

## **Full Business Case: Barnet Shared Mortuary Service**

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This Full Business Case is a documentation of the justification for the undertaking of the above project. After sign off by the appropriate person(s), this brief will be extended and refined into the Project Initiation Document.

The Full Business Case builds on the Outline Business Case using information gained as part of work undertaken during the Assessment Phase.

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## 1. Introduction

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### 1.1 Purpose

An Outline Business Case was prepared in 2013 to identify the potential benefits of a shared mortuary service which was refined in 2014 by the Revised Outline Business Case (ROBC) which recommended entering into a shared service agreement with Brent and to sell the Finchley mortuary.

Following approval of the ROBC as part of the Business Planning item referred up from the Environment Committee at Council in December 2014, this Full Business Case (FBC) takes forward the ROBC by validating the assumptions, risks, benefits and dependencies by undertaking due diligence and entering into commercial negotiations with Brent.

Approval is therefore sought

1. to proceed to implementation of the shared mortuary service arrangement with Brent, and
2. to decommission the mortuary site and return to Council's property asset base as surplus to requirements.

### 1.2 Background

#### 1.2.1 Statute

The Public Health Act (1936), section 198 provides that Local authorities, if required by the Minister of Health, have a legal duty to provide mortuary and post mortem facilities for HM Coroner.

*"198. Provision of mortuaries and post-mortem rooms.*

*(1) A local authority or a parish council may, and if required by the Minister shall, provide*

*(a) a mortuary for the reception of dead bodies before interment;*

*(b) a post-mortem room for the reception of dead bodies during the time required to conduct any post-mortem examination ordered by a coroner or other duly authorised authority;*

*and may make byelaws with respect to the management, and charges for the use, of any such place provided by them.*

*(2) A local authority or parish council may provide for the interment of any dead body which may be received into their mortuary."*

#### 1.2.2 London North Coroner's Jurisdiction

The Ministry of Justice is responsible for matters relating to Coroners. A Coroner is an independent judicial officer presiding over a Court of Record within the English Judicial system and discharges his duties in accordance with the Coroners and Justice Act 2009, the Coroners (Investigation) Regulations 2013, the Coroners Rules

1984, and other relevant legislation. A Coroner's statutory duties include the following:

I. A senior coroner who is made aware that the body of a deceased person is within that coroner's area must as soon as reasonably practicable conduct an investigation into the person's death, if the coroner has reason to suspect that:

- The deceased died a violent or unnatural death;
- The cause of death is unknown; or
- The deceased died while in custody or otherwise in a state detention.
- Additionally a senior coroner who has reason to believe that a death has occurred in or near the coroner's area, the circumstances of the death are such that there should be an investigation into it and the duty to conduct an investigation into the death does not arise because of the destruction, loss or absence of the body, may report the matter to the Chief Coroner.

II. A senior coroner who conducts an investigation into a person's death must (as part of the investigation) hold an inquest into the death. An inquest into a death must be held with a jury in the senior coroner has reason to suspect that:

- the deceased died while in custody or otherwise in state detention, and that either the death was a violent or unnatural one or the cause of death is unknown;
- the death resulted from an act or omission of a police officer or a member of a servant police force in the purported execution of the officer's or member's duty as such; or
- the death was caused by a notifiable accident, poisoning or disease.
- An inquest into a death may also be held with a jury if the senior coroner thinks that there is sufficient reason for doing so.
- In any other circumstances, an inquest into a death must be held without a jury.

III. A senior coroner has a duty to suspend or resume investigations as prescribed in Schedule 1 of the Coroners and Justice Act 2009.

IV. A senior coroner may request a suitable practitioner to make a post-mortem examination of a body if the coroner is responsible for conducting an investigation into the death of the person in question or a post-mortem examination is necessary to enable the coroner to decide whether the death is one into which the coroner has a duty to conduct an investigation.

V. The senior coroner is required to calculate and pay the relevant allowance to jurors in respect of attending an inquest.

The London Borough of Haringey is the lead authority for the London North Coroner's Jurisdiction, which covers a population of around 1.5 million people living in Barnet, Brent, Enfield, Haringey and Harrow. Although appointed and paid for by local councils, the Coroner is not a local government officer but holds office under the Crown.

### 1.2.3 Public Mortuaries

There are three public mortuaries provided within the London North Coroner's Jurisdiction:

1. Finchley Mortuary – London Borough of Barnet
2. Tottenham Mortuary – London Borough of Haringey
3. Northwick Park Mortuary – London Borough of Brent.

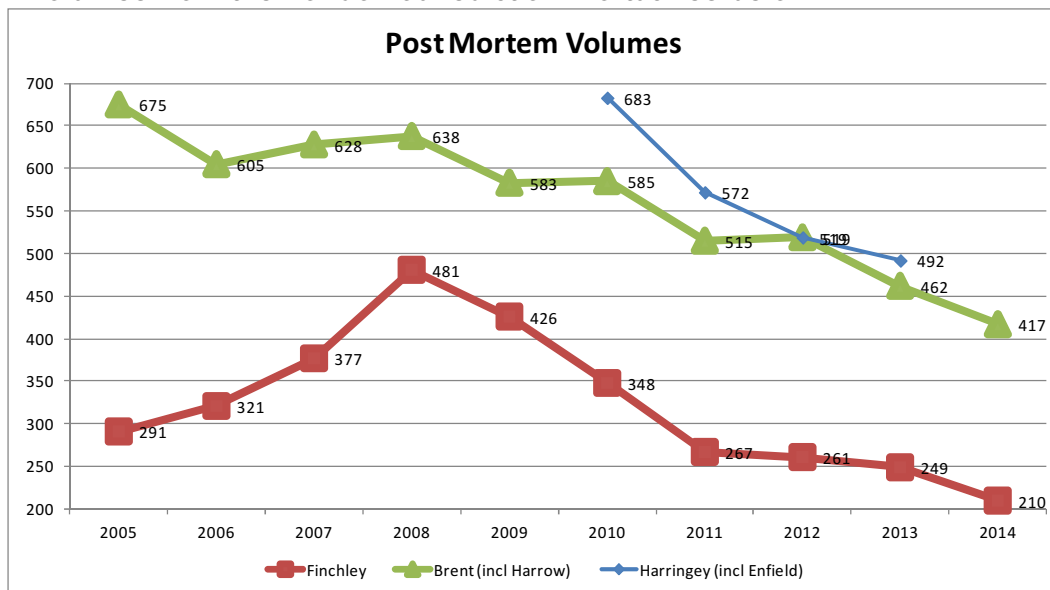
### 1.3 Issues with existing arrangements and rationale for change

#### 1.3.1 Declining volumes

The Finchley Mortuary similar to the other mortuaries in the London North Coroner's Jurisdiction has been experiencing declining post mortem volumes. This is also the case across England and Wales.

As per the Coroners Statistics 2010 England and Wales Report published by the Ministry of Justice, the percentage of cases involving post-mortem examinations, as a proportion of all deaths reported to coroners, fell slightly from just below 46 per cent in 2009 to 44 per cent in 2010, continuing the existing downward trend.

