

# Central Durham Crematorium Joint Committee

26 September 2024

## Budget Strategy Report



### Joint Report of

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

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

### Electoral division(s) affected:

Countywide

### Purpose of the Report

- 1 This report outlines a range of issues that will need to be considered as part of medium-term financial planning for the Central Durham Crematorium. The report sets out proposals to increase the fees and charges from 2025/256 together with details of the budget planning assumptions over the coming three years. The views of the committee on these issues are sought in advance of the 2025/26 budget setting process.

### Executive summary

- 2 The current level of surplus distribution to partner authorities was implemented on 1 April 2024 following Members consideration of the Budget Strategy report in September 2023 and the 2024/25 budget in January 2024.
- 3 There has been significant capital investment of over £4.5 million at Central Durham Crematorium since Local Government Reorganisation in 2009, with further investments of nearly £3.3 million planned for the coming years in line with the Service Asset Management Plan.
- 4 The next cremator replacement works are not scheduled until 2032 and would cost in the region of £2.4 million in addition to the investment costs mentioned in the previous paragraph.

- 5 Fees and charges, which are harmonised with Mountsett Crematorium are currently £875 and a proposed increase of £50 in 2025/26 to £925 would still mean that they remain among the lowest in comparison with neighbouring facilities, and well below the current regional average of £987.
- 6 The current surplus distributed is £931,250 per year (£745,000 to Durham County Council and £186,250 to Spennymoor Town Council) and it is recommended that it remains at this level for 2025/26, to be reviewed in the Budget Strategy Report in September 2025.
- 7 An updated robust medium-term budget forecast has been produced for the Joint Committee and this demonstrates that the reserve balances of the Joint Committee are still projected to be healthy and sufficient to meet the liabilities and commitments of the Joint Committee for the coming years.

### **Recommendation(s)**

- 8 It is recommended that Members of the Joint Committee: -
  - i. note and consider the contents of the report;
  - ii. approve the proposed increase in the fees and charges, as identified in the report;
  - iii. agree to review the budget strategy in September 2025 in preparation for the 2026/27 budget setting year.

## Background

- 9 The current level of surplus distribution to partner authorities was implemented on 1 April 2024 following Members consideration of the Budget Strategy report in September 2023 and the Budget Setting report in January 2024.
- 10 The earmarked reserves of the Joint Committee have built up significantly in recent years, in advance of the introduction of Resomation (with works now anticipated to be in 2026/27) and the next planned cremator replacement programme, which is estimated for 2032. Increases to the fees and charges at the crematorium, which are harmonised with Mountsett Crematorium, have also been kept as low as prudently possible over recent years, resulting in the current charges continuing to be amongst the lowest of all neighbouring facilities and significantly below the regional average.

## Capital Investment at the Crematorium

- 11 Since Local Government Reorganisation (LGR) in 2009 there has been significant investment in the Central Durham Crematorium totalling £4,514,406 with the major improvement works including:

<b>Project</b>	<b>Cost £</b>
New additional car parking	182,899
Crematorium extension	953,983
New cremators and mercury abatement plant	1,292,918
Improvement to office facilities	145,000
Alterations to book of remembrance room	171,463
Refurbishment of chapel	122,698
Refurbishment of internal waiting room	131,819
Replacement of copper roofing canopies	277,184
Creation of staff car parking area	56,466
Carry out energy improvement works	59,048
Improvements to office accommodation	183,950
Carry out enlarging of cremator 1	61,500
Install new gates and adjust roadway	68,165
Replacement of cooler cassettes	157,331
Enlargement of cremator 2	82,680

- 12 The estimated costs of current and future improvements, as identified in the Service Asset Management Plan, together with proposed funding arrangements are summarised in the table overleaf:

Year	Estimated SAMP Investments	Proposed Funding Arrangements		
		Premises Budget £	Earmarked Reserves £	Loan £
2025/26	244,000	131,400	112,600	
2026/27	2,535,400	435,400	1,500,000	600,000
2027/28	93,000	5,400	87,600	
2028 onwards	407,400	144,600	262,800	
<b>Total</b>	<b>3,279,800</b>	<b>716,800</b>	<b>1,963,000</b>	<b>600,000</b>

