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PCC 03-05-16 Capital Budget Monitoring 2015-16 Qtr 4 to March 2016 Provisional Outturn (Agenda Item 1)



# Office of the Police & Crime Commissioner

**TITLE:** Capital Budget Monitoring 2015/16 – Quarter 4 to Mar 2016 (Provisional Outturn)

**Date of Meeting:** 03 May 2016

**Executive Summary:**

The attached report provides an updated position of income and expenditure against the capital programme as approved for the current financial year. Projections are based on actual expenditure up to the end of March 2016. Known changes to the capital programme budget approved to date have been included in the report, this includes the capital strategy approved by the Commissioner in February 2016.

**Recommendation:**

The Commissioner is asked to:

- Note the provisional capital outturn position for 2015/16 as reported.
- Formally approve a change to the programme budget of £7k, being the net amount arising from completed schemes.
- Approve the determinations at section 4 (paragraph 4.1), in respect of the financing of the 2015/16 capital expenditure.

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**MAIN SECTION****1. Introduction and Background**

1.1 The Commissioner approves on an annual basis a 10 year capital strategy and a more detailed four year capital programme. This includes the annual capital budget that finances the delivery of capital schemes and provides for investment in ICT, the estate, vehicles and equipment needed to deliver operational policing.

1.2 This report is set out in two main sections:

- Section 2, provides an update on the capital budget for the current financial year (2015/16).
- Section 3, provides a brief update on the overall capital programme for a four year period to 2018/19.
- Section 4, sets out the statutory determinations required to be made by the Commissioner under part IV of the Local Government and Housing Act 1989 in relation to capital financing.

**2. Capital Budget 2015/16**

2.1 On 24 February 2015 the Commissioner approved an indicative 10 year capital strategy up to 2024/25 with a more detailed programme including capital financing for a four year period to 2018/19. The capital programme has subsequently been amended to incorporate the effect of the capital outturn position for 2014/15 and in year changes, such as variations to existing schemes, approved by the Commissioner. The Capital Strategy for 2016/17 and beyond, approved 24 February 2016, has also been reflected in the future year budgets where required.

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The table below summarises the movement in the capital budget as at the end of the fourth quarter and shows a net reduction of just £2,634k (22.64%) against the approved budget for 2015/16. This represents projected slippage of £2,627k (of which £959k had been reported previously) and other net changes to the budget of £7k.

Summary of Budget Movement 2015/16	Capital Budget 2015/16 £000s
Capital Budget 2015/16 (approved by PCC 24/02/15)	9,941
Impact of 2014/15 Capital Outturn (approved 21/05/15)	472
New Schemes Approved/Drawdown	158
Budgets Changes - Approved	1,063
Approved Adjusted Budget 2015/16	11,633
Current Forecast of Capital Expenditure 2015/16	8,999
Forecast Variation	(2,634)
Made up of:	
1 Budget Changes (Under)/Overspend	(7)
2 Forecast Slippage to 2016/17	(2,627)
	(2,634)

The total slippage of £2,627 is made up as follows: ICT Schemes £1,467k, Fleet Schemes £148k, Estates Schemes £746k and Other £266k.

The forecast capital expenditure and financing position for 2015/16 can be summarised as follows:

Summary of Capital Budget 2015/16	2015/16 £000s
<b>Capital Expenditure</b>	
ICT Schemes	3,257
Fleet Schemes	578
Estates Schemes	4,450
Other Schemes	714
	8,999
<b>Capital Financing</b>	
Capital Receipts	0
Direct Revenue Contributions	2,075
Capital Grants	607
Reserves	4,313
Borrowing	2,004
	8,999

A more detailed breakdown of the individual schemes that make up these amounts can be found at **Appendix A**.

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2.1 The paragraphs below provide a brief update on the progress on each of the main categories of scheme:

- ICT Schemes are comprised of the rolling replacement programme in respect of ICT hardware, software and radios together with schemes to support the roll out of larger specific projects.

The equipment for the converged infrastructure approach to ICT delivery has been received and will be implemented in 2016/17. This will improve the efficiency of the rolling infrastructure replacement programme and make savings across the 10 year capital strategy.

During the 2015/16 financial year the Mobile and Digital project has successfully deployed the Smartphone devices to officers and staff delivering significant operational benefits. Stage 2 of the programme is to deploy “flex” devices. Procurement of the devices began in 2015/16 but was stalled when manufacturing problems with the devices were discovered. Other devices are currently being tested and rollout is expected in the third quarter of 2016/17.

