

**COUNCIL MEETING – 5TH OCTOBER 2023**

**AGENDA ITEM NO. 5 (2)**

**VARIATION TO THE CAPITAL PROGRAMME –  
REFURBISHMENT OF ALDERSHOT CREMATORIUM -**

A report from the meeting of the Cabinet held on 12th September 2023.

**SUMMARY**

This report requests the approval of capital funding to progress the full refurbishment of Aldershot Crematorium through to development.

At its meeting on 12th September 2023, the Cabinet considered and approved the business case for a major refurbishment of Aldershot Crematorium ([Report No. OS2312](#)) and approved a total funding requirement of £4.726 million to be allocated as follows:

- Refurbishment of Aldershot Crematorium - £3.537m
- Supply and installation of a new fully functional cremator to accompany existing, with abatement and DeNOx capability - £0.9m
- Refurbishment of the chapels at Redan Road Cemetery to be used as a temporary facility during the main works - £0.289m

A copy of the business case is attached at Appendix 1.

The Cabinet noted that there would be an impact on the 2024/25 budget which would require additional costs of c.£457k to be incorporated into the Medium-Term Financial Strategy for consideration as part of the 2024/25 budget setting process. Also, that from 2025/26 onwards surplus funds of c.£200k would be available to contribute towards future revenue budgets.

**RECOMMENDATION**

The Council is recommended to approve an additional capital allocation of £1.152m for the crematorium refurbishment project, over and above the £3.574m already agreed as part of the existing Capital Programme.

## **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 120 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 currently holds around 1,500 cremations a year. The building was last fully refurbished in 1996/97. Since this time, whilst regular maintenance has taken place, there has been no major investment in refurbishment.
- 1.3 The operation of the crematorium generates a surplus on operational activities and consequently a considerable contribution to the Council's annual General Fund budget position. Income for the 2022/23 financial year totalled £1.642m, against expenditure of £1.106m, generating a surplus on activities of £536,000. A similar sum of c.£500,000 net income is anticipated as part of the current 2023/24 revenue budget.

## **2. RATIONALE**

- 2.1 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 survey has 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.
- 2.2 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, 2023 to 2026.
  - 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.
  - Meanwhile, 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, Basingstoke and Easthampstead Park – are all more modern than Aldershot's existing offer. Easthampstead Park built a second chapel three years ago, Guildford

invested over £10m in brand new facilities in 2019, and Basingstoke are about to invest heavily in their facility.

- Demand for cremations at the Aldershot Crematorium has fallen in the last five years and investment is required to remain competitive and avoid further decline.
- There is currently only one fully functioning cremator at Aldershot, with two required for full operation. The second cremator currently in use is over twenty years old, near end of life and not operationally efficient. In addition, neither cremator is fitted with mercury abatement or DeNOx capability.
- Lack of cremator capacity has impacted the ability for Aldershot to promote 'direct cremations', (where there is no attendance at the funeral). This concept is becoming increasingly popular in the UK, now accounting for over 10% of all cremations, and presents an opportunity for the Council to generate additional income going forward.

2.3 Consequently, investment in Aldershot Crematorium is required not only to protect existing income levels, but to generate additional income for the Council.

### **3. DETAILS OF THE PROPOSAL**

#### **General**

- 3.1 An outline business case was approved at Cabinet in September 2021 ([Report No: OS2110](#)) approving the commissioning of a detailed feasibility study to assess options for investing in the facility.
- 3.2 The feasibility study was undertaken with support from specialist consultants and explored a number of options relating to the existing Aldershot Crematorium building and site, as well as seeking rationale for the decline in service numbers. The findings are shared in Section 1 of the Full Business Case (attached at Appendix 1).
- 3.3 The output of the feasibility study included a recommendation to proceed with a major refurbishment of the existing building. The agreed scope of the project includes three key elements:
1. Major refurbishment of the existing crematorium building.
  2. Supply and installation of a second fully functional cremator with abatement and DeNOx capability.
  3. Provision of a temporary facility to provide services while refurbishment work is undertaken.
- 3.4 The project team has subsequently worked closely with a number of specialist consultants, (including architects, structural engineers and M&E), to progress design and cost analysis from RIBA stage 2 to RIBA stage 4.

