

# Report of the Strategic Director Place to the meeting of Regeneration and Environment Overview and Scrutiny Committee to be held on 9 July 2019

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## **Subject:**

**Contracts over £2m  
Crematoria Investment Programme  
Tenders for Refurbishment of Oakworth Crematorium and Procurement of 5 New Cremators**

## **Summary statement:**

The Council's adopted Bereavement Strategy identifies the need to invest in crematoria provision. The first major project involves the refurbishment of Oakworth crematorium at an estimated cost of £2.75m. The overall programme will require up to 5 new cremators at an estimated cost of £3.5m.

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## **Portfolio:**

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## **Overview & Scrutiny Area:**

Regeneration & Environment

## 1. SUMMARY

The Council's adopted Bereavement Strategy identifies the need to invest in crematoria provision. The first major project involves the refurbishment of Oakworth crematorium at an estimated cost of £2.75m. The overall programme will require up to 5 new cremators at an estimated cost of £3.5m.

## 2. BACKGROUND

### 2.1 Governance

The Executive adopted a strategy for the Bereavement Service in November 2016 covering future development of the Council's cemeteries and crematoria with an indicative capital requirement of £17m.

The delivery of the strategy is managed through the Bereavement Investment Board comprising senior Council Officers from Finance, Legal, Estates, Procurement & Planning and chaired by Phil Barker (AD for Sport and Culture), the Project Sponsor.

Regular reports on delivery of the adopted Bereavement Services Strategy have been received by the Executive including the following resolutions:-

#### 10 July 2018

*(1) That the procurement of external specialist resources to complete the feasibility stage for all 5 identified sites and, subject to further approval, deliver progress to RIBA stage 3 for the design and build of two new crematoria be approved.*

*(5) The Strategic Director Place be given delegated approval of spend in consultation with the S151 officer to upgrade the crematory at Oakworth Crematorium, to include mercury abatement, at the earliest opportunity*

#### 8 January 2019

*(3) That the Strategic Director Corporate Services be instructed to commence land acquisition negotiations for the two sites specified within Not for Publication Appendix 2 of Document "AL" up to the option to buy stage*

*(4) That the procurement of external specialist resources to complete the feasibility stage for the remaining 4 identified sites and subject to further approval, deliver progress to RIBA stage 3 for the design and build of two new crematoria be noted and welcomed.*

#### 11 June 2019

10.1 *That the revised cost estimate for the refurbishment of Oakworth crematorium at £2.75m be approved*

10.2 *That the implementation of Phase II works by Rex Procter & Partners to administer the refurbishment of Oakworth Crematorium and produce detailed design and tenders for the building of two new crematoria be approved*

## **2.2 Crematoria**

Some 80% of the Bereavement Service's funeral activity relates to cremation (circa 3000 annually) through the 3 existing crematoria all of which are aged with all cremators 5/6 years beyond their recommended life span. The cremators fail to comply with DEFRA's current air quality emission requirements as they are not fitted with mercury abatement equipment.

The delivery of improved and sustainable crematoria services is now not only business critical due to the condition and age of the existing facilities and cremators but also central to the Councils aspirations to provide the best level of service to its residents

The key recommendations within the bereavement strategy therefore relate to the provision of sustainable, modern, fit for purpose crematoria to enhance the service provision for the District's residents. The preferred delivery method is to build two new crematoria to replace the Scholemoor and Nab Wood facilities, whilst Oakworth will be refurbished.

Three of the 4 sites identified for possible new facilities are located on privately owned land and remain the preferred sites for the development of the new facilities.

## **2.3 Progress Update**

The Phase 1 report from the external specialists has recently been received after an extension was agreed to reflect a significant design brief change for Oakworth crematorium. The client brief required concept design and provisional high level cost estimates to be provided at this stage and the following update is based on this information.

### **Refurbishment of Oakworth Crematorium**

Following receipt of standard dimension details from cremator manufacturers it became clear at an early stage that ceiling heights within the existing crematory/office space were inadequate to house new cremators. Analysis of the required structural change to lift both ceiling and roof heights determined that demolition and rebuilding of the crematory would be more cost efficient as well as reducing the area of surrounding land to be incorporated to house the new equipment. However, the extent of this additional building work has increased the project costs.

The existing meeting room and service hall/chapel will remain in place.

A further advantage of this approach lies in the opportunity to offer significant improvements to the visitor experience through the provision of a separate exit to the service hall and the relocation of the catafalque to a more central position without the loss of any seating. Mourners will exit into a glazed 'winter garden' space, similar in look to that of the waiting room, but located at the opposite side of the service hall. This new layout also allows for a viewing window to be incorporated into this exit room for use as required.

Redesign of traffic movement, car parking and landscaping has allowed for a new green/flower area linking the 'winter garden' to the parking area on a separate pathway from that used to approach the waiting room. A new vehicular exit from the crematorium is planned to further improve the flow of traffic currently required to enter and exit using the same somewhat inadequate gateway.

