

REQUEST FOR DMPC DECISION – PCD 338

Title: Estates Transformation - Westminster Programme of Works – Full Business Case (FBC)

Executive Summary:

MOPAC approved the outline business case for the transformation of the Westminster estate in April 2017, and this paper sets out the results of the detailed design and the proposed contract award to progress the investment needed to refurbish the 'to-be' retained estate. The case sets out investment of £35.1m which is funded from within the approved capital programme, and subject to a future MOPAC decision may generate a capital receipt and annual revenue savings upon completion of the works.

Recommendation:

The DMPC is recommended to

1. Approve this project to proceed to Gate 4 ('Go Live' Decision), at a total cost of £35.1M capital. Noting this represents a reduction of £4.7M to the budget allocated for this project in the draft capital programme submitted to MOPAC in November 2017. The capital programme will be adjusted accordingly to reflect this.
2. Approve the award of the fixed price construction contract to Overbury for the sum of £22.88M.
3. Note that matters relating to the future of Belgravia Police Station are now included in a separate business case and therefore out of scope for this FBC.
4. Note that the BCU1 Blueprint is not yet agreed and the timescales for SC&O redesign has been extended. The Detailed Designs are therefore based on assumptions agreed with OMM Programme Leads and will need to be validated when the BCU 1 Blueprint process and the SC&O redesign are completed.

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

Spivey

Date

16/3/18

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

Decision required – supporting report

1. Introduction and background

- 1.1. MOPAC approved the outline business case for the transformation of the Westminster estate in April 2017. This paper sets out the developments and progress on the project, the tender process and the now proposed investment in the estate.

2. Issues for consideration

- 2.1. The Outline Business Case summarised the position in the Westminster estate as requiring significant investment for essential works to improve the building resilience, to bring it up to current building standards and provide appropriate welfare facilities. It noted that there had been no major works at Charing Cross for some 20 years.
- 2.2. This full business case now sets out the proposal to invest in Charing Cross to address its current poor state of repair, provide flexible open plan facilities and meet the needs of the site as the BCU main HQ building for BCU1 (Westminster, Hammersmith & Fulham and Kensington & Chelsea). A contingency sum has been included in the investment requested to address the final BCU and SC&O design decisions.
- 2.3. If approved the timeline is for officers to move into the refurbished site on completion in late 2019.
- 2.4. Belgravia Police Station is now included in a separate business case and is therefore out of scope for this FBC.
- 2.5. A specialist estate design consultancy was appointed following a MOPAC approved procurement route, and using a mini-competition process from the MOPAC approved Southern Construction Framework the main contractor appointed. Relevant work packages have been tendered and assessed to ensure competitiveness.

3. Financial Comments

- 3.1 The approved budget submission includes provision in the capital programme for the sum of £39.8m to fully fund this development. Following the detailed design, tendering and making provision for contingency, the project budget is now recommended at £35.1m.
- 3.2 Subject to a future decision by MOPAC the proposed investment could result in the release of West End Central Police Station and the generation of a capital receipt and potential for annual revenue savings. If the site is not disposed of there would need to be a compensating reduction made to the capital programme, or alternatively, an increase in the level of borrowing.

4. Legal Comments

- 4.1 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.
- 4.2 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".

- 4.3 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"

5. Equality Comments

- 5.1 There are no equality or diversity implications arising from this report.

6. Background/supporting papers

MPS Report

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

If yes, for what reason:

Until what date:

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

ORIGINATING OFFICER DECLARATION:

	<i>Tick to confirm statement (✓)</i>
Head of Unit: The Chief Finance Officer 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 Chief Financial Officer has been consulted on this proposal.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓

OFFICER APPROVAL**Chief Executive**

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

R. Lawrence

Date

28/03/18



MOPAC

MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

WESTMINSTER TRANSFORMATION PROGRAMME OF WORKS

Report by Lynda McMullan on behalf of the Deputy Commissioner

EXECUTIVE SUMMARY

The purpose of the project is to transform Charing Cross Police Station and Apex House which will significantly improve working conditions and welfare facilities and create modern, flexible workspace to support Smarter Working. There have been no significant upgrade works undertaken at this site for approximately 20 years and both buildings are in an inadequate condition to support the transition to the proposed Basic Command Unit (BCU) structure. This project aims to fully transform the site including custody and a front counter refurbishment. This project was originally part of the Corporate Real Estate (CRE) Programme which supported the 2013 - 2016 Estate Strategy; this now forms part of the draft Estates Transformation Strategy 2017 – 2021. The transformation of Charing Cross will support the Police & Crime Plan 2017 – 21 which identifies the need to 'invest in the tools they (officers) need to do their job. This includes improving the quality and versatility of the MOPAC estate to meet the needs of modern policing.

