

**NOT PROTECTIVELY MARKED**

PCC 2017-05-10 Capital Budget Monitoring Quarter 4 to March 2017 and Provisional Outturn (Item 1)



## Office of the Police & Crime Commissioner

**TITLE:** Capital Budget Monitoring 2016/17 – Quarter 4 to Mar 2017 (Provisional Outturn)

**Date of Meeting:** PCC Executive Meeting 10 May 2017

### **Executive Summary:**

The attached report provides an updated position of income and expenditure against the capital programme as approved for the 2016/17 financial year. Projections are based on actual expenditure up to the end of March 2017. 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 2017.

### **Recommendation:**

The Commissioner is asked to:

- Note the provisional capital outturn position for 2016/17 as reported.
- Formally approve a change to the programme budget of £119k, being a net reduction arising from completed schemes and returned budgets.
- Approve the determinations at section 4 (paragraph 4.1), in respect of the financing of the 2016/17 capital expenditure.

**NOT PROTECTIVELY MARKED**

PCC 2017-05-10 Capital Budget Monitoring Quarter 4 to March 2017 and Provisional Outturn (Item 1)

**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 2016/17 financial year.
  - ◆ Section 3, provides a brief update on the overall capital programme for a four year period to 2019/20.
  - ◆ 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 2016/17**

- 2.1. On 24 February 2016 the Commissioner approved an indicative 10 year capital strategy up to 2025/26 with a more detailed programme including capital financing for a four year period to 2019/20. The capital programme has subsequently been amended to incorporate the effect of the capital outturn position for 2015/16 and in year changes, such as variations to existing schemes, approved by the Commissioner. The Capital Strategy for 2017/18 and beyond, approved 22 February 2017, has also been reflected in the future year budgets where required.
- 2.2. 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 £3,864k (56.01%) against the approved budget for 2016/17. This represents projected slippage of £3,744k (of which £2,545k had been reported previously) and other net changes to the budget of £119k.

**NOT PROTECTIVELY MARKED**

PCC 2017-05-10 Capital Budget Monitoring Quarter 4 to March 2017 and Provisional Outturn (Item 1)

Summary of Budget Movement 2016/17	2016/17 £000s
Capital Budget 2016/17 (approved 24/02/16)	6,883
Impact of 2015/16 Outturn (approved 03/05/16)	1,670
New Schemes Approved/Drawdown	(368)
Budgets Changes - Approved	(1,288)
Approved Adjusted Budget 2016/17	6,898
Capital Expenditure Outturn 2016/17	3,034
Forecast Variation	(3,864)
Made up of:	
Budget Changes (Under)/Overspend (Table 1)	(119)
Slippage to 2017/18 (Table 2)	(3,744)
	(3,864)

Summary of Capital Budget	2016/17 £000s
<b>Capital Expenditure</b>	
ICT Schemes	1,654
Fleet Schemes	353
Estates Schemes	811
Other Schemes	216
	3,034
<b>Capital Financing</b>	
Capital Receipts	0
Revenue Contributions	544
Capital Grants	454
Reserves	1,895
Borrowing	142
	3,034

Table 1 Budget Changes Summary	£000s
ICT End User Hardware	(4)
ICT Core Hardware	(2)
Vehicle Replacements	(141)
South Cumbria - Barrow	35
HQ Electrical Infrastructure	(14)
Digital interview Equipment	(4)
Topcon Positioning Software	11
	(119)

Table 2 Slippage	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total £000s	% of approved Budget
ICT Schemes	0	(1,768)	(58)	(268)	(2,093)	56%
Fleet Schemes	0	(44)	0	(307)	(350)	41%
Estates Schemes	0	(597)	0	(543)	(1,140)	59%
Other Schemes	0	(79)	0	(82)	(161)	44%
	0	(2,487)	(58)	(1,199)	(3,744)	54%

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

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

**NOT PROTECTIVELY MARKED**

PCC 2017-05-10 Capital Budget Monitoring Quarter 4 to March 2017 and Provisional Outturn (Item 1)

- 2.4. **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 primary focus in 2016/17 has been on the procurement and deployment of tablet devices which will use a secure Windows 10/Office 365 cloud based solution. Cumbria will be one of the first Police Forces in the country to deploy this technology and we are working closely with national accreditors. A phased approach to deployment of potential capability is being taken with some work continuing into 2017/18. Cumbria has also been working with suppliers to develop a Proof of Concept for the management of digital evidence, which is attracting a lot of interest from the Home Office, partners and other forces. This is extending consultation timescales. Subject to agreement of the proposed solution, we aim to go into the procurement phase early in the 2017/18 financial year - slippage of £1,035k was reported during quarter 2.

