

 Executive –May 2012		Agenda Item No. 4
Title	Oakley Wood Crematorium Proposed Improvements	
For further information about this report please contact	Richard Hall Head of Environmental Services 01926-456700 Pam Chilvers Bereavement Services manager richard.hall@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	n/a	
Background Papers	None	
Contrary to the policy framework:	No	
Contrary to the budgetary framework:	No	
Key Decision?	No	
Included within the Forward Plan? (If yes include reference number)	No	
Climate Change Impact Assessment Undertaken	Yes	
Equality Impact Assessment An Impact Assessment is not required – although an EIA might subsequently be applicable for any specific initiative resulting from an approval of this funding request	No	
Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executive		Bill Hunt
Head of Service		n/a
CMT		
Section 151 Officer		Mike Snow
Monitoring Officer		Andy Jones
Finance		Jenny Clayton
Portfolio Holder(s)		Cllr. Coker
Consultation & Community Engagement		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 The pressure on facilities at the crematorium has increased over the years. The suitability of the current buildings in meeting current and future demands has been questioned. This report brings forward proposals to increase the size of one of the chapels and to improve office facilities, car parking, visitor reception areas and the gardens of remembrance.

2. RECOMMENDATION

- 2.1 That Executive supports improvements at Oakley Wood Crematorium as proposed in this report.
- 2.2 That Executive approve spending up to £985,000 for improvement works to the crematorium, to be financed from the Capital Investment Reserve (or other appropriate financing to be determined as part of the Council's overall Capital Funding), and the Capital Programme be updated accordingly. The details of the project implemented to be agreed between the Portfolio Holder, Deputy Chief Executive, Head of Environmental Services and the Section 151 Officer.
- 2.3 That Executive decides whether or not to change the pricing policy at Oakley Wood Crematorium by: (see appendix 2) -
- (i) Removing the resident's concession for cremation fees, thus charging the same fee for all cremations irrespective of abode
 - (ii) Keeping the residents concession for cremation fees, but reducing the gap by increasing the residents fee to the national average
 - (iii) Maintaining the status quo.

3. REASONS FOR THE RECOMMENDATION

- 3.1 In the years since Oakley Wood Crematorium was built there have been a number of changes to which impact on the facility. In the first instance the proportion of cremations to burials has changed the national average for cremations when the crematorium was built was 55%; provisional figures for 2010 show that this figure has increased to 73%. There are now approximately 2000 cremations per year at Oakley Wood.
- 3.2 Societal changes also result in many more services being held at the crematorium, whereas in the past they would have taken place in churches or chapels. The number of people now attending services frequently exceeds the capacity of the larger chapel on the site (see appendix 5).
- 3.3 The increase of car ownership and usage leads to much more pressure on parking arrangements (see appendix 4).

- 3.4 Although many people are very happy with the setting and standard of the crematorium we do receive complaints at times about the inadequacy of the facilities, particularly when large numbers of people are in attendance.
- 3.5 One of the problems experienced by staff and public is that the office provision is limited. This means that it is often difficult to find space for people making enquiries away from visitors attending cremation services, and to deal with them in confidence.
- 3.6 The crematorium provides an important service to local residents and some 60% of the cremations carried out are for customers who are not resident in Warwick District; mainly from the neighbouring districts of Stratford-upon-Avon and Rugby where there are currently no crematorium facilities. Analysis of the areas from which the users of the crematorium come from can be found in Appendix 2.
- 3.7 There is interest in the private sector to provide new and/or take over existing local authority cremation services. This is because of the income which can be generated. The income raised at Oakley Wood by the crematorium in 2010 was £1,026,000, which provided a net surplus of £446,000, (increasing to £600,000 excluding support costs & capital charges). It is proposed to maintain this income stream rather than to sell it for capital benefit.
- 3.8 There remains the potential for new crematoria to be built nearby and Rugby BC has a current planning application under consideration. The impact that this could have on our income is considered in Appendix 2 and this gives added reason to maintain the asset which we have, now and into the future.
- 3.9 Whilst cost is only one factor for families when choosing the venue, the impact of applying similar percentage increases to the non-residents fees would be to make Oakley Wood less attractive. The decision required at 2.3 represents an increase to residents of (i) 7.2%, (ii) 4.1%, or (iii) 0%. (see appendix 2, table 5 for income scenario illustrations)
- 3.10 The crematorium does not have a grounds maintenance budget, expenditure in this area it is met from voluntary donations to the bulb fund and to a greater extent from the cemeteries grounds maintenance budget which has been achieved by changes to the mowing regime. It is intended, within the scheme to have a programme of works to improve the landscaping of the site so that the overall setting is enhanced. The current grounds maintenance contract is being re-let, the new contract is expected to be in place by April 2013 and it is anticipated that these landscaping works can be accommodate within the new contract. If this cannot be done a further report may be necessary to request specific funding for grounds and landscaping work

