

STRATEGIC GOVERNANCE BOARD
27 JANUARY 2015
JOINT REPORT OF THE CHIEF CONSTABLE
AND
THE TREASURER TO THE POLICE AND CRIME COMMISSIONER

8A CAPITAL PROGRAMME 2015/19

1. **PURPOSE OF THE REPORT**

1.1 To set out the capital programme for Derbyshire Policing for 2015/19.

2. **INFORMATION AND ANALYSIS**

Background

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

2.2 The Police and Crime Commissioner (the Commissioner) and Derbyshire Constabulary has increasingly relied on using reserves and limited capital receipts to fund an increasing share of its capital projects.

2.3 Each year the Commissioner and Derbyshire Constabulary has a number of core capital spending requirements to replace and maintain its assets e.g.: -

- To replace police vehicles.
- To maintain buildings.
- To upgrade its IT systems.
- To replace key items of equipment e.g. body armour, IT equipment.

2.4 These ongoing capital needs amount to some £2.9m annually, while Government Capital Grant equates to £1.5m.

2.5 This represents a shortfall of £1.4m even before the Commissioner and the Chief Constable considers investment in major new projects to improve performance or make it more efficient. Many Commissioners and /or Chief Constables have been forced to borrow to cover this gap.

2.6 There would be scope for the Commissioner and/or the Chief Constable of Derbyshire Constabulary to borrow to fund this gap but it is recognised that 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 There are no new projects within the programme. The main pressures within the programme are as follows: -
- **Replacement of Headquarters Administration and Executive Building.** Following approval given in December to work in partnership with Derbyshire Fire and Rescue Service to build a new Joint Police and Fire Headquarters, the programme includes a provision of some £9.3m for the Commissioner's share of the projected build cost of the new HQ. This is the current best estimate.
A bid to the Home Office Innovation Fund has been submitted for £3m towards this cost. Any cost that is not covered by Innovation Fund grant will be met from Reserves. This will be mitigated pending the generation of capital receipts from the sale of land.
Current economic circumstances mean that it would be unrealistic to rely on these receipts during the period of the programme, and therefore it is intended to use reserves to fund the new building as an interim measure. The sale of land will then go ahead at the most advantageous time to replenish the reserves utilised.
 - **Investment in Information Systems (IS) projects** – The Constabulary has established a Technology Improvement Board to ensure that its Information Technology investment is aligned with its priorities in terms of risk and threat. Significant investment in key systems is required and £5m of expenditure is planned for 2015/16
- 2.8 A comprehensive review of the Commissioner's property portfolio has been undertaken as part of the Priority Based Budgeting (PBB) exercise. The findings and recommendations from this review are subject to a separate report by the Head of Assets and approval by the Chief Constable and the Commissioner.
- 2.9 Until final decisions have been made exact details are not yet known, but is expected that a major investment will have to be undertaken in some of the properties that remain. This investment is required to accommodate the relocation of officers and staff to ensure that the space in remaining buildings is maximised. Currently no budget has been included in the Capital Programme as further feasibility studies need to be undertaken.

IS Schemes (Appendix A)

- 2.10 The IS part of the Capital Programme is split in the following way:-
- **Replacement projects** – this covers the replacement of existing hardware with a major refresh of equipment following the introduction of Windows 7. It also includes improvement to data storage, prompted by the requirements of new systems particularly around the storage of images relating to operational policing.
 - **Infrastructure projects** – this is for schemes that cover the core infrastructure e.g. server rooms as well as remote access software.

- **Customer Projects** – these are local projects, the most significant of these being the upgrade/replacement of the Command and Control system. Implementation of remote access to Constabulary systems via mobile devices also features within this area.
- **Investment Programme** – resources have been identified for the implementation of systems identified and prioritised by the PBB process. In 2016/17 and 2017/18 resources have been allocated for a replacement Crime and Intelligence system.

IS Schemes (infrastructure, customer projects and future investment programme)

2.11 The main schemes are as follows:-

- **Command & Control system** – detailed requirements for the replacement system have been defined. The Constabulary has undertaken a full procurement exercise, which is now at the preferred bidder stage.
- **Crime and Intelligence system** – work is underway to look at options for the replacement of the Constabulary's crime and intelligence system, which will also encompass a future solution for case and custody. This is needed to ensure officers have the necessary information to speeding up the investigative process, reduce the amount of time taken to input data on to systems and integrate with other force systems.
- **Mobile Office** – the aim is to reduce the amount of time officers spend 'desk bound' and ensure they have ready access to information to deal with an incident wherever the location. There are opportunities to reduce the time taken and make easier the collection and analysis of some types of evidence.
- **Server Room Updates** – ongoing replacement of equipment (including monitoring and environmental controls) helps reduce carbon emissions and ensures that we have adequate back up arrangements whilst rationalising the estate.
- **Automatic Number Plate Recognition (ANPR) Back Office Facility** – in line with the Constabulary's ANPR strategy £0.250m has been included in 2015/16 to enhance the analysis capability of the Constabulary's ANPR technology. The ANPR strategy sets out how the Constabulary will maximise the operational benefit from this capability and the areas for future investment.

Estates Schemes

- 2.12 The Estates programme mainly consists of constructing the new Joint Headquarters with the Derbyshire Fire and Rescue Service.
- 2.13 No other significant items are included in the Estates programme pending the implementation of the property review under PBB.

Other Schemes

- 2.14 The programme includes a provision of £0.750m for body armour in 2016/17, which guidance recommends is fully replaced at least every 10 years.

Funding

- 2.15 The proposed Capital Programme is attached at Annex C The expenditure is shown separately for:-
- on-going schemes – involving the maintenance or replacement of an existing asset
 - specific schemes – involving new investment
- 2.16 There is a degree of cross-over between these areas but the intention is to demonstrate the underlying commitments, within the programme i.e. on-going schemes, where there is a continuing commitment to provide capital resources.
- 2.17 The table below summarises the position up to 2018/19: -

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
On-going Schemes	4.959	3,655	2,905	2.905
Specific Schemes	7.275	4.910	1.000	1.000
Total Schemes	12.234	8.565	3.905	3.905
Core Funding	2.520	2.520	2.520	2.520
Other Funding	12.340	6.803	1,490	970
Total Funding	14.860	9.323	4.010	3.490
Surplus	2.626	0.758	0.105	(0.415)

- 2.18 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.
- 2.19 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.
- 2.20 The core funding 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

- 2.21 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 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 Constabulary 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.
- 2.22 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
- 2.23 The Capital Programme will be monitored at regular intervals to ensure that capital resources are being used effectively to deliver schemes within the programme.
- 2.24 The programme will also be kept under regular review - in particular to take account of requirements that emerge as initiatives under PBB are implemented. .

3. RECOMMENDATIONS

Key Decisions

- i. To approve the detailed Capital Programme for IS schemes 2015/16 to 2018/19 as set out in Appendix A.
- ii. To approve the detailed Capital Programme for estates schemes 2015/16 to 2018/19 as set out in Appendix B.
- iii. Approve the finalised overall capital programme and associated funding 2015/16 to 2018/19 as set out in Appendix B.

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 & Disorder	X		
Environmental	X		
Equality & Diversity	X		
Financial	X		
Health & Safety	X		
Human Rights	X		
Legal	X		
Personnel	X		

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ATTACHMENTS

Appendix A IS Schemes

Appendix B Capital Programme 2015/19