

STRATEGIC PRIORITIES ASSURANCE BOARD

REPORT TITLE	CAPITAL PROGRAMME 2019/23
REPORT BY	JOINT REPORT OF THE CHIEF CONSTABLE, DIRECTOR OF FINANCE AND CHIEF FINANCE OFFICER
DATE	21 JANUARY 2019

PURPOSE OF THE REPORT

To set out the capital programme for Derbyshire Constabulary for 2019/20 to 2022/23.

ATTACHMENTS

Appendix A. Capital Programme for 2019/20 to 2022/23

RECOMMENDATIONS

1. To approve the Capital Programme for 2019/20 to 2022/23 and associated funding as set out in Appendix A.

CONTACT FOR ENQUIRIES

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1 INFORMATION AND ANALYSIS

Background

- 1.1 During the recent period of austerity, the Government has cut resources for capital projects. This has meant that Derbyshire Constabulary has increasingly relied on using reserves and limited capital receipts to fund an increasing share of its capital projects.
- 1.2 Each year Derbyshire Constabulary has a number of core capital spending requirements in order to replace and maintain its assets and therefore maintaining its capabilities: -

	£'m
To maintain buildings	0.370
To replace police vehicles	1.194
To replace key items of equipment	0.160
To ensure its IT systems are supported	1.420
Total Replacements	3.144

- 1.3 These ongoing capital needs amount to some £3.1m annually, while the government Capital Grant is currently only £0.637m. This represents a shortfall of £2.5m even before the Constabulary considers investment in major new projects to improve performance or make it more efficient. In addition to the above, in some years there are major replacements of equipment e.g. body armour, mobile devices, body worn video which further increases the shortfall.
- 1.4 In addition to the ongoing capital commitments, there are several major projects which are either currently underway or which need to be progressed over the next four-year period. These are as follows: -
- **Co-Location schemes with DFRS** £2.000m in total is included in the Programme over four years to continue the programme of sharing premises with Derbyshire Fire and Rescue Service.
 - **Derby East LPU Accommodation.** Cotton Lane police station is an ageing building with increasing 'fit-for-purpose' issues. £9.500m has been included to enable the re-location to premises more suited to modern policing needs (£1m of the £9.5m is included in the current 2018/19 Capital Programme).
 - **North Division Accommodation.** The force's new model of policing has brought forward the requirement for a 'hub' in the north of the county. An initial cost estimate of £6.000m has been identified and provision has been included in year 1 and 2 of the 4-year programme.
 - **Body Armour Replacement.** Following an assessment of the condition of the force's body armour in 2016/17, the replacement was put back until 2018-20. The estimated cost is £0.750m (£0.250m 2018/19, £0.500m 2019/20)

- **Emergency Services Network (ESN) implementation.** This is a multi-billion pound national project involving all three emergency services. Following implementation, transmission of the force's critical voice traffic will move from the dedicated Airwave network, to a commercial mobile network. This will allow the service to benefit from the considerable improvements in communications technology that have emerged since the Airwave PFI contract started, at a substantially reduced running cost.

The investment required to integrate the Police Service into the new network will be shared between the Home Office and individual forces. Provision of £2.845m was included in the Capital Programme spread over 2017-19. To offset these costs Home Office grant of £0.875m was received in January 2017. This gives a net estimated cost of £1.970m. Monies have already been spent on making control-rooms ESN-compatible and on project management. The timing of the spend and realisation of the savings is reliant on the Home Office project delivering to time and quality with little input from ourselves. The purchase of the devices has been delayed, £2m was originally included in the 2019/20 Capital Programme, this budget has been moved to 2020/21. The impact of a delay will increase future year running costs in Airwave system until completed.

- **Call Centre Telephony System** Provision of £1m was included in the Capital Programme for a new telephone system in the Call Centre, to replace the current telephony infrastructure and introduce multi-channel, digital contact solutions to improve the service the Force provides. Phase 1 of the scheme has been completed and phase 2 will be completed in 2019/20 (£0.325m).
- **Windows 10/ National Enablers Programme** This programme has been instigated to help achieve the Policing 2025 Vision. The main aims are to improve the secure exchanging of information between forces, make individual forces more agile by introducing improved digital technologies and to work more closely with local public services. This interlinks with the implementation of MS Office 365 and Windows 10 by Information Services. The Force has identified key areas it wants to focus on. Provision of £0.800m and £0.460m is included in the Capital Programme 2018/20 for Windows 10 and National Enablers Programme respectively. £0.600m has been spent/committed on the Windows 10 project to date.
- **Analytics Software & Implementation** Provision of £0.460m is included in 2018-20 for Analytics software & implementation to support the Analytics project to provide intelligence to support Service Delivery. No funding has been spent to date but a way forward has been proposed.

- 1.5 The overall Capital Programme for 2019-23, incorporating the above projects, is set out at Appendix A. In addition to the above, provision is included in the 2018/19 Capital Programme for the Sexual Assault Referral Centre (SARC) relocation project and Central Contact Management Centre (CCMC) Resilience project.

Future Schemes – Estates

- 1.6 A list of priorities were agreed by the Strategic Estates Board in December 2018 which included the PCC's and the Chief Constables Office. Some of these priorities are already included in the Capital Programme as set out in paragraph 1.4. Other schemes may be added to the capital programme as and when a business case has been evaluated and approved.

