



**Derbyshire
Police and Crime
Commissioner**

Protecting Communities,
Fighting Crime



AGENDA ITEM

5C

PUBLIC ASSURANCE MEETING

REPORT TITLE	CAPITAL PROGRAMME 2021/2026
REPORT BY	JOINT REPORT OF THE CHIEF CONSTABLE AND CHIEF FINANCE OFFICER
DATE	19 JANUARY 2022

PURPOSE OF THE REPORT

The purpose of this report is to provide information on the proposed capital programme through to 2025/26, both in terms of capital expenditure projections and the financing available to fund such expenditure. The capital programme is developed in consultation with the Constabulary who are the primary user of the capital assets under the ownership of the Commissioner.

ATTACHMENTS

Appendix A. Capital Programme for 2021/22 to 2025/26

RECOMMENDATIONS

To approve the Capital Programme for 2021/22 to 2025/26 and associated funding as set out in Appendix A.

CONTACT FOR ENQUIRIES

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1 INFORMATION AND ANALYSIS

1.1 Background

Each year Derbyshire Constabulary has a number of core capital spending requirements to replace and maintain its assets and therefore maintain its capabilities.

These can be categorised across three main asset types, namely:

- Estate Schemes,
- Fleet Schemes
- Information Service (IS) Schemes.

In addition to these, there are a small number of “other schemes” which do not fall into the broad headings of the above.

1.2 Capital Programme and Funding

The following table provides a high-level summary of the proposed capital programme and the associated method of funding over the timeframe of the MTFP to 2025/26.

Capital Programme 2021/22 to 2025/26

	Ref	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
EXPENDITURE						
Total Estate Schemes		6,616	12,087	22,520	21,470	11,820
Total Fleet Schemes		1,725	2,209	1,720	1,560	1,560
Total IS Schemes		2,758	4,173	5,965	3,833	2,050
Total Design Board Schemes		60	1,529	1,500	1,500	1,000
East Midlands Counter Terrorism Intelligence Unit (EMCTIU)		320	175	175	175	175
TOTAL PLANNED EXPENDITURE		11,479	20,173	31,880	28,538	16,605
FUNDING						
Funding b/f Grant & borrowing		3,659	2,559	0	0	0
Capital Grant		167	-	-	-	-
Other Grant & Contributions - CT Grant/CREST		463	175	175	175	175
Borrowing		6,000	14,000	28,266	24,924	12,991
Revenue Contributions to Capital Outlay		3,749	3,439	3,439	3,439	3,439
TOTAL FUNDING		14,038	20,173	31,880	28,538	16,605
EXPENDITURE COMPARED TO FUNDING		2,559	0	0	0	0

A full breakdown of the Capital Programme is shown at APPENDIX A

1.3 Estate Schemes

Developing a sustainable, modern and demand-led property estate is vital for the delivery of high-quality policing services in Derbyshire. Our workspaces are not only important for the wellbeing of officers and staff they also visually demonstrate our values and principles and represent our commitment to public safety. The outbreak of the COVID-19 pandemic put the estate to the test and achieving Social Distancing Guidance set by Government required many changes and moves to get the Room Occupancy levels correct. It also slowed down the delivery of our Capital Programme.

Derbyshire Police has faced unprecedented financial challenges during the last decade. These difficulties are not over and it remains as critical as ever that we support our hardworking officers and staff with modern working environments which utilise public funds in the most sustainable, innovative and economic way.

Much of Derbyshire Police's estate is outdated, having been designed in a different era of policing. It has suffered an acute lack of investment over the years and does not stand up to current demand challenges or new operational approaches, in fact, much of the estate is obsolete.

Amid the pressures of austerity, we have realised better ways of working and are reaping the benefits of closer partnership working, where this is possible. This ambitious approach requires buildings that are not only fit for purpose but which allow us to work directly alongside our delivery partners. We also want to play our part in protecting the environment and tackling climate change with environmentally responsible buildings which support the further introduction of greener technologies, including vehicle charging, to reduce our carbon footprint as we strive to achieve Net Zero by 2050.

As ever, these desired changes require investment and must be balanced with our available resources and operational needs. However, we have already made a positive start. Derbyshire Police and Derbyshire Fire & Rescue Service (DFRS) are now jointly-located in the new headquarters building at Ripley. This replaced outdated and obsolete buildings and shared the construction costs across both organisations. It also reduced the burden of on-going running costs of both organisations through the development of the Limited Liability Partnership (LLP).

