

Report of the Chief Executive and the Head of Finance

CREMATORIUM PROJECT – PROGRESS REPORT

1 Purpose of report

This report provides a further update on progress with the Crematorium project.

2 Executive summary

The report sets out the current position in relation to the Crematorium project and deals with the specific issue of financial viability. The report recommends that the project should proceed.

3 Appendices

Appendix 1: Viability and business case report by Classic Cremation Partnership Ltd (included as confidential item 14 on the agenda).

Appendix 2: Experience profile of Chris Johns.

4 Proposed action:

It is proposed that members RESOLVE:

- a) **to note the details regarding financial viability set out in the report and the confidential Appendix 1.**
- b) **to confirm that the project should proceed to the construction phase and that the new Crematorium should be built in accordance with the plans recently approved by the Planning Committee.**
- c) **to agree that regular updates on progress with the project should be provided to the Crematorium Member Advisory Group.**

5 Background

5.1 Following consideration by a working party of the Overview and Scrutiny Committee in 2011 a recommendation was made to Resources Committee in February 2012 that the Council should consider building a crematorium. Resources Committee agreed to commission a feasibility study. This initial feasibility study was commissioned from Richard Harbord, a leading expert in the field. The study was presented to the working party in August 2012, following which the project was agreed for inclusion in the capital programme.

- 5.2 Given the passage of time and a related increase in costs, a second feasibility study was carried out in the summer of 2014 so as to give the council further assurance that the project was viable before progressing it further. The Head of Finance was satisfied by the assurances received.
- 5.3 An update on the project was presented to Resources Committee in December 2014, and the committee asked for further details on the feasibility of the project.
- 5.4 When the Council approved the Capital Programme allocation for the project it clearly intended that the Crematorium should be built; however, it has been suggested that the decision to build the facility has not been made clear. In addition supplementary budget was approved via the agreed urgent action process and some concern has been expressed about this.
- 5.5 Officers consider that all appropriate processes have been followed; however, this report gives members the opportunity to carefully consider the financial viability once again and to issue clear instructions about whether or not the project should proceed.
- 5.6 The update report in December 2014 also included a summary project plan showing key milestones and tasks of the project; the first of these: planning permission for the proposed design, has now been achieved. The next phase of the project is enabling works which will prepare the site for the construction phase. There are of course more detailed project plans for construction but it is not considered necessary to report this level of detail to the Resources Committee. If it is confirmed that the project should proceed it is recommended that regular updates on progress are provided to the Crematorium Member Advisory Group.

6 Financial viability considerations

- 6.1 The initial feasibility study was presented to the Crematorium Working Party on 21 August 2012 and indicated that further feasibility work would be necessary once the site and the design had been agreed.
- 6.2 The officers on the project team commissioned a more in-depth viability and business case for the crematorium from Classic Cremations Partnership Ltd (CCP) in the summer of 2014. This was a company recommended by Faithful and Gould, the project managers. CCP were also commissioned to review the project from an operational viewpoint and this contributed to the preparation of the final design.
- 6.3 The updated viability report, which is attached as a confidential appendix due to commercial considerations, gives further assurance that the project is both viable and is expected to make a return on investment of at least £200,000 per annum as previously forecast. In addition, the report shows that significantly more than the estimated income of £200,000 per annum could be achieved, based on the industry standard costs and income levels.

- 6.4 The report is based on a one chapel, one cremator design, and should demand exceed the capacity for this a further business case for expansion will be developed and presented at a future date. It is not anticipated that this will be within the next 5 years as the report assumes a steady increase in the number of cremations to a peak of 900 per annum in 2020-21. The approved design will be sufficient to manage this number of cremations.
- 6.5 The report shows that the full capital cost will be repaid in 13 years. Once the governance and operating structure of the crematorium is agreed the calculation in relation to capital funding may be done on a different basis from the one assumed in the report. The payback period is a standard method of assessing viability and may not reflect the actual method adopted for calculating estimates of any income to the council. Officers will consider how best to maximise the income to the borough council when appraising the potential operating models for recommendation to members.
- 6.6 On the assumptions used in the reports the Head of Finance is confident that the project will make a sufficient return to be financially viable and, although the estimates will change over time when more robust information is available, the current estimates in the medium term financial plan are achievable.
- 6.7 The design has now received full planning permission and the costings and tender process for the work can be finalised. This means that the enabling works can start on site as soon as the final contracts are put in place. The enabling works should take approximately 8 weeks from commencement, and will lead onto the main construction work which will take a further 42 weeks approximately. This will mean that the build stage of the project will be completed by early spring 2016.
- 6.8 Further information is being gathered on the options for operation of the facility once built and details will be reported in due course as appropriate.

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 The council has a capital budget already in place for the building of a crematorium. Now that the design has been fixed the retained design and build contractor has committed to the budget of £5,586,000.
- 8.2 The creation of a trading company will allow the council to realise revenue from

its capital investment. Early indications (following comparisons with other organisations) showed that the council could derive an income in the region of £200,000 per annum from the crematorium. The design has also incorporated the opportunity to expand and construct a second chapel in the future should there be a business case to do so.

