

**NOT PROTECTIVELY MARKED**

PAC 2020-05-20 Item 07 - Capital Budget Monitoring Quarter 4 to March 2020 &amp; Provisional Outturn



## Office of the Police & Crime Commissioner

**TITLE:** Capital Budget Monitoring 2019/20 – Quarter 4 to Mar 2020 (Provisional Outturn)

**Date of Meeting:** Public Accountability Conference 20 May 2020

**Executive Summary:**

The attached report provides an updated position of income and expenditure against the capital programme as approved for the 2019/20 financial year. Projections are based on actual expenditure up to the end of March 2020. 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 2020.

**Recommendation:**

The Commissioner is asked to:

- Note the provisional capital outturn position for 2019/20 as reported.
- Formally approve a change to the 2019/20 programme budget of £275k, being a net increase.
- Formally approve the changes to the 4-year capital strategy arising from re-profiling and detailed planning of approved schemes.
- Approve the determinations at section 4 (paragraph 4.1), in respect of the financing of the 2019/20 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 three main sections:
  - ◆ Section 2, provides an update on the capital budget for the 2019/20 financial year.
  - ◆ Section 3, provides a brief update on the overall capital programme for a four year period to 2022/23.
  - ◆ 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 2019/20**

- 2.1. On 20 February 2019 the Commissioner approved an indicative 10 year capital strategy up to 2028/29 with a more detailed programme including capital financing for a four year period to 2022/23. The capital programme has subsequently been amended to incorporate the effect of the capital outturn position for 2018/19 and in year changes, such as variations to existing schemes, approved by the Commissioner. The Capital Strategy for 2020/21 and beyond, approved 19 February 2020, has also been reflected in the future year budgets where required.
- 2.2. The table below summarises the movement in the capital budget during 2019/20 and expenditure against it as at the end of the fourth quarter. Total capital expenditure during the year amounted to £6.331m against the budget of £7.500m which represents a net reduction of £1.168m (15.57%) against the approved budget for 2019/20. The overall variance is made up of slippage of expenditure to future years of £1.443m (of which £1.148m had been reported previously) and other net changes to the budget of £275k.

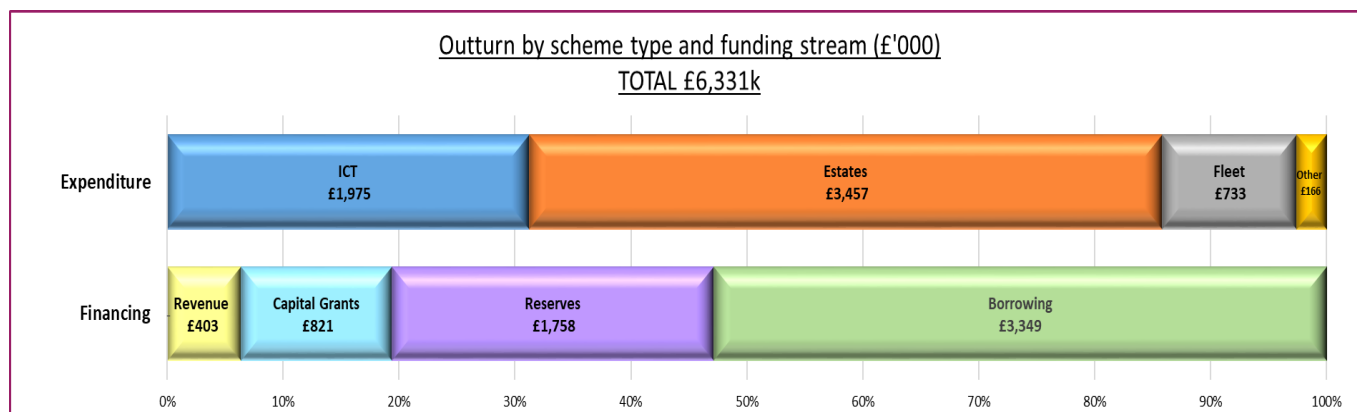
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Capital Budget 2019/20 £000s	
Capital Budget 2019/20 (approved 20/02/19)	8,709
Impact of 2018/19 Outturn (approved 10/05/19)	26
New Schemes Approved/Drawdown	115
Budgets Changes - Approved	(1,350)
Approved Adjusted Budget 2019/20	7,500
Capital Outturn 2019/20 (Graph Below)	6,331
Forecast Variation	(1,169)
Made up of:	
Budget Changes (Under)/Overspend (Table 1)	275
Slippage to 2020/21 (Table 2)	(1,443)
	(1,169)

