



## **CAPITAL PROGRAMME 2013/14 to 2016/17**

### **1. Introduction**

- 1.1 This report sets out for approval the Capital Programme for 2013/14 and the forecasts for 2014/15, 2015/16 and 2016/17.
- 1.2 The Revenue Budget 2013/14 and Forecasts include the estimated capital financing costs and revenue effects of the full (4 year) Capital Programme.
- 1.3 The proposed Capital Programme is set out in Appendix 1 and is split into 6 Sections A to F:-

#### **Section**

- A continuing schemes approved in previous year(s).
- B rolling schemes which requires approval for 2013/14 expenditure only.
- C new schemes starting in 2013/14 and requiring approval of total scheme costs.
- D new schemes starting in 2013/14 requiring agreement in principle but which will be subject to approval of a business case, or further report before the scheme can commence.
- E possible future schemes, tentative at this stage, for note by the Board
- F Proposed financing.

### **2. Recommendations**

- 2.1 The Board is recommended to:
  - a) Note the report and the arrangements for approval of the Treasury Management Strategy, and
  - b) Approve the capital programme and financing as set out in Tables A to F of Appendix 1.

### **3. Current arrangements for Scheme submission**

- 3.1 All bids for capital projects are presented to the Force Change Management Board after independent appraisal by a Project Officer in the Corporate Development Directorate. The minutes are presented to the Force Executive Board for final discussion and scrutiny. The Programme (or changes thereto) is presented to the Commissioner at the Business Coordination Board.

#### **4. Capital Programme Financing**

- 4.1 The Commissioner wishes to ensure that from the 1 April 2013 the (day to day) Capital Programme can be fully funded without recourse to external borrowing. The principle is long term sustainability built out of increased revenue funding for capital spending.
- 4.2 The Commissioner accepts that the policy of the former Police Authority was to use borrowing to finance capital spending and that there are legacy schemes in progress which may require external borrowing to be drawn down. For many years the Police Authority used internal cash to fund capital and it was therefore 'under borrowed' at the time the Commissioner took office.
- 4.3 The Commissioner accepts that borrowing may be needed to fully fund these legacy systems at some point in the future and work is in hand to further develop cash flow projections and to quantify these legacy costs.
- 4.4 The Capital Reserve has been used (£6.9m) to reduce future Minimum Revenue Provision liabilities and this budget 'saving' has been moved to the Revenue Contributions to Capital Outlay budget. The revenue capital financing budgets are shown in Appendix 1 of Agenda Item 6. [Note: 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 (even if borrowing has not been drawn down) at the start of the financial year after the asset is brought into use.]
- 4.5 This has the double benefit of creating permanent revenue financing for capital and a reduction in reserves which were higher than might be deemed reasonable at a time of austerity. It has also required additional revenue savings to be identified by the Chief Constable.
- 4.6 The new policy for capital investment will also entail:-
- Close scrutiny of schemes presented for approval
  - Full business cases for larger schemes including estimates of cashable and non cashable savings
  - Release of cashable savings to (part) finance the capital spending, and
  - Application of capital receipts to finance investments in the asset class from which they were realised (e.g. sale of buildings proceeds to finance new buildings).
- 4.7 The Commissioner also accepts that external borrowing may be required for significant structural change.
- 4.8 The arrangements described above require a rework of the Treasury Management Strategy and this will be presented to the Board in February.
- 4.9 The Capital Programme can be financed by any/all of the following:-
- Revenue budget (Revenue Contribution to Capital Outlay (RCCO))
  - Capital Grant(s)
  - Capital Receipts (proceeds from the sale of assets)
  - Reserves

- Borrowing

4.10 As set out in the budget report (Agenda Item 6) the Provisional Grant Settlement includes Capital Grant of £1.169m for Cambridgeshire.

4.11 Section F of Appendix 1 shows the 2013/14 capital programme (and forecast years) as balanced by use of capital grant, capital reserves (for legacy schemes), capital receipts and revenue funding (RCCO).

