

Funeral Markets Investigation: Response to working papers published February 2020

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Funerals market investigation: Remedy options for regulating the price of crematoria services

About the District Councils' Network

The District Councils' Network (DCN) is a cross-party member led network of 187 district councils. We are a Special Interest Group of the Local Government Association (LGA), and provides a single voice for district councils within the Local Government Association.

District councils in England deliver 86 out of 137 essential local government services to over 22 million people - 40% of the population - and cover 68% of the country by area. Some district councils operate crematoria that could be affected by proposed regulation of prices for crematoria services.

Response

The DCN welcomes the opportunity to comment on this consultative working paper.

If the Competition and Markets Authority decides to proceed with regulation of prices in the crematoria sector, then it is important that councils are not adversely affected.

In response to paragraph 110, we observe that, unlike private sector companies, local authority crematoria are under democratic control and therefore as a matter of general principle should be free to set prices as they see fit – ultimately, if local residents do not like the approach taken, they can remove councillors at the ballot box. We would not accept the argument that, simply because a local authority crematorium might be the only one available within a particular drive time for a cortege, this represents a quasi-monopolistic position that councils would seek to abuse. There are many services that councils provide which can be in monopolistic or quasi-monopolistic positions such as leisure centres, theatres and off street car parks. It would, in our view, represent a retrograde interference in democratically-controlled services if the CMA was to propose controls that affected the prices charged by local authority crematoria. Our preference therefore is that local authority crematoria should be exempt from any price controls.

In response to paragraph 112(d), (e) and (f), if a blanket exemption for local authority crematoria is not possible, then any price controls should operate in a way which:

- Allow a council not only to recover all current costs associated with owning and operating a crematorium (including any borrowing costs related to land acquisition and construction, staffing, maintenance and other operational costs, share of relevant central and support service overheads of the council etc) but also to make a fair return that allows for future investment in the facilities and infrastructure surrounding the crematorium, recognising they are essential facilities. If councils are unable to recover full costs, plus an amount for future investment and replacements, then there is a risk that some of these essential facilities could be lost to residents, in a worst-case scenario. Council tax and revenues from other services should not have to be used to cross-subsidise crematoria. We would not accept the proposition that charges in local authority crematoria should be limited solely to recovery of current costs;
- Allow a council to charge differential, higher rates for people not ordinarily resident in its area. It is common that councils charge higher rates for burials and cremations for people whose ordinary residence is elsewhere so that – particularly in cases where total income may not provide full cost recovery – any subsidy is reduced or eliminated for people who have not been paying council tax to the council.

We should add that operating costs at local authority crematoria may be higher for reasons that are unique to councils, such as the cost of employer contributions to the Local Government Pension Scheme which, as a defined benefit scheme, is likely to be higher than pension arrangements in most private sector companies. It will be important therefore that any further work by the CMA looking at a maximum price for a benchmark package should take account of the total costs of operating local authority crematoria rather than presuming that the cost base is the same as private sector crematoria or that current local authority charges cover all costs.

On the other detailed questions in paragraphs 111 to 113 that are not covered above, we would refer the CMA to any responses from individual district councils.