

**Feasibility Report**

Enfield Crematorium Burial Provision and Redevelopment Plan

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## **1. Enfield Crematorium, Tottenham and Wood Green Cemeteries**

### **a)The Enfield Crematorium** (see appendix C)

Enfield Crematorium is owned and managed by this Council and is located at the northern end of the Great Cambridge Road EN1 4DS and is one of London's largest. The crematorium has two chapels which can both hold approximately 150 people for religious or non-religious services. There is approximately 50 acres of space, most of which is dedicated to the Gardens of Remembrance. The site has a lawn cemetery which is now full and a feasibility study for extending the cemetery into the adjacent land filled site has recently been completed. The details of this are within this report.

### **b)Tottenham Cemetery** (see appendix D)

Tottenham Cemetery is owned and managed by this Council and is located in White Hart Lane /Creighton Road N17. Tottenham Cemetery effectively has no accessible new grave spaces available. However, there is still a regular demand for re-opening of existing graves. The site covers approximately 62 acres. There are two chapels on site with the west chapel available for burial services.

### **c) Wood Green Cemetery** (see appendix E)

Wood Green Cemetery is also owned and managed by the Council and is located in Wolves Lane N22. It is the Council's newest cemetery and was opened in 1996. It pioneered the use of concrete burial vaults in Haringey which have proved very popular. It also has a dedicated Muslim section. Although the cemetery currently has no more grave spaces available, a project is underway to provide a further 132 new plots, consisting of both traditional dig and concrete vault graves. The works were authorised by Procurement Committee on 21.6.2010 and will start in July 2010 and complete in September 2010.

## **2. Statutory Requirements for Service Provision**

- 2.1 The Council, in keeping with all Local Authorities, is not required to provide cemeteries and crematoriums as a statutory duty. The requirement is discretionary and the Local Authorities' Cemeteries Order 1977 (LACO77) states that a Local Authority **may** provide and maintain cemeteries inside or outside of its area. Article 4(1) of LACO77, however, requires that a Local Authority must keep any cemetery that they are responsible for in good order, including buildings and infrastructure.
- 2.2 As a Burial Authority, the Council is also entitled to own and operate crematoria and charge such fees as it sees fit. Other areas of legislation cover the statutory requirements for keeping registers and plans of sites, the cremation of human remains, as well as compliance with the Environmental Protection Act 1990 (EPA1990) covering crematorium emissions. For the latter, the local authority Environmental Health office (which in the case of Enfield Crematorium is the London Borough of Enfield) grants an annual operation certificate based on recordings of emissions submitted.
- 2.3 In addition to the above, the requirements of the Public Health (Control of Disease) Act 1984 need to be met. Under this legislation, a Local Authority becomes responsible for the disposal of any person who dies within its boundary where no suitable funeral arrangements have been made. Currently, the Council, via the Coroner's Office and Urban Environment Enforcement Service, undertake approximately 12 of these "Parish Funerals" per year at an average annual net cost of £2,500. This sum is comparatively low because, in many cases, estates of the deceased eventually yield the required payments.

### **3. Service Delivery**

For service delivery, the Council is based in offices on site at Enfield Crematorium on Great Cambridge Road in Enfield. From here, the burial services at Wood Green, Tottenham and Enfield cemeteries are administered as well as the cremation services at Enfield.

The whole service is delivered by a dedicated Council team of 18 FTE staff (see appendix F). A change in the management and ownership of the operation to an external crematorium operator, has TUPE implications and would thus require appropriate consultation before any disposal can take place.

### **4. Service Volumes (See Appendix G)**

#### **4.1 Cremations**

There were 2,070 cremations carried out during the financial year 2009-10, against a target set of 2,260. There has been a downward trend in cremations in recent years from over 3,000 in 1996. This is partly attributable to a reduction in the national and local death rates as well as a demographic trend towards a younger population as older residents move from urban to more rural locations. The total for 2009-10 represents 56% of current cremation capacity and approximately 50% of all deaths in the Haringey, Enfield and Hatfield areas.

