

CABINET

**COUNCILLOR MAURICE SHEEHAN
OPERATIONAL SERVICES PORTFOLIO HOLDER**

21ST SEPTEMBER 2021

REPORT No. OS2110

KEY DECISION: No

**ALDERSHOT CREMATORIUM -
PROPOSAL TO UNDERTAKE FEASIBILITY STUDY TO INFORM FUTURE
INVESTMENT OPTIONS**

SUMMARY:

Due to the age of the facility and the heavy operational demands placed on the Aldershot Crematorium, regular extensive maintenance is required. The Council's most recent condition surveys of the crematorium have indicated that significant repair and refurbishment works are also now required in addition to the regular maintenance regime. Given the scale of identified repairs and refurbishment requirements, it is appropriate that the Council considers the best approach to the continuous provision of Crematorium services. This report sets out the case for a comprehensive feasibility study to be undertaken to evaluate the best long-term solution for the Aldershot Crematorium given the current circumstances.

Investment in the asset is required not only to protect existing income levels, but to generate additional income for the Council.

With an increasing population and mortality rate predicted over the coming years, the facility needs to respond accordingly, and provide the high-quality offer expected by residents.

The operation of the crematorium generates a surplus for the Council, (£500k to £700k pa). With nearby local facilities in Guildford and Easthampstead Park having invested heavily in recent years, demand for the older Aldershot facility has started to decline.

High-level figures in the Outline Business Case, (Appendix 1), compare the costs of providing an entirely new building located elsewhere on the current site, with those of refurbishing the existing facility. It is estimated that an extensive refurbishment of the existing building may cost in the region of £1.5m to £2.5m, with a new build likely to cost between £6m and £10m, dependent on the scale and range of facilities provided. A feasibility study is required to establish the optimum size of facility and more accurate cost estimates.

This report recommends the commissioning of a detailed feasibility study to scope the options and consider the economic and financial case for each. It will also consider the opportunities to improve the customer experience, create additional space for additional services, harness heat from the cremation filtration process, and high level options to improve vehicular access to the site. It will also consider where on the existing site a new facility could be located, the potential social value

of the project, the likely development of the market, and how the scheme should be funded.

RECOMMENDATIONS:

Cabinet is recommended to:

- Approve the commissioning of a full feasibility study and business case assessing the investment options.
- Recommend to Council that a budget of £75,000 is approved to deliver the study.

1. BACKGROUND AND CONTEXT

- 1.1 The Park Crematorium is located in the south-east corner of the borough, adjacent to Aldershot Park. It was opened in the Summer of 1960, and sits on 16 acres of land. The site contains a single large building, an 80-space car park, and grounds housing gardens of remembrance. The building contains a chapel that can accommodate up to 140 mourners, (80 seated), an area housing three cremators, a memorial room, waiting room, offices, toilets and a number of small ancillary rooms.
- 1.2 The venue is open five days a week, (Monday to Friday), and holds around 1,600 cremations a year. The building was last fully refurbished in 1996/97. Since this time, whilst regular maintenance has taken place, no major investment in refurbishment has happened.
- 1.3 The operation of the crematorium generates a surplus on operational activities and consequently a considerable contribution to the Council's annual revenue budget position. Income for the 2020/21 financial year totalled around £1.54m, against expenditure of £1m, generating a surplus on activities of over £500,000.

2. RATIONALE

- 2.1 There are a number of factors to take into account when considering the rationale for investing in the crematorium:
 - 'Improving facilities at Aldershot Crematorium' is a priority identified in the Rushmoor Council Business Plan, 2021 to 2024.
 - A recent condition survey has identified a range of essential works that will need to be undertaken in the forthcoming 24 months, totalling over £380,000. These works are classified as 'essential' to keeping the building operating at the existing level, and do not include 'desirable' works designed to improve the current offer.

- Demand for cremations at the Aldershot Crematorium has plateaued, and then fallen since 2017, (although last year's figures were affected by the Covid pandemic). Whilst no market research has been undertaken to understand the reasons, anecdotal evidence from both the bereaved and funeral directors suggests the recent investment in other local crematoria is having an impact on demand for the Aldershot facility.
- The Office of National Statistics predicts the UK's death rate to increase significantly over the next 50 years, placing additional demand on crematoria nationally for the foreseeable future.
- The population in Rushmoor is forecast to increase steeply over the next few years, with the percentage of over 65's rising considerably quicker than the UK average.
- The borough's nearest facilities – Woking, Guildford and Easthampstead Park – are all more modern than Aldershot's existing offer, with Easthampstead Park having built a second chapel three years ago, and Guildford having invested over £10m in brand new facilities in 2019.