During 2015/16 the ICT programme has been impacted by a number of different issues, including technical and resource interdependencies with other strategic initiatives and supplier delivery plans. Decisions have been taken to prioritise ICT deliveries to minimise risk and manage resource effectively and as a result some aspects of the Mobile and Digital project and Red Sigma project have been deferred to later in the programme. Total Slippage across the ICT programme was £1.5m with the main areas being Mobile and Digital £964k, Red Sigma £168k and Case and Custody £274k. The capital budgets presented in this paper represent the new, re-profiled, ICT capital programme which was approved by the Commissioner in February 2016.

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- Fleet Schemes are comprised of the cyclical replacement of the Constabulary fleet of vehicles – £148k of budgeted replacements in 2015/16 have been slipped into 2016/17 pending the outcome of reviews.
- Estates Schemes are comprised of the construction of the Barrow TPA HQ, work to HQ site in preparation for the North Resilience Flood Management Works and a number of smaller estates projects - Expenditure predominantly relates to the Barrow project. The new TPA HQ was completed and handed over in mid-September became operational in early October. Only a few outstanding commitments remain and £9k has been slipped into 2016/17 to complete the project.

Total budget of £746k has been slipped to 2016/17 in relation to approved estates schemes. Principally this slippage is in relation to the scheme to purchase a piece of land at Workington as part of the West Flood Resilience programme. The land purchase, with an estimated budget of £500k is now set to complete in quarter 2 of 2016/17.

Due to recent budget uncertainties around the Home Office Funding Formula some estates schemes were put on hold whilst priorities were re-assessed. This included a scheme of internal works to Kendal Police Station. A total of £141k has been slipped in to 2016/17 to allow completion of the works. Detailed plans and tenders were drawn up in quarter 4 of 2015/16 and the contractors started on site in April 2016. The North Flood Resilience Programme of work was another scheme that was delayed due to budget uncertainties. An enabling piece of work to prepare an area of land at HQ had been scheduled in for 2015/16. The project has now been re-instated and this first phase is now expected to start in Qtr 3 of 2016/17. A budget of £80k had been set aside for this work which has now been re-profiled in to 2016/17.

Works to the HQ Electrical Infrastructure continues with a substantial amount of the new power room construction being completed. The majority of the expenditure on this scheme falls into 2016/17 and is currently forecast to complete on time within the agreed budget.

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HQ roof repairs, HQ flood defences and works to the carpark at Durrhill have all been completed during 2015/16. This has resulted in an overspend of £1k.

- Other Schemes include the CCTV project, intranet and internet and firearms and camera replacements. – The large part of this category is in relation to the provision of a county wide CCTV system, which is now operational. One camera is still to be installed and this has been delayed due to the condition of the mounting pole. Phase 3 of the project is to interface the CCTV evidence directly into the Criminal Justice System. The criminal Justice systems are currently being updated so it is not possible to provide an interface at this time. A total of £39k has been moved into 2016/17 in relation to these 2 items.

A wider programme of works to look at the finance, personnel and business IT systems has commenced and budget has been provisioned in the capital strategy for 2017/18 and 2018/19. The remaining budget (£95k) on the Business systems upgrade project has been slipped to 2017/18 and incorporated into the new larger project.

A scheme (79k) to implement a blended learning system has been carried forward in to 2016/17. The requirements for such a system will be assessed in 2016/17.

In total slippage on other Schemes amounts to £266k.

The replacement ANPR cameras, firearms replacement, Internet, veteran's hostel and body worn camera replacement projects have all been completed during 2015/16. This has resulted in £8k of budget being returned.

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### 3. Capital Programme 2015/16 to 2018/19

The table below provides a summary of the capital programme and associated capital financing over the four year period to 2018/19:

Summary of Capital Budget 2015/16 to 2018/19				
	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s
<b>Capital Expenditure</b>				
ICT Schemes	3,257	5,399	4,753	1,398
Fleet Schemes	578	820	1,449	529
Estates Schemes	4,450	2,133	3,634	4,757
Other Schemes	714	201	0	0
	8,999	8,553	9,836	6,684
<b>Capital Financing</b>				
Capital Receipts	0	0	0	340
Direct Revenue Contributions	2,075	1,534	1,573	1,555
Capital Grants	607	1,723	6,336	2,861
Reserves	4,313	5,155	1,927	1,928
Borrowing	2,004	141	0	0
	8,999	8,553	9,836	6,684

A more detailed schedule is provided at **Appendix B** which also illustrates the whole life costs of the current projects within the capital programme.