## 5. Recommendations

5.1 The Board is recommended to:

- Note the report and the arrangements for approval of the Treasury Management Strategy, and
- Approve the capital programme and financing as set out in Tables A to F of Appendix 1.

## BIBLIOGRAPHY

Source Document (s)	Contact Officer	Location
	John Hummersone Chief Finance Officer (OPCC) <a href="mailto:john.hummersone@cambs.pnn.police.uk">john.hummersone@cambs.pnn.police.uk</a> 01480 422463 07795 422740	Cambridgeshire Police & Crime Commissioner, South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge, CB23 6EA
	Niki Howard – Chief Finance Officer to the Chief Constable <a href="mailto:Niki.howard@cambs.pnn.police.uk">Niki.howard@cambs.pnn.police.uk</a> 01480 422230 07736 342334	Cambridgeshire Constabulary Hinchingsbrooke Park, Huntingdon, Cambs, PE29 6NP.

## Capital Programme 2013/14 and Forecasts to 2016/17

Capital Programme No.	Description of Bid	Previous Year's Commitments to be paid in 2013/14 £	Proposed New Programme 2013/14 £	Total Programme for 2013/14	Forecast Programme 2014/15 £	Forecast Programme 2015/16 £	Forecast Programme 2016/17 £	Anticipated Savings Profile	Use of Capital Grant 2013/14	Use of Vehicle Receipts 2013/14	Use of Capital Receipt 2013/14	Use of Capital Reserve 2013/14	Revenue Capital Financing costs for 2013/14
<b>Section A</b>	<b>Schemes Approved in Previous years</b>												
CP12/09	Athena - 7 Force collaboration project to replace Crime, Intelligence and Case and Custody systems with one integrated system. Would contribute to savings in collaborative services.	-	842,000	842,000				Revenue savings will be dependant on the number of Forces subscribing to Athena				842,000	
CP12/16	Digital Evidence Recording - updating the present system which is not digital, this would provide for easier recording and storing of evidence.		350,000	350,000								350,000	
CP12/01	Major Repairs Planned	395,000		395,000								395,000	
CP12/10	Command and Control	54,000		54,000								54,000	
	<b>Section A Totals</b>	<b>449,000</b>	<b>1,192,000</b>	<b>1,641,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,641,000</b>	<b>-</b>
Capital Programme No.	Description of Bid	Previous Year's Commitments to be paid in 2013/14 £	Proposed New Programme 2013/14 £	Total Programme for 2013/14	Forecast Programme 2014/15 £	Forecast Programme 2015/16 £	Forecast Programme 2016/17 £	Anticipated Savings Profile	Use of Capital Grant 2013/14	Use of Vehicle Receipts 2013/14	Use of Capital Receipt 2013/14	Use of Capital Reserve 2013/14	Revenue Capital Financing costs for 2013/14
<b>Section B</b>	<b>Rolling Programmes Approval Required for 2012/13 Expenditure</b>												
CP13/01	Major Repairs Planned - repairs to the estate including roofs, windows and structural repairs. This expenditure is required for the maintenance of the estate owned by the Police Authority.		700,000	700,000	700,000	700,000	700,000						700,000
CP13/03	New Vehicle Equipment		300,000	300,000	300,000	300,000	300,000		300,000				
CP13/04	Vehicle Replacement Programme		900,000	900,000	900,000	900,000	900,000		869,073	30,927			
	<b>Section B Totals</b>	<b>-</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>-</b>	<b>1,169,073</b>	<b>30,927</b>	<b>-</b>	<b>-</b>	<b>700,000</b>

