PLEASE NOTE: An earlier draft version of the report was previously published in error which should be disregarded.
This paper is the final and correct version for consideration.

BCP Council

Cabinet

Report subject	**Bereavement Services business plan phase one update report and options appraisal for the future Poole Crematorium facility**
Meeting date	28 September 2022
Status	Public
Executive summary	To provide a progress update on the delivery of Bereavement Services Business Plan 2020 - 2026. This paper sets out an options appraisal, data and evidence for the future Poole Crematorium facility which is a non statutory service provision requirement for Local Authorities The current provision contributes towards the Council's income supporting the Medium Term Financial Plan within the context of an increasingly competitive and changing market environment.
Recommendations	**It is RECOMMENDED that:** **a. Cabinet recommends investment be built into the future capital programme for the provision of cremators to meet the needs of the whole BCP Community.** **b. Cabinet commits to bringing forward the reinstatement of cremators at the Poole Crematorium facility, subject to a continuing review of demand, emerging green technologies and the preferred future location(s) and appropriate timeframe for this investment.** **c. Cabinet agrees to temporarily change the operating status of the Poole site as a ceremonial only venue pursuant to the Cremation (England and Wales) Regulations 2008 to include the publication of required notices and notification to the Secretary of State, until such time that the replacement of the Poole Cremators is confirmed.** **d. Cabinet agrees to the decommissioning of the existing cremating equipment in Poole in 2023-24.**

Reasons for recommendations	The recommendations of this report seek to ensure the future need for crematoria facilities in Bournemouth, Christchurch and Poole are met and that it complies with the necessary legal requirements.
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Wards	Council wide
Classification	For information and decision

Background

1. In December 2020 Cabinet agreed to the following recommendations:

   a) Cabinet approves and adopts the Bereavement Services Business plan 2021-2026
   b) Cabinet approves the preferred option of a two phased approach to delivering the Bereavement Services Business Plan 2020-2026
   c) Phase 1: To approve developing a dual site single crematorium model for Bereavement Services, with an initial investment into Poole Crematorium to enhance the venue as a high-end ceremonial and memorial location
   d) Phase 2: To bring back to Cabinet within 18 months an investment plan for the long-term usage of Poole Crematorium as a continued site for the bereaved once the impact of the Phase 1 implementation has been fully evaluated.
   e) To approve the capital investment required to deliver the recommended options within Phase 1 of £559K, as outlined in section 6.3 of the Bereavement Business Plan and to be funded through use of reserves and prudential borrowing.

2. The Business plan identified nine key objectives:

   a) A dual site single crematorium model for the conurbation
   b) Development of new and alternative burial sites
   c) Increase commercial activity by developing a business marketing and commercial strategy
   d) Provision of additional burial space and offering a more environmentally sensitive option of disposal
   e) Provision of a tailored pricing matrix in line with local market forces and competition

f) Choice of service durational times
g) Choice of ceremonial venues and expansion of direct cremation model
h) Choice of modern and sustainable commemorative schemes
i) Installation of a unified crematorium & cemeteries IT management and booking system

<u>Phase 1 Implementation Updates</u>

3. As a direct consequence of the Covid-19 pandemic, work to progress phase one of the business plan has been unavoidably impacted whilst the service focused on critical service functions and supporting bereaved families during an extended period of exceptional circumstances. That said officers have worked hard where possible to progress several workstreams which are summarised as follows:

4. **Poole refurbishment** - Investment work to enhance the ceremonial space, waiting room and visitor toilets, book of remembrance viewing room, memorial wreath court and office space within the existing building commenced at Poole on 28 March with the site being closed for preliminary preparations from 14 March. The site is scheduled to re-open for operations from 26 September. The commencement of these works had been significantly delayed due to the pandemic and the shortage of skilled labour and materials.

5. **Standalone website** - Work continues on the design and build of BCP Bereavement Care's new standalone website with the first phase anticipated to go live in September 2022. This will provide a 'front of house' portal for all service provision and information directing all customer traffic to a single point of contact covering service bookings, memorial applications, grave purchases, grave searches and online payments encompassing all customer journey types.

6. **New bereavement IT system** - Following a detailed procurement exercise, a contract for the provision of a cloud-hosted bereavement IT System has been awarded. Stage 1 and 2 'go live' being the funeral director portal, data migration from legacy systems and new cremation and burial bookings from January 2023. This new system will significantly enhance efficiency of service by contributing to the harmonisation of teams working on a single system which can be accessed easily by staff at any of the bereavement sites with the use of mobile smart devices.