## Cremator Replacement

- 13 The three cremators at the crematorium were installed in 2012/13, with full mercury abatement equipment being installed at that time. They have a life expectancy of 20 years, so the next cremator replacement programme is not scheduled until approximately 2032.
- 14 Based upon the cremator replacement works recently undertaken at Mountsett Crematorium it is estimated that the next cremator replacement programme at Durham would cost in the region of £2.4 million, based upon today's market prices. However, these requirements could be subject to change in the event of future changes in legislation affecting the provision of crematorium services.

## Resomation

- 15 A budget of £1.5m for the purchase and installation of a Resomator in a building extension was previously included in the SAMP for 2024/25 but this has been re-profiled to 2026/27 due to delays in legislation being enacted to allow resomation to be carried out in the UK. It is estimated that an additional £600k will be required to carry out these works, and in line with previous reports this is planned to be funded by a loan from DCC. Currently the Law Society are leading the work to review the funerary methods, which is due for completion in 2026 prior to the bill being made, and this may lead to a further delay. If this is the case then the Major Capital Works reserve may have been replenished to a level which allows this amount to be funded from reserves, rather than a loan.

## Earmarked Reserves

- 16 The projected reserves and balances of the Central Durham Crematorium Joint Committee for 2024/25 are as follows:

Earmarked Reserve	Balance @	Balance @
	1 April 24	31 Mar 25
	£	£
General Reserve	(581,400)	(652,760)
Masterplan Memorial Garden	(54,726)	(40,996)
Major Capital Works	(1,513,874)	(1,727,702)
Cremator Reline Reserve	(207,755)	(232,755)
Small Plant	(15,405)	(17,405)
<b>Total</b>	<b>(2,373,159)</b>	<b>(2,671,618)</b>

## Fees and Charges

- 17 The fees and charges at Central Durham Crematorium are harmonised with those at the Mountsett Crematorium.
- 18 A £30 (3.77%) increase was applied from April 2024, and a further £50 (6.06%) increase was agreed from October 2024, resulting in the current cremation fee (inclusive of medical referee's fees) being £875.
- 19 The current cremation fees for crematoria across the region, shown in the table below, indicates an average cremation fee of £987 (inclusive of medical referees fees and environmental surcharge where appropriate) across the region:

Crematorium	Cremation Fee
Gateshead	£905
Stockton	£955
North Tyneside	£897
South Tyneside	£888
Middlesbrough	£945
Northumberland	£920
Sunderland	£1,044
Newcastle	£995
Coundon	£1,150
Hartlepool	£1,007
Darlington	£1,072
<b>Average</b>	<b>£987</b>

- 20 The projected number of cremations at the Central Durham Crematorium in 2024/25 is 2,414, which will be 214 more than the

budgeted position of 2,200. The number of cremations at Durham in the previous five years is shown overleaf:

Year	Cremations
2019/20	2,350
2020/21	2,738
2021/22	2,306
2022/23	2,513
2023/24	2,433

- 21 The table below indicates how much additional income could be generated annually with fee increases ranging from £30 (3.43%) to £70 (8.0%) and with incremental increases in the budgeted cremation numbers, compared to the current budgeted position of 2,200. Therefore if the budgeted number of cremations remain at 2,200 the crematorium would receive an extra £22,000 for every £10 increase in the cremation fee.