This decline in volumes data as provided by the boroughs can be seen in the post mortem volumes from the London Jurisdiction mortuaries below.



As can be seen from the graph trends, all mortuaries have experienced a decline with Finchley experiencing a decline of over 50% since 2009, Brent 28% over the same period and Haringey also seeing a decline of 28% since 2010.

There appears to be no correlation between the declining number of post-mortems and the reduction in death rates as the post mortems depend on a number of other factors. The Finchley Mortuary Manager's view is that the decline in volumes is most likely due to GPs certifying deaths of the deceased under their care reducing the need for the Coroner to get involved as well as deaths occurring in hospitals and other Care institutions where death is predictable.

### **1.3.2 Condition**

The facilities at Finchley Mortuary, although fully functional, are old and have not been modernised in line with current standards and it cannot be certain at what point either the Human Tissue Authority (HTA) or HM Coroner may require the Council to make significant improvements.

For example, there is no disabled access. In addition, due to the age and the current state of the facility, there are likely to be increasing maintenance and repair issues to the building and equipment. To bring the facilities up to a reasonable standard would require an estimated £19k investment and significantly higher at circa £770k to modernise and refurbish.

### **1.3.3 Efficiency**

The Finchley Mortuary operates with two staff and due to declining volumes, the staff and the facilities are under-utilised. As its current number of two employees would be the minimum requirement, there is no scope of reducing staff and as such cost savings are difficult to realise. In addition, in the medium term, there is likely to be a need for significant renovation expenditure if the facilities are allowed to run down. The Mortuary Manager's view is that in its current condition, the mortuary building would remain functional for a maximum of 18 months before requiring this but without generating any savings or efficiencies.

Most mortuaries are experiencing declining volumes as stated above and as such have excess capacity to some extent which when shared, would benefit all partners through reduced annual running costs.

It would therefore be rational for local authorities to provide their mortuary services through some form of shared services.

## 2. Reasons

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### 2.1 Drivers for change

In 2010, the government set out plans to bring down the country's huge deficit by reducing spending on public services by £81 billion up to 2015. For Barnet, this means it needs to make savings of £72.5 million between 2011 and 2015. The Government has been clear that this era of austerity will continue into the future, at least until 2018.

Around 90 per cent of Barnet's savings are expected to come from efficiency savings, rather than cutting valued front line services. (*Source: Corporate Plan 2013-2016 – April 2013*).

The declining volumes at the mortuaries have led to under-utilisation of individual facilities which is providing an opportunity to the Council to look for efficiency savings.

In a drive to improve customer satisfaction, there is a business need to improve the Barnet facilities by offering proper facilities with disabled access.

### 2.2 Strategic fit

Improving the mortuary service will contribute to the Council's strategic objective of 'improving the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study' through the provision of modern facilities.

One of Barnet's core values is 'Embracing change where we need to'. By considering a shared service option for mortuary services, the Council will be demonstrating its willingness and ability to change for the benefit of its citizens.

In addition, the Government's focus on localism and devolution sets a national context for our aim to provide local leadership and joined up services across the public sector. A mortuary shared service approach fits with this vision.

### **3. Aims & Objectives**

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#### **3.1 Project Aims**

The overall aim of the project is to investigate possible options to providing a mortuary service, recommend a preferred option that is most beneficial to the Council and its citizens, and then to develop the route for its implementation.

A detailed options appraisal was undertaken at the ROBC stage which recommended the setting up of a shared service with Brent and to sell the mortuary site.

Following the approval of the ROBC, this FBC will re-confirm the recommendation, validate the underlying assumptions through due diligence, negotiate commercial terms, seek approval to transfer the service to the shared service partner and decommission the mortuary site for a potential disposal.

#### **3.2 Desired project outcomes**

Following approval of the FBC, the desired outcomes include a smooth transfer of the mortuary service to the provider so that Barnet continues to discharge its statutory responsibility of providing this service. The transfer should result in the realisation of the expected financial and non financial benefits. In addition the mortuary site will be decommissioned making it available for a potential disposal.



## 4. Options

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A detailed options appraisal was conducted at the ROBC stage and the extract from the ROBC covering the appraisal is reproduced in Appendix 1 for reference.

In this FBC, only the financial element of the options appraisal has been re-evaluated.

### 4.1 Options analysis in ROBC

In the ROBC, the following range of options was evaluated from a financial and non-financial perspective:

- **Option 1 Do nothing** - continue maintaining the Mortuary Service as it is currently being delivered
- **Option 2 Do minimum** - some investment would be made in improving the current state of the mortuary
- **Option 3 Extend and refurbish** - significant capital expenditure to enlarge the post mortem room, provide disabled access and viewing area.
- **Option 4 Shared Service with Haringey and sell mortuary site**
- **Option 5 Shared Service with Brent and sell mortuary site**

Each of the options was evaluated against financial and non-financial criteria. The financial criteria consisted of the capital cost requirement and the net present value (NPV) of the net costs / (benefits) over 6 years from 2014/15 to 2019/20. The non-financial criteria consisted of how closely each option helped to achieve the Council's strategic objective of 'improving the satisfaction of residents', alignment to its core value of 'embracing change where we need to', compliance with HTA regulations as well as each options' time to go-live and any inherent risks.

Each option was scored on the basis of how closely each option met the criteria, ranging from 1 when an option does not meet needs, to 5 when it meets key and most other needs. The scores for each option were added and the option with the highest total score was the preferred option on the basis that it best met the key financial and non-financial criteria.

**Option 5 - Shared Service with Brent and sell mortuary site was the recommended option.**

### 4.2 Options analysis reassessment

This consists of re-scoring the ROBC options appraisal by refreshing the previous financial forecasts with the latest inputs and assumptions.

The latest financial forecasts were derived from a detailed financial model which evaluated the economic options based on relevant cash flows over six years to 2019/20 to allow a steady state position to be achieved.

ID	Option	Financial Parameters			
		Capital Cost	Disposal / Residual Value	Average annual Revenue cost savings	NPV of Net Cost/ (Benefit)
1	Do Nothing	£0k	£0k	£0k	£0k
2	Do Minimum	£19k	£0k	£0k	£33k
3	Extend and Renovate	£770k	£(631)k	£0k	£243k
4	Shared Service with Haringey and sell mortuary site	£250k	£(850)k	£(26)k	£(451)k
5	Shared Service with Brent and sell mortuary site	£207k	£(850)k	£(17)k	£(460)k

#### 4.2.1 Key Points

Option 3 requires the highest capital injection to extend and renovate the current mortuary, offset by the residual value at the end of the evaluation period, with the other options needing lesser capital funding.

Options 4 and 5 shared service arrangements with Haringey and Brent respectively enable the Council to dispose the mortuary site and generate annual running cost savings.

The net present value (NPV) of the net cost / (benefit) over the six years to 2019/20 is the highest for option 5 – shared service with Brent and sell mortuary site – due to slightly lower capital contribution requirement and marginally lower average annual running cost savings compared with Haringey.

