

Resources Committee

Report of The Head of Finance

Crematorium Update

**1 Purpose of report**

The purpose of this report is to update members on the final stages of the design and build project for the crematorium. It also asks for agreement to some strategic issues and policies and to note initial operational decisions by Wellingborough Bereavement services Ltd (WBS Ltd) trading as Nene Valley Crematorium (NVC)

**2 Executive summary**

The crematorium project starting life as a working group looking at burial services in Sept 2011 and then becoming a stand alone working group to look specifically at the potential for a crematorium in February 2012. Throughout this time the driving force was to provide a service for the residents of the borough and now, as the building is completed, this is still the focus.

This report updates members on the final stages of the design and build phase and then on the operational issues for WBS Ltd, and the council as sole shareholder, that need to be addressed before the doors can finally open for trade. The majority of operational issues will be dealt with by the company staff and directors. However, the borough council will be responsible for agreeing the strategic direction of the company, including its pricing structure and key operating policies. Those key decisions are detailed in the report for agreement.

**3 Appendices**

Appendix 1: Pricing Structure

Appendix 2: Policies on recycling of metals and "holding over"

Appendix 3: Company Logo

**4 Proposed action: The committee is invited to:**

4.1 **NOTE the updated position on the design and build phase of the project**

4.2 **NOTE the decisions of the directors of WBS Ltd as detailed in section 6.8 of the report**

4.3 **RECOMMEND the split of the key operational issues to be taken forwards by WBS Ltd and the council as detailed in section 6.9 to 6.12 of the report;**

4.4 **ENDORSE the previously agreed policy decision on making an operational working capital loan of £200,000 to WBS Ltd;**

- |     |                                                                                                                                                             |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.5 | <b>RECOMMEND the pricing structure as outlined in Appendix 1, with an annual review in accordance with the council’s annual update of fees and charges;</b> |
| 4.6 | <b>RECOMMEND to adopt the policies set out in the report in relation to the recycling of metals and “holding over” as detailed in Appendix 2;</b>           |

## **5 Background**

- 5.1 The crematorium project first took shape after a working group on burial services was requested by the Overview and Scrutiny Committee in September 2011. Now, after consideration by other working groups on both the feasibility of the project and the final design and implementation, the build phase of the project is coming to an end.
- 5.2 It has been a complex project but is now finally moving into the service delivery that has been long awaited. Officers and members have been involved throughout the whole project, either via working groups or on the project team, and the end result is a building that all can be proud of.
- 5.3 Members have received numerous reports updating them on the progress of both the building project and the arrangements for managing the service once the building was completed. At Resources committee on 16 September 2015 it was agreed that a wholly owned subsidiary company be created to run the crematorium, with the council as the sole shareholder. Wellingborough Bereavement Services Ltd was incorporated on 30<sup>th</sup> December 2015. The council made an initial appointment of Mrs Bridget Gamble and Miss Julie Thomas as directors of the company.
- 5.4 This report will be the last of these updates as the company will take over the operational management of the service delivery in the coming weeks and will then provide updates, together with an annual business plan, to the council.
- 5.5 Members have also been given the opportunity to visit the site during construction. The construction was officially completed and the building handed over to the council on 31<sup>st</sup> May 2016. Once the final finishing touches have been completed by WBS Ltd staff open days will be held for the advisory group, members, officers and all key stakeholders before the company starts to officially trade.

## **6 Discussion**

### **Design and Build Phase completion**

- 6.1 Wates construction has completed the design and build contract and formally handed the building over to the council on 31<sup>st</sup> May 2016, approximately one month ahead of schedule. There are a small number of “snagging” issues as is to be expected in any type of construction project, and Wates are working to ensure these are all resolved prior to the start of operations. This will conclude

the on-site presence of Wates, but the customer care policies and warranties in place mean that they will still be in close contact with officers over the coming months.

- 6.2 The officer project team, including Faithful and Gould staff, has met for the last time to review the project and formally sign it off as completed. This included lessons learnt for future large scale capital projects. This meeting was the formal close of the project team as the company staff and directors will be dealing with all operational issues going forwards.
- 6.3 The building and site will now be added to the council's investment portfolio and leased back to the company on a market rent basis to ensure there are no state aid implications. The property will then be managed in the same way as any other investment property, via the Underwoods contract and within the delegated powers of officers. Any further major developments or capital expenditure plans will, however, be brought back to the council for agreement.

