



Leicester
City Council

WARDS AFFECTED
All Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS
Overview & Scrutiny Management Board
Cabinet

22 March 2010
29 March 2010

**GILROES CREMATORIUM: CREMATOR REPLACEMENT AND ASSOCIATED
IMPROVEMENT WORKS**

Report of the Chief Operating Officer and Deputy Chief Executive

1. PURPOSE OF REPORT

1.1 This report sets out the options for the following to enable legislative compliance and to improve the crematorium facilities for the bereaved, involving:

- The replacement of the cremators
- The installation of new mercury abatement plant and equipment
- Increasing chapel seating capacity for mourners
- Funding the proposed works

2. SUMMARY

2.1 Following consultations at a national level with the Federation of British Cremation Authorities, the Cremation Society and the Institute of Cemetery and Crematorium Management, DEFRA issued legislation and guidance relating to the need to reduce mercury emissions from crematoria in the UK to 50% of their current levels. There are indications that DEFRA will subsequently require Cremation Authorities to reduce emissions by 100%.

2.2 The current cremators were installed in 2000. To maintain operational efficiency it is recommended that cremators are replaced after approximately 7 years. While ongoing maintenance has enabled the current cremators to remain in service, they are approaching the end of their economic and operational life and are in need of replacement.

2.3 The reconfiguration of the crematorium to accommodate the replacement cremators and new mercury abatement equipment necessary because of 2.1 and 2.2 above, provides an opportunity to increase the seating capacity of the East Chapel.

2.4 To enable works to be completed by December 2012 it is critical that detailed design works start by no later than summer 2010.

3. RECOMMENDATION

Cabinet are recommended to approve:

- 3.1 The replacement cremators and installation of mercury abatement equipment together with an extension to the East Chapel to increase seating capacity at a total cost of £4.22m;
- 3.2 That this scheme be self-financing and that expenditure is funded through prudential borrowing of £4.22m, paid back by means of an environmental levy applied from 1 June 2010. This levy is 22% of the cremation fee which would normally be charged from 1 April 2010.

4. REPORT

Options & Financing

- 4.1 This report identifies two options. The first option is to replace the cremators and install mercury abatement plant and equipment at an estimated cost of £3.71m. The second (recommended) option is to carry out exactly the same works but to also extend the East Chapel into space created as a result of these works, at an additional cost of £501k. Simplified plans showing the two options are appended.
- 4.2 To enable these works to be self financing it is proposed to use Prudential Borrowing, repaid through a one off increase in Cremation fees and charges. This is summarised below:

	Basic option	Recommended Option Basic plus chapel extension
Capital Cost	£3.71m	£4.22m
2009/10 adult cremation fee	£480	£480
2010/11 adult cremation fee (2% inflation) (excluding environmental levy) from 1 April 2010	£500	£500
Additional environmental levy to be applied from 1 June 2010	£100 (20%)	£110 (22%)
Total adult cremation fee from 1 June 2010	£600	£610

Mercury Abatement

- 4.3 Vapourised mercury from filled teeth makes crematoria a significant source of mercury emissions in the UK. Mercury is toxic and accumulates in air and water. Overall Mercury emissions have reduced significantly in recent years. Crematoria currently produce about 16% of the total mercury emissions but because of reducing outputs from other sources crematoria are expected to be the largest source by 2020.
- 4.4 DEFRA has put in place legislation (Pollution Prevention and Control Act 1999) that aims to cut emissions of mercury from crematoria by half by the end of 2012. However, there are indications that DEFRA may shortly thereafter consider raising the abatement requirement to 100%. It is therefore considered prudent to install mercury abatement plant and equipment at Gilroes Crematorium that meets this potential requirement now.

- 4.5 DEFRA accepts the fact that mercury abatement will be expensive and has proposed that Cremation Authorities add an identifiable environmental levy to the Cremation fee to part compensate for the additional costs arising from such works.

Cremators

- 4.6 The City Council's Gilroes crematorium currently carries out approximately 3,200 cremations per annum, making it the 7th busiest crematorium in England. The existing four cremators were installed in 2000 and do not incorporate Mercury abatement. Under normal operating conditions a cremator performs at maximum efficiency for approximately 5 – 7 years.
- 4.7 Whilst ongoing Cremator maintenance has enabled service continuity, in consideration of the age and current condition of the cremators and the requirement to install the Mercury Abatement plant and equipment, it would be economically and operationally efficient to include the replacement of the cremators as an integral part of the works.

Chapel Seating

- 4.8 Funeral services are conducted in either of the two chapels at Gilroes Crematorium. Each chapel provides seating for a maximum of 80 mourners. There are an increasing number of occasions when both chapels are used to accommodate mourners attending a single funeral. Unfortunately, despite using both chapels, it is not always possible to provide seating for everybody leading to mourners having to stand either in the reception area and / or outside sometimes in inclement weather.
- 4.9 There have been several recorded public complaints received and representations made by faith community representatives expressing concern in regard to the inadequacy of current seating arrangements at the crematorium.
- 4.10 The proposed installation of the Mercury abatement plant and equipment and cremator renewal provides an opportunity to expand the seating capacity of the East Chapel as illustrated in Appendix B. This option is supported by the Bereavement Services, Culture and Leisure Task Group
- 4.11 The proposed works will increase the seating capacity of the East Chapel from 80 seats to 160 seats.