#### 4.2.2 Assumptions

1. All costs in the options analysis are in current prices without any adjustment for inflation
2. Do nothing option forms the baseline which is based on the 2014/15 Barnet revenue budget excluding depreciation and corporate overheads and which is assumed to remain steady over the forecast period
3. Cash flows have been modelled over 6 years to allow for a steady state position to be achieved
4. Future cash flows have been discounted by a cost of capital rate of 3.5% recommended in the HM Treasury Green Book
5. Net costs assumed to occur throughout the year and discounting to present value reflects this by assuming cash flows occur mid-year on average
6. Net costs / (benefits) have been calculated by comparing each of the option's future state estimated cash flows to the baseline
7. Capital costs for the Do Minimum, Extend & Renovate, have been based on the Mortuary Manager's estimates and similar build costs. The shared services options with Brent and Haringey capital expenditure estimates have been provided by the Boroughs
8. Under the shared service options, it is assumed that the empty mortuary site will be disposed, although the Council may consider alternative uses. The net disposal value has been estimated by Barnet Property Services and is subject to planning permission and formal detailed valuation
9. It is assumed that the shared service will be operational from 1/4/2015 with the use of temporary storage facilities until the new refrigeration is fully functional by the first quarter in 2015/16
10. Brent Revenue costs provided are based on their projected 2015/16 budget incorporating Barnet volumes. The projected budget includes one extra required post and upgrades of their three existing staff, share of their management costs, and a 5% management fee. The variable costs have been increased to allow for increased workload from Barnet and include

ongoing equipment maintenance costs. It is assumed that future years' costs will remain steady at the 2015/16 levels

11. Shared Service costs to Barnet have been estimated by apportioning the forecast running costs using 2012 population projections published by the Office for National Statistics (ONS). It is assumed the ONS calendar year figures correspond with Council financial year in which they end
12. Haringey costs are based on the forecasts provided by Haringey in May 2014 (and not refreshed as not subject of the recommended option in the ROBC) and include a share of depreciation of the existing mortuary representing a charge for the use of the asset
13. In the transition period from go live date of 1/4/2015 to the time when the additional facilities are fully functional, Barnet will need to provide storage at Finchley and to transport bodies to Brent as necessary if Brent is not able to accommodate Barnet volumes. In the event that Finchley storage becomes insufficient, Brent will try to secure rented storage from Northwick Park Hospital. A Transition project manager will be engaged to help Barnet implement the transition in the short timescales. Finchley premises running costs will need to be incurred from 1/4/2015 to the date of the expected decommissioning on 30/6/2015. Similar costs have been assumed for Haringey to facilitate comparison
14. In order to facilitate the exit / transfer of staff a payment of circa £68k may be necessary
15. Project implementation costs include Project Management, HR, Legal, Planning & Valuation, Health & Safety Due Diligence and Logistics & Communications together with a 10% contingency.

### 4.3 Options appraisal

For each of the options, the latest financial forecasts have been scored against the financial criteria. The scores have then been added to total non financial scores brought forward from the ROBC stage (as reproduced in Appendix 1) and a total score derived for each option.

ID	Option	Financial Score			ROBC Non Financial Score	TOTAL SCORE	
		Capital Cost	Net Costs / (Benefits) NPV				
1	Do Nothing	None required	5	NIL impact	3	13	21
2	Do Minimum	Minimal capital investment	3	Minimal cost	2	17	22
3	Extend and Renovate	Major capital investment	1	Significant capital costs and no savings	1	19	21
4	Shared Service with Haringey and sell mortuary site	Moderate capital investment	2	Capital funding for extension offset by potential disposal proceeds mortuary sale and ongoing running cost savings	4	18	24
5	Shared Service with Brent and sell mortuary site	Lower capital investment	3	Lower capital funding for additional facilities / renovations offset by potential disposal proceeds mortuary sale and ongoing running cost savings	5	22	30

### 4.4 Recommended Option

Based on the total scores against critical success factors of improving satisfaction of the residents by providing modern facilities including disabled access, HTA Compliance, timeliness of the new service, capital cost, total cost and benefits and risks relating to each option, **option 5 - Shared Service with Brent and sell mortuary site** – achieves the highest overall score and is the recommended option, reconfirming the ROBC recommendation.

To further validate and justify the recommendation, detailed due diligence, equality impact assessment and stakeholder consultations have been undertaken which are detailed below.

## 4.5 Due Diligence

One of the key objectives of this FBC is to undertake due diligence of the recommendation to provide assurance on the suitability of entering into a shared service arrangement with Brent. This has been done from different perspectives including financial, operational and current condition of the Brent Mortuary.

### 4.5.1 Current arrangement

Brent and Harrow currently share the Northwick Park Mortuary Service. Both share capital and revenue costs on the basis of forecast borough population proportions. Harrow pays 95% of forecast costs at the start of the financial year (which is above the 90% in their agreement to ensure their final payment at the end of the year for the balance is minimised) with the balance settled at the year-end once actual costs have been finalised.

The mortuary site has a 99 year lease to December 2080 with The Secretary of State for Social Services at a peppercorn rent. The mortuary building and facilities at the site were funded by Brent and Harrow. HB Law have confirmed that the proposed shared service incorporating Barnet will be within the provisions of the lease.

The mortuary is currently fully functional dealing with over 400 post mortems currently per annum and has three full time technicians.

The mortuary is also the designated disaster mortuary for five boroughs across North London (Brent, Harrow, Haringey, Barnet and Enfield). (*Source: HTA Site visit inspection report on compliance with HTA minimum standards Sep 2012*).

Brent has advised that the mortuary needs repairs and renovations and this has been confirmed by Barnet during the site visit.

### 4.5.2 Costs

Over the last 3 years Brent revenue costs were £179k in 2013/14, £173k in 2012/13 and £162k in 2011/12 of which around 48% on average was recharged to Harrow. Around 70% of the costs relate to staff costs.

The 2015-16 budget for the full shared service has been estimated by Brent Mortuary Manager at £293k plus a management fee of 5% to cover general administrative costs including invoicing and managing the mortuary licence, totalling £308k. The budget includes one extra member of staff to cope with the additional Barnet workload and upgrade of the three existing staff following increase in responsibilities subject to job evaluation. The variable running costs budget has been increased to address the 50% increase in the post mortem volumes expected following the Barnet transfer of service (Brent 417 and Barnet 210 in 2014). The total costs include a share of the management salary costs involved with managing the mortuary of £29k. Overall the increase in budget compared with the 2014-15 budget is estimated at 66%.

Brent and Harrow already deal with infectious and potentially infectious cases. The addition of Barnet's cases will not alter the proposed budget or operations as estimated above.

There is a potential but unquantifiable cost from the NHS for any repairs and renovations to shared service facilities such as steam and hot water pipes and common pathways which would be apportioned to the boroughs on an agreed basis.

#### 4.5.3 Staffing

Brent currently has one Mortuary Manager (PO4 grade following upgrade) and two Technicians (PO2 grade following upgrade). To accommodate Barnet volumes, Brent has advised the need for one additional full time technician but in the short term may recruit an apprentice who would be trained up to a technician. The increase in staff is considered reasonable to address the increase in workload following the transfer from Barnet.

