
Meeting	Cabinet Resources Committee
Date	18 October 2012
Subject	Award of the Contract for the Replacement of Cremators at Hendon Cemetery & Crematorium
Report of	Cabinet Member for Housing
Summary	To award the contract for the design, supply and installation of abated cremators and ancillary equipment at Hendon Cemetery & Crematorium to Facultatieve Technologies Ltd as part of the Capital Programme.

Officer Contributors	Tahir Mahmood, Project Manager Matthew Waters, Senior Project Manager
Status (public or exempt)	Public (with separate exempt report)
Wards affected	Mill Hill
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Rick Mason, Interim Assistant Director for Regulation and Community Safety, 020 8359 ext.7865

1. RECOMMENDATION

- 1.1 That the contract for the design, supply and installation of abated cremators and ancillary equipment at Hendon Cemetery & Crematorium be awarded to Facultatieve Technologies Ltd as part of the Capital Programme.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 On 23rd April 2009, the Cabinet Resources Committee (Decision Item 12) resolved:
- (1) That a procurement review be undertaken for engagement with service providers to:
 - clarify the expenditure model (10-20 years);
 - confirm the investment necessary;
 - determine the on-going maintenance costs; and to
 - ensure best value
 - (2) Subject to the outcome of the procurement review showing that tendering the service will provide the best value for the Council:
 - (a) That Option 3 as set out in the Cabinet Resources Committee report of 23rd April 2009, of entering into a partnership contract for external investment in, and operation of, the cemetery and crematorium be approved.
 - (b) That officers be authorised to undertake a procurement process in order to identify a partner for the purposes referred to in (a) above.
 - (c) The market testing be undertaken for the future of the contract for the maintenance of redundant cemeteries and other memorials including the feasibility of including the contract for maintenance of the redundant cemeteries into the future management partnership for Hendon Cemetery and Crematorium (HCC)
- 2.2 On 27th September 2011, the Cabinet Resources Committee (Decision Item 10) resolved:
- (1) That the amount of £1,743,734 funded by capital receipts be approved as part of the Capital Programme for Phase 1 of the scheme.
 - (2) That the Director for Environment Planning & Regeneration take the necessary actions to implement Phase 1 of the scheme to replace the cremators at Hendon Cemetery & Crematorium.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 **Better Services with Less Money:** The installation of new efficient cremators will reduce operating costs including use of fuel, this will help to provide improved more efficient services to Barnet's residents at less cost to the Council.

Depending on timing, the installation of the new mercury abated cremators will either eliminate, or reduce any levy fees payable per cremation to meet statutory obligations and improve value for money.

Sustaining levels of income for the crematorium will contribute to maintaining the Council's financial position so that it can continue to provide the services that it needs to.

- 3.2 A Successful London Suburb: The Hendon Cemetery & Crematorium contributes towards the Corporate Priority of 'A Successful London Suburb'. It is much valued by Barnet residents and provides a local facility and service for the bereaved in a peaceful and picturesque setting. This project will further improve the customer experience and attractiveness at the site.

By providing new mercury abated, more efficient cremators, the council could help to improve the environmental impact of the service and sustainability in the area, as the service will release fewer harmful emissions when using mercury abatement. The newer cremators will also require less fuel to operate and using current technology, be more efficient than the existing cremators.

4. RISK MANAGEMENT ISSUES

- 4.1 The 2 cremators have now reached the end of their expected operational life and are increasingly subject to breakdowns, causing potential reputational damage and loss of income, as well as expense in carrying out repair. Failure to commence on replacement risks total breakdown of the existing cremators which could irreparably damage the business.
- 4.2 The Pollution Prevention and Control Act 1999 introduced measures to reduce mercury emissions from crematoria nationally by 50% by 31 December 2012. Individual crematoria have the option to comply with the Act by either fitting mercury abatement equipment or participate in a burden sharing scheme with other crematoria that have already done so, paying a levy per cremation to offset the non-compliance. Failure to meet legislative deadlines for installation of mercury abatement without subscription to a burden sharing scheme may lead to financial penalties and reputational damage to the council.
- 4.3 An alternative to upgrading, known as 'burden sharing' whereby crematoriums that have mercury abatement systems, can receive rebate for each cremation carried out using the system. Delays in the meeting the mercury emissions deadline as stated above will mean that Barnet will have to 'burden share' with crematoriums that will have mercury abatement systems, which will increase costs until the existing cremators are replaced.
- 4.4 Without investment in modernisation and upgrading of buildings and facilities at HCC, there is a risk of loss of business to competitors that are continuing to invest in improvement of infrastructure. The investment will support the facility's ability to maintain its position in the market.
- 4.5 The operations at Hendon Cemetery & Crematorium are currently included in the One Barnet Development and Regulatory Services (DRS) project. There is a risk that if this project is not delivered by June 2013 or a novation is not built into the contract, it may impact the commencement of the DRS project.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Pursuant to the Equalities Act 2010, the council is under an obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, religion or belief and sexual orientation.