Table 1 Forecast Variation summary	Changes £000s
Pocket notebook Smartphones	(5)
Body Worn Video	(13)
Specialist Resource External Consultancy	(58)
Control Room Futures	(13)
Eden Deployment Centre	198
Operation Uplift	37
Operation Lecturn	129
	275

Table 2 - Slippage	Previously Reported	New Slippage Qtr 4	Total £'000s	% of Base Budget
ICT Schemes	0	0	0	0%
Estates Schemes	(193)	(28)	(221)	-6%
Fleet Schemes	(741)	(149)	(890)	-58%
Other Schemes	(250)	(82)	(332)	-22%
	(1,183.63)	(259)	(1,443)	-17%



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

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

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. To help manage the finances of these schemes a prudent £2m slippage is built into the base budget at the start of the year. Changes of £1.9m (£1.1m at quarter 3) have been recorded against this £2m resulting in £0.1m being brought forward from 2020/21. Other changes now requiring approval are a net reduction of £88k.

- The ICT rolling replacement programmes were largely completed as planned in 2019/20.
- During 2019/20 the project to replace the pocket smartphone/Networks was approved, the procurement was completed and new devices were rolled out to officers.
- The project to replace and modernise the interview recording capability across the force was approved in November 2019 and authority was given to procure the system from the preferred supplier. The capital budget for this replacement is £400k in 2020/21. Payment schedules have been received and it shows that some of this budget will need to be moved to revenue as some of the expenditure does not meet the definition of capital expenditure.
- Other smaller areas of spend during 2019/20 were on WiFi improvements, digital policing and a small amount of specialist consultancy.

**R1)** The Commissioner is asked to approve the transfer to revenue of £5k from the Smartphones budget £13k from the control room futures budget and £13k from the replacement body worn cameras budget. These are to cover the costs of recurring licenses, staff costs and training that do not meet the definition of capital expenditure.

**R2)** The Commissioner is asked to note the return of budget from the ICT capital consultant's budget of £58k. A small amount of the budget has been reserved for firm ordered commitments but the balance for 2019/20 is now being returned

2.5. **Fleet Schemes** are comprised of the cyclical replacement of the Constabulary fleet of vehicles. The position reported previously at quarter 3 included slippage to future years of £741k (largely the single platform vehicle replacement) and other changes amounting to a net increase of £89k. There are no changes requiring approval but there is additional slippage of £149k.

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- During 2019/20 the budget and financing were both increased by £28k received from the Sellafield to replace one of the vehicles used by the dedicated Sellafield Policing Unit used by the team in Cumbria.
- During the inclement weather in February one of the specific winter 4x4 vehicles was written off whilst dealing with an immediate response incident. The cost of a replacement vehicle is £35k and was due for replacement in 2025/26. The replacement vehicle will be partly funded by a revenue contribution under the self-insurance programme.
- The budget for 2019/20 was amended before the start of the financial year to allow the fleet manager to integrate fully electric and hybrid vehicles into the current pool car fleet. To date there are two liveried community vehicles being deployed daily from North Cumbria. These vehicles were converted by the fleet teams with input from the Mobile and Digital project team in ICT. The vehicles are fitted with the full range of equipment to allow them to be used as mobile offices including smartphone connectivity, fingerprint scanner and laptop facilities. Five unmarked electric vehicles designated as general pool cars have also been deployed.

**R3)** The commissioner is asked to formally approve the budget transfer in relation to the written off winter vehicle of £35k from 2025/26 to 20/21 to facilitates its replacement.

2.6. **Estates Schemes** During 2019/20 the estates team have largely concentrated (from a capital perspective) on the completion of the Building project at HQ. The position reported previously at quarter 3 included slippage to future years of £193k and other changes amounting to a net reduction of £38k, this being a move to revenue to fund the Estates project manager role. Net changes now requiring approval are for an increase in overall cost of £198k and additional slippage of £28k.

- During 2019/20 construction was completed the Eden Deployment Centre at the headquarters site in Penrith. Small modifications have been made to the building to allow it to be used as a Learning and Development centre to facilitate the recruitment and training of the additional officers provided by the additional Government funding under operation Uplift. The additional expenditure to develop the Learning and Development Centre amounted to £198k.
- In light of current uncertainty regarding police funding all expenditure on the Eden Deployment centre has been financed from internal borrowing rather than depleting the capital reserve.

