

## **Appendix 3**

### **Key Conclusions of Finalised Audit Reports July 2019 to October 2019**

#### **1. Police Interpreters Fees (5 days) AMBER ASSURANCE**

##### Key Conclusions

###### Policy and Procedures

An Interpreters' Claim Procedure (the Procedure) is in place and available on a shared drive, accessible by relevant members of staff.

###### Selection of Interpreters

A Memorandum of Understanding (MoU) has been agreed between the Metropolitan Police Service (MPS) and the CoLP for the provision of Language and Interpreting services, including the translation of documents. The CoLP request interpreter services by contacting the MPS Interpreter Deployment Team (IDT) and referral to an appropriate interpreter is provided.

The MoU which commenced on the 1 October 2017 is required to be reviewed annually; there is no evidence that this has occurred.

Sample testing of 20 interpreter's fees claimed identified four instances (relating to three interpreters), where the interpreter was not registered on the National Register Public Service Interpreter (NRPSI) database.

###### Payment are only made in accordance with approved rates

Testing confirmed that an Interpreters Claim Form was raised by each interpreter providing the service, which is signed by the officer requesting the service before being sent to the Finance Admin Team for processing.

The Finance Admin Team check the details and enter the claim information into a spreadsheet which is independently checked. The spreadsheet calculates the amount due and generates a unique reference number. The Form is then passed to Finance – Accounts Payable, for payment to be made.

Testing of a sample of 10 Claim Forms identified eight claims had not been processed for payment within 14 days of the service being provided (five took over one month).

###### Budget Monitoring

The total budget for interpreter fees across various directorates was £66,000 for the financial year 2018/19. Outturn was 96,500. The overspend was attributed to a higher level of estimated crime perpetrated on foreign speaking suspects and victims. The budget estimate for 2019-20 is £19,000 and actual expenditure to 30<sup>th</sup> October 2019 was £44,734. The Head of Finance for the Police Authority working with the Chief Operating Officer for the City Police is monitoring overall budget performance on a period to period basis.

Four recommendations were made as a result of this audit: two amber rated and two green rated. The Commissioner has provided a target date of 30<sup>th</sup> November 2019 to implement all four recommendations.

## **2. Police Accommodation Programme 2012 – 2017 (15 days) RED ASSURANCE**

### Key Conclusions

#### **Issues Relating to Project Options Appraisals and Detailed Designs**

##### *Original Outline Options Appraisal and Detailed Design (2012 onwards)*

The original outline options appraisal, completed in 2012, identified occupying Guildhall Yard East, constructing a new specialist facility at Walbrook Wharf and refurbishing the Wood Street premises as the optimum solution to satisfy the new 150,000 square feet space requirements of City Police (down from c.250,000 square feet). The financial estimate was for £30million to £45million. The programme was planned to be partly funded by disposals of Bernard Morgan House, Bishopsgate and Snow Hill premises (£16m-£27m, leaving a funding gap of £3m-£29m). The outline options appraisal was undertaken by external consultants DTZ, at a cost of £43k.

Alternative options included maintaining the status quo or consolidation of and investing in existing accommodation. DTZ recommended the above option after completing a value for money analysis based on both financial and non-financial criteria including ‘delivery of solution’, ‘fitness for purpose’ and ‘operational benefits.’

At their respective meetings in November and December 2012, the Members of the Police Committee, Projects Sub Committee and Corporate Asset Sub Committee approved the selected option after receiving a joint report from the Commissioner of the City of London Police and City Surveyor.

A tender exercise was undertaken in February 2014 to appoint a Programme Manager and specialist design team to prepare the detailed design of the various projects within the programme. The contract was subsequently awarded to White Young Green (WYG) at a contract price of £2.4million. Examination of the tender evaluation exercise documents identified that WYG did not provide sufficient evidence to confirm that they had the necessary experience in delivering programmes of this nature. The City incurred £1.5m with the firm between 2014 and 2017.