### **Delivery of the crematorium services**

- 6.4 WBS Ltd, trading as Nene Valley Crematorium (NVC) will be responsible for the operational management of the services provided from the site. The board of Directors will be ultimately responsible for the company but a highly experienced crematorium manager, Mrs Tracy Lawrence, has been appointed by the company to manage the day to day operations.
- 6.5 Mrs Lawrence will have a team of approx. 4.5FTE staff to help her with this and all recruitment has now been completed.. Mrs Bridget Gamble, in her role as director of the company, will be responsible for the line management of Mrs Lawrence, and ultimately the day to day operational management on behalf of the company.
- 6.6 At Annual Council on 17<sup>th</sup> May 2016 two further directors were nominated by members, Councillor Barry Graves and Councillor Tim Maguire. Both have now been registered as directors of the company with Companies House.
- 6.7 The board now comprises 4 directors; Cllr Barry Graves, Cllr Tim McGuire, Mrs Bridget Gamble and Miss Julie Thomas. Mrs Liz Elliott and Mrs Tracy Lawrence will attend the board meetings, but as observers.
- 6.8 The board met on 7<sup>th</sup> June 2016 and the following points were discussed and agreed.
  - (a) Cllr Barry Graves be appointed as chairman of the board, with Cllr Tim Maguire as vice-chairman;
  - (b) Mrs Bridget Gamble be appointed as Operations Director
  - (c) The company's vision statement for the crematorium be;

***“Nene Valley Crematorium: A tranquil setting that respects and accommodates the wishes and needs of all our community”***

- (d) The Company's logo was agreed and is attached as Appendix 3
- (e) The strategic policies on metal recycling and holding over shown at Appendix 2 is ***recommended to council*** for agreement in its role as sole shareholder of the company.
- (f) A lease arrangement be put in place on the usual market terms and conditions and at a market rate from BCW to WBS Ltd for the building, equipment, site and some site and equipment maintenance, with a review of the terms of the lease one year after trading commences;
- (g) That the fees and charges as detailed in Appendix 1 be ***recommended for agreement by council*** in its role as sole shareholder of the company. These have been priced as mid way between the two other local facilities but with some tailoring on specific charges to reflect flexibility in the services provided.
- (h) ***To recommend*** that any profits the company may generate be initially apportioned at a minimum of 50% returned as dividend to the council as sole shareholder and 25% minimum be retained by the company on its balance sheet. The remaining 25% apportionment would be decided as part of the annual review and business plan, depending on the financial position and plans of both the company and the shareholder.
- (i) That, in principle, a percentage of profits be deployed as a charitable donation or grant to a local charity on a basis determined by the shareholder as part of the annual business plan;
- (j) That the council be asked to ***endorse*** the previously delegated policy decision of providing a working capital loan of £200,000 to be charged at a commercial rate to ensure there are no state aid implications and on terms to be agreed by the Head of Finance, repayable over a 5 year period or sooner depending on the cash flow of the company.

**Role of the shareholder (BCW) and the role of the board (WBS Ltd)**

- 6.9 BCW as sole shareholder will decide the strategic direction of the company and agree the key priorities and outcomes. This will be via agreement to an annual plan presented to committee, and recommended to council. The first of these is planned for later in 2016. It will also decide on the strategic policy issues, such as those presented for agreement as part of this report. These decisions will be presented for agreement via the council committee reporting structure should any be required in the future.
- 6.10 The council's constitution states that any wholly owned company of the council must adopt its financial and contract procedure rules. The company will ensure it complies with these and any other legal or regulatory requirements as a wholly

owned subsidiary of the council.

- 6.11 All other issues relating to the provision of services by the company will be made by the board of directors, or WBS Ltd staff under delegated authority from the board.
- 6.12 The company has currently adopted model articles of association and these will be modified accordingly in the future as appropriate.

### **Final operational issues prior to opening for business**

- 6.13 There are a few final arrangements that need to be put into place before the company can start to trade and take its first bookings, but these should be completed in the coming weeks with an anticipated first service taking place in mid to late July 2016. It is essential that the first services are completed without any complications and the board felt that taking time in the opening of the facility was better than opening before the facility was completely ready.
- 6.14 Prior to the operational start date the company will host some official open days for the crematorium advisory group, members, staff, key stakeholders and local people to have a guided tour of the site. Once the details have been finalised members will be notified of the dates and times they can attend one of these sessions.
- 6.15 The official opening of the site will ,however, be held at a late date in the summer/early autumn once the site has become operational so that the initial pressures of opening have passed and business as usual processes have been put in place.

