



# CHELTENHAM

## BOROUGH COUNCIL

### Notice of a meeting of Cabinet

**Tuesday, 8 November 2016**  
**6.00 pm**  
**Pittville Room - Municipal Offices**

<b>Membership</b>	
<b>Councillors:</b>	Steve Jordan, Flo Clucas, Chris Coleman, Rowena Hay, Peter Jeffries, Andrew McKinlay and Roger Whyborn

### Agenda

	<b>SECTION 8 : ANY OTHER ITEM(S) THAT THE LEADER DETERMINES TO BE URGENT AND REQUIRES A DECISION</b>	
	Crematorium development programme – update-report of the Cabinet Member Clean and Green Environment	

**Contact Officer:** Rosalind Reeves, Democratic Services Manager, 01242 774937  
**Email:** [democratic.services@cheltenham.gov.uk](mailto:democratic.services@cheltenham.gov.uk)



### Cheltenham Borough Council Cabinet – 8<sup>th</sup> November, 2016

#### Crematorium development programme - update

<b>Accountable member</b>	<b>Cllr Chris Coleman, Cabinet Member for Clean and Green Environment</b>
<b>Accountable officer</b>	<b>Mike Redman, Director of Environment</b>
<b>Ward(s) affected</b>	<b>All, but particularly Oakley</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Executive summary</b>	<p>This report provides an update to Cabinet on the crematorium development programme and updates on the budget position relating to the programme as it moves towards the pre-construction stage.</p> <p>It is proposed that the scope of the programme will be varied to take account of the wish to fully explore the potential for delivering a second chapel within the new development and to ensure that increased estimates relating to potential access road options can be accommodated within the original budget.</p> <p>Cabinet is also asked to note changes to the programme risk profile resulting from the proposed changes in scope.</p>
<b>Recommendations</b>	<p><b>Cabinet is recommended to:</b></p> <ol style="list-style-type: none"> <li><b>1. Approve the restructuring of the crematorium programme budget and specifically that additional financial support be diverted to the new build development, from finance originally identified for refurbishing the existing chapels;</b></li> <li><b>2. Approve the consequent change in scope of the programme as detailed in Section 2.7;</b></li> <li><b>3. Approve the preparation of a business case to determine whether a second new chapel should be constructed, as an integral component of the new crematorium development, as set out in Section 3;</b></li> <li><b>4. Note the assessed changes to the programme’s risk profile, as set out in Section 5 and Appendix 1.</b></li> </ol>

<p><b>Financial implications</b></p>	<p>The additional costs of the proposed new scheme are summarised in paragraph 2.10 of this report.</p> <p>The proposed new scheme, to include the costs of design work to most effectively integrate a potential second new chapel will cost a further £460k, in addition to the design and build cost of £6.523 million for the existing approved scheme.</p> <p>In addition to this cost, the use of an external resource to prepare a business case for the construction and use of a second chapel is estimated as £30k. There will also be additional design costs, estimated at £17k.</p> <p>The budget allocation for the refitting and refurbishment of the existing chapel can be reduced by around £480k , subject to approval of Cabinet, required under section C4.6 of the Council’s Financial Rules, and reallocated to part-fund the additional costs of the proposed new design work for a second new chapel.</p> <p>This will leave a net shortfall of £27k against the original approved budget, which could be met from within the overall contingency, subject to Cabinet approval. This contingency currently stands at £949k. There is a risk that this reduction in contingency will reduce the ability to manage any future unforeseen financial issues.</p> <p>Subject to this approval, sufficient budget will therefore be in place to fund the proposed design costs for a potential second chapel.</p> <p><b>Contact officer: Sarah.didcote@cheltenham.gov.uk, 01242 264125</b></p>
<p><b>Legal implications</b></p>	<p>The Authority owns the land upon which it is proposed to build the new crematorium and associated car parking. The land on which the crematorium would be constructed lies within the administrative area of Tewkesbury Borough Council.</p> <p>By virtue of Sections 214(1) and (3) of the Local Government Act 1972 and Section 4 of the Crematorium Act 1902, the Authority has the power to build and operate a crematorium outside of its own administrative area.</p> <p>The Authority is complying with its obligations under the Public Contract Regulations 2015 by accessing a framework to engage with project managers, Pick Everard and build contractors Wilmott Dixon to work up designs for the new crematorium prior to a build contract being entered into.</p> <p>The framework being accessed (the SCAPE framework) expires on 7 May 2017 and the Authority is able to enter into a build contract with Wilmot Dixon up to that date. If this deadline is not achieved, whilst the Authority may join the new framework issued by SCAPE, there is no guarantee that Wilmot Dixon will be on the new SCAPE framework or that the prices fixed by the current framework will remain the same. Therefore, many of the costs incurred to date could be abortive costs if the authority has to contract with a different contractor either through the new SCAPE framework or another procurement route.</p> <p><b>Contact officer: Donna.Ruck@tewkesbury.gov.uk, 01684 272696</b></p>

