

Response to the Provisional CMA Decision Report September 2020.

To commence our response we wish to express our appreciation that in recognition of the particular challenges of the Covid-19 pandemic you have both given extended time for this response to us as SAIF members and decided to take interim steps only until the full extent of the pandemic is realised. That is greatly appreciated.

In general terms we are very positive towards the introduction of greater price transparency and quality control. Our response to any potential price fixing will depend on what is decided. However what does concern us in broad terms is what we would call unintended consequences. I am writing both from the point of view of ourselves as a medium sized independent privately owned company (William Purves Funeral Directors Ltd) and also with having a maybe slightly unique perspective to write as an executive of SAIF Scotland. I am therefore speaking for ourselves but also foreseeing the potential unintended consequences for many small owner/operator family businesses which make up the majority of SAIF members and who provide the largest number of service providers and competition in this market, that you are charged with protecting.

As a competition champion and with good intentions, ironically we fear that the end of this process will in fact reduce competition within the market.

As a company that has acquired businesses in the past we have been approached recently and in increasing numbers by a significant number of small to mid-size independent funeral directors wishing to exit the market. They cite both increased bureaucracy & regulations, concerns over your interim findings and the misconceptions therein and the potential for a much reduced financial return, as the primary drivers. As a larger independent we have the resources to both continually invest in our facilities to maintain first class standards of care and to provide specialist or professional expertise to cope with added levels of bureaucracy. We also have the staff to provide the 24/7, 365 days a year on-call service provision this service provision demands on a rota basis. For small independent funeral directors who provide the essential sources of competition, especially in smaller towns and rural villages, where they are often the only source of service provision, this is not the case. They have limited resources and are looking for a reasonable living in return for the commitment of providing a service night and day, every day. For the vast majority they are not looking to make a fortune and never could, they just need a reasonable level of return that justifies the sacrifices their commitment deserves. Their sacrifices of time and being at the constant behest of bereaved families, the emotional cost of dealing with grief and tragedy on a regular basis and the significant capital invested in providing the premises, equipment, staff and vehicles providing a good service requires.



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These committed professionals have a genuine desire to provide a good quality service to the bereaved in the communities they live in, but there comes a point when the returns do not justify the sacrifices and costs of providing this service and many are and will decide they can no longer continue and the vast resource of committed people with huge experience and local connections will be lost from the industry to its detriment.

This poses the very real danger of reducing competition and what's more, leaving many smaller communities unserved or only served by distant corporate providers who have traditionally charged significantly higher prices as you have remarked.

As a company who has purchased a significant number of smaller family owned funeral care providers when owner/operators wish to retire or exit the profession, the current requirements of employment law and increased investment in quality facilities required mean that less and less businesses offered to us are financially viable for us to purchase and that is without shareholder pressure for regular dividends or a price cap. If the proposed reduction in pricing is too draconian or even near the levels hinted at in your report of £400 or more per funeral, that would make this exit strategy for current providers impractical and they would just cease to trade, but more importantly the continuation of both service provision and local competition in many small rural towns and communities would disappear completely. Is that a consequence you foresee and desire?

At a Scottish parliament cross party group in 2019 representatives of the CMA stated one aim being 'the removal of barriers to entry'. That raised two concerns, firstly a total misunderstanding of the market where in funeral directing there are absolutely no barriers to entry. Currently any 'man and a van' with no training whatsoever, no facilities or experience can open a funeral director business tomorrow. I cannot see what barriers you aim to remove? To keep untrained operators with no facilities or expertise to provide care of any quality out of the market is rather the desirable outcome and certainly one of the objectives of Scottish Government and their proposals. We therefore welcome with open arms regulation and the setting of high standards but know that if the weight and costs of regulation are too onerous there will be no new competitors entering the market. But our greatest concern in this area is that any costs of a regulation regimen need either to be passed on to clients or met by reducing either investment in facilities or people, again an unintended consequence I suggest?

In the crematorium market the main barriers to entry are the huge capital investment required and planning restrictions. Unless these can be addressed, again there will be no increase in crematoria and the healthy competition you are to encourage. [REDACTED]

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know we are not alone and wonder, is that your desired outcome?