- 3.5 Detailed designs have been undertaken by the appointed architects, planning and building regulations submitted, and full refurbishment costs established. Environmental sustainability has been considered throughout, and the scheme includes a number of green credentials e.g. heat recovery and solar panels. Reuse of the existing building avoids the need for demolition.
- 3.6 In July 2023, a planning application for the proposed refurbishment scheme was formally approved.
- 3.7 In July 2023, the Council undertook a Soft Market Testing (SMT) exercise to appoint a suitably qualified supplier to supply, install and maintain crematory equipment at the crematorium, alongside de-commissioning any existing redundant cremator equipment. The outcome of this process is the direct appointment of Facultatieve Technologies (FT) through the YPO framework.
- 3.8 Separately, in May 2023, Members agreed for the chapels at Redan Road Cemetery to be refurbished and used to host services during the period of refurbishment. This option was considered more appropriate and cost effective than the original proposal of erecting a temporary marquee facility in the crematorium grounds. During the refurbishment period, cremations will still take place at the main Aldershot site utilising the cremator currently housed in a container in the service yard.
- 3.9 Following technical design analysis, the current estimated cost of the Aldershot Crematorium refurbishment project is £3.537m. This figure is higher than that initially estimated, primarily due to rising inflation and scope changes. A firmer cost position for the refurbishment works will be understood following completion of the tender process for the Principal Contractor.
- 3.10 There are also additional project costs associated with new crematory equipment (£900k), and investment in the chapels at Redan Road Cemetery (£289k).
- 3.11 The total cost of the project is therefore currently estimated to be £4.726m.
- 3.12 A Full Business Case for the project has been developed, (attached). The financial effects of funding the building costs and the resultant revenue implications are detailed in the business case and summarised in the financial section below.

**Alternative Options considered by the Cabinet:**

***Major refurbishment of the existing crematorium building***

- 3.13 The original feasibility study considered the opportunity to build a new facility elsewhere on the existing site. This option was discounted due to restrictions of the 1902 Cremation Act and the presence of the Blackwater Valley Flood Zone.
- 3.14 A number of further options were then considered by Informal Cabinet in September 2022:

- Extensive Refurbishment within existing footprint
  - Extensive Refurbishment with extension to the existing building
  - Demolish and rebuild on existing site
  - Do nothing
  - Sell the site
- 3.15 A high-level business case, including indicative build costs and income predictions is presented in the Full Business Case.
- 3.16 With a need to address the recent decline in cremations numbers, and the continuing deterioration of the building itself, 'do nothing' was immediately discounted as an option. Inaction would do nothing to address the negative impact on the Council's General Fund. It would also exacerbate the risk of a private crematoria operator entering the local market.
- 3.17 Sale of the site was also dismissed. The existing condition of the building would likely generate a relatively low sale price and, with operation of the facility providing a significant contribution to the General Fund, the option was considered unattractive.
- 3.18 A demolition and rebuild of the existing building was discounted due to the size of investment needed, and the dependency on an ambitious uplift in service number required to make the business case robust. An extension to the building would also require significant investment for a low financial return.
- 3.19 An extensive refurbishment within the existing building footprint was presented as the preferred choice, with a number of the financials recalculated to account for a significant portion of the contract administration work to be managed in-house by the Council. This option offered the lowest level of capital investment for the most realistic level of additional income, (justifiable uplift in service numbers), was considered the most cost effective with the most realistic business case and was endorsed by Informal Cabinet.

***Supply and installation of a second fully functional cremator with abatement and DeNOx capability.***

- 3.20 Project scope includes removing the three old Edwards ACR cremators, and moving the existing FTIII cremator currently housed in the temporary container within the yard to inside the crematory hall, alongside installation of a second cremator. Both cremators will be fully abated with DeNOx capability.
- 3.21 Not replacing the three ACR cremators is not an option, with two now not functional and the third at end of life.
- 3.22 Accompanying the existing FTIII cremator with a second cremator sourced from an alternative supplier was considered, as was the sale of the two-year-old FTIII, to be replaced by two brand new machines. Soft Market Testing with key cremator suppliers undertaken in July 2023 discounted these options.

