

“ THIS 18-MONTH INVESTIGATION WILL BE SEARCHING, RIGOROUS AND CHALLENGING FOR EVERY SINGLE FUNERAL FIRM (AS WELL AS FOR THE NAFD) AND WILL INCLUDE THE CMA'S ASSESSMENT AS TO WHETHER NEW REGULATIONS ARE REQUIRED... ”



INDUSTRY NEWS

CMA sets out scope of market investigation into the funerals sector

In April, the Competition and Markets Authority (CMA) published its Statement of Issues setting out the basis for its market investigation of the funeral sector. These are some of the key points being considered:

- What customers consider to be the essential components of a funeral, what they understand to be a good quality funeral or crematorium and how they assess quality when dealing with funeral directors and crematoria.
- The extent to which the vulnerability of customers at the point of need impedes their ability to engage with the process and make informed choices at all stages in the funeral arrangement process.
- Aspects of the funeral sales process – such as how and when prices are given – that may affect customers' ability to make the best choices.
- The profitability of large and small funeral directors, and the extent to which cost increases and/or investments in quality

improvements explain the increases in funeral prices that have been reported.

- The nature and extent of competition between both private and local authority crematoria, including how they set prices, the range of services they offer and the level of quality of their facilities.

The CMA also outlined a number of potential remedies under consideration:-

Measures to improve transparency and help people make good choices

The aim is twofold: to improve the preparedness of people ahead of the point at which the funeral needs to be organised and to make it easier for customers to make the best choices for themselves.

NAFD view: *This will undoubtedly include greater transparency of pricing information, a more consistent set of descriptors about the various aspects of funeral service and other measures. We know many members have already begun to publish pricing information online and*

it will be mandatory in the next NAFD Code of Practice, so we urge all members that have not already done so to review their approach.

Pricing/charging remedies

Such remedies would seek to limit the ability of funeral directors and/or crematoria to set prices significantly above the costs of providing their services. There are a number of options to achieve this.

NAFD view: *There is significant risk to NAFD members if price regulation is introduced. The Association has already engaged experts from a specialist consultancy called Europe Economics, which has extensive experience of CMA investigations, to provide specific advice to us on the topic of price regulation and we will provide further briefings on this in due course.*

Measures to regulate the levels of service quality provided by funeral directors and crematoria

For example in relation to aspects of quality that customers are likely to find particularly difficult to engage with (e.g. standards of care of the deceased). Such remedies would also

address any incentives to diminish product and service quality levels that could arise if prices were to be regulated.

NAFD view: *Work is underway to create a cross-industry group to work towards a common set of standards across the profession. The creation of this group has been acknowledged by the CMA on page 5 of the full Issues Statement. The NAFD is providing secretariat to the group along with SAIF and, as part of its work, there will be a root-and-branch review of the NAFD Code of Practice.*

Market opening measures

Such measures are used to lower barriers to entry and could include: requiring the unbundling of elements of the package of services offered by funeral directors and/or crematoria, and proposing reforms to the planning regime and to the way in which approval for new crematoria is given.

NAFD view: *The CMA makes it clear in the full statement that the 'unbundling' of package prices by funeral firms is something the CMA will be considering.*

What does it mean for NAFD Members and how can you help?

This 18-month investigation will be searching, rigorous and challenging for every single funeral firm (as well as for the NAFD) and will include the CMA's assessment as to whether new regulations are required, covering every aspect of the way funeral directors work and what they charge.

The CMA's investigation is something that every NAFD member should be engaged with. Be ready to respond to our requests for information, be willing and ready to provide evidence to the CMA – and be prepared to examine your own businesses to see if you need to do things differently, just as the NAFD is currently examining every single process and activity to make sure it is fit for purpose for the future.

The role of the NAFD

The NAFD has already met with the CMA, and a small strategy group is now discussing what information the CMA will require from the

Association, and its members, and how the Association will respond.

We will respond to the CMA's requests for information, not only in writing, but at a formal hearing in the next couple of months, and we are likely to need members' assistance in providing this information. The CMA is also likely to ask to speak with a range of NAFD members directly to ensure it hears evidence from all types and sizes of funeral firms.

We see the NAFD's role as threefold:-

- Firstly, we will provide information to the CMA on aspects of how the funeral sector works to ensure the CMA has an accurate picture of all of the factors that affect the sector and the bereaved families you care for;
- Secondly, we will monitor the investigation process to ensure it is conducted fairly and robustly;
- And thirdly, we will be gathering, commissioning and releasing information that both promotes and protects the reputation of NAFD members during this challenging time and that seeks to ensure that NAFD

members and bereaved people are not unfairly impacted by the outcome of the investigation.

To help us prepare our response, we expect to reach out to a wide number of NAFD members for their views, support and evidence, including businesses of all sizes and ownership structures, as well as particular groups such as those with valuable experience of leading the profession, like the Association's diverse group of Past Presidents.

What else are we doing?

Tackling the negative media coverage that the CMA has inspired is a big challenge. We are not only briefing journalists ahead of publication (sometimes resulting in a comment being published, sometimes not), but also providing robust responses to every challenge laid at our door.

We are developing activities that will help you share your passion and dedication for funeral directing with the wider world, helping to broaden public understanding of funeral directing. Please support us in this endeavour, as it is not only designed to actively help you and your business to connect directly with the communities you care for, but also to help the public connect with funeral directors on a human and individual level.

CMA TIMETABLE

April to July 2019:

Publication of Issues Statement; initial information requests; initial submissions from main and third parties; site visits and hearings.

August to December 2019:

Publication/disclosure of relevant working papers.

January 2020:

Deadline for all parties' responses/submissions required before the Provisional Decision report.

February/March 2020:

Provisional Decision report.

March/April 2020:

Provisional Decision response hearings.

July 2020:

Final deadline for all parties' responses before final report.

27 September 2020:

Statutory deadline