IS Schemes

- 1.7 As well as the ESN, Call Centre Telephony system, Windows 10/National Enablers Programme and Analytics referred to at paragraph 1.4, provision is included for the following: -
- **IS Replacement Projects** The force has a replacement programme for servers, communications equipment, hardware, network equipment and ANPR replacement.
 - **IS Infrastructure** This is for schemes that cover the core infrastructure.
 - **IS Customer Projects** This tends to be for one-off, standalone projects but is again reviewed to ensure benefits are robust and in keeping with the risks of the organisation. A review of mobile phones, Body Worn Video and Service Desk Software are included in this provision as well as a regional Digital Evidence solution.

Other Schemes

- 1.8 A general provision is included for Capital Equipment (£0.210m in 2019/20, £0.160m thereafter). This will be used in 2019/20 for the purchase of drones (£0.1m) and any other one off/replacement equipment.

Funding

- 1.9 As referred to at paragraph 1.3, post-austerity, the level of ongoing Capital grant which the force receives is inadequate to meet even a basic asset replacement programme. In 2009/10 the capital grant allocation was just over £2m. The 2019/20 allocation of £0.637m therefore represents a reduction of 70% in support compared to the immediate pre-austerity period and it is prudent and realistic to expect that this grant will not increase.
- 1.10 Consequently, a number of steps have been taken to address this situation, in particular:
- The inclusion of a permanent contribution to capital expenditure within the revenue budget. This is currently £3.092m per annum.
 - The identification of opportunities to supplement ongoing funding with specific capital grants, capital receipts and additional revenue contributions.
- 1.11 No schemes have been identified to come from Reserves in the current Four-Year Capital Programme. Reserves have previously be used for major projects such as the Joint Police and Fire HQ, the Joint Training Centre/Firearms Range and the refurbishment of the heli-hangar and vehicle compound.

- 1.12 The balance of funding is to be met from borrowing. This is summarised in the table below.

	2019/20	2020/21	2021/22	2022/23	Total
	£'m	£'m	£'m	£'m	£'m
Borrowing Requirement	9.200	10.757	1.270	1.270	22.497

- 1.13 In addition to the above, it was planned to borrow £1.132m in 2018/19. This is likely not to go ahead in 2018/19 based on likely capital outturn figures but this will need to be re-profiled forward to 2019/20, increasing the total borrowing to £23.629m. Also, the Capital Programme doesn't include some of the priorities which have been agreed by the Strategic Estates board in December 2018, additional borrowing would have to be taken out if these projects go ahead.
- 1.14 The overall level of borrowing may fluctuate depending on the timing of capital projects and any capital receipts that are generated during the next four years.

Summary and Conclusion

- 1.15 The key aim has been to plan for significant high-priority investment within the capital programme but with due consideration of its affordability. On that basis the programme has: -
- Removed the reliance of the programme on capital receipts – 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 may take a number of years
 - Prudential Borrowing of £23.629m is deemed to be affordable (see Prudential Indicators, Minimum Revenue Provision, Treasury Management and Investment Strategy report presented to this meeting)
- 1.16 At this stage a realistic view has also been taken around the phasing of capital projects. While some schemes may progress quicker than expected other schemes may take longer to progress
- 1.17 The Capital Programme will be monitored at regular intervals to ensure that capital resources are being used effectively to deliver schemes within the programme.
- 1.18 The programme will also be kept under regular review - in particular to take account of requirements that emerge as initiatives to address the risks facing the public are monitored.

Capital Programme 2019/20 to 2022/23

	Ref	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
EXPENDITURE					
Building Works					
Co-Locations schemes with DFRS		500	500	500	500
Business Continuity - Security Issues & UPS		120	120	120	120
Derby East LPU Accommodation		5,500	3,000	-	-
North Division Accommodation		2,500	3,500	-	-
Other New Build/Refurbishment/Replacement Projects		618	1,592	605	605
Total Building Works		9,238	8,712	1,225	1,225
Vehicles & Equipment					
General Vehicle & Chief Officer Vehicle Replacement Programmes		1,194	1,194	1,194	1,194
Equipment		210	160	160	160
Body Armour Replacement		500	-	-	-
Total Vehicles & Equipment		1,904	1,354	1,354	1,354
IS Schemes					
IS Replacement Projects		560	1,120	1,090	1,170
IS Infrastructure Projects		600	300	330	900
IS Customer Projects		1,979	1,000	1,000	350
Emergency Services Network (EMSCP)		-	2,000	-	-
Call Centre Telephony System		325	-	-	-
Total IS Schemes		3,464	4,420	2,420	2,420
East Midlands Counter Terrorism Intelligence Unit (EMCTIU)		340	175	175	175
TOTAL PLANNED EXPENDITURE		14,946	14,661	5,174	5,174
FUNDING					
Funding b/f Grant & Contributions		0	0	0	0
Funding b/f Reserves		-	-	-	-
Capital Grant		637	637	637	637
Other Grant & Contributions		340	175	175	175
Use of Reserves		-	-	-	-
Borrowing		9,200	10,757	1,270	1,270
Revenue Contributions to Capital Outlay		3,092	3,092	3,092	3,092
Sale of Land & Buildings		1,677	-	-	-
TOTAL FUNDING		14,946	14,661	5,174	5,174
EXPENDITURE COMPARED TO FUNDING		0	0	0	0