



Haringey Council

[No.]

Agenda item:

CABINET

On 13 July 2010

Report Title: Enfield Crematorium Burial Provision and Redevelopment Plan

Report of : **Mun Thong Phung, Director of Adult, Culture & Community Services.**

Signed : _____

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Wards(s) affected: **All**

Report for Key Decision

1. Purpose of the report (That is, the decision required)

- 1.1 To provide an assessment of the current performance and investment needs of the service
- 1.2 To identify options to secure future viable and sustainable service delivery
- 1.3 To approve the recommended options for the Council to cease its Bereavement Services operation and dispose of the Enfield Crematorium site.

2. Introduction by Cabinet Member (if necessary)

- 2.1 We are clearly faced with a very difficult and challenging decision in determining how we secure a viable solution for the Council. We need to bring about investment and maintain the revenue surplus, whilst also enabling the ongoing provision of cremation and burial choices for residents in the borough.

I believe that the proposals and recommendations, set out in this report, provide the most realistic solution and we should progress immediately to minimise any short term revenue loss, achieve the best value for money and secure ongoing provision.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1 Links to:
 - Greenest Borough Strategy – Priority Two
 - LB Haringey – Asset Management Plan
 - LB Haringey – Capital Strategy and Revenue Plan

4. Recommendations

- 4.1 Consider the options appraisal set out in the feasibility report and approve the following.
- 4.2 That the Council ceases to directly provide crematory and cemetery services at Enfield Crematorium.
- 4.3 That the Council moves to a leasehold agreement for the Enfield Crematorium site, with a specialist operator.
- 4.4 That subject to recommendation 4.7, the Enfield Crematorium and Cemetery be disposed of as a going concern for best consideration, and delegated authority is given to the Director of Corporate Resources and to agree the terms of such disposal.
- 4.5 That approval is given to the disposal on the open market of 1 and 2 Grenville Cottages located at the north-east end of the Enfield Crematorium site.
- 4.6 That the Council continues to provide services and manage provision at Wood Green and Tottenham cemeteries.
- 4.7 That prior to any disposal, officers progress and secure a detailed Planning Permission for the new burial provisions at Enfield Crematorium Cemetery.

5. Reason for recommendation(s)

- 5.1 Enfield Crematorium requires a minimum capital investment of £6.6m to sustain its ability to provide cremation and burial services that return a revenue surplus to the Council. This investment is needed to upgrade cremation equipment to comply with new emissions standards, and provide new burial space.

6. Other options considered

- 6.1 Maintain Council operation and prioritise capital investment of up to £13.4m (excludes possible borrowing costs) to upgrade cremation equipment, provide further burial space and upgrade site infrastructure at Enfield Crematorium
- 6.2 Offer Enfield Crematorium site only for sale to an external bereavement services operator, via a tender process, whilst retaining ownership of Wood Green and Tottenham Cemeteries
- 6.3 Offer Enfield Crematorium site, with Wood Green and Tottenham Cemeteries for sale to an external bereavement services operator, via a tender process.
- 6.4 Offer Enfield Crematorium site with Wood Green and Tottenham Cemeteries for lease to an external bereavement services operator, via a tender process.
- 6.5 Do nothing. This option will result in the service operating at a net loss within a few years.

7. Summary

7.1 Executive Summary

- 7.1.1 Bereavement Services is a discretionary commercial service with a budgeted net income to the authority, and operating in an increasingly competitive market.

