

## audit 2001/2002

# Management of the Estate Metropolitan Police Service

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DISTRICT AUDIT

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## Introduction

Police authorities and chief constables have a responsibility to ensure the proper stewardship of the police estate. Nationally these assets have a current book value in excess of £2.5 billion. The market value, however, is likely to be much higher and yet the management of these assets is often overlooked in forces' value for money strategies.

Effective estate management has operational as well as financial benefits. Forces need to consider the extent to which the location, design and quality of police buildings contribute to, or impede, effective policing.

Local policing styles vary as does the technology to support alternative approaches to service delivery. The move toward community-based policing and centralisation of 'specialist' functions such as custody and control rooms places different demands on force accommodation needs. New technology such as the public sector radio communications project combined with advanced IT solutions provide opportunities to review force processes and procedures.

## Background

The Metropolitan Police Authority (MPA) became responsible for the Metropolitan Police estate in July 2000. The estate includes properties in each of the 32 London Boroughs, some outside of London, headquarters offices and training facilities. The estate covers a wide geographical area, and has been subject to a number of detailed reviews, (such as the operational buildings strategy, the HQ building strategy etc) as part of the Metropolitan Police Service's (MPS) overall estate strategy.

Changes in the MPS approach to service delivery have brought about changes to the structure of the service, and the strategy to manage the property portfolio effectively has had to be kept regularly under review. The MPS out-sourced its facilities management and direct labour services, from January 1<sup>st</sup> 1999, on five year contracts, to Carillion plc and Interserve.

## Scope and Objectives

The audit focused on estate management. It covered the strategic issues of planning and property review and assessed the operational management of buildings.

The objective was to identify areas for improvement which will support the MPS's need to meet efficiency saving targets whilst ensuring that estate management is delivered within a Best Value framework.

## Audit approach

The audit covered:

- a review of estate strategies, policies and plans
- interviews with Property Services and Finance staff and Finance and Resource Managers (FRMs)
- analysis of data.

## Main conclusions

The MPA/MPS is committed to improving the efficiency and effectiveness of its estate management. A number of areas of good practice were identified which will help the secure a value for money approach to the management of the estate. These include:

- a formalised estate strategy, including second level strategies for all other types of property (such as HQ buildings, residential estate)
- regular analysis of the need to maintain a residential estates to assist as a tool for recruitment and retention
- use of a comprehensive database to manage and monitor all properties
- commitment to a facilities management and a direct labour contract which have adopted best value principals.

However, our audit also highlighted a number of areas in which arrangements could be improved. These are outlined below.

### Property strategy and review

The Property Services Department produce an annual Estates Strategy on behalf of the MPA. This strategy identifies policies for managing all key building types, identifies who is responsible for repairs and maintenance and the level of consultation with property users. This strategy is updated each year to ensure it remains consistent with the MPA Policing Plan and the Resource Directorate's Business Plan. Operational property strategies feed into the corporate Estate Strategy. Members and senior officers are directly involved both through the Estates Sub-Committee and the Resource Allocation Group. This approach exhibits good practice.

Facilities management and direct labour services are provided under contract with Carillion plc and Interserve. The specifications for these contracts set out the performance standards expected, although current performance does not meet these standards in a number of areas. Comments from FRMs also indicate a lack of responsiveness to small repairs, and a poor system of feedback on contractor performance. PSD should take corrective action in the areas where performance standards are not met. The MPA/MPS should give priority to reducing the increasing backlog of repairs needed on police properties, which has risen from £17.5m in 1999/2000 to £26m in 2000/01. A bid for an extra £5m per annum was put forward to reduce this backlog over a four year period, although the funding has yet to confirmed. The level of funding needed to reduce the maintenance backlog should be kept under review.

The capital programme is decided using a number of key objectives, and is informed by a stock condition survey. The Forward Works Plan, which details future capital spend, is agreed between the contractors and PSD, which is good practice. A database is used to manage and monitor information on all properties within the portfolio, which is good practice. Information is updated on this system bi-annually, by asking FRMs to update their local details.

The MPA/MPS is planning to introduce SLAs for principal occupiers of buildings to identify services to be provided to them. Further to this, for properties with multi-users, SLAs will also be drawn up to identify their responsibilities and services to be provided.

There is currently limited incentive for borough-based staff to make more efficient use of the properties they use (there is a total devolved budget MPS-wide of £4m). In recent years PSD has generated receipts of approximately £40m pa, whilst capital investment for Land and Buildings has fallen to £27m in 2001/02, and is projected to reduce further to £17.8m for 2002/03. The MPA/MPS should investigate the potential for partial ring-fencing of capital receipts to incentivise borough-based staff, and to improve investment in the estate by continuing initiatives currently proposed, whilst acknowledging the lack of an even starting position in terms of the need for repairs and maintenance for properties across the estate.

