



Nottinghamshire

POLICE & CRIME COMMISSIONER

Capital Programme
2018-2023

1. Introduction

The Commissioner is supportive of capital expenditure which improves the efficiency and effectiveness of the service provided to the public of Nottinghamshire.

The majority of capital expenditure relates to the buildings and IT systems.

The ability for the Commissioner to finance capital expenditure through borrowing is limited by the Capital Financing Requirement – prudential indicator. With some major building works planned we are reviewing the capital programmes for the lower value and shorter life capital expenditure items to consider financing these through revenue.

2. Capital Programme 2018-19

This programme is built upon the current priorities within the Force. Ensuring premises and equipment are fit for purpose, appropriately maintained and replaced at the end of their useful life.

It is currently estimated that there will be approximately £2.8 million slippage (Priority 1 and 2 Schemes) from 2017-18 capital programme into 2018-19. There is a further £3.1m priority 3 Schemes that could also slip, but which will be re-evaluated and only budgeted for if they become a higher priority.

The detailed programme, proposed by the Force, for 2018-19 is provided in **Appendix A**.

The proposed programme is summarised in the table below:

Capital category	2018-19 £	2019-20 £	2020-21 £	2021-22 £	2022-13 £
Assets	6,136,650	16,025,000	11,240,000	3,600,000	2,600,000
IT	4,188,600	3,852,000	1,474,000		
Other	327,000	30,000	120,500	250,000	250,000
Total	10,652,250	19,907,000	12,834,500	3,850,000	2,850,000

3. Medium Term Capital Programme

It is normal practice to provide an indication of the capital programme for 2018-19 to 2022-23. With the understanding that this part of the programme will be subject to change following a detailed business case and affordability assessment.

An indicative proposed programme for the 5 years is provided in **Appendix A**.

It should be noted that in the later years of the programme, much of what is IT related expenditure will transfer to be funded from revenue. This will allow the major building works identified to be funded through the Treasury Management Strategy.

4. Financing

Capital expenditure is financed from capital grant, capital receipts, internal and external borrowing and where appropriate from revenue (e.g. reserves).

Capital grant continues to be reduced and it is estimated that this will be phased out completely over the next few years. It has remained the same as 2017-18 for the next financial year. But this is very limited at £700,000.

Capital receipts fluctuate depending on which property is for sale and how desirable the building is. Capital receipts are utilised to reduce MRP charges to the revenue account, therefore are offset against short life assets in the year after receipt.

Borrowing makes up the majority of capital financing. Some of this borrowing is "internal" from balances (e.g. reserves and provisions), but this is reducing as a greater demand is made to use reserves to meet expenditure requirements.

External borrowing is taken at the best time to take advantage of low interest rates and based upon advice of our Treasury Management advisors. Following the increase in the base rate in December it is expected that the next rate increase will occur in December 2018. This is included in the Treasury Management Strategy, which is provided as a separate report on today's agenda.

The table below details the planned financing and revenue consequences of the proposed programme for 2018-19.

Financing	2018-19 £
Total capital programme	10,652,250
Financed by	
Capital Grant	700,000
Capital Receipts	3,293,000
Use of Reserves	0
Borrowing	6,659,250
Total	10,652,250
Revenue impact full year	2019-20
MRP	524,456
Borrowing	206,437

5. Revenue Implications

Capital Expenditure does have revenue implications; generally these have the greatest impact in the year after the capital expenditure has been incurred/project completed. These costs reflect a depreciation cost and a cost of borrowing. Currently, the cost of borrowing is interest only, but at some point in the future the capital sum will need to be repaid. Depreciation is allocated over the life of the asset. The portfolio of loans is currently being reviewed.

The Revenue budget for 2018-19 includes the estimated Minimum Revenue Provisions (MRP) based on expenditure prior to 1st April 2018, including an estimated cost of borrowing for existing borrowing and new borrowing planned in 2018-19.

The MTFS makes adjustments for significant changes in MRP and interest costs.

The impact of the proposed capital programme for 2018-19 is included in the table in section 4 above.

Capital Programme 2018-19 to 2022-23

Appendix A

PRIORITY SCHEMES RECOMMENDED FOR INCLUDED IN THE MEDIUM TERM PLAN BY CC

Suggested Priority	Project Name	Department	Budget 2018-19 £	Budget 2019-20 £	Budget 2020-21 £	Budget 2021-22 £	Budget 2022-23 £
1	CB - Bridewell Replacement New Build	Assets	2,166,650	13,210,000	400,000		
1	CB - Oxclose Lane Lift Replacement	Assets	60,000				
1	CB - Custody Improvements - Mansfield	Assets	550,000	100,000	100,000	100,000	100,000
1	CB - Mansfield Goods Lift Replacement	Assets	60,000				
1	CIT - ANPR Camera Project	Information Services	300,000	20,000	20,000	-	-
1	CIT - ESN (Essential Services Network - Airwave Replacement)	Information Services	742,000	742,000	4,000		
	TOTAL PRIORITY 1 PROJECTS		3,878,650	14,072,000	524,000	100,000	100,000
2	Boiler Replacement (BMS)	Assets	2,300,000				
2	CB - Various Building Condition Investment	Assets	200,000	1,500,000	2,200,000	2,200,000	2,500,000
2	CB - Radford Rd Improvements	Assets			300,000	300,000	
2	CB - Fixed Electrical Works	Assets	-	30,000			
2	Replacement Control Room	Assets	-	1,185,000	8,240,000	1,000,000	
2	CB - RAF Newton Improvements	Assets	50,000				
2	CB - Hucknall EMAS - Extension	Assets	500,000				
2	CB - Worksop New Collaboration	Assets	250,000	-	-		
2	CIT - Mobile Data Platform	Information Services		140,000	500,000	-	-
2	CIT - Technology Services Refresh and Upgrades	Information Services	450,000	450,000	450,000	-	-
2	Command & Control System	Information Services	2,500,000	2,000,000	-		
2	Upgrading Direct Access to 2016	Information Services	40,000				
2	Upgrade SQL 2008 R2 Platform	Information Services	60,000				
2	Chorus Networked - Server	Information Services	26,600				
2	IS Replacement Programme	Information Services	-	500,000	500,000	-	-
2	Firearms/all Case Management	Information Services	70,000				
2	CO - Non-Slot Vehicle Replacement	Other	327,000	30,000	85,500	250,000	250,000
2	Collision Investigation Equipment	Other	-		35,000		
	TOTAL PRIORITY 2 PROJECTS		6,773,600	5,835,000	12,310,500	3,750,000	2,750,000
			10,652,250	19,907,000	12,834,500	3,850,000	2,850,000