## **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 Final costs of the project are being processed currently and the budget outturn position will be reported in the next monitoring report to this committee, in line with the current budget monitoring timetable.
- 8.2 Revenue costs will be met by the company, such as those for salaries and office furnishings.
- 8.3 The creation of a trading company will allow the council to realise revenue from

its capital investment by charging a market rent as part of its investment portfolio. In addition to this the company will make profit once it begins to trade to its full potential. 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, which will increase trade and profits.

## **9 Risk analysis**

- 9.1 All risks on the building phase were managed via the project team and recorded on a project risk register. This was monitored and reviewed closely. Officers will work with the contractor, the project manager, the industry expert, and the member advisory group to manage this until the project is officially closed and all risks signed off. All operational, company and trading risks will be managed by the board of directors for Wellingborough Bereavement services.
- 9.2 Whilst the company remains wholly owned by the council, who will determine its direction and strategy, from the day to day operational point of view it was essential that a board was in place well in advance of the opening date so that the company can provide an effective and customer-focused service. The board has now had its first meeting and is preparing to take over responsibility for all operational matters and risks.

## **10 Implications for resources**

- 10.1 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, Head of Finance

## **13 Consultees**

Heads of Service

## **14 Background papers**

Minutes of project team meetings and member advisory groups  
Previous reports to this committee.

## NENE VALLEY CREMATORIUM – FEE PROPOSAL

Set out below are the base fee proposals for Nene Valley Crematorium. Included in the table are the fees charged by the company's two (geographically) closest competitors. The aim is to provide a flexible service and one which fit in with local people's lives.

Other ancillary fees (eg. memorial purchase, book of remembrance etc) will be set by the NVC board because they will be dependent on actual cost plus overheads for the item on sale, so are more likely to fluctuate.

<b>Category</b>	<b>Kettering fee (Municipal)</b>	<b>Northampton fee (Private)</b>	<b>Nene Valley proposed fee (Private)</b>	<b>Rationale and notes in respect of the NVC proposal</b>
Adult cremation	£806.00 - over 18 Years	£999.00	£899.00 - over 16 years	An additional benefit for the first year only will be a two line entry in the book of remembrance. The fee also includes a better quality <u>branded</u> receptacle for the ashes, and the extended service period, as set out below
Funeral service time for the above rate	30 Minutes	30 minutes	40 Minutes	20-30 minutes is the general service duration. NVC will offer an enhanced period of 40 minutes so that families do not feel rushed.
Period between funerals	45 Minutes	45 Minutes	1 hour	This is an enhanced service for families, with time allowed for large services to disperse.
Off Peak	£806.00	Unknown	£799.00	To meet needs of those on a budget a reduced charge is proposed for funerals which end before 10am and start after 4pm.
Saturdays	£1,110.00 (by appointment)	No Offering	£899 - no additional fee	Enhanced service: 7 day working

				to meet individual needs.
Sundays	No offering	No Offering	£899.00 - no additional fee	Enhanced service: 7 day working to meet individual needs.
Baby/child – under 16	Unknown	Unknown	No charge	This is similar to the policy already in place for burials in the council's cemeteries.
No service cremation (ie. where a service has already been held elsewhere)	Not available	Unknown	£675.00	To recognise the reduced demand on the crematorium for this type of arrangement.
Extended Service	£200.00	Unknown	£200.00	Additional time required to personalise the funeral
Memorial Service	Unknown	Unknown	£200.00	Need to commemoration – no coffin present. <b>Note:</b> plus VAT
Scattering from away	£40.00	Unknown	£40.00	
Scattering ashes – witnessed	£32 (£40 if the deceased lived outside the borough)	Unknown	£32	Additional optional service
Scattering ashes – witnessed with service	No offering	Unknown	£84.00 (Includes witness fee)	Enhanced service for bereft people and could also provide comfort if the funeral did not meet their expectation – for example, family dispute or an error occurred



Scattering ashes – unwitnessed	£16 (assume the same surcharge if the deceased lived outside the borough ie. £40)	Unknown	No charge if cremated at Nene Valley Crematorium	Responsibility within job description of team members
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## **Appendix 2 Nene Valley Crematorium Policies**

### **“Holding Over” Policy**

#### Introduction

This policy is to operate within the guidelines established by the Institute of Cemetery and Crematoria Management (ICCM) in their Charter for the Bereaved.

“Holding Over” is the retention of a coffin for a period of time after the cremation service, with the cremation taking place the following morning. The coffin will be held over within the individual crematorium building concerned overnight.

