

NOT PROTECTIVELY MARKED

PAC 2018-05-10 Item 5 - Capital Budget Monitoring Quarter 4 to March 2018 & Provisional Outturn



Office of the Police & Crime Commissioner

TITLE: Capital Budget Monitoring 2017/18 – Quarter 4 to Mar 2018 (Provisional Outturn)

Date of Meeting: Public Accountability Conference 10 May 2018

Executive Summary:

The attached report provides an updated position of income and expenditure against the capital programme as approved for the 2017/18 financial year. Projections are based on actual expenditure up to the end of March 2018. 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 2018.

Recommendation:

The Commissioner is asked to:

- Note the provisional capital outturn position for 2017/18 as reported.
- Formally approve a change to the 2017/18 programme budget of £240k, being a net reduction arising from completed schemes and returned budgets.
- 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 2017/18 capital expenditure.

NOT PROTECTIVELY MARKED

PAC 2018-05-10 Item 5 - Capital Budget Monitoring Quarter 4 to March 2018 & Provisional Outturn

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 2017/18 financial year.
 - ◆ Section 3, provides a brief update on the overall capital programme for a four year period to 2020/21.
 - ◆ 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 2017/18

- 2.1. On 24 February 2017 the Commissioner approved an indicative 10 year capital strategy up to 2026/27 with a more detailed programme including capital financing for a four year period to 2020/21. The capital programme has subsequently been amended to incorporate the effect of the capital outturn position for 2016/17 and in year changes, such as variations to existing schemes, approved by the Commissioner. The Capital Strategy for 2018/19 and beyond, approved 22 February 2018, has also been reflected in the future year budgets where required.
- 2.2. The table below summarises the movement in the capital budget during 2017/18 and expenditure against it as at the end of the fourth quarter. Total capital expenditure during the year amounted to £5,254k against the budget of £9,074k which represents a net reduction of just £3,820k (42.09%) against the approved budget for 2017/18. The overall variance is made up of slippage of expenditure to future years of £3,580k (of which £2,760k had been reported previously) and other net changes to the budget of £240k.

NOT PROTECTIVELY MARKED

PAC 2018-05-10 Item 5 - Capital Budget Monitoring Quarter 4 to March 2018 & Provisional Outturn

Summary of Budget Movement 2017/18	2017/18 £000s
Capital Budget 2017/18 (approved 22/02/17)	6,521
Impact of 2016/17 Outturn (approved 10/05/17)	1,259
New Schemes Approved/Drawdown	2,537
Budgets Changes - Approved	(1,244)
Approved Adjusted Budget 2017/18	9,074
Capital Expenditure Outturn 2017/18 (Table 1)	5,254
Forecast Variation	(3,820)
Made up of:	
Budget Changes (Under)/Overspend (Table 2)	(240)
Slippage to 2018/19 (Table 3)	(3,580)
	(3,820)

Table 1	2017/18
Summary of Capital Budget	£000s
Capital Expenditure	
ICT Schemes	3,169
Fleet Schemes	1,614
Estates Schemes	465
Other Schemes	7
	5,254
Capital Financing	
Capital Receipts	0
Revenue Contributions	2,128
Capital Grants	0
Reserves	3,126
Borrowing	0
	5,254

Table 2	Changes
Forecast Variation summary	£000s
- ICT End User Hardware Replacements (ICT)	(4)
- ICT Core Hardware Replacements (ICT)	(15)
- Case and Custody (ICT)	2
- Wan (ICT)	(14)
- Vehicle Replacements (Fleet)	(24)
- South Cumbria Estate (Estates)	(26)
- HQ Firearms Flood Defence (Estates)	(11)
- Heat/ventilation plant Durrhill (Estates)	(3)
- HQ Static inverter (Estates)	(34)
- HQ - Land Purchase (Estates)	(31)
- Leadership and Dev (Other)	(79)
- CCTV (Other)	(1)
	(240)

