CABINET

Report subject	**Poole Crematorium: Detailed Options for the replacement of cremators**
Meeting date	8 March 2023
Status	Public
Executive summary	In September 2022, Cabinet requested a report detailing options for the replacement of cremator(s) be brought to Cabinet in the next 6 months, with the aim of working towards new cremator(s) being installed in the next 18 months. This report provides up to date crematoria market analysis, data and trends supported by an independent feasibility report as to the options available on the installation of cremators at Poole Crematorium to support a reinvestment decision. CDS Limited were commissioned to carry out a feasibility report following the Cabinet meeting on 28 September 2022 whereby Cabinet committed 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. Since April 2020 Poole Crematorium site has been operating as a ceremonial only venue with deceased conveyed to Bournemouth Crematorium for cremation.
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 note the downturn in overall cremations undertaken by BCP Bereavement Care Services since the opening of New Milton crematorium in April 2022 and ongoing marketplace emergence of national Direct Cremation providers** **c) Cabinet consider the contents of CDS Group feasibility review for cremator replacement at Poole Crematorium** **d) Cabinet to approve either Option 1, 2, 3 or 4 including the associated capital and ongoing revenue**

	commitment for each option as detailed of this report for the future investment into the replacement of the cremators at Poole
Reason for recommendations	The recommendations of this report seek to ensure provision of cremators to meet the needs of the whole BCP Community.

Portfolio Holder(s):	Councillor Mark Anderson Portfolio Holder for Environment & Place
Corporate Director	Jess Gibbons – Chief Operations Officer
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Wards	Council-wide
Classification	For information and decision

Introduction

1. Whilst financially there is limited feasibility in installing new cremators at Poole due to the influx of competition within the market area, spiritually it is important for the bereaved to have the site at Poole cremating once again.

2. People respond to grief in different ways. Grief is the response to loss, particularly to the loss of someone or some living thing that has died, with which a bond or affection was formed. Although conventionally focused on the emotional response to loss, grief also has physical, cognitive, behavioural and philosophical impacts on a person. There is a difference between a healthy grieving journey and a not so healthy grieving journey. It is important that the wishes of their loved one is met wherever practically possible. If their loved one had a connection with the town of Poole or had people that were significant to them in life cremated at Poole, they will often wish to be cremated at the same site. Grieving people will associate the cremation site as their loved one's final resting place choosing to have their cremated remains scattered onsite following the cremation service and continue to visit the site to pay their respects long after. It is not unusual for a lifelong partner of a loved one cremated at Poole years previously to want to be cremated at the same site.

3. Whilst Poole as a ceremonial-only venue continues to remain a popular choice of venue, we are aware of a large number of families that have been deterred by booking Poole by the fact that their loved one is not cremated onsite and instead is conveyed to another site for their cremation. For some, this can cause further upset and may affect how that family move forward with their grief in order to regain some sense of wellbeing.

4. The online petition demonstrates strongly the community's support for having new cremators installed at Poole. As well as providing spiritual benefits to the bereaved, operationally there are many benefits such as spreading the resilience across the two sites and also providing opportunities longer term to expand the bereavement business model in response to the changing demands of the industry.

Background

5. Cabinet on the 28 September 2022 agreed the following recommendations:

    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 requests a report detailing options for the replacement of cremator(s) be brought to Cabinet in the next 6 months, with the aim of working towards new cremator(s) being installed in the next 18 months.

Current Poole Crematorium operating model

6. Poole crematorium ceased operating as a crematorium in April 2020. This was due to the age of the cremation equipment, which had become uneconomical to repair with replacement parts being obsolete or unavailable.

7. 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.

8. Since April 2020, 2790 funeral services have taken place at Poole, following which 1794 deceased have been conveyed by Bereavement Care Services to Bournemouth Crematorium for cremation at no additional fee and 996 deceased conveyed directly by the family-appointed funeral directors for which a fee may have been levied to the family. The usage data confirms the position that the venue remains a popular choice for funeral services amongst local families despite not currently offering an on-site cremation service.

