

EPSOM CEMETERY EXTENSION

Head of Service/Contact:	Mark Shephard, Head of Property and Regeneration
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Annexes/Appendices (attached):	Confidential Annex A – Value Engineering Exercise
Other available papers (not attached):	Epsom Cemetery Extension reported to Strategy and Resources Committee on 17 April 2018 and 26 July 2018

Report summary

This report provides an update on the current position of the Epsom Cemetery extension and seeks approval for an additional budget requirement of £150k.

Recommendation (s)

- (1) Note the progress to date;
- (2) Agrees to fund the increased works cost of £150,000 from the Corporate Projects Reserve.

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 Managing our Resources – identifying new sources of revenue and maximising our existing income.
- 1.2 The expansion of Epsom Cemetery is essential to maintaining the current burial service and will ensure current revenue receipts are continued.

2 Background

- 2.1 At its 17 April 2018 meeting, Committee approved the following recommendations to progress the extension of the Council owned Epsom cemetery between Ashley Road and Downs Road:-

Strategy and Resources Committee

30 July 2019

- Agree the submission of a planning application for the proposed Cemetery extension.
 - Approve the appointment of a specialist consultant to prepare the planning application, procure the contractor and oversee completion of the works.
 - If negotiations fail, to authorise the use of compulsory purchase making powers to acquire the required land.
- 2.2 Following a tender exercise, The Environment Partnership (TEP) were appointed the Council's specialist consultant. TEP provide independent environment planning and design advice with the benefit of direct experience of cemetery operations.
- 2.3 Following successful negotiations between the Council and landowner, Committee approved the acquisition of the extension land at its 26 July 2018 meeting.
- 2.4 TEP submitted the planning application on 21 September 2018 and planning permission (subject to conditions) was granted on 31 December 2018. The conditions (which include the specific treatment of boundaries and landscaping proposals) are necessary to preserve the setting and character of Epsom Cemetery. The Cemetery has been in existence since c1870, and comprises various Grade II Listed structures including the Chapel, War Memorial, Gate Piers and Cemetery Lodge.

3 Current Position

- 3.1 The contractor tender documentation was sent out on 25 February 2019 to a select number of specialist contractors. This method of procurement (as distinct from an open, full market exercise) is often utilised where projects are specialist in nature. These works are deemed specialist with a relatively small number of contractors with experience of cemetery development.
- 3.2 Tender returns were due 25 March 2019 with an anticipated work commencement date of 23 April 2019 and completion by Christmas 2019.
- 3.3 Based on comparable schemes, TEP were confident the tenders would reflect the £650k approved capital budget.
- 3.4 However, all received tenders exceeded the approved capital budget available with the highest tender almost £330k over budget.
- 3.5 The tender analysis undertaken by TEP revealed specific works items were responsible for the extremely high variances between the contractors. By way of example, the boundary Random Rubble Wall and the general landscaping works (both conditions of the planning permission) returned the highest variances between the contractors.

Strategy and Resources Committee

30 July 2019

- 3.6 It was noted that if the lowest price for each individual item from each contractor were used to cost the full works contract, then the cost of the works would have been below the approved budget. This would suggest that the comparable cost evidence used by TEP to estimate the contract value was undertaken in good faith.
- 3.7 TEP offered the explanation that the contractors were competitive for their core specialisms but were pricing in disproportionate risk costs for any items they would need to sub-contract. This reflected the uncertainty and likely higher labour costs that would result from a no deal Brexit. The risk cost premium reflected the loss of control the main contractor would have over future unknown labour costs.

4 Proposal

- 4.1 A value engineering exercise has been undertaken, that is, the works contract has been carefully reviewed to reduce cost where possible. This has been achieved by seeking to remove lower priority items and reducing the specification where no significant adverse implications would arise.
- 4.2 In compliance with the Council's procurement procedures, each contractor has re-submitted tenders to take account of the value engineering exercise.
- 4.3 Cost savings per contractor of up to £42k have been achieved and TEP has advised that a further cost saving may be achievable if the landscaping works are omitted from the main contract and separately undertaken by a landscaping contractor.
- 4.4 However, the lowest contractor tender already includes a landscaping cost below TEP's cost estimation. Whilst this option is being investigated, it is therefore considered unlikely that the most competitive tender will be reduced.
- 4.5 The value engineering spreadsheet is attached as a confidential Annex A.
- 4.6 It is recommended that Committee approve an additional budget of £150k to enable the works to proceed with the Epsom Cemetery extension.

5 Financial and Manpower Implications

- 5.1 The Capital Programme originally included a budget of £654,000 for the extension of the cemetery, agreed by Members in February 2016. This budget was subsequently increased to £908,000 at Strategy & Resources Committee in September 2018, with the increase based on the best information available at the time.
- 5.2 Following procurement and subsequent value engineering exercises, the costs to complete the project are now expected to exceed the current budget by a further £150,000.

Strategy and Resources Committee

30 July 2019

- 5.3 The on-going Grounds maintenance of the new area (once it has been established) will need to be considered. This could be achieved by understanding the level of service needed in each area of the cemetery so that the current resource can be spread, or by employing an additional member of staff to keep the whole cemetery to the existing standard. This matter will be considered by the Community and Wellbeing Committee which will include details on how any increase in resources can be funded.
- 5.4 The additional cemetery space will ensure the continuation of burials and the receipt of associated cemetery income.
- 5.5 **Chief Finance Officer's comments:** The Council's 2018/19 revenue budget includes £465,000 expected annual income from the cemetery. The extension is thus an important project to safeguard this level of income for future years.
- 5.6 The existing £908,000 budget for the extension is funded from Community Infrastructure Levy. The requested additional £150,000 would be funded from the Corporate Projects Reserve, which holds an unallocated balance of £2.96m.

6 Legal Implications (including implications for matters relating to equality)

- 6.1 There are no legal implications arising from the contents of this report.
- 6.2 **Monitoring Officer's comments:** None arising from the contents of this report.

7 Sustainability Policy and Community Safety Implications

- 7.1 None for the purposes of this report.

8 Partnerships

- 8.1 None for the purposes of this report.

9 Risk Assessment

- 9.1 The existing cemetery for Lawn Graves is close to capacity and once full, people will be unable to be buried with their families.
- 9.2 The reduction in burial capacity will have a significant impact on future revenue income for the Council.
- 9.3 The inability to continue to provide a burial service is likely to cause adverse negative publicity towards the Council.

Strategy and Resources Committee

30 July 2019

10 Conclusion and Recommendations

- 10.1 It is recommended that Committee approve an additional budget of £150k to proceed with the Epsom Cemetery extension works.

Ward(s) affected: (All Wards);