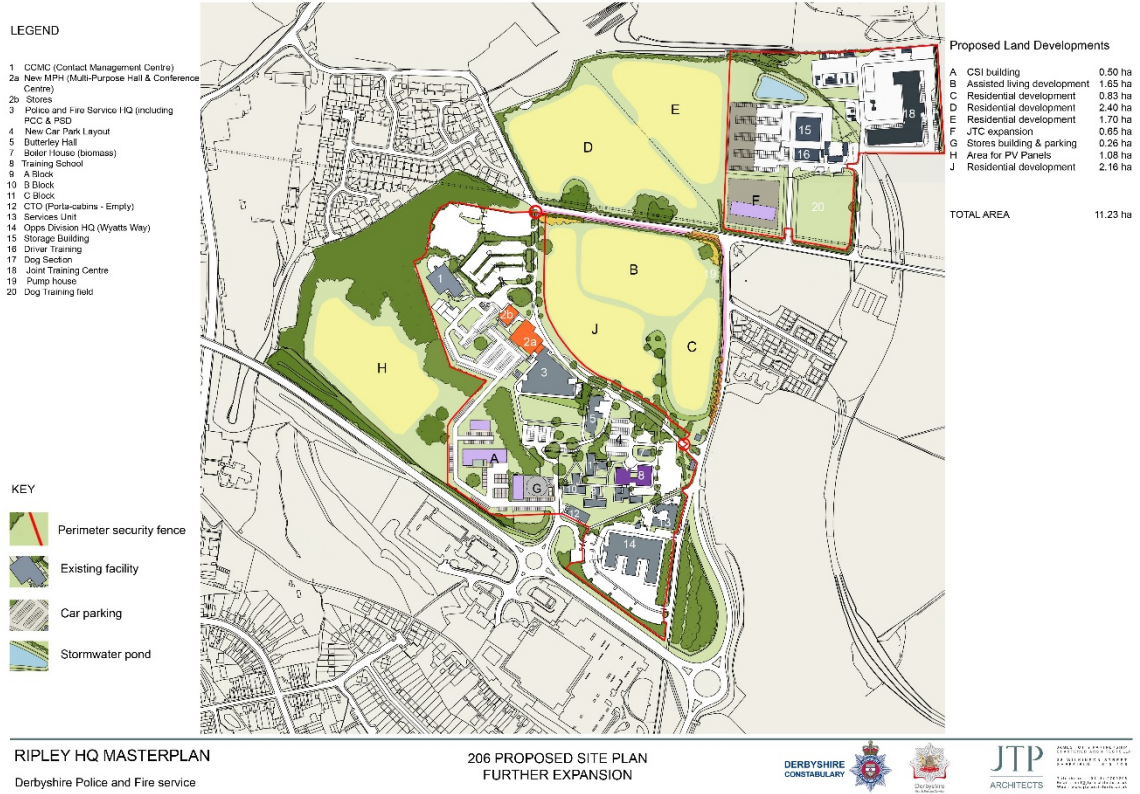
There are several major estate projects in the Capital Programme which are either currently underway or prioritised for progression over the next four-year period. These are as follows:

North and North West Division Accommodation - Currently the PCC has approval to undertake a detailed feasibility study and possible associated land acquisition to build a Hub Police Station in the central High Peak in the vicinity of Chapel as part of a wider plan for that community that also includes police stations in Buxton and Glossop. An assessment of Custody provision is currently also underway to look at the most cost effective, operationally efficient solution to service delivery, following the closure of Buxton and Chesterfield Custody Suites.

