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PAPER B

POLICY COMMISSION BLUE PAPER

RESPONSIBLE BODY

Policy Commission for Safer Communities

ENQUIRY NAME	**REFERENCE NUMBER**
VFM exercise on the future of the crematorium	Saf 6/05

1. PURPOSE OF ENQUIRY AND PROPOSED OUTCOME

1.1. To ensure that cremation facilities are available locally which suit the needs of the island community at a price that is considered fair and reasonable.

1.2. To ensure that a Council strategy is in place that secures the long term future of an island based cremation service.

1.3. To map out a Council approach to delivery of Bereavement Services that demonstrably provides value for money to all stakeholders including the bereaved, funeral directors and faith leaders.

2. RECOMMENDATIONS

2.1

This body of work and the above recommendations were agreed and accepted by the Members of the Policy Commission for Safer Communities on Thursday, 4 May 2006.

Councillor David Williams
Commissioner

3. BACKGROUND TO ENQUIRY

THE NATIONAL CONTEXT

3.1. This Council has a statutory duty to maintain 10 closed churchyards and like other Councils, discretionary powers to provide cemeteries. In the event that a Council like this Council provides cemeteries it then has a duty to maintain those cemeteries.[1] The Council has a power to establish and administer crematoria if so desired.[2] There are 251 crematoria in the United Kingdom, 193 of these are in Council ownership, 58 are in private ownership.[3] Most privately owned crematoria have been built by the private sector, some crematoria formerly owned and operated by local authorities have been externalised.

3.2. All crematoria must operate within a strict legal framework. That framework insofar as emissions control is concerned is to be strengthened in 2011/2012.[4] The sponsoring government department for emissions control legislation, the Department for the Environment, Food and Rural Affairs (DEFRA) has stated that quantities of mercury released into the environment from UK crematoria must be reduced. Broadly, this new regime will require investment in new technology by cremator operators to reduce emissions, or as an interim, offer crematoria operators an emissions trading option allowing continued release of mercury into the environment if a fee is paid. It will cost approximately £150k to reduce emissions to new levels, per cremator.

3.3. A scheme has been put forward by the Federation of British Cremation Authorities in association with the Cremation Society whereby participating crematoria would be able to “trade” in mercury emissions in order to achieve an overall reduction in emissions of 50% by 2012. The scheme is known as CAMEO (Crematoria Abatement of Mercury Emissions Organisation) and will involve each member crematorium paying a per cremation contribution of £25 to the scheme in order that the emissions reduction burden is shared throughout the cremation industry.[5] There is no compulsion on crematoria operators to participate in this scheme.[6]

3.4. Cremation first became legal in the UK in 1884 (The Isle of Wight Crematorium was built in 1961). Prior to 1884 convention had been to bury our dead. A network of cemeteries had been opened across the country often operated as commercial enterprises. As cemeteries become full, particularly in urban areas, income streams reduce and such sites become financial liabilities. When cemeteries are considered by proprietors to be full an application can be submitted to the Home Office to have them declared closed, if successful their upkeep becomes the legal responsibility of the local authority. The local authority will be consulted and will have the opportunity to object if necessary.[7]

3.5. Cremation has been hailed in the past as a solution to the spread of disease

[1] Home Office (2004), Burial Law and Policy in the 21st Century
[2] Local Government Act 1972, section 214
[3] The Cremation Society of Great Britain, Directory of Crematoria
[4] Secretary of State's Guidance for Crematoria, Process Guidance Note 5/12(04)
[5] Oldham Council, (2006) Report of Executive Director, Environmental Services The Abatement Of Mercury Emissions
[6] Welfare, D., (2005), In the matter of the legality to trade in mercury emissions from crematoria and in the matter of memorial repairs – Opinion, p.11; Moore, S, (2005), In the matter of the legality of a scheme to share costs of reduction in mercury emissions from crematoria - Advice, p.9
[7] Home Office (2004), Burial Law and Policy in the 21st Century

[8] ICCM (2003), Charter for the Bereaved

linked to poor sanitation in cemeteries. Over the last century interest in cremation has grown. Following death, 70% of UK bodies are now cremated.[8] 90% of Island bodies are cremated. It should be noted, however, that the cost of cremation in most areas is considerably cheaper than burial.[9]