#### 4.5.4 Capacity

The proposed capital works includes additional refrigeration space for 30 units over and above its current normal capacity of 55 units.

The table below compares the current and planned capacity with the combined peak day volumes at both Brent and Barnet in 2014.

Description	Capacity (units)
<b>CAPACITY</b>	
Brent current capacity - 10 fridge banks x 6 spaces = 60 less 20 (top and bottom rank in each bank not normally occupied) = 40 Freezer = 5	45
Night storage	10
<b>TOTAL NORMAL OPERATING CAPACITY</b>	<b>55</b>
<b>PLANNED ADDITIONAL STORAGE</b>	<b>30</b>
<b>TOTAL PLANNED STORAGE</b>	<b>85</b>
<b>CURRENT &amp; PROJECTED STORAGE DEMAND</b>	
Brent (incl. Harrow) peak day storage in 2014	<b>37</b>
Barnet (Finchley) peak day storage in 2014	<b>18</b>
<b>COMBINED PEAK DAY STORAGE</b>	<b>55</b>
<b>PLANNED CAPACITY UTILISED AT PEAK LEVELS</b>	<b>55 / 85 = 65%</b>

As can be seen from the table, the combined peak day storage volumes would utilise 65% of the new planned capacity leaving 35% (or 30 spaces) which give assurance of adequate capacity to cope with normal increases.

Any abnormal increases in volumes would be addressed by where possible and subject to health and safety considerations in lifting heavy bodies, firstly by utilising

the bottom rank of the existing fridge banks followed by the use of the top ranks, and then as necessary invoking its contingency procedures set out below.

#### **4.5.5 Contingency**

The Brent Mortuary does have contingency measures as required by the HTA which include detailed mortuary operating procedures on

- Overflow of Body Storage Capacity (*using available storage at Northwick Park Hospital, other local and neighbouring mortuaries and local funeral directors' facilities*)
- Business Continuity Protocol
- Designated Disaster Recovery Process.

The Barnet Mortuary Manager has reviewed these procedures and has confirmed they appear to be in line with current practices, and are adequate in dealing with excess storage requirements arising at the Brent & Harrow Public Mortuary.

#### **4.5.6 HTA Inspection**

The Brent mortuary was last inspected by HTA in September 2012. The establishment was found to have met the HTA standards across the two applicable areas of governance and quality; and premises, facilities and equipment. No shortfalls were identified. The HTA found the Designated Individual, the Licence Holder, the practices and premises to be suitable in accordance with the requirements of the legislation. The building and internal structure of the public mortuary were dated but in reasonable condition and fit for purpose.

#### **4.5.7 Site Visit**

A site visit was undertaken on 20 January 2015 to review the facilities, confirm the reasonableness of the proposed capital repairs and renovations and conduct a health and safety due diligence. The site visit report is set out below.

The mortuary is located at Northwick Park Hospital, but is operated by Brent Council and the mortuary provides post mortem and storage facilities for Brent & Harrow Councils. The public mortuary shares the viewing area with the hospital.

The Post Mortem room is not to a high standard and there are cracks in the flooring. Overall the whole room needs attention and could do with a re-decoration. It could accommodate up to 8 routine post mortems a session. The infectious/special post mortem room located off the main room was also in poor condition due to maintenance issues.

The staff rest / meal area was sufficient but small, as were the Male / Female changing areas. The Mortuary procedures are similar to Finchley Mortuary procedures. There are three full time post mortem technicians working at the mortuary. The mortuary is run by experienced staff, which between them have more than 40 years' experience. There is a high level of IT technology used for mortuary administrative purposes.

The facility is well able to accommodate the extra cases from the Finchley Mortuary.

It has 35 fridge spaces, 5 freezer spaces, and 5 spaces for infectious cases resulting in total storage of 45 spaces.

In conclusion, all administrative procedures concerning the deceased, admission/post mortem/tissue retention/release seem to be well documented. There are maintenance issues around certain areas including the mortuary flooring/decoration but it is noted that these are to be rectified as part of the shared service arrangement.

The increased storage capacity proposed (fridge & freezer) is sufficient for the increased volume from the Finchley mortuary. The proposed improvement to lighting and the kitchen/rest area is a positive move. Storage cupboards in the post mortem room are of a wooden type, so their replacement to stainless units is essential. Once the mortuary has the maintenance issues addressed, and new storage facilities added, it should be of a higher standard, and well able to cope with the additional workload.

#### **4.5.8 Health & Safety Due Diligence**

This was undertaken during the site visit on 20 January 2015 to identify key Health & Safety issues at the Brent Mortuary.

A selection of H&S documents were reviewed, the proposed site for shared services was inspected and the local procedures were discussed in detail.

Areas of concern include the lack of version control, or timely review of key policies and Risk Assessments, the refurbishment requirements necessary to bring the facilities up to an acceptable standard, the impact of challenges faced during the transition period will have on the staff, and the increasing and diversifying population that the existing facilities serve. It was recommended that due to the increased workload from Barnet, staff levels would need to increase by one full time technician.

#### **4.5.9 Site Valuation**

Barnet Property Services & Valuation have provided a high level indicative valuation of the site subject to planning permission for 15 two bedroom flats broadly valued between £850,000 to £950,000 net of disposal costs. The lower valuation has been used in the financial evaluation. Detailed planning and valuation should be undertaken to validate the value if the Council decides to dispose the site.

#### **4.5.10 Legal**

HB Law have been engaged to provide support in drafting the Inter Authority Agreement for the shared service arrangement and to advise on the legality of entering into a mortuary shared service.

#### **4.5.11 Procurement**

HB Law have confirmed that Inter authority shared service arrangements are usually not subject to public procurement rules.

#### 4.6 Due diligence issues identified

All the due diligence issues identified above are being fully addressed as summarised below.

ID	Issue identified	Mitigating action
1	The building and internal structure of the public mortuary were dated but in reasonable condition and fit for purpose (HTA Inspection Sep 2012)  Maintenance issues around certain areas of the mortuary flooring/decoration (Site Visit Jan 2015)	The required repairs and renovation works will be addressed from the capital contribution Barnet are being asked to make to enter the shared service arrangement with Brent and Harrow.
2	New storage facilities will be required (Site Visit Jan 2015)	As above, the capital contribution includes the cost of the new fridge / freezer storage equipment.
3	Lack of version control, or timely review of key policies and Risk Assessments (Health & Safety Due Diligence Report Jan 2015)	The IAA (Inter Authority Agreement) will include the requirement to regularly review key policies and risk assessments.
4	Staff will be impacted by challenges faced during the transition period (Health & Safety Due Diligence Report Jan 2015)	To ensure a smooth transition of service to Brent, Brent will be engaging a Project Manager which should minimise the impact on staff.
5	Staff levels would need to increase by one full time technician (Health & Safety Due Diligence Report Jan 2015)	This is already built in Brent's 2015-16 Forecast Budget.

#### 4.7 Equality impact assessment (EIA)

An EIA has been undertaken to ascertain whether the recommended option will discriminate against people who are categorised as being disadvantaged or vulnerable within society.

