

**THE OFFICE OF POLICE AND CRIME COMMISSIONER
FOR DERBYSHIRE
DECISION RECORD**

Request for PCC Decision	Received in OPCC Date: 22 January 2018	OPCC Ref: 05/2018
---------------------------------	---------------------------------------------------	--------------------------

CAPITAL PROGRAMME 2018/22

Executive Summary:

The Capital Programme was set out at Appendix A to the report for approval.

Decision

The Capital Programme for 2018/22 and associated funding as set out in Appendix A was approved.

Declaration

I confirm that I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct for the Police and Crime Commissioner for Derbyshire. Any such interests are recorded below.

None

The above request has my approval.

Signature

Hardyal Dhindsa

Date 22 January 2018

PUBLICATION SCHEME CONSIDERATIONS

Is the related Section B report to be published Yes

The report contains commercially sensitive information.

Is the publication of this approval to be deferred **No**

If Yes, provide reasons below

Date to be deferred to –

NB Statutory Instrument 2011/3050 (as amended by SI 2012/2479) states that: *all decisions made by a PCC are in the types of information that must “be published as soon as practicable after it becomes available to the elected local policing body”.*

OFFICER APPROVAL

Chief Executive or Nominee:

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report.

I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner

Name Andrew Dale

Date 22 January 2018

STRATEGIC GOVERNANCE BOARD
22 JANUARY 2018
REPORT OF THE CHIEF CONSTABLE
AND
CHIEF FINANCE OFFICER FOR THE OFFICE OF POLICE AND CRIME
COMMISSIONER

CAPITAL PROGRAMME 2018/22

1. PURPOSE OF THE REPORT

- 1.1 To set out the capital programme for Derbyshire Constabulary for 2018/22.

2. INFORMATION AND ANALYSIS

Background

- 2.1 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.
- 2.2 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 e.g: -
- To replace police vehicles.
 - To maintain its buildings.
 - To ensure its IT systems are supported.
 - To replace key items of equipment e.g. body armour, IT equipment. (natural wastage)
- 2.3 These ongoing capital needs amount to some £4.0m annually, while for 2018/19 the government Capital Grant is only £0.6m. This represents a shortfall of £3.4m even before the Constabulary considers investment in major new projects to improve performance or make it more efficient.

2.4 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: -

- **Building Condition Survey work.** £3.000m in total is included in the Programme over two years to address high-priority remedial work highlighted from condition surveys. Projects will be carefully planned to align with force priorities and to also consider Joint schemes with fire service eg additions to existing stations.
- **Derby East LPU Accommodation.** Cotton Lane police station is an ageing building with increasing 'fit-for-purpose' issues. £6.500m has been included to enable the re-location to premises more suited to modern policing needs.
- **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 2 and 3 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 2018/19. The estimated cost is £0.750m
- **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. £0.5m had previously been committed in 2017/18 to make control-rooms ESN-compatible. The rest has been allocated over 2018/19 (£0.345m) and 2019/20 (£2m) as the project has been delayed and devices are likely to be purchased in 2019/20. These figures will be subject to review as more details on timescales and technical specifications emerge. To offset these costs Home Office grant of £0.875m was received in January 2017. This gives a net estimated cost of £1.970m. 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 impact of a delay will increase future year running costs in Airwave system until completed.

- **Call Centre Telephony System** Provision of £1m is included in the Capital Programme (£0.2m 2017/18 and £0.8m 2018/19) 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.

- 2.5 The overall Capital Programme for 2018/22, incorporating the above projects, is set out at Appendix A.
- 2.6 There are no specific schemes currently programmed for the final year, 2021/22. The ongoing provisions for maintenance and replacements shown in this year are for indicative purposes only.

Future Schemes – Estates

- 2.7 The Estates programme mainly consists of the major projects set out at paragraph 2.4. However, provision is also included for Capitalised Maintenance and Police Premises improvement (a total of £4.938m over the 4 years) to support the much-needed investment in priority work. Priority works identified but not all yet prioritised or reviewed for business benefits are;
- Chesterfield Headquarters Roof
 - Chesterfield Custody Suite
 - Old Hall Wiring and Heating
 - Stores Refit
 - New Fleet Management System
 - HQ Lighting
 - Tiered Car Park
 - Multi-Purpose Hall Refurbishment eg Kitchen, Showers and Toilets
 - Matlock Police Station Refurbishment
 - Heating and Mechanical installations across the estate
- 2.8 A fifteen year estates plan is being developed to identify future needs of the Force. This longer term plan includes the links with the Derbyshire Fire & Rescue estate in order to reap the benefits of partnership working.

IS Schemes

- 2.9 As well as the ESN and Call Centre Telephony system referred to at paragraph 2.4, provision is included for the following:-
- **IS Replacement Projects (£0.920m per annum)** The force has a replacement programme for servers, communications equipment, hardware, network equipment and ANPR replacement. This plan includes the ongoing future commitment to replace recent technological implementations such as mobile phones and body worn video. This provision has been reviewed to ensure that it can meet the demand of these future replacements. That said, as cases for replacement are made

they will be reviewed and revised as required to ensure best value is encouraged.

- **IS Infrastructure (£0.614m 2018/19, £0.5m thereafter)** This is for schemes that cover the core infrastructure.
- **IS Customer Projects (£1m per annum)** 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.

