

Taunton Deane Borough Council

Executive - 14 July 2010

Mercury Filtration and New Cremators

Report of the Cemeteries and Crematorium Manager and Registrar

(This matter is the responsibility of Executive Councillor Kenneth Hayward)

1. Executive Summary

1. The Council has tendered for three New Cremators and Mercury Abatement Equipment for Taunton Deane Crematorium. As a result four tenders were received and these have been reviewed.
2. The crematorium is a "listed" building and a busy service. The council tender requested that the equipment be fitted within the existing building and that the crematorium remain operational throughout the installation period.
3. Four tenders have been received and reviewed, with one tender clearly superior to the other three.
4. Tender 1 was priced much higher than the other three both in terms of equipment and service maintenance costs. Their tender also required a major extension to the crematorium building; this would have increased the overall project costs by approximately £100,000.
5. Tender 2 designs located ALL of the abatement plant onto the crematorium flat roof; this of course is not conducive to the listed building status as it would be highly visible from a wide area. This was the lowest priced bid.
6. Tender 3 provided the most comprehensive tender and provided the only response to comply with the requirement to house the majority of the equipment within the existing building. They are currently the market leader to both the public and private sector and their equipment is operational locally at both Bath and Exeter crematoria.
7. The majority of the award criteria supplied by this company is superior to the other tenders.
8. This supplier has provided a timetable for installation between March and November 2011, which is ideal for the crematorium service as it covers the quieter summer period with long daylight hours enabling more work to be completed after funeral services have finished.
9. Tender 4 submitted an inferior bid with major omissions such as technical drawings and details of service provision.

2. Background

- 2.1 Taunton Deane Crematorium carries out 2200 cremations per annum. The crematorium is a great asset to the Council. It was built in 1963 to a very high specification and is truly an outstanding example of this type of facility. In fact, the building has been listed due to its architectural interest. The crematorium is currently equipped with three Joule cremators installed and maintained by Furnace Construction.
- 2.2 Emissions from crematoria have been regulated under Part 1 of the Environmental Protection Act 1990 since 1991. These controls have not, however, addressed emissions of mercury from crematoria. The Department of Environment, Food and Rural Affairs (DEFRA) and the Government's PG5/2 legislation has addressed the issue and it is estimated that in the absence of intervention, emissions of mercury from crematoria would rise by two-thirds from 2000 to 2020. In response to this DEFRA consulted the industry on the introduction of gas cleaning equipment to remove mercury emissions.
- 2.3 Due to the prohibitive cost on smaller crematoria of this equipment a compromise approach has been agreed, whereby 50% of cremations will be abated for mercury by 2012. The Council has taken the decision to fully comply with the requirements of DEFRA and Government's PG5/2 legislation.
- 2.4 Abating 100% of cremations annually, Taunton Crematorium will join a national emissions trading scheme for crematoria and receive an estimated £30,000 in the first year of trading from those crematoria that are not abating. The CAMEO scheme is being administered by the Federation of British Burial and Cremation Authorities.
- 2.5 Since 1 April 2006 Taunton Deane Crematorium has been saving £35 per cremation towards the purchase of mercury filtration equipment. To date well over £300,000 has been reserved for this project. Tenders were sought for filtration equipment but varied in price and quality and all required an extension to the building which if accepted would have added an additional £100,000 (guide price) to the project.
- 2.6 In view of this the Council decided to re-tender this time for three new cremators and mercury filtration equipment, requiring manufacturers to provide a solution whereby the equipment installed would not require a building extension. This decision has previously been considered by the Community Scrutiny Committee on 21 July 2009 and the Executive on 16 September 2009. Amongst a wide range of criteria, including comprehensive long-term servicing quotations and the requirement of a larger cremator, tenders were sought.

2.7 Procurement was carried out under the “open procedure” in compliance with the Public Contracts Regulations. The OJEU Notice was published on the 8 April 2010 with a closing date for the submission of tenders on the 4 June 2010. Tenders have now been received and evaluated against the pre-established scoring template.

3. Tenders Received – For Three Cremators and Mercury Abatement

3.1 Purchase Price – details of manufacturer and quotation.

Manufacturer	Supply of Three New Cremators and Mercury Abatement	Servicing Over 5 years and maintenance
Tenderer 1	£1,192,250	£376,050
Tenderer 2	£989,960	£322,000
Tenderer 3	£1,020,937	£312,883
Tenderer 4	£993,000	£250,000 excludes spares and key equipment.

3.2 Tenders were assessed against the criteria outlined below. Whilst the preferred bidder submitted the only tender that complied with our primary requirement to house the equipment in the existing building we continued to assess all of the bids to ensure fair treatment of all bidders and to confirm the competitiveness and the technical feasibility of the preferred bid.