There are twelve other crematoria in the region (see Appendix H). The number of cremations undertaken at each of these (except Parndon Wood) for the years 2008-09, compared with 2007-08, shows that nine crematoria increased cremations, with Enfield being one of four crematoria with a reduction in numbers between the two years. However, only three crematoria showed changes outside the range of +/- 5%, and, of these, the most significant was the increase of 10.12% recorded in respect of Forest Park Crematorium in Ilford, where the number of cremations increased from 1,086 to 1,186 during the 2009-2010 financial year.

#### **4.2 Burials**

The service data (see appendix G) show the recent volume and trend in burials for the Council. The trend is generally downwards. This has been caused by a combination of falling death rates, a shortage of burial space and a continuing trend towards cremation rather than burial. However, the demand for new burial space remains and the Council has always offered a choice. The balance between burials and cremations is actively managed and encouraged. In 2009-10, burials amounted to 189, or 9 per month, down from 15 per month in 2006-07.

Wood Green Cemetery experienced a higher demand for new graves during 2009-10 as Enfield Cemetery became full and Wood Green provided the only spare capacity for the Borough. However, since then, all three cemeteries have nearly exhausted new grave spaces.

The supply shortage is being addressed in Wood Green via the procurement of 132 new grave spaces, the completion of which are expected in September 2010. This additional capacity is expected to last two to four years. For Enfield Cemetery a feasibility study (May 2010) has concluded that a further 1,791 new grave spaces can be created, providing approximately 17-20 years of additional burial capacity. Once this additional capacity has been exhausted, there will be no additional space on that site for further burials.

At present, the demand for grave re-opening for subsequent interments to an existing grave remains fairly stable. In 2009-10 this accounted for 30% of burial operations for the Council with 52% of reopens being second interments.

## **5. Service Quality**

The service provided by the Council from Enfield Crematorium is highly regarded and valued by funeral directors and clients. In 2010, the Bereavement Services team were awarded the Front-line Customer Service Team of the Year at the National Customer Service Awards. Also, there were nine WOW award winners in 2008 with a further two this year, as well as an XtraMile Award winner in 2009.

Wood Green Cemetery is the recipient of numerous awards including Green Flags in 2009 and 2010, ICCM Best Cemetery in 2006 and 2007 and an Award for Community Involvement in 2009.

Tottenham Cemetery won the Best Improved Cemetery award at the ICCM Cemetery of the Year Awards in 2008.

## **6. Operational Challenges**

The Council faces a number of challenges which may be categorised as follows:

- The need to comply with impending mercury emissions targets
- A shortage of burial spaces
- Asset condition of Enfield Crematorium buildings
- Local competition
- User and stakeholder expectations

### **6.1 Mercury Emissions**

The UK Government is a signatory to the OSPAR Convention for the Protection of Marine Environment of the North East Atlantic (Oslo-Paris Agreement) (1992), which addressed international concerns over pollution to the marine environment. Under this signatory countries undertook to cease all mercury emissions into the atmosphere by 2020. In relation to this, the Defra (Department for Environment, Food and Rural Affairs) 2004 Process Guidance Note 5/2(04) has provided the legislative framework for achieving a 50% national reduction in crematoria mercury emissions by 31<sup>st</sup> December 2012, with a further reduction to 100% by 2020.

Enfield Council is the regulatory authority for Enfield Crematorium, whilst Haringey Council is the operating authority. It is the responsibility of Enfield Council to issue the permit for this Council to operate the Enfield Crematorium and it is Enfield Council's responsibility to supply information to Defra about the current status of the crematoria in their area, regarding mercury abatement progress. In February 2009 the Council notified Enfield of its intention to seek 100% abatement of mercury emissions from cremations carried out at Enfield Crematorium.

