

DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	PURCHASE AND INSTALLATION OF NEW CREMATORS, MERCURY ABATEMENT AND OTHER ESSENTIAL EQUIPMENT FOR SOUTHAMPTON CREMATORIUM
DATE OF DECISION:	21 DECEMBER 2009 20 JANUARY 2010

REPORT OF: CABINET MEMBER FOR ENVIRONMENT AND
TRANSPORT

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STATEMENT OF CONFIDENTIALITY

Appendix 1 to the report contains information deemed to be exempt from general publication based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. It is not in the public interest to disclose this information because it comprises financial and business information that if made public would prejudice the Council's ability to operate in a commercial environment and obtain best value during acquisition negotiations.

SUMMARY

This report seeks to secure the necessary approval to purchase new cremators and associated mercury abatement equipment allowing the project to progress through the formal procurement process.

The crematorium requires new cremators and coffin handling equipment, new chapel coffin lifts, the renewal of the chapel ventilation systems, the installation of mercury abatement equipment to comply with new legislation and some urgent repairs principally to the East Chapel and book of remembrance room and area.

RECOMMENDATIONS:

Having had regard to the provisions of the Community Strategy and being satisfied that the proposals in this report will improve the economic, social and environmental well being of service users and the local community:-

- (i) Cabinet
Subject to Council approving the addition of the Crematorium - New Cremators scheme to the Environment and Transport Capital Programme, to approve, in accordance with Financial Procedure Rules, capital expenditure on the purchase of new cremators, associated mercury abatement equipment and other ancillary equipment and repairs, as set out in the confidential appendix.

(ii) Council

To approve, in accordance with Financial Procedure Rules, the addition of the sum in the confidential appendix to the Environment & Transport Capital Programme for the Crematorium - New Cremators scheme funded from a combination of direct revenue financing and unsupported borrowing, as set out in the confidential appendix.

REASONS FOR REPORT RECOMMENDATIONS

1. To purchase and install new cremators, mercury abatement equipment and associated plant to comply with new legislation and to replace equipment at the end of its serviceable life.

CONSULTATION

2. Property services, Finance, Democratic Services, Legal, Private Sector Service Providers, Stakeholder groups.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. In total seven other service delivery models have been examined:- Cease service provision, transformation in-house, market testing, outsourcing, public/private partnership, sale of the business and creation of a wholly owned company. All were rejected for financial reasons.

DETAIL

4. The crematorium requires new cremators and the installation of mercury abatement equipment by the end of 2012 to comply with new legislation. The crematorium currently operates with 6 cremators, none of which is compliant with the new legislation and all are reaching the end of their normal operational life. A feasibility study has indicated that the crematorium may operate efficiently with 4 cremators 2 of which will be fitted with mercury abatement equipment. A small amount of other urgent work will also be undertaken including the renewal of the chapel catafalque scissor lifts, the renewal of the chapel ventilation systems, improvement of the book of remembrance room and area and the provision of mechanical coffin handling in the crematory to overcome manual handling issues.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

5. The estimated costs of the scheme are shown in the confidential appendix.
6. On 24th November 2008 Cabinet agreed to an increase in cremation fees, from 1 January 2009, which included an element (£85 per adult cremation) that will be specifically used towards financing the cost of installing new cremators and mercury abatement equipment. In the first 10 months a balance of £217,260 has accumulated. Based on the current forecast of future income levels, it is anticipated that £918,000 will be available as direct revenue financing for the scheme. The balance will be met from unsupported borrowing, as set out in the confidential appendix. The ongoing borrowing costs, over the 15 year anticipated life of the cremators, will be met from the element of cremation fees that will continue to be set aside for this purpose. If the set aside remains unchanged at £85 per adult cremation, it is

estimated that an additional sum of £27,000 per annum will be accrued. This would build a 'sinking fund' of approximately £400,000 over 15 years towards future maintenance and replacement costs.

Revenue

7. The maintenance cost of the crematorium building and the cremators is currently met from the Council's central repair and maintenance fund. It is now proposed that the ongoing revenue costs associated with the operation of the cremators, which include a new refractory lining every 5 years, at a cost of £40,000, and the maintenance of the mercury abatement equipment, will be met from the sinking fund. The purchase of more fuel efficient equipment will reduce gas consumption and reduce energy costs by an estimated £30,000 per annum.

Property

8. Not applicable.

Other

9. Not applicable.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

10. Section 2 of the Local Government Act 2000 permits a Council to do anything likely to improve the economic, social or environmental well-being of its area provided a Council first has regard to the provisions of its Community Strategy and is satisfied that the likelihood of such an improvement is supported in that context.

Other Legal Implications:

11. Procurement of works, goods and services in connection with this report will be subject to compliance with Contract Procedure Rules.

POLICY FRAMEWORK IMPLICATIONS

12. The proposal for the purchase of new cremators and associated plant at Southampton Crematorium, are set out within the Corporate Improvement Plan (CIP) 2009/10 Policy Framework document and implement strategic objective 4 in the Community Strategy – a high quality public realm and a City which lives within clear environmental limits.

SUPPORTING DOCUMENTATION

Appendices

1.	Confidential Financial Implications.
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Documents In Members' Rooms

1.	None.
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Background Documents

Title of Background Paper(s) none.

Relevant Paragraph of the
Access to Information
Procedure Rules / Schedule
12A allowing document to be
Exempt/Confidential (if
applicable)

1.	None.	
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Background documents available for inspection at:

FORWARD PLAN No: **No:ET03742** **KEY DECISION?** Yes

WARDS/COMMUNITIES AFFECTED:	All
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