

Outline Business Case



This Outline Business Case states the high-level justification for the project allowing the Project Board to decide on whether this should progress. This document also supports completion of the formal corporate project request as part of Proposal phase approval.

Project Name: Memorial Space at Woodman Road Cemetery

Project Sponsor: Phil Ruck

Project Manager: Ray Inns/Steve Butcher

Version: Draft 0.3

Report Date: 19th January 2018

1. Project Summary:

Objectives This outline business case presents options in relation to installation of memorial spaces for cremated ashes within a Brentwood Borough Council cemetery site. The overarching objective is to generate new income for the authority.

Corporate Strategy This project supports delivery of the following within the corporate strategy;

- To ensure the provision of the efficient and effective services
- Develop new approaches to grant funding, and the use of community assets
- Consider how Council assets can be utilised to promote sustainable development in the Borough
- Maximise Council assets to deliver corporate objectives and ensure community benefit
- Provide more modern and effective customer services

2. Scope:

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The initial scope of this project was to review the viability of constructing a memorial wall in a BBC cemetery for plaques to be placed for loved ones to visit.

The idea was developed following discussion with other district/borough authorities in Essex.

Following on from these initial discussions the memorial wall option will not be pursued because of the following factors:

1. The authorities spoken to run their own cremation services at the same location as the memorial wall plaques, so loved ones would always have a connection to that location, whereas at BBC customers would take loved ones to a private crematorium before erecting a plaque at a BBC cemetery (with no place for the ashes) and with no personal connection to the location, therefore it has been assumed customers would be unlikely to pursue this approach.
2. The idea of the memorial wall is as a direct result of using existing walls rather than building something bespoke – with the above risk of these walls then not being utilised as no personal connection it does not seem viable to construct something specifically for this purpose.

However, these discussions have identified an opportunity for further investigation whereby BBC could give greater options to customers for the interment of ashes and generate new income via:

1. Columbaria (a column for ashes storage including a plaque at the front (see pic at rear of document))
2. Vaults for ashes to be stored with granite plaques at ground level (see pic at rear of document)
3. Pets remembrance fence/wall (would not include ashes)

The above initiatives would be supported by capital investment & redevelopment of an area within the Woodman Road Cemetery. This would make the space pleasant & welcoming for loved ones to visit the space and has the potential for an increase in demand at the location

This stage of the project presents a financial analysis based on assumptions for existing demand and an initial timeline for the project board to review and agree on how to proceed.

3. Benefits:

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Financial Benefits are identified in the following table

	Columbaria x 2 (36 spaces) option				ground interment increase to £1,200 after yr2	Income Yr1 Vault x15 Colum x4 ground x5	Income Yr1 Vault x15 Colum x4 ground x5	"do nothing" income	Estimated new income to BBC	Less Capital Invest- ment	Profit /Loss per annum
	Vault x 60 spaces		Likely Case 4 PA								
	Likely Case 15 PA Spaces	Income	Spaces	Income							
Year1	60	22,500	36	4,800	33,960	30,130		11,320	18,810	71,000	-52,190
Year2	45	22,500	32	4,800	72,000		33,300	11,320	21,980	0	21,980
Year3	30	22,500	28	4,800	72,000		33,300	11,320	21,980	0	21,980
Year4	15	22,500	24	4,800	72,000		33,300	11,320	21,980	0	21,980
Year5	60	22,500	20	4,800	72,000		33,300	11,320	21,980	27,500	-5,520
Year6	45	22,500	16	4,800	72,000		33,300	11,320	21,980	0	21,980
Year7	30	22,500	12	4,800	72,000		33,300	11,320	21,980	0	21,980
Year8	15	22,500	8	4,800	72,000		33,300	11,320	21,980	0	21,980
Year9	60	22,500	4	4,800	72,000		33,300	11,320	21,980	27,500	-5,520
Year10	45	22,500	0	4,800	72,000		33,300	11,320	21,980	0	21,980
Total		225,000		48,000	681,960	30,130	299,700	113,200	216,630	126,000	90,630

The above model is based on a slight increase in demand at the Woodman Rd Cemetery (currently in the region of 17-20 PA, assumed increase to 24 PA).

