



BOARD REPORT

Delivery & Beating Crime – 17 February 2022

Report Title: Capital Programme 2022/23 to 2025/26

Author: Stuart Goodwin, Head of Finance

Report for: Police and Crime Commissioner

Document reader status: ~~RESTRICTED / OFFICIAL~~ / PUBLIC
Delete as necessary and insert watermark

Mandatory Question: Is any 'Restricted' information within this report or appendices? **YES / NO**
If yes, state reason for restriction:

1. Executive Summary

- 1.1 The draft capital programme for 2022/23 onwards can only be considered in the light of the estimated outturn of the 2021/22 capital programme. This report therefore provides an update against the current 2021/22 programme and a draft 2022/23 onwards programme which includes any variances from the existing programme, as appropriate, as well as the anticipated proposed funding for the 2022/23 onwards programme.
- 1.2 It should be noted that, when the capital programme is presented for approval, whilst the programme provides an outlook for the next four years the Commissioner is only requested to approve those schemes which have already commenced or are due to commence in 2022/23. In addition, any new one-off scheme, not a replacement system, will require a project appraisal being approved by the Commissioner and Commissioner's Chief Finance Officer.
- 1.3 This report only relates to the Commissioners Capital Programme, any purchases made by Bedfordshire Police on behalf of the Eastern Region Special Operations Unit are excluded from this paper, as these are regionally owned assets and as such are financed through the appropriate ROCU or CT funding for the region.

2. Purpose of Report

- 2.1 To present the proposed capital programme 2022/23 to 2025/26 onwards and provide an update against the 2021/22 existing programme

3. Background/Supporting Papers/Implications

- Approved Capital Programme - PCC Executive Board 1 July 2021
- Capital monitoring report – PCC Executive Board 28 July 2021

- Capital monitoring report – Beating Crime Board 21 October 2021

4. Contribution to the Police and Crime Plan

- 4.1 Successful implementation of the capital programme will contribute to the achievement of the Police and Crime Plan.

5. Introduction

- 5.1 The Commissioner and Chief Constable, in fulfilling their fiduciary duties, need to have a robust capital programme that is both affordable and is strongly linked to the efficiency and transformation of the Force. In this vein, the capital programme will focus heavily on providing the officers of Bedfordshire Police with the right tools for the job and transforming, through the use of ICT, the way in which our officers and staff work to protect as much of the Force's local policing capacity as possible, whilst reducing its overall revenue budget. It will also focus on ensuring the Estate for Bedfordshire Police is fit for purpose in terms of condition and energy efficiency, but more importantly is fit for purpose in relation to operational need and public access where this cannot be achieved through alternative means. Capital assets, whether these be the vehicles that our officers and staff use to fulfil their duties, the ICT that they are equipped with or the estate, both in terms of location but also condition, are a fundamental part of the policing provision provided by Bedfordshire Police. During a long period of austerity, the expenditure in these areas was curtailed and therefore it is crucial moving forward that the right balance between affordability and operational competence is struck in the development of the Capital Programme.

6. Estimated Capital Outturn 2021/22

- 6.1 The proposed capital programme for 2022/23 to 2025/26 can only be considered in the light of the estimated capital outturn for 2021/22.
- 6.2 The forecast outturn position is an estimated spend of **£17.847M** compared to the programme of **£21.571M**, a reduction of £3.724M the details of which are contained at Appendix A.
- 6.3 The variance on the programme of **£3.724M** can be segregated into three elements, schemes that have not yet started and are awaiting final sign-off, these have been treated as an underspend of **£1.500M** for the purpose of this report. Delays to existing projects that we wish to carry the budget forward into the 2022/23 programme, this equates to **£2.237M** and is known as slippage. The balance if **£0.013M** is a net overspend on the remaining projects, within that figure there are over and underspends.

Estates

- 6.4 The Estates programme is estimated to be £2.958M underspent at year end of which we need to carry forward £1.630M that we are treating as slippage. There are two projects that we had "earmarked" in the 2021/22 programme and had included £1.5M in the 2021/22 financial year. Both relate to collaborative functions, Joint Protective Services are developing options around a new firing range to be shared across Beds, Cambs & Herts along with a new facility to train police support units (PSU). Business cases are still at the developmental stage, and we do not expect to make any capital investment until 2023 and this will be subject to business case approval by the Police & Crime Commissioner. This programme contains **£5.2M** for the potential firing range and no costs for the PSU training facility. The early indications are that the PSU

facility will be built on land owned by Cambridgeshire Constabulary and Bedfordshire will have a licence agreement to use the facility and these costs, if approved, will be built into the revenue programme. It is worth highlighting that at this stage the final apportionment model for the firing range has not been agreed and at this stage the costs are estimated as the business case has not been fully developed.

