



Report No: **220/2008** Public Agenda Item: **Yes**

Title: **Outcome of Tender for the Management of the Cemeteries and Crematorium Service**

Wards Affected: **All**

To: **Cabinet Council** On: **22 July 2008
31 July 2008**

Key Decision: **Yes – Ref. X2/2008**

Change to Budget: **Yes** Change to Policy Framework: **No**

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1. What we are trying to achieve and the impact on our customers

1.1 To inform Members of the outcome of the recent tender process for the management of the cemeteries and crematorium service and request authority to conclude negotiations with the preferred supplier. By proceeding with the tender, service improvements will be secured for the next twenty five years, and the Council will be in a position to comply with environmental legislation required by 2012.

2. Recommendation(s) for decision

2.1.1 That the Assistant Director (Environmental Health and Consumer Protection) be requested to conclude negotiations with the preferred supplier and award the tender for the management of the cemeteries and crematorium to the preferred supplier;

2.1.2 that the Director of Law and Support in consultation with the Director of Financial Services be authorised to grant to the preferred supplier a 25 year lease for the land and buildings (excluding the closed churchyards) and a management agreement for the operation of the cemeteries and crematorium service, both on acceptable terms;

2.1.3 that the Council retains a £40,000 capital contingency to deal with unforeseen repairs and maintenance in the five closed churchyards, for which the Council will retain its statutory responsibility.

3. Key points and reasons for recommendations

- 3.1 The Cabinet approved the process of inviting tenders for the Cemeteries and Crematorium Service in June 2007. This process attracted three submissions. These have been evaluated in accordance with predetermined criteria and the whole process overseen by a Project Board using PRINCE2 methodology. This process has provided a clear opportunity for the Council to provide a modern, efficient cemetery and crematorium service, whilst retaining the Council's current net revenue position.
- 3.2 In May 2008, a preferred supplier was named and since that time discussions have been ongoing to clarify the proposals and structure a final proposal for Members to consider.
- 3.3 The procurement process has ensured that the Council will receive best value by maximising the management opportunities and the return to the Council. The preferred supplier is already working with a number of other local authorities and has a proven track record of working within the industry. By pursuing the externalisation there will be real opportunities for improving and developing the service through an experienced provider.
 - 3.3.1 The provision of a crematorium and cemeteries service is not a statutory duty and does not directly contribute to the Councils Corporate Priorities.
 - 3.3.2 The lease is to exclude the closed churchyards since these are not within the Council's ownership but it is appropriate that they are included in the management agreement as the Council has a statutory responsibility to maintain them.

For more detailed information on this proposal please refer to the supporting information attached.

Frances Hughes
Assistant Director (Environmental Health & Consumer Protection)

Supporting information to Report 220/2008

A1. Introduction and history

A1.1 In June 2007 the Cabinet considered report 116/2007 including a document entitled "Management Review of the Cemeteries and Crematorium Service". This review proposed a range of options for the future delivery of the service based on the challenges facing the existing service in both the short and medium term. Cumulatively the issues present a huge challenge to the Council in continuing to manage and invest in the service appropriately to maintain an appropriate level of service to customers, which meets the service standards required of a modern facility.

This review highlighted many of the difficulties associated with operating specialist service in house. The Cemeteries and Crematorium Service cannot be operated as an individual "business unit" at the present time due to the need to divert income to support other Council services.

The key issues facing the service include:

- Upgrading the existing cremators and buildings to comply with mercury abatement requirements by 2012;
- Implementing a robust, rolling programme of memorial safety inspections across all sites;
- Developing the service to meet customers' needs, now and into the future, including longer service time, wider range of service times, increased choice in memorialisation;
- Lack of burial space available at all existing sites;
- Condition of buildings and infrastructure and the need to invest in upgrading existing facilities;
- Improving the level of investment in grounds maintenance;
- Increasing the range of memorialisation available;
- Recruitment and retention of specialist staff;
- Increased demand for family history and historical records and information;
- Improving the choice and range of services to meet the demands of diverse service users;
- The Charter for the Bereaved was launched in 1994 by the Institute of Cemetery and Crematorium management (ICCM). The objective was to provide a number of Charter Rights that the bereaved could expect to receive as a minimum standard of service. Since 1994 the Charter has evolved and is now the only benchmark for Cemeteries and Crematorium throughout the UK by means of an annual Charter Mark Assessment process. At the present time, the service has not applied for this Charter.

All of these issues require a significant amount of investment over the coming years, and have to be sustained.

Following this report the Cabinet approved the option of inviting tenders for the service.

A1.2 A project manager was appointed in July 2007 and a specification developed. Utilising PRINCE2 methodology a Project Board was established to oversee the

project and the tender advertised in the European Journal in November 2007.

The project board comprised Councillor Jeanette Richards (Cabinet Member for Community), Richard Thorpe (Director of Finance), Steve Parrock (Assistant Director, Law & Support) and Frances Hughes (Assistant Director, Environmental Health & Consumer Protection).

