



Report of the Strategic Director, Place to the meeting of Regeneration and Environment Overview and Scrutiny Committee to be held on 26th July 2022

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Subject:

Bereavement Services Strategy – Crematoria Provision Update
Proposed Construction of New Crematorium in Bierley

Summary statement:

This report provides a brief overview of progress to deliver the Council's crematoria investment programme and requests the committee to note the intended spend in excess of £2m to construct the second new crematorium in Bierley.

Equality and 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.

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Portfolio:

Healthy People and Places

Overview & Scrutiny Area:

Regeneration and Environment

1. SUMMARY

This report provides a brief overview of progress to deliver the Council's crematoria investment programme and requests the committee to note the intended spend in excess of £2m to construct the second new crematorium in Bierley, the anticipated construction costs (including access) for the new crematorium is circa £ 10.5m.

2. BACKGROUND

2.1 Programme Update

The Strategy, adopted in late 2016, identified the challenges facing the Service and provided clear direction to enable the council to efficiently focus its resources, both capital and revenue, to deliver a sustainable service over a 15-20 year period. The Strategy is focussed upon improvements in service delivery to the public and includes, at its core, the need for infrastructure investment to prevent potential service failure. The major element of this investment will be required for the Council's 3 crematoria.

The districts crematoria buildings are all over 100 years old with Scholemoor built in 1905 as the only purpose built crematorium. All the existing sites have limited facilities and capacity, particularly within the chapels, whilst access to both Nab Wood and Scholemoor is less than satisfactory. The districts existing six cremators, three at Scholemoor, two at Nab Wood and one at Oakworth together with the ancillary equipment were over 20 years old and operating 7 years beyond the manufacturer's stated working life. None of the cremators had mercury filtration equipment fitted.

The adopted delivery programme sees the intended replacement of Scholemoor Crematorium with a new purpose built facility at Bierley, central to the communities currently making the greatest use of Scholemoor.

Also a new crematorium at Heaton, which is currently under construction will replace the one at Nab Wood, both in similar geographical locations to serve residents in the centre of the district.

Oakworth Crematorium has already been successfully refurbished in line with the strategy by Bradford contractor Bermar. The building has been significantly extended to accommodate the new cremator and ancillary filter equipment whilst retaining the existing service hall/chapel. This refurbishment was completed in March 2022.

2.2 Governance Timeline

Executive July 2018 – Approved the procurement of external specialists to complete the options appraisal for 5 identified new crematoria sites and subject to further approval, deliver progress to RIBA Stage 3 (Detailed Design) for the design and build of two new crematoria. Also delegated 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

Executive June 2019 – Approved the revised and increased cost estimate for the refurbishment of Oakworth crematorium at £2.75m.

REOS July 2019 – Considered and noted the intentions to enter into two contracts for the refurbishment of Oakworth crematorium (£2.75m) and also to procure 5 cremators (estimated £3.5m).

Committee noted that Best Value considerations in terms of purchase, operating and maintenance costs led to the decision to adopt a single procurement exercise for cremators with call off provision when required within each of the construction programmes.

Procurement considerations were also covered with the intention to use the Bradford Framework for Construction to tender the refurbishment works at Oakworth and the YPO framework for procurement of the cremators.

Executive November 2019 - Delegated 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

Executive approved the proposal that all necessary action be taken to negotiate the acquisition of the required land whilst also approving, in principle, the use of Compulsory Purchase if necessary.

Also approved 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.

Executive January 2020 - Delegated 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 £10.3m subject to land acquisition and planning permission

Executive approved the proposal that all necessary action be taken to negotiate the acquisition of the required land whilst also approving, in principle, the use of Compulsory Purchase if necessary.

REOS December 2020 - Considered and noted the intentions to enter into a contract for the construction of Heaton crematorium.

Procurement considerations were covered with the intention to use the in house General Contractors Framework for Construction to tender the construction works.

Executive 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 the 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.

Executive February 2022 - 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 the report within a revised overall programme budget of £29.7 million.

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

3. REPORT ISSUES

3.1 Proposed Procurement Protocol

Due consideration was initially given to the procurement of both new build contracts within a single procurement exercise, however the developing time lag between projects and the need to progress the programme mitigated against such an approach.

In order to achieve best value, it was determined to employ a model contract to deliver a design and build contract for Heaton. A similar approach is intended for Bierley and tenders will be invited through the Council's own general contractors framework with a quality/price evaluation process to include assessment of proposed social value contributions by each tenderer.

Use of the Council's framework is compliant with the requirements of Contracts Standing Orders:

Section 5 In all instances the procurement of works, goods or services should be done through existing approved arrangements where they exist. These include:

Section 5.1.2.1 The use of Council Corporate Contracts / Framework Agreements / DPS awarded by the Council shall be considered in the first instance in consultation with the Head of Procurement for all works, goods and services that have been included in the scope of those arrangements.