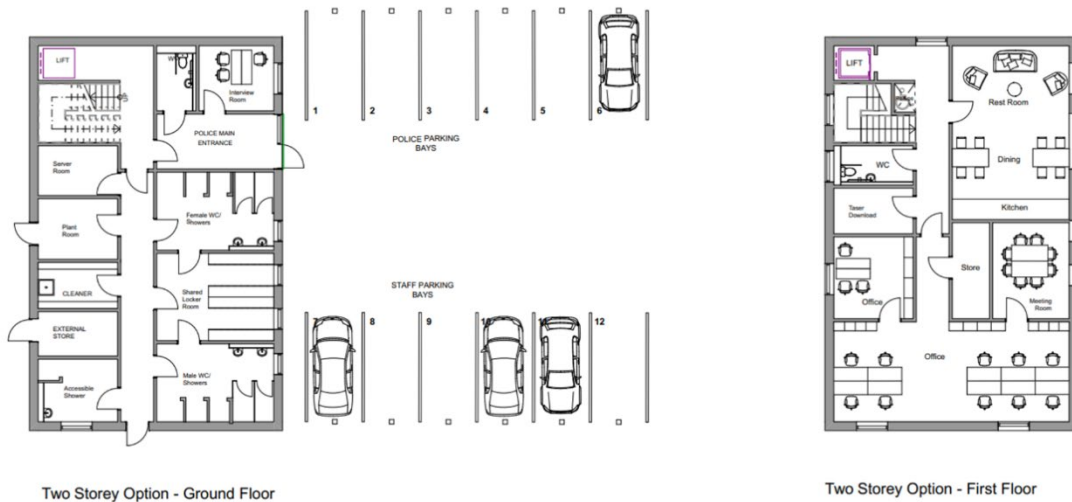
Derby East LPU Accommodation - Cotton Lane police station is an ageing building with increasing 'fit-for-purpose' issues. Re-location into a purpose built building co-located with DFRS at Ascot Drive is nearing completion and will be operational by April 2022.



HQ Estate Changes The HQ Masterplan is a multi-year Capital Investment programme for property rationalisation on the Force HQ site. The Programme is overseen by the Strategic Estates Board.



SNT's – Provision of a stand-alone facility for our Safer Neighbourhood Teams (SNT's) to replace former domestic dwellings. The Capital Programme assumes one new SNT each year for the next five years, starting with Alfreton and Killamarsh.



The PCC recognises the threat posed by climate change and of the need for Derbyshire Police to play its role in contributing to reducing carbon emissions. All new buildings will be constructed in accordance with the Building Research Establishment Environmental Assessment Method (BREEAM) to a rating of Very Good.

1.4 Fleet Schemes

The Capital Programme includes funding for the replacement of the Constabularies fleet of approximately 550 vehicles on a periodic basis based on the end of their economic or operational life, in 2022/23 this will exceed 100 vehicles plus vehicles carried forward from 2021/22 due to manufacturing production delays. The fleet strategy sets out the constabulary fleet requirements to meet operational needs over the coming years. The main aim of the fleet strategy is to ensure a cost effective fleet service to meet these operational requirements with the procurement of vehicles through Blue Light Commercial (BLC) contracts and national Crown Commercial Services (CCS) framework agreements which ensures value for money is achieved.



1.5 IS Schemes

The overall accountability for the budget is with the Head of IS, who oversees and monitors the budget with the support of the Digital Solutions Manager and the Service Operations Manager. Individual team managers and project managers have responsibility for the schemes within the budget. The two parts of the capital budget are described below.

IS Infrastructure Projects

This is for improving and transforming the underlying IS infrastructure and will include projects that introduce new technology e.g. storage solutions, new network capabilities. These may be invisible to the end customers but must present a valid business case for their implementation. These projects are to ensure that Derbyshire Constabulary remains closer to the 'leading edge' rather than the 'trailing edge' of technology and hence their justification may include avoiding loss of service or reducing future revenue support costs. The Digital Solutions Manager is accountable for all projects. Individual project managers will be allocated to each to oversee capital spend and highlight how any ongoing revenue or future capital replacement money will be allocated.

IS Replacement

This is recurring capital expenditure to ensure that IS has the capability to refresh the software and hardware required to keep the Force operational. Each of these start with a notional value for the year but are allocated based on the replacement work required, hence the figures for each scheme can vary greatly year to year based on where the force is in refresh/evergreen cycles. There has been a significant change to the End User Device budget which will now continue to facilitate agile working following the global pandemic.

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 and 2021/22.

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 and is now unlikely to be before 2023/24, increasing the risk of replacing further Airwave terminals. A budget of £6m has been included in the Capital Programme in the next three years from 2022/23. 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.

1.6 Other Schemes

Design Board Projects This is to be used for one-off, standalone projects. This is expected to include Invest to Save Projects, Business Change Initiatives and other Cross Cutting Investment Programmes. 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 and the Digital Evidence Management System (DEMS) is included in 2022/23.

