

BUDGET SETTING MEETING

REPORT TITLE	CAPITAL PROGRAMME 2020/24
REPORT BY	JOINT REPORT OF THE CHIEF CONSTABLE AND CHIEF FINANCE OFFICER
DATE	7 FEBRUARY 2020

PURPOSE OF THE REPORT

To set out the capital programme for Derbyshire Constabulary for 2020/21 to 2023/24.

ATTACHMENTS

Appendix A. Capital Programme for 2020/21 to 2023/24

RECOMMENDATIONS

1. To approve the Capital Programme for 2020/21 to 2023/24 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 £0.237m. This represents a shortfall of £2.9m 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. £9.5m has been included to enable the re-location to premises more suited to modern policing needs (£3.08m of the £9.5m is included in previous years Capital Programmes, £6.42m is included in 2020/21). The land for this project was purchased in December 2019, the scheme started in February 2020.
 - **North East 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 £6m has been identified and provision had been

included in the capital programme (£1.5m of this is included in the 2019/20 capital programme but this is likely to be carried forward to 2020/21), an additional £3.5m is required in 2021/22 to bring in line to the provision for Derby East Hub.

- **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. The plan is 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 2017/22. 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 have been delayed until 2020/22, monies may also be required for additional airwave terminals due to the delay in the project. Information on timescales and costs is expected in February 2020. Costs are likely to exceed the current provision in the Capital Programme. The impact of a delay will increase future year running costs in the Airwave system until completed.

- 1.5 The overall Capital Programme for 2020/24, incorporating the above projects, is set out at Appendix A. In addition to the above, provision is included in the Capital Programme for the Contact Management and Resilience Centre (CMARC) project, replacing Locker storage at Wyatts Way and replacement of body armour. An additional £0.250m has been included in 2020/21 for critical estates works.

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 Constable Office. Some of these priorities have been completed or have been included in the Capital Programme. Other schemes may be added to the capital programme as and when a business case has been evaluated and approved such as a hub in the North West. Condition surveys have been carried out, these need to be assessed and additional provision may be required in future years.

IS Schemes

- 1.7 As well as the ESN 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 the Command and Control system is included in 2021/22.

Other Schemes

- 1.8 A general provision of £0.160m is included for Capital Equipment. This will be used for any one off/replacement of equipment. In 2020/21 this will be partly used for a replacement Kiosk solution for Specialist Crime and Intelligence.

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, in 2019/20 this was £0.637m and in 2020/21 it has been reduced by a further £0.400m to £0.237m. This represents a reduction of 88% in support compared to the immediate pre-austerity period and it is prudent to assume this will not increase in the future.
- 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 approximately £3m 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 former heli-hangar and vehicle compound.
- 1.12 The balance of funding is to be met from borrowing. This is summarised in the table below.

	2020/21	2021/22	2022/23	2023/24	Total
Borrowing Requirement	15.089	5.568	1.065	1.315	23.037

- 1.13 In addition to the above, it is planned to borrow £6.700m in 2019/20. The Capital current Programme doesn't include some of the priorities which have been agreed by the Strategic Estates board in December 2018 and 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 £29.737m (including 2019/20 borrowing) 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.