### 4. Capital Determinations

4.1 Part IV of the Local Government and Housing Act 1989 requires a number of “determinations” to be made and approved in relation to the financing of capital expenditure. These are set out below:

- Useable capital receipts amounting to £556k have been received in 2015/16 from the sale of property. These receipts have not been applied to finance capital expenditure in 2015/16 but have been reserved to meet expenditure commitments in future years. In conclusion, no capital receipts have been applied to meet capital expenditure under part IV (section 60.2) of the act.
- A sum amounting to £367k has been set aside in the revenue account as a minimum revenue provision (MRP) for credit liabilities (section 63.5 of the act) in line with the policy agreed as part of the Treasury Management Strategy Statement in February 2014.

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## **5. Supplementary Information**

5.1 Appendices to this report are provided as follows:

- Appendix A – Capital Budget 2015/16
- Appendix B – Capital Programme 2015/16 to 2018/19

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## Appendix A

## Capital Budget 2015/16

Capital Budget 2015/16	Original Approved Budget £000s	Impact of 2014/15 Outturn £000s	New Schemes Approved £000s	Budget Variations Approved £000s	Approved Adjusted Budget £000s	Capital Outturn £000s	Variation £000s
<b>ICT Schemes</b>							
ICT End User Hardware Replacements	523	147	(265)	(48)	357	356	(0)
ICT Core Hardware Replacements	704	(7)	400	1,046	2,142	2,133	(9)
ICT Infrastructure Solution Replacemen	1,273	(24)	(120)	(178)	951	457	(494)
Mobile and Digital	1,336	(60)	0	0	1,275	311	(964)
<b>Total ICT Schemes</b>	<b>3,835</b>	<b>55</b>	<b>15</b>	<b>819</b>	<b>4,725</b>	<b>3,257</b>	<b>(1,468)</b>
<b>Fleet Schemes</b>	<b>1,299</b>	<b>(573)</b>	<b>0</b>	<b>0</b>	<b>726</b>	<b>578</b>	<b>(148)</b>
<b>Estates Schemes</b>							
South Estate - Kendal	137	7	0	0	145	4	(141)
South Estate - Barrow & Ulverston	3,471	683	0	67	4,222	4,213	(9)
HQ Flood Defence Works	33	(29)	0	(6)	(1)	0	1
HQ Demolition of The Green	80	0	0	0	80	0	(80)
HQ Electrical Infrastructure	200	(79)	0	70	191	176	(16)
Workington Land Purchase	500	0	0	0	500	0	(500)
North Resilience Flood Management	0	0	24	0	24	24	0
Durranhill Carpark	0	0	47	(13)	34	34	(0)
<b>Total Estates Schemes</b>	<b>4,422</b>	<b>583</b>	<b>71</b>	<b>119</b>	<b>5,195</b>	<b>4,450</b>	<b>(744)</b>
<b>Other Schemes</b>							
ANPR	0	9	0	0	9	1	(8)
Finance & Business Systems Upgrade	101	4	0	0	105	10	(95)
Firearms Replacement	0	7	0	0	7	6	(1)
CCTV	80	368	0	78	526	487	(39)
Intranet	0	50	0	5	55	28	(28)
Internet	75	0	0	(25)	50	50	0
Leadership & Skills - Blended Learning	110	(31)	0	0	79	0	(79)
Egremont Vetrans Hostel	19	0	0	67	86	86	0
Body Worn Video Cameras	0	0	46	0	46	46	0
Digital Interview Suites	0	0	26	0	26	0	(26)
<b>Total Other Schemes</b>	<b>385</b>	<b>407</b>	<b>72</b>	<b>125</b>	<b>988</b>	<b>714</b>	<b>(274)</b>
<b>Total Capital Expenditure 2015/16</b>	<b>9,941</b>	<b>472</b>	<b>158</b>	<b>1,063</b>	<b>11,633</b>	<b>8,999</b>	<b>(2,634)</b>

