

Appendix 2 - MPS Capital Expenditure by Project 2001/02 Variance Analysis

All figures shown are £000s	Annual 2001/02					Commentary
	Original Budget	Revised Budget	Outturn	Variance	% Variance	Explanation of Variances >£500k or 10%
<u>PSD Projects</u>						
East London Serious Crime Group HQ & Flying Squad accommodation (Barking)	5,500	5,500	6,757	1,257	22.9	This project is providing new headquarters for the Serious Crime Group East. The crime units have been growing in size, and were geographically dispersed. The project is running ahead of programme. This is due to the successful implementation of the new 'Partnering' contracts the MPS is now negotiating with suppliers. These contracts require the MPS to be more proactive with the contractor, particularly at the 'front end' of the project, when establishing costs.
West London Serious Crime Group Headquarters	3,300	3,300	4,634	1,334	40.4	This scheme provides new headquarters for the Serious Crime group West, and will consolidate the growing crime units in one geographical location. The success of the new 'Partnering' contracts has led to practical completion earlier than anticipated - 26 weeks ahead of programme i.e almost 6 months work. These contracts require the MPS to be much more involved with the contractor, particularly at the 'front end' of the contract, when establishing costs.
Holborn Police Station alterations	3,300	3,300	3,383	83	2.5	This variance is within parameters.
Wembley Police Station and Section House alterations (& decanting)	2,815	2,815	1,873	-942	-33.5	This project seeks to enhance utilisation of the station and section house to provide additional borough and new custody accommodation. The decanting costs were greater than expected for clearing the Section House, setting up temporary canteen and communication installations. The commencement of work on the main scheme was delayed to reduce capital commitment in the year 2001/2, and consequently there is slippage into the next financial year.
North East London Territorial Support Group Headquarters const'ion	1,980	1,980	2,011	31	1.6	This variance is within parameters.
Minor Building Works to support operational policing	1,650	1,650	72	-1,578	-95.6	This budget allows minor works to be undertaken at the discretion of users, without competition with major schemes. These budgets are the 'AC' budgets which are devolved to Territorial Policing. This programme was underspent primarily due to the requirement to divert funds from non urgent works to major projects, in order to offset the lack of slippage caused by the success of new 'Partnering' contracts.

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Firearms Unit Headquarters relocation (Leman Street)	1,065	1,065	1,361	296	27.8	This project aims to build a new HQ for SO19 firearms unit and new firing range. The existing accommodation was deemed inadequate. This scheme has overspent because of a number of complicating factors - unforeseen technical additions, changes requested by users, and additional maintenance items.
New Recruiting Centre (Hendon)	1,045	1,045	329	-716	-68.5	This budget is underspent because during the year this project was amalgamated with the Medical Centre Recruitment Conversion, and all further expenditure was recorded against that project. This explanation also helps explain the large overspend on the Medical Centre Recruitment Conversion.
South East London Territorial Support Group Headquarters (Catford)	825	825	853	28	3.4	This variance is within parameters.
Chingford Police Station additional cells	721	721	438	-283	-39.3	This scheme provides additional cells and showers at Chingford Police Station. The cells are a prefabricated, modular type. The supplier failed to achieve the scheduled date, and the delivered cells were then not to the correct specification. Consequently the full contract value for the cells has not been paid in the financial year 2001/2, slipping to 2002/3.
Medical Centre conversion for Recruiting (Hendon)	695	695	2,478	1,783	256.5	The success of the 'partnering' form of contract has led to the practical completion of the project as scheduled, but with substantial additional work also completed in respect of the Recruit Selection Centre, Lecture Theatre, and Medical Block. These additional works have resulted in the capital overspend.
Police Stations – Front office refurbishment programme	660	660	87	-573	-86.8	This scheme has been rescheduled whilst clarification is sought over any additional requirements that may be necessary, arising from the the Disability Discrimination Act (DDA). DDA requirements will need to be met by October 2004. The MPS is proposing to satisfy this need by ensuring there will be at least one compliant front office per borough.
Hornsey Police Station additional cells	600	600	449	-151	-25.2	This scheme provides additional cells at Hornsey Police Station. The cells are a prefabricated, modular type. The supplier failed to achieve the scheduled date, and the delivered cells were then not to the correct specification. Consequently the full contract value for the cells has not been paid in the financial year 2001/2, slipping to 2002/3.