The holding over will not be a standard practice, but will only be used when required, in situations such as:

1. In the event of the mechanical failure of the cremators.
2. In the event of very low cremation numbers at a crematorium and fuel can be conserved by cremations taking place the next day.
3. In the event of complications in respect of the necessary authority to cremate (i.e. completion of paperwork by doctors / families / funeral directors). Holding over will enable a service to go ahead, without the actual cremation taking place. This will provide minimum disruption to the family.

This is not a compulsory policy. In that families can choose to opt out and not agree to the holding over if that is their wish. The introduction of this policy will ensure the service can:

- Minimise its environmental impact.
- Improve the working practices within the crematoria.
- Have the maximum available cremation slots for families.
- Be better placed to cope with mechanical breakdown.
- Be more able to deal efficiently with problematic cremations.

In addition to these general benefits the introduction of this policy provides additional service flexibility.

The practice of holding over is common throughout England, Scotland and Wales with guidelines issued by the Institute of Cemetery and Crematorium Management (ICCM) and principles that must be adhered to.

#### **1.0 BACKGROUND**

The practice of holding over cremations is lawful and has been followed throughout England, Scotland and Wales for a number of years. Guidelines were put in place by stakeholder organisations including the ICCM following a meeting held on 17<sup>th</sup> June 2011, facilitated by the Ministry of Justice. It was determined that the following principles must be adhered to:

- 1.1 The Cremation Authority must not hold over where the Applicant for Cremation insists on the cremation being carried out on the day that the coffin is received at the crematorium and/or the service takes place.
- 1.2 Written consent must always be obtained from the Applicant or their authorised representative where the Cremation Authority practises planned holding over. The method for obtaining written consent can be decided by the Cremation Authority.
- 1.3 If holding over becomes necessary due to mechanical failure then the Cremation Authority should inform the Applicant via the funeral director and either gain consent to hold over until the fault is repaired or to allow for the cremation to take place at an alternative crematorium. If this situation occurs outside normal operating hours, then it may be considered impracticable under such circumstances to obtain the consent of the Applicant and therefore holding over should be arranged as a temporary solution.
- 1.4 The period for which a cremation may be held over is to be determined by prevailing circumstances. The crematorium must have appropriate storage conditions for holding over i.e. secure and sanitary.
- 1.5 Wellingborough Bereavement Services Ltd will strictly adhere to these guidelines.
- 1.6 There is no legal requirement for refrigerated storage with a holding over policy, as long as the cremation takes place within 72 hours.

## **2.0 IMPROVED ENVIRONMENTAL IMPACT THROUGH INTRODUCING THE HOLDING OVER POLICY**

- 2.1 Cremation Authorities are encouraged to minimise the environmental impact of cremations where practicable to do so. Carbon Dioxide (CO<sub>2</sub>) from fossil fuels is emitted from cremators during the cremation process. The CO<sub>2</sub> emissions are harmful to the environment and are their highest when a cremator is in pre-heat mode. Currently the service will utilise its cremators even if, for example, only one cremation is required on a particular day. If this policy is introduced, and there is the consent of the family, the coffin concerned will be 'held over' within the crematorium until the following day when other cremations will be taking place. Therefore this policy will ensure that the cremators are used in the most efficient and least environmentally detrimental way.

## **3.0 CONSENT OF THE CREMATION APPLICANT**

- 3.1 It is proposed that the necessary written consent of the cremation applicant is attained at the preliminary application for cremation stage and the form accommodates the written consent of Applicants for Cremation This process will fully ensure that the necessary written consent to 'hold over' is fully adhered to for every cremation undertaken.

## Appendix 2

# RECYCLING OF METALS RETRIEVED FOLLOWING THE CREMATION PROCESS

## Introduction

The Institute of Cemetery and Crematorium Management (ICCM) is the professional body of which the Nene Valley Crematorium will be a member. It has, for a number of years been promoting a metal recycling scheme which provides an alternative to the burying of metals.

Working in conjunction with an approved contractor,, all metal material produced from the cremation process would be recycled. The income derived from this would then be redistributed to local charities determined by the shareholder

To date 150 Councils across the UK have joined the scheme with over £1 million raised for charities since the inception of the scheme.

Considering the sensitive nature of the scheme the consent of the next of kin or executer would be obtained for permission to recycle the metals following cremation.