Table 3					Total	% of Adjusted
Slippage	Qtr 1	Qtr 2	Qtr 3	Qtr 4	£000s	Budget
ICT Schemes	0	(829)	(96)	(256)	(1,181)	27%
Fleet Schemes	0	0	(658)	(109)	(767)	32%
Estates Schemes	(951)	0	(197)	(437)	(1,585)	74%
Other Schemes	0	(32)	3	(18)	(47)	35%
	(951)	(861)	(948)	(820)	(3,580)	39%

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

NOT PROTECTIVELY MARKED

PAC 2018-05-10 Item 5 - Capital Budget Monitoring Quarter 4 to March 2018 & Provisional Outturn

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. The position reported previously at quarter 3 included slippage to future years of £925k and other changes amounting to a net increase of £1,113k. Net changes now requiring approval are a net reduction of £31k and additional slippage of £256k.

- The ICT rolling replacement programmes were largely completed as planned in 2017/18 resulting in a net underspend of £19k, resulting in a return to balances. The WAN project to remove links from smaller stations was also completed from an ICT prospective in 2017/18 but a budget of £14k remains to provide a new door entry system. This does not meet the criteria of capital expenditure and will be transferred to revenue in 2018/19 for the estates team to complete the work. The project to replace the Case and Custody system is also nearing completion and the latest estimate of the final commitments against the project has led to a £2k increase in the budget – Net changes £31k
- During 2017/18 a scheme to replace a number of separate systems with a single integrated Command and Control Room system was approved. The capital budget was apportioned across 2017/18, 2018/19 and 2019/20 based on the original plans from the scoping exercise. Once the main contract was signed a phase of detailed planning followed which has resulted in a change to the delivery schedule for some of the project stages. As a result the expenditure in 2017/18 amounted to £1,901k which was £112k less than originally budgeted. This £112k has been moved in to 2018/19, other re profiling of this budget has resulted in budget from 2018/19 of £1,732k being moved to 2019/20 and budget of £100k being moved from 2019/20 to 2020/21. The table in 3.2 illustrates these changes within the context of the approved strategy.
- Other smaller areas of slippage include £20k for firewall consultancy; £12k ESN; £27k Hi Tech Crime; £28k National ANPR programme; £44k Digital Policing Programme; £20k enhanced video conferencing and reverse slippage of £3k on Case and Custody and £4k on red sigma. Net Slippage £144k

NOT PROTECTIVELY MARKED

PAC 2018-05-10 Item 5 - Capital Budget Monitoring Quarter 4 to March 2018 & Provisional Outturn

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 £658k and other changes amounting to a net reduction of £90k. Net changes now requiring approval are a further reduction of £24k which is released to balances and additional slippage of £109k.

- During 2017/18 the budget and financing were both increased by £15k received from the North West Counter Terrorism Unit to replace a vehicle used by the team in our area.
- The budget for 2017/18 was set almost six months before the start of the financial year resulting in a number of price variances and along with some minor changes in business requirements a budget of £39k has been returned, which has resulted in a net reduction in expenditure of £24k which is returned to balances.
- There were 3 vehicles in the replacement programme for 2017/18 that have not been replaced in the year, these relate to 2 vehicles for Serious and Organised Crime and a van for the Collision investigation unit. These vehicles are still required and £67k of budget has been moved into 2018/19 to facilitate the purchase. The Ballistically protected vehicle has been purchased but the adaptations required to make it operational have still to be undertaken. A total of £42k has been moved to in 2018/19 – Slippage of £109k

2.6. **Estates Schemes** During 2017/18 the majority of cyclical estates schemes were completed with a net underspend of £105k. This included £26k returned from the Barrow TPA Construction project as a result of negotiations into the final account and retention settlement. The position reported previously at quarter 3 included slippage to future years of £1,148k and other changes amounting to a net reduction of £25k. Net changes now requiring approval are a further reduction of £105k which is released to balances and additional slippage of £437k.

