

TITLE: Bereavement Centre Budget

Committee: Full Council

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1.0 ISSUE

- 1.1. To consider the updated Bereavement Centre business case and supporting budget proposal.

2.0 RECOMMENDATION(S)

- 2.1. Members are requested to:

- a) Note the updated revenue business case modelling as set out in Appendix 1 [exempt]
- b) Approve a further allocation of Community Infrastructure Levy (CIL) of £4,757,087 for the capital build of the Bereavement Centre
- c) Authorise the Director Finance to secure alternative funding via internal borrowing where CIL is not yet available, in consultation with the Chair of Finance and Assets Committee (as detailed in section 5.5)
- d) Authorise the Director Operations, in consultation with Director Legal, to finalise and enter into the contract between the Council and Contractor A as set out in Appendix 2 [exempt]
- e) Authorise the Director Operations, in consultation with Director Legal, to procure and enter into a contract with an electric cremator provider

3.0 BACKGROUND/OPTIONS

- 3.1. The Bereavement Centre project was initiated to investigate the best value for money option for meeting the future demand for cremations and other bereavement services in East Cambridgeshire and as a new potential income stream to support the Council's Medium Term Financial Strategy (MTFS).
- 3.2. An outline business case (OBC) was approved by full Council on 31 July 2020. The OBC set out; alignment to the Council's strategy; a needs analysis and competition appraisal; planning appraisal of the preferred site; site surveys and investigations; development of a financial model for the project; and projected operating costs.
- 3.3. The full business case (FBC) was approved by full Council on 20 February 2024, following a review of:

- The income assumptions and service elements that contribute to the financial revenue model
- A reappraisal of construction costs since the development of the OBC
- Further benchmarking of revenue costs of directly comparable projects

3.4. **Strategic Alignment:** The FBC evidenced that the project will deliver against strategic objectives of the Council by:

- a) Providing better value and easier access to cremations and burial services for residents of East Cambridgeshire and responding to need within the catchment area.
- b) The provision of the Bereavement Centre on the Mepal site will significantly contribute to the Council's wider regeneration and employment generation objective by incrementally creating 6.5 jobs and by ensuring a sustainable end use of an effectively 'brown field' site
- c) Secure and enhance the biodiversity on site, while still allowing for passive recreational use of the site, such as fishing, controlled dog walking and bird watching for the wider community
- d) The project through its design and inclusion of an electric cremator will fit with the Council's vision 2035 target to deliver net zero carbon emissions and protect a key biodiversity and environmental asset in the district
- e) From year two of operation the project could begin to make a significant contribution to support the Council's MTFS

3.5. Following approval of the FBC, a design and project management team was established to finalise the detailed technical design of the Bereavement Centre, complete surveys required on site and progress the project to full procurement of a preferred contractor. Quarterly project progress updates and highlight reports have been presented to the Finance and Assets Committee. An embedded assurance programme has been undertaken by the Council's internal auditor and the project risk register is reviewed by the Risk Management Group. Both of these assurance pieces are reported through to Audit Committee.

4.0 ARGUMENTS/CONCLUSION(S)

4.1. A procurement exercise has now been completed, and a final tendered build cost has been submitted by the preferred Contractor (Appendix 2 Exempt). The final overall project cost is £12,960,617 which is inclusive of:

- Final tendered submission of the build costs, including risk allowance allocation by the Contractor
- Project and Technical Design Team fees and further surveys
- Other Client project costs such as the cremator, ancillary equipment, haulage for reuse of soil held at Portly Hill Depot, procurement
- Risk allowance retained by the Project Team
- Inflation to Q2 2026
- VAT
- Value engineering opportunities that do not impact of the overall look, feel or quality of the Bereavement Centre offer

