

BOLSOVER DISTRICT COUNCIL

Meeting of the Council on 30 July 2025

Roseland Park and Crematorium

Report of the Portfolio Holder for Growth

Classification	This report is Public
Contact Officer	Natalie Etches, Head of Business Growth Dragonfly Management (Bolsover) Limited

PURPOSE/SUMMARY OF REPORT

- To update Council on the capital works undertaken to date on Roseland Park and Crematorium.
- To update Council on the next steps for mobilisation and operational opening.
- To seek approval for borrowing additional funds to fund the continuation of the scheme through to practical completion.
- To seek approval to advance an amount for working capital to cover operational running costs prior to and during, initial operation.

REPORT DETAILS

1. Background

- 1.1. In August 2022, the Council approved the investment in the development of the crematorium at Shirebrook, which was to be funded through borrowing at an estimated cost of £9.2m with a further delegated authority for the Assistant Director Treasurer and Section 151 Officer to approve the use of a project contingency of 5% (£460,000) of the total project cost, should the need arise through project delivery.
- 1.2. CDS were appointed to carry out the early phases of the project and following the approval in August 2022, were appointed to continue post planning permission to produce the detailed Stage 4 and 5 architectural drawings. The Council (the "Client") entered a RIBA Professional Services Contract with CDS dated 07 March 2023 ("the Contract"). Dragonfly Development Limited (DDL) were appointed as the "Principal Contractor" (the "Contractor") under an 'open book' contract agreement. The Contractor started on site on 18 September 2023.
- 1.3. In April 2024, an instruction was passed by the Client to the Contractor for works on site to stop. This was due to several significant issues which were identified, and which had the potential to compromise the build quality by the contractor's delivery teams. External architects were brought in to review and

identify the corrective works needed, and this informed the decision to suspend the works.

- 1.4. The architect's RIBA Stage 5 pack and their performance on the project fell below the standard expected by the Council and a decision was taken to terminate the Contract.
- 1.5. Following termination of the contract, works on site undertaken by the Contractor and their sub-contractors slowed significantly whilst the client sought a new architect, employer's agent, and cost manager to see the project through to completion. Benchmark Architects and Whiteley Eaves were appointed to the contract. Works on site remobilised late 2024, following a lengthy period of delay whilst Benchmark worked with the design team to produce and issue revised drawing packs to the Contractor.

2. Details of Proposal or Information

Build Contract

- 2.1. The contract arrangements for working 'open book' with the contractor ensures there is transparency across the project for each of the packages of work procured. The contractor undertakes a "Plan and Specification, Non-Remeasurable" procurement exercise to ensure best value through the supply chain for the Client.
- 2.2. However, the errors and omissions from the outgoing architect's RIBA drawing pack resulted in the sub-contractors not able to provide a cost for all the required works. Some construction information was not detailed, and others omitted completely. This was further compounded by sub-contractors incurring delays due to issues the Council faced with the outgoing architects.
- 2.3. Significant time and resource were needed to allow the new incoming architects to undertake a comprehensive review of the stage 5 drawing pack, aligning the works done on site prior to their appointment to the drawings, as well as producing new co-ordinated construction drawings for the outstanding packages of work yet to be delivered.
- 2.4. Outstanding packages of work that were not procured by the Contractor as part of the original contract value still needed to be procured. They were either not costed at all or were identified as a provisional sum with little cost certainty. This was due to the Contractor not being able to provide sufficient levels of detail to sub-contractors to enable them to price a comprehensive package.
- 2.5. Following the appointment of the new architects to the project, and the co-ordinated drawings pack being issued to the Contractor, the quantity surveyor has worked with sub-contractors to obtain a detailed contract sum for the project seeing it through to completion. This is then used to inform the overall project budget needed from the Client to bring the project to practical completion and open for business.
- 2.6. In summary, the increase in build costs to the project is due to:

- 2.6.1. Increased labour and material costs as a result of delays to the programme, or because of changes in specification / scope of works to produce a compliant building, resulting in a change of scope for sub-contractor packages, as well as two price increases in the market during the period of delay.
- 2.6.2. An increase in contractor's preliminary costs as the site set up is needed for an extended duration through to the end of the works programme.
- 2.6.3. The need to purchase additional land from an adjacent landowner to facilitate the development.
- 2.6.4. Additional legal fees which have been incurred for the land conveyance advising on contract disputes relating to the outgoing architect.
- 2.6.5. Additional fees incurred to bring in third parties to review construction drawings and provide independent professional advice for compliance with building regulations.
- 2.6.6. Additional fees for the appointment of a new design team including a full design review, producing revised co-ordinated construction drawing pack for the contractor to work from, and being retained to oversee the construction programme.
- 2.6.7. Increases in inflation on the cost of materials over the course of the last 18 months.
- 2.6.8. Additional costs to ensure compliance with building regulations, which have been identified through producing revised comprehensive and co-ordinated drawings.
- 2.7. The newly appointed architects have been working to ensure the revised scheme maintains the high standard and quality of finish expected within a Crematorium setting but have also value engineered solutions and products wherever possible to prevent costs from escalating unnecessarily.

Operational Requirements

- 2.8. Alongside the construction of the buildings, the client team are working to establish a positive relationship with local funeral directors, learning from other crematoria to better understand the arrangements for the operating model for the wake building, working with colleagues in Environmental Health to obtain the necessary permits, and drafting job descriptions for the employees.
- 2.9. As part of the consultation and engagement with the funeral directors, a consultation event was held on site, showing the progress of the build. It was attended by the Leader of the Council, the client team, and contractor. It was an informative event, which considered the operation of the site and sought feedback from experienced funeral directors.

- 2.10. One point of feedback from those in attendance at the event was in relation to a connection through to the cemetery. There is an obvious relationship between the crematorium and cemetery via the Wake Building and pathway, but the consultees suggested strongly that the service hall could accommodate families who wanted a non-religious burial service. Options have been explored and a connecting informal roadway through to the cemetery would allow the hearse a clear and unobstructed route through to the cemetery without the need to travel along Common Lane and would allow mourners to follow the hearse through to the cemetery.
- 2.11. The architects have considered the design of the scheme, and through a mix of hard and soft landscaping have been able to achieve a revised layout which would accommodate the roadway. This revised layout will incur an additional cost to the scheme, but this can be reflected longer term in the revenue generation model for the site, as it will be able to serve to families who want a non-religious burial.

Financial Implications – on behalf of the Section 151 Officer
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- 2.12. Work has also been undertaken to refresh and review the business financial model to ensure the pricing structure is reflective of the current market, including revising 2023's income projections to the charges and fees more aligned to 2025/26 and updating liabilities, including staffing to salary bandings equivalent to the industry in 2025/26.
- 2.13. The business model considers the liabilities and overheads of the business, including a sinking fund for the ongoing maintenance liabilities, as well as the main income streams of cremations and memorialisation services. It also includes the borrowing costs of the initial £9.208million, and an additional £3.5million of capital funding.
- 2.14. The value of the works in the **contract forecast is £10.22million** (as at 26 June 2025), which is an increase of £2.75million from the original contract value of £7,470,419.23 (from Valuation 1, dated October 2023).
- 2.15. Although the build contract forecast has increased by £2.75million, the total cost of the project, including works outside of the build contract, has increased by £3.5million, from £9.2million to £12.7million to get the building fully operational, since the original August 2022 Council Report. This reflects the points in 2.6 and 2.10 – 2.11 above.
- 2.16. Estimates for the borrowing costs of £3.5million have been produced by finance as follows:

Loan amount	Interest rate at 8/7/25	Annual repayment
£3.5million	6.27%	£306,950

An external loan would be obtained from the Public Works Loans Board (PWLb).

2.17. The following tables give the figures for updated income, expenditure, borrowing costs, and resulting surplus for the crematorium based on current estimates for years 1, 10 and 25. **Table 1** gives the information based on carrying out 900 cremations (attended services) per year. This is considered the lowest number of services that would be carried out once fully operational. **Table 2** gives the information based on carrying out 1500 attended cremations. It is expected that the actual number of attended services will fall between the 2 scenarios. It does factor in a small number of 'direct cremations' (non-attended services).

