

Bereavement Services – Developing Services

Final Decision-Maker	Heritage, Culture and Leisure Committee
Lead Head of Service	Head of Environment and Public Realm
Lead Officer and Report Author	Head of Environment and Public Realm
Classification	Public
Wards affected	All, specifically Boxley Ward

This report makes the following recommendations to the final decision-maker:

That the Heritage, Culture and Leisure Committee agree:

1. That the Pet Crematorium project is suspended and reviewed in 2020/21, or sooner if markets dictate or partnership opportunities can be identified, and to consider alternative commercial options on site; and
2. That Bereavement Services will focus on the delivery and improvement of its core business; and
3. £220,000 set aside in the Capital Programme for the Pet Crematorium is invested in the expansion of the Vinter's Park Crematorium car park and improvements to disabled access; and
4. £30,000 from the Capital Programme is used for heat recovery from the cremators and fire proofing the paper records held at the Crematorium; and
5. Whether further work should be undertaken regarding the two proposals for longer term improvements at the Cemetery.

This report relates to the following corporate priorities:

- Securing a successful economy for Maidstone Borough – promoting a range of employment opportunities and skills across the Borough
- Keeping the Borough an attractive place for all – respecting the character of the Borough and ensuring new development is in keeping with the surrounding environment

Timetable

Meeting	Date
Corporate Leadership Team	Tuesday 2 May 2017
Heritage, Culture and Leisure Committee	Tuesday 6 June 2017

Bereavement Services – Developing Services

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 In July 2016, the Heritage, Culture and Leisure Committee agreed the submission of a planning application for a pet crematorium and car park expansion at Vinters Park Crematorium. However, along with the Corporate Leadership Team, they requested that the business case be updated and presented to the Committee for final approval of the project.
 - 1.2 Over the past 6 months a number of work streams have been progressed including amendment of plans, submission of the planning application, development of the business case and review of costs. In addition, alternative options have also been explored in order to balance risk.
 - 1.3 The purpose of this report is to present the Heritage, Culture and Leisure Committee with a summary of the work undertaken and a number of recommendations regarding the next steps for Bereavement Services.
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2. INTRODUCTION AND BACKGROUND

- 2.1 Over the past couple of years, the Bereavement Services Team have identified a number of improvements to the Crematorium and Cemetery to ensure that they remain competitive and maintain a good market share as well as exploring opportunities to diversify where appropriate.
- 2.2 Through this a variety of service developments were identified including improving disabled access, increased car parking, the use of technology as well as the provision of a pet cremation service. A number of these developments are already underway including the introduction of new technology to enable visual tributes and webcasting as well as increasing seating capacity within the Chapel. These will help ensure that Vinters Park Crematorium continues to appeal to local families and can offer a competitive service compared with neighbouring crematoria.
- 2.3 The establishment of a separate pet crematorium within the site was also identified as a commercial opportunity and originally agreed by Cabinet in February 2015.
- 2.4 In July 2016, the Heritage, Culture and Leisure Committee approved the submission of a planning application for a Pet Crematorium within the grounds of the existing Vinters Park Crematorium.
- 2.5 Planning permission was granted in January 2017 for the site as shown in Appendix A. This included a new building sited behind the existing offices, replacement of the current disabled access ramp with new disabled and staff car park and extension of the existing overflow car park.

- 2.6 The Council now needs to take the decision about what, if any, development is carried out at the Crematorium or Cemetery, based on up to date information regarding the services' performance, potential growth of the business and investment requirements.