- 7.1.2 The Service is largely administered from Enfield Crematorium, managing burial, cremation and memorial activity on this site, together with Tottenham and Wood Green Cemeteries.
- 7.1.3 The Council has a predominantly 'operator' responsibility, whilst the London Borough of Enfield is the 'regulatory' authority in relation to the crematorium.
- 7.1.4 The recent trend in both burials and cremations is down, whilst memorials income is relatively stable. The 'efficiency savings' led price increases in the last 3 years has partly masked the downturn in business volumes.
- 7.1.5 The key reasons for this downturn are:
- Increased life expectancy and reduced death rate;
 - Reduced supply and choice of burial provision;
 - Crematorium 'fitness for purpose' and ability to meet today's customer expectations.
- together with the imminent challenge and requirement to meet new environmental legislation to tackle mercury emissions from crematoria.
- 7.1.6 To better understand these challenges and explore possible solutions, the Council has commissioned and undertaken 5 pieces of work, the conclusions of which are reflected in the feasibility report (see appendix B), which include:
- Assessment of mercury emissions plant/ equipment upgrade;
 - Feasibility of developing new longer term burial provision at Enfield Crematorium;
 - Crematorium redevelopment and upgrade;
 - Valuation of Enfield Crematorium and Cemetery;
 - Appraisal of future delivery options.
- 7.1.7 This work clearly identifies both the investment need and potential of between £6.6m - £13.4m, with a minimum requirement to meet environmental legislation compliance and future burial supply / net income target. To do nothing is 'NOT AN OPTION'.
- 7.1.8 The options available to the Council are:
- Council In House with reduced revenue budget surplus target;
 - Council In House with Prudential Borrowing Investment of between £6.6m - £13.4m;
 - Long Term Lease to a specialist operator;
 - Sale to a specialist operator.
- 7.1.9 Given the balance of provision and administrative requirements, there are some economies of scale, which would be lost if the service and related sites are broken up. The Council would need to make alternative suitable administrative arrangements for managing the burials and memorials business at Wood Green and Tottenham Cemeteries.
- 7.1.10 A lease based agreement with an external operator will enable the Council to build in controls, to ensure the ongoing effective management and maintenance of the sites. Clauses would be included to cover:
- Opening hours and access to facilities;
 - Maintenance standards – horticultural and infrastructure;
 - Safety and security;

- Informal /passive recreational use;
- Future use of existing grave space.

7.1.11 The key questions to be considered in selecting the appropriate course of action include:

- Is this a key Council priority and activity?
- Is this a statutory or discretionary activity?
- What is the Council's position on demand, asset and financial risk?
- Is the Council in a position to prioritise capital investment?
- What are the implications for staff?
- The opinion and perception relating to the disposal of Tottenham (and Wood Green) cemeteries?
- How do we meet the 'mercury emissions' implementation deadline of December 2012?

8. Chief Financial Officer Comments

8.1 Bereavement Services produces a surplus of income over expenditure. However, in recent years this surplus has begun to decline due to the reasons set out in the report. The net income budget for 2010/11 is £515k. However, current projections show that this is not expected to be achieved and the service is anticipating an income shortfall of approximately £420k this year.

8.2 Whilst 132 additional spaces are to be made available at Wood Green Cemetery during the year the revenue surplus after borrowing costs will be £188k over the life of the new space, 2-4 years. Assuming a 3 year life, income shortfalls will be mitigated by £62k per annum.

8.3 This report recommends that the Council ceases to provide bereavement services from the Enfield Crematorium site and that this service/ site as a whole is either disposed of or externalised. The financial implications of these options follow.

8.3.1 Lease service to external Crematorium/Cemetery Operator

This option allows for an external organisation to pay a rent to the Council on a long-lease basis, in return for operating the site as a private cremation and burial business, outside of the control of Haringey. This option would reduce the risk of a further decline in income for bereavement services and give certainty long term. In addition, there may be the possibility of re-using the site in future years and the lease option would give Haringey the opportunity to benefit from this income.

8.3.2 Dispose service to external Crematorium/Cemetery Operator

This option allows for an external organisation to purchase the site from the Council to operate as a private crematorium and burial business, outside of the control of Haringey. This would be a one-off capital receipt and would not address the net income budget. Haringey would lose any option to re-use this site in the future and forego any potential income associated with this in the long term.

8.3.3 For either of the options above it will be necessary to dispose of the 2 properties at the north-east end of the Enfield Crematorium site. This will give the Council a one-off capital receipt.

