



**OFFICE OF THE POLICE & CRIME
COMMISSIONER FOR THAMES VALLEY**

REQUEST FOR DECISION – PCC 2019 / 011

Title: Purchase of a building on the western side of the Region near the M4, for the South East Regional Organised Crime Unit (SEROCU) - Western hub

The SE Regional Organised Crime Unit (SEROCU) is part of the national, regional and local policing arrangement which protects the public from the most serious threats and harm by disrupting and bringing to justice those criminals who present the highest risk to the UK. Their work extends across the breadth of the South East region and beyond given the advancement in crime types and technology employed by serious organised criminals.

The critical infrastructure for those teams includes the estates provision. The current estate footprint has largely grown organically over time resulting in an eclectic mix of facilities in existing police and partner buildings, disparately spread across the region. SEROCU is the only ROCU nationally with none of its own estate.

Annex 1 provides information on the purchase of the new building to house the SEROCU – this building is referred to as the Western Hub.

On 20th May 2019 the regional Police and Crime Commissioners agreed to the purchase of a property on the western side of the Region, near the M4 and to the immediate fit-out of Building C.

Recommendation:

The Police and Crime Commissioner is invited to formally agree:

- The purchase of the “Western Hub” and the fit-out of building C.
- To progress a further business case in 12-18 months’ time to consider Buildings A and B for continued development in line with the operational environment.

The total cost of the purchase of fit-out is estimated to be £11.990m, the TVP share of which is £3.941m

Police and Crime Commissioner

I hereby approve the recommendation above.

Signature

Date

17.6.19

PART 1 – NON-CONFIDENTIAL

1 Introduction and Background

- 1.1 A revised estate strategy for the Regional Organised Crime Unit (ROCU) in the South East (SE) has been formulated to deliver a two phase estates solution. Phase one of the strategy comprises a western hub, with a phase two eastern hub to be proposed for the medium to longer term – designed to accommodate collaborated partner capabilities as well as to serve as an eastern footprint for the South East geographical dependent capabilities.
- 1.2 The SE ROCU has significantly grown in terms of size and breadth of capability over the five years of its existence. It does not have any dedicated buildings but is a mix of formal leases/licenses and ad hoc local agreements. The majority of the SE ROCU arrangements have a limited life as a result of planned disposals or space pressure, to which the SE ROCU now faces deadlines to vacate much of the accommodation that it currently makes use of including locations that forces need to dispose of as part of their estates rationalisation plans.
- 1.3 In December 2018, the SE Forces Chief Constables and PCCs agreed to contribute to the investment of a dedicated discreet site for the SEROCU, to allow a Western Hub that would re-house SEROCU resource displaced from other collapsing estate provision in the western side of the region.
- 1.4 On delivery of a further Estates paper in March 2019, discussion focussed on the direction of travel of the target operating model for the ROCU in light of the 2018 Serious Organised Crime (SOC) Strategy and the general SOC landscape as well as the appetites of the SE forces to seek collaborative opportunities. As a result the Board unanimously supported that the region should be “bold” in its ambition and tasked the Regional Assistant Chief Constable (ACC) to identify suitable sites, and come back to a future meeting with “detailed figures and proposed sites”.
- 1.5 The building identified, fulfils the “big and bold ambition”, not only offering the opportunity for enhanced service delivery at a local level through the co-location of the currently dispersed ROCU capabilities, thus enabling interoperability of capabilities, but also the ability to deliver an evolved operating model which recognises the changing nature of SOC and the subsequent changing role of the ROCU to tackle it.
- 1.6 In addition the site will afford the SE Region the potential to attract additional funding for more significant innovation and transformation, being already well placed to make an effective bid for the use of additional capital investment in a Western Hub due to its track record for innovation, links to relevant leading academic institutions and the eagerness of the SE Chiefs and PCCs to support greater collaboration in the response to SOC.
- 1.7 Full details are provided in Annex 1.

2 Issues for Consideration

- 2.1 Although the regional PCCs agreed to the “big and bold” ambition for the new Western Hub, this did materialise in additional funding being included in Force revenue budgets and/or capital programmes. As such, a number

of discussions have taken place over the last few months to agree the most appropriate way to acquire the site and redevelop the three buildings.

- 2.2 In the end, a phased approach has been agreed. Building C will be refurbished immediately and then a further business case will be prepared in 12-18 months' time for the continued development of the site in line with the operational environment.

3 Financial Comments

- 3.1 The tables below outline the capital and additional revenue costs over the two year period for the purchase of the whole site and refit of building C only, with the relevant impact shown on each individual Force.

