

**REQUEST FOR DMPC DECISION – PCD 337****Title: Transforming the Retained Estate – Tranche 2 Outline Business Case****Executive Summary:**

Investment in retained buildings is part of the “investment in the tools police officers need to do their job” and to create a modern working environment for public and staff are commitments in the Police and Crime Plan 2017. Having carried out initial feasibility and concept design work this paper requests the approval of £5m to commission detailed design studies at the 11 Tranche 2 sites to inform a full business case. The cost is funded from within the approved existing capital programme.

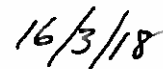
**Recommendation:**

The DMPC is asked to approve the funding of £5m to commission detailed designs at each of the Tranche 2 11 sites.

**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****Date**

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

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. In order to support police officers in their work, and to provide a modern working environment for the public and staff investment is required in the estate that is to be retained.
- 1.2. In April 2017 MOPAC approved the investment to progress with feasibility and concept designs for the Tranche 2 to be retained sites.

#### **2. Issues for consideration**

- 2.1. The proposed investment in detailed designs for each of the 11 sites will take into account the consultation on public access and the published Public Access strategy ensuring that investment is both in those buildings being retained and for the public access approved.
- 2.2. Assurance has been provided by the Met that the detailed designs will take into account the known operational requirements and provide the flexibility to meet changes in operational requirements. Details will be set out in the full business case.

#### **3. Financial Comments**

- 3.1. The estimated cost of the detailed designs of all 11 Tranche 2 sites is £55m. This will be funded from within the approved existing capital programme.
- 3.2. The programme includes an estimated £55m for investment in the retained Tranche 2 sites, and is anticipated to enable the disposal of 9 sites releasing capital receipts of £41m, and contributing £2m p.a. in revenue savings.

#### **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".

#### **5. Equality Comments**

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

#### **6. Background/supporting papers**

MPS Report Transforming the Retained Estate: Tranche 2 Outline Business Case

**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>
<b>Head of Unit:</b> The Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
<b>Legal Advice:</b> The MPS legal team has been consulted on the proposal.	✓
<b>Financial Advice:</b> The Chief Financial Officer has been consulted on this proposal.	✓
<b>Equalities Advice:</b> Equality and diversity issues are covered in the body of the report.	✓

**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

R. Lawrence

Date

28/03/18





# MOPAC

MAYOR OF LONDON  
OFFICE FOR POLICING AND CRIME

## ESTATE TRANSFORMATION TRANCHE 2 OUTLINE BUSINESS CASE (OBC)

**Report by Lynda McMullan on behalf of the Deputy Commissioner**

### *EXECUTIVE SUMMARY*

The Tranche 2 refurbishment project supports 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.

Transforming the Estate (Programme 11) is one of the enabling programmes of the One Met Model (OMM) that will support a wholly different approach to the way the MPS operates. 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 and investment in the retained estate to improve the quality of accommodation for future policing.

The Estate Transformation Tranche 1 OBC (to transform 11 Basic Command Unit (BCU) headquarter buildings and 5 patrol sites) was approved in November 2017. The Tranche 2 projects have now completed the concept design stage and focus on the next wave of 11 key sites (including a number of Emergency Response sites) to support the proposed BCU structure. The buildings in their current state are in an inadequate condition and provide insufficient space to accommodate the workspace, locker and welfare requirements of the realigned operational BCU (and other) functions. The accommodation is in poor decorative order and doesn't provide good quality welfare facilities in support of operational need. These sites will be refurbished in full or part to comply with current building standards and embrace Smarter Working principles.

Approval is required to agree the funding of £5M to proceed Detailed Design and prepare the Final Business Case noting that the designs will require validation through the rollout of the BCU Blueprints.

The works will enable 9 other buildings to be disposed of that are no longer operationally required once the BCUs are implemented. This is subject to a future decision by the Deputy Mayor for Policing and Crime on those sites identified for disposal. This will generate capital receipts of £52M (including optimism bias) and annual revenue savings of £2M (reduced running costs from a reduced estate).

