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MPA Budget Submission to the GLA
November 2004

Section D

Borrowing and Capital Spending Plan
2005/06 to 2009/10

Borrowing and Capital Spending Plan 2005/06 to 2009/10

CONTENTS **Paragraphs**

Schedules

Introduction

1. The borrowing and capital spending plan for 2005/06 to 2009/10 has been developed in accordance with budget guidance issued by the Mayor on 30 May 2004.

2. The budget guidance stated that the borrowing and capital spending plan should include:

   - details of proposed authorised borrowing limits over the period of the capital spending plan justified by reference to the requirements of the Prudential Code;

   - the level of borrowing required to support the capital spending plan separately identifying borrowing not attracting Government support (unsupported borrowing) from supported borrowing;

   - a statement of funding available detailing the various sources;

   - a list of all the proposed projects including:

   – a description of the nature of the expenditure;

   – the total cost of each project (minor projects grouped together);

   – previous years' expenditure (in total);

   – cost in 2005/06; and

   – projected cost over the next four years i.e. 2006/07 to 2009/10.

   - a statement linking capital expenditure to the delivery of objectives/priorities;

   - details of the revenue expenditure consequences of the capital spending plan, including debt management costs, which are to fully reflected within the revenue budget proposals. The consequences arising from projects expected to be funded by supported borrowing from those supported by unsupported borrowing should be separately identified; and

   - a statement outlining how projects have been prioritised and how performance is to be monitored and evaluated.

Overall Position

3. The medium term capital expenditure programme for 2004/05 to 2008/098 was approved by the MPA on 25 March 2004. It set the capital programme for 2004/05 and the capital allocations for future financial years. In doing so it recognised the better than expected capital settlement for 2004/05 and the increased flexibilities afforded by the introduction of the Prudential Code. Since confirming the capital programme, changes have been made to the current year's programme. These result from slippage in respect of major projects such as the C3i Programme necessitating the carry forward of funds from 2003/04 to 2004/05 and beyond.

4. It is acknowledged that the scale of funding that can be made available for capital investment is insufficient to finance the full range of schemes the Authority would wish to initiate over the course of the capital programme 2005/06 to 2009/10. The Prudential Code has provided some flexibility in terms of allowing discretion over the level of borrowing which can be undertaken to support capital expenditure. However, caution still needs to be exercised in view of the financial burden that is borne by the revenue programme. The drive to increase police and police community support officer numbers brings accommodation, equipment, and technology demands that must be addressed. Whilst, a detailed planning process is already in place, ensuring capital investment is prioritised in line with Service needs, it has been recognised that a more focused approach is required, allowing a corporate wide analysis of overall affordability, prudence and sustainability as directed by the Prudential Code.

Capital Strategy

5. The MPA endorsed the establishment of a capital strategy in February 2004, with a draft document approved by the Finance Committee in July 2004. The strategy is enclosed at Schedule 1. Whilst much can already be claimed to be in place, the policy will mature and develop over the coming two to three years. The core element of the strategy is to focus the Authority's capital planning directly on projects and activities that support the achievement of the Authority's vision. Integral to the strategy are:

    - the identification of investment needs;
    - the generation of option appraisal for all major capital project proposals;
    - prioritisation of capital projects thereby determining the allocation of additional capital resources;
    - member involvement at all stages of the process thereby enhancing corporate governance and ensuring fully agreed corporate priority criteria;
    - timely monitoring of ongoing and completed projects;
    - management and evaluation of ongoing/completed projects to ensure benefits have been delivered;
    - regular corporate review of the estate and existing vehicles, plant and equipment to ensure that it is being used in the most efficient and effective way;
    - the establishment of a Capital Strategy Board; and
    - the development of new asset management plans detailing management processes, planned action for improved corporate asset use, replacement criteria, etc.

6. The capital strategy will become an integral part of the strategic financial and service planning process supporting the annual budget setting exercise. The capital investment needs of the MPA will be set in the context of what opportunities are available both from internal resources, and using external partnership and co-operation, to ensure the achievement of strategic objectives.

7. The newly created Capital Strategy Board will be responsible for reviewing investment needs identified by business groups and assessing the merits of each scheme in accordance with agreed prioritisation criteria. Investment projects must be seen to build upon corporate goals and business group priorities. This process will be robust and transparent and will be subject to annual review. The strategy will ensure that schemes are shown to represent the strategic objective they support or the business goal they will fulfil. However, in the short term projects will continue to be identified by the type of activity involved e.g. property, technology, transport, etc.

Prioritisation and Monitoring

8. Capital resources have been allocated to MPS provisioning areas largely on the basis of previously approved MPA capital budgets. However, given the parlous state of the MPA Estate it is recognised that some regeneration can occur internally by using receipts secured from the disposal of buildings not suitable or fit for purpose to purchase modern structures offering adaptable accommodation options. Whilst, it will not be policy to ring-fence capital receipts for purely property purposes, the general condition of the MPA Estate will demand that there will be a significant call on capital receipts for Estate enhancement/improvement.

9. The criteria for determining the inclusion of individual projects within the spending plan have been subject to review as part of the capital strategy formulation process. Many of the key considerations still remain. However, the criteria have been sharpened to give a greater link with corporate objectives. Key prioritisation criteria are:

    - a mandatory legal requirement to provide the service or asset;
    - meeting the objective of the “Towards the Safest City” strategy;
    - continuing or completing a capital project where there is a contractual commitment;
    - a demonstrable need to replace an asset for efficiency purposes;
    - where significant revenue savings will result; and
    - the continuation or completion of a project where significant expenditure has already occurred and unjustifiable wastage of resources would result.

10. The Capital Programme Review Board will be responsible for ensuring that the above criteria are applied in a consistent manner and resolving any issues of conflict.

11. The monitoring of capital expenditure has recently been subject to review with spend information now forwarded to Committee as part of an integrated monthly report. The report details performance against the revenue and capital budgets as well as details of budget movements and progress against savings. All adjustments beyond the delegated approval level of £1m will be referred to Committee for approval, with new projects forecast to cost in excess of £0.5m reported to Committee for endorsement as to inclusion within the capital spending plan.

Development of Capital Spending Plan

12. In May 2003 the document ‘Building Towards the Safest City 2003-08’ was agreed by the Authority. This set out the revised property and estate strategy and explained how it complemented the MPS vision of making London the safest major city in the world. To meet our property needs it was acknowledged “we need to come up with some new and radical thinking to ensure (proposed) solutions are affordable, deliverable and in line with diverse and often complex front-line policing needs.” Investment in land and buildings now reflects a policing priority theme based approach, concentrating on the statutory obligations placed on the MPA. “Building Towards the Safest City 2003-08” gives clear details on how the Estate will be managed and developed. It is seen as an essential cornerstone in the development of the new capital strategy.

13. Property is a long-term investment which must reflect the changing needs of a dynamic police force. Too much of our Estate is outdated and in the wrong place. The aim is to correct this in a dynamic and innovative way. Upgrading or renewing the Estate is no longer an option. The financial position will continue to be closely monitored to ensure that we can respond to investment opportunities as and when they present themselves.

14. Other key areas of the capital programme, e.g. IT and transport have also been reviewed. Significant investment in information technology continues to be made and implementation of the information strategy is critical in providing structured support in the fight against crime. Interrelated criminal justice, crime management, information management, and intelligence systems are being developed. Resource systems have also been enhanced, e.g. HR and Finance to ensure efficient and effective use of manpower and equipment can be made. In addition to these initiatives, considerable IT investment will result through the C3i Programme – see paragraph 25. Vehicles, boats and helicopters are essential assets to support front line policing in the capital. In the competitive motor vehicle industry negotiation with suppliers continues to ensure that vehicles and equipment are acquired at advantageous prices.

15. Renewal of the present helicopter fleet is deemed urgent. The three existing helicopters have become unreliable and are not providing sufficient flying hours to support a wide range of territorial policing, public order and counter-terrorist activities. The cost of replacement would be prohibitive but subject to 40% specific funding being achieved from the Home Office, and reasonable sums being secured from the disposal of the existing craft, is considered sustainable and supportable utilising the flexibilities provided under the Prudential Code i.e. unsupported borrowing.

16. Timing problems can be experienced with major projects. The carry-forward of funds between financial years is possible but every opportunity is explored to anticipate projects from forward years to utilise available finances. This enables 'slipped' schemes to slot back into the capital programme and also eliminates the need to find additional funds as the portfolio of projects remains unchanged. For this to be achieved the must be a number of schemes within the spending plan that have the ability to be fast-tracked. As part of the development of the capital strategy a number of such projects are being identified as well as a call-off list of schemes which whilst initially afforded a low priority against the criteria listed at paragraph 9 can be called upon should savings be identified during the course of the financial year.

17. A summary of the expenditure proposals for 2005/06 and the next four years, i.e., 2006/07 to 2009/10 and the resultant resourcing proposals are set out in Schedule 2. Details of individual projects are set out in Schedules 3 to 8 in respect of each business group/programme of works. The MPA Finance Committee will review the capital programme in January 2005 following announcement by the Home Office of the capital settlement for 2005/06 for police authorities in England and Wales.

Resources

18. The capital spending plan has been prepared on the understanding that funding will be available from capital grant, capital receipts, capital reserves, specific grants awarded for named projects, and borrowing (supported and unsupported). The plan assumes no utilisation of revenue sources of income and therefore has no direct financial implications for the precept to be levied by the Greater London Authority. If borrowing is used as a financing source there will of course be ongoing revenue costs to be taken into account i.e. actual interest charges on negotiated loans and the statutory requirement to repay an element of outstanding principal each financial year.

19. Future availability of funding is based on the following assumptions:

- police capital grant – as per 2004/05 level;
- supported borrowing – as per the 2004/05 level notified as part of the capital settlement.
- unsupported borrowing – as deemed affordable, prudent and sustainable and required to ensure an efficient, balanced capital plan (see paragraphs 27 and 28 below);
- capital receipts (see paragraph 21 below);
- usable capital reserves (see paragraphs 22 - 24 below);
- specific capital grants (see paragraph 25 below);

20. Other than in the utilisation of specific grants the MPA chooses not to identify individual funding arrangements for each project. A ‘pool’ of finance is available to meet recorded expenditure. This enables general capital grants to be fully utilised in the year of application by being written-off to the Capital Financing Reserve. To ensure compliance with the Prudential Code all projects to be financed through unsupported borrowing are specifically identified. This enables decisions to be reached on the affordability, prudence and sustainability of each individual scheme.

Capital Receipts

21. The sum included within the capital spending plan from the disposal of surplus assets as required for meeting planned investment needs is projected at £8m in 2005/06 and £7m per annum thereafter. This is in line with previous estimates. However, as noted at paragraphs 8, 12, and 13, should the opportunity present itself, options will be explored for the disposal of unsuitable/not fit for purpose properties to enable renewal/rejuvenation of the Estate.

Capital Reserves

22. Over recent years it has been possible to utilise usable capital reserves to support the capital programme. Usable capital reserves have remained particularly buoyant as a result of the decision to continue sales of the residential estate, coupled with disposal of redundant and outdated police stations. However, the level of reserves has diminished to the point where it is no longer considered prudent to reduce further the level of capital reserves.

23. In preparing the capital spending plan it is acknowledged that a suitable level of capital reserves should be maintained to ensure:

- security in respect of major projects such as the C3i and Step Change Programmes should funding or cashflow problems arise;
- reassurance that reserves are not denuded to such a level that serious financial concerns would arise;
- safety from the effects of less than budgeted in year capital receipts; and
- reassurance that reserves provide sufficient flexibility should critical capital expenditure issues arise.

24. For the duration of the C3i Programme it has been agreed that a minimum level of usable capital reserves of £10m be maintained. This ensures a suitable level of assurance exists should unforeseen circumstances arise.

C3i Programme

25. The C3i Programme comprises the replacement of the Authority's command and control system (MetCALL) together with the upgrade of the present police radio network (Airwave). The programme is largely funded from specific grants provided by the Home Office. However, it is recognised that £11.147m of MPA funds were invested at the onset of the project and further monies will be required to secure a successful conclusion. The scale of the project and the major outlay involved demands that the project is closely monitored. Timing problems are arising due to security considerations and the supply of the Integrated Communications Platform. It is acknowledged that with no further funds available from the Home Office, the expenditure profile for completion of the C3i Programme must be managed within the overall cash flow profile of the MPA capital spending plan 2005/06 to 2009/10. To this end, discussions have taken place with the Home Office to ensure that the payment profile of the relevant specific grants can be suitably adjusted to align with forecast expenditure.

Prudential Code

26. The Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, provide the regulatory framework for the new financial regime for capital expenditure. These documents support the new CIPFA Prudential Code which acts as a professional code of practice to support local authorities in taking investment decisions. The start date for the new system was 1 April 2004 and like many local authorities the MPA has been cautious in exploring the potential flexibilities provided under the Code.

27. Detailed work has been undertaken in determining appropriate indicators and borrowing limits to ensure that the capital investment plan is affordable, prudent and sustainable, that sensible planning principles are adopted, and that treasury management decisions are taken in accordance with sound financial management practice. The prudential indicators will be regularly updated to ensure that borrowing is maintained within affordable limits.

28. Within the capital spending plan financing of the capital programme has been pitched at the level of supported borrowing as notified within the 2004/05 capital settlement. Unsupported borrowing has largely been limited to the capitalisation of revenue items which it is recognised should more correctly be classified as capital expenditure. This adjustment of the spending plan takes heed of the operating de-minimis expenditure level for capital expenditure of £5k and the benefits that must be evidenced for capital items across more than one accounting period. In compiling the latest capital spending plan the opportunity has been taken to increase the level of unsupported borrowing used in this way from £5m to £15m. £5m has been added to the Property Services budget to support building enhancements and a further £5m added to the Department of Information's budget in respect of the renewal of technical equipment. This decision complements savings identified within the revenue budget submission to achieve a balanced spending plan. Unsupported borrowing has also been utilised to finance new initiatives where alternative funding sources do not present themselves but are key to delivering the long-term objective of making London the safest capital city in the world e.g. renewal of the helicopter fleet and the Step Change Programme.

29. At the present time only the first tranche of the Step Change Programme has been sanctioned for inclusion within the capital spending plan. The second tranche of the Programme is detailed within a separate part of the overall budget submission. However, in order to appreciate the impact on overall capital expenditure of the second tranche, and its funding implications, various schedules to this submission have been added to accordingly.

30. The list of prudential indicators and relevant calculations used in determining the appropriate level of borrowing to be negotiated by the Authority in support of capital expenditure are shown at Schedule 9. The calculations have been undertaken excluding and then including the second tranche of the Step Change Programme.

Property Services – Interim Operational Plan

31. 'Building Towards the Safest City 2003-08' has set out clear goals in terms of focussed strategies for policy delivery, concentrating on legislative and key policing aims rather than individual schemes of work. A wholesale review of the Estate is required as it is old and expensive to run: some 35% of it pre-dating 1940. Considerable funding is required and this is not readily available. An Interim Operational Plan has recently been published which acts a guide to how the MPA intends to manage the Estates over the next three take the first steps towards its vision of providing buildings that are fit for 21st century policing purposes. The plan is seen as setting down policy that will bridge the short-term gap in accommodation provision. It seeks to address the immediate concerns of the main operational command units. A copy of the Interim Operational Plan is included at Schedule 10 to this submission.

Asset Management Plans

32. Asset management plans are an integral part in the development of a grounded and workable capital strategy. They clearly define assets held, their general condition, how such assets can be utilised to maximum benefit, efficiency and performance targets, and include maintenance profiles to identify lifetime needs and when disposal should be considered. The asset management plans help define investment priorities. Their creation represents a considerable body of work and until such time that the MPS has an asset base that can be regarded as fit for purposes can only be approached in a fragmented way. Planning documents for the drawing up of asset management plans are attached at Schedule 11.

Revenue Consequences

33. When preparing the capital spending plan recognition has been taken of (a) the revenue costs of implementation; and (b) on-going costs once projects are completed e.g. maintenance, etc. (The former of these are noted against named capital schemes within the accompanying schedules.) All estimated revenue costs associated with the five-year capital plan have been incorporated within the revenue budget submission for 2005/06 and in the medium term financial projections for future years.