Authorities that declare themselves unable to meet the 50% target will be able to make payments to a burden sharing scheme (CAMEO - Crematoria Abatement of Mercury Emissions Organisation) the receipts from which will be shared among those authorities meeting or exceeding the target. Whilst the Council may be able to revise its intention, it is important to note that if the CAMEO burden-sharing scheme cannot secure the required 50% reduction in mercury emissions then Defra can issue a directive requiring all crematoria above a certain size to install abatement equipment. It has been suggested that the volume threshold for mercury abatement crematoria will be 2,000 cremations per annum. Currently, Enfield Crematorium's volume is in excess of this and, thus, may be subject to any Defra

directive. In any case, there is a Defra target to achieve 100% abatement of mercury emissions by 2020, so the CAMEO solution can only be a temporary measure.

The reduction in mercury emissions is achieved through the installation of additional filtration plant connected to the cremators and can be linked into heat-exchange boiler systems.

An ICCM (Institute of Cemetery & Crematorium Management) report that was commissioned by the Council in May 2009 advised that, as the existing cremators were due for replacement in 2012, the installation of filtration equipment should accompany the provision of three new cremators.

The overall purchase price for the cremation plant and equipment was taken at an indicative figure of between £1.1m and 1.4m. However, this did not take into account the cost of any civil engineering and building works that were likely to be needed to install the equipment in the existing crematory at Enfield.

Additional challenges are presented by this requirement, not least the need to address service continuation during the works and a potential supply bottleneck as burial authorities across the country seek to be compliant by January 2013. The ICCM advise a likely procurement duration of 12-18 months. This would indicate that procurement of mercury abatement equipment should start no later than June 2011.

Whether the Council invest in new plant and equipment or pay into the CAMEO burden-sharing scheme, the expectation is that the end-user pays for the mercury abatement arrangements through higher cremation charges.

## **6.2 Burial Provision**

The Council has nearly exhausted its existing supply of new grave spaces. Enfield Crematorium cemetery ceased to offer new plots from January 2009. Tottenham cemetery is also nearly full with a limited number of new plots established in recent months. Most burial operations in this borough are now confined to re-opening of existing graves and the 'Baby' cemetery at Enfield.

The Council is addressing this shortage with two projects; one at, a) Wood Green cemetery and one at b) Enfield Crematorium cemetery. The prospect of re-using existing graves could provide extra capacity in the future and this is set out in paragraph c) below.

### **a) Wood Green Cemetery Extension**

A total of 132 new grave spaces are planned to be made available within the existing cemetery at Wood Green. A technical specification for constructing 28 traditional graves, 104 vaulted chambers and retaining structures has been produced and has formed the basis of a contract to supply and install. This contract has been tendered with a provisional start date of August 2010, following Procurement Committee contract award on 21 June 2010. This project is being supported through the existing Prudential Borrowing capital allocation.

It is envisaged that this work, once complete, will offer burial provision for up to four years. This is based on the grave usage rate from 2007-08, when grave space at Wood Green was previously in plentiful supply. Prudential borrowing will be required to support the construction of this extension. It is estimated that the construction work will cost £340k which, once interest and fees are added, will require repayments of £457k over two years. With an expected income of £645k from the sale of graves over this period, the overall revenue surplus should be around £188k.

## **b) Enfield Crematorium Cemetery Extension**

In May 2010 the Council completed a feasibility study for extending the existing cemetery into an unused area of the site. This area was previously used for domestic landfill and is unsuitable for traditional dug graves.

The feasibility study was commissioned to address the apparent unsuitability of the only available ground. It details the surveys that have been undertaken and the consequent engineering solution proposed to enable new graves to be provided on the site.

The study and its proposed engineered solution conclude that it is financially and technically viable to create additional grave spaces on the site. This proposal has been examined by the Environment Agency whose role is to ensure that there is no risk of pollution to controlled waters as a result of cemetery development. They have confirmed that they would have no objection to a planning application for this cemetery extension. The local planning authority, Enfield Council, also supports the proposal, in principle.