8.4 The report recommends that the Council continues to directly operate and manage both Wood Green and Tottenham Cemeteries. The proposal to only dispose of Enfield Crematorium as opposed to the entire bereavement service means that there will be a significant funding shortfall and currently no alternative funding source for this has been identified.

8.5 Alternative options considered:

8.5.1 Do minimum – install mercury abatement equipment

The cost of these works is circa £1.2m, plus the cost of any civil engineering and building works which is currently unknown. In order to finance this cremation charges would need to be increased. It is possible that an increase in charges will cause clients to use other more competitively price crematoria. This option in itself would not increase income and may in fact give rise to a decline in cremations while work is completed. This option has been discounted.

8.5.2 Remodelling the site

In addition to the mercury abatement equipment detailed above a further proposal is to improve the existing crematorium building, either a brand new cremation facility or refurbishing existing facilities. The cost range for this is £2.6m to £6.8m. It would potentially increase the number of clients using services, but again would require prudential borrowing and the impact on prices could dissuade clients. This option has been discounted.

Neither of the above options would address the current lack of grave spaces and income targets associated with burials.

8.5.3 Council investment and retain Bereavement Services

A further option would be for the Council to invest and retain operation of bereavement services. The minimum investment required for mercury abatement equipment and additional burial spaces would be £6.6m, £1.2m and £5.4m respectively. The maximum investment would include the full remodelling of cremation facilities at an additional cost of £6.8m and thus a total investment required of £13.4m. If funding this through prudential borrowing the full cost of repayment would be between £9.6m and £19.4m. This would have an impact on prices as described in 8.4.2 above. In early years the price increase would be approximately 64%, based on 2009/10 actual income. Bereavement Services offer a number of different options but an indication of the impact on prices can be seen below.

Service	2010/11 Price £	64% Increase £	Indicative Price £
Adult cremation with organist	535	342	877
Vault - Parishioner	3,620	2,317	5,937
Vault – Non-Parishioner	4,700	3,007	7,707

- 8.6 It should be noted that significant costs have been incurred on this project to date. Approximately £73k in 2009/10 and a minimum of £126k in 2010/11 in order to obtain the necessary planning permission for the site prior to disposal. To date costs have been met by prudential borrowing, however, it is recommended that these one-off costs are met by any future receipts secured as a direct result of the project.
- 8.7 Commercially sensitive information (Exempt) is detailed in Appendix A.

9. Head of Property Services Comments

- 9.1 The HPS fully supports the analysis and option appraisal carried out by NPS showing the options to lease or dispose of the crematorium and cemeteries site are the most economic and financially viable.
- 9.2 1 and 2 Grenville Cottages can be sold at an open market value, separately from the disposal of the crematorium and cemetery sites, under s.123 Local Government Act 1972.
- 9.3 The sale of Granville Cottages will result in revenue implications as the current rent receivable from the occupying tenant will no longer be received. An adjustment will therefore need to be made to the budget for this loss of income following disposal of these properties. The loss in revenue will be £1814.88

10. Head of Legal Services Comments

- 10.1 The Council may dispose of the business of cremation and burial service carried out at the Enfield Crematorium, the Tottenham and Wood Green Cemeteries as a going concern. The business and equipments must be valued separately from the properties;
- 10.2 The Council may dispose of the Enfield Crematorium, the Tottenham and Wood Green Cemeteries and separately the two Grenville Cottages but must in all instances obtain the best consideration that can reasonably be obtained. A disposal includes a sale of the Council's freehold interest or the grant of a lease for a term exceeding 7 years.
- 10.3 Members should note that the disposal of the business and of these premises means the Council will cease to offer such services to its residents.
- 10.4 The proposed sale/lease of Enfield Crematorium and Wood Green and Tottenham Cemeteries consists of the sale of a business to which the supply of services are incidental. Therefore any such sale would not be subject to the European procurement regime.
- 10.5 **TUPE implications**
The recommended course of action would appear to involve a relevant transfer for the purposes of the Transfer of Undertakings (Protection of Employment Regulations) 2006 (TUPE) by reason of a service provision change within the meaning of Regulation 3(1)(b)(i). In such circumstances the team of 18 posts identified in paragraph 3 of the feasibility report will constitute an "organised grouping of employees" whose principal purpose is that of carrying out the functions subject to the transfer. Thus the transfer of the functions to an external bereavement services operator will also involve the transfer of staff from that "organised grouping" in post

immediately before the transfer to the employment of the service operator on the terms of their contract of employment in force at that point.