3. IMPLICATIONS

Financial

- 3.1 High-level costs for a major refurbishment of the crematorium are considered in the attached Outline Business Case, and it is estimated that work will total between £1.5m and £2.5m. The commissioning of a feasibility study will enable more accurate costs to be established.
- 3.2 An industry standard estimate of the cost of building a new single-chapel crematorium with one cremator is between £4.5m and £6.5m, (*Cremation Society of Great Britain*). The building itself usually accounts for around half of this cost, with fees, surveys, groundworks, utilities, fixtures & fittings and cremation equipment accounting for the rest.
- 3.3 Whilst the cost of both the new Guildford crematorium (£11m), and the new West Hertfordshire crematorium due to open next year (£9m), are higher than the industry standard, a number of private sector crematoria have been built over recent years, all at a cost of between £3m and £5m.
- 3.4 Given the wide range of indicative capital costs published for the building of a new crematorium, the commissioning of a feasibility study is required to establish a more accurate budget.
- 3.6 A budget of £75,000 is required to deliver a feasibility study to consider the options – new build and refurbishment.

Legal

- 3.7 The crematorium is owned and managed by Rushmoor Borough Council. The proposed building of a new facility will be delivered by the Council, on Council owned land. Much of the land surrounding the site is also owned by the Council. No other direct stakeholders have been identified at this stage.
- 3.8 No further legal implications have been identified at this stage.

Risks

- 3.9 There are a number of risks associated with delivering a new facility on the existing site, or indeed a major refurbishment, including interruption to the existing service during the build period, return on investment and payback period, and costs not accounted for at the outset.
- 3.10 However, there are also significant risks associated with *not* going ahead with either scheme, including:
- Reputational risks, as the Council is unable to provide a fit-for-purpose bereavement service for residents.
 - Competitor risks, as alternative providers located within adjacent boroughs become the 'crematorium of choice' for Rushmoor residents. There is also the risk of private operators looking to enter the local market.
 - Financial risks, as expenditure on the repair and maintenance of the building and equipment increases, and income reduces as business is lost.
- 3.11 A detailed analysis of the key risks will be undertaken as part of the feasibility study.

4. CONCLUSION

- 4.1 The Aldershot Crematorium is in need of significant investment, with large-scale repair and maintenance works required.
- 4.2 With demand for cremation facilities in the borough predicted to increase in the coming years, a major refurbishment of the facility is needed to protect existing income, control costs and provide a quality service to the borough's residents. An alternative to a full refurbishment is the building of a brand-new facility elsewhere within the grounds of the existing site.
- 4.3 The benefits and financial implications of both these options will be considered as part of a feasibility study, for which a budget of £75,000 is sought.

CONTACT DETAILS:

Report Author: David Phillips, Service Manager - Commercial Services
david.phillips@rushmoor.gov.uk, 01252 398570

Head of Service: James Duggin, Head of Operational Services
james.duggin@rushmoor.gov.uk, 01252 398543



ALDERSHOT CREMATORIUM REDEVELOPMENT

Outline Business Case
July 2021

RUSHMOOR
BOROUGH COUNCIL

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1. Introduction

Purpose and Approach

This Outline Business Case (OBC) provides a rationale for undertaking a detailed feasibility study to consider the potential redevelopment of the Park Crematorium, Aldershot.

Following years of under investment in the fabric of the building, the facility is now in need of extensive refurbishment, with significant repair and maintenance works required. With alternative local crematoriums having invested heavily in their offer in recent years, the Aldershot facility has fallen behind in a competitive market.

With an increasing population and mortality rate predicted over the coming years, and an increasingly diverse society, the facility needs to respond accordingly.

Investment in the asset is required not only to protect existing income levels, but to bring additional financial return for the Council, which will help to address the budget gap predicted in the medium-term financial plan. It will also provide the high-quality offer expected by our residents - a facility fit for the next thirty years.

With such significant levels of repair and maintenance work required to the existing building, the provision of an entirely new facility located elsewhere on the current site may provide a more cost-effective option.

This OBC considers two options:

- Refurbishment of the existing facility
- Provision of a new facility located elsewhere on the existing site

The OBC seeks a decision to approve the commissioning of a detailed feasibility study to explore these options in more detail, and to scope the projects.

Subject to approval of this Outline Business Case, a budget will be assigned for delivery of the feasibility study.

Scope

The Outline Business Case considers the high-level evidence to justify the progression of a new-build, rather than refurbishment of the existing facility. Subject to financial analysis, this may prove the favoured option as it provides the opportunity to completely redesign and expand the service to drive additional income generation.

The proposals and indicative costs in the OBC are based on a 'like-for-like' offer. However, the feasibility study will consider options for expanding the current service and, subject to approval to proceed, will identify the wider scope of the project, (including a detailed business case), and will include consideration of:

- *Site location* – where on the existing site the new facility should be located, and how the provision of service can be continued throughout the build.
- *Market penetration* – how the existing products and services offer by the crematorium can be improved to attract greater uptake and usage by residents.
- *Market extension* – how the improved offer can be used to attract more customers living further afield who may currently be inclined to use competing facilities.
- *Product development* – whether there is an opportunity to provide additional services of value to those people attending the facility, for example function rooms for wakes, a coffee shop, or other Council services. Whilst the OBC has costed a 'like-for-like' facility, the feasibility work will consider options for enhancement of the offer.
- *Social value* - how a new facility can contribute to social value, for example, improving the well-being of residents, reducing carbon emissions, etc.

The feasibility study will inform a detailed business case which will make a clear recommendation for project delivery for Member decision.

2. Background and Project Context

The Park Crematorium is located in the south-east corner of the borough, adjacent to Aldershot Park. It was opened in the summer of 1960, and sits on 16 acres of land.