The project cost has been estimated at £5.4m. This would deliver an additional 1,791 grave spaces, the majority of which would be double vaulted chambers. It is estimated that this would provide burial provision on the site for the next 17 to 20 years. The source of funding could be prudential borrowing. Including interest payments, the total cost of the new cemetery would be £7.6m all of which could be recovered during the first 10 years of the life of the cemetery. It is estimated that the current price of a double burial chamber would need to rise by 57% to £6,251, and thereafter by 3.3% per annum, in order that the current level of income for the service is maintained.

## **c) Grave Re-use**

This is a relatively recent approach for tackling the nationwide problem of cemetery capacity shortages. The powers to re-use graves are as follows:

*"The subject of re-using existing graves has been the subject of an ongoing discussion since 1994. In London Section 9 of the greater London Council General Powers Act 1976 enables borough councils to reclaim and reuse a grave where rights of interment have not been exercised for 75 years and specified Notice has been published and the right of burial extinguished. Similar powers exist for the City of London Cemetery. Should any proper objections be received and not withdrawn the re-use is not permitted. Burials may thus be carried out in existing graves without disturbing human remains.*

*Under S74 of the London Local Authorities Act 2007 in certain circumstances borough councils have power to disturb human remains, in contrast to above, in graves older than 75 years where a burial authority wishes to deepen the grave to enable more burials, the 'lift and deepen approach'. This is subject to compliance with conditions largely contained in the earlier legislation above. The outstanding debate is for areas not covered by these Acts and some possible relaxation but to date is not resolved. It is reported that some boroughs and the City of London cemetery have availed themselves of these powers."*

(Source: District Valuer Service – March 2010)

So, whilst it is possible to create additional grave space by re-using old graves, it is not a methodology that is widely used at present. In addition to the potential

consultative and administrative burden that such a method presents, there is also likely to be a cost involved in the grave recovery. A further obstacle to exercising this option is that of public resistance to such a scheme.

### 6.3 Asset Condition – Enfield Crematorium

The original Crematorium buildings were completed in 1938. The accommodation includes two chapels for services, four cremators, site offices and welfare offices in the main block with a columbarium and additional offices in the West Chapel building, which was opened in 1955. The site management offices and public toilets are located to the rear accessed directly off the parking area. The external appearance of the main building is dominated by a prominent brick chimney in line with the entrance roadway.

There is a detached three-bedroom house at the site entrance; currently occupied by the site manager. There are also two three-bedroomed, semi-detached houses (see appendix I “1&2 Grenville Cottages”) adjacent to the north-eastern entrance. One of these is occupied by a Council tenant, the other is used as a staff welfare and storage facility. Both of these houses are considered surplus to the requirements of the bereavement services operation.

The existing network of site carriageways is restricted and limits access to parts of the site. It is frequently congested with mourners’ vehicles for which there is inadequate parking.

A condition survey of the buildings on the site was undertaken by Property Services in January 2010. It concludes that buildings are in a reasonable condition. The survey identifies some minor repair requirements over the next five years, to the value of £39k with £23k indicated for the current financial year (2009-10).

This condition survey indicated that further surveys need to be undertaken to identify works that may be required to meet statutory compliance standards, including a DDA survey, Fire and Water Risk Assessments and an updated Asbestos Survey.

The condition survey has identified the need for maintenance but not for building improvements. As a minimum, staff facilities and public toilets, in particular, need a significant upgrade to meet current expected standards.

The age, design and external appearance of the Crematorium buildings, create an austere impression, reinforced by the central positioning of the chimney in line with the entrance driveway, though this effect has been softened through use of sympathetic planting. The Service Chapels have relatively little natural light and a similarly austere feel.