9. The Poole crematorium site suspended all operations in March 2022 to undertake a significant refurbishment. These works were in line with Phase 1 of the Bereavement Services Business Plan. The facility re-opened on the 26 September 2022 for ceremonies.

10. Since reopening, The Halo ceremonial hall has undertaken 231 funeral services, following which 196 deceased have been conveyed to Bournemouth Crematorium by the Bereavement Care team at no additional cost to the families.

11. In March 2022 a public petition was launched to 'Save Poole Crematorium 'Petition · Save Poole Crematorium. Install a new cremator. · Change.org 3394 signatures have been added to the petition as of 16th January 2023. (3172 in September 2022)

Crematorium Provision

12. Residents of Dorset are currently served by 10 operating crematoria:

Facility	Operator	No of cremations Jan – Dec 2022
Bournemouth Crematorium	BCP Council	4446
Harbour View Crematorium	Tapper Funeral Services	1414
Weymouth Crematorium	Dorset Council	1330
New Milton Crematorium	Westerleigh Group	892 (April – December)
Salisbury Crematorium	Salisbury City Council	1494
Southampton Crematorium	Southampton City Council	1606
Wessex Vale Crematorium (Southampton)	Westerleigh Group	2130

Test Valley Crematorium (Romsey)	Westerleigh Group	1813
Yeovil Crematorium	South Sommerset District/Yeovil Parish Council	1723
Pure Cremation (Andover)	Pure Cremation Ltd	9632 (an increase of 4167 in 2020)

Data Source: The Official Journal of the Cremation Society, Pharos International, Statistics Issue 2022.

Regional & Local Cremator Capacity, Dorset & West Hampshire

The potential market

13. In 2021/22 the total number of deaths registered within the local catchment of Dorset and West Hampshire was 11,125 of which 90% led to funeral arrangements for cremation. Leaving a requirement for around 10,000 cremations per annum within the catchment area.
14. 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.
15. BCP Bereavement Care currently holds 40% of the local cremation market in 2021/22.

Cremator capacity

16. A single cremator can undertake around 2190 cremations per annum (6 per day) based on average gas cremation time of 90 minutes) during standard working hours. (Mon-Fri, 09:00 -17:00 hrs)
17. At present there are 10 operational cremators (Bournemouth x 4, Weymouth x 2, Harbour View x 2 based in Dorset and New Milton x 2 based in West Hampshire).
18. This gives a potential to undertake **21,900** cremations within normal business hours within the catchment area.
19. Yeovil and Salisbury also provide an additional capacity to the North Dorset region. With Pure Cremation being the market leader within the region for unattended (Direct cremations) funerals.
20. There is therefore **double** the cremator capacity required within the catchment area in view of the number of deaths registered for Dorset and the 90% cremation disposal rate.

21. Bournemouth Crematorium with its four cremators currently operates on average at less than 50% of its business-as-usual capacity. Variances in seasonal and annual death rates can mean fluctuations in demand throughout the year or from year to year.

Impact of local competition on BCP Crematorium

22. 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 (Poole) and Mid Dorset region. In 2020 and 2021 they undertook 1401 and 1414 cremations respectively, which can be directly linked to the reduction in cremations undertaken at Poole Crematorium in the preceding years prior to it ceasing cremations in April 2020 at the beginning of the Coronavirus Pandemic (please refer to *Fig 1*).