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- Two schemes of work were scheduled to take place in 2019/20 at the North Cumbria BCU headquarters at Durranshill. Works to replace the CCTV and cell call facility within the custody suite were completed whilst the scheme to improve the heating and ventilation plant at Durranshill has commenced but was not able to be finished during the financial year. This has led to a slippage into 2020/21 of £28k.

2.7. **Other Schemes** – This includes a number of diverse which do not fall into the previous categories. Highlights during 2019/20 include:

- Business Transformation - the budget for business transformation (£825k) was wholly transferred to the revenue budget as the final scheme approved was to deliver a hosted service rather than procure capital items to replace current systems. Other elements of the budget included reviews and improvements to business processes and structure redesign, which do not meet the definition of capital expenditure.
- Countywide CCTV. The amount remaining, £23k, is required for the link to the Digital Evidence Management System. This was phase 3 of the project and is planned to take place in 2020/21.
- Scanning equipment for accident investigation, which was match funded through an external contribution has been delayed. Permission has been given to carry the funding forward and the scheme is expected to complete in 2020/21
- Following the accelerated recruitment programme to maintain future police officer numbers a scheme was established to provide the additional pocket notebooks/smartphones and body cameras required for the additional officers. This scheme is now complete with the total expenditure of £37k. The equivalent amount has been transferred from the revenue budget to finance the expenditure.
- In response to the global pandemic it has been necessary to purchase additional equipment to facilitate working from different from different locations and in some cases working from home. In 2019/20 this expenditure amounted to £129k and was expended to purchase additional pocket notebooks/smartphones. The equivalent amount has been transferred from the revenue budget to finance the expenditure.

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**3. Capital Programme 2019/20 to 2022/23**

3.1. The table below provides a summary of the capital programme and associated capital financing over the four year period to 2022/23:

Summary of Capital Budget 2019/20 to 2022/23				
	2019/20	2020/21	2021/22	2022/23
	£000s	£000s	£000s	£000s
<b>Capital Expenditure</b>				
ICT Schemes	1,975	4,232	4,464	3,530
Estates Schemes	3,457	311	2,075	5,885
Fleet Schemes	733	3,083	776	1,470
Other Schemes	166	237	720	0
	6,331	7,863	8,035	10,885
<b>Capital Financing</b>				
Capital Receipts	0	0	1,521	1,544
Revenue Contributions	403	3,491	3,421	3,419
Capital Grants	821	4,372	1,518	97
Reserves	1,758	0	1,575	2,425
Borrowing	3,349	0	0	3,400
	6,331	7,863	8,035	10,885

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

3.2. There have been a number of changes to future year's expenditure since the 10 year capital strategy was approved. These are summarised in the table below

Changes to the Capital Programme following approval in February 2020					
	Yr0	Yr1	Yr2	Yr3-10	TOTAL
	2019/20	2020/21	2021/22	Future	
	£000's	£000's	£000's	£000's	£000's
Approved Strategy	7,099	7,553	7,997	45,596	68,245
Current Expenditure Predictions	6,331	7,863	8,035	45,561	67,790
Difference	(768)	310	38	(35)	(455)
					0
Effects of slippage from 2019/20 to future years	(259)	221	38	0	0
Transfer to / from revenue	(939)	0	0	0	(939)
Budgets Brought Forward	108	(73)	0	(35)	0
Budgets returned on completion of scheme	(58)	0	0	0	(58)
New Schemes	165	0	0	0	165
Budget Increases	215	52	0	0	267
Correction of budget setting error	0	110	0	0	110
Difference	(768)	310	38	(35)	(455)

The corresponding financing has been moved to match this new profile.

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**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:

- ◆ There have been no capital receipts in 2019/20. Capital receipts from previous years, reserved to meet expenditure commitments in future years, amount to £2.096m. No capital receipts have been applied to meet capital expenditure under part IV (section 60.2) of the act in 2019/20
- ◆ A sum amounting to £486k 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 2019.

