



**Derbyshire  
Police and Crime  
Commissioner**

Protecting Communities,  
Fighting Crime



**AGENDA  
ITEM**

# **POLICING BUDGET MEETING**

<b>REPORT TITLE</b>	CAPITAL PROGRAMME 2022/23 to 2027/28
<b>REPORT BY</b>	JOINT REPORT OF THE CHIEF CONSTABLE AND CHIEF OPERATING OFFICER AND s151 OFFICER
<b>DATE</b>	18 JANUARY 2023

## PURPOSE OF THE REPORT

The purpose of this report is to provide information on the proposed capital programme through to 2027/28, 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 2022/23 to 2027/28

## RECOMMENDATIONS

To approve the Capital Programme for 2022/23 to 2027/28 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:

- Building Schemes,
- Fleet & Operational Equipment 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 2026/27 and a further additional year to include 2027/28.

#### Capital Programme 2022/23 to 2027/28

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>EXPENDITURE</b>						
Total Building Works	5,893	12,913	15,420	26,270	21,020	9,620
Total Vehicles & Operational Equipment	2,167	2,420	1,560	1,560	2,560	1,560
Total IS Schemes	6,852	2,575	2,340	2,200	2,000	6,960
Design Board Schemes	40	989	3,500	1,000	1,000	1,000
East Midlands Counter Terrorism Intelligence Unit (EMCTIU)	401	175	175	175	175	175
<b>TOTAL PLANNED EXPENDITURE</b>	<b>15,353</b>	<b>19,072</b>	<b>22,995</b>	<b>31,205</b>	<b>26,755</b>	<b>19,315</b>
<b>FUNDING</b>						
Funding b/f Grant & contributions	4,341	447	0	0	0	0
Grant & Contributions - CT Grant/CREST	427	175	175	175	175	175
Use of Reserves	1,051	1,250	-	-	-	-
Borrowing	5,464	3,344	-	-	-	-
Borrowing - new	-	3,315	19,329	27,539	23,089	13,649
Revenue Contributions to Capital Outlay	4,368	3,491	3,491	3,491	3,491	3,491
Sale of Land & Buildings & equipment	149	1,050	-	-	-	2,000
<b>TOTAL FUNDING</b>	<b>15,800</b>	<b>19,072</b>	<b>22,995</b>	<b>31,205</b>	<b>26,755</b>	<b>19,315</b>
<b>EXPENDITURE COMPARED TO FUNDING</b>	<b>447</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Capital Programme prioritises the investment in our assets and is determined from consultation with stakeholders in parallel to the Revenue Budget planning process and the Commissioner’s Police and Crime Plan.

The Capital Programme recognises that the financial resources that are available to the PCC are constrained by the current financial climate and overall affordability including the impact on the Revenue Budget. The PCC must therefore seek ways to ensure that investment decisions meet the objectives of the Police and Crime Plan and are within the limited resources available. The Capital Programme is built on the emerging themes arising from the Force's Estates, IS and Fleet Strategies.

The PCC's capital investment falls within and is required to comply with the 'Prudential Code for Capital Finance in Local Authorities 2017' (the Code). Under the Code, the PCC has greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver the capital plans and the Programme.

There are a range of potential funding options available to the PCC to maximise the investment in our assets whilst providing a sustainable and affordable funding model. The main sources for capital funding include:

- **Revenue** - capital expenditure may be funded directly from revenue (Revenue Contribution to Capital). However, given the pressures on the revenue budget, the extent to which this may be utilised is limited. The current assumption is an annual recurring contribution of £3.491m each year.
- **External Borrowing** - under the Prudential Code, the PCC has discretion to undertake borrowing to fund capital projects with the full cost of the borrowing being funded from revenue. This discretion is subject to the PCC complying with the Code's framework which requires any such borrowing to be prudent, affordable and sustainable.
- **Internal Balances** - interest rates over recent years have remained low and therefore external borrowing has been prudent, but interest rates have increased and are anticipated to increase further in future years. Internal borrowing (e.g. using internal cashflow) can be used to support the capital programme when the financial position of the PCC allows for this, however care should be taken not to weaken organisational cashflow and the liquidity of the PCC's reserves.