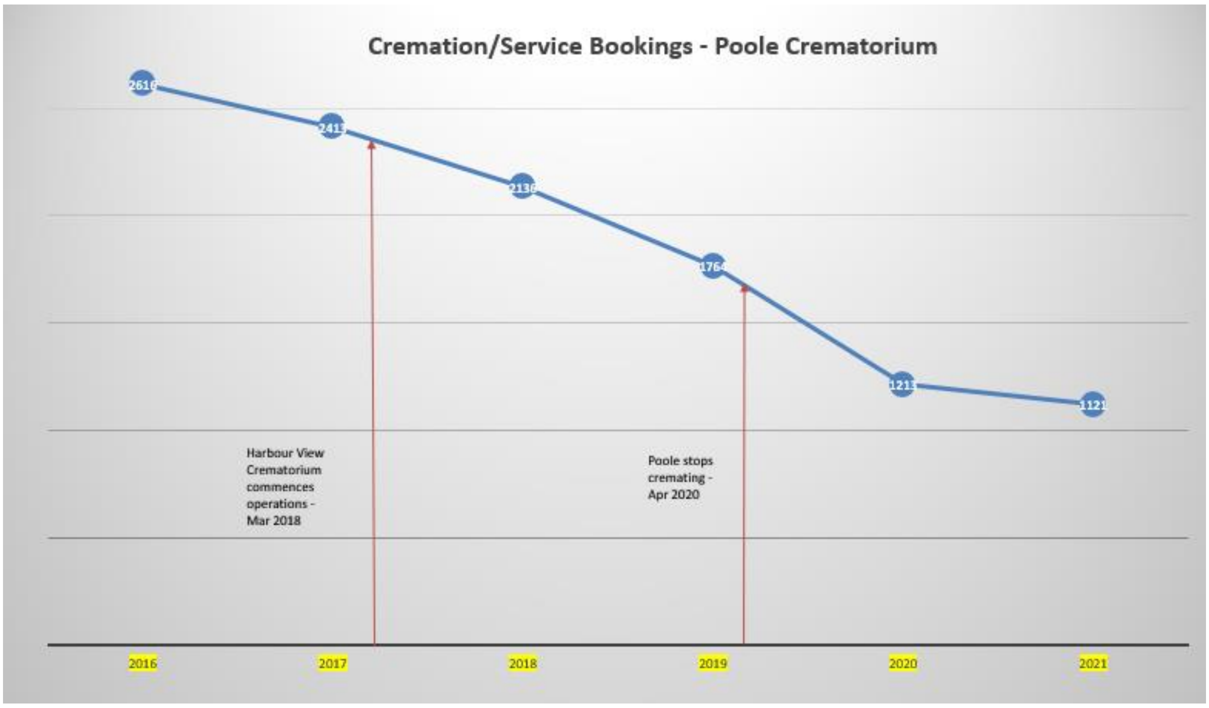
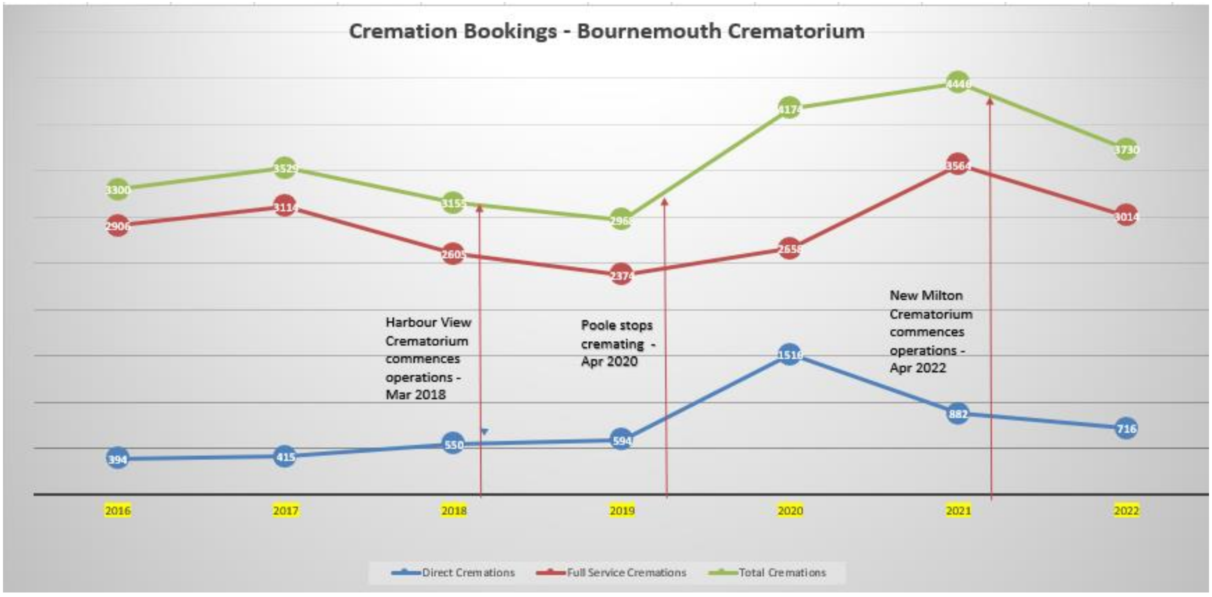


Fig 1.