No. of Cremations	Increase in fees £				
	£30	£40	£50	£60	£70
	3.43%	4.57%	5.71%	6.86%	8.00%
<b>2,200</b>	£66,000	£88,000	£110,000	£132,000	£154,000
<b>2,250</b>	£111,250	£133,750	£156,250	£178,750	£201,250
<b>2,300</b>	£156,500	£179,500	<b>£202,500</b>	£225,500	£248,500
<b>2,350</b>	£201,750	£225,250	£248,750	£272,250	£295,750
<b>2,400</b>	£247,000	£271,000	£295,000	£319,000	£343,000
<b>2,450</b>	£292,250	£316,750	£341,250	£365,750	£390,250
<b>2,500</b>	£337,500	£362,500	£387,500	£412,500	£437,500

- 22 Should the 2025/26 cremation fees be increased by £50 (5.71%), and assuming a higher forecast of 2,300 cremations next year (based on cremation numbers over the last 3 years), an additional £202,500 income would be generated by the Joint Committee next year and this potential increase has been built into the medium term budget forecasts at this stage.
- 23 Members may wish to consider keeping the fees for direct cremations and early discounted slots the same as current levels to reduce the cost of living impact on service users.
- 24 Once other crematoria apply their fee increases for next year, the proposed 2025/26 cremation fee of £925 will remain among the lowest of all other neighbouring facilities in the region and £225 below the current charge at the nearest facility at Coundon. The benchmarking figures above are before other local authorities

increase their cremation fees, so the gap between Durham and neighbouring facilities is likely to continue to grow.

## Surplus Redistribution

- 25 Members will recall that the Constitution sets out the constituent authority title deeds and subsequent surplus distribution arrangements to Durham County Council (DCC) / Spennymoor Town Council (STC) on an 80 / 20 basis.
- 26 The current surplus distributed is £931,250 per year (£745,000 to DCC and £186,250 to STC).
- 27 The table overleaf shows the levels of surplus redistribution over the last five years.

Constituent Authority	Distributable Surplus £				
	2020/21	2021/22	2022/23	2023/24	2024/25
Durham County Council	510,000	685,000	685,000	685,000	745,000
Spennymoor Town Council	127,500	171,250	171,250	171,250	186,250
<b>Total</b>	<b>637,500</b>	<b>856,250</b>	<b>856,250</b>	<b>856,250</b>	<b>931,250</b>

- 28 It is recommended that the surplus distribution to the constituent authorities remain at the current levels. This has been factored into the medium-term budget forecasts and will be reviewed in the Budget Strategy Report in September 2025.

## Medium Term Budget Forecast

- 29 In terms of financial modelling for the Central Durham Crematorium, the following working assumptions have been applied:
- Premises budgets have been adjusted for priority repair costs (in line with the SAMP requirements)
  - Contributions from earmarked reserves to fund the planned capital works (in line with the SAMP) have been built into the budget forecast
  - A £50 (5.71%) increase per cremation has been factored into the income budget from 2025/26 and then £50 (5.40%) in 2026/27 and £50 (5.13%) in 2027/28
  - No change in the surplus redistribution to the constituent authorities has been assumed in the budget forecast

- Expenditure budgets have been increased to reflect pay inflation in line with Durham County Council's MTFP model at 2% in 2025/26, 2026/27 and 2027/28
- Expenditure budgets have been increased to reflect price inflation (non-pay) in line with Durham County Council's MTFP model at 1.5% in 2025/26, 2026/27 and 2027/28
- The estimated / budgeted level of cremations have been increased to 2,300 per annum, to bring them more into line with cremation numbers over the last 3 years

30 The tables below and overleaf provide a financial summary of the revenue budget, capital budget and forecast earmarked reserves of the Joint Committee projected for the next three financial years:

<b>Revenue Budget</b>	<b>Base Budget 2024/25 £</b>	<b>Forecast Budget 2024/25 £</b>	<b>Base Budget 2025/26 £</b>	<b>Base Budget 2026/27 £</b>	<b>Base Budget 2027/28 £</b>
Expenditure	1,115,125	1,120,947	1,179,679	1,501,336	1,089,296
Income	(2,175,866)	(2,369,385)	(2,379,311)	(2,495,314)	(2,613,738)
<b>Net Income</b>	<b>(1,060,741)</b>	<b>(1,248,438)</b>	<b>(1,199,632)</b>	<b>(993,978)</b>	<b>(1,524,442)</b>
<b>Transfer to / (from) Reserves</b>					
Masterplan Memorial Garden	5,000	5,000	5,000	5,000	5,000
Major Capital Works	97,491	285,188	236,382	30,728	561,192
Cremator Reline Reserve	25,000	25,000	25,000	25,000	25,000
Small Plant	2,000	2,000	2,000	2,000	2,000
<b>Distributed Surplus</b>	<b>(931,250)</b>	<b>(931,250)</b>	<b>(931,250)</b>	<b>(931,250)</b>	<b>(931,250)</b>
<b>80% Durham CC</b>	<b>745,000</b>	<b>745,000</b>	<b>745,000</b>	<b>745,000</b>	<b>745,000</b>
<b>20% Spennymoor Council</b>	<b>186,250</b>	<b>186,250</b>	<b>186,250</b>	<b>186,250</b>	<b>186,250</b>



<b>Capital Budget</b>	<b>Budget 2024/25 £</b>	<b>Forecast 2024/25 £</b>	<b>Budget 2025/26 £</b>	<b>Budget 2026/27 £</b>	<b>Budget 2027/28 £</b>
Resin pathway around garden	18,730	18,730			
Resomation system/extension				1,500,000	
Resin pathway - turning circle			25,000		
Re-lining of cremator			87,600		87,600
<b>Total Spend</b>	<b>18,730</b>	<b>18,730</b>	<b>112,600</b>	<b>1,500,000</b>	<b>87,600</b>
<b>Transfer to / (from) Reserves</b>					
Masterplan Memorial Garden	(18,730)	(18,730)			
Major Capital Works			(25,000)	(1,500,000)	
Cremator Reline Reserve			(87,600)		(87,600)
Small Plant Reserve					

<b>Earmarked Reserve</b>	<b>Balance @ 1 April 2024 £</b>	<b>Balance @ 31 March 2025 £</b>	<b>Balance @ 31 March 2026 £</b>	<b>Balance @ 31 March 2027 £</b>	<b>Balance @ 31 March 2028 £</b>
General Reserve	(581,400)	(652,760)	(713,793)	(748,594)	(784,121)
Masterplan Memorial Garden	(54,726)	(40,996)	(45,996)	(50,996)	(55,996)
Major Capital Works	(1,513,874)	(1,727,702)	(1,878,050)	(373,977)	(899,642)
Cremator Reline Reserve	(207,755)	(232,755)	(170,155)	(195,155)	(132,555)
Small Plant	(15,405)	(17,405)	(19,405)	(21,405)	(23,405)
<b>Total</b>	<b>(2,373,160)</b>	<b>(2,671,618)</b>	<b>(2,827,399)</b>	<b>(1,390,127)</b>	<b>(1,895,719)</b>

## Conclusion

- 31 The budget forecast demonstrates that having incorporated all of the proposed changes, including the planned introduction of resomation at the crematorium, the reserve balances of the Joint Committee are demonstrating a sound financial position for the coming years.

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## **Appendix 1: Implications**

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### **Legal Implications**

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

### **Finance**

Full details of the year to date and projected outturn financial performance of the Central Durham Crematorium are included within the body of the report.

### **Consultation**

None. However, Officers of Spennymoor Town Council were provided with a copy of the report and given opportunity to comments / raise any detailed queries on the contents of this report in advance of circulation to members of the CDCJC.

### **Equality and Diversity / Public Sector Equality Duty**

None.

### **Climate Change**

None.

### **Human Rights**

None.

### **Crime and Disorder**

None.

### **Staffing**

None.

### **Accommodation**

None.

### **Risk**

The figures contained within this report have been extracted from the General Ledger and have been scrutinised and supplemented with information supplied by the Bereavement Services Manager. The projected outturn has been produced taking into consideration the spend to date, trend data and market intelligence, and includes an element of prudence. This, together with the information supplied by the Bereavement Services Manager, should

mitigate any risks with regards to challenge and review of the financial forecast of the Joint Committee.

**Procurement**

None.