

# CHESHIRE EAST COUNCIL

## REPORT TO: CABINET PORTFOLIO HOLDER FOR THE ENVIRONMENT

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<b>Date of Meeting:</b>	20 <sup>th</sup> May 2013
<b>Report of:</b>	Peter Hartwell – Head of Public Protection and Enforcement
<b>Subject/Title:</b>	Proposed replacement of Cremators, Crewe Crematorium
<b>Portfolio Holder:</b>	Councillor David Topping – Environment Portfolio Holder

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### 1.0 Report Summary

- 1.1 Cheshire East Council currently operates two Crematoria, located in Macclesfield and Crewe. Each Crematorium has two operational cremators. The cremators were replaced in Macclesfield with modern abatement equipment in November 2011, utilising a Framework Agreement specifically established by the Council (along with other Councils) to appoint consultants and contractors to carry out the works.

The cremators at Crewe are now in urgent need of replacement and this report seeks formal approval to procure the replacement works through a contract called off under that Framework Agreement prior to the expiry of the time limit in which the Council may do so (June 2013), at a cost of £ 683,500.

### 2.0 Decision Requested

- 2.1 That approval be given to procure the replacement of the existing cremators at Crewe, utilising the framework agreement referred to in paragraph 8 of this report and the named Suppliers.
- 2.2 To approve a Supplementary Capital Estimate for £683,500

### 3.0 Reasons for Recommendations

- 3.1 To allow for continued provision and delivery of a cremation service.

### 4.0 Wards Affected

- 4.1 All wards

### 5.0 Local Ward Members

- 5.1 All Ward Members

## **6.0 Policy Implications**

6.1 None

## **7.0 Financial Implications**

7.1 A Supplementary Capital Estimate for £683,500 is required for the replacement cremators.

7.2 The capital expenditure will be funded partly from an earmarked reserve which has been set aside in previous years from an additional environmental fee. The available balance as at 31 March 2013 is £367,030.

7.3 Additional capital funding of £316,470 will be required to complete the project, which will require Prudential Borrowing. The anticipated life of the cremators is 10-12 years and Prudential Borrowing charges can be repaid over this period through income generated from the environmental fee (estimated to be in the region of £168k p.a.). Appendix B to the main report outlines the current budget estimates and funding proposals.

7.4 This project was originally included in the 2010-2013 Capital Programme, with funding of £450k, following the challenge process, undertaken in September 2012 this scheme was deferred in order to consider alternative options and to re-submit a detailed business case.

## **8.0 Legal Implications (Authorised by the Borough Solicitor)**

8.1 A Framework Agreement relating to the supply, installation and maintenance of various cremators in the NorthWest Region was established in 2008 following a procurement exercise undertaken by the Council (and other North West Councils). The Option to utilise this framework was transferred to the newly formed Cheshire East in April 2009.

8.2 The contractor appointed to carry out the works in relation to both the Macclesfield and Crewe cremators is Facultative Technologies. The contract terms and conditions for each cremator were set out in full during the procurement process.

8.3 The framework contract award was made in June 2009 and under the terms of the framework the contract must be called off within a period of 4 years and will expire in June 2013. Lot 2 covers the replacement of the cremators at Crewe, via the Contractor, Facultatieve Technologies and Consultants, NIFES Consulting. A formal contract for the replacement of the cremators in Crewe will need to be put in place prior to that date.

## **9.0 Risk Management**

9.1 Due to this project being procured at the later stages of the Framework, with the potential of works being undertaken after its expiry, there is a risk of increased

charges to cover inflation, cost increases in materials, labour and professional fees. The terms of the Framework Agreement do not allow for this but the contractor may take the view that they cannot provide the project and may refuse to enter into the contract if the wording of the Agreement is adhered to.

The remaining timescale( before the end of June 2013 ) within which to undertake the required contract negotiations and place orders is therefore limited and there is a risk that the Framework may expire before this task is completed. Under these circumstances an alternative bespoke procurement for this specific project would be required with consequential impacts on costs and timescales.

## **10.0 Background and Options**

10.1 Cheshire East provides a Bereavement Service for all. The principle service users are Cheshire East residents who are estimated to number in excess of 364,000. The mortality rate for the area is fairly consistent and estimated to be approximately 3,600 deaths per annum.

The Council currently meets the required service provision by utilising both of existing crematoria, with some support from the local hospitals. It is essential therefore to continue with the facilities at both Crewe and Macclesfield if this level of service is to be maintained.

A range of options, including retaining the status quo, reducing the overall service provision, through to full replacement with modern equipment were explored initially with the associated risks and issues outlined.

A feasibility study was undertaken recently to progress the preferred option of replacement the cremators at Crewe on a like for like basis, with cost estimates in the region of £683,500.

Preliminary enquiries with the Framework contractors have indicated that there is likely to be a 6 to 9 month lead-in time, due to current workload commitments and manufacturing. Works on site are estimated to take between 20 to 25 weeks, as the proposal allow for the Crematorium to remain at a half capacity operation, whilst the works are undertaken.

## **11.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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