



Purpose: For Decision

# Cabinet report

Date	<b>12 MAY 2022</b>
Title	<b>REVIEW OF THE ANNUAL REVIEW OF FEES AND CHARGES FOR ISLE OF WIGHT COUNCIL BEREAVEMENT SERVICES</b>
Report of	<b>CABINET MEMBER FOR STRATEGIC FINANCE, CORPORATE RESOURCES AND TRANSFORMATIONAL CHANGE</b>

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## EXECUTIVE SUMMARY

1. Councillors have expressed concern regarding the costs and affordability of various statutory and discretionary services provided by the council within the Bereavement Services business unit. Specific issues were raised regarding the model used for setting charges, fees for direct cremations and fees for optional services including streaming service over the internet.
2. Isle of Wight Council (IWC), provides an extensive list of charges published each year for bereavement services and these are attached in Appendix 1 for 2022/23
3. The council has a financial responsibility to set a legally balanced budget which included an expectation to achieve £3m of savings in accordance with the Council resolution of 23 February 2022. The Medium-Term Financial Strategy to deliver a balanced budget included the revised charges as set out in Appendix 1. The indicative savings included a new option of video streaming of funeral services which is a discretionary service and can be purchased as part of a funeral service.
4. A general 5.4 per cent inflationary uplift is also built into the budget for Bereavement Services fees in order to ensure that both expenditure and income are inflated such that the real cost of services remains intact and therefore the net cost of services, all other things being equal, remains fully funded,. This is a standard annual process across discretionary council fees and charges and the budget proposed to Full Council each year has already incorporated inflation on both expenditure and income with only above inflation rises being proposed as a saving.
5. It was agreed at February 2022 Full Council that a paper would be brought to Cabinet via Corporate Scrutiny to review the business model for setting fees and charges for Bereavement services including the associated costs and fee structures. The current model has been based on increasing the fees by inflation as a minimum, but also more recently on occasion increasing the charges to provide additional income to support other statutory services and meet the savings agenda. This has been possible to do as

traditionally the charges have been in the lower and now medium quartile when compared to other services nationally.

6. Since Full Council in February 2022 significant cost changes are being identified and further cost increases are foreseen due to inflation generally and specifically the costs of utilities such as gas and electricity. Further pressures are likely to be brought to the service from increased utilities if the council is to maintain current levels of income against expenditure. Such increases in utilities if passed to the customer could result in considerable increases to funeral services nationally. This will be a focus of the further Cabinet report when more information on these cost projections is known.
7. A schedule of proposed revised fee levels was made and incorporated into the agreed 2022/2023 IWC budget (Appendix 1). The specific fee increases (including the inflationary uplift) relating to bereavement services were placed on hold pending this paper. At this stage the considerable increased cost of utilities was not known. Further work will need to be considered to address this problem.

## RECOMMENDATION

That Cabinet confirms the revised fee structure changes as per the 2022/23 budget and implement from 1<sup>st</sup> July 2022 or earlier if possible and identify an alternative saving/funding source to cover the loss of 30k from the budgeted position.

That Cabinet undertakes a review of the bereavement services business model and to agree a formal business analysis and plan for the service going forwards.

## BACKGROUND

8. Bereavement services operate the only crematorium on the Isle of Wight. It was opened in 1961 and has completed 75,000 cremations over this period. Whilst the facility is well maintained its age, design and construction means that significant works to parts of the building (internal and external) are required to retain its function.
9. The Island has one of the highest populations of the elderly per capita in the south of England. Approximately 85-90% of deaths on the Island result in cremation, 10% result in burial in our Council cemeteries and the remaining 5% either are buried in private island cemeteries, churchyards or taken to the mainland for burial or cremation.
10. The last major refurbishment of the crematorium was in 2014 when the facility was expanded to include new air quality systems to meet new legislation and new more efficient cremators. Further capital investment has been made to the chapel and gardens during the last five years. This capital investment costed £1.3m. A supporting maintenance plan is in place and this runs until 2030. The council will need to consider its replacement or update of equipment options prior to this date.
11. The service currently maintains 23 cemeteries and churchyards across the Island and supports on average 250 burials a year. (cemeteries). Whilst the crematorium makes a

positive contribution to the council's budget position, cemeteries and closed churchyards do not, mainly due to the cost of grounds maintenance.