23. 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 BCP Council. The largest decrease evidenced in 2018 following the formal opening of Harbour View Crematorium. (See graph 2)

24. The opening of the New Milton Crematorium, coupled with the increasing competition from regional direct cremation market has seen a drop in the number of cremations undertaken at Bournemouth Crematorium to **3730** January 2022 to December 2022, a reduction on the previous year (4446) of **716** cremations.

25. New Milton Crematorium opened in April 2022. Early information indicates that they have already undertaken 892 cremations up to the 22/12/2022. This would indicate an annual figure of around 1400 cremations per annum and is being reflected in the drop in cremation numbers at Bournemouth Crematorium in the period from April 2022 – to date. (Please refer to *Fig 2.)*



26. On opening, the New Milton facility offered a below market direct cremation fee of £250, £100 pounds less than the BCP Bereavement Care Services of £350 at the time.

27. The New Milton facility direct cremation fee has subsequently risen to £475, compared to BCP Bereavement Care Services current fee of £385 (January 2023). There is evidence that funeral directors have returned to using Bournemouth crematorium because of its current lower direct cremation fee, indicating that the local market remains very price sensitive.

28. The reduction in cremations held at Bournemouth Crematorium of 716 in the last 12 months, following the opening of New Milton Crematorium, is an early indication of a further loss in the market share previously held by BCP Bereavement Care and is in line with the rise in cremations being held at New Milton.

29. The increase in the direct cremation fees by BCP Bereavement Care to £385 per cremation in Oct 2022, may also have contributed to this drop in cremation numbers at Bournemouth Crematorium with the lower fee being offered at the time by New Milton Crematorium thus attracting more bookings.

30. It is yet to be determined how the local market will settle in the medium to long term, but it is anticipated that the opening of New Milton will have an ongoing impact on the market shares held by all other crematorium operators within East Dorset & West Hampshire, having an impact on Bournemouth crematorium

Direct or Unattended Cremation Market

31. All local funeral directors offer direct cremations, with many leading local funeral directors having standalone ceremonial halls within their own premises, conveying to local crematorium, or further afield, following a service as an unattended cremation.

32. 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.

33. 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.

34. 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.

35. 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.

36. 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 or memorial service in order to achieve ‘closure’ for the bereaved as part of a more positive grieving journey. These though are more likely to move away from traditional services and venues.

Other factors influencing consumer choice in the local funeral Market

37. Funeral Directors remain the primary point of contact for the majority of families following a bereavement. This allows them to strongly influence the type of funeral undertaken, the venue and location of the funeral and the associated messaging used to guide a family in their choice of funeral. It remains extremely difficult for BCP 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.

38. Bookings for services at Harbour View woodland burial ground and crematorium can only be made through one of 10 office branches owned and operated by Tapper Funerals Limited. This prevents the use of the venue by other funeral directors outside of this group, especially within West BCP Council (Poole) & Mid-Dorset Region.

39. Independent funeral directors within West BCP Council (Poole) & Mid-Dorset Region have been the most vocal and instrumental in driving the call for the reinstatement of cremators at Poole.

40. 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.

Options Appraisal

41. Cabinet requested on the 28 September 2022, that a report detailing options for the replacement of cremator(s) be brought to Cabinet in the next 6 months, with the aim of working towards new cremator(s) being installed in the next 18 months.

