

Meeting	SPA Board Meeting
Date	Tuesday 31 March 2015
Location	Wellshot Halls, Tollcross International Swimming Centre, 350 Wellshot Road, Glasgow, G32 7QR
Title of Paper	Capital Plan 2015-16
Item Number	8.2
Presented By	Janet Murray
For Approval / Information	FOR APPROVAL
Appendix Attached:	Yes

PURPOSE

The purpose of this paper is to present the 2015-16 Capital Plan for approval by members.

The plan was considered by the Finance and Investment Committee on 16 March 2015 and recommended for approval by the Board.

This paper is presented in line with the Scottish Police Authority/Police Scotland scheme of administration, section 18, and is submitted for recommendation to the full Authority.

1. BACKGROUND

- 1.1 The Capital Plan for 2014-16 was approved by Members at the Board meeting on 26 March 2014. Included within the approval was an indicative plan for financial year 2015-16.
- 1.2 Business cases for the main elements of the Capital Plan have been previously approved by members and continue from previous financial years. This report presents a number of amendments to the plan previously approved by Members on 26 March 2014. The adjustments relate to factors such as slippage, changed requirements and additional needs.
- 1.3 The allocations within the plan are indicative and a further report will be brought forward to Members early in 2015/16 providing further detail on planned capital projects and their associated costs.
- 1.4 All figures exclude VAT for which funding is available from the Police Reform Budget.

- 1.5 The overall capital plan summary is attached at Appendix 1 with further detail on the capital projects within the plan at Appendix 2.
- 1.6 The plan was considered by the Finance and Investment Committee on 16 March 2015 and recommended for approval by the Board.

2. FURTHER DETAIL ON REPORT TOPIC

Funding Available for Capital Expenditure in 2015/16

- 2.1 The Capital Plan attached at Appendix 1 provides a breakdown of capital funding of £40.8m available for allocation in 2015/16.
- 2.2 Scottish Government Capital Grant Funding: this is the annual allocation from Scottish Government available for investment in new capital schemes and to top up specific allocations for existing schemes. Funding of £28.6m was originally advised as the indicative figure in respect of financial year 2015/16. However, the draft funding allocation notified by the Scottish Government on 9 October 2014, revised this figure to £28.1m.
- 2.3 Allocation from Police Reform: this is the allocation from the Police Reform budget to increase capital funding and support the programme of planned capital expenditure in 2015/16 in the sum of £5m.
- 2.4 Capital Income from Asset Disposals: The Scottish Government has given approval to utilise capital receipts from the sale of surplus property and motor vehicles to fund expenditure in 2015/16. Total receipts from the sale of assets is estimated at £7.7m.

Capital Expenditure Proposals 2015/16

- 2.5 ICT: ICT Blueprint, i6 Programme and C3 Project form a significant commitment and collectively will utilise the largest proportion of available capital funding in the year with a proposed total spend of £21.2m.
- 2.6 Fleet Replacement: a total sum of £6.5m is proposed for investment in replacement vehicles consistent with the fleet strategy.
- 2.7 Building Works: encompasses planned capital expenditure for the buildings estate. A significant part of this investment is required to enhance existing property to the standards required by the Criminal Justice Bill. Further investment is also required to upgrade custody facilities in Edinburgh. A total of £10.25m is included in the proposed plan for all building works.
- 2.8 Legacy expenditure: relates to the decommissioning of Pitt Street with a cost estimate of £0.5m associated with exiting the premises.
- 2.9 Other capex: essentially a contingency to provide for the purchase of equipment and allow for new developments. Consistent with prior years, the sum included in the plan is £1m.

2.10 Forensics – investment of £1.1m primarily for equipment required to both maintain and enhance the levels of service from the Forensic laboratories.

2.11 Appendix 1 – breakdown of proposed expenditure.

2.12 Appendix 2 – key programme provisions.

3. FINANCIAL IMPLICATIONS

3.1 Funding available for the Capital Plan totals £40.8m in 2015/16.

3.2 Proposed expenditure totals £40.55m in 2015/16.

3.3 Funding available for capital scheme proposals in 2015/16 to allow a balanced position of £0.25m.

4. PERSONNEL IMPLICATIONS

4.1 Full consultation will be undertaken in connection with any personnel issues associated with the 2015/16 Capital Plan.

5. LEGAL IMPLICATIONS

5.1 Full consultation will be undertaken in connection with any legal issues associated with the 2015/16 Capital Plan.

6. REPUTATIONAL IMPLICATIONS

6.1 Full consultation will be undertaken in connection with any reputational issues associated with the 2015/16 Capital Plan.

7. SOCIAL IMPLICATIONS

7.1 Full consultation will be undertaken in connection with any social issues associated with the 2015/16 Capital Plan.

8. EQUALITIES IMPLICATIONS

8.1 Full consultation will be undertaken in connection with any equalities issues associated with the 2015/16 Capital Plan.

RECOMMENDATIONS

Members are requested to:

- a) Approve the Capital Plan for financial year 2015/16.

