

Name of meeting: Cabinet
Date: 21 August 2018
Title of report: Proposals to allocate funding for replacement cremators and ancillary equipment at both Dewsbury and Huddersfield Crematoria, update on recent procurement process for replacement cremators and maintenance contract.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes If yes give the reason why Investment of new cremation equipment will result in an investment exceeding £250k and approval to enter into a maintenance contract of up to 15 years.
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	Yes If yes also give the date it was registered: 11/05/18
The Decision - Is it eligible for "call in" by Scrutiny?	Yes
Date signed off by Strategic Director & name Is it also signed off by the Acting Service Director for Finance, IT and Transactional Services? Is it also signed off by the Service Director for Legal, Governance and Commissioning?	Karl Battersby - 10.08.2018 Eamonn Croston - 8.08.2018 Julie Muscroft - 13.08.2018
Cabinet member portfolio	Corporate - Cllr Graham Turner Communities & Environment - Cllr Naheed Mather

Electoral [wards](#) affected: All
Ward councillors consulted: N/A

Public or private: Public with Private Appendix

1. Summary

- 1.1 Bereavement Services operates 2 crematoria at Fixby Road in Huddersfield and Dewsbury Moor in Dewsbury.
- 1.2 The existing cremators at both sites are in excess of 23 years old and are experiencing increasing mechanical and operational failure and

requiring significant manual intervention, needless to say they are rapidly reaching the end of their useful life.

- 1.3 It should be noted that the decision was made in 2012 to retrofit mercury abatement plant onto the existing cremators in order to meet the anticipated legislative requirement to provide 100% abatement of cremations at both crematoria sites. The addition of mercury abatement plant allows an income stream from CAMEO on trading abated cremations.
- 1.4 This report seeks Cabinet's approvals to authorise funding from the Corporate Landlord Asset Investment budget for the delivery & installation of new cremator systems at Dewsbury Moor and Huddersfield Crematoria, to replace ageing and increasingly unreliable systems, which will provide continuity of service delivery once installed.
- 1.5 The successful tenderer will also be expected to provide maintenance for the new installations at both Dewsbury and Huddersfield locations which will require the Council to enter into a maintenance contract of up to 15 years.
- 1.6 In addition front of house improvements are planned for both crematoriums which will include improvements/upgrades to cold storage facilities, windows, some structural/building changes to the configuration of Dewsbury crematoriums all aimed at modernising an ageing asset, bring it up to present day standards.

2. Information required to take a decision

- 2.1 The current cremator equipment is inefficient to operate with replacement parts becoming more difficult to source, safety features at times becoming compromised leading to ever increasing manual intervention to ensure completion of effective cremations.
- 2.2 The Council has been planning for the replacement of the cremators over the past 12 months with a small project team undertaking research and investigations into the most cost effective solutions and routes of procurement.
- 2.3 The scope of works includes the following aspects:
 - 3 new cremators at the Huddersfield site (c.1800 cremations annually)
 - 2 new cremators at the Dewsbury site (c.1200 cremations annually).
 - On completion of works and defects liability period, that the maintenance contract becomes active
 - Modernisation and Condition Improvements to front of house and ancillary equipment to ensure the efficient operation of the cremation service.

Note - it is proposed to 'future proof' Dewsbury Crematorium by installing infrastructure to enable a 3rd cremator to be installed at a point in the future should this be required and can be funded, pending future increases in cremation numbers.