- All the elements that make up the Bereavement Centre offer as set out in the FBC such as crematorium, wake/function room facility, natural burial area, pet cemetery area, flower court etc
- 4.2. The overall project costs do not include solar PV, over and above the requirements of building regulations. The Project Team has, on two occasions, submitted bids to Cambridgeshire and Peterborough Combined Authority for grant funding. Unfortunately, on both occasions the bids were not successful. Feedback is being sought.
- 4.3. The Project Team will continue to research available grants and submit bids, as appropriate. If grant funding can be secured this could offset any future energy costs and provide for a greener service offer. The current build programme does include provision for adequate ducting space to support the installation of solar canopies at a later date, this will allow easy installation with minimal ground works if funding could be secured in the future.
- 4.4. As part of the Procurement process followed, bidders were also required to demonstrate 'social value' returned to the area and community as part of the build process. Contractor A developed a social value offer / return of circa 30% of the overall project cost, with an estimated financial value of circa £2.26m. This includes local job creation, work experience, apprenticeships and training opportunities; use of local supply chains and SME's; community engagement and voluntary hours in the local area.
- 4.5. The final project capital cost has increased from the FBC project budget that was approved by Council in February 2024. However, due to the funding model and application of CIL, the project remains deliverable. The cost increases have been largely driven by the increase in complexity of the final technical design and the construction market conditions.
- 4.6. **Final technical design cost drivers** – During the FBC stage the project had been brought to RIBA stage 2/3 and no detailed technical design had been carried out at that stage, as previously reported to the Finance and Assets Committee. The technical design (RIBA stage 4) has identified that:
- More groundworks and landscaping have been required due to the topography, ecology and ground conditions, additional ecologically safe drainage solutions etc
 - The detailed mechanical and electrical design has identified additional requirements for items such as ventilation and cooling, complexity around utilities connections (substation), increased plant room requirements
 - Additional requirements resulting from building regulations such as the addition of a changing places facility
 - Additional surveys have been required as many had expired, or there have been changes to the ecology at Mepal, that required further investigation
- 4.7. **Construction market conditions cost drivers** – Since both the outline business case and the full business were approved, an AECOM market conditions report

for 2023 and 2024 states the construction industry has experienced significant and sustained inflationary pressures, with two main phases of cost escalation:

- 2020 – 2023: A period of steep increases in both supply input and tender prices, driven by COVID-19 disruption, Britain exiting the EU, global supply chain volatility, and the Ukraine conflict
- 2023–2024/25: While there has been some temporary moderation, underlying inflationary pressures remain — particularly economic instability, increasing materials costs such as structural steel/base metals, supply and specialist trade costs. Recent data indicates renewed upward momentum in cost in Q2 2025, with cost pressures re-emerging amid tight contractor capacity and rising global demand

4.8. Therefore, indicative accumulative inflationary uplifts (since the OBC and FBC were approved) based on actual tender submissions over the past 5 year period have been:

- 2020 to 2023: Construction cost inflation of approx. 25–30%
- 2023 to present: Additional 5–10%, depending on trades and procurement timing
- For a structural steel-intensive project (such as the Bereavement Centre) in Cambridgeshire the total uplift since 2020 is therefore likely to sit within the range of 30–40%, factoring in direct inflation, market risk premiums, specialist trade capacity and a supply pressure in the employment market.

4.9. It is reasonable to conclude that any build project undertaken at the Mepal site would be subject to both market conditions cost pressures and carry embedded costs due to the complexity of the site itself.

4.10. In February 2024 the Council approved the Bereavement Centre budget and at this time it was estimated at £9.06m. Further information is provided in the finance section 5.3.

4.11. The revenue model has also been reviewed in April 2025 to ensure that the current costs and market conditions are reflected in any potential future income and further details are provide in finance section 5.6 and Appendix 1.

4.12. The delivery timescales for the Bereavement Centre are still being refined, however it is expected that the centre will be opened by Summer 2026. To achieve this date a number of assumptions are built into the overall timeline, including procurement of the cremator with immediate effect following the decision by Council (due to their being a long lead in times for orders) and entering into the contract with the building Contractor during May, to enable mobilisation on site by the end of June.

