

REQUEST FOR DMPC DECISION – PCD 162

Title: Update on the progress with respect to the development of specialist building and a request to enter into a non-binding conditional sale agreement for land at Earls Court

Executive Summary:

The MPS Estates Strategy 2013-2016 seeks to provide suitable accommodation to meet operational requirements, reducing the amount of space occupied and maximising the use of space retained whilst also meeting Mayoral and Central Government priorities to release surplus public land for housing and schools.

As part of this strategy, approval was given in March 2016 to close Paddington Green Police Station and for the MPS to enter into discussions with the neighbouring land owner for the development of a new facility on part of the site and the redevelopment of the remainder for housing. Since that approval was given there has been a significant change in circumstances resulting in alternative sites being considered for the new facility, which may provide better value for money.

Recommendation:

The DMPC is asked to

1. Support the analysis of three options for the new facility including:
 - a. Continue work with Berkeleys at Paddington Green
 - b. Direct the MPS Property Department Services to analyse the potential purchase of commercial land (see Part 2 for details).
 - c. Consider alternative land within the MPS portfolio
2. Agree to the MPS entering into a non-binding Conditional Sale Agreement with respect to the commercial land to enable detailed discussions with the land owner.
3. Approve funding up to £750,000 to develop the three alternative locations.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature

Spur Under

Date

7/3/17

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and background

- 1.1 In March 2016, the MPS received approval to close Paddington Green Police Station and to enter into discussions with the neighbouring land owner for the development of a new facility on part of the site and the redevelopment of the remainder for housing.
- 1.2 Since the approval there have been significant changes in circumstances, in particular the property market within central London for residential property has weakened considerably primarily driven by the substantial increase in stamp duty coupled with uncertainty around Brexit.
- 1.3 This has had an impact on land values and the economics of the original business case, as the sale of land at Paddington Green underpins the financial viability for the construction of the new building. In view of this, the MPS is now investigating alternative sites for the new facility, which may provide better value for money. The MPS also confirms it is continuing with the exit of Paddington Green, which is due to be completed by September 2017.
- 1.4 The completion of the new facility will be in 2021 to 2022. It is critical to ensure operational continuity between existing buildings and the new facility. There are two options which include extending a lease in one existing building or a temporary decant in to an existing freehold building delaying its disposal.

2. Issues for consideration

- 2.1. Due to the confidential nature of the proposal the detail is held in Part 2

3. Financial Comments

- 3.1. The funding of the £750,000 to develop the three alternative locations for the facility is provided for in the capital programme.
- 3.2. Further details are discussed in the Part 2.

4. Legal Comments

- 4.1. In carrying out its functions, the MOPAC may, under paragraph 7, Schedule 3 of the Police Reform and Social Responsibility Act 2011 (“the Act”) “do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of the Office”. This includes, entering into contracts and other agreements, in addition to acquiring and disposing of property (including land). The MOPAC has the power to dispose of surplus properties (including land) under paragraph 7 (2) (b) of Schedule 3 of the “the Act”.
- 4.2. In accordance with the MOPAC Scheme of Consent and Delegation approval is required by the Deputy Mayor for Policing and Crime for all MPS requests to go out to tender for contracts of £500,000 or above, and to approve contract exemptions (such as direct awards).

5. Equality Comments

- 5.1. Future investment in the core estate will ensure full compliance with the Equalities Act 2010 with regards to the provision of accommodation. Facilities for staff working in all buildings will be enhanced over time as investment is focused on those assets core to operations.

6. Background/supporting papers

- 6.1. None.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – Yes

If yes, for what reason: EXEMPT under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011.

ORIGINATING OFFICER DECLARATION:

	Tick to confirm statement (✓)
Head of Unit: The Head of Strategic Finance and Resource Management has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Financial Advice: The Strategic Finance and Resource Management Team has been consulted on this proposal.	✓
Equalities Advice: No Equalities and Diversity issues identified.	✓

OFFICER APPROVAL**Chief Executive Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

P. Lawrence

Date

7/3/17

**INVESTMENT ADVISORY BOARD
9TH FEBRUARY 2017**

**UPDATE ON THE PROGRESS WITH RESPECT TO THE DEVELOPMENT OF SPECIALIST
BUILDING AND A REQUEST TO ENTER INTO A NON-BINDING CONDITIONAL
SALE AGREEMENT FOR LAND AT EARLS COURT**

A report by the Director of Property Services (Interim)

SUMMARY

In March 2016, Management Board and the Deputy Mayor for Policing and Crime (DMPC) approved the closure of Paddington Green Police Station and to enter into discussions with the neighbouring land owner for the development of a new facility on part of the site and the redevelopment of the remainder for housing.