34. The revenue consequences of borrowing to finance the capital spending programme in terms of the debt management expenses that arise have been calculated and are shown in the calculations at Schedule 12. These costs have been taken into consideration in preparing the revenue submission for 2005/06 and future years. In formulating the capital strategy over the coming years it will be essential to recognise the full range of savings that can be achieved in revenue costs such as maintenance, etc. when choosing to invest in new property or IT schemes. This will ensure that the full benefits of borrowing to invest are secured and could lead to renewal of the asset base without a significant impact on the revenue budget.

Forward View

35. The continued growth in police officer, police community support officer and police support staff numbers, brings with it increased demand for suitable accommodation and equipment for daily tasks to be performed. This coupled with the worn out and non-compliant condition of much of the MPA Estate, and the pressure to introduce modern technology and vehicles to assist in the fight against crime, means that the present capital programme is regarded as inadequate to meet real needs.

36. Decisions on which capital projects should proceed will be taken in line with the developing capital strategy. Demands on the revenue budget are considerable; such that any direct use of revenue funds to finance budgeted capital expenditure cannot realistically be considered. The consequence of this is that important schemes of work are being delayed longer than should be appropriate for a modern police force. It is likely that as understanding of the impact of unsupported borrowing on revenue expenditure grows the pressure will increase to allow the level of loan financed capital investment to rise.

37. Discussions continue with the Home Office on capital funding issues and the possibility of increasing the level of direct capital grants that can be made available. Steps will also continue to be taken to explore innovative ways of securing assets for use by the Authority, e.g. partnership arrangements, sponsorship, etc.

Appendix 1

MPA/MPS Capital Strategy 2005 – 2010

July 2004 Draft

Contents

SECTION 1

Metropolitan Police Authority Context Sheet

General

London is the largest Metropolis in the European Union and one of the top five financial centres. With a population of 7.1 million it has a total workforce of 3.5 million with 1 million commuters. There is a further daily influx of 2 million visitors and tourists.

Capital and Revenue Budgets

The MPA revenue budget of £2.5 billion in 2004/05 is nearly 25% of the total cost of policing in England and Wales.

The number of police officers has increased from 25,430 in 2000-01 to 30,265 at the end of March 2004. The new Police Community Support Officer workforce now stands at 1,431. At March 2004 police staff totalled 12,093.

The present capital programme and resourcing is as follows:

Medium Term Capital Plan 2004/05 to 2007/08				
Expenditure	**2004/05 £000**	**2005/06 £000**	**2006/07 £000**	**2007/08 £000**
Property Services	40,854	25,796	24,231	24,231
Directorate of Information	27,470	29,394	27,894	27,894
Transport Services	17,005	12,850	17,175	17,825
Other Plant & Equipment	1,570	300	300	300
C3i Programme - Directorate of Information	82,386	13,547	897	0
Step Change Programme 2004/05 starts	22,799	347	355	276
Grand Total - All Projects	**192,084**	**82,234**	**70,852**	**70,526**
Funding	**2004/05 £000**	**2005/06 £000**	**2006/07 £000**	**2007/08 £000**
Police Capital Grant	29,034	29,034	29,034	29,034
Air Support Grant	560	0	0	0
Borrowing	23,999	23,999	23,999	23,999
Capital Receipts	10,000	7,000	7,000	7,000
Usable Capital Reserves	22,306	7,307	8,567	9,217
Other	1,000	1,000	1,000	1,000
Total - Funding of Business Groups	**86,899**	**68,340**	**69,600**	**70,250**
C3i Programme - Specific Grants	40,000	30,000	10,670	0
Usable Capital Reserves from Main Programme	42,386	-16,453	-9,773	0
Unsupported Borrowing - Step Change	**22,799**	**347**	**355**	**276**
Total Funding	**192,084**	**82,234**	**70,852**	**70,526**

The MPA has over 600 operational buildings, 1,116 residential properties and 667 rooms in section houses. It provides facilities for over 40,000 police officers and police staff. The open market value of the Authority's assets, as at 31 March 2004, is:

	£ Million
Land and buildings	1,473
Vehicles plant and equipment	101
Non operational assets	179
Community assets	1
Total	**1,754**

SECTION 2

Capital Strategy

Introduction

This is the Authority's first capital strategy. It sets out the Authority's belief that capital investment should support core policing services and achievement of key objectives. The purpose of this capital strategy is to provide a clear picture of the Authority's process for managing its capital assets by reference to corporate priorities dictated by objectives set out in the MPA/MPS strategy 'Towards the Safest City 2003-05' (TtSC).

This capital strategy focuses on processes to take forward a strategic led, priority driven, capital programme. The effectiveness of the capital strategy will be reviewed annually in the light of changing needs and priorities. Ongoing reconsideration of the strategy will ensure that it is effective and reflects developments in the Authority's objectives and best asset management.

Strategic Goals

The MPA and MPS have developed a joint corporate strategy called 'Towards the Safest City 2003-05'. TtSC provides a framework for co-ordinating planning and decision-making across the whole of the police service. The goals and aims form the basis for selection of the priorities and objectives that are published in the annual policing and best value performance plan. In addition, the longer-term direction set by the strategy helps to prioritise the allocation of resources, including capital expenditure.

The strategic goals set for the MPA/MPS in TtSC are:

- Developing safer communities
- Securing the capital against terrorism
- Revitalising the criminal justice system
- Developing a professional and effective workforce, and
- Reforming the delivery of policing services

TtSC is supported by an integrated corporate planning framework, which focuses on developing and maintaining an organisation where everything that is done has the needs of Londoners at its heart.

The purpose of this capital strategy is to set out how the MPA/MPS will equitably and transparently fund capital investment to support its core policing priorities. The capital strategy will be one of the key overarching policy documents of the Authority. This first strategy reflects work in progress, with an ambitious aim over succeeding editions to demonstrate that the Authority's capital objectives, priorities and spending plans are directly linked to and consistent with, key corporate and service objectives.

The capital strategy reflects the priorities of the Mayor.

TtSC is consistent with the aspirations of the Home Secretary's National Policing Plan. This provides the framework for local police planning over the next three years.

What the Capital Strategy Covers

This capital strategy covers all aspects of capital expenditure (particularly that requiring investment decisions) and the need to take account of the revenue implications of that investment. The capital strategy identifies the development and implementation of processes for:

- The generation of option appraisal of capital project proposals
- Prioritisation of capital projects - informing choices on the allocation of additional capital investment
- Stages at which MPA member involvement in the process will enhance corporate governance, particularly timing of decisions for approval of new schemes, approval of the capital strategy/capital programme and agreement of the priority allocation criteria
- Monitoring, evaluation and management of ongoing/completed projects
- Corporate review of existing properties and service needs to explore opportunities for more efficient and effective use of property, or to release resources through disposal
- MPS governance of the arrangements, principally through the new Capital Strategy Board
- Development of new Asset Management Plans, including property, I.T. and transport.

The Authority's Medium Term Financial Projection highlights the need to consider revenue expenditure and capital expenditure together. The revenue costs of capital investment i.e. financing and running costs, will now be considered alongside other revenue spending pressures in the Authority's budget planning process. Revenue implications of individual projects will be considered through project appraisals on all capital bids.

In recent years the resources available for capital investment have been short of the basic needs of the Authority. However, the level of priority for capital spending has led to an increasing amount of revenue funding for the capital programme, showing a changing balance between capital and revenue priorities. The Home Office, at the commencement of the Authority in June 2000, provided no endowment for capital purposes. In the past three years all available credit approval has been fully utilised. Capital investment has been largely directed at securing statutory responsibilities and maintaining standards. Improvements have been limited.

Capital Programme – Prioritisation, Appraisal, Management, Monitoring and Review

Prioritisation and Appraisal. The MPS will establish a new Capital Strategy Board, chaired by the Director of Finance Services. Each MPS Business Group will be represented at a senior level, together with the major corporate departments (IT, property and transport) and there will also be representation from the MPA. This Board will be charged with prioritising an inadequate capital budget in line with corporate objectives. This will be a constrained process and the Board will not promote open bidding across the MPS, which would unduly raise expectations, but will draw upon the business planning process where business needs, aligned to corporate objectives, are identified by Business Groups and corporate departments. These plans will form the basis for identifying capital investment requirements in conjunction with the Asset Management Plan and the outputs from specialist groups such as the Estates Property Group. This will also be the means by which Business Groups/corporate departments identify external funding requirements and relate proposals to corporate objectives and performance measures.

The MPS Capital Strategy Board's terms of reference are:

- To consider and prioritise submissions for capital investment against the strategic goals, key corporate objectives and integrate these into the Authority's key processes
- To recommend a prioritised capital programme to the MPS Resource Approval Committee and MPS Management Board commensurate with the overall budget timetable each year, including submission to the MPA, commencing in 2004
- To review and monitor capital programme performance against key milestones for each project
- To inform and influence the performance management framework and the strategic management framework and
- To develop the annual Capital Strategy for approval by the MPS Management Board and the MPA by July of each year.

Management, monitoring and Review – the existing MPS Capital Programme Review Group will both support the work of the Capital Strategy Board and be responsible for detailed day to day monitoring and review of both the delivery of outcomes, objectives and financial performance in conjunction with MPS Business Groups and corporate departments.

Priority Allocation Criteria

Each year the MPS Capital Strategy Board will review bids from MPS Business Groups for capital projects. Each bid will be assessed using agreed criteria for prioritisation. Development of this process is at an embryonic stage but the intention is that it is based on a sound rationale that reflects MPA/MPS corporate strategic goals and in a complementary manner Business Group priorities. The following key prioritisation considerations (in order of importance), will be the basis of selecting new schemes:

- Mandatory legal requirement to provide the service or asset
- Meets the objective of the MPA/MPS TtSC strategy
- Continues or completes a capital scheme where there is a contractual commitment
- Demonstrable priority need to replace the asset and included in Asset Management Plan
- Continues or completes a scheme where significant expenditure started in previous year
- Yields revenue savings

The MPS Capital Strategy Board will develop a detailed weighting model based around these priority criteria to ensure a transparent, simple but robust approach. This process will be reviewed next year in the light of lessons learnt. The result of this appraisal process will prioritise projects for inclusion in the Capital Programme. It is intended that schemes that are not included are prioritised for further consideration in future years, or, in the event that slippage occurs, available for potential inclusion as a rapid alternative to the capital project that has slipped. Opportunities will be explored during these processes for combining Business Groups' capital proposals and joint working/cross cutting opportunities.

Scheme proposals will be brought to the Capital Strategy Board and the relative merits of each proposal will be established using business case analysis and/or option appraisal as appropriate to their size and complexity, including key service outcomes measured against corporate objectives. Comparative scores against the predetermined priority allocation criteria will then be applied and a priority list established.

In addition to providing clear links to approved service plans, evidence will have to be provided in respect of each proposal that alternative sources of finance have been sought.

How the Process Works

Preparation of the Capital Strategy - The MPA Finance Committee will approve the annual Capital Strategy and Asset Management Plan each July (after approval by MPS Management Board), triggering the start of a new capital cycle, and providing the strategic context and framework for the development and implementation of the capital programme for agreement by the Authority and inclusion in the Mayor's annual Budget Submission.

Commencement of capital programme planning - At the start of each cycle the MPS Capital Strategy Board reviews the committed capital programme and considers capital resourcing for the next (uncommitted) year. This will include an assessment of the supported borrowings authorised within the prudential framework, the capital receipts target forecast by the Director of

Property Services (from the Asset Management Plan), capital grant and possible other funding sources.

Guidelines - The Capital Strategy Board will then circulate guidelines for the preparation of capital proposals. These guidelines, which are designed to ensure consistency of approach will include a requirement:

- to address how each project will support the delivery of the MPA/MPS strategic objectives through the capital initiatives
- for an assessment of priorities outlined in the capital strategy
- for critical planning information required to support the proposal – budgets, specific project objectives, targets, milestones and indicators
- for information on the extent to which projects have undergone consultation with partners and other stakeholders and
- a thorough option appraisal and assessment of funding opportunities available.

Business Groups will then use this information (assisted by specialist advice from corporate departments (Property Services/DOI/Transport) to refine existing schemes and define new ones. In this first year procedures are unlikely to be embedded to allow the Capital Strategy Board to prepare indicative cash allocations for separate Business Groups to work within, however it is expected that this will be a development issue to be addressed in the next annual strategy.

Draft Capital Programme - Agreed information will then be fed back to the Capital Strategy Board who will prioritise schemes and integrate them into a draft capital programme, taking account of resourcing and revenue implications. The MPS Management Board then agrees the draft capital programme, before submitting to Finance Committee as part of the annual review of the capital programme, before onward submission to the Mayor as part of the budget submission.

The output from this process will be a draft capital programme which allows members to scrutinise new opportunities for addition to the capital programme while being assured that the existing committed programme has undergone 'due process'. MPA Members will be assured that a process has been followed to assess bids against agreed priorities and it will allow opportunities for any additional capital spend at other times in the financial year to be considered against an existing priority list of schemes.

This will be a significant departure from existing practice. In practical terms the development of a capital programme aligned to Business Groups and the contribution made to corporate objectives will be an emerging process, likely to be built up over a number of years.

Setting the capital programme - As part of the budget setting process schemes are currently identified by type of activity, such as property, IT and transport etc. It is planned that over the course of the next few years the analysis will change to show Business Group analysis, which will identify service areas in support of the MPA/MPS strategic goals, capital strategy and Asset Management Plans.

Asset Management Planning

The Authority is in the process of developing its first Asset Management Plan (AMP). This will include property, together with I.T. and transport functions. The development of the plan will be co-ordinated by the MPS Capital Strategy Board. The Authority manages its property in accordance with the 'Building Towards the Safest City – Delivering Policing for Londoners 2003-2008 a Property and Estates Strategy'. The AMP will reflect the aspirations of the strategy recognising the importance of property and its strategic role in the Authority's operations. It will define roles and responsibilities and establish administrative arrangements to ensure the treatment of property as a dynamic resource.

It is planned that the AMP will evolve over the course of the next few years, in line with the developing capital strategy.

The MPA has supported the MPS in its distinct separate organisational structures for Property Services, I.T. and Transport. This approach will enable the optimisation of these resources in terms of service benefit and financial return and maximisation from the benefits to be gained from innovation and continuous improvement within a professionalised service.

The Authority operates a continuous review and disposal of surplus assets.

Procurement Strategy

The MPA agreed a Corporate Procurement Strategy in 2004. This focuses on a 'category management' approach to procurement for the whole police service. The Authority supports a centralised procurement department under the leadership of the Director of Procurement Services. The procurement department operates to co-ordinate major supply contracts. To achieve best value there is a clear focus on achieving the fundamental principles that underlie the procurement strategy, namely competition, transparency, accountability, legality and probity. This supports the Authority's strategy that the goods and services which are procured must be economic, efficient and effective.

A key objective of the strategy is to achieve savings in capital procurement costs by reducing waste and duplication and reinvesting the savings to:

- Take better account of measures relating to sustainability
- Improve design to reduce revenue costs, including utilising longer life materials
- Reduce energy costs

Property Services Department (PSD) are reviewing their procurement processes in support of the procurement strategy. There is a move towards a “design and build” approach to allow limited contractor innovation.

Performance Measurement and Monitoring

Indicators - Capital schemes will be designed to achieve the strategic objectives associated with the approval process, essentially the contribution to the TtSC objectives. In the long term the effectiveness of the Authority’s capital schemes is evaluated by the extent to which they have measurably achieved the Authority’s strategic objectives. Incorporating this theme in future capital strategies will be a strong challenge.

Alongside this, the Capital Programme Group will develop specific project performance indicators. These will focus on management costs, budgetary control and achievement against milestones and targets, so that any problems can be highlighted at the earliest opportunity and resolved.

