

## Notice of Key Executive Decision

<b>Subject Heading:</b>	Direct award a contract for the replacement of the cremators at South Essex Crematorium
<b>Cabinet Member:</b>	Councillor Viddy Persaud – Cabinet Member for Public Protection and Safety
<b>SLT Lead:</b>	Barry Francis - Director of Neighbourhoods
<b>Report Author and contact details:</b>	Lee Macey – Crematorium and Cemeteries Operations Manager Telephone: 01708 434425 Email: <a href="mailto:Lee.Macey@havering.gov.uk">Lee.Macey@havering.gov.uk</a> Ian Saxby – Head of Technical Services Telephone: 01708 433529 Email: <a href="mailto:Ian.Saxby@onesource.co.uk">Ian.Saxby@onesource.co.uk</a>
<b>Policy context:</b>	South Essex Crematorium carries out just over 3,000 cremations each year. If the Council wishes to continue to offer a cremation service within Havering and neighbouring boroughs, provision must be made for the replacement of the current cremators, which are reaching the end of their lifespan.
<b>Financial summary:</b>	This report seeks authorisation to award a contract up to the value of £1.4million contained within the overall budget of £1.5million. £1,250,000 of this as previously agreed by Cabinet as part of the Council's Medium Term Financial Strategy, with the shortfall of £250,000 being funded from the Bereavement Services Reserves
<b>Reason decision is Key</b>	Expenditure or saving (including anticipated income) of £500,000 or more.
<b>Date notice given of intended decision:</b>	January 2021
<b>Relevant OSC:</b>	Overview and Scrutiny Board
<b>Is it an urgent decision?</b>	No
<b>Is this decision exempt from being called-in?</b>	No

### The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input checked="" type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

## **Part A – Report seeking decision**

### **DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

This paper aims to seeks authorisation to:

- 1) Direct award a contract to Facultatieve Technologies Limited, at a maximum value of £1.4 million with an estimated completion date of August 2021.

### **AUTHORITY UNDER WHICH DECISION IS MADE**

Paragraph 3.3 of the London Borough of Havering Constitution (Powers of Members of the Senior Leadership Team) '(Contract powers) authorising members of the SLT to award all contracts with a total contract value of between £500,000 and £5,000,000 other than contracts covered by Contract procedure Rule 16.3.

### **STATEMENT OF THE REASONS FOR THE DECISION**

The South Essex Crematorium (SEC) provides a bereavement service and carries out over 3,000 authorised cremations per year, serving the local residents of Havering and the surrounding boroughs as a bereavement service carrying out authorised cremations.

SEC currently has four Evans Universal 300/2 cremators of which three are abated. Abatement means that they have filtration fitted which capture mercury and other pollutants before they are released into the atmosphere. These three abated units were installed between December 1996 and July 2000. The lifespan of these cremators is approximately 25 years but is dependent on the amount of work the units have carried out, these units have been running for 20+ years in the 8th busiest crematorium in the UK currently carrying out 3000+ cremations annually so are now beginning to deteriorate.

The cremators were installed and are maintained by Facultatieve Technologies. They were installed between December 1996 and July 2000 and have proved to be very reliable, although they are now due for replacement. It is estimated that the cost of the replacement of the cremators is approximately £1.4million including the associated civils works.

Due to changes in emissions legislation, a Mercury abatement and filtration system was installed in 2013 at a cost of approximately £950,000. This was installed and is also maintained by Facultatieve Technologies. The abatement system is a single unit and is integrated with all three of the abated cremators. As this system is relatively new, it is planned to retain this element of the installation, as its replacement would incur significant additional expenditure.

The three cremators were maintained and operated through the first two waves of the current COVID19 pandemic with reactive repairs and minimal downtime but replacement cremators are now required to ensure the robustness of SEC, both now and in any future pandemic scenarios. Therefore, a decision is required to place an order with Facultatieve Technologies (FT) to procure three replacement cremator units.

As outlined elsewhere, by placing a direct order with Facultatieve Technologies Limited, the existing abatement and filtration installation can be maintained, which will provide a saving of circa £900k. If an alternative manufacture were chosen, this would represent a significant increase in cost and an increased risk in continuity of service.

The new cremators supplied by Facultatieve Technologies Limited are designed to connect to and are fully compatible with the existing abatement and filtration system. Therefore, it is

## Key Executive Decision

possible to replace the cremators sequentially. This will ensure a continuity of service during the transition period.

If an alternative option were considered, it would be necessary to replace the existing abatement and filtration installation. This would incur an increased cost as the abatement system need to be replaced and would mean that the crematorium would need to be closed for a period of time whilst the required works were undertaken.

South Essex Crematorium is currently one of the busiest in the country and undertakes in excess of 3,000 cremations a year. The temporary closure of the crematorium would create a significant regional shortfall in cremation capacity and although temporary cremators could be brought in during this period, the cost of these is likely to be prohibitively expensive and this route avoids such increase in expenditure.

Therefore, there are significant financial savings combined with reduced risks associated in placing a direct order with Facultatieve Technologies Limited.

