

Report of: Executive Member for Environment and Transport

Meeting of:	Date	Agenda item	Ward(s)
Executive	18 June 2015		All

Non-exempt

SUBJECT: Approval of the Procurement Strategy for Vaults and Mausolea**1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Vaults and Mausolea in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The ongoing provision of Vaults and Mausolea in various parts of Islington and St Pancras Cemeteries will provide a continuation of the service and extended burial options.

2. Recommendations

- 2.1 To approve the procurement strategy for Vaults and Mausolea as outlined at paragraph 3.9.
- 2.2 To agree to delegate the key decision of the award of the contract to the Corporate Director of Environment and Regeneration, in consultation with the Executive Member for Environment and Transport.

3. Background

- 3.1 Vaults and Mausolea are constructed in advance and then offered for sale. The Council wants to continue and extend this provision in various parts of Islington and St Pancras Cemeteries.

3.2

Estimated Value.

The total value of the contract is estimated at £2 million over six years, averaging £333K per annum.

The spend over the last three years is as follows:

- 2012-13 £231,847.00
- 2013-14 £44,441.12
- 2014-15 (to end of December) £194,701.36

The effect of any reduction in budget will impact on cemetery income and its viability in offering services in what is a commercial environment. A longer term contract with higher volume should offer better rates per unit. We have benchmarked with other Burial Authorities and private cemeteries in North London selling similar products and the Council is at the lower end of the cost spectrum.

A longer term contract will also hold the unit price for a longer period of time, thereby generating savings over the period of the contract. The main cost drivers are to provide an affordable service to residents with burial options that are of good design and quality, and to generate income that helps maintain the viability of the Islington and Camden Cemetery Service (ICCS).

ICCS has successfully provided Vaults and Mausolea for the last 14 years and demand remains strong. There is a small risk of unrecovered debt in the form of non-payment but there are robust processes in place to manage this.

3.3

Timetable:

The current contract expires on the 6th May 2016 but the Council is likely to exceed the current value toward the end of 2015. It is essential that a new contract is in place before the current one expires to allow continuation of the service.

It is recommended that due to the timescales involved, Executive agree to delegate the contract award decision to the Corporate Director of Environment and Regeneration in consultation with the Executive Member for Environment and Transport. The current proposed contract commencement date is January 2016, following invitation to tender in October 2015.

Procurement, Legal and Finance have all been consulted about these proposals.

3.4

Options appraisal:

The Vaults and Mausolea have to be constructed according to the Local Authorities Cemeteries Order 1977 (LACO 1977) which specifies the materials and composition to be used. These are concrete of a 1:2:4 mix, brick, slate or stone flagging. There is currently only one known supplier in the UK who can provide these products to this specification, though other suppliers may come on stream. A Framework Agreement is therefore not currently viable and a Single Supplier Contract is the preferred route.

The "Transfer of Undertakings (Protection of Employment) Regulations 2006" as amended by the "Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014" may apply to this Procurement. Any TUPE transfers will be the responsibility of the transferors and the transferees.

3.5

Key Considerations:

It is envisaged that new schemes will provide more ambitious designs of a style of burial that is increasingly popular with those who want Mausoleum or Vault burials. The existing Vaults and Mausolea will also still require maintenance. Demand for burials is increasing at a time that available space is declining. New Vaults and Mausolea will help enable ICCS to continue to operate the existing cemeteries by allowing productive use to be made of land unsuitable for traditional burials.

By using a longer term contract, the Council will be able to use economies of scale to help reduce the unit cost. Fuller utilisation of current land holdings to provide more overall burial spaces will allow more residents the opportunity of being buried close to their home borough, thus mitigating the need for loved ones to travel greater distances to visit graves. This procurement will also provide added flexibility to construct small schemes around the main cemetery site with the employment of a single contractor that knows the cemetery. We will be seeking to purchase the products made from UK sourced concrete in order to reduce as much as possible the carbon footprint of this scheme.

The London Living Wage (LLW) will apply to this contract.

