

**To:** Finance and Resources Committee

**From:** Chief Constable and Treasurer

**Date:** 20<sup>th</sup> January 2010

## **CAPITAL PROGRAMME 2010/11 to 2012/13.**

### **1. Introduction**

- 1.1 This report sets out the Capital Programme for 2010/11 and the future year's plans for 2011/12 and 2012/13.
- 1.2 The 2010/11 revenue budget provides for funding of a capital programme of £19.6m.
- 1.3 A draft capital programme was set out in the Capital Strategy and Asset Management Plan approved by the Finance & Resources Committee in October 2009

### **2. Background**

- 2.1 Projects are identified and presented from a variety of sources, including an analysis of needs within the Constabulary's plans and strategies, partnership priorities and consultation with customers and other stakeholders. Each potential project is presented in a standard format, known as a "Capital Bid", which enables the full business case for the project to be appraised. Each project is independently appraised and ranked by a Project Officer in the Strategic Development Directorate.
- 2.2 The results of this appraisal process are presented to the Change Management Board for challenge before being considered and prioritised at Force Executive Board, where changes to the Capital Programme are determined for recommendation to the Finance & Resources Committee and then for Authority approval.
- 2.3 All projects presented in the capital programme for 2010/11 have been awarded a **priority 1 score** and will be ratified by the Force Executive Board on 12<sup>th</sup> January.

### **3. Capital Programme Financing**

- 3.1 The Capital Programme for 2010/11 stands at £19.6m. The Table below sets out the main areas of spend together with details of the proposed capital financing. The 2010/11 draft revenue budget makes full provision for the cost of borrowing, included supported borrowing, to finance the proposed spend.

**Table 1 – Capital Payments and Financing.**

All figures £'000	Previous Year's Commitments	Proposed Programme 2010/11	Proposed Programme 2011/12	Proposed Programme 2012/13
<b>Capital Budget:-</b>				
Land & Buildings	2,275	15,700	17,250	6,250
ICT Operational Support	2,343	2,195	2,270	710
ICT Support Services		100		
Vehicles	1,400	1,400	1,400	1,400
Allocable Budget	193	200	200	200
<b>TOTAL</b>	<b>6,211</b>	<b>19,595</b>	<b>21,120</b>	<b>8,560</b>

<b>Capital Financing:-</b>				
Capital Grants	0	1,583	1,583	1,583
Capital Receipts / Reserves*			2,000	5,000
Other Sources of Funding				
Borrowing	6,211	18,012	17,537	1,977
<b>TOTAL</b>	<b>6,211</b>	<b>19,595</b>	<b>21,120</b>	<b>8,560</b>

*Note: figures may not cast due to roundings*

The capital financing costs provided in the proposed revenue budget are set out below:

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Principal repayment (MRP)	826	2,164	2,539	2,946	3,378
Interest - Existing Loans (annuity)	555	539	523	507	490
Interest - New Loans (maturity)	77	224	772	1,621	2,177
Revenue financing (contingent)	-	553	-	-	-
<b>Total</b>	<b>1,458</b>	<b>3,480</b>	<b>3,834</b>	<b>5,074</b>	<b>6,045</b>

The Committee is asked to note that Minimum Revenue Provision (MRP) is a charge to revenue (for repayment of debt) required by statute. It is calculated by reference to the cost and expected life of assets financed by way of borrowing at the start of the financial year after the asset is brought into commission. Assuming a replacement for Parkside is commissioned in 2012/13 it follows that MRP will not become chargeable until 2013/14 which is outside the forecast period.

In accordance with best professional practice, Cambridgeshire Police Authority does not associate borrowing with particular items or types of expenditure as explained in the Treasury Management report (Agenda Item 9). However, indicative costs of borrowing to finance a replacement Parkside based on a number of assumptions about the timing of loans raised, together with assumed MRP charges, are set out below:

	2010/11	2011/12	2012/13	2013/14	2014/15	Ongoing
	£'000	£'000	£'000	£'000	£'000	£'000
Replacement Parkside - indicative borrowing costs <sup>1</sup> (interest)	65	329	726	1,075	1,225	1,225
MRP charges <sup>2</sup> (principal)	-	-	392	392	392	392
Total indicative financing costs	65	329	1,118	1,467	1,617	1,617

<sup>1</sup>assumed 50 year loan  
<sup>2</sup>assumed 60 year asset life

Detail of the Capital Programme schemes can be found at Appendix 1.

