

Presentation to the International Cremation Conference
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Brendan Day MBA FICCM (dip)

1.	I should like to commence by thanking my authority Sandwell Metropolitan Borough Council for providing me with the opportunity to speak here today. Also the Conference Organiser for once again providing me with the opportunity to update delegates, and importantly outline our future journey to burden sharing.
2.	I shall address 3 areas, firstly the background to CAMEO and the journey so far. Secondly, where are we now? The current position and finally, the coming 2 years as we move past the 2013 deadline and into burden sharing.
3.	<p><u>Background</u></p> <p>As a sector we are committed to <u>limiting mercury emissions</u> because they are harmful to the environment, settling not near the point of discharge, the crematorium, but over the north east Atlantic. Where it can enter the food chain, and has the potential to cross the placental barrier and damage unborn babies.</p> <p>The question was how this could be achieved? If all crematoria were required to abate, a survey of Federation members indicated that approximately <u>20% of crematoria would close</u>, depriving local communities of an important facility.</p> <p>The impact of this pollution was assessed by government scientists and rather than abate 100%, an appropriate and proportionate response was deemed to be the <u>abatement of 50%</u> of the pollutant nationally by 2013.</p> <p>It was possible therefore for crematoria which could not abate to remain open, providing the sector as a whole could achieve its 50% target. However, the importance of ensuring the whole sector was involved, rather than just those incurring the cost of installing the new abatement equipment, was recognized.</p> <p>The way forward came from Defra, <u>burden sharing</u>. Those who are able to abate did so, those who are unable make a financial contribution, in other words “share the financial burden”.</p>

In essence it is a trading scheme, with unabated crematoria purchasing abated cremations from those who have installed the filtration equipment.

The need for a national organization to oversee the introduction of burden sharing was quickly recognized and CAMEO, the Crematoria Abatement of Mercury Emissions Organisation, came in to existence, the name being created by the then Federation Executive Colin Houseman. Since its inception it has been supported jointly by the Federation of Burial and Cremation Authorities and the Cremation Society of Great Britain.

To lead the organisation, a Steering Group was formed and first met in 2006, representing the Federation of Burial and Cremation Authorities, The Cremation Society, Association of Private Crematoria and Cemeteries, National Association of Funeral Directors and Society of Allied and Independent Funeral Directors.

The group has met regularly, guiding the scheme forward and in the last few months focusing on the existing proposals for a burden sharing scheme. In particular developing a new organisation which has the necessary structures and processes to enable it to manage and administer burden sharing on a national scale.

So where are we now?

4. **Where are we now?**

The information which I am about to provide is all available and can be downloaded from the CAMEO website. The site has been rebuilt and contains this presentation and the various documents I shall now refer to so you will not need to take any notes.

As a new organisation CAMEO requires an identity. I believe that the meaning of the various components of the Federation logo have been lost in the mists of time. So let me put on record the meaning of our new logo, the blue circle on the left represents the sea, where as I have already mentioned the pollution enters the food chain, the yellow on the right is a reference to the rising sun which represents the future. Bringing these two together we have the colour green a positive symbol of the environment. A reference to the role of CAMEO in reducing mercury in the environment. In the centre there is the tree, another symbol reflecting the environment; it can also be viewed as a chimney emitting only clean air. The text below describes the role of the organisation perfectly, CAMEO sharing the burden.

So we have the logo, what about the organisation itself?

In the time I have available today I shall only outline some of the key elements of the scheme. CAMEO Members will be able to collect further information from our stand here at conference, and as I have mentioned full details are on the website.

5. **Where are we now?**

The development of the scheme is being led by Rick Powell, Secretary of the Federation, Roger Arber, Secretary of the Cremation Society, myself as the CAMEO Manager and Megan Williams as the Scheme Administrator.

We have appointed accountants to advise us on the creation of the new organisation and how it will operate. Greenhalgh's will be known to some of you as they have been retained by the Institute of Cemetery and Crematorium Management for some time now. In particular they will be advising on the financial processes which will be central to burden sharing. Ensuring that they are transparent and have the necessary safeguards to provide participants with confidence in the scheme.

