



horizon
cremation

Summary Submission to the Competition and
Markets Authority Investigation into
Funeral Directors and Cremation Services

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- We welcome the opportunity to submit a final paper for consideration as per the updated Funeral Investigation Timetable *Guidance Note of 28th May 2020*.
- The purpose of this submission is to summarise the key points and observations as we see them, with regards, most importantly, to providing higher service levels, better buildings and design standards, environmental compliance, low carbon initiatives and crucially providing more choice for families, all within the context of competition and price in the context of specifically the cremation services sector.
- By way of background, and further to our earlier submission, Horizon Cremation is a new entrant to the crematoria services sector.
- Horizon was established following extremely poor and distressing cremation service experiences personally witnessed by Jeremy Hamilton and Stephen Byfield, the founders of Horizon Cremation. This is important. To have felt distressed to such an extent by the poor levels of service and the crumbling buildings offered by their local authorities, and in response going on to establish a crematoria business is a significant act - and represented a paradigm shift for both parties in terms of their previous professional lives.
- Horizon is focused on providing higher levels of care for families, by providing a choice to select modern, high-quality and fully abated crematorium facilities, incorporating state-of-the-art audio and visual technology, comfortable and high-quality internal design and fit-out, modern lighting and ventilation, backed by exceptional levels of care and assistance with minimum one-hour service times.
- The model being developed by Horizon is based on the Clyde & Garnock Crematorium, our first and award-winning facility which is located in Scotland. We are now focused on establishing additional modern, high quality crematorium facilities in areas where there is a clear and quantifiable need.
- We deliver one-hour service times as standard, our proposed sites reduce distance and travel times for families, and where our proposed locations are equidistant to existing facilities, our facilities will provide choice for families and much needed additional capacity during peak periods – such as those witnessed seasonally, and more recently as seen through the Covid-19 pandemic.
- The reality of the UK crematoria sector is that it remains dominated by local authority facilities. Furthermore, much of the local authority owned crematoria estate across the UK is, without being unfairly critical, old and dated and with a significant number also continuing to be environmentally unabated, throwing toxins in the local atmosphere. Many are aging facilities operating in a modern age.

- Compare that to modern crematoria such as the Clyde Coast & Garnock Valley Crematorium (and those of the other private operators such as Westerleigh, Memoria and Dignity) who have delivered high quality modern facilities designed to reflect modern tastes and family wishes both now and for many decades into the future while also operating to the highest environmental, fully-abated standards.
- Organisations such as Horizon and the numerous other private crematoria operators in the UK have invested significant capital sums in new facilities, staff training and retention, alongside environmental technologies, and in the process have raised the quality and standard of building and service for families, and are providing important choice and capacity in areas that were previously and fundamentally underserved.
- Furthermore, the market and competition reality is that the unquestionable lack of capacity during peak periods in many parts of the country, coupled with perceived shortcomings in terms of the fabric and quality of local authority crematoria estate, has led to the private sector having to come in and create capacity and the required facilities to a better and higher standard - future proofed for environmental compliance and incorporating modern audio visual and IT systems.
- There has been more cremation capacity created in the past 20-years in the UK than at any other time since the introduction of cremation as a funeralcare choice from the late 1880's onwards. This would suggest that competition and choice is being addressed through correct and functional market forces.
- Cremation capacity is crucial – the recent experiences of Covid-19 has served as a sharp and incisive reminder of the absolute importance of ensuring there is sufficient capacity to serve cremation and death-care need in a timely and dignified manner.
- The Office for National Statistics forecasted in 2016 through their National Population Projections analysis that the UK death rate will increase by 23 percent over the period 2017 – 2037.
- We are currently in the process of constructing two further crematoria, one in England and the other in central Scotland, with other applications at various stages of planning. Each new site costs between £4.8m and £6m to build and this is a significant increase on previous crematoria construction budgets as a result of higher land costs, the need to deliver higher quality design, environmental compliance, and the budgets required to fund the often lengthy, costly and unavoidably complex planning process required to secure an approval for new any new crematorium facility.
- With regards the concept of a Maximum Price or the introduction of a Price Cap mechanism as set-out within the Working Paper, such moves would, in our opinion, have a devastating impact on future investment in new facilities because it would significantly undermine the attractiveness of the sector to private finance.

- Furthermore, the introduction of a Maximum Price or Cap mechanism would directly and rapidly result in a contraction in investment in new and existing crematoria facilities and ultimately lead to less choice and needed capacity for families. Those communities that have had to tolerate crumbling and dated facilities, that churn-out toxins and only offer limited capacity and short service times, would in all probability have to continue to tolerate such a level of disservice, as the ability for other potential operators to raise the capital required to build modern and compliant crematorium facilities to provide a choice over those existing dated facilities would be extremely difficult to achieve.
- To expect or assume that local authorities will step in and use non-market economics to establish new facilities, or significantly improve existing facilities, as evidenced by the reality of local government investment levels made over the past 40-years, would be misplaced. Local authorities have had to continually battle against reducing budgets and increased demands on those budgets, and there are many other urgent social priorities that local authorities are trying to balance daily that would come well before the concept of building new crematoria or significantly upgrading existing facilities.
- The second concept of a Benchmark Package as detailed within the Working Papers is an interesting one that would require much further and more detailed consultation. It is important to note however, that the principle of Benchmark Package would not differentiate between the quality of different facilities. No distinction would be made between either the quality of the physical facilities, the length of service time on offer or the quality of customer care exhibited by staff, all of which are central to making the experience for mourners a good one.. Were the CMA to opt for a Benchmark package the key variable to take into account when assessing caps would be the amount of time given to a service. This has been recognised as the key determinant of the mourners' experience. If a regulated pricing structure were put in place it should take account of service times.
- In summary, the proposal of a Maximum Price / Cap mechanism is in our opinion a concept that would inevitably result in severe adverse effects on competition and would compound lack of capacity issues and would ultimately have a significant negative effect on choice and service standards for families.
- The concept could potentially or inevitably give rise to scenarios whereby those that are providing inferior standards (buildings, technology, zero environmental compliance) to increase their prices to the maximum level without making an equal increase in investment in their facilities, and it would be an absolute disincentive in terms of securing private investment for the use in constructing modern, low carbon and environmentally compliant buildings and delivering better service. It would limit choice and it would limit differentiation and would in effect drag standards down.
- A Benchmark price package concept is an interesting proposal and merits further consultation. In some respect the direct cremation market, for which demand

increased substantially during the height of the Covid-19 pandemic is addressing the concept of choice and a minimum benchmark package, albeit unattended.

- Given the disparity between modern and environmentally advanced facilities versus dated, non-abated Victorian facilities, we would urge the CMA to consider a star 'quality' rating system, commonly used across a host of sectors. Such a system would allow families to have a clear understanding as to the quality of the crematorium and thereby also allowing an understanding as to the context of the price point for cremation services within any given facility. A 2-star crematorium charges 'X' but expect old pews, no audio visual system, no digital memorial options, 30-minute service slots (if you are lucky) etc, versus a 5-star facility (such as the Clyde Coast & Garnock Crematorium) and expect high quality oak and sea grass seating, high-end audio visual and digital broadcasting capabilities, webcasting as standard, the most environmental compliant cremator equipment technology available, highly trained and motivated staff and one hour service times as standard etc. Such a system would greatly assist in delivering transparency for families and most importantly choice.