3.6. Those environmental concerns that have driven mercury abatement legislation have stimulated interest in alternative methods for safe and ethical disposal of human remains. A number of local authorities, particularly those where burial space is limited are considering a process developed in Scandinavia known as "promession". Promession begins with cooling a coffin containing a corpse using liquid nitrogen. This makes a body very brittle. The coffin and contents are then subject to a gentle vibration eventually turning the body into an organic powder. Surgical parts and dental amalgams can be removed. The organic powder from promession can then be placed into a biodegradable coffin and buried in a shallow grave.[10] According to Susanne Wiigh-Mäsak of Promessa Organic, the promession process has been legalised in South Africa and Germany but there are as yet no "promators" in operation. Promession is not yet legal in the UK.

3.7. Funeral directors and local authorities across the UK have identified the impact of improved healthcare provision leading to increase in average lifespan. People are generally living longer. Health experts and population projections suggest that death rates, unless worst fears of pandemic or some other foreseen circumstance arises, will remain low for another two or three years. Numbers will then increase sharply 'as the large cohorts born immediately after the Second World War and during the 1960s baby boom begin to reach elderly ages'.[11]

3.8. The Institute of Cemeteries and Crematorium Management (ICCM) collates fees and charges data. The most recently published price comparisons indicate that the Isle of Wight was the 42nd most expensive crematoria in the UK for a basic cremation.[12]

3.9. Indications are that all crematoria operators will be implementing significant cost increases in the next 3 years to fund investment in technology to satisfy emissions control legislation.[13] Fees are also being increased to meet rising energy prices and a 150% increase in statutory fees payable to medical referees who must formally authorise every cremation.[14]

3.10. An increase in cremation fees can be militated against by consumers through the purchase of funeral plans. Currently around 6% of all funerals are paid for

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9 BBC news (2000), 'Funeral Costs Rise'
10 Promessa Organic AB, Ecological Burial
11 Government Actuary's Department, National Population Projections - 2002 based, p14
12 The Cremation Society of Great Britain (2005), Directory of Crematoria
13 Federation of British Crematoria Authorities, Articles
14 Joint Negotiating Committee for Doctors Assisting Local Authorities Circular (36)
15 Channel 4.com, Pre-paid funerals
16 Guardian Unlimited, 'If you would be seen dead at a funeral you weren't happy with' (25.6.05)
17 Funeral Planning Authority, Regulation of Funeral Plans
18 ONS (2003), Based Population Projection IW Population Growth
19 Overview and Scrutiny Team, 2005, *Notes of Evidence, 06/04/06 (Saf.PC.6/04/06 – Public Meeting)* Isle of Wight Council, p.2

by funeral plans.[15] According to the Funeral Planning Authority (FPA), registered providers sold 56,803 funeral plans in 2004.[16] The FPA is the self-regulatory organisation for the funeral planning sector in the UK and was created following the introduction of regulation by HM Treasury to ensure proper consumer protection for the security of customer's money and delivery of the funeral.[17] Along with a number of large companies, Help the Aged and Age Concern offer funeral plans and advice over choosing products. Although the FPA exists to ensure proper consumer protection, funeral plans are not covered by the Financial Services Authority and, as such, there is no protection should customers' money disappear.

THE LOCAL CONTEXT

3.11. The Isle of Wight crematorium was built at Whippingham in 1961. In the first year of operation there were 308 cremations. The number of cremations peaked during financial 2001/2 at 1496. In 2003/4 there were 1493 cremations. In 2004/5 there were only 1382 cremations. In the current financial year the number of cremations at Whippingham could be as low as 1330. The downward trend needs to be set alongside a downward trend in the island death rate mirroring the national picture. The population of the island however, is forecast to rise to about 175,000 by 2028.[18] At that time we can reasonably expect about 2000 island deaths a year, an increase of almost 400 from that forecast for 2005/6.

3.12. The Isle of Wight Council is custodian of 12 cemeteries and has statutory duty to maintain a further 10 closed churchyards. Accurate income forecasts are fraught with difficulty because of the variable death rate described elsewhere in this blue paper. Nonetheless, the broad management principle adopted several years ago has been to set fees and charges at levels that were similar to those set elsewhere in the UK whilst allowing surplus from the crematorium to balance the deficit incurred providing and maintaining cemeteries.