Areas to note are:-

- Parkside replacement has a number of decision making points for the Police Authority to consider as the project progresses.
- Rolling maintenance programmes for assets have been included.
- Enhancement on ICT systems are in line with NPIA guidance.
- 2009/10 carry forwards will be presented after year-end close down once they are known.

#### 4. Recommendation

- 4.1 The Finance and Resources Committee is asked to recommend the Capital Programme to the Authority for approval.

## BIBLIOGRAPHY

Source Document (s)	Contact Officer	Location
Capital Strategy and Asset Management Plan 2010 - 2013	<p>Niki Howard – Director of Finance and Resources</p> <p><a href="mailto:Niki.howard@cambs.pnn.police.uk">Niki.howard@cambs.pnn.police.uk</a> (01480) 422705 07736342334</p> <p>John Hummersone Treasurer</p> <p><a href="mailto:john@hummersoneconsulting.co.uk">john@hummersoneconsulting.co.uk</a> (01638) 667090</p>	Cambridgeshire Constabulary Hinchbrook Park, Huntingdon, Cambs, PE29 6NP.
<p>Originating Officer: Niki Howard, Director of Finance and Resources</p> <p>Is it considered that this report contains 'exempt information' and should be considered in private?            No</p> <p>If the answer is "YES", please state the nature of the exempt information <b>and the relevant clause(s)</b> in Part 1 of Revised Schedule 12A to the Local Government Act 1972</p> <p>.....</p> <p>The attached report has been cleared with the undermentioned officers: (delete as appropriate)</p> <p>Chief Constable/Treasurer</p> <p>Others .....</p> <p>Submitted on .....6<sup>th</sup> January 2010 .....</p> <p>A report will not be sent to the Authority unless this box has been satisfactorily completed and all necessary consultation carried out - the responsibility for which rests with the originator (except for consultation with the Chairman and this will be undertaken by the Chief Executive).</p>		

## Appendix 1 – Detail Capital Programme 2010/11 – 2012/13

Capital Programme No.	Description of Bid	Previous Year's Commitments 2009/10	Proposed Programme 2010/11 £	Proposed Programme 2011/12 £	Proposed Programme 2012/13 £
	<b>Land and Buildings</b>				
CP10/01	Parkside Replacement - acquire, develop and build a replacement BCU including cell block to replace Parkside police station	900,000	14,800,000	13,200,000	500,000
CP10/02	Major Repairs Planned - repairs to the estate including roofs, windows, and structural repairs. Boiler replacement programme	1,300,000	900,000	900,000	900,000
	Custody Remodelling - continued remodelling to ensure that cells (St Neots, Ely, Bridge Street, etc) comply with Home Office guidance	75,000		150,000	250,000
	Thorpewood Custody remodelling - rework of the Northern BCU cell block to comply with Home Office Guidance			3,000,000	3,000,000
	Relocate Vehicle Workshop from Bridge St - relocation is likely to be at Copse Court if Bridge Street is sold				800,000
	Relocate City Police Team from Bridge St - relocation to new Peterborough City premise if Bridge Street is sold				300,000
	Northstowe S106 Funding Gap - unknown funding gap for a new police station at Northstowe				500,000
	<b>Total Land &amp; Buildings</b>	<b>2,275,000</b>	<b>15,700,000</b>	<b>17,250,000</b>	<b>6,250,000</b>