Approval was given in April 2017 for the Westminster Transformation OBC (Charing Cross and Belgravia) to proceed to Detailed Design.

Following approval of the Westminster Transformation OBC in April 2017, detailed designs have been completed for Charing Cross Police Station including Apex House. Belgravia Police Station is now included in a separate business case and is therefore out of scope for this FBC.

Approval is required to complete the project at a total cost of £35.1M capital (including optimism bias) and award the contract for the sum of £22.8M.

Subject to a future decision by the Deputy Mayor for Policing and Crime, on completion of the refurbishment, West End Central Station will become surplus to requirement, and can be disposed of delivering a capital receipt and annual revenue savings . . . In the event approval to dispose of West End Central is not given this will have an impact on the draft capital programme submitted to MOPAC in November 2017 and how it is funded which is currently not reflected in the Medium Term Financial Plan.

Recommendations

The Deputy Mayor for Policing and Crime is asked to:

1. **Approve this project to proceed to Gate 4 ('Go Live' Decision), at a total cost of £35.1M capital. Noting this represents a reduction of £4.7M to the budget allocated for this project in the draft capital programme submitted to MOPAC in November 2017. The capital programme will be adjusted accordingly to reflect this.**

2. **Agree to award the fixed price construction contract to Overbury for the sum of £22.88M.**
Note the following:
3. **That matters relating to the future of Belgravia Police Station are now included in a separate business case and therefore out of scope for this FBC.**
4. **That the BCU1 Blueprint is not yet agreed and the timescales for SC&O redesign has been extended. The Detailed Designs are therefore based on assumptions agreed with OMM Programme Leads and will need to be validated when the BCU 1 Blueprint process and the SC&O redesign are completed.**

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

Introduction and background

1. A paper was presented to CRE Board on 9th February 2016 requesting approval to undertake feasibilities to rationalise the Westminster Estate by 2020/2021 through the refurbishment of Charing Cross and Belgravia Police Stations. On closure of the CRE Programme, the Westminster Transformation and other 'early go-live projects' were transferred into Programme 11 (Transforming The Estate).
2. Following approval of the Westminster Transformation OBC in April 2017, detailed designs have been completed for Charing Cross Police Station including Apex House. Belgravia Police Station is now included in a separate business case and is therefore out of scope for this FBC.
3. The draft Estate Transformation Strategy sets out the future structure of the estate that meets the OMM ambitions. It proposes a reduction in the number of owned or leased properties from 363 to 145 properties by 2022/23 with substantial investment in the retained estate to improve the quality of accommodation for future policing.
4. West End Central Police Station will no longer be required for operational purposes once the works to Charing Cross Police Station are complete; this building was approved for exit as part of the November 2017 Public Access Consultation document. This site has been identified for disposal subject to a future decision by the Deputy Mayor for Policing and Crime.
5. Programme 3 of OMM proposes to adopt the BCU model as an alternative to the 32 existing Borough structure. Charing Cross Police Station is currently the main site within Westminster Borough and is proposed as the headquarter building for BCU1 (Westminster, Hammersmith & Kensington). The site retains its 24 hour Front Counter and Custody facility under the BCU model.
6. The last significant investment in Charing Cross was around 20 years ago although some works have been undertaken to custody, lifts & chillers and piecemeal refurbishments to offices. The current condition of the building warrants a complete upgrade to carry out essential works to ensure that the building is resilient, to embrace Smarter Working, comply with current

accommodation standards, upgrade to a modern building with a 25 year life span and provide flexible open plan facilities that meet the requirements of the BCU through creating agile space, improving meeting & briefing spaces and improving locker & welfare facilities.

Issues for consideration

7. This site in its current state is in an inadequate condition; it is in poor decorative order and doesn't provide good quality welfare facilities in support of operational need. It also provides insufficient space to accommodate a realignment of operational functions to form the BCU1 HQ and its associated locker and welfare requirements. A full transformation is required to bring the buildings to a 25 year lifespan and provide sufficient space to accommodate future requirements. If approved the timeline is for officers to move into the refurbished site on completion in late 2019.
8. The lack of a completed BCU Blueprint for BCU1 together with the extended SC&O redesign timescales has resulted in the need to progress detailed designs for Charing Cross Police Station based on agreed assumptions with OMM Programme Leads. Once the Blueprint and SC&O redesign has been completed a review will need to be undertaken to determine whether the detailed design should be amended. These changes could have significant cost and time implications if the agreed assumptions prove not to be valid. This risk has been mitigated by the introduction of flexibility into the workspace as part of the detailed design, in addition a 10% optimism bias provision has been included within the Capital Programme budget for this project.