The site contains a single large building, an 80-space car park, and grounds housing gardens of remembrance. The building contains a chapel that can accommodate up to 140 mourners, an area housing three cremators, a memorial room, waiting room, offices, toilets and a number of small ancillary rooms.

The venue is open five days a week, (Monday to Friday), and holds around 1,600 cremations a year.

The building was last fully refurbished in 1996/97, and since this time has suffered from a lack of investment. Whilst the crematorium has a knowledgeable and experienced team of staff and an excellent reputation for customer service, the building itself is cold and uninviting.

The operation of the crematorium generates a healthy profit. Income for the 2020/21 financial year totalled around £1.54m, against expenditure of £1m, generating a profit of over £500,000.



3. Rationale

There are a number of factors to take into account when considering the rationale for redeveloping the crematorium:

Council Priorities

The proposed building of a new crematorium aligns with a number of key targets set in the Council's Business Plan, April 2020 to March 2023:

- We will maintain and develop excellent indoor and outdoor facilities.
- We will agree sustainable, (climate friendly/carbon neutral), approaches to the design and delivery of all Council led developments.
- We will improve and modernise the Council's core business and create a consistently excellent customer service.

Condition of the existing building

A recent condition survey has identified a range of essential works that will need to be undertaken in the forthcoming 24 months. These works total over £380k and are classified as 'essential' to keeping the building operating at the existing level. They do not include 'desirable' works designed to improve the current offer.

A summary of the imminent spending requirement is provided, below:

£130,000	re-roofing
£50,000	refurbishment of the chapel
£20,000	replacement of cracked glass dome roof lights
£20,000	installation of cavity trays in glazed entrance
£15,000	refurbishment of toilets
£15,000	redcoration of public areas
£10,000	reconfiguration of accessible toilet
£10,000	convert chapel window bay to seating area.
£10,000	make good paviours, slabs and tarmac
£9,000	staff areas repair, redecoration and replacement flooring.
£8,000	replace boiler fans and external ducts
£5,000	replacement boilers
£84,000	miscellaneous
£386,000	

A major component of the works is associated with the building's roof. The roof coverings have moved beyond their life expectancy and require full replacement, complete with repairs to the parapet walls, and replacement of the coping stones and cavity closers. This is major works and involves significant cost.

For a number of years, the repairs and maintenance programme has been responsive, rather than planned, and much of the plant and equipment is inefficient and needs replacing.

A number of health and safety concerns have been addressed in recent months – crumbling fascia, loose paving slabs, etc – and these issues will continue to worsen and become more regular.

The facility's three cremators were installed in 2001. In need of substantial repair, a few years ago cremator 3 became a donor-cremator supplying, (mostly now obsolete), parts to the other two. Following an incident during a cremation in June last year, cremator 2 was declared non-operational on health and safety grounds. An order for a replacement containerised cremator was made in October 2020, with the new cremator installed in January and operational from 1 February 2021. Procurement for a second cremator is likely to commence in due course. These new cremators will be significantly more efficient and environmentally friendly than their predecessors.

Major refurbishment works to a crematorium site will always prove difficult as, by its very nature, the setting requires the maintenance of a tranquil, respectful environment. Intrusive works may require the facility to shut for a period, resulting in a loss of income.

National Demand for Cremation

Whilst the country's first public crematorium was opened in Woking in 1885, it was only after the second World War that the number of cremations began to rise rapidly. Currently, cremations account for around 80% of all funerals in the UK, and there are just over 300 crematoria nationwide.

The most important factor affecting demand for cremations is clearly the death rate. The number of deaths in the UK has fallen steadily since a peak in the 1980's but despite this, the Office of National Statistics predicts the number of deaths to increase significantly over the next 50 years.

Demand for cremation in Rushmoor

There are various factors that can influence where a bereaved family choose to hold a funeral service, but in the majority of cases, the single biggest factor is the travel time for people attending the funeral. As a rule of thumb, the industry works on the basis that the funeral party should not have to drive more than thirty minutes to a crematorium.

A detailed feasibility study will enable the catchment population of the Aldershot Crematorium to be identified based on this drive time, calculating the number of cremations the facility should *expect* to host each year, compared to the actual

number, with any variance analysed. The impact of neighbouring crematoria at Guildford, Bracknell, Woking and Basingstoke can also be assessed.

Over the past three years, around 30% of the Park Crematorium's customers have been residents of Rushmoor i.e. the deceased was residing in the borough.

As well as travel time and demographic considerations, a number of service level factors influence demand, including availability, service interval times, facilities offered, environment and pricing.