The replacement building will allow a new public reception facility and limited work space remote from the service hall to secure a contact point and office presence within the Keighley area should the decision be made to relocate all office staff to one of the new crematoria.

The crematory will be built to house a replacement cremator but future proofed to an extent for the provision of a second cremator should activity levels demand; it is generally acknowledged that one cremator is adequate for up to 1000 cremations a year and the existing level is between 600 and 650.

A planning application has been submitted with a decision date expected in August. It is acknowledged that changes may not only be required following this process but also after consideration of the detailed costing. The latest high level estimate for this significantly enhanced project stands at £2.75m compared to the base estimate of £2m in 2016 (the latest estimate includes for the provision of one cremator at a cost of £700k).

### **New Cremators & Abatement Equipment**

A total of 5 new abated cremators will be required across the 3 proposed sites over the next 4 years. Best Value considerations in terms of purchase, operating and maintenance costs clearly suggest a single procurement exercise with call off provision when required within each of the construction programmes.

The lead time currently quoted is between 6 and 9 months requiring a tender to be issued during the next 4 weeks to ensure the first machine will be available at the appropriate time during the refurbishment programme for Oakworth.

It is anticipated that the overall cost for procuring the 5 new cremators will be in the region of £3m to £3.5m.

### **New Crematoria**

A significant amount of work has been undertaken to arrive at an architectural concept design for the new crematoria including outline proposals for structural design and mechanical/electrical services to allow high level cost estimates.

The current design incorporates the vast majority of the aspirational list of features included in national guidelines together with those drawn up by existing staff with local funeral directors. The potential threefold increase in capacity of the new service halls together with the provision of separate rooms for viewing of the deceased and witness charging reflect major elements of local consultation outcomes with Hindu and Sikh representatives.

Subject to ground conditions, detailed design/specification and final selection of sites the total on-site building costs range between £7.7m and £9m for each new facility.

### **3 PROCUREMENT CONSIDERATIONS**

#### **3.1 Oakworth Crematorium Refurbishment (£2.75m)**

It is the intention of the Service to use a Design and Build contract for the delivery of the refurbishment project. The tender process will utilise the newly created Bradford Framework for Construction in line with the Councils Standing Orders.

The contract will be administered and managed by Rex Proctor & Partners, already employed to provide specialist design and project management services for the entire crematoria programme over a four year period.

#### **3.2 Cremator Procurement (£3.5m)**

Best Value considerations in terms of purchase, operating and maintenance costs clearly suggest a single procurement exercise with call off provision when required within each of the construction programmes.

It is, therefore, currently expected that the procurement of new cremators will be undertaken using the YPO (Yorkshire Purchasing Organisation) 'Crematoria Solution II' framework agreement subject to final confirmation that timescales are compatible. Work to develop a bespoke framework contract for CBDMC has also been undertaken should it be required.

The framework was established by YPO to ensure that Local Authorities have a compliant route to market to comply with the UK legislation relating to "Control of Mercury Emissions from Crematoria". It is a Supplies and Services Framework Agreement, procured under the open procedure, which allows for additional works elements to be incorporated should they be required.

#### **3.3 Social Value**

Both proposed contracts will include Social Value as 10% of the overall marks available in the evaluation of bids, as prescribed within the Council's policy.

At least one objective from each of the Social Value Sets (Business Dynamism, Good Jobs, Human Development and Social Cohesion) will be included within each contract with the following as indicative at this stage:-

- Support the Bradford local economy by spending 25% of total expenditure in the local supply chain
- Support Bradford young people into work by delivering employability support (e.g. CV advice, mock interviews, careers guidance) to 5 school and college students
- Coordinate and run a Bradford befriending scheme to reduce social isolation, and prevent the consequences of social isolation for 3 older people
- Provide 25 hours volunteering to support Bradford based community projects

and activities.

#### **4. FINANCIAL & RESOURCE APPRAISAL**

The adopted Bereavement Services Strategy identified a compelling case for significant and immediate capital investment in the Council's Crematoria to ensure that the residents of Bradford District retain a service that is fit for purpose. A planned and phased approach to such investment is required to mitigate against the possibility of partial service failure causing further significant pressure on the quality of service delivered.

The indicative capital requirement to deliver the Strategy was agreed by Executive in November 2016 at £16m for the crematoria projects below:-

- Refurbishment of Oakworth Crematory
- Two new crematoria to replace Scholemoor and Nab Wood

This figure for crematoria investment, based on 2016 costs, did not include for the increasing complexity of the project, particularly in terms of identifying suitable sites for new facilities and the potential acquisition costs. Furthermore, there was no allowance made to cover the additional specialist resources required to deliver the programme.

