



**Haringey** Council

Agenda item:

**[No.]**

**Report to Procurement Committee**

**On 4<sup>th</sup> September 2007**

Report Title: **Construction of new Haringey Mortuary**

Forward Plan reference number (if applicable): **Ref No 4**

Report of: **Niall Bolger , Director Urban Environment.**

Wards(s) affected: **White Hart Lane & Northumberland Park**

Report for: **Key Decision**

### **1. Purpose**

1.1 This report seeks Member approval to award the contract for the main construction work ( Phase 2 ) for the new Haringey Public Mortuary situated at The Lodge , Church Lane , Tottenham , N17 . The value of the proposed contract is detailed in Part B ( 9 ) .

### **2. Introduction by Cabinet Member for Enforcement & Safer Communities**

2.1 I endorse the recommendation to award the contract for the construction works to the contractor named in part B.  
2.2 This project will release the important redevelopment site at Hornsey and provide a well designed and improved mortuary facility. We must ensure that the works are implemented as soon as possible.

### **3. Recommendations**

3.1 That members agree to award the contract in principle for the above project, based on the Agreed maximum price in part B to the contractor named in Part B.  
3.2 That the committee delegate the agreement of the final price to the Director of Urban Environment in consultation with the Chair of Procurement and the Cabinet Member for Enforcement & Community Safety.

Report Authorised by: Niall Bolger , Director of Urban Environment

Signature .....

Contact Officer: Keith Betts, Commercial Services Group Manager , Enforcement Service

#### **4. Director of Finance Comments**

4.1 The latest firm overall project costs are £3.149m including the tender for stage 2 construction works in the sum of £2.497m as indicated in this report. The currently approved total budget is £2.380m including fees. The overall project costs are therefore £769k above the currently approved total project budget. It is proposed to fund the overspend from the Urban Environment Directorate's projected revenue underspend of £390k (as at period 4) and the balance of £379k will be a first call against the capital receipts provision for this and next financial year allowing for any slippage. GAF funding accounts for £1.5m of the budget. This element has to be spent by the end of this financial year. The re-location of the mortuary is a very important element in the disposal of the Hornsey Depot site, which itself will generate a substantial capital receipt for the Council.

4.2 If Members decide to award the contract on the basis of the funding outlined above, a virement to increase the project budget by £769k will be submitted to Cabinet on the 18 September 2007 for approval as part of the Finance and Performance report for period 4.

#### **5. Head of Legal Services Comments**

5.1 The Council has in place a Framework Agreement under Regulation 19 of Public Contracts Regulations 2006 (the Regulations).

5.2 In accordance with the Regulations, the Head of Procurement has confirmed to legal that by applying the terms laid down in the Council's Major Works Construction Services Framework Agreement they have opened a mini competition between those contractors who are capable of performing the contract. Head of Procurement has confirmed that a contractor was selected to submit an agreed maximum price in accordance with the terms of the framework.

5.3 The value of the contract is in excess of £250,000.00 therefore the Cabinet Procurement Committee must approve the award in accordance with CSO 11.03. The Head of Procurement confirms that the contractor, who submitted an agreed maximum price tender was selected with a stipulation that the final price cannot exceed the agreed maximum price already submitted.

5.4 The recommendation is that the committee agree the award of the contract in principle, with the finalisation of price (subject to the agreed maximum price not being exceeded) being delegated to the Director of Urban Environment in consultation with the Chair of Procurement and the Cabinet member for Enforcement and Community Safety. The Procurement Committee has powers under S.15 of the Local Government Act 2000 to delegate any of its powers to officers.

5.5 The Head of Legal Services confirms that there is no legal reason preventing members from approving the recommendations set out in paragraph 3.1 and 3.2.

## **6. Local Government (Access to Information) Act 1985**

6.1 List of background documents :

Framework Agreement for Major Works , January 2006 , ( Project banding £1m - £3.8m ).

6.2 This report contains exempt and non-exempt information. Exempt information is under the following category ( identified in amended Schedule 12A of the Local Government Act 1972 ) S (3) . Information relating to financial or business affairs of any particular person ( including the authority holding that information ).

## **7. Executive Summary**

7.1 The present mortuary in Myddelton Road , Hornsey , N8 is part of the redevelopment of the Hornsey Depot site . The mortuary is in poor condition, outdated in design and has now reached the end of useful life.

7.2 The new mortuary project has been part funded by a successful bid to Government under the second phase of the Growth Area Fund ( GAF ) initiative . The award was based on the housing gain and unaffected redevelopment achieved by relocating the old mortuary.

