

Project Appraisal and Scrutiny Committee Recommendation

Project Name	Refurbishment of former Crematory
Committee	Community Services
Portfolio	Community Development & Health
Committee Date	30 June 2011
Executive Councillor	Councillor Tim Bick
Lead Officer	Paul Necus

Recommendation/s

Financial recommendations –

- The Executive Councillor is asked to recommend this capital scheme (which is not included in the Council's Capital Plan) for approval by Council, subject to resources being available to fund the capital and revenue costs associated with the Scheme. The total capital cost of the project is £206,000, and it is proposed that this funded from Repairs & Renewals.
- There are no net Revenue implications

Procurement recommendations:

- The Leader is asked to approve the carrying out and completion of the procurement of this project as outlined at 1.3 of this report.
- If the tender sum exceeds the estimated contract value of £206,000 by more than 15% the permission of the Executive Councillor and Director of Resources will be sought prior to proceeding.

1 Summary

1.1 The project

The Mercury Abatement project at the City Crematorium (SC379) creates a new crematory to house mercury abatement equipment and three new cremators. This will leave the old crematory without an operational function and with no direct site access should works

be undertaken in the future. This scheme is to undertake the refurbishment of the former crematory whilst the site is still accessible for projects of this scale to maximise the use of the space created and provide modern facilities for the bereaved, mourners, staff, officiants and funeral directors. It is also planned to provide a glazed roof above the Cloisters, again whilst the site is accessible, allowing covered access to floral and other tributes.

Target Start date	November 2011
Target completion date	February 2012

1.2 The Cost

Total Capital Cost	£206,000
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Capital Cost Funded from:

Funding:	Amount:	Details:
Reserves	£0	
Repairs & Renewals	£206,000	21158
Section 106	£0	
Other	£0	

Revenue Cost

Year 1	current budget provision
Ongoing	current budget provision

1.3 The Procurement

It is anticipated that the most efficient method of procurement is to use the building contractors extant as part of the Mercury

Abatement project. A waiver will be sought to enable the works to be procured and delivered within the financial year.

2 Capital Project Appraisal & Procurement Report

2.1 What is the project?

The Mercury Abatement project will create a new crematory: Further investment is needed to remove the redundant equipment and make efficient use of the space created as outlined in Section 6.2 of the Service Business Plan dated December 2010.

The works outlined below are considered necessary to meet the requirements of a modern service and also to meet the welfare needs of the bereaved, staff, officiants and funeral directors.

- Removal of existing cremators and closing existing flues
- Creation of new work areas (including refrigeration)
- Creation of offices and business reception
- Improvements to vestry facilities
- Installation of staff toilets and showers
- Removal of suspended ceiling to allow access to natural light
- New undertakers' restroom
- Improved transfer chamber (from chapels)
- Creation of space for operational expansion
- Glazed roof to cloisters adjacent to both chapels

The Bereavement Services team consider that the works should be undertaken at the same time as the Mercury Abatement project to mitigate the Council's exposure to VAT partial exemption risk and to gain operational and cost efficiencies of using builders whilst on site.

2.2 What are the aims & objectives of the project?

- to make effective and efficient use of Council buildings
- to accelerate the building works timetable to benefit from the current dispensation from HMRC which will allow £500,000 to be returned to Reserves

2.3 Summarise the major issues for stakeholders & other departments?

Various stakeholder groups will benefit from the proposed works:

- **Funeral Directors** – provision of rest room and toilet facilities
- **Officiants** – provision of improved vestry, locker and toilet facilities
- **Public** – both the bereaved and mourners will be able to view floral, other tributes and commemoration plaques under cover
- **Staff** – (1) provision of shower and toilet facilities together with new and improved offices for the business team
- **Staff** – (2) new office space will be created for the service manager and deputy allowing the new commemoration team to work from the existing separate offices on this site

2.4 Summarise key risks associated with the project

The purpose of this appraisal is to bring refurbishment expenditure into the same year as major capital expenditure on Mercury Abatement. This will ensure that all major works related to the Crematorium project outlined in the November 2006 report are undertaken in 2011/12. It is highly desirable that this work is completed by 31 March 2012. Provisional dates from the proposed contractor indicate that the works will be completed by February 2012. If works are not completed by the end of March 2012, there is a risk that the project will increase our exempt income related expenditure this raising the possibility of a VAT penalty of a minimum of £275,000 (see 2.7 below).

If the project is completed to time and budget, approximately £500,000, originally budgeted as a VAT loss, will be returned to Reserves.

2.5 Financial implications

- Appraisal prepared on the following price base: 2011/12
- The project will be funded from the services' current Repairs and Renewals funds.
- Revenue costs will be net nil taking into account fuel savings arising from the Mercury Abatement project

2.6 Capital & Revenue costs

(a) Capital	£	Comments
Building contractor / works	180,000	
Professional / Consultants fees	12,000	
IT Hardware/Software		
Contingency	14,000	
Total Capital Cost	206,000	

(b) Revenue	£	Comments
Repairs & Renewals	0	
Total Revenue Cost	0	

2.7 VAT implications

The majority of income derived from the Crematorium is VAT exempt; therefore these works will impact on our VAT partial exemption position. HMRC have agreed that the current Mercury Abatement project will exceptionally fall outwith our partial exemption calculation as the percentage of expenditure relating to Exempt outputs would be significantly greater than our normal exempt percentage. This will allow us to return approximately £500,000 to Reserves compared to the original proposal from 2006 which set aside funding to meet the VAT penalties. By undertaking this additional necessary work in 2011/12, the Council can benefit from the current dispensation without risking a penalty in future years.

2.8 Other implications

These proposals will allow us to meet our staff welfare objectives through the provision of toilets and showers, together with office space for existing staff allowing members of the customer facing commemoration team to work from the current

offices. Formal approval will be sought through the Council's Accommodation Strategy to relocate staff on site.

2.9 Estimate of staffing resource required to deliver the project

No staff are required to deliver this project as it falls within the remit of the project management team employed to undertake the Mercury Abatement project.

2.10 Identify any dependencies upon other work or projects

It is desirable from the aspects of site management and economies of scale that this work is undertaken contemporaneously with the project being undertaken on Mercury Abatement (SC379).

2.11 Background Papers

Mercury Abatement Approval – November 2006
Bereavement Services Business Plan 2006-2011 (*updated Dec 2010*)

2.12 Inspection of papers

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Capital Project Appraisal - Capital costs & funding - Profiling

Appendix A

	2011/12	2012/13	2013/14	2014/15	2015/16	Comments
	£	£	£	£	£	
Capital Costs						
Building contractor / works	206,000					includes contingency £14,000
Purchase of vehicles, plant & equipment						
Professional / Consultants fees						
Other capital expenditure:						
Total Capital cost	206,000	0	0	0	0	
Capital Income / Funding						
R&R funding	206,000					21158
Total Income	206,000	0	0	0	0	
Net Capital Bid	0	0	0	0	0	