3.13. The Bereavement Services element of a wider Council grounds maintenance contract costs approximately £250k. The contract is due to run until December 2007.

3.14. The Council has three cremators at the crematorium. They were installed in 1997. The cremators were purchased with a view to operation for 15 years. A rapid response maintenance contract is in place with the original equipment suppliers. Recent discussions with those suppliers confirmed that it may be possible to extend the life of the cremators for a further two or three years. At current prices the cost of purchase and installation of a single new cremator will be approximately £150k.

3.15. Over recent weeks trials have been conducted at the crematorium to determine the viability of operating the crematorium using just two of the three cremators. These trials have been a success in that at current operational demand only two of the three cremators are required. Milton Keynes Crematorium carries out approximately 1600 cremations per annum using only two cremators.[19] Officers are satisfied that in the event of investment in new cremators, even with an increase in demand to levels forecast by 2028, two cremators will be sufficient for the Isle of Wight crematorium. The caveat to this approach will be a greater level of risk to business continuity in the event of a cremator failure.

3.16. Land holding allocated for burial purposes on the island and in the ownership of the Council are considerable, some 36 hectares. Without further land purchase it has been estimated that we have sufficient burial space at current rates islandwide for at least 75 years of burials. Some of our cemeteries are unlikely to be full for at least 125 years.

3.17. The Council are not the only providers of cemeteries. In terms of "disposal of bodies" on the island there are alternative providers. Parish Councils and Parochial Churches add considerably to the overall space available for burials. However, by comparing the number of registered deaths on the Island against the number of cremations and burials carried out by the Council it can be determined that at present the Council deals with approximately 87% of the Island's bereavement needs.

3.18. The basic cost of a cremation at the Isle of Wight Crematorium is currently set at £420. The cost of a cremation generally constitutes 25% of the total cost of a funeral.

4. CONSULTATION

4.1 The commission has consulted widely through formal and informal meetings, site visits and correspondence with:

- Funeral Directors
- Faith Leaders
- Council officers
- Trade Union (Unison)
- Other crematoria operators
- Private consultant – Mr David Holmes
- St Mary's Hospital

4.2 Commission meeting notes, written responses and the written report from the consultant engaged to advise in this enquiry are identified in the appendices

4.3 Legal advice has been obtained from a Council locum solicitor concerning a Bereavement Services Trust.

5. ISSUES IDENTIFIED (Financial, Strategic, Operational, Legal)

5.1 Praise for Council staff responsible for operating the crematorium has been universally high from <u>all</u> stakeholders during this enquiry. Without exception it is perceived that an excellent service is provided by this Council.

5.2 The crematorium is well run, prices charged do not appear to be unreasonable but there are major challenges ahead.

5.3 This Council in respect of the crematorium is a monopoly provider. In the event of dissatisfaction with a mainland crematorium because of past experience, the bereaved can realistically purchase future services from another crematorium, often within a short driving distance.

5.4 The notion of Bereavement Services as a budget neutral package provided by this Council wherein a surplus or profit generated by the crematorium subsidises cemetery maintenance costs has been tacitly accepted but never formally adopted as policy.

5.5 A prudent Council as with a prudent business should plan for and invest for the future. In the case of this Council, investment for the future of Bereavement Services, to prepare for investment in new technology to abate emissions or replacement cremators, has not happened.

5.6 The crematorium lodge is currently empty. It could be sold and a capital receipt obtained. It is estimated that in the present market this sale could realise between £220k and £250K. There are other assets currently held, or until recently, held in the Bereavement Services portfolio of assets that could be sold or managed more strategically in a way that supports the Council's value for money agenda. It is acknowledged that this Council has a policy not to ring fence capital receipts to discrete service areas in the event of an asset disposal.

5.7 This inquiry has shown that there is opportunity to further increase income at the crematorium through innovation and through adopting a more commercial approach. The consultant engaged by the IW Council to inform the enquiry has suggested that the income target set by crematoria operating in the private sector for memorialisation will be up to 20% of the income stream. In the case of the island's crematorium memorialisation income is approximately 7% of the total revenue received. 35% of all IW Crematorium cremation service sales result in some form of memorial sale. In contrast, 10% of Basingstoke Crematorium's cremation service sales result in some form of memorial sale, the income derived from such sales, however, equates to 30% of the total revenue received.[20] A rough calculation based on figures provided by Bracknell Forest Borough Council (BF) suggests that 30% of cremation sales result in a memorial sale. The gross income from memorial sales at BF has been calculated to be in the region of £115,000 for the 2005/6 financial year, compared to approximately £41,000 for the same period at the IW Crematorium.

