

# INVESTMENT OUTLOOK IN THE UK BURIAL MARKET



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## I. BACKGROUND

The UK funeral market is now estimated to be worth around £1billion annually, with over 600,000 funerals taking place each year. There are an estimated 4,000 funeral directors at present offering services, but exact numbers are difficult to pinpoint as the profession is unregulated and anyone can enter it.

Prices can and do vary enormously between not just regions but between individual homes within the same area, so comparing like for like quotes is strongly recommended to anyone requiring funeral related services. Funeral director businesses range from part time, sideline ventures to (small to medium groups) through to international corporations. One of the main criticisms of the industry by watchdogs and other groups is that funeral homes are not being totally clear as to their true ownership, hence the reason many traditional family business names still exist even though they may have been acquired by larger groups

There are various trade associations with their own strict “Code of Practice” which their members are bound by as well as an independent ombudsman (Professor Geoffrey Woodroffe of the Funeral Ombudsman Scheme FOS). Most of funeral homes are members of 1 or more of these associations and schemes, however there is no law to insist on membership of any.

The funeral market in the UK has 2 industry leaders, The Co-operative Group (CWS Ltd) and Dignity Caring Funeral Services (Dignity Plc). The Co-operative Group (CWS Ltd) has over 675 branches across the UK and conduct around 90,000 funerals a year. They also own the North-Eastern Co-operative. Dignity have just over 500 branches and conduct 75,000 funeral a year. Between these 2 companies, they are currently involved in over 25% of all funerals in the UK.

There are several other large groups with large numbers of funerals homes. These are different Co-op Groups (mainly regional co-op’s) The Midland Co-operative Society, Southern Co-operative Society, United Co-operative Society, Yorkshire Co-operative Society, Lincoln Co-operative Society, Leeds Co-operative Society, Oxford, Swindon & Gloucester Co-operative Society, Heart of England Co-operative Society, Anglia Regional Co-operative Society, Chelmsford Star Co-operative Society.

There are also several privately-owned companies who are conducting large numbers of funerals in the UK.

## **Severe Shortage of Burial Space**

Almost half of England's cemeteries could run out of space within the next 20 years, a 2013 BBC survey suggests. And a quarter of 358 local authorities responding to the BBC said they would have no more room for burials within a decade. Cemetery experts warned of a looming "crisis", while managers called for a change in law to allow graves that are more than 75-years-old to be re-used.

The Ministry of Justice (MoJ) said the issue was "under constant review". Any changes in the way in which graves and cemeteries might be managed need to be considered carefully and sensitively. Many of the councils surveyed, including those in Gosport, Mole Valley, Crawley and Rother, said they had five years or less before they ran out of room.

Other areas - such as Tandridge district council in the South East - said they had already run out of space. Some 44% said they had 20 years or less before burial space ran out. About 74% of people who died in 2012 in the UK were cremated, but the cremation rates have levelled off - and there is still a demand for full burial and burial of ashes.

Although local authorities in larger areas such as Sheffield and Oxford expressed concern about dwindling cemetery space, some of the worst-hit areas were small rural councils. Among them was the town of Bicester in Oxfordshire, which is due to double in size over the next 10 years with the development of 12,000 houses.

Bicester's cemetery manager Chris Johnson said: "The situation is critical now. We're getting to two years of burials remaining so we are desperate to find other means - other land for a new cemetery ground".

### **Case study: Winston Hagston**

Winston Hagston, 49, owns Hagston's Butchers in the small Yorkshire town of Market Weighton. The site has played host to the town butchers for more than 100 years. Generations of Mr. Hagston's family are buried in the local cemetery, but it now has only a handful of burial plots left, all of which are reserved.

Mr. Hagston says he finds it frustrating that he will have to be buried in Hull, more than 20 miles away from his home town. "It's nice to see my ancestors laid to rest in a place that they brought all their children up in," he says. "The Hagston name is quite a familiar name around Market Weighton, and that's one of the reasons I want to be buried here - next to my ancestors." He said officials faced having to encroach on a nearby sports field to make room.

