



Bereavement Services Commercial Development

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A five case model

- Treasury guidance
- A balanced approach
- Likely cases but could be different
 - Strategic
 - Legal
 - Financial
 - Commercial
 - Technical or operational

Strategic



- Consistency with council objectives and priorities
 - What are they?
- Cultural/political alignment
 - What sort of organisation is it?
- Corporate attitude to risk
 - Evaluate and avoid
 - Evaluate and manage
- Wider strategic relationships
 - Economic development
 - Social issues

Funeral costs



	2014	2024	2034
Basic funeral	3,590	6,140	10,001
Ancillary services	1,833	3,135	5,106
Legal/professional fees	3,004	5,137	8,369
Total	8,427	14,412	23,476

And funeral poverty



- 43% had no specific provision
- One in seven report difficulty paying - average shortfall £2371
- For 2014/15 59% success for social fund application average award of £1375

Public health funerals



- Risen by 11% over last four years to 2580
- Average is five per annum
- Costs increased by 30%
- Cost to councils £1.7m

Low cost council initiatives: Cardiff



- Collection of deceased
- No funeral cars or flowers
- Attendance at service
- Doctors fees and cremation certificate
- Unattended scattering of ashes
- Estimated at £1724 cremation, £2320 burial
- £1030 goes to undertaker Michael G Ryan and Son and Daughters

Low cost council initiatives: Nottingham



- Includes collection and Chapel of Rest viewing
- Choice of coffins
- Four bearers
- Hearse and limousine
- Transport of flowers
- Attended service
- 24 hour call out 365 days a year
- Fulfilled by Cooperative Funeral Care
- £1699 plus rights of burial where appropriate

Low cost council initiatives: Wigan



- Similar to Nottingham
- Cremation £1892.83
- Burial £1938.83
- Fulfilled by Haydock Funeral Service

Low cost council initiatives: Sandwell



- Coffin
- Funeral service with minister
- Crematorium and doctors fees
- Music of your choice
- No hearse or limousine
- Fulfilled by Trinity Funeral Services Ltd
- £1595

Private sector low cost initiatives



- Simplicity Cremations
 - Collection of deceased UK wide
 - Paperwork
 - Return of ashes

- Costs £1495



Other examples

- **Simplicta Direct Cremations**
 - Similar but a bit cheaper (about 1k)
 - No return of ashes – just get a certificate of crematio
- **Memoria**
 - Direct cremation offer (£1,150)
 - Low cost attended funeral for £2500

And the winner....



- CremationFuneral

‘Our inclusive charge of £895 under many circumstances covers everything’

So long as you don't mind where or when the funeral takes place, don't mind not being there and don't want the ashes back

Business case: Legal



- Clear power to offer bereavement services to include
 - Burial
 - Cremation
 - Associated activities
- Clear powers to charge
 - Cremations Act 1902
 - Local Authorities Cemeteries Order 1977
- But do they allow surpluses to be generated?
- And what restrictions apply to the use if surpluses?

Other legal issues

- Liabilities
- Procurement
- State aid





Legal threat

- Organised (disciplined) market
 - Both undertakers and monumental masons have threatened to challenge
- Challenge to vires
 - Power to enter commercial market place
- Challenge to reasonableness
 - Putting local firms at risk
- Challenge to legislation
 - Political pressure to change the rules