3.3 Given that there was only one compliant response we revisited our requirement to ensure that we had not compromised operational performance.

3.4 Award Factor/Criteria – decision factors and percentages awarded.

Award Factor	Criteria	Percentage
Overall	<ol style="list-style-type: none"> 1. Demonstration of understanding of the requirement. 2. Overall quality of the submission. 	5%
Technical Proposal	<ol style="list-style-type: none"> 1. Confirmation that all information has been supplied. 2. An Assessment of the technical proposal from a design, operational, efficiency and innovation perspectives. 3. Confirmation that all the aspects of the Specification have been complied with. 	20%

	<p>4. An assessment of all the integration into the existing building.</p> <p>5. Warranties.</p>	
Award Factor	Criteria	Percentage
References	References have been requested regarding contractors performance in respect of design, supply & maintenance of the Plant and Equipment. At least one reference must relate to a site where the tenderer has fully installed new cremators, abatement equipment and control systems.	10%
Quality Management (Installation and Maintenance)	An assessment of the tenderers ability to manage and deliver a high quality service and products from contract award, through design, installation and commissioning to post installation service and maintenance.	10%
Contract and Relationship Management.	An assessment of how the contract will be managed and how the contractor will manage the relationship with the Council and the Building Works Contractor.	5%
Tender Price	This will include all costs associated with the design, installation and commissioning of the Plant and Equipment, associated works and control Equipment.	24%
Maintenance Costs	All servicing and maintenance costs over the working life of the equipment including parts, labour, planned and reactive maintenance, callouts etc.	8%
Energy Efficiency and lifecycle costs.	Energy efficiency. Total operating cost of the working life of the equipment.	8%
Maintenance and Service Provision	To include; <ol style="list-style-type: none"> 1. Confirmation that all information requested has been supplied. 2. An assessment of the service level agreements submitted. 3. An assessment of the proposed maintenance package including, innovation, flexibility and completeness. 4. Assessments of the systems 	10%

	<p>durability – estimated life, service intervals, spare part requirements etc.</p> <p>5. An assessment of the level of technical support.</p>	
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- 3.5. All building modifications and civil works have been excluded from the tender submissions as requested. The proposal from Tender 3 requires the least amount of building works, but this will require costing. It appears that the works required could be undertaken by the Deane DLO.
- 3.6 The current gas supply is sufficient to supply the proposed new cremators.
- 3.7 The current electrical supply has to checked to see if upgrading is required.
- 3.8 The preferred Tenderer achieved the highest score against all of the award factors (references still to be sought).

4. Finance Comments

- 4.1 **Please Note: Below in italics is an extract from the report to the Executive of 16 September 2009. It is included to give Members an overview of the financial aspects; of course further savings have taken place since this time. Tenderer 3's price is £1,020,937. So an additional £21,000 plus building works needs to be included.**

The Council is currently saving £35 per cremation towards this project.

The cost will be £1,000,000 with £230,000 already in an earmarked reserve leaving a requirement for £770,000. The life of the asset will be 15 – 20 years.

The interest cost would be approx 5%£770,000=£38,500 per annum and the MRP would be £770,000/20 years = £38,500k, therefore £77,000 per year.*

Note: *The Medium Term Financial Plan (MTFP) assumes that the Revenue Contribution to Capital Outlay (which has been making up the £230,000) stops in 2011/2012 and this just happens to be £77k.*

The MTFP will need to be adjusted from 2011/2012 onwards as it currently assumes that the £35 would drop at that point.

4.5 It is estimated that £30,000 of income can be received through the first year of trading through the CAMEO trading scheme. This will decrease annually as more crematoria install abatement equipment.

5. Legal Comments

On completion of the procurement process the successful response to the “invitation to tender,” the specification and the terms and conditions of contract will be passed to the Legal Team to draft the contract documents.

6. Links to Corporate Aims

Climate Change. Our analysis provides an assessment of lifecycle costs. This shows a reduction in gas consumption over the existing equipment. The installation of this equipment will also provide cleaner air and reduce mercury emissions.

6. Environmental and Community Safety Implications

The project will be managed within Health and Safety guideline.

8. Equalities Impact

None identified.

9. Risk Management

A Health and Safety assessment has been undertaken of all the technical proposals.

10. Partnership Implications

Southwest One are providing purchasing support and a “request for service” has been submitted for an architect, a clerk of works, mechanical and electrical engineer and structural engineer to take the project forward.

11. Recommendation

It is recommended that subject to satisfactory references, the Executive accepts the tender of Tenderer 3 (Facultatieve Technologies) for the supply of three new Cremators and a TRIPLE Mercury Abatement System together with ancillaries.

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