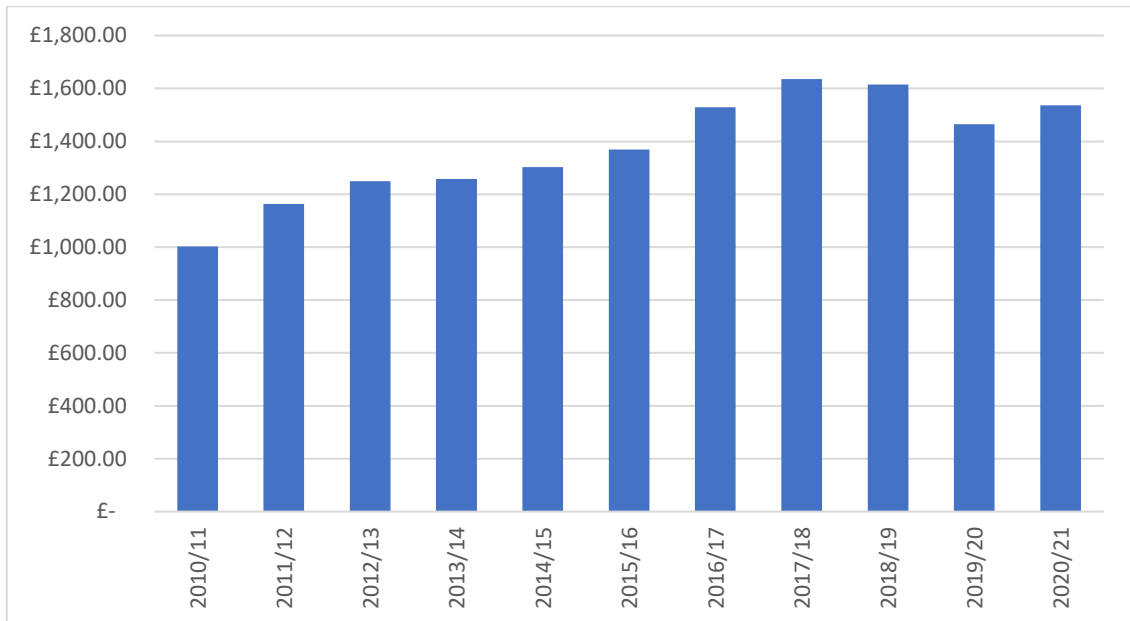
- *Availability of services* – the Aldershot Crematorium currently operates a maximum of 43 services a week (9 each day Monday to Thursday, and 5 on a Friday). Whilst waiting times occasionally exceeded 3 or 4 weeks at the height of the Covid pandemic, capacity is currently thought to be sufficient.
- *Service interval time* - over the past decade, the average length of standard booking slots at UK crematoria has increased from 30 to 45 minutes, as people's attitude to bereavements has changed. Now, most crematoria offer either 45 or 60 minute slots. The current practice at Aldershot is 45 minutes.
- *Facilities and Environment* – whilst the chapel sits within well maintained and tranquil grounds, existing facilities offered at Aldershot are basic, especially when compared to the recently opened Guildford crematorium. As well as improving the existing standard offer, there are opportunities for additional facilities, as detailed in the following sections.
- *Pricing* – each year The Cremation Society of Great Britain publishes a Cremation Fee League Table. In January 2020, fees of the 308 UK crematoria ranged from £392 to £1,070. Aldershot's fee of £926 was in the top quartile, (number 61), identical to that of Woking and Guildford, £50 more than Bracknell, and £100 below Basingstoke.

If a family is undecided at which crematorium to hold their service, funeral directors may well make a recommendation. The Aldershot facility has benefitted from a number of these recommendations in the past due to their excellent customer service standards. However, it is understood that these referrals may have reduced of late due to the poor state of the building. An engagement exercise with local Funeral Directors is planned.

During the 2020/21 financial year, the Aldershot Crematorium hosted just over 1,500 cremations, (an average of 6 a day), charging £870 (+ a £56 Cameo Levy) for each one. This total of £1.31m makes up over 85% of the facility's total budgeted income of £1.54m, the remainder coming primarily from memorials sales.

The table below demonstrates that, having steadily increased for a number of years, income at the crematorium has slowed, and then fallen since 2017. Last year's income figure of £1.54m was affected both by increased demand during certain

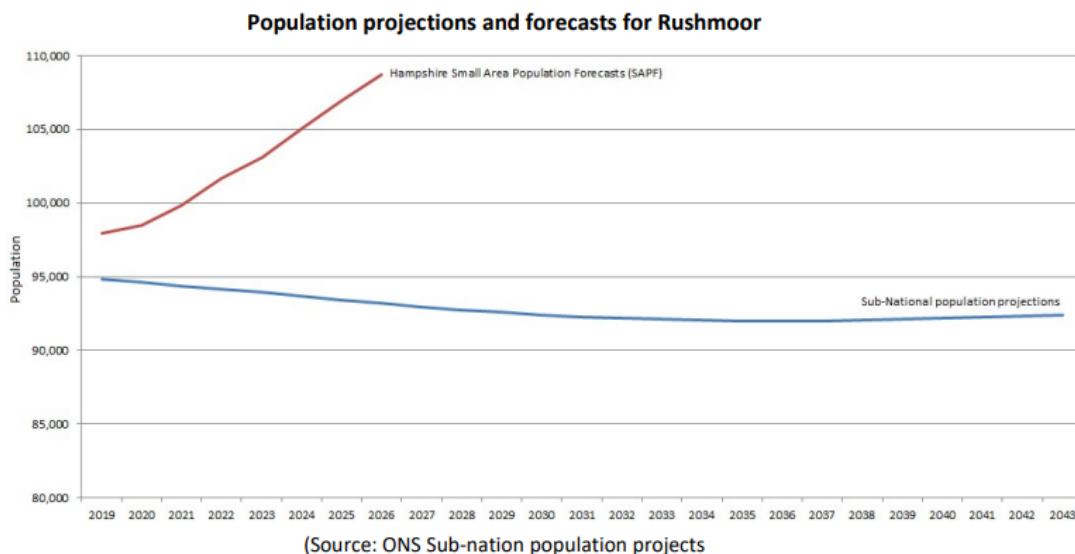
months due to the Covid pandemic, and a reduction in capacity during others due to the loss of a cremator.



