

Information/Discussion Paper

Overview and Scrutiny Committee

16 January 2017

Update on Crematorium Development programme

This note contains the information to keep Members informed of matters relating to the work of the Committee, but where no decisions from Members are needed

Why has this come to scrutiny?

An update on progress with the new crematorium development was requested at the last meeting of the Overview and Scrutiny Committee, on 28th November, 2016.

Specifically, O&S asked about current risks and levels, how the Scape procurement framework works and what action is planned if a cremator fails before the project is complete.

Programme progress and timeline

The authority has not yet contracted for the construction of the new crematorium, but is proceeding with the pre-construction phase, which will result in the submission of a detailed planning application in May/June.

In light of the above, the timetable for delivery of the new facility is not yet fixed and there has never been a definitive date given for project completion. The cross-party member working group has always been supportive of the need to deliver this programme to an acceptable quality and has been made fully aware of the range of risks, including those which may impact on costs and/or the delivery timetable.

The timetable remains an important consideration due to the limited life expectancy of the existing cremation plant and Spring 2019 is the current best estimate of the likely completion date.

The programme is still currently within the Council approved budget. Recent pressures on the programme timetable have related to procurement procedures and the commissioning of study reports which will support the design and planning application process. It is hoped that the extensive preparatory work undertaken will have a positive impact on the timetable further down the line.

Current risks and levels

Programme risks are actively identified and managed on a monthly basis by a group of key officers. The updated risk register is reported to each meeting of the programme board, again on a monthly basis. The programme provides a status report to meetings of the Senior Leadership Team which includes an update on the risk

profile and detail on significant risks. Risks relating to the programme and the reliability of the existing cremators are set out in the Corporate Risk Register and reviewed regularly by Cabinet.

Risks are assessed under the Council's corporate risk management policy, using the adopted 'Risk Scorecard' guidance which looks at the potential impact of identified risks and the likelihood of them occurring.

There are currently 34 risks identified on the crematorium programme risk register. The top ten risks have an average risk score of 12.8, with the highest risks scoring 16. (Individual risks can score up to 30, with risks scoring 16 and above escalated to the Senior Leadership Team (SLT) for consideration).

Key risks include timescales, impact on the existing service, escalating costs, potential failure of current cremator plant, second chapel business case development, reputational damage, planning process, legal, contractor failure, access route identification, staffing capacity and related project impacts.

The highest scoring risks relate to the potential for cremator failure within the existing plant and the risks associated with related projects.

Existing cremator plant maintenance

As outlined above, there is a significant risk to business continuity in relation to the existing sub-standard cremator plant that was installed by the firm Crawfords, which went into liquidation part way through the installation project in 2009.

As a result, the Council was advised that the cremators had only a 5 year serviceable lifespan and this was the trigger for the current new-build crematorium project.

Regular and significant maintenance is required to the existing plant, with one of the cremators recently subject to the installation of a new hearth and re-bricking of the cremator lining. This had lasted less than 12 months since similar work was undertaken.

The Council has recently re-tendered its maintenance contract for the cremator plant, resulting in the appointment in November of ATI, a major European supplier and installers of cremators, mercury abatement and ancillary equipment.

ATI is advising us on what cremator spares the authority should hold to minimise business continuity risks and is confident that they will be able to maintain the current service over the next two year period, as the new build project takes place.

Contingency planning for cremator failure

As outlined above, arrangements are in place to mitigate the risk of cremator failure and the advice from our maintenance contractor is that at the moment they do not foresee any situation where both cremators would fail and be beyond economic repair (i.e. more than £50k).

However, they have also stated that with Crawford machines anything is possible due to the poor design of the equipment.

If necessary, ATI could supply and install/build a single replacement cremator on site (non-abated) for around £250k, the estimated install time would be 5 to 6 months.

In these circumstances, it is likely that the Council's cremation service would have to be suspended for at least part of this period. Although the authority is not legally obliged to provide a cremation service, it would have serious implications for the Council's reputation and income.

The Council is therefore investigating whether the new cremators which are to be procured and installed in the new crematorium could be made operational at an early stage (before the new chapels come into use).

The Bereavement team has a contingency plan in place to help manage business continuity failures, but this cannot mitigate fully for the consequences of a complete service shutdown.

There are also concerns that some families are likely to have to travel a significant distance to access an alternative cremation facility.

Scape procurement framework

The Council is procuring services in relation to the project through the Scape procurement framework and is in the process of contracting with Willmott Dixon for pre-construction work which will take the project up to the detailed planning application stage.

Associated professional services are being commissioned through Willmott Dixon as our principal contractor and we have independent quantity surveying and project management advice being provided by Pick Everard.

[Scape](#) Group is a public sector-owned built environment specialist offering a full suite of national frameworks and design solutions. By bringing together the strongest teams from the public and private sector, Scape's rapidly deployed, performance managed and collaborative approach delivers value for money and quality buildings while stimulating local growth and community benefits.

Willmott Dixon is Scape's sole partner on the Major Works Framework, one of six frameworks provided by Scape. They were appointed after scoring the highest marks for cost and quality during a rigorous tender process.

Major Works can be used by a public sector organisation to procure any type of construction project with a value above £2 million. Adopting an NEC form of contract, it covers new-build, refurbishment, extensions and adaptation projects.

Benefits of using the Major Works framework

1. Time savings - a minimum of 200 days are saved compared to traditional procurement. 100% of projects delivered on time and budget since 2006.
2. Cost savings - currently an average of 14p for every £1 spent is saved across all projects through procurement, supply chain and early risk reduction savings.
3. Robust validated costs - cost plans will be market informed: 65% at feasibility, 85% at planning and 100% at contract to ensure robustness. 100% of the final price is market informed and verified to achieve value for money.
4. Demonstrable performance - performance is monitored and captured by Scape at all stages of the project. Audited KPIs are reported direct to CBC as client.

5. National delivery, local growth - procured nationally, the framework secures huge economies of scale. Delivered locally, it also drives social and economic benefits for communities throughout the UK.
6. Low contractor fees - set at 1.75%.

Note: the current Scape Major Works framework expires on 7th May 2017, so the Council will need to contract for the build phase of the project by that date, or will have to go through a new procurement process, which would add to the current project timeline.

The project team is mindful of this deadline, is actively managing the related risks and is planning to ensure that this issue does not impact on the Council's delivery of the scheme.

Background Papers	n/a
Contact Officer	Mike Redman mike.redman@cheltenham.gov.uk 01242 264140
Accountability	Councillor Coleman, Cabinet Member Clean and Green Environment