Delivery of a shared mortuary service with Brent will provide fully functional mortuary facilities with disabled access. Better facilities will prove more comforting for grieving relatives and disabled access will make visiting the mortuary much easier for disabled residents. However there will be additional travel implications for Barnet residents and doctors travelling to the Brent mortuary.

Full delivery of a shared mortuary service will improve satisfaction ratings amongst different groups of residents because the advantages of improved facilities and disabled access outweigh the disadvantage of increased travel.

Any adverse impacts will be monitored and reviewed throughout the project. Once the project is complete ongoing monitoring will be carried out by the service.



## **4.8 Stakeholder consultation**

### **4.8.1 Public consultation**

Public consultation is being undertaken in order to obtain feedback on any possible unintended consequences of the transfer of the mortuary service. The consultation has been launched on Engage Barnet website in Feb 2015 together with a reply email address to enable Barnet citizens to provide any comments and feedback, and no responses have been received so far.

### **4.8.2 Coroner consultation**

The HM Coroner was advised in Jan 2015 jointly by Barnet and Brent of the proposed shared mortuary service arrangement with Brent, following previous briefings by Barnet and Brent in 2014, and his agreement in principle for the consortium of Brent, Harrow and Barnet to go ahead is awaited.

### **4.8.3 Other stakeholder consultation**

Views have been sought both from the Police and the Clinical Commissioning Group on the proposed transfer to a shared service in Jan 2015 and responses are awaited.

## 5. Expected Benefits

Summary of benefits associated with recommended option are set out below. The benefits card from the ROBC will be updated.

Benefit Type	Description of the benefit	Who will benefit	Expected benefit value	Financial year that the benefit will be realised	Benefit Owner	How will the benefit be measured	Baseline value (£, % etc) and date
Financial and cashable	Reduced running costs	Barnet Council	£17k on average per annum in current prices in steady state	Will ramp up from 2015/16	Street Scene Director	Annual recharge from Brent will be compared with budget	Barnet Mortuary 2014/15 Budget
Non financial	Improve facilities and make them fit for purpose	Barnet Council, All key stakeholders	Stakeholders satisfied with the state of facilities	2015/16 onwards following transfer of service	Street Scene Director	Bi-annually undertake undertaker and coroner officer service satisfaction surveys	Undertake a survey at the start of shared service to establish baseline
Non financial	Make the service more accessible	Disabled with mobility restrictions	Disabled residents will have better access	2015/16 onwards following transfer of service	Street Scene Director	Regular review confirming disabled access is fit for purpose	State of facilities after any repairs and renovation works
Non financial	A shared service will ensure robust business continuity plans	Barnet Council	Robust business continuity	2015/16 onwards following transfer of service	Street Scene Director	Regular review and update of business continuity procedures	Business Continuity procedures in place at the date of transfer

## 6. Summary of Key Risks

Listed below are the risks associated with the recommended option together with their possible impact, likelihood and mitigating actions.

Risk	Impact	Likelihood	Mitigating action
By underwriting the capital cost of up to £172k, which is required before Environment Committee approval, there is a risk that any abortive costs not exceeding £172k will need to be borne by Barnet.	High	Medium	In the event this risk materialises, Brent will be requested to waive the cost which relates to the works they would have undertaken anyway. Any residual costs including equipment where possible will need to be absorbed within the Finchley Mortuary operations.
Mutually beneficial shared service arrangement not agreed between boroughs	High	Low	Open and transparent dialogue and negotiations currently in progress to ensure arrangement benefits both sides.
There is a risk that either through TUPE or other appropriate measures the closure of the mortuary will impact staff as well as an obligation on the Council to re-house the Mortuary Technician and his family, who gave up a Council property to take up a tenancy in one of the Dolman Close flats	High	Low	HR has been engaged.
The London North Coroner objects to the transfer of the service to a shared service	High	Low	Barnet and Brent have previously briefed HM Coroner and have written a joint letter to HM Coroner seeking his agreement in principle to the shared service arrangement.
Forecast running costs of each of the shared service provider are significantly different from those provided / estimated.	High	Low	Financial due diligence has been undertaken to review the forecast costs which will be regularly monitored.
Increasing and diversifying population could put extra pressure on mortuary staff	High	Low	Although population size is increasing and becoming more diverse the number of post mortems is declining as outlined above.
H&S due diligence identified that the transition of a shared service may cause additional stress on mortuary employees	Medium	Low	Project Manager to be hired to ensure a smooth transition. HR support mechanisms on Barnet side to help mitigate risks. Brent will have similar mechanisms in place.

## 7. Costs/Investment Appraisal

### 7.1 Project Costs and Funding

For the recommended option 5 - Shared Service with Brent and sell mortuary site, the project spend forecasts together with the funding requirement are set out in the table below.

FORECAST SPEND	Year	1	2	3	4	5	6
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Figures in 2014/15 prices	Total	£	£	£	£	£	£
<b>CAPITAL BUDGET</b>							
Capital Contribution	207,000	207,000	0	0	0	0	0
Potential disposal proceeds	-850,000	0	-850,000	0	0	0	0
<b>Total Capital Funding / (Surplus)</b>	<b>-643,000</b>	<b>207,000</b>	<b>-850,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TRANSFORMATION BUDGET (already approved)</b>							
Implementation Costs	133,100	133,100	-	-	-	-	-
Transition costs	22,831	5,100	17,731	-	-	-	-
<b>Total Funding</b>	<b>155,931</b>	<b>138,200</b>	<b>17,731</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE BUDGET</b>							
Pre transfer forecast service costs	141,010	141,010	-	-	-	-	-
Potential Staff Payments	68,300	68,300	-	-	-	-	-
Post transfer shared service cost	619,292	-	123,051	123,472	123,870	124,259	124,639
<b>Total</b>	<b>828,602</b>	<b>209,310</b>	<b>123,051</b>	<b>123,472</b>	<b>123,870</b>	<b>124,259</b>	<b>124,639</b>
<b>AVAILABLE BUDGET</b>	<b>846,060</b>	<b>141,010</b>	<b>141,010</b>	<b>141,010</b>	<b>141,010</b>	<b>141,010</b>	<b>141,010</b>
<b>Funding Required / (Benefit)</b>	<b>-17,458</b>	<b>68,300</b>	<b>-17,959</b>	<b>-17,538</b>	<b>-17,140</b>	<b>-16,751</b>	<b>-16,371</b>

The capital contribution to Brent of circa £207k in 2014/15 will need to be funded by Barnet which relates to setting up additional capacity at Brent to accommodate Barnet workload and the required repairs and renovations.

To ensure Barnet achieves its planned go-live date of 1/4/2015 within tight timescales, Brent have asked for a capital underwriting agreement to indemnify it from any abortive costs if the shared service does not go ahead.

A potential disposal value of the site should the Council decide to sell it is estimated at £850k in 2015/16 subject to planning permission and detailed valuation.

The project implementation and transition costs from the FBC to end of transition stage forecast at £156k will be funded from the already approved Transformation Budget.

A revenue budget overspend estimated at £68k in 2014/15 relating to potential staff payments to facilitate the exit / transfer of the two Finchley Mortuary staff will need to be funded.