**5. Supplementary Information**

5.1. Appendices to this report are provided as follows:

- ◆ Appendix A – Capital Budget 2019/20
- ◆ Appendix B – Capital Programme 2019/20 to 2022/23



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**Appendix A****Capital Budget 2019/20**

<b>Capital Programme 2019/20</b>	<b>Original Approved Budget £s</b>	<b>Impact of 2018/19 Outturn £s</b>	<b>New Schemes Approved £s</b>	<b>Budget Changes Approved £s</b>	<b>Approved Adjusted Budget £s</b>	<b>Actual Expenditure to Mar-20 £s</b>	<b>Draft Capital Outturn £s</b>	<b>Forecast Variation £s</b>
<b>ICT Schemes</b>								
ICT End User Hardware Replacement (002x)	898	9	27	7	941	733	733	(208)
ICT Software Application Replacement (003x)	0	24	0	0	24	0	0	(24)
ICT Core Hardware Replacement (004x)	974	24	0	10	1,008	66	66	(942)
ICT ESN / Radio Replacement (005x)	114	0	0	(50)	64	0	0	(64)
ICT Core Infrastructure Replacement	0	0	0	0	0	0	0	0
<b>ICT Infrastructure Solution Replacement (Projects)</b>								
- Case & Custody	38	0	0	0	38	0	0	(38)
- Control Room Futures	2,299	(706)	0	(179)	1,414	1,148	1,148	(266)
- Business Futures	0	34	0	46	80	0	0	(80)
- Unspecified change to National systems (D)	52	0	0	0	52	0	0	(52)
- High Tech Crime Programme (I)	124	0	0	0	124	0	0	(124)
- High Tech Crime Storage Growth (I)	120	0	0	0	120	0	0	(120)
- Digital Policing Project	135	21	(50)	(14)	92	28	28	(64)
General Slippage	(2,000)	0	0	108	(1,892)	0	0	1,892
<b>Total ICT Schemes</b>	<b>2,754</b>	<b>(594)</b>	<b>(23)</b>	<b>(72)</b>	<b>2,065</b>	<b>1,975</b>	<b>1,975</b>	<b>(90)</b>
<b>Fleet Schemes</b>								
2018/2019 Slippage	349	28	0	(7)	370	268	268	(102)
2019/20 Approved Strategy	979	15	0	68	1,062	274	274	(788)
Rechargeable Vehicles	163	0	80	(52)	191	191	191	0
<b>Total Fleet Schemes</b>	<b>1,491</b>	<b>43</b>	<b>80</b>	<b>9</b>	<b>1,623</b>	<b>733</b>	<b>733</b>	<b>(890)</b>
<b>Estates Schemes</b>								
Whitehaven Police Station - Roof	37	0	0	0	37	0	0	(37)
Kendal Police Station - Roof	55	0	0	0	55	0	0	(55)
Roof Repairs - HQ Dog section	0	0	0	0	0	0	0	0
Other Existing Schemes	0	0	0	0	0	0	0	0
UPS HQ	100	0	0	0	100	0	0	(100)
Eden Deployment Centre	2,772	513	0	(37)	3,248	3,445	3,445	197
Garage Provision	0	0	0	0	0	0	0	0
Durranhill - CCTV system and cell call	0	12	0	0	12	12	12	0
West Resilience Flood Management	0	0	0	0	0	0	0	0
Durranhill heat and vent plant	0	28	0	0	28	0	0	(28)
Gas suppression cylinder replacements	0	0	0	0	0	0	0	0
<b>Total Estates Schemes</b>	<b>2,964</b>	<b>553</b>	<b>0</b>	<b>(37)</b>	<b>3,480</b>	<b>3,457</b>	<b>3,457</b>	<b>(23)</b>
<b>Other Schemes</b>								
CCTV	0	24	0	0	24	0	0	(24)
X2 Taser migration (I)	250	0	0	0	250	0	0	(250)
Glock Pistol Replacement	0	0	0	0	0	0	0	0
Business Transformation	1,250	0	0	(1,250)	0	0	0	0
Laser Scanning - Accident investigation	0	0	58	0	58	0	0	(58)
Operation Uplift	0	0	0	0	0	37	37	37
Operation Lecturn	0	0	0	0	0	129	129	129
<b>Total Other Schemes</b>	<b>1,500</b>	<b>24</b>	<b>58</b>	<b>(1,250)</b>	<b>332</b>	<b>166</b>	<b>166</b>	<b>(166)</b>
<b>Total Capital Expenditure 2019/20</b>	<b>8,709</b>	<b>26</b>	<b>115</b>	<b>(1,350)</b>	<b>7,500</b>	<b>6,331</b>	<b>6,331</b>	<b>(1,169)</b>

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**Appendix B****Capital Programme 2018/19 to 2021/22**