This trend is a concern and, whilst no market research has been undertaken to understand the reasons, anecdotal evidence from both the bereaved and funeral directors suggests the decline in the physical state of the building is becoming an issue, and likely to affect business going forward.

Population Demographics

The Office for National Statistics produces Sub-National Population Projections (SNPP), which predicts Rushmoor's population to fall slightly by 2043. However, Hampshire County Council produces the Small Area Population Forecasts (SAPF), which is based on future dwellings supply, including all large and small sites with planning permission or allocated in local plans as at 1 April 2019. This projection forecasts the population in Rushmoor to rise steeply to 108,725 by 2026.



According to the population estimates produced by the Office of National Statistics, Rushmoor has a younger age profile than the average for both Hampshire & England. However, the borough does have a rapidly ageing population.

Projections for the 25 years from 2018 to 2043 shows the number of Rushmoor's over 65's rising from 14.5% of the total population (13,830) to 21.7% (20,050). This rise of 50% is considerably higher than both the average for Hampshire (33%) and England (31%).

A growing and ageing population - both inside the borough and in the surrounding districts – accompanied by an increased mortality rate nationally, suggests a likely increase in demand for bereavement services over the coming years.

Competing Facilities

Aldershot Crematorium has three main competitors for local business – Woking, Guildford and East Hampstead crematoria, which are all located within a 13-mile radius. The facilities at all three are significantly superior to Aldershot's existing offer, with East Hampstead having built a second chapel three years ago, and Guildford having invested £10m in brand new facilities in 2019.

Religious Beliefs

Religious beliefs can play a role in people's choice between cremation and burial. Most Muslims and Orthodox Jews for example choose burial rather than cremation, whilst most Christians, Hindus, Buddhists and Sikhs choose cremation.

Rushmoor has a large Nepali population, making up around 10% of the borough's residents. Nepali's are predominantly Hindu (81%) and Buddhist (9%), with only 5% of

their population Muslim and consequently forbidding cremation. It therefore appears that religious beliefs are unlikely to significantly impact the demand for cremations in the borough.



4. Opportunity

A new build on the existing site may present a number of additional opportunities to a major refurbishment. These can be explored as part of the feasibility study, and include the chance to:

- Design and build a bespoke facility fit for purpose. A refurbished facility is likely to continue to compromise the service delivered, whereas a redesigned building will improve the customer service experience. For example, the current booking office is unwelcoming, and the mourners waiting area and lobby is cramped.
- Provide additional space to increase secondary spend, either by the cremation booker or mourners attending. This could potentially include the provision of refreshments, function rooms to accommodate a wake, or alternative memorialisation options such as rockeries and water gardens.
- Consider providing additional Council services, (or those of partners) to the bereaved, for example Council Tax, Housing, Electoral Register.
- Save on running costs through the efficiencies provided by a new building.

- Explore the potential to harness heat from the cremation filtration process to heat the new crematorium building and chapel. According to statistics provided by the Cremation Society, over half of UK crematoria now use heat exchangers to heat their building. Redditch, in fact, use the energy to heat their lido and, with the Aldershot lido located so close to the crematorium, this option can be explored. Use of a heat exchanger would reduce carbon emissions and heating costs, and reduce the Council's carbon footprint.
- Minimise disruption to the service whilst improvements take place, as the new facility can be built whilst keeping the existing one open. Refurbishment would require closure for a significant period.
- Consider options for the re-provision of on-site parking. Separate provision for the Aldershot Pools & Lido and Aldershot Park is close by, and there may be options to combine / share facilities.
- Consider providing new road access to the facility direct from the A331. The crematorium, pools & lido and Aldershot Park are not particularly accessible by road, and visitors are required to navigate through a number of residential streets. However, the recently opened Tongham Services, (Shell Garage & Starbucks), is less than 100 metres from the southern boundary of the crematorium grounds, and direct road access from this major roundabout where the A331 meets the A31 would benefit access to all facilities and reduce residential traffic. New access would involve crossing the narrow Blackwater River and the strip of land known as Tongham Pools, (owned by Guildford Borough Council), but is worthy of exploration. Consideration within the feasibility study would be at high level only.



5. Cost

High-level costs for both options – refurbishment of the existing facility, and provision of a new facility built elsewhere on the site – are outlined, below:

Refurbishment of the existing facility

In October 2020, the Council's Buildings Surveyor undertook a condition survey to identify the essential repairs and maintenance work required to the crematorium building. A summary of these 'essential' works – totalling £386,000, and required over the next 24 months - is provided in section 3 above.

