

Report of The Managing Director

NENE VALLEY CREMATORIUM – FIRST ANNUAL REPORT

1 Purpose of report

The board of Wellingborough Bereavement Services (WBS) Ltd has submitted its first annual report to its sole shareholder (the council), and this is attached as Appendix 1.

2 Executive summary

Nene Valley Crematorium (NVC) has been trading for just over one year, and their report to the council as shareholder demonstrates the approach taken by directors.

3 Appendices

The appendix contains the annual report of Wellingborough Bereavement Services Ltd.

4 Proposed action:

The committee is invited to RESOLVE to:

4.1 NOTE the report of Wellingborough Bereavement Services Ltd.

The committee is invited to recommend that the council:

4.2 consider allocation of a capital budget to enable alterations to the canopy outside the waiting room, in line with the request made by the company;

4.3 consider allocation of a capital budget to enable phased development of the gardens of remembrance, in line with the request made by the company;

4.4 introduce a fee of £450 for a direct cremation which could take place at a time convenient to the crematorium staff and without any use of the chapel or other related services;

4.5 amend the make-up of the Board of Wellingborough Bereavement Services Ltd to two councillors and two employees of the council or the company.

5 Background

- 5.1 The council first started to consider whether it should build a crematorium as part of the zero-based budget exercise in 2011. A working party of the Overview and Scrutiny Committee was commissioned to carry out a review, and recommended that this would be a worthwhile project as it would provide a much-needed local service and be an invest-to-save opportunity for the council.
- 5.2 Resources Committee agreed to create a working group and commission a feasibility study in February 2012.
- 5.3 The council had the opportunity to purchase land to the east of Doddington Road as the site of its crematorium. Mercia Crematorium Development Limited had gained outline planning approval for a crematorium in this location on 19 December 2012.
- 5.4 The land was purchased at a price of £1.25m on 29 April 2013. The contract included a restrictive covenant providing that the land could only be used for the building of a crematorium.
- 5.5 A new project board was established following the restructure of the senior management team in November 2013. This included an external project manager. A cross-party member advisory group was also formed so that the views of members could be taken into account.
- 5.6 In early 2014 Wates Construction were procured on a fixed price design and build basis to construct the crematorium via a framework agreement. The project manager was instructed to build a crematorium which took into account the wide consultation exercise carried out in the summer of 2013.
- 5.7 The earthworks and constraints on site were challenging and this, together with an upturn in the building trade, resulted in a total project/build cost of £5.586m, but did include infrastructure and space for expansion if required. The project included provision of a limited amount of landscaping around the building but no funds or plans for the development of the remainder of the site as a memorial garden.
- 5.8 The council agreed the creation of a wholly owned company to operate the crematorium in September 2015. This would be governed by a board comprising two members and two senior managers.
- 5.9 The crematorium was completed on 31 May 2016, several weeks earlier than expected. At this point the manager and her team were still being recruited and undertook the not insignificant task of putting in place all the operational aspects of the business. Once this had been completed the company opened for business on 19 September 2016.

6 Discussion

- 6.1 The feasibility study carried out as part of the viability exercise estimated 500 cremations for the first year of trading, reaching a peak of 900 after a few years' trading. It is clear from the report that NVC performed better than expected, with 694 cremations having taken place on the anniversary of its opening. More details of this are included in the annual report.
- 6.2 Because of significant start-up costs, facilitated by a loan from the council at commercial rates, the company was not expected to make any profit in the first year. The first year accounts have now been produced and the company is reporting a net loss of £14k as at 31 March 2017. The 2017/18 forecast outturn position for the current year was presented to the board in September which reported that the crematorium is currently on track to deliver a £145k profit before tax.
- 6.3 Early expectations in relation to the way in which the company is managed and operates have been refined following further advice and experience. The intention to put in place a market lease (Resources Committee, June 2016) would have had a detrimental effect on the council's VAT position, so a realistic alternative will be put in place (and back-dated) which takes account of what is reasonable from an HMRC point of view, but which also takes account of state aid implications. As this is a complex issue, the lease will not be finalised until officers have carried out due diligence.
- 6.4 **Alterations to building:**
- (a) The Board of WBS Ltd has requested that the council consider making an alteration to the building: after one year's operation it has become clear that the waiting room is not large enough for anything other than a small number of mourners. This means that they tend to wait outside.
 - (b) The canopy adjacent to the waiting room is suitable for this, but is not completely under cover. There is an area which is open to the sky, and makes waiting in bad weather uncomfortable. Negative feedback has been received from funeral directors and members of the public on this issue.
 - (c) The benefit of adding a glass roof to the outside waiting area is primarily linked to customer comfort and satisfaction. There is no evidence that it would increase the number of cremations booked, and it is almost impossible to quantify whether the lack of a covered area is reducing the number of bookings achieved.
 - (d) The Board has therefore requested that the council regard this as an essential improvement to make the building fit for purpose, and dedicate a capital sum of £50,000 to the works.
- 6.5 **Proposal for memorial gardens:**
- (a) The company is currently preparing plans for the memorial gardens. A scattering lawn is already in place, and a memorial wall could be available in the current financial year. As the site is large – albeit with

significant constraints – this provides opportunities for a range of memorial options, which the Board is considering.

