

**Cheltenham Borough Council  
Cabinet – 15<sup>th</sup> September, 2015  
Council – 19<sup>th</sup> October, 2015**

**Recommended option for the future provision of the Cheltenham  
Crematorium service**

<b>Accountable member</b>	<b>Councillor Chris Coleman, Cabinet Member Clean and Green Environment</b>
<b>Accountable officer</b>	<b>Mike Redman, Director of Environmental and Regulatory Services</b>
<b>Ward(s) affected</b>	<b>All, but Oakley and Prestbury in particular</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Executive summary</b>	<p>Investment is needed to improve public facilities and in particular, the reliability of the cremators at Cheltenham’s cemetery and crematorium. This follows the poor quality cremator installation which took place in 2011, during which the main contractor went into liquidation, leaving a number of authorities with sub-standard equipment issues.</p> <p>To ensure that the best solution is secured, architects Robert Potter and Partners were commissioned to look at a number of options ranging from installing new cremators in the current building, to building a new chapel and crematorium.</p> <p>The options identified are diverse and have different operational, customer service and financial implications. This report covers the results of the public consultation process and seeks Cabinet endorsement of the recommended preferred option for implementation, subject to Council agreement to the financial implications of the project.</p>
<b>Recommendations</b>	<p><b>That Cabinet:-</b></p> <ol style="list-style-type: none"> <li><b>1. Agrees to progress Option E - a new build facility on Council-owned land to the east of the current cemetery site - as the preferred option for the future provision of its crematorium service;</b></li> <li><b>2. Delegates authority to the Director of Environmental and Regulatory Services, in consultation with the Cabinet Member for Clean and Green Environment and the Head of Property Services to prepare and submit the necessary planning application for the new building, cremator plant and associated</b></li> </ol>

	<p><b>works;</b></p> <p><b>3. Notes that, subject to Council approving the project budget;</b></p> <p><b>3.1 the Head of Property Services will undertake the procurement for the design and construction of the new crematorium, cremators and associated works, in consultation with the Director of Environmental and Regulatory Services, the Cabinet Member for Clean and Green Environment, the Section 151 officer and the Borough Solicitor;</b></p> <p><b>3.2 following the procurements referred to in recommendation 3.1 a report will be presented to the Cabinet Member for Clean and Green Environment requesting approval to award the contracts to the successful contractors;</b></p> <p><b>4. Delegates authority to the Head of Property Services in consultation with the Director of Environmental and Regulatory Services to take all necessary steps and undertake all necessary procedures, including the entering into of legal or other documentation, as may be required to implement or facilitate the project;</b></p> <p><b>5. Asks the cross-party Cabinet Member Working Group which has been helpfully acting as a sounding board for the project to continue its role in relation to the new build project, with updated terms of reference as appropriate;</b></p> <p><b>6. Agrees in principle to an increase in the cremation fee by 2017/18 to sufficiently cover additional revenue costs.</b></p> <p><b>Cabinet recommends that Council:</b></p> <p><b>7. Allocates the budgets for financing Option E as detailed in Appendix 4 (exempt).</b></p>
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<p><b>Financial implications</b></p>	<p>As set out within section 6 below.</p> <p><b>Contact officer:</b>     <b>Nina Philippidis - Accountant,</b>  <a href="mailto:nina.philippidis@cheltenham.gov.uk">nina.philippidis@cheltenham.gov.uk</a>  <b>(01242) 264121</b></p>
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<p><b>Legal implications</b></p>	<p>The Council owns the land on which it is proposed to build the new crematorium and associated car parking. The land on which the crematorium would be constructed lies within the administrative area of Tewkesbury Borough Council.</p> <p>By virtue of section 214(1) and (2) of the Local Government Act 1972 and Section 4 of the Cremation Act 1902, the Authority has the power to build and operate a crematorium outside of its own administrative area.</p> <p>The Authority has power to charge fees for cremations under Section 9 of the 1902 Act.</p> <p>The Authority will need to comply with its contract procedure rules in procuring a contractor or contractors to build the new crematorium and provide the new cremators. A full EU procurement will likely be necessary for the acquisition of the cremators and advice from GOSS Procurement and One Legal should be sought.</p> <p>Additional legal implications are contained in appendix 5.</p> <p><b>Contact officer: Donna Ruck - Solicitor (OneLegal),</b>  <a href="mailto:donna.ruck@tewkesbury.gov.uk">donna.ruck@tewkesbury.gov.uk</a>  <b>01684 272696 and 01242 774929</b></p>
<p><b>HR implications (including learning and organisational development)</b></p>	<p>It will be important to ensure that sufficient staffing resources are made available both for the successful implementation of this significant corporate project and for backfilling capacity, in particular within the Bereavement Services and Property teams, which will face additional demands during the duration of the build project.</p> <p>The project team will also need to keep HR involved as the project progresses, as further employment issues may arise, including any potential closedown period, ensuring staff affected are temporarily redeployed. There may be contractual changes required as a result of changes implemented by the project which would require effective consultation and negotiation with individual staff members and trade union colleagues. Clear thought to training and development will also need to be considered should new equipment be purchased, or new processes / new sites go live.</p> <p><b>Contact officer: Richard Hall – HR Business Partner GOSS (West),</b>  <a href="mailto:richard.hall@cheltenham.gcsx.gov.uk">richard.hall@cheltenham.gcsx.gov.uk</a>  <b>01242 774972</b></p>
<p><b>Key risks</b></p>	<p>The key risks relating to the proposed project and recommendations are attached at Appendix 1</p>