7.3 Contractor selection for Phase 2 is based on the Framework Agreement and a three stage tendering process. The tendering process is now at final stage seeking the Agreed Maximum Price.

7.4 Full funding for the project to support the GAF award has been determined as detailed in Part B .

7.5 The report seeks the approval of Members to award the contract for Phase 2 for the construction of the new mortuary and approval of the total project sum.

## **8. Background**

8.1 The major redevelopment of the Hornsey Central Depot site encompasses the present mortuary in Myddelton Road , N8. The Council with assistance from consultant's identified a new site in Tottenham for the mortuary at the Lodge , Church Lane , N17.

- 8.2 Following some initial investigations, a successful bid was made to the Office of the Deputy Prime Minister ( ODPM ) , now the Department for Communities and Local Government ( DCLG ). An award of £1.5m was made towards the project , which was originally a significant contribution towards total costs. The basis of this bid was the housing gain and unaffected redevelopment achieved by relocating the old mortuary. The mortuary is additionally in generally poor repair , to a poor design & needs substantial investment to bring it up to modern standards.
- 8.3 In developing the detailed plans for the new mortuary , which is in both Metropolitan Open Land ( MOL ) and a conservation area, planning restrictions significantly shaped the final overall design .They required the ‘openness’ of the site and the integrity of the Lodge building itself to be maintained. As a result and after a considerable number of options were considered and time spent , an underground mortuary was deemed to be the only one capable of meeting these requirements. The clinical part of the mortuary underground will be linked to the Lodge by a small extension to enable the deceased to be viewed within the Lodge, which will be the public area. The cost has risen extensively as a result of the design process and is detailed in Part B . Planning permission was granted for the scheme in March this year and was ratified by the Government Office for London a month later.
- 8.4 The GAF funding required the project to be completed by the end of March 2008. Due to the extended design period and the considerations required to support the successful planning application , we have split the project into two phases. Phase 1 has now been completed under the delegated Authority of the Director for Urban Environment. This work included clearing , preparing and securing the site , together with extensive repairs to the Lodge building itself including a new roof . This has enabled some time to be gained and prevented further deterioration to the Lodge which had been badly vandalised. Phase 2 will be the construction of the new underground mortuary , the link extension , and the total internal refurbishment of the Lodge as the Mortuary public area.
- 8.5 Mace Ltd are managing the project, and the architects Bennett Sef were appointed in April 2006 from the Haringey Design Framework . The contractor for Phase 2 having submitted a successful ‘ maximum price’ tender is now working on the ‘Agreed Maximum Price’ ( AMP ) process.

## **9. Budget**

- 9.1 This information is exempt refer Section 9 of Part B

## **10. Financial Implications**

- 10.1 The GAF funding agreement requires the project and spend to be completed by 31<sup>st</sup> March 2008 . We are in discussions with the DCLG at present in respect of the projected overrun , but with commencement on site at the beginning of November , the £1.5 m GAF money will be spent by this deadline.

10.2 The importance of this mortuary relocation to the disposal of the Hornsey Depot site cannot be over emphasised.

## **11 Equalities Implications**

11.1 The new mortuary facility will provide a much improved facility for all residents in Haringey. The mortuary is also used by Enfield Council on a chargeable basis. The new position of the mortuary is more convenient in terms of transport for the residents of both boroughs.

11.2 The new facility is within MOL and whilst this has produced challenges at the design & planning stage, the result will be an environment that will be both respectful and comforting to the bereaved , and support all our communities in circumstances for them of great stress and anxiety.

## **12 Consultation**

12.1 The planning application process involved resident consultation including a well attended resident's forum in Risley Avenue School. The matters raised during the forum were able to be incorporated into the plans at that stage , and there was general support for the proposals. There was some discussion in regard to the position of the underground part in relation to the Lodge building , but the possible positions for this , particularly in consideration of the access road and ramp down to basement level , were limited.

## **13 Description of Procurement Process and Framework Agreement Methodology.**

13.1 The Construction Procurement Group have used the Framework Agreement Contract to undertake a three stage tendering process for Phase 2 of the works. The process for the selection of contractors is outlined below.

13.2 Phase 2 of the project falls under the Major Works £1m - £3.8m band in the Framework Agreement. There are 12 contractors in this band. For Stage 1 of the process, all twelve companies were asked to consider this project and put forward their expressions of interest with experience in this type of construction. A panel involving the client ( Enforcement Service ) , Construction Procurement , the project managers, quantity surveyors and architects assessed and scored the returns selecting two companies to move to Stage 2 of the process.