Procedures - Inclusion in the capital programme gives authority for schemes to proceed, subject to Member review and approval of larger schemes’ business cases (>£5 million total value). MPS Resource Approval Committee needs to authorise lower value schemes. Capital spending is controlled through the annual preparation of the capital programme and by regular monitoring of performance.

The MPS Capital Programme Group monitors schemes on a monthly basis. It also exercises control at individual project scheme level and further Business Group/corporate department reviews take place for individual projects.

Risk Management

Typical risks to the capital programme involve overspending/underspending against agreed budgets. Regular expenditure monitoring meetings are held by the MPS project officers to identify problems at an early stage. Estimated funding from capital receipts is based on the approved assets disposal programme, which is subject to regular internal review.

The future affordability of the capital programme and the risk of the Mayor not approving what the Authority may consider a prudent programme is a risk. This is mitigated by publication of detailed Mayoral budget guidance early in the budget cycle and regular Mayoral budget meetings with the Authority.

Consultation

The main method used for consulting London residents is through the Mayor’s Budget Consultation process, which is arranged by the Mayor each year.

Copies of the Budget submission agreed by the Mayor and the final agreed budget are readily available on the MPA's website at www.mpa.gov.uk.

The planning process for agreeing the annual capital programme involves consultation and involvement of MPS Business Groups. Plans should be updated annually to coincide with the Authority's budget setting process. At present it is acknowledged that there is still considerable work to undertake to align the budget and business planning process. The MPS Corporate Planning Group and Finance Directorate are taking this work forward.

The procedure for the submission of reports to Authority Members makes it the responsibility of officers to ensure that all resource (staffing, property, I.T. and transport etc) aspects of implications arising from a report are properly assessed and recorded in the report.

Key Partners

The main statutory partners for the MPA/MPS are the Mayor/GLA and Home Office/Home Secretary. There are a plethora of relationships and governance arrangements, which ensure the aim of joined up working to the benefit of all partners, including the GLA family.

Additionally there is close working with borough commands and their respective Crime and Disorder Reduction Panels and local authority partners.

There have been a number of notable developments in co-location, in particular arrangements have been agreed with the Crown Prosecution Service and Transport for London. The Authority welcomes this approach and now insists that the debate on co-location includes a sound agreement on funding issues and cost sharing.

Unsupported Capital Borrowing and the Impact of the New Prudential Framework

Implementing the new prudential framework requires sound strategic planning. The Authority is ensuring reporting systems can meet the demands of the new arrangements (e.g. by setting out the annual affordability effects of the capital investment decisions). The new freedoms will allow consideration of more favourably capital-intensive schemes that may produce immediate and substantial revenue benefits.

The MPA supports the use of the flexibilities and freedoms offered. This freedom will be used within an affordable framework, not only affordability as viewed by the Authority, but also that agreed by the Mayor. The Authority may wish to take on 'unsupported borrowing'. The extent will be determined by the extent of the Authority's needs, its affordability and the support of the Mayor. There is a perceived need that additional resources will be required, particularly around the property portfolio to ensure that a renewal programme is embedded within the capital programme, although the capital strategy will require prioritisation of these requirements with other competing strategic capital priorities within the available agreed capital resources.

Framework for Capital Programme Development

The annual capital programme is the output from the process governed by the annual Capital Strategy. Mention has been made of the need to move to a programme aligned to stated objectives. This move will not happen overnight; probably a period of five years will be needed to fully make this transition. However it is hoped that noticeable improvements will be made in the next two to three years.

A benefit of the new approach is that the Authority will be able to systematically establish all its capital investment priorities. The prioritisation of schemes will highlight ongoing pressures.

In terms of future development, much of the early work will focus on opportunities to add to the existing committed capital programme. At present the Authority will take the approved programme as given, the prioritisation process will only apply to new opportunities for investment.

We will however use the full flexibilities of the Prudential Code framework, subject to affordability and prudent application.

External Funding

The Authority is committed to securing external sources of finance to fund capital expenditure, including:

- capital grants
- partnership investment
- Where and if appropriate and cost effective Private Finance Initiatives and Public Private Partnerships
- borrowing

Bidding for and managing resources must be consistent with the principles established by this Strategy.

Other capital resources generated to support the capital investment requirements of the Authority, including planning gains (section 106 Agreements), which are generally to be used for specified purposes, together with more specialised possibilities, such as innovative property funding approaches, may also be considered in line with this Strategy.

Medium Term Capital Plan 2005/06 to 2009/10 *schedule 2*

Expenditure	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Associated Revenue Expenditure 2005/06 £000	Future Years £000	Total Revenue £000
Property Services	31,796	29,231	29,231	29,231	27,142	0	0	0
Directorate of Information - Excluding C3i Programme	34,394	32,894	32,894	32,894	28,716	4,275	7,475	11,750
Transport Services	12,850	17,175	17,825	14,875	14,875	0	0	0
Other Plant & Equipment	10,944	5,461	300	300	300	0	0	0
Total - Business Groups	**89,984**	**84,761**	**80,250**	**77,300**	**71,033**	**4,275**	**7,475**	**11,750**
Directorate of Information - C3i Programme	41,989	1,047	0	0	0	7,300	5,813	13,113
Step-Change Programme - 1st Tranche Costs	4,856	621	10	0	0	0	0	0
Grand Total - Projects	**136,829**	**86,429**	**80,260**	**77,300**	**71,033**	**11,575**	**13,288**	**24,863**
Step-Change Programme - 2nd Tranche Costs	25,814	3,866						
Grand Total	**162,643**	**90,295**	**80,260**	**77,300**	**71,033**	**11,575**	**13,288**	**24,863**

Funding	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000
Police Capital Grant	29,034	29,034	29,034	29,034	29,034
Air Support Grant	4,258	2,064	0	0	0
Supported Borrowing	18,999	18,999	18,999	18,999	18,999
Unsupported Borrowing	20,786	17,797	15,000	15,000	15,000
Capital Receipts	8,600	7,300	7,000	7,000	7,000
Usable Capital Reserves	7,307	8,567	9,217	6,267	0
Other	1,000	1,000	1,000	1,000	1,000
Total - Funding of Business Groups	**89,984**	**84,761**	**80,250**	**77,300**	**71,033**
C3i Programme - Specific Grants	30,000	10,670	0	0	0
Usable Capital Reserves	11,989	-9,623	0	0	0
Unsupported Borrowing (Step-Change Tranch 1)	4,856	621	10	0	0
Total Funding - Projects	**136,829**	**86,429**	**80,260**	**77,300**	**71,033**
Unsupported Borrowing (Step-Change Tranch 2)	25,814	3,866			
Total Funding	**162,643**	**90,295**	**80,260**	**77,300**	**71,033**

schedule 3

Property Services: Medium Term Capital Plan 2005/06 to 2009/10

MAIN PROGRAMME PROJECTS	Start Year	Before 2005/06 £000	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Associated Revenue Expenditure 2005/06 £000	Future Years £000	Total Revenue £000	Total Capital Value
Acton Front Office & Custody Suite Refurbishment of front office and custody suite at Acton Police Station.	2002/03	5,523	2,100	400	0	0					8,023
Front Office Refurbishment Programme Works to incorporate Disability Discrimination Act improvements to front offices at all sites.	2002/03	6,434	1,600	1,600	194	0					9,828
Dagenham Custody Suite Amelioration Works associated with Dagenham Police Station custody area.	2002/03	2,191	220	0	0	0					2,411
Total 2002/03 Starts		**14,148**	**3,920**	**2,000**	**194**	**0**	**0**	**0**	**0**	**0**	**20,262**
NW Stadium Improvements to present accommodation	2003/04	709	321	0	0	0					1,030
Total 2003/04 Starts		**709**	**321**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,030**
Cell Refurbishments (including extensions) De-mothballing of unused cell facilities	2004/05	2,828	1,200	1,600	150	0					5,778
Utilisation works	2004/05	1,574	1,000	1,000	1,000	1,000	1,000				6,574
Operational Support Building works in support of operational requirements	2004/05	1,168	500	500	500	500	500				3,668
Power and Generator renewals Replacement (where necessary) of emergency generators - Met-wide	2004/05	1,918	1,300	700	0	0					3,918
Central office refits - CP programme	2004/05	4,729	500	0	0	0					5,229
Relocation of Department of Information's Technical Support Unit Amelioration of accommodation for revised occupation	2004/05	2,166	4,100	500	0	0					6,766
Minor Projects & feasibility studies Minor works - small accomodation projects Met-wide	2004/05	2,084	503	500	556	500	500				4,643
IBO programme & CAD Room strip outs / refits Provision of integrated borough operations rooms for use in conjunction with C3i	2004/05	4,574	2,500	0	0	0					7,074
Key Home Buy Scheme Provision of low cost housing for key workers	2004/05	2,000	1,000								3,000
Brixton Refurbishment Projects	2004/05	650	2,000	0	0	0					2,650
Patrol Bases (inc Priestley Way)	2004/05	2,500	2,500	5,000	5,000	5,000					20,000
Total 2004/05 Starts		**26,191**	**17,103**	**9,800**	**7,206**	**7,000**	**2,000**	**0**	**0**	**0**	**69,300**

Property Services: Medium Term Capital Plan 2005/06 to 2009/10

MAIN PROGRAMME PROJECTS	Start Year	Before 2005/06 £000	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Associated Revenue Expenditure 2005/06 £000	Future Years £000	Total Revenue £000	Total Capital Value
Cell Cluster Developments Development of new cell facilities	2005/06	0	3,300	4,000	5,000	6,000					18,300
Capitalisation of Works Building enhancements	2005/06	0	5,000	5,000	5,000	5,000	5,000				25,000
Total 2005/06 Starts		**0**	**8,300**	**9,000**	**10,000**	**11,000**	**5,000**	**0**	**0**	**0**	**43,300**
Canon Row & TP HQ Refurbishment of accommodation	2006/07	0	0	3,000	0	0					3,000
New Priority SO Accommodation Specialist Operations accommodation requirements/enhancements	2006/07	0	0	1,000	4,200	3,900					9,100
New Priority SC Accommodation Specialist Crime Directorate accommodation requirements/enhancements	2006/07	0	0	1,000	4,200	3,900					9,100
Total 2006/07 Starts		**0**	**0**	**5,000**	**8,400**	**7,800**	**0**	**0**	**0**	**0**	**21,200**
		0									0
Total 2007/08 Starts		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
		0									0
Total 2008/09 Starts		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
		0									0
Total 2009/10 Starts		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Property Services Summary											
Total expenditure for schemes commencing in	2002/03	14,148	3,920	2,000	194	0	0	0	0	0	**20,262**
Total expenditure for schemes commencing in	2003/04	709	321	0	0	0	0	0	0	0	**1,030**
Total expenditure for schemes commencing in	2004/05	26,191	17,103	9,800	7,206	7,000	2,000	0	0	0	**69,300**
Total expenditure for schemes commencing in	2005/06	0	8,300	9,000	10,000	11,000	5,000	0	0	0	**43,300**
Total expenditure for schemes commencing in	2006/07	0	0	5,000	8,400	7,800	0	0	0	0	**21,200**
Total expenditure for schemes commencing in	2007/08	0	0	0	0	0	0	0	0	0	**0**
Total expenditure for schemes commencing in	2008/09	0	0	0	0	0	0	0	0	0	**0**
Total expenditure for schemes commencing in	2009/10	0	0	0	0	0	0	0	0	0	**0**
Total Schemes		**41,048**	**29,644**	**25,800**	**25,800**	**25,800**	**7,000**	**0**	**0**	**0**	**155,092**
Funds still to be Allocated			**2,152**	**3,431**	**3,431**	**3,431**	**20,142**				
Sub-total Property Services Projects		**41,048**	**31,796**	**29,231**	**29,231**	**29,231**	**27,142**	**0**	**0**	**0**	**155,092**

Directorate of Information - excluding C3i Programme: Medium Term Capital Plan 2005/06 to 2009/10 *schedule 4*

Project Strand	MAIN PROGRAMME PROJECTS	Start Year	Before 2005/06 £000	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Associated Revenue Expenditure 2005/06 £000	Associated Revenue Expenditure Future Years £000	Associated Revenue Expenditure Total Revenue £000	Total Capital Value
	Infrastructure Renewal Programme											
	Network Infrastructure (Network Fitness)	2000/01	2,111	1,000	1,000	1,000	0		300	1,100	1,400	5,111
	Desktop Aware Infrastructure		433	500	500	500	0		300	900	1,200	1,933
Aware Ph2	**Secure External Gateway. -** To provide a "confidential" level network and secure access to external services.	2000/01	279	200	0	200	50		100	100	200	729
Aware Ph2	**Terminal Equipment Room health and safety (PSD work).-** AWARE Phase 2 To satisfy H&S requirements in Terminal Equipment Rooms.	2002/03	655	250	250	250	250		0	0	0	1,655
Aware Ph2	**IP / Telephony. -** To allow data, image and voice to share a common network and hence improve quality and reduce costs.	2003/04	500	1,500	1,000	500	0		500	400	900	3,500
Aware Ph2	**IP / Video. -** To allow data, image and voice to share a common network and hence improve quality and reduce costs.	2003/04	58	300	200	100	0		100	125	225	658
Aware Ph2	**Network - Quality of service / network management. -** To allow data, image and voice to share a common network and hence improve quality and reduce costs.	2003/04	0	100	100	50	0		300	400	700	250
Aware Ph2	**HQ - SO12. -** To provide a secure infrastructure for Special Branch units.	2003/04	250	300	100	0	0		75	50	125	650
Aware Ph2	**Public Key Infrastructure (PKI). -** To provide a "confidential" level network and secure access to external services.	2003/04	1,056	500	200	200	0		300	400	700	1,956
Aware Ph2	**X.500 Directory Services.-** Part of a mixture of projects to improve security and audit, data access and mobility.	2003/04	217	50	50	50	0		150	100	250	367
Aware Ph2	**Card Management system. -** Part of a mixture of projects to improve security and audit, data access and mobility.	2003/04	503	150	0	0	0		100	0	100	653
Aware Ph2	**Digital Security/ Signatures. -** Part of a mixture of projects to improve security and audit, data access and mobility.	2003/04	0	100	0	0	0		50	0	50	100
Aware Ph2	**NEXUS resilience node. -** Access to MPS data In line with the e-government agenda.	2003/04	400	100	100	0	0		50	0	50	600
Aware Ph2	**Search Engine. -** Access to MPS data In line with the e-government agenda.	2003/04	0	400	400	0	0		100	0	100	800
Aware Ph2	**Aware Phase 2 EAP**	2003/04	9,352	4,000	0	0	0		0	0	0	13,352
	Capitalisation of refresh of IT equipment	2004/05	5,000	10,000	10,000	10,000	10,000	10,000	0	0	0	55,000
		2005/06									0	
		2006/07										
		2007/08										
		2008/09										
		2009/10										
	Total Infrastructure		**20,812**	**19,450**	**13,900**	**12,850**	**10,300**	**10,000**	**2,425**	**3,575**	**6,000**	**87,312**

Directorate of Information - excluding C3i Programme: Medium Term Capital Plan 2005/06 to 2009/10 ***schedule 4***