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Building and engineering support to IT projects	550	550	432	-118	-21.5	This budget allocation covers a large number of smaller schemes that PSD carry out, supporting DOI projects. The spend in these schemes is largely dictated by the progress of these DOI schemes. The two largest projects contained within this category are the Otis rollout, and 'WAN' Core schemes.
Alterations to facilitate Headquarters Accommodation Strategy	550	550	11	-539	-98.0	This project aims to facilitate best value use of existing Headquarters buildings, and covers many minor works schemes. This programme was underspent primarily due to the requirement to divert funds from non urgent works to major projects, in order to offset the lack of slippage on major schemes.
Rowan Drive Hostel Accommodation	0	888	436	-452	-50.9	This scheme provides additional halls of residence for increased student intake at Hendon. The original budget did not include an allocation for this, but additional funds were directed during the course of the year. Because of the success of the recruitment campaigns this became an urgent issue during the course of the year. Accommodation was found at Mill Hill, but work was required to upgrade to a satisfactory standard. The forecast spend was initially for £444k, but because of the urgency of the scheme it was then increased to £888k, in an effort to bring forward completion.
Mill Hill Residential	0	502	654	152	30.3	This scheme provides additional halls of residence for increased student intake at Hendon. The original budget did not include an allocation for this, but additional funds were directed during the course of the year. As with Mill Hill, because of the success of the recruitment campaign this became an urgent issue during the course of the year. Rowan Drive is a row of terraced houses, and needed significant work to bring it to a satisfactory standard.
Other Projects under £500k	4,757	5,207	4,903	-304	-5.8	This variance is within parameters.
Consultants Fees (all projects)	3,752	3,752	0	-3,752	-100.0	These fees were budgeted as a separate item regardless of the scheme they related to. However the actual costs were posted against individual schemes. Consequently the underspend partially offsets the overspends in the other categories.
Slippage (all Projects @ 15%)	-5,065	-5,065	0	5,065	-100.0	This is purely a budgetary adjustment, anticipating that the budgeted spend on a number of schemes may fail to occur because of delays starting / completing work.
Sub-Total - PSD Projects	28,700	30,540	31,161	621	2.0	

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<u>IT Projects</u>						
Infrastructure Renewal Programme	15,500	15,500	10,124	-5,376	-34.7	£4.5m was slipped from 2001/2 to 2002/3 due to delays in the AWARE rollout. After the beacon sites, it was decided that the rollout processes were not adequate. To minimise disruption and risk in the field, the rollout was halted until the processes were improved.
Information Strategy implementation	8,000	8,000	1,600	-6,400	-80.0	The initial budgetary estimate for the strategy was compiled in Oct / Nov 2000 based on the very early work that was being carried out by Accenture. On determining the actual scope of what was necessary over the five year life of the strategy it became apparent that capital expenditure in Year 1 would be significantly less than budget. Further, the information strategy released all uncommitted revenue as per budgetary instructions in November 2001. This has also had an impact on capital expenditure.
CRIS (Crime Reporting Information System) Refresh Project	5,400	5,400	4,527	-873	-16.2	This project will replace the existing functionality with modern software on a modern hardware platform. Project slippage has resulted in a delay in the final milestone payment. The reason for the slippage was a delay by the supplier (EDS) in delivering the project by the end of March as scheduled.
NSPIS Custody and Case Preparation	3,200	3,200	0	-3,200	-100.0	These are national products / solutions and are outside of the control of the DOI. There has been significant slippage in the development of both products with the consequent capital expenditure underspend. The nature of the slippage has been that the solutions are still in development and have not reached a satisfactory standard for the MPS to accept them.
Human Resources System (PRISM)	2,200	2,200	1,682	-518	-23.5	There have been problems with the original supplier, and the decision was made to switch suppliers. This change and the development of a new solution delayed the project, and expenditure has slipped in to 2002/3.
C3i Project includes Land and Building costs	10,000	10,000	1,709	-8,291	-82.9	This budget was allocated as evidence of the MPS's willingness and commitment to make a financial contribution to the C3i project, in addition to the funding that has been secured from the Home Office. It was also to be used as a contingency to meet initial expenditure, so that the project was not restricted by the need to wait for HO funding. At this stage of the project it was anticipated that this was more of a commitment of resources rather than a detailed programme of spend. The underspend is to be carried forward to future years.

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Mobile Data trial and Southwark pilot in connection C3i	1,700	1,700	144	-1,556	-91.5	This is a pilot scheme connected with C3I, and as with C3i the underspend is to be carried forward.
Complaints Investigation Bureau IT	800	800	85	-715	-89.4	The user requirement was refined as a result of the business process. The product that is being purchased (CLUE2) had to be re-engineered to meet the highly specialised needs of DPS (CIB). There was particular emphasis on audit and security and the business processes of DPS in relation to case management. The latter had to be rethought in the light of the product capabilities, and this took longer than anticipated.
Criminal Records Bureau	500	500	0	-500	-100.0	It transpired that this budget allocation was not required, as the project has been paid for by the Home Office.
Records Management System	500	500	131	-369	-73.8	Expenditure was earmarked for Phase 2 of Records Management, which was the rollout to boroughs. When it actually came to rolling out to the boroughs it became apparent that there were a number of business issues, which revolve around the business's needs to access information about registered files - who needed access, why and for what purposes. Given the business changes and the fact that a best value review was in train, a decision was taken to defer this expenditure pending a resolution of business issues.
Resolve 2	0	1,200	570	-630	-52.5	This project is to be funded from the sale of Trenchard House, and the project has slipped into 2002/3. The Resolve project was outlined in two stages. The first stage was to replace the back up control room which was based at Trenchard House. This stage was completed with the backup control room now situated at a new location. The second stage of the project was to provide a backup of Special Operations Reserve. This has also been sited at a new location. There have been problems with the radio backup system however, and £330k budget allocation has been taken forward to fund this outstanding issue.
National Intelligence Model	0	999	0	-999	-100.0	This project is funded by the Home Office, and the project has slipped into 2002/3. The Home Office have agreed the slippage. The reasons for the delay are two fold - the original timetabling of the spend for 2001/2 was optimistic, and the Star Chamber reviewed the project to consider its revenue implications.