Table 1: 900 services per year

	Income	Expenditure and borrowing costs	Outturn deficit/(surplus)
Year 1 (2026/27)	£(1,625,250)	£409,200 + £867,731 = £1,276,931	£(348,319)
Year 10	£(2,311,121)	£574,254 + £867,731 = £1,441,985	£(869,136)
Year 25	£(4,158,194)	£999,468 + £867,731 = £1,867,199	£(2,290,995)

Table 2: 1500 services per year

	Income	Expenditure and borrowing costs	Outturn deficit/(surplus)
Year 1 (2026/27)	£(2,454,750)	£604,700 + £867,731 = £1,472,431	£(982,319)
Year 10	£(3,491,758)	£841,577 + £867,731 = £1,709,308	£(1,782,450)
Year 25	£(6,284,454)	£1,475,432 + £867,731 = £2,343,163	£(3,941,291)

2.18. The programme for the building works is forecasting a practical completion by March 2026. Following this, a period of testing and commissioning will be required prior to conducting services to the public.

2.19. The report presented to Members in August 2022, explained that in order to ensure BDC remained compliant with the Localism Act 2011 (Local Authorities who carry out commercial activities are required to set up a free-standing body to do so), legal advice had been sought to consider the best options available to the Council.

2.20. The legal specialist from Freeth's Solicitors proposed that a joint venture entity be registered as a legal organisation at Companies House and this take the form of a Limited Liability Partnership (LLP). This was formed between BDC and Shirebrook Town Council (STC) (as they were the owners of the development site) on 2 May 2023. It is called the Shirebrook Crematorium LLP (LLP). Both parties are members of the LLP, and the joint venture is to be governed by an agreed Members Agreement. The Members Agreement sets out such issues as:

- The objects and powers of the LLP.
- how it is financed.
- business planning.

- arrangements for decision-making.
- convening of meetings.
- audit and production of accounts.
- sharing of surpluses.
- dispute and termination.

2.21. The LLP is to be governed by a Board composed of Members/Officers from each authority and Board Meetings would take place on a scheduled basis following circulation of an agreed agenda. Decisions would be made by a majority of Board Members, subject to certain 'Reserved Matters', being items which could not be agreed without a unanimous decision of BDC and STC, such as:

- Selling off any major assets.
- Investing in any new venture.
- Commencing major litigation.

2.22. To undertake the testing and commissioning mentioned at 2.18, staff will need to be employed before the facility is operating and able to earn income, additionally there would be costs such as utilities, business rates and supplies of some services necessary to ensure the commissioning and operational requirements are established prior to opening. Once open, income will not be earned straight away, and as for any business, it will be necessary to provide the LLP with an amount of working capital to cover the costs of running and operating the crematorium on a daily basis until sufficient cash flows from income are established. This will include staffing overheads, running costs (utilities, business rates etc), and equipment, tools and materials.

2.23. Within the Members Agreement between the LLP, Bolsover District Council and Shirebrook Town Council, funding can be advanced to the LLP by the District Council and this would then fall due as a debt to the LLP, which would be repaid to the District Council once a surplus is generated, which is forecast to be at the end of the first year. This debt would fall due prior to any profit share between the two councils.

2.24. The working capital budget of revenue funding will enable the recruitment of the crematorium manager, administrative support, and cremator technician, which will ensure there is a clear transition from construction to operation of the site, allowing the handover of the building and facilities to the appointed team who will be responsible for the day-to-day operation of the site. It will also ensure the marketing materials for the services can be produced, and systems for the finance, bookings, and operational systems can be purchased and configured prior to opening. Furthermore, it will allow the LLP to set up the delivery structures for the wake facility.

2.25. Working capital of 3 – 6 months' worth of operating expenses is often recommended for new businesses/operations. Based on the updated expenditure figures in Table 1 for 900 services per year as it is the first year, an amount of £204,600 is proposed to be advanced. As discussed in 2.23, this would be fully recoverable as soon as a surplus is made before any profit share is distributed.

