

THE EXECUTIVE

19 AUGUST 2003

REPORT FROM THE DIRECTOR OF LEISURE AND ENVIRONMENTAL SERVICES

CEMETERY CHARGES - 2003/2004 and 2004/2005	FOR DECISION
<i>This report concerns the setting of charges and fees, which is a decision reserved to the Executive.</i>	
<u>Summary</u>	
<p>The Charging Policy Commission set out a number of fundamental principals that should be considered, including the starting presumption that charges should be set to recover the full cost of the service and that subsidising charges may only be considered in certain circumstances. A decision now needs to be made with regard to Cemetery Charges for 2003/04 and 2004/05.</p>	
<p>This report therefore outlines:</p>	
<ul style="list-style-type: none">(a) The history as to why Cemetery Charges were not of commercial significance from the time of first opening the cemeteries,(b) The increase in Cemetery Charges needed to make the service as a whole break even,(c) For comparison purposes the charges levied by the other London Burial Authorities,(d) The costs of performing the four main services that create the bulk of the Cemeteries income.	
<u>Recommendations</u>	
<p>The Executive is recommended:</p>	
<ul style="list-style-type: none">1. To approve an average of 12.5% increases in the Cemetery Charges as shown in Appendix 'B' for the financial year 2003/2004 as of 1 October 2003;2. To enable the new rates to coincide with the opening of The Field, Extension at Chadwell Heath Cemetery (which is now anticipated to open in summer 2005) to agree that the next review of Cemetery Charges shall be presented to the Executive in February 2005, and accordingly that:<ul style="list-style-type: none">(a) the 2004/05 income should be increased on 1 April 2004 by inflation, and,(b) the Head of Leisure and Community should be given authority to adjust individual Cemetery Fees and Charges for 2004/05 to meet the revised income target and views of the services stakeholders.	

Reason

To set the Cemetery Charges for the remainder of this financial year 2003/2004 and the forthcoming financial year 2004/2005.

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1. Background

1.1 Following the Charging Policy Commission's recommendations and Best Value Review of the Cemeteries Service a major review of Cemetery Charges took place last year with increases effective from 1 October 2002.

2. Current Position

2.1 Income from the Cemeteries Service is derived from charges levied for the following four main subject areas:

- Sale of Exclusive Rights of Burial in Grave Spaces
- Memorial Fees
- Interment & Cremated Remains Fees
- Grounds Maintenance & Other Fees

2.2 The total cost of running the Cemeteries Service for this financial year (2003/2004) is estimated at £863,070 and the estimated income is £483,280. This is equivalent to the 2002/3 estimate of £313,870 plus 3% inflation plus additional savings of £160,000 agreed by the Executive Minute 325, 25 February 2003. In order for the Cemeteries Service to meet this target Charges will need to be increased by an average of 12.5%. The proposed charges needed to achieve this return are attached at Appendix B.

2.3 If the current Cemetery Charges were maintained at their current rate the net subsidy of the Service for this financial year would be £433,435. This equates to a 50% subsidy.

2.4 A summary of the estimated costs and income for 2003/04 relating to the four main service areas, based upon an increase of 12.5%, is as follows:

	<u>Sales of Grave Spaces</u>	<u>Memorial Fees</u>	<u>Cremated Remains & Interment Fees</u>	<u>GM & Other Fees</u>	<u>Total</u>
	£	£	£	£	£
<u>Expenditure</u>					
Site Maintenance of Used Burial Land	538,738	14,546	-	-	562,445
Site Maintenance of Unburied In Land (based on 1.7% of cemetery land)	9,161	-	-	-	9,161
Burial Process Costs	115,379	6,612	166,512	12,122	300,625
Total	663,278	21,158	166,512	12,122	863,070
<u>Income</u>					
Total	200,480	23,100	231,605	28,095	483,280
<u>Council Subsidy (£)</u>	462,798	(-1,942)	(-65,093)	(-15,973)	379,790
<u>Council Subsidy (%)</u>	70%	(9%)	(39%)	(132%)	44%