### 6.4 Local competition and client expectations

There are twelve crematoria in the vicinity of Enfield Crematorium (see Appendix H). These represent an element of competition for Enfield Crematorium as many of them have in recent years been refurbished, improved and, in the case of Forest Park in Hainault, are brand new facilities. In effect, it is usually the family who make the choice of site for cremation, and, usually, this is based on proximity of residence of the deceased and their immediate family, where they may have existing family laid to rest, and the recommendation of the funeral director. Other factors that will inevitably influence that choice, though, will be the price of service/memorials<sup>1</sup>, attractiveness of the grounds and buildings, availability and quality of

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<sup>1</sup> Cremation Pricing

Enfield Crematorium’s 2009/10 fee was £510 (Now £535). This compares with other providers as follows:

All 24 London Crematoriums	Average fee £478	Range: £340 - £575
Nearest 12 Crematoriums	Average fee £497	Range: £420 - £600

public facilities, access by road, availability of parking and the quality of service provided by staff and management. It follows that any perceived reduction in quality for any of these factors will reduce demand for services at that crematorium.

Changing client expectations over the years have led to more contemporary designs for crematoria which tend towards a more sympathetic and informal feel, with, for example, much greater use of natural light within the Chapels. In order that Enfield Crematorium retains its position of choice for the local area, it will require some investment to modernise its facilities, offer a greater range of services and improve vehicle access and parking on site. The requirement for major civil works to enable the mercury abatement equipment to be fitted presents a good opportunity to address the need for better buildings and infrastructure. In addition, the proposal for further burial facilities includes a new roadway that will alleviate the traffic congestion problems that are currently experienced on the site.

## **7. Financial Analysis**

7.1 Cremations and burials are operated as a commercial service which is reflected in the base budget. The service is completely self-financing and has, as an average of the last four years, produced a revenue surplus. The main revenue streams are from cremations, burials and memorials.

### **7.2 Cremations Income (Appendix J)**

The income received for cremation services for the last four years averages just over £1m.

Whilst the number of cremations over this period has declined slightly the income has been supported by a steady increase in cremation charges at a rate significantly over the rate of inflation during the same period. This has been linked to the planned budget expectations and the requirements of the efficiency savings decisions. The current charge for a cremation is £535, up from £440 in 2007-08. Income targets for cremations are set on an annual basis. In 2009-10 income was short of target by 6%. In the previous three years, income exceeded target by 12% (2006-07), 2% (2007-08) and 3% (2008-09)

### **7.3 Burials Income (Appendix J)**

The total annual income for burials (both new graves and re-opened graves) is now in decline as new grave burial space has been significantly reduced. Unless new grave spaces are created, burial income will largely be dependant upon continuing demand for re-opened graves, although this only represents about 12% of total burial income. The advent of new burial chambers at Wood Green had mitigated somewhat against this downward trend. These chambers are very popular with clients and generate more than double the unit revenue compared to traditional dig graves. However, because there is very limited capacity remaining, income in 2010-11 will be reduced compared to previous years, pending completion of additional capacity in mid 2010/11. In previous years income exceeded target by 27% in 2006/7 and 4% in 2007/8, whilst 2009/10 was 0.5% short of target.

### **7.4 Memorials Income (Appendix J)**

A range of memorial items are available for clients to purchase. The vast majority of this income is generated at Enfield Crematorium and related, in volume and income to the cremation service. This is an important, and, until recently, relatively stable, revenue stream for the operation. In 2009-10 income was down 11%. In the previous



three years income targets had been achieved, or virtually achieved, with a range of +1% to -2% against budget.

#### 7.5 Profit and Loss (Appendix K)

Analysis of the operations trading performance is set out in the Appendix.

### 8. **Enfield Crematorium and Burial Provision Feasibility Studies**

8.1 Given the performance challenges and changing environmental protection legislation the Council commissioned two further pieces of work during 2010 aimed at the need to invest in building, infrastructure and equipment as well as reducing or eliminating the financial risk posed by lack of burial space.