We have also appointed our solicitors, Fraser Brown, who are advising us on the development of CAMEO as a separate organisation. Their recommendation is that the most appropriate vehicle to enable CAMEO to become a legal entity is to create a Not for Profit Company Limited by Guarantee. The company is a well-known legal model, which will be able to administer and manage the burden sharing scheme in a practical and cost effective manner.

The purpose of the company is set out in the articles of association. The Company's objects are:

- (a) to provide and manage a Burden Sharing Scheme, and everything incidental thereto, for the benefit of its participants;
- (b) to operate the Burden Sharing Scheme on a not for profit basis;
- (c) to promote the Burden Sharing Scheme and develop strategies to increase its activities for the benefit of its participants;

- (d) to initiate, organise and complete any motions to encourage participation in the Burden Sharing Scheme; and
- (e) to do all such things as are or may be deemed incidental or conducive to the attainment of the above objects (or any of them).

The direction of the company is determined by its Members, of which there are 3. To reflect the development of the scheme, two will be nominated and represent the Federation and one nominated and representing the Cremation Society.

The management of CAMEO will be the responsibility of three directors, once again 2 nominated by the Federation with the third being nominated by the Cremation Society.

In order to manage the burden sharing process a set of Scheme Rules have been developed. These set out the key components, the scheme, its participants, the burden sharing process, how payments are made and the need to audit.

The rules detail the three classes of Scheme Participants who will be involved in the burden sharing process. There are the:

Burden Sharing Participants;

A Burden Sharing Participant is an Operator who is unable to abate mercury from 50% of their cremations and is therefore required to share the financial burden incurred by those Operators who have invested in abatement equipment.

The application to participate in the CAMEO Burden Sharing Scheme will have to be made on the prescribed form, providing evidence of the number of cremations completed by the Operator during the previous calendar year and the number of mercury abated cremations it will be seeking to purchase, based upon the number of cremations carried out during the previous full calendar year.

The Operator is required to enter into an agreement with CAMEO to purchase tradable mercury abated cremations, equivalent to 50% of the cremations completed, in accordance with the requirement set out in the Operator's operating permit.

The value of a single tradable mercury abated cremation is determined by the Manager annually, and the Burden Sharing Participant will be charged for the number of tradable mercury abated cremations purchased on an annual basis when trading takes place.

Contributor Participants

A Contributor Participant is an Operator who has installed abatement equipment and is able to abate in excess of 50% of their cremations and wishes to sell the excess tradable mercury abated cremations.

The application to participate must be made on the prescribed form, providing evidence of the Operator's ability to abate cremations in accordance with the requirements set by Defra/SEPA, and the number it will be seeking to trade, based upon the number of cremations carried out during the previous full calendar year.

The Operator is required to enter into a contractual agreement with CAMEO to provide the tradable mercury abated cremations exclusively to the CAMEO Burden Sharing Scheme. The number of tradable mercury abated cremations placed with the CAMEO Burden Sharing Scheme will be recorded and this number used to calculate the income paid when annual trading is complete.

Independent Scheme Participants

An Independent Scheme Participant is involved in a Burden Sharing Scheme outside of that provided by CAMEO.

Process Guidance Note 5/2 (12) Appendix 2, Supplementary Guidance on burden sharing, issued by Defra outlines the role of CAMEO as the authority to register independent burden sharing arrangements.

The application to be registered as an Independent Scheme Participant must be made on the prescribed form, provide evidence of its involvement in a comparable audited Burden Sharing Scheme. In the event that the independent Burden Sharing Scheme has an excess, or insufficient tradable mercury abated cremations, the Independent Scheme may trade with CAMEO.

The actual Burden Sharing process is also set out, which I am pleased to say is a straightforward process.

6. **Burden Sharing Process**

The CAMEO Burden Sharing Scheme is based upon identifying the additional cost incurred by Operators which have abated. Having identified the cost on a per cremation basis, Operators which have not abated are charged for the number of mercury abated cremations necessary to meet the requirements of their operating permit. The resulting income, less an administrative fee to fund the scheme, is shared amongst the Operators that have abated and are participating in the CAMEO Burden Sharing Scheme.

It is a relatively simple concept as the slide illustrates. Taking place between January – March each year, it is the cremations of the previous 12 months which are the subject of the trading process.

