

STRATEGIC GOVERNANCE BOARD
27 JANUARY 2014
JOINT REPORT OF THE CHIEF CONSTABLE
AND TREASURER FOR THE POLICE AND CRIME COMMISSIONER

11A: CAPITAL PROGRAMME 2014/18

1. PURPOSE OF THE REPORT

1.1 To set out the capital programme for Derbyshire Police for 2014/18.

2. INFORMATION AND ANALYSIS

2.1 During this period of austerity the Government has cut resources for capital projects.

2.2 Derbyshire Police has relied on using reserves and limited capital receipts to fund an increasing share of its capital projects.

2.3 Each year Derbyshire Police has a number of core capital spending requirements to replace and maintain its assets eg

- Replace police vehicles.
- Maintain its buildings.
- Upgrade its IT systems.
- Replace key items of equipment eg body armour, IT equipment.

2.4 These on-going capital needs amount to some £2.9m annually, while Government Capital Grant is some £1.5m.

2.5 This represents a shortfall of £1.4m even before the Constabulary considers investment in major new projects to improve performance or make it more efficient. Many authorities have been forced to borrow to cover this gap.

2.6 There would be scope for Derbyshire Police to borrow to fund this gap but this would place further pressure on the revenue budget. Many of the assets that require replacement have a relatively short lifespan, which means that the borrowing cost can only be spread over a relatively short period of time.

2.7 In terms of projects the main pressures within the programme are detailed as follows:-

LOCAL IS SCHEMES (INFRASTRUCTURE AND CUSTOMER PROJECTS)

2.8 The main schemes are as follows:-

- Command & Control/ICCS. The existing system will reach the end of its existing licence period in 2014.
- Mobile Data. To support improvements in the productivity of officers engaged in front-line duties.
- Digital Interview Recording. The force is committed to a regional project in this area that will improve the storage and transmission of records of interviews.
- Server Room Updates. Investment needed in newer technology (including monitoring and environmental controls). It will help the move to carbon emission targets and ensure that we have adequate back up arrangements whilst rationalising the estate.
- E-mail archiving solution. This is increasingly important as key documents are stored and distributed using e-mail. It will reduce the need to restore documents from backup.
- E-Discovery. This is to meet our requirements under disclosure; the software purchased will be able to search through internal electronic records, eg emails and databases.

2.9 The Capital Programme currently includes provision of some £560,000 spread over 4 years for replacement of existing equipment eg cameras and investment in the ANPR infrastructure eg servers.

IS FUTURE INVESTMENT PROGRAMME

2.10 This budget is earmarked for future investment in IT to support Moving Forward initiatives identified through the PBB process. This recognises that IS is a key enabler for delivering future savings. A more detailed plan of projects will be prepared following the completion of the PBB process later in the year. Originally it was expected that many of these schemes would be taken forward through IS collaborative projects, although this is now less likely due to conflicting priorities within the region

ESTATES SCHEMES

2.11 The estates programme includes a major scheme to rebuild the Administration and Executive Block at Police Headquarters. In previously versions of the capital programme funding of this scheme was reliant on generating capital resources from the disposal of land at force headquarters. In the current economic circumstances it is now less likely that this will be achieved during the period of the capital programme. Therefore, reserves will be used on a temporary basis pending an improvement in the climate for

making a sale of land. Furthermore our aim is to share the building with other emergency services partner. This will contribute to the cost of the building as well as providing opportunities to work with partners to deliver further savings.

- 2.12 A detailed proposal for the new building is being developed by design consultants. The building will generate efficiencies in premises running costs as it is expected to allow the force to vacate a number of other premises which it currently uses, thereby generating further revenue savings.

FUNDING

- 2.13 The draft Capital Programme is attached at Appendix A, which distinguishes between:-

- On-going schemes, involving the maintenance or replacement of an existing asset.
- Specific schemes, involving new investment.

- 2.14 There is a degree of interdependency between these areas but the intention is to demonstrate the underlying commitments within the programme i.e. on-going schemes, where there is an on-going commitment to provide capital resources.

- 2.15 The table below shows that the programme is broadly balanced up to 2017/18:-

£'m	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
On-going Schemes	4.062	2.905	3.655	2.905
Specific Schemes	5.300	6.545	1.475	1.000
Total Schemes	9.362	9.450	5.130	3.905
Core Funding	2.520	2.520	2.520	2.520
Other Funding	9.416	10.383	3.847	1.237
Total Funding	11.936	12.903	6.367	3.757
Surplus/(Deficit)	2.574	3.453	1.237	(0.148)

- 2.16 The above table also makes a distinction between:-

- Core funding, which is essentially government capital grant and revenue contributions to capital. This is more certain.
- Other funding e.g. capital receipts, use of reserves, prudential borrowing. This is less certain.