4.13. The project team have therefore been working actively on both the procurement and specification for the cremator and negotiation of terms and conditions for the build contract to align with the overall delivery programme and is in a position to progress if Council approves the project to be taken forward.

5.0 IMPLICATIONS AND IMPACTS

Financial Implications YES	Legal Implications YES	Human Resources (HR) Implications YES
Equality Impact Assessment (EIA) NO	Carbon Impact Assessment (CIA) YES	Data Protection Impact Assessment (DPIA) NO

Financial Implications

- 5.1. **Application of CIL:** In July 2020 Council approved the inclusion of the project on the CIL infrastructure list. As the Bereavement Centre is community infrastructure, it is recommended that the Council use CIL to fund the entire capital costs of the build. This will ensure that the future operation and income generation is not fettered by any borrowing costs.
- 5.2. A total CIL allocation of £12,960,617 is therefore required to complete the project.
- 5.3. In February 2025 Council approved an allocation of £8,203,530 to the Bereavement Centre from CIL. A further allocation from CIL of £4,757,087 is now required and if approved will be met from the 'other' pot detailed in the updated and approved governance arrangements. As of 8 May 2025 the CIL funds available from the 'other' pot stand at £1,434,281. The value of invoices raised is currently £8,097,745, of which £4,048,872 will benefit the 'other' pot once received.
- 5.4. The cashflow of CIL receipts (the £8,097,745 referenced above), shows that at the point of opening the facility in Summer 2026 there will be a deficit of approximately £737,000 and this is purely related to the timing of payments. It should be noted that the assumptions of the value of the 'other' pot do not include any demand notices raised after 8 May 2025 and it is highly likely that the 'other' pot will continue to grow. Additionally, as is typical with capital build projects a fee is retained for defects following handover of the building to the Council. Therefore, this time delay in funding is low risk to the Council.
- 5.5. To mitigate the potential time delay of receipt of CIL or if the CIL 'other pot' does not reach the required level of funding (at any point in the build) then the project will be funded from internal borrowing, as had been agreed previously by Council in February 2024, until such time the CIL money is in the Councils bank account.
- 5.6. **Revenue Business case:** The detailed financial projections for the project including all the income streams are contained in Appendix 1. These detailed financial projections highlight the following:
- The financial projections are prudent, and the project is not predicated on achieving ambitious levels of income.

- ii. The importance of the income streams from natural burials and memorialisation and other crematorium income to support the viability of the project.
 - iii. The operating costs have been rigorously researched to ensure robustness and comparable to other Crematorium/Burial operations.
- 5.7. Although not built into the financial model a further saving will be made by not having to provide additional security measures on site of £11,400 per annum.
- 5.8. Central to the business case for the Bereavement Centre has been an investment appraisal for the project. As set out in Appendix 1 the revenue financial model has been updated to reflect increasing costs and market changes. The financial model assumes fees and charges are set slightly below direct market competition, however, increase by CPI over the operating life in line with fees and charges in the marketplace. Only evidenced and quantifiable income lines are included in the baseline income assumptions.
- 5.9. Appendix 1 sets out the 10 year trading summary following the review. Key movements include an increase in costs by CPI, inclusion of a modest income from the function room facility, reduction in fees relating to burials following further benchmarking of natural burials in the eastern region, small increase in costs of cremations in line with the fees and charges of nearby crematoriums and no movement across all other income streams.
- 5.10. Using CIL rather than borrowing reduces any financial risks of the future operation of the Bereavement Centre. As previously reported to Council in February 2024, the financial model demonstrates that the project moves into surplus in year two of the operation. However, there have been some minor changes to the 10 year trading position following the review described above.
- 5.11. Between years 2-10 of operating the Bereavement Centre the average net revenue return to the Council is circa £325k per year. Year one of operation will lead to a deficit of £192k as the business builds and establishes market position. Overall, the net income for the Council is £2.92m (years 2-10) compared to net income of £2.98m for the same period when the FBC was reported to Council in February 2024.
- 5.12. If the Council do not wish to pursue the build of the Bereavement Centre all monies spent to date cannot be capitalised. Spend to date since the start of the project in 2019 is £1,597,962 (excl. VAT) of which £417,407 has already been accounted for as revenue. Therefore, a further £1,180,555 of revenue expenditure would need to be included within the first year of the MTFS period.

