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| For Information | |
| Public | |
| Report to: | Strategic Resources & Performance |
| Date of Meeting: | 15 September 2015 |
| Report of: | Gary Jones |
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| Agenda Item: | 09 |

Period 3 Capital Monitoring and Forecast Report 2015-2016

1. Purpose of the Report

- 1.1 To provide information on the actual expenditure against the 2015-2016 Capital Programme to the end of June 2015. Information is also provided on the anticipated expenditure for the remainder of the year, on updates on the progress of schemes and on the proposal to restrict the capital programme to avoid the requirement to borrow during 2015-16 or 2016-17.

2. Recommendations

- 2.1 That the Period 3 forecast of £20.2m is noted (paragraph 4.2) and that the requirement to rationalise the capital programme to include only schemes that deliver relatively significant savings or where non delivery is a risk to business continuity or a legal requirement is approved.
- 2.2 That the requested variations at paragraph 4.2 are noted but will be subject to the same criteria as described in paragraph 2.1 of this report as will any future emerging schemes.

3. Reasons for Recommendations

- 3.1 To provide an update on this major area of expenditure as required by Financial Regulations.

4. Summary of Key Points

- 4.1 There are three main areas to the Capital Programme:
- Estates Projects controlled by Tim Wendels, Head of Estates and Facilities Management.
 - Information Services Projects controlled by Christi Carson, Head of Information Services.

- Other Projects - which have managers from across the Force or come under the control of the Commissioner.

4.2 The original budget for the year was £10.1m and the current forecast is £21.2m. This is detailed by scheme in Appendix 1 and the movements are in the table below.

| | £m |
|--|---------------|
| Original Programme approved by the PCC | 10.054 |
| Slippage approved to be carried forward from 2014-2015 | 10.123 |
| Original Budget | 20.177 |
| New schemes / additional costs approved by the Commissioner | |
| Watnall Road Response Hub | 0.042 |
| Virtual Courts | 0.052 |
| Schemes discontinued | |
| Estates Generic Shared Services (no current need identified) | -0.182 |
| IT Slippage expected to be brought forward from 2016-2017 | 1.078 |
| Appendix 1 Forecast | 21.167 |
| Additional Slippage Risk | -1.000 |
| Period 3 Forecast | 20.167 |

4.3 Cumulative expenditure at Period 3 on all schemes was £1.746m. The cumulative expenditure is detailed by scheme in Appendix 1 and summarised in the following table:

| | Budget for Year | Forecast Period 3 | Actual spend to Period 3 | Budget Remaining |
|----------------------------------|----------------------------|------------------------------|---|-----------------------------|
| | £m | £m | £m | £m |
| Estates | 7.266 | 7.126 | 0.392 | 6.734 |
| I & S | 4.770 | 5.848 | 0.302 | 5.546 |
| Other | 8.141 | 8.193 | 1.052 | 7.141 |
| Total (Appendix 1) | 20.177 | 21.167 | 1.746 | 19.421 |
| Potential IS Slippage | 0 | -1.000 | 0 | -1.000 |
| Total Forecast | 20.177 | 20.167 | 1.746 | 18.421 |

4.4 IT Budget managers identified schemes where expenditure of £1.078m is required to be spent in 2015-2016 on schemes approved for 2016-2017. Although no specific schemes have been identified for slipping forward to counter balance this, it is anticipated that this will happen during the next quarter;

- 4.5 The changes to the programme will impact upon financing decisions by the Commissioner. Some increases to the programme are supported by grants and contributions and hence the overall impact is less.

| | 2015-2016 Budget £m | 2015-2016 Forecast P3 £m |
|--------------------------------|------------------------|-----------------------------|
| Capital Programme inc slippage | 20.177 | 20.167 |
| Financed by | | |
| Capital Receipts | 3.229 | 3.229 |
| Capital Grants | 1.448 | 1.448 |
| Additional Contribution | 1.859 | 1.859 |
| | | |
| Net Financing need | 13.641 | 13.631 |

5. Financial Implications and Budget Provision

- 5.1 The financing of the Capital Programme has a direct effect on the future year's revenue costs both in terms of MRP charge and borrowing costs.
- 5.2 A recent review and reconstruction of the Medium Term Financial plan combined with emerging potential future funding scenario has resulted in a short term requirement to
- 5.2.1 Protect the forces cash current position
- 5.2.2 Minimise capital financing costs to protect frontline services
- 5.3 The outcome of a Budget Meeting of Senior leaders on Wednesday 5th August was to suspend the capital programme and request justification for Capital expenditure based on the criteria of:
- a) The scheme contains an investment appraisal that demonstrates the scheme will pay back with relatively significant savings i.e. Payback Period of 2 to 3 years.
 - b) The non delivery of the scheme presents a risk to business continuity or will result in non compliance with a legislative requirement incumbent upon the force.

The aim of these measures is to reduce the capital programme to a level that negates the requirement to borrow i.e. to **6.54m or below**. This will save over 1m in capital financing charges and if necessary increase borrowing capacity below the operational boundary from £20.1m to £33.7m.

6. Human Resources Implications

6.1 None known

7. Equality Implications

7.1 None known.

8. Risk Management

8.1 None known.

9. Policy Implications and links to the Police and Crime Plan Priorities

9.1 The Business Case approval for individual projects are linked to Police and Crime Plan Priorities.

10. Changes in Legislation or other Legal Considerations

10.1 Not Applicable

11. Details of outcome of consultation

11.1 Not Applicable

12. Appendices

12.1 Appendix 1 - Capital Forecast Period 3 2015-2016.