- (b) If funding is available, the intention is to put in place two memorial walls/constructions: one next to the scattering lawn and one closer to the site entrance.
- (c) The Board has put together a business case for the council to demonstrate how investment in the walls will provide a return over the next few years. Because of the costs involved a procurement exercise will be necessary. Capital bids for the two memorials have been submitted for members' consideration
- (d) As part of the wider site planning, the Board will be putting to the council proposals for funding the gardens on the larger site on a phased basis. In time it is hoped that dedicated areas (for example, a children's garden and a veterans' garden) can be developed, but the primary aim is to cater for as many families as possible by providing a "generic" space.

6.6 **The site:**

- (a) Members will recall that a small part of the crematorium site is to be purchased by the Ministry of Justice to facilitate access to the prison. This is still going through the legal processes, but will result in a small capital receipt for the council.
- (b) As part of the heads of terms of the sale, it has been agreed that the Ministry of Justice will put in place screening along the boundary of this piece of land, and will take account of funerals when undertaking works on the wider project.
- (c) There have been a number of issues with the landscaping carried out by Wates as part of the contract to build the crematorium. Discussions are ongoing, and a resolution is being reached which will improve the appearance of the site, and provide trees on the access road.

6.7 **Fees**

- (a) The Board is not proposing any change to the existing fees for the coming year.
- (b) There has, however, been a suggestion that a new fee for direct cremations should be introduced: this is not to be confused with "no service" cremations which go through the main entrance and are sometimes accompanied by a few people; it is simply a drop-off by a driver (with no mourners) out of core hours and the cremation would take place at a time to suit the team.
- (c) The fee proposed is £450, as there is capacity to accommodate this arrangement, timing the cremations to make best use of resources. The reduced fee has been suggested because there would be minimal costs attached to this other than gas and electricity for the cremation, together with a small amount of staff time. Whilst other crematoriums provide a similar service (also at a fee which is significantly reduced from standard cremations) it is anticipated that NVC could attract part of the market and therefore increase its annual income.

6.8 **The Board**

- (a) Being the first wholly owned company of the council has meant that the

Board has had to consider and determine a number of issues since its inception. These are outlined below.

- (b) The two councillors who are directors of the company have taken advice on the potential conflict of interest with their roles as councillor. Both have declared their interest in writing, as required. It has been established that the two members may remain in meetings during general discussions about the company, but must leave if the council is set to make any decisions in relation to the governance, financing or operation of the company.
- (c) The two officers who are directors of the company have also taken advice on the potential conflict of interest where a statutory role is held. It had already been established that the S151 Officer could not be appointed as a director. However, since her appointment as a Director, Miss J Thomas has been appointed as the council's monitoring officer. This therefore produces a conflict of interest, and she will need to resign from the Board.
- (d) Given the limited options available to the council, it is therefore recommended that an amendment be made to the decision made in September 2015 in relation to the appointment of directors. Instead of two councillors being appointed and two officers of the council, the recommendation is to appoint two councillors and two employees of the council or the company.
- (e) Governance: the governance of the company and its interaction with the council has been reviewed. Whilst it was agreed at Resources Committee in March 2016 that a liaison board would be put in place – mirroring the arrangements at Wellingborough Norse – it soon became clear that, whilst this is effective for a joint venture, it does not work in the same way for a wholly owned company. The Board, in discussion with the Head of Paid Service, has therefore agreed that – rather than a liaison board – statutory officers of the council will attend the board as observers to provide a general overview of compliance with council policies where applicable, and monitoring of the company's effectiveness.

7 Legal powers

- 7.1 Section 111 of The Local Government Act 1972 gives the Council power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
- 7.2 Section 2 of the Local Government Act 2000 gives the Council the power (subject to certain exceptions which do not apply here) to do anything which they consider is likely to achieve the promotion or improvement of the economic, social or environmental well-being of the Borough

8 Financial and value for money implications

- 8.1 A request has been made by WBS Ltd for capital funding, as outlined above. This would require approval of a capital bid based on business cases which demonstrate a return on investment as well as a benefit to the customer.

- 8.2 The company will be investing in the creation and improvement of the gardens of remembrance, as they are in demand. It is anticipated that income from this investment will begin to materialise in 2018/19.

