



## Report for Decision to the Level 1 Public Meeting on 22nd January 2019

### Title: Medium Term Capital Plan 2019/20 – 2022/23

#### Executive Summary:

The purpose of this report is to present the Medium Term Capital Plan (MTCP) for the 4 years from 2019/20 to 2022/23 to the PCC for formal approval of both the capital plan for the coming 2019/20 financial year and for the following 3 financial years for planning purposes.

The Programme has continued to be extensively reviewed, challenged and prioritised since it was initially presented in November, with both existing and new projects assessed for achievability and overall financial impact within planned implementation timescales.

Following the provisional police grant settlement in December an additional £2.1m of development opportunities have been provided for to improve the overall effectiveness of policing.

The aim of the MTCP is to support service delivery of the PCC's Police and Crime Plan and the Force Commitment. The Plan provides the Force infrastructure and major assets through capital investment, enabling the Force to strengthen and streamline core assets and systems, and provides the framework for delivering innovative policing strategies with our collaborative partners throughout policing and within the Criminal Justice System.

The MTCP, recommended for approval today, comprises schemes costing £26.978m in 2019/20, which includes £8.642m of projects previously identified in the 2018/19 capital plan but which are now re-phased to allow for planning and tendering procedures, and total £70.976m over the 4 year period. As we progress towards the end of the current financial year other re-phasing may also present itself.

The level of investment identified in the MTCP results in a small funding surplus over the 4 year period of **£4.872m**. However this includes a recommendation to increase borrowing within the plan from £5m to £10m in 2020/21 for the Reading police station replacement project, which will cover the total budgeted cost and also reflects changes to the timing of capital receipts.

The recommended 4 year MTCP (£70.976m) is in addition to the currently approved 2018/19 capital programme, adjusted for re-phasing to £32.466m, bringing total capital investment over 5 years between 2018/19 and 2022/23 to over £103m.

The HM Treasury guidance on capital projects recognises that there is potential for project costs to exceed the initial assessment, identified as Optimism Bias – (OB). This resulted in a reserve being established in 2018/19. During the year this was drawn upon to support projects and is currently £9.129m. The MTCP recommended for approval has been reassessed for Optimism Bias, which has been recalculated at a potential level of £12.769m. However at this time increasing the funding support is not recommended and will be managed as the Force progresses through the plan period.

It should be noted that the MTCP is a prioritised programme of works for the Force to continue to develop over the coming years. As policing continues to evolve other investment opportunities and legislative changes to improve performance levels and efficiency of the service, and to continue to align with other Criminal Justice Partners, will no doubt present themselves and will need to be assessed against available resources. This is reflected upon further in the report.

**Recommendation:**

The PCC is asked to:

- Approve the draft capital programme for 2019/20 in the sum of £26.978m as set out in Table 1, which includes £8.642m of re-phased budget from 2018/19.
- Approve an increase in borrowing from £5m to £10m for the Reading Police Station replacement project.
- Approve the overall financing of the capital expenditure as set out in schedule 7 of Appendix 1.
- Approve the overall 4 year Medium Term Capital Plan (2019/20 to 2022/23) for planning purposes at £70.976m (including re-phasing) as set out in Table 1.
- Recognise the restated Optimism Bias Reserve calculation of £12.769m and acknowledge that the existing reserve of £9.129m will be managed and reviewed as the Force progresses through the plan term.

**Police and Crime Commissioner**

I hereby approve the recommendation above.

**Signature**

**Date**

## **Purpose & Introduction**

2. The purpose of this report is to present the Medium Term Capital Plan (MTCP) for the 4 years from 2019/20 to 2022/23 to the PCC for formal approval of both the capital plan for the coming 2019/20 financial year and for the following 3 financial years for planning purposes.
3. The PCC was initially presented with the draft Plan in November 2018. Since then the Programme has continued to be extensively reviewed, challenged and prioritised, with both existing and new projects assessed for achievability and overall financial impact within planned implementation timescales. The 2019/20 to 2022/23 Plan presented today (Appendix 1), totals £70.976m gross expenditure and includes £8.642m of re-phased budget from the approved 2018/19 capital plan.
4. The aim of the MTCP is to support service delivery of the PCC's Police and Crime Plan and the Force Commitment. The Plan provides the Force infrastructure and major assets through capital investment, enabling the Force to strengthen and streamline core assets and systems, and provides the framework for delivering innovative policing strategies with our collaborative partners throughout policing and within the Criminal Justice System.

