

REQUEST FOR DMPC DECISION – DMPCD 2016-007

Title: HENDON DEVELOPMENT – FUNDING REQUEST

Executive Summary:

As part of the development of the Hendon site a number of elements have been identified as needing additional or changed requirements. This paper sets out the proposed changes, the financial impact and proposed delivery routes. The additional costs of £3.9m are being funded from underspends within the existing Hendon budget, budget transfer within the Capital Programme and part of the additional capital receipts arising from overage payments.

Recommendation:

DMPC is asked to

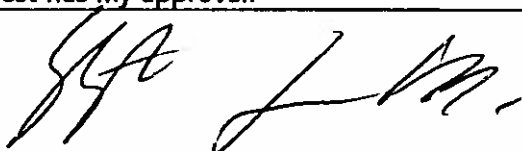
1. approve the requirements with regards to the revised perimeter and boundary proposals to address the interface with Redrow as part of the disposal contract at a cost of £3.42m as detailed in Exempt Appendix 2A;
2. Note the works proposed to increase training capacity of the firing range from 9 lanes to 12 lanes and approve the associated costs estimated in Exempt Appendix 2C at up to £500k;
3. Note the current forecast expenditure position with regards to the broader Hendon Programme also detailed in Exempt Appendix 2A and, subject to including (1) above, approve additional funding required of £2.1m for these works, £1.4m to be met through additional capital receipts and £0.7m to be met from the 2016/2017 MPS/MOPAC Capital Programme - Estates Transformation line;
4. Note the current position with regards to the disposal surplus land and the forecast receipts that have been built into the 2015/2016 and 2016/2017 MPS/MOPAC Capital Programme as detailed in Exempt Appendix 2A;
5. Subject to (1) and (2) above, support the proposed delivery route and approve associated contractual variations as detailed in Exempt Appendix 2B; and
6. Note the progress with regards to the recovery of costs regarding ground contamination as set out in Exempt Appendix 2D.

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

28/1/2016

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

Decision required – supporting report

1. Introduction and background

- 1.1 MOPAC approved the redevelopment of the Hendon site and the disposal of the surplus land. As the development has taken place a number of additional works have been identified as needing to be implemented in order that the development can be finalized and the site be made secure.
- 1.2 This paper sets out proposals for works to complete the development at Hendon.

2 Issues for consideration

- 2.1 The paper sets out the additional works necessary to complete the landscaping/walkways, improved security measures and access security gates at Hendon Peel Centre. The paper also sets out the case to increase the firing range capacity from 9 to 12 lanes. The additional cost is £3.9m
- 2.2 Additional funding arising from the overage payment due with the approval of the master plan is included in exempt appendix 2A.
- 2.3 Following demolition of the previous existing buildings there remained ground contamination on the site. Progress on the action which is underway to recover the costs from the contractor to clean the site is in Appendix 2D.
- 2.4 There are a range of proposed procurement routes to deliver the proposals depending on the nature of the development and existing contractors on site as set out in exempt appendix 2B.

3 Financial Comments

- 3.1 The additional cost of the proposed works is £3.9m. This cost will be funded from part of the additional receipts arising from overage payments, and from within the existing capital programme.

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 2015 and the MOPAC’s Contract Regulations.
- 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.

4.5 MOPAC has the power to dispose of surplus properties (including land) under paragraph 7 (2) (b) of Schedule 3 of the Police Reform and Social Responsibility Act 2011 ("the Act"). Furthermore, paragraph 7(1) of Schedule 3 of the Act allows the MOPAC to do anything which is calculated to facilitate or is conducive or incidental to the exercise of the functions of the office. Schedule 4(5) of the Act states the Commissioner must exercise the power of direction and control in such a way as is reasonable to assist the MOPAC to exercise that Office's functions.