<p><b>HR implications (including learning and organisational development)</b></p>	<p>None arising directly from this report.</p> <p><b>Contact officer: Julie.Mccarthy@cheltenham.gcsx.gov.uk, 01242 264355</b></p>
<p><b>Key risks</b></p>	<p>Direct risks are as set out in Appendix 1.</p> <p>In addition, there is an on-going risk in relation to the reliability and life expectancy of the current cremation plant which means that the new crematorium development needs to proceed as a matter of urgency.</p>
<p><b>Corporate and community plan Implications</b></p>	<p>The new crematorium programme will help to underpin the continuation of the Council's bereavement service and contribute to the following high level objectives:-</p> <ul style="list-style-type: none"> <li>• Cheltenham's environmental quality and heritage is protected, maintained and enhanced.</li> <li>• Transform our Council so it can continue to enable delivery of our outcomes for Cheltenham and its residents.</li> </ul>
<p><b>Environmental and climate change implications</b></p>	<p>The new crematorium plant will be more efficient, consume less fossil fuels per cremation and thereby reduce CO2 and mercury emissions.</p>
<p><b>Property/Asset Implications</b></p>	<p>If delivery of the second new chapel is to be considered it should be predicated on the financial viability and income generation forecasts for a new use of the existing facility, or there is a risk that the existing chapel building will become redundant.</p> <p>The existing approved scheme, included refurbishment works for the existing chapel which are proposed to be dropped from the scheme, and the monies transferred across from the planned maintenance reserve to support the capital scheme. However, the intended use and future refurbishment works in relation to the existing chapels will need to be assessed and dealt with in the business case for the second new chapel.</p> <p><b>Contact officer: David.Roberts@cheltenham.gov.uk, 01242 264151</b></p>

## 1. Background

- 1.1 In September 2015, Cabinet approved the principle of building a new crematorium on Council-owned land to the east of the current cemetery and in October 2015, Council approved a total budget of £7,443,100 for the proposed development. £6,523,000 of this budget is allocated to design and build.
- 1.2 Subsequently, a programme team has been formed to lead the work and has determined that the SCAPE Procurement Framework is the best approach for securing contractors. SCAPE is a public sector owned organisation which specialises in providing compliant frameworks to public bodies in the UK.
- 1.3 Using the SCAPE framework, Pick Everard was appointed in April 2016 to provide project management and quantity surveying and in June 2016, Willmott Dixon was appointed as principal contractor.
- 1.4 Willmott Dixon has conducted a feasibility study into the proposed development and has prepared a report setting out its findings and proposals for the next stage. The work done so far has uncovered a number of issues impacting on the programme timetable and costs and these are brought to Cabinet's attention in this report. Cabinet is now asked to approve the recommendations in this report to enable the authority to enter into pre-construction work with its partners on a sound financial basis.
- 1.5 It is imperative that decisions are made in order to maintain the programme's momentum and minimise the period where the service is dependent on the existing cremators, which continue to give rise to concerns about their reliability and life expectancy.

## 2. Programme Funding

- 2.1 The option approved by Cabinet in 2015 included a future-proofing provision that the proposed new crematorium should have 'scope for future expansion in the medium to long term'.
- 2.2 Bearing this in mind, Willmott Dixon was asked to include, in its conceptual designs, space in the new facility for a third cremator to add to the two new cremators being provided in the initial build, together with space for a second new chapel (as set out in section 3 below).
- 2.3 Willmott Dixon were also asked to investigate potential access routes in more detail (as set out in section 4 below).
- 2.4 As a result of:
  - a revised design to more effectively integrate a potential second chapel for mourners and other users of the facility; and
  - considering the range of potential access routes,

Willmott Dixon's draft feasibility report has indicated a likely growth in costs of up to £460,000.

