

Committee(s): Port Health and Environmental Services Committee – For Decision	Dated: 24/05/2022
Subject: Cemetery and Crematorium Reserve Fund Request - Grave Digging Equipment	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1, 2, 4, 11, 12
Does this proposal require extra revenue and/or capital spending?	Y
If so, how much?	£150,000
What is the source of Funding?	Cemetery Reserve fund
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Report of: Juliemma McLoughlin, Executive Director Environment	For Decision
Report author: Gary Burks, Superintendent & Registrar – Cemetery and Crematorium	

Summary

This report sets out the need to replace grave digging equipment at the City of London Cemetery. The last two years of excess burials has placed the equipment used for the excavation and backfilling of graves under significant pressure. This substantial use has shortened the life of the operational fleet to the point where three items now need to be replaced in advance of the usual replacement programme.

This equipment is all heavy plant; there are currently no suitable electric or hybrid replacements on the market and even if there were, the site would need more time to develop the infrastructure to enable the charging of them.

Therefore, this report recommends that £150,000 from the Cemetery and Crematorium Reserve Fund is used to purchase replacement equipment. This will mitigate the risk of the old equipment failing and the negative effects that this would have on the operational cemetery and burial provision. When the old equipment is sold, all proceeds will be credited to the Reserve Fund.

Recommendation(s)

Members are asked to:

- Agree the use of Cemetery and Crematorium Reserve Funds to purchase three pieces of operational equipment which are: one large excavator (digger), one small excavator (mini-digger), and one tractor.

- That the funds achieved from the sale of the old equipment be returned to the reserve fund.

Main Report

Background

1. In 1999 a report to your committee was agreed creating a Reserve Fund for the Cemetery and Crematorium with the recommendation that all surpluses made by the site were to be transferred into the fund at year-end.
2. The City of London Cemetery and Crematorium carries out on average 800 burials a year and is totally reliant on a range of plant and machinery to achieve this, including excavators, site dumper, tractors and trailers.
3. The last two years of pandemic has seen this number increase to 1,000 burials a year, putting this equipment under huge strain. Whilst we have done our best to maintain the equipment and operate it carefully, the added workload due to the significant increase in burials has reduced the working life of several of these items.
4. The last two years has seen a significant over achievement of income for the City of London Cemetery: The Cemetery reported an over-achievement of income of almost £1.7M in 2020/21 and approximately £750K in 2021/22.
5. In 2021/22, £490,459 was transferred to the Cemetery and Crematorium Reserve Fund bringing it to a total of £1,488,124. The fund was last used in 2014 to fund the preparation and landscaping of a burial area for lawn graves inside the cemetery.

Current Position

6. The grave digging equipment and plant that needs to be replaced is:
 - one large excavator
 - one small excavator
 - one tractor.
7. Due to the accelerated need for replacements and the limited local risk budget for vehicle and plant purchase, the Cemetery needs to find funds from elsewhere to purchase this equipment.
8. The site has always owned its plant, vehicles and equipment and tends to keep them as long as is practical. We have an in-house fitter who carries out regular repairs and maintenance. Therefore, it has always proven financially viable to purchase plant and fleet outright, keep them for a minimum of 5 years, and only dispose of them when it is no longer cost effective to maintain them, or if working practices change. As the equipment is owned, there is a residual value when it is disposed of, usually in excess of £2,000 and sometimes much more depending

on the equipment and its condition. I would expect the residual value on the equipment above to be between £3,000 and £7,000 per item.

9. The estimated cost of replacement of the above grave digging equipment with similar new equipment is £150,000 and this is based on standard diesel vehicles. As the vehicles are classed as 'plant', they do not leave the Cemetery, and operate using red (or rebated) diesel. However, all new equipment will be more efficient and less polluting than the old. Of the three items required, only one, the mini-digger, has an electric option but the run time and digging depth of the electric option make it unsuitable.
10. It is felt that the market needs at least five more years to be able to offer suitable electric options and the Cemetery probably needs a similar amount of time at least to develop the infrastructure to be able to meet future charging requirements. We currently have adequate charging capability for the electric fleet, which consists of two panel vans, a flat-bed large van and a mini-bus as well as four electric utility vehicles. But we will need to significantly develop the Cemetery infrastructure for the daily charging of heavy plant.