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## Nationwide Problem

Dr. Julie Rugg, of the University of York's cemetery research unit, said the situation was "desperate" and called on the government to intervene. She said the findings of the survey suggested "for the first time how desperate the problem is right across the country". "It's not just a London or a big town problem. Even small parish councils are wondering how they are going to cope when land runs out," she said. "I don't know how much more evidence there needs to be on the table before the Ministry of Justice appreciates that this is a crisis."

The MoJ is responsible for burial law. Local authorities are not legally bound to carry out burials but they are required to dispose of the dead. In response to the findings, a spokesman for the MoJ said: "Any changes in the way in which graves and cemeteries might be managed need to be considered carefully and sensitively. "We keep this area under constant review and no decisions have yet been taken." However, some have called for a change in grave use policy.

Tim Morris, from the Institute of Cemetery and Crematoria Management, said: "Money needed to build new cemeteries could be saved, and spent on the living, through the re-use of graves," he said. He said such a move would involve lifting out remains from graves that are more than 75-years-old, burying them deeper in the same grave and then re-using the space on top. A 2007 law permits this in London cemeteries but does not yet apply to the rest of England. There is however tremendous resistance to this method and The City of London Cemetery, which is run by the City of London Corporation, is the only cemetery preparing to "lift and deepen".

There is a looming problem in many parts of the world over what to do with dead bodies, as pressure on burial space intensifies. The industrial revolution, in the 18th and 19th Centuries, saw a mass migration from small villages and towns to cities. Previously, most people had lived in rural locations and would be buried in the local church's graveyard. But with a growing urban population, the authorities in Victorian Britain built large cemeteries, often on the outskirts of cities. Those cemeteries are now largely full.

Institute of Cemetery and Crematorium Management chief executive Tim Morris says a crisis is looming, even though most British people choose cremation. "Two London boroughs - Tower Hamlets and Hackney - have ceased providing a burial service, Residents have to go to neighboring boroughs " he says. Mr. Morris says Britain's cities are feeling the strain first, but so are leafier parts of the country. "Local authorities have to try to find land for new cemeteries, which is expensive, while still covering the maintenance costs of older cemeteries."

Dr. Julie Rugg, , says burying a body far away from relatives can cause problems. "There will be

issues if people want to visit the grave frequently, but have to travel far. Then there's the issue of people being unable to be buried with other family members because there's no space - splitting up family graves."

A 2013 survey indicated nearly half of England's cemeteries could run out of space within the next 20 years.

### **The London Problem**

According to a 2016 Survey by the Royal Institute of Chartered Surveyors;

"All around the country, the price of burial ground is rocketing. Councils are struggling amid the public sector spending cuts and cemeteries are a weight around their necks. In many London Boroughs, the cost of burial is almost double the price of a couple of years ago"

#### **Shortages**

The following London boroughs have labeled the shortage of burial plots as "Critical"

- Havering
- Barking and Dagenham
- Epping Forrest
- Southwark
- Ealing

The following London boroughs have labeled the shortage of burial plots as "Full Capacity"

- Tower Hamlets
  - Hackney
  - City of London
  - Islington
  - Westminster
  - Camden
  - Lambeth
  - Kensington and Chelsea
-

A table further illustrates the cost of Burial in 2016:

Barking / Dagenham	£ 2.088
Barnet	£ 2.617
Bexley	£ 2.581
Bromley	£ 3.809
Croydon	£ 4.209
Ealing	£ 2.338
Enfield	£ 4.295
Greenwich	£ 2.742
Hammersmith	£ 3.089
Haringey	
(for burial within the borough)	£ 7.755
Harrow / Brent	£ 2.675
Havering	£ 2.3129
Hillingdon	£ 1.740
Islington	£ 2.425
Kensington	£ 4.380
Kingston	£ 3.800
Lambeth	£ 5.617
Lewisham	£ 2.787
Newham	£ 1.793
Richmond	£ 3.002
Southwark	£ 2.577
Sutton / Merton	£ 3.510
Wandsworth	£ 4.471

