

## Wiltshire Police and Crime Commissioner Record of Decision

Decision Detail	Capital outturn decision
Business Area	Finance
Decision No:	024 - 2023
Date	27 April 2023
Protection marker	Official

### Executive Summary

The Capital outturn paper reports on the provisional capital budget outturn for 2022-23. It then compares the outturn figures to the approved budget and reports on the financing of the expenditure and the resources available for future capital expenditure.

The PCC formal approval of a revised Capital Plan.

### Decision:

*The Commissioner is asked to authorise the Capital Outturn decision*

### Implications

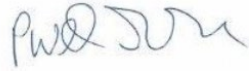
**Please read appendix A in regard to this supporting information**

Has considerations been taken following:	Yes	No
Financial	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Legal	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Equality and Diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sustainability	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Risk	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Additional comments		

### Police and Crime commissioner comments

I have read the documents and I confirm the decision to proceed as recommended.

Signed:



Date: 28/04/2023

**Financial Implications: (Must include comments of the PCC's Chief Finance Officer where the decision has financial implications)**

Comments: The overall capital plan is based on forecasts, and it is likely that the costs will be higher now considering the recent inflationary period. The progress on this plan significantly impacts the borrowing requirement.

**Legal Implications: (Must include comments of the Monitoring Officer where the decision has legal implication)**

Comments: There are no legal implications.

**Equality and Diversity Implications**

Comments: All building changes or new facilities consider and comply with the Disability Discrimination Act, as do any ICT related projects.

**Sustainability Implications**

Comments:


- The investment in Estates will improve the environmental sustainability of buildings reducing the impact on the environment.
- The Vehicle Replacement Plan on the emissions output, that the replacement vehicles will emit less emissions than the vehicles they are replacing.

**Risk Management**

Comments:

As the availability of funds in the Capital Development Reserve diminishes so does our flexibility to add capital projects without increasing borrowing or revenue contributions to capital.

As such the process of agreeing new projects needs to be considered and where possible all projects be outlined first in the MTFs. This will ensure the funding, and the revenue consequences, are also considered at that time.

<b>Monitoring Officer Approval</b>	
I have been consulted about the decision and confirm that financial, legal, sustainability, and equalities advice has been considered. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.	
Signed: 	Dated: 28/04/2023
Naji Darwish	

<b>Public Access to Information: APPENDIX A</b>	
Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the Commissioner’s website within 2 working days of approval. Any facts / advice / recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form.	
Is there a Part 2 form?	
If yes, for what reason: Disclosure of information in Part 2 Commercial sensitivity and may be a breach of terms of the Lease	

Appendix A:

**PURPOSE OF REPORT**

- 1 This paper reports the provisional capital budget outturn for 2022-23. The paper then compares the outturn figures to the approved budget.
- 2 The paper then looks at the financing of the expenditure and the resources available for future capital expenditure. The paper also updates the PCC on capital plans and requests formal approval of a revised Capital Plan.

**THE APPROVED BUDGET AND CAPITAL EXPENDITURE**

- 3 The 2022-23 approved capital budget of £8.141m is calculated as follows:

New Budget (2022-23 prog.)	£4.694m
Add Slippage from 2021-22	£3.201m
Less movements to revenue	-£0.115m
Add Transfers to capital	£0.361m
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Total Approved Budget £8.141m

- 4 £0.317m of the 'transfers to capital' surrounds vehicles. The majority of this has been planned during the year and is detailed below. The remaining £0.044m is to fund new radios for Uplift staff.

Funding of 2 Mobile Vans from Reserves	£0.127m
Funding of 3 Community Speed watch Vans via revenue	£0.062m
Funding of a RPU support vehicle from revenue	£0.023m
Funding of 5 Emergency Response cars due to delays	£0.091m
Departmental contributions to fund the write off of vehicles	£0.014m
<b>Total</b>	<b>£0.317m</b>

- 5 It has been necessary to transfer £0.115m of expenditure from capital to revenue. Under new accounting requirements the spend identified initially as capital can no longer be classified as such and must be treated as revenue. To fund this the planned revenue contributions to capital have been reduced by £0.115m.
- 6 Appendix A details the capital expenditure incurred against the approved budgets. The total expenditure for 2022-23 was £4.263m.

**VARIATIONS**

- 7 The variation from approved budget is identified below.

Approved Budget	£8.141m
Less Expenditure	-£4.263m
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Variance	£3.878m
Slippage	-£3.908m
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'Real' Overspend	£0.030m

- 8 The slippage and variances per project is identified in Appendix A with the most significant areas of slippage discussed below.

- 9 A significant amount (£1.5m) is to be slipped forward on vehicles as 57 ordered vehicles have yet to be received. These were mainly ordered at the start of the year but have been delayed by suppliers due to parts issues coming from China and Ukraine or the provider pulling out of the police market (BMW).
- 10 The next biggest area for slippage is the ESN project (£0.493m). This sets aside funds received via grant to be used in ensuring we are ready for the Airwave replacement project. In year we are intending reviewing this with a view that this may need to be moved to reserves noting changes in the capital accounting rules.
- 11 Whilst the specific Avaya upgrade project has been delivered this year the final payment remains outstanding alongside other parts of the project. It is planned that this will be completed next year and to fund this £0.249m is slipped forward.
- 12 Overall a small overspend is reported, this is made up of a number of under and overspends. The largest overspend surrounds the Mobile Operations Project. This has resulted from a late audit change where the final payment of £0.077m in 2021-22 was considered a prepayment and had to be accrued for. At this stage the new Capital Plan had been agreed without any funding to pay for this.