Pet Crematorium

- 2.7 Prior to the original agreement by Cabinet in February 2015, a business case was prepared based on data from an existing business and research from the industry. This indicated a potential income of over £1million in the first 5 years.
- 2.8 A revised estimate for delivery of the project, including construction of the pet crematorium, improvements to parking and disabled access, is £596,186. This has been prepared by a quantity surveyor and includes a 10% contingency.
- 2.9 Whilst the Committee supported the project, it was deemed necessary to revisit the business case and update it according to current market conditions. A different approach was taken to this, which included understanding the local market, the potential direct business from veterinary practices and the views of potential customers.
- 2.10 Rise Communications were engaged to carry out the market research and spoke to 7 veterinary practices in Maidstone and 5 outside, as well as surveying local residents. The summary report is included as a background document.
- 2.11 The discussions with the veterinary practices identified that there are vast differences between their expenditure on clinical waste and animal cremation services and that most use one of two existing providers. It was also evident that cost is their key driver and they are responsible for arranging the majority of pet cremations, with only 10-15% of animals dying at home.
- 2.12 The public surveys obtained a total of 327 responses and identified that 86% (of those who responded to the question) had pets, the majority of which were dogs. In addition 62% of respondents had a pet that had passed away in the previous 5 years. The full results are included as a background document.
- 2.13 The information obtained also indicated that 60% of respondents had cremated their pet, either through an individual or mass cremation, and proximity was the primary influence on their decision. An overwhelming 73% of respondents stated that they would consider a private pet cremation if available in Maidstone. The results also indicated interest in having a location to scatter ashes, memorials and a contemplation area.
- 2.14 A number of conclusions can be drawn from the information obtained through the two surveys; most notably that it does not support that used in the original business case. That does not mean that the original data was incorrect or inaccurate, however it shows that growth of the business is likely to be far slower, with more significant risks.

- 2.15 Using the data to produce a conservative business case, it is projected that the Capital pay back would be between 7½ and 12 years depending on the level of direct sales achieved.

The table below shows the projected running costs and income from veterinary business only:

	Year 1	Year 3	Year 5
	20% market share	40% market share	60% market share
Direct Costs	£47,500	£78,500	£115,000
Overheads	£20,000	£20,000	£20,000
Total Costs	£67,500	£98,500	£135,000
Cremation Sales	£86,040	£133,380	£183,315
Other Sales	£1,500	£3,000	£6,000
Total Income	£87,540	£136,380	£189,315
Surplus	£20,040	£37,880	£54,315
Cumulative surplus	£20,040	£86,880	£187,293

The income could be increased by approximately £35,000 per year from direct sales.

- 2.16 Whilst overall the feedback from individuals was very positive, it is important to recognise and consider some of the negative thoughts as part of the business case:

“It must make a stand alone profit and not be a burden to council tax payers”

“Another pet crematorium in Kent is not an essential service and should only be provided if it is not funded by council tax and will be self-funded on operation.”

“There are very good pet cremation services already available in the local area. I do not think this is an area that MBC should be getting involved with.”

- 2.17 Although wider evidence, including information from other authorities and service providers, indicates that there is demand for this service and it is a growing industry, the data captured locally reflects the risk associated with the project.
- 2.18 With planning permission secured, the Council will identify whether there is an opportunity to market the proposal to a third party provider, as a partnership approach. This could reduce the risk to the Council by utilising the skills of a company already experienced in this service delivery.
- 2.19 Given the Council’s current commercialisation strategy focused on the investment in property and the significant risk this project presents, it is recommended that establishment of a Pet Crematorium is suspended. With planning permission due to expire after 5 years, it is recommended that the proposal or alternative uses for the building are considered in 2020/21 or earlier if the market dictates or if partnership opportunities are identified. This will enable the Council to take advantage of the existing planning consent, should

the evidence support further development of services at Vinters Park. This would be brought back to the Committee for approval.