5.8 The consultant has raised several interesting issues and highlights:

- Pride of staff in the crematorium.
- The main structure, dating back to the 1960's is described as 'utilitarian' and 'is in need of modernisation'.
- The site suffers from poor drainage. Drainage needs to be remedied (particularly if the ashes interment area is to be improved/enlarged – this is a recently introduced service with opportunities for development).
- Interest in freehold purchase of the site is likely to be high because effectively the site "has a captive and constant market with no competition"; 5 potential purchasers are identified.
- Business volume suggests a site value of £2m.
- It is not beyond the realms of possibility that a private sector operator may consider establishing another crematorium on the island.

[20] Overview and Scrutiny Team, 2005, *Notes of Evidence: 01/02/06, (Basingstoke - Saf6/05.01/02/06), p.2*

- The Council might wish to establish a partnership with a private sector experienced crematorium operator but in so doing would forgo most if not all of a potential capital receipt.

- Sale of the crematorium will leave a funding shortfall insofar as cemeteries are concerned.

- Any outright sale of the crematorium could be met with public resistance. Public opinion should be gauged but the consultant acknowledges difficulties in achieving such measurement.

5.9 According to the consultant: ‘It is of course possible to conclude that the status quo is the preferred option’ and that ‘in that eventuality the Council must make substantial new investment necessary in the years ahead.’[21]

5.10 It should be noted that the consultant has listed himself amongst potential bidders should the Council choose to outsource the crematorium.

5.11 Advice has been obtained about the merits of establishing a local bereavement trust. The advice might best be summarised as inconclusive. It is clear that no Council has established a bereavement services trust into which a crematorium and all Council cemeteries have been vested. Although considerable work has been done in preparing advice for the Commission Mr Ross cautions against being a pioneer in this area without further careful consideration and research.

6. OPTIONS APPRAISAL WITH LEGAL AND FINANCIAL IMPLICATIONS

6.1. **Option A** – establish a charitable trust to run the crematorium

6.1.1. Work undertaken to date is inconclusive insofar as an Isle of Wight bereavement services trust is concerned. No authority has developed a similar model elsewhere, there is no case to suggest that benefits from establishing a trust outweighs the risk.

6.2. **Option B** – outsource the crematorium

6.2.1. Outright sale is achievable and will bring a capital receipt probably in excess of £2m. The next cost to the Council in 2005/6 of providing cemeteries and managing closed churchyards will be approximately £196k. This next cost should be funded from surplus crematorium income. Should the crematorium be sold the deficit generated by cemeteries and closed churchyards would need to be funded from elsewhere in the Council’s budget.

6.2.2. Outright sale will place the crematorium in the hands of a private sector monopoly operator insofar as the island is concerned. Legislation offers only limited protection for consumers from (over zealous) private monopolies. A private sector operator would be able to increase cremation charges significantly whilst maintaining a consistent level of business.

6.3. **Option C** – enter into a partnership with the private sector to manage the

[21] Holmes, David and Coates, Robert, (2006), The Isle of Wight Crematorium, p.9

crematorium

6.3.1. No operational example of this option has been as yet identified. It is difficult to identify the long-term benefits that this option would offer. Clearly the availability of capital funding would offer a short-term benefit that would assist with the forthcoming capital investment required. However, the surplus revenue that currently subsidises wider Bereavement Services maintenance activities would be greatly reduced unless revenues are significantly increased. In order for revenues to increase to the substantial level necessary to satisfy the requirements of both the IWC and a private partner, it would be likely that prices would need to rise to levels beyond that which would achieve value for money. If the Council should choose to pursue this option further detailed research would need to be undertaken.

6.4. **Option D** – market (outsource or partnership) the whole cremation and cemeteries service

6.4.1. The maintenance of cemeteries and closed churchyards could be included within an outright sale of Bereavement Services activities. This would most likely diminish the anticipated sale price of the crematorium due to the losses currently incurred by cemeteries and closed churchyards. As the Council has a statutory obligation to maintain closed churchyards it would need to be determined whether this liability can be passed on to a third party in perpetuity and whether if the third party should liquidate, this liability would revert back to the Council.