- 6.5 The majority of slippage relates to the Estates element of the programme. £963,000 has been carried forward on the windows replacement project. The windows at Luton Police Station took priority and have now been completed. We are at the design stage for the HQ and Dunstable sites, but we expect that the sum carried forward along with the existing budget in 2022/23 will be sufficient to see the project completed in 2022/23. The new custody block and HQ development programme is the largest project we have tackled in recent years and the facility is planned to be operational in the Spring as planned. As appropriate with such a large-scale construction project a level of contingency has been held for this scheme and a balance of £361,000 has been carried forward into 2022/23 to cover any costs associated with any remaining variations making good the site and disposing of the temporary custody block.
- 6.6 We have experienced further delays with progress designed to improve the accommodation facilities for our team based at Luton Airport. The industry has suffered another difficult year and we do not anticipate any progress until next year at the earliest resulting in further slippage of £250,000. Discussions continue with the Airport to ascertain the right facility for our staff based at the Airport and these are expected to be resolved and works completed in 2022/23.
- 6.7 Due to delays within the construction industry we have also seen a minor delay in some of the work due to be completed at Luton Police Station and therefore a small slippage of £0.056M to complete these works has been moved into the next financial year. Such is the demand for improvements to Luton Police Station that the programme of works has been extended in the proposed capital programme. The minor works budget has been overspent by £0.202M, this includes Bedfordshire's share of the urgent work required at the firing range prior to the BCH facility being available, this work is underway but will require further investment in the following financial year.

ICT

- 6.8 The latest estimate for the ICT programme is an underspend of £0.728M. Of this, £0.387M has been treated as slippage, projects for which payments have not been required in accordance with their original payment schedule and £0.341M of underspends whereby the original capital allocation is no longer required. The slippage is due to a combination of resource challenges within the network team and the availability of consultancy, and these programmes will be carried forward to the next financial year. No charges at this stage have been made to date for kitting out the new Custody suite and these costs are expected to fall in the 2022/23 financial year.
- 6.9 Underspends have been seen in Cyber Crime, a rolling replacement programme was introduced following major investment last year although this has not been required, as with lots of ICT products we are seeing a move away from capital investment to the licensing of products. Funds were also set aside for an upgrade to the Finance system and ongoing investments into

the Athena system, but these have not been required. The remainder of the programme went to plan with small variations throughout as you would expect with a programme of this size.

Equipment

- 6.10 The equipment budget is expected to underspend by £0.109M after we have carried forward £0.170M to continue to support the smartworking initiative that is seeing people working from home or on an agile basis splitting time between home and the office. Delays experienced in the purchase of CCTV equipment, due to the national microchip shortage, has also meant a further £0.050M has been treated as slippage. The costs of the ANPR rolling programme were less than had been estimated due to funds being carried forward from the previous year. Bedfordshire's share of the Joint protective Services Capital budget is expected to be fully spent by year end.

Vehicle Fleet

- 6.11 Several vehicles have been purchased outside of the normal replacement programme causing an expected overspend of £290,500, this being linked to the increase of officer numbers as a result of the uplift programme and precept increases, which has resulted in a welcomed increase to the number of Police Officers within the Force. These will be funded via revenue, specialist vehicles and additional fleet have been purchased for Operation Costello, Boson and in response to the increasing demand brought about by the significant increase in officer numbers over the last five years, all of which are funded by specific grants for these areas of activity.
- 6.12 Detail of the estimated outturn position is included at Appendix A including the slippage of £2.237M that we are requesting is carried forward to the 2022/23 capital programme.
- 6.13 The proposed funding of the 2021/22 programme is also included on Appendix A. This assumes that we will borrow £7.087M between now and the end of the financial year on top of the £8M loan we have already taken out. While these are significant sums This is £3.273M lower than the amount agreed as when the capital programme was approved. The Force can fund approximately £2.4M from revenue contributions as a result of the revenue underspend achieved in 2020/21 along with the continuation of grant funding for Operation Boson & Costello. The borrowing is necessary to fund the redevelopment work at the HQ site which will open in April. While we plan to borrow £7.1M between now and the end of the financial year this will be reviewed depending upon the interest rates available and the cash flow requirements of the Force. Depending upon the outcome of this review we may decide to "borrow internally" in the short term, making use of existing cash balances. This decision reflects the timing of capital receipts that we anticipate, the size of the capital programme and the reduction in capital grants payable to the Force that fall to zero from 2022/23. This, along with revenue contributions and the use of capital receipts will mean that we will utilise all funds available and there will be no capital funding carried forward to support the 2022/23 onwards Capital Programme. This position has been noted by the Chief Financial Officer of the Police and Crime Commissioner who has built in an increasing of revenue contributions to the capital programme as part of his medium-term plan calculations.