Vinters Park Crematorium Improvements

- 2.20 With the proposal to cease development of a pet crematorium at Vinters Park Crematorium, it is recommended that Bereavement Service focus on their core business, specifically maximising market share of the Crematorium.
- 2.21 Vinters Park Crematorium is already a very successful commercial service for the Council, generating a profit of over £400,000 per year whilst operating at 74% capacity.
- 2.22 The team have already taken a number of steps to increase capacity of the site and ensure it offers the highest level of service to bereaved families. This has included the recent installation of audio visual equipment to enable tributes and webcasting.
- 2.23 However the primary challenge for the service is the car parking capacity (Appendix B), which regularly results in visitors and mourners having to park elsewhere, particularly at Newnham Court. The layout of the existing parking also does not support disabled visitors. A previous survey of Funeral Directors highlighted unanimous support for improvements to the car park.
- 2.24 Whilst expansion of the car park is not likely to directly generate an income for the Council, it will help future-proof the existing service, ensuring market share can be maintained and increased.
- 2.25 An initial quotation has indicated that the cost to expand the overflow car park and replace the existing disabled access ramp with disabled parking will be £220,000 including 10% contingency.
- 2.26 It is proposed that the Heritage, Culture and Leisure Committee support the recommendation to Policy and Resources Committee for this to be funded from budget set aside for the Pet Crematorium in the Capital Programme.
- 2.27 At a previous committee meeting, it was proposed that the Service considers heat recovery from the Crematorium. Over the past couple of months, the maintenance of the cremators has been retendered and the new provider is now in place. They have provided a quote of £8,000 to recover the heat from the cremator and connect to the heating supply. This will enable the heat generated from cremations to be utilised to heat the buildings, improving the environmental sustainability of the Service.
- 2.28 Heat recovery requires a new energy recover unit and heat exchanger which will enable the energy to be used to heat a hot water tank rather than being lost through the chimney. This would then be used to heat the Chapel, reducing fuel usage for the building. The technical specification for the process is included as a background document for information.

- 2.29 In addition to this work, the current storage of paper records at the Crematorium poses a risk to the Council should they be destroyed in a fire. The Council has a legal responsibility to protect and maintain these records and therefore it would be advisable to consider installing fire-proof storage at the Crematorium for them. It is estimated that this will cost £22,000.
- 2.30 It is recommended that the cost for both heat recovery and fire-proofing is included in the recommendation to Policy and Resources Committee for capital investment.

Additional Improvements

- 2.31 A large amount of scoping work has been undertaken over the past three years to identify opportunities for growth across Bereavement Services. As part of this work a number of options have been considered and many dismissed in light of other priorities, particularly the establishment of a pet crematorium.
- 2.32 The two most significant of these involved proposals at Maidstone Cemetery; demolishing the old groundsman's house and extending the cremated remains section, and repairing and reopening of the Chapel.
- 2.33 The groundsman's house is derelict and has been sealed up due to containing high quantities of asbestos. As this continues to degrade further, at some stage it will become necessary to dismantle the building. In addition, staff facilities on site are currently at an unacceptable standard and do not provide those digging graves and carrying out duties during funerals with showers or changing facilities. Previous estimates have suggested that dismantling the building, extending the cremated remains section and providing staff welfare facilities would be £85,000. The current cremated remains section will reach capacity in 2023 and the expansion of this section is estimated to generate a total additional income of £280,000 for the Council. However this may take many years to achieve.
- 2.34 The Cemetery Chapel is currently closed due to damage to the spire and is at risk of collapse. This means that all burials at Maidstone Cemetery currently have their funeral services elsewhere. This obviously results in a loss of income for the Council.
- 2.35 It has been estimated that the cost to repair the Spire and bring the building back into use would be in the region of £180,000. It is estimated that this would generate approximately £25,000 per year income, equating to a 7½ year return on investment.
- 2.36 It is recommended that the Committee consider these two projects and agree as to whether any further work should be undertaken with the objective of requesting approval from Policy and Resources Committee for the required Capital investment as part of the longer term development strategy for the service.
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3. AVAILABLE OPTIONS