42. Bereavement Care Services commissioned CDS Limited to carry out the feasibility report following the Cabinet decision. The full report can be found in Appendix 3. The report includes:

    - Quantitative Review of Current Cremation Facilities
    - An overview of the latest Government guidance on air quality, emissions, and controls
    - The potential of installing gas cremators, their financial costs, and their greenhouse emissions
    - The potential of installing electric cremators, their financial costs, and their greenhouse emissions
    - A review of alternative cremator technology (subject to a Non Disclosure Agreement).
    - A review of local electrical power supplies to ensure sufficient power is available to support electric cremators
    - A review of structural alterations to the building that may be required to install new cremators
    - Architectural review for the installation of either gas or electric cremators
    - Full cost analysis of the various options against a business case analysis
    - Cost for the removal existing cremator equipment and any potential cost recovery
    - A summary review and breakdown of new technology
    - SWOT analysis for the installation gas or electric cremators, including long term risks and financial costs.

43. The report concluded that Poole crematorium

    a. Is likely to complete 1463 cremations per annum, using 45-minute service slots
    b. That the most suitable number of cremators would be two
    c. That either gas or electric cremators could be installed

d. That electric cremation is the lowest carbon option for cremation on the current market, although they require an initial higher capital outlay
e. That electric cremators are the only technology available in the UK market which would allow the council to meet their carbon emissions targets
f. That a newer generation of electric cremators are due to be released to the UK market in July 2024, which will be less disruptive to install at Poole crematorium and financially advantageous, requiring less capital outlay
g. Once installed a significant public relations campaign should occur.

44. The report acknowledges that whilst Poole crematorium could complete 1,463 cremations per annum. This would largely compromise of the existing ceremonial services currently being undertaken at Poole being cremated at Poole, rather than being conveyed to Bournemouth for cremation.

45. The impact on market share by installing cremators at Poole is outlined below:
    a. Drive Time Analysis shows that two nearest competitors to Poole Crematorium are Bournemouth Crematorium (BCP Council) & Purbeck Crematorium (Harbour View)
    b. Poole Halo Ceremony Venue has undertaken **2790** ceremonial funeral services since April 2020, during its 28 months (Close March 2022 to Sept 2022) opening period to December 2022. This is an average **99.64** services per month and equates to circa **1195** services per annum, with the deceased being conveyed to Bournemouth for cremation.
    c. This is reflected in the graph shown in item 18, figure 1.
    d. It is reasonable to conclude that any installation of cremators at Poole, would correspond in a reduction in cremations at Bournemouth Crematorium of circa **1200** cremations per annum.
    e. This will reduce cremations at Bournemouth crematorium to circa 2500 cremations per annum, meaning it will then be operating at 30% capacity
    f. There is therefore potential scope for BCP Bereavement Care to attract an additional market share of circa 200-500 cremations per annum to be won through open market competition, bringing Poole Crematorium back to funeral and cremations numbers recorded in 2019 prior to Poole ceasing cremations in April 2020.
    g. It must be noted that the impact of New Milton Crematorium opening in April 2022 is beginning to be understood, with cremation numbers dropping at Bournemouth from 4500 to 3730 cremations per annum in the last 12 months.
    h. It is anticipated long term that consideration as to the number of cremators required at Bournemouth Crematorium (Currently 4) will be needed to reflect the reduced service demand at the point of their planned replacement in 2027/28.

46. Thus in conclusion the report suggests only a relatively small number of additional cremations could be attracted to Poole, which would have a limited impact on the overall market share held by BCP Council, Bereavement Care Services if cremators are installed at Poole crematorium, with limited financial gain.

47. **<u>Option One: To continue to promote & market as a ceremonial venue only, conveying to Bournemouth for cremation</u>**

<u>Benefits</u>

41. This is the current position and has been operational since April 2022. 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

48. 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.

<u>Impacts</u>

49. 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.
50. 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.

The Benefits of reinstating cremators to Poole Crematorium for Options 2, 3 & 4

51. Provides assurances to members of the public, members and other stakeholders of a future commitment to review reintroducing cremators at Poole.
52. Would allow for the reinstatement of cremation facility at the site, providing Poole and wider North & East Dorset residents with another local and valued asset.
53. Would increase local cremator capacity by 1463 cremations per annum and increase overall BCP service resilience.
54. 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.

