

## Mountsett Crematorium Joint Committee

29 January 2010

Fees and Charges 2010/11



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### Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Stuart Crowe – Corporate Director: Resources (Treasurer to the Joint Committee)

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#### Purpose of the Report

1. The purpose of this report is to set out details of the proposed fees and charges for the Mountsett Crematorium for 2010/11.

#### Background Information

2. Durham County Council's Fees and Charges Policy provides a framework for the County Council's approach to charging. The policy is built around the following principles;
  - Develop an entrepreneurial approach so that charges, whether new or reviewed, are properly considered, and consistent;
  - Compliance with the Local Government Act 2003, which gives wide general powers to provide and charge for "Discretionary Services";
  - Adherence with the financial duty to ensure income does not exceed cost;
  - Charges may be set, so that different people are charged different amounts and in different areas to satisfy local needs and objectives. (A service can also continue to be provided free); and
  - The income derived from charging will normally be used to offset the costs of providing the service being charged for, including support service costs.
3. In reviewing existing charges or setting of new charges inflationary pressures; the potential impact of competition in terms of price and quality; trends in demand; results of customer surveys; budget targets; cost structure implications; impact on other service areas; alternative more effective charging structures and proposals for targeted promotions etc need to be fully taken into consideration.
4. The County Councils general approach to fees and charges harmonisation post Local Government Review was to ensure that all statutory and regulatory fees and charges

were being applied correctly and consistently; and to harmonise policy, standards of service and discretionary fees and charges where it was appropriate to do so, particularly where maintaining different charges was inequitable and unfair.

5. Bereavement services (including cemetery charges) were harmonised with effect from 1 April 2009. However, since the fees and charges for the Mountsett and Central Durham Crematoria had already been set by the two respective Joint Committees and communicated by that stage, discussions on harmonisation within these areas was deferred until 2010/11.
6. In accordance with the County Council's fees and charges harmonisation policy, it is the intention that Mountsett Crematorium should increase its fees and charges in line with those agreed for Central Durham.

### **Fees and Charges 2010/11**

7. The proposed charges take into account the views of the Superintendent Registrar with regards to the local market and customer impact from the proposed increases, together with benchmarking data on the charges levied in other neighbouring facilities. Significantly, the proposals seek to harmonise policy with regards to charges with that of the Central Durham Crematorium.
8. In addition to the fees and charges harmonisation policy, the proposals for 2010/11, consider future capital costs of replacement cremators (circa £968K) and have been developed in the context of securing the funding required to finance the cremator replacements in 2024/25. Earmarked Reserves currently held and existing policy with regards to contribution to reserves in year would mean there would be insufficient funds available to cover these costs.
9. The proportion of surpluses currently distributed and retained is 82.5 : 17.5, i.e. 82½% of the net surplus generated is distributed to the partner authorities in the year. The proportions of surpluses generated and retained by the Central Durham Crematorium, are 67 : 33, i.e. 67% of the surpluses generated is distributed to the partner authorities in the year, with 33% being retained in earmarked reserves to cover future asset management needs.
10. As noted in the report of the Superintendent Registrar, the existing cremators have an expected asset life of 15 years. This is based on a reline of one cremator in 2010/11, and further relines for both cremators every 6 years thereafter until replacement. Each reline costs in the region of £18,000. The estimated cost of replacing the cremators, with full abatement equipment is circa £968,000.
11. In terms of maintaining reasonable levels of reserves and balances, to cover risks and any emergency repairs / asset management issues that might arise, a prudent minimum level of retained balances would be between £75 – 100,000. Assuming that this is the case, and building in provision for the relines, then the contribution to the earmarked cremator reserve will need to increase from £20,000 to circa £65,000 in the period 2010/11 to 2024/25. This would produce a balance of £0.975M at 31 March 2024, after taking into account the costs of relining the existing cremators during this period, which

would be available to finance the cremator replacement – incorporating abatement technology.

12. To achieve the required increase in contributions to the earmarked cremator replacement reserve, without increasing charges, and notwithstanding the service enhancements / investments outlined in the Grounds Maintenance “Grasscutting Review” report and within the Budget Report which follows (which would not be affordable), then the surpluses distributed to the two partner authorities would need to decrease. This would have a detrimental impact on the two authorities revenue budgets for 2010/11 – at £45,000, Durham County Council would lose £29,250, whereas Gateshead would face a £15,750 reduction in income. In this scenario the ratio of surpluses distributed and retained would be 60 : 40.
13. Considering all these factors, and working on the assumption that the partner authorities would not wish to see any financial detriment to their General Funds in 2010/11, the following revisions to fees and charges are proposed:

### ***Cremation***

Adult Cremation fees are increased to £400 in 2010/11. This results in an increase of £70 (21%) per adult over the age of 16 years. Environmental Surcharge Fees are increased to £50 resulting in a £10 (25%) increase on those fees charged during 2009/2010. The fees levied for 2010/11 (inclusive of medical referees and the environmental surcharge) are therefore proposed at £470. This is below the level of

### ***Book of Remembrance***

The charges for the book of remembrance have not been reviewed for a number of years. In that time, costs in relation to calligraphy have increased significantly. It is therefore proposed that fees in respect of the Book of Remembrance are increased from £32 to £36 (12%) to cover these costs.

14. It is proposed that all other fees and charges remain the same as in 2009/10. A full schedule of the proposed fees and charges for the Mountsett Crematoria is shown in Appendix 2, with benchmarking comparison data (showing 2009/10 charges only) shown in Appendix 3 for members’ information.

## **Recommendations and reasons**

- 10 It is recommended that:-
- Members of the Joint Committee note and approve the proposed fees and charges.
  - The approved fees and charges are incorporated into the 2010/11 budget.

## **Background Papers**

2009/10 Budget and Financial Monitoring Reports  
2010/11 Budget Working Papers  
DCC Fees and Charges Policy

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## **Appendix 1: Implications**

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### **Finance**

A detailed schedule of the proposed fees and charges for the Mountsett Crematorium is included at Appendix 2. These proposals have been factored into budget projections for 2010/11.

### **Staffing**

There are no staffing implications associated with this report.

### **Equality and Diversity**

The proposals set out in this report seek to harmonise fees and charges policy with the Mountsett 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.

### **Sustainability**

The proposals set out in the report are in line with the financial business case developed for the planned cremator replacement, providing sufficient funding to sustain both the operating costs and asset management investment needs of the Mountsett Crematorium.

### **Human Rights**

There are no Human Rights implications associated with this report.

### **Localities and Rurality**

There are no Localities and Rurality implications associated with this report.

### **Young People**

There are no Young People implications associated with this report.

### **Consultation**

Officers of Gateshead Council were consulted on the contents of this report.

### **Health**

There are no Health implications associated with this report