We also have concerns that there seem to be another couple of misconceptions or misunderstandings in your assumptions about the industry. The first is the repeated returning to this concept of 'packages' and offering comparisons between packages.

That is not the way most clients dictate that funeral directors work. This idea of adding to a 'simple funeral package' or subtracting from another, just isn't the way clients or we work. It is always on the basis of 'what do they want?' What is appropriate both to the families desires any expressed wishes of the deceased and of course within any financial constraints.

For some clients 'simple' means the cheapest alternative, for others 'simple' means the best quality available but nothing ostentatious. Some families come and state they want to be as economical as possible others want the very best we can supply. It is not a package culture or marketplace and we strongly resist the forcing of a culture where price is the most important thing. For some families price is paramount and we realise and recognise that. It would be financial suicide as well as immoral for us to commit families to expenditure beyond their ability to pay. For most of the families we serve it is the quality of care they will receive which is equally important. In every unregulated market ruled by supply and demand there are low cost low service providers and better quality higher price providers. There are already a variety of qualities of offering and appropriate pricing in this market and we see very effective competition. There is not transparency in pricing we fully accept but there is healthy competition in most areas. In a culture where customer choice is paramount, we fear your proposals will force there to be only one choice, low cost poor quality. That is a disservice to the bereaved and we wonder is that what you would want at a time of bereavement?

We like many others charge a professional fee then add on for whatever the family wish to add or subtract from that. Some want significantly less than a 'simple funeral' and are charged accordingly, some want some elements to be low cost and others top of the range and are charged accordingly. To be obliged to run through various package comparisons when a specific wish or instruction has been made shows a complete lack of sensitivity to the compassionate handling of grieving human beings. A funeral is not a commodity and for many families it is a complex mix of emotions, traditions, honouring deceased's wishes, balancing complex family dynamics all with compassion and understanding. To commoditise to choosing from various pre-determined packages is a disservice both to bereaved families processing grief and our professional commitment to compassionate care. For example we serve a lot of Jewish families where their faith tradition spells out exactly what is required (very simple and substantially less and lower cost than the perceived description of a 'simple funeral') it shows a crass insensitivity and lack of empathy or understanding to offer them other packages where we know and they tell us exactly what their faith and culture require. Or for an alternative view, we also serve many Chinese families here where their local community always insist on open service chapel communal viewing and an American style casket (which is substantially more expensive than any standard packages we would ever offer) and the community collectively contributes to the cost. Again having established this demand of their community leaders to insist they consider other options of which they are fully aware, beggars belief.

These examples illustrate that many bereaved families have expectations or limitations due to faith or cultural traditions that are very different from any predetermined package. To offer other 'packages' would be thoughtless and insensitive.

What you need to realise is that the arranging of a funeral is not just a business transaction and simplistic 'silver bullet' and catch-all solutions will inevitably not fit all situations. The skill in our profession and integrity of practise are to hear and understand exactly what is appropriate for each unique bereaved family, make the financial implications very clear, put no pressure or assumptions into the equation and provide that service to the highest standards of quality.

Very many grief processing issues are exacerbated by bereaved families being talked to and not listened to. To give people transparent choices is essential but to force professionals to offer inappropriate choices where a clear instruction has been given is wholly wrong.

Another concern is that when there is talk of a standardised 'simple' or predetermined package for price comparison that doesn't account for quality. A 'simple' funeral for example that has a set description or potentially capped price whilst containing what ostensibly provides the same basic elements, could be vastly incomparable. For us 'care of the deceased' means medical quality mortuaries with refrigeration and staffed by highly trained and appropriately well paid staff. Viewing is offered for all clients at no added cost in purpose built facilities, a hearse is a purpose built vehicle, professional fees are for professional service by trained and qualified staff, choice and advice is comprehensive and unbiased, making arrangements is without any preconceptions, upselling or pressure of any kind.

I'm sure you as well as we, have seen service providers where each of these elements is the polar opposite and even to say service is a complete misnomer. How can bereaved families compare that from just a set of numbers and what avoidable emotional and psychological damage is incurred when driven solely by cost families receive such a poor level of service that they have added burdens of grief to bear?