Legal Implications

- 5.13. Following the procurement process using the national framework 'Procure Partnerships', the council is required to enter into a JCT (Joint Contracts Tribunal) Design and Build Contract with the successful contractor. The terms and conditions for the contract are in a standard form and will commit the Council to the build programme. The cost returned through the tender is a fixed price,

however as with all contracts of this nature does make provision for exceptional circumstances but remains low risk.

Human Resources Implications

- 5.14. The development of the Bereavement Centre will involve setting up a new service within the Council. The business case assumes a total of 6.5 new roles within the service. Ahead of the opening day of the Bereavement Centre, the majority of these roles will need to be recruited to and in place to ensure that all IT systems are configured, cremator commissioning complete, processes are designed, and marketing of the service can start ahead of accepting our first cremations or burials. It is likely therefore that recruitment will begin in Autumn 2025 for staff to be brought on board during early 2026, based on an assumed opening date of Summer 2026.
- 5.15. **Equality Impact Assessment** - Central to the development of the project has been the principle that all communities and neighbourhoods within the district should have equal access to services, and that potential disadvantage and social exclusion should be proactively addressed.
- 5.16. The location of the proposed Bereavement Centre will to a greater degree challenge the current “market share” of the dominant private sector in the north of the district, which is keeping charges high against the public sector provider in the south of Cambridgeshire. Consequently, a new facility at Mepal will offer fundamentally better value for money in the marketplace for residents in the centre and north of the district, as well as provide a value for money alternative for residents within the south of the district should they wish to use services within East Cambridgeshire.
- 5.17. The Bereavement Centre is a multi-faith and non-faith facility that can provide an appropriate suite of services for wide community use, including burials, cremations, witnessed cremations, direct cremations, ash scattering and memorialisation.
- 5.18. **Carbon Impact Assessment** – The carbon impact assessment has shown that overall, this proposal will have a negative impact on carbon emissions arising as a consequence of (a) the embodied carbon arising at the construction stage, (b) car travel to the site and (c) (at least in the short term) the on-going operation of the building. These impacts would occur with the majority of new build projects.
- 5.19. However, the ambition is to minimise emissions through renewable energy generation on site, efficient building design, provision of EV charging, and where possible reuse of existing ground works from the previous building/parking.
- 5.20. In addition, as the cremator is being run on an all-electric (rather than gas) basis it means the building is capable of easy adaptation to net zero operation once the UK national grid is decarbonised, and any negative effects from travelling to the site will also be reduced once the majority of cars are electric based. Theoretically, once operating, and under a decarbonised national grid scenario, the site could become a negative net emitter (i.e. it captures more carbon than it emits) as a

consequence of careful management of the site, including tree planting and sensitive management of the natural environment.

- 5.21. Negative aspects could be minimised further by reviewing the building materials used on site and using lower embodied carbon content, where practical to do so. This will be considered as part of the detailed design phase of the project.

6.0 APPENDICES

Appendix 1 – Revenue Business Case modelling [Exempt]

Appendix 2 – Tender Summary [Exempt]

Background Documents:

Crematorium Outline Business Case 31 July 2020– Full Council

Planning Application and Permission Information - August 2021

Bereavement Centre Full Business Case 20 February 2024 – Full Council

Bereavement Centre Project Highlight report 26 September 2024 - Finance and Assets

Bereavement Centre Project Highlight report 30 January 2025 - Finance and Assets