- 1) Production of a series of options for safeguarding the provision of all Council services from the Enfield Crematorium site
- 2) Assessment of the feasibility of extending the cemetery at Enfield Crematorium

#### 8.2 Enfield Crematorium Strategic Review (Appendix L)

This report, "A Review of Options for the Future Operation of Enfield Crematorium" was written by an NPS property consultant and was published in May 2010. It was commissioned by The Council to define what site developments should and could be instigated as a way of securing service provision from the site over the next 25 years, in the face of local competition, mercury emissions compliance requirements and revenue surplus expectations.

This review concludes that engagement with the market to transfer the operation to a third party, either on a long operational lease basis or through a sale of the freehold interest, represents the recommended route for the future operation of the Enfield Crematorium site.

The conclusions of the Strategic Review Report can be summarised as follows:

- There is a requirement to renew cremators at the Crematorium and fit mercury abatement plant to comply with emissions targets
- The volume of cremations at Enfield is reducing due to demographic reasons although the lack of investment in buildings and infrastructure on the site cannot be ruled out as a contributory factor
- There are two main options available for the Council to pursue against this background, one of which is to undertake capital investment to improve the site facilities and the other is to investigate market interest in buying or leasing the site so that an external operator can manage it as a private crematorium and cemetery business, outside of Haringey Council control
- As a result of an initial options appraisal, the option to refurbish the site appears less favourable than that to either dispose of or lease out the site. To test this conclusion, the Council should engage with the market
- The burial feasibility study, the site review and the two other cemeteries should be brought together into an integrated approach towards the future of the burial and cremation operation in Haringey

Evidence collected during this Review suggests that external operators would be willing to invest in refurbishing crematoria and cemeteries given sufficient length of lease to make this viable. Whereas standard local authority leases tend to be 25 to 30 years, an external operator may be looking for a lease of 90 or above.

### 8.3 Burial Extension Feasibility

This report, produced by NPS, concluded the following, in its Executive Summary:

- The project is technically viable. The construction can be achieved by stabilising the existing landfill ground, creating a concrete base over this and installing concrete burial chambers, with appropriate surface landscaping, upon this new base.
- Following a series of groundwater pollution risk assessments, the Environment Agency have reported that they would have no objection to a planning application for this cemetery extension.
- The project cost would be £5.4m. Construction should be divided into an initial phase, to provide the site infrastructure, and subsequent phases to provide burial chambers as necessary.

## 9. **Enfield Options Appraisal Outcome** (Appendix M)

- 9.1 The NPS report identified a series of options for equipping Enfield Crematorium site for future operations to enable continual service provision over the next 25 years. These ranged from a Do Minimum option, to address mercury emission requirements, through a medium-term option, to remodel and improve existing buildings to a long-term option for completely rebuilding the Crematorium. In addition, an option to dispose of the Crematorium to an external operator to manage as a private business, either through sale or leasing, was identified.

Following an options appraisal process the Lease or Disposal options was identified as providing the best overall value for money for the Council.

### 9.2 Options Appraisal Process

The option appraisal process was carried out according to Treasury Green Book guidelines.

To enable the analysis to occur, a list of service objectives were compiled as follows:

- Maintain/ increase proportion of total cremations in relation to total number of cremations in local area
- Upgrade staff facilities to ensure that suitable over period of review
- Modernise site to improve user experience and meet expectations over review period
- Meet mercury abatement standards
- Improve environmental performance with emphasis on carbon reduction
- Improve car parking allocation(150-200cps)
- Ensure ongoing/uninterrupted operation of site during any works

These objectives were then prioritised according to importance and weighted. Then, the costed options available were scored against the above objectives to analyse the contribution that each chosen option would make towards objective achievement. Thus, each of the options was appraised on the basis of cost vs benefit and then discounted in order to compare the costs and benefits that would occur over a 25 year period.