## **Medium Term Capital Plan – Overview**

5. The Medium Term Capital Plan is compiled with full reference to the current financial climate and the drive to reform the methods for delivering the policing service to maximise the level of resources directed to priority areas and improve overall productivity levels. The plan reflects the provisional police finance settlement for 2019/20.
6. Key focuses of the MTCP are:
  - To ensure the property estate remains fit for purpose, identifying opportunities to streamline assets and develop the estate infrastructure; maintaining core sites and facilities and progressing the Asset Management Plan to deliver long term savings.
  - To ensure provision is made for the continued maintenance and development of ICT Technology through the ICT Roadmap and Digital Transformation Programmes, which allows the Force to work with its collaborative partners, regionally and nationally, to develop new efficient and effective policing delivery models within the overall Criminal Justice System and improve overall service to the public.
  - The maintenance and replacement of other core assets where necessary e.g. vehicles and radios. This continues to include provision for the Emergency Services Mobile Communications Project (EMSCP), the national replacement of airwave services.

7. The cost and funding estimates within this draft capital programme are based on the best information available at the time. This can be standard building costs, desktop estimates or an estimate based on the experience of another force. Future inflation is reviewed annually as part of the budget development process and included where appropriate.
8. The HM Treasury guidance on capital projects recognises that there is potential for project costs to exceed the initial assessment. This is called Optimism Bias – (OB) and relates to any project type, although it can have a particularly high impact when relating to the development of Information and Communication Technology. The OB reserve continues to be reviewed in relation to the size of the MTCP, the recent review identified an OB estimate of **£12.769m** to support the level of planned investment.
9. Having already utilised £2.872m during 2018/19 the OB reserve currently stands at **£9.129m**, therefore there is a potential shortfall of £3.640m if all capital schemes were to require additional funding. However, this is unlikely and increased funding for the OB is not being sought at this time, but OB reserve levels will be assessed and managed closely as projects in the proposed plan are completed.

#### **Capital Programme – Summary**

10. The MTCP builds on the existing capital plan approved in July 2018.
11. All existing and proposed new schemes are sponsored by chief officer leads and are reviewed by CCMT taking into consideration the strategic priorities of the PCC, the operational priorities of the Force and the risk associated with each scheme. The assumptions, scope and costs underlying each scheme are challenged as are the schemes themselves to ensure they remain justified given the economic climate. Figures within the MTCP reflect this and, as a consequence, some revisions have been made to existing programme schemes, as well as new ones introduced.
12. The planned gross expenditure within the 2019/20 to 2022/23 MTCP totals £70.976m, which includes £8.642m of project budget re-phased from 2018/19, reflecting re-planning and tendering processes. This is summarised in Table 1 below. A more detailed analysis is provided in Appendix 1, which details the various projects within each category of investment. It should be noted that expenditure in years 3 & 4 do not include any significant new projects or priority investment requirements over that period which results in an element of uncertainty regarding future costs. This is explored later in the report within the Issues for Consideration section.

	Total Spend 2018/19	2018/19 Budget Rephased to 2019/20 & later	New Spend				Total 2019/20 to 2022/23 £000	Schedule Reference
			2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000		
Property	7,327	3,593	4,558	10,298	6,766	529	22,151	Schedule 2
ICT/ Business changes	16,857	3,066	15,428	4,248	2,736	3,574	25,986	Schedule 3
SECTU/ Tactical Firearms	1,336		-	-	-	-		Schedule 4
Equipment & Radio Replacement	3,444	1,983	3,661	4,405	796	150	9,012	Schedule 5
Vehicles	3,503		3,330	3,413	3,498	3,586	13,827	Schedule 6
<b>Capital Projects Total to be Financed</b>	<b>32,466</b>	<b>8,642</b>	<b>26,978</b>	<b>22,364</b>	<b>13,796</b>	<b>7,839</b>	<b>70,976</b>	
<b>Financing Available</b>	<b>39,910</b>		<b>18,121</b>	<b>22,813</b>	<b>13,783</b>	<b>13,688</b>	<b>75,848</b>	Schedule 7
<b>Cumulative Funding Position (Existing Programme)</b>	<b>7,443</b>		<b>-1,413</b>	<b>-964</b>	<b>-977</b>	<b>4,872</b>	<b>4,872</b>	
<b>Potential Optimism Bias Reserve Requirement by year</b>			<b>1,795</b>	<b>5,364</b>	<b>2,825</b>	<b>2,785</b>	<b>12,769</b>	N/A