7. Proposed Capital programme 2022/23 Onwards

- 7.1 The capital programme mainly consists of three main strands, these being ICT, Estates and Fleet, there is also a separate strand relating to small items of capital equipment and capital expenditure for Joint Protective Services.
- 7.2 At this stage in the year, while next year's programme is still in draft and requires approval, it does provide an indicative level of capital payments over the next four years and beyond with suggestions on how this level of expenditure would be financed. With a programme of this size and duration there is always likely to be deviations from planned spend and the following caveats should be considered:
- The timings of replacement programmes
 - The timing and cost of the Emergency Services Network (ESN) project
 - The requirements of the collaboration programme including a firing range and PSU training facility
 - The development of the 10-year Estates Strategy
 - The general speed of technology advancement
 - The potential for future external grant applications
 - The impact of the Covid19 Pandemic on all strands of the capital programme
 - Changes in national timescales
- 7.3 Subject to any changes brought about by these listed items, the proposed programme is shown at Appendix B. It is worth highlighting that, when the capital programme is presented for approval, whilst the programme provides an outlook for the next four years the Commissioner is only requested to approve those schemes which have already commenced or are due to commence in 2022/23. In addition, any new one-off scheme, not a replacement system, will require a project appraisal being approved by the Commissioner and Commissioner's Chief Finance Officer. The overall programme shows total estimated costs of **£29.179M** with payments of **£7.963M** in 2022/23. This is a significant reduction when compared to last year as the HQ redevelopment programme nears completion. Once approved the programme is likely to have some subtle changes to reflect the actual outturn position of the current year's spend, compared to the estimated position contained within this report.

ICT

- 7.4 The BCH ICT vision is to be integrated with the operational functions and executive decision-making process ensuring technical solutions and resources are aligned to the policing vision 2025, corporate strategies, Police and Crime plans and operational objectives. The strategy of the collaborated unit describes how this will be achieved. It will however consider the needs of local Forces; this was seen last year when it supported Bedfordshire's move "smart-working" that has seen more people working in an agile way and from home on a permanent basis. Now that this investment has been made the supply of replacement equipment is mainstreamed into the ICT replacement programme.
- 7.5 The ICT Capital programme is developed as a tri-Force product and while we are only showing the Bedfordshire element of the plan it is a straight extract from the tri-force programme. We have kept to the terminology contained within the plan to ensure it is truly aligned and all three Forces are using the same language and job codes to describe ICT products. This makes the programme far easier to monitor, control and report upon.

- 7.6 The categories for the ICT programme are described in the following paragraph, hardware such as desk top computers, laptops, monitors and printers are described as **Devices** and is split between mobile communications and operational. **Infrastructure** relates to maintenance of servers, storage and backups of our systems. **Communications** covers telephony and voice recording systems while **Networks** ensure our networks are maintained with appropriate switches and routers and that BCH security applications & firewalls are up to date. The section called **project/futures** deals with new projects and finally, there is an element of ICT projects that do not fall under the remit of the ICT Department because of historical decisions or because they have warranted their own programme team. These have been included within the ICT programme but have notionally been called “**outside of ICT scope**” and in 2022/23 include a budget for Athena upgrades, potential upgrades for the BCH Able system and a specific budget for the Cyber Crime department.
- 7.7 The ICT budget over the life of the programme is £696K lower than last year and the costs expected in 2022/23 are similar to last year. The budget for lap top replacements has been reset following the increase last year to allow for the move to home working and a replacement programme has been set over the life of the capital programme for laptops, smart phones and to a lesser extent for desk top computers. We have also included an allowance for establishment growth for these items. The other notable investment in 2022/23 is a replacement programme for body worn video estimated at £329K.
- 7.8 Within Mobile Communications we have included £3.8M for the Emergency Services Network (ESN) this is the replacement system for Airwave being managed by the Home Office and progress to date has been limited. Significant spend is not expected to occur prior to 2023/24 so while this has provisionally been included in the programme approval for this project is not sought as this time. The overall replacement will be subject to a national business case, however there will be some local elements within that programme that will require PCC approval.
- 7.9 A paper was recently approved at the Operational Support delivery board regarding Airwave provision up to ESN transition. This concludes that Airwave equipment will still be required 2026 and recommended that further devices are purchased in line with expected failure rates. The capital programme now includes provision of £569K for replacement Airwave sets in 2023/24.