5. Equality Comments

5.1 No equality and diversity impacts have been identified

6. Background/supporting papers

6.1 Appendix 1

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: Commercial confidentiality of the bids made by the bidders and the subsequent transaction

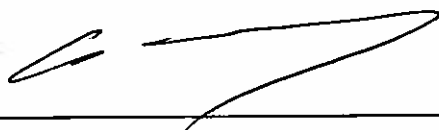
ORIGINATING OFFICER DECLARATION:

| | <i>Tick to confirm statement (✓)</i> |
|--|--------------------------------------|
| 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 SFRM team has been consulted on this proposal. | ✓ |
| Equalities Advice: The Equality and Diversity team have been consulted on this proposal on behalf of the Head of Equalities and Diversity. | ✓ |

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 28/01/2016

Hendon Training Facilities, Peel Centre, Hendon - Request for Changes and Funding for the Peel Centre, Hendon

A Report by the Director of Commercial and Finance, Met HQ on behalf of the Commissioner

SUMMARY

The Hendon Estate Strategy was approved by the Metropolitan Police Authority (MPA) on 15 December 2011 and subsequently endorsed by the Mayor's Office for Policing And Crime (MOPAC). The agreed strategy was to sell 22 hectares of surplus land and to reinvest part of the proceeds into a new 21,000 sq m facility on the retained part of the site at a capital cost of £72.75m. On the 18 October 2012, MOPAC approved the addition of a 50m firing range at a capital cost of £4.568m. In September 2013 MOPAC also approved expenditure for capital costs associated with the sale of the surplus land of £3.4m. On 28 January 2014 capital funding of £4.8m was approved to address ground contamination issues not anticipated at the time of the original approvals, should action to recover costs prove to be unsuccessful. The current approved capital costs for the Hendon build programme are £85.6m.

The approvals given to date did not cover perimeter or boundary requirements or works required to interface with the future adjoining owner as these were subject to agreement with the purchaser of the surplus land and town planning consents. In addition, the training facilities provided, specifically with regards to firearms provision, were based on known and anticipated requirements in Autumn 2012. Changes to operational approaches require additional training functionality over and above that which is currently designed.

In parallel to funding, a number of contractual approvals have been made. In March 2012, MOPAC approved the process for tendering the construction of the new building on the retained site. In June 2012, a Pre-Construction Agreement (PCA) was awarded to MACE to undertake a full design and procurement process. This was subsequently extended for site remediation prior to the award of the main works contract to construct the new building and firearms training facilities. Works continue on site and are due for completion in late April 2016. Following Digital Policing fit out works the firearms facilities will be operational from June 2016 and the main building from late July. Training starts in the new building from August 2016.

Following agreement to the sale of surplus land, the land was marketed for sale through use of the GLA development Panel. Redrow were successful in their bid and agreed a staged approach for the transfer of land into their ownership. Overage payments were built into the disposal structure.

With MPS support, this paper addresses the town planning requirements MOPAC/MPS must expedite in regard to the Hendon development, the public facing boundary/interface works required to meet the disposal contract and works to provide access route and vehicle entrance barriers. The paper seeks approval to these works and proposed funding routes. Separately and to support additional training requirements for officer's proposals have been developed to reconfigure the layout and adjust the ventilation to the Firearms Range. This paper details the potential costs and seeks approval for cost once the impact of mechanical and electrical infrastructure and accreditation is confirmed. Finally, this paper provides an update on the disposal of surplus land and receipts generated.

