

REQUEST FOR DMPC DECISION – PCD 2016 67

Title: Request for Release of Capital and Contract Variations – Curtis Green

Executive Summary:

The Deputy Mayor for Policing and Crime (DMPC) is being asked to consider the approval of additional investment of £9,000,000 to finalise the refurbishment of Curtis Green. This refurbishment is a key element of the Major Building Estate Strategy including the release and disposal of NSY. The updated Estate Strategy will now deliver in excess of £220m net capital receipts against the original planned projections in 2012 of £93m. Due to recent unforeseen circumstances outside MPS/MOPAC's control, and principally concerning essential perimeter security, telecommunications installation and public realm works, additional fund of £9m is required. The overall investment will contribute to the planned reduction in annual revenue costs of £6.4m.

Recommendation:

The DMPC is asked to;

1. Approve the additional sum of £9,000,000 of capital to be funded from the 2016/17 Capital Programme following the re-prioritisation to enable completion of the Curtis Green re-development and NSY exit programme;
2. The DMPC is asked to approve the extension of the BAM Contract, and associated funding; approve the additional costs in support of the works to Richmond Terrace, and the costs of the consequential programme management resources required.
3. Delegate authority to the Director of Commercial Services to complete necessary contractual documentation in regard to the contracts/agreements.

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

03/10/2016

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

Decision required – supporting report

1. Introduction and background

- 1.1. The release of New Scotland Yard (NSY) and the redevelopment of the Curtis Green Building are two key strands of the Major Building Estates Strategy which will deliver revenue savings of £6,400,000 per annum. It is expected to release in excess of £220,000,000 of receipts for reinvestment in the Mayor's Office for Policing and Crime (MOPAC)/ Metropolitan Police Service (MPS) capital programme or to repay borrowing.
- 1.2. Due to recent unforeseen circumstances outside MPS/MOPAC control, and principally concerning essential perimeter security, telecommunications installation and public realm works, the release of £9,000,000 funding is requested along with a variation in contractual terms to secure works required to enable project completion and the financial opportunities to be realised.

2. Issues for consideration

- 2.1. Whilst the net capital that will be released through the strategy now exceeds the original approvals, and revenue savings generated remain consistent, the timing for completion of the Curtis Green scheme has extended beyond the exit timeline for NSY. To mitigate this, the exit of NSY has been 'de-coupled' from the Curtis Green occupation to ensure that the receipt can still be released.
- 2.2. Contingency plans developed in January 2016 included the use of existing MOPAC facilities, whereby accommodation could be utilized on a short term basis, without impacting on operational performance. By implementing these contingency plans, costs will be off-set against revenue reductions in the operation of NSY to 31 October and can be contained within existing revenue budgets.
- 2.3. The implementation of the MOPAC/MPS Estate Strategy 2013/16 and smarter working practices, will deliver a reduction in the Estate required for operational use by 30% at the end of 2016 and expenditure by £59,000,000 per annum against 2012 costs.

3. Financial Comments

- 3.1. The sum of £9,000,000 includes additional funding for neighbouring works, town planning consent, security requirements, parliamentary estate requirement, asbestos removal and digital policing/property services project management resource to the completion of the Curtis Green redevelopment project.
- 3.2. The updated Estate Strategy is expected to deliver in excess of £220,000,000 against the original planned projections in 2012 of £93,000,000 budgeted within the 2016/17 capital programme.
- 3.3. The associated revenue implications of the proposed investment will reduce expenditure by £6,400,000 per annum contributing to the £59,000,000 savings target by 2016.
- 3.4. The additional funds required have been identified as part of the wider review of the 2016/17-2020/21 Capital Programme.

4. Legal Comments

- 4.1. The DMPC approval is required under paragraph 4.8 of the MOPAC Scheme of Consent and Delegation for all business cases for revenue or capital expenditure of £500,000 and above

5. Equality Comments

- 5.1. There are no direct equality issues arising from this proposal.

6. Background/supporting papers

- 6.1. Appendix 1

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: Commercial sensitivities

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: There are no equalities and diversity issues identified in this proposal.		✓

OFFICER APPROVAL**Acting 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 *28/09/2016*

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**REQUEST FOR RELEASE OF CAPITAL AND CONTRACT VARIATIONS IN
SUPPORT OF HQ ESTATE STRATEGY**

MOPAC INVESTMENT ADVISORY BOARD

22nd September 2016

**Report by Director Commercial and Finance Directorate
On behalf of the Deputy Commissioner**

EXECUTIVE SUMMARY

The release of New Scotland Yard (NSY) and the redevelopment of the Curtis Green Building, are two key strands of the Major Building Estates Strategy which will deliver revenue savings of £6.4m p.a. and will now release in excess of £220m of receipts for reinvestment in the MOPAC/MPS capital programme or to repay borrowing.