Estates

- 7.10 The estates minor works programme is designed to ensure that our accommodation, in the key areas, is of category B condition (meaning sound, operationally safe and exhibiting only minor deterioration) in line with the existing approved estates strategy. Following condition surveys across the estate this budget the programme has been increased over all years of the draft capital programme to ensure that most of the high and medium priority requirements from those condition surveys can be remedied. This will include improvements to all properties across the estate, options for the dog’s unit, works on the underground car park and other essential works at Luton. Some of the projects planned will make the estate more flexible and allow for it to be future proofed recognising the caveats at 7.2 above.
- 7.11 In addition to fulfilling the Estates Strategy and the creation of the aforementioned 10 year strategy, we are about to embark on a Sustainability Strategy which is likely to provide investment opportunities for long term gain through reductions our carbon footprint as we work

towards being carbon neutral. We have already started this improvement with the windows replacement programme that is due to finish in 2022/23, the Custody Development at HQ and all refurbishments increase the efficiency of the buildings. This may also necessitate the replacement of boilers but the target of reducing our footprint will have to be weighed up against the cost efficiency of replacing plant in good working order. This will be explored along with potential grant funding.

- 7.12 The HQ redevelopment project that incorporates a new custody suite, office accommodation and car park is nearing completion and should be opened in April 2022. Some budget has been carried forward from the 2021-22 onwards programme to fund the dismantle and disposal of the temporary custody suite and making good the grounds once the contractors have left the site. This has been a significant project changing the landscape of the HQ site.
- 7.13 The modernisation and refurbishment of Luton Police Station is nearing completion with a small budget brought forward to complete some specific jobs, other works at Luton will be funded from the minor works budget that has been increased this year. The window replacement programme is completed at Luton station, and we are at the commissioning stage for Dunstable and HQ.
- 7.14 Approval has been granted to lease a new building known as Lysander House. This will enable the movement of officers and staff from rented space at Borough Hall, RAF Henlow and our Biggleswade premises. Initial estimates to make the building operational are £360K and this has been included as a named project with the programme. This will be part funded (£180K) by revenue contributions arising from a negotiated rent-free period with the landlord.
- 7.15 We also have a rolling programme for major plant replacements and the budget for the change of Airport Base has been brought forward from last year's programme.
- 7.16 Two new collaborative projects that were added to the programme last year are still at the developmental stage and we don't anticipate significant movement until late 2023 in relation to the PSU Training facility and 2024/25 for the firearms facility. Both relate to collaborated functions and the figures quoted represent our best estimate of Bedfordshire's share of the overall cost. Joint Protective Services are developing options around a new firing range to be shared across Beds, Cambs & Herts along with a new facility to train Police Support Units (PSU). Early indications are that the PSU project that is to be built on land owned by Cambridgeshire Constabulary will be shared with Hertfordshire and Bedfordshire via a licence agreement, therefore no costs have been included in this capital programme and the revenue costs will be reflected in the revenue medium term financial plan. The Firing range has been included at a cost of £5.2M to Bedfordshire between 2023/24 and 2025/26. These figures are very much provisional as the business case is still being developed and no formal approval has been made about what basis the costs will be shared. Both projects will be the subject of separate business cases that will need the approval of both the OPCC and their Chief Financial Officer.

Equipment & Vehicle Replacement

- 7.17 The vehicle replacement programme is designed to keep the Force's vehicle fleet in optimum condition aimed at maximising the useful life of vehicles while still maximising the operational

effectiveness of the fleet. The replacement programme will consider the move to electric, or other 'green' options of vehicle as the timescale for 100% carbon free fleet, of 2030, moves ever closer. The use of electric vehicles in an operational context will be subject to a trial in 2022/23 to better inform the replacement programme in this capital programme life cycle as well as the next.

7.18 An equipment budget is maintained for items not included in the estates or ICT strategies including spend within Joint Protective Services. In the draft programme this includes the carry forward £170K remaining from last year to facilitate the ongoing move to smart working which has seen some employees moving agile contracts and others to permanent "work from home" contracts. We also have a rolling programme for ANPR investments set at £50K per annum, no specific programme is available at this time, and we are usually advised of plans during the year.