The discount rate of 3.5% (Net Present Value (NPV)) is set by the Government and is used to convert all costs and benefits to present value so that they can be compared.

The Lease or Disposal options from this analysis returned the most favourable NPV results and highest scores against the non-financial objectives. The other options would involve a capital contribution from the Council and are therefore seen as a 'cost' whereas the lease/disposal option is seen as a benefit.

## **10. Consideration of Wood Green and Tottenham Cemeteries**

The work commissioned by the Council to examine the feasibility of investing to secure the future of service provision was centred around Enfield Crematorium. However, Wood Green and Tottenham cemeteries also need to be considered.

Notwithstanding short-term investment to provide additional burial space at Wood Green, these two cemeteries represent some elements of service delivery that will continue even when new burials are no longer taking place. Clients will continue to require a burial service for subsequent interments, both to traditional dig and burial chamber graves. Visitors will rightly expect that the standard of grounds maintenance will be sustained even when grave space has been exhausted. People will also expect that they can continue to access and enjoy the site as a public amenity space. With this in mind, the memorial safety inspection programme will need to continue. Finally, the future re-use of existing graves cannot be ruled out as a method for creating burial space capacity to meet continuing demand. For these reasons, both Wood Green and Tottenham Cemeteries should be regarded as a part of the package of service delivery alongside that at Enfield Crematorium.

This view is endorsed by DVS (District Valuer Service). With reference to two recent, comparable, transactions by Torbay Council and North Somerset Council they say:

*"The characteristic of these collaborations is the fact that the operator takes over the service provision as a whole and not on an individual site basis reflecting the ability of the sustainable crematoria element of the business to subsidise those parts which are either wholly maintenance burdens or have a limited or low and uncertain income producing potential."*

In relation to Wood Green and Tottenham Cemeteries, they advise the following:

*In the light of the information provided it is apparent that the most sustainable and profitable element of the Council's current operation is the crematoria and cemetery at Enfield. Wood Green has potential for a good income stream in the immediate future but will then be dependent on the less certain income from re-openings. Tottenham is already in this situation.*

*Having regard to the foregoing and the appendix reports it is considered that the best option for the Council in order to secure the long term future of its service can only be to offer, by tender, a package of the three sites based upon a minimum of a 15 year agreement subject to annual review, the current surplus, the extension potential and with provision for inflation. The Lodge House on the crematorium site is regarded as beneficial to the service and should be included within the package offered.*

## **11. Consideration of 1 and 2 Grenville Cottages**

Where once these properties would have been for the use of service staff attached to the Enfield Crematorium operation, this is no longer the case. The properties are considered to be surplus to Council requirements and, therefore, should be sold, as a pair, as a separate exercise to that of the remainder of the Enfield Crematorium site. A valuation of the properties was carried out in March 2010 giving a general guide value.

## 12. Change Implementation

In order to progress the disposal of the business and the three sites, it is proposed that a project team be established to oversee the change implementation process. This team should be sponsored by AD Recreation Services and report into the Regeneration Programme Board, via the Capital and Assets Strategy Board. The team will be multi-functional and consist of officers from Corporate Resources as follows: HR, Procurement, Legal Services and Property Services, as well as Recreation Services.

Initially, Expressions of Interest will be sought from appropriate external bereavement services operators. Operators interested in leasing or buying the package of sites and operations from the council will then be asked to participate in a formal tendering process, led by Corporate Property Services.

It is estimated that the whole process, including the gaining of planning permission, would take about 18 months from the date of Cabinet approval. Detailed design work has already commenced to secure planning permission from Enfield Council for the Enfield Cemetery extension. Recreation Services will continue to be responsible for this element. This is being pursued now so that the site can be leased or sold with the benefit of planning permission. This would be seen as advantageous to any interested external organisation, especially given the challenging nature of the land available and the detailed work that has already been done to gain approval from the Environment Agency and an endorsement of new burial provision from Enfield Council.