Appendix 1 – Capital Plan 2015/16

Funding	Budget £000 (Excl VAT)
Formula Capital	28,100
Allocation from Police Reform	5,000
Property Capital Receipts	6,300
Vehicle Capital Receipts	1,400
Total	40,800

Capital Expenditure	Budget £000 (Excl VAT)
Police Scotland	
ICT Infrastructure Blueprint	8,100
Capitalisation of Salaries	3,000
C3	4,000
I6 - Operational System	6,100
Total ICT	21,200
Total Fleet Replacement	6,500
Asset Management Schemes	30
Property Condition/Minor Works	20
Criminal Justice Bill Works	3,940
Edinburgh Custody Upgrade	1,760
Other Building Works	4,500
Total Building Works	10,250
Legacy - Dalmarnock fit-out	500
Total Other Capex	1,000
Total Police Scotland	39,450
Forensics	1,100
Total Potential Commitments	40,550
Available for Allocation	250
Surplus/(Shortfall)	0

Appendix 2 - Capital Plan 2015/16: Key Programme Provisions

ICT

- 1.1 Implementation of ICT Blueprint (£8.1m)
The ICT Blueprint proposed a programme of investment in ICT infrastructure to rationalise and modernise the technology deployed to support operational policing in Scotland. A detailed business case was presented to members on 26 June 2013 with the first phase given approval on 28 October 2013. The allocations for 2015/16 are required to continue this project, building the infrastructure foundation both to maximise spend to save initiatives and also reduce the impact of risks. Included in the plan is £1.8m relating to installation costs for the migration service to the new Windows 8.1 platform (as reported to members at the Board meeting of 13 December 2013).
- 1.2 C3 (£4m)
The Contact, Command and Control (C3) project, approved by members on 30 January 2014, involves the rationalisation of Police Scotland's area control rooms and service centres in order to create a single operational model, providing efficiency benefits and extensive cost savings along with an improved service. The indicative plan approved in March 2014 included a £12m allocation however this has now been re-phased to align with the revised project timetable and so £8m has been realigned to financial year 2016/17.
- 1.3 i6 Programme (£6.1m)
The i6 Programme seeks to develop national common business processes and involves the acquisition and implementation of a national ICT solution. The project was approved by members on 26 June 2013. The revised figure corresponds to the updated milestone payment profile.
- 1.4 Capitalisation of Salaries (£3m)
As the work carried out by staff is essential to the progress of the ICT projects discussed above, it is considered appropriate to charge these salary costs against the projects, i.e. capitalisation of the salary costs, as costs directly attributable to the creation of certain assets, and also in terms of development of the ICT Blueprint and i6 Programme.

Fleet Replacement

- 2.1 A total of £6.50m in 2015/16 is included for the continuation of the Fleet Capital Plan. This will allow the force to maintain a modern, efficient fleet following the Vehicle Replacement Strategy at a mileage level between 80,000 to 120,000 miles or an age profile of between 4 to 5 years.

Building Works

- 3.1 Asset Management (£0.03m)
Priority projects across the three main estates related areas were presented for approval on 26 August 2013. This requirement relates the balance of capital expenditure on previously approved projects as per the plan presented to members in March 2014.
- 3.2 Criminal Justice Bill (£3.94m)
The Criminal Justice (Scotland) Bill brings significant changes to the Criminal Law and Criminal Justice procedures. This requires a significant investment in the enhancement of custody areas with an estimate of 125 rooms across Scotland requiring upgrading or adaptation. The indicative plan included a required allocation in 2015/16 of £2.04m. As per the revision to the 2014/15 Capital Plan approved by members on 30 October 2014, slippage of £1.9m on this project has resulted in a re-profiling of this capital requirement into 2015/16.
- 3.3 Edinburgh Custody (£1.8m)
The upgrade of custody facilities in Edinburgh was at appraisal stage when the draft plan was approved in March 2014. As per the revision to the 2014/15 plan approved by members in October 2014, the full 2014/15 allocation of £1.8m has been re-phased to 2015/16 due to a revised timeframe for delivery of the required works.
- 3.4 Other Building Works (£4.5m)
The Capital Plan included further allocations for Building Works across the 3 headings and is consistent with the indicative plan previously approved.

Legacy – Dalmarnock Fit-Out

- 4.1 Among the legacy projects brought forward to Police Scotland included the Dalmarnock facility which was given formal approval by members on 30 October 2013.
- 4.2 The final stage of the project relates to the exiting Pitt Street will fall into 2015/16 and £0.5m is included in the plan to meet decommissioning costs in relation to ICT infrastructure and telephony.

Other Capex

- 5.1 A total of £1.00m per annum for 2015/16 is included to support needs in respect of specialist equipment and acts as a contingency to support additional requirements and new developments arising throughout the year.

Forensics

- 6.1 A total of £1.1m relates to investment in equipment required to both maintain and enhance the levels of service from forensic laboratories. This includes specialist testing equipment such as rapid DNA testing kit and interpretational software. This is an allocation included within the Capital Plan approved by members on 26 March 2014.

Capital Receipts

- 7.1 Property Disposals (£6.3m).
A significant portion of funding is derived from capital receipts from the sale of surplus property. A number of surplus police offices, high value police houses and some other buildings expected to sell across the force area in the coming year. The sale of Pitt Street is not included within the 2015/16 figures and is projected to be realised in 2016/17.
- 7.2 Vehicle Disposals (£1.4m)
Income from the sale of vehicles that have been replaced as part of the Fleet Replacement programme can be used to support the cost of replacement.