- 2.6 At current activity levels, in order for the Cemeteries Service to break even as a whole Cemetery Fees and Charges would need to be increased by a further 78%. However, although there is scope to increase Cemeteries Charges by above inflation, an increase of this proportion would be difficult to justify on the basis of current market rates.
- 2.7 The ability to recover full cost is further complicated by the Council's previous charging decisions where cemetery services have been provided at a significant subsidy. This is particularly the case within the burial service where clearly previous Charges have been insufficient to pay for the cost of gravesite and memorial maintenance over their expected life.
- 2.8 When the Borough's cemetery sites were originally opened the Exclusive Rights of Burial (ERB) were sold to the grave owners in perpetuity. It was not until the introduction of the Local Authorities Cemeteries Order 1977 that the exclusive rights of burial were restricted to 50 years, in this authority. The issue of ensuring that sufficient income was obtained when selling the burial rights at that time would not therefore have been of much concern as it was assumed that the authority would have to maintain the sites forever anyway. However, this has led to an increasing maintenance burden to be funded from the Council's revenue budgets, which is not matched by an increase in Revenue Support Grant (RSG).

2.9 Over the past four financial years the Council has been taking a more active approach to Cemetery Charges with average increases as follows:

1999/2000	22.33% up on previous year
2000/2001	20.52% up on previous year
2001/2002	22.77% up on previous year
2002/2003	37.18% up on previous year (implemented 1 October 2002)

2.10 As can be seen from the burial charges assessment compiled by the Confederation of Burial Authorities (CBA) this Borough's charges are now within the upper quartile across London. (Appendix A)

2.11 To achieve the income target set for 2003/04 financial year there will need to be an increase in income of 12.49% from the 1 October 2003. This increase will be achieved by increasing the charges as indicated in Appendix B. It should be stressed that current burials and reopening of graves are not subsidised, and the subsidy is mainly to cover the maintenance costs of older burial areas.

3. Charges

3.1 As mentioned in paragraph 2.1, fees and charges for the Cemeteries Service can be broken down into the four clear categories. A description of each category including a proposed charging basis is indicated below:

3.1.1 Sale of Exclusive Right's of Burial

This service covers the capital cost of the land asset, preparation of the land for burial and maintenance of the land for the 50 year exclusive right of burial period.

It is considered that the most appropriate basis of future Charges should be based upon the full cost of maintaining each burial space over a 50-year life. However, it is recommended that future charges should not take into account any costs, which have not been recovered in the past because of the Councils previous charging decisions and changes in legislation.

3.1.2 Memorial Fees

This service includes the administration associated with the issuing of Memorial Permits and the recording of memorial installations and works carried out upon memorials within the Borough's Cemetery sites. It also includes the Memorial Inspection Regime and the subsequent remediation works.

It is considered that the most appropriate basis of future Charges should be based upon achieving at least the full cost of this service. As with the sale & maintenance of graves a proportion of the memorial costs relate to the inspection and maintenance of existing memorials. It is, therefore, considered appropriate that any profit should be used to cross subsidise the costs of works to memorials where an owner is no longer traceable or alive (e.g. Victorian areas in Rippleside Cemetery).

3.1.3 Interment & Cremated Remains Fees

This service includes the excavation and shoring up of the grave, the dressing of the grave prior to burial, the escorting of the funeral cortege within the cemetery site, the use of the chapels and the administrative costs associated with organising and recording the event.

It is considered that the most appropriate basis for future charges should be based upon at least the full cost of this service or the market rate which ever is greater.

3.1.4 Grounds Maintenance and Other Fees

The services covered within this heading are quite diverse covering administrative procedures such as Transferring Exclusive Rights of Burial to annual maintenance agreements for grave plots.

Again, it is considered that the most appropriate basis for future Charges should be based upon at least the full cost of this service or the market rate, which ever is greater.

3.2 The full cost and recommended future Charge for each of these services, taking account of the method of charging recommended above, is detailed in Appendix B.