	Approved Budget	Revised Budget	Previous Years Spend	Draft Outturn 2019/20	Projected Outturn 2020/21	Projected Outturn 2021/22	Projected Outturn 2022/23	Projected TOTAL Cost	Variance (Under) / Overspend
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>ICT Strategy 2019/20 onwards</b>									
ICT End User Hardware Replacement (002x)	3,137	3,170	0	733	444	1,636	340	3,152	(18)
ICT Software Application Replacement (003x)	35	35	10	0	25	0	0	35	0
ICT Core Hardware Replacement (004x)	4,588	4,708	292	66	3,414	398	481	4,651	(58)
ICT ESN / Radio Replacement (005x)	3,803	3,753	0	0	1,047	187	2,519	3,753	0
ICT Core Infrastructure Replacement	96	96	0	0	0	0	96	96	0
Case & Custody	797	797	758	0	0	38	0	797	0
Control Room Futures	5,687	5,509	3,132	1,148	759	100	356	5,496	(13)
Business Futures	127	173	93	0	80	0	0	173	0
Unspecified change to National systems (D)	216	216	0	0	106	54	55	216	0
National ANPR System / ANPR replacements	151	151	0	0	49	50	51	151	0
High Tech Crime Programme (I)	232	232	108	0	124	0	0	232	0
High Tech Crime Storage Growth (I)	120	120	0	0	120	0	0	120	0
Digital Policing Project	2,267	2,203	2,110	28	65	0	0	2,203	0
ICT Infrastructure Solution Replacement (Projects)	9,596	9,400	6,201	1,177	1,303	243	463	9,387	(13)
Savings Targets	(369)	(369)	0	0	0	0	(369)	(369)	0
General ICT Slippage	0	0	0	0	(2,000)	2,000	0	0	0
<b>Total Proposed ICT Schemes</b>	<b>20,886</b>	<b>20,794</b>	<b>6,503</b>	<b>1,975</b>	<b>4,233</b>	<b>4,464</b>	<b>3,530</b>	<b>20,705</b>	<b>(88)</b>
<b>Estates Strategy 2019/20 onwards</b>									
<u>Roof Repairs - Various</u>									
Whitehaven Police Station	38	38	0	0	38	0	0	38	0
Kendal Police Station	55	55	0	0	55	0	0	55	0
Roof Repairs - HQ Dog section	70	70	0	0	70	0	0	70	0
<u>Other Existing Schemes</u>									
UPS	100	100	0	0	100	0	0	100	0
Eden Deployment Centre	5,320	5,283	2,036	3,445	0	0	0	5,481	198
Garage Provision	500	500	0	0	0	500	0	500	0
Durranhill - CCTV system & M&E plant	115	115	43	12	0	0	60	115	0
West Resilience Flood Management	7,400	7,400	0	0	0	1,575	5,825	7,400	0
Durranhill heat and vent plant	50	50	22	0	28	0	0	50	0
Gas suppression cylinder replacements	20	20	0	0	20	0	0	20	0
<b>Total Proposed Estates Schemes</b>	<b>13,668</b>	<b>13,630</b>	<b>2,101</b>	<b>3,457</b>	<b>311</b>	<b>2,075</b>	<b>5,885</b>	<b>13,828</b>	<b>198</b>
<b>Vehicle Strategy 2019/20 onwards</b>									
2018/2019 Slippage	1,965	1,958	898	267	793	0	0	1,958	0
2019/20 Approved Strategy	4,568	4,671	0	274	2,151	776	1,470	4,671	0
Rechargeable Vehicles	250	331	0	192	139	0	0	331	0
<b>Total Proposed Vehicle Schemes</b>	<b>6,784</b>	<b>6,960</b>	<b>898</b>	<b>733</b>	<b>3,083</b>	<b>776</b>	<b>1,470</b>	<b>6,960</b>	<b>0</b>
<b>Other Schemes Strategy 2019/20 onwards</b>									
CCTV	1,619	1,619	1,095	0	24	500	0	1,619	0
X2 Taser migration	330	330	0	0	110	220	0	330	0
Glock Pistol Replacement	45	45	0	0	45	0	0	45	0
Laser Scanning - Accident investigation	0	58	0	0	58	0	0	58	0
Operation Uplift	0	0	0	37	0	0	0	37	37
Operation Lecturn	0	0	0	129	0	0	0	129	129
<b>Total Proposed Other Schemes</b>	<b>3,245</b>	<b>2,052</b>	<b>1,095</b>	<b>165</b>	<b>237</b>	<b>720</b>	<b>0</b>	<b>2,218</b>	<b>165</b>
<b>Total Schemes</b>	<b>44,583</b>	<b>43,436</b>	<b>10,597</b>	<b>6,331</b>	<b>7,863</b>	<b>8,035</b>	<b>10,885</b>	<b>43,711</b>	<b>275</b>