

## Overview of the 3 Year Capital Programme

This overview and the detailed capital programme on pages 19 and 20 updates sections 12 and 13 of the Police Authority's Capital Strategy. An updated Estates Strategy was approved by the Resources Committee on 19 November 2009.

The proposed capital programme reflects the Police Authority's investment needs and the capital finance available. The overriding factor is the availability of revenue funding to meet the ongoing costs of borrowing. The revised programme budget for 2009-10 is £24.7m and the current forecast is for a £4.6m under spend. Approval to carry this provision forward will be sought at the year-end.

### Proposed Programme

#### Property Schemes

The proposed estates programme contains seven approved schemes. For three of these schemes the contracts have been awarded. This means that of the forecast expenditure of £6.261m in 2010-11, £2.257m is already committed and can be considered low risk. For Devonport and Tavistock land has been acquired but contracts for construction have not yet been awarded. For Truro and Beacon Park Road, contracts have not yet been awarded. The difficulties previously reported in progressing the Devonport development have now been fully resolved.

Outline approval for the Exeter Policing Hub and South Devon PPU has been given and full business cases will be presented to the Authority before progression of these schemes. Seven new schemes are included in the programme and with the exception of Paignton and Charles Cross these schemes are all categorised as high risk as site acquisition difficulties may affect progress.

#### Information and Communication Technology

The capital programme contains provision for the ongoing replacement and upgrading of the existing ICT infrastructure such as Airwave, desktop replacement, server replacement and the network.

The Force programme contains a number of projects that are dependent on significant investment in ICT, including the replacement of OIS / CIS and the implementation of a new duty management system. The competitive dialogue process is continuing with the shortlisted suppliers to determine the final implementation costs. Oversight of the programme has been through regular updates to the Chair's Committee and a revised business case will be presented to the Police Authority in 2010 for authorisation of the significant investment required.

Capital costs have been identified as far as possible and these are included in the programme. It is clear that the total cost of these projects is not affordable and for this reason further savings are required from de-scoping to ensure that the costs remains within the resources available.

#### Helicopter

The project to acquire a new helicopter was approved in 2007 and the helicopter is due for delivery in March 2010. Final retention payments are due 2010-11.

#### Vehicles and Workshops

The vehicle replacement programme has been reviewed and reduced in 2010-11 due to the fleet reduction target that has been set for the revenue budget. This will require a number of vehicles not to be replaced. Extending the replacement cycle based on mileage rather than age and reducing the vehicle numbers has meant that it has been possible to reduce the overall level of the programme as compared to previous forecasts.

## Borrowing

The Police Authority receives an annual supported borrowing allocation from the Home Office of £1.891m. This borrowing is supported via Home Office grant formula that recognises the annual cost of servicing the additional borrowing. Prudential Borrowing is borrowing undertaken by the Police Authority on the basis of its affordability (see Prudential Indicators).

## Revenue Implications of the Proposed Programme

The three year revenue budget include increases for the additional costs generated by new capital projects. These costs can be broken down as follows:

	2010-11 £000	2011-12 £000	2012-13 £000
<u>Existing and committed projects</u>			
Minimum Revenue Provision (MRP)	273	60	306
Additional borrowing costs/reduced interest receipts	-91	0	0
Additional Running Costs	508	0	0
	<hr/> 690	<hr/> 60	<hr/> 306
<u>New Commitments</u>			
Minimum Revenue Provision (MRP)	0	135	311
Additional borrowing costs/reduced interest receipts	61	294	671
Additional Running Costs	0	250	250
	<hr/> 61	<hr/> 679	<hr/> 1,232
<u>Total All Capital Schemes</u>			
Minimum Revenue Provision (MRP)	273	195	617
Additional borrowing costs/reduced interest receipts	-30	294	671
Additional Running Costs	508	250	250
	<hr/> 751	<hr/> 739	<hr/> 1,538