

<b>For Decision</b>	
<b>Public</b>	
<b>Report to:</b>	<b>Strategic Resources &amp; Performance Committee</b>
<b>Date of Meeting:</b>	<b>9 November 2016</b>
<b>Report of:</b>	<b>Charlotte Radford – Chief Financial Officer</b>
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<b>Agenda Item:</b>	<b>6</b>

## **Q2 Capital Monitoring and Forecast Report 2016-17**

### **1. Purpose of the Report**

- 1.1 To provide information on the actual expenditure against the 2016-17 Capital Programme to the end of September 2016. The budgets presented now include slippage approved by the OPCC 21 June 2016. Information is also provided on the anticipated expenditure for the remainder of the year, and on any updates on the progress of schemes

### **2. Recommendations**

- 2.1 That the Quarter 2 forecast of £10.928 is approved.(Para 4.5)
- 2.2 That the virements of £0.093 are approved (Para 4.6)
- 2.3 That the proposed slippage of £2.998m into 2017-18 is approved (Para 4.7)
- 2.4 That the net overspend of £0.413m is approved pending the investigation into Niche (Para 4.8)

### **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 OPCC

4.2 The original budget for the year was £6.933m and slippage approved to be carried forward from 2015-16 was £6.200m making the original approved budget to be £13.133m. Additionally new projects costing £0.380m have been agreed to be added to the programme. The forecast at quarter 2 was £10.928m.

4.3 An indication of the financing and resultant MRP costs is also now included and summarised in the following table.

	<b>2016/17 Forecast £m</b>
Estates	3.130
IT	5.474
Other	2.324
<b>Total</b>	<b>10.928</b>
<b>Financed by</b>	
Capital Grant	1.448
Capital Receipts	0.548
Capital Contributions	0
Borrowing	8.932
<b>Total</b>	<b>10.928</b>
<b>Additional MRP estimate generated for 2017-18 revenue</b>	<b>0.929</b>

4.4 A summary of the position at the end of quarter 1 is shown in the table below

	<b>£m</b>
Original Programme approved by the PCC	6.933
Slippage approved to be carried forward from 2015-16	6.200
<b>Original Approved Budget</b>	<b>13.133</b>
New projects approved by OPCC	
Create Kirkby in Ashfield shared service hub	0.150
Replace Digital Investigation Unit equipment	0.090
Eastwood Police Station Replacement	
Project slippage to 2017-18 identified	-2.998
Net overspends	0.413
<b>Revised Forecast</b>	<b>10.928</b>
Spent quarter 2	4.284
Budget remaining	6.644

- 4.5 Cumulative expenditure at quarter 2 on all schemes was £4.284m, which equates to approximately 39% of the revised forecast. The cumulative expenditure is detailed by scheme in Appendix 1 and summarised in the following table:

	<b>Original Budget for Year</b>	<b>2015-16 Carry Forward</b>	<b>Original Budget inc c'fwd</b>	<b>Forecast Quarter 2</b>	<b>Actual spend to quarter 2</b>	<b>Budget Left</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Estates</b>	3.120	2.952	6.072	3.130	1.252	1.878
<b>I &amp; S</b>	3.495	2.393	5.888	5.474	1.506	3.968
<b>Other</b>	0.318	0.855	1.173	2.324	1.526	0.798
<b>Total Forecast</b>	<b>6.933</b>	<b>6.200</b>	<b>13.133</b>	<b>10.928</b>	<b>4.284</b>	<b>6.644</b>

- 4.6 There have been two virements during the year to date both within the limits of the Chief Constable. The first transferred £0.080m from budget not required to complete the open space working project at Newark, to create additional toilet facilities for the Carlton Ambulance Station. The other was a transfer of £0.013m between the Windows 7 and Telephony projects

4.7 There has been slippage into 2016-17 estimated at £2.998m.

<b>Scheme</b>	<b>Slippage</b>	<b>Reason</b>
	<b>£m</b>	
Automatic Gates/Barriers - various	-0.200	Subject to Estates Review
Bridewell Refurbishment	-0.550	Subject to feasibility and various option consideration has caused delays. Expected to start February 2017
Building Management replacement system	-0.339	Subject to Estates Review
Bunkered Fuel Tank Works	-0.150	Locations and provision to be reconsidered in view of Tri-Force Collaboration
Eastwood Police Station Replacement	-0.100	New project approved – not possible to complete within the year
FHQ External Street Lighting	-0.005	Retention monies slipped
Lift replacement - Mansfield	-0.055	Whole project delayed until 2017-18 – not practicable to complete with the open plan work being done in 2016-17
Mansfield - create open plan space	-0.700	Options on space utilisation being considered – possible savings if scope reduced
Response Hub - Ranby	-0.219	Possible saving - asbestos issues - negotiating with landlord for siting of modular building
West Bridgford 1st floor refurbishment	-0.290	Possible saving - use of building still to be determined
Improvements to Digital Investigation Storage	-0.190	The next phase of project not required until October 2017
Sharepoint Portal	-0.100	Delays caused by regional decisions
Upgrade Control Room SICCS Workstations	-0.100	Complexity of project causing delay
	<b>-2.998</b>	

4.8 There have been net overspends on projects to date of £0.413m.

<b>Scheme</b>	<b>Under (-)/ Over</b>	<b>Reason</b>
	<b>£m</b>	
Bulwell Refurbishment	-0.150	The whole scheme discontinued pending further decisions. Any replacement scheme would require a new business case
Newark - create open plan space	-0.520	Project may not be required. If this is required a new business case will be required.
Watnall Road Response Hub	0.040	This extra expenditure allows heat recovery ventilation and storage space for response teams
Crime Recording (CRMS) A & E	-0.023	The benefits are going to be achieved through Niche
EMRN Services onto PSN bearers	-0.034	Now part of regional project
Intrusion - monitor & heal software	-0.020	Better prices have been achieved
Local Perimeter Security Enhancements	-0.010	Better prices have been achieved
Migrate to PSN	-0.027	Better prices have been achieved
Bassetlaw/Broxtowe ANPR provision	-0.050	Project complete and savings made
Niche	1.201	See below
Other	0.006	Historical retention
	<b>0.413</b>	

The significant overspending on the Niche project has recently become a serious issue and is currently under investigation, both within the force and with Lincolnshire Police who are the lead force. There is a possibility that there will be an impact on the revenue expenditure reported in a separate report to this meeting. Further updates will be provided, as soon as possible.

## **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. Project managers must continue to seek savings and the phasing of projects must be continually assessed.

## **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 Quarter 1 2016-17.