### **Strong Opposition and backlash to grave re-cycling**

A London council is dismantling paupers' graves in historic cemeteries to sell off private burial spaces for thousands of pounds to people who want to be buried in the inner city. Private burials in Southwark will be carried out on land in Camberwell Old and New Cemeteries, on top of existing public – or paupers' – graves. It appears that other boroughs in the capital may follow suit, Lambeth council, another inner London authority, that a grave reuse policy covering all three of its cemeteries is now being finalized. In order to accommodate the new plots, which will be built by mounding over existing public graves, Southwark council is planning to remove memorials from paupers' graves if

their relatives cannot be traced.

Campaigners in Southwark are protesting the plans. Rose Ives, 23, who lives in the south London borough of Greenwich and works with disabled children, has several relatives buried in the plot, and is opposed to the idea of removing memorials from paupers' graves. She and her mother Tina Kirby started looking for their relatives' plots when they found out about the plans, as they knew they had family buried in the cemeteries, including Kirby's grandmother, who was killed in World War II.

"We found out that we had lots of family members buried where they are going to dig up. My great-grandparents, great-uncles, great-aunts. Although they're within their legal rights of what they can do, the point is there's a lot of people who don't want their relatives to be tampered with. "We thought [my great-grandmother's] grave was going to be reused in the current set of plans, but it lies just outside. But the point is, this is an ongoing thing and it could be used in the next couple of years. "Poor people at that time didn't have those big headstones that you see, they had little ones. Just because people were poor and didn't manage to get those fancy headstones, it shouldn't mean those people don't matter. The council want us to think that they're doing the right thing for the community, but the reality is they want to make more money by selling to people out of the borough for more. I just think it's pretty disrespectful that they're opening it up to other people from other boroughs. I'm not saying that every plot means something to someone, but some of those graves mean a lot to some people."

In 2014 the council announced that it been granted approval from the Diocese of Southwark to pursue plans to create burial spaces in Camberwell Old Cemetery and Camberwell New Cemetery. After the church gave the go-ahead, the council said it would be commencing its controversial plans to create burial spaces on the consecrated land, which the diocese presides over. A notice explaining construction work at Camberwell New Cemetery. The council charges local residents for private burials in graveyards in the borough at a cost of £1,400 for a 25-year lease or £2,100 for a 50-year lease. But for those who can afford to pay, nonresidents can purchase a burial plot in Southwark in south London for £4,200 for 25 years, or £6,300 for a 50-year lease.

Burial space in inner London is becoming increasingly scarce, with most of councils purchasing land further out from the centre for local residents to bury their dead. Some, including Kensington and Chelsea, Islington, Westminster, and Tower Hamlets, solely offer space outside the borough, with none available closer to home.

Southwark council has published its plans in the local press and on notices posted in the cemetery in an attempt to trace family members, and has consulted extensively with local residents. It claims that the clear majority are in favour of the plans, as they wish to be able to bury their loved one's close to home.

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The areas of the cemetery in question include graves that were used as recently as the 1970s, but the council will only remove memorials from those which are 75 years old or older.



Peter Summers / SWNS for BuzzFeed News. A fenced-off area of graves at Camberwell New Cemetery.

Blanche Cameron, chair of Friends of Camberwell Cemeteries, heads up a group of local campaigners fighting the council over their plans to reuse graves. “They’re removing the existing memorials in several areas of the cemetery, some of which are private, some of which are public. It’s a massive, huge-scale excavation. The community graves, the paupers’ graves, the council is saying they don’t have to treat them as well as private graves. Just because people were poor, it shouldn’t mean those people don’t matter. Really their plan from the beginning was bringing in people from other boroughs. In inner London, there’s a shortage of burial space. They have to raise money to pay for the cemetery, from people from other boroughs. It’s the same with burial plots as flats – they’re now selling them off to the rich, they’re doing it with graves. If you can’t afford to live in Southwark then at least you can buy a plot to die in.”