7. **Cemetery mapping** - This will be rolled out as part of Stage 3 implementation of the new bereavement IT system. This stage will include the drone mapping of all cemeteries with full integration with the new software system providing online access to burial records with the intention to roll this out for public use.

8. **Bereavement branding** - BCP Bereavement Care branding strategy now in place with corporate branding in the process of being adopted across the whole bereavement estate with signage, literature and uniforms conforming to the new branding guidelines by the end of December 2022.

9. **Tailored fee structure** - Tailored pricing structure for cremation fees implemented from 1 September 2021 providing a wider choice on service types offering more affordable options to families and competitive pricing.

   a) The impact of the new pricing scheme introduced to provide for the growing market for direct or unattended cremations has been difficult to evaluate as the death rate across Dorset & West Hampshire has been significantly impacted by the pandemic over the last two years.

   b) Whilst the business plan recognised the growth in this market, the pandemic has seen a further acceleration, especially with the introduction of restricted funeral attendance (attendance reduced to 6 persons in the initial stages of the pandemic through emergency legislation).

c) The growth in this market is also being exacerbated by new regional/national providers not using local crematoria but choosing to convey to their own centralised crematoria located outside of Dorset.

d) This centralised direct cremation model by-passes local crematoria, in which the impact of this emerging business model is yet to be determined on the current number of cremations undertaken within the catchment area over the medium to long term.

10. **Harmonised cemetery Rules & Regulations and cemetery fees** - Harmonising work on a single set of Cemetery Rules and Regulations was approved by Cabinet on 22 June and full Council on 12 July 2022. This is the first set of Rules and Regulations for BCP Council's nine cemeteries. This also realises the harmonisation of cemetery fees across BCP Council with a full review of all fees to be undertaken prior to the 2023-24 financial year. The new Rules & Regulations together with the harmonised cemetery fees were implemented from 01 September 2022.

11. **Natural burial site** - Purchase of land at Muscliff Lane was completed in 2021 for the potential use as a natural burial site. Groundwater monitoring assessment work is being undertaken and will be completed by August 2022. Subject to results planning application work and ecology assessment could commence soon afterwards. Consultation work on the development and layout of a new burial site would be required with anticipated operation commencing two years from the planning application submission stage.

12. **Additional burial ground for Poole and Christchurch** - Scoping work for additional conventional burial ground for Poole and Christchurch is underway with initial consultation work undertaken.

13. **Team Restructures** - Restructuring of the bereavement team is currently being progressed with a Change Brief anticipated to be submitted to CMB by the end of September 2022. Long standing vacancies are being recruited to with essential vacant posts within the Bereavement Technical Support Team in the process of being filled.

14. **Installation of conveyancing lift at Bournemouth** - Decision made to discontinue with proposal to install a conveyancing lift at Bournemouth as outlined in original business plan. Feasibility work carried out highlighted no added benefit to be gained without extensive building works being carried out to existing layout of building.

15. **Bournemouth West Chapel** - Scoping work on the widening of the catafalque to facilitate bariatric-sized coffins completed. Anticipated work to commence in September 2022 following re-opening of Poole. West Chapel will be closed for up to 3 weeks.

Current Poole Crematorium operating model

16. Poole crematorium ceased operating as a crematorium in April 2020. Due to the age of the equipment, they had become uneconomical to repair with replacement parts obsolete and mounting concern regarding the safety of the equipment. A decision was made to discontinue the use of the cremators and implement the pre-planned contingency arrangement for the conveyancing of deceased to Bournemouth Crematorium following funeral services booked at Poole.

17. Poole Crematorium has since been operating as a ceremonial and memorial location only and a location for the scattering or interring of cremated remains within its memorial grounds.

18. Since April 2020, 2175, funeral services have taken place at Poole, following which 1627 deceased have been conveyed by Bereavement Care Services to Bournemouth Crematorium for cremation at no additional fee and 548 deceased conveyed directly by the family-appointed funeral directors for which a fee may have been levied to the family.

19. In the 12 months leading to the temporary closure of the Poole site, 771 deceased have been conveyed following a memorial service from Poole to Bournemouth by the BCP Bereavement Care Team.

20. The Poole crematorium site suspended all operations in March 2022 to undertake a significant refurbishment in the ceremony hall, waiting room and toilets, a re-modelling of the memorial wreath court, the creation of a new private viewing room for the books of remembrance and renovation of the office and office reception together with the music room. These works are in line with Phase 1 of the Bereavement Services Business Plan. The site is scheduled to re-open on 26 September 2022.

21. In March 2022 a public petition was launched to 'Save Poole Crematorium 'Petition · Save Poole Crematorium. Install a new cremator. · Change.org 3172 signatures have been added to the petition as of 10 September 2022.