<p><b>Corporate and community plan Implications</b></p>	<p><b>Cheltenham’s environmental quality and heritage is protected, maintained and enhanced</b> – as part of the current cemetery is a listed park, it will be important that this is taken into account in addition to wider issues around the environment set out below.</p> <p><b>Transform our council so it can continue to enable delivery of our outcomes for Cheltenham and its residents-</b> the crematorium facility is not currently fit for purpose and requires investment, whilst the chapels and parking arrangements have insufficient capacity to meet customer expectations.</p>
<p><b>Environmental and climate change implications</b></p>	<p>The efficiency of the cremation plant and the fact that the facility is not currently subject to mercury abatement are both directly relevant environmental issues which the options project seeks to address.</p> <p>Replacement of the cremation plant will lead to a reduction in gas consumption and associated carbon emissions from the burning of a fossil fuel.</p> <p>The emission of mercury does not have a direct environmental impact on the immediate locality, but is relevant to national targets for meeting European target commitments for this neurotoxin, which has a cumulative effect within the food chain.</p> <p>The preferred option of a new build facility also provides the opportunity to incorporate further efficiencies and features to reduce energy consumption, future-proof the building against longer term climate change and reduce its environmental impact. This is likely to include areas such as heat recovery from the combustion process, photovoltaic/solar water heating panels and ground source heat pump technology.</p>
<p><b>Property/Asset Implications</b></p>	<p>The preferred option recommended for implementation will involve the creation of a significant new Council asset, with appropriate revenue costs associated with running and maintaining an operational building. This will be in addition to costs relating to the existing Grade II listed chapels, part of which may be adapted for use as office accommodation and/or an appropriate alternative use such as a catering / wake facility.</p> <p>Parts of the existing site may be subject to future asset disposal, providing the authority with the option of utilising any receipt to help offset the cost of investment arising from this options report.</p> <p>Members should note that the new build facility may have some marginal land value impact on adjoining CBC-owned land at Priors, due to the proximity of the proposed new crematorium facility. It is difficult to assess what this may be, as this adjoining land has not been allocated for development within the Cheltenham Plan and may be suitable for a variety of uses, not all of which would be impacted by this project.</p> <p><b>Contact officer: David.Roberts@cheltenham.gov.uk</b></p>

## 1. Historic background

- 1.1 The cemetery and crematorium are situated in Bouncers Lane with Cleeve Hill as an impressive backdrop. The grounds encompass 65 acres which incorporate the gardens of remembrance. Cheltenham Cemetery opened with its first burial in 1864, with the crematorium being the 39th to be opened in the British Isles in 1938.
- 1.2 Historic England is responsible for maintaining and compiling the national register of parks and gardens of special historic interest in England. There are two in Cheltenham included on the register, Pittville Park and the Bouncers Lane Cemetery. These are both Grade II listed sites because their historic layout, features and architectural ornaments are considered to be of special interest.
- 1.3 No additional statutory controls follow as a result of being on the register, but local planning authorities are required to take into account the landscape's special interest when preparing local plans and in deciding planning applications that could affect the preservation of a registered park or garden and its setting.
- 1.4 Local plan policy GE4 refers specifically to *Bouncers Lane Cemetery* and states '*Development which would adversely affect the setting or appearance of...Bouncers Lane Cemetery will not be permitted*'. There is also a note which states '*The Borough Council will consult English Heritage, the Garden History Society, and the Gloucestershire Gardens and Landscape Trust on all applications affecting...Bouncers Lane Cemetery*'.
- 1.5 In January 2015, Justin Ayton, an Architectural Historian was commissioned to produce a Heritage Statement of Significance to inform the long term plans for the evolution of the cemetery and crematorium, including the option appraisal process and any future planning application. The report has been used to inform the recommendations within this report and will be a useful reference for any future proposals.