- **Reserves** - funding that has been allocated in a specific year but is not required until future years will be carried forward in an earmarked reserve, subject to approval by the PCC. These reserves will vary from year to year depending upon the level of funding available and the timing of projects.
- **Capital Receipts** - Receipts that have been obtained from the sale of property, plant and equipment and are available only for the funding of capital schemes.
- **Government Grants** - specific grant allocations for capital purposes. Government grant for funding capital had been steadily decreasing since 2009/10 and ultimately withdrawn. We will continue to bid for future resource allocations as they become available.

### 1.3 Building 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 historically and much of it does not stand up to current demand challenges or new operational approaches. Some buildings are obsolete and in need of replacement.

Amid the pressures of needing to make savings, 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).

The ageing Cotton Lane police station was replaced by **Derby East LPU**, a purpose-built building co-located with DFRS at Ascot Drive. This became operational in April 2022.



New accommodation for the Safer Neighbourhood Team (SNT) at Alfreton also became operational in November 2022.



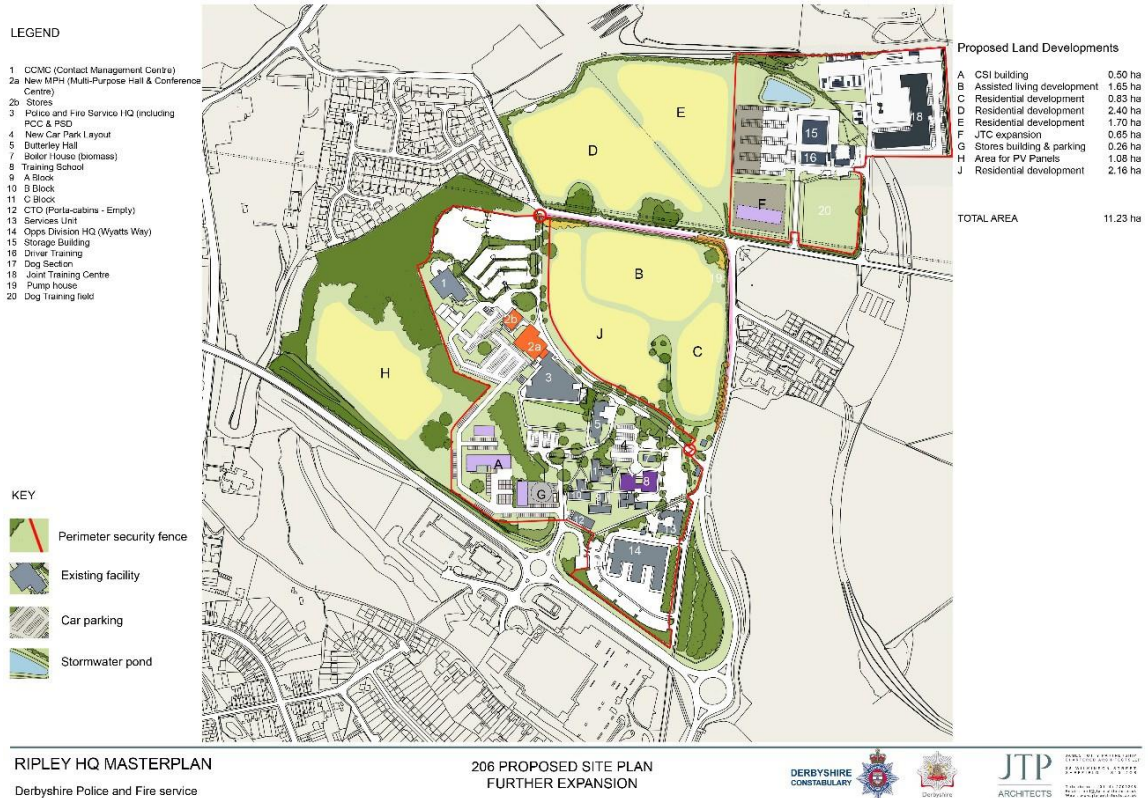
There are several major estate projects in the Capital Programme which are either currently underway or prioritised for progression over the next five-year period. These are as follows:

### **North and North West Division Accommodation**

North-West: Feasibility work to build a hub station in the central High Peak has identified that site availability is limited, with those owners seeking to sell land, anticipating much higher land values than can be reasonably determined by a Red Book RICS valuation. The operational service delivery model has been reviewed and has determined that the current Police Stations in Glossop and Buxton continue to serve the local communities well. The PCC has agreed to invest in these buildings to maintain that service delivery to those communities.