55. Would provide the greatest service resilience to maintenance scheduling, breakdowns, and overall service resilience.

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

Option 2: Reinstate now as a crematorium with two gas cremators

57. CDS Consultancy SWOT Analysis of Natural Gas Cremators

Strengths	Weaknesses
Existing technology used for cremation at Bournemouth Crematorium which is operated by BCP; minimal staff training required.	High CO_2 emissions from gas combustion, which would mean that the council missed their carbon emission targets.
Cremation time is consistent and takes 90 minutes.	High NO_x emissions from gas combustion.
The capital cost of the machines is estimated between £500,000 to £575,000.	Maintenance costs for the machines can be costly over time.
Opportunities	**Threats**
Short lead time from purchase to installation.	Uncertainty regarding the future of global gas supply.
Potential to switch to either Hydrogen or Bio LPG as an alternative fuel source on the same cremators in the future.	Uncertainty regarding the future of national gas prices.
There may be potential to retain some of the existing infrastructure from the existing gas cremators, which may lower the cost of the installation.	Threat of future carbon taxes (from national government) on industry’s that use natural gas to promote electrification.

<u>Option Three: Reinstate now as a crematorium with two electric cremators</u>

58. CDS Consultancy SWOT Analysis of Electric Cremators

Strengths	Weaknesses
Electric cremation on a green energy tariff reduces CO_2 emissions by 80%. Electric cremation releases 33% less NO_x emissions.	Electric cremators have a higher capital cost.
Based on the energy unit prices that Poole operate on electric cremation would be approximately £17 cheaper per cremation than a gas cremation.	Electric cremators require more space due to the requirement for the separate filters and fans and abatement system.
Because of the combustion technique, there is a smaller risk of fires due to the operation of the machine.	The length of cremation times is longer, approximately average 2 hours.
If future legislation is to change where all crematoria must switch away from gas or switch to a greener gas, then Poole would have already overcome this issue by switching to electric.	**The lead times for purchasing electric cremators are estimated to be >9 months.**
Maintenance costs of electric cremators are thought to be lower in the long term due to the reduction in heat fluctuation which reduces stress on the refractory lining of the brickwork.	Less effective for heat recovery systems to be used in heating the building or heating other buildings due to the efficiency of the electric cremators in retaining heat.
Opportunities	**Threats**
The future UK gas prices are expected to increase due to the reduced availability of gas in global markets. Gas prices are increasing at a higher rate than electricity.	A STATS upgrade may be required, which may require the digging up of roads, causing disruption. The upgrade may also come at a high financial cost – which is currently unknown.
To the knowledge of CDS no crematoria in Dorset offers electric cremation, therefore if marketed suitably to funeral directors, Poole could claim to offer the 'greenest' cremation process in Dorset. This would mean that Poole has a competitive advantage over other crematoria in the area.	Due to the weight of the electric cremators, the foundations of the building may need to be reinforced to withstand the additional weight of the electric cremators.

59. **Option Four: Commit to bringing forward the reinstatement of electric cremators at Poole Crematorium, subject to a review of new technology and emerging green technologies being made available to the UK market in Summer 2024**.

60. In conclusion the identified new electric cremators would be the most appropriate electric cremator for installation at Poole crematorium as:

    a. The cremators could be installed part by part inside the crematory; therefore, no alterations would be required to the existing roof or doorways.

    b. Utilise waste heat to provide hot water to the site.

    c. Provide a cremator that was manufactured in the UK and therefore wouldn't be subject to international import tariffs or changes to exchange rates.

Summary of Financial Implications

61. 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.

62. 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).

63. Staffing revenue budgets post LGR appear to have been historically short of actual need with the service currently £200k more than budgeted. To reintroduce an operational crematorium site at Poole a further £105k of staffing budget would be needed to compliantly operate the site, further impacting surpluses to support the Council's Medium Term Financial Plan (MTFP).

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

    a. 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.

    b. 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

    c. It recognised the growth of direct/unattended cremations by providers outside of BCP Council, Dorset & West Hampshire.

    d. It recognised the need to stabilise the current market held by BCP Council

    e. It did not anticipate the accelerated growth of direct/unattended cremations due to the global pandemic.