Another area of slippage is the replacement of the firewalls. An indicative budget of £360k was built in to the 2016/17 replacement plan to replace the firewalls. A delay in the converged infrastructure project means that the resources earmarked to scope and complete this project has not been able to commence the funds have been slipped to 2017/18.

Other areas of slippage include Case and Custody £168k for future developments, hardware purchases and licences; Red Sigma net slippage of £119k for penetration testing and servers capacity increase; End User Hardware £53k for standalone printers; WAN £80k for network line replacement and ground works; ESMSP £47k due to slippage in the national project and the indicative budget for Hi Tech Crime of £231k to bring the unit on to the force secure network rather than being stand alone.

- 2.5. **Fleet Schemes** are comprised of the cyclical replacement of the Constabulary fleet of vehicles – During 2016/17 the budget for 2016/17 was increased by £21k for a sponsored vehicle and £3k for additional ANPR equipment for fitting in vehicles. A total of £350k was moved from 2016/17 into 2017/18 as a result of problems with delivery dates from suppliers. The fleet team have worked closely with the suppliers but unfortunately delivery of the 11 remaining cell transit vans and estates van is now expected to be August. A total of £141k of budget has been returned as a result of extending the lives of some vehicles and challenging the replacement of others. This fleet review work will continue so as to provide longer term savings identified as part of the strategy.

**NOT PROTECTIVELY MARKED**

PCC 2017-05-10 Capital Budget Monitoring Quarter 4 to March 2017 and Provisional Outturn (Item 1)

- 2.6. **Estates Schemes** - During 2016/17 the majority of Estates Schemes were completed with a small net overspend of £22k - £14k returned from the Electrical infrastructure project but an overspend of £35k on the Barrow Construction project from the negotiations into the final account and retention settlement.

During 2016/17 the project to build the Strategic Command Centre was replaced with a scheme to construct a new Eden Deployment Centre (including hostel accommodation and conference facilities). As a result of changing schemes the budget has been re-profiled to reflect the new plans and a total of £140k has been moved into 2017/18, including the scheme to demolish the green. A total of £54k of expenditure on the SCC was transferred to the revenue budget, as aborted project costs cannot be capitalised.

Negotiations are still underway to purchase land at Workington for the West Resilience flood management scheme but this will now complete during the 2017/18 financial year – a total of £500k has been transferred to 2017/18 from 2016/17. During quarter 2, it was recognised that the Estates team would be heavily involved in the design and build options appraisal for the Eden NPT project and that it would be unfeasible to see the delivery of new garage facilities in the same financial year. As a result, the £500k budget for garage provision has been moved from 2016/17 to 2018/19.

- 2.7. **Other Schemes** include the Intranet improvements, ANPR expansion, digital interview equipment and Topcon Positioning equipment. These schemes have all been completed within the 2016/17 financial year with a net overspend of £7k - £4k underspend on the digital interview equipment and £11k on the Topcon positioning software.

Other schemes also include the County wide CCTV camera scheme. This scheme has been completed and is delivering good results with the exception of Phase 3 of the project - 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 £32k has been moved into 2017/18 to complete this work.

A scheme (79k) to implement a blended learning system has been carried forward in to 2017/18. The requirements for such a system will be assessed in 2017/18.

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

**NOT PROTECTIVELY MARKED**

PCC 2017-05-10 Capital Budget Monitoring Quarter 4 to March 2017 and Provisional Outturn (Item 1)

**3. Capital Programme 2016/17 to 2019/20**

3.1. The table below provides a summary of the capital programme and associated capital financing over the four year period to 2019/20:

<b>Summary of Capital Budget 2016/17 to 2019/20</b>				
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Capital Expenditure</b>				
ICT Schemes	1,654	2,924	5,343	1,843
Fleet Schemes	353	2,495	745	744
Estates Schemes	811	2,178	2,649	905
Other Schemes	216	184	23	0
	<b>3,034</b>	<b>7,781</b>	<b>8,760</b>	<b>3,493</b>
<b>Capital Financing</b>				
Capital Receipts	0	0	0	151
Revenue Contributions	544	1,584	1,744	1,684
Capital Grants	454	1,715	4,191	908
Reserves	1,895	4,482	2,825	750
Borrowing	142	0	0	0
	<b>3,034</b>	<b>7,781</b>	<b>8,760</b>	<b>3,493</b>

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 £367k have been received in 2016/17 from the sale of property. These receipts have not been applied to finance capital expenditure in 2016/17 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 £413k 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 2016.