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IT works & equipment - capitalisation	0	12,586	12,586	0	0.0	To maintain consistency in accounting treatment for 2001/2 and previous years, and to ensure compliance with the Local Government and Housing Act 1989, there was a requirement to capitalise certain areas of expenditure, namely IT and Transport equipment. This reflects projects previously classified as revenue expenditure which should be recognised as bringing benefits to the MPA over more than one accounting period.
Other projects under £500k	2,200	2,200	3,259	1,059	48.1	A number of projects slipped into 2001/2 from 2000/1. The expenditure was approved at May 2001 IMSG meeting. The slippage included MetRadio in Heathrow Buildings, Command & Control Terminals, and INUIT.
Slippage (all projects)	-5,400	-5,400	0	5,400	-100.0	This is purely a budgetary adjustment, anticipating that the budgeted spend on a number of schemes may fail to occur because of delays starting / completing work.
Sub-Total - IT Projects	44,600	59,385	36,417	-22,968	-38.7	

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<u>Transport</u>						
Replacement of cars	6,650	6,650	5,936	-714	-10.7	Spending was reduced as a consequence of the Star Chamber savings exercise. Part of the revenue savings was a reduction in vehicle usage. The knock on effect of this was that because of reduced usage, vehicles lasted longer and replacement was required less frequently, thereby reducing capital spend.
Replacement of vans and commercial vehicles	3,700	3,700	3,993	293	7.9	This variance is within parameters.
Replacement of motorcycles	500	500	456	-44	-8.8	This variance is within parameters.
Equip for service - capitalisation	0	2,506	2,506	0	0.0	To maintain consistency in accounting treatment for 2001/2 and previous years, and to ensure compliance with the Local Government and Housing Act 1989, there was a requirement to capitalise certain areas of expenditure, namely IT and Transport equipment. This reflects projects previously classified as revenue expenditure which should be recognised as bringing benefits to the MPA over more than one accounting period. From 2002/3 onwards equip for service costs are now being budgeted for as capital expenditure.
Other replacement under £500k	456	456	512	56	12.3	This is primarily the boats and marine equipment budget. Spending was reduced as a consequence of the Star Chamber savings exercise. Part of these revenue savings was a reduction in vehicle usage. The knock on effect of this was that because of reduced usage, equipment lasted longer and replacement was required less frequently, thereby reducing capital spend. There has also been a request to carry forward £120k as slippage to purchase a Rigid Inflatable Boat.
Sub-Total - Transport	11,306	13,812	13,403	-409	-3.0	

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<u>Specialist Operations</u>						
Photographic equipment	290	290	652	362	124.8	The overspend is to be offset by a Home Office grant of £350k. The grant is being claimed under the DNA expansion plan, and the Home Office has been invoiced. The grant being claimed is in respect of items such as: Mini Lab £110k, Digital Printer £72k, HR500 £36k, Splicer £35k, DVD Juke Box £26k, Pro Edit Printer £17k, Server Backup £20k
Firearms	85	85	0	-85	-100.0	The MPS has changed the threshold at which assets are capitalised. The cost of individual purchased firearms now falls below the capitalisation deminimis level. Consequently the purchase of firearms in 2001/2 has been recorded as revenue expenditure.
Sub-Total - Specialist Operations	375	375	652	277	73.9	
Miscellaneous Equipment	19	19	89	70	368.4	This expenditure comprises two elements - office plant and catering equipment. The office plant is overspent because of a large invoice paid to Bodycare Production for £62k in respect of Rehabilitation / Occupational Health Equipment. The invoice was actually in respect 2000/1, but was not paid in time, and slipped into 2001/2. The catering equipment spend has no budget because no bid was made. It is equipment that required replacement over the course of the year.
Sub-Total - Miscellaneous	19	19	89	70	368.4	
GRAND TOTAL CAPITAL PROGRAMME	85,000	104,131	81,722	-22,409	-21.5	

Notes:
Spend information based on MetFIN to period 13 2001/02.