Project Strand	MAIN PROGRAMME PROJECTS	Start Year	Before 2005/06 £000	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Associated Revenue Expenditure 2005/06 £000	Associated Revenue Expenditure Future Years £000	Associated Revenue Expenditure Total Revenue £000	Total Capital Value
	Information Strategy Implementation											
Crim Just [1]	NSPIS Case and Custody (MPS costs)	2001/02	2,010	300	0	0	0		0	0	0	2,310
Intell [2]	Legacy Enhancements	2001/02	20	0	0	0	100				0	120
Aware Ph2	Strategic Programme and Support Activities	2003/04	0	400	400	0	800				0	1,600
Intell [2]	Integrated Information Platform	2003/04	4,754	800	1,000	0	0		0	0	0	6,554
Crime [3]	Legacy Enhancements	2003/04	0	0	0	0	100				0	100
Crime [3]	STOPS Phase 2 (mobile solution)	2003/04	515	6,700	6,700	6,700	0		1,600	3,200	4,800	20,615
Resp Mgt [4]	Legacy Enhancements	2003/04	0	0	0	0	50				0	50
Resp Mgt [4]	MetDuties Phase 2 (full solution)	2003/04	3,925	1,500	1,000	0	0				0	6,425
Resouces [5]	Other Back Office solutions	2003/04	0	0	0	0	600		0	0	0	600
Info Mangt [6]	MetMIS roll-out	2003/04	946	250	0	0	0		50	0	50	1,196
Info Mangt [6]	FoIA compliance	2003/04	1,013	0	400	400	0		0	200	200	1,813
Resouces [5]	B-B solutions	2004/05	0	0	0	500	500		0	0	0	1,000
Enab Acts [7]	E-strategy	2004/05	0	400	400	400	0		100	300	400	1,200
	Data storage systems/archiving strategy	2004/05	0	500	500	500	0		100	200	300	1,500
		2005/06	0								0	0
		2006/07	0								0	
		2007/08										
		2008/09										
		2009/10										
	Total Information Strategy Programme		**13,183**	**10,850**	**10,400**	**8,500**	**2,150**	**0**	**1,850**	**3,900**	**5,750**	**45,083**
	Total expenditure for schemes commencing in	2000/01	2,823	1,700	1,500	1,700	50	0	700	2,100	2,800	**7,773**
	Total expenditure for schemes commencing in	2001/02	2,030	300	0	0	100	0	0	0	0	**2,430**
	Total expenditure for schemes commencing in	2002/03	655	250	250	250	250	0	0	0	0	**1,655**
	Total expenditure for schemes commencing in	2003/04	23,488	17,150	11,650	8,000	1,550	0	3,375	4,875	8,250	**61,838**
	Total expenditure for schemes commencing in	2004/05	5,000	10,900	10,900	11,400	10,500	10,000	200	500	**700**	**58,700**
	Total expenditure for schemes commencing in	2005/06	0	0	0	0	0	0	0	0	**0**	**0**
	Total expenditure for schemes commencing in	2006/07	0	0	0	0	0	0	0	0	0	**0**
	Total expenditure for schemes commencing in	2007/08	0	0	0	0	0	0	0	0	0	**0**
	Total expenditure for schemes commencing in	2008/09	0	0	0	0	0	0	0	0	0	**0**
	Total expenditure for schemes commencing in	2009/10	0	0	0	0	0	0	0	0	0	**0**
	Total Schemes		**33,995**	**30,300**	**24,300**	**21,350**	**12,450**	**10,000**	**4,275**	**7,475**	**11,750**	**132,395**
	Funds still to be Allocated			**4,094**	**8,594**	**11,544**	**20,444**	**18,716**				
	Total Directorate of Information		**33,995**	**34,394**	**32,894**	**32,894**	**32,894**	**28,716**	**4,275**	**7,475**	**11,750**	**132,395**

schedule 5

Transport Services: Medium Term Capital Plan 2005/06 to 2009/010

MAIN PROGRAMME PROJECTS	Start Year	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000
Cars	annual	9,800	12,275	13,125	11,500	11,500
Vans and Commercial Vehicles	annual	}	}	}	}	
Motorcycles	annual	}	}	}	}	
Boats	annual	400	400	200	200	200
Equipping Fleet for Operational Service	annual	2,650	4,500	4,500	3,175	3,175
Total Transport Projects		**12,850**	**17,175**	**17,825**	**14,875**	**14,875**

schedule 6

Other Plant & Equipment: Medium Term Capital Plan 2005/06 to 2009/10

MAIN PROGRAMME PROJECTS	Start Year	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000
Photographic Equipment	annual	222	222	222	222	222
Catering Expenditure	annual	60	60	60	60	60
Alcohol Level Testing Equipment	annual	8	8	8	8	8
Office Plant and Machinery	annual	10	10	10	10	10
Aircraft & Support Equipment		10,644	5,161	0	0	0
Total Miscellaneous Projects		**10,944**	**5,461**	**300**	**300**	**300**

Directorate of Information - C3i Programme: Medium Term Capital Plan 2005/06 to 2009/10

schedule 7

C3i PROJECTS	Start Date	Before 2005/06 £000	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Total Capital Value
MetCall Hendon - Building Works	2002/03	24,065	0	0	0	0	0	24,065
MetCall Lambeth - Building Works	2002/03	20,928	259	0	0	0	0	21,187
MetCall Bow - Building Works	2002/03	19,152	365	0	0	0	0	19,517
MetCall C3i Technology and consultancy	1999/00	72,035	14,201	796	0	0	0	87,032
Sub Total		**136,180**	**14,825**	**796**	**0**	**0**	**0**	**151,801**
Airwave	2002/03	15,697	27,164	251	0	0	0	43,112
Sub Total		**15,697**	**27,164**	**251**	**0**	**0**	**0**	**43,112**
Grand Total		**151,877**	**41,989**	**1,047**	**0**	**0**	**0**	**194,913**

STEP CHANGE PROGRAMME - Medium Term Capital plan 2005/06 to 2009/10 *schedule 8*

	Before 2005/06 £000	2005/6 £'000	2006/7 £'000	2007/8 £'000	2008/9 £'000	2009/10 £'000	Total Capital Value
Transport							
Implementation of Neighbourhood Policing	219	0	0	0	0	0	439
Sub Total	**219**	**0**	**0**	**0**	**0**	**0**	439
Property							
New Build	0	0	0	0	0	0	0
Newly Leased	4,428	0	0	0	0	0	8,856
Adaptations to existing Accom	9,373	0	0	0	0	0	18,745
Sub Total	**13,801**	**0**	**0**	**0**	**0**	**0**	**27,601**
Information & Communication Technology							
Ward Base Infrastructure	640	0	0	0	0	0	1,279
Ward Base Telephony	640	0	0	0	0	0	1,279
BOCU Ward Mgmt Team Fit-Out	12	0	0	0	0	0	25
C3i/Metcall	116	84	86	0	0	0	402
Airwave Rollout (incl Vehicles)	672	0	0	0	0	0	1,344
Vehicle MDTs	108	0	0	0	0	0	216
Handheld MDTs	929	0	0	0	0	0	1,858
Corporate Systems Changes	5,125	0	0	0	0	0	10,250
Corporate Infrastructure	256	263	535	10	0	0	1,320
Composite Budget Adjustment	-4,509	4,509					
Sub Total	**3,989**	**4,856**	**621**	**10**	**0**	**0**	**17,973**
Commercial Services							
Mezzanine Floor	282	0	0	0	0	0	564
Sub Total	**282**	**0**	**0**	**0**	**0**	**0**	**564**
Grand Total	**18,290**	**4,856**	**621**	**10**	**0**	**0**	**46,577**

Prudential Indicators for the Metropolitan Police Authority

Affordability Indicators

1. Estimate of capital financing costs compared to net revenue stream.

2004/05 Estimate	2005/06 Estimate	2006/07 Estimate	2007/08 Estimate	2008/09 Estimate
0.17%	0.28%	0.37%	0.43%	0.48%

(not including Step Change Phase 2)

2004/05 Estimate	2005/06 Estimate	2006/07 Estimate	2007/08 Estimate	2008/09 Estimate
0.17%	0.42%	0.46%	0.51%	0.55%

(including Step Change Phase 2)

The estimates of financing costs include the proposals in the budget report, 2004/05 capital starts for the Step Change Programme and show external interest net of investment income. The indicators have assumed the authority adopts the budget submissions in the present report.

This indicator compares the total principal and net interest payments on external debt to the overall revenue spending of the authority. The Authority's external borrowing is considered low comparatively to other authorities and there is a high level of investment income, but this indicator is still important because if the level of borrowing were to increase significantly an important factor in determining the existing and future levels of debt is the level of financial support from government. The continuation of government support to existing debt commitments is therefore crucial in understanding the affordability, prudence and sustainability of its borrowing. It is anticipated that similar support as at present will occur.

2. Estimated Incremental impact of capital investment decisions on the council tax.

2004/05 Estimate	2005/06 Estimate	2006/07 Estimate	2007/08 Estimate	2008/09 Estimate
£2.65	£3.15	£2.91	£3.00	£3.04

(not including Step Change Phase 2)

2004/05 Estimate	2005/06 Estimate	2006/07 Estimate	2007/08 Estimate	2008/09 Estimate
£2.65	£3.92	£3.03	£3.00	£3.04

(including Step Change Phase 2)

This indicator shows the actual impact of capital investment decisions on the Council Tax. The indicator is calculated by comparing the cost of the capital programme including proposed new starts, against the cost of the capital programme assuming no new starts. The council tax costs reflect debt charges on unsupported borrowing, loss of interest on capital receipts used to finance new investment decisions, debt charges on new investment reflecting the proportion of precept to budget requirement (reflecting the general non government grant supported spending).

Prudence Indicator

3. Net borrowing and the capital financing requirement.

CIPFA's Prudential Code includes the following as a key indicator of prudence:

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the authority should ensure that net external borrowing does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing requirement for the current and next two financial years"

Net borrowing and the capital financing requirement
The Treasurer reports that the authority had no difficulty meeting this requirement in 2004/5, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Capital Expenditure Indicators

4. Capital Expenditure

2004/05 Estimate £000	2005/06 Estimate £000	2006/07 Estimate £000	2007/08 Estimate £000	2008/09 Estimate £000
210,619	**136,829**	**86,429**	**80,260**	**77,300**

(not including Step Change Phase 2)

2004/05 Estimate £000	2005/06 Estimate £000	2006/07 Estimate £000	2007/08 Estimate £000	2008/09 Estimate £000
210,619	**162,643**	**90,295**	**80,260**	**77,300**

(including Step Change Phase 2)

This indicator states the total capital spend covering all capital expenditure and not just that financed by borrowing.

5. Capital financing requirement.

2004/05 Estimate £000	2005/06 Estimate £000	2006/07 Estimate £000	2007/08 Estimate £000	2008/09 Estimate £000
238,015	**272,693**	**298,715**	**320,255**	**340,868**

(not including Step Change Phase 2)

2004/05 Estimate £000	2005/06 Estimate £000	2006/07 Estimate £000	2007/08 Estimate £000	2008/09 Estimate £000
238,015	**298,507**	**328,395**	**349,935**	**370,548**

(including Step Change Phase 2)

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose. The Authority does not associate borrowing with particular items or types of expenditure. The authority has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The authority has at any point in time, a number of cashflows (both positive and negative) and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy. In day-to-day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the Capital Financing Requirement reflects the authority's underlying need to borrow for a capital purpose.

External Debt Indicators

6. Authorised Limit for External Debt

	2004/05 Estimate £000	2005/06 Estimate £000	2006/07 Estimate £000	2007/08 Estimate £000	2008/09 Estimate £000
Borrowing	156,409	133,484	114,584	87,955	71,481
Other long term liabilities	-	-	-	-	-
Total	**156,409**	**133,484**	**114,584**	**87,955**	**71,481**

This is the maximum amount that the authority allows itself to borrow in each year. The Treasurer reports that these Authorised Limits are consistent with the authority's current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. They are based on the estimate of the most likely, prudent but not worst-case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure and estimates of cashflow requirements.

7. Operational Boundary for External Debt.

	2004/05 Estimate £000	2005/06 Estimate £000	2006/07 Estimate £000	2007/08 Estimate £000	2008/09 Estimate £000
Borrowing	136,008	115,987	99,555	84,981	69,064
Other long term liabilities	-	-	-	-	-
Total	**136,008**	**115,987**	**99,555**	**84,981**	**69,064**

The proposed Operational Boundary for external debt is based on the same estimates as the Authorised Limit but reflects directly the estimate of the most likely, prudent, but not worst case scenario, without the additional headroom included within the Authorised Limit to allow for example for unusual cash movements and equates to the maximum of external debt projected by this estimate.

8. Actual External Debt

Actual External Debt
2003/04 Actual £000
104,466

Treasury Management Indicators

9. Net Outstanding Principal – Limits in interest rate exposure.

Limits in interest rate exposure calculated with reference to net outstanding principal sums			
	2004/05 Estimate	2005/06 Estimate	2006/07 Estimate
Upper limit on fixed interest rate exposures	95%	95%	95%
Upper limit on variable interest rate exposures	30%	30%	30%

This indicator reflects the requirement specified under the Code, however the outstanding principal payable and receivable from external loans and investments is exceedingly weighted towards investment: £104.5 million external borrowing and £366 million investment in 2003/04. Both of these balances will gradually reduce, to about £90 million and £250 million respectively by 2005/06. It is therefore proposed that for operational treasury management purposes two discretionary indicators are approved as follows:

10. Gross Outstanding Borrowing.

Limits in interest rate exposure calculated with reference to net outstanding borrowing sums			
	2004/05 Estimate	2005/06 Estimate	2006/07 Estimate
Upper limit on fixed interest rate exposures	100%	100%	100%
Upper limit on variable interest rate exposures	15%	15%	15%

11. Gross Outstanding Investment.

Limits in interest rate exposure calculated with reference to outstanding investment sums			
	2004/05 Estimate	2005/06 Estimate	2006/07 Estimate
Upper limit on fixed interest rate exposures	90%	95%	95%
Upper limit on variable interest rate exposures	40%	40%	40%

12. Maturity Structure of Borrowing – Upper and Lower Limits

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate		
	Upper Limit	Lower Limit
Under 12 months	**20%**	**0%**
12 months and within 24 months	**20%**	**0%**
24 months and within 5 years	**45%**	**0%**
5 years and within 10 years	**35%**	**0%**
10 years and above	**35%**	**0%**

13. Principal sums invested for periods longer than 364 days.

There are currently no proposals for the authority to invest sums for longer than 364 days. However, the authority may wish to consider some limited longer-term investment in future years and a ceiling of £30 million is proposed

14. The MPA has adopted the CIPFA Code of Practice for Treasury Management in Public Services.

Public Version July 2004

PROPERTY SERVICES – “Bridging the Gap”

(Excluding Operational Support Group)

Interim Operational Plan & Strategic Risk Assessment

2004/05 to 2006/07

Property Services
RESOURCES DIRECTORATE

Contents:

Director's Introduction:

Colleagues,

In mid 2003 the MPA and Management Board agreed and approved "Building Towards the Safest City" (BTSC) as the Property and Estates Strategy for the Met.

The document is ground breaking as it aligns property to the MPS policing plan. Property Services (PS) developed a communication plan and held seminars in early 2004, to explain this strategy across the organisation. Details are also available on the intranet.

The key issue is that we have major estate funding constraints to address while PS and the MPA work on medium term funding solutions. We can forget loads of cash from our funders. We need to recycle the estates value and that will not be quick or easy. The estate is valued at over £ 1.5 billion but we have major funding shortfalls just to stand still. That is why most of you, our officers and staff, tell me things are not right. I agree. Solutions cannot be delivered overnight and we all have to reflect on the challenges the MPA Members, and others, will rightly raise in our demand for solutions and the resources to pay for them. We have to change the Service demands and modernise our approach. The MPA and Management Board are fully supportive on the approach we are taking. We will all need to be tough on why we demand things – only then will we be able to fully win the confidence of funders and be listened to.

BTSC set the strategy and got the estate problems out in the open. The fact the MPA signed up to this was a big step forward – as unless we accept there are problems we can not address them – let alone work to solutions. The MPS and MPA are now working together to deliver solutions.

The solution is some way off – turning around the "super tanker" of an estate of over 600 buildings valued at over £ 1.5 billion will require careful preparation. Particularly as officer and police staff growth came with no deployment accommodation funding.

Having agreed the strategy the next step, quite rightly demanded by the MPA and MPS Management Board, is to devise a route to "bridge the gap". That is why Property Services has devised and consulted on this Interim Operational Plan. We know (in PS) that the Service needs more but this is what we can deliver until longer term solutions are found. It raises a number of questions – some easy to answer – others less so. It has also enabled us to properly assess risks – and some of these are significant.

In PS we take pride in the fact that we are becoming more integrated with delivering front line policing service – no longer an arms length "service" provider – rather now part of the "solution" working closely with colleagues across the Service. This plan maps out how we plan to "bridge the gap" in demanding and challenging times.