The framework ensures compliance with the Council's Contract Standing Orders and the Public Contracts Regulations by providing an opportunity for competition with a pre-vetted, restricted supply base. It allows Officers to call-off Contractors in a timely manner. These contractors have been robustly vetted at the outset of the framework; and call-offs allow for competitive pricing tailored to the size and complexity of the works project to achieve the best price at the time of the

requirement of the works. This will further ensure corporate compliance by using set procedures and documentation.

Furthermore, the use of the framework will deliver best value and commercial gain as the opportunity will only be open to the contractors appointed to the framework, creating competitive tension between the bidding contractors, as each has a reasonable chance of success. Bidding for a large construction contract is a timely and expensive activity for contractors and when bidders have knowledge that the competition is of known size then typically they are more prepared to bid.

Officers have undertaken a pre-tender engagement exercise within the framework. Of the 8 contractors on the framework 4 responded to say that the opportunity was of interest to them and they provided feedback on their preferred contracting method as can be seen in the section below.

3.2 Form of Contract.

The current volatility and inflationary pressures within the construction industry have been considered and pre-tender engagement with contractors has been carried out.

2 forms of contract are under active consideration by officers and our professional services team working on the project. These are:

- NEC3 Option A – a fixed price contract. Whilst this gives a set contract price at tender, contractors are likely to price in for an element of risk due to potential inflation in the construction industry.
- NEC3 Option C – a contract where a target price is set and aimed for, there are mechanisms in place to share, or limit the risk of price increase and share the benefit of savings below the target cost. This does not give price certainty, but helps potentially mitigate some of the risk of inflation. This contract is harder to administer and does come with additional contract management costs.

Using their experience and prior to tender, a decision will be taken by officers on the most appropriate form of contract based upon prevailing market conditions.

4. FINANCIAL & RESOURCE APPRAISAL

Financial analysis has been undertaken for the required £29.6m investment to deliver the entire programme and ensure that the service prudential borrowing required of £7m is managed within the service, without creating significant pressure on existing revenue budgets.

The outcome of the financial analysis, based on the current information available, demonstrates that the service can fund the prudential borrowing repayments for the additional capital investment required. Furthermore the results demonstrate that the projected increased capital spend will not create pressure on Council capital financing costs and will generate a modest net cash flow surplus over a 30 year period.

The financial modelling base case underpinning this analysis requires that cremation prices will rise, at a rate of 3% above inflation, from 01/04/2020 for a period of 5 years – the initial above inflation price rises have been implemented to create a reserve provision.

The anticipated construction costs (including access) for the new Bierley crematorium is circa £10.5 m.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 5.1** Any significant and lengthy failure in the provision of a cremation service would cause both reputational and also financial damage to the Council.
- 5.2** The land acquisition has not yet been completed for the Bierley site although Heads of Terms have been agreed. The use of compulsory purchase powers will, if required, assist in achieving the desired outcomes and will run in parallel with the negotiations.
- 5.3** In seeking revised planning permission for Bierley, which sits within the green belt, the Council will need to demonstrate that '*the harm to the Green Belt, and any other harm, is clearly outweighed by other considerations so as to amount to the very special circumstances necessary to justify the proposal*'. The indicative view of the Council's Major Developments Senior Planning Officer is positive with the proposals to date and the approach taken to achieve permission whilst an external specialist planning consultant has also been engaged to specifically advise on the revised planning application.
- 5.4** The investment programme has been referred to the Council's taxation advisor in order for the council's VAT partial exemption risks to be accounted for in the forward programme. The final timings for construction of the new crematorium may need to take due consideration of the outcomes of this analysis.

6. LEGAL APPRAISAL

- 6.1** The Cremation Act 1902 provides for a local authority to own and operate cemeteries and crematoria and charge such fees as they see fit. In addition to this, the legislation extends to statutory requirements for keeping registers for burial and cremation together with site plans.
- 6.2** The Cremation (England & Wales) Regulations 2008 also requires that a cremation authority must ensure that a crematorium is maintained in good working order.
- 6.3** 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.
- 6.4** The procurement for the new crematorium at Bierley will be carried out accordance with Contract Standing Orders.

7. OTHER IMPLICATIONS

7.1 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.

7.2 Greenhouse Gas Emissions Impacts

Five of the six Council 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). The facilities will be market leading by also using nitrous oxide abatement technology.

7.3 Community Safety Implications

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

7.4 Human Rights Act Implications

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

7.5 Trade Union Implications

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.

7.6 Ward Implications

The project is taking place in the Tong Ward. Ward Members have been in regular contact with the project team through the development of the scheme.

7.7 Implications for Children and Young People

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

7.8 Issues Arising from Privacy Impact Assessment

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

None

9. RECOMMENDATIONS

That the committee: -

- 9.1 Welcomes and supports the progress made to date on delivering the crematoria investment programme within the Council's Bereavement Services Strategy.
- 9.2 Notes the intention to tender the construction of a new crematorium at Bierley at a value in excess of £2m, the anticipated construction costs (including access) for the new crematorium is circa £10.5 m.

10. APPENDICES

None

11. BACKGROUND DOCUMENTS

Bereavement Services Strategy 2016-2031