In addition to these essential works, the surveyor provided an estimate of additional basic refurbishment works that would be required to bring the building up to a standard closer to that provided by competing neighbouring facilities. These 'desirable' improvements include replacement of the existing porte cochere, new external doors, and cladding of the building to improve its appearance. These works are estimated to total circa £520,000.

Should a major refurbishment of the existing building be undertaken, the service will need to close throughout the period of works. On average, the existing facility accommodates over 30 cremations a week, generating a weekly income of circa £30,000. A likely four-month refurbishment period would therefore result in circa £480,000 lost income, as well as inconvenience to residents.

However, an alternative solution would be to continue providing a service using a 'temporary facility'. Guildford Borough Council are in ownership of such a facility, which was used during the recent building of a new crematorium. An informal approach has suggested that GBC would be willing to sell this temporary facility for around £100,000, with the addition of ancillary costs, (relocation of cremators, enabling works), taking this figure to circa £250,000.

These estimated costs of basic refurbishment works total circa £1,156,000, before allowances for professional fees (15%), survey costs (2%) and a 10% risk allowance, bring the total to circa £1.5m.

However, the budget required for a more generous refurbishment that allows for additional improvements to the existing service could be nearer the **£2.5m mark**. The commissioning of a feasibility study will enable more accurate costs to be established.

New Build

An industry standard estimate of the cost of building a new single-chapel crematorium with one cremator is between **£4.5m** and **£6.5m**, (*Cremation Society of Great Britain*). The building itself usually accounts for around half of this cost, with fees, surveys, groundworks, utilities, fixtures & fittings and cremation equipment accounting for the rest.

The table below illustrates the cost of a number of Local Authority crematorium built in the past ten years:

Location	Year built	Approx. Cost
West Hertfordshire	2022	£9,000,000
Guildford	2019	£11,000,000
Wellingborough	2016	£6,500,000
Rugby	2014	£5,000,000

The cost of both the new Guildford crematorium, and the new West Hertfordshire crematorium due to open next year, are higher than the industry standard. Both are major, high-end builds, with the West Herts project built from scratch on green belt land, and the Guildford scheme re-provided on the existing footprint and incurring the costs of a temporary facility.



New Guildford Crematorium opened 2019



Proposed West Herts crematorium to open in 2022

A number of private sector crematoria have been built over recent years, all at a cost of between £3m and £5m.

In November 2020, Project Cost and Asset Management company, *Artelia UK*, were commissioned by Rushmoor to undertake a cost estimate for a new Aldershot building based on a like-for-like facility. The information provided is based on an approximate cost per square metre basis only at this stage.

Their estimates are based on the existing spaces:

- Crematorium with a gross internal area of 608m²
- Covered open spaces, (cloister, covered way, porte cochere) totalling 148m²
- External service yard – 84m²

A baseline cost for re-provision of the existing area on an alternative site within the grounds is estimated to be circa £2.2m. An additional £440k is allocated for risk allowance and contingency.

The estimate cost of the same new build area of a like-for-like facility is therefore estimated to be circa £2,640,000.

A full breakdown of costs is shown in the appendix.

Assumptions

The cost ranges outlined above are based on the following assumptions and exclusions:

- The new facility is built on a new site within the existing grounds.
- The existing facility will remain operational through the build process, and demolition will only commence once the new facility is fully operational.
- The ground conditions are normal. No allowances have been made for ground contamination or ground remediation measures.
- The works will be undertaken as a single project on a competitively tendered basis, and demolition and construction works are carried out sequentially.
- The costs allow for fixed fittings. There are no cost allowances for loose furniture and equipment.
- There is no allowance for data cabling and containment to server rooms and sockets. There is no allowance for servers or loose IT equipment.
- There is no allowance for VAT.

Note: These costs are high-level only and may change depending on a number of variables such as planning requirements, ground conditions and building specifications. These matters will be identified and costed during the feasibility study.

With the building itself generally accounting for around half of the total project costs, this would suggest a total project cost for the re-provision of a like-for-like facility in Aldershot to be around the £5m to £6m mark.

Given the wide range of indicative capital costs compiled for the building of a new crematorium – from £4m private sector facilities in Waveney, Countesthorpe and Abingdon, to Guildford Borough Council's recent £11m build – the commissioning of a feasibility study is required to establish a more accurate budget.

Scheme Funding

Any scheme is likely to be funded through prudential borrowing (PWLB loan). However, grant availability and any alternative funding options will be considered as part of the feasibility study.

Revenue Implications

A summary of the revenue implications should prudential borrowing be used to finance a refurbishment (£2.5m) or new build (£6m) is provided in *Appendix 2*. For both scenarios, a 25 year useful asset life has been assumed.

6. Project Delivery Dependencies

The crematorium is owned and managed by Rushmoor Borough Council. The proposed building of a new facility will be delivered by the Council, on Council owned land. Much of the land surrounding the site – including Aldershot Park – is also owned by the Council. No other stakeholders are known at this stage.

Delivery of the project is dependent on the identification of a suitable location for the new facility on the existing site.

The phasing of the building will also have implications for the continued operation of the existing facility whilst construction is taking place.