- 10.6 Regulation 13 of the 2006 Regulations places a duty on the Council to consult representatives of the employees affected by the proposed transfer or by measures taken in connection with it. Such consultation shall commence in sufficient time to allow for proper consultation with those representatives, including the consideration of representations made, before the date of transfer. Although not expressly required by Regulation 13, it would be advisable for the consultation exercise to extend to the members of staff affected as well as their representatives.
- 10.7 In the event that the outcome agreed by Members is one included in the list of options at paragraph 7.1.8, advice should be sought from Legal Services on the employment implications of that course of action.

11. Equalities and Community Cohesion Comments

- 11.1 Bereavement Services has always been able to reflect the diverse needs of its clients by working with funeral directors to ensure that cremation and burial facilities meet these requirements. This is particularly the case at Wood Green cemetery and the intention is to encourage the development of Enfield Crematorium site to equally cater to the needs of the local community.

12. Consultation

- 12.1 Throughout the process of this review of bereavement services, staff have been briefed about the context and potential implications and outcomes. In addition, the views of various technical services have been sought to enable a complete picture of future provision to be formed. These have included cremation and burial specialists, civil and structural engineers, the local planning authority, the Environment Agency, landscape designers and other cremation and burial authorities in London.
- 12.2 It is expected that further consultation on site facilities will occur prior to any approach to the market to specify any Council requirements and those of stakeholders.
- 12.3 Clearly, subject to Cabinet consideration of the proposed option, the Council will establish and undertake full consultation with staff and trade union representatives in implementing the project.

13. Service Financial Comments

- 13.1 Bereavement Services in 2009-10 had a budget shortfall of £160k as burial space at Enfield Cemetery was completely depleted and cremations were down. It is anticipated that in 2010-11, the budget shortfall will be increased to £420k as in addition to Enfield Cemetery, Wood Green Cemetery also ran out of burial spaces. Although a new provision at Wood Green Cemetery is being sought, it will not be in time to revert the whole shortfall. Additionally, it is only a short term solution as the new provision will only provide spaces for approximately 2.5 years. The recommended option in this report will provide a much longer term solution for addressing the budget shortfall.

14. Use of appendices

14.1 More detailed information is contained in the Feasibility Report (Appendix B) and Appendices C – I).

14.2 List of Appendices

- Appendix B Feasibility Report
- Appendix C Enfield Crematorium site plan
- Appendix D Tottenham Cemetery site plan
- Appendix E Wood Green Cemetery site plan
- Appendix F Staff establishment and structure
- Appendix G Service Volumes
- Appendix H Crematoria provision in London
- Appendix I Grenville Cottages (Enfield Crematorium) site plan

15. Local Government (Access to Information) Act 1985

15.1 Exempt information is contained in appendices A and J-M and background documents.

EXEMPT

15.2 Appendix A Chief Financial Officer comments

15.3 (List of Feasibility Report appendices)

- Appendix J Service Income
- Appendix K Service Profit / Loss
- Appendix L Enfield Crematorium Strategic Review
- Appendix M Valuation Summary

15.4 Background Documents

- The installation of abatement equipment at Enfield Crematorium by The Institute of Cemetery and Crematorium Management: May 2009
- Feasibility Study at Enfield Crematorium New Burial Facility by NPS Group: April 2010
- A review of options for the future operation of Enfield Crematorium – NPS Property Consultants: May 2010
- Valuation: Enfield Crematorium and Cemetery, Wood Green Cemetery and Tottenham Cemetery. – DVS March 2010

NOT FOR PUBLICATION: The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972) : Information relating to the financial or business affairs of any particular person (including the authority holding that information).