Contributes to the MOPAC Police & Crime Plan 2017-2021¹

9. This report supports the aims of the Police & Crime Plan 2017 – 21 which identifies the need to 'invest in the tools they (officers) need to do their job; this includes improving the quality and versatility of the MOPAC estate to meet the needs of modern policing.
10. The key business objectives of this project to support the draft Estate Strategy and Police & Crime Plan are as follows:
 - invest in and improve the quality of accommodation of the retained estate to support operational need bringing it closer to communities where required;
 - enhance and intensify the use of the retained estate through targeted investment to support smarter working – which, in turn, enables operational objectives to be met within a smaller estate.
 - maximise the value of those assets released that are surplus to need in order to release capital for reinvestment to support operational need, underpinning the Capital Programme whilst keeping in consideration the

¹ Police and crime plan: a safer city for all Londoners | London City Hall

Mayor's wider mayoral objectives for Affordable Housing.

- reduce the running cost of the retained estate to support the objective of reducing back office costs to a maximum of 15% of the MPS total revenue spend by 2019/20.

Financial, Commercial and Procurement Comments

11. The refurbishment of Charing Cross Police Station forms part of the draft Estates Transformation Strategy which through investing £966M capital (including Optimum Bias), will enable the rationalisation of the estate, generating capital receipts of £479M (including Optimism Bias), and delivering revenue savings of £56M as part of the overall financial strategy.
12. The draft capital programme (submitted to MOPAC in November 2017) includes budget of £39.8M to fund the refurbishment of Charing Cross Police Station, of which £32M relates to the refurbishment costs and £7.8M is optimism bias. Optimism bias has been included to meet any issues or risks that are currently unknown and represents 25% of the project costs at OBC stage.
13. Following completion of the detailed designs it is now estimated that the project can be delivered at a total cost of £35.1M, a reduction of £4.7M on the total budget included in the draft capital programme. This is due to a reduction in the level of optimism bias required which following review, and in recognition that the business case is now at the final stages is now at 10% (down from 25% at OBC stage). The capital programme will be adjusted accordingly to reflect this.
14. Subject to a future decision by the Deputy Mayor for Policing and Crime, on completion of the refurbishment, West End Central Station will become surplus to requirement, and can be disposed of, delivering a capital receipt.
15. In the event approval to dispose of West End Central is not given this will have an impact on the capital programme and how it is funded. There would need to be a compensating reduction made to the capital programme submitted to MOPAC in November 2017, or alternatively, an increase in the level of borrowing.
16. The one off costs associated with decommissioning these buildings are estimated to be £0.1M, the costs of which will be met from the associated capital receipt.
17. The annual running costs of Charing Cross and West End Central Police Stations are currently £3.3M. On completion of the refurbishment, West End Central Police Station will be surplus to operational requirements and can be disposed of, delivering an annual saving. This saving has been incorporated into the medium term financial plan.
18. It is assumed the running costs of the retained buildings will remain the same following redevelopment.
19. Following the approval of the OBC, Consultant and Contractor services have been secured following a mini competition procurement exercise. Atkins were appointed as the design consultants and Overbury were appointed as the Main

Contractor. Overbury have tendered the work packages via their supply chain and have confirmed the Contract Sum.

20. Subject to approval of this FBC an award will be made using JCT Standard Form of Contract for a fixed price sum of £22.88M with a 70-week contract period split into three phases.

Legal Comments

The legal implications of this report are as follows:

21. 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.
22. 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".
23. 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".

Equality Comments

24. An Equalities Impact Assessment (EIA) was completed as part of the Detailed Design process to identify potential positive and negative equality impacts towards people who fall within the protected characteristics under the Equalities Act 2010. The Strategic Diversity & Inclusion Unit were consulted as part of this EIA and FBC.

25. As a result of the refurbishment works, the buildings will be compliant with the Equalities Act 2010.

Privacy Comments

26. This information is contained in the restricted section of the report.

Real Estate Implications

The Real Estate implications are outlined above.

Environmental Implications

27. This transformation supports the Environment & Sustainability Strategy and

the draft Estate Transformation Strategy which aims to reduce the number of owned and leased properties and invest in the retained estate. This will result in an improved quality of building with reduced environmental impact and greater efficiency through the following:

- energy use and carbon emissions,
- water consumption,
- travel,
- responsible procurement of materials.

28. Higher utilisation of this site and Smarter Working will also contribute to that efficiency.

Background/supporting papers

28. None.

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Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

The Government Security Classification marking for Part 2 is:
OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of the Westminster Transformation Programme of Works FBC is exempt from publication for the following reasons:

Exempt Under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011.

The relevant section under the FOIA that would exempt this information from disclosure is Commercial Interest Section 43.

The paper will cease to be exempt until 31st October 2020 on completion of works and handover of the transformed site.