- 8.3 The viability study reported here shows that there is potential to increase the £200,000 per annum income substantially. The figures in the medium term financial plan will be updated once the governance and management arrangements for the Crematorium are finalised and more certainty over costs and income can be ascertained. Currently the costs and income estimates are based on the industry average and will need to be updated once the final arrangements for the operation of the crematorium are in place. Inevitably these will vary over time and as more robust information is updated based on actual figures rather than estimates.

9 Risk analysis

The financial implications outlined above and the main non-financial risk is that the operating structure and governance arrangements need to ensure maximum benefit for the Borough Council.

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

John T Campbell, Chief Executive
Liz Elliott, Head of Finance (S151 officer)

13 Consultees

Senior management team
Chris Jones (consultant – crematoriums)

14 Background papers

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

ABRIDGED CURRICULUM VITAE

Christopher Francis Johns FICCM (Dip)

CAREER TO DATE

38 years experience solely in cemeteries and crematoria divided between the public and private sectors. A former Director, National Chairman and National President of the Institute of Cemetery and Crematoria Management. Holder of the ICCM Diploma and awarded Fellowship for services to the industry. Past Chairman and Trustee of the Burial and Cremation Education Trust.

1976 – 1978

Cornwall Joint Crematorium Committee – Penmount Crematorium Truro

Administrative Assistant

1978 – 1989

Portchester Crematorium Joint Committee – Portsmouth Hampshire

Assistant Superintendent and Registrar (1978-84)

Superintendent Registrar (1984-89) – the U.K's busiest crematorium

1989-1991

West Suffolk Crematorium Company Ltd

General Manager, Company Secretary and Director

1991-1995

The London Cremation Company Plc

General Manager Technical Services

Responsibility for four crematoria including the world famous Golders Green Crematorium in London

1995-2003

Service Corporation International and Dignity Plc

Crematoria Director

Responsibility for 21 crematoria and 6 cemeteries from Scotland to Cornwall. Control and management of 260 staff and a budget of 21m

2003-2009

Memoria Ltd

Director and 33% stakeholder – 5 crematoria. Sold to Dignity plc in April 2009

Memoria was unquestionably the most successful new build venture in the history of cremation in the U.K. building five sites in five years. The company established an enviable reputation as a class leader in quality and innovation.

2003-present

Classic Cremation Partnerships Ltd

Chairman – a small management services and consultancy business.

Classic provides advice and support to cremation authorities around the U.K. The company is proud of its client list that may be seen at www.classiccremation.co.uk

Recent major projects can be viewed on the website. CCP is not a developer of crematoria.

2010-present

East Devon Crematorium Company Ltd

Managing Director and shareholder in this new build project opened in April 2011.

2011-present

General Cemetery Company Ltd

Non-Executive Director

Burial and Cremation Education Trust

Former Chairman and Trustee – a registered U.K. charity

The Trust existed to support the learning activities of people entering the industry to make careers. This was achieved through grants and educational seminars.

International Experience and Overseas Visits

Whilst working with Service Corporation International I visited cemeteries and crematoria across most of Europe. At one stage I was briefly responsible for SCI's crematoria in northern France and the Netherlands. I also visited an extensive range of cemeteries and crematoria in the United States and Australia.

Conferences and Seminars

I have addressed many conferences and seminars within the industry giving a range of papers from the *Private Sector View* to the *History of Golders Green Crematorium*.

Articles and Thesis

I have been a regular contributor to industry publications having written many articles and letters over the years. I wrote a thesis on the history of cremator development for the Institute of Cemetery and Crematorium Management.

ICCM Work

I was for many years a tutor of the Institute of Cemetery and Crematorium Management's Diploma in Cemeteries and Crematoria. In addition to this I was a director of the Institute and had the honour of being Chairman of the Board when the organisation acquired its permanent office and secretariat in London.

Clerk to the General Cemetery Company 2003-2005

I held the post of Clerk of the Company at the General Cemetery Company, Kensal Green Cemetery, London for 18 months. This was a unique privilege and honour as

Kensal Green is recognised as being the most famous and significant cemetery in Great Britain. My company, Classic Cremation Partnerships held the management contract for the operation of that cemetery for five years.

Consultancy Services

I have worked for some of the largest funeral operators in the United Kingdom as a consultant including Cooperative Funeralcare, Britain's largest funeral director. In addition I have worked for numerous councils including, a number of London Boroughs, Southwark, Camden, Islington, and Croydon to name but a few.

Summary

One of the longest serving and most experienced cremation specialists in the U.K. Hands on experience of management at more than 40 crematoria with a good mix of public and private experience. I am largely focused on consultancy and emergency management cover at the present time.

My company continues to work for a range of organisations public and private on projects exclusive to them without compromising confidentiality.

Contact Details

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