

HAMPSHIRE POLICE AND CRIME PANEL

Report

| | | | | |
|-------------------------|-----------------|---------------------------------------|--|----|
| Date Considered: | | 27 January 2017 | Item: | 10 |
| Title: | | Estate Strategy Update Report | | |
| Contact name: | | David Green – Acting Estates Director | | |
| Tel: | 07880 165577 | Email: | david.green@hampshire.pnn.police.uk | |

1. Executive Summary

1.1. Purpose of this paper

This paper has been produced to update the Police and Crime Panel (PCP) on progress and issues that have been that been addressed and/or are impacting on the development and delivery of the Estates Change Programme (ECP).

2. Recommendations

2.1 That Members of the Panel note the progress made against the Estates strategy and that further progress will be reported at future Panel meetings.

3. General commentary

3.1. The ECP Estate Strategy is being updated to align with the new Police and Crime Commissioners (PCC) published Police and Crime Plan (PCP).

The principles of the strategy continue to be:-

Vision

To deliver a better run, more efficient and higher quality estate that supports the effective delivery of operational policing and to keep it at the heart of the community across Hampshire and the Isle of Wight that builds on the works already successfully delivered by the ECP

Aims

The Estate Strategy will enable the PCC to:

- Replace out-dated, costly to run and underutilised properties with a more operationally effective and cost effective portfolio by reinvesting capital generated from the release of these buildings into a core estate.
- More intensively use the remaining estate by including smarter working initiatives.

- Partner with other emergency services and Public Sector authorities to reduce the overall costs of running the estate and support a more joined up approach to public service delivery across Hampshire and the Isle of Wight.
- Ensure all buildings operate efficiently and effectively supporting the new policing model being delivered through Hampshire Constabulary's Force Development Team.

3.2. Summary progress

The new Northern PIC is now close to completion and go live and a site has been identified for the Eastern PIC and a planning application made.

Good progress has been made with the relocation of a number of Neighbourhood and Prevention Police Teams (NPTs) and Response and Patrol Police teams (RPTs). This has enabled vacant sites to be sold on the open market to create the capital required to fund the necessary Estate improvements.

In response to changing demands and market conditions (see section 2 below) an update to the Estate Strategy is currently being prepared. This is discussed in more detail later in this report.

4. Contextual Information

During the last year there have been a number of factors that have impacted on the delivery of the ECP so far and these include:-

Changing Market Conditions

During the course of the life of a programme of this type there will, by virtue of market variables, be times when sales values fluctuate. Whilst the increase in disposal values will help offset some of the increase in construction cost the timings of these swings will not always match the timings of the ECP deliverables.

Actual demand on the construction industry will also impact on tender return prices that will add to the complications of forecasting construction costs. It is an industry greatly influenced by supply and demand pressures and whilst in the short term demand is high and cost is equally high as demand falls then so may construction costs.

There is also the major economic impacts such as Brexit, the impact of which on the ECP is hard to forecast.

These market fluctuations can lead to greater cash flow pressures than anticipated which may in turn require larger short term borrowing for gap funding.

The larger property transactions (where developers are involved) could and have been negatively impacted because of decisions by a number of

institutional funders to pull out of property investment as a direct result of the Brexit decision. This volatility in markets also gives successful site purchase bidders the opportunity to seek to renegotiate purchase prices downwards.

Construction Inflation Impacting on programme affordability.

As the general economy has grown over the life of the ECP the demand on the construction industry has increased. This has led to inflationary increases on build costs that are currently running at some 15% per annum in some areas and way above any expectations and assumptions that were made when budgets were set at the outset of the ECP.

By way of illustration if it is assumed that of the total capital budget of c.£62m somewhere in the order of £50m (80%) is directly attributable to construction contracts. Over a 2 year period the inflationary impact is some £15m as opposed to the programme allowance of £2m.

Current predictions continue to show annual tender price inflation in this area running at 15-30% depending on the specialist nature of installations.

Changes in N & P and R & P Scope

(Impacting on programme affordability, target revenue savings and preference on using partner space)

At the outset of the ECP the intent was to occupy shared partner accommodation and locate officers in essence embedding them with partner agency staff and workspace areas.

The intent was also to take small pockets of space to accommodate a small number of officers (i.e. 1 shift) working in and amongst our partners. The model assumption for the whole programme was that these bases would be similar to those delivered at Alresford and Stockbridge.

In practice we have had to take much more space than was originally anticipated and create our own contained demise within the partner space and this has substantially increased the capital cost for this workstream.