## 2. Recent background

- 2.1 In 2010-11, works were undertaken to replace the cremators at the crematorium with new equipment including mercury abatement which was supplied by a company called Crawford Environmental Ltd. Unfortunately, the company went into liquidation prior to completion of the contract, leaving the Council and 11 other local authorities with sub-standard equipment which is not fit for purpose.
- 2.2 At one local authority in south Wales, this led to a fire which completely destroyed the crematorium and there was a fire at another crematorium in south-east England. All the authorities concerned have experienced overheating and maintenance problems with their Crawford equipment.
- 2.3 The Council has had independent technical reports carried out in relation to the Cheltenham installation and in addition to spending in excess of £160k on stabilisation works, was advised that the plant has a limited lifespan of circa 5 years (now closer to 4 years).
- 2.4 In recent months, further works have been undertaken to Cremator 2, including renewal of the hearth and refractory (brick) lining and repairs to the metal casing. Further issues with the burners and associated air supply have also been carried out, but concerns about the quality of the plant remain.
- 2.5 Given the continuing issues with the reliability of the plant, both the crematorium service and associated income stream are considered to be at an unacceptably high risk, necessitating urgent action by the Council to address the long term future of the facility.

### **3. Option summary**

- 3.1** Robert Potter and Partners were appointed to both advise on and develop options for the future of the Council's crematorium service - their report is available as a background document (available on the website and a hard copy will be available in the Members Room).
- 3.2** A total of 18 alternatives have been considered by the Council's architectural consultant and the project team, with 5 shortlisted options proceeding to public consultation.
- 3.3** Excluding the 'do nothing' option referred to as 'Option A' which does not address the shortcomings of the existing facility, these options were judged to offer the best balance between addressing current and future customer service requirements and the financial challenges, within relevant identified constraints. Analysis was undertaken to identify how the more expensive options could be funded, in particular, C, D and E, with the new build Option E being the highest cost, but also considered by the project team to offer the most comprehensive long term solution.
- 3.4** It quickly became clear that the options providing the greatest degree of future-proofing of the service were likely to be the most costly. Cabinet was therefore consulted informally on the preferred basis for funding costs in excess of the £1 million identified for the project by budget-setting in 2015-16. Cabinet advised that its preference was that any additional capital investment requirement should be met from the service, so the project team focused its attention on the potential for additional income generation and potentially, capital receipts from the sale of land and building assets within the cemetery boundary.
- 3.5** In order to keep the assessment process manageable, the potential use of capital receipts from disposals has not been factored into the financial appraisal of options. Instead, we have looked at the potential for increased charges in relation to two areas:
1. Cremation charges;
  2. A new 'environmental charge' – to reflect the cost the authority incurs of around £50,000 per annum for paying into the mercury abatement 'offsetting' scheme known as CAMEO (see further details at Appendix 6). This nationally-run scheme allows operators to offset their mercury emissions by paying credits to operators that have introduced mercury abatement technology. A charge relating to this cost is commonplace within the industry, but not currently levied in Cheltenham.
- 3.6** A comparison of locally benchmarked Cremation charges is shown in Table 1 below. This demonstrates that Cheltenham's cremation charges are currently competitive, notwithstanding the fact that services are scheduled for 45 minutes, compared to the standard 30 minutes at other venues.

