

## **Mountsett Crematorium Joint Committee**

**4 October 2013**

**Fees and Charges Strategy Options -  
2014/2015**



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### **Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources and Treasurer to the Joint Committee**

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#### **Purpose of the Report**

1. The purpose of this report is to provide to members of the Mountsett Crematorium Joint Committee, with options with regards to a potential review of the current fees and charges and to seek opinions in advance of the 2014/15 budget setting process.

#### **Background Information**

2. In reviewing existing, or setting new fees and charges, the potential impact in terms of price and quality, trends in demand, results of customer surveys, alternative effective charging structures etc need to be fully considered.
3. In order to maintain equity of treatment / access across County Durham a harmonised fees and charges policy with Central Durham Crematorium must be maintained. As a partnering authority to Mountsett Crematorium, Gateshead operates a separate Crematorium within their locality.

#### **Fees and Charges Proposal**

4. The review of the current fees and charges policy has identified an opportunity to increase fees and charges during the forthcoming year over and above the usual inflationary increase, providing scope to generate extra income within the Crematorium.
5. As can be seen in Appendix 2, the fees and charges of neighbouring crematoria range from £545 (Sunderland Crematorium) to £666 (Newcastle Crematorium and South Tyneside Crematorium) with an average of £620.50. Currently Mountsett Crematorium charge £550 which is the second lowest in relation to the neighbouring crematoria. Coundon Crematorium (the only privately operated facility within the benchmarking group and in close proximity to the Central Durham Crematorium) currently has a charge of £580, £30 more than Mountsett and Durham Crematoria.
6. The options that have been considered are attached at Appendix 3, these consider increases to the current fees and charge to bring these in line with other facilities within the regional benchmarking cluster. A summary of the potential additional income that could be generated under each option is shown below (note: all Forecasts are based on 13/14 budgeted level of cremations) and ignore any spend pressures that may also materialise:

<b>Possible charges;</b>	<b>Potential Additional income</b>
Highest Charge (£666.00)	£145,000
Average charge (£620.50)	£88,125
Fees in line with Gateshead (£665.00)	£143,750
Fees in line with Coundon (£580)	£37,500

7. Increasing the fees and charges to the average level would (based on current budgeted cremation volumes) increase revenue by £88,125.
8. Members will recall that fees and charges for the Mountsett Crematorium Joint Committee have been harmonised with Central Durham Crematorium, taking this into consideration any increase in charges will also take effect at Durham Crematorium.
9. An increase in line with Coundon Crematorium would result in increased revenue of £37,500.
10. Members should be aware that the Central Durham Crematorium Joint Committee have considered the proposals at its meeting on 25 September 2013 and have approved an increase in fees and charges to the average level.

#### **Benefits/ considerations**

11. Any increase in Fees and charges could, in line with the current policy, be transferred into the Cremator Reserve, thus accelerating the achievement of the £1m Earmarked Reserve balance.
12. Members may alternatively wish to consider an increase in the redistributable surplus to partner authorities.

<b>Possible Charges</b>	<b>Durham County Council 65%</b>	<b>Gateshead Council 35%</b>
Highest Charge (£666.00)	£94,250	£50,750
Average charge (£620.50)	£57,281	£30,844
Fees in line with Gateshead (£665.00)	£93,437	£50,313
Fees in line with Coundon (£580)	£24,375	£13,125

#### **Risks**

13. As previously highlighted, careful consideration will need to be given to the impact on demand and competition from neighbouring crematoria. Increasing in line with the average local Authority crematoria or Gateshead Crematoria will result in a potential higher charge than that currently charged by Coundon.
14. Increasing the fees and charges could lead to a reduction in the number of cremations.

#### **Recommendations**

- Members of the Joint Committee provide direction with regards to the potential increased fees and charges.

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## **Appendix 1 Implications**

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### **Finance**

The schedule for the fees and charges increase is detailed in appendix 2

### **Staffing**

There are no staffing implications associated with this report.

### **Risk**

The sensitive pricing of services is essential to maintain the competitiveness and reputation of the Crematorium in the current economic climate. The proposed increase should ensure that the charges remain competitive in comparison to neighbouring facilities and the prudent assumption in cremation numbers, plus the strong reputation of the Mountsett Crematorium should ensure that risk is minimised. Increases will be publicised in advance and communication carefully handled.

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

The proposals set out within the report for consideration consider the harmonised fees and charges policy with Central Durham Crematorium and provide equity of treatment/ access across County Durham.

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

There are no Crime and Disorder implications associated with this report.

### **Human Rights**

None

### **Consultation**

None. However, officers of Gateshead Council were provided with a copy of the report and given opportunity to comment / raise any detailed questions on the content of the report in advance of circulation to members of the Mountsett Crematorium.

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

None