Alan M Croney

Alan Croney FRICS

Director of Property Services

June 2004

INTRODUCTION

The Metropolitan Police Authority (MPA) adopted the Property and Estates strategy, “Building Towards the Safest City” (BTSC), in 2003. This strategy acknowledges that current direct funding for accommodation is seriously inadequate at both the capital and revenue levels. In addition the estate is old, with some 35% pre dating 1940, is out of position and hence expensive to run. The approved strategy involves a wholesale review of the estate and an upgrade of the systems used to manage the estate and data held on the estate, in order that funding solutions can be identified and new solutions adopted. The challenge and seriousness of the situation was fully recognised.

This document – the Operational Plan - is intended as a guide as to how the MPA intends to manage the estate for the three year period it will take to identify new solutions and start to roll out new provision that is fit for the 21st century and modern policing.

With an estate of over 6 million square feet, comprising over 600 buildings and valued at over £ 1.5 billion the task is major. It would be professionally reasonable to expect that for an estate of this age and intensity of use, the annual spend on the capital renewal of building fabric and plant (roofs, generators, plant & machinery, statutory upgrades etc.) would exceed £ 75m. However, the Met spends just £ 20m per annum - and most of that has to go on other building issues (such as front offices, new control facilities etc.). It is not, therefore, surprising that we are experiencing serious problems in just keeping the estate up and running to barely acceptable, let alone modern, standards.

In addition there are also day to day maintenance and repair issues where revenue funding constraints have created a maintenance backlog (minimal standards) of at least £ 82m and this is roughly doubling every two years. This inevitably means more reactive repairs than is desirable and undermines the value benefits of a planned maintenance regime.

The Met has lived with this situation for so long that a “getting by” approach has been the only option. But history is now, inevitably, catching up with us and such an approach is increasingly unworkable. It also has the potential to fail to deliver best value as all change tends to be incremental as funds do not exist to reap the benefits of modernising or renewing the estate through efficiencies – both in use or occupational cost terms.

The nature of policing is also changing and the cost and fixed nature of a major new police station is increasingly inappropriate – as well as being unaffordable. That is why we are looking at new ways to recycle the value inherent in the estate and replace old buildings with modern, more efficient and, overall, cost effective alternatives.

At the same time there has been a substantial growth in police officer numbers along with their related support. Whilst welcome this growth has not included funding for deployment accommodation. Hence the estate is under great strain and there is no doubt that lack of accommodation is starting to adversely affect front line police operations.

This document directly addresses the needs of the main Operational Command Units (OCUs). With both capital and revenue budgets under severe / greater pressure there are no short term fixes that can meet all demands.

It must also be remembered that the capital released from the sale of property which is no longer required (due to obsolescence or location) funds capital programmes across the Service, not just the requirements of the estate and Property Services. By way of example the MPA spends around £ 35m per annum on IT and transport needs. Over the next three years 22 % of this will be provided by Property Services through such sales. In this context HMG capital grants and the Estate Capital Programme seem most inadequate and we are researching allocation further across the England and Wales Forces.

There has also been a need to upgrade resilience across the estate (to 'platinum' standards). This, and enhanced Facilities Management (FM), will be executed in 2004/05 as the Carillion exit takes full effect. C3i FM also comes on stream in 2004/05 along with enhanced security. FM outsourcing is also subject to a full review and retender by 2006, this will take major effort in Property Services.

As part of finding solutions we are required to develop a fully compliant Property Asset Management Plan (AMP) and this has been drafted and is being consolidated into the Service wide AMP.

Pan OCU Provision & Support Functions

There are proposals well advanced and committed for the Plan period and reflected in the Capital Programme.

The opening of Edinburgh House (with its use of extensive open plan layouts and modern design) has provided a useful test bed for new approaches to office use in the MPS and more efficient use of Cobalt Square.

The recent approval of the Central London Estates Strategy including the acquisition of a substantial amount of good quality office space in Earls Court, West London which will enable Property Services to relocate a number of business units currently accommodated in poor quality buildings and ease pressure on those in NSY, by relocating a number of existing occupiers. The roll out of this strategy will extend beyond the duration of this plan period, although within the next two years a number of buildings will be vacated and disposed of or released. In addition, a number of NSY's existing occupiers will be relocated enabling accommodation to be refurbished for future use.

The nature of the MPA property interest in Tintagel House dictates that we do not spend heavily to upgrade the building despite the inadequacies of the space. Best value has to drive us in the use of the property. In 2004/05 and 2005/06 we will be relocating a number of major users as a follow on to DoI's move to Edinburgh House.

The review of warehousing etc. will enable us to establish the possibility of widespread renewal of this part of the estate which in the main is ageing and multi sited. The aspiration is to identify self-funding options (funding new space from the sale of existing units) on a mix and match basis. Users and OCUs are fully engaged in the study.

The development of the VRES bases will have a direct impact on front line policing.

The completion of the C3i Centres and their enhanced "platinum" standard maintenance is of course critical to MetCall and hence front-line policing.

The OTSU facilities require upgrading and cannot await wider solutions. The schemes are sensitive to the MPS and the local areas / communities. They have consequently been delayed due to Town & Country Planning problems but these are close to resolution.

In 2003 we started a joint initiative with DoI to improve the alignment of the MPS IT infrastructure with the estate strategy. Good progress is being made and we, jointly, expect benefits to flow through the plan period.

The Operational Plan will:

- Deliver the first phase of the Central London Estates Strategy including the relocation of a number of business users to a new office facility; the disposal of a number of existing assets and the relocation of further occupiers from NSY to enable refurbishment of floors within the building.
- Provide TfLfunded additional bases for TOCU.
- Review of warehousing, garaging and storage / related facilities for DoR, Traffic, Transport, TSG, OTSU, VRES etc.
- Deliver on expansion of VRES bases.
- Provide Lambeth Borough and others new office facilities in Lambeth
- See the completion of C3i Centres achieved broadly on time and budget in June.
- Enhance OTSU etc facilities
- Adhere Airwave site delivery on the MPA Estate
- Deliver CPS at point of charge – accommodation provision
- Bring the PFI South London Police Stations fully on line and deliver the cost savings from closures that we are committed to.
- Move Tintagel House to low density use (accepting that the building infrastructure cannot support full occupancy at reasonable cost).

Risks:

For commercial and operational reasons this section of the plan is designated as RESTRICTED and is not available.

Territorial Policing (excluding Step Change Programme)

Physical standards in much of the "Borough" estate are very bad. Cellular lay-outs, antiquated small custody units, poor front offices and "rabbit warren" buildings of considerable age mean high operating costs and poor utilisation. Most Borough Police Stations are struggling to accommodate existing staff let alone officer growth. There are also location issues where buildings are out of position when compared to crime hot spot locations.

It is now widely accepted that the days of major new police stations are past as they fail to deliver flexibility, offer poor resolution of the policing model aspects of community contact and, at upwards of £ 20m each (excluding land), are just plain unaffordable.

BTSC has addressed this issue head on and we are now looking to develop a "template" of provision that is cheaper, quicker to execute and flexible. We also have to face the fact that obtaining new sites may be possible in a few London Boroughs but, in the main, the dense urban fabric of London does not allow this as alternative uses and planning (Town & Country) demands drive up land costs along with density of use and dictates a building size / style that is unfundable in policing terms. The challenge is to find, together, solutions that provide affordable, modern and "fit for purpose" accommodation.

This means that increasingly we have to access and utilise commercial space and move away from "custom built" solutions wherever practical - or go without.

With colleagues in TP, Property Services are actively engaged in working solutions through on a pragmatic basis – which by definition has to be local availability driven – "grand building programmes" are clearly a thing of the past.

With limited immediate funding the Operational Plan is focused on the following:

- Delivering the TP / C3i "Integrated Borough Operations" (IBOs) facilities in each of the 32 Boroughs.
- Upgrades to Acton and Dagenham Police Stations.
- Resilience improvements.

- Schemes to deliver at least two "patrol bases"– these will be based in industrial or warehouse buildings, from the private sector, and converted using flexible modular units. They will be part of the new template of provision.
- Using the existing estate to the maximum – jointly moving away from ideal solutions to the workable solutions.
- Commencement of a modest number of new cell cluster schemes in 2005/2006 and delivery in future years.
- Improving utilisation by the use of minor works budgets, changing furniture and equipment and improving Property Services space planning / utilisation services (previously not available to Boroughs).
- Where opportunities exist changing working practices and seeking to exit expensive buildings.

The Operational Plan will:

- Deliver IBOs to each Borough
- Deliver at least two patrol base pilots
- Move certain functions and sites where "self funding" can be achieved locally
- Deliver "crime hot spot" improvements to a limited number of sites - including Lambeth
- Continue to roll out the new "affordable" version of the improved front office / counter upgrade – for statutory and service reasons (NB – the current upgrade has been reduced in cost by an average of 40% to 60 % as a result of joint TP and PS action).
- Deliver Borough Witness Suites, Sapphire and CPT suites.
- Re arrange space usage on a professional basis to improve standards
- Improve locker rooms where practical and to higher standards. Where possible move these away from basements.
- Introduce new furniture that is more flexible and efficient – including in late 2004/2005 new storage equipment.
- Pilot at least one new "custody cluster"scheme to ease cell shortage / demand issues.
- Continue the CPS at point of charge roll out
- Delivery of TfL funded TOCU space
- Adhere TOCU Central CJU– expansion with CPS
- Respond to externally funded and HO initiatives – e.g. Mobile Phone Task Force in 2003.
- Retentain Earlsfield for Wandsworth BOCU

Property Services

- Deliver major refurbishment of Acton PS
- Complete the cell safety programme and bringing at least 50 cells / custody units back into use.
- Complete Dagenham Police Station refurbishment – 2005/06 completion.
- Undertake Resilience upgrades – generators etc.
- Relocate of PCSO training.

Risks:

For commercial and operational reasons this section of the plan is designated as RESTRICTED and is not available.

Territorial Policing – Safer Neighbourhoods Programme ('SNP'):

Property Services are working closely with TP to deliver the necessary accommodation to support the SNP and Step Change Programme.

New property and new space at partner premises takes time (lead time) to deliver so it is essential that early action is taken.

With TP it has been agreed that this programme must not deflect Property Services from the major task in hand on the wider estate. Hence we have decided to create a new team to deliver SNP from the property end

The operational plan will:

- Provide a focused team to create new bases on the direct estate and on partner estates.
- Acquire, equip and fit out the new facilities.
- Maintain and service the new arrangements.

Risks:

For commercial and operational reasons this section of the plan is designated as RESTRICTED and is not available.

Specialist Crime Directorate (SCD)

As with all other units and OCUs, SCD is seeing major growth both within the estate and overall.

The pressures are high and in the public eye with a plethora of report recommendations for change and growth that are unaccompanied by any funding for accommodation or even to assist in improving process etc. (e.g. Lord Lamming's report)

There are also training linkages to HR, around detective training, due to the changing experience profile caused by officer growth and increased demands.

There are structural changes impacting on the Met as a result of welcome adjustments to the wider policing family. One example is the joint (successful but difficult) move of NCIS (London Region) into NSY and moves around the London RART team. The roll out of the National Intelligence Model (NIM) will undoubtedly add to these changes.

There could be a tendency for SCD to gravitate to the central London locations but ACSCD has given a strong lead that this is not affordable and that practices need to be reviewed.

Property Services fully recognises that the requirements of SCD may appear to be primarily for offices but there are real needs for top notch evidence storage, car parking, and special office type areas and so on. It will be essential to the delivery of the extra space needed that we jointly resolve these issues – including adapting present practices.

There is, additionally, the inevitable problem that these ancillary, but essential, uses are not easily absorbed into commercial office space without change. Inefficiency may result at the people level but these need to be robustly analysed around property cost, operating costs and achievability factors. This debate is ongoing with SCD and will need urgent resolution in 2004.

There is also a debate around security of intelligence assets and functions previously based at the heart of the Met (usually at NSY). There is a separate section to this plan dealing with NSY more generally but the key fact is that it is over full and cannot grow to accommodate demand (or even deliver best value utilisation).

An option to expand has been identified for 2004 but many of these operational issues remain to be resolved. If commercial space is not an option for SCD operational reasons the negotiated “growth budget” in 2004/05 will not be able to be switched to alterative direct property provision, as the sums will be inadequate, thus exacerbating the space problem for SCD.

The current space plans only meet SCD needs in 2004/05 and cannot accommodate growth / further investment thereafter. An alternative proposition is, however, under consideration.

The Operational Plan will:

- Deliver the upgrade to Lewisham PFI space for SCD.
- Provide the potential to expand to new space in West London to accommodate growth.
- Enable the opening of a new “Crime Academy” facility in West London.
- Deliver training space on a “short term” basis.
- Deliver a new command centre close to Central London.

Risks:

For commercial and operational reasons this section of the plan is designated as RESTRICTED and is not available.

Specialist Operations (SO):

In the centre most of SO needs have been met – but see section on NSY. Elsewhere most requirements are relatively modest and the operational requirement is allowing Property Services to provide via private sector commercial space providers.

The major area of concern is around fire-arms training – both initial and re-certification. As armed operations (including SCD and TP) expand, the debate around more routine arming continues, the needs in DPG and other units grow, the need for ever higher standards and the change in weapon of choice all create additional demand and change the facilities needs and their best location.

The main PFI centre is already running at or beyond capacity. Re-certification needs cannot be met as existing ranges are increasingly inadequate in standards terms and do not cater for non-pistol training. A review has commenced to re-evaluate needs. Solutions are presently unfunded on both the revenue and capital accounts.

Wider armed deployment will also generate funding requirements to expand and upgrade armoury sites. This is included in the review mentioned above.

The Operational Plan will:

- Expand MPS / MPA Heathrow estate capacity
- Support resilience plans
- Support incident plans (all levels)
- Maximise the training capacity at Gravesend
- Develop new relationship with BAA – particularly airside.
- Review capacity issues – particularly around re-certification.
- Provide continued support for DPG outside London.

Risks:
For commercial and operational reasons this section of the plan is designated as RESTRICTED and is not available.

Deputy Commissioner's Command

In the main, the business units operating with the DCC are accommodated within the Central London Estate. Much of the accommodation is aged and inflexible, and there is a need to improve and enhance standards. Whilst a number of these units work relatively independently of each other, there are certain synergies between some departments, which would support a move to co-locate certain functions.

The future occupational requirements of DCC have been included within the strategy for the Central London Estate. It is intended that within the next twelve months a number of teams will be re-located to West London to release space in NSY, Cobalt Square and Tintagel House.

Accommodation at NSY will be refurbished to support the second transition of staff from Wellington House to NSY.

In addition to these units, a further three satellite locations support the CIB professional standards team. These locations are based in the Southeast and Southwest and Northeast areas. There is an immediate requirement to provide a Northwest base and options are being considered.

The Operational Plan will:

- Relocate a number of business units to West London including those housed in NSY, Tintagel House and Cobalt Square.
- Relocate occupiers of Wellington House to refurbished accommodation within NSY.
- Provide a Northwest base for the CIB team.

Risks:

For commercial and operational reasons this section of the plan is designated as RESTRICTED and is not available.

HR & Training

The training estate comprises a number of units but the major provision is the Hendon Training facility including three, 1960's, residential tower blocks. The Hendon estate does, however, fulfil many other functions for the Met and indeed wider agencies and these will need to be borne in mind in considering options.

Hendon Estate:

The raised level of recruitment has required the MPA to access additional short term residential capacity from the MoD. Whilst this may not be fully needed in 2004/05 future year projections are showing that the owned residential capacity at Hendon will not be sufficient for our needs. The temporary MoD provision is not assured into 2005 as the site is earmarked for residential development.

The existing 1960's tower blocks provide sub-standard accommodation (none of the rooms are en-suite or have domestic electric power) and major refurbishment is well overdue. It may be more sensible for the blocks to be replaced with low to medium rise modern units. While some overdue repairs may be possible in 2004/05 the shear scale of refurbishment would not be possible to undertake in the short time window available (and there are no funds for such major work).