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## Appendix B

## Capital Programme 2015/16 to 2018/19

	Current Approved Budget	Spend to 31 Mar '15	Programme Remaining Budget	Spend to Mar-16	Outturn 2015/16	Projected Outturn 2016/17	Projected Outturn 2017/18	Projected Outturn 2018/19	Projected Total Cost	Variation
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>ICT Schemes</b>										
ICT End User Hardware Replacements	2,397	1,088	1,309	356	356	270	95	589	2,396	(0)
ICT Core Hardware Replacements	4,564	836	3,728	2,133	2,133	746	298	551	4,564	0
ICT Core Infrastructure Replacement	675	0	675	0	0	675	0	0	675	
ICT Infrastructure Solution Replacement	7,902	4,166	3,736	457	457	1,469	1,699	111	7,902	0
Mobility and Digital	3,198	547	2,650	311	311	1,990	202	147	3,198	
ESN (Radio Replacement)	3,174	464	2,710	0	0	250	2,460	0	3,174	0
<b>Total ICT Schemes</b>	<b>21,909</b>	<b>7,101</b>	<b>14,808</b>	<b>3,257</b>	<b>3,257</b>	<b>5,399</b>	<b>4,753</b>	<b>1,398</b>	<b>21,909</b>	<b>(0)</b>
<b>Fleet Schemes</b>	<b>3,376</b>	<b>0</b>	<b>3,376</b>	<b>578</b>	<b>578</b>	<b>820</b>	<b>1,449</b>	<b>529</b>	<b>3,376</b>	<b>0</b>
<b>SUB TOTAL CONSTABULARY PROGRAMME</b>	<b>25,285</b>	<b>7,101</b>	<b>18,184</b>	<b>3,835</b>	<b>3,835</b>	<b>6,219</b>	<b>6,202</b>	<b>1,927</b>	<b>25,285</b>	<b>(0)</b>

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## Appendix B

## Capital Programme 2015/16 to 2018/19 (Continued)

	Current Approved Budget	Spend to 31 Mar '15	Programme Remaining Budget	Spend to Mar-16	Outturn 2015/16	Projected Outturn 2016/17	Projected Outturn 2017/18	Projected Outturn 2018/19	Projected Total Cost	Variation
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Estates Schemes</b>										
South Estate - Kendal	3,610	3,465	145	4	4	141	0	0	3,610	0
South Estate - Barrow & Ulverston	9,104	4,883	4,222	4,213	4,213	9	0	0	9,104	0
HQ Flood Defence Works	59	60	(1)	0	0	0	0	0	61	1
HQ Demolition of The Green	80	0	80	0	0	80	0	0	80	0
HQ Electrical Infrastructure	717	79	638	176	176	462	0	0	717	0
Workington Land Purchase	500	0	500	0	0	500	0	0	500	0
Durranhill Carpark	34	0	34	34	34	0	0	0	34	(0)
Roof Repairs	183	146	38	0	0	0	0	38	183	0
North Resilience Flood Management	6,867	0	6,867	24	24	390	2,834	3,619	6,867	0
West Resilience Flood Management	1,800	0	1,800	0	0	0	750	1,050	1,800	0
HQ Minor Works	150	0	150	0	0	50	50	50	150	0
Garage Provision	500	0	500	0	0	500	0	0	500	0
<b>Total Estates Schemes</b>	<b>23,605</b>	<b>8,633</b>	<b>14,972</b>	<b>4,450</b>	<b>4,450</b>	<b>2,133</b>	<b>3,634</b>	<b>4,757</b>	<b>23,606</b>	<b>1</b>
<b>Other Schemes</b>										
ANPR	105	96	9	1	1	0	0	0	98	(8)
Finance & Business Systems Upgrade	747	737	10	10	10	0	0	0	747	0
Firearms Replacement	75	68	7	6	6	0	0	0	74	(1)
CCTV	1,121	595	526	487	487	39	0	0	1,121	0
Intranet	55	0	55	28	28	28	0	0	55	0
Internet	50	0	50	50	50	0	0	0	50	0
Leadership & Skills - Blended Learning	79	0	79	0	0	79	0	0	79	0
Egremont Vetrans Hostel	114	28	86	86	86	0	0	0	114	0
Body Worn Video Cameras	46	0	46	46	46	0	0	0	46	0
Digital Interview Equipment	26	0	26	0	0	26	0	0	26	0
TopCon Positioning Software	30	0	30	0	0	30	0	0	30	0
<b>Total Other Schemes</b>	<b>2,447</b>	<b>1,524</b>	<b>923</b>	<b>714</b>	<b>714</b>	<b>201</b>	<b>0</b>	<b>0</b>	<b>2,439</b>	<b>(8)</b>
<b>GRAND TOTAL CAPITAL PROGRAMME</b>	<b>51,336</b>	<b>17,257</b>	<b>34,079</b>	<b>8,999</b>	<b>8,999</b>	<b>8,553</b>	<b>9,836</b>	<b>6,684</b>	<b>51,329</b>	<b>(7)</b>

Corporate Support / Financial Services / MB/LVH