### **Recommendations**

This OBC was approved by the MPS Portfolio & Investment Board on 9<sup>th</sup> January 2018 and therefore the Deputy Mayor for Policing and Crime, via the Investment Advisory Board (IAB), is asked to:

1. **Agree funding of £5M including optimism bias (Capital) to prepare the Final Business Case (FBC), through the commission of Detailed Designs at each Tranche 2 site.**
2. **Give approval for Tranche 2 projects to proceed to Gate 3 (Investment Decision) subject to the validation of the concept designs through the rollout of the BCU blueprints.**
3. **Agree procurement through frameworks already approved by MOPAC.**
4. **Agree that the Medium Term Financial Plan and draft capital programme are updated to reflect the revised financial profile as set out in the financial section. Noting that the scheme remains affordable within the budget included in the draft capital programme submitted to MOPAC in November 2017.**

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

#### **Introduction and background**

5. In April 2017, MOPAC gave approval to progress with feasibility studies and concept designs for a number of buildings which were prioritised into Tranche 1 and Tranche 2 projects to inform and develop the Outline and Full Business Cases for each asset. Approval was given with agreement that the project scope and benefits are aligned to the Police and Crime Plan, published in March 2017 (the need to 'invest in the tools officers need to do their job' which includes improving the quality and versatility of the MOPAC estate to meet the needs of modern policing).
6. OMM has been established as 12 separate programmes that together will deliver more effective and efficient policing across London. Transforming the Estate is one of the enabling programmes (Programme 11) that will support a wholly different approach to the way the MPS operates.
7. It should be noted that in August 2017 Programme 11's Implementation Plan was re-baselined to:
  - Align programme 11 with revised timescales for finalising operational property decisions e.g. determining the future model for command and control despatch and to incorporate findings from the extended BCU Pathfinders (both of which will have implications for estate change).
  - Align programme 11 with the timescales of the Public Access and Engagement Strategy Consultation (this has significant estate implications – namely communication of disposals that can be achieved through the delivery of transformation works and the intended move to DWO bases)
  - Reflect updated project schedules received during more detailed scoping. As the MOPAC estate has reduced significantly in recent years, there is little decant space now available meaning refurbishment

will need to take place floor by floor, moving occupants internally rather than to other buildings. This approach takes longer, meaning completion of the projects will be delayed.

8. The Tranche 1 OBC (the transformation of 11 BCU buildings and 5 patrol sites) was discussed and agreed at IAB in November 2017 and authority was given by the Deputy Mayor for Policing & Crime (DMPC) to proceed to Detailed Design in December in decision paper PCD 290.
9. This OBC focuses on the Tranche 2 projects in support of the draft Estate Transformation Strategy 2018 – 2021 which sets out the future structure of the estate to meet the aims of OMM. The draft Strategy proposes a reduction in buildings from 363 to 145 by 2022/23 with substantial investment in the retained estate to improve the quality of accommodation and working conditions for future policing.
10. Tranche 2 aims to invest in the following 11 buildings, to refurbish them in full or part to comply with current building standards and embrace Smarter Working principles:  
Wembley, Harrow, Peckham, Mitcham, Stoke Newington, Hounslow, Hayes, Kensington, Twickenham, Tottenham & Lewisham (to install a Local Control Room only).
11. The Tranche 2 project will enable the increased capacity and utilisation (estimated to be an increase from the current circa 40% of desks occupied at any one time to closer to 80%) through the relocation of officers and staff currently located elsewhere in the estate.
12. These buildings vary in their size and current condition; feasibility studies showed that the buildings in their current state are in an inadequate condition and provide insufficient space to accommodate the workspace, locker and welfare requirements of the realigned operational BCU (and other) functions. The accommodation is in poor decorative order and doesn't provide good quality welfare facilities in support of operational need.
13. Subject to a future decision by the Deputy Mayor for Policing and Crime on those sites identified for disposal, this investment will allow 9 police buildings to be disposed of which are set out in the Public Access Strategy (published November 2017), generating capital receipts and annual revenue savings (reduced running costs from a reduced estate).

### **Issues for consideration**

14. The original Tranche 2 budget as included in the capital programme approved in February 2017 was £97M. This has now been revised to £55M (including optimism bias) to (a) optimise works that form part of the Tranche 2 project and deliver budget reductions as part of the corporate review of the capital programme (b) remove projects that are out of scope and subject to future/separate business cases.

15. The Capital Programme Review resulted in the scope of Tranche 2 being revised as follows:

- Polar Park was removed from scope.
- The budgets for Wembley and Peckham have been reduced.

16. Two further sites (Marlowe House and Kilburn) have also been removed from Tranche 2 as these buildings are now included in a separate business case.

17. It has also emerged that the Specialist Crime & Operations (SC&O) redesign period (as part of OMM) has been extended, meaning the timing of associated estates work at affected sites (Sutton, Hertford House and Lewisham) has also been revised and therefore do not form part of this OBC. In addition, only works associated with the BCU (local control room) at Lewisham are in scope for this Tranche 2 OBC. It is proposed that works at these SC&O sites will still be funded from Estate Transformation and will be subject to a separate business case.