Hendon hence faces real risks of having insufficient residential accommodation to house extra officers or replacement officers both in the medium and long term. This will be a direct constraint on both the plans of the MPA and other stakeholders.

Replacement of the MoD space will not be possible unless the existing lease can be extended (short term). The MPA would need, as an alternative, to look at housing recruits in hotels which would be far more costly than the current arrangement (unbudgeted).

Working with HR, Property Services are considering alternative options to training arrangements, including reduction in the residential element of the specific training course and the use of non-residential training.

Even if funding solutions were to hand there is a further conundrum facing the MPA. Training of police recruits is currently subject to wider (Home Office) review and hence the future shape and demands for a training estate cannot be accurately predicted. Against this background it would be difficult, if not impossible, to produce an MPA business case (delivering best value) for massive capital investment.

Other HR Units:
The recent approval of the Central London estates strategy will facilitate the relocation of these teams.

The age, cellular layout and absence of modern access means existing buildings provide inefficient space that is expensive to maintain and operate. The multi-site nature also increases costs.

The majority of these uses can be relocated to modern alternative leased space in better value locations. Plans are well advanced to execute such a relocation and an investment analysis is close to completion.

On Boroughs there are a number of training rooms and facilities (mainly in police stations). Continued use, by HR, will undoubtedly come under pressure and together (with HR) we will need to review the most effective solutions.

There are also other initiatives that are unfunded including the proposed nursery provisions and prayer rooms (where we aspire to work towards ACAS guidance) etc.

Residential estate:

The policy for the main residential estate is shared with HR and a review, currently out to consultation, is due to go before the MPA in late 2004. With over 1000 units of accommodation and around 600 section house bed spaces the MPA capital tied up is significant (over £ 230m). This represents around 10 years worth of Property Services capital spend at current prices – its release could double front line investment.

Most other constabularies have exited direct provision of any scale. Indeed the existing MPA estate cannot fully meet the housing needs of new recruits and retention cases: to seek to do so is also totally unaffordable.

The MPS has consequently always sought to assist officers in accessing housing from other providers (the private sector, Housing Associations, key worker initiatives etc.). During the plan this activity will continue and, with MPA approval, could grow further. The offer to officers will hopefully be extended to Police Staff and it is planned to rebadge our joint initiative as “Property Zone”.

The Operational Plan will:

- Deliver minor refurbishment of part of the Hendon residential estate
- Improve boundary security and reception facilities
- Deliver guarding upgrades (phased)
- See the completion of Croft Gym and Simpson Hall capital schemes.
- Facilitate the relocation of central units (subject to Business Case and investment analysis)
- Continue the development, jointly with HR of the “Property Zone” initiative and extension of the service to Police Staff.
- Investment in Key Worker Housing Initiatives (funded by Resources Directorate outside Property Services own Capital Programme).

Risks:

For commercial and operational reasons this section of the plan is designated as RESTRICTED and is not available.

New Scotland Yard:

Demands for space at NSY are growing apace. In February 2004 Management Board approved a new space management and allocation regime upon which Property Services have been consulting.

The building simply cannot accommodate all central demands and we (MPS) have full occupancy which leaves no room for moves, improvements, etc. - in what is now a rapidly ageing building. If relocation of major users elsewhere can take place as planned it will allow us to regain “flexibility” space that is unallocated but managed short term to meet urgent demands. We are also planning “pass through” facilities on the line of a serviced office suite, to be run by Property Services, to allow even further flexibility.

There is clearly a need for the organisation (MPS) as a whole to address the demand for extra space at NSY in this plan period.

We also have to face the fact that NSY is ageing and will probably end its commercial life in the next 7 to 10 years.

Security and resilience issues continue to be addressed.

In light of these issues Property Services is preparing an analysis for the future as early planning is essential. Management Board will be briefed in late 2004 but we need to start to prepare an exit plan in 2004/05 and map an extended execution strategy due to the physical, financial and commercial constraints of the building and the related costs.

Property Services:

What we are doing:

- BTSC sets out our stall and strategic plan – this Operational Plan builds on that to meet the gap period.

- Resource is finite and PS will continue to promote the "project sponsor" principle, with the sponsor being outside Property Services. OCUs and Command lines need to adopt and deliver business cases for extra space. This need has now been incorporated into all decision reports going forward to Management Board. Property Services will stand ready to provide advice, input and guidance.

- We are seeking to expand, with Finance Services, the need for Command lines to feed into planning to ensure improved control and forward planning.

- We are building the data and systems we need (for this £ 1.5 billion asset) to explore / deliver solutions in the medium term. Until new IT and other working arrangements (in Property Services) are in place; agreed future solutions are not assured. Data also has to be gathered in a robust manner. Part of this plan is to make estate data available to FRMs and OCU Business Managers in the plan period. These new systems will be essential in delivering a compliant AMP to the MPA.

- There are also wider Town & Country Planning and Regeneration issues for the MPA and MPS to consider. Management Board has agreed that Property Services should lead on this area along with "Green Transport" in line with the Mayor's agenda. We have appointed advisers, who also monitor changes and planning applications, and are building a rigorous approach to obtaining, for the MPA, a proper share of developer contributions to public sector infrastructure. There is no reason why police facilities should not be included in this process and we are lobbying both the HO and ODPM to achieve proper recognition of our needs in London as expansion and change impacts on the demands placed upon us.

- The out-source FM re-tender (and immediate preparatory work) will be resource intensive and care will be needed to assess supplier resilience.

- A new team to support “Safer Neighbourhoods” and establish links with our opposite numbers across the GLA family and London Government in order to deliver this programme.

- Continue to play an active part in raising awareness of the estate problems amongst key stakeholders.

In an ongoing sense, capital funding remains under severe pressure. Allocation remains with the MPA, and on the recommendation of Management Board / RAC. We also look forward to building upon our inspection by HMIC during early 2004 which has fully endorsed the approach being taken.

Business Planning and Financial / Contract Matters

Both the MPS and MPA have identified the need to sharpen planning procedures and to align planning frameworks across the organisation and with other stakeholders (The Mayor / GLA etc.). This is being led by DCC and Property Services is inputting as appropriate.

Planning and approach to demand setting is particularly important to Property Services with the longer lead times and procurement processes that are inevitable in property terms. In the vast majority of cases property investment also involves longer term commitment so it is essential that demand is backed by a long term business case rather than short term and immediate “need” urgency. Failure to improve in this area of accountability and justification will leave the MPS open to charges of not achieving best value. Reacting to immediate and unresourced / approved demand also often deflects and ties up funding streams that could be better used on other policing priorities in subsequent years. At the same time there is a need to communicate to the MPA that, given the scale of the MPS and rate of growth, there will be a need to allow the MPS to be flexible about space growth against a commitment to deliver best value without specific long term plans. Long term plans in a policing context are not in the direct control of the MPS but strategic space need is and needs to be acknowledged and, in decision terms, endorsed.

Since mid 2002/03 Property Services has moved to requiring a project sponsor to promote and support new spend / projects.

At present we are working to a number of delivery models across the MPS which need to be reviewed and discussed further to minimise possible misunderstanding. In the plan period we are aiming to convince the Service that a unified model is required if best value, MPA confidence, progress and fast delivery is to be achieved:

OCU liaison and decision making:

As the MPS moves away from a property BOCU / OCU demand led decision making mode on property matters there is a need for BOCUs and OCUs, as well as Property Services, to understand the role shifts and the change to affordable provision and change in provision costing. This is a challenge to OCU Commanders at all levels and also requires a level of communication from front line Property Services staff that were not previously accustomed to such a Corporate approach. It also requires a level of understanding and co-operation across command lines in the centre. Early signs of developing this matrix approach are encouraging although inevitable difficulties are being experienced. We have to corporately limit our understandable aspirations within affordable funding windows and Property Services staff have increasingly to learn how to challenge "project creep" and the "plain unaffordable" on a face to face basis with OCU representatives without being negative. At the same time Property Services has to adapt to the external, direct, funders such as TfL. The MPS will only maximise Service benefit when we all focus on the funded and do able. Property Services will seek to play a full part in communicating this change and changing its own attitudes.

Other matters:

On the MPA Contract and Financial Regulations front awareness across all Commands and OCUs could be higher. With our colleagues in Procurement and Finance we will be addressing this in 2004/05 with a series of workshops.

On the property front we remain concerned with the fact that only the Director of Property Services can commit the MPA (sign documents), on property and construction matters (and some items may need formal MPA approval and The Clerk to sign or seal documents) is not widely understood. The Director of PS's powers in this area are rather new and if we all across the MPS fail to respect them we may end up with a slower process – which none of us wants or needs. It is important that all OCU's are aware that unauthorised signing of property or construction documents (even with partners) risks personal liability on the part of the person signing and may be outside powers ("ultra vires"). In 2004 PS will be publishing a guide to business case preparation and the financial sign off procedures (with our colleagues in Finance Services) in relation to property issues.

In 2003/04 the MPS Management Board agreed that PS should take the corporate lead on Town & Country Planning in London and on Green Transport. Plans are in hand to deliver on these fronts.

In early 2004/05 we were also, after consultation, asked by Management Board to set up a lead unit to support the MPS and all OCUs on the Governments and Mayors Regeneration programmes. Most of these external programmes have a heavy bias toward physical regeneration (i.e. property and the built environment) and while much can be achieved for the MPS locally the programmes are regionally driven. PS recognises the need, with the MPA, to fully engage with external stakeholders while also providing high level professional support to OCUs and BOCUs in this area. At present we are not punching our full weight in this arena which is closely tied to our existing activity on "planning". This unit will also be able to support BOCUs on Crime Prevention and Design issues.

The MPA policy on property sharing is a major issue for the organisation and can be found on the MPA internet site and the PS Intranet site.

Operational Support Group matters, within PS, are to be covered in a separate document.

During the Operational Plan Period we will also:

- Retender rating support (c £ 23m per annum liability) in preparation for the 2005 revaluation
- Retender legal and property adviser support to PS.
- Introduce new IT systems and seek to roll out access to OCU FRM's and Business Managers
- Deliver a new Residential Estate Strategy for MPA approval (with potential to increase capital funding for front line uses).
- Conclude the funding review with the objective to renew over 60% of the estate in the period 2006/07 to 2011/12.
- Modernise capital procurement procedures and requirements.
- Implement the pro-active role of PS in leading the MPS on Town & Country Planning matters

- Rebuild and implement our design team based on affordability and the BTSC “template” model.
- Continue to support the TOCU / TfL contract.
- Deliver solutions for CPS point of charge presence programme.
- Build and implement a team to deliver around Safer Neighbourhoods Programme.
- Adopt a positive PR presence with stakeholders and the wider property market.
- Contract out more “day to day” functions to reduce overheads and increase staff deployment to more strategic front line activity defined by NIM and the Policing Model.
- Reduce bureaucracy within, and re engineer, our processes to save costs / free funds.
- Aggressively pursue our Business Transformation Programme (and communicate our work across the MPS / MPA in 2004/05).
- Support urgent HMG initiatives on a “can do” basis.
- Continue to develop PS NIM compliant approaches – will also entail improved PS input to ACPO.
- Continue to expand and communicate the benefits of the new (Jan 2004) PS web site – including seeking to introduce new intranet based tools to assist Business Managers and FRM’s in their interface with PS.
- Maintain trust and delegation levels with the MPA to ensure speedy action / delivery.
- Engage all Command lines towards preferred model of the OCU interface.
- Deliver real results from utilisation and furniture initiatives.
- Quantum shift delivery on FM outsource retender.
- If approved set up a major initiative to work with and support OCUs on the regeneration agenda.
- With HR continue the development of “Property Zone” to facilitate and broker access to affordable housing in London for both officers and police staff.
- Continue to enhance relationships with key utility suppliers to seek to minimise the potential adverse impact on MPS operations arising from the ageing and increasingly unstable London networks.
- Continue to deliver Facilities Management to keep the Met “up and running”.
- Support potential integration of The Royal Parks Police.
- Investigate further best routes to keep our energy procurement “green” – including investigating the possible use of MPS sites for wind power projects.
- Lobby for the new financial framework (Prudential Code) to be property friendly in the Met’s circumstances.

Property Services

Risks:

For commercial and operational reasons this section of the plan is designated as RESTRICTED and is not available.

Diversity and Equalities:

The work of Property Services impacts across a wide spectrum of diversity and equality issues and we are aware of this.

In all areas of our work we seek to comply with the MPS and MPA policies and more importantly are working to become more aware of issues on a positive and pro active basis.

Much of our work involves the use of contractors and external suppliers and we require compliance with MPS / MPA standards of them. We would like to do more in this area but are constrained by both staffing and funding levels.

Support and positive action on our supplier base has to also conform with EU requirements. Never the less we are active with and positive towards the work of other London agencies to develop our activity and involvement in this area.

The Operational Plan will:

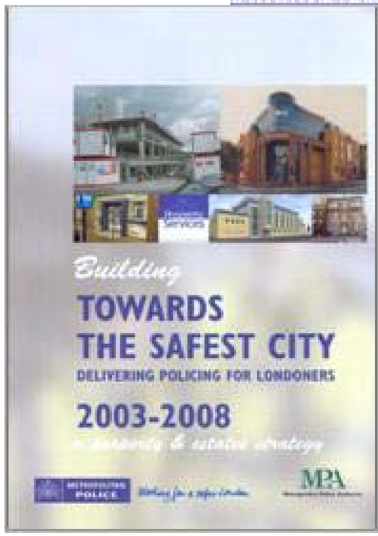
- Seek to deliver greater child care facilities available to officers and staff .
- Work with local OCU Commanders to meet, where physically possible and practicable, the guidance from ACAS in respect of religious observance.
- Particularly address sub standard, gender related, locker etc. facilities.
- Ensure new facilities are cognisant of the needs of diversity in terms of religion and sexual orientation based on ACAS guidance.
- Particularly address these matters in regard to the Residential Estate.
- Seek to provide appropriate facilities for representative groups.
- Through building work deliver, along with the wider service, compliance with Disability Discrimination Act standards.
- Engage positively with stakeholders to ensure Property Services stays alert to relevant issues and where practicable delivers solutions and needs without reference to statute.

It would be desirable to prioritise the importance to be given to items and matters arising under this heading but with a widely varying estate it is simply not possible to dictate a simple priority list. The under funding and wider estate pressures (growth etc.) mean that balances will have to be struck at a local level. To determine priority on a “demand led” or formula basis could well undermine future improved delivery and the achievement of best value. There is no simple formula to deliver a “correct” decision or priority at a local site. Property Services will be pleased to assist where needs are in conflict. But many solutions can best be balanced locally, by the people involved, and an open debate and discussion which is informed by legal requirements, organisation aspirations and, in unfortunately too many situations, just what is physically practicable or do able / affordable.

Summary Strategic Risk Assessment Table:

The following summarises the strategic risks identified within the plan. Action is ongoing to address the risks identified:

For Commercial and Operational reasons the additional information contained in this section has been designated as "**Restricted**" and is not available in this version of the Plan.



ASSET MANAGEMENT PLAN 2004/05 TO 2009/2010

PROPERTY SERVICES

<u>DRAFT March 2004 - RESTRICTED.</u>

CONTENTS

1. INTRODUCTION:

The Metropolitan Police Service (MPS) came under the control of a Police Authority (MPA) for the first time in 2000, having previously reported to the Home Office.

This has seen a major shift in the financial regime of the Service and a need dramatically to adjust related policies including property. However, accounting and related matters, such as Asset Management Plans (AMP), are only part of the story.

Property Services (PS) is responsible for an asset base worth over £1.5 billion, covering 600 buildings and comprising more than 6 million square feet of accommodation. A very sizeable estate that has, hitherto, not been subject to AMP or indeed an asset management led approach.

The historic role of Property Services was that of “builder”, rather than asset manager; and the provider of support in the way of maintenance.

In 2002 this approach was radically overhauled with the appointment of a new management team in PS and the adoption (in 2003) of an asset management led approach. Property Services also became a solution partner, rather than a support service, to front line policing and through the MPS Management Board now acts as strategic demand adviser to the Service as well as managing the assets. This unique position has been approved by the Metropolitan Police Authority (MPA) and is seen as an essential balance to the relatively frequent changes in user / police command lines and helps bring a longer term perspective to both the MPA and MPS.