13. Funding of the MTCP is shown in more detail in Appendix 1, Schedule 7. The Cumulative Funding Position row towards the bottom of this table and in table 1 above shows the balance of accumulated capital reserves at the end of each financial year. The table includes the impact of £5m additional borrowing being approved to support the Reading station replacement programme and reflects changes to the timing of capital receipts. This implies that at the end of 2019/20 there will be a shortfall of £1.413m but that overall there is a small surplus of £4.872m across the period. The indications are therefore that we plan to spend slightly more in years 1 to 3 than we can afford to fund from available reserves and forecast capital income.
14. In practice this is unlikely to happen exactly as indicated since planned expenditure is rarely incurred according to the original profile. The profile of actual expenditure will be monitored very closely to ensure that we do not commit more resources than we can afford to fund in each year and the PCC will be updated via the regular capital monitoring reports.
15. The Optimism Bias Reserve will only be drawn upon if needed, on a project by project basis. Some OB funding may not be required if projects complete within their original budget allocations. The recent OB reserve review based on the MTCP submitted to day suggests a revised OB of £12.769m would be advisable, however at this time it is felt that the existing reserve (£9.129m) should be sufficient and will be managed and reviewed as we progress through the plan period and projects are completed.

16. Any new future capital projects approved would be included with a specific OB allocation assigned to the scheme cost, or separately within the capital programme. The table below provided for information is a summary of the potential OB requirement over time and is based on the recent review.

Potential Optimism Bias Reserve Requirement by year	2019/20	2020/21	2021/22	2022/23	Total 2019/20 to 2022/23
	£000	£000	£000	£000	
Optimism Bias Reserve - Property	62	256	140	921	1,379
Optimism Bias Reserve - ICT / Business Change	1,733	5,108	2,685	108	9,634
Optimism Bias Reserve - Equipment & Radio Replacement				1,756	1,756
<b>Potential Optimism Bias Reserve</b>	<b>1,795</b>	<b>5,364</b>	<b>2,825</b>	<b>2,785</b>	<b>12,769</b>

### The Capital Programme – New or Revised Major Schemes

17. The significant new projects or scheme changes since the current MTCP was approved in July 2018 are listed below and for ease of identification are listed at the bottom of the relevant schedules (2 & 3) within Appendix 1. The majority of new projects have been previously presented to the PCC in Draft for review in November, but are included here again for completeness. Following the provisional police grant settlement in December an additional £2.1m of development opportunities have been provided for to improve the overall effectiveness of policing, recorded in Schedule 3 of Appendix 1.

#### **Property Services – Schedule 2**

18. The Property Services items are shown in Schedule 2 of Appendix 1. These schemes are necessary to meet a combination of key priorities, including maintaining operational performance and capacity as well as strategic asset management. The new prioritised project bids are listed at the bottom of the Appendix, totalling **£0.875m**. There are 2 new schemes shown; the first being infrastructure work at building 249 Upper Heyford. The second relates to the long term solution for CTFSO accommodation, which is still being assessed for requirement. Two other key projects, Reading and Windsor, are also discussed below.

- **Upper Heyford – Building 249:** This bid is to secure funding to do urgent infrastructure works on the building including replacement roof, improved heating & insulation and alterations to allow intensification of use. This programme of work will be dependent on TVP securing a new long term lease (20 years) for the building.