Options

11. Use the current local risk budget allocation and replace the above equipment over the next three years - This would push back all other fleet replacement and put the operation of the Cemetery and Crematorium at risk of vehicle failures, hire costs and possibly having to cancel funerals at short notice. **This is not recommended.**
12. Use funds (£150,000) from the Cemetery and Crematorium Reserve Fund and purchase the equipment in this financial year leaving the current expenditure budget for other necessary vehicle replacements - All funds from the sale of the old equipment will be credited to the Reserve Fund. **This is recommended**
13. Lease the required equipment using the current vehicle replacement budget to fund the leasing costs - As plant and equipment is kept for at least five years, leasing is more expensive than outright purchase. Purchase also results in vehicles having a residual value at the end of their working life. Therefore, this makes leasing less viable. **This is not recommended.**

Proposals

14. It is therefore proposed that your Committee approve the use of £150,000 from the Cemetery and Crematorium Reserve Fund to purchase three essential pieces of grave digging equipment which need to be replaced due to the last two years of excess burials at the City of London Cemetery.
15. There is likely to be a significant lead-in period for the delivery of equipment. The sale at auction of the old machinery cannot take place until the replacements

have been delivered, but at that time, all proceeds from the sales will be credited to the Reserve Fund.

16. The purchase of this equipment will ensure that burials at the cemetery will run smoothly and the level of contingency that we have relied upon so heavily over the last two years can continue.

Corporate & Strategic Implications

Financial implications

17. The financial implications of this report are that the Cemetery produced income in excess of £2m from the sale of graves and burials in 2019/20, £3.6M in 2020/21 and £2.9m in 2021/22. The continuation of this level of income is at risk if the grave digging equipment is not replaced at the end of its useful life. This report proposes that your committee agrees the use of the reserve fund to replace tired equipment in order to maintain service provision and income.

18. Outright purchase of this equipment is recommended as it is the more financially viable option considering the life of the equipment, residual value and leasing costs. Leasing is comparable with purchase over three years, but over five years it is £5,000 more expensive for the tractor or mini-digger. Outright purchase will also result in a residual value of the equipment which is approximately £3,000 to £7,000 per item. The large digger leasing costs are higher over five years and the residual or resale value is higher making outright purchase more viable still.

19. The large excavator will need to be procured using the Gateway process (light) but the mini-digger and tractor will be requested through the TCG and follow the standard procurement process for equipment under £50k.

20. The Cemetery and Crematorium Reserve Fund currently sits at £1,488,124 and was set up in 1999 to help support the maintenance of the site and to fund large ticket items such as this. The fund was last used in 2014 year to landscape and prepare a large burial area within the site.

21. Use of the Reserve Fund for the three items of heavy plant will leave approximately £1,340,000 in the reserve.

Resource implications

22. None

Legal implications

23. None

Risk implications

24. This report sets out a course of action to mitigate the risks to service provision at the cemetery by the failure of old and tired equipment.

Equalities implications

25. None

Climate implications

26. This report recommends the replacement of old equipment with new; this will have a small positive climate impact as all of the new equipment is more efficient and has less emissions than those being replaced. It is not possible to replace this heavy plant with electric equipment at present as there are no appropriate electric vehicles on the market and the Cemetery infrastructure is not sufficient for the charging of large plant and equipment.

Security implications

None

Conclusion

27. The Cemetery and Crematorium carries out approximately 800 burials a year and is reliant on plant and equipment to achieve this. This report proposes that your committee agrees the use of £150k from the Cemetery and Crematorium Reserve Fund to replace worn out burial equipment.

28. All receipts for the sale of the old equipment will be credited to the Reserve Fund.

Appendices

29. None

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