65. It is therefore unlikely that the reintroduction of cremators at Poole at this time, would significantly increase BCP Bereavement Care's market share within a very competitive and already established market.

66. There is consequently limited scope with the increase in overheads, which would apply to increase income within the current cremation market in the short to medium term.

67. 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.

68. With option 2, 3 and 4 all four current cremators at Bournemouth would continue to operate until end of economic life. Option 2, 3 and 4 requires capital investment in Poole now, with investment decisions in Bournemouth to be made in the future.

69. 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, post July 2024.

70. Strategic Community infrastructure Levy can be used for the maintenance and improvement of infrastructure. A crematorium would be considered as infrastructure to support any successful place and also to support growth, that the increase in people arising from such growth will need to be catered for.

71. A business case would need to be approved by the Future Infrastructure Programme Board that oversees the allocation of strategic CIL. However there are competing demands for this fund from all forms of infrastructure across the BCP area including flood defences, schools, transport schemes, open space, leisure and cultural projects. CIL is a provided from new development but since the pandemic build rates have slowed reducing CIL income. The amount of CIL available and competing infrastructure projects will therefore be a risk to securing funding.

72. A business case had not been submitted prior to this report due to the consultation report on the feasibility of replacing cremators at Poole, was not being received until the 27 January 2023. The report highlighting the various options available to BCP Council, and the various levels of financial resources required to replace the cremators at Poole. The final decision on which option to progress being made by Cabinet through this report.

73. Any funds allocated via CIL could reduce the remaining capital spend that would need to funded by additional prudential borrowing. This reduction in borrowing would reduce any future repayments reducing the long-term revenue pressures on the service and thus the Councils Medium Term Financial Plan.

74. Even if fully funded through CIL, there will remain a long-term additional revenue pressure on the service, due to increased staffing, long term maintenance liabilities and increased utility costs of between £250K and £275k per annum.

75. Unless alternative funding sources are identified, capital investment for options 2, 3 and 4 (although for option 4 timelines are not yet determined) would still need to be funded from additional prudential borrowing.

76. 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 £569k in option 2 to £699k for option 3. The revenue costs for option 4 will need to be accurately calculated at the time of forming a decision.

77. Excluding the repayment of prudential borrowing, the revenue implications of options 2, 3 & 4 would be between £ 250 & 275k.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.

78. The annual prudential borrowing repayments would also need to be added to the MTFP as a pressure for options 2, 3 & 4 these are expected to be between £294k and £449k per annum. As interest rates are currently rising this estimate could increase prior to the scheme being finalised.

79. 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.

80. 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.

81. In order to mitigate the risk it is recommended that the timeline for construction phase is reviewed and the costing is equally profited over two accounting periods.

82. Further analysis will be undertaken to evaluate other options which includes a 7-year average approach. 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.

83. Options 2 is currently proposed to be delivered within one financial year (2023/24).

84. Options 3 would be delivered within the financial year 24/25, with Option 4 being delivered in late 24/25 financial year.

85. 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.

86. All cremator equipment and maintenance costs have been derived by obtaining quotations from CDS limited, who are a market leader in the United Kingdom for the development of crematorium and cemeteries 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.

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

Summary of legal implications

88. 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.

89. 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.

90. 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 deceased convey to Bournemouth Crematorium for cremation.

91. 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

92. 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.

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

94. 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.

95. It is anticipated this would require an additional:

    - 1 x Site Responsible Officer
    - 2 x Crematorium Technicians
    - 2 x Ceremonial Attendants

96. 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

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

98. 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.

99. 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

100. This report continues to support the work that Bereavement Care 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

101. 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

102. 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.

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

104. 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.

105. The public petition shows that a proportion (3,394 as at 16/01/2023) of BCP residents and the wider population have expressed a keen interest in reinvestment in the facility as a working crematorium, 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.

Background papers

Bereavement Services Business Plan 2020

Appendices

1. Decision Impact Assessment Final Report DIA412
2. EIA Conversation Screening Tool
3. CDS Feasibility Report into Cremator Replacement at Poole