A. RECOMMENDATIONS - That the Deputy Major for Policing and Crime:

1. Note the progress to date with regards to the Hendon Programme and support the requirements with regards to the revised perimeter and boundary, proposals to address the interface with Redrow as part of the disposal contract at a cost of £3.42m as detailed in Exempt Appendix 2A;
2. Note the works proposed to increase training capacity of the firing range from 9 lanes to 12 lanes with associated costs estimated in Exempt Appendix 2C at up to £500k;
3. Note the current forecast expenditure position with regards to the broader Hendon Programme also detailed in Exempt Appendix 2A, Table Four and subject to including (1) above, approve additional funding required of £2.1m for these works, £1.4m to be met through additional capital receipts and £0.7m to be met from the 2016/2017 MPS/MOPAC Capital Programme - Estates Transformation line;
4. Note the current position with regards to the disposal surplus land and the forecast receipts that have been built into the 2015/2016 and 2016/2017 MPS/MOPAC Capital Programme as detailed in Exempt Appendix 2A. Note that the additional receipts will be reflected in a further revision to the MPS/MOPAC Capital Programme in Spring 2016;
5. Subject to (1) and (2) above, support the proposed delivery route and approve associated contractual variations as detailed in Exempt Appendix 2B; and
6. Note the progress with regards to the recovery of costs regarding ground contamination as set out in Exempt Appendix 2D.

B. SUPPORTING INFORMATION

1. The MOPAC/MPS Estate Strategy 2013-2016 delivered through the Corporate Real Estate (CRE Programme), has a strategic objective to provide a more efficient and higher quality estate with significantly lower running costs. The 2016-2020 Estate Strategy, currently being developed will focus on transforming the Estate that will be retained for longer term use, further releasing those assets surplus to requirements.
2. In December 2012, approval was given to the construction of new training and office facilities at Hendon to facilitate the sale of 53 acres of estate reducing the running costs by £6.5m p.a. Subsequently the addition of a 9 lane 50m firing range to support operational requirements and replace outdated town ranges was approved at a cost of £4.5m.
3. The land was sold through the GLA Development Land Panel to Redrow. During the sale process the Eastern Boundary of the site was changed to reflect the location of a culvert which flows from Aerodrome Road to the river on the Southern Boundary. This necessitated moving the proposed main access road approximately 30m east leaving extended land in MOPAC ownership to the east of the new building. This had the benefit of enabling the provision of a security buffer zone. Due to the timing of town

planning consents from LB Barnet and the disposal timeline, external works to the perimeter, boundary and interface with the purchaser which included the access road and gates to the future Hendon estate, were excluded from the original costing. It was noted that these could be funded through anticipated overage payments and that design solutions would be subject to town planning requirements. Exempt Appendix 2A outlines proposed costs of the perimeter and boundary works which total £3.42m.

4. The works are split into three elements. The 'Peel Square' area is the entrance into both the new Peel Centre buildings and the Redrow development Eastern end; the land between Aerodrome Road and the Northern frontage of the new building, and the Peel Centre access road and security gates. Exempt Appendix 2B details the three elements of works, the design and procurement routes. Management Board have previously considered the security requirements needed in regard to the perimeter and have given guidance on measures. Management Board have not previously been asked to consider the works required to expedite town planning consents, or the works needed to address the interface with Redrow as detailed in the disposal contract.
5. The terms under which the land was sold included a base payment of £120m paid in three annual tranches and subject to the transfer of land from MOPAC/MPS. The last tranche of £36m is to be paid on 1 September 2016. In addition, there is a planning overage provision based on a fixed payment (per housing unit) for any additional units constructed over a base figure; the overage payments apply to any additional units added in the next 25 years. All overage payments are due when full planning permission is granted for the additional housing units. The first expected overage payment based on the current planning consents that have been received are detailed in Exempt Appendix 2A.
6. Details in regard to alterations to accommodate training proposals are provided in Exempt Appendix 2C.
7. In 2012/13, demolition works were undertaken to remove former buildings on the site of the new build facility. The demolition contract required the contractor to leave a clean site. During the pre-construction period for the new building, geotechnical tests were undertaken on the site where the new building was to be constructed. The results of those tests showed that traces of non-harmful contaminants were contained within the crush material (crushed bricks and concrete from the demolition of previous buildings). Following changes in environmental legislation, MOPAC/MPS were required to remove these contaminants. Action to recover costs are included in Exempt Appendix 2C.
8. This paper seeks authorisation to progress the works with regards to the perimeter and boundary including the interface with Redrow and necessary funding and procurement routes to deliver the works.

