



Leicester
City Council

WARDS AFFECTED
All Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS
Cabinet

04 October 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
- Responding to other recommendations of the Leisure Task Group's review of Bereavement Services
- Funding the proposed works

2. RECOMMENDATIONS

Cabinet is recommended to approve:

- 2.1 The replacement cremators and installation of mercury abatement equipment together with an extension to the East Chapel to increase seating capacity and an increase in car parking provision at a total cost of £3.94m;
- 2.2 That the above works be self-financing and that expenditure is funded through prudential borrowing of £3.94m, paid back by means of a £113 charge applied to cremations from 1 November 2010; and
- 2.3 Use of the Lodge annexe as a shop for the sale of flowers and wreaths and the conversion of redundant space within the crematorium to an office for Bereavement Services staff and visitors at a total cost of approximately £168k, funded through prudential borrowing, paid back from income arising from this and from management and other operational savings resulting from the relocation of staff into this accommodation.

3. SUMMARY

- 3.1 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%.
- 3.2 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.
- 3.3 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 incorporate other improvements to the crematorium, including an increase to the seating capacity of the East Chapel.
- 3.4 To enable works to be completed by December 2012 it is critical that detailed design works is completed this year.

4. REPORT

- 4.1 A report to Cabinet in March this year identified two options, with the recommended option being to replace the cremators, install mercury abatement plant to extend the East Chapel into space created as a result of these works, at a total of £4.22m. Cabinet deferred the report for further consultation.
- 4.2 Since then further consultation has been undertaken, including with Bereavement Services staff and, in view of the changing financial climate, the Council's design officers with the aim of reducing the total cost of the project. More significantly, this additional time has enabled officers to consider the findings of the Leisure Task Group's review of Bereavement Services in Leicester. This Task Group has undertaken a wide-ranging review and their report encapsulated the views of Bereavement Services staff and from key external stakeholders including the Council of Faiths and local funeral directors. Additionally, they undertook a number of visits to other local authorities to look at potential alternative service delivery arrangements.
- 4.3 The Task Group supported the accommodation of new cremators and mercury abatement at Gilroes and the expansion of the capacity of the East Chapel. The Task Group also made a number of other recommendations that are pertinent to this report, including:
 - a. That the new cremators should be able to accommodate larger coffins.
 - b. An increase in parking provision, particularly to accommodate more disabled parking is required at all sites in Leicester, especially at Gilroes, which often hosts larger funeral services.

- c. The provision of a stall or shop that sells flowers, wreaths, etc is required at Gilroes Cemetery and Crematorium.
- d. That consideration be given to letting Gilroes Lodge out for business purposes or office space.
- e. Existing furniture, in particular chairs, at the Chapels at Gilroes Cemetery, is in need of replacement and the Task group supports the purchasing of 180 new chairs.

At its meeting on 2 September 2010, Overview & Scrutiny Management Board supported the recommendations of the Task Group.

- 4.4 The original proposals to increase the capacity of the East Chapel by extending the chapel into the space vacated by the removal of the existing cremators have been reviewed and a number of other options for extending capacity have been considered. It is now considered that a better option is to extend the East Chapel by the construction of a mezzanine to the rear of the East Chapel. As well reducing the total cost of the project this also:
 - avoids spoiling the architecture and overall appearance of the chapel by extending into a relatively unattractive part of the building and creating an overly-long chapel;
 - enables the capacity of the chapel to be increased to 191 (including ante-room over-spill seating), rather than 160; and
 - allows this increase in capacity to come into effect before the completion of all other works
- 4.5 Car parking is an issue at Gilroes and the proposed construction works will impact on existing spaces. For this reason, the proposals have now been modified to provide a new car park within redundant space in the works yard. This will be made available before construction works commence and once completed, will significantly increase the amount of car parking available on site.
- 4.6 It can be confirmed that the new cremators will be able to accommodate larger coffins. The works will also be completed to BREEAM standards.
- 4.7 The proposals reported to Cabinet in March including the extension to the East Chapel involved a total capital cost of £4.22m. The total capital costs of these revised proposals, including what is considered to be a more appropriate extension to the East Chapel and additional car parking is approximately £3.94m.
- 4.8 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 of £113 (applied from 1st November 2010). This will increase the basic adult cremation fee from £500 to £613. This is comparable with the fee charged by other crematoria in the immediate area, e.g. Loughborough £610 (from 25/10/10) and Nuneaton £613.
- 4.9 If the existing space currently housing the cremators is no longer required for an extension to the East Chapel, then this provides a means of increasing the office and visitor capacity within the building sufficient to allow Bereavement Service staff currently based in New walk Centre to be relocated to Gilroes. Bringing together the majority of

Bereavement Service staff at a single site will improve working arrangements, communications (another issue highlighted by the Task Group) and provides the potential for management savings. It is also likely to be a far more convenient location for Funeral Directors who regularly need to visit these office staff.

- 4.10 The estimated total cost of converting this space into office and visitor accommodation is approximately £231k if carried out separately or £168k if carried at the same time as the other works at Gilroes. It would therefore seem sensible to undertake these works at the same time, although there will obviously need to be further consultation with staff, etc.
- 4.11 The annexe to the Lodge at the entrance to Gilroes is currently empty and unused and would seem to be the ideal location for a shop selling flowers, wreaths, etc. Steps are currently being taken to pursue this option and it is anticipated that this will generate a modest income stream. It is proposed that this income, together with management and other operational savings is used to fund the cost of creating office and visitor accommodation, funded via Prudential Borrowing.

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 late 2012.
- 5.4 Funding the prudential borrowing from 2010 will require a levy equivalent to an increase of 22.6% of the 1 April 2010/11 cremation fee from 1 November 2010.
- 5.5 Office and accommodation costs would be financed using prudential borrowing to be repaid from shop rental and other operational savings estimated to generate £30K p.a.
- 5.6 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.
- 5.7 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%.
- 5.8 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.
- 5.9 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.
- 5.10 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/Parash Radia, Financial Services

Legal Implications

- 5.11 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.
- 5.12 Failure to comply with the permit conditions can lead to a range of enforcement actions, including enforcement notices and / or prosecution.
- 5.13 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

Climate Change Implications

- 5.14 The newly installed cremators will be more efficient and should as a result lower energy consumption, reducing the Council's carbon emissions helping to meet carbon reduction targets. In addition, the relocation of Bereavement Services staff to Gilroes is likely to significantly reduce the need for Funeral Directors to make separate journeys to New Walk Centre which will contribute toward reducing city-wide carbon emissions from transport as well as the additional benefits of reducing the number of vehicles travelling into the city centre and the resultant benefits to air quality and congestion.

Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement

6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph Within the report	References
Equal Opportunities	No		
Policy	No		
Sustainable and Environmental	Yes	4.6, 5.13-5.15 and appendix	
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	No		
Corporate Parenting	No		
Health Inequalities Impact	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 levy.	L	M	Built in contingencies. Tight project management.
Reduction in number of cremations 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

Report to Cabinet 29 March 2010

9. CONSULTATIONS

Leisure Task Group's review of Bereavement Service & associated consultation
Strategic Asset Management, LCC
Pollution Control Team, LCC

10. REPORT AUTHOR

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Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)

Appendix –Additional Background Information

Mercury Abatement

- 1 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.
- 2 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.
- 3 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 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.
- 5 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.