However, a spokesperson for the council said the project was about creating new burial spaces for local people, and not about making money. They said the cost of the works was budgeted at £300,000, which would come from council funds. They said the graves do cost considerably more for those who do not live in Southwark, but that it was standard practice among local authorities to offer discounts to residents. The spokesperson added that the council does not limit burial to those resident in the borough in order to accommodate those who moved out but want to continue to be buried with their relatives. Southwark allows people to pay the lower burial costs if they moved out of the borough within the last five years. A similar scheme is already in place in the City of London Cemetery and Crematorium, where more than 1,300 graves have already been reused. The east London graveyard is the largest municipal cemetery in Europe, and is managed by the City of London Corporation.

## **The Demographic Problem**

### **Muslims**

Cremation is considered “haram,” that is forbidden in Islam. Islamic teachings on the dead require that the deceased be cleaned, shrouded, prayed for, buried in the earth and visited with reverence. Any other treatment, including cremation, is considered an act of disrespect and sin.

### **Why Cremation Is Forbidden?**

Muslims believe that the deceased must be treated with the same respect as the living. This belief originates from the Prophet Mohammed’s statement that breaking the bone of the deceased’s body is like breaking it in life. Burning the dead for cremation, like breaking the bones of the dead or other such mutilation, is therefore prohibited, as is accepting or encouraging such treatment. According to some Muslims, the condemnation of cremation should extend to all living creatures including animals and plant life.

### **Fate of Cremated Individuals in Islam**

Based on the belief that the dead must be treated as the living, the cremated deceased experiences a disrespect that is inconsistent with the honor bestowed by Allah. However, it is

also believed that Allah can make the cremated body whole again for resurrection, so cremation is not believed to preclude the deceased from reaching heaven or hell.

### **Jews**

Judaism permits only burial. The source for this comes from the Torah, where God tells Adam: “You will return to the ground, for it was from the ground that you were taken.” (Genesis 3:19)

This is reiterated in Deuteronomy 21:23 which insists on burial directly into the ground. By preventing a burial from taking place, one negates this mitzvah.

The body is to be treated with great respect because it is through the vessel of the physical body that we have fulfilled our mission in life. The body is thus more than just a physical shell; it is a holy instrument.

A Jewish burial honors the body and treats it with respect. The body is watched over and lovingly cleaned. It is placed in simple white shrouds, and then in a coffin of wood.

Cremation, on the other hand, is destructive and denigrating. In the same way we don’t burn holy books, so too the body was a vehicle for the soul and should be treated with gentle respect.

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It is fair to say that almost no Muslims are cremated in the UK and that only a very small minority of Jews choose this option. The Muslim population of England is around 5.4% and is forecast to increase to 9.4% by 2025 through increased birth rates, conversion and immigration.

Statistics from the Cremation Society of Great Britain show 74% of people are cremated at present with no forecast of an increase in the short term.

Therefore, we can conclude that a substantial percentage of demand increase for burial will come from the demographics of an aging population (The Baby Boomers) and from increased Muslim demand.



## II. INVESTMENT OPPORTUNITIES

### Case 1- The Rainham Memorial Park

Harley Investments is a boutique investment consultancy that specialises in sourcing and delivering the best alternative investment projects worldwide. By identifying key opportunities in both emerging and traditional markets they continually seek to be ahead of the trend, yet always without compromising on due diligence or risk assessment. Affording their clients, the advantage of the earliest entry point to a growth sector or project, they ensure they are best placed to maximise profitability. Their multi-disciplined and highly successful senior management team has decades of experience across the investment spectrum. From UK & International property development to asset management and financial modelling, their wealth of expertise gives a unique foundation for the astute investor to prosper.

In partnership with Memorial Gardens Limited and Puissant Management Limited, Harley Investments has invested in an exciting new concept within Greater London. The joint venture acquisition of an approved Cemetery site inside the M25 has created a high yielding and low entry level, asset backed opportunity for the discerning investor.