**NOT PROTECTIVELY MARKED**

PCC 2017-05-10 Capital Budget Monitoring Quarter 4 to March 2017 and Provisional Outturn (Item 1)

**5. Supplementary Information**

5.1. Appendices to this report are provided as follows:

- ◆ Appendix A – Capital Budget 2016/17
- ◆ Appendix B – Capital Programme 2016/17 to 2019/20

**NOT PROTECTIVELY MARKED**

PCC 2017-05-10 Capital Budget Monitoring Quarter 4 to March 2017 and Provisional Outturn (Item 1)

## Appendix A

## Capital Budget 2016/17

Capital Budget 2016/17	Original Approved Budget £000s	Impact of 2015/16 Outturn £000s	New Schemes Approved £000s	Budget Changes Approved £000s	Approved Adjusted Budget £000s	Forecast Capital Outturn £000s	Forecast Variation £000s
<b>ICT Schemes</b>							
ICT End User Hardware Replacements	270	0	54	(75)	248	191	(57)
ICT Core Hardware Replacements	813	(41)	(54)	(39)	680	317	(362)
ICT Infrastructure Solution Replacement	1,049	394	(377)	(266)	799	201	(599)
ICT Core Infrastructure Replacement	675	0	(199)	(476)	0	0	0
ICT Radio Replacement/ESN	250	0	0	(203)	47	0	(47)
Mobile and Digital	1,383	607	54	(64)	1,980	945	(1,034)
<b>Total ICT Schemes</b>	<b>4,440</b>	<b>960</b>	<b>(522)</b>	<b>(1,123)</b>	<b>3,754</b>	<b>1,654</b>	<b>(2,099)</b>
<b>Fleet Schemes</b>	<b>799</b>	<b>21</b>	<b>3</b>	<b>21</b>	<b>844</b>	<b>353</b>	<b>(492)</b>
<b>Estates Schemes</b>							
South Estate - Kendal	100	41	0	0	141	142	0
South Estate - Barrow & Ulverston	0	9	0	0	9	44	35
HQ Electrical Infrastructure	446	16	0	0	462	448	(14)
North Resilience Flood Management	414	(24)	(17)	(153)	220	177	(43)
HQ Demolition of The Green	80	0	17	0	97	0	(97)
Workington Land Purchase	0	500	0	0	500	0	(500)
HQ Minor Works	50	0	0	(50)	0	0	0
Garage Provision	500	0	0	0	500	0	(500)
<b>Total Estates Schemes</b>	<b>1,591</b>	<b>542</b>	<b>0</b>	<b>(203)</b>	<b>1,929</b>	<b>811</b>	<b>(1,118)</b>
<b>Other Schemes</b>							
ANPR	0	0	0	8	8	8	0
ANPR Expansion	0	0	101	0	101	101	(0)
Leadership & Skills - Blended Learning	0	79	0	0	79	0	(79)
CCTV	24	15	0	0	39	6	(32)
Intranet	0	28	0	0	28	27	(0)
Digital Interview Suites	0	26	0	0	26	22	(4)
TOPCON positioning equipment	30	0	0	10	40	51	11
Print Room Equipment	0	0	50	0	50	0	(50)
<b>Total Other Schemes</b>	<b>54</b>	<b>147</b>	<b>151</b>	<b>18</b>	<b>370</b>	<b>216</b>	<b>(154)</b>
<b>Total Capital Expenditure 2016/17</b>	<b>6,883</b>	<b>1,670</b>	<b>(368)</b>	<b>(1,288)</b>	<b>6,898</b>	<b>3,034</b>	<b>(3,864)</b>

**NOT PROTECTIVELY MARKED**

PCC 2017-05-10 Capital Budget Monitoring Quarter 4 to March 2017 and Provisional Outturn (Item 1)