3. Reasons for Recommendation

- 3.1. With the Contractor's forecasted final account, and the additional costs on the client side of the project, there is a shortfall to the project of £3.5 million. Bringing in an architect practice who are very experienced in crematoria design, to undertake a full review and produce co-ordinated design pack has presented an opportunity to further value engineer costs and packages of work. Every effort has been made by both the client team and the contractor to reduce costs and where possible, they have been implemented.
- 3.2. Significant costs have been incurred throughout the project as a direct result of the failings with the original architect to the scheme, which have led to the increases as identified within section 2 above. Legal advice has been sought to be able to recover some of the costs, but there is a requirement to meet the shortfall to the project budget to ensure the project can move through to Practical Completion.

4 Alternative Options and Reasons for Rejection

- 4.1 Contracts are in place between the District Council as Client and Dragonfly Development Limited (DDL) as the contractor, detailing works which are to be undertaken, so to withdraw from the scheme at this late stage of construction will incur significant abortive costs to the Council in excess of £7million spent to date, with no opportunity to recover these abortive costs.
- 4.2 The District Council has contracts in place outside of the main contract with DDL, for the provision of furniture, cremator, and employer's agent, so to withdraw from the scheme at this late stage of construction will incur significant abortive costs to the Council in excess of £7million spent to date, with no opportunity to recover these abortive costs.

RECOMMENDATION(S)

1. Members approve the additional borrowing of £3.5m to fund the building works through to completion, funded through additional borrowing.
2. Members approve the advance of £204,600 from the Council's Transformation Reserve to Shirebrook Crematorium LLP, as a loan of sufficient working capital necessary to cover the expenditure liabilities prior to and during the first 6 months of operation.

Approved by Councillor Tom Munro, Portfolio Holder for Growth

IMPLICATIONS:

<u>Finance and Risk</u> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Details: Covered throughout the main report. On behalf of the Section 151 Officer	
<u>Legal (including Data Protection)</u> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Details: Abortive costs will be payable to Dragonfly Development and its subcontractors should the Council withdraw from the scheme On behalf of the Solicitor to the Council	
<u>Staffing</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Details: On behalf of the Head of Paid Service	
<u>Equality and Diversity, and Consultation</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Details:	
<u>Environment</u> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment. Details: The scheme is working to minimise its environmental impact through design and build features which minimises the use of non-renewable resources and enhance the environment through improvements to the biodiversity of the site with increased flora and fauna.	

DECISION INFORMATION:

<input checked="" type="checkbox"/> Please indicate which threshold applies:	
Is the decision a Key Decision? A Key Decision is an Executive decision which has a significant impact on two or more wards in the District or which results in income or expenditure to the Council above the following thresholds:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Revenue (a) Results in the Council making Revenue Savings of £75,000 or more or (b) Results in the Council incurring Revenue Expenditure of £75,000 or more.	(a) <input type="checkbox"/> (b) <input type="checkbox"/>
Capital (a) Results in the Council making Capital Income of £150,000 or more or (b) Results in the Council incurring Capital Expenditure of £150,000 or more.	(a) <input type="checkbox"/> (b) <input type="checkbox"/>

District Wards Significantly Affected: <i>(to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the District)</i> Please state below which wards are affected or tick All if all wards are affected: Shirebrook	All <input type="checkbox"/>
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Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i> If No, is the call-in period to be waived in respect of the decision(s) proposed within this report? <i>(decisions may only be classified as exempt from call-in with the agreement of the Monitoring Officer)</i> Consultation carried out: <i>(this is any consultation carried out prior to the report being presented for approval)</i> Leader x Deputy Leader x Executive x SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes <input type="checkbox"/> No x Yes <input type="checkbox"/> No <input type="checkbox"/> Yes x No <input type="checkbox"/>
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Links to Council Ambition: Customers, Economy, Environment, Housing
The project directly aligns to the economy, customers, and environment priorities of the council's ambition.

DOCUMENT INFORMATION:

Appendix No	Title

Background Papers <i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive, you must provide copies of the background papers).</i>