- 2.4 The overwhelming advice from suppliers in the market is that a complete replacement programme of both cremators and abatement plant would be the most cost effective solution to follow given the age of the current equipment. To try and retrofit to existing would provide a sub-standard mechanical solution which would be difficult to guarantee in terms of reliability, quality and legal compliance and could potentially cost more in the longer term.
- 2.5 The provision and installation of cremation equipment is a specialist and niche market, with only a small number of organisations operating within the industry.
- 2.6 Utilising the Yorkshire Purchasing Organisation Crematoria Solutions 2 (654) Framework was identified as the most cost effective and compliant route to seek expressions of interest and offers a number of benefits including:
- Fit of purpose – offers installation and a long term maintenance agreement
 - Allowance for terms to be tailored to the Council requirements
 - Four of the major market leaders included on the framework
 - Provides pre-vetting of suppliers.
- 2.7 Procurement commenced on 5th March 2018 with closing date for tender returns being 23rd April 2018.
- 2.8 On 5 March 2018 4no. suppliers on the Framework were invited and tenders were received from 3no. suppliers on 23 April 2018.
- 2.9 Evaluation criteria in the invitation to tender were on a most economically advantageous tender basis with 40% for price and 60% for quality.
- 2.10 A three week evaluation period took place, followed by an additional due diligence evaluation process which confirmed the successful supplier.
- 2.11 Standstill letters were issued to the successful and unsuccessful bidders week commencing 16th July 2018, with their appointment subject to Cabinet Approval.
- 2.12 The Standstill period was from Thursday 19th July 2018 until midnight on Monday 30th July 2018 during which time no challenge was received from any of the tenderers.
- 2.13 The contract has not yet been awarded as it is subject to the approvals contained within this Cabinet report

3. Implications for the Council

3.1 Early Intervention and Prevention (EIP)

3.1.1 Bereavement Services are there for families who are going through the loss of a loved one, it is therefore essential that the Council is there to give the right support at the crucial and difficult time for families who will expect nothing other than a stress free and respectful cremation service.

3.1.2 Working closely with funeral directors and families ensures that families are able to grieve without any worries about the process which is part of a cremation service.

3.1.3 This project to replace dated cremation equipment will give confidence in service delivery for some years to come.

3.2 Economic Resilience (ER)

3.2.1 Investing in replacement cremators at Huddersfield and Dewsbury crematoriums will enable the bereavement Service to continue to provide the residents of Kirklees an efficient and effective cremation service.

3.3 Improving Outcomes for Children

Not applicable.

3.4 Reducing Demand of Services

3.4.1 There will always be a demand on Bereavement Services for cremations across its two crematoria's at Dewsbury and Huddersfield.

3.5 Other - Legal Implications

3.5.1 Although cremation is not a statutory service, the Council is bound by a number of statutory requirements if it provides this operation, including the need to abate the crematorium emissions. In addition, cremation equipment must comply with the Environmental Protection Act 1990 and permits issued under this.

3.5.2 The procurement of new crematorium equipment and maintenance contract must comply with all relevant European and UK public procurement legislation, as well as the Council's own contract standing orders.

3.5.3 The council used the YPO Crematoria Solutions II (654) Framework agreement [valid 13th June 2016 to 13th June 2018 with the option to extend for an additional 12 months] which is an EU compliant agreement enabling the council to call off via a mini competition a contract with the successful bidder.

3.6 Financial Implications - Capital Investment

3.6.1. The purchase of replacement cremators, ancillary equipment and modernisation works at Dewsbury and Huddersfield Crematoriums is estimated to be in the region of £3.3m and will be funded from Corporate Landlord Asset Investment budget.

3.6.2 Funding Profile - Budget available for the project.

	2017-18	2018-19	2019-20	Total
Original allocation of £1.5m in CL budget	£0	£800,000	£700,000	£1,500,000
New allocation from Appendix E iii	£0	£300,000	£1,050,000	£1,350,000
Service Revenue Contribution to Capital (RCCO's)	£215,137	£234,863	£0	£450,000
	<u>£215,137</u>	<u>£1,334,863</u>	<u>£1,750,000</u>	<u>£3,300,000</u>

Note: Any underspend from 2017/18 to be rolled forward into 2018/19

3.6.3 This project is funded from Council borrowing, the revenue impact of funding £3.3m equates to £207,900 per annum revenue finance charges at 6.3% for a period of 20 years.