3.6

Evaluation:

The tender will be conducted in one stage known as the Open Procedure, as the tender is ‘open’ to all organisations that express an interest. The Open Procedure includes minimum requirements which the organisation must achieve before the evaluation Award Criteria are considered

The proposed award criteria and weightings are as follows:

Tender award criteria	Total
Cost	60%
Quality for the delivery of the contract includes:	
Proposals for effectively controlling delivery, costs and risks for this contract	10%
Proposals for design and longevity of vaults and mausolea	10%
Proposals for installation of vaults and mausolea	10%
Proposals for maintenance of vaults and mausolea, including faults, back-up service	5%
Sustainability in relation to this project	5%
Total	100%

3.7

Business Risks

The identified business risks are twofold:

- That the Council purchases a product that we can't sell to the public as either it is not wanted or it is to the wrong specification. This isn't considered likely as the Council has been selling Vaults and Mausolea for many years with strong demand.
- That the Council fails to recover costs if a member of the public defaults on their purchase. This is also unlikely as payment is required before any funeral takes place and there are robust systems in place to manage this risk.

3.8

The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never

blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board

3.9

The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	Contract for Vaults and Mausolea
2 Estimated value	<p>The estimated value per year is £333,333.</p> <p>The agreement is proposed to run for a period of 6 years.</p>
3 Timetable	<p>Award decision late in 2015, with a contract commencement in January 2016.</p> <p>See paragraph 3.3</p>
4 Options appraisal for tender procedure including consideration of collaboration opportunities	<p>This will be an Islington single supplier contract, in collaboration with Camden.</p> <p>See paragraph 3.4</p>
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	See paragraph 3.5 - LLW will apply.
6 Evaluation criteria	60% on price and 40% on quality. The award criteria price/quality breakdown is given in paragraph 3.6
7 Any business risks associated with entering the contract	That the Council doesn't sell all the Vaults and Mausolea purchased and recover all its costs. This is considered small.
8 Any other relevant financial, legal or other considerations.	None

4. Implications

4.1

Financial implications:

This report seeks the approval of the procurement strategy of vaults and mausolea over the next six years with an estimated value of £2million. This will be funded through existing revenue budgets within the cemetery service with income generated from sales covering the cost of construction. Mausolea are treated as stock until they are sold allowing the construction cost to be accounted for in the same financial year as the eventual sale in line with the accounting concept of matching.

The cemetery service is a joint operation with Camden council and operates as a ring-fenced trading account with any surplus re-invested in the cemetery service. The additional income from mausolea sales will allow the service to fund further phased developments across the site.

4.2

Legal implications:

The Council in its capacity as a burial authority may do all such things as it considers necessary or desirable for the proper management, regulation and control of a cemetery (Local Authorities' Cemeteries Order 1977 No 204, Article 1). The Council also has the power to do anything that individuals generally may do under the general power of competence (Localism Act 2011, section 1) provided there are no pre-existing legal limitations or restrictions (Localism Act, section 2). Therefore the Council may sell vaults and mausolea to members of the public in reliance of the general power of competence. The Council may charge for such services on a cost recovery basis (Local Government Act 2003, section 93 and Localism Act 2011, section 3). Alternatively if the intention is to charge for such services on a commercial basis and make a profit such trading activities should be conducted through a company (Local Government Act 2003, section 95 and Localism Act 2011, section 4). Trading activities may be conducted through the Council's general trading company, Islington Limited

The Council has power to enter into contracts with providers of vaults and mausolea under section 1 of the Local Government (Contracts) Act 1997. The Executive may provide Corporate Directors with responsibility to award contracts with a value over £500,000 (Procurement Rule 14.2).

The supply and installation of vaults and mausolea are supplies for the purposes of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of the Regulations is currently £173,934. Therefore the procurement must be conducted in full compliance with the Regulation, including advertisement in the Official Journal of the European Union.

On completion of the procurement process the contract may be awarded to the highest scoring tenderer. In deciding whether to appoint the selected contractor the Corporate Director should be satisfied as to the competence of the chosen tenderer and that the tender price represents value for money for the Council.

4.3

Environmental implications:

This contract will enable ICCS to utilise areas of land which are unsuitable for earthen burials and would otherwise be unused.

4.4

Resident Impact Assessment:

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good

relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment has been completed. The intention of the proposed contract is to provide above ground mausoleums for burial provision in areas where traditional burials cannot take place. This provision is positive as it extends the burial options, giving extra capacity at a time when available burial space in London is declining. There are no restrictions on purchase and the fees for local residents are reduced. No adverse impacts on any group or individual have been identified.

5. Conclusion and reasons for recommendations

- 5.1 This procurement is essential to ensure ICCS can maintain its services and keep a steady income stream on top of its normal activities of traditional burial, cremation and memorial works. It is recommended that this report be agreed.

Appendices - none

Background papers - none

Final report clearance:

Signed by:



3.6.15

Executive Member for Environment and Transport Date

Received by:

Head of Democratic Services Date

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