- a) The total cost of this project is estimated to be in the order of £1.25million and a breakdown is included within the financial section.
- b) Approval has been received at Checkpoint 1 to undertake the procurement of this project on a direct award basis.
- c) It is proposed to procure these works using a JCT 2016 Design and Build Contract, with the Council's Supplemental Amendments.
- d) It is proposed that an independent Quantity Surveying practice will be employed as part of the project team. The quantity surveyor will ensure that adequate beckmarking is undertaken in relation and civils works to ensure that value for money is being achieved.
- e) Provisional Programme key dates are as follows:

Production of detailed specification and pricing documents	February 2021
Release of specification and pricing documents	March 2021
Initial appointment of contractor	April 2021
Contractor Mobilisation	May 2021
Contract Completion	August 2021
- f) The project team will comprise staff from Technical Services, Bereavement Services and Procurement along with a number of externally appointed consultants including an independent quantity surveyor.
- g) TUPE does not apply.
- h) Project Risks
  - a. Failure of the existing cremator units (Chosen procurement method represents quickest route to market)
  - b. Ability to procure contract within timescale (Detailed programme in place)
  - c. Agreed contract sum may exceed financial allocation (Budget costings obtained)
  - d. Programme may be unachievable (Detailed programme to be monitored)
  - e. There is a risk that issues associated with COVID19 may impact on the current timescales
  - f. There is a risk that a sudden spike in deaths may take place as a result of COVID19, which may mean that some of the assumptions relating to death rates are no longer the same.

**Key Executive Decision**

**OTHER OPTIONS CONSIDERED AND REJECTED**

In arriving at this proposed procurement route, the following options were considered

1. **Do Nothing** – Rejected, as this will not allow the current cremators to be replaced and will not ensure the required ongoing cremation capacity.
2. **Alternative Technologies** - To replace the current gas fired cremators with Promession (freeze drying) and Resomation, aqua cremation or bio-cremation (chemical process). These technologies are in their infancy, so have been disregarded.
3. **Electric cremators** – There are a number of issues with this, including the capital cost of the cremators along with the fact that the cremation time is much longer (up to 4 hours as opposed to 80 minutes a current average of minutes), which means that although this may be suitable for smaller scale crematoriums, in the case of the South Essex crematorium this would not be viable.
4. **Alternative providers of Gas Cremators** -  
We have looked at a number of suppliers of Gas Cremators. Given that this is a specialist area, as you would expect the number of providers is quite limited. Some have exited the market whilst others only provide a narrow solution; not entirely suitable for the Council's purposes.
5. **Suitable frameworks for the supply of cremators** - the only available framework agreement was the YPO Crematoria Solutions framework agreement. Unfortunately, this expired in June 2019. YPO are currently in the process of tendering a replacement framework agreement, which may be in place by April 2021. Although this probably does not fit in with our current timescales.

**NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: Lee Macey

Designation: Crematorium and Cemeteries Operations Manager

Signature:

Date:

## Key Executive Decision

### Part B - Assessment of implications and risks

#### LEGAL IMPLICATIONS AND RISKS

Under The Cremation England and Wales Regulations 2008 the Council have a responsibility to ensure the maintenance of its crematorium. Part 2.4 of the act states that the cremation authority must ensure that a crematorium is maintained in good working order. Failure to comply with this legislation could result in the Council failing to meet a legal statutory requirement.

The value of the contract is £1.4 million and is below threshold for the purposes of advertisement under the Public Contract Regulations 2015 (as amended). However, the procurement must comply the Council's Contract Procedure Rules (CPR).

Whilst CPR 9.1 states that "contracts must be awarded following the relevant competitive processes set out in CPR". A member of SLT is capable of signing this decision where this solution offers best value to the Council as detailed by Officers in this report, thereby agreeing to the exceptions from competition under CPR as per paragraphs

"14.6.3 *For reasons of compatibility* - with existing services/products – for example, equipment that needs parts from its own manufacturer;

"14.6.5 *Exceptions permitted under [...] procurement rules* - where the contract is subject to the full application of the [...] procurement rules and there are specific exceptions which shall be complied with";

"14.6.6 *Best Interests of the Council* - where it is in the best interests of the Council or the Borough for a provision in these Rules to be waived to enable contract procurement to be rapidly progressed while still complying with [...] procurement rules."

The decision maker needs to be satisfied with the content of the report and whether the requirements have been met before they proceed with the decision.

#### FINANCIAL IMPLICATIONS AND RISKS

The estimated costs and funding for this project is as set out below:

	£
Cost of Cremator Replacement	1,198,840
Civils Works	151,160
Client contingency	50,000
Professional fees and Surveys	£100,000
<b>Total</b>	<b>£1,500,000</b>

An agreed capital sum of £1,250,000 has already been set aside to fund this project, which was agreed on the 1<sup>st</sup> April 2020. Capital code: C35010 - Cremator replacement. The current shortfall of £250,000 will be covered out of the Bereavement Services Reserves.

Although there are no cashable savings noted, there is a considerable amount of income generation, as South Essex Crematorium carries out over 3,000 cremations each year. In 2018/19 a total of £2,460,626 was directly attributed to the Crematorium element, so over a period of 20 years, income generation is likely to be in excess of £50million.

If LBH/SEC decided not replace the cremators then the income generated from the cremation aspect of the service alone would be dramatically reduced by £2.5 million per annum, this figure does not include any cost for post cremation income from memorials and witness committals leading on from the initial cremation service etc.

**Key Executive Decision**

**HUMAN RESOURCES IMPLICATIONS AND RISKS  
(AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

There are no specific Human Resources implications associated with this decision. Any additional support will be procured via external consultants on a one off project specific basis through the councils usual procurement procedures.

**EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

There are no specific Equalities and Social Inclusion implications associated with this decision.

**HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

There are no Health and Wellbeing implications associated with this decision.

**BACKGROUND PAPERS**

None

**Key Executive Decision**

**Part C – Record of decision**

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

**Decision**

Proposal agreed

**Details of decision maker**



Signed:

Name: Andrew Blake-Herbert – Chief Executive

Date: 18<sup>th</sup> February 2021

**Lodging this notice**

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_