3.7 Risks

- 3.7.1 Without this modernisation, replacement and investment programme, the current equipment will further deteriorate with replacement parts becoming harder to source.
- 3.7.2 Apart from the resultant financial impact on the service, the reputational impact on the Council from many communities who rely on the cremation service at some point would be potentially significant.
- 3.7.3 Any subsequent delays in replacement of cremation units could also exacerbate the volume of breakdowns and increase service costs generating negative customer satisfaction and distress due to cancelled cremations.
- 3.7.4 Whilst the replacement programme is underway, there will be a limited service which will allow for cremations to continue albeit at a reduced number.
- 3.7.5 A communications strategy will be implemented to ensure funeral directors and families will be engaged prior, during and on completion of works.
- 3.7.6 There is the risk of procurement challenge however this has been mitigated by using an EU compliant tender process and following a robust tender evaluation process.
- 3.7.7 There is a risk of the contractor not meeting delivery timescales however this will be mitigated by proactive contract management through the JCT works contract.

3.8 Human Resources Implications

- 3.8.1 There are no staffing implications in relation to this investment.

4. Consultees and their opinions

- 4.1. Cllr Mather and Cllr Turner were consulted on Monday 23rd July 2018. Their comments are provided under Section 7.

5. Next steps

- 5.1. Subject to Cabinet approval of the recommendations below, the next steps would be:

- Award of contract and contractor appointment - August 2018;
- Pre contract commencement processes/procedures/compliance and contract mobilisation - September to November 2018;
- On site Installation - Dewsbury Crematorium - December 2018 for 20 weeks (until April 2019) with management of contract by teams within Physical Resources & Procurement (PRP);
- On site Installation - Huddersfield Crematorium - May 2019 for 20 weeks (until September **2019**) with management of contract by teams within Physical Resources & Procurement (PRP).

6. Officer recommendations and reasons

- 6.1 That Cabinet note the information in relation to the tender process as set out in the private appendix, timing for the works and the intention to appoint the successful bidder after the standstill period which concluded on 30 July 2018, to ensure compliance with the Council's Duty of Best Value and Contract and Financial Procedure Rules. To note the supply and install of 2no. new cremators and ancillary equipment at Dewsbury Moor initially followed by installation of 3no. new cremators and ancillary equipment at Huddersfield crematoria site in order to comply with emission controls; and enter into a 15 year Maintenance contract with the successful bidder [refer to Private Appendix for information on successful bidder] in order to ensure adequate ongoing maintenance of new cremators for a 15 years and to achieve continuity of service.
- 6.2 The report seeks authorisation of the allocation of £3.3m from Corporate Landlord Asset Investment budget to fund the investment in replacement of the existing cremators together with condition and modernisation works and the associated internal and external fees in relation to these works. With considerable demand on the cremation service with around 3000 cremations undertaken each year it is important that both the equipment and buildings are of a standard that will provide many years of continued service and that the buildings provide and promote a modern and functional facility for all.
- 6.3 That Cabinet delegate authority to the Service Director – Legal, Governance & Commissioning in consultation with the Service Director – Commercial, Regulatory & Operational services, to finalise and enter

into all appropriate contracts and documents in relation to the outcome of the tender process reported in the private appendix.

- 6.4 Approval to undertake front of house works via Kirklees Neighbourhood Housing Limited Property Services Teams.
- 6.5 That Cabinet note and approve the recommendations provided within the Private Appendix report under Section 6.

7. Cabinet portfolio holder's recommendation

- 7.1 Portfolio Holders are in support of the replacement programme for cremators and ancillary equipment and are also in support of the investment into the public areas at both Crematoria, both matters are considered to be long overdue investment. In terms of the investment in public areas, Portfolio holders would like to see investment in the dated public areas and signage amongst other areas in order to improve the visual impact of the Crematoria.
- 7.2 Portfolio Holders are supportive of the use of the existing YPO Framework as a procurement route and were reassured by the benchmarking information that was provided (see Private Appendix for further information).
- 7.3 Portfolio Holders are keen to be part of the communications strategy and to be informed regarding key installation dates which may impact upon the service for the public.

8. Contact officer and relevant papers

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9. Background Papers and History of Decisions

Please refer to the Private Appendix to this report which provides further background information on the project.

10. Service Director responsible

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