The Institute of Crematorium and Cemetery Management (ICCM) has a dedicated page with all relevant information available to view, including legal comments and the various charities that have benefited from the recycling scheme: <http://www.iccm-uk.com/iccm/index.php?pagename=recyclingmetal>

### 1. Background

- 1.1 Traditionally, if metals retrieved following the cremation process are retained at the crematorium they will be held until a sufficient quantity exist for the material to be taken to cemetery grounds and respectfully buried. Once buried in the grounds these metals would not decompose and would remain in the ground forever. As a result burial ground within cemeteries will be 'taken up' as there would need to be areas designated for the burials of metals.
- 1.2 The contractor currently used by ICCM - Orthometals - are providing a metal recycling service throughout the UK and across the continent. Based in Holland, they have been providing this service in the UK for a number of years and throughout the Dutch Cremation Federation for considerably longer.
- 1.3 The ICCM acts as a national agent, working directly with Orthometals and co-ordinating the collection of implants from crematoria throughout the country. Any monies raised from the recycling process will be paid to the ICCM, who will offset the operating costs and supervise the re-distribution of the income to a range of charities working in areas that relate, in some way, to death and bereavement.  
The charities will be nominated by the council and could include hospices, cancer/heart charities etc.

- 1.4 There will be no commercial gain for the council in participating in the recycling scheme; the primary benefits are to the charities who will receive financial support, the preservation and space in the cemetery grounds, and the service becoming environmentally efficient.
- 1.5 The consent of the applicant for cremation (next of kin or executor) will be obtained for permission to recycle the metals following cremation.

## **2 The scheme in detail**

- 2.1 All metals are extracted from the cremated remains in the same way in the UK and Europe. The metals consist of ferrous metals, which are predominantly staples and nails used in coffin construction, and non ferrous metals used in orthopaedic surgery, which are manufactured from cobalt steel. An element of precious metal is recovered ,which emanates from jewellery. During the cremation process metals melt and become unrecognisable reducing to granular form and are not generally recoverable from cremated remains. Some might be combined with refractory brickwork, some will be contained in the cremated remains, and some recovered during the sorting process carried out by the contractor.
- 2.2 Containers will be supplied to the crematorium. These will be 120 litre wheeled bins of 120 x 55 x 48cms in size and complete with a lid. Bins will be provided for ferrous metals and non-ferrous. The contractor's staff will carry out basic training in the process with crematorium staff.
- 2.3 Crematorium staff will separate ferrous metals from non-ferrous metals and place them in separate containers.
- 2.4 Frequency of collection is twice per year, normally in May and November.
- 2.5 Containers will be collected by the contractor, using a small truck equipped with a hydraulic lift. As full containers are collected, they will be replaced with empty containers.
- 2.6 All metals will be recycled in the UK, and all carriers and treatment plants will be suitably licensed to comply with UK legislation. The carrier will issue a waste transfer note for each collection. The transfer note records the weights of metals collected.
- 2.7 To ensure the process is properly monitored, the contractor maintains a database of weights of metals collected from each crematorium, with the database being provided to the ICCM. The contractor will advise the ICCM of the figures for the sale of the recyclable materials and this will be validated.
- 2.8 Weights of recyclable metals received by the contractor will be advised to the ICCM, following completion of the collection. This will take the form of a freight bill identifying the weights collected per crematorium. Each crematorium will be informed of the weights collected from their crematorium. All orthopaedic implants will be smelted into granules for industrial use, with all other metals

being recycled in appropriate ways. Some of the higher grade metals from orthopaedic implants are used in the manufacture of new implants.

- 2.9 Prior to the start of any collections, full health and safety/insurance information will be obtained from the contractor and their sub-contractors, including any Health and Safety policies and relevant risk assessments, safe working practices and relevant insurance documentation.
- 2.10 To ensure that start-up costs are spread over a reasonable period, contractual arrangements between the ICCM and the contractor will be for a minimum three year period. In turn, each crematorium should commit to the scheme for the same period.
- 2.11 Surplus achieved through the contract shall be based on gross total income, minus a charge for collection, transport, smelting and service improvement costs. This is standard procedure with existing contracts currently operating in Europe. Any monies collected by the ICCM will be donated to death-related charities. When surplus is paid to the Institute (six monthly), it will contact all scheme member crematoria, requesting a nomination for a local death related charity. The number of nominations received, and the amount of surplus, is confirmed and recorded at an Institute board meeting. The number of nominations received is divided into the surplus, with each charity receiving an equal share of the surplus. Cheques are sent to scheme member crematoria, payable to their chosen charities. A covering letter to the charity is included. Scheme member crematoria are encouraged to arrange a cheque presentation ceremony designed to raise positive local publicity for the charity and cremation service.
- 2.12 A leaflet and web notice will be designed to inform and educate the public with regard to recycling of metals.
- 2.13 The Cremation forms will incorporate approval from the applicant for cremation, to allow recycling.