Overall, Property Services also has a matrix reporting line to the MPA in respect of stewardship of the estate in the medium to long term.

In 2002/03 a fully compliant valuation of the estate was undertaken for the first time and led, with other actions, to the MPA’s first set of unqualified accounts.

Against this background the move to a full AMP approach will require action over time and further investment and change in the underlying operations of Property Services. Evaluation and data collection to enable the production of a full AMP is essential whilst also ensuring the 5-year plan is available as required. Inevitably, the 5-year plan will be a “stepping stone” to the production of an increasingly more detailed AMP from 2006 onward.

The challenge of producing a property AMP is further complicated by the fast change in policing needs as result of legislation and court decisions. The MPS is also in a period of growth and a major shift in the policing delivery model. All this impacts on demand. Core officer growth has seen funding solely focussed upon officer and police staff pay, with no allowance for deployment accommodation and hence there is real strain upon the estate. There are also countless studies (“Open All Hours” and “Action Stations” particularly) that have focussed upon the inadequacies of the Police estates across the UK. Commendable as these studies are there has been insufficient capital funding to underpin the findings.

In the MPS around 30% of the estate dates from before 1935 and is thus intrinsically not fit for purpose, offering poor value for money in efficiency / utilisation terms. In addition, there is a huge maintenance backlog (capital and revenue) which is roughly doubling every 2 years; a mis-located estate for crime / police needs in 2004; and a major part is of the estate is “over occupied”, hence denying local options from an asset management perspective.

Most of the estate is in continuous use and this coupled with increased security resilience arising from the threat of terrorism, makes comparison with the public sector’s comparability data impracticable. Fuller statistics are included in the body of this document.

To tackle this situation the MPA and MPS have produced a property and estates strategy “Building Towards the Safest City” (2003) which sets out the alignment with the policing plan; and the way forward to develop property solutions centred around AMP philosophy and policing demands. Both the MPA and MPS have accepted that bringing data, systems and solutions forward will take at least two years. This is considered responsible and reasonable for an estate, which by then is likely to exceed £1.8 billion in value.

These approaches are intrinsic in developing a fully detailed AMP and indeed are considered an appropriate AMP approach for an Authority at this stage of maturity.

The following document sets out in further detail how the MPS and MPA will develop and implement a compliant AMP, the special circumstances in the policing environment that need to be reflected (in comparison to conventional “local authority” AMP documents) and the investment / key decisions required to achieve the compliance goal.

It is also worth drawing attention to the fact that in 2003/04 our property strategies and compliances were inspected by both the Audit Commission and Her Majesties Inspectorate of Constabularies (HMIC) and fully supported.

2. THE ROLE OF PROPERTY SERVICES:

Most local authority property AMP's have an end user input quite distinct from the property team co-ordinating the production of the plan. In the police service the end user AMP input has to survive changes in command line responsibility and seek to produce a consistent plan for the Authority. It is the role of Property Services, therefore, to take a more pro-active role in the development and demand side of the AMP in the MPS.

In the MPS, with a staff of over 40,000 people and an estate that is large by any comparison with other local authorities, there is also a need to segment the plan into key components:

a) Central / Pan London Estate – primarily large offices.
b) The Territorial Policing (or Borough) Estate - mainly police stations and related hybrid buildings.
c) The Training Estate – mainly located at Hendon
d) The Warehouse and Storage Estate
e) The Special Needs Estate – mainly to do with forensics, vehicle examination etc.
f) The Residential Estate
g) The Partnership Estate - utilised in partnership with or provided through contractual arrangements with other agencies – mainly Criminal Justice facilities (with the Crown Prosecution Service) and the Transport OCU (with Transport for London)
h) The Protection Estate – properties held for covert or other roles of the MPS (such as Royalty and Diplomatic Protection) – including properties beyond London.

The MPS Director of Property Services holds substantial delegated powers of a financial and contractual nature for the operation and maintenance of the estate and these along with reporting requirements are set out in the MPA Financial and Contractual Regulations (and other policies / documents).

While Property Services is responsible to the MPS for the operation of the estate it is also responsible to the MPA for the stewardship and asset management aspects of the estate.

3. Current position on property assets and plans

- The estate comprises over 600 buildings and the residential estate adds a further 1,100 units.

- The estate was first fully valued to required standards for the MPA accounts 2002/03. An annual valuation plan is in place and will be expanded from 2005/06 to gather additional data required for a move to a full “asset management” led approach.

- In 2003 the MPA approved a new property strategy “Building Towards the Safest City” which aligned priorities to the Policing Plan.

- Forward works plans and “maintenance backlogs” are produced annually (see below).

- Property Services is currently consulting within the MPS on a Property Operational Plan (and Strategic Risk Assessment) for the next three years.

- A strategic review of the Residential Estate is currently in preparation and should be placed before the MPA in the Summer of 2004.

- While the MPS officer numbers have been growing, additional funding has not included an element of extra funding for deployment accommodation and hence density of occupation has grown rapidly.

- To utilise asset management and AMP fully the MPS and MPA need access to timely and complete revenue costs of property. As a result of maintenance and FM outsourcing some 5 years ago, this data is not available to Property Services. Even if it was, we do not have the systems to handle the data. Replacement contracts are still some 2 years away. In the meantime, while the providers are assisting us in gaining better data, the MPS is locked into the current contractual position, which hampers AMP development. The AMP data needs are included in the planned re-tender that will go live in 2007 on current plans.

The Property Strategy identified headline issues:

The estate (valued at c £1.5 billion excluding Work in Progress) requires funding, ideally in the order of £75m of capital re-investment annually; given its age and intensity of use for police purposes. Yet funding of just £21m was available in 2003/04 and this was mainly required for other property programmes in support of front line policing or to meet new legislative / statutory requirements.

The maintenance backlog at the end of 2003/04 was c £82m and is roughly doubling every two years.

Current Property IT systems are inadequate for the scale, management complexity and AMP needs. A new system is expected to be delivered in 2004/05, but data collection will have to be allowed to mature before a wider asset management benefit can be utilised.

Given the scale of underfunding and the age of the estate there is clearly a need to carry out a comprehensive study of the estate in order to develop solutions that are affordable and accord with best value, best professional property practice and ensure that asset deployment is delivering long term value. There is also clearly a need to renew or replace large parts of the estate in order to deliver flexibility, improved utilisation, lower maintenance costs and to ensure capital investment is appropriate in asset management terms. The MPA has agreed that this programme development will take at least two years to complete.

In adopting an asset management approach there is also the fact that most police buildings are relatively unique in town & country planning terms. As a consequence, assessing open market value or alternative use value is complex and requires much greater investigation than for many local authority estates. In assessing existing buildings, redevelopment potential also has to be considered. The MPS is now addressing this and Property Services is leading on town & country planning for the Service – both in asset management terms and wider issues (planning gain, green transport and the environment).

Going forward we will also need to consider new financial freedoms and the potential to consider property funding for example possibly via securitisation, bonds and Real Estate Investment Trusts (REITs) as well as more direct borrowing.

Producing an Asset Management Plan:

The factors previously listed clearly demonstrate that producing a fully detailed AMP is not practical, possible nor indeed desirable at this stage in the strategy roll out. To attempt to produce a full AMP at this time would risk continuing to accept that the current estate is fit for purpose, and to “build upon it”, and that is clearly not the case.

In preparing this plan Property Services has sought to show that AMP principles are being adopted and that a programme is in place to move to full AMP compliance.

External and Internal impacts on AMP:

There are key influences on each segment of the estate, which have to be reflected in the AMP:

a) **Central / Pan London Estate** – Primarily a scattered collection of offices acquired or leased over the last 40 years. There is predominance of 1960’s and 1970’s buildings. The multi-sited nature creates additional operating costs (revenue and capital) and the age profile is creating capital renewal demands at an increasing pace regardless of MPA tenure.

b) **The Territorial Policing (or Borough) Estate** - mainly police stations and related hybrid buildings scattered across London and the 32 Boroughs. Over 40% are pre 1940 and most are of a design / layout that is both inflexible and also little changed from the compartmentalised buildings of the pre 1920’s era (when upper parts were residential). They are, in the main, inefficient, expensive to maintain and fail to offer the space required for policing in 2004 and beyond. The standards for “beat” officers in particular with dark, dingy and often damp basement locker rooms are simply unacceptable in 2004.

c) **The Training Estate** – mainly located at Hendon the estate dates from the 1960’s and the main Peel Centre is broadly incapable of adaptation or upgrading at reasonable cost to achieve AMP value. It comprises, mainly, of three residential tower blocks (offering non en-suite rooms) and a podium level collection of rooms, lecture areas and related support needs. Other Forces in England and Wales have their training needs delivered by Centrex but the delivery of training in the MPS is subject to review by the Home Office (expected 2005/06). Until that report is available it is impossible to make any asset management plan for the much needed capital review of this part of the Hendon estate.

d) **The Warehouse and Storage Estate** – a standalone asset / property review, with alternative options to move forward, of this segment has been started and will enable a strategy to be developed in the latter part of 2004/05. We tentatively anticipate that a major repositioning will result with a major contribution from released sites.

e) **The Special Needs Estate** – mainly to do with forensics, vehicle examination etc. this segment is being predominantly reviewed along with warehouse and storage estate above.

f) **The Residential Estate** – a strategic review with options will be presented to the MPA in Summer 2004. Once the strategic way forward is decided, a separate AMP will be produced.

g) **The Partnership Estate** - utilised in partnership with, or provided through, contractual arrangements with other agencies – mainly Criminal Justice facilities (with the Crown Prosecution Service) and the Transport OCU (with Transport for London). The major part of this estate is provided against special contracts or SLA's where the costs are not primarily met (capital and revenue) by the MPS. No AMP is presently planned for these properties.

h) **The Protection Estate** – properties held for covert or other policing roles of the MPS (such as Royalty and Diplomatic Protection) – including properties beyond London. Given the sensitivities involved, the AMP for these properties will be based upon the principles adopted and will not report on individual properties.

Of course the estate is not, in practice, so clearly defined and to achieve optimum utilisation sharing / mixed use will continue to be encouraged and indeed promoted.

Broad principles adopted in the production of the AMP:

The following principles have been identified and applied to the production of the AMP(s) based on available data and the MPS approach to property in support of front line policing. As noted elsewhere detailed data and figures will only be available when appropriate systems are in place and a full data set of at least three years experience has been collated:

Police Stations: Until recently these comprised highly compartmentalised buildings with an emphasis on “civic design” and as result offered poor net to gross floor area utilisation and poor flexibility. Such grand buildings are no longer considered appropriate as the elements become more sophisticated. To maximise use of the buildings in a flexible and modern fashion the “template” for provision is being reviewed and early stage reports suggest that by removing certain elements to commercially available space the overall volume of buildings can be significantly reduced reducing running and provision costs. It is also proposed to move towards more welcoming buildings for community / public interface (e.g. shops). In AMP terms, particularly with pre 1970’s buildings the larger than needed volume of these buildings combined with the “civic” designs has increased maintenance costs and this lesson will be taken on board for future designs and capital investment decisions.

Offices: Historically the MPS has been focussed on building ownership rather than the use of other options. As a result a large number of offices are located in converted former stations and other buildings not originally designed as offices. The result is poor utilisation and expensive running costs. In part this is due to the need for building resilience but this is not impossible to achieve in the commercial markets. The over arching MPS AMP policy is to seek to relocate to modern purpose built offices (leased or owned) and to dispose of the older buildings. These uses, if segmented, will also allow the MPS to exploit the benefits of flexible / transient working, remote working, open plan layouts (such as the Soho Square and Edinburgh House pilots), wireless technologies and other aspects of a modern 21st century approach to offices.

Storage, workshops and garaging: On the operational front the legacy police stations, with their yards, are no longer suitable for today’s police vehicles – many were designed for the horse! Pilot projects are underway to asses the use of “Patrol Bases” as a lower cost / more effective solutions. In the main these will be industrial / warehouse buildings (modern) which can be fitted out for the specialist vehicle and parading needs of TP and particularly TSG. Other garages are old and converted structures and warehouse needs date from when operational imperative arose. Now is an appropriate time to consider amalgamation and replacement.

4. Moving to a full Asset Management Plan:

From previous sections it can be evidenced that the MPS is fully aware of the need to consider property in the corporate “round” and that an asset management professional approach is essential. This has been agreed and endorsed by the MPA.

As steps are taken to implement these strategies and move into the implementation phases, the MPS and MPA will be able continually to move to meeting the formal requirements of local authority AMP. It is suggested that this meets the need for an AMP in an appropriate manner.

Previous sections have also demonstrated the investment requirements to support an AMP approach as well as the production of an AMP.

As progress is made it will be reported upon to the MPS and MPA.

In essence it has been recognised that:

Adopting a detailed AMP approach to the existing estate would be inappropriate as enough data exists to show that the current estate is woefully inadequate and offering poor value and failing to meet user need. The MPS are moving to a radical renewal programme. To wait and apply a full AMP to the existing estate would be both expensive to do and expensive while the holding period for the existing estate was extended (while the work was carried out).

That with an estate as large as that of the MPS asset management infrastructure (IT and out sourced provision) needs to be in place alongside moving to an asset management approach.

That the time spent, and the expense incurred, in research on user and stakeholder opinions (which would need to be influenced by funding availability) is not appropriate now – we know how poor the estate is and are facing up to it. These elements are best used as repositioning takes place.

That the existing capital programme (and indeed revenue budgets) are grossly inadequate to address the scale of the problem. The MPS feels we must focus on a programme of renewal rather than adopting overly complex procedures, which will divert resource for little benefit, although due process in the interim period will be necessary (see Appendix A).

Other salient issues:

In considering the AMP approach there are numerous other facets to be addressed and the following are considered key:

Construction Procurement: There is undoubtedly benefit and additional value to be gained from reviewing our processes and this is in hand (February 2004). In particular we must challenge our definition of need, space allocation, police standards and how best to allow construction bidders to innovate. Innovative measures such as contractor partnering and a number of the "Egan" principles are presently of limited value in the MPS with current tendering procedures (which in part are set at an EU level). MPA members also set great store by fixed pricing and delivery on time, which also makes innovation difficult. Steps are in hand to review MPS standards and specifications, we are moving to a "design and build" approach to allow limited contractor innovation and we are redefining what a police station actually is (reducing volume and the site focus of uses that make up the modern police station). In London, with its dense urban fabric and competition for land, we also have to be cognisant of what is achievable – the best ideas need to be implementable and not require unavailable sites (actual physical and cost). Unfortunately many of the Egan innovations would require external changes in public sector procurement to harness the benefits for the MPA.

Design: There are now, and have been for many years, a plethora of design initiatives around police stations. Some are contradictory. "Action Stations" highlighted the need for a flexible estate that could change rapidly to different needs and geographical shift of crime patterns. But there is still a demand that Stations are "Civic" buildings – usually meaning massive permanent structures. "Open all Hours" details the conflicts of front desk access (but not the move to "e" contact and non-emergency telephony), which is widely understood – that is the mixing of bailees and general public. Yet the Design Council and others still fail to see this conundrum and totally fail to address the multiple function of the front desk – and with it the need to protect officers and staff. One recent study in the MPS with interested parties actually suggested the deployment of an officer at the entrance to act as a "greeter" which is clearly unaffordable and an inappropriate use of a sworn officer.

Co-location: Partly related to design where many parties seek to use police stations as quasi “community centres”, probation offices and local authority officers. Most MPS buildings are not suited to this use, security issues often mean it is unachievable and the loss of space would be at the MPS’s detriment. This debate also rarely contains discussion of funding issues. The Police cannot be expected solely to shoulder this co-location and in 2004 there is still an absence of financial support around this area of debate. There are notable exceptions (CPS and Transport for London) and while the MPS will continue to play a part in the co-location debate does not consider the space demands a matter for current AMP approach.