Cremation marketplace

22. In 2021/22 the total number of deaths registered within the local catchment of Dorset & West Hampshire was 11,125 of which 90% led to funeral arrangements for cremation.

23. Out of the UK's 315 operating crematoria, BCP Council Crematorium is the second busiest in the country in terms of the number of cremations carried out. BCP Bereavement Care undertook 4446 cremations in 2021 of which 882 were direct/unattended cremations, thus BCP Council continues to hold a strong share of the local market, currently standing at 40%.

24. Residents of Dorset are currently served by 9 operating crematoria:

- Bournemouth Crematorium (operated by BCP Council)
- Harbour View Crematorium located in Lytchett Minster (operated by Tapper Funeral Services)
- Weymouth Crematorium (operated by Dorset Council)
- New Milton Crematorium located in the New Forest (operated by Westerleigh Group)
- Salisbury Crematorium (operated by Salisbury City Council)
- Southampton Crematorium (operated by Southampton City Council)
- Wessex Vale Crematorium located in Southampton (operated by Westerleigh Group)
- Test Valley Crematorium located in Romsey (operated by Westerleigh Group)
- Pure Cremation (door to door service provided by direct cremation specialist located in Andover) (operated by Pure Cremation Ltd)

25. Increasing local market competition and the growing popularity of direct/unattended cremation has over time, between 2017 - 2021 resulted in a 25.2% decrease in the number of cremations undertaken by the local authority. The largest decrease evidenced in 2018 following the formal opening of Harbour View Crematorium.

26. A single cremator can undertake around 2500 cremations per annum during standard working hours. At present there are 10 operating cremators (Bournemouth x 4, Weymouth x 2, Harbour View x 2 & New Milton x 2) based in Dorset and West Hampshire, with a potential capacity of 25,000 cremation disposals. Crematoria at Yeovil and Salisbury also provide further capacity within North Dorset.

27. The 4 cremators in Bournemouth currently serving BCP Bereavement Care Services, based on usage levels are operating on average at 50% capacity. This varies during peak months at times requiring the use of three cremators for short periods, but generally no more than two cremators are operated during the normal working day.

28. Only one of the four cremators at Bournemouth can receive bariatric sized coffins with most modern-day crematoria operating with a full complement of bariatric sized cremators. Nearly 27% of the adult population in England are obese which represents a 92% increase since 1996. We are seeing an increasing number of 'larger' coffins being booked in for cremation. The standard-sized cremators operated at Bournemouth are unable to accept coffin sizes that exceed 84 inches in length and 28 inches in width.

29. All local funeral directors offer direct cremations, using local crematorium facilities for disposal. Many leading local funeral directors have standalone ceremonial halls within their own premises, conveying to local crematorium following a service as an unattended cremation.

30. Bookings for services at Harbour View woodland burial ground and crematorium can only be made through a funeral director, owned and operated by Tapper Funerals Limited.

31. The opening of Harbour View Woodland Burial Ground, which is situated just outside of BCP Council's western boundary in 2006, with their crematorium opening in 2017 has seen them secure a growing market share, within the West BCP Council and Mid Dorset region. In 2020 and 2021 they undertook 1401 and 1414 cremations respectively, which is reflected in the loss of cremations undertaken at Poole crematorium prior to it ceasing cremations in April 2020.

32. Access to all funeral services remains heavily influenced by Funeral Directors who remain the primary first point of contact for most families, following a bereavement. It is therefore extremely difficult for Bereavement Care Services to directly influence any funeral process, other than providing a venue and a method of disposal, which has been previously agreed between the bereaved family and their chosen Funeral Director.

33. The direct/unattended cremation market was identified as a growing trend within the Bereavement Services Business plan. This market though has seen rapid growth during the pandemic, being accelerated by the legal restrictions placed upon funeral attendance during the pandemic period.

34. The emergence of new regional and national market specialists in direct or unattended cremations has seen an impact on the local market, with providers conveying to their own centralised crematorium located outside of Dorset in which their operating model by-passes other ceremonial and memorial services offered by funeral directors and crematorium. They also provide funeral directors with a direct collection and ashes return service eliminating the need for cremations to be undertaken locally.

35. Recent national data released for the period January to December 2021 has shown one leading direct cremation provider, based at Charlton Park Crematorium in Andover (Pure Cremations Ltd), increasing the number of cremations it undertakes from 5465 in 2020 to 9632 in 2021, of which 8793 (4717 in 2020) are recorded as direct cremation in one calendar year. This facility is now the busiest crematorium in the country, with

Bournemouth the second busiest, undertaking 4446 cremations of which 882 were direct cremations. The above provider already has a strong presence in the Dorset & West Hampshire market, with many local funeral directors using their door-to-door services.