6.4.2. Preliminary discussions with Westerleigh Group Plc who have taken over the management of Bereavement Services, including cemeteries and closed churchyards, from Redbridge Borough Council suggest that a satisfactory arrangement for the outsourcing of the Bereavement Services function could be a possibility. It was indicated that the contract between the parties was in some manner related to the construction of the new Forest Park Crematorium and Cemetery facility in the Borough – there was no crematorium facility in Redbridge Borough prior to the construction of Forest Park. Further information with respect to the nature of the contract between the parties and the geographic and demographic profile of Redbridge Borough would need to be gathered prior to a formal decision being made.

6.5. **Option E** – retain the crematorium as an IWC service and take action to increase revenue

6.5.1. Retention of the status quo should not be viewed as an option. This enquiry reinforces a value in the crematorium that is not seen simply in financial terms. The term “jewel” has been used by several of those who have been consulted to describe the crematorium. Up to 70,000 of this Council’s customers visit the crematorium every year as mourners. The opportunity to raise the esteem with which the Councils customers view the effectiveness of the organisation through Bereavement Services should not be lost.

6.5.2. It is not unreasonable for this Council to formally adopt a policy of budget neutrality insofar as Bereavement Services are considered. Members could direct that old costs associated with managing our unique mix of

Council owned cemeteries and closed churchyards should be generated by the crematorium.

6.5.3. If the Crematorium is to remain within the management of the Council's Bereavement Services a more businesslike approach should be taken with respect to the management of Bereavement Services in the round in order that a value for money approach is sustained. Such activities could include:

a **Raising the cost of cremations to increase revenue**: Although price increases are generally unpopular, the availability of a cremation service that is run under a public service ethos which seeks to reinvest surplus funds to improve the service for the community makes such increases tolerable. The Council would need to ensure that surplus revenues from such increases are reinvested in the service to avoid the appearance of a cynical revenue raising scheme employed in order that general Council tax increases are minimised. It is also important to note that 1. the cost of a cremation generally represents 25% of the overall cost of a funeral; 2. unlike Council tax increases the cost of a cremation is a one time expense; and 3. the most disadvantaged families have crematorium fees paid for by the state.

b **Promoting the purchase of funeral plans**: As part of a campaign to raise awareness of financial planning issues the Council could highlight the benefits to be gained by planning for the inevitable, particularly providing for the future at today's prices. Although at present Funeral Plans are not protected by the FSA, the existence of a self-regulatory organisation for the funeral planning sector, the Funeral Planning Authority, and the fact that charities such as Age Concern and Help the Aged provide such plans suggests that it is a viable way for people to plan for the future. The Council might choose in the future to establish a preferred scheme with a funeral plan provider.

c **Increasing the scope of memorial activities undertaken by the crematorium:** it is clear that significant revenue is raised in the private sector from memorial activities. The bereaved purchase memorials for their own reasons and do so voluntarily. The private sector generally use a hard sell approach whereas the IW Crematorium staff advise the bereaved of the services that are available to them if they should have a requirement. The fact that 35% of cremations result in some form of memorial being purchased at the IW crematorium set against the 10% at Basingstoke's private facility suggests that there is local demand for such a service. The fact that such sales locally constitute 7% of the local crematorium revenue against 30% at Basingstoke suggests that there is scope for increasing pricing and memorial options. If the Council chooses to increase memorial activity the development of a business plan and the use of realistic revenue targets underpinned by a public service ethos would be essential. Any surplus revenue that is not earmarked for reinvestment in Bereavement Services activities could be legitimately invested in other Council activities as all revenue received from memorials is provided on a voluntary basis.

d **Reducing the cost of maintenance activities**: The IWC grounds maintenance contract is due for renewal in 2007 when a more favourable deal could be negotiated with contractors. The Council could also engage with Town and Parish Councils and the voluntary sector to address local maintenance issues. As the IWC has a statutory obligation to maintain cemeteries and closed churchyards it is unlikely that Town/Parish Councils would willingly undertake this obligation in view of the financial liability attached. However, where Town/Parish Councils already have a local maintenance contract in place or would choose to enter into such a contract should sufficient resources be made available, a financial arrangement might be possible that would satisfy all parties and that might contribute to the employment of a local grounds person. The Council has an aspiration that Town/Parish Councils engage more meaningfully with the voluntary sector to deal with local community issues. There is a willingness within the voluntary sector to contribute to the upkeep of cemeteries and closed churchyards that could be harnessed in a more strategic way.