A1.3 An Invitation to Tender document was prepared which included the Crematorium, Torquay Old and New Cemetery and Paignton Cemetery. Also included was the maintenance of the five closed churchyards for which Torbay have responsibility, namely:

- (i) St Andrews/St Saviours Church, St Efrides Road, Torquay
- (ii) St John the Baptist Church, Church Street, Paignton
- (iii) St Mary the Virgin Church, St Marychurch, Torquay
- (iv) St Mary the Virgin Church, Bakers Hill, Brixham
- (v) St Mary Magdalene Church, Higher Union Street, Torquay

A1.4 The closing date for the tenders was 10th January 2008 and three were received.

A1.5 All the tenders were evaluated in accordance with predetermined criteria by members of the project board and key specialist officers including those from Finance, Estates, Procurement, Human Resources and a Unison representative. There were three main elements to the scoring mechanism, i.e. commercial evaluation, technical evaluation and price.

A1.6 A preferred bidder was declared in May 2008 in accordance with legal requirements. This company, Westerleigh Group Ltd have since been working with the project team in structuring a final agreement acceptable to all parties.

A2. Risk assessment of preferred option

A2.1 Outline of significant key risks

A2.1.1 There are no significant risks associated with pursuing the recommendations. A preferred supplier has been identified from the tender process as a result of a thorough and robust evaluation.

A lease and management agreement will be prepared. The liability of the lease will be exempt of VAT, and will therefore have no VAT implication for the operator.

Ten Torbay Council staff will transfer to the new organisation under TUPE arrangements

(Note: A full risk assessment of the proposals is available from the report author.)

A3. Other Options

- A3.1 If the recommendation is not approved then Members would need to reconsider the whole matter as per the option appraisal considered by Cabinet in June 2007. As we have already experienced one failed tender process for this service, the marketplace is likely to lose confidence in the Council. Going back to the marketplace will not likely achieve a significantly different outcome.
- A3.2 Retaining the service in house will also require a significant resource almost immediately. One of the key drivers for externalisation was the need to install new mercury abatement equipment by 2012. Just to retain the service in-house would require significant investment (in excess of £1.6million) just to comply with this environmental legislation.
- A3.3 To secure compliance within the statutory timescale would require a separate design and tender process for the equipment and associated civil works almost immediately and a decision would have to be made on how the council would resource such a project.
- A3.4 Additional resources would be required which include project management costs and the work of existing officers within the Council to be reprioritised to accommodate the volume of work. This must all be balanced against whether the cemeteries and crematorium service is reclassified as priority area for the Council which it currently is not.
- A3.5 These immediate issues do not address the ongoing management requirements on top of developing the service to meet the needs of service users over the next 25 years.
- A3.6 An officer assessment of the improvements and associated costs required to develop the service in-house is provided as exempt Appendix 2.
- A3.7 Over and above these immediate problems, the cemeteries and crematorium service would need a long term, funded business plan in order to develop in the way equivalent to that in which our private sector competitors operate. This is difficult to achieve with the existing annual budget setting process and inevitably the cemeteries and crematorium will need a significant amount of investment within the next 10 years.

A4. Summary of resource implications

- A4.1 To achieve the recommendation as written, and to conclude negotiations will require dedicated officer time and additional legal costs in association with preparing the management agreement and finalising the lease. These costs can be found from within existing resources.

A5. What impact will there be on equalities, environmental sustainability and crime and disorder?

- A5.1 By awarding the tender the Council will secure the management and development of the service for the next 25 years. Included within the contract specification are specific environmental sustainability issues and crime and disorder requirements which will have a positive impact.

A5.2 The Council's preferred bidder is a leading provider of similar services across the country and is well aware of the implications and importance of the impact on the community. It is envisaged that a developing rapport will concentrate on customer and environmental issues.

A6. Consultation and Customer Focus

A6.1 The Project Board and wider officer group have been consulted on the proposals, and personnel at the crematorium have been kept informed of the process.

A6.2 At a meeting with local funeral directors, clergy and other officiators who use the crematorium, concern was expressed about the level of fees which a private company may charge in the future. There was a desire from those present for the council to retain some safeguards within the final contract to prevent disproportionate charges being introduced. Those present were also keen to meet with the preferred bidder to discuss service users' needs and aspirations before the details of the contract were finally agreed. The preferred bidder has also recently met with a number of funeral directors, staff and other stakeholders to discuss their proposals in more detail.

A7. Are there any implications for other Business Units?

A7.1 Owing to the nature of managing the cemeteries and crematorium, its land, physical assets, buildings and staff, there are a wide range of other Business Units who will see an impact from this recommendation. However, all relevant Business Units have been consulted with and informed as part of the management of the tender process.

Appendices

Appendix 1 Exempt Financial Appraisal of options

Appendix 2 Exempt Proposed initial fees from Preferred Bidder

Documents available in members' rooms

Background Papers:

The following documents/files were used to compile this report:

Management Review of the Cemeteries and Crematorium Service 2007