- During 2017/18 the contracts were signed to build the Eden Deployment Centre. As a result a firm budget has been agreed and the expenditure has been re-profiled to reflect the payment schedule from the supplier. In total a budget of £1,275k has been moved from 2017/18 into 2018/19 of which £1,148k had already been reported previously.
- Negotiations have almost been completed on the contract to purchase land at Workington for the West Resilience flood management scheme but this will now be finalised during the 2018/19

NOT PROTECTIVELY MARKED

PAC 2018-05-10 Item 5 - Capital Budget Monitoring Quarter 4 to March 2018 & Provisional Outturn

financial year – a total of £300k has been transferred to 2018/19 from 2017/18 to facilitate the purchase and associated fees.

- A small amount of work remains on the HQ flood defence scheme to provide the Firearms/Occupational Health building with some protection. £10k has been moved into 2018/19 for this work which has all been ordered with suppliers.

2.7. **Other Schemes** include the Cumbria wide CCTV network, Blended Learning and Portable Ballistic shields.

- The final CCTV connections have been completed and all that remains is the link to the Digital Evidence Management System (Phase 3 of the project). The amount remaining, £23k, is required for this work which is planned to take place in 2018/19.
- A scheme (79k) to implement a blended learning system was carried forward in to 2017/18. It has now been decided not to proceed with this scheme and it has now been approved to use £34k to further develop an anti-corruption audit tool and £49k is to be used to facilitate the introduction of the new PDR system and strengths based workforce training. The blended learning system was to be funded from a specific reserve which has now been transferred to revenue reserves to fund these two projects.
- Liaison with the supplier of the Portable Ballistic Shields has continued throughout 2017/18. Following consultation with the Firearms Unit shields are being developed that are fit for purpose and meet the need of the unit. This development work is almost complete and orders will be placed shortly. The budget (£46k) was originally split equally over 2017/18 and 2018/19 but the design work has caused a delay in procurement and the entire budget is now likely to be spent in 2018/19.

NOT PROTECTIVELY MARKED

PAC 2018-05-10 Item 5 - Capital Budget Monitoring Quarter 4 to March 2018 & Provisional Outturn

3. Capital Programme 2017/18 to 2020/21

3.1. The table below provides a summary of the capital programme and associated capital financing over the four year period to 2020/21:

Summary of Capital Budget 2017/18 to 2020/21				
	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s
Capital Expenditure				
ICT Schemes	3,169	4,034	6,468	3,411
Fleet Schemes	1,614	1,317	705	2,241
Estates Schemes	465	3,740	2,264	1,865
Other Schemes	7	612	593	54
	5,254	9,703	10,030	7,571
Capital Financing				
Capital Receipts	0	0	0	1,946
Revenue Contributions	2,128	1,670	1,684	3,132
Capital Grants	0	575	5,654	1,217
Reserves	3,126	7,458	2,692	1,275
Borrowing	0	0	0	0
	5,254	9,703	10,030	7,571

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 years expenditure since the 10 year capital strategy was approved. These are summarised in the table below

Changes to the capital strategy following					
	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	TOTAL £000s
Approved Strategy	11,261	7,442	7,471	9,326	35,500
Current Expenditure Predictions	9,703	10,030	7,571	9,326	36,630
Difference	(1,558)	2,589	100	0	1,131
Effects of slippage from 2017/18	814	0	0	0	814
Increase in Eden Deployment Centre budget following approval	0	251	0	0	251
Eden Deployment Centre payment schedule re-profile	(323)	323	0	0	0
Body Worn Cameras - new scheme after strategy approved	65	0	0	0	65
Future Development of Red Sigma with Durham	(110)	110	0	0	0
Control Room futures payment profile re-schedule	(1,832)	1,732	100	0	0
Enhanced Conference Facilities - re-profile	(172)	172	0	0	0
Difference	(1,558)	2,589	100	0	1,131

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

NOT PROTECTIVELY MARKED

PAC 2018-05-10 Item 5 - Capital Budget Monitoring Quarter 4 to March 2018 & Provisional Outturn

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 £523k have been received in 2017/18 from the sale of property. These receipts have not been applied to finance capital expenditure in 2017/18 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 £423k 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 2017.