8. Capital Financing

8.1 The Commissioner is limited in his ability to finance capital expenditure without significantly impacting on the revenue budget for the Force, he has access to the following types of financing:

- Borrowing – borrowing can only be used to fund capital expenditure and as with all types of borrowing it brings with it interest payments, which impact on the revenue budget of the Force, as well as the repayment of the principal sum borrowed and therefore needs to be considered as part of the revenue budget compilation not just the capital programme. To ensure payments are affordable borrowing is usually undertaken over a longer period of time and therefore where possible should mainly be used for funding expenditure on those assets with a longer lifespan.
- Capital Grant – this is a grant the Commissioner receives from the Home Office, as part of the annual finance settlement. It can only be used for capital expenditure and in the main should be used in the year in which it is given, although there is the capacity to carry it forward. This facility was withdrawn in the recent financial settlement and our working assumption is that no funds will be available during the life of the programme.
- Capital Receipts – these are generated through the disposal of capital assets such as the estate. Most capital receipts included relate to the delivery of the Commissioners Estates strategy. Capital receipts can only be used for funding capital expenditure.
- Ring-fenced Grants – Occasionally the Commissioner will receive in year grants which will be ring-fenced for specific capital expenditure associated with national policing developments. One Public Estate Grants and Section 106 monies have been classified as "other external resources" for the purpose of this report.
- Capital Financing Reserve – this a reserve held by the Commissioner which has been built up to assist with future capital expenditure. It is comprised of revenue budget underspends over a number of financial years and therefore can be used to fund both capital and revenue expenditure. This reserve has been fully utilised, and our working assumption is that no funds will be available during the life of the programme.
- Other Reserve – the Commissioner has the ability to part fund the capital programme by other reserves if so desired.
- Revenue Contributions – these are in year contributions from the revenue budget to fund

capital expenditure. The Commissioner and Chief Constable have the ability through financial regulations to vire funds in year if there is a specific addition to the capital programme. In the knowledge that the Capital grant has been withdrawn and the Capital financing Reserve has a zero balance CFO of the OPCC has built in revenue contributions to capital in the medium-term financial plan, £250K rising to £1M over the next four years. This is in an effort to keep our borrowing to a minimum and to avoid funding assets with a short-term life from long term borrowing.

8.2 Appendix C highlights, at this stage, the level and type of financing the Commissioner has/requires to fund the capital payments forecasted at Appendix B. A number of points need to be considered at this stage:

- No capital grant has been awarded in 2022/23 and our working assumption is that this will be a permanent discontinuation.
- Capital Receipts from the sale of Greyfriars Police Station is expected to come to fruition in 2022/23 having not been completed last year. Other receipts included later in the programme are planned to help fund the ongoing capital programme.
- Borrowing of £8M has currently taken place during 2021/22 and this programme assumes a further £7M will be borrowed by 31st March 2023, this may take the form of external borrowing or “internally” from cash flow.
- The Commissioner currently has long-term borrowing of **£27.020M** and this could increase prior to the commencement of this programme.
- It should be highlighted that with the reduced ability to fund capital expenditure from within the revenue budget, due to the pressures from increased policing demand, a significant reduction over the past 5 years in the level of capital grant received and increased use of the Commissioner’s reserves there is a **reliance on borrowing** over the reporting period of approximately **£12.4M**. Building revenue contributions to the capital programme is one way of reducing this impact that we have built into the current medium term plan.
- We can also call upon funding held on our behalf by Central Bedfordshire Unitary Authority. Section 106 monies are awarded to the Police following planning agreements made between the Local Authority and the developer. Further use of these funds are planned within this programme.

9. Treasury Management

9.1 Treasury management activities are monitored closely during the year and an updated Capital & Treasury Strategy has been included as Appendix D to this report. This includes an economic update and forecasts of interest rates that remain low, a review of the previous year’s performance indicators, new performance indicators and our proposed lending list. Long-term borrowing rates (PWL) are estimated to move from 2.2% to 2.4% during 2022, the last borrowing taken by the OPCC was £8M secured at 1.4%.

9.2 The review of our performance indicators shows that despite the level of borrowing carried out this has all been done within our authorised and approved limits and because of the use of revenue contributions and capital grants our gross borrowing remains lower than our capital financing requirement meaning that we have under borrowed based on the size of our

programme. The borrowing that has taken place in the last twelve months has been to fund long term assets and has been taken at a time when interest rates are at an all-time low.

10. For Recommendation

10.1 That the capital programme as presented is approved in the knowledge that any new one-off scheme, not a replacement system, will require a project appraisal being approved by the Commissioner and Commissioners Chief Finance Officer, this includes the potential Firing Range, PSU Training and Emergency Services Network programmes.

11 Appendices

- Appendix A – 2021/22 Outturn
- Appendix B – Draft Capital Programme 2022/23 to 2025/26 onwards
- Appendix C – Draft Capital Programme 2022/23 to 2025/26 onwards – Financing
- Appendix D – Treasury Management Strategy
- Appendix D i – Prudential Indicators
- Appendix D ii – Lending List (Feb 2022)