- 2.5 There are several options available to help mitigate the potential for increased costs in these areas and the programme team are continuing to work with both Willmott Dixon and Pick Everard to identify further cost efficiencies across the programme (through value engineering) and to determine the prudent level of contingency as we move into the next phase of the programme.
- 2.6 One area of the programme which has been closely scrutinised, is the budget for refurbishing the existing buildings. This has been revisited on the basis that as a maximum, only one of the existing chapels will be required once the new development is built. Whilst this could release an additional sum for potential reallocation within the programme, this approach would also have some element of financial risk, as it is likely to have a knock-on impact on future reactive maintenance liabilities.
- 2.7 Further review of this refurbishment budget has led to the conclusion that it could be reduced by around £480k (subject to confirmation from the principal contractors), taking out the work required to demolish the current waiting room, toilets, celebrants' and staff facilities and much of the

## Page 7

refurbishment costs relating to the current chapels. The funding required to remove the old cremators and associated equipment would need to remain in the budget.

- 2.8** Cabinet should be aware that the refurbishment was originally budgeted to be part-financed from the Council's Programmed Maintenance Reserve. The contribution from this reserve will still be required to part-fund the re-scoped programme.
- 2.9** Therefore, Cabinet is being recommended to approve the redirection of this part of the budget and the consequent change in scope of the programme to help mitigate the revised anticipated costs of the new development.
- 2.10** A summary of the proposed budgetary changes is set out in the table below:-

<b>Programme budget heading</b>	<b>Cost</b>
<i>Approved scheme costs (build and design)</i>	<i>£6,523,000</i>
<i>Improved design to more effectively integrate a potential second chapel for mourners and other users of the facility</i>	<i>Additional £220,000</i>
<i>Additional access road costs against assessed options (worst case scenario)</i>	<i>Additional £240,000</i>
<i>Reduction in costs from removing proposed refurbishment of existing chapels</i>	<i>Reduction of around £480,000 subject to principal contractor confirmation</i>
<i>Cost of 2<sup>nd</sup> chapel business case appraisal</i>	<i>Additional £30,000</i>
<i>Cost of 2<sup>nd</sup> chapel design work to planning stage</i>	<i>Additional £17,000</i>
<b>Net reduction (and %) in programme contingency sum</b>	<b>Net reduction of £27,000 in overall contingency (previously £949,000)</b>

### 2.11 Programme Costs

- 2.12** As well as the immediate cost issues referenced above, the programme has a continuing exposure to increased costs, typical of major construction programmes, whilst budgeting uncertainties remain.
- 2.13** These include for example, the potential for contract amounts to vary as work packages are procured by Willmott Dixon from its sub-contractors; design changes as pre-construction and construction proceed and potential increases in borrowing rates.
- 2.14** In consultation with its major contractors, the programme will seek to maintain a level of contingency which reflects the potential financial impact of identified risks. As work proceeds, some risks will inevitably reduce, at which point the level of contingency can be reviewed. The use of contingency amounts to meet unmet costs is monitored by the Finance Lead and reported at each Programme Board meeting.

### **3. Second new chapel**

- 3.1 Whilst the construction of a second new chapel is outside the scope of the current programme and is not mandated by the September 2015 Cabinet report, there is concern if the construction of a second chapel takes place once the new facility has begun operating, it would be extremely disruptive to the service. This would have service delivery, quality and financial implications.
- 3.2 The suggestion therefore, is that the scope of the programme should be extended at this stage, to include the creation of a business case to identify whether there are any viable options to meet the costs of a second new chapel (for example, from a commercial use for the existing chapel buildings). The business case would need to be sourced externally due to the experience required and has a very early estimated cost in the order of £30,000, in addition to which, internal resources will be required to support the work and review its findings. The additional cost could be funded from the programme's contingencies, but this would reduce the contingency cover in relation to other programme risks.
- 3.3 Once the business case is produced, an update paper will be provided setting out the case for proceeding or not and this will be subject to further decision-making, as appropriate.
- 3.4 Meanwhile, it is proposed that a second (optional) new chapel which is consistent with the current programme scope, is included in the planning application which will be made for the new facility next year. The additional design cost of including the second chapel is estimated as around £17,000 and would be funded from the programme's identified contingencies. This maintains the option of partially or fully building out a second new chapel, subject to the viability of the business case.
- 3.5 Cabinet is therefore recommended to approve the increase in the scope of the programme, to include progressing a business case for a second new chapel to identify whether it is a financially viable proposition.

