

**Report to: Policy and Resources Committee, 19<sup>th</sup> December 2023**

**Report of: Corporate Director, Finance and Resources**

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**Subject: ELECTRIC CREMATORS - FUNDING APPLICATION**

## **1. Recommendation**

**1.1 That, subject to receipt of a grant offer as detailed within this report, and subject to assessment of any grant conditions, Members delegate authority to accept a grant from the Public Sector Decarbonisation Fund to the Corporate Director, Operations, Homes and Communities, in consultation with the Corporate Director, Finance and Resources and the Chair and Vice Chair of this Committee.**

## **2. Background**

- 2.1 The cremators at Astwood Crematorium are approaching the end of their life and require replacing. There is also high likelihood of new statutory environmental targets being applied to existing crematoria by a set date likely to be during 2027/28. The existing gas cremators will not be able to comply with these requirements.
- 2.2 At its meeting of 14 March 2023, the Environment Committee approved the commissioning of a technical feasibility study to consider whether continued operation at Astwood is feasible, and whether operations could be run with two cremators rather three, as at present.
- 2.3 The results of the study were reported to Environment Committee on 18 July 2023 and Members approved the recommendation to develop detailed and fully costed designs to RIBA Stage 3 for refurbishment of the Crematorium and replacement of the cremators.
- 2.4 An allocation of £250k to progress this work has been made in the Council's capital programme, a project manager has been appointed and a design team is being procured. Following completion of the study, recommendations will be brought to a future meeting of this committee.
- 2.5 The selected option to evaluate (option B) aims to improve the public facing front-of-house experience for visitors, including a larger and more directly-accessible reception area which will prevent staff from having to travel through reception to access the cremator hall. The chapel would be reorientated to look out over the garden of remembrance. In addition, there are added benefits for funeral directors and staff mainly in the form of increased rest and welfare space which is very limited at present.

- 2.6 The selected option also includes for an extension of up to 25% of the existing building footprint, installation of a changing places facility, and provides for the space to accommodate two or three cremators.
- 2.7 Externally, the building will be improved aesthetically with a cladding and a remodelling of the roofline, whilst an enlarged canopy (port cochere) will give increased cover for visitors.
- 2.8 The study is also considering replacement of the cremators, which is essential for the continued operation of the Crematorium as the existing cremators, installed in 1988, reach end of life.
- 2.9 With significant developments being made in respect of electric cremators and the Council having made ambitious carbon reduction commitments within its Environmental Sustainability Strategy and Action Plan, the Environment Committee expressed a preference for the gas fired cremators to be replaced by electric cremators but a decision in respect of this is dependent on the conclusions of the study and a full business case for the various options.

### **3. Potential Grant Funding**

- 3.1 Alongside the work described above, the Government, working through its external agency, Salix, has opened Phase 3c of the Public Sector Decarbonisation Scheme. This scheme offers grant funding to bridge the affordability gap between the installation of conventional technology and more costly low-carbon solutions.
- 3.2 The report to the Environment Committee provided indicative outline costs of the various options. It was stated that the purchase costs of two electric cremators, with ancillary works, is £2.984m excluding VAT. This is £1.493m more than the equivalent gas cremators. On the other hand, the ongoing revenue costs of operating electric cremators is approximately £10,000 p.a. lower than gas cremators, at current energy prices.
- 3.3 The financial implications of purchasing electric cremators, rather than gas cremators, are the increased costs of borrowing, offset by the reduced ongoing revenue operating costs. The increased borrowing costs amount to approximately £70k p.a. over and above the cost of borrowing to fund gas cremators, based on repayment of capital and interest over their expected 25-year life. The net impact would therefore be approximately £60,000 p.a.
- 3.4 The Salix grant scheme is intended to bridge the affordability gap for public sector organisations, by funding the difference between the cost of a low carbon solution and an equivalent installation based on non-renewable energy. A capital grant would reduce the extra borrowing that the Council would need to undertake to purchase the electric cremators and therefore reduce the revenue implications. Accordingly, officers submitted a grant application to cover eligible works for the installation of electric cremators with modern abatement plant, a heat exchanger to heat the building, and necessary facilitation works.
- 3.5 The application itself does not prejudice a future decision on whether to install electric or gas cremators, which is dependent on the full business case, but, if successful, would alter the cost profile of the alternative options to be considered. There were stringent conditions for submission of applications which are to be

assessed on a first-come-first-served basis and had to be submitted between the 7<sup>th</sup> and 10<sup>th</sup> of November.

