

REQUEST FOR DMPC DECISION – DMPCD 2015 153

Title: HQ Estate Strategy – Cobalt Square

Executive Summary:

MOPAC approved the HQ Estates Strategy in December 2012 which included significant refurbishment of a number of existing sites and the disposal of New Scotland Yard and 58 Buckingham Gate. Funding of £3.1m for Cobalt Square was approved at this time. This paper proposes a programme of works to enable the HQ Estate strategy to be delivered at a cost of £2.473m, and also proposes a programme of works valued at £1.327m necessary to maintain and upgrade lifts and toilet/kitchen facilities.

Recommendation:

The DMPC is asked to approve,

1. Construction, ICT and maintenance works to meet operational requirements as part of the HQ Estate Strategy,
2. draw down of £2.473m from the previously approved £3.1m budget to be met from the 2016/20 Capital Programme,
3. the draw down of £1.327m from the previously approved budget for improvements to common areas, toilets/kitchens and lifts
4. delegation to the Commercial Director (formerly the Director of Procurement Services) to undertake all necessary procurements and contract awards, subject to MOPAC call in

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 for elected Members of the Authority. Any such interests are recorded below.

The above request has my approval.

Signature



Date

21/12/2015

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

Decision required – supporting report

1. Introduction and background

- 1.1 In December 2012, the Mayor's Office for Policing and Crime (MOPAC) supported MPS Management Board proposals to redefine the Central London Estate. Proposals include refurbishing the Curtis Green Building and Block B 98/102 Lambeth Road, Lambeth and a number of smaller subsidiary buildings, including Cobalt Square, to support the release of New Scotland Yard (NSY) and 58 Buckingham Gate.

2. Issues for consideration

- 2.1 Cobalt Square is currently under-utilised and these investments will enable the relocation of additional teams to the site. The works involved in supporting the HQ Estate strategy include reconfiguring the layout of the offices to enable a centralized exhibit storage facility and enabling more agile working practices. A further 350 MPS personnel will be accommodated in the building. The value of these works is £2.473m.
- 2.2 In addition to the above changes there are a number of maintenance related works which are necessary to maintain the building including works to toilet and kitchen areas, and lift replacement. The value of these works is £1.327m.
- 2.3 The overall HQ Estate Strategy continues to generate net capital proceeds to support the MOPAC Capital Programme and to deliver a net revenue saving of £6.4m p.a.

3. Financial Comments

- 3.1 The total estimated cost of the works is £3.8m, and is to be funded from the approved HQ Estate Strategy funding (£2.473m) and the approved Property Services Forward Works budget (£1.327m). There are no additional revenue costs arising from this decision.

4. Legal Comments

- 4.1 Section 6 of the Police Reform and Social Responsibility Act 2011 ("the Act") provides that MOPAC must secure the maintenance of the Metropolitan Police Force, and secure that the Metropolitan Police Force 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).
- 4.3 The additional works and services referred to within this Report will be required to be procured strictly in accordance with the Public Contract Regulations 2006 and the MOPAC's Contract Regulations. MOPAC may utilise a framework agreement that is accessible to it to procure goods/services in a manner that is compatible with regulations and in this instance has chosen to tender works against the Intermediate Works Framework.
- 4.4 The MOPAC' Scheme of Delegation and Consent (Sept 2014) requires the DMPC to approve all business cases and requests to go to tender where the value exceeds £500K. The Scheme gives delegated authority to the Director of Strategic Procurement to approve the award of all contracts with the exception of those called in through the agreed call in procedure. The DMPC must be notified in writing of the outcome of the tender process for all contracts in excess of £500K.

5. Equality Comments

5.1 There are no direct equality and diversity implications

6. Background/supporting papers

6.1 Appendix 1 MPS briefing paper

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of **this** form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **part 2** form – Yes

If yes, for what reason: section 43(2) Operational Interests

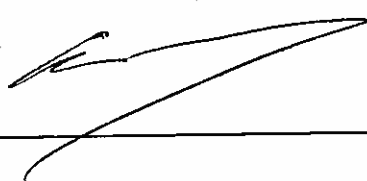
ORIGINATING OFFICER DECLARATION:

	Tick to confirm statement (✓)
Head of Unit: Alex Anderson has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: The Legal team have been consulted on this proposal.	✓
Financial Advice: The Chief Finance Officer has been consulted on this proposal.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓

OFFICER APPROVAL**Chief Operating 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



Date

21/12/2015

HQ Estates Strategy request for funding of the reorganisation for Construction/Maintenance works to Cobalt Square

A Report by the Director of Property Services on behalf of the Commissioner

SUMMARY

In November 2012, the Mayor's Office for Policing and Crime (MOPAC) approved MPS Management Board proposals to redefine the Central London Estate. Proposals included refurbishing the Curtis Green Building and Block B 98/102 Lambeth Road, Lambeth and elements of a number of subsidiary buildings to support the release of New Scotland Yard (NSY) and 58 Buckingham Gate. Works to Cobalt Square to maximise the use of that facility were included within the overall business case.

