

Report of the Strategic Director, Place to the meeting of the Executive to be held on 1st February 2022

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NOT FOR PUBLICATION

Appendix A is marked 'Not for Publication' on the grounds that it contains exempt information within paragraph 3 (Information relating to Financial or Business Affairs) Schedule 12 A of the Local Government Act 1972 (as amended) and the public interest in applying this exemption outweighs the public interest in disclosing the information.

Subject:

Bereavement Services Strategy – Crematoria Programme Update

Summary statement:

A progress update on delivery Crematoria within the adopted Bereavement Strategy.

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.

Jason Longhurst – Strategic Director, **Portfolio:**
Place

Healthy People and Places

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Overview & Scrutiny Area:

Regeneration and Environment

1 SUMMARY

To provide an update on the delivery of Crematoria within the adopted Bereavement Strategy including increases in the programme costs and to request approval for additional funding for the programme.

2 BACKGROUND

The Bereavement Services Strategy was adopted in November 2016 covering future development of the Council's cemeteries and crematoria, including the refurbishment of Oakworth Crematorium and new provision in Heaton and Bierley.

There have been previous executive reports (with decisions taken) presented in:

- November 2016
 - That the Strategic Director Environment & Sport, in consultation with the Director of Finance be instructed, to develop a business plan for implementation of the Bereavement Strategy including the necessary capital investment plan up to and including 2018.
 - That the Director of Finance be authorised to ensure the financial requirements of the Bereavement Strategy are incorporated in the Council's future capital investment plan.
- July 2018
 - Approve 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.
 - Delegate approval of spend to the Director of Place in consultation with the S151 officer to upgrade the crematory at Oakworth Crematorium, to include mercury abatement, at the earliest opportunity
- June 2019
 - That the revised cost estimate for the refurbishment of Oakworth crematorium at £2.75m be approved
 - 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
- November 2019
 - To delegate approval of spend to the Strategic Director, Place in consultation with the S151 officer for the construction of the first new crematorium within Heaton at a cost of £9.1m subject to land acquisition and planning permission.
 - The implementation of Phase 3 and 4 works by Rex Procter & Partners to finalise the designs for the new crematoria and administer the subsequent building contracts
- January 2020
 - To delegate approval of spend to the Strategic Director, Place in consultation with the S151 officer for the construction of the second new crematorium within Bierley at a cost of £10.5m subject to land acquisition and planning permission.
- October 2021
 - Approval for the Strategic Director, Place in consultation with the Director of Finance & IT to award the contract to the successful tenderer for the construction of Heaton Crematorium as detailed in

- this report within the overall programme budget of £23 million.
- A further report to be presented to the Executive on the costs for Bierley Crematorium in due course.

3 PROGRESS UPDATE

In October 2021 this committee was provided an update that detailed cost increases that were impacting the delivery of the proposed Crematorium in Heaton.

The report detailed that due to volatility in the current construction market it was anticipated that these tender returns would come in significantly higher than the original estimate.

Following validation and full evaluation of the returns, the value of the construction contract was to be £1.9 million (27%) over the original cost estimate at £8.8million.

Subsequent to that report work has continued to deliver the scheme that is proposed for Bierley. This has included progressing with negotiations to purchase the land identified and required for the development and continuing with design work to prepare a scheme ready to be tendered.

4. FINANCIAL & RESOURCE APPRAISAL

Due to volatility in the construction market it was anticipated that the tender returns would come in significantly higher than was estimated. Over the past 2 years a number of issues have conflated to increase demand and subsequently prices in the construction industry. Issues such as Brexit, Covid, haulage driver shortages and supply chain issues have been key influencers in this regard.

According to the latest data provided by the Department for Business, Energy and Industrial Strategy (BEIS), the price of imported sawn or planed wood jumped by more than a fifth between June and July 2021. The material is now more than 64 per cent more expensive than it was in July 2020. BEIS data also demonstrated that the price of fabricated structural steel increased by 13.5 per cent in the first quarter of 2021. This is reported as the biggest jump in cost since the government asked the Construction Leadership Council to keep tabs on material shortages and costs earlier this year. The price of structural steel is now 31.8 per cent higher than it was in April 2020. Overall material prices were up 20.1 per cent higher in July 2021 compared to 12 months ago and have jumped 4.5 per cent since June.

There was, therefore, a reasonable expectation that the returned tender bids for the construction the new Crematorium at Heaton and Bierley would exceed the historically estimated figure.

The approved overall cost estimate for the crematoria investment programme currently stands at £23m to deliver the refurbishment at Oakworth and two new crematoria using external specialist resources and including an allowance for future inflation.

Project estimates originally reported to Executive prior to January 2020:-

• Oakworth	£2.75 million
• Heaton	£9.1 million
• Bierley	£10.5 million
• Professional services	£0.65 million
• Total	£23.00 million

Each individual project estimate is made up from a number of elements, the construction cost being the most significant. However, there are a number of other costs including major ones such as the acquisition of land and procurement of cremators within each project estimate.