12. There has been a rise in the cost of providing bereavement services over the past five years and further rises are anticipated. Increases have been due to many factors including the rising cost of utilities, increased maintenance costs associated with cremation and abatement equipment, increased grounds maintenance and ensuring the council budgets can meet the ongoing operability and eventual replacement of the facility.
13. During the height of the pandemic the service provided a critical service supporting partner organisations and families through such a difficult time. During this period the service introduced two new services to assist families. 1. Introduction of an online streaming service and 2. To provide a direct cremation service.
14. The online service is currently free of charge and attracts on average 700 bookings a year. The service was previously operated by the Councils ICT department but has recently been transferred to the crematorium to administer. The service provides families the ability to view the service remotely and has proved very popular in enabling participation of those that would otherwise be unable to do so and in obviating the necessity and travel, particularly from the mainland and overseas. Alongside many mainland providers a new fee was introduced as part of the budget for 2022/23.
15. The direct cremation service was introduced to support families through the pandemic and provides families a cremation service without the additional extras of a full service. This is non-attended service. Introduced in 2020 this service continues to provide low-cost alternative for families. On average the new optional streaming service has been used by 17% of all cremations.

## ECONOMIC RECOVERY AND REDUCING POVERTY

16. Bereavement services is not as a whole, a statutory function, but as the local authority has chosen to provide services of a burial and cremation authority it is governed by statute in the provision of these services. The local authority has the ability to set fees and this is outlined in the relevant legislation as detailed. All activities are required to consider the contribution that they can make to reducing the numbers of residents who are living in poverty (particularly those living in absolute poverty). Every local authority in the UK has statutory duty to make arrangements for so-called pauper's funerals, funded by the respective local authority. There is provision for support for these services and every year, local councils around the UK carry out thousands of public health funerals, to cremate or bury people who have died alone, in poverty, or unclaimed by their relatives.

## IMPACT ON YOUNG PEOPLE AND FUTURE GENERATIONS

None

## CLIMATE, ENVIRONMENT & UNESCO BIOSPHERE IMPACT

None

## STRATEGIC CONTEXT

17. The Alliance Administration intends to proactively seek new streams of income that it can reinvest in services for the community by acting in a more commercial focused manner. It has set out the need for the council to be financially balanced and sustainable. Moving forward, Bereavement Services will constitute a business unit within the overall structure of the Isle of Wight Local Authority and will need to be economically self-sustaining.

## CONSULTATION

18. The Council published its budget consultation survey on 14 December 2021 and closed on 21 January 2022 with 682 responses (501 responses last year). The Council also ran five workshops with stakeholders from town, parish councils and community councils, the business sector, unions, and voluntary sector.

## FINANCIAL / BUDGET IMPLICATIONS

19. There are significant financial implications from the decisions in this report, both from the activation or not of the 2022/2023 fee structure and those that will arise from the longer-term business model.
20. As outlined above the approved budget for 2022-23 includes an indicative saving of £30,000 from the video streaming service and £90,000 from an inflationary uplift across Bereavement services fees and charges. For each month that the implementation of the fees are delayed approximately £10,000 of income is being foregone. If the revised charges are not implemented until 01 July 2022 the impact on the budget will be £30,000 or if not implemented at all, the impact will be £120,000, one of either amount will need to be identified through an alternative saving or funding source in order to maintain a balanced budget.
21. The proposed review of the business model will also provide the opportunity to consider the significant cost changes are which are being experienced in the current economic climate due to inflation generally and to the costs of utilities such as gas and electricity specifically. The increasing utility costs is a concern and a potential budget pressure. The service is currently budgeting for utility costs in the region of £75,000 in 2022-23. However, costs have already increased significantly and are likely to increase further over the coming months. Council wide utility costs are being monitored closely.
22. The online streaming service, introduced as an optional extra during the pandemic, has proved very popular and was provided free of charge during the one year trial period. Throughout the UK nearly all crematoria now offer an optional remote online streaming service for a fee. The success of the trial and the national uptake demonstrated both the demand and utility for such an optional facility at the Isle of Wight crematorium. The proposed £55 per service is comparable to many others in the UK. Introduction of the fee from the 1<sup>st</sup> July 2022 would generate an estimated income of £22,500.
23. The direct cremation service is a relatively new concept and was introduced to support families during the pandemic. This option provided families with a vital service at a time when people could not attend funeral services. With funeral regulations now eased the direct cremation option provides a cost-effective service for families who maybe struggling financially.

