

Delegated Decision Report

5 September 2021



Loan to Mountsett Crematorium Joint Committee

Joint Report of

**Alan Patrickson, Corporate Director of Neighbourhoods and
Climate Change**

**Paul Darby, Interim Corporate Director of Resources and Treasurer
to the Joint Committee**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report outlines the rationale for Durham County Council providing a 10-year annuity loan to the Mountsett Crematorium Joint Committee in order to assist with the replacement of its cremators.

Executive summary

- 2 The two cremators at Mountsett crematorium were installed in December 2017 and following issues with their performance, they need to be replaced.
- 3 The cremator replacement works are estimated to cost £1.67 million, and it is proposed that Durham County Council provides the Mountsett Crematorium Joint Committee with a loan of £1.289 million over 10 years, so that it can use the loan and its own earmarked reserves to carry out the works.

Recommendation(s)

- 4 It is recommended that:
 - i. Durham County Council provides Mountsett Crematorium Joint Committee with an annuity loan of £1.289 million over 10 years.

Background

- 5 The two cremators at the crematorium were installed in December 2017, and following issues with the performance of the cremators, the Members of the Mountsett Crematorium Joint Committee agreed to replace them at the June 2020 Joint Committee meeting.
- 6 The cremator replacement has been estimated to total £1,673,867 with a breakdown of the costs detailed in the table below:

Description	Estimate £
Cremator Installation	1,206,400
Principal contractor costs and site works	76,756
Preliminaries	155,000
Statutory fees and emission testing	21,250
Professional fees	101,429
BCIS cost index and supplier bond	19,382
Optimism Bias (Contingencies)	93,650
Total	1,673,867

- 7 The replacement costs cannot be fully financed from the existing reserves and balances held by the Mountsett Crematorium Joint Committee.
- 8 The facility is run as a self-financing stand alone entity. Prudential borrowing is therefore required to meet any shortfall in funding available to finance any capital investment.
- 9 The Cremator Reserve balance at 31 March 2021 will be used to reduce the amount of the loan required, as shown in the table below:

Description	£	Notes
Cremator Replacement Cost	1,673,867	
Financed by:		
Contribution from Reserves	(384,368)	Cremator Reserve at March 2021
Loan Finance	(1,289,499)	10-year loan repayment
Balance	0	

- 10 It is proposed that a 10-year annuity loan from Durham County Council is provided to Mountsett Crematorium in order to help fund the works.
- 11 Loan repayments have been calculated based on a 3.0% interest rate and annual repayments of £150,641 would commence in 2021/22.

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Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

There is a risk that the loan may not be paid back if the financial position of Mountsett Crematorium deteriorated to such an extent that this was a possibility. However the County Council is represented on the Joint Committee and the Interim Corporate Director of Resources is the Treasurer to the Joint Committee, meaning that the County Council has total scrutiny over the financial position of the Crematorium, and would be able to advise on

corrective action that would minimise this risk, if it was felt that this was becoming a real possibility.

Procurement

None.