Commercial case

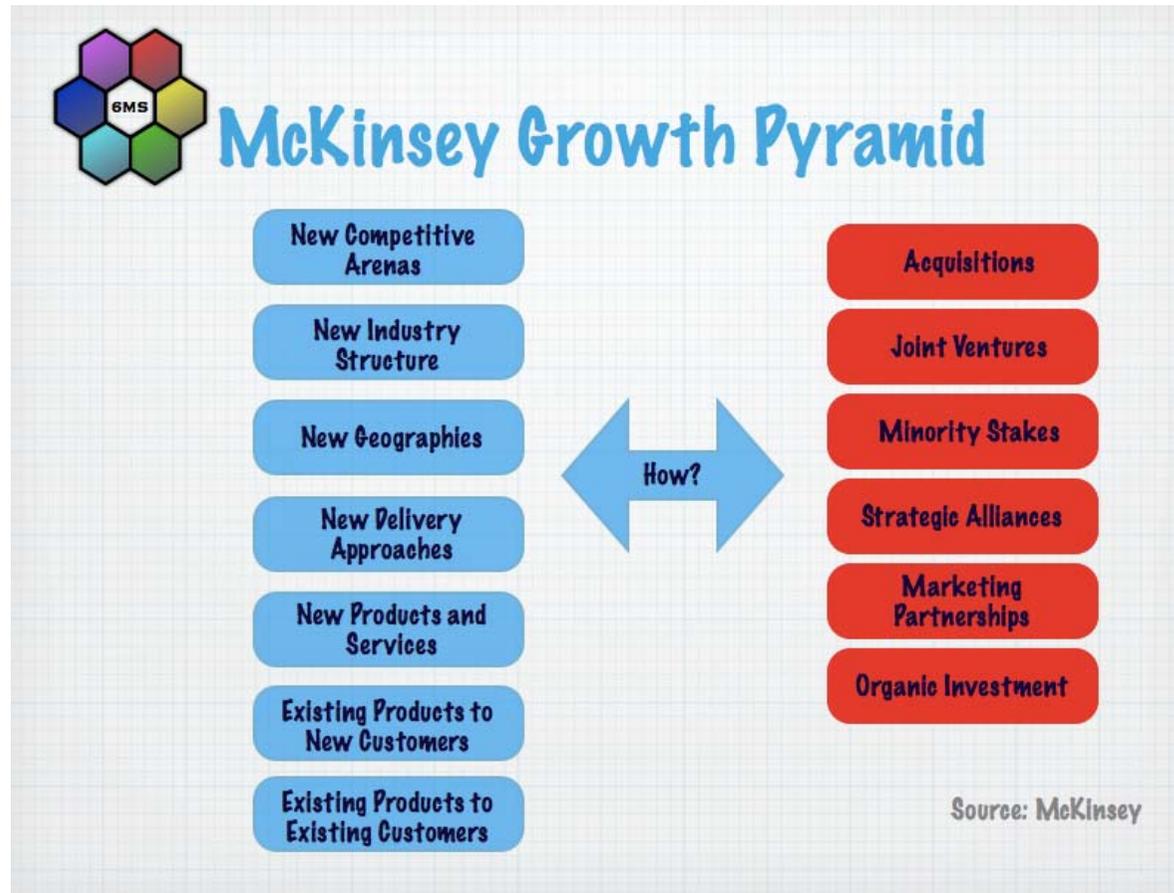


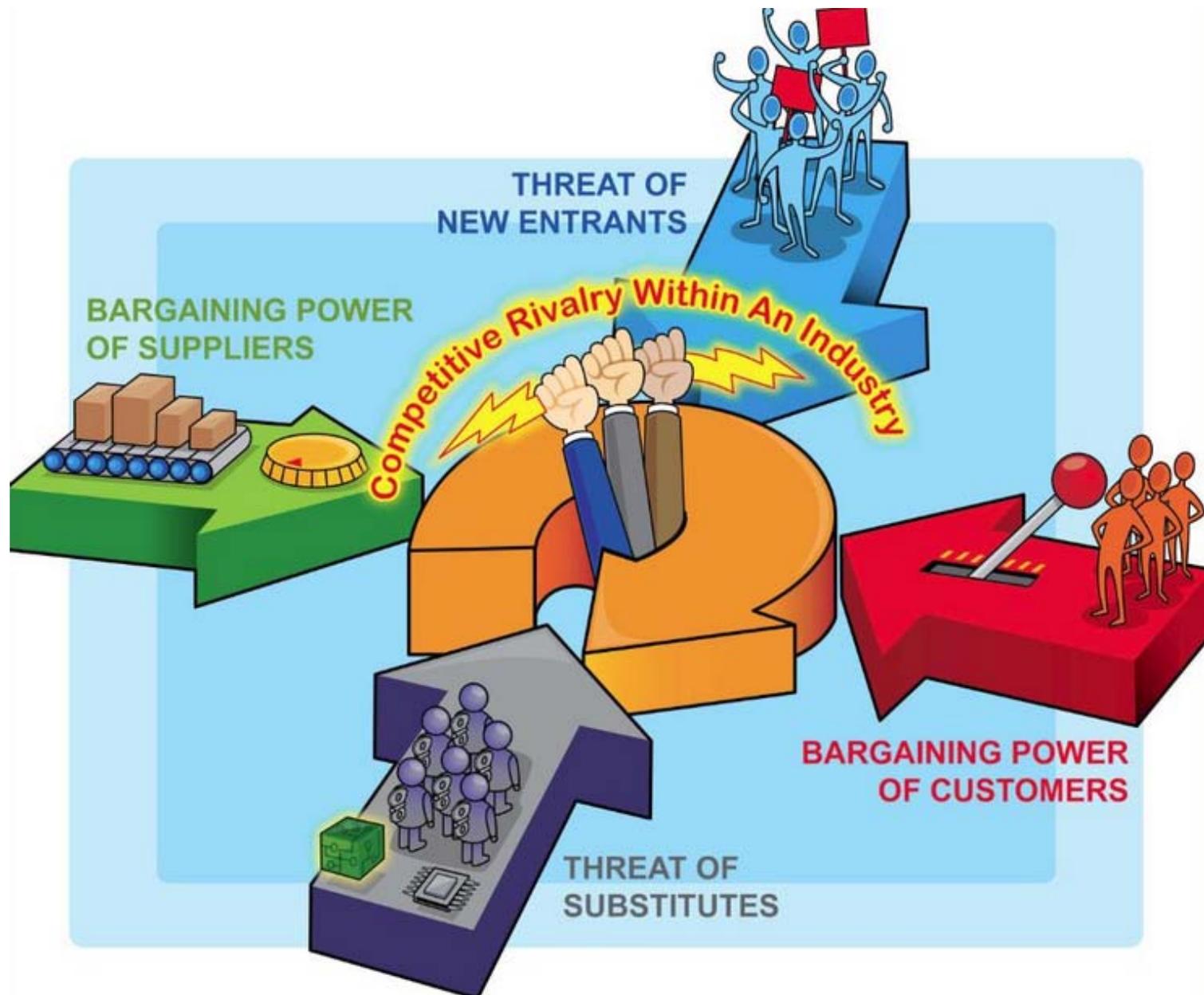
- Product
 - What are we trying to sell?
- Customers
 - Is there anybody who wants to buy it?
- Competitors
 - Why will they want to buy it from us?

The market for bereavement services



	2014	£	2024	£	2034	£
Basic funeral	3590	2.10 bn	6140	4.22 bn	10001	7.17 bn
Ancillary services	1833	1.07 bn	3135	2.16 bn	5106	3.66 bn
Legal/professional fees	3004	1.76 bn	5137	3.53 bn	8369	6.00 bn
Total	8,427	4.93 bn	14,412	9.91 bn	23,476	16.83 bn





Operational



- What resources do we need to deliver a service?
 - Staff
 - Equipment
 - Premises
 - Training
 - Marketing

Options for resourcing



- Organic development
- Purchase/lease
- Trade purchase
- White label agreement
- Franchising

The Financial Case



- To show that the business is affordable
- To demonstrate that it will be effectively managed
- To provide comfort that it will not result in a loss
- Public accountancy obligations

Rough costing example



Core staff	89,000	
Amortised equipment cost		3,000
Amortised vehicle costs		26,000
Premises	5,000	
Office costs	3,000	
Total fixed costs	126,000	

Drivers	30	
Pall bearers		180
Coffin	300	
Consumables		100
Celebrant/church		150
Grave digging/cremation		500
Total variable cost per funeral	1,260	

Which works out as:



Volume PA	Profit/loss @ average £1000	Profit/loss @ average £1500	Profit/Loss @average £2000
200	(178,000)	(78,000)	22,000
500	(265,000)	(6,000)	244,000
700	(366,500)	(16,500)	333,500
1000	(444,500)	69,000	555,500



Consultancy

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Interim management requirements

**Roads & Highways, Building Maintenance, Bereavement Services, Environmental,
Parks & Open Spaces, Waste, Facilities & Leisure etc.**

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