A review of supporting programme documentation by internal audit identified the following issues with the options appraisal and subsequent detailed design;

##### *Outline Options Appraisal*

- A fully defined, clear and comprehensive occupiers' requirement was not produced by City Police at the outset which City Police were embarking on the organisational change workstreams. In particular, there was no clear basis for determining the 150,000 square foot requirement.

- The outline options appraisal did not take into account the security requirements required for the accommodation. The sites are on main thoroughfares which makes them vulnerable for terrorist attacks and impossible to secure the perimeter. There is no evidence that consideration was given to obvious security issues prior to committing resources to this option. Although it is noted that the City Police had considered these issues and did not consider that they posed a major obstacle.

### *Detailed Design*

- The subsequent detailed design work undertaken by WYG could not identify how the Walbrook Wharf premises could accommodate the City Police in a new build facility together with the existing waste contract services at Walbrook Wharf and satisfy Home Office requirements for new custody suites. This issue and risk should have been identified as part a feasibility study and may have immediately ruled out the site as a viable option.
- The proposed floorplans produced for Walbrook Wharf were not compliant with legislation and Home Office requirements. Under legislation, custody suites cannot be located in close proximity to bridges or rivers due to risk of suicide.

Consequently, the Walbrook Wharf proposal was rejected and replaced with a revised strategy of relocating custody suites to the Wood Street project with an extension, subject to planning permission.

On the basis of the above, the audit has concluded *that had more robust feasibility studies been undertaken at a larger fee expense, including more detailed consideration of relevant custody suite legislation, Walbrook Wharf would have been identified as a non-viable option at a much earlier stage*. The lack of appropriate expertise on behalf of the programme team, as set out in paragraph 8, and project consultants compounded this issue. A programme team with appropriate experience would have identified these issues immediately.

Furthermore, a clear and comprehensive requirement together with robust challenge from the City Police would have helped to identify these issues at an earlier stage.

### *Revised Options Appraisal and Detailed Design (2015 onwards)*

A revised options appraisal was subsequently undertaken by the City Surveyor's department; the option of having two main sites, refurbishing Guildhall Yard East and extending Wood Street was selected. In respect of Wood Street, the option of building a new tower and infilling the courtyard area was selected and approved by Members in 2015. The total cost of the project was expected to be approximately £95m less disposal proceeds of £65m, leaving a net cost of £30m. The detailed design was completed by WYG.

Other options included variations of the preferred option e.g. 'refurbish Wood Street, construct courtyard infill but not building the tower' was an option considered. A further option to remain in the current estate. Again, the preferred option was determined based on a value for money analysis factoring in both financial and non-financial criteria e.g. efficient use, fitness for purpose, and to maximise the City's asset.

The preferred option was approved the Members of the Police Committee, Projects Sub Committee, Finance Committee and Resource Allocation Sub Committee Corporate Asset Sub Committee at their respective meetings in July 2015, after receiving a joint report from the Commissioner of the City of London Police, City Surveyor and the Chamberlain.

On the basis of discussion with the City's Programme Director and City Police's Director of Estates together with a review of reports presented to Members, the established that:

- As set out previously, there was a lack of fully defined, clear and comprehensive requirement produced by City Police at the outset due to the proposed changes in the agreed space to be provided (250,000 square ft to 150,000 square ft);
- There was insufficient attention paid to security requirements within the outline options appraisal and feasibility studies, and as the detailed design progressed it was determined by the City Police and the external consultants the Wood Street site, as a Grade II listed building, would not provide the requisite bomb blast resistance in the event of a terror attack;
- The detailed design could not identify suitable detailed design solutions for the Custody Suite and Joint Contact and Control Room due to the physical building constraints of Wood Street and meeting the necessary operational requirements.