The seating capacity of the West Chapel will remain at 80 seats.

Due to building structure constraints it is not possible to physically combine the two Chapels.

Mourners attending larger funerals will be able to witness services being conducted in either Chapel via a video link between the East and West Chapels. Services will also be relayed to a video monitor located in the Assembly waiting area.

Multi Faith provision

- 4.12 Proposed structural improvements to the Crematorium have been informed by representations made by members of the Hindu, Sikh and Jain communities, for example increasing chapel seating capacity. Additional improvements to reflect multi

faith needs will include the provision of a discrete viewing gallery allowing family members to witness the charging of the coffin into the cremator. Site boundary constraints are likely to limit the opportunity to increase the capacity of the Assembly Hall waiting area, however any opportunity to do so will be exploited during building redesign.

5 FINANCIAL, LEGAL AND OTHER IMPLICATIONS

Financial Implications

- 5.1 This is a significant capital project that will need to be funded using prudential borrowing paid for by an additional levy added to the cremation fee, as recommended by DEFRA.
- 5.2 The capital costs for both options have been estimated internally by the City Council and include a contingency and inflationary allowance and are considered reasonable.
- 5.3 The works will commence in 2010/11 with spend of approximately £0.2m on design works. The main construction will take place in 2011/12, with completion in June 2012.
- 5.4 Funding the prudential borrowing from 2010 will require a levy equivalent to an increase of 24.5% of the 1 April 2010/11 cremation fee from 1 June 2010.
- 5.5 The following assumptions have been made:
 - i) Prudential borrowing interest rate of 5% pa.
 - ii) Prudential borrowing repaid as an annuity, ie a fixed rate pa rather than separate capital and interest, in order to minimise the fee increase in the early years.
 - iii) Standard inflation will be applied at 2% pa applied to cremation income as part of the normal budget process.
 - iv) The capital expenditure is a composite of building works, cremators, mercury abatement equipment and installation costs. The prudential loan repayment profile has been matched to the related expenditure – cremators and mercury abatement have been given a life of 10 years and the building works a life of 25 years. This will avoid having to make any significant increases in cremation fees when the cremators require replacing again in 10 years time, other than the impact of inflation.
 - v) The number of cremations remains at the current level of 3,100 per annum and doesn't decrease as a result of the levy. This is reasonable given that all crematoria will have to abate at least 50% of their cremations either by converting their own crematoria or in the future buying Tradeable Mercury Abatement Credits (Tmacs) from a national scheme (see 5.8 below). Even those crematoria that are not carrying out any installation will have to add an environmental levy to their charges which they will then use to purchase such credits.
- 5.6 The amount levied by different crematoria will vary dependant upon the how the works are funded and the level of installation, i.e. whether they abate 50% or 100%.

- 5.7 DEFRA have recognised that abatement may not be possible at all crematoria sites. The 50% reduction target set by DEFRA is national rather than a local target and they believe that a burden sharing scheme will be required. Such a scheme would require those crematoria who have not installed mercury abatement equipment to purchase credits from those crematoria that have, either through some direct agreement or through a national scheme such as the Crematoria Abatement of Mercury Emissions Organisation (CAMEO) National Burden Sharing Scheme.
- 5.8 Trading won't commence until January 2013 and further work is being done on the potential of such schemes which may allow the levy highlighted in the table above to be reduced. The amount of income that Leicester could receive depends upon the % of crematoria that do not install abatement equipment. Given these uncertainties it is not prudent to rely on any additional income and we should proceed on the basis of a self financing scheme.
- 5.9 The operation of the crematorium is a VAT exempt supply and as a result the input VAT associated with this capital expenditure will count towards the Council's permissible VAT exempt related expenditure of 5% of total VAT on purchases. The risk that the Council breaches the 5% threshold will depend on the capital programme in 2011/12 and there are alternative arrangements such as leasing the cremators rather than purchasing which will enable us to avoid the threshold.

Martin Judson, Financial Services

Legal Implications

- 5.10 It is a requirement of the above mentioned legislation for crematoria to remove mercury from 50% of all cremations by 31st December 2012, this was first published in Process Guidance Note 5/2 in September 2004. Further guidance was issued in 2005 which required crematoria operators to state how they intended to abate mercury emissions in line with the above legislation. This requirement was made into a permit condition, which required the operator to confirm how they intended to comply with the legislation. On 6th May 2006, the Council's Bereavement Services Manager advised that Leicester City Council intended to abate mercury from 100% of cremations at Gilroes Crematorium.
- 5.11 Failure to comply with the permit conditions can lead to a range of enforcement actions, including enforcement notices and / or prosecution.
- 5.12 If the recommended proposal is approved there will be a need for further legal advice regarding contractual and property law implications. In addition there may be planning implications and officers will need to ensure compliance with internal and any procurement rules, early advice should be taken.