The 12.5% increase will be achieved as follows:

	Income based on current charges	<u>Additional Income</u> (over a 12 month charging period)	
	£	£	%
Sale of Exclusive Rights of Burial	183,400	17,080	9.3%
Memorial Fees	17,000	6,100	35.9%
Interment & Cremated Remains Fees	203,140	28,465	14.0%
Other Charges	26,095	2,000	7.7%
Total	429,635	53,645	12.5%

4. **Proposals**

4.1 2003/04 Charges

4.1.1 It is recommended that Fees and Charges for 2003/04 should be increased as set out in Appendix B.

4.1.2 These proposed increases would result in an average price increase for financial year 2003/04 of 12.5%.

4.1.3 By increasing the Cemetery Charges, as shown in Appendix B, the resulting increased income from the sale of grave spaces and interment fees should be in the order of £53,645.

4.2 2004/05 Charges

- 4.2.1 Due to the work load on staff associated with the delivery of The Field extension at Chadwell Heath Cemetery, and to stabilise the prices in order to assess their effect over an 18 month period (rather than 6 months), it is proposed that there is no full review of Cemetery Charges until February 2005.
- 4.2.2 It is also proposed that the February 2005 review prices will then be applied to all cemeteries once The Field extension opens, which is now anticipated to be summer 2005. This will also enable the Charges to realign with the traditional April round of increases.
- 4.2.3 If the Executive is prepared to accept the above proposals it is also suggested that:
- (a) the 2004/05 income target should be increased on 1 April 2004 by inflation, and,
 - (b) the Head of Leisure and Community should be given authority to adjust individual fees to meet the revised income target and views of the services stakeholders.

5. Consultation

- 5.1 Laura Williams, Acting Head of Finance, LESD and Jason Payne, Management Accountant, LESD have been consulted and are happy with this report as it stands.
- 5.2 Neighbouring Burial Authorities have been consulted.
- 5.3 Discussions were also held with stakeholders of the Service at the Cemeteries Service Liaison Meeting on 13 March 2003 following the previous rise in Fees and Charges in October 2002.

Background Papers

- Executive Minute 60, 23 July 2002 Re: Cemeteries Charges 2002/03.
- Executive Minute 327, 11 March 2003 re: Leisure and Amenities Charges 2003/04

Appendix A

London Burial Authority Charges 2003-2004

Burial Authority	Fee Excl. Rights	Fee Interment	Fee Memorial	Fee TOTAL	Lease Period	Fee as Annual Charge
Wandsworth	1200.00	1000.00	56.00	2256.00	40	56.40
Haringey	920.00	670.00	70.00	1660.00	30	55.33
Croydon	891.00	467.00	144.00	1502.00	50	30.04
City of London	628.00	744.00	70.00	1442.00	50	28.84
Bexley	356.00	341.00	153.00	850.00	30	28.33
Ealing	529.00	226.00	85.00	840.00	30	28.00
Lambeth	1268.00	0.00	88.00	1356.00	50	27.12
Harrow	860.00	335.00	95.00	1290.00	50	25.80
Barking & Dagenham (current)	750.00	460.00	50.00	1260.00	50	25.20
Richmond Upon Thames	820.00	430.00		1250.00	50	25.00
Lewisham	497.00	616.00	126.00	1239.00	50	24.78
Southwark	469.00	594.00	120.00	1183.00	50	23.66
Kensington & Chelsea	712.00	895.00	131.00	1738.00	75	23.17
Merton	600.00	390.00	90.00	1080.00	50	21.60
Havering	530.00	485.00	64.00	1079.00	50	21.58
Newham	500.00	500.00	62.00	1062.00	50	21.24
Sutton	430.00	369.00	164.00	963.00	50	19.26
Bromley	568.00	437.00	89.00	1094.00	60	18.23
Redbridge	830.00	425.00	108.00	1363.00	75	18.17
Brent	520.00	335.00	50.00	905.00	50	18.10
Waltham Forest	718.00	563.00	51.00	1332.00	75	17.76
Greenwich	300.00	440.00	140.00	880.00	50	17.60
Camden	430.00	420.00	70.00	920.00	60	15.33
Barnet	1010.00	330.00	132.00	1472.00	100	14.72
Islington	580.00	380.00	75.00	1035.00	75	13.80
Hounslow	374.00	317.00	90.00	781.00	60	13.00
Kingston upon Thames	635.00	335.00		970.00	75	12.93
Enfield	493.00	405.00	74.00	972.00	100	9.72
Hillingdon	536.00	333.00	84.00	953.00	100	9.53
Hammersmith & Fulham	360.00	260.00	58.00	678.00	75	9.04
Hackney						
Tower Hamlets						
London Average	£ 643.00	£450.07	£92.46	£1,180.17	59 years	£22.44
Barking & Dagenham (Proposed)	£ 810.00	£525.00	£82.00	£1,410.00	50 years	£28.20