Due to recent unforeseen circumstances outside Metropolitan Police Service (MPS)/Mayor's Office for Policing and Crime (MOPAC) control, and principally concerning essential perimeter security, telecommunications installation and public realm works, the release of £9.0m funding is requested along with a variation in contractual terms to secure works required to enable project completion and the financial opportunities to be realised.

The additional funds required have been identified as part of the wider review of the 2016/17-2020/21 Capital Programme.

A. RECOMMENDATIONS - DMPC is asked to:

1. Note the updated HQ Strategy will deliver in excess of £220m against the original planned projections in 2012 of £93m, and that these sums are budgeted within the 2016/17 capital programme. Note that the associated revenue implications of the proposed investment will reduce expenditure by £6.4m p.a. contributing to the £59m savings target by 2016.
2. Approve the additional sum of £9.0m of capital to be funded from the 2016/17 Capital Programme following the re-prioritisation to enable completion of the Curtis Green re-development and NSY exit programme;
3. Approve and delegate authority to the Director of Commercial Services to complete necessary contractual documentation in regard to the contracts/agreements.

B. SUPPORTING INFORMATION

1. The implementation of the MOPAC/MPS Estate Strategy 2013/16 and smarter working practices, will deliver a reduction in the Estate required for operational use by 30% at the end of 2016 and expenditure by £59m pa against 2012 costs. In November 2012, Metropolitan Police Service (MPS) Management Board and the Mayor's Office for Policing and Crime (MOPAC) supported proposals to redefine the HQ Estate. The approved HQ Estate strategy and financial model projected revenue

savings of £6.4m p.a. and release in excess of £93m capital receipts for reinvestment in the MOPAC/MPS capital programme or to repay borrowing.

C. BACKGROUND

1. Upon approval in November 2012, the Curtis Green building was to be re-modelled prior to NSY release. As advised by MPS/MOPAC cost consultant, ARCADIS, delivery of the construction project was to be an extant framework building contractor employing current commercial process of Two-Stage Design & Build contract. Selection of the Design Team was via a Royal Institute of British Architects (RIBA) conducted international design competition to ensure the demands of such an prominent (located in World Heritage site) and important (London, UK and internationally) civic building could be competently delivered in the very ambitious timelines. Enabling works to commence strip-out and conduct further surveys were undertaken in parallel with these procurement processes to take advantage of the Parliamentary recess summer 2013.
2. Following public exhibition "Built to Serve" at City Hall, the architects, AHMM were announced and appointed as Design Team lead October 2013 to develop their proposal. BAM were appointed as building contractor under a First Stage Pre-Contract Agreement in January 2014 to advise MPS/MOPAC and the Design Team on "buildability" issues regarding time, cost and quality.
3. In parallel, the marketing campaign to dispose of NSY commenced and the sale process begun. The unexpected last-minute representations by Parliamentary Estate requesting stringent time and noise restrictions were incorporated as conditions to the delayed Town Planning Approval. The NSY marketing campaign was delayed until a revised programme to mitigate the impact of the delayed Town Planning Approval could be agreed.
4. The appointed MPS/MOPAC disposal agents, Jones, Lang LaSalle advised delay for timing of marketing and exchange of contracts for NSY to December 2014 with date for completion delayed to Summer 2016, and a long-stop date of 31 October 2016, based on market conditions at the time. They advised that bids would diminish in both value and interest should there be a longer period than 2 years before vacant possession. Hence, the construction contract award to BAM timing coincident with the final sale contract agreed with Northacre November 2014.
5. Until the final works are undertaken to the building, the property can not be occupied as intended under the HQ Strategy. Authority is therefore requested to release of a further £9.0m to finalise works to Curtis Green Building and to complete the works required to Richmond Terrace. Subject to various decisions and approval to additional funding, Curtis Green will be available for occupation/operational use from November 2016 with full occupation expected early 2017.
6. The exit of New Scotland Yard is on target for Vacant Possession to be given to Northacre 31 October 2016, as planned.

Equality and Diversity Impact

7. 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

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in all buildings will be enhanced over time as investment is focused on those assets core to operations.

8. The equality and diversity implications for HQ Estate are addressed within the Equality Impact Assessment (EIA) for the Corporate Real Estate (CRE) Programme. The CRE EIA considers moves generally and advocates that building specific EIAs are conducted on a case by case basis. PSD have aligned issues of equality / diversity within existing processes for relocating staff within the MPS Estate.
9. An EIA in relation to Agile Working is established. The Disability Staff Association have been consulted and lessons have been learned from the restack moves at ESB in 2012 and in progress for the recent Hendon and Lambeth schemes.