The strategic location has been specifically selected after carrying out a detailed demographic survey of the surrounding area, as such the new Rainham Park cemetery, measuring 22 acres, is purposely situated in an identified area of short supply and high demand.

The investor subscriber base is now closed for this investment and construction of the park is in progress with a completion date of late 2017.

The first investors are due investment payments around February 2018 with a 3-year return of around 37% net of fees.

### Case 2-The Barnet Memorial Garden

#### Specifics of this proposition:

The investment proposition is to acquire designated plots in a cemetery of 33 acres situated in the borough of Barnet. The cemetery land has been acquired alongside the A1 just inside the northern ring of the M25 (transfer and land registry documents should be available for inspection) and comprises 33 acres. Planning permission and change of usage (previously a shooting ground and golf driving range) have also been granted.

Plans support "low density", American Style of plots, i.e. 750-1000 per acre or 33,000 plots. A report from Savills estimated £7500 per plot, this values the full site at £247,500,000 minus development costs. This values the full site at £247,500,000 minus development costs.

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The development will create a new cemetery, principally for burials in defined faith areas but also for cremated remains, crypts and a woodland burial area facilitated by a new access road, internal roads, service buildings and car parks.

The property is located on the eastern outskirts of Borehamwood, Just north of Barnet, between the the outer suburbs of London and the M25 (J23 4.8km/ 3 miles north), alongside the A1. Whilst access to the site is only available by motor vehicle, rail services are available at Borehamwood 4.5 km (2.8 miles) to the west. Airports are at Stansted, 59.5 km northeast (37 miles) or Heathrow 54km (33.7 miles) to the southwest. Although located alongside the A1, the property is in an open countryside area. adjoining a golf driving range to the southeast and with farmland to all other sides. A well-used public track passes to the east. The driving range has been the subject of extensive landfilling operations which have substantially raised the ground level above that of the shooting range and provide a considerable sound barrier to the east and south east.

The site is located in the Hertsmere Borough Council. From the information provided to us it appears that planning permission was granted under case reference APP/N1920/AI14/2228303. The original sought permission was refused and a successful appeal was made. The planning permission allows for the demolition of existing buildings within the existing shooting ground and erection of structures (halls of remembrance, new access ways, improved access from the A1, new access across land at the golf driving range, lawn graves areas and car parking for 30 cars). The cemetery developed is to provide a service principally targeted at the Muslim and Jewish communities, but also catering for mixed faith, humanist and cremated remains burial.

The detailed financial analysis and investment returns and structure of this new opportunity are beyond the purview of this document, However Enterprise UK will be more than happy to provide complete details, financial analysis and any other information required by a potential investor.

### **Risks & due diligence considerations**

(any investor should be comfortable that none of the following apply or have a high chance of becoming reality):

- Outright fraud
- Land has not been acquired as shown and documentation is false (should be relatively straightforward to check)
- The development company is already excessively indebted (leveraged) and is raising capital to bail itself out

- The Development company takes the money raised from this project and uses it to complete the first site, leaving investors in this site without cash for necessary development
- The development company goes bust during the development - investors have the land as collateral which is good but the recovery exercise would be difficult, complex and costly.
- As noted above with private investments of this type the main sources of risk for an investor stem from not fully understanding the precise terms and conditions of the investment. A full and complete understanding can only be achieved by very careful examination of all the legal and governing documentation related to the investment.
- Always remember that “the devil is in the detail”. Any prospective investor needs to understand this detail in order to decide whether the proposition is right for him/her.
- Not often investors get the chance to be one of the early-adopters of an investment idea (indeed often they do not want to be, preferring to let others “prove” that an idea works), but this may be different.
- It is clearly an alternative asset class (not mainstream)
- Apart from the possibility of the developer going bust in an economic or market meltdown, this asset class is not driven by any other market or economic factors and has a low correlation with other asset classes.
- It is dependent for its success upon the business and financial skills of the developer and ultimately the management company of the operating cemetery
- The product meets a perceived social need/shortage (a critical test usually applied to a venture capital scheme), see the marketing literature given
- Since land is in limited supply, the cost of future entrants to the same space (competitors) should be higher than for the first few entrants.

