

Meeting	Finance & Investment Committee Public Sesion
Date	11 May 2016
Location	Pacific Quay Glasgow
Title of Paper	Capital Plan 2016-17 Quarter 1 Forecast
Item Number	4.1
Presented By	Alison Dougall, Head of Management Accounting
For Approval / Information	FOR NOTING
Appendix Attached:	Yes

## PURPOSE

The purpose of this report is to present an update on the forecast capital expenditure position for the first quarter of financial year 2016/17.

## 1. BACKGROUND

- 1.1 The Capital Plan for 2016/17 comprises planned capital expenditure across each of the key business areas of ICT, Fleet, Estates and Forensics.
- 1.2 The Capital Plan was approved by SPA at its Board meeting on 31 March 2016. At this meeting, the Chair of the Board advised that no new business cases (requiring capital spend) should be progressed in the first quarter of the financial year until there is greater certainty on the revenue budget position.
- 1.3 As a result, the approach taken has been to restrict capital spend as far as possible. The overall 2016/17 Capital Plan summary, incorporating the forecast for Quarter 1, is attached at Appendix 1.

## 2. FURTHER DETAIL ON REPORT

- 2.1 Total available capital funding for 2016/17 is £22m (comprising capital grant of £16.2m and capital receipts of £5.8m). By way of comparison, Capital Programme funding in 2015/16 totalled £40.8m (excluding VAT).
- 2.2 In previous financial years, an allocation of £5m from the Police Reform budget was approved by SPA in order to increase capital funding and support the programme of planned capital expenditure.

- 2.3 Reform funding has been replaced by the Police Change and Transformation Fund. In the draft budget allocation, the Scottish Government has assumed that £10m (excl VAT) of the 2016/17 Change Fund will be allocated to capital projects. As proposals for the Fund have yet to be fully agreed with the Authority, this has not been reflected within the draft Capital Plan at this stage. However, there is the assumption that the cost of irrecoverable VAT will be supported via this Fund.
- 2.4 The Scottish Government has also given approval to utilise capital receipts from the sale of surplus property and motor vehicles to fund expenditure in 2016/17. Total receipts from the sale of assets is estimated at £5.8m (assuming associated full capital spend in areas such as Fleet).
- 2.5 A summary of the available funding for capital spend in 2016/17 is shown at table 1 below.

Funding	Annual Budget £000 (Excl VAT)	Annual Budget £000 (Incl VAT)
Formula Capital	16,200	16,200
Property Capital Receipts	4,900	4,900
Vehicle Capital Receipts	908	908
VAT Funding	0	4,283
<b>Total</b>	<b>22,008</b>	<b>26,291</b>

**Table 1: Capital funding 2016/17**

- 2.6 Due to slippage arising in the 2015/16 capital programme, the following are known and agreed commitments against available 2016/17 capital resources (see table 2 below). These are forecast to spend in full against the committed allocation for the year. Quarter 1 projections are shown at Appendix 1.

Category	Detail	Committed Value £m
Fleet	Fit out, commissioning of vehicles ordered	0.6
C3	Professional services for business process mapping ( <i>impact of enhanced governance changing preferred timeline for procurement into 16/17</i> )	0.2
Criminal Justice	Solicitor Consultation Room Project Phase 1                   £0.25m Phase 2a                 £0.95m	1.2
<b>TOTAL (net of VAT)</b>		<b>2.0</b>

**Table 2: Capital Commitments carried forward into 2016/17 (included within Appendix 1)**  
ICT Capital Expenditure

- 2.7 The core ICT capital requirement primarily relates to the ICT Blueprint. This is a programme of investment in ICT infrastructure to rationalise and modernise technology across the organisation. The estimated expenditure in Quarter 1 is £0.930m inclusive of VAT.
- 2.8 In addition to expenditure relating to the purchase of hardware and software, costs relating to staff and contractors working to deliver Blueprint projects are capitalised. Based on current levels of staff/contractors engaged in delivering the programme, Quarter 1 costs are estimated at £0.990m in this regard. Therefore, the total Quarter 1 forecast spend for ICT Blueprint is estimated at £1.920m.
- 2.9 Specialist Crime Division has an approved bid of £1.886m (gross of VAT) relating to Phase 2 of the National Cybercrime Technical Strategy (West Hub). Costs are not likely to be progressed on this project during Quarter 1.
- 2.10 In order to progress the C3 technology upgrade, as recommended by HMICS, Quarter 1 expenditure is estimated at £0.240m inclusive of VAT. This is in addition to process mapping costs of £0.240m (inclusive of VAT) within committed spend carried forward from 2015/16.
- 2.11 In summary, a total forecast sum of £2.16m (gross of VAT) is expected to be incurred in respect of ICT related projects in Quarter 1.

