

Committee(s) Performance and Resources Committee Police Authority Board	Date(s): 2 nd February 2021 17 th February 2021
Subject: New Police Capital Bids 2021-2025	Public
Report of: Commissioner of Police Pol 13-21	For Decision
Report author: Cecilie Booth, Chief Finance and Chief Operating Officer	

Summary

The 2021/22 draft budget was presented to Police Authority Board on 16 December 2020. This report seeks approval for the new Capital Bids before submission to the Resources Allocation Sub Committee (RASC) for final approval.

In December 2019, RASC approved the funding mechanism for the CoLP Capital Programme, subject to the schemes funded through loans fulfilling the prioritisation criteria applied to central funds. This report sets out a summary of the CoLP Capital Programme 2021-25, with the appendix showing how the projects are linked to the Corporation of London's (COL) Corporate Plan Ambition to:

- Contribute to a flourishing society - People are safe and feel safe, and in line with the prioritisation criteria set out below.

The Policy and Resources Committee have established the following criteria against which capital projects will be assessed:

- i. Must be an essential scheme - Health and Safety Compliance, or Statutory Compliance, or Fully/substantially reimbursable, or Major Renewal of Income Generating Asset, or Spend to Save with a payback period within 5 years.
- ii. Must address a risk on the Corporate Risk register; or the following items that would otherwise be escalated to the corporate risk register:
 - a. Replacement of critical end of life components for core services;
 - b. Schemes required to deliver high priority policies; and
 - c. Schemes with a high reputational impact
- iii. Must have a sound business case (clearly demonstrating the negative impact of the scheme not going ahead, i.e., penalty costs or loss of income, where these are material.

CoLP Capital Bids are funded through an internal loan arrangement between COL and CoLP, with the details of this arrangement agreed with the Chamberlain's Department.

Recommendation(s)

That Members:

- 1) Note this report and
- 2) Agree that the case for prioritisation as set out in Appendix 1 meet the required criteria to qualify for the 2020/21 'in principle' internal loan agreement from the City Fund
- 3) Formally approve the new CoLP Capital Bids

Main Report

Background

1. CoLP have developed a Capital Strategy to support the achievement of key priorities and ambitions for policing in the City. The proposed new Capital Bids have been developed within this strategy to ensure that the decision making and prioritisation are robust; the programme is affordable and deliverable, and maximises the use of the Force's assets.
2. The Capital Bids have been developed through outline and detailed business cases. To ensure that capital expenditure is aligned to key priorities and ambitions, business cases are robustly reviewed and challenged by the CoLP's Capital Programme Group and then the Strategic Finance Board, before being presented to members for approval.
3. Since the 2020/21 financial year, the CoLP Capital Programme (excluding Secure City and the Accommodation Programme) is funded from a loan arrangement between COL and CoLP, with an annual borrowing cap of £5m. This arrangement allows CoLP to plan ahead in line with the Medium-Term Financial Plan and implement a robust and sustainable capital funding arrangement.

Summary of Capital Bids

4. The proposed new 4 year Capital Bids totals £8.9m across the four years, with £4.9m proposed in 2021/22. A summary is shown in Table 1 below and the detailed list of Capital bids can be found in Appendix 1. The budget approved by RASC in July 2020 for 2020/21 is shown for comparative purposes.

Table 1 - Summary of Capital Bids 2021 to 2025

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
IT	3,735	3,890	2,405	70	0	6,365
Fleet	250	706	945	250	250	2,151
Accommodation	100	350	50	10	0	410
Equipment	144	0	0	0	0	0
Total	4,229	4,946	3,400	330	250	8,926

5. As shown in Table 1 above, the three key elements of the Capital Budget are IT, Fleet and Accommodation. All individual schemes or items have been assessed against CoLP's Corporate Plan and Corporate ambitions, key police priorities and national programmes, as well as COL's capital prioritisation criteria.
6. The continuation of the IT modernisation programme is a key area for capital investment. COVID 19 has highlighted that significant improvements are required in the IT provision for Police. Significant investment is required to achieve the efficiencies identified in the National Enabling Programme and other national mandatory police programmes.
7. The fleet replacement programme has a £1.8m loan facility set aside in the Corporation Capital Programme for ensuring CoLP vehicles are ULEZ compliant. It does not allow CoLP to replace any vehicles because of age, use or damage if they are already ULEZ compliant. This budget enables ULEZ compliant vehicles to be replaced on a rolling programme.
8. The Home Office is leading a pan departmental, cross government programme to deliver the new Emergency Services Network (ESN) critical communications system. This will replace the current Airwave service used by the emergency services in Great Britain. Customers for the ESN include the police, fire & rescue, and ambulance services, as well as a range of other users stretching from local authorities and utility services to first responders like inshore rescue. The Force is dependent on the requirements of the Home Office to be able to deliver this project. At present the Home Office is reviewing the programme's requirements and timeline. Therefore, a reliable budget cannot be set for this programme, leading to the total capital budget for future years to be substantially less than the £5m limit.
9. Appendix 1 (Non Public) provides further information on the need for the project and includes an assessment of how each project fits into the Policy and Resources criteria. Many of these projects have ongoing revenue implications which CoLP will have to fund from existing resources. Therefore, the decision to include projects in the Capital Programme has not been taken lightly, and due consideration has been made of the need to build these costs into future years' revenue budgets.

Funding of Capital Bids

10. Until 2019/20, capital expenditure by CoLP formed a part of the Corporation's capital programme and was funded through it. From 2020/21, new

arrangements for funding the Capital Budget were introduced. Capital expenditure (excluding Secure City and the Accommodation Programme) will be funded from two sources. The first to be applied is the ring-fenced capital element within the Home Office Grant, which totals £0.1m. The second, and most significant source of funding is the loan arrangement between CoL and CoLP, with an annual borrowing cap of £5m. The revenue budget makes provision for the repayment of these loans and interest payable.

11. Funding for the capital in 2021/22 is shown in Table 2 below, with indicative funding provided for future years.

Table 9 - Funding of the Capital Bids 2021 to 2025

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Home Office Grant	100	100	100	100	400
Borrowing	4,846	3,300	230	150	8,526
Total	4,946	3,400	330	250	8,926

Next Steps

12. Following approval of the capital bids by this Committee, it will progress to the Resources Allocation Sub Committee.

Appendix

Appendix 1- Detailed Capital bids (Non Public)

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