### **Risk Disclosures**

Great care should be exercised in selecting the most proper route for any individual investor. Furthermore, each route will involve different counterparty relationships for the investor, some as simply transactional counterparties and others more as partners for a period. Investors should ensure that they understand the precise nature of such relationships as well as how that will affect their future economic interest in their chosen investment. In our earlier article on property investment we offered investors a due diligence checklist as a guide when choosing an agent or counterparty.

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For your information, we show this list again below. There are a wide range of companies offering property investments and great care needs to be taken before you part with your hard-earned cash. Always look for an investment partner who;

- Has an established and verifiable track record of successfully completing projects in the geographical area.
- Has positive reviews from previous customers
- Works within a strong framework of trusted and reliable professional construction partners
- Is represented by a reputable network of lawyers, accountants and other professional partners who can assure valid title of ownership and safe stewardship of your funds
- Offers you notarized translations of all documentation in English
- Comprehensively explains all the costs, benefits and risks associated with a transaction
- Can meet the repayment of any capital obligations at an agreed time
- Is completely transparent
- You trust and are comfortable working with the company.
- The remote possibility of outright fraud
- Land has not been acquired as indicated and documentation is false (should be relatively straightforward to check)
- Development company is already excessively indebted (leveraged) and is raising capital to bail itself out
- Development company takes the money raised from this project and uses it to complete the first site, leaving investors in this site without cash for necessary development
- The development company goes bust during the development - investors have the land as collateral which is good but the recovery exercise would be difficult, complex and costly.



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## DISCLAIMER

Many Investors are realising high growth through "Alternative Investments" that differ from traditional asset classes, such as developed market equities and sovereign bonds. Deemed to carry a higher risk, alternatives, also offer the potential of higher returns.

Through our Invest Safe Initiative, we identify exclusive opportunities that we introduce to our growing community of investors. Opportunities like these tend to appeal to investors who self-manage at least a part of their portfolio.

These investors often will use an IFA or professional wealth advisors, particularly for the design and implementation of their core investments and these core investments will typically be in the traditional asset classes, whether invested directly or through managed funds.

However, if they are savvy and can manage a part of their portfolio themselves, they may want access to innovative opportunities that are often in asset classes that are not systematically or even typically researched or offered by conventional routes.

These alternatives very often have zero correlation to publicly traded investments.

We conduct primary due diligence on the investment concepts we feature so investors can have access to key facts. This usually provides investors with enough information to make up their minds if the proposition is sufficiently interesting for them to carry out the additional research and due diligence they would need to know if the investment is appropriate for their portfolio and whether to make an investment.

Enterprise UK is not regulated by any regulatory authority in any jurisdiction including the United Kingdom's Financial Conduct Authority, and does not offer any advice about any regulated or unregulated investments either within this website or elsewhere.

This report is intended for information purposes only and are not intended as a source of investment advice or tax advice.

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All investments involve a certain amount of risk however, investments in alternative assets are inherently riskier than some other more conventional savings and investment schemes. Investors are reminded that the value of such investments can go down as well as up and that past performance is not necessarily an indicator of future returns. Investors should not consider such investments unless they can withstand the potential loss of all their invested capital.

Alternative investments are only appropriate for investors who are able and willing to accept the higher risk associated with such investments. It is generally recommended that such investments are made part of a broadly diversified portfolio. Professional advice is recommended before making any investment decisions.

AmazonaGroup 

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# Small things make a big difference.

We support NGO's that focus on preserving the Amazon and supporting the local people who protect and nurture this beautiful land.

We commit 1% of our revenue to environmental causes close to our heart.

EnterpriseUK   
The Financial Ecosystem

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