The high level indicative cost for the refurbishment of Oakworth is £2.75m, which is £750,000 greater than the estimated figure in November 2016. The cost for entering Phase II works with Rex Proctor is £501,000 together with an estimated £75,000 required for internal specialist resources and fees during the next phase.

Financial analysis has been undertaken for crematoria investment (as a whole) to ensure the following:

- That where service prudential borrowing is required (where total costs exceed £16m) it be managed within the service, without creating pressure on existing revenue budgets.
- That the project in its entirety does not place additional strain on the Council finances (specifically capital financing costs) as a whole.

The outcome of this analysis, based on the current information available, demonstrates that the entire crematoria programme will generate a net cash flow surplus of £380k (£289k in discounted terms), over a 30 year period.

#### **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

- 4.1 Any significant and lengthy failure in the provision of a cremation service would cause both reputational and also financial damage to the Council.
- 4.2 Land acquisition had not yet been agreed for either new site and costs included to date may be inadequate. The instigation of compulsory purchase is being actively considered to run in parallel with the land negotiations to

ensure the required outcomes.

- 4.3 The scheme has been referred to the Council's taxation advisor in order for VAT and the council's VAT partial exemption risks to be accounted for in the forward programme.
- 4.4 Before the Council legally commits to each build stage of the project, further reports, including a full review of the cost modelling together with all risks and the actions proposed to mitigate these risks, will be brought to the Council's Project Appraisal Group (PAG) for consideration.
- 4.5 The overall Crematoria Investment Programme was approved by PAG (Project Appraisal Group) on 19 July.

## **6. LEGAL APPRAISAL**

- 5.1 The Cremation (England & Wales) Regulations 2008 requires that a cremation authority must ensure that a crematorium is maintained in good working order.
- 5.2 Further, the cremation of human remains is also governed by the Environmental Protection legislation with regard to emissions from cremator operation. The level of emissions must be recorded to allow annual certification by the local Environmental Health office. Crematoria across England & Wales have been required to abate emissions of Mercury by 50% (of 2003 levels) since 31 December 2012.
- 5.3 All procurement activity must be undertaken in accordance with Council's Contract Standing Orders and in line with internal governance requirements.

## **7. OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

The Bereavement Services Strategy aims to deliver the objectives of the Council's Organisational Equalities Culture by ensuring services are well run, fit for purpose, and fair and inclusive in their approach.

The Strategy recognises and supports equality of opportunity between different groups, particularly religious in nature, through provision of relevant, accessible and in some cases bespoke services.

An Equality Impact Assessment (EIA) is in place.

### **7.2 SUSTAINABILITY IMPLICATIONS**

The strategy seeks to deliver the most sustainable service achievable over a 30-40 year period and beyond through a programme of capital investment.

The proposed new crematoria will be designed to include energy reduction and recovery systems together with more efficient cremators to reduce both fuel use and carbon footprint.

### 7.3 GREENHOUSE GAS EMISSIONS IMPACTS

The Council's 6 cremators currently fail to comply with DEFRA's air quality emission requirements as they are not fitted with mercury abatement equipment. The strategy, when implemented in full, will include filtration equipment to all cremators in line with these regulations which aim to abate emissions of Mercury by 50% (of 2003 levels).

### 7.4 COMMUNITY SAFETY IMPLICATIONS

There are no known Community Safety Implications arising from this report.

### 7.5 HUMAN RIGHTS ACT

There are no known Human Rights Implications arising from this report.

### 7.6 TRADE UNION

There are no TUPE considerations or significant staffing implications arising from this report although the Trade Unions will be consulted as required through the Council's IR Framework.

### 7.7 IMPLICATIONS FOR CORPORATE PARENTING

There are no known corporate parenting implications arising from this report.

### 7.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

Implementation of the Bereavement Service strategy will not affect the current and compliant processes in place to ensure privacy of personal data in accordance with the legislation in place.

### 7.9 SOCIAL VALUE

The Public Services (Social Value) Act 2012, allows the Council like any other public body to consider the social, economic and environmental benefits of their approach to the procurement of a public contract before the process commences.

At its meeting of Tuesday, 21 March 2017 the Council determined to consider inclusive growth through Social Value in all public procurement. Whilst the Act is specifically applicable to 'over EU threshold' services contracts, the Council holds that it is good practice to consider a scalable and proportionate application of the principles of Social Value to any contract of any value.

Contract award criteria shall be assessed using the evaluation criterion set out in the Council's template procurement documents.

## 8. NOT FOR PUBLICATION DOCUMENTS



None

**9. RECOMMENDATIONS**

REOS note that the Strategic Director, Place will be entering into the following two contracts valued over £2m and that the matter has been duly reported in accordance with the Council's Constitution:-

Oakworth Crematorium Refurbishment  
Cremator Procurement

**10. APPENDICES**

N/A

**11. BACKGROUND DOCUMENTS**

N/A