

Mountsett Crematorium Joint Committee

27 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 the medium-term financial planning for the Mountsett Crematorium. The views of the committee on these issues are sought in advance of the 2025/26 budget setting process.

Executive summary

- 2 There has been significant capital investment of over £4.1 million at Mountsett Crematorium since Local Government Reorganisation in 2009, with further investments of over £2 million planned for the coming years in line with the Service Asset Management Plan.
- 3 Fees and charges, which are harmonised with Central Durham 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.
- 4 The current level of surplus distribution to partner authorities was implemented on 1 April 2019 following Members approval of the Budget Strategy report in September 2018 and is forecast to remain at this level for the coming years.
- 5 A robust medium-term budget forecast has been produced for the Joint Committee and this demonstrates that subject to agreement of the fee

increase next year the reserve balances of the Joint Committee are still projected to be sufficient to meet the liabilities and commitments of the Joint Committee for the coming years.

Recommendation(s)

- 6 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

- 7 The current level of surplus distribution to partner authorities was implemented on 1 April 2019 following Members consideration of the Budget Strategy report in September 2018 and the Budget Setting report in January 2019.
- 8 Increases to the fees and charges at the crematorium, which are harmonised with Durham Crematorium, have also been kept as low as prudently possible over recent years, resulting in the current charges continuing to be among the lowest of all neighbouring facilities.

Capital Investment at the Crematorium

- 9 Since Local Government Reorganisation (LGR) in 2009 there has been significant investment in the Mountsett Crematorium totalling £4,102,409 with the major improvement works including:

Project	Cost £
Installation of Memorial Towers	31,370
Road Widening	24,973
Tarmac Access to Car Park	62,200
Car Park Extension	88,398
Cremator Replacement and Extension	1,564,515
Installation of temporary cremator	334,929
Energy Improvement works	111,824
Cremator Replacement	1,593,884
Installation of Vehicle Charging Points	16,680
Replacement of fencing	16,000

- 10 The estimated costs of current and future improvements, as identified in the Service Asset Management Plan are summarised in the table below:

Year	Estimated SAMP Investments £
2025/26	111,800
2026/27	379,900
2027/28	180,600
2028 onwards	1,350,000
Total	2,022,300

Earmarked Reserves

- 11 The projected reserves and balances of the Mountsett Crematorium Joint Committee for 2024/25 are as follows:

	Balance @ 1 April 24 £	Balance @ 31 Mar 25 £
Earmarked Reserve		
Repairs Reserve	(129,370)	(144,370)
Cremator Reserve	(366,496)	(341,968)
General Reserve	(335,880)	(389,084)
Total	(831,746)	(875,422)

Fees and Charges

- 12 The fees and charges at Mountsett Crematorium are harmonised with those at the Durham Crematorium.
- 13 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.
- 14 The current cremation fees for crematoria across the region, shown in the table over the page, indicates a current average cremation fee of £987 (inclusive of medical referee's 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
Average	£987

- 15 The projected number of cremations at the Mountsett Crematorium in 2024/25 is 1,325, which will be 25 less than the budgeted position of 1,350. The number of cremations at Mountsett in the previous five years is shown overleaf.

Year	Cremations
2019/20	1,399
2020/21	1,758
2021/22	1,463
2022/23	1,445
2023/24	1,370

- 16 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 1,350. Therefore if the budgeted number of cremations remain at 1,350 the crematorium would receive an extra £13,500 for every £10 increase in the cremation fee.

Cremation Numbers	Increase in Fees				
	£30	£40	£50	£60	£70
	3.43%	4.57%	5.71%	6.86%	8.00%
1,350	£40,500	£54,000	£67,500	£81,000	£94,500
1,400	£85,750	£99,750	£113,750	£127,750	£141,750
1,450	£131,000	£145,500	£160,000	£174,500	£189,000
1,500	£176,250	£191,250	£206,250	£221,250	£236,250

- 17 Should the 2025/26 cremation fees be increased by **£50 (5.71%)** and assuming a prudent forecast of 1,350 cremations next year an additional £67,500 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.
- 18 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.
- 19 Once other crematoria apply their fee increases for next year, the proposed 2025/26 cremation fee of £925 will remain among the lowest of other neighbouring facilities in the region. The benchmarking figures above are before other local authorities increase their cremation fees, so the gap between Mountsett and neighbouring facilities is likely to continue to grow.

Surplus Redistribution

- 20 Members will recall that the Constitution sets out the constituent authority title deeds and subsequent surplus distribution arrangements to Durham County Council (DCC) / Gateshead Council (GC) on a 65 / 35 basis.
- 21 The current surplus distributed is £350,000 per year (£227,500 to Durham County Council and £122,500 to Gateshead Council).

The table below 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	227,500	227,500	227,500	227,500	227,500
Gateshead Council	122,500	122,500	122,500	122,500	122,500
Total	350,000	350,000	350,000	350,000	350,000

- 22 It is recommended that the surplus distribution to the constituent authorities remain at the current levels and this has been factored into the medium-term budget forecasts.

Medium Term Budget Forecast

- 23 In terms of financial modelling for the Mountsett 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 part fund the planned SAMP works 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 changes 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 remains at 1,350 per annum
- 24 The table overleaf provides a financial summary of the revenue budget, and forecast earmarked reserves of the Joint Committee projected for the next three financial years using the above assumptions:

	Base Budget 2024/25 £	Forecast Budget 2024/25 £	Base Budget 2025/26 £	Base Budget 2026/27 £	Base Budget 2027/28 £
Revenue Budget					
Expenditure	907,962	872,208	964,491	1,244,390	1,057,023
Income	(1,296,945)	(1,265,885)	(1,364,466)	(1,432,011)	(1,499,587)
Net Income	(388,983)	(393,677)	(399,974)	(187,621)	(442,565)
Transfer to / (from) Reserves					
Repairs Reserve	15,000	15,000	15,000	15,000	15,000
Cremator Reserve	23,983	(28,676)	34,974	(177,379)	77,565
General Reserve	0	0	0	0	0
Distributed Surplus	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)
65% Durham County Council	227,500	227,500	227,500	227,500	227,500
35% Gateshead Council	122,500	122,500	122,500	122,500	122,500

	Balance @ 1 April 2024 £	Balance @ 31 March 2025 £	Balance @ 31 March 2026 £	Balance @ 31 March 2027 £	Balance @ 31 March 2028 £
Earmarked Reserve					
Repairs Reserve	(129,370)	(144,370)	(159,370)	(174,370)	(189,370)
Cremator Reserve	(366,496)	(341,968)	(356,687)	(159,044)	(216,336)
General Reserve	(335,880)	(389,084)	(409,340)	(429,603)	(449,876)
Total	(831,746)	(875,422)	(925,397)	(763,017)	(855,582)

Conclusion

- 25 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

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. However, Officers of Gateshead 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 Joint Committee.

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 scrutinised and supplemented with information supplied by the Bereavement Services Manager. The medium-term financial budget forecast has been produced taking into consideration current year forecasts, future improvement costs obtained from the SAMP and pricing structures from neighbouring facilities. 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.