

# STRATEGIC PRIORITIES ASSURANCE BOARD

<b>REPORT TITLE</b>	CAPITAL PROGRAMME 2021/25
<b>REPORT BY</b>	JOINT REPORT OF THE CHIEF CONSTABLE AND CHIEF FINANCE OFFICER
<b>DATE</b>	1 <sup>ST</sup> FEBRUARY 2021

## **PURPOSE OF THE REPORT**

To set out the capital programme for Derbyshire Constabulary for the period 2021/22 to 2024/25.

## **ATTACHMENTS**

Appendix A. Capital Programme for 2021/22 to 2024/25

## **RECOMMENDATIONS**

1. To approve the Capital Programme for 2021/22 to 2024/25 and associated funding as set out in Appendix A.

## **CONTACT FOR ENQUIRIES**

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## 1 INFORMATION AND ANALYSIS

### 1.1 Background

The overall Capital Programme for 2021/22 to 2024/25 is set out at Appendix A.

Each year Derbyshire Constabulary has a number of core capital spending requirements to replace and maintain its assets and therefore maintain its capabilities. These replacement budgets have been reviewed and the amount required for 2021/22 is **£4.04m**.

	Previous Allocation £'m	Reviewed Allocation £'m
To maintain buildings/condition survey work	0.370	0.620
To replace police vehicles	1.194	1.400
To replace key items of equipment or for new equipment	0.160	0.320
To replace IT (servers, communications equipment, hardware, network equipment and ANPR)	1.420	1.700
<b>Total Replacements</b>	<b>3.144</b>	<b>4.040</b>

The Constabulary's ongoing capital needs have increased to some £4m annually, while the government Capital Grant is currently only £0.167m. This represents a shortfall of £3.8m even before the Constabulary considers necessary investment in major new projects to improve performance or to make it more efficient. In addition to the above, there is provision for IS schemes that cover the core infrastructure.

There are several major projects in the Capital Programme which are either currently underway or prioritised for progression over the next four-year period. These are as follows:

- **Co-Location schemes with DFRS** - £1.650m in total is included in the Programme over four years to continue the commitment of sharing premises with Derbyshire Fire and Rescue Service.
- **North East and North West Division Accommodation** - The force's new model of policing has brought forward the requirement for 'hubs' in the north of the county. £12m is included for the North East Division Accommodation (£0.303m of the £12m is included in previous years Capital Programmes) and £11m is included for the North West Division Accommodation. This would provide a highly visible demonstration to the communities within the North Division of the Constabulary's commitment to policing this important part of the county, ultimately improving visibility and providing a secure basis from which to address future threat and risk.

- **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 (£7.701m of the £9.5m is included in previous years Capital Programmes, £1.799m is included in 2021/22). The accommodation is currently under construction and is due to be completed by July 2021.



- **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 contract started, which is expected to achieve substantially reduced running costs.

The investment required to integrate the Police Service into the new network will be shared between the Home Office and individual forces. In previous years monies have already been spent on making control-rooms ESN-compatible and on project management. Also due to the delay in the project, additional Airwave terminals had to be purchased in 2019/20.

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 yet again been delayed until 2022/24, so there may be a requirement to buy further Airwave terminals. A budget of £2.568m is included in the next three years. Information on timescales and costs is expected and there may be a requirement to invest further monies into the project. The impact of a delay will increase future year running costs in the Airwave system until completed.

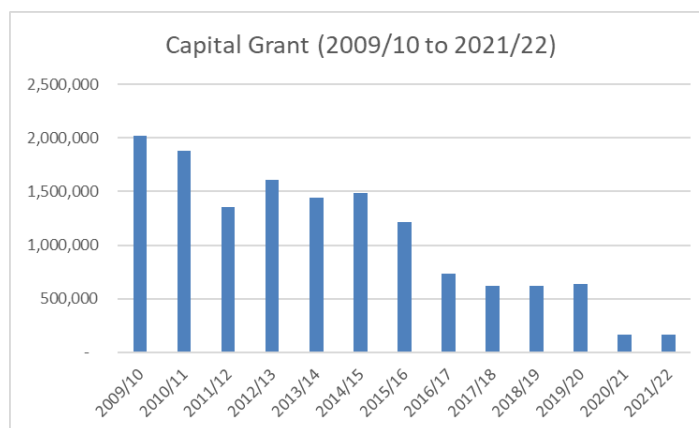
- **Design Board Projects** This is to be used for one-off, standalone projects. This is expected to include IS Customers Projects and capital equipment. The Design Board will review these to ensure that expected benefits are robust and in keeping with the risks and priorities of the organisation. A review of the Command and Control system is included in 2021/22.

## 1.2 Future Schemes – Estates

Future investment is required around the force estate eg divisional headquarters and custody. Business cases will need to be evaluated and approved before these are added to the capital programme.