Regular consultation is undertaken with property managers and the contractors. Regular consultation is also undertaken with the public through Police Consultative Groups, to identify their requirements and perceptions of current facilities, as well as through the quarterly Estates Policy Group and annual officer customer satisfaction questionnaire. Although this is good practice, users should be made aware of the limited financial resources available for property improvements.

#### Recommendations

R1 Use Police Consultative Groups to develop consultation with the public to:

- gauge their satisfaction with current properties
- gain their perspectives on new styles of policing.

R2 Give priority to reducing the backlog of maintenance to ensure that the standards of operational properties remain sufficient for current and future policing requirements.

R3 Review the system of performance indicators with contractors. Identify the barriers that reduce performance standards, and discuss appropriate systems to improve performance.

R4 Set targets for increasing the level of planned repairs in relation to responsive maintenance.

R5 Encourage boroughs to commit resources to identifying and assessing rationalisation options.

## Space audits and utilisation

Although building use is updated for each property bi-annually (on a rolling programme basis for the estate as a whole), there are a vast number of changes to the use of MPA/MPS properties on a on-going basis. PSD is involved in all Headquarters buildings' changes of use, however Finance and Resource Managers are responsible for changes in operational properties. PSD needs to consider whether the current approach to updating the system remains appropriate, and also to reinforce with FRMs the need for them to keep PSD informed of usage changes to ensure the property database is up-to-date. Given the high volume of changes to property use, PSD needs to discuss the level at which it needs to be involved in property and people moves. The MPA/MPS is currently reviewing the staffing structure within PSD to ensure it remains appropriate for current property needs.

A review of storage requirements is being undertaken, due to inconsistent standards across Boroughs. Discussions are being held with the Ministry of Defence with a view to sharing a storage facility in Corby. Storage was identified by FRMs as one of the key problem areas for managing space within operational buildings. PSD is currently reviewing the effect extra storage requirements will have on its property portfolio, particularly its operational buildings.

#### Recommendations

R6 Consider ways of improving the accuracy and timeliness of information collected on property usage.

## Financial management and performance information

The property database allows PSD to compare property energy and water costs regularly against Building Research Establishment benchmarks. The worst performing of these properties are then targeted for further work in managing consumption, which is good practice.

However, energy and water costs have been and continue to be paid centrally. This reduces the likelihood of local building managers making the most effective use of utilities, which in turn makes it more difficult for the MPS to meet its corporate efficiency targets as set out in its environmental strategy. The MPA/MPS should consider ways of changing the internal culture to ensure local management take greater responsibility and ownership of properties that they use. This is a particular problem where buildings are shared between a number of departments. PSD should negotiate a more effective system with local building managers to reduce utility consumption. A pilot is being undertaken in two Boroughs to allow FRMs to retain 25% of efficiency savings to encourage reduction in consumption, with the aim of rolling out the scheme Met-wide if successful.

Asset rents are not used to improve accountability for space used – a soft charging approach is currently used. Asset rents are used to try to identify the true costs of property usage at a local level without the use of a financial charge. The MPS needs to develop a simple system to ensure that property costs are captured and apportioned correctly to departments. The MPA has inherited a number of buildings which require considerable financial investment to bring up to modern policing and Health and Safety standards.

### Recommendations

- R7 Secure commitment from boroughs to provide the resources to develop building related performance targets, and methods to improve borough's buy in to reducing utility consumption.
- R8 Consider the way in which culture change initiatives can be used to encourage building users to manage their properties efficiently.

## Property management

A number of elements of property running costs are delegated to FRMs, but not all. Current discussions are reviewing the possible delegation of further items, such as energy and water. The MPA/MPS should consider whether the delegation of these items will be effective in allowing PSD to maintain a comprehensive set of information on property running costs, and also provide more effective control over spending.

The structure of PSD is clear and structured. The Business Plan identifies the roles and responsibilities of groups within the department, and is also clear and easily understood. However, comments were raised by FRMs over the consistency of consultation with property specialists. Although PSD is not structured directly in parallel with the 32 London Boroughs, it has changed from the old "Area" format to better reflect geographical borough groupings and other Business Groups.

The MPA is investigating the potential for further sharing of properties with other public sector bodies such as the London Fire and Civil Defence Authority and the Ambulance Service.

**Recommendations**

R9 Assess the responsiveness of the contractors to requests for assistance. Consider the benefits of using locally employed handymen for responsive minor works on all boroughs.

R10 Consider the benefits of delegating energy and water budgets to individual buildings.

## Way forward

There are a number of areas in which the MPA/MPS could improve its management of the estate. The recommendations for improving processes have been laid out in the relevant sections of the report. The adoption of these recommendations should secure Best Value from estate management.