## Capital Programme 2013/14 and Forecasts to 2016/17

Capital Programme No.	Description of Bid	Previous Year's Commitments to be paid in 2013/14 £	Proposed Programme 2013/14 £	Total Programme for 2013/14	Forecast Programme 2014/15 £	Forecast Programme 2015/16 £	Forecast Programme 2016/17 £	Anticipated Savings Profile	Use of Capital Grant 2013/14	Use of Vehicle Receipts 2013/14	Use of Capital Receipt 2013/14	Use of Capital Reserve 2013/14	Revenue Capital Financing costs for 2013/14
<b>Section C</b>	<b>Schemes starting in 2013/14</b>												
1	National Holmes upgrade, contributing up-front capital reduces the on-going revenue contribution		40,000	40,000				£40,000 over the life of the revenue contribution					40,000
2	Airwave Communications - upgrade to the police airwaves communication systems		200,000	200,000									200,000
	<b>Section C Totals</b>	-	<b>240,000</b>	<b>240,000</b>	-	-	-	-	-	-	-	-	<b>240,000</b>
Capital Programme No.	Description of Bid	Previous Year's Commitments to be paid in 2013/14 £	Proposed New Programme 2013/14 £	Total Programme for 2013/14	Forecast Programme 2014/15 £	Forecast Programme 2015/16 £	Forecast Programme 2016/17 £	Anticipated Savings Profile	Use of Capital Grant 2013/14	Use of Vehicle Receipts 2013/14	Use of Capital Receipt 2013/14	Use of Capital Reserve 2013/14	Revenue Capital Financing costs for 2013/14
<b>Section D</b>	<b>Schemes requiring a business case or further information to be brought back to the Committee</b>												
3	Three-Force Mobile Data Project		200,000	200,000	400,000	200,000		Not yet known but anticipated increase in productivity will be demonstrated in the business case					200,000
	<b>Section D Totals</b>	-	<b>200,000</b>	<b>200,000</b>	<b>400,000</b>	<b>200,000</b>	-	-	-	-	-	-	<b>200,000</b>
Capital Programme No.	Description of Bid	Previous Year's Commitments to be paid in 2013/14 £	Proposed New Programme 2013/14 £	Total Programme for 2013/14	Forecast Programme 2014/15 £	Forecast Programme 2015/16 £	Forecast Programme 2016/17 £	Anticipated Savings Profile	Use of Capital Grant 2013/14	Use of Vehicle Receipts 2013/14	Use of Capital Receipt 2013/14	Use of Capital Reserve 2013/14	Revenue Capital Financing costs for 2013/14
<b>Section E</b>	<b>Other possible schemes requiring a business case or further report</b>												
1	Northstowe S106 Funding Gap - unknown funding gap for a new police station at Northstowe			-		500,000	500,000						-
2	Southern Fringe S106 Gap Funding			-		250,000	250,000						-
	<b>Section E Totals</b>	-	-	-	-	<b>750,000</b>	<b>750,000</b>	-	-				-
	<b>Totals for All Schemes</b>	<b>449,000</b>	<b>3,532,000</b>	<b>3,981,000</b>	<b>2,300,000</b>	<b>2,850,000</b>	<b>2,650,000</b>	-	<b>1,169,073</b>	<b>30,927</b>	-	<b>1,641,000</b>	<b>1,140,000</b>

## Capital Programme 2013/14 and Forecasts to 2016/17

Section F	Capital Financing:-	2013/14 C/Fwd	2013/14	Total for 2013/14	2014/15	2015/16	2016/17
	Capital Grants		1,169,073	1,169,073	1,169,073	1,169,073	1,169,073
	Vehicle Receipts (RCCO)		30,927	30,927	150,000	150,000	150,000
	Capital Receipts			-		303,000	
	Capital Reserves (Legacy Schemes)	449,000	1,192,000	1,641,000			
	Revenue Contribution to Capital Outlay		1,140,000	1,140,000	980,927	1,227,927	1,330,927
	Borrowing			-	-	-	-
	<b>Section F Totals</b>	<b>449,000</b>	<b>3,532,000</b>	<b>3,981,000</b>	<b>2,300,000</b>	<b>2,850,000</b>	<b>2,650,000</b>