



Agenda item:

[No.]

Cabinet Procurement Committee

On 27th April 2010

Report Title. **Haringey Public Mortuary**

Report of the Director of Urban Environment

Signed : *W. P. Betts* . 6th April 2010 .

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Wards(s) affected: N/A

Report for: Non key decision

1. Purpose of the report

1.1 This report is to advise on the final costs involved in the construction of the new mortuary for the borough and seek approval for variations in the construction and consultancy contracts to accommodate increased costs.

2. Introduction by Cabinet Member

2.1. No introduction.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1. Priority 5 – Delivering excellent , customer focused , cost effective services.

The new mortuary is providing a modern facility for undertaking Coroner's post-mortems, and satisfies the requirements of the relevant licensing body , the

Human Tissues Authority. Families, relatives and friends experiencing the unexpected death of a loved one are able to visit premises that provide comfort and support to them , in pleasant and respectful surroundings.

3.2. Regeneration Strategy.

The new premises has enabled the closure of the old mortuary situated adjacent to the Hornsey Central Depot site and will enable the unaffected redevelopment of the depot site as part of the Heartlands regeneration programme. Part funding of the new mortuary was achieved from the Growth Area Fund , Round 2 , (£1.5 million) through the Department of Communities and Local Government on the basis of this regeneration and the associated housing delivery in line with Government Policy.

This level of part funding from GAF 2 was never sufficient alone to deliver this impressive building below ground and to refurbish the existing derelict historic Lodge building. As well as funding from Directorate underspends during 2008/9, additional funding from the GAF3 allocation contributed to the successful completion of this project with a garden of remembrance . The cost of the construction is seen as value for money for a highly technical building type in a below ground situation. The final result is a state of the art facility for the borough and improving a derelict vacant site within a conservation area that was an becoming an attraction for anti-social behaviour. The new use of the site and the sympathetic restoration of the Lodge and grounds has blended well into the area and contributes to this peaceful and historic part of Tottenham.

4. Recommendations

- 4.1 That approval be granted to final variations in the construction and consultancy contract sums for construction of the new public mortuary to accommodate increased costs over the amounts approved by Members on 19th February 2009.
- 4.2 That the final total project sum of £3,775,000 be noted which is an overspend of £17k on the revised budget carried over from 2008/9.

5. Reason for recommendation(s)

- 5.1. The previous reports to Procurement Committee prior to construction, dated 4th September and 20th December 2007, agreed the costs for the works and authorised construction. The project underwent a value engineering and cost savings exercise to reduce expenditure in the period between the two reports. The report of 20th December 2007 qualified these savings and highlighted two areas of financial risk . The first was a substantial reduction in the provision for

contingencies arising during construction and the second related to cost savings achieved by altering or removing elements of construction which might need to be reinstated. The architects had advised that this was a technically challenging construction on a site with varying sub-soil conditions.

5.2. Following the completion and occupation of the new mortuary, a further report came to Cabinet Procurement Committee on 19th February 2009. This identified that during construction these risks were realised and, as costs increased, there was little contingency to cover them. This resulted in an increased overall cost for the project at that time of £3.660m , a rise of £516k above the agreed funding and budget of £3.144m detailed in the report of 20th December 2007 . Within this the main construction work (Phase 2) had increased from £2.493m to £2.900m . The report of 19th February 2009 was provided prior to the final account being completed and the Committee was advised that a further report would be submitted when the final account had been agreed.

5.3. The final construction account for the new mortuary has now been agreed between the quantity surveyors, Potter Raper Partnership, and the contractors Mulalley. The final account figure for the main construction work (phase 2) stands at £2,951,312 , with the adjusted total fees, security and other costs at £725,111. The total project cost is £3,775,000 as detailed below at paragraph 7.3 and Appendix 1. The figure of £3.775m is some £115k above the figure reported to Procurement Committee in February 2009. This is detailed in the table below.

Additional Expenditure from Report of Feb 2009	£
Additional Phase 2 Main Construction costs	51,000
Additional professional & statutory fees and security	32,000
Corporate Procurement Group Fee	15,000
Consultant's fee for original GAF II bid	15,000
Commission for Built Environment (CAFE) fee	2,000
Total	115,000

5.4. The available budget for the project is £3,758,000 as detailed in 7.2 below. This leaves an overspend of £17k which will be funded by a revenue contribution from the service budget .

6. Other options considered

6.1. As costs increased during construction, only those additional works deemed to be necessary for proper completion were agreed. These included matters related to the complex underground construction and extensive electrical and

mechanical systems , planning or building regulation compliance , and additional compliance requirements for licensing by the Human Tissues Authority such as the storage temperature monitoring.

6.2. It was necessary to complete construction in order to vacate the present mortuary premises and allow unaffected redevelopment of the Hornsey Central Depot site . In addition we had a funding contract with the Department of Communities and Local Government (CLG) under the Growth Area Funding initiative which had contributed £1.5m to this project . This required both spend full spend of the funding by 31st March 2008 , and completion of the facility . The required spend was achieved by that date and any consequent failure to complete the whole project would have required the repayment to CLG of this funding amount.