- 3.23 Options for future cremator technology have been considered, including a comprehensive review of the pros and cons of gas versus electric cremators.
- 3.24 Electrical cremator technology is relatively new with this technology introduced to the market in 2018 and the first installation in the UK in 2020. Currently around 2% of all cremators in the UK are electric. There are a number of reasons for this slow adoption, which include their substantial size, (they are significantly larger than gas cremators and the Aldershot building would require an extension), their inability to operate alongside a gas counterpart, (of which Aldershot already has an FTIII), the availability of a suitable electricity supply, significant increase to cremation times impacting throughput and the number of services that can be carried out, as well as cost and lead times.
- 3.25 The option to further explore use of electric cremators was presented to Informal Cabinet in September 2022 and discounted, with a view that this market was too under-developed at present. It was also felt that the development of alternative technology, for example 'microwave' style cremators, may outpace the electric option in the coming years.
- 3.26 Consideration for adaption of gas cremators for use with bio-fuels as the technology was developed was advocated, with FT since announcing the future launch of an FTIV 'hybrid' machine. The new cremator purchased as part of this project will have the capacity to be adapted for this new technology should it not be available to the market at procurement stage.
- 3.27 It is proposed to procure a second FTIII cremator to accompany the existing containerised machine. Both machines will be fully abated with DeNOx capability, in order to remove mercury and other contaminants from the process. The cremators will run off the existing gas supply. FT have indicated that an upgrade to the existing machine will make it substantially more gas efficient, and this upgrade will be undertaken. Both cremators will also be capable of adaptation in the future to accommodate use of bio-fuels.

### ***Provision of a Temporary Facility***

- 3.28 A number of options were explored in relation to the provision of services during the period of crematorium refurbishment. These included use of a temporary marquee on site, use of an appropriate nearby building to hold services off site, as well as continuing to operate at the main site by phasing the programme of works. The latter would require a careful balance between timing of works and noise levels relative to service times.
- 3.29 Given the scale of refurbishment required at Aldershot, and the need for a tranquil and respectful environment for services, the proposal to continue operations at Aldershot during the programme of works was considered unviable.
- 3.30 Guildford Crematorium implemented a temporary marquee structure on site during their new build works in 2019. A similar route was explored for Aldershot,

however, due to extended lead times and rising structure costs, alongside the proximity to the existing building works, this option was discounted.

- 3.31 The old chapels at Redan Road Cemetery were identified as a suitable location for services to be held during the refurbishment period, whilst cremations continue using the existing containerised cremator on site at Aldershot. While investment in the Redan Road site is required to ensure that the building is regulatory and operationally compliant, this expenditure is considered a more cost-effective and green, sustainable approach than operating services from a temporary facility such as a marquee structure, which will the need to be dismantled after use. The key benefits of bringing this site back into use are outlined in the Full Business Case, (section 1.6).
- 3.32 It is therefore proposed that the chapels at Redan Road Cemetery are renovated and used for the temporary provision of services. Restoring these old chapels will create a new community asset, and provide an additional future source of income, (potentially through use as a second chapel).

#### **4. CONSULTATION**

- 4.1 A number of sessions have been held with key stakeholders - Members, Funeral Directors, Celebrants and the Bereavement Services team - to obtain input to proposed operational and building improvements and ensure buy-in to the scheme. Engagement will continue throughout the programme of works.
- 4.2 In March 2023, a letter-drop to around thirty residential properties bordering the crematorium site was undertaken, outlining the intention to refurbish the building, confirming pre-planning application advice was being sought, and inviting any questions. The standard consultation process with adjoining properties was also undertaken as part of the formal planning application process.

#### **5. IMPLICATIONS**

##### ***Financial***

- 5.1 High-level costs for the major refurbishment of the crematorium are considered in the attached Full Business Case. It is estimated that the total capital costs will be in the region of £4.726m, inclusive of a 10% contingency on building costs. With c.£530k available from existing budgets, (CAMEO fund and CPE account), there is a borrowing requirement of c.£4.2m.
- 5.2 Within the current capital programme approved by Council in February 2023, the crematorium refurbishment project was included at an estimated cost of £3.574m over the next three years to 2025/26. The current estimated costs will therefore require an additional £1.152m to be added to the capital programme, predominantly in 2024/25.