- 3.6 The currently estimated total project cost of installing electric cremators is £2.98M, although there is an additional amount of approximately £0.6m of VAT which, because this is a business activity of the Council, cannot be recovered, bringing the total estimated costs to £3,580. In line with the eligibility criteria for the application, a bid for £1.55m was submitted. If successful, this would reduce the difference between the indicative outline costs of the electric and gas options to zero.
- 3.7 It is unclear exactly when a decision on the grant offer will be made although it will be no later than 31<sup>st</sup> March and potentially early in the New Year. Should such an offer be made, the conditions require that the Council formally accepts within 10 working days. Therefore, a delegated decision to proceed to accept the grant offer, subject to the conditions being acceptable and not ultimately fettering future decisions, is requested.

#### **4. Preferred Option**

- 4.1 On the assumption that a grant offer is received, officers will review the grant conditions and, subject to the conditions being assessed as acceptable to the Council, accept the offer. The availability of the grant can then be taken into account in future decision-making.

#### **5. Alternative Options Considered**

- 5.1 The Council could defer the decision to accept the grant until receipt of an offer and bring a further report to Committee. This would risk not being able to accept the offer within the required timescale of 10 working days.

#### **6. Implications**

##### **6.1 Financial and Budgetary Implications**

The proposal is to accept a grant of £1.55M, should this be awarded. It will be necessary to understand the terms and conditions of grant before acceptance is agreed and, whether acceptance would prejudice any future Committee decision regarding the full business case for the project.

Acceptance of the grant would commit the Council to provide match funding of £1.43M by March 2026 plus £600k in unrecoverable VAT, should the decision to proceed be approved. It is assumed that in the event that the Council resolved not to procure electric cremators but to procure gas cremators, the grant would have to be repaid in full. Any costs incurred in preparation of installation of electric cremators would, in that event, fall to be funded from the Council's own capital programme.

##### **6.2 Legal and Governance Implications**

The Committee can delegate authority to accept the grant. Acceptance of the grant will be dependent on the terms and conditions that apply. In the event that these terms are sufficiently restrictive to pre-empt future decision-making of the Council a full report will be provided to the Committee.

6.3 Risk Implications

Should the Council accept the grant but fail to incur the eligible expenditure by 31 March 2026, the Council could be asked to return the grant. The project will be managed under the Council's standard project management and governance processes to mitigate this risk.

6.4 Corporate/Policy Implications

The proposal to install electric cremators, if accepted, will produce a significant reduction in the Council's carbon footprint and support the Council's ambition to become carbon neutral as stated in the Council's Environmental Sustainability Strategy. The Crematorium currently produces 18% of the Council's carbon emissions, which equates to 344 tonnes.

6.5 Equality Implications

None arising from the recommendations of this report.

In England & Wales there is a trend of an increasing preference of cremation over burial; 71.51% in 2000, 73.13% in 2010, 78.46% in 2020, and 79.83% in 2022. Muslims and some Roman Catholics are not cremated for religious reasons, and other religious or secular people may express a particular preference not based on religious grounds.

6.6 Human Resources Implications

None arising from the recommendations of this report.

6.7 Health and Safety Implications

None arising from the recommendations of this report.

6.8 Social, Environmental and Economic Implications

Implications regarding to running costs and carbon emissions are covered elsewhere within this report. Replacing the cremators will support the retention of a crematorium to serve Worcester's Communities.

**Ward(s):**

**All**

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**Background Papers:**

**Environment Committee, 14th March 2023**

[Bereavement Services Review.pdf \(worcester.gov.uk\)](#)

**Environment Committee, 18th July 2023**

[Bereavement Facilities Review Final.pdf \(worcester.gov.uk\)](#)

**CDS Feasibility Review**

[CDS Feasibility Review of Astwood Crematorium V3 .pdf \(worcester.gov.uk\)](#)