4. **POLICY FRAMEWORK**

- 4.1 Planning ahead for changes in population and demography in our area is very much part of the Fit for the Future approach, as is ensuring that the crematorium facility is sustainable into the future.

5. **BUDGETARY FRAMEWORK**

5.1 Capital

The Capital Costs of this scheme are outlined in Appendix 1. Dependent upon which of the 2 options prove the most feasible, the capital costs of the scheme are estimated to cost between £1 million and £900,000. The justification to support the benefits is included in the Appendices and outlined in this report.

- 5.2 The Capital Investment Reserve is projected to have a balance of £3.5 million by April 2016 after taking account of current commitments in the 5 year Capital Programme and no further contributions from Revenue over the same period. It should be noted that the balance on this reserve does include £1.2m in respect of Leamington Assets and £200,000 for Spencer Yard, so reducing the unallocated balance to £2.1m. The Council's policy of for the balance on this reserve is to not go below £2m. If the works are agreed to be financed from the Capital Investment Reserve, the Council should seek to replenish this reserve from other sources in the future, notably from New Homes Bonus. Accordingly, on this basis, it is recommended that the works be financed from the Capital Investment Reserve (or other appropriate financing to be determined as part of the Council's overall Capital Funding), and the Capital Programme be updated accordingly.

Funding the car park costs (£441,000) through the Corporate Property Improvement Budget has been considered by the Board. It was felt that this could not be achieved in this year's budget. Other items would receive a higher priority scoring and thus the project might not get consent next year either. If consent were given for it next year, with the amount of money for this project, additional funding is likely to be needed from other budgets to enable other items to be completed.

5.3 V.A.T.

Over 95% of the Crematorium's Fees are exempt from V.A.T. Consequently the same proportion of crematorium expenditure must be treated as attributable to exempt supplies and the input tax recovered as exempt Input Tax. Members should be aware that the amount of exempt Input Tax should not exceed 5% of the Council's total Input Tax in any one year, otherwise the Council would incur the costs of the full amount of V.A.T. attributed to exempt services in that year. The costs of these works will either span one or two financial years. Modelling both scenarios projects that this de-minimis limit would be breached in one or both of the years when the work is undertaken.

There is however, a “Test of Insignificance” whereby if the Council can demonstrate that this occurs infrequently and is a one-off it is still entitled to full recovery of its exempt Input Tax. H.M.R.C. is primarily interested in the breach itself and not the cause. This is proven by showing that on average over a seven year period the Council has not exceeded the 5% de-minimis limit.

Current projections demonstrate that the Council would be able to prove the Test of Insignificance but any other large Capital Schemes where supplies are V.A.T. exempt or changes in Service Delivery which impact upon how V.A.T. is accounted for could cause this average to increase.

In summary, there is a risk that the Council may incur a V.A.T. liability estimated up to £400,000 relating to the scheme. Officers are in discussions with the Council’s VAT advisors to ensure that the risk is averted and will confirm the position with HMRC before the scheme progresses.

5.3 Revenue

As shown in the supporting information, the Crematorium raises a significant amount of income, in excess of £1 million per year, yielding net surpluses in the region of £600,000 before taking into account support service recharges and depreciation. Whilst the improvements have limited scope to increase this, not undertaking these works would undermine the Councils ability to maintain such levels in the future. Members were reminded in the February Budget Report that this Council needs to find on-going savings in excess of £2.5 million over the next 5 years. A reduction in income would increase the savings needed.

If the Lodge is used for offices there would be a loss of income from rent of approximately £5,300. An increase in charges as proposed in the report would offset this and the option which utilises the Lodge has a lower capital cost.