Fleet Capital Expenditure

- 2.12 At this stage, it is anticipated that fleet expenditure will be curtailed throughout the current financial year. Expenditure will be restricted to the commissioning of vehicles purchased in 2015/16 along with any essential direct replacements required as a result of any accident write offs that may occur in the course of the year.

Estates Capital Expenditure

- 2.13 Spend in relation Estates projects in Quarter 1 is estimated at £0.231m (gross of VAT) and represents slippage on projects from the 2015/16 Capital Plan.
- 2.14 It is anticipated that expenditure in relation those projects approved as part of the 2016/17 Capital Plan will not be progressed during Quarter 1.

Forensics Capital Expenditure Proposals

- 2.15 A total of £0.6m in the Capital Plan relates to equipment required to maintain and enhance levels of service from forensic laboratories. No expenditure is forecast in Quarter 1.

## Capital Receipts

- 2.16 A summary of forecast capital receipts in Quarter 1, compared to the annual level of receipts assumed in the overall Capital Plan, is shown at table 3 below.
- 2.17 As a result of the anticipated reduction in vehicle replacements, the estimated receipts from disposals in the year will be correspondingly lower. Receipts are estimated at £0.175m for Quarter 1 and are likely to stay around this level for the year.
- 2.18 Property receipts estimated to be realised in the year remain at £4.9m, most of which are due to be realised in quarters 3 and 4. The forecast for property disposals in Quarter 1 is £0.380m.

Capital Receipts	Annual Budget £000 <i>(Excl VAT)</i>	Forecast Quarter 1 £000 <i>(Incl VAT)</i>
Property Capital Receipts	4,900	380
Vehicle Capital Receipts	908	175
<b>Total</b>	<b>5,808</b>	<b>555</b>

**Table 3: Capital Receipts 2016/17**

### **3 FINANCIAL IMPLICATIONS**

- 3.1 The approved Capital Plan for financial year 2016/17 totals £22m net of VAT (£26.3m gross).
- 3.2 It is anticipated that capital expenditure will be restricted during the year. Total forecast spend in relation to capital projects as at Quarter 1 is estimated at £3.816m (gross of VAT).

### **4 PERSONNEL IMPLICATIONS**

- 4.1 Full consultation will be undertaken in connection with any personnel issues associated with the 2016/17 Capital Plan.

### **5 LEGAL IMPLICATIONS**

- 5.1 Full consultation will be undertaken in connection with any legal issues associated with the 2016/17 Capital Plan.

### **6 REPUTATIONAL IMPLICATIONS**

- 6.1 Full consultation will be undertaken in connection with any reputational issues associated with the 2016/17 Capital Plan.

### **7 SOCIAL IMPLICATIONS**

- 7.1 Full consultation will be undertaken in connection with any social issues associated with the 2016/17 Capital Plan.

**8 COMMUNITY IMPACT**

- 8.1 Full consultation will be undertaken in connection with any community issues associated with the 2016/17 Capital Plan.

**9 EQUALITIES IMPLICATIONS**

- 9.1 Full consultation will be undertaken in connection with any equalities issues associated with the 2016/17 Capital Plan.

**10 ENVIRONMENTAL IMPLICATIONS**

- 10.1 Full consultation will be undertaken in connection with any environmental issues associated with the 2016/17 Capital Plan.

**RECOMMENDATIONS**

Members are requested to:

- a) Note the indicative capital expenditure and capital receipts for the first quarter of financial year 2016/17.

## Appendix 1 – Capital Plan 2016/17

Capital Expenditure	Annual Budget £000 (Excl VAT)	Annual Budget £000 (Incl VAT)	Quarter 1 Budget £000 (Incl VAT)	Forecast Quarter 1 £000 (Incl VAT)
<b>Police Scotland</b>				
Fleet	600	720	720	720
C3 Process Mapping	200	240	240	240
Solicitor Consultation Rooms	1,200	1,440	465	465
<b>Commitments from prior year</b>	<b>2,000</b>	<b>2,400</b>	<b>1,425</b>	<b>1,425</b>
ICT Infrastructure Blueprint	7,265	8,600	2,150	1,920
Cybercrime	1,572	1,886	186	0
C3	840	1,008	252	240
<b>Total ICT</b>	<b>9,677</b>	<b>11,494</b>	<b>2,588</b>	<b>2,160</b>
<b>Total Fleet Replacement</b>	<b>5,500</b>	<b>6,600</b>	<b>1,650</b>	<b>0</b>
<b>Total Building Works</b>	<b>4,231</b>	<b>5,077</b>	<b>1,269</b>	<b>231</b>
<b>Total Police Scotland</b>	<b>21,408</b>	<b>25,571</b>	<b>6,932</b>	<b>3,816</b>
<b>Forensics</b>	<b>600</b>	<b>720</b>	<b>180</b>	<b>0</b>
<b>Total</b>	<b>22,008</b>	<b>26,291</b>	<b>7,112</b>	<b>3,816</b>