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.
2. The equality and diversity implications for the HQ Estate are addressed within the Equality Impact Assessment for the Corporate Real Estate Programme. The CRE EIA

considers moves generally and advocates that building specific EIAs are conducted on a case by case basis. The Output Specification addresses equality / diversity including reference to those with caring responsibilities / disability, seeking out guidance from HR in order that issues can be managed locally. The Output Specification also asks questions regarding accessibility in order to feed into design and requirements for specialist kit (OH Chairs, ICT software, raised desks, etc). PSD have aligned issues of equality / diversity within existing processes for relocating staff within the MPS Estate. This approach has been shared / approved by DCFD.

Financial Implications

Capital

3. A breakdown of the forecast capital expenditure relating to the Hendon Redevelopment is detailed in Exempt Appendix 2A, Table Four. Against an approved budget within the PSD Capital Programme 2013/14 of £85.6m, a further sum of £2.1m is required to meet additional costs with regards to perimeter works and boundary/interface with the adjoining owner and works to support training requirements.
4. It is proposed that the additional £2.1m funding required will be met from capital receipts generated in 2016/17 and the re-profiling of an alternative PSD Capital Programme - Estates Transformation project. This will be reflected in the final submission of the MPS/MOPAC Capital Programme, which will be submitted on 8 February 2016.
5. Details of the budgeted receipts are detailed in Exempt Appendix 2A. An additional payment for overage is also detailed in Exempt Appendix 2A. This has yet to be included within the 2016/17 PSD Capital Programme and will be reflected in a further revision to the PSD Capital Programme in Spring 2016.

Revenue

6. There are no additional revenue implications as a result of these proposals.

Procurement Strategy and Value for Money

7. Improving the utilisation of existing MOPAC facilities is a core strand of the 2013/2016 MOPAC/MPS Estate Strategy and future Estates Transformation Plan under the 2016/2020 Estate Strategy, supporting operational policing needs. The capital value released will support the capital investment within the MPS.
8. The 2016-2020 Estate Strategy is currently being developed with an ambition to further reduce annual revenue costs to £90m pa by 2020/21. This will involve further reducing the number of buildings from 450 to around 100 against current annual running costs of £181m p.a. Whilst the proposed works do not reduce the ongoing revenue expenditure the perimeter and boundary works address security related requirements and contractual obligations with the purchaser of the adjoining land.
9. The Public Contract Regulations and MOPAC regulations must be complied with for any procurement estimated above the OJEU threshold. The proposed variation to the existing contract to MACE as detailed in Exempt Appendix 2B is compliant to MOPAC requirements. The contractual agreement with Redrow in regard to the sale of land and perimeter works to the Peel Square is also compliant to MOPAC requirements.

10. The contractual variations proposed are compliant in terms of EU Directives and UK's Public Contract Regulations, as well as MOPAC Regulations and supports both MOPAC, GLA and Government procurement construction strategy objectives.
11. Hendon Programme Board provides governance to programme spend and variation to design. Jointly Chaired by the Senior Designated Officer at Hendon and the Director of Property Services for the MPS, the Board reports into the MPS Corporate Real Estate (CRE) Programme Board chaired by AC Professionalism. All projects within the CRE Programme are aligned to MPS Strategies and the 2020 operational model.

Investment Criteria

Table One below details the criteria against which the proposed investment has been assessed.

Table One

| 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 £60m pa in 2016. The Major Buildings Estates Strategy will contribute towards the £60m savings by reducing revenue expenditure by £7m p.a; the full effect will be delivered in 2016/17. |
| Return on Investment | 4 | 4 | This investment and proposed contracts contribute to the payback in respect of the overarching Estates Strategy by 2016. |
| Total | 8 | 14 | |
| Total exc ROI | 4 | 10 | |

Legal Implications

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.