### 3.7 Table 1 – Adult cremation fees 2015-16

Venue	Cheltenham	Swindon	Worcester	Gloucester
<b>Standard adult cremation fee</b>	£629	£720 14.4% higher charge	£750 19.2% higher charge	£756 20.2% higher charge
<b>Chapel time</b>	45 minutes (50% longer)	30 minutes	30 minutes	30 minutes
<b>Extras included</b>	Medical reference  Use of organ / supply CDs & equipment  Ashes box	Medical reference  Use of organ	Medical reference  Chapel music system  Plastic urn  Abatement surcharge <i>(where applicable)</i>	Medical reference  Organ & organist,  Abatement Fee
<b>Optional</b>		£775 23.2% higher charge (40 minute chapel time)		

**3.8** Consultation with funeral directors suggests that there is unlikely to be an impact on service demand from a reasonable increase in cremation fees to bring Cheltenham into line with, or even slightly above the charges at other local crematoria. Indeed, if this was linked with the planned improvements offered by Option E, this is likely to be welcomed by service users, if the alternative was that the more ambitious new build scheme could not proceed.

**3.9** Environmental charge - as all the solutions being proposed for the Cheltenham crematorium service other than the 'do nothing' option will introduce mercury abatement, the time is considered right to introduce a charge for this, as part of the business case for investment in the long term improvement in the service.

**3.10** Detailed in Table 2 below are the five options which were shortlisted for consultation on the future of the crematorium service, from a total of 18 options assessed by our consultants. The project team scored the options against the project aims set out in Table 4 below. A similar exercise was undertaken independently by our consultants. Reassuringly, this resulted in a comparable hierarchy of scores and therefore also identified Option E as the preferred option.

### 3.11 Table 2

Option	Scope	Project team score against project aims (excluding finance) – high is good
A. Do nothing	Continue to operate facility as currently, without mercury abatement and accepting the likelihood of increasing maintenance and reliability issues.	20.1%
B. Minimal solution	Replace existing cremator plant (2 no.), install mercury abatement plant, provide new floral tribute area, improved vehicular and pedestrian circulation and new car park to accommodate an extra 120 vehicles.	40.5%

C. Remote crematory	Remote crematory to accommodate two cremators, with potential for third cremator, together with abatement plant, expansion of South Chapel into vacated crematory to accommodate 152 seated mourners, new floral tribute area, improved vehicular and pedestrian circulation, and new car park to accommodate 120 cars.	67.4%
D. Extension of existing facility	Remodelling of existing crematory and extension to accommodate two cremators, with potential for third cremator, together with abatement plant, extension of North Chapel to accommodate 133 seated mourners plus overspill for large funerals, enhanced waiting areas, enhanced staff facilities, general improvements to functionality, new floral tribute area, improved vehicular and pedestrian circulation, and new car park to accommodate 120 cars.	65.9%
E. New build	New-build option on land to the east of the site, providing a new chapel which can accommodate at least 150 seated mourners plus standing areas and overspill areas for large funerals, clear pedestrian flows and separation between services, retention of the North Chapel for small ceremonies, improved vehicular and pedestrian circulation, and new car park to accommodate 120 cars (including 20 spaces adjacent to the building for disabled parking), with scope for future expansion in the medium to long term.	98.5%

**3.12** This table shows the extent to which options meet the Council's objectives for the future of the cremation service against a range of criteria, including desired outcomes and constraints. The summary tables below show the Pass/Fail criteria applied to options, together with weighted scores that were assessed by the project team against individual objectives for the project. A similar exercise was also undertaken independently by our consultants, with broadly comparable results (i.e. the same scheme preference order).

**3.13 Table 3 – Summary of Pass/Fail criteria**

Category	Option A	Option B	Option C	Option D	Option E
Service Quality	P	P	P	P	P
Environmental	F	P	P	P	P
Planning	P	P	P	P	P
Land Use	P	P	P	P	P
<b>TOTAL</b>	<b>Fail</b>	<b>Pass</b>	<b>Pass</b>	<b>Pass</b>	<b>Pass</b>

**3.14 Table 4 – Summary of weighted scores against project aims**

Category	Option A	Option B	Option C	Option D	Option E
Resilience	0.0	6.6	22.0	11.0	22.0
Service Quality	6.2	10.3	11.4	13.2	20.5
Operational	7.7	7.7	8.8	15.4	22.0
Environmental	0.0	8.0	12.0	12.0	16.0
Implementation	2.0	2.0	2.0	2.4	4.0
Equalities	4.2	4.9	5.6	7.0	7.0
Future Proofing	0.0	1.1	5.6	4.9	7.0
<b>TOTAL (out of 100)</b>	<b>20.1</b>	<b>40.5</b>	<b>67.4</b>	<b>65.9</b>	<b>98.5</b>

**3.15** This analysis clearly demonstrates that the ‘best fit’ option (excluding financial considerations) by some considerable margin is Option E, with the pass/fail criteria effectively ruling out Option A (do nothing) as an acceptable position moving forwards. This is because it would expose the Council to an unacceptable environmental impact at some future point.