Beena Adatia/Anthony Cross, Legal Services

6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph Within the report	References
Equal Opportunities	No		
Policy	No		

Sustainable and Environmental	Yes	4.3
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	

7. RISK ASSESSMENT MATRIX

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
Failure to procure plant and equipment within timescale and/or works not completed by December 2012	L	H	Funding arrangements approved, plant and equipment to be procured within accordance with Project timescale and tight project management to be ensured.
Capital cost overrun requiring higher than anticipated environmental levy.	L	M	Built in contingencies. Tight project management.
Reduction in number of cremations therefore making repayment of prudential borrowing difficult.	M	M	Obtain additional income from trading mercury credits with other crematoria to reduce the need for any increased levy. Find cost savings elsewhere within the service/Division to fund the repayment shortfall.

8. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

None

9. CONSULTATIONS

Bereavement Service, Culture and Leisure Task Group
Strategic Asset Management, LCC
Pollution Control Team, LCC
Leicester Council of Faiths
Shanti Dham

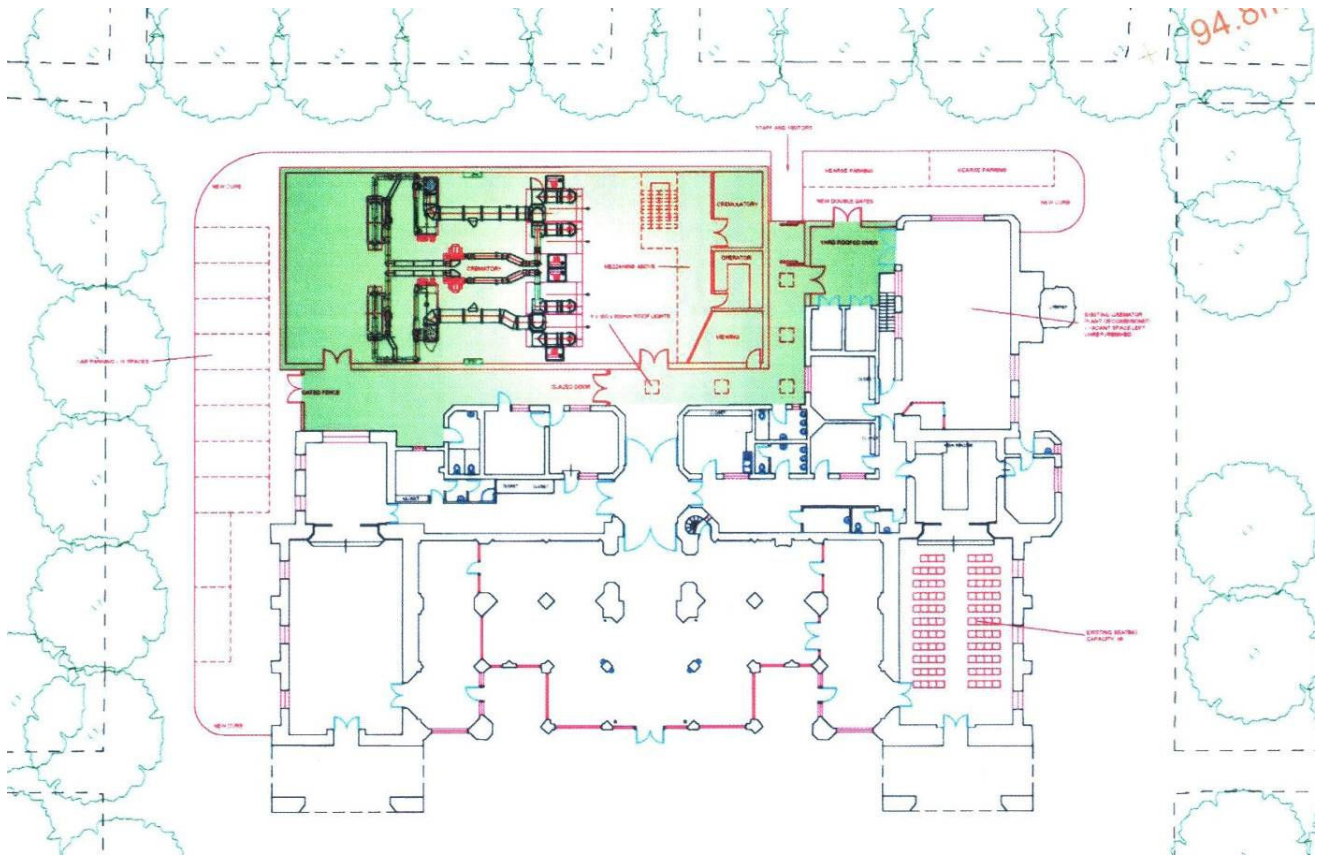
9. REPORT AUTHOR

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Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

Appendix

Basic Option: Extension at rear of crematorium to accommodate Mercury abatement plant



Recommended Option: As above but also incorporating an extension to the East Chapel

