

LGA Response to Competition and Markets Authority funerals market study June 2018



1. About the Local Government Association

- 1.1. The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government. We are a politically-led, cross-party organisation, which works on behalf of councils to ensure local government has a strong, credible voice with national government.
- 1.2. We aim to influence and set the political agenda on issues that matter most to councils so they are able to deliver local solutions to national problems. The LGA covers every part of England and Wales, supporting local government as the most efficient and accountable part of the public sector.

2. Key issues

- 2.1. Families come into contact with local authority crematoria in difficult and often distressing circumstances. Ensuring that services are meeting the needs of local residents is a key concern of councils and communities need to be able to access reliable, effective and dignified crematoria and burial services.
- 2.2. The provision of these services are discretionary as set out in the Local Government Act 1972. Powers contained in the Local Government Act 2003 provide the ability to charge for discretionary services on a cost recovery basis. Councils are required to publish their fees for public scrutiny and several areas have decided to do this via their websites.
- 2.3. However, it is important to acknowledge that the cost of these services will not be the only consideration for people when deciding how and where to dispose of their loved ones remains. Many families may have a loyalty to a particular crematoria or cemetery, particularly if other family members have been interred there or they have a connection with the area. They may alternatively simply chose to go to the closest crematoria. Some crematoria that have two chapels may provide families with more options than a facility that only has one chapel, if a large number of mourners are expected. Other factors that may influence people's choices, and therefore aid competition can be accessibility, facilities such as audio and visual equipment, parking, grounds, infrastructure, décor etc. Funeral directors may also play a role in influencing the choice of families.
- 2.4. The cost of a cremation will need to cover a number of ongoing costs within the service, rather than providing a one off service. This includes the costs of burial provision and land for these sites, improving crematoria including investment in new equipment, mercury abatement costs, maintaining closed churchyards and cemeteries (where no income is derived from new burials) and private sector provision of crematoria, all of which should be factored into

Submission

the CMA's considerations. There will also be regional variations in the costs of running this service across the UK, in terms of staffing and land costs. For instance staffing costs will be greater in areas like London and the South East as will land costs.

- 2.5. The wider issue of local authority budgets also needs to be considered. Councils have faced a reduction in core funding from Central Government of nearly £16 billion since 2010 and councils are facing a £7.8 billion funding gap to 2025.

3. Crematoria

- 3.1. Whilst local authority crematoria remain the largest crematoria providers in the UK, there has been a steady increase in the numbers of privately run crematoria. The majority of new crematoria have been built by the private sector, and approximately 35 per cent of crematoria are now privately owned¹. Of the last 15 crematoria to open in the UK, 13 were built by the private sector².
- 3.2. In 2017 Royal London found evidence that private crematoriums charge higher fees and have increased their fees by more compared to local authority crematoriums (increases of 5.9% and 4.6% respectively)³. This can directly impact on the cost of council services. When a new private crematoria is built this will impact on the number of cremations carried out at a local authority crematoria, however the overhead costs for providing cremation will remain the same, meaning that councils may need to increase costs to cover their costs.
- 3.3. For councils any new crematoria would need to be paid for with a council's capital funding or through borrowing by local authorities. Therefore any further requirements on these services are likely to have a direct impact on the costs of providing them.
- 3.4. All new crematoria are subject to local planning regulations, whether the application has come from the public or private sector. Section 5 of the 1902 Cremation Act sets out a number of conditions for the location of crematoria, stating that "No crematorium shall be constructed nearer to any dwelling-house than two hundred yards, except with the consent, in writing of the owner, lessee and occupier of such house, nor within fifty yards of any public highway, nor in the consecrated part of the burial ground of any burial authority."
- 3.5. This presents challenges to those looking for new sites or to alter what is provided at existing facilities, particularly in urban areas. Local areas should already have in place a way of assessing both current and future needs for crematoria as well as cemeteries, looking at current requirements and future population growth. The CMA should also be aware that there can also often be objections from local residents to new crematoria being built in their area.

¹ <https://www.royallondon.com/Documents/PDFs/2017/Royal-London-National-Funeral-Cost-Index-2017.pdf/>

² http://www.bath.ac.uk/publications/death-dying-and-devolution/attachments/death_dying_and_devolution.pdf

³ <https://www.royallondon.com/Documents/PDFs/2017/Royal-London-National-Funeral-Cost-Index-2017.pdf/>

4. Funeral poverty

4.1. A number of council areas have set up their own funeral services. A number have contracted with local funeral directors to provide the service on their behalf. Some other councils offer discounted rates for early morning cremation bookings. A number of examples of low cost options created by councils are below:

4.2. Gateshead Council

Gateshead have created their own company to provide funeral services at an affordable price. Regent Funeral Services launched in June 2018, after identifying a desire for greater transparency on the costs of a funeral. They have a number of funeral packages on their website setting out different types of funeral that are available including direct cremation, a simple funeral trough to a fully bespoke option.

Further information can be found on the council's website; <https://www.gateshead.gov.uk/article/8745/Gateshead-Council-launches-its-own-funeral-service> and on the Regent Funeral Services website: <https://www.regentfuneralservices.co.uk/>

4.3. Cheshire East Council – Orbitas Bereavement Services

In 2014 Cheshire East set up Orbitas Bereavement Services as a council owned and controlled company to deliver bereavement services on behalf of the council.

They have created the Orbitas Funeral service (<http://www.orbitas.co.uk/bereavement-services/orbitas-funeral-service.aspx>). This service is working in partnership with a local funeral director to provide a low cost funeral option to communities. They offer this service, inclusive of all associated crematorium charges, from £2,295.

4.4. Nottingham City Council

Nottingham city council contracted with local funeral directors to provide the Nottingham Funeral for a cost of £1799.99. This is available to Nottingham residents: <https://www.nottinghamcity.gov.uk/births-deaths-marriages/deaths-and-stillbirths/cemeteries-crematorium-burial-grounds/the-nottingham-funeral>

4.5. Sandwell Council

Sandwell council have partnered with Trinity Funeral Services Limited to provide a low cost funeral. A cremation service is available for £1643 including a coffin, funeral service with a minister, crematorium and doctors fees and music. More information can be found on the Council's website: <http://www.sandwell.gov.uk/lowcostfunerals>

4.6. Cardiff City Council

Cardiff City Council have contracted with a local funeral director to provide a low cost cremation or burial for Cardiff residents. <https://cardiffbereavement.co.uk/cardiff-council-funeral-service/>