#### **4. Other options considered**

**4.1** The project team also looked briefly at ‘promession’ an alternative method of body disposal which involves the use of liquid nitrogen. However, apart from the obvious concerns about its potential acceptability to bereaved families, this was discounted on the basis that the process is not currently licensed in the UK and there is no evidence that such licensing is likely to occur in the near future.

**4.2** Outsourcing was considered, but specifically excluded as an option for consideration at an early stage in the process, due to concerns about the reliability of the cremator plant and the impact which this is likely to have on any offer from a would-be private operator. There is also a high degree of public sensitivity around the service, which has been successfully operated by the Council since the 1930’s and informal soundings with Cabinet indicated that it would not be politically acceptable. The Cabinet Member Working Group was broadly of a similar view, having regard to the likely complexities of negotiating with a private sector operator when the current operation isn’t resilient. Another obstacle was considered to be the close link between the crematorium operation and the cemetery service, which is operated from a very sensitive site with listed status.

#### **5. Consultation and feedback**

**5.1** The project team, lead Cabinet member and the Cabinet Member Working Group were of the opinion that five identified options should be consulted upon, notwithstanding the likely funding challenges posed by options C, D and E.

**5.2** Consultation up to this point has now included the public, Historic England, Bereavement Services staff, the project team, funeral directors, ministers & religious groups, organists, celebrants and the Cabinet Member Working Group, which has acted as a sounding-board throughout the project to date.

**5.3** A summary of the results of the detailed public consultation exercise is attached at Appendix 2.

**5.4** The consultation provided the opportunity for respondents to comment on the five options, with details of the schemes, indicative layout plans and comparative financial information. To gauge preferences, a ‘star rating system’ was used, allowing respondents to score each of the schemes

on a one to five star basis.

**5.5** Headline results from the consultation were as follows:-

- 225 responses in total – 149 on-line, 11 via the display at the Municipal Offices and 65 via the display and events at the Cemetery & Crematorium.
- 203 respondents said had visited the site, 34 saying they were part of a connected business
- 86.4% of all respondents indicating a preferred option preferred Option E
- Option D was the next highest preference at 5.5%
- 49.6% of all rating stars were awarded to Option E
- Option D was the next highest with 19.2%
- People who had visited the site were slightly more favourable towards Option E than those who had not visited
- Those who declared a related 'business interest' were even more strongly in favour of Option E, awarding it 61.1% of all available stars to it.

**5.6** In addition to the public consultation, a member seminar took place on the evening of 18<sup>th</sup> August and was attended by 15 councillors. Members were broadly supportive of Option E as the preferred way forward, whilst understandably seeking reassurance around the financial investment required. This included questions around the commerciality of the Council's approach and the opportunity which the new facility would provide to grow the service in line with expectations about future population growth. There was a clear recognition of the need for the authority to invest to ensure that the facility remains competitive in terms of its offer and able to attract business from the wide catchment that is currently serviced.

**5.7** In this regard, members were concerned that the design and quality of the new building would be of critical importance and fundamental to attracting and retaining business.

**5.8** As the Council's land to the east of the existing cemetery site is within Tewkesbury borough, approaches have been made to both Southam Parish Council and Tewkesbury members for the Cleeve Hill ward to ask for their views on how they would like to be consulted in advance of any formal planning submission, should the recommended option be agreed by Cabinet.

## **6. Financial implications**

### **6.1 Scheme Costs and Funding**

**6.1.1** For each option a detailed financial model has been prepared based on estimated construction costs provided by Robert Potter and Partners. As part of the business case preparation process the project team have considered the likely total project cost, the detail of which can be seen at Appendix 5.

**6.1.2** The Council initially approved a £1,000,000 capital contribution to improvements at the Cemetery & Crematorium based on the anticipated cost of two new cremators in their current location. It was understood it was unlikely that this alone would cover the full costs of any proposal and the project team was tasked with looking at wider options, considering how borrowing via the Public Works Loan Board (PWLB) could be used to support capital expenditure over and above that provided.

