

28th December 2018

Funerals market study team Competition and Markets Authority
Victoria House
37 Southampton Row
London
WC1B 4AD

Dear Sirs,

Re: Competition & Markets Authority - Funerals Market Study, Interim Report

Please find below my response to the interim report on behalf of my family business, Abbey Funeral Services Ltd.

Having read this report my initial thoughts are that the independent sector was not properly represented in this report. Independent Funeral Directors are responsible for carrying out around 60% of funerals in the UK and, thus, represent a substantial part of the profession.

Abbey Funeral Services Ltd is a small to medium sized business. The business was set up by my husband and I thirty-five years ago and having in the past employed both of my late parents, now also employs our eldest daughter in a senior role. Our hope is that in the future the business may provide employment for some of our seven grandchildren. We are truly a family business welded to our local community in myriad ways.

Situated in the market town of Tonbridge in Kent, a town with approximately 40,000 residents we have competition from five other Funeral Directors businesses, three branches of Funeral Partners Ltd, each branch trading under a different trading name, one branch of Co-Op Funeral Care and one other independent with six branches in the West Kent and South London areas. Abbey is a single branch business delivering around three hundred funeral per annum, which is considerably greater than one fifth share of the local market. The entire borough of Tonbridge & Malling recorded 1036 deaths in the year 2017 ¹ The business rents a small industrial unit approximately one mile from our offices in which we house all funeral vehicles.

I find the analysis to be fair. My experience has been that when families do shop around they will often return to the funeral director whose initial reception made them feel comfortable. This may be either a telephone response, a face to face reception, price, a visual perception of staff and premises or a combination of the above. Anecdotally, a family came to me having 'shopped around' and selected another firm but at the time of arranging the funeral discovered that the price quoted on the telephone bore no resemblance to the amount subsequently required for the funeral. Shopping around only works when clients are given a like for like comparison.

¹ https://www.kent.gov.uk/__data/assets/pdf_file/0003/13827/Births-and-deaths-bulletin.pdf

In relation to Funeral Directors services, it would be necessary, in order to provide a 'level playing field' to ensure that the elements which make up the service charge reflect, accurately, what was contained in that fee. For example, some funeral firms will show a low professional service charge, and overly high charges for coffins and vehicles because the labour connected with preparing both coffin and cars has been assigned to those items. Others, like us, ²prefer to show all of the labour costs under the professional service fee, and a much lower charge for coffins and cars, reflecting only the cost price and running costs. Some will show an exceptionally high price for a hearse, and a first limousine free of charge – thus the client is in effect paying for a limousine even if they don't want one.

Clarity is, in my view, essential. A standardised price list across the industry would allow consumers to make well informed choices.

However, there will be variations in service fees, even in a local area, which may reflect, for example, distance from the nearest Crematorium. My closest and most used Crematorium is a little over ten miles away, whilst a professional colleague and fellow independent is less than two miles away. Clearly his costs for vehicles and staff time is less than ours.

Factoring the quality of service into that professional charge may prove to be an insurmountable task. Much of the quality of our work is behind the scenes. The cost of providing an efficient, hygienic, and appropriate mortuary facility comes at a cost. Delivering the number of funerals that we do annually, we need to have a sizeable mortuary and ours is approximately thirty square metres. It houses two banks of refrigerators each with five body trays and one chill room capable of storing up to twelve bodies. Other mortuary equipment includes air purification and extraction, sluice, trays, trollies, hydraulic hoists and lifting equipment. All of this equipment has to be purchased, maintained regularly and eventually replaced.

People are getting larger and the obesity crisis has an effect on the funeral profession. a fact which effects the way in which we staff both funerals and the retrieval of bodies from the place of death. When I first entered the profession, we would need six pallbearers once or twice a year for larger coffins, we are now experiencing this once or twice a week. In the last twelve months we have purchased specific equipment to assist with the storage and handling of bariatric cases and also had doorways widened to accommodate larger coffins that will not pass through a standard door frame.

The quality of our operation may well be judged by the appearance of our staff who are all well dressed for funerals, and appropriately dressed for other tasks such as mortuary work and office. Work wear for one member of staff costs an average £300 each, clothing which is regularly cleaned, repaired and replaced.

Quality may also be judged by our vehicles. We run Daimler hearses and limousines. We cannot afford to buy new vehicles and our four used vehicles cost around £198K Maintaining them to a high standard is also costly, but the alternative is a shabby looking and unreliable fleet.

² <http://www.abbeyfs.co.uk/prices>

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The standard of our premises is a, not insignificant, factor in judging quality. Maintaining the premises to a high standard, with efficient telephone and IT systems to support our 24/7 service; clean comfortable reception rooms; viewing chapels and office space all come with a price tag.

Funeral service is labour intensive and a very simple funeral will equate to an average of forty man hours. Our dedicated and well trained staff also denote quality and continuing professional development is something we take seriously. We, like every other Funeral Director, have staff on call twenty four hours, every day of the year, a service which largely goes unnoticed when assessing labour costs. Our staff are all paid a wage in excess of the government recommended living wage, plus generous enhancements for on call and out of hours work. This ensures that my staff are the best in the local market. A well paid, happy and valued workforce is a good and efficient workforce.

The additional services provided by many Funeral Directors, my own business included, is hard to calculate in fiscal terms. We, along with many others, provide post funeral support to clients, and in my case to other bereaved people who were not clients. Those who have been bereaved of a spouse or other close relative frequently struggle with both the initial impact of that death and the long term loneliness and isolation associated with bereavement. My business provides an initial six sessions counselling service with qualified bereavement counsellors, together with ongoing support through our bereavement groups. These groups support around one hundred, mainly older, people every month through lunch clubs and coffee groups. Run by volunteers and supported by our staff these groups do much to alleviate the long term effects of bereavement. The collective value of this to health and social care budgets provided by this profession across the UK is immeasurable.