In addition, it is planned that groundwater testing and monitoring is maintained on the basis that this would become a planning condition at the request of the Environment Agency. This monitoring will shorten the elapsed time between planning permission being granted and new grave space being available for use. This, in turn, would make the site more attractive for any potential external operator.

Other key tasks will include dealing with any TUPE implications, gaining vacant possession of the properties to be sold and disposing of the sites.

## 13. Project Costs

The Council has incurred professional fees and surveying costs to prove the feasibility of burial provision construction and to investigate the options for Enfield Crematorium, funded from the 2009/10 capital allocation. Further costs for the detailed design of the burial provision will need to be incurred, leading up to planning permission approval. It is assumed that these will be funded corporately. The costs are summarised below:

Description	2009-10 Cost	2010-11 Cost
<b>Enfield Burial Provision</b>		
Management fees	28,506	43,250

Design and QS consultancy	8,090	77,980
Ground Surveys	21,149	4,875
<b>Crematorium Study</b>		
ICCM Report	1,200	
NPS Report	10,000	
District Valuer Report	4,500	
<b>Site Disposal</b>		
Management Fees		TBA
Other Fees		TBA
<b>Total</b>	<b>73,445</b>	<b>126,105</b>

#### 14. Outcomes and Implications

In 2009-10 the Council produced a revenue surplus from joint operations at the Enfield Crematorium site and its other two cemetery sites. This surplus is at risk and can only be sustained through capital investment in new cremation equipment (£1.4m), enhanced site facilities (minimum £2.6m) and a new cemetery (£5.4m).

The investment required by the Council (min. £9.4m) to safeguard this annual revenue and to provide an ongoing service for, say, the next 25 years would have to be funded by prudential borrowing which not only adds to the overall cost of investment but is required to be self-financing. With a nominal pay back period of 10 years, such borrowing would add approximately £1.25m annual costs to the operation, or £12.5m in total. As an alternative, a longer borrowing term, to match that of the life-span of improvement, say 20 years, may be considered. This would result in a total of £15.7m, or £787k per annum. These additional cost burdens would inevitably result in current revenue surplus targets being more at risk.

The prospect of a sale or lease of the Council's Crematorium and cemetery sites to a 3<sup>rd</sup> party operator, to manage independently of Council control, addresses some of the pressures currently facing the Council's operation. By engaging with the market for the provision of these services and a return of revenue (or capital receipt) to the Council, with an ambition to match the existing surplus, a transfer of risk can be anticipated for the following investment decisions:

- Mercury abatement filtration equipment and new cremators
- Improvements in buildings and site infrastructure
- New burial provision

The investment in these areas could only be justified on the basis that costs can firstly be controlled in the short-term and, secondly, recovered in the long-term, by ensuring that service demand matches the necessary income targets. This demand would need to be generated by improved facilities on site, improved customer experience, service pricing and appropriate marketing.

The implications of 3<sup>rd</sup> party ownership and operational management include:

- Staff transfer under TUPE rules
- Relinquishment of operational control, ownership and pricing
- Public attitude to asset transfer
- Public and Council concerns about quality of service

- Ability of external operator to manage the service profitably
- Loss of amenity value of site(s)
- Enhanced amenity value of site(s)

## **15. Conclusions**

The Enfield Crematorium site is facing an uncertain future unless significant capital investment is made towards improving cremation and burial services delivered from it. The revenue surplus that this service has traditionally returned to the Council is now at risk unless the appropriate investment is made.

An appraisal of the options available for safeguarding the future operations on site has concluded that attracting market interest for the sale or lease of the site to an external operator provides the most advantageous financial and operational outcomes for the Council. Such an approach would transfer the investment risk to a private sector operator who would then be responsible for operating and managing their own, profit-making business independently of Council control. This arrangement can either return a capital receipt or an annual revenue stream to the Council, whilst complying with the necessary crematorium and burial legislation and regulations.