Extract from the Confederation of Burial authorities benchmarking survey 2003-04

Appendix B .

Product	Current Fee	Proposed charge	Increase	Predicted unit sales	Income based upon current charge	Income based upon proposed charge	Percentage increase of unit cost
Grave Fees(Exclusive Right of Burial)							
A Grade Traditional (50yrs)	1,700	2,000	300	0	0	0	17.65%
B Grade Traditional (50yrs)	1,600	1,700	100	32	51200	54400	6.25%
Lawn (50yrs)	750	810	60	148	111000	119880	8.00%
Children's Corner (50yrs)	350	350	0	18	6300	6300	0.00%
Ashes only Grave in Garden of Rest (25yrs)	125	175	50	100	12500	17500	40.00%
Ashes only Above ground vault Rippleside Cemetery Garden of Rest (25yrs)	800	800	0	3	2400	2400	0.00%
Sub-Total					183400	200480	9.31%
Interment Fees							
* Private Grave	460	525	65	400	184000	210000	14.13%
* Non-Private Grave (Excluding still-born)	460	525	65	1	460	525	14.13%
* Additional Charge per Casket	85	100	15	10	850	1000	17.65%
* Additional Charge per body over depth for two	85	85	0	60	5100	5100	0.00%
* Child in Non-private grave (Aged between three weeks & 12 years)	95	95	0	0	0	0	0.00%
* Child up to the age of 12 years old in Children's Corner (depth for one only)	95	95	0	18	1710	1710	0.00%
* Still Born Babies and children up to three weeks old in Non-Private graves	95	95	0	1	95	95	0.00%

Cremated remains Fees							
* Interment of child's cremated remains	95	95	0	40	3800	3800	0.00%
* Interment of adults cremated remains	95	125	30	70	6650	8750	31.58%
* Second Interment of cremated remains in "above ground vault"	50	50	0	0	0	0	0.00%
* Placing of cremated remains in Garden of Rest and two-line inscription in Book of Remembrance (ONLY).	95	125	30	5	475	625	31.58%
* Each additional line in Book of Remembrance	25	25	0	0	0	0	0.00%
Sub-Total -Interment and cremated remains					203140	231605	14.01%
Grounds-Maintenance Fees							
Annual Maintenance – Non-lawn type grave.	80	80	0	10	800	800	0.00%
Annual Maintenance - Lawn type grave.	50	50	0	10	500	500	0.00%
Provision of soil in kerb sets	30	30	0	4	120	120	0.00%
Other charges							
Registration of declaration regarding Non-production of Registrars Certificate	17	20	3	0	0	0	17.65%
Transfer of exclusive right of Burial	20	20	0	120	2400	2400	0.00%
Family trace (per named entry)	20	20	0	13	260	260	0.00%
Photocopies per A4 sheet	1	1	0	15	15	15	0.00%
Use of Cemetery Chapel	55	60	5	400	22000	24000	9.09%
Sub-Total (GM and Other Fees)					26095	28095	7.66%
Memorial fees							
various	60	82	22	150	9000	12300	36.67%
Other items	20	27	7	400	8000	10800	35.00%
Sub-Total					17000	23100	35.88%
TOTAL					429,635	483,280	12.49%

Current estimated income Proposed estimated income