Prioritisation Criteria and Scoring Mechanism for Capital Spend

Background

Investment Board members agreed the key criteria for the prioritisation of capital spend at their meeting on 20 December 2006 [Paper IB(06)119 refers]. The criteria themselves are shown in **Annex 1**. This paper gives further detail concerning the scoring mechanism that can be applied to each criterion. Common application of the approach to scoring across all business groups will ensure consistency in the rankings achieved between various capital investments.

Scoring mechanism

Proposed capital investments are scored on a scale of 1 – 5 as to how far they meet each prioritisation criterion. **Annex 2** gives further detail concerning the scoring range for each criterion. The approach builds on that used by DoI during the prioritisation of their capital funding to make the system generic for application to all business groups.

The scores have been structured so that – in each case - the higher the score received, the more favourable the investment will be viewed.

Scope

Application of the scoring mechanism agreed by Investment Board is an objective process to inform the debate regarding which investments should be agreed from the limited Capital funds available. It is recognised that the final decision made will also be informed by other factors e.g. political considerations, which have not been included in the scoring mechanism overleaf. Nevertheless, the product from the application of this process will be a ‘first pass’ ranking order of investments across all business groups, which can then be used to narrow the number of schemes subjected to further scrutiny.

Whilst publication of the scoring criteria will reduce the subjectivity of the scoring mechanism applied by different business groups, the Assessment Panel will undertake independent scrutiny of the scores before their submission to Investment Board. The Assessment Panel will be utilised to review the full Capital programme, including an assessment of business benefits, risks and links to strategic priorities.

Annex 1 – Prioritisation criteria for capital spend

Key factors

- Impact on delivery of MPS Strategic Priorities;
- Impact on delivery of Met Modernisation Programme (MMP);
- Mandatory legal requirement to provide a service or asset;
- Continuation or completion of capital project where there is a contractual commitment;
- Continuation or completion of a project where significant expenditure has already been incurred and unjustifiable wastage of resources would result;
- Where significant revenue savings would result which could be reallocated elsewhere within the business;
- Business benefits of the project – with particular emphasis on direct performance;
- Effect on corporate risk levels (including performance, loss of life and limb, reputation, finance and diversity).

['Effect on corporate risk levels' was added as a key factor during the Investment Board debate on the proposals in paper IB(06)119].

Having prioritised the capital investments using the above criteria, the following factors will need to be applied to the whole capital programme to assess its overall feasibility:

1. Revenue costs of borrowing the capital sums required to determine overall affordability.
2. MPS's capability and capacity to implement the proposed capital programme.

Annex 2 – Details of scoring range for each criterion

Priority criteria	Score 1, 2, 3, 4 or 5
Impact on delivery of MPS Strategic Priorities[1].	5 - Delivery of Strategic Priority relies on this capital investment. 3 – Capital investment facilitates an enabling activity not directly contributing to Strategic Priority but provides a degree of dependent support. 1 – Investment would provide little or no contribution to the delivery of a Strategic Priority.
Impact on delivery of Met Modernisation Programme (MMP)[2].	5 - Delivery of MMP is dependent upon this capital investment. 3 - Capital investment facilitates an enabling activity not directly contributing to MMP but provides a degree of dependent support. 1 - Investment would provide little or no contribution to delivery of the MMP.
Mandatory legal requirement to provide a service or asset.	5 – Investment is driven by a legal statutory requirement. 3 – Investment is driven by an external mandatory requirement (e.g. Bichard). 1 - Investment is not driven by a legal or mandatory requirement.
Continuation or completion of capital project where there is a contractual commitment.	5 – Withdrawing from the existing contract would involve significant (> then cost of completing of project) cost to the MPS. 3 – Withdrawing from the existing contract would involve some cost (quote illustrative figure) to the MPS. 1 – Any contract relating to the investment has not yet been signed.
Continuation or completion of a project where significant expenditure has already been incurred and unjustifiable wastage of resources would result[3].	5 - Project is almost complete, with significant sunk cost. 3 - Project has not yet reached mid point in terms of project spend and delivery. 1 - New requirement or the project is at or just before its initiation stage.

Where significant revenue savings would result which could be reallocated elsewhere within the business.	5 - Significant revenue savings (e.g. greater than £3 million/year) will accrue from investment. 3 - Modest revenue savings (e.g. less than £1million/year) will accrue from investment. 1 - Will require revenue expenditure which does not lead to eventual revenue savings.
Business benefits of the project – with particular emphasis on direct performance.	5 – Investment will facilitate significant performance improvements to a corporate priority or PPAF target. 3 - Investment will facilitate significant performance improvements to a local or business group target or objective. 1 - Investment will facilitate some performance improvement to a local objective or priority.
Effect on Corporate risk levels: 1) Performance - impact on the MPS's performance if capital spend goes ahead. 2) Finance - financial impact on the MPS if capital spend goes ahead. 3) Diversity - impact on the diversity work of the MPS if capital spend goes ahead. 4) Life and Limb - impact on the risk of injury to Officers and Staff if capital spend goes ahead. 5) Reputation – likely impact on the MPS's reputation if capital spend goes ahead. POSITIVE/NONE/NEGATIVE	5 – 'Positive' response to 4 or more of the risk categories. 3 –'Positive' response to 2 of the risk categories. 1- 'Positive' response to none of the risk categories.

[1]MPS Strategic Priorities:

Criminal Networks
Capital City Policing
Counter Terrorism
Citizen Focus
Safer Neighbourhoods
Together Values and Behaviours
Information Quality

[2]Met Modernisation Programme component parts:

C3i / METCall
Together
Safer neighbourhoods
Intelligence, Covert Policing and Tasking
SO/SCD Modernisation
Citizen Focus
Information Quality and Access
Public Protection
Olympics
Custody
Workforce Modernisation
Modernising business support
Corporate structures

[3]This does not imply that a project should continue just because expenditure has already been incurred – if a project review indicates that it is no longer on track to deliver useful benefits then it should be stopped. However, there may be occasions where continuing capital investment is appropriate following a consideration of other key criteria.