The reasons for the need for extra space include:-

- Separate contained demises because of security and data protection issues including a lack of clarity around protective marking requirements and increasing threat levels.
- Increased operational requirements for the sites that include interview rooms, dedicated mess rooms, etc.
- Larger headcount at each location to be accommodated including more Response and Patrol officers than planned for and also increasing requirements for extra touchdown space.
- The need for temporary evidence stores at NPT and RPT sites to support operational need.
- Delivery of front counters included within refurbishment costs for each project, however not within original scope.

Market searches and approaches to partner agencies have shown that there is now a dearth of suitable, easy to occupy space available to us. This has led to the need to take space that has required significant capital investment (beyond current budget allocations) in it to make it suitable to meet operational need.

Taking increased demise areas will also impact on the year on year revenue costs not only in terms of rent but also rates, service charge and ongoing maintenance costs.

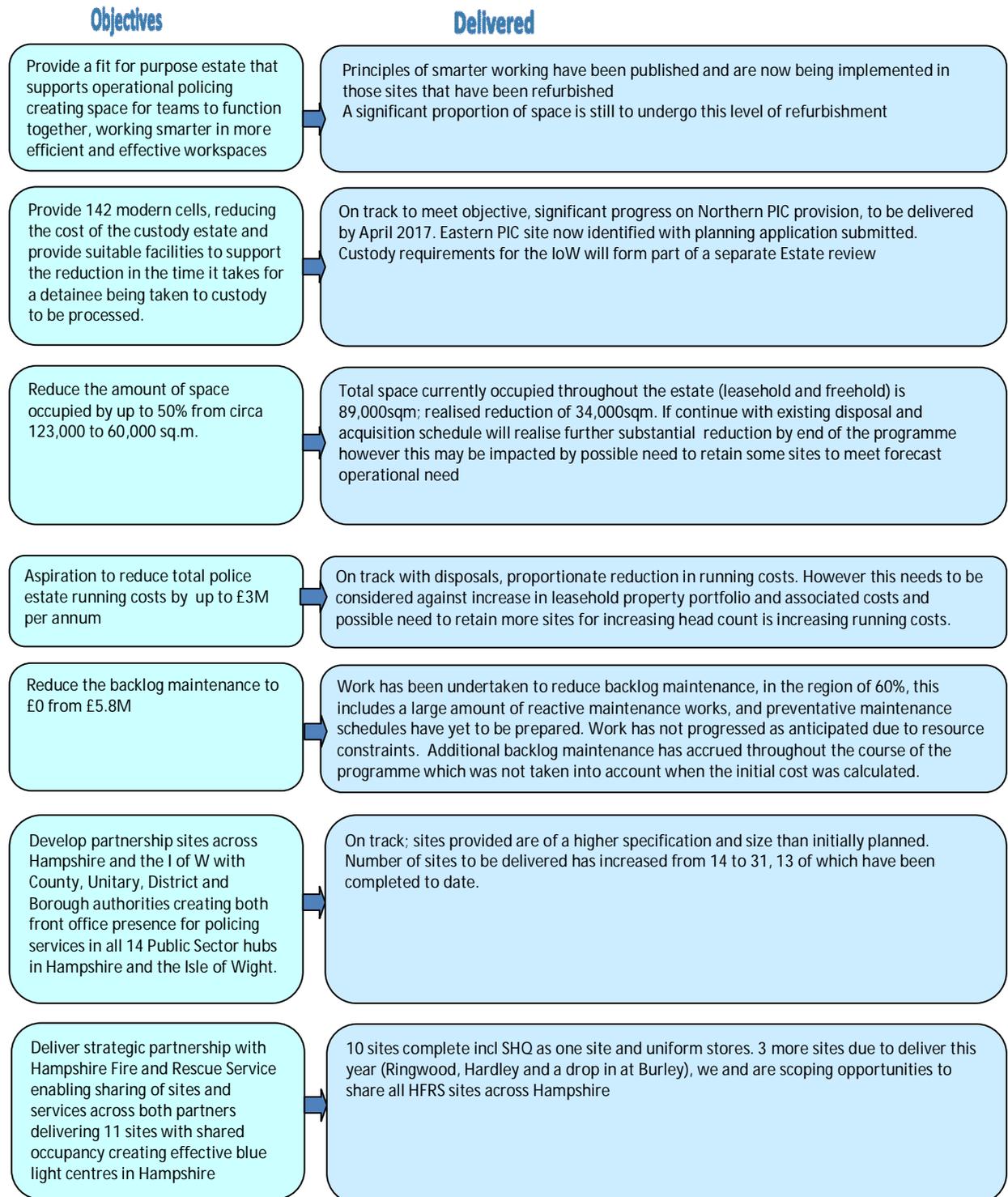
Ability to agree commercially attractive terms for partner agency accommodation

Initial negotiations with partner agencies indicated that there would be a willingness to take a pragmatic non-commercial approach to any tenancy agreements and that they would look to “make it work” for both sides. Perhaps because of tougher financial constraints on all public sector bodies and the fact that we now need to take much larger self-contained demises partners are taking a much more commercially aggressive stance with us, i.e. not differentiating us from a normal commercial tenant.