24. The projected annual income from the additional charges raised for Bereavement services was expected to be £120k and is set out in the 22/23 budget papers. Not implementing these changes will require these sums to be met elsewhere. Following the delay in implementation of the revised charges and subject to agreement and approval at Cabinet the revised charges would now be implemented as of 1<sup>st</sup> of July 2022 or earlier if possible.

## LEGAL IMPLICATIONS

25. There is no legal duty to provide a crematorium but as the council has chosen to do so then it is a cremation authority under the Cremation (England and Wales) Regulations 2008 and has obligations contained within the regulations.

26. Local authority responsibilities for the management and protection of cemeteries and crematoria are set out in the Local Government Act 1972 (Section 214 and Schedule 26) and the Local Authorities' Cemeteries Order 1977. Amongst the functions and responsibilities in the cemeteries order are provisions that: -

- a) Once a Council has established a cemetery, they have the responsibility to maintain it and are unable to sell it on.
- b) They also are required to record and keep details of all burials, purchased Exclusive Rights of Burial/Memorial, transfers of ownership and memorials erected.

27. The council can set charges or fees for the burning of human remains in any crematorium provided by the council (section 9, Cremation Act 1972).

28. Pursuant to Article 15 of the Local Authorities' Cemeteries Order 1977, the council can charge such fees as the council think proper –

- a) for or in connection with burials in a cemetery.
- b) for any grant of a right to place and maintain a tombstone or other memorial in a cemetery otherwise than in a chapel provided as mentioned in article 6(1)(b) of the Order; or
- c) for any grant of a right to put an additional inscription on such a tombstone or other memorial.

29. The council shall publish a table of fees. In respect of any such table, a fee may be fixed in respect of a burial service before, at or after cremation, and, if no fee is fixed, the fee, if any, fixed in respect of a burial service shall apply. (section 12, Cremation Act 1972).

30. The provisions under the Local Authorities' Cemeteries Order 1977 state that in determining the fees to be charged the burial authority shall take into account the effect of any resolution under section 147(3) of, or under paragraph 6 of Schedule 26 to, the Local Government Act 1972.

## EQUALITY AND DIVERSITY

31. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it.

The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation

32. An equality impact assessment will be undertaken as part of the future paper produced for Cabinet.

### OPTIONS

33. The main options available to Cabinet are to:

1. Confirm the revised fee structure changes as per the 2022/23 budget and implement from 1<sup>st</sup> July 2022 or earlier is possible and identify an alternative saving/funding source to cover the loss of 30k from the budgeted position.
2. Not to confirm the revised fee structure changes as per the 2022/2023 budget and identify an alternative saving/source of funding to cover the loss to the budgeted position of 120K
3. Undertake a review of the bereavement services business model and to agree a formal business analysis and plan for the service going forwards.
4. Not to undertake a review and leaving the position of rising cost of utilities and inflation not to be addressed at this time.

### RISK MANAGEMENT

35. The current delay is a financial risk to the council. The revenues created support the overarching financial position of the authority and delivery of other key service area.

36. If option 1) is approved, there is a limited loss of income for in year of 30K. This excludes the impact on fuel rises which are likely to impact the service in the coming months, but these could be addressed as part of option c).

37. If Option 2) is approved the service will fall short of its budgeted income levels by 120K. This would mean additional revenue/savings would need to be found elsewhere within the council. Its further anticipated that the impact on fuel rises and other costs will exacerbate the funding differential in the coming months, but again these could be addressed as part of option c).

### EVALUATION

38. There is a clear need to assemble further cost projections and to model these to include anticipated inflationary and utility costs in addition to funds for maintenance, refurbishment, and enhancement/replacement. These will form the basis of a business plan for bereavement services that can be brought to Cabinet.

39. Forward evaluation and analysis will recognise the essential requirement to maintain the full spectrum of bereavement services on the Island including cremation. It is likewise essential that, as part of council's statutory responsibility, it is essential that a core affordable basic option is available to Islanders.

40. Activation of the revised fee structure changes as per the 2022-3 budget can take effect from 1st July 2022 or earlier if possible. This reflects the Budget consultation process that indicated 73% of respondents would prefer to see an increase in charges for services to ensure they are maintained.
41. While Option 2 may be preferable to some service users, it would mean that the council will need to cover the level of financial risk created by identifying savings from other service area.

## APPENDICES

### Appendix 1 - Fees and Charges 2022/23

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