With the inflationary pressures detailed above the current projected costs are:

• Oakworth	£3.0 million
• Heaton	£11.9 million
• Bierley	£14.8 million
• Total	£29.7 million

It should be noted that aside from the inflationary pressure detailed previously in this report the programme has also had to absorb costs from a variety of other factors:

- Professional services have been apportioned to the individual projects
- Oakworth – Additional works carried out to improve the retained chapel floor, roof and ceiling, est. £63,000
- Oakworth – Additional works to improve the retained waiting room roof and windows, est. £105,000
- Heaton – For original budgeting purposes the estimated cost of the land was assumed at £575,000 but given market interest and in order to secure the land by private treaty the amount paid including acquisition costs was £900,000.
- Bierley – For proposed terms of the land acquisition, please refer to Appendix A “Not for Publication” on the grounds that it contains exempt information within paragraph 3 (Information relating to Financial or Business Affairs) Schedule 12 A of the Local Government Act 1972 (as amended) and the public interest in applying this exemption outweighs the public interest in disclosing the information.
- Bierley – Inflation has been assumed to be applicable to the construction cost element (£9.2m) and is assumed at 10% over an 18-month period.

There is a contingency of approximately £500k included at both Heaton and Bierley.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 5.1 Should the programme be halted at this point there would be significant impacts upon Bereavement Services. Not only from a financial perspective, but also offering significant reputational risk to the Council.
- 5.2 This issue has already been reported to the Council’s Project Appraisal Group (PAG) for consideration. It is their opinion that the construction cost rises are

prevalent across the industry and that with a re-profiling of borrowing then the programme remains affordable to the Council.

- 5.3 It is anticipated that there will be further inflationary pressures within the construction industry over the next 12-18 months. Any delays to the delivery of the programme will in all likelihood see costs further escalating and greater pressure on delivery of the proposed scheme.

6. LEGAL APPRAISAL

- 6.1 All procurement activity must be undertaken in accordance with Council's Contract Standing Orders and in line with internal governance requirements.
- 6.2 Note that the Executive had on 7 January 2020 agreed in principle to a Compulsory Purchase Order being made pursuant to Section 226(1)(a) of the Town and Country Planning Act 1990 (as amended by Section 99 of the Planning and Compulsory Purchase Act 2004), Section 1 of the Localism Act 2011 and the Acquisition of Land Act 1981 and all other relevant and enabling powers, to secure the compulsory acquisition of the land as detailed in the report of the 7 January 2020.
- 6.3 The Council has been negotiating with landowners to acquire land by private treaty where possible rather than pursue acquisition via Compulsory Purchase Order (CPO) route. The terms negotiated for Bierley which requires consideration by the Executive is set out in Appendix A "Not for Publication" on the grounds that it contains exempt information within paragraph 3 (Information relating to Financial or Business Affairs) Schedule 12 A of the Local Government Act 1972 (as amended) and the public interest in applying this exemption outweighs the public interest in disclosing the information

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.

Project officers in formulating and promoting a CPO have so far and at this stage, also had regard to the Council's statutory duties and obligations under the Equality Act 2010 and in particular, to the Council's obligations under Sections 149 and 150 of the said Act, by taking into account the differential impact a CPO might have on various groups of persons with protected characteristics. As a result, project officers are satisfied that no negative impact upon any protected social groups has been identified.

In addition, both schemes aim to maximise public access by being, fully DDA/Equality Act compliant and dementia friendly, with plans to consult and engage all relevant stakeholder groups throughout the design process

An Equality Impact Assessment has been included in previous reports to this committee.

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 crematorium 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 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.

8. NOT FOR PUBLICATION DOCUMENTS

Appendix A – Bierley Land Acquisition Terms

9. OPTIONS

Option A - Officers are instructed to progress with delivery of the scheme at Bierley and to utilise additional capital funding up to a value of £29.7million.

Option B - Delivery of the scheme at Bierley is halted until market conditions stabilise and the project can be delivered at a significantly lower value than is currently anticipated. There is no indication that there will be a return to prices of pre pandemic / Brexit levels and inflationary pressure are likely to continue.

10. RECOMMENDATIONS

That the Executive approves the following recommendations -

- 10.1 Approval for the Strategic Director, Place in consultation with the Director of Finance & IT to progress with the delivery of the Bereavement Investment Plan as detailed in this report within a revised overall programme budget of £29.7 million.
- 10.2 Approval for the Strategic Director of Place in conjunction with the Strategic Director of Corporate Resources and in consultation with the City Solicitor to agree and finalise the terms of the acquisition of the land at Bierley as set out in Appendix A.

11. APPENDICES

Appendix A – Bierley Land Acquisition “Not for Publication” on the grounds that it contains exempt information within paragraph 3 (Information relating to Financial or Business Affairs) Schedule 12 A of the Local Government Act 1972 (as amended) and the public interest in applying this exemption outweighs the public interest in disclosing the information.

12. BACKGROUND DOCUMENTS

Executive Reports of:

- November 2016
- July 2018
- June 2019
- November 2019
- January 2020
- October 2021