This tough position by partners will lead to a proportion of the anticipated revenue cost savings initially envisaged from not being achieved.

5. Progress so far

The following graphic summarises progress that has been made to date with regards to meeting the key objectives of the ECP



6. Achievements to date

Notwithstanding the points made in section 2.0 above good progress has been made with the ECP delivery as listed below.

It is important to note that whilst the initial commencement of some of the projects noted below was delayed that once started all of the projects were delivered to the agreed timeline and allocated budget

Since the last presentation and report on the ECP the following projects and milestones have been successfully achieved:-

Police Investigation Centres (PICs)

- Construction of the Northern PIC continues on time with construction completion due in February 2017 with a full “go live” planned for April 2017.
- Site selected and planning application submitted for Eastern PIC on Airport Service Road, Portsmouth.

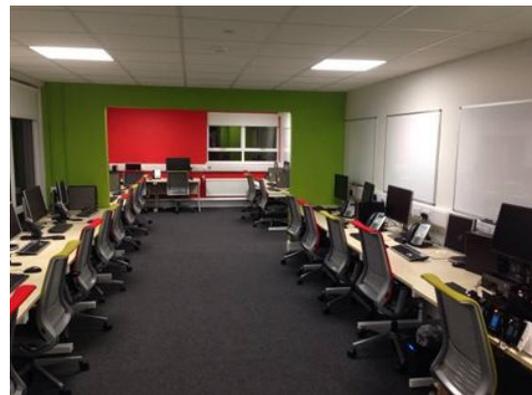


HEADQUARTERS

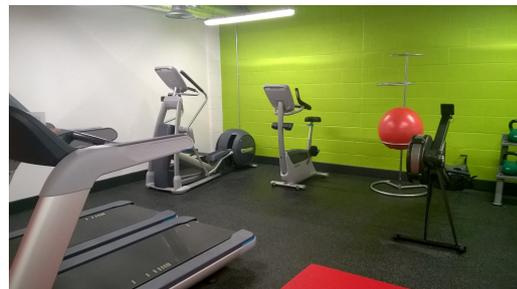
- Decant of all staff from the old Police HQ in Winchester and its sale completed in July 2016

RPT and NPT

- Relocation of Southampton NPT from Southampton Central to Southampton Civic offices.
- Relocation of Gosport NPT from Gosport Police Station to Gosport Town Hall. Vacant Police Station now on market for sale.
- Relocation of Bitterne NPT from Bitterne Police Station to Hightown HFRS Vacant Police Station now on market for sale.
- Relocation of Southsea NPT from Southsea Police Station to Southsea HFRS. Vacant Police Station now on market for sale.
- Relocation of Hythe NPT from Hythe Police Station to Hardley HFRS (due for completion in February 2017). Vacant Police Station now on market for sale.



- Relocation of Petersfield NPT from Petersfield Police Station to East Hants District Council, Penns Place (due for completion in February 2017). Vacant Police Station sold.
- Relocation of Cowes NPT from Cowes PS to Cowes Fire Station
Vacant Police Station now sold.
- Relocation of RPT from Fareham Police Station to offices at Fareham Reach.
- Park Gate NPT to Fareham (to make space for Promat)
- 2 Portsmouth Response team brought together at Cosham. (part of Southsea) Light touch refurb to accommodate.
- Gyms are being provided in key locations to help improve staff and officer wellbeing and operational fitness. This includes a new facility at Southampton Central.
- PROMAT ID facility relocated from Southsea to Waterlooville Police Station.
- PROMAT ID facility refurbishment at Park Gate.
- Build on national response and requirement to increase firearms capability by:-
 - Enhancement to existing estate to accommodate new Roads Policing Armed Response unit on IoW
 - Enhancement to existing estate to provide additional ARV base in the Eastern area
- Resource management Unit Moved from Fareham to Netley in prep of sale of Fareham
- Recruiting and Interview training moved from Osbourne Quarters to Hollyleigh House. Osbourne quarters under offer and vacant for possession
- New offender management hub created at Fareham
- To support recruiting 200 additional policer Officers new student learning and touchdown space created at Netley with a new student kitchen
- Disposal of the following sites:-
 - Alpha Park - November 2016
 - Farnborough PS – June 2016
 - Fordingbridge PS – April 2016