- 2.17 A key aim should be for core funding to match on-going schemes so that the cost of core capital commitments can be met each year, without the need to borrow to fund core on-going capital commitments. This continues to be the case throughout the four year capital programme.
- 2.18 The core funding now includes a contribution of £1m from the revenue budget, which together with anticipated capital grant means that core funding will cover most of the cost of on-going schemes.

SUMMARY AND CONCLUSION

- 2.19 The key aim has been to put forward a relatively low risk, sustainable capital programme. On that basis the programme has:-
- Removed the reliance of the programme on capital receipts of c£3m given the current state of the economy and the amount of surplus building land in the area, there is an increasing risk that the disposal of land at police headquarters may take a number of years
 - Provided further resources for future IS investment, which will remove a possible block to the reconfiguration of services provided by the force that is envisaged under the PBB process.
 - Been made more sustainable through a revenue contribution to capital of £1m per annum.
 - Avoided the need for prudential borrowing – avoids the need for additional financial pressure on the revenue budget.
- 2.20 At this stage a realistic view has also been taken around the phasing of capital projects. While some schemes may progress quicker than expected others may take longer to progress.
- 2.21 The Capital Programme will be monitored at regular intervals to ensure that capital resources are being used effectively to deliver schemes within the programme.
- 2.22 The programme will also be kept under regular review in particular pending identification of initiatives from the Priority Based Budgeting Process.

3. RECOMMENDATIONS

- 3.1 To approve the finalised capital programme for 2014/15 and associated funding as set out in Appendix A.
- 3.2 Agree the indicative capital programme for 2015/18 and associated funding.

4. IMPLICATIONS

All implications are assessed and scored to the table below.

HIGH – supporting explanation and narrative required and to be contained within the report

MEDIUM – narrative to be contained within the report at the discretion of the author

LOW – no narrative required

	LOW	MEDIUM	HIGH
Crime and Disorder		X	
Environmental	X		
Equality and Diversity	X		
Financial		X	
Health and Safety	X		
Human Rights	X		
Legal	X		
Personnel	X		

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ATTACHMENTS

Appendix A – Four year capital programme

Capital Programme 2014/15 to 2017/18

	Ref	2014/15 £'000	Business Cases/ Changes	2014/15 £'000	2015/16 £'000	Business Cases/ Changes	2015/16 £'000	2016/17 £'000	Business Cases/ Changes	2016/17 £'000
EXPENDITURE										
Ongoing Schemes										
Capitalised Maintenance & Small adaptations & Business Continuity		370		370	370		370	370		370
Legislative works(Asbestos,smoke detectors,legionella,DDA, M&Eng)		125		125	125		125	125		125
Police Premises Fund		697		697	200		200	200		200
Replacement of UPS Kit		30		30	30		30	30		30
General Vehicle & Chief Officer Vehicle Replacement Programmes		1,150		1,150	1,100		1,100	1,100		1,100
Equipment		290		290	160		160	160		160
Body Armour Replacement				-			-	750		750
IS Replacement Projects		1,400		1,400	920		920	920		920
Total Ongoing Schemes		4,062	-	4,062	2,905	-	2,905	3,655	-	3,655
Specific Schemes										
Admin & Exec Block Refurbishment		1,480		1,480	535	5,010	5,545	475		475
Enquiry Office Branding		46		46						
IS Infrastructure Projects		350		350	-		-	-		-
IS Customer Projects		2,238	1,000	3,238	-		-	-		-
IS Future Investment Programme						1,000	1,000		1,000	1,000
IS Collaboration (Derbyshire share)		1,000	(1,000)	-	1,000	(1,000)	-	1,000	(1,000)	-
Invest to Save Schemes		186		186						
Total Specific Schemes		5,300	-	5,300	1,535	5,010	6,545	1,475	-	1,475
TOTAL PLANNED EXPENDITURE		9,362	-	9,362	4,440	5,010	9,450	5,130	-	5,130
FUNDING										
Funding b/f Grant & Contributions		6,157		6,157	2,574		2,574	3,453		3,453
Capital Grant		1,520		1,520	1,520		1,520	1,520		1,520
Other Grant & Contributions		100		100			-			-
Use of Reserves		2,439		2,439	1,685		1,685			-
Use of Reserves - temporary pending future capital receipts						5,010	5,010			
Revenue Contributions to Capital Outlay		1,000		1,000	1,000		1,000	1,000		1,000
Sale of Land & Buildings		1,834	(1,114)	720	394	720	1,114		394	394
TOTAL FUNDING		13,050	(1,114)	11,936	7,173	5,730	12,903	5,973	394	6,367
EXPENDITURE COMPARED TO FUNDING		3,688	(1,114)	2,574	2,733	720	3,453	843	394	1,237