North: The project to replace the North area Custody Suite at Beetwell Street, Chesterfield and build a Response Hub for North and North-East LPU's, both at a new site on Goytside Road, is progressing well with site acquisition anticipated in Q3 2023/24. The site is proposed to also host a replacement for the Divisional Headquarters at Beetwell Street which has been brought forward into this capital programme to benefit from the 'economies of scale' of a closely phased programme of work that will serve to counter some of the effect of inflation affecting the construction industry.

**HQ Estate Changes** The HQ Masterplan is a multi-year capital investment programme for property rationalisation on the Force HQ site.



**SNT's** – The programme to either provide a stand-alone facility for our Safer Neighbourhood Teams (SNT's) to replace police stations that are former domestic dwellings or to refurbish properties continues over the next few years. A new build at Clay Cross will progress in 2023/24, along with a refurbishment at Killamarsh. Refurbishments at Roe Farm and Newbold are included in future years.

The PCC recognises the threat posed by climate change and the need for Derbyshire Police to play its role in contributing to reducing carbon emissions. All new buildings will be constructed to take the Force forward on its trajectory towards achieving Net Zero by 2050. All of the above programmes are overseen by the Strategic Estates Board.

## **1.4 Fleet & Operational Equipment Schemes**

Following the Police Officer Uplift Programme, our fleet of vehicles has increased to reflect the increase in operational officers and the establishment of the Crime Directorate. Our core fleet now stands at 582 vehicles, with a further 141 vehicles managed on behalf of EMSOU and the CT Network. The Force has recently commenced a programme of investment in vehicle telematics that will deliver both operational and financial benefits across the organisation. The introduction of a vehicle telematics system will help to identify fleet usage and demand across the organisation that should ultimately lead to a rationalisation of the fleet through improved utilisation. The Capital Programme includes funding for the replacement of the fleet of vehicles on a periodic basis based on the end of their economic or operational life. In 2023/24 this will exceed 100 vehicles plus vehicles carried forward from 2022/23 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 strategy is to ensure a cost-effective fleet to meet 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.

In addition to plans for the fleet, the replacement of Tasers (£1m) has been included in the Capital Programme for 2026/27.

## **1.5 Information Services (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 enhancing support/reliability via moves to the 'cloud'. 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 across the force, 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. Due to continued and extended delays in the project, the latest being in Autumn 2022 delaying to 2029/30, additional Airwave terminals had to be

purchased in 2019/20, 2021/22 and most recently in 2022/23. This means the majority of airwave terminals will be replaced by March 2023. Key parts of the infrastructure have also been replaced in each force, including Derbyshire, to allow the critical Airwave service to continue.

The timing of the spending and realisation of the savings is reliant on the Home Office project delivering to time and quality with little input from ourselves. A budget of £5.5m has been included in the Capital Programme in the next few years with the majority in 2027/28. Information on timescales and costs are expected during the next financial year.

## **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 procurement for a Command-and-Control system will be progressed in 2023/24 for completion by 2024/25 as part of the Public Contact Improvement Programme (PCIP). A Digital Evidence Management System (DEMS) was purchased 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 the lead force. These purchases are grant-funded by the Home Office.

## 1.8 Funding

A summary of the 6-year capital programme shows that the planned investment is fully funded over the medium-term to 2027/28. This has been achieved through a substantial increase in borrowing combined with an annual revenue contribution of £3.5m. The Government subsidy in the form of Capital grant was completely withdrawn in 2022/23, the only grant now received from the Home Office is to fund the capital purchases of vehicles, IT and equipment for the East Midlands Counter Terrorism Intelligence Unit for which Derbyshire is the lead force.