Capital Programme No.	Description of Bid	Previous Year's Commitments 2009/10	Proposed Programme 2010/11 £	Proposed Programme 2011/12 £	Proposed Programme 2012/13 £
	<b>IS/IT Communications</b>				
CP08/14 Continuation	Network Core Upgrade - upgrade of the ICT infrastructure for the whole network to comply with NPIA guidance and provide more efficient management of the data across the network	280,000	280,000		
CP09/02 Continuation	Edge Switching for Remote Service - to upgrade the access for staff working in remote locations, will provide benefits in service delivery and greater connectivity to key resources	65,000	65,000	30,000	
CP09/04 Continuation	Identity Access Management - to provide a new secure log-in to all Constabulary computers which complies with NPIA guidance up to confidential level	230,000	230,000		
CP09/05 Continuation	Microsoft Migration - continuation of the move away from a Novel platform to the Microsoft platform of operation for all Constabulary computers	1,500,000	690,000	690,000	
CP10/04	Desktop Hardware Replacement - rolling replacement of computer hardware across the Constabulary, less is required in the next couple of years due to Microsoft replacement	268,000	50,000	50,000	210,000
CP10/05	Lotus Notes Database Migration - as part of the move to the Microsoft platform all of the current databases held on the old Lotus Notes software will need to be migrated		100,000		
CP10/06	Blackberry PDA refresh - updating of the handheld devices used by staff including front-line officers, the decision on the choice of device has yet to be taken and consideration will need to be given to NPIA best practice and compatibility with other Forces in the region. Costs are best estimate at this stage		60,000	1,000,000	

Capital Programme No.	Description of Bid	Previous Year's Commitments 2009/10	Proposed Programme 2010/11 £	Proposed Programme 2011/12 £	Proposed Programme 2012/13 £
	<b>IS/IT Communications Continued</b>				
CP10/08	Government Protective Marking Scheme Connection - at present we are only able to mark emails with the GPMS, this will enable the marking of all documents at source		70,000		
CP10/09	A fully deployed VoIP system can drastically reduces call charges. The technology does not rely on legacy technology but utilises the existing network architecture already deployed throughout The Force. Example - presently individual at FHQ contacts someone at Thorpewood call would be charged for. With VoIP this call would be directed via our existing data network and, as this is solely owned by The Force, no charge would be incurred. This technology also delivers huge business efficiencies as it integrates with audio, video and data applications		500,000	500,000	300,000
CP10/10	Force control room system that requires upgrade to next version of the software (KMF Replacement)		100,000		
CP10/11	ICT capacity planning tool which will inform the rolling replacement of hardware and servers - benefits are that this will save money in subsequent years on replacement of equipment		50,000		
	Airwave Communications - upgrade to the police airwaves communication systems				200,000
	Athena - 8 Force collaboration project to replace Crime, Intelligence and Case and Custody systems with one integrated system - this project is sponsored by the NPIA who are providing resources to progress. <b>See report at Agenda Item 14.</b>				
	<b>Total IS/IT Communications</b>	<b>2,343,000</b>	<b>2,195,000</b>	<b>2,270,000</b>	<b>710,000</b>

Capital Programme No.	Description of Bid	Previous Year's Commitments 2009/10	Proposed Programme 2010/11 £	Proposed Programme 2011/12 £	Proposed Programme 2012/13 £
	<b>Support Services</b>				
CP10/12	Financial Accounting System - to upgrade to virtual invoicing whereby invoices are scanned into the system and sent for signature electronically		100,000		
	<b>Total Support Services</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>0</b>
	<b>Vehicles</b>				
CP10/13	New vehicle Equipment	300,000	300,000	300,000	300,000
CP10/14	Vehicle Replacement Programme	1,100,000	1,100,000	1,100,000	1,100,000
	<b>Total Vehicles</b>	<b>1,400,000</b>	<b>1,400,000</b>	<b>1,400,000</b>	<b>1,400,000</b>
	<b>Allocable Budget (Contingency)</b>				
CP10/15	The contingency may be used for projects that come along during the year. All additional projects and virements <b>must</b> be approved by Finance & Resources before commencement.	193,000	200,000	200,000	200,000
	<b>Total Capital Staffing</b>	<b>193,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
	<b>Total Capital Programme</b>	<b>6,211,000</b>	<b>19,595,000</b>	<b>21,120,000</b>	<b>8,560,000</b>
	<b>Capital Financing:-</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
	Capital Grants		1,583,000	1,583,000	1,583,000
	Capital Receipts / Reserves			2,000,000	5,000,000
	Other Sources of Funding				
	Borrowing	6,211,000	18,012,000	17,537,000	1,977,000
	<b>TOTAL</b>	<b>6,211,000</b>	<b>19,595,000</b>	<b>21,120,000</b>	<b>8,560,000</b>