## Appendix B

## Capital Programme 2016/17 to 2019/20

	Current Approved Budget £000s	Spend to 31 Mar '16 £000s	Programme Remaining Budget £000s	Spend to Mar-17 £000s	Forcast Outturn 2016/17 £000s	Projected Outturn 2017/18 £000s	Projected Outturn 2018/19 £000s	Projected Outturn 2019/20 £000s	Projected Total Cost £000s	Variation £000s
<b>ICT Schemes</b>										
ICT End User Hardware Replacements	2,640	1,444	1,197	191	191	203	660	139	2,636	(4)
ICT Core Hardware Replacements	6,020	2,969	3,050	317	317	581	570	1,580	6,018	(2)
ICT Core Infrastructure Replacement	0	0	0	0	0	0	0	0	0	0
ICT Infrastructure Solution Replacement	3,409	677	2,732	201	201	927	1,491	112	3,409	0
ESN (Radio Replacement)	2,557	0	2,557	0	0	47	2,510	0	2,557	0
Mobility and Digital	3,094	858	2,235	945	945	1,166	111	12	3,094	0
<b>Total ICT Schemes</b>	<b>17,719</b>	<b>5,948</b>	<b>11,771</b>	<b>1,654</b>	<b>1,654</b>	<b>2,924</b>	<b>5,343</b>	<b>1,843</b>	<b>17,713</b>	<b>(6)</b>
<b>Fleet Schemes</b>	<b>5,056</b>	<b>578</b>	<b>4,478</b>	<b>353</b>	<b>353</b>	<b>2,495</b>	<b>745</b>	<b>744</b>	<b>4,915</b>	<b>(141)</b>
<b>SUB TOTAL CONSTABULARY PROGRAMME</b>	<b>22,775</b>	<b>6,526</b>	<b>16,249</b>	<b>2,007</b>	<b>2,007</b>	<b>5,419</b>	<b>6,088</b>	<b>2,588</b>	<b>22,628</b>	<b>(147)</b>

**NOT PROTECTIVELY MARKED**

PCC 2017-05-10 Capital Budget Monitoring Quarter 4 to March 2017 and Provisional Outturn (Item 1)

**Appendix B****Capital Programme 2016/17 to 2019/20 (Continued)**

	Current Approved Budget £000s	Spend to 31 Mar '16 £000s	Programme Remaining Budget £000s	Spend to Mar-17 £000s	Forecast Outturn 2016/17 £000s	Projected Outturn 2017/18 £000s	Projected Outturn 2018/19 £000s	Projected Outturn 2019/20 £000s	Projected Total Cost £000s	Variation £000s
<b>Estates Schemes</b>										
South Estate - Kendal	3,610	3,468	141	142	142	0	0	0	3,610	0
South Estate - Barrow & Ulverston	9,104	9,096	9	44	44	0	0	0	9,140	35
HQ Electrical Infrastructure	717	255	462	448	448	0	0	0	703	(14)
North Resilience Flood Management	3,763	24	3,739	177	177	1,451	2,112	0	3,763	0
HQ Demolition of The Green	97	0	97	0	0	97	0	0	97	0
Workington Land Purchase	500	0	500	0	0	500	0	0	500	0
HQ Minor Works	0	0	0	0	0	0	0	0	0	0
Garage Provision	500	0	500	0	0	0	500	0	500	0
Roof Repairs	93	0	93	0	0	0	38	55	93	0
UPS - HQ	100	0	100	0	0	0	0	100	100	0
West Resilience Flood Management	750	0	750	0	0	0	0	750	750	0
Heating, ventilation & cooling plant @ Dur	30	0	30	0	0	30	0	0	30	
HQ Static inverter	50	0	50	0	0	50	0	0	50	
HQ Firearms Flood Defence	50	0	50	0	0	50	0	0	50	
<b>Total Estates Schemes</b>	<b>19,363</b>	<b>12,842</b>	<b>6,521</b>	<b>811</b>	<b>811</b>	<b>2,178</b>	<b>2,649</b>	<b>905</b>	<b>19,385</b>	<b>22</b>
<b>Other Schemes</b>										
ANPR	105	98	8	8	8	0	0	0	105	0
ANPR Expansion	101	0	101	101	101	0	0	0	101	(0)
Leadership & Skills - Blended Learning	79	0	79	0	0	79	0	0	79	0
CCTV	1,121	1,082	39	6	6	32	0	0	1,121	0
Intranet	55	28	55	27	27	0	0	0	55	(0)
Digital Interview Suites	26	0	26	22	22	0	0	0	22	(4)
TOPCON positioning equipment	40	0	40	51	51	0	0	0	51	11
Portable Ballistic Equipment	46	0	46	0	0	23	23	0	46	0
Print Room Equipment	50	0	50	0	0	50	0	0	50	0
<b>Total Other Schemes</b>	<b>1,623</b>	<b>1,207</b>	<b>444</b>	<b>216</b>	<b>216</b>	<b>184</b>	<b>23</b>	<b>0</b>	<b>1,630</b>	<b>7</b>
<b>GRAND TOTAL CAPITAL PROGRAMME</b>	<b>43,762</b>	<b>20,576</b>	<b>23,214</b>	<b>3,034</b>	<b>3,034</b>	<b>7,781</b>	<b>8,760</b>	<b>3,493</b>	<b>43,643</b>	<b>(119)</b>

Corporate Support / Financial Services / MB/LVH