- **Long Term CTFSO accommodation:** There is a regional requirement, agreed by all of the SE Forces, to provide suitable accommodation for the CTSFO capability. A temporary facility for this specialist operation unit has been developed at Sulhamstead, however this has time limited planning permission. The long term solution continues to be assessed and as such costs are as yet unidentified. Depending on the final solution a grant application may be made to the Home Office to support the funding required. An update will be brought to future meetings.
- **Reading:** The replacement of Reading Police Station still remains an important part of the estate programme. The PCC has previously approved borrowing of £5m to support the estimated budgeted cost of £10m. It is now recommended that the PCC borrows to fund the full cost of the project (£10m) in 2020/21. The anticipated sales receipt no longer falls within the anticipated MTCP period but will be available to fund future capital investment, beyond the current MTCP period.
- **Windsor:** This project was originally intended to redevelop the current Alma Road site to provide a smaller Police Office and allow the remainder of the site to either be sold or redeveloped. Further consideration is now being given to the size & purpose of the policing requirement at the location and the potential solution, which could be refurbishment of the existing building or a new development, which could impact on the sale value. As such the previously anticipated £4m capital receipt may now not be realised and has been removed from the programme pending this review.

19. The PCC is asked to note that the schedule does not include provision for any additional costs that may occur in relation to the sale and redevelopment at Reading Police Station. In addition there are a number of Property Bids which would further enhance the utilisation of the TVP estate but are not prioritised as critical at this time.

### **ICT, Digital Policing & Force Change - Schedule 3**

20. The ICT 5 year Strategy Roadmap and Digital Policing plans made and approved last year are continuing to progress to modernise the legacy infrastructure and create a solid technology platform, from which forces can continue to transform working practices.
21. This year a number of bids from across the Force, affecting ICT, are being prioritised as essential by both CCMT and partner forces, some of which are completely new and some are supporting existing programmes and areas of work. These bids total £3.779m. In addition CCMT have prioritised a further £2.130m of potential TVP specific projects that will provide either improved volume or complex crime investigation or are development opportunities. In total there are £5.909m of new bids within the programme.

22. Although only predominantly Tier 1 items have been included within the MTCP presented today, there are a high number of bids excluded that remain a lower priority but which may result in future bids being resubmitted in the coming years. These cannot be supported at this time, primarily due to resourcing and financial constraints. They are reflected to some extent in the future capital investment capacity identified in 2021/22 & 2022/23 – see paragraphs 27 and 28.
23. The new bids are shown at the bottom of schedule 3. Examples of prioritised Project Bids include:
- **PACE Interview Recording Equipment:** This is a previously approved bid from Criminal Justice to replace all aged and unsupported PACE recording equipment with new, digitally enabled equipment and storage. The final solution is still being reviewed but potentially the full cost of the solution could be up to £1.257m hence an uplift of £0.857m is required.
  - **Office 365.** This is one of the approved ICT Roadmap projects identified last year. A robust project cost has now been identified reflecting the new National Enabling Programme (NEP) requirements for implementation. Additional funding of £0.671m between forces is required bringing total implementation costs up to just over £2.1m between Hampshire Constabulary (HC) & TVP. Both cash and efficiency benefits are expected from this programme but are yet to be formerly identified.
  - **Child Abuse Image Database (CAID) 4:** A Home Office mandated project identified by Force Crime to upgrade force infrastructure to enable download, upload and viewing video imaging to and from the CAID system, to support criminal investigations. This is a joint TVP & HC project expected to cost £0.750m between forces.
  - **Multiple project bids for additional funding:** There are 6 Tier 1 projects either in flight or not yet started, predominantly jointly funded, that have identified additional funding requirements of £1.376m (TVPs share) in order to complete. These include the BWV roll out (includes £0.127m to meet the requirement of the revised operating model), Data Governance, Citrix Migration, RMS additional funding, Livelink (sharepoint) and PSN programme extension.
  - **Aceso specialist computers:** This is a project to renew the advanced computers used for evaluating mobile device information from Force Crime. Hampshire Constabulary are supporting an equivalent device renewal programme. The cost is circa £0.019m per device. The volume of devices is being reassessed but the total cost for TVP is likely to be over £0.5m.



- **Potential Additional Investment Opportunities (£2.130m):** Following the provisional police grant settlement work has identified that a number of Tier 2 projects provide further development/digitalisation opportunities to improve the effectiveness of the police service. They include, for example, a proof of concept on centralised forensic freezers, a reinstated allocation for Corporate Wifi that had been removed due to previous prioritisation, and additional funding for laptops or devices dependant on identified need.