Capital receipts are also being used to fund the Capital Programme. This is where we expect that buildings and land will become available for sale, as the co-location programme progresses and as new buildings are built.

From 2024/25 no schemes have been identified to come from Reserves. 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. In 2022/23 reserves were used to invest in laptops for agile working.

Where capital expenditure relates to relatively short-life assets (e.g., IS and fleet of up to 10 years' life), choices for financing the capital expenditure are limited. Borrowing for short-life 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. Inevitably, to fund the capital programme we will have to borrow to fund short term assets which will put a greater strain on revenue.

Due to the constraints in other forms of funding, the majority of funding will therefore have to be met from borrowing. In December 2021 £20m PWLB borrowing was taken out to fund the capital programme, this was 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.

£5.192m of this borrowing was used to finance the Capital Programme in 2021/22. £5.464m and £9.344m will be used to finance the capital programme in 2022/23 and 2023/24 respectively.

In addition to the above, further significant new borrowing of £86.9m (in total) is required in 2023/24 and 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 more capital receipts are generated during the next five years. Currently Interest rates are high (4.66% for 30 years, 4.72% for 50 years), so the timing of any future borrowing will be assessed taking into account the business benefits to be derived from a given investment set against the higher borrowing costs.

### **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 included new Prudential Borrowing of £86.9m (2023/24 to 2027/28), which 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 - where emerging risks and initiatives require evaluation and decisions to be taken.

**APPENDIX A – CAPITAL PROGRAMME 2022/23 TO 2027/28**

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>EXPENDITURE</b>						
<b>Building Works</b>						
SNT Building Refurbishments	888	2,550	-	400	400	1,500
Business Continuity - Security Issues & UPS	75	320	420	370	120	120
Derby East LPU Accommodation	131	-	-	-	-	-
North West - Refurbishment Buxton	-	-	-	5,000	-	-
Chesterfield DIHQ & Custody	700	5,800	14,500	20,000	20,000	-
HQ Estates Changes	100	1,900	-	-	-	7,500
Ilkeston Accommodation	3,000	-	-	-	-	-
Other Refurbishment/Replacement Projects	999	2,343	500	500	500	500
<b>Total Building Works</b>	<b>5,893</b>	<b>12,913</b>	<b>15,420</b>	<b>26,270</b>	<b>21,020</b>	<b>9,620</b>
<b>Vehicles and Operational Equipment</b>						
Operational and General Vehicle Replacement Programme	1,806	2,023	1,400	1,400	1,400	1,400
CREST Vehicles	17	-	-	-	-	-
Operational Equipment	344	397	160	160	1,160	160
<b>Total Vehicles &amp; Operational Equipment</b>	<b>2,167</b>	<b>2,420</b>	<b>1,560</b>	<b>1,560</b>	<b>2,560</b>	<b>1,560</b>
<b>IS Schemes</b>						
IS Replacement Projects	3,962	1,875	1,930	1,850	1,650	1,650
IS Infrastructure Projects	1,678	600	250	250	250	250
Emergency Services Network (ESN)	1,010	100	100	100	100	5,060
Call Centre Telephony System - Voice Recognition System	120	-	-	-	-	-
ANPR New locations	82	-	-	-	-	-
<b>Total IS Schemes</b>	<b>6,852</b>	<b>2,575</b>	<b>2,340</b>	<b>2,200</b>	<b>2,000</b>	<b>6,960</b>
<b>Design Board Schemes</b>	<b>40</b>	<b>989</b>	<b>3,500</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>East Midlands Counter Terrorism Intelligence Unit (EMCTIU)</b>	<b>401</b>	<b>175</b>	<b>175</b>	<b>175</b>	<b>175</b>	<b>175</b>
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<b>FUNDING</b>						
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Use of Reserves	1,051	1,250	-	-	-	-
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Sale of Land & Buildings & equipment	149	1,050	-	-	-	2,000
<b>TOTAL FUNDING</b>	<b>15,800</b>	<b>19,072</b>	<b>22,995</b>	<b>31,205</b>	<b>26,755</b>	<b>19,315</b>
<b>EXPENDITURE COMPARED TO FUNDING</b>	<b>447</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>