- 6.1.3** By taking a full project costing approach, revenue as well as capital scheme costs have been identified. Under Options B, C and D, the anticipated loss of income arising from service disruption would need to be underwritten by the General Reserve in 2016/17. In agreeing to any of the options appropriate funding must be allocated from the Programme Maintenance Reserve to cover refitting and internal refurbishment costs.
- 6.1.4** Table 5 below, details the total scheme costs of each option and the various levels of borrowing and one-off funding required.

**Table 5**

	<b>OPTION B</b>	<b>OPTION C</b>	<b>OPTION D</b>	<b>OPTION E</b>
RPP Construction Cost Estimate	£2,483,000	£5,119,000	£5,446,000	£6,565,000
Other Capital Project Costs	£541,651	£1,036,843	£1,413,955	£878,100
<b>Total Estimated Scheme Cost</b>	<b>£3,024,651</b>	<b>£6,155,843</b>	<b>£6,859,955</b>	<b>£7,443,100</b>
<b>Required Funding</b>				
Capital Receipt	£1,000,000	£1,000,000	£1,000,000	£1,000,000
PWLB Borrowing - across 15 to 35 year terms	£1,651,245	£4,542,810	£4,867,555	£5,968,600
Programme Maintenance Reserve - to fund refitting and internal refurbishment costs	£301,700	£411,800	£418,700	£474,500
General Reserve - to cover loss of income from service disruption	£71,706	£201,233	£573,700	£0
	<b>£3,024,651</b>	<b>£6,155,843</b>	<b>£6,859,955</b>	<b>£7,443,100</b>

## **6.2 Revenue Implications**

- 6.2.1** Full consideration of the annual revenue implications of each scheme has been given, with any likely changes being captured within the models e.g. changes in operational requirements and building running costs. The estimated costs of repaying both the interest and principal on the loans required to cover the scheme costs have also been included.
- 6.2.2** The schemes all include the replacement of the crematory with mercury abating equipment. This will allow the Council to cease paying into the CAMEO scheme (current cost of around £50k per annum) and instead receive abating “credits”. An estimate of this income, based on a future forecast on current rates, has been included in all models.
- 6.2.3** The savings from becoming an abating authority are not sufficient on their own to cover the full increase in costs arising for these options and therefore it is assumed the additional cost will be covered by increases in income, facilitated by an increase in the price per cremation.
- 6.2.4** A baseline of 1,900 cremations per annum has been assumed and the required fee increase calculated to ensure the schemes “break even” and do not have a detrimental impact on the Council’s Medium Term Financial Strategy. Note: Inflationary increases are already assumed within the medium term financial strategy, so the fee increases to support the options are additional.
- 6.2.5** Table 6 below, indicates the fee increase per cremation required (over and above annual inflationary increases) to support the additional net revenue costs of each option.

**Table 6**

	OPTION B	OPTION C	OPTION D	OPTION E
<b>Required increase in cremation fee to meet costs of borrowing &amp; additional annual revenue costs arising</b>	<b>£29.60</b>	<b>£150.62</b>	<b>£135.70</b>	<b>£168.71</b>

**6.2.6** The financial models assume works commence and complete by the end of 2016/17 with loan drawdown post completion at the beginning of 2017/18. This assumption requires the fee increase to be in place for 1st April 2017.

### **6.3 Assumptions**

**6.3.1** The financial models are built on a number of assumptions, the first of which is referred to in 6.2.6. The construction costs have been estimated based on forecasts for Quarter 3 2016 prices. Although a contingency has been included within each model for project delays, further budgetary provision could be required to cover estimated inflationary increases should the project timings change. Currently consideration is being given to the procurement route, the outcome of which could alter the project timelines resulting in the current Quarter 3 2016 prices being pushed back to Quarter 1 2017.

**6.3.2** The estimated cost of this shift and the equivalent fee increase is shown in Table 7 below:

**Table 7**

	OPTION B	OPTION C	OPTION D	OPTION E
Cost of moving from Quarter 3 2016 to Quarter 1 2017 prices	£90,000	£185,000	£200,000	£240,000
Fee increase equivalent to additional required borrowing	£4.09	£7.14	£7.62	£8.86

**6.3.3** Assumptions on PWLB interest rates have been based on indicative forecasts using available information taking into account both current project timings and indicative loan periods. However, as all are well aware, interest rates are sensitive to a range of pressures so the risk of interest rates rising and the corresponding impact on necessary cremation fee increases should be noted.