### **Other Items – Schedules 4-6 of Appendix 1**

#### **General Annual Equipment Provisions**

24. Annual provisions for non-specific capital equipment purchases and ANPR installation replacements are included throughout the MTCP period.

#### **Fleet Vehicles**

25. Vehicle fleet renewals through Chiltern Transport Consortium (CTC) are included in all years in the MTCP. Total spend on vehicles over the 4 years is expected to be about £13m, which includes anticipated inflationary increases. There is an element of uncertainty over the impact of Brexit and exchange rate fluctuations which may have a further negative impact on cost. The replacement plan in future years may also be impacted by developments in electric powered vehicles and the Forces' commitment to the environment.

#### **Emergency Services Mobile Communications Project (ESMCP)**

26. The current budget for ESMCP will need revisiting once the final national decisions about the roll-out plans have been agreed. The total project allocation, including some funds spent to date is £9.150m, which includes £4.8m for devices.

#### **Future Capital Investment Capacity**

27. It is recognised that in presenting the 4 year MTCP the later years have less clarity and we become less certain regarding the demands and opportunities facing the Force. We have articulated our clear prioritised intentions for the next 2 years but have limited information regarding new investment requirement in years 3 & 4 which makes forecasting uncertain. At present there are no new projects identified to start in that period. We can be clear however that it is extremely likely that we will require further capital investment in 2021/22 and later years beyond the simple refresh of fleet and computer hardware.
28. With this in mind if we consider the prospect of needing to invest a modest sum of £5m in both 2021/22 and 2022/23 to provide future investment capacity, cover national

requirements or maintain core infrastructure, the small surplus of £4.872m currently shown at the end of 2022/23 would become a funding shortfall of £5.128m. The MTCP does not include forecasts for unspecified investment, but this a clear risk that needs to be highlighted. The likelihood is that any future investment moving the current MTCP into deficit would need to be funded by further external borrowing, which will have a consequential impact on the medium term revenue plan.

### **Funding of the Medium Term Capital Plan 2019/20 to 2022/23:**

29. The MTCP presented for approval today comprises schemes and provides investment capacity totalling £70.976m for the next 4 years from 2019/20 to 2022/23. The total investment including the current year (2018/19) is £103.4m.
30. Funding the full programme will include the use of £20.5m of brought forward capital balances, £19.7m of capital receipts from finite asset sales (predominantly buildings and houses), £5.8m of previously approved earmarked reserves, £42.8m of Direct Revenue Financing, £5m of approved borrowing and £7.4m from Home Office capital grant. In addition the PCC is asked to approve an increase in borrowing relating to Reading Police Station of a further £5m.
31. A small funding surplus of £4.872m exists over the 4 year period, although a deficit is shown over the first 3 years. This is expected to be manageable since planned expenditure is rarely incurred according to the original profile and will be closely monitored.
32. As previously indicated, investment capacity in later years is not specifically identified, with no new projects forecast to start in 2021/22 or 2022/23. The likelihood is that either national, regional or local requirements will dictate a level of new investment over that period. A modest capital investment of, for example, £5m in each of the last 2 years of the plan would result in a funding shortfall of £5.128m which is likely to require further external borrowing to achieve.

### **Asset Sales**

33. The value of asset sales over the MTCP period has been adjusted downward to reflect the expected timing of non-residential sales. This has reduced the available funding over the period by about £2.5m. Overall £15.9m of the £19.7m asset sales relates to police buildings and houses.
34. It is worth reiterating that towards the end of the programme these one-off sales tail off and will not continue to significantly support the programme beyond 2022/23 as the asset lists are significantly reduced and receipts become sporadic. It should be noted that the capital receipt for Reading Police Station is not currently shown in the forecast of capital receipts due to anticipated timing and the receipt for Windsor, previously recorded, has been removed whilst the plans for the property redevelopment are reconsidered.

### **Direct Revenue Financing**

35. Direct Revenue Financing (DRF) has had to be increased to a minimum of £10m per annum in later years which places a significant burden on the revenue budget in future years since

new bids will either, through new borrowing or DRF, directly affect the revenue budget as reserves and capital receipts are exhausted.