13.3 Stage 2 was a mini-tender involving the two selected companies with a cost breakdown of all elements of the construction. It should be noted that the companies were advised that for stage 2 submissions, this would be a maximum price for each element. Construction Procurement has a developed and rigorous selection process for the analysis of the tenders received . The assessment was based on 40% quality , 40% price and 20% interview.

13.4 From Stage 2 , a single contractor has been interviewed further and asked to proceed to Stage 3 . Stage 3 is to complete the ‘ Agreed maximum Price ‘ process. Construction packages containing the exact details and specification are prepared by our architects and quantity surveyors and are sent out by the selected company to their sub-contractors for a further tendering process . The prices returned can be no greater than the Stage 2 prices already submitted. This process is underway at present and will be completed and assessed by the end of September.

13.5 Information returned as part of the tendering process for Phase 2 is exempt ; please refer to Part B , section .

## **14 Contract & Performance Management**

14.1 Contract & performance management will be overseen by the Project Manager & Clerk of Works , working closely with Construction Procurement and the Quantity Surveyors and structural engineers.

## **15 Key benefits and risks**

15.1 **Benefits:** A new mortuary to the latest design providing excellent facilities for residents . The facility will provide a modern and safe working environment for our anatomical pathology technicians , for the pathologists undertaking the post-mortems and for the Police and other visitors engaging with the mortuary function. The mixture of underground clinical facility with above ground public ‘ softer style’ reception and viewing areas will support the difficult and sensitive circumstances that exist for the bereaved following an unexpected death.

15.2 The new facility will bring this dilapidated site and building back into beneficial use for the community, and provide a more secure site which has been a great worry to local residents for some considerable time.

15.3 **Risks:** The award from the DCLG of £1.5m as part of the GAF initiative must be spent by 31<sup>st</sup> March 2008. The vacation of the site at Hornsey is also part of the DCLG funding agreement. The new mortuary will not be ready until after this date . ( Please see Exempt information in Part B – 16.3 ) . We are in discussion with the DCLG regarding this overrun and trust that an agreement will be reached. To support this we can advise DCLG that the £1.5m award will have been spent by 31<sup>st</sup> March 2008 , and that the overrun and consequential delay in vacating the Hornsey redevelopment site will not impact on the disposal by the Council and the subsequent possession of the site by the developers .

15.4 With construction underground there is always a higher risk of discovering something unexpected. However, we have undertaken extensive site and building surveys including full geotechnical ground survey and archaeological digs. Contingency figures are contained with the tendered prices.

## **16 Conclusion**

16.1 This report seeks the approval of Members for the award of a contract to the contractor named and for the Stage 2 tendered price named and detailed in Part B .

16.2 As the 'Agreed maximum Price' process will not be completed until the end of September , delegation for approving the final price will be sought from Procurement Committee to be given to the Director of Urban Environment , in consultation with the Chair of Procurement and the Cabinet Member for Enforcement & Safer Communities.

## **17 Health & Safety and Sustainability implications.**

17.1 The project has appointed a Planning Supervisor from the approved list of framework consultants. The planning supervisor is responsible for the management of the construction health & safety together with risk management issues.

17.2 The new underground mortuary has been designed to meet high levels of insulation to comply with the updated building regulation requirements. The underground nature of the building will minimise temperature variation from external factors.

17.3 The existing Lodge has been upgraded already in Phase 1 with vastly increased insulation and double glazed window units It will be provided with condensing heating boilers and dual flush low volume toilet cisterns.

17.4 The site enjoys good access and is within five minutes walk of several bus routes and the overground railway network.

## **18 Comments of the Head of Procurement**

18.1 The Construction Procurement Group's (CPG's) framework agreement has been used for the selection of the contractor to undertake this work.

18.2 The Contractor has been selected via a mini-competition of the two suitable contractors, based on the type of project and the contractors' experience.

18.3 At this stage, the contractor has submitted a maximum price for the works to be undertaken based on current design information.

18.4 In order to achieve the Agreed Maximum Price (AMP), further discussions with the contractor are needed.

18.5 This is standard practise within the industry and allows the project to progress within the required timeframes.

18.6 This also allows further examination of the works packages in order that the AMP does not exceed the maximum price proposed by the tenderer in order to be awarded the contract.

18.7 This procurement process is therefore fully compliant with the operation of the framework agreement as intended and prescribed.

18.8 CPG also expect to see regular Project Feedback Form returns from the Consultant Project Manager to ensure that this project progresses on time and to budget.

18.9 The Head of Procurement therefore supports the appointment of the contractor named at Part B of this report.

## **19 Use of Appendices / Tables / Photographs**

19.1 Part B of this report contains exempt information.