### **4. Site access**

- 4.1 In the work carried out in 2015, the building of an additional permanent access road through the cemetery was proposed to serve the new facility. However, it was identified that further work would need to be completed to confirm its feasibility. Also, it was recognised that providing a route for construction vehicles through the cemetery would be extremely disruptive and hence a temporary haul route to the south of the cemetery was also proposed.
- 4.2 Accordingly, following a recommendation by Pick Everard, an early investigation of potential access options was commissioned through Willmott Dixon as part of the feasibility work.
- 4.3 The conclusions of the resulting study are being considered by the programme team and may necessitate recommendations and future decisions by Cabinet and possibly Council, depending on the preferred access route and associated costs.

### **5. Other programme risks**

- 5.1 Much of the work undertaken at the feasibility stage has been focussed on mitigating known risks.
- 5.2 A study of the hydrogeological implications of the original plans to use land to the east of the existing cemetery as additional burial space has revealed that a great deal of further surveying and mitigation work would be required due to the high water table and saturation of the ground and there could be no guarantee that the Environment Agency would not object. Therefore, the original plans have been modified so that this land is used as the site of the proposed new car park, whilst the space within the current cemetery which the car park would have occupied retains its current purpose as potential burial space (as indicated on the attached plan).
- 5.3 An initial desktop archaeological survey has found that no designated heritage assets are located within the site and has recommended an approach to further trial trenching which will inform the planning application.
- 5.4 A survey of bat activity in the vicinity of the development site has been undertaken and has made recommendations in relation to the timing of any construction works to manage the impact on



trees with bat roosting potential.

**5.5** During the feasibility work some new risks have emerged and some existing risks have increased in magnitude. Risks relating to the recommendations in this report are set out in Appendix 1.

### **5.6 Programme Timeline**

**5.6.1** As a result of the need to commission additional feasibility work (see sections 2.2 and 2.3 above), the beginning of the design stage has been delayed and this has had a knock-on impact on the contractor's estimated delivery date for the new facility. Based on an early commitment to pre-construction, the estimated completion date is now November 2018.

### **5.7 Expiry of SCAPE framework**

**5.7.1** Cabinet should note that we have been informed by SCAPE that as a result of its current framework expiring on 7th May, 2017, the Council will need to enter into a Delivery (Construction) Agreement with Willmott Dixon prior to that date if we want to continue to benefit from the preferential terms within the framework. This means that the Council will seek to contract before the completion of the detailed design work and before planning permission is granted.

**5.7.2** We have been advised by SCAPE that this does not place any additional risks upon the Council, as if the client is not satisfied with the further developed 'Works Information' at the end of this extended pre-construction period, it can terminate the Delivery Agreement, paying for costs incurred up to that point only. However, Cabinet does need to be aware that the programme will need to plan carefully, in order to ensure we can enter into an agreement before the prescribed date.

### **5.8 Summary**

**5.8.1** Taking account of the changes to the programme's risk profile, Programme Board has assessed that the overall risk profile has increased and will increase further if the decision is to go forward with the drafting of the 2<sup>nd</sup> chapel business case and its possible construction.

**5.8.2** We continue to monitor costs systematically, developing and applying mitigation measures and reporting major changes.

## **6. Reasons for recommendations**

**6.1** The reasons for recommendations are set out in the sections above.

## **7. Alternative options considered**

**7.1** The Council could decide to cancel the current procurement programme and seek a different procurement route with alternative contractors to try and bring the estimated programme costs back within the original budget. However, this is not considered to be a viable option, as it would mean abortive costs, and is unlikely by itself to resolve the factors which have led to the increased cost profile, or the approaches to dealing with other matters outlined in the recommendations. It would also extend the programme timeline and pose unacceptable risks in terms of service continuity and the reliability of the current cremators.

**7.2** The Council could proceed without commissioning a business case for a second chapel within the new development, but this would leave the authority exposed to the risk of criticism that it did not explore the option and its potential viability. If the second new chapel proves to be needed later, this could only be provided at a higher cost and with service disruption that could be avoided if it were pursued as part of the current scheme.