1.7 EMCTIU This is used for capital purchases of vehicles, IT and equipment for the East Midlands Counter Terrorism Intelligence Unit for which Derbyshire is lead force. These purchases are grant funded by the Home Office.

1.8 Funding

A summary of the 5 year capital programme shows that the planned investment is fully funded over the medium-term to 2025/26. This has been achieved through an increase in borrowing combined with an annual revenue contribution of £3.4m. This is used for capital purchases of vehicles, IT and equipment for the East Midlands Counter Terrorism Intelligence Unit for which Derbyshire is lead force. These purchases are grant funded by the Home Office.

The level of Government subsidy in the form of Capital grant has substantially reduced over the years and from 2022/23 has been completely withdrawn.

Where capital expenditure relates to relatively short lived assets (e.g. IS and fleet of up to 10 years' life), choices for financing the capital expenditure are fairly limited. Borrowing for short-lived assets is not a viable consideration due to the requirement to set aside funds from the revenue budget for the repayment of debt over the life of the asset. Therefore, our borrowing requirements are generally in relation to building projects which have a longer life (new builds usually have a life of 50 years).

With regards to capital receipts, no provision has been included for the sale of land or property within the current 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. As can be seen in Appendix A, our borrowing requirement for 2021/22 and 2022/23 is £20m, which was achieved through PWLB borrowing in December 2021 consisting of 3 separate loans:

1. £5m at 1.52% for 40 years.
2. £5m at 1.44% for 45 years.
3. £10m at 1.38% for 50 years.

In addition to the above, further significant borrowing of £66m is required across the remaining period of the Capital Programme, this is predominantly in relation to the funding of the Estates Strategy including major asset replacements.

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.

1.9 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 £86.2m (2021/22 to 2025/26) 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 2025/26

Capital Programme 2021/22 to 2025/26

	Ref	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
EXPENDITURE						
ESTATE SCHEMES						
Co-Locations schemes with DFRS		-	150	-	-	-
SNT Building Refurbishments		1,200	1,200	1,200	1,200	1,200
Business Continuity - Security Issues & UPS		130	254	120	120	120
Derby East LPU Accommodation		2,618	-	-	-	-
North East Division Accommodation		-	-	-	-	-
North West Division Accommodation		-	150	5,700	5,150	-
North Accommodation		-	4,000	10,000	11,000	10,000
HQ Estates Changes		-	1,000	5,000	3,500	-
Ilkeston Accommodation		-	3,500	-	-	-
Other Refurbishment/Replacement Projects		2,668	1,833	500	500	500
Total Estate Schemes		6,616	12,087	22,520	21,470	11,820
FLEET (Inc OPERATIONAL EQUIPMENT)						
Operational and General Vehicle Replacement Programme		1,109	1,880	1,400	1,400	1,400
CREST Vehicles		62	-	-	-	-
Operational Equipment		554	329	320	160	160
Total Fleet Schemes		1,725	2,209	1,720	1,560	1,560
IS Schemes						
IS Replacement Projects		1,544	2,125	1,745	1,583	1,800
IS Infrastructure Projects		431	1,847	250	250	250
Emergency Services Network (ESN)		648	101	3,970	2,000	-
Call Centre Telephony System		-	100	-	-	-
ANPR New locations		135	-	-	-	-
Total IS Schemes		2,758	4,173	5,965	3,833	2,050
Design Board Projects						
IS Customer Projects		60	1,529	1,500	1,500	1,000
Equipment		-	-	-	-	-
Total Design Board Schemes		60	1,529	1,500	1,500	1,000
East Midlands Counter Terrorism Intelligence Unit (EMCTIU)		320	175	175	175	175
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EXPENDITURE COMPARED TO FUNDING		2,559	0	0	0	0

RECOMMENDATIONS

1. That the Prudential Indicators and Limits for 2022/23 to 2024/25 contained within Appendix A of the report are approved.
2. That the Minimum Revenue Provision (MRP) Statement contained within Appendix A which sets out the PCC's policy on MRP be approved.
3. That the Treasury Management Strategy 2022/23 to 2024/25 and the treasury Prudential Indicators contained within Appendix B be approved.
4. That the Authorised Limit Prudential Indicator be approved.
5. That the Investment Strategy 2022/25 contained in the treasury management strategy (Appendix B), the counterparties in Appendix D and detailed criteria included in Appendix E be approved..

CONTACT FOR ENQUIRIES

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