Again, on the basis of the findings in the above paragraph, the audit has concluded that had earlier robust feasibility studies been undertaken Wood Street would have been identified as a non-viable option at a much earlier stage. In addition, the lack of appropriate expertise on behalf of the City Police and City of London programme teams and project consultants compounded this issue.

In addition, clear and comprehensive requirement together with robust challenge from the City Police would have helped to identify these issues at an earlier stage. (It is noted that the City Police have stated that they were not involved in the original options appraisal and did challenge the concept design drawings when these were shared with them).

By October 2017, expected costs had increased to £139m (less disposal proceeds of £71m, net cost £68m).

Through review of the tender documentation issued when procuring the services of WYG in 2015, the audit confirmed that it failed to set out the City's detailed requirements in relation to producing detailed designs for the Police Accommodation programme as these were not available from City Police . Despite requesting the tender documentation issued for procuring the services DTZ in 2012 and WYG in 2015, these were not available. In order to be effective, tender documents need to include a comprehensive set of requirements.

As set out within the introduction to the report, a feasibility study has now been undertaken in respect of further option - a new build solution on Fleet Street; the site is planned to be shared with Her Majesty's Court and Tribunals Service. The feasibility study was undertaken by Eric Parry Architects and specialist sub-consultants. As part of this, the security requirements for the new site were evaluated. It is understood that the Fleet Street programme is provisionally planned to be completed by 2025 at a total outturn cost of £278m including the appropriate proportion of overall development cost (less estimated capital receipts of £97m for COLP assets, net cost £181m).

### *Programme Delays*

Based on discussions with the City's Programme Director and City Police Director Estates, together with a review of supporting programme documentation, including reports to Members, the audit confirmed that there were significant delays to the original programme for the following reasons:

- The lack of fully defined, clear and comprehensive requirement for providing the City Police with fit for purpose accommodation produced at the outset.
- The failure to identify at an early stage that both Walbrook Wharf and Wood Street were not feasible options for the specific operational and security requirements of City Police meant that WYG invested significant time into producing detailed designs iterations, which were all eventually rejected by City Police.
- The decant strategy was revised during 2016 as a result of changes in building availability. That is, all of New Street became available for City Police use which was a preferred decant solution for City Police, and the building at Finsbury Street was then re-let to a commercial tenant, (it was let once members agreed to take all of New Street and hence City Police no longer required it).
- There was a significant delay in submitting the Planning Application for the Wood Street premises due to the complexities of extending Grade II listed building and objections from Historic England to be overcome.
- The joint City of London and City Police Project Team and external consultants have not demonstrated that they had the requisite knowledge, skills, or experience to provide support in delivering such a complex

programme. For example, the security limitations of Wood Street were not identified until 2017, five years after the programme commenced.

On the basis that both the original option of revised options were eventually rejected, the audit has concluded that there was a lack of robust challenge from the City Police in respect of the options pursued. (The City Police have stated that they were not involved in the original concept design).

### *Programme Cost Increases*

Through review of reports presented to the Police Committee, Projects Sub Committee and Corporate Asset Sub Committee in November and December 2012, the audit confirmed that the original programme costs were expected to be in the region of £30-45m (disposal proceeds £16m-£27m, net cost £3m-£29m).

On the basis of a review of reports presented to Police Committee, Finance Committee, Project Sub Committee and Resource Allocation Sub Committee, the estimated revised programme costs, as per financial forecasts prepared by the City Surveyor's department, increased from approximately £96m (less disposal proceeds of £65m, net cost £30m) in July 2015 to approximately £139m (less disposal proceeds of £71m, net cost £68m) in October 2017. The increase mainly resulted from re-inclusion of a 'third building' requirement from City Police costs as a result of height restrictions imposed on the Wood Street Tower, together with failure to identify the full costs of refurbishing 21 New Street and Bishopsgate Police Station as part of the decant strategy.