The revenue budget savings are forecast from 2015/16 averaging around £17k per annum over the five years to 2019/20.

Further detail on the project costs are set out below.

### 7.2 Capital spend

To enter into a shared service with Brent and Harrow, Brent require Barnet to fund the additional fridges/ freezer capacity and resulting works as well as contribute for suggested repairs and renovations. Brent are requiring the funding for the repairs

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and renovations element of the total works as an Access / Entry Fee given both Brent and Harrow had fully funded the mortuary building on the site.

The estimated total capital contribution requested is circa £207k in 2014/15 which is subject to change pending the procurement process. Over 70% of the costs consist of additional refrigeration / freezer, flooring, refrigeration plant, lighting, drain and sinks works. The remainder includes creating additional reception space, extending the garden area and other sundry works to enhance the overall standard of the facilities.

### 7.3 Transition costs

It is likely that the above works will extend beyond the closure date of the Finchley Mortuary of 31/3/2015 and the shared service go live date of 1/4/2015.

During the transition period, it is envisaged that the Barnet volumes may need to be stored elsewhere if the existing fridge / freezer capacity at Brent proves insufficient. Two options are being considered, one to store at Northwick Park Hospital Mortuary and two, to use the existing storage at the Finchley Mortuary. Preliminary quote received for storage at the hospital appears uneconomical and as such use of the Finchley Mortuary may be more cost effective.

In addition, to ensure a smooth transition, Brent has recommended engaging a Project Manager. The estimated cost of transporting the volume from Finchley to Brent for post-mortems, cost of the Transition Project Manager together with premises running costs from 1/4/2015 to the estimated date of decommissioning of 30/6/2015 totalling £23k are included in the Transition Costs above.

### 7.4 Staff costs

In order to facilitate the exit / transfer of the two Finchley Mortuary staff, a payment of circa £68k may be necessary.

### 7.5 Implementation costs

The estimated implementation costs in 2014/15 of £133k shown below are included in the Revenue Budget.

Resource	Assumptions	Budget £ 2014/15
Project Management	100 days x £750 per day	75,000
HR	Advise on TUPE issues	10,000
Legal	To help draft and negotiate Inter Agency Agreement, interim service level agreement and service specifications	20,000
Planning	To support detailed valuation and planning process for potential disposal of mortuary site	1,000
Health & Safety	Due Diligence	5,000
Logistics & Communications	Mortuary removals and advising stakeholders and updating website of new service location	10,000
Contingency (10%)		<u>12,100</u>
<b>Total</b>		<b><u>133,100</u></b>

## **7.6 Shared service costs and savings**

The post transfer shared service costs are based on the 2015/16 forecast for Barnet/Brent/Harrow combined workload as provided by Brent of £308k which includes the staff and running costs as well as a share of management costs and management fee. Based on the ONS population projections, Barnet's share of the total shared service costs is around 40% and amounts to an average £124k per annum compared with the estimated budget of £141k resulting in circa £17k average saving per annum.

## **7.7 Potential capital proceeds**

After the transition of the mortuary service to Brent, and following its full decommissioning estimated at 30/6/2015, the site will be returned to the Council's property asset base. The Council will then have the opportunity to consider its alternative uses including its disposal. In the FBC, the site has been valued at its potential disposal value. This has been estimated by Barnet Property Services subject to planning permission for 15 two bedroom flats at a residual site value broadly in the region of £850,000 to £950,000 net of disposal costs, and the lower value has been used in the FBC financial appraisal.

## 8. Timescale

A summary of the project plan including key dates and milestones are outlined below.

<b>Milestones</b>	<b>Timescale</b>
FBC Project Board approval	6 Feb 15
Public consultation	w/c 9 Feb 15
FBC Programme Board approval	11 Feb 15
Procurement Board (document to note)	12 Feb 15
Issue embargoed FBC to Unions	16 Feb 15
Finalise commercial negotiations	20 Feb 15
Union consultation	20 Feb 15
Submit Committee report to Environment Committee	27 Feb 15
HM Coroner approval	27 Feb 15
Workforce Board (document to note)	4 Mar 15
Asset & Capital Board	4 Mar 15
Environment Committee sign off	10 Mar 15
Policy and Resources Committee	24 Mar 15
Inter Authority Agreement (IAA) sign off	27 Mar 15
Shared Service Go Live	1 Apr 15
Successful transition to Brent	31 May 15
Decommission Finchley Mortuary	30 Jun 15

## 9. Project Assurance

A Project Board is already in place meeting fortnightly and consists of

- Project Sponsor – Lynn Bishop, StreetScene Delivery Director
- Senior User – Gary Coade, Barnet Mortuary Manager
- Senior Suppliers – HR and Finance representatives
- Project Lead and Project Manager.

The controls in place for quality assurance of project management products, quality criteria and sign off route for key deliverables / products, together with roles and responsibilities for approval are set out below.

Deliverable / Product	Quality Criteria	Author	Reviewers	Acceptor
PID	Comprehensive and compliant to LBB format.	Paul Kumeta	Project Board / Andrew Hollamby	Project Board
EIA	Equality considerations, together with a proposed approach to mitigate any avoidable adverse impact, are fully reflected and documented. Must be compliant with LBB format.	Paul Kumeta	Project Board / Andrew Hollamby	Project Board
Project plan and resource plan	The plan is comprehensive and clear.	Paul Kumeta	Project Board / Andrew Hollamby	Project Board
	The plan describes all major dependencies.			
	The resource plan is comprehensive and clear.			
Core project documentation, including milestones, risks and issues and benefits cards.	Compliant to portfolio management format, accurate and complete.	Piyush Kanabar and Paul Kumeta	Project Board / Andrew Hollamby	Project Board
Highlight report (and other reports sent to Boards and Committees as	Compliant to portfolio management format, accurate, complete.	Paul Kumeta	Project Board / Andrew Hollamby	Project Board



required).				
Shared Mortuary Service Strategy , Full Business Case and other documentation	Comprehensive and clear and following LBB agreed formats.	Piyush Kanabar and Paul Kumeta	Project Board / Andrew Hollamby	Environment Committee

## 10. Dependencies

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Key dependencies relating to the preferred option are tabulated below.