- 5.3 The final cost estimates will not be known until the principal contractor has been appointed and a cost schedule and programme plan formally tendered for the work. Therefore, contingency of c.£330k has been allocated within the proposed costs.
- 5.4 The closure of Aldershot Crematorium, and the relocation of services to the refurbished Redan Road Cemetery chapels, will result in both a loss of income and increased running costs during the period of refurbishment. There will consequently be an additional call on the General Fund in 2024/25, which is estimated to amount to c.£407k, and this will need to be incorporated into the MTFs for consideration as part of the 2024/25 budget setting process. This deficit excludes the additional costs associated with borrowing during this period, which will also need to be incorporated into the MTFs and considered as part of the 2024/25 budget setting process. Additional capital costs over and above that already approved for 24/25 amount to c.£1m with additional revenue costs of borrowing estimated to be c.£50k.
- 5.5 Revenue costs relating to the total capital expenditure have been estimated to amount to c.£350k in a full year, with MRP calculated over 30 years and interest at 5% pa.
- 5.6 Once the Aldershot Crematorium refurbishment is complete, the revenue expenditure associated with operating the crematorium are anticipated to reduce by c.£100k pa, with predicted additional cremation services and ancillary income providing an increase in income of c.£450k pa. The additional operational profit of the crematorium is therefore forecast to be c.£550k pa from 2025/26 onwards.
- 5.7 The net effect of the revenue implications outlined in sections 5.5 and 5.6 above is a forecast annual increase in contribution to the General Fund of c.£200k from 2025/26 onwards.

### ***Legal***

- 5.8 The crematorium is owned and managed by Rushmoor Borough Council.
- 5.9 Appropriate planning permissions have been received for both the main crematorium and Redan Road Cemetery sites.
- 5.10 Compliant processes have and will be undertaken for the procurement of all contracts, including the principal contractor and cremator supplier.
- 5.11 A JCT contract will be used to support the appointment of Facultatieve Technologies (FT) as cremator supplier, and a suitably qualified principal contractor.
- 5.12 No further legal implications have been identified at this stage.



## ***Risks***

- 5.13 There are a number of risks associated with delivering a major refurbishment, including effects of the interruption to the existing service during the build period, return on investment and payback period, and costs not accounted for at the outset.
- 5.14 Project delays - either with the main site refurbishment or Redan Road site readiness – may mean the overall plan slips and the planned on-site start date of April 2024 is missed.
- 5.15 Tender documents for the procurement of a principal contractor are due to be issued in October, with submissions received in December 2023. Whilst Soft Market Testing has indicated supplier interest in the project, there is a risk that competitive responses are not forthcoming and there is a lack of market interest.
- 5.16 Given the current economic climate, variations in inflation and interest rates need to be considered a key risk.
- 5.17 In addition, there are a number of significant risks associated with *not* going ahead with the refurbishment scheme, including:
- Reputational risks, as the Council is unable to provide a fit-for-purpose bereavement service for residents, particularly with only one fully functioning cremator at present.
  - 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.
- 5.18 Risks will continue to be monitored throughout project delivery.

## ***Equality Impact***

- 5.19 A draft Equalities Impact Assessment has been undertaken (Appendix E in the attached business case). This highlights that the refurbished building will be DDA compliant and supportive of all faiths and denominations.

## **6. CONCLUSION**

- 6.1 The Aldershot Crematorium is in need of significant investment, with large-scale repair and maintenance works required.
- 6.2 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.

- 6.3 The total estimated project costs to complete the proposed scheme are £4.726m. With c.£530k available from existing budgets, there is a borrowing requirement of c.£4.2m.
- 6.4 Project costs will be repaid through a predicted increase in the number of cremation services held at the facility following completion of the refurbishment. On project completion, the net effect of the revenue implications is a forecast annual increase in contribution to the General Fund of c.£200k from 2025/26 onwards.
- 6.5 During the project build phase increased costs and reduced income will result in an operational deficit in the 2024/25 budget amounting to £407k, In addition borrowing costs over and above that included within the MTFs, estimated at £50k, will also need to be considered as part of the 2024/25 budget setting process.
- 6.6 The Cabinet has considered and approved the total funding requirement of £4.726m, enabling the project to progress. Should principal contractor costs exceed this figure following tender responses, the project team will return to the Cabinet with revised estimates.
- 6.7 The Council is recommended to approve an increase in the capital programme of c.£1.152m, over and above the £3.574m already agreed.

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