7. Summary

7.1 The construction of the new mortuary was a unique and high profile project that has provided the borough with an excellent mortuary facility into the future .The old mortuary and coroner's site in Hornsey is now vacant and awaits redevelopment. The new mortuary has received many compliments during it's first year of operation and a licensing audit by the Human Tissues Authority described the design and finish as one of the best they have seen during their audits of public mortuaries in England & Wales .

7.2 Overall budget sources for the construction of the new mortuary

Source	Amount	Approved By
Growth Area Funding (GAF 2)	£1,500,000	Procurement 4/9/07
Growth Area Funding (GAF 3)	£ 266,000	Procurement 19/2/09
Prudential borrowing	£ 500,000	Procurement 4/9/07
Other Council funding		
Capital Receipts , Revenue Contribution (in previous years) & PDG	£1,492,000	Procurement 4/9/07 & 19/2/09
Enforcement Service revenue contribution	£17,000	
Total	£3,775,000	

7.3 Total Expenditure breakdown for the new mortuary

Area of Expenditure	Amount	Approval by
Phase 1 construction (Lodge repair)	£99,000	Director U E
Phase 2 construction (New mortuary)	£2,951,000	£2,900k by CPC
Professional fees	£646,000	£616k by CPC .
Statutory fees (Building Regs / Planning)	£12,000	£11k by CPC
Site security	£35,000	£34k by CPC
GAF 2 bid Consultancy fee (AYH Ltd)	£15,000	
Corporate Procurement Group fee	£15,000	
Commission for Built Environment fee	£2,000	
TOTAL	£3,775,000	

7.4 Reporting the variations.

The risks highlighted in the original Procurement Committee Report of December 2007 were highlighted in each monthly report through to both the GAF Board and Regeneration Boards until the construction was completed in February 2009. These variations were reported in the Procurement Committee Report of 19th February, 2009 .

A Project Closure Report was provided to the Regeneration Board in August 2009 and the accounts have been audited by Deloitte in September / October 2009 .

The quantity surveyors and contractors did not provide the final account figure until late November 2009 on the Phase 2 construction works.

8. Chief Financial Officer Comments

8.1. This report shows the expected total cost of the mortuary project. This amount is £3,775,000, which consists of £3,635,000 cost to date plus £140,000 of retention payments. Although total costs have increased since the amount projected in the last report to this committee, funding was identified as part of the closure of the 2008-09 accounts and thus the final position is only £17,000 above the revised budget. This can be funded from a revenue contribution from the service.

8.2. A breakdown of the total cost of £3,775,000 is shown in Paragraph 7.3, with a more detailed analysis in Appendix 1. The funding for the project is detailed in Paragraph 7.2.

9. Head of Legal Services Comments

- 9.1 The Head of Legal Services notes the contents of the report which includes a recommendation for approval of additional costs for construction and consultancy works on the new mortuary contract, over and above the sums reported to Procurement Committee in February 2009.
- 9.2 Cabinet Procurement Committee has power under CSO 13.02 to approve variations to a contract, provided that to do so is consistent with the Public Contracts Regulations 2006 and the Council's Financial Regulations.
- 9.3 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in this report.

10. Head of Procurement Comments

- 10.1 The project has utilised a two stage tender process to appoint the most suitable contractor enabling the Council to engage the contractor early in the design.
- 10.2 A value engineering exercise was carried out at the design stage and during the early stages of the construction period.
- 10.3 The overall increased costs are due to unforeseen works below ground and that a number of the value engineered items had to be reinstated for example guardrails, railings, green roof and mechanical and electrical works.
- 10.4 The consultant's fees are based on the agreed final account value for the works. The overall costs are shown in paragraph 7.3. The additional costs contained in this report are therefore greater than those originally reported to Procurement Committee in February 2009 and which are now being brought to Members attention.
- 10.5 The completed building has delivered a quality unique outcome with a unique construction process that will provide an excellent mortuary facility into the future.

11. Equalities & Community Cohesion Comments

- 11.1. The new mortuary will support the Coroner in providing good service to various faith communities where postmortems may need to be undertaken immediately.
- 11.2. The premises are fully Disability Discrimination Act (DDA) compliant throughout ; for the bereaved in the public and viewing areas , for pathologists ,

police and other visitors in the clinical and office areas and for our own pathology technicians .

12. Use of appendices /Tables and photographs

12.1. A single appendix in the form of a spreadsheet provides further detail of the cost of the project.

13. Local Government (Access to Information) Act 1985

13.1. The background papers relating to this report are :

Cabinet Procurement Committee Report 19th February 2009

Procurement Committee Report 20th December 2007.

Procurement Committee Report 4th September 2007

13.2 This report contains exempt and non-exempt information . Exempt information is contained in Appendix 1 to this report and is NOT FOR PUBLICATION as it contains information under the following category (identified in the amended Schedule 12A of the Local Government Act , 1972) , namely :

Information relating to the financial or business affairs of any particular person (including the authority holding that information) .