## 1.3 Funding

The level of Government subsidy in the form of Capital grant has substantially reduced over the years. In 2009/10 the capital grant allocation was just over £2m, in 2021/22 it is £0.167m. This represents a reduction of 92% in support compared to the immediate pre-austerity period and it is prudent to assume that this grant will not increase any further and may ultimately be withdrawn completely.



Consequently, a number of steps have been taken to address this funding position, in particular:

- The inclusion of a permanent contribution to capital expenditure within the revenue budget. This is £3.272m in 2021/22.
- The identification of opportunities to supplement ongoing funding with specific capital grants, capital receipts and additional revenue contributions.

With regards to capital receipts, no provision has been included for the sale of land or property within the current Four-Year Capital Programme. It is expected that buildings and land will become available for sale, as the co-location programme progresses and as new buildings are built, but given the current climate and lack of certainty it is not considered to be prudent to rely upon sales as a method of funding.

No schemes have been identified to come from Reserves in the current Four-Year Capital Programme. Reserves have previously been 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.

The balance of funding will therefore be met from borrowing. This is summarised in the table below.

	2021/22	2022/23	2023/24	2024/25	Total
Borrowing b/f for schemes commencing in 2020/21	2.500	-	-	-	2.500
Borrowing in year	7.290	15.693	11.445	2.004	36.432
<b>Total Borrowing Requirement</b>	<b>9.790</b>	<b>15.693</b>	<b>11.445</b>	<b>2.004</b>	<b>38.932</b>

In addition to the above, in 2019/20 and 2020/21 we have borrowed or will borrow £13.5m. Also, as the Capital Programme doesn't include any other major estates schemes, additional borrowing would have to be taken out if these projects go ahead.

The overall level of borrowing may fluctuate depending on the timing of capital projects and if any capital receipts are generated during the next four years.

## **1.6 Summary and Conclusion**

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/buildings may take a number of years.
- Prudential Borrowing of £52.432m (including 2019/20 and 2020/21 borrowing) is deemed to be affordable (see Prudential Indicators, Minimum Revenue Provision, Treasury Management and Investment Strategy report presented to this meeting)

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.

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

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.

**APPENDIX A – CAPITAL PROGRAMME 2021/22 TO 2024/25**

<b>Capital Programme 2021/22 to 2024/25</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>EXPENDITURE:</b>				
<b>Building Works</b>				
Co-Locations schemes with DFRS	400	250	500	500
Business Continuity - Security Issues & UPS	187	120	120	120
Derby East LPU Accommodation	1,799	-	-	-
North East Division Accommodation	2,300	6,578	2,819	-
North West Division Accommodation	900	5,050	5,050	-
Other Refurbishment/Replacement Projects	2,795	500	500	500
<b>Total Building Works</b>	<b>8,381</b>	<b>12,498</b>	<b>8,989</b>	<b>1,120</b>
<b>Vehicles</b>				
General Vehicle & Chief Officer Vehicle Replacement Programmes	1,500	1,400	1,400	1,400
<b>Total Vehicles</b>	<b>1,500</b>	<b>1,400</b>	<b>1,400</b>	<b>1,400</b>
<b>IS Schemes</b>				
IS Replacement Projects	1,735	1,725	1,745	1,583
IS Infrastructure Projects	1,079	1,000	250	-
Emergency Services Network (ESN)	568	1,000	1,000	-
<b>Total IS Schemes</b>	<b>3,382</b>	<b>3,725</b>	<b>2,995</b>	<b>1,583</b>
<b>Design Board Projects</b>				
IS Customer Projects	1,450	1,000	1,000	1,000
Equipment	320	329	320	160
<b>Total Design Board Schemes</b>	<b>1,770</b>	<b>1,329</b>	<b>1,320</b>	<b>1,160</b>
<b>East Midlands Counter Terrorism Intelligence Unit (EMCTIU)</b>	<b>175</b>	<b>175</b>	<b>175</b>	<b>175</b>
<b>TOTAL PLANNED EXPENDITURE</b>	<b>15,208</b>	<b>19,127</b>	<b>14,879</b>	<b>5,438</b>
<b>FUNDING</b>				
Funding b/f Grant & borrowing	4,304	0	0	0
Capital Grant	167	167	167	167
Other Grant & Contributions - CT Grant	175	175	175	175
Use of Reserves	-	-	-	-
Borrowing in year	7,290	15,693	11,445	2,004
Revenue Contributions to Capital Outlay	3,272	3,092	3,092	3,092
Sale of Land & Buildings & equipment	-	-	-	-
<b>TOTAL FUNDING</b>	<b>15,208</b>	<b>19,127</b>	<b>14,879</b>	<b>5,438</b>
<b>EXPENDITURE COMPARED TO FUNDING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>