36. This market is extremely cost driven offering a low-cost alternative to traditional funeral plans and services previously offered, by removing the need for formalised funeral services and associated costs which in 2021 the average cost being £3,765 compared to £1,647 for an unattended cremation service.
37. It is yet to be determined how this will impact the local market over the long term. It is anticipated that there will be an increased need to undertake a Celebration of Life service in order to achieve 'closure' for the bereaved as part of their grieving journey. These though are more likely to move away from traditional services and venues.

38. The impact of New Milton opening in April 2022 is yet to be determined on the local market, but it is anticipated that this will have an impact on the market shares held by all other crematorium operators within Dorset & West Hampshire. The facility is currently offering a lower direct cremation fee at £250 than BCP Bereavement Care Services at £350.

39. The impact of the new Financial Conduct Authorities (FCA) regulation of pre-paid funeral plan providers, required them to be authorised by the FCA, prior to 29th July 2022, is yet to be determined. The market has already seen several funeral plan providers go into liquidation. Consequently, some families may find funding funerals difficult and this may lead to increased levels of 'funeral poverty'. Families that are claiming certain benefits or tax credits can apply for a Funeral Expenses Payment which will help towards some, not all, of the cost of a funeral. This may also impact on the levels of referrals made to Local Authorities to fund Public Health Funerals where there is no known family or friends willing or able to make the funeral arrangements.

Future of Poole Crematorium Options Appraisal

40. Considering the above detailed marketplace information and trends the below options have been developed:

Option One: To continue to promote & market as a ceremonial venue only, conveying to Bournemouth for cremation

Benefits

41. This is the current position and has been operational for two years. Following the completion of the current investment programme the site provides an enhanced ceremonial facility for bereaved families with conveyancing of the deceased to Bournemouth Crematorium for an unattended cremation offered by BCP Bereavement Care

42. Is realisable within existing MTFP funding whilst long term capital reinvestment allocations are yet to be determined when Bournemouth cremators reach the end of their economic life.

Impacts

43. Non reinstatement of a cremation facility at the location will result in a level of local community and Funeral Director disappointment and dissatisfaction in the loss of a valued asset as evidenced through the public petition and local press articles.

44. A decision to formally adopt this option would require BCP Council to:

   a) Cease using the name 'Poole Crematorium' and rename the facility to comply with the 2008 Regulations.
   b) Decommission the old cremator equipment to comply with health and safety, remove hazardous materials and comply with environmental legislation and the 2008 Regulations and enable the space to be alternatively utilised.
   c) Formally serve notice of closure of the site as a Crematorium pursuant to the 2008 Regulations.

Option Two A: Reinstate now as a crematorium with only one gas or electric cremator

Benefits

45. Would allow for the reinstate a cremation facility at the site, providing Poole and wider North & East Dorset residents with another local and valued asset.

46. Would increase local cremator capacity by 2500 cremations per annum and increase overall BCP service resilience.

47. Would reduce demand on Bournemouth crematorium allowing for an expansion in and greater variation in funeral service time spans.

Impacts

48. Would require capital investment to achieve the reinstatement of a cremator and additional revenue operating costs such as staffing to compliantly operate the site, without any guarantee of additional income to fund the investment with market share unlikely to grow more than that which can be accommodated within existing facilities.

49. A high-risk option due to the regular maintenance schedules required to operate cremators at high temperatures, the high wear & tear levels, responses to reactive breakdowns due to equipment, IT or power failures and the overall resilience of the service should the cremator be taken off-line for any extended period, resulting at times for the continued and unplanned need to convey to the Bournemouth facility.

50. It is industry practice to operate cremators in pairs to mitigate against the above risk.

51. Conveyancing to Bournemouth may still be required during periods of peak demand.

52. An annual revenue increase of £317k would be incurred in respect of increased staffing numbers, operational, borrowing and utility costs.

Option Three A: Reinstate now as a crematorium with two gas cremators.

Benefits

53. Would reinstate a resilient proven technology cremation facility at the site, providing Poole and wider North & East Dorset residents with another local and valued asset.

54. Would provide the greatest service resilience to maintenance scheduling, breakdowns, and overall service resilience in mitigation to Option 2, Line 49.

55. Would reduce demand on Bournemouth crematorium allowing for an expansion in and greater variation in funeral service time spans thus reducing any perceived pressure on bereaved families to leave the site to allow for the next service during peak demand.