This report requests approval to undertake those works identified to Cobalt Square to meet the operational needs of those teams in SCO and SO vacating NSY during 2016. Approval is also sought to release funds to upgrade toilet and kitchen areas to support working arrangements.

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

1. Approve proposals to accommodate the operational requirements of the Metropolitan Police Service and introduce better ways of working principles to improve the utilisation of Cobalt Square in support of the HQ Estate Strategy;
2. Approve construction/ICT works required to meet operational needs and the proposal to carry out maintenance works to further support working arrangements on site;
3. Note the provision of £3.1m included within the Capital Programme for works to Cobalt Square as part of the HQ Estate Strategy and approve the draw down of £2.473m from this budget to part fund works proposed;
4. Note the provision on £1.327m included within the Property Services' Forward Works programme for mechanical/electrical/building services and fabric maintenance at Cobalt Square and approve the draw down of this budget to fund works proposed;
5. Approve the procurement of necessary pre-construction design services through existing frameworks and the procurement of a main contractor through the IESE framework and, delegate subsequent contract award for construction services to be approved by the MPS Director of Strategic Procurement, and

B. SUPPORTING INFORMATION

1. In December 2012, the Deputy Mayor for Policing and Crime (DMPC), approved the Major Buildings Estate Strategy (formally the HQ Estate Strategy), to upgrade the facilities and working environments of a number of buildings core to meet operational

needs, to support the release of NSY and 58 Buckingham Gate. This included works to Cobalt Square to improve the utilisation of the building and accommodate SCO/SO teams.

2. Cobalt Square is currently occupied by SCO/SO. The accommodation is under-utilised and with investment could support further operational teams. As a core site with specialist facilities it is proposed to retain Cobalt Square to 2020 (and beyond), based on current estate proposals. Whilst significant investment has been made in the building to mechanical and electrical systems, certain works to common areas, including toilets/kitchen areas and meeting areas are required. Life cycle maintenance to the lifts and roof are also due.
3. To ensure that Cobalt Square can support increased utilisation and to future-proof the site to maximise operational performance, capital funding of £3.1m was allocated in the Capital Programme for the HQ Estate Strategy to meet the cost of reconfiguration and technology requirements. Further provision to enhance public health/sanitary facilities and undertake roof works as part of the life cycle maintenance for the building have been planned in the forward works programme for 2016/17. Exempt Appendix One details the original and current funding assumptions in regard to the HQ Estate as at November 2015.
4. Cobalt Square comprises of 86,100 sq ft (8,000 sq m) of accommodation and held on a freehold basis is a core operational site. The building includes 1440 workstations. Utilisation studies have confirmed 40-50% occupational levels. Feasibility assessments have been undertaken to assess TER capacity to deal with further specialist requirements. Capacity has been confirmed but is subject to the successful delivery of Project Pyxis and the subsequent decommissioning of SKY and associated platforms by May 2016.
5. Working with the teams currently based in NSY and having considered current and future operational requirements it is proposed to 'restack' Cobalt Square. By altering the basement configuration including the Catering Area to create centralised exhibit storage capacity, and reconfiguring office space throughout the building re-organising workspace and implementing more agile working practices including the provision of further specialist facilities to support operational needs, a further 350 MPS personnel can be accommodated in the building.
6. Subject to investment, operational support has been given to relocate units from Specialist Operations, Specialist Crime and Operations and Digital Policing from New Scotland Yard (NSY) to Cobalt Square during the Spring and Summer of 2016. Building maintenance works to the common areas of the building will include lifts, toilets and kitchen facilities. Works will also be undertaken to 'recover' space that has been taken by occupiers and converted from original use. The existing basement canteen and seating areas will be reduced in size to release space for a locker area and separately a series of secure lockable exhibit storerooms. This provide efficiencies through co-location.
7. Ad hoc areas used for tea/coffee making will be removed and occupiers encouraged to use the purpose built facilities provided. External roof works, also planned for the property, will be programmed for Summer 2016 and separate proposals will be brought forward in that regard. Exempt Appendix Two provides further detail in regard to the teams moving to Cobalt Square.

8. On completion of works the building will be restacked, Better Ways of Working principles adopted and teams will relocate from NSY facilitating the exit of that building.