Capital Requirement	2019/20	2020/21	Total
Purchase Price & Associated Costs	8,785,000		8,785,000
Refurbishment - C	450,000	5,700,000	6,150,000
External Contributions	-2,945,000		-2,945,000
Total	6,290,000	5,700,000	11,990,000

		2019/20	2020/21	Total
Hampshire	26.45%	1,663,705	1,507,650	3,171,355
Surrey	18.35%	1,154,215	1,045,950	2,200,165
Sussex	22.33%	1,404,557	1,272,810	2,677,367
TVP	32.87%	2,067,523	1,873,590	3,941,113
Capital Requirement		6,290,000	5,700,000	11,990,000

Annual Revenue Requirement	2019/20	2020/21	Total
Rates	195,000	260,000	455,000
Utilities	75,000	100,000	175,000
Cleaning	20,000	30,000	50,000
Routine Building Maintenance	40,000	40,000	80,000
Savings from Existing Estate	-12,125	-48,500	-60,625
Annual Revenue Requirement	317,875	381,500	699,375

Force Contributions		2019/20	2020/21	Total
Hampshire	26.45%	84,078	100,907	184,985
Surrey	18.35%	58,330	70,005	128,335
Sussex	22.33%	70,981	85,189	156,170
TVP	32.87%	104,486	125,399	229,885
Revenue Requirement	100.00%	317,875	381,500	699,375

4 Legal Comments

- 4.1 Formal exchange of contracts took place on 23rd May 2019. Completion is expected in August.
- 4.2 An existing section 22A agreement specifies the proportion of net cost that each of the 4 forces contributes. Should the building be sold, the capital receipt will be shared on the same basis.

5 Equality Comments

- 5.1 No specific comments at this stage. Equality implications will be considered during the evaluation phase for the redevelopment of Building C.

6 Background Papers

- 6.1 Not applicable.

Public Access to Information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website within 1 working day of approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of this form to be deferred? No

If yes, for what reason?
Until what date?

Is there a Part 2 form? No

ORIGINATING OFFICER DECLARATION (as appropriate):

	Officer	Date reviewed
Head of Estates	David Griffin	20.5.19
Financial Advice	Linda Waters	20.5.19

OFFICER'S APPROVAL

We have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.

We are satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.


Chief Executive

Date 14/06/2019


Chief Finance Officer

Date 12-6-19

Contents

1	<i>Decisions Required and Key Issues</i>	2
<hr/>		
2	<i>Executive Summary</i>	2 - 10
<hr/>		
<hr/>		

1. Decisions Required and Key Issues

1.1 Decisions Required

The regional Police and Crime Commissioners (PCCs) and Chief Constables are invited to:

- Agree current and future funding (revenue and capital) for the purchase of a new building on the western side of the Region near the M4, and the fit-out of building C.
- To progress a further business case in 12-18 months' time to consider Buildings A and B for continued development in line with the operational environment.

1.2 Introduction

The purpose of this document is to request funding approval for the first phase of delivery of the South East Region Estates strategy: a location in the west of the region for the SEROCU Western Hub, to deliver specialist capabilities to tackle organised crime across the South East.

The estimated total one-off investment from forces to deliver these benefits is ranged between £10.9m - £13.1m. Future investment to facilitate the fit out of A and B buildings will be in the region of £4 – £6m subject to future grant and identified savings.

1.3 Key Issues

The key issues to consider are:

- Legal framework for delivery of the SEROCU operating model in the South East under the Section 22A agreement
- Options on access to funding
- Agreed phasing of the refurbishment work

2. Executive Summary

2.1 Introduction

The SE Regional Organised Crime Unit (SEROCU) is part of the national, regional and local policing arrangement which protects the public from the most serious threats and harm by disrupting and bringing to justice those criminals who present the highest risk to the UK. Their work extends across the breadth of the South East region and beyond given the advancement in crime types and technology employed by serious organised criminals.

The critical infrastructure for those teams includes the estates provision. The current estate footprint has largely grown organically over time resulting in an eclectic mix of facilities in existing police and partner buildings, disparately spread across the region. SEROCU is the only ROCU nationally with none of its own estate.

This paper sets out options to progress the purchase and development of a Western Hub for the South East Regional Organised Crime Unit (SEROCU) with the total cost of the project proportioned by the Regional Funding Formula and contribution by the Home Office.

Options also include a phased approach/development over 2, 3 & 4 years dependent upon the preferred option selected and the level of capital / revenue made available by Forces either from existing/new capital budgets/Grants or borrowing.

