



Belfast City Council

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| Report to: | Parks and Leisure Committee |
| Subject: | Cemetery/Crematorium Charges |
| Date: | 9 December 2010 |
| Reporting Officer: | Andrew Hassard, Director of Parks and Leisure |
| Contact Officer: | Jacqui Wilson, Business Manager |

1. Relevant Background Information

Members will be aware of the ongoing work to secure adequate burial/cremation provision to meet future needs. A number of decisions have been made by the Committee at its meetings in September and November 2010. The main decisions being:

- the Nutts Corner site is not suitable as a potential site for a new cemetery;
- site visits to the Dundrod sites to be organised for the Committee prior to initiating site investigations ;
- a robust plan to be developed for the provision of additional crematorium facilities;
- further work including a feasibility study be undertaken to investigate the provision of facilities for natural burials;
- any land acquisition for burial be on a voluntary basis; and
- burial and cremation charges should be reviewed.

There is a need to review the current charges for Bereavement Services to ensure that the operating costs are covered, provision is made to cover future capital investments and to ensure that charges effect the market norms.

The charges for burial and cremation services are normally reviewed in January along with the Department's other fees and charges. A 5% increase has currently been allowed for in the draft 2011/12 estimates.

2. Key Issues

A study was undertaken to:

- identify the true costs of cemetery and crematorium services;
- review the current pricing options;
- benchmark against similar provision within the UK; and
- identify a series of pricing options and their financial implications.

An economic appraisal of a new crematorium facility was also undertaken by BDO to explore the options for the development of a new crematorium facility and to ensure value for money would be achieved in such a new facility. Options will be presented to committee in January 2011 for the provision of additional cremation facilities.

Findings

- In comparison to the rest of the UK, the Council was generally one of the least expensive for burial and cremation charges.
- In the UK the split of cremations verses burials differs from Northern Ireland: 18% cremations in NI ;72% in UK.
- Currently for Council residents burials are 440% more expensive than cremations. This provides an incentive for people to choose cremation over burials.
- Currently 30% of all burials are from non residents of Belfast.
- 59% of cremations are from non residents of Belfast.
- There are different charges for residents and non residents with the latter subsidising the former.
- The crematorium is currently working at a high level of capacity which is 56% greater than the average UK crematorium which is unsustainable.
- BDO recommend that the rates charged for cremations to local ratepayers, to those from other NI Councils and beyond are assessed to ensure that 'market rates' are in place or introduced.
- As the Council's crematorium facility is the second cheapest in the UK an increase in the cremation rates could assist with the private sectors' willingness to engage in the provision of cremation services.

Assessment of the financial pressures on the service has been analysed for both the crematorium and cemeteries as follows:

Capital pressures

Currently legislation is having an impact on the services provided by the crematorium and the cemeteries due to the requirements of the mercury abatement legislation and health and safety legislation regarding headstone safety. A pilot headstone safety project is currently underway in the City Cemetery and it is estimated that the project could cost up to £1m over the next 10 years. The 4 furnaces in the crematorium need re-bricked every 5 years at a cost of £60k and the cremators will need replaced in the next 10 years at a cost of almost £1m. Given these capital requirements, it is appropriate that users contribute to the future provision of these services and that a process is identified so that such contributions can be factored into the financing of future capital requirements.

Other cities are experiencing similar financial pressures. For example, burials in Scotland have recently seen a 70% price increase with a new burial in Glasgow increasing from £658 to £1079. A cremation in Glasgow has also increased this year from £348 to £521. The explanation given for these increases was that they were needed to provide for an upgraded crematorium for the city.

Revenue pressures

The maintenance of the grounds within cemeteries is being impacted on by the increased costs including supplies and fuel. The crematorium has felt the impact of the increased utility charges and with the 4 cremators working to full capacity pressure is on to ensure that they are adequately maintained to ensure business continuity.

3. Resource implications

Financial

The analysis of the current levels of demand and future projections indicate an increased demand on our burial and cremation services. To meet that demand investment is needed not only to maintain the current service but to address legislative issues such as headstone safety and mercury abatement.

An assumption has been made that the Council will maintain a pricing structure for residents and non residents and this differential in pricing will be maintained and is reflected in the recommendations.

Options to address the financial pressures on the services are as follows:

Options

1. Do nothing - no price increases and continue to subsidise all of the bereavement services increasing costs; currently a net cost to the rate payer of £539,000 (excluding capital costs and internal charges).
2. Agree that the price must cover the full cost for both services i.e. move to breakeven price (full cost) in a phased approach. An increase of 5% has already been included in the draft revenue estimates for 2011/12.
3. Breakeven price plus build in a contribution to grounds maintenance/capital costs within the charge in a phased approach
4. Comparable market rate for crematorium/burial charges analysis phased for residents *

The target charge to cover our costs for a new grave is £516 rising to £761 to cover the grounds maintenance element of cemeteries which is an indirect cost of burials. Including a contribution to future capital costs this would rise to £1085.

The target charge to recover our costs for cremation is £297 any additional income will provide a contribution to the capital charges going forward. Currently the Non resident charge is providing a £100 surplus per cremation which is absorbing the under charge on residents.

Proposed new burial charge against each option

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| ~Based on current average charge | | | |
| Option 1~ As is - no price increase | Option 2 Phased approach to Full cost 5% increase (In estimates for 2011/12) (5% increase) | Option 3 Full cost plus contribution to capital and grounds maintenance | Option 4 Comparable rate (local government average across uk)* |
| Resident £491 | £516 | £761 > £1085 (55% - 100% increase) | £818 (66%increase) |
| Non Resident £1497 | £1548 (5% increase) | £1548 5% increase | £1520 3% increase |
| Proposed <u>cremation charge</u> against each option | | | |
| Option 1~ As is - no price increase | Option 2 Phased approach to full cost 5% increase (in estimates for 2011/12) to 50% | Option 3 Full cost plus contribution to capital | Option 4 Comparable rate(local government average across uk)* |
| Resident £198 | £208>£297 | >£297 50% increase | £402 103% increase |
| Non Resident £397 | £417 | £437 10% increase | £480 21% increase |
| <p>Currently the non resident's charge is covering the full cost with a slight surplus.</p> <p>Once an option is agreed the implementation of the new charges would have to be phased in over 2-3 years depending on the option agreed. (See appendix 2).</p> <p>Appendix 3 shows the pricing options against a range of the key services that are provided.</p> | | | |

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| 4. Equality and good relations implications |
| An equality impact assessment of the scale of charges within the service was previously carried out and all issues were addressed at that time. No changes have been made to the principles underpinning their rationale. |

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| 5. | Recommendations |
| | <p>It is recommended that option 3 is agreed for the cemetery and the crematorium charges for residents and non residents as a phased approach to cover the full costs of the service and to provide investment in the future provision for all its users.</p> <p>It is recommended that the Bereavement Service undertakes an analysis of the usage of the complex range of services as set out in the pricing schedule and puts forward a proposal for rationalising the range of services and the associated charges where relevant.</p> |
| 6. | Decision Tracking |
| | <p>New pricing schedule implemented from 1 April 2011 with an in year uplift for the next 2-3 years as per the costing option attached and to be carried out by the Business Manager and reflected in the estimates going forward.</p> |
| 7. | Key to abbreviations |
| | <p>None.</p> |
| 8. | Documents Attached |
| | <p>Appendix 1: Grave purchase prices Appendix 2: Phasing options Appendix 3: Pricing options</p> |