For the last 3 decades the independent sector has faced a relentless onslaught of aggressive marketing by the conglomerates and Co-Operatives. In this environment many have been forced into greater and greater marketing and advertising costs in order to maintain their share of the market.

With regard to increases in prices across the sector, I can only speak for my own business. We are only obliged by HMRC to keep financial records for a period of seven years, however we do have data for nine years which I am happy to share. Any increases, year on year, reflect only general inflation and increases in our indirect costs. It is essential that overheads are factored into pricing structures. Any business, in my opinion, who choose to ignore these indirect costs are not likely to survive as a business.

As an example, in the period 2010 to 2018 our rates and water costs have increased from £3140 in 2010 to £11,500 in 2018 during which time we took on a rented property to house our vehicles and coffin stock. In that same period our vehicle costs increased by an average of £56 per funeral and staff costs increased by an average £526 per funeral. Our price increases in that period were as shown below for a basic funeral service, defined as a hearse only, basic oak veneered coffin and all labour and professional charges:

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Increases in third party costs have increased thus:

In 2010 - local Crematorium £478,
Vicars fee £115
Doctor’s cremation certificates £147

In 2018 - local Crematorium £747
Vicars fee £210
Doctor’s cremation certificates £164

I am not convinced by the arguments that an MIR is appropriate. Certainly, some remedies are necessary to ensure that the bereaved are treated fairly and with appropriate concerns for their vulnerability, but these can be achieved in other ways. The sector is home to two very efficient trade associations, the National Society of Allied & Independent Funeral Directors (SAIF)³ and the National Association of Funeral Directors (NAFD) ⁴ Both of these associations have strict entry requirements in terms of quality and professionalism and regular and robust quality inspections. Harnessing the combined expertise of these associations would, in my view provide the assurances that you seek.

Taking harsh measures to limit prices charged by small businesses like mine will, in my opinion, serve only to detract from the quality care we all endeavour to provide. With a reduced margin I would have to consider whether I can afford to employ as many staff as I do: whether I can afford to train the staff that I have: whether I can afford to continue my, much needed, bereavement support programme and whether I can continue to regularly service equipment and vehicles. In effect I shall be forced to provide a reduced service with less staff. I believe that some smaller independents may be forced into closure increasing the possibility of a monopoly by the large conglomerates and thus making this exercise completely counter productive.

I agree, wholeheartedly with regulating our profession but it must be done in a way which does not increase the already enormous burden of huge overheads experienced by good funeral directors. Statutory licences would, almost certainly, be devolved to local authorities who will need to employ inspectors in order to carry out the process. This will come at a cost and there is a very real danger that some local authorities, already suffering from reduced funding from central government, will cross subsidise to recover lost revenue from capped cremation fees.

³ <https://saif.org.uk>

⁴ <https://nafd.org.uk>

Whilst many of us working in this sector are willing to look inwards and make every reasonable attempt to be open and transparent on prices and fair with our pricing structures, we should also look at influences from outside of the profession which have resulted in a climate of funeral poverty. The Department of Work and Pensions has done nothing in the last ten years to increase the bereavement benefit to those on low incomes. Any benefit is restricted to those in receipt of other benefits, yet it is well known that many who find themselves unable to pay for a funeral are in work and not receiving any benefit at all and are thus ineligible for the meagre sum available. In all aspects of life, those in the lower income brackets struggle to pay for the essentials in life (and death) and the cost of a funeral is just one of many. Those same people are the ones who often have a poor credit rating thus making them unable to obtain a loan. Many Funeral Directors, I believe, would be willing to accept payments by instalments however we are hostage to the Financial Conduct Authority rules which restrict us to a maximum of four payments within a twelve month period. Few of my professional colleagues would be willing to obtain a credit licence to facilitate such a service.

Finally, I would add that my business supports twelve members of staff, all local people. Many of the goods and services we need are sourced locally, such as garage services, printing, stationery and building maintenance. Our contribution to the local economy is huge and should not be dismissed as insignificant.

In summary, there are things that the profession could, and should, do better.

- We can ensure, via the trade associations, that all members display prices, in a clear and understandable format, both in house and on web sites.
- Funeral Directors who are not members of one of the two recognized professional organisations should be encouraged to join. My preference would be for this to be mandatory with statutory measures in place to penalise those who fail to achieve an agreed standard.
- A national format of what constitutes a basic funeral should be put in place and all funeral directors should adhere to that format.

Government support

- Financial support from DWP either as increased benefits or access to low cost credit for those on low to moderate incomes

Finally, whilst recognising and accepting that some of our number fall beneath the standard that the majority aspire to, I hope that the CMA will acknowledge the generosity of spirit that resides within our profession. We have missed watching the children open their birthday gifts; been unable to be there for celebrations, school assemblies, graduation days and Granny's birthday, and whilst the nation enjoyed their Christmas dinner some of our number were leaving their family to tend to the needs of another all because we put the families we serve above our own. When we refer to clients as 'Our Families' we mean it. For very many funeral directors the life we have chosen is more vocational than occupational and the benefits we, undoubtedly, bring to our communities are beyond compare. We, the independent funeral directors, are as much a part of our communities as the Doctor or the Priest. Destroy us, and you risk destroying another part of community life.

28th December 2018

Christine E. Parker F.SAIF MSBP MIFDC MBIFD CertFP

Managing Director, Abbey Funeral Services Ltd 01732 360328: mob.[]:
www.abbeyfs.co.uk

Director of Curriculum development. IFD College. <http://www.ifdcollege.org/>