56. Would remove the need for conveyancing resources to Bournemouth crematorium.

Impacts

57. Would in the short/medium term increase the overall operating cost to the Council that is unlikely to be matched by service marketplace income. Existing cremators at Bournemouth are expected to last at least 7 more years before any future rationalisation could be achieved as cremators cannot be relocated once installed.

58. As alternative providers located nearby continue to be active in the local market environment providing residents with alternative choice not historically available Bereavement Care Services ability to retain market share becomes increasingly challenging impacting the council's ability to deliver a return on investment, extending the payback period.

59. Option would incur increased cost of operating two independently registered cremation sites.

60. An annual revenue increase of £461k pa would be incurred in respect of increased staffing numbers, operational, borrowing and utility costs.

Option Three B: Reinstate now as a crematorium with two electric cremators.

Benefits

61. Procurement options for cremators was changed from standard gas cremators to now include green alternatives including electric cremators and water (Resomation) being offered on the UK market. Cremation emissions are a substantial proportion of a local authority's CO_2 emissions, standing at 161,182kg CO_2 per average gas cremator.

62. Electric cremators are being manufactured by DFW Europe in Holland and Germany and have been installed across Europe and in recent years introduced into the UK with supporting UK based maintenance partners. The electric cremators are designed to be highly efficient, reaching optimum cremation temperature and maintaining that temperature for longer periods which then minimises energy consumption. Other UK based crematoria embracing this new technology include Huntington, North Oxford, Hambleton with Lambeth currently evaluating the option.

63. As part of Phase 1's refurbishment plan, the Poole site has had a new heating system installed to replace all gas powered heating and hot water plant with electrical heating and ground source heat pumps, as such the crematorium could legitimately claim to be carbon neutral, which could have major marketing advantages making Poole one of only a few 'greener' crematoria in the UK.

64. By introducing electric-powered cremators Bereavement Care Services could make an important contribution to becoming carbon neutral reducing CO_2 levels in the region of 171 tonnes a year, if BCP continues its commitment to purchase electricity produced solely from renewable resources, this would equate to a 2.15% saving of the targeted 7942 (based on 2021 figures) tonnes currently produced annually.

65. UK marketplace research amongst crematoria using this technology has revealed reductions in noise and staffing efficiency gains once infrastructure is embedded and operating at optimum levels.

66. For those planning for their funerals and bereaved families with an interest in green consumerism and sustainability. This option affords BCP Council a unique local market offer. Green consumerism is an ever-increasing market where individuals seek to minimise their impact on the environment.

<u>Impacts</u>

67. The purchase and installation cost of electric cremators is on average circa £165,000 more than gas cremators, however, electric cremators are marketed as more cost-effective in terms of energy consumption, if three or more cremations are processed per day. Maintenance must also be considered when calculating overall costs. Electric cremators cause less damage to the lining and therefore are replaced less frequently, however, the financial savings remain currently unknown due to the infancy of electric cremation.

68. An electric cremator is unable to process the same number of cremations per day to that of a gas cremator, being limited to 6 cremations per day, rather than 9 to10 per day, this however remains viable given current demand of 2000 it could still achieve 3000.

69. There is currently only one European marketplace provider.

70. Would incur greater initial capital outlay.

71. Staff would require operator training to use the new technology.

72. The size of the entrance to the Cremator Room is not large enough for the off-site manufactured cremators to transit through for installation, temporary or permanent modifications would be required to the building. The full extent of these works is not fully understood at this time and therefore comfortable budget estimates have been made which are likely to reduce as more technical detail is gathered.

73. An annual revenue increase of £482k would be incurred in respect of increased staffing numbers, operational, borrowing and utility costs.

Option Four: Commit to bringing forward the reinstatement of cremators at the Poole Crematorium facility, subject to a continuing review of demand, emerging green technologies and the preferred future location(s) and appropriate timeframe for this investment.

<u>Benefits</u>

74. Provides for a commitment to re-evaluate the industry market position and Bereavement Care services performance at a time when longer term impacts of the opening of the New Milton facility and direct cremation market is more understood/evidencable.

75. Provides assurances to members of the public and other stakeholders of a future commitment to review reintroducing cremators at Poole should the marketplace needs evidence support this.

76. Defers increasing pressure on the existing MTFP by not increasing prudential borrowing and reducing current service surpluses achieved.

77. As detailed in lines 62- 66 the option provides more time to evaluate emerging green technology solutions to support BCP Council's climate and ecological declaration target of 2030. Observing the industry as it further develops and refines the technologies and tests the longevity of equipment, it further allows time for the number of market providers to grow for which Bereavement Care will continue to invite quotations from to inform future financial modelling

Impacts

78. Ongoing temporary non reinstatement of a cremation facility at the location will result in a level of local community and Funeral Director disappointment and dissatisfaction in the ongoing loss of a valued asset as evidenced through the public petition and local press articles.