2.2 The Strategic Case

A revised estate strategy for the Regional Organised Crime Unit in the South East has been formulated to deliver a two phase estates solution. Phase one of the strategy comprises a western hub with a phase two eastern hub to be proposed for the medium to longer term – designed to accommodate collaborated partner capabilities as well as to serve as an eastern footprint for the South East geographical dependent capabilities.

The SE ROCU has significantly grown in terms of size and breadth of capability over the five years of its existence. It does not have any dedicated buildings but is a mix of formal leases/licenses and ad hoc local agreements. The majority of the SE ROCU arrangements have a limited life as a result of planned disposals or space pressure, to which the SE ROCU now faces deadlines to vacate much of the accommodation that it currently makes use of including locations that forces need to dispose of as part of their estates rationalisation plans.

In December 2018, the SE Forces CC and PCCs agreed to contribute to the investment of a dedicated discreet site for the SEROCU, to allow a Western Hub that would re-house SEROCU resource displaced from other collapsing estate provision in the western side of the region.

On delivery of a further Estates paper in March 2019, discussion focussed on the direction of travel of the target operating model for the ROCU in light of the 2018 SOC Strategy and the general SOC landscape as well as the appetites of the South East forces to seek collaborative opportunities. As a result the Board unanimously supported that the region should be “bold” in its ambition and tasked the Regional ACC to identify suitable sites, and come back to a future meeting with “detailed figures and proposed sites”.

The building identified, fulfils the “big and bold ambition”, not only offering the opportunity for enhanced service delivery at a local level through the co-location of the currently dispersed ROCU capabilities, thus enabling interoperability of capabilities to provide an enhanced response to SOC threats, but also the ability to deliver an evolved operating model which recognises the changing nature of SOC and the subsequent changing role of the ROCU to tackle it.

In addition the site will afford the South East Region the potential to attract additional funding for more significant innovation and transformation, being already well placed to make an effective bid for the use of additional capital investment in a Western Hub due to its track record for innovation, links to relevant leading academic institutions and the eagerness of the South East Chiefs and PCCs to support greater collaboration in the response to SOC.

On a more local level, the site will provide the space for any South East collaborative opportunities to be realised. Scoping work is ongoing to assess opportunities for a more collaborative approach to areas of SOC. Such opportunities would require an estates solution to be delivered, but would then offer both operational and cost benefits to the region.

The strategic case is made with specific reference to the changing national landscape and ROCUs will lead the operational response to SOC on behalf of forces within their region.

Prospective benefits;

It is currently envisaged that the project will deliver the following operational benefits:

- Provide transformational room for growth in a fast moving changing SOC landscape.
- Full benefits redacted due to operational sensitivity.

It would also offer the following financial benefits

- The ability of Forces to release other premises.
- Opportunity to further collaborate capabilities across the Region in line with appetite and vision to potentially release / deliver savings to the South East Forces.

Main risks

The main risks to achieving the benefits outlined above are summarised in the table below.

Table 2.1: Main risks

1. Inability to secure agreement of funding from the Regional PCC's to fund the development within the project time horizon, leading to significant delays in project commencement and/or an inability to deliver the project as envisaged.
2. Failure to secure sufficient funding from the Home Office to support the delivery of the project.
3. Failure to deliver the project at assumed capital and operating costs makes the project unaffordable and unsustainable for one/all stakeholders.
4. Failure to deliver a building with sufficient capacity to accommodate the growth required.
5. Failure of SE Regional Forces to progress collaborative opportunities to be future housed within the western hub, resulting in subsequent cost benefit not being realised.

2.3 The Economic Case

Option appraisal

To inform the criteria for these searches a significant amount of detailed work was undertaken to understand the SEROCU accommodation requirements and this resulted in the below options being developed and explored in detail;

- Option 1: “Do Nothing” No investment in SEROCU estate – Replacement of individual locations would need to be sought on a case by case basis as leases/agreements end. There would be huge instability and disruption to operational output by constant disruption to teams as well as no transformation. With the imminent loss of current accommodation, there is no opportunity of remaining in current positions, therefore, there is no real “Do Nothing” option.
- Option 2: Investment in estate for SEROCU which is suitable to centrally rehouse only the current capabilities that are displaced from other estate within the west side of the Region. This allows for no growth, it limits the ability to deliver a new operating model or the desired transformational opportunities. Taking this option would potentially lead to the requirement for further investment in the estate within short/medium timeframe.

The space required to accommodate this option was calculated to be approximately 22,000 sq. ft.