The current day cost including fees, inflation allowance and appropriate proportion of the overall development costs of the Fleet Street Programme to the City Police is expected to be in the region of £278m (less £97m capital receipts, net cost £181

### **Management Action in Respect of Lessons Learned**

The progress in addressing these issues to the Fleet Street Programme have been assessed as part of this audit. The audit has confirmed that the following areas have not yet been fully addressed yet:

- The Programme Team and external consultants used should possess relevant expertise, skills and knowledge to undertake such a complex programme (recommendations 1 and 2);
- The City Police should have provided robust challenge to options pursued (recommendation 3).
- The Programme Team should ensure that all occupier requirements are included within tender documentation for the Fleet Street programme, when procuring the services of external consultants (recommendation 4);

- Appropriate specialists should be engaged, and appropriate budget made available when undertaking the initial option appraisal and feasibility exercise processes (recommendation 5).

Five Red Assurance Level recommendations were made as a result of this audit.

A further audit on the Fleet Street Estate programme was completed in October 2019. The purpose of the audit was to assess the extent to which the lessons learned from the Police Accommodation Programme have been addressed as part of the Fleet Street Estate Programme. This audit has established that all five recommendations made as a result of the Police Accommodation Programme Audit have been implemented.

### **Fleet Street Estate Programme (15 days) AMBER Assurance**

#### Key Conclusions

Lesson learned: A fully defined, clear and comprehensive requirement for providing the City Police with fit for purpose accommodation should be produced

On the basis of discussion with the Project Director, together with inspection of programme records the audit established that:

- the City Police determined high-level accommodation requirements to facilitate completion of the programme Feasibility Study, conducted by Eric Parry Architects;
- the City Police subsequently prepared a schedule of accommodation requirements to feed into the Project Brief issued as part of the documentation to procure the Design Team consultants;
- the programme included a 10-week design 'Soft Start' period (RIBA\* stage 1+), led by Eric Parry Architects. The 'Soft Start' process followed an iterative process through which the City Police accommodation requirements were scrutinised, analysed and refined through a series of workshops. The Soft Start period was subsequently extended by 12 weeks ahead of obtaining approval from the Capital Buildings Committee to progress to RIBA stage 2.

The report presented to the Capital Buildings Committee in July 2019 confirmed that that the City Police requirements were agreed by the Police Accommodation Working Party in June 2019.

Lesson learned: Robust Options Appraisals and Feasibility Studies should be undertaken prior to undertaking detailed designs

The City Surveyor confirmed that an initial business case examining all strategic options, including the Fleet Street Estate was not produced; the Fleet Street Estate site was the only option possible, given the City geography, third party ownership of

commercial developments, no scope for refurbishment opportunities; other alternative options were initially considered prohibitively expensive or operationally unusable. Whilst failure to fully analyse alternative options may result in poor decision making, the scope for this was limited.

In relation to the Fleet Street Estate site, there were appropriate arrangements in place for scrutinising and approving the preferred option identified from conducting the Feasibility Study; option 8A was selected - to develop the Fleet Street Estate for Police, Courts and Commercial use.

By adopting a 'soft start' approach to determine the design 'Masterplan' and subsequently, the 'Revised Masterplan' for the Fleet Street Estate, this enabled the feasibility of the option selected to be subject to further scrutiny.

Further by progressing the programme through each of each of RIBA concept, developed and technical design stages (stages 2, 3 and 4), will help ensure that the option of developing the Fleet Street Estate continues to be feasible and the design continues to meet City Police requirements.

Lesson learned: The Programme Management Team and other external consultants used should have relevant expertise, skills and knowledge to undertake such a programme

The Project Director was appointed through the City's Consultancy Framework contract with Bloom Procurement. Whilst Officers were satisfied that the Project Director had the requisite experience of large scale, complex construction projects and proven delivery capability there was no appraisal of other options to procure the services of the Project Director. Therefore, the City may not have selected the most effective procurement route for appointing the Project Director, undermining the effectiveness of Programme delivery. However, the City Surveyor has stated that an open recruitment campaign or OJEU process for services would have taken four to six months.