Step 1, the Contributor Participants place their tradable mercury abated cremations with CAMEO.

Step 2, Burden Sharing Participants pay CAMEO for the number of tradable mercury abated cremations they require.

Step 3, CAMEO allocates the Burden Sharing Participants with the required number of tradable mercury abated cremations from the pool of tmacs placed with the scheme by Contributor Participants.

Step 4, the final step, upon receipt of all payments from Burden Sharing Participants, the income, less an Administration Charge, is paid to Contributor Participants, pro rata in accordance with the number of tmacs traded.

Upon completion of the trading process all Participants receive compliance certificates in accordance with the Ministerial Direction 2010. Finally, in May of each year an annual account of the CAMEO Burden Sharing Scheme process is published, detailing all of the trading which has taken place.

Further details of the process are included in a leaflet which is available from the CAMEO stand and the scheme rules which can be downloaded from the website.

That is a very brief outline of the participants and the process of burden sharing.

I should now like to move on to the coming Pilot Process, but before I do, I should like to draw delegates attention to 3 issues which are not included on the

slide but are never the less important.

Firstly the Environmental Surcharge, which is charged by 194 crematoria in the UK, with 68 charging the £47 recommended by the Federation. The surcharge was introduced to provide an income stream for those installing abatement plant, and importantly to provide the budget for trading through a burden sharing scheme. Many operators and perhaps more importantly their finance sections, have become accustomed to this income stream and it is likely to be lost within the overall bottom line of service budgets. As we move towards the autumn in local authorities, along with colleagues from finance sections, we will commence developing our budgets for the financial year 2013/14. This, of course, includes the first trading period of January – March 2014. So it is important that officers ensure that the income, which may now be going straight to a bottom line to offset general expenditure, is allocated to Burden Sharing. In the current financial climate this likely to create a budget pressure which will need to be financed, therefore officers needs to be addressed sooner rather than later.

Secondly, there is the issue of the 2003 baseline. As you know the 50% level of abatement is not 50% of the cremations done during the qualifying year but 50% of the cremations completed during 2003. As a result we have a baseline which does not reflect the sector which exists today, it excludes crematoria which have opened since 2006 and is incredibly difficult for us to administer. We have discussed this at length with Defra, who have indicated that they are prepared to consider a new baseline as recommended by CAMEO and supported by the sector. One which is based on the most up to date cremation statistics provided by the Federation. Firstly, however, Defra have requested that CAMEO provides evidence that the Sector will achieve the existing target of 50% of cremations, as per the 2003 baseline, by the 1st January 2013.

The target is 211,269 abated cremations. The latest survey we conducted, as published in Resurgam, showed that by the 31st December 2011 the respondents were abating 113,406 which is clearly far short of the target. When we added in the responses from those who said they would abate at some time in the future, along with other data, the number climbed to 281,057 abated cremations clearly exceeding the target. However we cannot confirm when this target will be met as we do not know when new equipment will be installed.

Therefore in order to confirm if and when the target will be met we are currently preparing an additional survey which will take place later this month. The intention is to accurately confirm the number of cremations which will be being abated by the target date. This information will be submitted to Defra in order to further our aim of changing the base rate.

The mention of the survey brings me on to my third point. The purpose of the survey is to gather information which will benefit the sector, the whole burden sharing scheme is to benefit crematoria that would have to close without the scheme and to derive an income for those who have purchased the abatement plant. For the survey and the entire scheme to succeed it is necessary for participants to respond in a timely fashion. Unfortunately this does seem to be a problem for a number of operators. I would request that operators reply as soon as possible after receiving the request for information. The information required, for example, number of cremations carried out, or if and when abatement plant has been installed, is almost always readily available. So it should not take several weeks, or months to respond. So please react in timely fashion, after all it is for your benefit.

I shall now move on to the timeline for the pilot trading process.

7. **Timeline of pilot trading process.**

I have already mentioned that the actual trading process takes place following a qualifying year. The cremations which take place over the calendar year are actually subject to trading during January – March during the following year. Therefore whilst we are approaching the key date of the 1st January 2013 when burden sharing commences, trading will not start until 2014. So we will shortly be going through a pilot of the trading process that will take place in 2014. Providing an opportunity for us to trial the scheme and for participants to gain experience of what is involved. It will mirror closely the actual process which will take place in 2014, the only difference being that burden sharing participants will not be charged for tradable mercury abated cremations and no payments will be made to contributor participants.