79. A decision would require BCP Council to in the interim:

    a. Cease using the name 'Poole Crematorium' and rename the facility to comply with the Cremation Regulations.

    b. Formally serve notice of closure of the site as a Crematorium pursuant to the 2008 Regulations.

80. Would defer Bereavement Care Services ability to progress further CO2 reduction activities to support the council's climate and ecological emergency declaration and risks the potential of realising a unique local marketplace advantage.

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Option 5: Closure of the Poole facility with all, cremations & funerals services being held at alternative venues

Option not taken forward

Benefits

81. Reduced operating costs of circa £22k could be realised, after initial decommissioning has been achieved in year one of closure.

Impacts

82. A closure of the Poole facility would add additional demand for chapel provision which could not all be accommodated at Bournemouth crematorium thus additional or alternative chapel provision would be required.

83. The main limiter to the number of services that can be held in any one day is chapel capacity, not cremator capacity which can continue to cremate outside of standard service hours.

84. BCP Council would remain responsible for the upkeep of the Poole facility grounds for 75 years as a memorial ground containing scattered and interred cremated remains with interred remains subject to exhumation law if removed.

Summary of Financial Implications

85. Bereavement Care Services was budgeted to generate a surplus of £2.3m in 21/22 with the Crematorium & Cemeteries operations delivering a net income of £1.8m. Since the creation of BCP Council there has been an under-recovery of £602,911 this is due to an historically profiled expected income budget which has not been realigned following Local Government Reorganisation (LGR) in April 2019. In 21/22 this pressure was in part offset by savings of £93,276 achieved on expenditure.

86. The increasing cost of electric and gas supplies will also put an added pressure on the current budget with current forecasts shown as £214k (as at 05/09/2022).

87. Staffing revenue budgets post LGR appear to have been historically short of actual need with the service currently circa £186k . To reintroduce an operational crematorium site at Poole a further £100k of staffing budget would be needed to compliantly operate the site, further impacting surpluses to support the Council's Medium Term Financial Plan (MTFP).

88. The Bereavement Services Business Plan 2020-2026 recognised:

    1. That BCP Council had lost a considerable market share within the cremation market because of new burial and cremation facilities at Harbour View located at Lytchett Minster.
    2. It recognised the potential new challenge to its existing market share because of the opening of new crematoria facilities, New Forest Cremation at New Milton
    3. It recognised the growth of direct/unattended cremations by providers outside of BCP Council, Dorset & West Hampshire.
    4. It recognised the need to stabilise the current market held by BCP Council
    5. It did not anticipate the accelerated growth of direct/unattended cremations due to the global pandemic.

    It is therefore unlikely that the reintroduction of cremators at Poole at this time, would increase BCP Bereavement Care's market share within a very competitive and already established market. There is consequently little scope with the increase in overheads which would apply to increase income within the current cremation market in the short to medium term.

89. Options 2, 3, and 4 are not part of the current capital programme. Although it is known that the Bournemouth cremators will reach the end of their economic life in about 7 years, the costs of replacement at this point are not known and a full business case is yet to be developed. The option appraisal considerations do not show the cost of any future investment decisions at Bournemouth.

90. With option 2, 3A and 3B all four current cremators at Bournemouth would continue to operate until end of economic life. Option 2, 3A and 3B requires capital investment in Poole now, with investment decisions in Bournemouth to be made in the future.

92. Option 4 does not require any capital investment now. With ongoing evaluation of the marketplace position, monitoring development of emerging technologies and the preferred future location(s) and appropriate timeframe for this investment to be determined.

93. The uplift in revenue implications for Option 3A , replacing two gas cremators at Poole to that in Option 2 is not a straight doubling of cost due to the second cremator being able to utilise the same auxiliary, abatement equipment and management systems that would be needed to operate a single gas cremator.

94. Unless alternative funding sources are identified, capital investment for options 2, 3A, 3B and 4 (although for option 4 timelines are not yet determined) would need to be funded from additional prudential borrowing. Borrowing repayment costs would create additional revenue pressures within the Council's Medium Term Financial Plan (MTFP) (excluding the one of decommissioning costs of £100k) would total annual revenue costs ranging from £317k in option 2 to £482k for option 3B. The revenue costs for option 4 will need to be accurately calculated at the time of forming a decision.

