



BOARD REPORT

Strategic Board– 19 July 2016

Report Title: Capital Programme 2016/17 to 2019/20

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Report for: Chief Constable

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1. Executive Summary

- 1.1 This report presents the revised 2016/17 onwards capital programme and associated funding for approval. Adjustments have been made to the draft programme approved in February 2016 to account for the outturn position of the previous years' capital 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 2016/17. 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.

2. Purpose of Report

- 2.1 To present an update of the capital programme 2016/17 to 2019/20 onwards.

3. Background/Supporting Papers/Implications

- 3.1 Capital Programme – PCC Executive Board 17 February 2016
- 3.2 Revenue, Capital & Treasury Management Outturn report – PCC Executive Board 20 June 2016.

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.

6. Capital Expenditure

6.1 The draft capital programme for 2016/17 to 2019/20 was approved at £26.579M on 17 February 2016 subject to variations as a result of year-end adjustments arising from the 2015/16 final outturn.

6.2 The draft programme assumed £6.040M slippage would be carried forward from 2015/16. The outturn position was presented to the PCC Strategic Board on 20th June that included slippage of £6.338M an increase of £0.298M.

6.3 The slippage occurs because of delays to projects or the timing of payments and has added £0.248M to the ICT programme following delays to projects covering infrastructure upgrades, mobile data and Athena. The estates strategy has also been increased by £0.050M with slippage on major plant replacements.

6.4 It should be made clear that these are simply delays to projects or the timing of payments, not additional expenditure. When the draft programme was approved it was expected that these payments would occur prior to 31 March 2016 and now it is anticipated that they will occur in 2016/17.

6.5 The most significant element of the capital programme for Estates is the build of a permanent custody facility on the Bedfordshire Police Headquarters site. With the potential for integration of sites with the Fire Service alternative accommodation options may be considered. This will be the subject of a future paper that will be prepared for this board.

6.6 The capital programme includes Bedfordshire Police's share of tri-force programmes, such as equipment for the collaborated joint protective services. The programme does not include any project connected with the Eastern Region Special Operations Unit (ERSOU) as any capital purchased made by them are funded from their revenue budget, nor does it include any project connected to Counter Terrorism Intelligence Unit (CTIU) Eastern Region as any purchases made by them are funded from specific ring-fenced grants.

6.7 The final capital programme for 2016/17 onwards equates to £26.877M and the transition from the draft programme approved in February 2016 is shown in the table below.

Table A – Approved Capital Programme 2016/17 onwards

	£'M
Draft Capital Programme (Feb 16)	26.579
Additional Slippage	0.298
Approved Capital Programme (July 16)	26.877

6.8 Appendix A provides more detail of the 2016/17 onwards capital programme.

7. Capital Financing

7.1 The Commissioner is limited in her ability to finance capital expenditure without significantly impacting on the revenue budget for the Force, which is already expected to reduce by an estimated 20% over the next four years. She 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.
- Capital Receipts – these are generated through the disposal of capital assets, such as vehicles and the estate. The majority of 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. If such funding is received via the Home Office Innovation Fund the Force would expect to contribute to the overall cost of the project.
- 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.
- Revenue Contributions – these are in year contributions from the revenue budget to fund capital expenditure. Whilst the Commissioner and Chief Constable do not

budget for any revenue contributions for capital expenditure, they do have the ability through financial regulations to vire funds in year if there is a specific addition to the capital programme. Any additions to the capital programme would need to be agreed in accordance with the Financial Regulations.

7.2 Appendix B highlights the level and type of financing the Commissioner plans to fund the capital payments forecasted at Appendix A. A number of points need to be considered at this stage:

- The Commissioner has been notified of the level of capital grant she is likely to receive in 2016/17, it has been assumed this will remain constant in future years.
- No account is taken of any external assistance that may be received from the Home Office in association with the Emergency Services Mobile Communications Project, the national replacement of Airwave.
- Because of the levels of slippage that occurred in 2015/16 no borrowing took place to part fund the 2015/16 capital programme. Borrowing planned for 2016/17 has been increased to account for the borrowing that did not take place in the previous year.
- The Commissioner currently has long term borrowing of £7.720M
- Included in the funding is £4M from the sale of buildings across the Force estate. Latest estimates suggest this figure could be exceeded by circa £1M, depending on the timings of these sales this could reduce the dependency on borrowing funds in the short term.

8. Appendices

Appendix A – Approved Capital Programme 2016/17 to 2019/20 onwards

Appendix B – Approved Capital Programme 2016/17 to 2019/20 onwards – Financing