The process commences in October when crematoria are invited to participate in the coming pilot trading process. Members will be invoiced for their membership fee, now that it has been moved from the financial to calendar year. Those who wish to participate need to register their intention to trade with CAMEO. In addition those who intend to operate an Independent Trading Scheme need to Register this with CAMEO.

During November CAMEO will announce the value of the tradable mercury abated cremation. This is the Environmental surcharge, currently £47, which will be increased in November to take account of inflation. In addition those who have registered their intention to trade through CAMEO will receive a trading pack. The pack will contain details of the scheme, an agreement which will need to be completed and returned to CAMEO and the trading declaration to be completed in January.

December is a period for preparation and dealing with any enquiries before the trading process commences. It will be important during this period for participants to identify who would sign the declaration, as this must be a properly authorised representative of the authority or company. Burden sharing participants should also take the opportunity to ensure that they know who would be required to authorise any purchase of tradable mercury abated cremations. An authority purchasing 1,000 tradable mercury abated cremations would have to make a payment of around £50,000. Such a sum may require authorisation from a senior officer whatever the organisation, and in order for the process to be completed in a timely fashion details such as these need to be ironed out in advance.

During January and February 2013 the participants will need to submit their declarations to CAMEO. Detailing how many abated and or unabated cremations they completed during 2012.

The numbers of unabated cremations carried out by burden sharing participants will be calculated. Each participant will then receive a statement of cost. This will set out the charge the participant would have been required to pay CAMEO if trading was actually taking place.

In addition participants pay what will be their last membership fee, as from 2014 the scheme will be funded through an administrative fee charged for trading.

In March a Statement of Payment will be issued to Contributor Participants detailing how much they would have received if trading was taking place.

Once the trading process has been completed Certificates of Compliance will be sent to all those who have taken part, and whose membership fees have been paid.

In April details of the pilot trading process will be published to provide the sector and regulators with confidence in the process through transparency.

The Pilot Process completed, the lessons learned will be used to tweak the Burden Sharing process ready for its actual commencement in the autumn of 2013.

8. **Timeline of trading process.**

Burden sharing commences for real in October 2013 when crematoria are invited to participate in the trading process. But this time there is no membership fee.

Those who wish to participate need to register their intention to trade with CAMEO. In addition those who intend to operate an Independent Trading Scheme need to Register this with CAMEO.

Once again, during November CAMEO will announce the value of the tradable mercury abated cremation. In addition those who have registered their intention to trade through CAMEO will receive a trading pack. The pack containing details of the scheme, an agreement which will need to be completed and returned to CAMEO and the trading declaration to be completed in January.

December is a period for preparation and dealing with any enquiries before the trading process commences.

During January and February 2014 the participants will submit their declarations to CAMEO. Detailing how many abated and or unabated cremations they completed during 2013.

The numbers of unabated cremations carried out by burden sharing participants are calculated. Each participant will then be sent an invoice for the number of tradable mercury abated cremations they require with a requirement to pay within 28days.

In March a upon receipt of all payments from Burden Sharing Participants, the income, less the Administration Charge, is paid to Contributor Participants pro rata in accordance with the number of tradable mercury abated cremations traded.

On the close of the trading process, Certificates of Compliance will be sent to all those who have taken part, and whose membership fees have been paid.

In April details of the trading will be published, along with a set of company accounts.

That will conclude the first year of trading.

9. **Closing Slide**

That is an outline of the proposed CAMEO Burden Sharing Scheme. As I have already mentioned details will be provided to all members and can be downloaded from the webpage.

The Steering Group are anxious to ensure that the scheme will meet the needs of members. They are therefore seeking to hear your views about the proposed scheme and you have until the 27th July 2012 to comment. The Steering Group will meet in August to consider comments before bringing the company into existence and preparing for the pilot process to commence in October.

Thank you for providing me with the opportunity to outline the Burden Sharing Scheme.