Both identification of a suitable new location and continued operation of the existing facility can potentially be mitigated by installation of a ‘temporary crematorium’ if required. This is a model recently undertaken by Guildford Borough Council whilst their new facility was constructed. Options and costs will be considered as part of the feasibility work.

7. Risks

There are a number of risks associated with delivering a new facility on the existing site, or indeed a major refurbishment, including:

- Interruption to the existing service during the build period.
- Return on investment and payback period.
- Costs not accounted for e.g. alternative parking or access provision, unexpected works below ground, additional landscaping, etc.

However, there are also significant risks associated with *not* going ahead with either scheme, including:

- Reputational issues as the Council is unable to provide a fit-for-purpose bereavement service for residents.
- Competitor risks, as alternative providers located within adjacent boroughs become the ‘crematorium of choice’ for Rushmoor residents. There is also the risk of private operators looking to enter the local market.
- Financial risks, as expenditure on the repair and maintenance of the building and equipment increases, and income reduces as business is lost.

A detailed analysis of the key risks will be undertaken as part of the feasibility study.

8. Delivery

Proposed approach

A proposed high-level approach to delivery of a new building with timescales is provided below:

- **Outline Business Case signed off** – July 2021
- **OBC and Feasibility Budget approved to proceed** – September 2021
- **Appointment of technical team to undertake Feasibility work** – October 2021
- **Detailed Feasibility Study and Business Case completed** – end February 2022
- **Final Business Case approval** – March 2022
- **Cabinet approval to proceed** – May 2022
- **Appoint design and build contractor** – July 2022
- **Design development** – August - November 2022
- **Planning** – December 2022 - February 2023
- **Contract Award** – March 2023
- **Start on site** – April 2023
- **Construction** – April 2024 (12 months)
- **Handover and practical completion** – May 2024

Technical Resources required

The services of a multi-disciplinary technical advisor will be required to lead the feasibility work, with support provided by the Council's Property & Estates team, (survey commissioning, etc).

The project will also require the engagement of an experienced Project Manager, and there will be a cost involved if these services are procured from outside the organisation.

Feasibility Budget

A budget of **£75,000** is required to deliver a feasibility study to consider both options – new build and refurbishment. The budget requirement would be reduced to **£50,000** if only the new build option was pursued.

		NEW-BUILD ONLY	BOTH OPTIONS
	Item	Budget	Budget
1	Surveys	£15,000	£30,000
2	Technical advisory	£20,000	£30,000
3	Design and control option development	£10,000	£10,000
4	Contingency	£5,000	£5,000
	Total	£50,000	£75,000

Project Governance

The Project Board will consist of the following staff:

- Project Sponsor – Ian Harrison
- Project Executive - David Phillips
- Project Manager – Gemma Kirk (tbc)
- Project Assistant – Edward Haversham
- Crematorium Manager – Kelly Chambers
- Principal Maintenance & Building Surveyor – Graham King (tbc)
- Principal Construction Surveyor – Simon Ross (tbc)

Procurement

On completion and agreement of the feasibility study, any new-build project would be undertaken by a design and build delivery contractor appointed via an appropriate framework.



9. Recommendations and Next Steps

Summary

Following years of under-investment, the Aldershot Crematorium is in need of extensive refurbishment, with significant repair and maintenance works required.

Investment in the asset is required not only to protect existing income levels, but to bring additional financial return for the Council, which will help to address the budget gap predicted in the medium-term financial plan.

With an increasing population and mortality rate predicted over the coming years, the facility needs to respond accordingly, and provide the high-quality offer expected by residents.

The operation of the crematorium generates a healthy profit for the Council, (circa £500,000 in 2020/21). With competing local facilities in Guildford and East Hampstead having invested heavily in recent years, Aldershot's share of the market is under threat.

High-level figures outlined in the OBC compare the costs of providing an entirely new building located elsewhere on the current site, with those of refurbishing the existing facility.

Conservative cost estimates for an extensive refurbishment of the existing building come in at around £1.5m, with £2.5m thought to be a more realistic figure.

Like-for-like internal area provision of a new facility is estimated by Asset Management company, *Artelia UK* to cost circa £2.6m. This figure does not include a number of additional costs, and the building itself is generally estimated to account for around half of the total project costs. The industry standard average build cost of crematoria is generally between £4.5m & £6.5m. However, Guildford's recent, and West Herts ongoing, builds are costing £11m and £9m respectively.

With such wide-ranging estimates of the costs involved for both a major-refurbishment and a new build, a feasibility study is required to establish more accurate budgets.

Despite the significantly higher cost, a new build may prove to be the favoured option following analysis in a full feasibility study, as the efficiencies are likely to generate significant savings on running costs over the life of the facility. A new build will also provide the opportunity to reconfigure and improve the design of the crematorium, develop the service and drive income generation. It would also enable the existing facility to continue to operate whilst the work is undertaken.

The OBC seeks a decision to approve the commissioning of a detailed feasibility study to scope the two projects.

The feasibility study will consider both the economic and financial case for the projects. It will also consider the opportunities provided by a new build to improve the customer experience, create additional space to increase secondary spend, (including the viability of a coffee shop and function room), and harness heat from the cremation filtration process. It will also look at high level options to improve vehicular access to the site.