5. Supplementary Information

5.1. Appendices to this report are provided as follows:

- ◆ Appendix A – Capital Budget 2017/18
- ◆ Appendix B – Capital Programme 2017/18 to 2020/21

NOT PROTECTIVELY MARKED

PAC 2018-05-10 Item 5 - Capital Budget Monitoring Quarter 4 to March 2018 & Provisional Outturn

Appendix A**Capital Budget 2017/18**

Capital Budget 2017/18	Original Approved Budget £000s	Impact of 2016/17 Outturn £000s	New Schemes Approved £000s	Budget Changes Approved £000s	Approved Adjusted Budget £000s	Actual Expenditure to Mar-18 £000s	Forecast Capital Outturn £000s	Forecast Variation £000s
ICT Schemes								
ICT End User Hardware Replacements	150	103	0	(42)	211	207	207	(4)
ICT Core Hardware Replacements	581	0	2,073	(64)	2,590	2,271	2,271	(319)
ICT Infrastructure Solution Replacement	717	210	0	(77)	851	274	274	(576)
ICT Core Infrastructure Replacement	0	0	0	0	0	0	0	0
ICT Radio Replacement/ESN	37	10	0	0	47	34	34	(12)
Digital Policing Project	1,172	(6)	295	(777)	684	383	383	(301)
Total ICT Schemes	2,656	318	2,367	(959)	4,382	3,169	3,169	(1,213)
Fleet Schemes								
Vehicle Replacements - 16/17 & 17/18	1,938	307	190	(102)	2,333	1,584	1,584	(749)
Fleet - Ballistically Protected Vehicle	0	60	0	12	72	30	30	(42)
VASCAR	190	0	(190)	0	0	0	0	0
Total Fleet Schemes	2,128	367	0	(90)	2,405	1,614	1,614	(792)
Estates Schemes								
South Estate - Barrow & Ulverston	0	0	0	0	0	(26)	(26)	(26)
HQ Electrical Infrastructure	0	0	0	0	0	0	0	0
HQ Carpark	0	0	0	0	0	0	0	0
HQ Demolition of The Green	97	0	0	0	97	45	45	(52)
Eden Deployment Centre	1,408	43	0	0	1,451	228	228	(1,222)
Workington Land Purchase	0	500	0	(200)	300	0	0	(300)
HQ Land Purchase	0	0	120	0	120	89	89	(31)
Heating, vent & cooling plant @ Durrhill	30	0	0	5	35	32	32	(3)
HQ Static inverter	50	0	0	0	50	16	16	(34)
HQ Flood Defence	50	0	50	0	100	79	79	(21)
Total Estates Schemes	1,635	543	170	(195)	2,153	465	465	(1,688)
Other Schemes								
Leadership & Skills - Blended Learning	79	0	0	0	79	0	0	(79)
CCTV	0	32	0	0	32	7	7	(25)
Portable Ballistic Equipment	23	0	0	0	23	0	0	(23)
Total Other Schemes	102	32	0	0	134	7	7	(127)
Total Capital Expenditure 2017/18	6,521	1,259	2,537	(1,244)	9,074	5,254	5,254	(3,820)

NOT PROTECTIVELY MARKED

PAC 2018-05-10 Item 5 - Capital Budget Monitoring Quarter 4 to March 2018 & Provisional Outturn