- 3.1 Based on the information above, the Committee could agree that the proposal to establish a pet crematorium should be suspended and focus should be on maximising the income for the core bereavement services. This would primarily be the expansion of the overflow car park, improved disability access and heat recovery.
 - 3.2 Alternatively the Committee could decide to continue to support the Pet Crematorium project despite the likely period of return on investment.
 - 3.3 The Bereavement Services Team has previously explored a number of other options which could be considered as an alternative to the recommendations included in this report.
 - 3.4 As planning permission has been secured for a building to be constructed behind the existing offices, there is an opportunity for this to be repurposed. The building could be used for a number of purposes related to the existing business, including as a florist, Café or showroom for memorials or stonemason.
 - 3.5 The cost of construction for the building, localised parking and access alone is projected to be £601,348. Initial estimates would suggest that the return on any of the alternative business models would have a similar pay-back period as the Pet Crematorium and would have similar, and in some cases, higher chance of success.
 - 3.6 However the Committee could decide that this option should be explored further and a business case for introducing a new service provision on site prepared for consideration by the Committee.
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4. PREFERRED OPTION AND REASON FOR RECOMMENDATION

- 4.1 The recommended option is to suspend work on the Pet Crematorium until 2020/21 when the market could be reviewed and future options explored. In the meantime, future work should be focused on the existing service, with the recommendation to expand the overflow car park and disabled access.
 - 4.2 It is recommended that the Committee agrees that capital investment is sought from Policy and Resources Committee for this work. This will help future-proof the service which is already struggling with car parking capacity and enable it to maximise its market share in the future.
 - 4.3 Without these improvements, the facility will continue to struggle to accommodate larger funerals, which is likely to affect customer satisfaction. There are also future risks that development of junction 7 of the M20 may result in less parking being available at other sites, which is currently being used to meet demand at the Crematorium.
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5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 There has been substantial consultation and engagement with the Heritage, Culture and Leisure Committee and Members since February 2015 when the original decision to establish a pet crematorium was taken.
- 5.2 Whilst it is noted that the Committee was supportive of the original proposal, it had requested that the business case was updated and final approval sought before the project was progressed. This report is the result of this work.
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 If the Committee approve the recommendations set out in this report, a report will be made to the Policy and Resources Committee for funding to carry out the improvement works at the Crematorium.
- 6.2 At this stage it is proposed that the work could be carried out in the Autumn.
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7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Securing a successful economy for Maidstone Borough – promoting a range of employment opportunities and skills across the Borough Keeping the Borough an attractive place for all – respecting the character of the Borough and ensuring the new development is in keeping with the surrounding environment	Head of Environment and Public Realm
Risk Management	The recommendation not to pursue the establishment of a pet crematorium at Vinters Park at the present time reflects the level of risk associated with the project. The business case has not been able to provide reassurance that risks have can be sufficiently mitigated. The proposal to make improvements to the existing business are intended to mitigate the risk that the service will not be able to retain market share should investment not be made into the car parking and disabled access.	Head of Environment and Public Realm

Financial	<p>There is currently £645,000 allocated in the Capital Programme for the Pet Crematorium project. It is proposed that a proportion of this is allocated to the improvements to the existing business, specifically £220,000 for the extension to the car park.</p> <p>These capital improvements are intended to maintain market share and the success of the core business as opposed to generating additional commercial income. In light of the risks associated with the Pet Crematorium project, this investment offers a more appropriate balance of risk and reward.</p> <p>The balance of the £645,000 allocation will be carried forward for future investment, subject to development of a suitable business case.</p>	Section 151 Officer and Finance Team
Staffing		
Legal		
Equality Impact Needs Assessment		
Environmental/Sustainable Development	<p>Planning permission has been approved for the site, taking into account the impact on the landscape and ensuring there is no detrimental impact on the environment.</p>	Head of Environment and Public Realm
Community Safety		
Human Rights Act		
Procurement	<p>Procurement support would be sought should the decision be taken to carry out the construction of an extension to the car park.</p>	Head of Environment and Public Realm
Asset Management		

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Planning Permission Outline

- Appendix B: Car Park Capacity Issues
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9. BACKGROUND PAPERS

Veterinary Survey Results
Public Survey Results
Technical Specification for