5. Programme for Implementation and Resource options:

To deliver an AMP plan is entirely feasible provided the programme for full delivery is acceptable as part of the AMP approach.

The MPS faces the constraints detailed in previous sections including:

- The need to deliver new IT systems
- The need to build data history to assess asset performance
- The need to adjust out-sourced contracts at renewal
- The need to balance research among users / stakeholders given the known poor state of the portfolio.

In Appendix A (Secondary Requirements) the MPS has responded to key issues posed by the MPA and clearly further discussion is needed to move to a consensus.

Property Services and the MPS have particular concerns around resourcing to achieve the MPA aspirations. In the main these are as a result of the size and complexity of the estate and the available resources within Property Services to meet the expectations.

In particular:

a) The MPS would not wish to see “open bidding” for capital projects across the organisation, which would unduly raise expectation, be expensive and unproductive, deflect PS staff from delivery as a result of the paucity of current funding levels, but supports the need to prepare a prioritised capital programme for new investment as outlined in the Authority’s Capital Strategy.

b) The aspiration for “comprehensive space audits” is totally unresourced at present and would add little value as the MPS accepts that current use is constrained by poor buildings and under-investment.

c) The aspiration to research user / stakeholder satisfaction is a mixed responsibility with OCU's and BOCU's and in any event (through existing routes) the MPS is aware of wide spread dis-satisfactions and concerns. The MPS believed PS resource would best be deployed on radical solutions rather than collating data on what is already known.

d) The MPS / Property Services feels that to deliver best value it is essential a renewal programme approach is embedded in the MPA AMP, rather than a project distribution mechanism for limited available direct funds.

APPENDIX A

DRAFT ASSET MANAGEMENT PLAN (Property)

Primary Requirements:

Organisational Arrangements:	**MPS Response:**
1. Capital Strategy Forum	The Capital Strategy is approved by the MPS Resource Approval Committee (RAC), via the Capital Strategy Board, on advice from the Estates Policy Group, which is chaired by the MPS Director of Property Services and attended by appropriate representatives fro all major parts of the MPS (including Finance Services). RAC reports to the MPS Management Board and approves all papers going to the MPA.
2. Formal Terms of Reference to include AMP and its application	While formal terms of reference do not currently include AMP this can be easily remedied and agreed with the MPA.
3. Evidence that the forum – a) Progresses the AMP and ensures appropriate approval by MPS and MPA b) Ensures that the AMP is informed by and supports other key service plans and objectives c) Meets regularly	a) Formal minutes of the Estate Policy Group can ensure the evidence is available and the same can be arranged for RAC / MPS Management Board. The MPA controls its own evidence and that will be possible to evidence. b) Property Services produces a strategic plan (and reviews it) and an Operational Plan (and reviews it) and reports on these to the MPA. These plans are directly linked to Service wide plans and objectives and hence met the criteria set out. The Capital Plan is also annually reported to the MPA for formal approval. c) The minutes of the EPG can be made available and the EPG does meet regularly.
Data Management:	
4. The Director of Property Services ensures a record is held and maintained of basic	Property Services currently holds only very basic data and this is regarded as inadequate for a full AMP compliant approach. Steps are in hand to update the relevant IT systems (2004/05) but it will take a further 3 years to populate the system with the needed data to provide a reliable

core data on all MPA Property	data set for AMP purposes.
5. The validity of the data has been tested	Only sample testing will currently be feasible. In terms of occupation levels full testing (across 600 buildings of more than 6 m square feet) is a sizeable task and will not be possible to report upon until new IT systems are in place. It is proposed to review the scale of space audit that is required as experience is gained – at present the scale of resource needed for full space audit is unfunded.
6. AMP can demonstrate a clear understanding of portfolio data required.	Property Services is confident that the new IT systems can demonstrate this within the AMP context. Collecting certain types of data (e.g. occupation) given the high level of changes in a Police estate can be in appropriately expensive – see also item 5 above.
7. Statistical data on the portfolio condition is included in the AMP and backlog data is included in the AMP	The MPS doubts the value of the old A to D condition categories as it misses the wider asset suitability / sustainability issue. Similarly while full backlog data is available it would only be sensible to include strategic data in the AMP. The aim is for the AMP to reduce the backlogs and usability of the portfolio through strategic asset management led intervention rather than reporting on historic situations which need to be exited to achieve best value / fit for purpose buildings. Full details will need to await the IT systems in support – see Item 5.
Performance Management, Monitoring and information:	
8. The Director of Property Services annually reports to the MPA on portfolio performance and related capital programme.	Property Services can readily report at a headline level but more detailed reporting (and some key areas) will not be available until IT systems are in place. The MPA will need to agree, on advice from the Director of Property Services, the level of detail required as at some point cost disbenefits will occur in the cost of collecting certain areas of data. Very detailed reporting will also require additional resourcing in Property Services. KPI's will need to be agreed and related to any changes in Policing demands during the AMP measurement periods.
9. Progress and Performance reporting to MPA	Property Services currently do this in conjunction with Finance Services. As estate renewal programmes take shape in future years it is anticipated that AMP improvement will take place alongside the Capital Programme and draw on funding sources other than the direct MPA programme.

Programme and Plan Development and Implementation	
10. That the AMP outlines the property related requirements and the programmes intended to meet these requirements (acquisition, disposal etc.)	Property Services anticipates that the AMP required going forward (2006/07 and on) will need to be much more sophisticated than is stated and will primarily be built around an AMP to achieve renewal and replacement of at least 60% of the current estate. As current capital is so inadequate for the task, then recycling of the inherent estate value will (subject to the Authority's policy, included in the Capital Strategy, that property disposal receipts are not automatically ring-fenced for new property acquisition/renewal), need to be utilised and as a consequence the MPS and MPA will also have to have regard to external market conditions (property and finance). It is anticipated that these plans will involve "delivery packages" rather than the more conventional sell / buy approach of previous annual programmes. Given the lead time for property provision the MPS believes at least a ten year plan will be needed from which packages can be drawn as they become capable of execution. On the demand side the MPS will endeavour to identify needs but Police experience suggest that change / growth is unpredictable. It is for these reasons that the MPS is proposing a more flexible and responsive estate of the future rather than an annual shopping list of demands.
11. Director of Property Services methods for appraisal and prioritisation.	The MPS believes a wholesale renewal of the estate is needed to provide a more flexible and responsive estate to meet policing needs, which often occur through external political requirements. Property Services will adopt agreed project and programme techniques in support of this approach. Given the inadequate direct capital funding the MPS believed it is essential that prioritisation is only retained in the sense stated for the direct capital programme and, due to the scale of demand, that this be agreed by Management Board. To encourage bidding from users and OCU's would be unduly expensive as a process and only raise expectations inappropriately. The MPS fully supports a more radical realignment of the portfolio to achieve AMP objectives. EPG chaired by the Director of Property Services would advise Management Board.
12. A 5 year capital programme be developed to include receipts	An interim programme can be produced but as previously stated the MPS expects to draw up a 10 to 20 year plan from 2006/07. This will enable the anticipated estate renewal programme to

	be assessed and approved (and subsequently reported upon) by the MPA. This will also change the emphasis from "disposal" to trading in old properties for modern replacements (often in packages).

Secondary Requirements:

Organisational Arrangements for Corporate Asset Management	
1. Property Services + EPG / Forum challenges and reviews use, provision and performance of assets	This function is the "business as usual" role of the Asset Management Division in Property Services. Strategic progress and project specific reports will be made as appropriate to EPG. The challenge etc role is, however, an executive function approved by MPS Management Board. It would be impossible to deal with this at EPG given the scale and size of the MPS portfolio. It will be a result of this review process that the AMP will identify renewal packages.
2. Forum to take account of stakeholder satisfaction information relating to property.	Data shows that at present stakeholder satisfaction is very low for understandable reasons so the MPS does not propose to seek extra funding to survey this subject across 40,000+ staff and related stakeholder users. MPS Management Board accepts the present position is most unsatisfactory for the reasons previously stated. Where appropriate the renewal projects will provide opportunities, upon completion, to survey users and stakeholders EPG will commission such feedback and report upon it. Property Services also maintains wide contact within the GLA family and with the property industry.
3. A lead MPS Member holds responsibility for the MPA Property resource	This is fully supported by the MPS who would anticipate that the Member also be experienced in property matters on a scale that reflects the size of the MPA portfolio.
4. Director of Property Strategy involved in capital strategy	This is current practice and MPS Management Board would support it continuing.
5. There are references to property asset implications in	The MPS already operates in this manner and indeed requires that all reports to Management Board also contain such information.

corporate policies and strategies	
Consultation:	
6. Evidence that processes are being developed to obtain feedback from services, users and occupiers and that these findings influence continuous improvement of property	See also answer to 2 in this section – above. The MPS accepts that present conditions are in the main totally unacceptable and does not propose to seek ongoing confirmation of this across 40,000+ people. The preferred approach is to concentrate on improvement projects and the impact in satisfaction terms. When a majority of the estate is up to acceptable standards then sample surveys may become more relevant – but that is a long way off. In terms of other stakeholders processes are already in place at local, OCU or BOCU levels and these will continue although they are not Property Services led.
Data management:	
7. The Director of Property Services has undertaken a full survey of future property requirements for the portfolio.	Future requirements can only be assessed on data known at the time of forming a view and as much change is driven by external change it is not possible to anticipate all requirements in detail. A strategic review is possible and is carried out to inform AMP. The key issue is to survey the existing estate, which is clearly not fit for purpose and requires substantial renewal. Given the scale of the MPS estate this is not programmed for completion for a further 2 years, although work is ongoing.
8. Director of Property Services has identified a programme of necessary improvements.	Needed improvements to the existing estate are clearly unfundable and in a strategic sense would offer poor value for money. Property Services and the MPS have agreed that what is needed is wholesale renewal through a self funding route and work is ongoing to test the feasibility of such an approach. It is this approach upon which we intend to base the AMP.
Performance Management, monitoring and Information:	
9. Clear evidence that the Director of Property Services is developing performance measures	This cannot be achieved without suitable IT systems (see previous comments) but the IT specification and related restructuring of Property Services clearly demonstrates and evidences the development underway.

10. Evidence that performance measurement feds into a process of continuous improvement.	Given the scale of the issues and the present estate condition this will be assessed initially on a project-by-project base until such time as wider estate reporting is practicable. Measurement will need to take place over extended periods.
Programme Plan Development and Implementation:	
11. The AMP demonstrates the MPA has identified the implications for property which arise from MPA Objectives.	Hopefully the MPA endorsement of strategy and agreement to the 2 to 3 year plan to develop a fully assessed AMP achieves this.
12. The AMP demonstrates the MPA has undertaken a thorough investigation and analysis of the gaps between the future requirements and current provision and performance of the MPA's present property assets.	This is seen as a task for the MPS and Property Services. The MPA have already been advised and agreed that it will take at least two years to be able to fulfil this AMP aspect.
13. The MPA has identified and appraised the options for closing these gaps.	This will only be possible in the future – see answer to 12 immediately above.
14. The AMP outlines the MPA approved 5-year strategic action plan based on this analysis.	An estate of £1.5 billion+ and a capital programme of c £21m per annum clearly fails to address the AMP requirement and any 5 year programme will need to be an interim AMP while the more urgently needed and radical AMP is developed for estate renewal.

APPENDIX B

Capital Strategy – Property Aspects Only

Primary Requirements:

The Strategy:	**MPS Response:**
1. Strategic guidance and cross cutting	As Property is seen as the No.2 Corporate risk a separate section is probably required.
2. MPA strategic corporacy	N/A
3. Identifies all key aspects of capital expenditure within the MPA	It would be helpful if adequacy and need / liability were captured here to reflect property aspects.
4. Prioritisation of Capital Works	Please see Property section (Appendix A) on this as the concept of prioritising an inadequate budget is dealt with there.
5. Revenue implications of capital projects	Attention is drawn to the proposal for property to be managed under AMP on a Programme not Project basis and that there is potential for revenue benefit – although data delays are embedded due to the constraints stated under property.
6. Reviews and development plans	No additional comments
7. Stakeholder / partner views	See comment on property – this debate has to be within a funding envelope if it is be meaningful.
8. Key partners and partnership	See Property section – MPS objective to broaden and share the state of others more rather than just accept incomers to the MPS estate.

Secondary Requirements:

General Content:	
1. Requirements for capital bidding	See property section – considered wasteful and unproductive to encourage general bidding for a totally inadequate funding pot, though prioritised approach of capital strategy is helpful.
2. Approach to PFI and PPP	In Property terms: Both seen as inflexible and hence expensive routes. Provider status sets rate of return required and hence devalues underlying security of MPA as customer. Direct deals with institutional funders could dramatically reduce costs to MPA. Fails to deliver flexibility / change inherent in police demands on a property estate.
3. Procurement – e.g. Egan report	See also Property section. Egan report is contradicted by public sector procurement rules and requires a much greater in house investment in specialist staff. Action outside grant of MPA / MPS. Better value options available rather than leaping to Egan principles. Also referring to Egan embeds the “direct build” route, which the approved strategy is moving away from for reasons stated in the Property Services AMP document.
Partnership Working:	
4. London partner connections etc.	Property Services has a role here but is not the lead. Further discussion would be welcomed.
Performance Measurement & Monitoring:	
5. Deployment of capital resources to achieve objectives etc.	Please see property section. In effect allocation so woeful as to be subtracting from objectives.
6. Performance measurement communication	Property Services is linked to GLA family Property Group and the Police Property Mangers Group.

7. Management Measurement and Monitoring of capital programme	Please see Property section response.
Cross Cutting Activity:	
8. Evidence on improved outcomes and innovation etc. (including shared use of accommodation)	See property section for full details. Given the strain on the MPS estate (as growth came with no funding for deployment accommodation), for the MPS to welcome incoming sharers is increasingly impractical. Little evidence of London wide shift of partners allowing MPS to share their estates – also barriers relating to MPS security and officer safety.

Metropolitan Police Service Vehicle Asset Management Plan

Vehicle Replacement Cycle

The majority of the MPS fleet is outright purchased; therefore vehicles are replaced to established criteria relevant to the role (operationally task) and the duty number (the equipment fitted to the vehicle). The criteria have been established to maximise the capital investment, whilst replacing vehicles prior to significant increases in running costs (i.e. large component failures), with also the likelihood of increased vehicle downtime and therefore poor operational availability.

The is expressed as a balance between age and mileage, for example response cars (excluding traffic) have a life of 30 months, with an estimated cumulative mileage of 90,000.

Unplanned Expenditure

The main considerations in the event of mechanical or collision write off are the current market value of the vehicle (including specialist equipment), the total estimated repair costs, the length of time to complete the repair, the vehicles remaining operational life and the operational need for the vehicle. This element of unplanned expenditure is estimated year on year and included in the capital programme.

Replacement Profile

It is always assumed in the annual vehicle replacement programme that vehicles are replaced ‘like for like’, with any upgrades funded by the necessary downgrades in the fleet, this from within the appropriate Business Group. The annual capital requirement for vehicles due replacement is established from this baseline using the current model selection for each role. To find the most cost effective solution for operational use selection for vehicle roles is done via an engineering and whole life costing exercise.

Schedule 12

Revenue Budget Implications of Borrowing to Finance Capital Expenditure

	2004/05 £m	2005/06 £m	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m
Capital Financing Costs						
Unsupported borrowing	0.0	3.9	6.1	7.6	9.0	10.3
Supported borrowing	16.5	16.7	17.2	17.8	18.3	18.8
Total	**16.5**	**20.6**	**23.3**	**25.4**	**27.3**	**29.1**
Unsupported Borrowing - Step Change Programme Tranche 2	0.0	0.0	2.2	2.7	2.4	2.3
Total	**16.5**	**20.6**	**25.5**	**28.1**	**29.7**	**31.4**

Calculation takes account of decision taken at MPA Finance Committee on 23 September 2004 to reduce capital budget by £4.509m in respect delays in the Step Change Programme initial year costs.

Initial calculation only takes account of first tranche of the Step Change Programme. Subsequent capital costs are to be funded from unsupported borrowing and are included as a second calculation.