- Winchester (North Walls) – April 2016

Ongoing Projects

- Relocation of Ringwood NPT from Ringwood Police Station to Ringwood HFRS due for completion by April. Police Station now on market for sale.
- Fareham RPT from Fareham to Fareham Reach
- Works underway to relocate Alton RPT and NPT to Alton Family Centre (Hampshire County Council) from Alton Police Station.
- Negotiations concluded and works underway to relocate Fareham NPT to Fareham Borough Council Civic Offices from Fareham Police Station
- Negotiations ongoing with Havant Borough Council to take space at Havant Public Service Plaza for Havant NPT
- Negotiations concluded and works underway to relocate Cosham NPT to Medina House (Portsmouth City Council) from Cosham Police Station.
- Negotiations ongoing with Portsmouth City Council to relocate RPT and NPT to Civic Offices
- Negotiations ongoing with Naval Dockyard Portsmouth to relocate various teams.
- Negotiations ongoing with New Forest District Council to relocate NPT to New Forest Offices, Lymington from Lymington Police Station
- Negotiations ongoing to develop pilot for a Front Counter Service at Gosport Town Hall in lieu of Gosport Police Station sale.

7. Update of Estate Strategy

7.1. Background

In November of 2014 the Estates Change Programme was defined and approved to progress on the basis of the Estates Strategy date 27 October 2014 version 10.

Since the commencement of the Estates Change Programme (ECP) there have been a number of significant changes in the operational requirement along with changes in the property and construction markets that are now challenging the original mandate and finance model of the ECP.

This update to the Strategy is being produced to respond to those issues and to ensure that the Estate aligns with and supports the recently published Police and Crime Commissioner's Police and Crime Plan as well as ensuring the maintenance of effective policing whilst still adhering to the original ECP strategic and financial objectives.

7.2. Approach

There will be a number of key work strands or portfolios to the updated Estate Strategy:-

Strand 1 – Defined Capital Projects

Completion of the projects identified in the previous Estate Strategy as forming part of the Estate Change Programme, this being subject to scope and budget review.

These projects in themselves will be broken down in to two sections:-

- ECP 1

This section is made of up those projects that we are already contractually committed to and form part of the completion necessary to meet OCP operational need.

- ECP 2

This section is made up of those projects that are likely to be required as part of the updated strategy to enable funding to be created through site disposals to fund retained estate refurbishments together with those projects that HC has stated that they require to meet operational needs.

The detail and scope of ECP is currently under review with HC prior to formalisation of the new strategy ready for PCC approval including any funding solutions that may be required to finance delivery of ECP 2

Strand 2 - Evolving Capital Projects

For those future projects not yet sufficiently developed in terms of their requirements these will be brought forward either as a single project or groups of projects with their own standalone business cases for consideration with the intention that they be managed for delivery as a portfolio of projects.

Projects will be developed and prioritised relative to HC need and funding availability. All funding applications for these evolving work strands will be supported by a whole life cost comparison between available options.

This evolving estate capital projects strand will need to form part of the annual budget planning cycle for 2018/19 onwards via the Medium Term Financial Strategy with all projects added to the PCC's horizon scanning list of future potential cost pressures.

Strand 3 – Estate Management

A key element of this phase of the updated strategy will be to ensure that there are plans, resource and budgets in place to maintain the new estate in a good state of repair protecting the capital investment both already made and about to be made in it.

Strand 4 - Management of Leases

As part of the updated strategy an increasing number of leases for our estate solution have been and continue to be entered in to. Going forward it will be important to actively manage and plan for lease event dates (rent reviews, lease end/renewal and break option dates) to ensure the future continuity of the estate and its ability to meet the changing operational and financial needs.

Strand 5 - Future Site Disposals

In considering future site disposals a number of factors including the following will be taken in to account prior to any decision to sell a site :-

- Operational need, its geographic location and any wider occupational need for the site.
- Age and condition, any decision must be based on up to date condition surveys.
- Current and forecast running costs (energy and maintenance).
- Its ability to flex to accommodate future needs.
- Its value and the potential for a capital income gain.
- Potential for future direct or joint development opportunities for the PCC.

8. Recommendations

8.1. That Members of the Panel note the progress made against the Estates strategy and that further progress will be reported at future Panel meetings.

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None