ID	Dependency	Level of Dependency	Mitigation (if required)	Owner
D1	Capacity for the council to provide capital investment and revenue funding	High	Consider other options including Do Nothing or Do minimum which require minimal investment	Environment Committee
D2	HM Coroner approval to transfer services to a shared service provider	High	Early engagement has been initiated	StreetScene Director

## Appendices

### 1. Options Analysis *(reproduced from the ROBC dated 6 June 2014)*

#### 1.1. Options Considered

Option	Description
<b>Option 1 - Do Nothing</b>	<p>This option requires no change to the current facilities at the Finchley Mortuary and represents a baseline to compare with the other options. The current state of the facilities although fully functional and adequate, does need modernising and maintenance. The mortuary operates with two staff.</p> <p>Due to declining volumes, the staff and the facilities are under-utilised. As its current number of two employees would be the minimum requirement, there is no scope of reducing staff and as such cost savings are difficult to realise. In addition, in the medium term, there is likely to be a need for significant renovation expenditure if the facilities are allowed to run down. The Mortuary Manager's view is that in its current condition, the mortuary building would remain functional for around 3 years before requiring this but without generating any savings or efficiencies.</p>
<b>Option 2 - Do Minimum</b>	<p>Under this option, some investment would be made in improving the current state of the mortuary. The Mortuary Manager has advised that to bring the facility to an acceptable standard would require an estimated £20k to fit new steel fridge doors, new flooring and ceiling and some minor external yard repairs.</p> <p>However, the facility will continue to be under-utilised and with staff levels at the minimum levels would not generate any savings.</p>
<b>Option 3 - Extend and Refurbish</b>	<p>This option involves significant capital expenditure being incurred in extending the existing building into the under-used car parking space by some 240 square metres to enlarge the post mortem room, provide disabled access and viewing area with an estimated cost of around £770k.</p> <p>This will significantly modernise the facility, but will disrupt the service provision during the construction period. With declining volumes, this option will not provide value for money as the enlarged and modernised mortuary will still be under-utilised and no cost savings will be generated.</p>
<b>Option 4 - Shared Service with Haringey and sell mortuary site</b>	<p>Most mortuaries are experiencing declining volumes and as such have excess capacity to some extent which when shared, would benefit all partners through reduced annual running costs.</p> <p>Haringey have a new and modern mortuary facility which they currently share with Enfield, and are now proposing to also share with both Barnet and Hackney. Based on a feasibility study they have undertaken, they wish to expand their facilities by creating additional storage for between 34 - 43 units. They have confirmed that with this additional capacity, they will be able to accommodate both Barnet and Hackney volumes by conducting post mortems 5 days a week instead of 3.</p> <p>The expansion cost has been estimated at around £500k and Haringey are looking for a £250k contribution each from Barnet and Hackney. The shared facility is estimated to be available from 1/7/2015 following all necessary approvals. So far Hackney has not made a</p>

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	<p>formal decision to transfer their mortuary service to Haringey. Staff requirement in the shared service will be 4 staff of which 3 are currently vacant positions. These are expected to be filled from both the Barnet and Hackney mortuary staff subject to TUPE rules and may have potential redundancy impact and for Barnet to re-house one of its employees. As the outcome of TUPE transfers is unclear at this early stage, a nominal redundancy cost of £50k has been built into the shared service provider's forecast.</p> <p>Recent site visit by the Mortuary Manager has concluded that it has well experienced permanent and locum staff, the building is in a good condition and with additional storage space, the facility is well able to accommodate the extra cases from the Finchley Mortuary. Under the shared service, Barnet will have access to a new and modern facility. It will benefit from lower annual running costs shared on the basis of population proportions. A major benefit will also arise from the possibility of disposing the unused Finchley mortuary which has been provisionally valued by Barnet Property Services subject to planning permission at circa £900k net of selling costs. The combined forecast volume of circa 900 will be serviced by 4 staff. The implicit number of post mortems to staff ratio at Haringey at 235:1 is significantly higher than Finchley at 125:1 and Brent forecast at 184:1. The additional effort of servicing large volumes together with 5 day working on post mortems, although more productive, will put additional pressure on staff which may affect the quality of service. Additional resource may be necessary at Haringey to cope with this possibility and to alleviate any adverse impact on service quality resulting in additional costs</p> <p>In steady state, the annual running costs in current prices are estimated at £117k compared with the current Finchley Mortuary running costs at £153k resulting in £36k potential saving per annum.</p>
<p><b>Option 5 -</b> Shared Service with Brent and sell mortuary site</p>	<p>Brent also has appetite and capacity to enter into a shared service arrangement with Barnet. They are currently in a shared service arrangement with Harrow. Its mortuary is also the designated disaster mortuary for five boroughs across North London (Brent, Harrow, Haringey, Barnet and Enfield). They are also proposing to share the annual running costs with Barnet and Harrow based on population proportions. To accommodate Barnet, they will need an estimated £39k contribution from Barnet for additional refrigeration, replace the ventilation system and new flooring. An estimate of £60k has been made for the refresh of the mortuary equipment assumed required in the second year after the start of any shared service arrangement. As the required upgrade to facilities is not major, it is anticipated that the shared service arrangement will be available from 1/4/2015 following necessary approvals. Staff requirement in the shared service will be 4 of which 1 is currently vacant. This is expected to be filled from Barnet mortuary staff subject to TUPE rules with a potential redundancy and an obligation on Barnet to re-house one of its employees. As the outcome of TUPE transfers is unclear at this early stage, a nominal redundancy cost of £50k has been built into the shared service provider's forecast. Recent site visit by the Finchley Mortuary Technician has concluded that the mortuary is run by experienced staff, which between them have more than 40 years' experience, the general internal condition of the mortuary needs attention, most of the problems are cosmetic, with additional storage space, the facility is well able to accommodate the extra cases from the Finchley Mortuary Under this option, Barnet will have available a modern mortuary service. A major benefit will also arise from the possibility of disposing the unused Finchley mortuary which has been provisionally valued by Barnet Property Services subject to planning permission at circa £900k net of selling costs. In steady state, the annual running costs in current prices are estimated at circa £104k compared with the current Finchley Mortuary</p>

running costs at £153k resulting in £49k potential saving per annum.
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Previously, an option of sharing mortuary services with Barnet General Hospital, now Barnet and Chase Farm Hospitals NHS Trust, was explored. As the hospital mortuary intake is likely to be different compared with the coroner's post mortem workload which is unpredictable and which requires high levels of security, the Finchley Mortuary Manager is of the opinion that this option is not viable and therefore has not been considered further.

### **1.2. Options scoring methodology**

Each of the options will be evaluated against both financial and non-financial criteria. The financial criteria will take into account the capital cost requirement and NPV of the net costs / (benefits) over 6 years from 2014/15 to 2019/20.

The non-financial criteria will take into account how closely each option helps to achieve the Council's strategic objective of 'improving the satisfaction of residents', aligns to its core value of 'embracing change where we need to', complies with HTA regulations as well as each options' time to go-live and any inherent risks.

Each option will be scored on the basis of how closely each option meets the criteria, ranging from 1 when an option does not meet needs, to 5 when it meets key and most other needs. Detailed scoring against the criteria is shown in Appendix 4.

The scores for each option are added and the option with the highest total score would be the preferred option on the basis that it best meets the key financial and non-financial criteria.

### **1.3. Options Analysis**

This analysis evaluates each option against the financial and non-financial criteria as shown in the table below.