95. Excluding the repayment of prudential borrowing, the revenue implications of options 2 and 3B would be between £206k and £327k.There is no provision in the current MTFP for these additional costs and they would therefore have to be added to the budget pressures currently being identified.

96. The annual prudential borrowing repayments would also need to be added to the MTFP as a pressure for options 2 and 3, these are expected to be between £111k and £155k per annum. As interest rates are currently rising this estimate could increase prior to the scheme being finalised.

97. Following advice from accountancy, decommission cost & fees cannot be capitalised as the CIPFA code of practice confirms in Module 4 that Assets decommissioned should be written off to the Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of gain or loss on disposal. There is no provision within current revenue budgets to absorb the one-off cost of decommissioning the cremators & associated fees.

98. Currently the Council's borrowing position can accommodate this level of capital spend. Depending on when the investment is transacted the position will need to be reviewed.

99. Cremation services are exempt from VAT which means that a replacement of a cremator will directly impact the Council's partial exemption position. Based on the current projection it is certain that the 5% limit would be breached if the project is delivered within one financial year. This would result in an additional cost of nearly £2.2m representing irrecoverable VAT that the Council would need to repay back to HMRC as a consequence of going over the statutory threshold.

100. Options 2, 3A and 3B are currently proposed to be delivered within one financial year (2023/24). In order to mitigate the risk of breaching the de-minimis limit it is recommended that the timeline for construction phase is reviewed and the costing is equally profited over two accounting periods.

101. With regards to option 4 a detailed VAT analysis would need to be undertaken closer to the time. It is likely that a reduction in public spending and organisational changes would, in the long term, push the Council closer to the 5% threshold. As a result, the replacement of the cremators would either need to be spread over 3 financial years or the Council would need to adopt a 7-year average approach to avoid the resultant cost of irrecoverable VAT.

102. All cremator equipment and maintenance costs have been derived by obtaining quotations from Facultative Technologies (for gas cremators) and DFW Europe (for electric cremators). Both companies are the market leaders in the United Kingdom, with Facultative Technologies having installed cremators for 70% of all 315 crematoria operating in the UK. Depending on which option is adopted, a full procurement tendering exercise will be undertaken to seek best value and confirm costings.

103. The table below summarises the breakdown of cost(s) for the options tabled for consideration:

Table of Options and implications

(note: financial implications are those additional to any already agreed)

	Option 1	Option 2	Option 3A	Option 3B	Option 4	Option 5
Description	To continue to promote & market the Poole site as a ceremonial venue only	Install a single cremator at Poole	Install two gas cremators at Poole now	Install two electric cremators at Poole now	Commit to bringing forward the reinstatement of cremators at the Poole Crematorium facility, subject to a continuing review of demand, emerging green technologies and the preferred future location(s) and appropriate timeframe for this investment.	Close the Poole facility, with cremations/services taking place at alternative venues
Timeline	Immediate	Commence & complete 23/24	Commence & complete 23/24	Commence & complete 23/24	Review to continue. Decision required in advance of existing Bournemouth facilities nearing end of life	Realised 22/23
Benefits	In place, improvement works budgeted for	Reinstates a cremator facility at Poole. Potential for greater variation in funeral slot times	Reinstates a cremator facility at Poole. Potential for greater variation in funeral slot times	Reinstate cremator facility at Poole. Potential for greater variation in funeral slot times. Improved CO2 emmissions. Expected reduction in utility costs.	Allows time to re-evaluate the market to determine longer term impact, greatest future commitment to CO2 reduction, defers increasing pressure on MTFP.	Reduction in operating costs
Impacts	Permanent change of name required, decommission of cremators	Capital investment needed now, additional operating costs without guarantee of increased income. High risk resilience issue with only one cremator	Capital investment needed now, additional operating costs without guarantee of increased income. Greater resilience.	Capital investment needed now, additional operating costs without guarantee of increased income. Improved CO2 emmissions. Still relatively new technology.	Local FDs and community dissatisfaction. Temporary/interim renaming of facility required, decommissioning of old cremators required.	Increased demand for ceremonies at Poole, additional facilities likely required (no costings included). Ongoing legal memorial grounds responsibility for 75 years
Capital Investment	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
Site Preparation			20	20	*Unable to determine costs at this early stage for investment in 2027-28.*	
Alterations				250		
Connections				50		
Supply and install two cremators (includes yr 16 upgrade for gas cremators)		1,112	1,485	1,503		
Re-brick work (gas cremators yr 7/electric cremators yr 12)				34		
Fees				50		
Sub-total		1,112	1,505	1,907		0
20% Contingency		222	301	381		0
Total capital costs		**1,334**	**1,806**	**2,288**		**0**
Revenue Implications						
Employee costs		100	100	100	tbc	0
Utility costs		73	146	162	tbc	(22)
Maintenance/servicing		33	65	65	tbc	0
Prudential Borrowing Repayments*		111	150	155		0
Total annual revenue costs (year 2 onwards	**0**	**317**	**461**	**482**	tbc	**(22)**
One-off cost to decommission existing cremators	100	100	100	100	100	100
Total year 1 revenue costs (excl Prudential borrowing repayments)	100	306	411	427	tbc	78

*cost of borrowing at 'medium' risk rate would be 6%.