### **FINANCING CAPITAL EXPENDITURE**

- 13 Capital Expenditure has to be financed within available allocations, the use of which is governed by the Local Government and Housing Act 1989. The table details the capital resources available and the method by which this year's expenditure will be financed.

	<b>Available</b>	<b>Used</b>
Capital Grant (Specific)	£0.523m	-
Capital Receipts (Land and Veh)	£1.029m	£1.029m
Capital Development Reserve	£3.817m	-
Revenue Contributions to Capital	£4.998m	£2.658m
Borrowing	£0.576m	£0.576m
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Total	£10.943m	£4.263m

- 14 The financing decisions have been made under the delegated powers of the PCC's Chief Finance Officer. It should be noted that the revenue contributions are higher than most years due to the agreed one off transfer of £2m from the revenue budget to support future investments. The slippage this year means not all the revenue contributions will be used, the remaining amount will be transferred to the Capital Development Reserve resulting in a new balance for this reserve of £6.157m. This is required to fund the slippage in 2023-24.

15 The freedoms available to the PCC to borrow under the Prudential Scheme are utilised as part of the Capital Financing Strategy (CFS). In 2022-23 there has been no need to borrow. There has however been the use of £0.576m of previous borrowing to finance expenditure related to the Tidworth project.

## **2023-24 CAPITAL PROGRAMME**

16 In January 2023 the PCC agreed a capital budget for 2023-24 of £15.225m.

17 Appendix B shows a revised capital plan with the slippage added. At this stage there has been no change to the initial plan however it should be noted that it is not expected that £15m will be spent in 2023-24. The Southern Hub project is an example where £4.3m is allocated however noting purchasing and planning requirements it is likely that the spend will be much less than this.

18 Progress on these projects will impact the amount to be borrowed in 2023-24, this will be reviewed in September 2023 when the CFS is updated.

19 Assuming approval of the plan the current cash forecast for 2023-24 is:

Capital Programme 2023-24	£15.225m
Add 2022-23 Slippage	£3.908m
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Total	£19.133m

## **4 YEAR CAPITAL PLAN**

20 The overall capital plan (Appendix B) for the 4 years reports costs of £75.525m. £25.800m of this surrounds the HQ development plan. This cost is based on forecasts which were completed circa 2 years ago, it is likely that the cost will be higher now considering the recent inflationary period. The progress on this plan significantly impacts the borrowing requirement, this is currently forecast at £46.448m. As agreed in the Capital Financing Strategy there is a continual increase in revenue contributions to capital over the 4 years to fund increased ICT and short-term asset costs. The ICT Technology Strategy is part of the Digital, Data and Technology (DDaT) Strategy. Each year the Technology Strategy will be reviewed and if required amended to reflect the need for ICT investment, this will impact the plan.

## **RISK ASSESSMENT**

- 21 As the availability of funds in the Capital Development Reserve diminishes so does our flexibility to add capital projects without increasing borrowing or revenue contributions to capital. A balance of £0.574m in the Capital Development Reserve is forecast at the end of 2025-26, this provides some flexibility for low value projects.
- 22 As such the process of agreeing new projects needs to be considered and where possible all projects be outlined first in the MTFS. This will ensure the funding, and the revenue consequences, are also considered at that time. It is acknowledged that some exceptions will exist and need to be resourced in year to ensure progress occurs. The plan is reliant on Capital Receipts. The funding of the 2023-24 plan requires receipts of £7.248m. The majority of these receipts surround the disposal of Marlborough, Parkfields and houses behind the old station in Salisbury. It is unlikely we will receive all these funds in this year however the delay in some of the project spends is expected to mean this will not be an issue, there however needs to be an increased focus in disposing of unrequired property in 2023.

### **ENVIRONMENTAL IMPACT**

- 23 The investment in Estates is planned to provide more efficient buildings reducing the impact on the environment. The Tidworth project which replaces gas boilers with Heat Pumps is an example of this. £1.265m has also been set aside for Environmental Projects with the intention to replace old inefficient boilers with modern efficient products.
- 24 Focus also exists in the Vehicle Replacement Plan on the emissions output. The objective, in line with the new Environmental Sustainability Strategy, will be that the replacement vehicles will emit less emissions than the vehicles they are replacing.

### **DIVERSITY**

- 25 All building changes or new facilities consider and comply with the Disability Discrimination Act, as do any ICT related projects.

### **RECOMMENDATIONS**

- 26 The PCC is asked to:
- a) Note the outturn figures and the capital funding position that results; and
  - b) Approve a transfer of slippage funds of £3.908m, to 2023-24 resulting in a total approved budget of £19.133m approving the capital plan in Appendix B; and
  - c) Note the risk in relying on capital receipts of £7.248m to finance next year's capital spend.