9 Risk analysis

- 9.1 There is significant pressure on the company to make some changes to the crematorium. A survey identified the key points – the most significant of which was the need for a covered waiting area. If this work is not undertaken it is possible that families will find the crematorium inhospitable in bad weather.
- 9.2 There is also a growing need for a memorial garden which has a variety of options. To date the first scattering lawn is in place, and a wall of remembrance could be delivered within the next few months, subject to funding. The company's main focus at this time is the delivery of a garden which is welcoming and attractive – and suits the architecture of the building.

10 Implications for resources

The primary implication for resources is the officer time needed to make this project a success. Because of its high profile nature, senior management are heavily involved in ensuring progress and compliance.

11 Implications for stronger and safer communities and equalities

None directly for this report.

12 Author and contact officer

Liz Elliott, Managing Director

13 Consultees

Directors
Assistant Directors

14 Background papers

Minutes of project team meetings and member advisory groups
Correspondence with officers and relevant internal/external contacts.

WELLINGBOROUGH BEREAVEMENT SERVICES LTD

ANNUAL REPORT 2016-17

Chairman's message

I feel privileged to be the chairman of the Borough Council of Wellingborough's first solely owned company, knowing that we have been successful in providing a much-needed service for people in the borough of Wellingborough and beyond.

The council decided to build a crematorium, and put in place a company to run it, for two reasons: first, because people of the borough were having to wait some time before funerals could be arranged - as well as having to travel to Kettering or Northampton along busy roads; and secondly, because the council needed to consider how to be financially self-sufficient as government funding continues to be reduced.

I am pleased to report that Nene Valley Crematorium is set to achieve both those aims following a first year of positive trading. Hundreds of funerals have taken place at the crematorium and – despite the high start-up costs of such a specialist business – a profit looks likely in the second year of trading.

There have been a number of challenges over the past year – including issues with the building itself, the landscaping around the building, and Storm Doris – but I am pleased to report that these are all being addressed and resolved. In addition, it has been incredibly helpful to receive both positive feedback and constructive criticism, which will be taken into account as the business progresses.

My priority for the coming year is to see progress in the grounds of the crematorium, providing memorial options for families and friends who have lost loved ones. This site provides a tranquil and varied setting which we aim to complement as our garden of remembrance develops.

I am confident that the team we have in place will be able to deliver what is needed.

Barry Graves
Chairman

Introduction

This is the first annual report of Wellingborough Bereavement Services Ltd.

The company was formed on 30 December 2015.

Registered number: 09932293

Registered Office: Swanspool House, Doddington Road, Wellingborough NN8 1BP

Operational address: Nene Valley Crematorium, 305 Doddington Road, Wellingborough NN8 2NX

Board: Barry Graves (Chairman), Tim Maguire, Julie Thomas (Operations Director), Bridget Gamble.

Its first (and currently sole) venture – Nene Valley Crematorium – was opened for business on 19 September 2016. This report looks back on the first year of trading.

Vision

“A tranquil setting that respects and accommodates the wishes and needs of all our community.”

The crematorium is a modern building with modern facilities and technology which recognises the need for flexibility and good service.

The Guiding Principles of the Institute of Cemetery and Crematorium Management are observed.

Performance

In its first year of business the crematorium undertook 694 cremations, with an average of 12 cremations each week. The busiest month to date was March 2017, when 78 cremations took place. The target number of cremations for year one was 500, so performance levels were considerably higher than expected.

Approximately 45% of the deceased had been resident in the borough, with the East Northants area (including Rushden) being represented second. It has become clear that the facility is serving a wide area covering Northamptonshire, Bedfordshire and Cambridgeshire.

To date, reduced cost “off-peak” cremations have not been as popular as expected – with only 73 in the first year - given that they cover early morning and evenings when people do not generally have work commitments. Cremations can also be booked on Saturdays and Sundays, at the standard rate, with no enhancement in fees for the weekend. Further publicity about funerals at convenient times will be considered.

The Board

The Board has met regularly since the company's creation to address issues arising during the establishment of the business. It has now settled to meetings every 4-6 weeks.

The Board receives regular operational reports and monitors finance, health and safety, and performance. Over the next year further management information will be provided to the Board in the shape of key performance indicators, risk registers and business continuity plans. A fledgling business plan is in place which will continue to be refined and developed over the year. This will be developed to include a marketing plan, with proposed improvements to the company's website.

Staffing

The operational team of five people at the crematorium is headed by Tracy Lawrence – Manager and Registrar. In addition to the core team, Lisa Sheppard has been recruited as Executive Director in order to manage the strategic development of the business.