- Option 3: This allows for the co-location and integration of all major capabilities that the SEROCU has and the ability to innovate and develop the ROCU operating model and its role within the wider SOC system. This option generates the capacity for moderate growth in the capabilities that form the future operating model. Investment in would allow current assets to be relocated and would also allow for development of functionality and growth.

The space required to accommodate this option was calculated to be approximately 38,000 sq. ft.

Preferred option

Option 3 above is the preferred option for direction of travel.

On delivery of the Estates paper at the PCC/CC Regional Board (March 2019), the decision of the Board was that the region should be “bold” in its ambition and that the Board unanimously supported this option and tasked the Regional ACC to identify suitable sites, and come back to a future meeting with “detailed figures and proposed sites”.

Following the decision by the SE Region Collaboration Board to support the more “big and bold” ambitious option, a potential property on the western side of the Region, near the M4, was identified as a result of a search undertaken as part of a separate project. This property, at 41,646 sq. ft. is 9.5% larger than the upper limit identified within the March 2019 paper but is considered to be operationally extremely well placed and configured.

A number of options regarding the purchase and fit-out of this property have been identified and these are shown below in Section 6.

Purchasing this specific site is the preferred and recommended option. Considering the possibilities for the ROCU to grow and better deliver services, itself and through collaboration, to the people of the South East, in line with the national SOC strategy and to continue in the direction of travel to be innovative as set out by Chief Constables and PCCs.

Section 6 outlines the financial options relating to the above.

2.4 The Commercial Case

Goods and services to be procured

The preferred option is to purchase the site identified on the western side of the Region, near the M4 and is the culmination of significant work that has already been completed.

A number of site searches were undertaken previously. These searches identified very limited availability for the type of building/site that was required.

The current preferred option was only considered to be viable after the SE Region Collaboration Board meeting on the 14th March 2019 strongly endorsed the plan to procure a building to meet the long-term requirements. This site was identified as part of a more limited search undertaken for a separate project, albeit with similar requirements, and for a number of key operational and personnel issues (retention and recruitment) is considered to be very well located and configured.

The purchase price of the site is considered to represent good VfM; at £198psf demonstrating a very fair market price for the area. This is supported by the formal "Red Book" valuation which has been received. In addition, the total site refurbished buildings commercial value based on the yields from income that a developer would seek to achieve is approx. £12.6m.

Procurement route

To identify a suitable building, purchase and fit out to meeting operational requirements. The fit out of the property will be a construction contract, undertaken through a competitive tender or suitable framework.

Key issues

The assessed risk profile of this project is low. The procurement and fitting out of a building is business as usual activity.

2.5 The Financial Case

Section 6 outlines the funding options for consideration and the financial impact on each Regional Force's Policing budget. These are the financial options to deliver the preferred site option as outlined in section 2.3.

Funding requested

Should the recommendations of this Business Case be approved, it is requested that project funding be approved for activities required to progress the aforementioned Western Hub. The sums requested are set out in Section 6, the preferred option is detailed below.

Recommendation

Following multiple discussions with the PCC CFO's/Directors of Finance, from the financial aspect and affordability, given the Home Office Grant is only guaranteed for the current year a phased approach on Option 3 is the preferred way forward. This would comprise of the site purchase and fit out of Building C, over a two year period. A gateway review would then be undertaken to consider the options and funding requirements of Buildings A and B. At this point, there should be an outcome in respect of the spending review update, national funding options available and clearer direction of future National / Regional Collaborative operational delivery.

Below is the financial table outlining the capital costs over the two year period for the recommended option of purchase of the whole site and refit of building C only, with the relevant impact shown on each individual Force.

Capital Requirement

Capital Requirement	2019/20	2020/21	Total
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Annual Revenue Costs;

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Added Value

There are several areas of added value to SEROCU from purchasing the identified Western Hub.

The property is located on the southern edge of the Thames Valley area and very close to the Hampshire border and is assessed as a highly suitable location.

The building's location is a strong one both operationally and from a business point of view, given the access to main arterial roads and rail connections to London and other main South East towns. There is ample parking for staff on site (which is a rarity when compared to other sites identified in previous searches) which again adds operational and business value. The site is fairly central to the teams currently spread across the western side of the Region, and should have minimal impact on retention of specialist staff. Recruitment of staff into the Western Hub is predicted to be easier given the advantages outlined, as well as the likelihood of the site holding its value better than others given its location.

2.6 The Management Case

Project management responsibilities

The programme/project management responsibilities will be agreed as part of the Section 22 or equivalent.