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

Equality and Diversity Impact

1. Future investment in the core estate will ensure those buildings redeveloped and refurbished continue to ensure 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.
2. The Corporate Real Estate (CRE) Equalities Impact Assessment (EIA) addresses moves generally and advocates that building specific EIAs are conducted on a case by case basis. For those exiting NSY, and those subject to relocation with Cobalt Square, accommodation EIA implications are developed working with those business groups involved in moving and the Met HQ Team including Property Services and Digital Policing.
3. The movement of operational staff from NSY will take place in early Summer 2016, in line with the overall HQ Estate Programme Plan. The User Requirements address equality / diversity including reference to those with caring responsibilities / disability and seeks out guidance from Human Resources (HR) in order that issues can be managed locally. Requirements feed into designs and requirements for specialist kit (Chairs, ICT software, raised desks, etc). PSD have aligned issues of equality / diversity within existing processes for relocating staff within the MPS Estate.
4. An EIA in relation to Agile Working is established. The Disability Staff Association have been consulted and lessons have been learned since the first restack moves at Empress State Building in 2012, the EIA for Agile Working continues to be developed and refreshed.

Financial Implications

1. The financial implications associated with the Major Building Estates Strategy are presented in Exempt Appendix One.

Capital

2. This paper seeks the release of £3.8m capital funding to undertake works at Cobalt Square. An element of the works proposed relates to the cost of reconfiguring accommodation within the building to meet operational need and the balance to carry out maintenance and upgrade common areas used by all occupiers. The sum of £3.1m is included within the Capital Programme for works to Cobalt Square as part of the HQ Estate Strategy. The sum of £1.327m has been included within the Property Services' Forward Works Programme.
3. It is proposed to draw down £2.473m of the HQ funding and £1.327m included within the Property Services' Forward Works programme as shown in Table One below:

CURRENT PROJECTS - Cobalt Square	Project Cost/ Outline Cost £	Funding Draw Down £
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NSY Exit - Operational Teams and Technical Support	2,473,715	2,473,715 From the HQ Estate Strategy Line
Lift replacement	822,375	822,375 From the PSD Forward Works Line
Upgrade of Sanitary Accommodation	504,900	504,900 From the PSD Forward Works Line
Including Contingency @ 12.5%	Included above	Included above
TOTAL	£3,800,990	

4. Based on the current build costs and market values and taking account of the reinvestment required to release NSY, the Strategy will be delivered from the original allocation for the project, supplemented with a contribution from the Forward Works Capital Programme to fund the overall programme of works. The original allocation as part of the HQ Estates Strategy and the Forward Works Programme are both within the PSD capital programme 2013 - 16.
5. Works to Cobalt Square must be completed in a phased way by the end of July 2016, to enable final moves by August 2016, to facilitate the vacation of NSY. Were the timing of the programme to be varied further, there may be pressures on the revenue account including borrowing costs to fund the broader capital programme.

Revenue

6. The delivery of works to Cobalt Square will contribute towards the Major Building Estates Strategy which will reduce real estate running costs by £6.4m p.a. These revenue reductions have been built into the financial plans for Property Services, contributing towards the £59m p.a. reduction in property costs by 2016. The timing of the revenue savings is dependent upon the delivery of each element of the programme to the current budgeted sums.

Legal Implications

7. Section 6 of the Police Reform and Social Responsibility Act 2011 ("the Act") provides that MOPAC must secure the maintenance of the Metropolitan Police Force, and secure that the Metropolitan Police Force is efficient and effective.
8. 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).
9. The additional works and services referred to within this Report will be required to be procured strictly in accordance with the Public Contract Regulations 2006 and the MOPAC's Contract Regulations. MOPAC may utilise a framework agreement that is accessible to it to procure goods/services in a manner that is compatible with regulations and in this instance has chosen to tender works against the Intermediate Works Framework.

10. Members may approve the recommendations set out in this report in accordance with the terms of reference of the Board for forward submission to the DMPC. The MOPAC' Scheme of Delegation and Consent (Sept 2014) requires the DMPC to approve all business cases and requests to go to tender where the value exceeds £500K. The Scheme gives delegated authority to the Director of Strategic Procurement to approve the award of all contracts with the exception of those called in through the agreed call in procedure. The DMPC must be notified in writing of the outcome of the tender process for all contracts in excess of £500K.
11. Following consultation with the Directorate of Legal Services regarding the strategy options (see point B.5 above) it was confirmed that Option B was compliant with both the law and MOPAC Contract Regulations (section 3.3) The nature and relatively low value of the works would be unlikely to attract any interest outside the UK. Furthermore the invited contractors were all pre qualified via the Intermediate Works Framework and therefore confirmed to meet MOPAC requirements. Option A had to be discounted as the value of works exceeded the value advertised on the Intermediate Works Framework OJEU notice.
12. Based upon the information contained in this report DLS support the recommendations.