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).
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 2015 and the MOPAC's Contract Regulations.
4. 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.
6. MOPAC has the power to dispose of surplus properties (including land) under paragraph 7 (2) (b) of Schedule 3 of the Police Reform and Social Responsibility Act 2011 ("the Act"). Furthermore, paragraph 7(1) of Schedule 3 of the Act allows the MOPAC to do anything which is calculated to facilitate or is conducive or incidental to the exercise of the functions of the office. Schedule 4(5) of the Act states the Commissioner must exercise the power of direction and control in such a way as is reasonable to assist the MOPAC to exercise that Office's functions.
7. The Hendon Strategy supports the 2013-16 Estate Strategy and the delivery of a leaner estate which is lower in cost to run and is fit for purpose complying with modern standards. This will assist MOPAC in securing the maintenance of the Metropolitan Police Force, and ensure that it is efficient and effective, as required under Section 3(6) (b) of the Act.

Consultation undertaken

8. The proposals detailed in this paper have the full support of MPS Management Board.

Risk (including Health and Safety) Implications

10. Estate Health and Safety considerations and legal compliance are an integral part of the CRE Programme.
11. 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.
12. The Hendon Programme 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.
13. A Project Risk register has been developed for this project within the Major Buildings Estate Programme and is managed and maintained within the Procurement and Property teams. Critical operational functions and infrastructure will 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 of the Hendon Programme 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.

Environmental Implications

14. The Hendon Strategy will enable the consolidation of facilities and release surplus buildings that supporting a reduction in floor space with increased occupancy of a smaller footprint. This 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).
15. The disposal of older buildings with poor environmental performance 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.
16. The Hendon redevelopment adheres 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.
17. 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.
18. An environmental implications table has been completed highlighting likely impacts and mitigation. Table Three below indicates the expected environmental impact of the preferred option.

Table Three - Environmental Implications

| | Higher | Lower | No Impact | Mitigation/ management of any higher impact |
|---|--------|-------|-----------|--|
| Level of energy use and associated carbon dioxide | | ✓ | | The new building will be more efficient to run, manage and maintain. |

| | Higher | Lower | No Impact | Mitigation/ management of any higher impact |
|--|--------|-------|-----------|--|
| emissions | | | | |
| Level of water consumption | | ✓ | | The new building will be more efficient to run, manage and maintain. |
| Level of waste generation/waste requiring disposal | | ✓ | | The new building will be more efficient to run, manage and maintain. |
| Level of travel and transport and associated emissions | | | ✓ | The new building houses the existing users at Hendon and as a result no change is expected. |
| Raw material use and finite resources (use of recycled materials and sustainable alternatives) | ✓ | | | There will be an impact as a result of the new building constructed. Recycled and sustainable materials will be used where possible. |

Report author: Jane Bond - Director of Property Services

Background Papers:

MOPAC 18 December 2013 - Hendon Disposal of land

MOPAC 18 November 2013 - Hendon New Build Pre-Construction (PCA) Extension

MOPAC 18 October 2012 - Hendon Proposed Development 50m Firing Range

MOPAC 26 March 2012 - Procurement Strategy for Delivery of New Build

MPA Finance and Resources Committee 15 December 2011 - Hendon Estate Implementation Plan

Abbreviations

| | | |
|-------|---|--|
| BIM | - | Building Information Management |
| CDM | - | Construction Design and Management |
| CRE | - | Corporate Real Estate |
| DDA | - | Disability Discrimination Act |
| DP | - | Digital Policing |
| EIA | - | Equality Impact Assessment |
| HSE | - | Health and Safety Executive |
| ICT | - | Information and Communication Technology |
| MOPAC | - | Mayor's Office for Policing and Crime |
| MPS | - | Metropolitan Police Service |
| PSD | - | Property Services Department |