

NEWCASTLE – UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE CABINET

10th September 2014

Report Title: Newcastle Crematorium – Scheduled Relining of Cremators

Submitted by: Head of Operations – Roger Tait

Portfolio: Environment and Recycling

Wards Affected: All

Purpose of the report

To seek authority for the waiving of Standing Orders to enable the engagement of a specialist refractory company to carry out the scheduled re-lining of cremators F2 and F3 at Newcastle Crematorium.

Recommendations

- a) That in view of the exceptional circumstances, Standing Orders applying to contracts contained in Part III of the Councils Constitution be waived on the grounds referred to in section 2 (b) (iv). in that: (the supply of goods, materials, or for the carrying out of works or services) are proprietary, patented or specialised goods or materials.
- b) That the Council awards the contract for the relining of the cremators at Newcastle Crematorium to the manufacturer of the cremation units in the sum of £71,551, to be met from the provision made within the Equipment Replacement Fund for this type of work.

Reasons

- a) To ensure continuity of service at Newcastle Crematorium as this equipment is an integral part of the services provided to bereaved families.
- b) Your officers are satisfied that the cost represents value for money.

1. Background

- 1.1 In 2009/10 the Council invested approximately £1 million on the refurbishment of the crematorium at Bradwell. The improvements included the installation of 2 new cremators, (FT2 and FT3), mercury abatement equipment, and a sophisticated software package which controlled the cremating process

ensuring maximum efficiencies and total pollution controls along with a computer diagnostic system.

The cremators were supplied and fitted by Facultatieve Technologies (FacTec) following a competitive tender process and the Council also entered into a contract with FacTec to secure repair, servicing and maintenance services for the cremators.

- 1.2 The cremator hearths and support arches were guaranteed for approximately 2,000 cremations (2 years of cremations) before needing replacement, and it was recommended that a full brick replacement takes place every five years.

To plan ahead for financing this scheduled relining work, provision was made in the Bereavement Services revenue budget for an annual contribution to the Equipment Replacement Fund starting in 2010/11 and the contributions have continued since this date with the fund currently standing (including this years contribution) at £275,000.

- 1.3 Through careful management and maintenance, the cremators have lasted five years (F2) and four years (F3) without the need to replace the two hearths. This has allowed additional time for the Equipment Replacement Fund to accumulate without any disruption to the service provided to customers.

However, both cremators now need to be re-lined, to ensure that the service continues without disruption.

2. **Issues**

- 2.1 As the Council procured the cremators and associated repair, servicing and maintenance services from FacTec, a specialist refractory company, is intended to procure the scheduled relining work from FacTec to ensure continuing quality of the current high standard, ensure compatibility with other structures and systems relating to the cremators and minimise the risk of non-compatibility and resultant service disruption which could occur if alternative are contractors used. FacTec provide a proprietary fire brick and specialist drawings for the work which other companies cannot provide.

To enable this to proceed, the Council's Standing Orders in relation to contracts will need to be waived and it is your officers' view that in this case, an exemption from Standing Orders can be justified under section 2 (b)(iv) "Exceptional circumstances justifying exemptions from the Requirement to Invite Tenders" which are proprietary, patented or specialised goods or materials.

- 2.2 An estimate for the relining and ancillary work has been obtained from FacTec in the sum of £71,551, including a 2 year/2000 cremations warranty.

In order to benchmark this estimate and ensure that the Council is securing value for money, an estimate was sought from another company who provide similar services in the industry. However, the company could not provide all of the required services in respect of the ancillary works and therefore additional costs would be incurred to achieve compatibility. When the estimate was

evaluated and the additional costs added, the comparative estimate is in the sum of £64,450.

2.3 The company has also not offered a warranty so if any element of the work failed within 2 years/2000 cremations, there is a risk that the Council could incur additional costs to rectify this.

2.4 FacTec has indicated that should the Council wish to proceed with the work, it can commence on the first cremator in October 2014 and upon completion of the first cremator, commence on the second in November 2014 with full completion by late November 2014. This will allow cremations to continue throughout the period of the works and avoid the need for a complete shutdown of the crematorium, hence minimizing service disruption. It is estimated that work will take approximately 12 days for each cremator.

On this basis, it is recommended that Standing Orders be waived and officers be authorized to engage FacTec to undertake the relining work.

3. Options Considered

3.1 Option 1 – waive Standing Orders and engage FacTec to undertake the relining work.

3.2 Option 2 – engage an alternative company to undertake the relining work.

4. Preferred solution

4.1 It is proposed to implement Option 1 for the reasons stated in Section 2 of this report.

5. Reason for Preferred Solution

5.1 Although Option 1 is slightly greater in cost, it represents less ongoing risk to the Council as it ensures compatibility with current structures and systems relating to the cremators by using a proprietary material which is not available from other companies, includes a 2 year/2000 cremations warranty and work can be programmed and completed in a short timescale with minimum disruption to the service.

6. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

6.1 Creating a healthy and active community

7. Legal and Statutory Implications

7.1 The Council is a statutory burial authority with an obligation to make provision for the disposal of the dead.

8. Equality

8.1 It is considered that continuing to offer the community a choice of burial or cremation represents a positive equality impact.

9. Financial and Resource Implications

9.1 The estimated total cost of the relining work to the cremators is £71,551. Provision has been made in the Bereavement Services revenue budget (Equipment Replacement Fund) for this scheduled work.

9.2 In exceptional circumstances Standing Orders in relation to procurement may be waived. This report details the case for waiving Standing Orders to ensure that the cremator relining work can be completed without compromising the complex equipment at Newcastle Crematorium and minimising the risk of failure that could seriously affect the continuity of service to the community.

It is therefore recommended that in this case, Standing Orders are waived and FacTec is engaged to carry out the work.

10. Major Risks

- Failure to carry out repair works which could cause failure of the cremators and result in close down of one or both cremators
- Work incompatible with current structures and systems
- Risk of additional costs associated with failure of non-compatible work/materials
- Risk of non-compatibility with current software management package
- Risk of inability to maintain business continuity during work
- Service disruption
- Loss of income
- Reputational damage
- Risk of challenge from other providers that could cause a delay.

11. Key Decision Information

11.1 The report gives effect to a provision of the Councils Budget for which financial provision has been made and therefore is deemed not to be a key decision. Consequently, the decision has not been the Forward Plan.

12. Background Papers

12.1 Detailed cost estimates are held on service files.