Consultation undertaken

Key stakeholder engagement (up to what level)	Supportive / Supportive with concerns / Not supportive / Not affected
Property Services (Director)	Supportive
Procurement Services (Director)	Supportive
Business Finance Partner (Director)	Supportive
Strategic Secretariat	Supportive
Digital Policing (Programme Director for the Major Building Estates Strategy)	Supportive
MPS Health and Safety Advisor	Supportive
Environmental Management	Supportive
Commercial and Finance (Director)	Supportive

Risk (including Health and Safety) Implications

13. 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 design stage from the MPS Standards and Audit Team, directing compliance with health and safety and specialist operational requirements, with key subject matter experts and stakeholder engagement.

14. The construction project referred to within this report is notifiable to the Health and Safety Executive (HSE) as significant construction projects under the Construction (Design and Management Regulations) 2015.
15. Project Risks registers have been developed for this project within the Major Buildings Estate and are managed and maintained within the Procurement and Property teams.
16. To comply with contractual obligations NSY must be vacated by 31 October 2016. Any delay to the completion of works, including ICT related works will put pressure on the planned vacation strategy. Business continuity proposals are being developed in this regard.
17. Critical operational functions and infrastructure will need to be relocated in advance of any building exit to provide continuity of service. Further detail regarding functions and operational requirements are being developed by Business Groups working with Property Services or Digital Policing (as appropriate). Oversight by key stakeholders is achieved through the Senior Users Group chaired by the Commissioner, financial matters are monitored through Management Board – Investment and Resources and delivery against Programme through the Corporate Real Estate Programme Board. Appropriate engagement with Senior leaders in the MPS will co-ordinated by the Department of Media and Communications and delivered through Senior Leaders' events.

Environmental Implications

18. The Major Buildings Estates Strategy proposes a consolidation of the Headquarters 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).
19. The disposal of older sites with poor environmental performance and refurbishment of new HQ sites provides the mechanism for improved environmental performance. There is likely to be a one-off increase in waste in the short term associated with the exit of and/or refurbishment / construction of MOPAC buildings. This waste should 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 should be paid to ensuring all 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, or reduce slightly.
20. All building refurbishments are required to adhere to the MPS' Sustainable Design Guide, which sets out minimum environmental performance standards that will 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 in the use of public transport for example will reduce

carbon emissions (associated with travel). The strategy will deliver environment and sustainability benefits during subsequent implementation (gateway) stages.

21. 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.
22. An environmental implications table has been completed 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		See paragraph 16 above
Level of water consumption			X	See paragraph 16
Level of waste generation/waste requiring disposal	X			See paragraph 7 *During construction Phase only
Level of travel and transport and associated emissions			x	See paragraph 8
Raw material use and finite resources (use of recycled materials and sustainable alternatives)	X			See paragraph 17/19 *During construction Phase only

Value for Money and Investment Criteria

23. The works proposed will be competitively tendered to those pre-qualified contractors within the IESE framework. The tender competition maintains competitive tension and will provide best value.
24. The estimated value of the construction works is within the OJEU threshold and the tender process adopted is compliant. The contractors invited to tender are all pre-qualified in terms of value for money and quality.
25. Procurement Services support the adopted procurement method. The Commercial Consultants will provide a report to recommend the main build contractor who will offer best value and to demonstrate that they are best placed to deliver the works to the agreed design and programme.

Investment Criteria

Criteria	Minimum score required	Indicative Score	Comments
Business Requirement	3	5	Contributes directly to Met Change. Improved use of space in buildings; investing to save on running costs and releasing value. Investment and proposed contracts contributes directly to the timely and cost effective delivery of the core operational HQ and training estates which supports the CRE and Estates Strategy 2013-16.
Cashable Revenue Saving	1	5	The MOPAC/MPS Estate Strategy 2013/16 confirms the Estate will reduce by 30% in 2016 and expenditure by £59m pa by 2016. The Major Buildings Estates Strategy will contribute towards the £59m p.a. savings by reducing revenue expenditure by £6.4m p.a; the full effect will be delivered in 2016/17.
Return on Investment	4	4	The proposed investment will generate surplus capital income and reduce annual revenue costs by £6.4m p.a.
Total	8	14	
Total exc ROI	4	10	

Report author: Jane Bond, Director Property Services,

Contact: Kevin Reader, Programme Manager Real Estate Development,
Property Services/Tom Burke, Assistant Director Property Services

Background papers:

MOPAC Joint Asset Management Panel – 3 December 2014 - Major Buildings Estates Strategy

MOPAC Joint Asset Management Panel – 18 June 2014 - Major Buildings Estates Strategy

MOPAC Joint Asset Management Panel – 23 November 2015 - Major Buildings Estates Strategy Finance Update