

Institute of Cemetery and Crematorium Management Response to Remedy options for regulating the price of crematoria services

109. We would welcome views on the proposals outlined in this working paper and any other comments on the proposed price control remedy.

The ICCM are pleased to provide the comments in red below.

110. We would welcome views on our current thinking that any price regulation in the form of a maximum price would apply to all crematoria operators in the same way.

The ICCM believes that should a price cap be necessary, it should apply to all crematoria operators in the same way, but bearing in mind local authority obligations to recover their costs (eg a local authority crematorium carrying out a relatively low number of cremations may need to invest in new cremators/abatement and may therefore need to increase prices above the cap to meet the requirement to recover such costs).

111. We would also welcome responses on the approach to defining the scope of products and services included in the benchmark package, in particular:

a) Are there any products or services which are not currently included in the suggested benchmark package which should be included? What is the evidence to support this view?

We collect cremation fees each year for the Royal London report on funeral costs. For a standard cremation we use the cremation fee at a standard week day time (ie not an early morning or late afternoon time that attracts a lower or higher fee); the medical referee fee if this is charged separately; the environmental surcharge fee if this is charged separately; the unwitnessed disposal fee in the garden of remembrance if this is charged separately; any other non-optional fees, such as contribution to a maintenance fund. This would seem to accord with your suggested benchmark package.

Crematoria that charge an environmental surcharge should review the need for this extra as the majority of crematoria have long since upgraded. Those that have not upgraded should not charge.

For noting – on page 15 at paragraph 55 of ‘Remedy options for regulating the price of crematoria services’, you state ‘For example, environmental surcharges are only applicable at crematoria without abatement technology fitted’, but this is not the case – some crematoria charge an environmental surcharge fee if they have fitted abatement as a way of paying back the capital costs associated with the installation of such equipment.

b) Are there any products or services which have been included in the suggested benchmark package which should not be included? What is the evidence to support this view?

No.

c) What is your view on time-based restrictions relating to the benchmark package, for example the length of the chapel slot?

The ICCM Charter for the Bereaved recommends a minimum service time of 40 minutes. Services of less or more than 40 minutes could be price capped accordingly, ie the price could be divided by 40 then multiplied by the actual minutes of the service to produce a capped price reflecting the service time.

112. We welcome views on how the price cap measures could be determined and reviewed, in particular:

d) Do you consider that using pricing information from the sector is a sensible approach for designing a price cap for crematoria? Do you think a rate of return approach would be more appropriate in this sector?

Both approaches have merits.

e) Do you have any views on the design variants we have outlined (for example, whether the price level of any price regulated package should be set as one price across the UK, whether we should make allowances for certain higher cost areas such as London or whether any cost base should be done on a crematoria by crematoria basis or otherwise)?

The ICCM view is that any price regulated package should be set as one price across the UK.

f) Do you have any suggestions as to the criteria we should use to set the benchmark for the initial level of the price cap?

No.

g) Do you have any views on how the Burial and Cremation (Scotland) Act 2016 should interact with any price regulation implemented by the CMA, or a new regulator?

No.

113. We are also interested in responses to the following questions relating to implementation, monitoring and enforcement of the price control:

h) What is your assessment of whether the option of setting a maximum price for a benchmark package of products/services (paragraph 49) is capable of effective;

implementation?

monitoring?

enforcement?

With a limited number of cremation authorities and crematoria in the UK, implementation, monitoring and enforcement should not be too problematic. The question is whether it is desirable and will provide better protection for consumers in terms of quality and value of the services on offer. Would a simpler option that fees must not be increased by more than the rate of inflation (such as CPI or RPI) achieve the desired results?

i) Do you think that compliance reporting requirements to the CMA or a regulator, should be the same for all crematoria?

Yes.

j) Do you have any views or suggestions on designing and implementing an effective communication strategy to ensure that consumers, crematoria and relevant third parties understand their rights and responsibilities if price regulation is introduced? In addition, how could we ensure that a benchmark package is sufficiently promoted and visible to consumers (paragraph 105.b)?

Use of a quality system such as the ICCM Charter for the Bereaved could help consumers understand their rights. Communication would need to be consistent throughout the various parts of the sector, eg funeral directors, cremation authorities.

k) What preparation would be required and how long do you think crematoria might require to prepare for the implementation of any price control regulation?

At least one whole financial year would be required so that plans can be made regarding investment in facilities etc.

l) What would be the likely costs of implementation, monitoring and enforcement for crematoria?

Not known.

m) Do you consider an initial duration of 5 to 7 years is an appropriate period for the implementation of a price control remedy and achievement of its aims (paragraph 108)?

Yes.

n) Do you consider there to be other risks or options for mitigation which we have not considered (paragraphs 83-86)?

No.

Please provide any other comments or questions.

It would be beneficial to tie-up any proposed changes with the proposed Law Commission review of burial and cremation law.

On competition - when an authority sees a competitor open and take cremations there has never been a price war. In fact the authority losing income price matches the competitor to reduce losses. A price cap would most likely sort this. I hear the cries of quality however where there is lack of quality the competitive scenario might cause some to up their game.