The financial table is also based upon a significant price increase for the interment of ashes into the ground from 2018/19 onwards in line with other options (further detail in assumptions section & delivery approach).

The return on investment is greater than 10 years & therefore does not represent a good investment for BBC to pursue.

However, there is a further opportunity for income with the pets memorial fence where plaques can be purchased for approx. £300 (cost of plaques incl engraving to BBC representing new income of £246 per plaque).

Income per Plaque (Excl Ashes)	300			
Cost of Plaques incl engraving	-54			
Net addn revenue per Pet Plaque	246			
Demand per annum	72	54	36	18
Estimated Income	17,712	13,284	8,856	4,428

A new fence would need to be erected and improvements to the footpath at an approx. cost of £13k one off capital investment (which are included in the above capital investment calculations)

This initiative has not been included within the main benefits table as demand is currently unknown we estimate take up could be in the range of 2 per month giving £6k pa profit to 5 per month would present £15k pa profit to BBC, however there is no basis for this estimate.

The non-financial benefits identified vary depending on the preferred approach but include:

- Greater options for customers
- Consistent length of terms across all options (simpler for customers to follow)
- Consistent pricing approach across all options

Possible negative impacts:

The proposed price increases in year 2 for the interment of ashes into the ground (£566 to £1,200) of the project may attract negative press if it is not clearly publicised that the difference represents the cost of the headstone which would have also had to have been purchased as well as paying £566. This will make the vaults and columbaria a much more appealing and value for money proposition which in turn will generate greater income for BBC.

4. Financials:

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Capital funding would be via schemes that have underspends to fund the whole project from the existing capital program

	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10	Total
Car Parking Provision	6,000										
Cost of "path" areas on plan	10,000										
New Fence	3,000										
Foundations for vaults	7,000				3,500				3,500		
Cost of vaults £400 x 60	24,000				24,000				24,000		
Cost of Bench/Tree Grill	4,000										
Cost of Columbaria x 2	14,000										
Fitting costs of Columbaria x 2	3,000										
TOTAL CAPITAL COST TO BBC	71,000	0	0	0	27,500	0	0	0	27,500	0	126,000

It is assumed there would be no requirement for any revenue funding

5. Resources:	Week/Month	Who	Funding
Project Manager	0.5 days per week	Steve Butcher or Ray Inns	Existing opportunity cost
Subject Matter Expert	0.5 days per week	Stuart Anderson	Existing opportunity cost
Asset Management	0.5 days per week	Adrian Tidbury	Existing opportunity cost

6. Assumptions:

- Currently demand for ashes memorials (buried at the cemetery with a small headstone) is approx. 20 per annum. The finance model has been based on demand rising to 24 per annum for the foreseeable future
- Burying ashes at each cemetery site will remain at £566 + cost of the headstone (total cost to customer is in the region of £1,200) until 01/04/19 when prices would increase to £1,200
- Plans to date are at Woodman Road Cemetery only

7. Delivery Approach:

There are approx. 800 deaths in Brentwood PA, with only 9% of the public choosing Borough owned cemeteries for their loved ones. The financial model within this business case has not considered any increase or decrease in demand, however in Brentwood the population is predicted to grow by approximately 8,000 in the next 10 years. The Objectively Assessed Need (OAN) for housing also states that projections indicate the population aged 65 or over is going to dramatically increase over the period of 2013 to 2033 – a rise of 44.8%. Brentwood therefore has an ageing population, creating more of a need for burial plots and cremated remains plots.