Environmental issues

The crematorium was granted a permit to operate under the Pollution, Prevention and Control Act 1999 and The Environmental Permitting (England and Wales) Regulations 2010 as amended. Emissions are tested in accordance with the requirements of the permit.

A policy is in place in relation to the recycling of metals.

Feedback

The crematorium staff have been collecting feedback from users for over a year, and one formal survey has been carried out to establish the key issues to be addressed by the Board.

In general the crematorium has been well-received, with positive comments about the staff, the views over the lake towards the river, and the tranquillity, as well as the modern look and approach.

We have also been asked to consider improvements to the memorial gardens, location of disabled parking spaces, cover for mourners waiting to attend a funeral, space for floral tributes, and a range of other issues.

In addition to the feedback from users of the crematorium, the company and the council have been jointly addressing issues following its completion and handover by the contractor; these include: the curtain tracks, air cooling, access road, and door heights. Discussions will continue until a resolution is found to all outstanding issues.

Achievements

The **Book of Remembrance** is now in place, providing an opportunity for visitors to have something tangible which provides a link to the time they said goodbye to loved ones.

Open Days were held before the crematorium opened for business in 2016. These were very well received, as was the more recent Open Day on 30 September 2017. We recognise the importance of being visible and accessible, dispelling some of the worries and concerns about the cremation process.

The official **dedication** of the crematorium took place on 19 September 2017, exactly one year after the opening date, when the Mayor and Mayoress presided over a short ceremony and small reception to mark the day.

In December 2016 a **candlelit memorial service** was held, primarily to remember all those who had died since the opening of the crematorium, but also for anyone wishing to remember loved ones. As this event was a success, a remembrance service will be held again at the crematorium on Saturday 2 December 2017.

Future plans

The memorial gardens will take some time to develop completely because this is a huge site with many constraints and challenges: there are underground pipes and cables criss-crossing the site which limits what can be done, and it is flanked by a prison and a field full of solar panels. It will take some time to cultivate the kind of peaceful garden environment we aspire to provide. We will therefore aim to address this in a phased approach so that we are able to offer some memorial options as soon as possible – but a wider range in the longer term.

Because of the topography of the site the car parks are on a slope. To assist disabled drivers and passengers we have a wheelchair which staff are happy to use to collect any passengers who need assistance, and we have now also created two spaces adjacent to the building specifically for disabled drivers.

The council has been asked to consider altering the crematorium by putting in a roof across part of the front courtyard area to ensure that waiting mourners remain dry in bad weather.

An extension to the floral tribute area has been suggested as a positive improvement and this will be taken into account as part of the forward planning aimed to improve and develop the site.

Looking to the future the company is monitoring performance and business growth in general, but particularly so that an optimum time can be identified for the installation of a second cremator and construction of a second chapel. Neither may be required for some time, but forward planning will identify whether and when the already installed infrastructure will be needed.

In addition to the immediate projects outlined above the company will investigate ways in which it can extend its support for bereaved families by providing additional facilities and relevant services.

The team would like local people to view the crematorium as a safe community space for those bereft, and look forward to introducing new services, building on recent successful events such as the seasonal candlelit remembrance service and public open day. New events linked with special dates such as Mothers' Day and Fathers' Day are also in the planning stage.

Financial performance

The company's accounts are in the process of being audited, but the draft is attached as an appendix.

The first year's performance is encouraging and reflects the fact that the target of 500 cremations in the first year has been surpassed.

Appendix

WELLINGBOROUGH BEREAVEMENT SERVICES LTD
TRADING AND PROFIT AND LOSS ACCOUNT
2016-17

		2016-17	
		£	£
	Cremation		329,811
Cost of sales			
	BCW management fees	102,800	
	BCW staff recharges	36,022	
	Wages and salaries	96,035	
	Employers NI	8,685	
			243,542
	GROSS PROFIT		86,269
Expenditure			
	Recruitment	2,621	
	Training	1,899	
	Agency staff	9,988	
	Employer pension	4,898	
	Electricity	8,074	
	Equipment and materials	6,286	
	Carriage	1,873	
	Telephone	3,199	
	Printing, postage and stationery	3,843	
	Advertising	5,010	
	Public transport	240	
	IT expenses	21,588	
	Repairs and renewals	3,989	
	Medical referee	4,540	
	Staff clothing	2,477	
	Accountancy	3,304	
	Grants and subscriptions	553	
	Legal and professional fees	4,774	
			89,156
			(2,887)
Finance costs			
	Bank charges	145	
	Pension administration fees	150	
	Worldpay charges	276	
	BCW interest	3,145	
			3,716
			(6,603)
Depreciation			
	Computer Software	797	
	Plant & Equipment	4,228	
	Furniture & Fittings	2,527	
			7,552
	Net Profit/(Loss) before Tax		(14,155)