Since that approval there has been a significant change in circumstances resulting in alternative sites being considered for the new facility which may provide better value for money.

This paper confirms the continued exit of Paddington Green and requests funding to be released to review the location for the new facility based on three options: continue at Paddington Green; commercial land acquisition; and consideration of an alternative site within the MPS portfolio. The review also includes consideration of the future of occupation of a number of existing sites within the MPS to ensure operational continuity.

The financial details of all three sites remain commercially sensitive.

A. RECOMMENDATIONS - That the Deputy Mayor for Policing And Crime:

1. Notes that the property market for residential land in Central London has significantly weakened since the business case presented to MOPAC in March 2016 resulting in a change in economics.
2. Notes that the exit of Paddington Green will be complete by September 2017 with the relocation of the Front Counter to a permanent position on Church Street (subject to final authority from MOPAC in February 2017) and the temporary relocation of the Emergency Response Teams to Kilburn; discussions have started with the Church Street Ward Regeneration team from Westminster City Council with the aim of looking at the feasibility to locate the team within the overall master plan for the area as the plan is developed.
3. Supports the analysis of three options for the new facility including:
 - i. Continue the work with Berkeleys at Paddington Green;
 - ii. Direct PSD to analyse the potential purchase of commercial land as outlined in Exempt Appendix A;
 - iii. Consider alternative land within the MPS portfolio.
4. Agrees to enter into a non-binding Conditional Sale Agreement with respect to the commercial land to enable detailed discussions with the land owner as outlined in Exempt Appendix A.

5. **Agrees to the cost of up to up to £0.75m to develop the three alternative locations noting that the alternatives will be narrowed as soon as more certainty can be achieved over a preferred option (expected to be by April 2017). It is anticipated, therefore, that the majority of this expenditure will be spent on the final option. Funding for this cost is budgeted within the Capital Expenditure Budget.**
6. **Agrees that a provision in the overall MPS capital requirement will be made for the potential additional capital requirement as outlined in the Exempt Appendix. This will include the costs to achieve operational continuity based on two alternative options.**

B. SUPPORTING INFORMATION

1. In March 2016, Management Board and the Deputy Mayor for Policing and Crime (DMPC) approved the MPS Property Services Department to enter into discussions for the construction of a new police facility on the site currently occupied by Paddington Green Police Station. Since that approval there has been a significant change in circumstances which requires a revised business case to reconsider the Paddington Green option and compare it to alternatives that may provide better value for money, improved operational certainty and reduced financial risks.
2. Since the business case presented to MOPAC in March 2016, the property market within central London for residential property land has weakened significantly primarily driven by the substantial increase in stamp duty coupled with uncertainty around BREXIT. This has changed the economics with respect to land values both on MOPAC owned land and on other commercial land.
3. Following a review of alternative options, two other sites have been identified in addition to the Paddington Green site which may provide better value for money based on the need to provide operational continuity. These sites need a detailed feasibility review.
4. As per the original business case, the sale of land at Paddington Green underpins the financial viability for the construction of the new building. The options analysis will consider whether the new facility will be built on part of the site at Paddington Green, with the remainder sold, or whether the whole site will be sold and the new building built on an alternative site.
5. Two other options have been identified. There is an alternative location within the MOPAC portfolio that might be considered, although there are a number of covenants on the site which may prevent its use. In addition, a piece of land has recently become available which may provide better value for money than developing a building on Paddington Green.
6. The completion of the new facility will be in 2021 to 2022. It is critical to ensure operational continuity between existing buildings and the new facility. There are two options which include extending a lease in one existing building or a temporary decant into an existing freehold building delaying its disposal. The details are set out in Exempt Appendix A; both the financial and operational risks are identified.
7. The nature of the three options for the future facility and the two options for operational continuity are commercially confidential and operationally sensitive. The details are set out in Exempt Appendix A.