Appendix B**Capital Programme 2017/18 to 2020/21**

	Current Approved Budget	Spend to 31 Mar '17	Programme Remaining Budget	Spend to Mar-18	Projected Outturn 2017/18	Projected Outturn 2018/19	Projected Outturn 2019/20	Projected Outturn 2020/21	Projected Total Cost	Variation
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
ICT Schemes										
ICT End User Hardware Replacements	2,976	1,635	1,341	207	207	340	635	156	2,972	(4)
ICT Core Hardware Replacements	13,127	3,287	9,840	2,271	2,271	2,403	2,402	2,750	13,112	(15)
ICT Core Infrastructure Replacement	0	0	0	0	0	0	0	0	0	0
ICT Infrastructure Solution Replacement	3,582	848	2,734	274	274	1,859	433	155	3,570	(12)
ESN (Radio Replacement)	2,445	0	2,445	34	34	62	1,998	350	2,445	0
Mobility and Digital	2,557	1,804	753	383	383	370	0	0	2,557	0
General ICT Slippage	0	0	0	0	0	(1,000)	1,000	0	0	0
Total ICT Schemes	24,686	7,574	17,113	3,169	3,169	4,034	6,468	3,411	24,656	(31)
Fleet Schemes	6,832	931	5,901	1,614	1,614	1,317	705	2,241	6,808	(24)
SUB TOTAL CONSTABULARY PROGRAMME	31,518	8,505	23,014	4,783	4,783	5,351	7,173	5,652	31,464	(55)

NOT PROTECTIVELY MARKED

PAC 2018-05-10 Item 5 - Capital Budget Monitoring Quarter 4 to March 2018 & Provisional Outturn

Appendix B

Capital Programme 2017/18 to 2020/21 (Continued)

	Current Approved Budget	Spend to 31 Mar '17	Programme Remaining Budget	Spend to Mar-18	Projected Outturn 2017/18	Projected Outturn 2018/19	Projected Outturn 2019/20	Projected Outturn 2020/21	Projected Total Cost	Variation
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Estates Schemes										
South Estate - Barrow & Ulverston	9,140	9,140	0	(26)	(26)	0	0	0	9,114	(26)
HQ Electrical Infrastructure	703	703	0	0	0	0	0	0	703	0
HQ Carpark	187	187	0	0	0	0	0	0	187	(0)
HQ Demolition of The Green	45	0	45	45	45	0	0	0	45	0
Eden Deployment Centre	5,307	7	5,300	228	228	3,300	1,772	0	5,307	0
Workington Land Purchase	300	0	300	0	0	300	0	0	300	0
HQ Land Purchase	120	0	120	89	89	0	0	0	89	(31)
UPS - HQ	100	0	100	0	0	0	100	0	100	0
Roof Repairs - Various	163	0	163	0	0	0	93	70	163	0
Heating, ventilation & cooling plant @ Durranhill	35	0	35	32	32	0	0	0	32	(3)
HQ Static inverter	50	0	50	16	16	0	0	0	16	(34)
HQ Flood Defence	100	0	100	79	79	10	0	0	89	(11)
Garage Provision	500	0	500	0	0	0	0	500	500	0
West Resilience Flood Management	1,575	0	1,575	0	0	0	300	1,275	1,575	0
Durranhill CCTV and Cell Call	50	0	50	0	0	50	0	0	50	0
Durranhill heat and Vent Plant	50	0	50	0	0	50	0	0	50	0
HQ Gas Suppression system	30	0	30	0	0	30	0	0	30	0
Gas Cylinder replacement	20	0	20	0	0	0	0	20	20	0
Total Estates Schemes	18,474	10,036	8,437	465	465	3,740	2,264	1,865	18,369	(105)
Other Schemes										
Leadership & Skills - Blended Learning	79	0	79	0	0	0	0	0	0	(79)
CCTV	1,121	1,088	32	7	7	24	0	0	1,119	(1)
Portable Ballistic Equipment	46	0	46	0	0	46	0	0	46	0
Taser Migration	250	0	250	0	0	0	250	0	250	0
Business Analytics	939	0	939	0	0	542	343	54	939	0
Total Other Schemes	2,435	1,088	1,346	7	7	612	593	54	2,354	(80)
GRAND TOTAL CAPITAL PROGRAMME	52,427	19,629	32,798	5,254	5,254	9,703	10,030	7,571	52,187	(240)

Corporate Support / Financial Services / MB/LVH