In addition, we would seek reassurances too that any price control made proper provision for both regional and rural vs urban variations. As a funeral service provider with multiple branches ranging from city centre with very high capital costs and higher wage weightings to small rural village locations where capital costs for premises, staff costs and overheads are all lower, we are very aware of huge differences. We actually have price differentials to recognise that and want to make sure that is in your considerations.

Whilst we welcome your reaction to the Covid-19 pandemic we are disappointed that there was no recognition or acknowledgement that in a time of global crisis the funeral profession in this country excelled. Despite the risks to personal health, huge increase in requirements for PPE and protective equipment spending, vastly increased emotional strain and workloads, the profession continued to provide exceptional service for lower returns. Compare that to other, including European, countries where state and/or military support for impersonal mass body disposals were required. A large part of that was a combination of commitment to our profession and care of bereaved families and the fact that most funeral director companies have staff and facilities to cope with significant fluctuations in death rates.

If as a reward for this we, unlike other key worker professions, are punished rather than rewarded and return on capital and profitability are reduced to a level where goodwill is destroyed and investment in staff and facilities reduced there will be two inevitable consequences. 1. The capacity to cope with pandemics or fluctuations in death rate will be lost and 2. The current flow of people exiting the profession will become a flood and there will be many areas where there is either no competition or no funeral service provision at all. Again, is that a desired outcome?

The thing I find most abhorrent in the funeral industry is the relatively new practice of up-selling. It is very well recognised where new entrants to the funeral business who are funded by venture capital demand very high returns on capital.

To satisfy their shareholders requirements, they offer what outwardly appear very 'transparent' or rather aggressively marketed very low cost, entry level funerals. Their funeral arrangers are then actively trained, encouraged and incentivised to then up-sell once the family is in their clutches. Often the potentially loss-leader price is either not in reality actually available and the arrangers are very adept at upgrading and up-pricing the offering. Practices such as offering these very low cost options but with so many provisos that virtually no family would settle for that or emotionally up-selling viewing at added cost, higher profit margin coffins and the like. Those of us in the industry with genuine care and integrity know the vulnerability and susceptibility of bereaved families to emotional manipulation and so have strict processes to avoid this and in no way incentivise our staff and actually forbid any form of this awful practice. I do not see where the remedies proposed will actually stop this but fear rather will encourage it as the pressure to loss-lead with packages that are not acceptable or practically available to families and up-sell will increase. Please protect them from being prey to these unscrupulous exploiters.

The age old source of business through recommendation and returning to a provider that they have previously used seems from your response to be frowned upon as almost naivety when in reality it is the greatest guarantee for families that the company recommended or returned to have not been prey to this distasteful and unethical profiteering.

Your recommendations to remove any form of soliciting of business is an underlining of the codes of practise of both NAFD and SAIF and we welcome them fully and wholeheartedly. This too is an unethical and disgraceful blight in some areas.

To close, as a multi-branch family owned independent we feel unfairly included with the large conglomerates and plc's when it comes to the proposed requirements for intrusive levels of financial reporting. It is common knowledge that these large companies have been driven primarily by shareholder rewards rather than provision of care. That is not the case with ourselves or other family owned and operated businesses. We could run our business with lower overheads and prices very easily but at the detriment of our investment in the care and welfare of our staff and the quality of care provided to our clients. As just one example the corporate model is based around 'funeral arrangers' where there is no continuity between the person arranging the funeral and the person conducting the funeral.

This is very labour efficient but every client we ask, every satisfaction survey we conduct and the positive feedback we regularly receive places the continuity of contact and personnel as one of or the greatest comfort and reassurance to them.

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We all know that when profit margins get unreasonably squeezed the simplest way to cut costs is around employment numbers and terms & conditions. That immediately impacts on both employee's quality of life and the quality of service that bereaved families who are supposed to be the focus of this whole exercise will receive. A truly retrograde step and dare I suggest, yet another unintended consequence?

For William Purves Funeral Directors Ltd

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