Option	Analysis							TOTAL SCORE
	Strategic Objective: Improve the satisfaction of residents	Our core value: Embracing change where we need to	HTA Compliant	Time (to implement changes and avoid service disruption)	Capital Cost	Net Costs / (Benefits) NPV	Risks	
1 - Do Nothing	Adequate facilities Proximity	No action to achieve efficiency or savings	Fully compliant Facilities will deteriorate	Continued service disruption following possible facility deterioration	None required	No change	Major renovation may become necessary in the medium term	21
	2	1	4	4	5	3	2	
2 - Do Minimum	Fit for purpose Proximity	No action to achieve efficiency or savings	Fully compliant	Continued service with minimum service disruption	Minimal capital investment	Minimal cost	Major renovation may become necessary in the medium term - may be delayed	22
	4	1	5	4	3	2	3	
3 - Extend and Refurbish	Better facilities should prove more comforting for deceased's relatives	Some change but not achieving efficiency or savings	Fully compliant	Disruption to service during construction	Major capital investment	Significant capital costs and no savings	Medium risk if disruption to service minimised	21
	5	3	5	3	1	1	3	
4 - Shared Service with Haringey and sell mortuary	Better facilities should prove more comforting for deceased's relatives Additional distance travel	Efficiency and savings will be achieved	Fully compliant but with recent shortcomings now resolved Large volumes and 5 day working will put pressure on service	Service assumed go-live 1/4/2015 so savings to Barnet delayed	Moderate capital investment	Capital funding for Haringey extension offset by potential disposal proceeds from sale of mortuary and ongoing running cost savings	If Hackney doesn't join, potential increased cost for Barnet Large volumes and 5 day working will put pressure on service Barnet approvals delay	24
	4	5	4	3	2	4	2	
5 - Shared Service with Brent and sell mortuary	Fully functional facilities with disabled access Additional distance travel	Efficiency and savings will be achieved	Fully compliant Increased volumes but with reasonable staff ratio	Service assumed go-live 1/1/2015	Minimal capital investment	Low capital funding offset by potential disposal proceeds from sale of mortuary and ongoing running cost savings	Potential refurbishment costs but not significant	30
	4	5	5	4	3	5	4	

### 1.4. Financial Analysis

The table below summarises the outputs of a detailed financial model used to evaluate the economic options based on relevant cash flows over six years to 2019/20. This period represents the first year for change implementation followed by five years to allow a steady state position to be achieved.

ID	Option	Capital Cost	Disposal / Residual Value	Steady state Revenue cost savings	NPV of Net Cost/ (Benefit)
1	Do Nothing	£0k	£0k	£0k	£0k
2	Do Minimum	£20k	£0k	£0k	£34k
3	Extend and Renovate	£770k	£(631)k	£0k	£256k
4	Shared Service with Haringey and sell mortuary site	£250k	£(929)k	£(36)k	£(596)k
5	Shared Service with Brent and sell mortuary site	£39k	£(929)k	£(49)k	£(847)k

#### 1.4.1 Key Points

Option 3 requires the highest capital injection to extend and renovate the current mortuary, offset by the residual value at the end of the evaluation period, with the other options needing lesser capital funding.

Options 4 and 5 shared service arrangements with Haringey and Brent respectively enable the Council to dispose the mortuary site and generate annual running cost savings.

The net present value of the net (benefit) over the six years to 2019/20 is the highest for option 5 – shared service with Brent and sell mortuary site – due to lower capital contribution requirement and higher annual running cost savings in steady state compared with Haringey.

#### 1.4.2 Assumptions

- All costs in the options analysis are in current prices without any adjustment for inflation
- Do nothing option forms the baseline.
- Cash flows have been modelled over 6 years to allow for a steady state position to be achieved.
- Future cash flows have been discounted by a cost of capital rate of 3.5% recommended in the HM Treasury Green Book.
- Net costs assumed to occur throughout the year and discounting to present value reflects this by assuming cash flows occur mid-year.
- Net costs / (benefits) have been calculated by comparing each of the option's future state estimated cash flows to the baseline.
- Capital costs for the Do Minimum, Extend & Renovate, have been based on the Mortuary Manager's estimates and the Haringey extension estimates. The shared Services options with Brent and Haringey capital expenditure estimates have been provided by the Boroughs.
- Under the shared service options, it is assumed that the empty mortuary site will be disposed. The net disposal value has been estimated by Barnet Property Services and is subject to planning permission and formal detailed valuation.
- Shared Service costs to Barnet have been estimated by apportioning the forecast running costs based on population proportions. It is assumed the ONS calendar year corresponds with the Council financial year in which they end.
- Brent Revenue costs are based on their 2013/14 budget adjusted for one extra required post and an upgrade of a post together with an estimate for a share of their management costs and mortuary equipment refresh costs. Supplies and Services costs have been increased by 30% and Premises costs by 20% to reflect estimated increased consumption.



11. Haringey costs are based on the forecasts provided by Haringey and include a share of depreciation of the existing mortuary representing a charge for the use of the asset.
12. It has been assumed that Finchley staff will TUPE across to the shared service provider who will make staff retention and redundancy decisions.
13. As the outcome of TUPE transfers is unclear at this early stage, a nominal redundancy cost of £50k has been built into the shared service provider forecast.
14. Project implementation costs include Project Management, HR, Legal, Planning & Valuation, Service Specification, Health & Safety Due Diligence and Logistics & Communications.
15. It is assumed that the Brent Shared Service will be operational from 1/4/2015 and the Haringey Shared Service from 1/7/2015 to allow for additional time for the extension construction.

### ***1.5. Options appraisal***




Based on the total scores of each option, option 5 - Shared Service with Brent and sell mortuary – achieves the highest score.

Compared with the next highest scoring option 4 - Shared Service with Haringey and sell mortuary site – option 5 requires a lower capital contribution, earlier transfer of service date, less risky owing to lower combined volumes and has marginally higher forecasted annual running cost savings.

On this basis, option 5 is the recommended option to consider taking forward.

## 2. Referenced documents

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Document Name	Embedded File
ROBC	 Barnet Mortuary Service ROBC v1.1.p
Equality Impact Assessment	 Mortuary EIA V1.1.pdf
Health & Safety due diligence report	 Mortuary Consortium HS Due Dilligence Rep

## Document Control

Record the information relevant to this document in this section

<b>File path</b>	
<b>Reference</b>	Full Business Case
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## Document History

If the document has been altered or amended please track the versions and changes in this section

Date	Version	Reason for change	Changes made by
2 Feb 2015	0.7	First Draft	Piyush Kanabar
9 Feb 2015	0.8	Updated costs	Piyush Kanabar
19 Feb 2015	1.0	Updated costs and risks	Piyush Kanabar
23 Feb 2015	1.1	Circulated for clearance	Paul Kumeta
26 Feb 2015	FINAL	Cleared for Environment Committee	Paul Kumeta

## Distribution List:

Name	Role	Date
Andrew Hollamby	Environment & Street Scene Transformation Programme Manager	2/2/2015
Project Board	Project Board	3/2/2015
SCB Board	Programme Board	9/2/2015
Alan Bowley	Interim Commissioning Director - Environment	19/2/2015
Internal Officers	Circulated for clearance	23/02/2015

## Approvals:

By signing this document, the signatories below are confirming that they have fully reviewed the Full Business Case for the Barnet Shared Mortuary project and confirm their acceptance of the completed document.

Name	Role	Signature	Date	Version
Lynn Bishop	Project Sponsor	Lynn Bishop	26/02/2015	FINAL

<sup>1</sup> You should speak to your Head of Finance about any capital project you are proposing to undertake. They will help you to complete certain sections of the business case.