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

Equality and Diversity Impact

1. Future investment in the core estate will ensure full compliance with the Equalities Act 2010 with regards to the provision of accommodation. Facilities for staff working in all buildings will be enhanced over time as investment is focused on those assets core to operations.

Financial Implications

2. The financial implications are set out in Exempt Appendix A.

Legal Implications

3. Section 6 of the Police Reform and Social Responsibility Act 2011 ("the Act") provides the MOPAC must secure the maintenance of the Metropolitan Police Service, and secure that the Metropolitan Police is efficient and effective.
4. In carrying out its functions, the MOPAC may, under paragraph 7, Schedule 3 of "the Act" "do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of the Office". This includes, entering into contracts and other agreements, in addition to acquiring and disposing of property (including land). The MOPAC has the power to dispose of surplus properties (including land) under paragraph 7 (2) (b) of Schedule 3 of the "the Act".
5. The Commissioner may also do anything which is calculated to facilitate, or is conducive or incidental to acquiring and disposing of property (apart from land) but only with the consent of MOPAC under paragraph 4 (2) (b) of Schedule 4 of "the Act".

Risk (including Health and Safety) Implications

6. All relevant health and safety legal requirements such as the workplace, health and safety regulations and appropriate MOPAC and MPS standards will be met. Input has been sought throughout the feasibility stage from the MPS Standards and Audit Team. The construction project if approved will be notifiable to the Health and Safety Executive (HSE) as significant construction projects under the Construction (Design and Management Regulations) 2015. Critical operational functions and infrastructure will need to be relocated in advance of any works to provide continuity of service.
7. Project Risks registers will be developed and managed and maintained within the Procurement and Property team.

Environmental Implications

8. The Major Buildings Estates Strategy proposes a consolidation of the headquarters and wider estate through a phased exit of surplus buildings that will lead to a reduction in floor space and increased occupancy in remaining buildings. This, coupled with refurbishment of specific sites and more efficient use of part of the support estate, will generate environmental and sustainability benefits with associated cost reductions as well as adherence to MOPAC/MPS targets in line with Mayoral objectives and legislation (including the Social Value Act 2012).
9. The refurbishment of older sites with poor environmental performance provides the mechanism for improved environmental performance. There will be a one-off increase in waste in the short term associated with the redevelopment. Waste will be managed in line with the European waste hierarchy and the MPS storage and treatment of waste and recycling toolkit and the building disposals waste checklist. Particular attention will be paid to ensuring all waste and crush materials are managed appropriately to avoid generating hazardous waste or cross-contaminating other materials that may be stored on site. Waste generation during operation is likely to remain broadly similar.

10. All building redevelopments / refurbishments are required to adhere to the MPS' Sustainable Design Guide, which sets out minimum environmental performance standards. These lead to efficiency gains through net reductions in consumption of energy, water and product / material resources and improved recycling of waste that will be managed throughout the design and build stage. These Standards support a whole life cost approach aimed at ensuring capital investment optimises building costs in operation. Additional Standards encourage cultural changes subject to operational requirements to reduce carbon emissions. Reducing the reliance on the use of vehicles and the provision of vehicle parking, increasing the use of public transport and supporting cycling with racks and showers for example will reduce carbon emissions (associated with travel). The strategy will deliver environment and sustainability benefits during subsequent implementation (gateway) stages.
11. Responsible procurement principles are embedded into the procurement process. Recycling items at the end of their life or when no longer required and reusing items in future locations, are encouraged. High recycled content components and sustainable materials are considered wherever practical.
12. The table below details the environmental implications of the proposed scheme highlighting likely impacts and mitigation.

Environmental Implications				
	Higher	Lower	No impact	Mitigation/ management of any higher impact
Level of energy use and associated carbon dioxide emissions		X		The development of a new building
Level of water consumption		X		Water usage is linked to numbers of staff. The new building will be smaller.
Level of waste generation/waste requiring disposal	X			This will be managed in accordance with European waster hierarchy
Level of travel and transport and associated emissions			X	This will form part of the development management plan
Raw material use and finite resources (use of recycled materials and sustainable alternatives)	X			This will be managed in accordance with the Sustainability Policy

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