Summary of Legal Implications

104. There is no statutory duty on a local authority to provide burial or cremation facilities, but if they do so, the management is governed by the Local Authorities' Cemeteries Order 1977 and the 2008 Regulations. Local authorities are defined as burial authorities and/or cremation authorities and given the power to provide services by virtue of the Local Government Act 1972.

105. The Cremation (England and Wales) Regulations 2008, state that the cremation authority must ensure that a crematorium is:

   a. maintained in good working order
   b. provided with a sufficient number of attendants
   c. kept in a clean and orderly condition.

106. If the site does not remain a crematorium and in order to comply with the 2008 Regulations, the Council must serve notice that it no longer remains a crematorium. It can continue to market the location for services and committals only, with the crematorium being Bournemouth.

107. The Council should if a decision to defer an investment decision is taken undertake the necessary steps to formally change the operating status of the site pursuant to the Regulations (Cremation (England and Wales) Regulations 2008 to include the publication of required notices and notification to the secretary of state. The Council can at a future date apply to reintroduce the cremation facility through the same Regulations.

Summary of Human Resources Implications

108. An individual crematorium must be certified and licenced as a stand-alone facility for the cremation and disposal of human remains in compliance with the Cremation England and Wales) Regulations 2008.

109. As such the site must be provided with sufficient, trained, and competent staff who must be present when active cremations are being undertaken.

110. The two crematorium sites managed by BCP Council could therefore not be operated under a single licence, but the sharing of resources, IT systems and ancillary services would be possible, with an uplift in staffing resources to facilitate the management of two separate facilities.

111. It is anticipated this would require an additional:

   - 2 x Crematorium Technicians
   - 2 x Ceremonial Attendant

112. It is anticipated that if all conveyancing from Poole Crematorium ceases, members of staff currently undertaking this role, could be redeployed to 2 of the roles highlighted above. This has been reflected in the financial modelling.

Summary of Sustainability Impact

113. A full Decision Impact Assessment has been undertaken, ID 412 resulting in the identification of two major negative impacts.

114. Every cremation produces NOx due to the coffin materials used by manufacturers – both nitrogen monoxide and nitrogen dioxide – the same air polluting chemicals released by diesel cars. The latest figures published in Pharos, the cremation industry's house magazine, show that just one cremation emits approximately 500g of NOx gas.

115. An electric cremator produces 50-80% less CO2 emissions than the gas cremator, the range is dependent on the number of cremations processed per day and energy tariff used and produces 33% less NOx emissions. Alternative fuels, such as hydrogen blend and biogas may be feasible in reducing emissions in certain cases, however, they are not viable solutions for the UK industry at this time.

Summary of public health implications

116. This report continues to support the work that Bereavement Services undertakes within the community in delivering a range of services, which provides the appropriate closure at a time of heightened emotional distress and supports a healthier grief recovery process.

Summary of equality implications

117. An Equality Impact Conversational Tool has been completed and reviewed by the Equality Panel. The options presented in this report either seek to maintain service levels as they are or increase provision. There are no significant negative equality impacts on protected characteristics that have been identified with service users retaining access to both local authority and private sector marketplace providers delivering local and national facilities.

Summary of Risk Assessment

118. Current live potential non-compliance with Crematorium Regulations 2008 by continuing to use the name 'Crematorium' when signposting to the Poole facility when no working equipment is in operation at the site currently.

119. Remain open to legal challenge by market competitor as to the use of the term "Crematorium" at Poole.

120. Any investment decision at this time would result in an increase in unsupported revenue spend and impact of the Council's Medium-Term Financial Plan.

121. The public petition shows that a proportion (3,172 as at 10.09.22) of BCP residents and the wider population have expressed a keen interest in reinvestment in the facility, a decision to await a wider BCP conurbation review or not invest may result in reputational impacts and a potential element of future loss of customer base if, as a result potential service users chose to use other marketplace providers that offer onsite cremation.

Appendices:

1. Decision Impact Assessment Final Report DIA412
2. EIA Conversation Screening Tool