- 5.2 Hendon Cemetery & Crematorium is a facility available to and meets the needs of all members of the community. Weekend services and unique services are provided for the Hindu and Muslim communities, which also addresses and provides a direct positive correlation between business and equality objectives of the Council. The options have been evaluated against the principles in the Equalities Policy and Equalities Scheme and there are no equalities and diversity issues relevant to this decision.
- 5.3 As part of the tendering process contractors were asked to submit a Diversity Monitoring Form and there were no areas of concern in relation to the submissions. The successful tenderer has equal opportunities policies in place which meet the Council's equalities standards.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The total contract value is £926,440 plus VAT. The total project costs, when taking into consideration fees for Construction Design Management, legal costs, planning, technical and project management costs and a contingency sum, can be contained within the budget of £1,743,734 funded by capital receipts approved as part of the Capital Programme.
- 6.2 As part of the tender process tenderers were also asked to provide a quote for the annual on-going cost of maintenance. The recommended bidder has quoted approximately £52,000 per annum which is comparable with other bids. The council has the option to accept this proposal following the completion of the works. This will be funded from the revenue of the facility. In 2010/11 the Crematorium generated income of £679,320, making a net profit of £461,565 after running costs. This represented additional income of £121,015 against 2010/11 net budget.
- 6.3 The procurement process for the design, supply and installation of abated cremators and ancillary equipment at Hendon Cemetery & Crematorium was undertaken in accordance with EU and domestic Procurement Regulations following the Open Procedure including qualification questions and method statements in response to a specification of requirements. The project was competitively tendered via the Procure4London e-tendering portal. A project team was set up involving officers from Commercial, Legal, Finance and Building Services.
- 6.4 Facultatieve Technologies Ltd is the preferred bidder as a result of a rigorous procurement process a fair and equitable evaluation method. Three bidders returned completed tenders which were evaluated according to the criteria and corresponding weightings set out in the tender pack. The award criteria were selected as 70% quality and 30% reflecting the aim of the project as set out in the project initiation document. The 3 bids were assessed and the quotes and the scores are listed below:

Company	Quote	Weighted Quality	Weighted Price	Total Score
Supplier A	£924,725	28.2%	30.0%	58.2%
Supplier B Facultatieve Technologies Ltd	£926,440	58.9%	29.9%	88.9%
Supplier C	£981,260	30.4%	28.3%	58.7%

6.5 As a result of the evaluation Facultatieve Technologies Ltd has been chosen as the recommended bidder. The identity of the other suppliers referred to in the table above is detailed in the accompanying exempt report.

6.6 There are no staffing, IT or property issues for this project.

7. LEGAL ISSUES

7.1 The risk of challenge has been mitigated by conducting the procurement exercise in accordance with EU and domestic procurement regulations following the Open Procedure and obtaining advice from internal Legal Advisors throughout the process.

7.2 The Council must, as soon as possible following the decision to award the contract to the service provider, notify all Tenderers of the decision and must not enter into the contract before the end of the standstill period and comply with the requirements of Regulations 32 and 32A of the Public Contracts Regulations 2006.

7.3 The service provider and the Council will execute a contract that has been approved by the Legal Advisors to regularise the delivery of the works.

8. CONSTITUTIONAL POWERS

8.1 Constitution Part 3, Responsibility for Functions – Section 3, Responsibilities of the Executive mandates the Cabinet Resources Committee to discharge functions in all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

8.2 Section 5 of the Contract Procedure Rules mandates this decision to be taken by CRC.

9. BACKGROUND INFORMATION

9.1 HCC is one of five such facilities in the borough, but the only one run by L B Barnet. There is strong competition from the other sites, which are run either by other local authorities or the private sector. HCC does however have a good market share and is greatly valued by Barnet residents, with a reputation for good customer service and well maintained grounds, as well as providing weekend services.

- 9.2 As a result of the decision by Cabinet Resources Committee on 23rd April 2009, the project carried out an options appraisal and soft market testing with the major providers within the industry, which found that when considered as a standalone business, an in house delivery with the required investment would be most attractive from a financial perspective. This was followed by a further decision by Cabinet Resources Committee on 27th September 2011 which resolved that the Director for Environment Planning & Regeneration take the necessary actions for the replacement of cremators, building works, renovations and compliance with mercury abatement legislation at Hendon Cemetery & Crematorium and approved a budget of £1,743,734 funded by capital receipts. A tender process was commenced to identify and select the preferred bidders for the delivery of this part of the programme. This process is now concluded and approval is sought to award the contract to the preferred bidder.
- 9.3 Approval to award the contract will enable the replacement to commence without further delay and will ensure that the new cremators are installed as soon as possible, reducing the financial and reputational risks of frequent or catastrophic breakdowns. Further, it will allow the project to be completed by June 2013 for when the operational management of the facility will be transferred to a new provider selected via the DRS project.
- 9.4 Renovation and improvement to the buildings and site generally will provide an enhanced and more appealing customer experience for the bereaved.

10. LIST OF BACKGROUND PAPERS

10.1 None

Legal – PD

CFO – JH/MC