2.10 Provision was included for IS Infrastructure and Customer Projects. This was to help support any Business Futures workstreams and future infrastructure projects. Currently the schemes have not been rigorously challenged but have been identified against this budget and workstreams include the following as potentially could be funded from this provision following a comprehensive business case

- Digital Interview Recording
- LAN Desk Replacement
- Body Warn Video
- Chorus Network Solution Crime Support
- Technology Needs Assessment
- Analytical software
- HR Case Management

Other Schemes

2.11 A general provision is included for Capital Equipment (£0.460m in 2018/19, £0.160m thereafter). Currently no schemes have been identified against this budget but the following could be funded from this provision following a comprehensive business case

- Replacement Tannoy
- Drone Project

Funding

2.12 As referred to at paragraph 2.4, 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 2018/19 allocation of £0.644m 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.

2.13 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.

- 2.14 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.
- 2.15 However the proposed Capital Programme for 2018/21 is an ambitious one, reflecting the urgent need for the force to modernise its estate and to maximise the business benefits becoming available from technological innovation. Consequently after implementing all the funding options as set out in the paragraph above, there is still a shortfall in funding amounting to £18.689m. This is shown in the table below.

	2018/19	2019/20	2020/21	Total
Total Planned Expenditure	12.783	14.674	8.674	
Projected Funding	9.046	4.483	3.913	
Shortfall	3.737	10.191	4.761	18.689
Borrowing Requirement	3.737	10.191	4.761	18.689

- 2.16 Over the Austerity Period the Constabulary has helped to build considerable reserves to cushion the impact of future funding shortfalls. As stated previously the Government is now providing a more stable level of funding to police forces.
- 2.17 This means that the Commissioner had previously been able to use reserves to fund a significant share of new projects within the capital programme including major building and IS schemes.
- 2.18 Within this planning period reserves of £1.5m are being utilised to support the revenue budget. We therefore cannot rely on using the reserves for capital funding in the short term but dependant on the Home Office direction of funding proposals in future years there may be an element of flexibility to support the capital programme beyond 2018/19.
- 2.19 The projections therefore assume that the Commissioner will need to borrow to support the Capital Programme. Over the years 2018/21 it is anticipated that total borrowing of some £18.689m could be required.
- 2.20 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.

- 2.21 The above excludes the 2021/22 capital programme, there is a shortfall of £1.261m in this year before any specific schemes are identified but this will be kept under review.

Summary and Conclusion

- 2.22 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
- Been made more sustainable – through a revenue contribution to capital of £3.092m per annum
- Prudential Borrowing of £18.689m is deemed to be affordable (see Prudential Indicators, Minimum Revenue Provision, Treasury Management and Investment Strategy report presented to this meeting)

- 2.23 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

- 2.24 The Capital Programme will be monitored at regular intervals to ensure that capital resources are being used effectively to deliver schemes within the programme.

- 2.25 The programme will also be kept under regular review - in particular to take account of requirements that emerge as initiatives to address the risk gap are monitored.

3. RECOMMENDATIONS

Key Decisions

- i. To approve the Capital Programme for 2018/22 and associated funding as set out in Appendix A.

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	

Contact details in the event of enquiries	<p>Name: Chief Superintendent Steve Wilson External telephone number: 0300 122 4140 Email address: sgb@derbyshire.pnn.police.uk</p> <p>Name: Andrew Dale External telephone number: 0300 122 6005 Email address: andrew.dale.16973@derbyshire.pnn.police.uk</p>
----------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

ATTACHMENTS

Appendix A Capital Programme 2018/22

Capital Programme 2018/19 to 2021/22

	Ref	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
EXPENDITURE					
Building Works					
Capitalised Maintenance & Small adaptations & Business Continuity		1,200	870	870	870
Legislative works(Asbestos,smoke detectors,legionella,DDA, M&Eng)		125	125	125	125
Police Premises Fund		528	200	200	200
Replacement of UPS Kit		30	30	30	30
Derby East LPU Accommodation		2,500	4,000	-	-
Conditions Survey Work		2,000	1,000	-	-
North Division Accommodation		-	2,500	3,500	
Total Building Works		6,383	8,725	4,725	1,225
Vehicles & Equipment					
General Vehicle & Chief Officer Vehicle Replacement Programmes		1,194	1,194	1,194	1,194
Equipment		460	160	160	160
Body Armour Replacement		750	-	-	-
Total Vehicles & Equipment		2,404	1,354	1,354	1,354
IS Schemes					
IS Replacement Projects		920	920	920	920
IS Infrastructure Projects		614	500	500	500
IS Customer Projects		1,000	1,000	1,000	1,000
Emergency Services Network EMSCP)		345	2,000	-	-
Call Centre Telephony System		800	-	-	-
Total IS Schemes		3,679	4,420	2,420	2,420
East Midlands Counter Terrorism Intelligence Unit (EMCTIU)		317	175	175	175
TOTAL PLANNED EXPENDITURE		12,783	14,674	8,674	5,174
FUNDING					
Funding b/f Grant & Contributions		4,079	0	0	0
Capital Grant		644	644	644	644
Other Grant & Contributions		317	177	177	177
Use of Reserves		-	-	-	-
Borrowing		3,737	10,191	4,761	1,261
Revenue Contributions to Capital Outlay		3,092	3,092	3,092	3,092
Sale of Land & Buildings		914	570	-	-
TOTAL FUNDING		12,783	14,674	8,674	5,174
EXPENDITURE COMPARED TO FUNDING		0	0	0	0