meeting held on 25 June 2014 were approved as a correct record and signed by the Chairman.

3 Declarations of Interest

There were no Declarations of Interest.

4 External Auditors' Report - Issues Arising Report for the Year Ended 31 March 2014 and Response

The Joint Committee considered a Joint Report of the Corporate Director Neighbourhood Services and Corporate Director Resources and Treasurer to the Joint Committee which presented the External Auditors (BDO LLP) issues Arising Report for the year ended 31 March 2014 (for copy see file of minutes).

The Head of Finance (Financial Services) advised that the audit had now been concluded and it was noted that there had been no material weaknesses highlighted around the Joint Committee's system of internal control and had concluded that the return was a true and fair view of the financial position at 31 March 2014.

Resolved:

That the content of the report be noted.

5 Quarterly Performance and Operational Report

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

The Bereavement Services Manager reported that for the period 1 June – 31 August 2014 there had been a total of 498 cremations and an overall decrease of 20 cremations on the previous year. In summary he advised that 165 of those came from Durham, 22 from Spennymoor and 311 from outside the area.

It was reported that discussions had been ongoing with funeral directors, who have indicated that they are also suffering similar reductions in overall numbers. As a result they are beginning to advertise more and look at ways of reducing their costs. For members information a table with national comparative data was attached at Appendix 3 of the report which showed a reduction in the death rates across England.

It was highlighted that the 2014/15 budget had provided for 2,200 cremations to be undertaken and as a result of the reduced cremation numbers seen over the period, the projected outturn included a reduction of 78 (2122) cremations to budget. This has in turn resulted in a reduced cremation fee income of £47,688.

The Bereavement Services Manager also provided details on the numbers of Memorial plaques sold during the quarter, and in overall terms, the number and value of memorials sold was 38 (£12,815.00) in 2013/14 compared to 68 (£18,769.63) in 2014/15; an increase of 38 (£5,954.63) over the two periods.

The Bereavement Services Manager then went on to report upon other operational matters, including details of the successful bid for the Green Flag Award which had been awarded now for three years in a row. In addition, the Recycling of metals scheme had produced a further surplus of £250,000 nationally and a cheque had just been received for the value of £3,333 which would be donated to St Cuthbert's Hospice as agreed at the meeting held on 25 June 2014.

Further details were then reported in respect of the recently published Crematorium Brochure and members of the Joint Committee were provided with a copy.

The final aspect of the report provided an update on crematorium improvement works and R Fenwick, Senior Projects Manager gave an overview of the phase 1 and 2 improvements works advising that phase 1 work commenced on 14 August and the project was on course with a completion date for the phase being 7 November 2014.

Phase 2 of the improvement works were scheduled to commence shortly with a short break around Christmas due to the increased number of cremations during this period. Detailed designs have now been produced and prices have been firmed up for both phases. Revised costing for Phases 1 and 2 were contained within the report with an increase in cost of £64,261 being reported due to revised designs relating to the bin store/rampway and drainage works previously included within Phase 3 being now included in Phase 1. In addition a 10% contingency had been factored in over both phases, which was a prudent assessment.

The members were asked to consider the most cost effective funding option for both Phase 2 and Phase 3 works. The financing requirement for the two remaining phases is £761,900 and the options available were detailed within the report.

The Bereavement Services Manager and Registrar referred members to appendix 4 of the report, which detailed the updated Service Asset Management Plan and it was noted that urgent essential works, including routine servicing of the cremators for 2014/15 were included in the budgets and it was estimated that the cost of these works would be £413,233. In addition desirable works were estimated to cost £207,668, however were not included within the crematorium improvement works. Longer term works had been costed to the sum of £166,000.

Councillor Moir made reference to the brochure and asked how green burial plots were doing and why they were not being promoted in the brochure. In addition he made reference to the projected income and maximising the first 14 weeks of the year whilst improvement works were taking place.

In response to the second point, The Head of Finance (Financial Services) advised that the service had been prudent in their estimates for the 2015/16 budget given the reductions in cremation numbers and the decision which had been taken to bring forward Phase 3 works.

With regard to the query raised on the up take of green burial plots, it was reported that 40 plots had been allocated to date, however the green burial plots were managed by a Community Interest Group, and with such were responsible for their own advertising.

Further discussion took place regarding the contingency sums which had been factored in to the various phases of the works and Councillor Thompson queried the level of reserves held for Phases 1 and 2. He further queried whether if works were to be completed 14 weeks early would there be any savings. In response it was reported that the work was simply being pulled forward into an earlier phase and with such there would be no additional savings. In addition, any contingency not utilised would be put back in to the Joint Committee reserves. The contingency had been set at a high level due to the unpredictability of downtime, however work was commencing well and a foreman was now on site permanently to site manage in liaison with the Crematorium Manager. This had worked particularly well last time.

The Senior Projects Manager provided some clarification on the phasing of works and the logistics of moving staff and contractor working hours. It was reported that contractors would be working three, twelve hour shifts Saturday – Monday in order to minimise disruption to service users.

Further discussion took place regarding the levels of contingency and the variances throughout the three phases of the works.

Councillor Conway queried to the funding options as outlined in the report adding that in his opinion he was inclined to opt for a mix of loan and reserves to fund the works, as he was uncertain about significantly reducing reserves. In response the Head of Finance (Financial Services) advised that the Joint Committee held a healthy level of general reserves and in taking a fiscal view of the options it would be beneficial at this stage to draw upon reserves rather than pay interest on a loan. He added that the reserves would rapidly build back up given the 30% contribution that was made under the Reserves policy from revenue surplus.

In response to the comments made, Councillor Buckham commented that he would be inclined to draw upon reserves at this stage with the view that a loan could be obtained at a later stage if required. Councillor Thompson concurred with those views.

Resolved:

That the content of the report be noted and the recommendations contained within be agreed.

6 Financial Monitoring Report - Spend to 31/08/14 and Projected Outturn to 31/03/15

The Joint Committee considered a Joint Report of the Corporate Director Neighbourhood Services and Corporate Director Resources/Treasurer to the Joint Committee which set out details of income and expenditure in the period 1 April 2014 to 31 August 2014, together with the provisional outturn position for 2014/15, highlighting areas of over/underspend against revenue budgets at a service expenditure analysis level. The report further detailed the funds and reserves of the Joint Committee at 1 April 2014 and forecast outturn position at 31 March 2015, taking into account the provisional financial outturn (for copy see file of minutes).

The Head of Finance (Financial Services) advised that the projected outturn was showing a surplus of £406,684 against a budgeted surplus of £450,887 (£44,203) less than the budgeted position. A explanation of the reasons for the variances by subjective analysis were provided within the report.

The Head of Finance (Financial Services) also advised that a cheque for £13,000 had been received that day from CAMEO for Mercury Abatement rebates. This was an income stream which had not been included in the budget and therefore it was likely that this would raise an income of £12,000 per annum and would as a result partially offset the reduction in income reported. This would be included in future reporting.

The report provided further detail regarding the reserves position of the Joint Committee. It was noted that as a result of the reduction of income a transfer from the Major Capital Works Reserve to the General Reserve of £59,460 had been undertaken in line with the Reserves Policy.

The retained reserves of the Central Durham Crematorium Joint Committee at 31 March 2015 were forecast to be £921,610 along with a General Reserve of £444,000, giving a forecast total reserves and balances position of £1,365,610 at the year end.

Resolved:

That the content of the report be noted.