6. **ALTERNATIVE OPTIONS CONSIDERED**

- 6.1 If the improvement project does not go ahead the crematorium will continue to be maintained to a reasonable standard. However, it will increasingly become outdated and unsuitable for purpose.
- 6.2 Smaller scale, lower cost alterations have been considered but discounted because they would not make the significant changes which are felt necessary.
- 6.3 The Lodge property is currently occupied on a service tenancy by an employee at the Crematorium. The use of this property within the proposed scheme, Option 2, would be dependent on this premises being vacated. Legal advice is being taken on this currently but the outcome is not yet known.

This would be taken into account as part of the final decision on implementation options.

- 6.4 To generate additional income by applying the same % increase to both the resident and non-residents cremation fee, this has been discounted because benchmarking exercises show that the non-residents fee is already higher than the fee that would be charged for those cremations by neighbouring authorities. DSS funeral grant recipients are already advised to contact 3 funeral directors to obtain a quotation. Funeral directors being asked to provide a price quote would certainly be pointing out to bereaved families how they could cut costs by using another crematorium. Shopping around is becoming more common, if the cost of an alternative crematorium plus the cost of scattering cremated remains at Oakley Wood costs less than having the cremation at Oakley Wood this may become a preferable option where funeral costs are a worry.
- 6.5 The possibility of undertaking works to improve the crematorium buildings, separately from improvements to the car park has been considered. However, a priority for the site is to improve car parking and access because of the problems experienced on frequent occasions by users of the crematorium. To carry out improvements to the chapel and offices only could exacerbate the access problems. By only carrying out the car park improvements would not achieve the buildings improvements which it is felt necessary to protect the Council's asset into the future.

7. BACKGROUND

- 7.1 The crematorium was built in 1971. Since that time a number of improvements have been made, including the installation of new cremators in 2009 and improvements to the North Chapel in 1999.
- 7.2 Oakley Wood offers a unique setting for a crematorium, which many people greatly appreciate. However, the fact that it is set in woodland brings a number of restrictions on use and expansion. The size of the car park for example will be limited by the areas of interment of cremated remains and the management plan for the surrounding woodland.
- 7.3 During 2010 the use of the chapels was monitored to observe on how many occasions the capacity was exceeded, this data can be seen in Appendix 5. It was determined that capacity of the chapels was exceeded for 13% of all services. The south chapel was more likely to be affected, with the 10:30 time slot and at any time on Friday having services that were more than double the intended capacity in 20% of cases. Capacity was least likely to be exceeded in the North chapel, with 13% of services having more mourners than can be accommodated during the 13:45 timeslot
- 7.4 It is clearly evident when attending the crematorium that car parking space is under pressure on many occasions but during 2010 we also surveyed the

number of vehicles accessing the site. These figures are as below in Appendix 4. On many occasions during the year coaches also enter the site which is not really set out for such large vehicles. Double-decker buses have to park in the lay-by opposite the crematorium.

- 7.5 The figures in Appendix 4 indicate that the number of cars on site regularly exceeds the number of parking spaces and the maximum exceedance recorded has been 103 vehicles.
- 7.6 Families are more likely to purchase a memorial or entry in the book of remembrance at the crematorium if the cremated remains of their loved one has been laid to rest within the grounds. Whilst the national trend shows a declining number of cremated remains are laid to rest in the crematorium; improvements to the facilities and grounds will encourage more families to choose Oakley Wood as their final resting place.
- 7.7 In 2010/11 income from the sale of cremation memorials and entries in the book of remembrance totalled £33,151 deduction of the cost of sales expenditure of (£17,244) generated a healthy surplus of £15,907
- 7.8 The crematorium grounds are maintained on a day-to-day basis by the Crematorium Operative, who splits his time between tidying up the grounds and crematory duties. For the large part the grounds work consists of removing old floral tributes and generally tidying up.
- 7.9 With the exception of emergency work, no tree maintenance is carried out and the grounds are beginning to show signs of neglect. The service receives an increased numbers of adverse comments, particularly in the summer months when growth of nettles and brambles invade areas where cremated remains are laid to rest.
- 7.10 A summary of the estimated costs and budget issues (which are considered in detail in the appendices) is given below. The potential income is not presented as a business case as such but represent ways by which revenue income could be increased.

Estimated Build Costs (See App 1)		Increase of Cremation fees (Optimum - see App 2)		Income from CAMEO (Estimate – see App 3)
Option 1 £983,000		£29,172		£12,000- £16,000
Option 2 £925,000				