The study will also look at where on the existing site the new facility should be located, the potential social value of the project, the likely development of the market, and how the scheme should be funded.

Whilst there are a number of risks associated with delivering a project of this nature, the risks of *not* going ahead with a scheme – reputational, financial and competitor related – are arguably far greater.

A proposed high-level approach to delivery suggests a new facility could be delivered and operational by mid-2024.

Recommendations

The project is recommended to ensure that the Council is able to provide an excellent bereavement service for residents, and generate additional income to help address the budget gap predicted in the medium-term financial plan.

The following decisions are required to enable the project to proceed:

- Agree a budget of £75,000 to commission a full feasibility study and business case assessing both options - major refurbishment of the existing facility, and the reprovision of a new facility at another location on the existing site. Should only the new build option be pursued, the budget requirement will be reduced to £50,000.
- Note the recommended outline project approach for delivery of the feasibility study, (and potential subsequent new-build scheme), outlined in section 8.
- Note the cost estimates outlined in section 5.

CONTACT DETAILS:

- **Author:** David Phillips, Service Manager - Commercial Services
david.phillips@rushmoor.gov.uk, 01252 398570
- **Head of Service:** James Duggin, Head of Operational Services
james.duggin@rushmoor.gov.uk, 01252 398543

Appendix 1

Rushmoor Borough Council - Aldershot Crematorium
Order of Cost Estimate 01

OCE Summary

Order of Cost Estimate 01		Total £
WORKS COST ESTIMATE		
1	Facilitating works estimate	100,000
2	Building works estimate	1,552,000
3	External works and services (service yard, hard and soft landscaping in immediate vicinity of building, external services, and drainage)	12.00% 186,000
Total Works Cost Estimate		1,838,000
ADJUSTMENT FOR THE EFFECT OF COVID-19		
4	Adjustment for the effect of Covid-19	50,000
Adjusted Works Cost Estimate		1,888,000
PROJECT/DESIGN TEAM FEES ESTIMATE (if required)		
5	Professional Fees	15.0% 283,000
Sub-total		2,171,000
OTHER DEVELOPMENT/PROJECT COSTS ESTIMATE (if required)		
6	Survey Costs (incl OHP) and Statutory Fees	1.5% 28,000
7	Equipment	Excluded
8	ICT Equipment	Excluded
9	Other Client Direct Costs	Excluded
Base Cost Estimate		2,199,000
RISK ALLOWANCE AND CONTINGENCY		
10	Design development risk estimate	10.0% 219,900
11	Construction risk estimate	10.0% 219,900
12	Employer change risk estimate	Excluded
13	Employer other risk estimate	Excluded
Cost Limit (excluding inflation) @4Q20		2,638,800
INFLATION		
14	Tender Inflation estimate	Excluded
15	Construction Inflation estimate	Excluded
Cost Limit @ 4Q20		2,639,000
VAT assessment - Excluded		
Additional Cost Item - Cremator delivery and installation (excludes supply cost): Allowance for cremator delivery, to move the cremator into the building, connect and commission		55,000

Appendix 2

Revenue implications

Refurbishment				
	Capital Spend	Revenue Implications		
2021/22		£75,000	Feasibility	
2022/23	£2,500,000	£22,750	Interest	
2023/24		£45,500	Interest	
		£100,000	MRP	
		£145,500		
2024/25		£45,500	Interest	
		£100,000	MRP	
		£145,500		
2025/26		£45,500	Interest	
		£100,000	MRP	
		£145,500		
Future Years		£45,500	Interest	
		£100,000	MRP	
		£145,500		

New Build				
	Capital Spend	Revenue Implications		
2021/22		£75,000	Feasibility	
2022/23	£3,000,000	£27,300	Interest	
2023/24	£3,000,000	£81,900	Interest	
		£120,000	MRP	
		£201,900		
2024/25		£109,200	Interest	
		£240,000	MRP	
		£349,200		
2025/26		£109,200	Interest	
		£240,000	MRP	
		£349,200		
Future Yrs		£109,200	Interest	
		£240,000	MRP	
		£349,200		

Summary of effect on Crematorium revenue budget

Refurbishment							
	Current 2021/22	Revised 2021/22	2022/23	2023/24	20204/25	2025/26	Future Years
Expenditure	£1,000,520	£1,075,520	£1,023,270	£1,146,020	£1,146,020	£1,146,020	£1,146,020
Income	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730
Net Cost / (Contribution) to GF	-£712,210	-£637,210	-£689,460	-£566,710	-£566,710	-£566,710	-£566,710
Shortfall / Requirement for additional income	0	£75,000	£22,750	£145,500	£145,500	£145,500	£145,500
New Build							
	Current 2021/22	Revised 2021/22	2022/23	2023/24	2024/25	2025/26	Future Years
Expenditure	£1,000,520	£1,075,520	£1,027,820	£1,202,420	£1,349,720	£1,349,720	£1,349,720
Income	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730
Net Cost / (Contribution) to GF	-£712,210	-£637,210	-£684,910	-£510,310	-£363,010	-£363,010	-£363,010
Shortfall / Requirement for additional income	0	£75,000	£27,300	£201,900	£349,200	£349,200	£349,200