6.6. **Option F** – fund new cremators from the sale of Bereavement Services' Assets

6.6.1. It is clear that the Crematorium could operate sufficiently using only 2 of the 3 cremators available. This would result in a reduction in the funding required to replace the existing cremators and meet emissions targets. However, should a fault be experienced with one of the remaining cremators there would be a risk to business continuity. A robust maintenance arrangement is currently in place to militate against such eventualities.

6.6.2. Insofar as Bereavement Services in the round is concerned this Council could reinforce its policy of identifying assets that are surplus to requirements so that they can be sold. Although the Council has a policy not to ring-fence capital receipts, in the event of the sale of a Bereavement Services asset it is suggested that this policy could be varied until such time as an appropriate investment fund is established. The next asset for disposal could be the crematorium lodge. Opportunities to be creative with other Bereavement Services assets have been identified. It is important to note that the disposal of capital assets to meet expenditure requirements represents a one-off solution.

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8. Financial / Reputational Risk Assessment by Steve Milford, Budget Accountant (Safer Communities)

Option A = establish a charitable trust to run the crematorium.
Option B = outsource the crematorium
Option C = enter into a partnership with the private sector to manage the crematorium
Option D = market (outsource or partnership) the whole cremation and cemeteries service
Option E = retain the crematorium as an IWC service and take action to increase revenue
Option F = fund new cremators from the sale of Bereavement Services' assets

Nature of Risk	Option A	Option B	Option C	Option D	Option E	Option F	Possible controls
Insufficient investment results in unacceptable levels of mercury emissions	Unlikely to attract sufficient funding – High Risk **3x4=12**	Likely to have sufficient funds to invest – Low Risk **3x1=3**	Would need to reward the private partner for making investment – Medium Risk **3x2=6**	Would need to be built into contract, at some cost to the IWC – medium Risk **3x2=6**	Unlikely to generate sufficient funding from extra income – Medium Risk **3x3=9**	Selling enough assets would generate sufficient capital – Low Risk **3x1=3**	Accurate estimates of investment requirements & plan accordingly
An external operator goes bankrupt / ceases to provide service	No underlying financial guarantees – High Risk **4x3=12**	Possible if company financially unsound / demand falls – Low Risk **4x2=6**	Possible if company financially unsound / demand falls – Low Risk **4x2=6**	As options B and E, but greater risk with loss-making cems – Medium Risk **4x3=12**	N/A **0**	N/A **0**	Thorough assessment of financial standing of private co's inc business cases
Fees increase to unacceptable levels	Unlikely, esp if written into	Possible – esp if levels	Possible – esp if levels	Possible – esp if levels	Possible if high	Unlikely – no real	Total control of fees can only be maintained by

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Nature of Risk	Option A	Option B	Option C	Option D	Option E	Option F	Possible controls
	charitable objectives – Low Risk **2x1=2**	of demand fall – Medium Risk **2x4=8**	of demand fall – Medium Risk **2x3=6**	of demand fall – Medium Risk **2x4=8**	pressure to increase income – Low Risk **2x1=2**	need for extra income – Low Risk **2x1=2**	retaining ownership
Standards of crematorium services fall to unacceptably low levels	Possible, though Trust would only need to break even – Low Risk **3x1=3**	Possible, though not in long term financial interest – Low Risk **3x1=3**	Possible, though not in long term financial interest – Low Risk **3x1=3**	Possible, though not in long term financial interest – Low Risk **3x1=3**	Unlikely, high public / political sensitivity – Low Risk **3x1=3**	Unlikely, high public / political sensitivity – Low Risk **3x1=3**	Build in standards expected and make conditional in any contract
Levels of demand remain low / fall leading to costly service	Possible, esp in short term – Medium Risk **2x3=6**	Possible, though losses would be bourne by provider – Low Risk **2x3=6**	Possible, though losses *may* be borne by provider – Medium Risk **2x3=6**	Possible, though losses would be borne by provider – Low Risk **2x3=6**	Possible, but could minimise through imaginative income generation – Low Risk **2x3=6**	Less impact as service would have capital investment and only need to break even – Low Risk **2x3=6**	Review fees and operating regularly & keep future sourcing options open
Further capital investments are required and cannot be funded	Likely – High Risk	Possible – depends on financial standing – Medium Risk	Possible, though losses would be borne by provider – Low Risk	Possible, though losses would be borne by provider – Low Risk	Likely if no other sources of funding – High Risk	Possible – though further assets could be sold to fund – Medium Risk	Could make future funding a condition of any external contract