**6.3.4** Other important assumptions are:

- Benchmark rates for new buildings are based upon a crematorium designed by our consultants (Roucan Loch) which won an architectural design award with a modest specification and simple architectural form but a high quality build
- Two cremators will be installed with space for a third (except options A and B)
- No further ecological mitigation actions are required
- Any costs resulting from issues identified by site surveys of ground conditions can be met within contingency funds

**6.3.5** The financial models are based on consultants and officers' best estimates of likely costs and benefits and have been rigorously challenged throughout the process. Advice on contingencies has been provided by our consultants and amounts are included within the costings presented

here. However, as the costings are based on a feasibility study, it is worth noting that although funding is requested based on the models as presented, they are caveated on the basis that further work will be done as part of the next stage to firm up cost estimates. Should significant variations be established, a report will be made to Council as appropriate.

## **7. Reasons for recommendations**

- 7.1** At this stage in the options process, there is clearly a significant difference between the costs of the different options, but equally, there are very different benefits in terms of the scope for an improved service offer to bereaved families.
- 7.2** As the project envisages future-proofing the service to provide flexibility, ideally for the next 50+ years, officers considered that it would have been wrong to rule out options too soon on cost grounds alone.
- 7.3** Further work has been carried out to look at how the cost of the new build option could be achieved without undue impact on the Council's medium term financial strategy and officers are confident that this can be achieved. Whilst not included within the cost analysis at this stage, this position could be further improved by the disposal of assets such as the Cemetery Lodge building which has been long term vacant and could be worth up to £350k. In addition, there is an underused area of land within the cemetery boundary known as 'The Nursery' which could potentially be developed, subject to access arrangements and planning consent being secured. This avenue is currently being explored by the property team in consultation with the cross-party Asset Management Working Group.
- 7.4** In terms of the next stage of implementation, the project requires funding certainty and this will require a firm commitment by the Council about which option it wishes to pursue. Officers are confident that the indicative costs of Option E can be accommodated with reasonable fee income increases that would not put Cheltenham at risk of losing market share.
- 7.5** Option E also offers the best scope for a more commercial approach which could potentially win business that does not currently come to Cheltenham, for example, as a result of the limited size of the current chapels.

## **8. Conclusions**

- 8.1** The most expensive of the five options considered, Option E, is considered to offer the best long term solution for the future of Cheltenham's crematorium service and this conclusion is overwhelmingly supported by the results of the public consultation exercise.
- 8.2** In selecting any preferred project option there are two key considerations, firstly, the extent to which the option addresses and delivers against the Council's required outcomes having due regard to relevant risks and secondly, whether it can be afforded. The RPP report, which has been informed by officer analysis of the options against a range of assessment criteria, clearly demonstrates that Option E offers the most comprehensive solution, within the project constraints identified.
- 8.3** The Council's bereavement service typically delivers a revenue surplus of between £600k and £800k per annum, but this level of income is already assumed within the medium term financial strategy and investment in a new facility has not been planned or budgeted for. Thus, the additional cost of any long term investment in the service needs to be contained and funded from additional income. Having assessed and benchmarked Cheltenham's charges and level of service against other local providers, there is scope for increasing fees to cover the cost of the borrowing required to invest in a new facility on land currently identified for expansion of the cemetery site.

- 8.4** Whilst the investment required has been carefully estimated during the assessment process based on RPP's experience of crematoria development elsewhere, there is always some element of cost risk with a project of this scale, notwithstanding the contingencies that have been allowed for. Further costing work will be needed as the project progresses to the planning stage and the detailed design and specification is drawn up and this will need to be carefully managed to ensure that costs are kept under control, whilst ensuring a quality facility is achieved. This will need to pay due regard to both the external appearance of the building in its sensitive landscape setting and to the interior design and layout.
- 8.5** Investing in a new building, incorporating a larger chapel facility and new cremator plant, with the space to extend in the future, is considered to be the best approach to secure the long term success and viability of the service.

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<b>Appendices</b>	<ol style="list-style-type: none"> <li>1. Risk assessment</li> <li>2. Consultation plan and results summary</li> <li>3. Community impact assessment</li> <li>4. Financial models - exempt</li> <li>5. Legal advice – exempt</li> <li>6. Background to CAMEO scheme</li> </ol> <p>Exemptions are in accordance with Paragraphs 3 and 5, Part (1) Schedule (12A) Local Government Act 1972</p>
<b>Background Document</b>	Feasibility report – Robert Potter Partnership – August 2015