7.3 The Council could continue with the refurbishment of the existing chapels as originally scoped. This is likely to place upward pressure on the overall programme budget which is unlikely to be covered by existing contingencies, or further attempts at value engineering. Further reductions in the scope of the programme or specification are considered to add unacceptable risks to the quality of the scheme.

**8. Consultation and feedback**

8.1 A Cabinet Member Working Group, including members with a long-standing interest in the crematorium, meets regularly and has been consulted on progress with the feasibility study and issues referred to in this report.

8.2 Prestbury and Oakley ward members have also been briefed on progress and issues of specific interest to the local community.

8.3 Representatives of the main local Funeral Directors are updated regularly on progress and the latest designs for the new facility.

**9. Performance management – monitoring and review**

9.1 The programme is managed by a Programme Board led by the Director of Environment and including the Cabinet Member for Clean and Green Environment.

9.2 The programme uses the Managing Successful Programmes methodology.

9.3 The programme reports every four weeks to the Council’s Senior Leadership Team.

<b>Report author</b>	<b>Contact officer: Mike Redman, Director of Environment, Place and Economic Development</b> <a href="mailto:mike.redman@cheltenham.gov.uk">mike.redman@cheltenham.gov.uk</a> <b>01242 264160</b>
<b>Appendices</b>	1. Risk Assessment
<b>Background information</b>	

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1	If Cabinet fails to agree to either restructure the agreed budget or to provide additional finance when required, then there is an increased risk that the programme will not be delivered on time or within budget.	Director Environment	04/11/2016	4	3	12	Reduce	Approve report recommendations.	Nov 2016	Director Environment	
2	If Cabinet restructures the existing budget so that resources defined for the refurbishment of the existing chapels (or any other cost centres) are diverted towards other programme costs, then there may be a risk to future maintenance of the chapels.	Director Environment	04/11/2016	3	4	12	Reduce	Set out the implications for the existing Grade II listed chapels building in the business case for the second new chapel.  Carefully prioritise future maintenance on the existing chapels.	March 2017  On-going	Programme Manager  Head of Property Services	
3	If the Cabinet agrees to support	Director Environment	04/11/2016	3	4	12	Reduce	Produce a brief for the business case	Nov 2016	Programme Manager	

	<p>the drafting of detailed and robust business case for the construction of 2<sup>nd</sup> new chapel at the same time as delivering the original new crematorium programme there is a risk that the delivery timeline could increase with a consequent delay to the opening of the new facility. This in turn could impact on;</p> <ol style="list-style-type: none"> <li>1. service delivery because of the unreliability of the current facility,</li> <li>2. the reputation of the Council to manage to an agreed plan, and</li> <li>3. fee income and programm</li> </ol>							<p>which sets clear deadlines</p> <p>Use external resources to create the business case as far as possible.</p>	<p>Jan 2017</p>		
--	---	--	--	--	--	--	--	---	-----------------	--	--

	e costs.										
4	If Cabinet does not agree to assessing whether a business case exists to support the construction of a second chapel at the same time as the first, there may be reputational damage to the authority arising from any future forward planning (linked to population growth etc.) for maintaining a sustainable service. Operational limitations may be significant and a later construction would have a detrimental impact on customer service and income.	Director Environment	04/11/2016	3	2	6	Reduce	Approve report recommendations.	Nov 2016	Director Environment	
5	If the Council does not include the design of a 2 <sup>nd</sup> Chapel within the Planning	Director Environment	04/11/2016	3	2	6	Reduce	Include scope for the provision of a second chapel within the Planning	Apr 2017	Director Environment	

	Application, it will lose the opportunity to provide a closely linked facility that is capable of expanding to meet future service needs and expectations.							Application for the new facility.			
6	If the Council does not agree a Delivery (Construction) Agreement with Willmott Dixon before 7 <sup>th</sup> May 2017 then it will need to re-procure construction services with a consequent impact on costs, timescales and customer service	Director Environment	04/11/2016	4	3	12	Reduce	Create a pre-construction plan with adequate contingency for reaching agreement	Nov 2016	Programme Manager	
<p><b>Explanatory notes</b></p> <p><b>Impact</b> – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p><b>Likelihood</b> – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p><b>Control</b> - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											