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Nature of Risk	Option A	Option B	Option C	Option D	Option E	Option F	Possible controls
	3x3=9	**3x2=6**	**3x2=6**	**3x2=6**	**3x3=9**	**3x2=6**	
Ongoing funding of cemeteries' maintenance threatened	Possible, unless built into charitable objectives – Medium Risk **3x4=12**	Likely as sale proceeds would only meet £200K shortfall in short term – High Risk **3x3=9**	Possible, depending upon nature of partnership agreement – Medium Risk **3x3=9**	Likely as new supplier would have little incentive to continue cross-subsidisation – High Risk **3x4=12**	Increased revenue could be earmarked, but unlikely to be sufficient – Medium Risk **3x3=9**	Currently revenue income generated should be sufficient – Low Risk **3x1=3**	Earmark BS surpluses for supporting cemeteries' funding
Quality Standards in cemeteries fall to unacceptably low levels	As above **3x4=12**	As above **3x3=9**	As above **3x3=9**	As above **3x4=12**	As above **3x3=9**	As above **3x1=3**	As above
IWC selects an option that has legal and cost implications	Likely as no LA has implemented this option – High Risk **3x4=12**	Some legal implications in ensuring fair tendering process – Medium Risk **3x2=6**	Some legal implications in ensuring fair tendering process – Medium Risk **3x2=6**	Significant as IWC has responsibility to provide cemeteries – High Risk **3x4=12**	IWC has ongoing duty to demonstrate value for money – Low Risk **3x1=3**	IWC has ongoing duty to demonstrate value for money – Low Risk **3x1=3**	Avoid untested options and adopt standard tendering procedures where applicable

Risk score methodology:

Impact	X	Likelihood	=	Risk
1 – Low, under £250,000		1 – Very unlikely		

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2 – Medium, under £500,000		2 – Possible	
3 – High, under £1m		3 – Probable	
4 – Catastrophic, over £1m		4 – Very likely	

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9. EVIDENCE/BACKGROUND PAPERS/ADDITIONAL INFORMATION

1. Age Concern (2005), Planning a Funeral Fact Sheet

2. Basingstoke Crematorium, from http://www.basingstoke.gov.uk/cgi-bin/MsmGo.exe?grab_id=314&EXTRA_ARG=GRAB_ID%3D234%00%26EXTRA_ARG%3D%00%26HOST_ID%3D42%00%26PAGE_ID%3D11206656%00%26HIWORD%3DCREMATORIA%2BCREMATORIUMS%2Bcrematorium%2B&CFGNAME=MssFindEN%2Ecfg&host_id=42&page_id=4129024&que

3. BBC News, 'Funeral Costs Rise' (3.4.2000), from http://news.bbc.co.uk/1/hi/uk/699435.stm

4. BBC News, 'Sweden set for freeze-dry burials' (29.9.2005), from http://news.bbc.co.uk/2/hi/europe/4293992.stm

5. BBC News, 'Swedes offer freeze-dry burials' (9.2.2004), from http://news.bbc.co.uk/1/hi/world/europe/3473103.stm

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Responses by Correspondence:

- Bevington, Reverend David, 27/02/06
- Clifton-Smith, Reverend Gregory, 16/01/06
- Emblin, Canon Richard, 01/03/06
- Everson, R.
- Foster, Councillor Barbara, 19/3/06
- Fuller, Canon G.D., 09/03/06

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- Harris, Reverend Jonathan Redvers, 02/03/06
- Pay, Martin C. 22/10/05
- Stirman, Reverend Derek, 08/03/06
- Strange, Reverend Mary, 15/03/06
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