The success of this initiative is dependent on a consistent pricing model across all areas. The current pricing table is below:

	Resident *	Non - Resident
Purchase of a full burial plot - Exclusive Rights of Burial for 100 years	£779	£7790
Extension of Exclusive Rights of Burial for 50 years for a full burial plot	£192	£1920
Purchase of a cremated remains (ashes) plot - Exclusive Rights of Burial for 100 years Note: actual total cost to customer is £566 including other permissions	£322	£3220
Extension of Exclusive Rights of Burial for 50 years for a cremated remains plot	£96	£960
Transfer of Exclusive Rights of Burial into another person's ownership	£56	£56

This business case recommends that BBC could make pricing costlier for ashes burials (the total cost to the customer is currently £566 + the cost of memorial (with profits going to the stonemason), total price is normally in the region of £1,100 to £1,500. Therefore, if the price for burial of ashes were raised to the same proposed price as columbaria and vaults, customers may tend to choose these options as the total cost for ashes burial would raise to the region of £1,700.

The columbaria and vault options are also more efficient in terms of man hours required to place the ashes within the space.

This outline business case proposed pricing model for 2018/19 onwards:

	Resident *	Non - Resident
Purchase of a cremated remains (ashes) plot - Exclusive Rights of Burial for 20 years (does not include headstone & engraving)	£1,200	£TBC
Purchase of a cremated remains (ashes) plot – Above ground vault for 20 years (inclusive of granite plaque & engraving)	£1,500	£TBC
Purchase of a cremated remains (ashes) plot – Above ground columbarium for 20 years (inclusive of granite plaque & engraving)	£1,200	
Extension of Exclusive Rights of Burial for 20 years for a cremated remains plot	£96	£960

Length of agreement

Currently the length of agreement for ashes burials is for 100 years.

As part of this outline business case we believe this should be reviewed. Both ashes burials and placements within the vaults or columbaria should be consistent across all options

- BBC could reduce the term for all areas to 20 years increasing the chance of renewal fees coming into the organisation. However, it should be noted that BBC cannot lawfully move or change location of remains once buried.
- BBC could offer these as a permanent place of rest which may be appealing to customers knowing their loved ones will remain in the same place forever, this may encourage some customers to our locations over our competitors
- BBC could withdraw the option of ashes burials over a period which would maximise the income generated and increase the timescale for the Return on Investment, however this may be deemed as a negative step for our customers

8. Key Milestones:	Planned Date	Comment
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Proposal presented to PPR committee	06/02/18	Business case + supporting info
Approach agreed and approved	07/02/18	
Final plans & quotes received	21/02/18	2 weeks to receive all capital quotes
Orders placed	23/02/18	groundworks, vaults and columbaria
Works completed, vaults, columbaria, fencing etc all installed	18/05/18	12-week lead in + 2 week contingency
Go-live with new options to the public	18/05/18	info published and promoted on website

9. Key Risks & Impact:	Risk Score	Mitigation & Comment
There is a risk that the vaults/columbaria may not be utilised, residents may still prefer to utilise the ground interment	Medium	This will be mitigated by increasing prices for ground interment therefore making the option less favourable & costlier to the customer once headstone price is included
Currently there is no demand information in relation to the pet memorial fence/wall. This could prove to be highly popular but is unknown.	Low	The erection of a new fence will be required because of the other works – the option for pet memorial plaques will be included & will require appropriate marketing to ensure that the fence/wall is utilised.
There is a privately-run crematorium service in Brentwood which offers a wide range of services (incl memorials & gardens of remembrance). BBC would be in direct competition with this provider. Prices for services are unknown at this stage	Low	BBC has 5% of the market but to increase this we need to investigate further to understand total number of deaths in area & size of market that Bentley Crematorium currently have & what potential to increase the BBC share of the market

10. Key Issues & Impact:	Priority	Action & Comment
There are approx. 800 deaths in Brentwood PA, with 9% of customers choosing BBC cemeteries as a place of rest for loved ones (5% ashes placement)	Medium	BBC currently only have a small percentage of the custom in the area. More marketing needs to be done if significant investment is considered for the Woodman Rd Cemetery. Clarity on the website of what customers will get and consistent across all options
There is an estimated 12.5% increase in deaths over the next 20-year period. However, with such a small percentage in the market demand is unlikely to increase significantly during this period	Medium	By improving the number of options available BBC would hope to increase the number of customers using its facilities.

11. Approval:	Name	Version	Date
Project Sponsor	Phil Ruck		

Example pictures of ground level vaults and columbaria