On the basis of review of programme procurement documentation, the audit established that there were arrangements in place to ensure that the, Feasibility Study Consultant and Design Team consultants had the requisite knowledge, skills and experience to help deliver the Programme.

However, the Project update report presented to the Capital Buildings Committee in March 2019 set out that whilst the appointment of the Building Services Engineer and Security Consultant were originally expected to be completed by March 2019, the City's procurement practices were subject to external challenge. Upon interrogation it was established that there was possible validity in the respective challenges (i.e. a possible conflict of interest of the independent specialist appointed to assist in the selection of the Security Consultant and an error embedded in Excel spreadsheets returned by the preferred Building Services Engineer). Consequently, the procurement exercises for these two commissions were declared void; this led to both being re-tendered.

Lesson learned: Procurement process and documentation to be peer reviewed and signed off

Through examination of Programme documentation, the audit established that the City Police have had the opportunity to challenge the option pursued through the following means;

- The Police Authority Board scrutiny of the outcome of the Feasibility Study in May 2018;
- The City Police providing input into the 'soft start' workshops to develop the Programme Masterplan and Revised Masterplan.

Through examination of minutes of the Police Accommodation Working Party, the audit also confirmed that Members have received updates on Fleet Street Estate matter discussed at the meetings of the Capital Buildings Committee and have had the opportunity to raise issues as required.

Lesson learned: The tender documentation issued to procure external consultants and contractors should include a full specification

Through examination of Programme documentation, the audit confirmed that the Project Brief was subject to review and sign off by the City Police to confirm its accuracy before being included in the tender documents used to procure the Design Team.

Lesson learned: There should be an effective programme governance structure in place

Through examination of reports presented to the Members of the Capital Buildings Committee the audit established that a clear programme governance structure was agreed in May 2018.

The Chamberlain's department has expressed concerns over the arrangements for reporting to Members. The concerns related to not providing sufficient time for comments to be made on the reports presented and not always feeding departmental comments into the reports (Recommendation 1).

Lesson learned: Appropriate Specialists should be engaged early on in programmes

The Project Director has taken steps to engage specialists. Through examination of procurement records held, the audit determined that External Industry Experts were on each of the recruitment panels responsible for appointing the Design Team.

Examination of the programme update report presented to Members of the Capital Buildings Committee in January 2019 confirmed that Eric Parry Architects have appointed a specialist sub-consultant RSP Architects to produce the Estate design. Security Engineers have also been appointed to the Design Team.

Lesson learned: There should be adequate arrangements in place for estimating programme costs

On the basis of discussion with the Project Director and examination of reports presented to the Capital Buildings Committee in March and July 2019, the audit established that the costs have been re-forecast frequently, as follows:

- The cost estimates produced as part of the Feasibility Study were examined for reasonableness by the appointed Cost Managers, AECOM;
- The estimated cost of construction was recalculated at the point of completing the Architectural Competition and upon completion of the 'Soft Start' phase;
- The estimated cost of construction was also recalculated upon completion of the extended Soft Start Design period.

However, full programme cost estimates including both project costs and associated capital and revenue costs were not calculated and presented to Members. Consequently, Members may not be able to provide effective oversight of programme finances (recommendation 2).

Lessons learned: Adequate surveys should be undertaken as the programme progresses

Through examination of the Progress Report presented to the Members of the Capital Buildings Committee in March 2019, the audit established that the surveys to progress the design through to the completion of RIBA Stage 2, have been identified. The Capital Buildings Committee approved a budget of £250k for the surveys.

As part of the 'Soft Start' extension period the following surveys were progressed: Measured Surveys, Topological Survey and Archaeological Surveys.

Two Amber Assurance Level recommendations were made as a result of this audit. Both recommendations have been accepted and implemented by the City Surveyor and the Chamberlain.