18. The operational requirements will be determined by OMM (and with several of those requirements yet to be finalised), the concept designs for Tranche 2 sites have instead been informed by a set of design assumptions, developed with and agreed by OMM programme leads. This approach is not without issue/risk and is reflected in the level of Optimum Bias attached to this case, however, these designs will be validated as part of the BCU blueprint rollout.

19. The buildings in their current state are in an inadequate condition and provide insufficient space to accommodate a realignment of operational functions to form the proposed 12 BCUs and their locker and welfare facilities. These sites require significant improvement to bring them up to comply with current building standards.

20. This Tranche 2 project will enable the exit of 9 other sites that are no longer required operationally once the BCUs are implemented, subject to MOPAC approval.

### **Contributes to the MOPAC Police & Crime Plan 2017-2021<sup>1</sup>**

21. 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.

22. The key business objectives of this project to support the draft Estate Strategy and the 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

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<sup>1</sup> [Police and crime plan: a safer city for all Londoners | London City Hall](#)



- 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 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**

### **Capital Expenditure**

23. The Tranche 2 works form part of the draft Estates Transformation Plan which through investing £966M capital (including Optimism 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 (subject to a future decision by the Deputy Mayor for Policing and Crime on sites identified for disposal).
24. The draft capital programme (submitted to MOPAC in November 2017) currently includes budget of £55M including optimism bias to fund the Tranche 2 projects that form part of this business case. Following provision of the costs provided as part of the concept designs, the budgeted provision within the draft capital programme remains sufficient however the profile of spend has changed, with costs now being incurred later than currently budgeted.
25. The refurbishment costs include a 15% contingency - this covers the standard or known risks of a refurbishment project e.g. as the building is taken apart, issues are uncovered that have to be undertaken, that were not anticipated. Optimism bias of 40% has also been included to meet any issues or risks that are currently unknown. This will be reviewed as part of the final business case.

### **Capital Receipts**

26. On completion of Tranche 2 projects, a number of buildings will become surplus to requirement, and subject to a future decision by the Deputy Mayor for Policing and Crime on sites identified for disposal can be disposed of, potentially delivering capital receipts of £52M. The one off costs associated with decommissioning these buildings are estimated to be £0.5M, the costs of which will be met from the associated capital receipts.
27. Subject to DMPC decision, the estimated capital receipts and exit dates have been reviewed as part of the development of the Tranche 2 business case. This confirms that estimated receipts can be delivered as planned with the benefit that £8.4M of the receipts can be delivered earlier than currently budgeted.

### **Revenue savings**

28. The annual running costs for those buildings due to be redeveloped as part of

Tranche 2, and the associated disposals total £12.5M. On completion of Tranche 2 those buildings identified as being surplus to operational requirements can be disposed of, subject to a future decision by the Deputy Mayor for Policing and Crime, delivering an annual saving of £2M p.a. These savings have been incorporated into the medium term plan.

29. It is currently assumed the running costs of the retained buildings will remain the same following redevelopment. The final business case will include a comprehensive review of the ongoing running costs.
30. The Tranche 2 project will deliver savings as included in the medium term financial plan. Following the review of the estimated exit dates there is the potential to deliver a proportion of the savings a year earlier than currently budgeted.
31. Should the recommendations of this OBC be approved, it is requested that project funding of £5M (capital) including optimism bias be approved for activities required to progress to Gate 3, the Final Business Case (FBC) which will be informed by Detailed Designs at each Tranche 2 site, the cost of which are included in the Tranche 2 budget.
32. It is recommended to utilise a combination of MOPAC approved frameworks and third party procured framework 'route to market' to deliver the commercial and procurement element of the service proposals outlined in this OBC.
33. These procurement actions are designed to deliver maximum value for money and cost avoidance with competition evidenced in all procured services. Collaborative frameworks open to the MPS as well as its own procured frameworks will be utilised.

### **Legal Comments**

The legal implications of this report are as follows:

34. 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.
35. 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".
36. 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**

37. An Equalities Impact Assessment (EIA) will be 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 OBC.
38. As a result of the refurbishment works, the buildings will be compliant with the Equalities Act 2010.

## **Privacy Comments**

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

## **Real Estate Implications**

40. The draft Estate Strategy 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. The works will enable the exit and sale of 9 buildings (subject to a future decision by the Deputy Mayor for Policing and Crime on sites identified for disposal).

## **Environmental Implications**

41. The Tranche 2 refurbishment 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.
42. Higher utilisation of these sites and Smarter Working will also contribute to that efficiency.

## **Background/supporting papers**

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 Estates Transformation Tranche 2 OBC 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 1<sup>st</sup> February 2020.