#### **Vehicle Fleet and Core Equipment Refreshes**

36. As we move forward about £7.5m per year is required to just maintain core equipment levels in terms of computer equipment, phones, other equipment and vehicles. This will absorb the majority of DRF in future and leave little scope for investment. New projects are very likely to require further borrowing which will increase the revenue burden through interest and capital repayments (MRP).

#### **Optimism Bias (OB) Reserve**

37. As indicated above, an assessment of Optimism Bias for the revised MTCP using HM Treasury guidance has been conducted which produces a potential requirement of £12.769m to significantly mitigate force financial risk.
38. Having supported delivery of CMP and other property work during 2018/19 the OB reserve currently stands at £9.129m. This implies a potential shortfall £3.640m and therefore represents a financial risk to the Force. The reserve is set aside to acknowledge bias in project costings. However our experience is that not all projects will need to draw on the reserve. Therefore it is felt that as we progress through the MTCP we can assess and manage the risk based on close monitoring of capital projects, falling back on Stage Gate reporting to control and mitigate new project risk.
39. In future budget rounds an assessment of the OB requirement will be included within the scheme bid and the prioritisation process and built into the capital programme.

#### **Issues for Consideration**

40. As mentioned earlier, beyond the current MTCP period capital receipts from one-off property sales and development will become increasingly more difficult to identify and realise. In the years following the MTCP there are currently only 2 potential significant identified receipts for the expected sale of Reading Police Station and the land at Gowell Farm in Bicester. The receipts are not expected to fall within the current MTCP period and neither the amounts nor timing can be identified with any element of certainty at this stage.
41. Revenue contributions to the Capital Programme have had to be increased significantly over the next 4 years in order to provide the Force with a realistic level of funding for the renewal of fixed assets and the maintenance of our technology infrastructure. Further revenue funding is likely to be a future requirement through DRF or external borrowing. However the capacity to absorb this additional cost within the revenue budget is only likely to be achieved if further savings can be made – either driven by capital investment or through reductions in Force costs.
42. Whilst the figures included in the MTCP are as accurate as possible it should be noted that a number of elements will continue to be developed and are likely to result in future change requests. These include:

- **Asset Management Plan (AMP)** schemes still require firm solutions to be identified; hence costs will be subject to variation. The timing of AMP schemes are partly dependant on availability within the market. In addition, currently leased premises will continue to be considered for purchase where it makes sound financial sense to do so. These are in addition to current AMP works.
- **Other External factors** – The full impact of Britain exiting the EU still remains unknown. There are potentially heightened risks around the value of sterling compared to other currencies and imports, including brought in skills through external suppliers that may continue to increase in relative cost. This could add additional pressures to the future programme.

### **Conclusion & Recommendation**

43. The schemes included in the MTCP are considered by CCMT to be essential for enabling and improving future service provision through a more efficient estate and better use of technology. The MTCP is a prioritised programme of works. As policing continues to evolve other investment opportunities and legislative changes to improve levels and efficiency of service and to continue to align with other Criminal Justice Partners will no doubt present themselves and will need to be assessed against available resources.
44. The MTCP presented today for approval identifies total planned spend of £70.976m over the 4 year period 2019/20 to 2022/23. This includes £8.642m re-phased from the 2018/19 approved projects. It is worth noting the level of re-phasing is likely to fluctuate as we progress towards the year end.
45. The level of investment submitted for approval, including £5m of increased borrowing for the replacement Reading Station results in a small funding surplus of £4.872m over the 4 year period. A small level of funding deficit is shown in years 1 to 3 but, in practice, this is unlikely to materialise and is felt to be manageable.
46. It is recognised that identified investments in the later years of the plan are more difficult to specify, but are very likely to be required. A modest investment in new capital projects of, for example, £5m in years 3 & 4 of the plan will result in a funding shortfall of £5.128m. This is likely to come from either additional borrowing or DRF and both sources will impact directly on the revenue budget and will, in all probability, only be affordable if further savings can be identified.

#### **Recommendation:**

The PCC is asked to:

- Approve the draft capital programme for 2019/20 in the sum of £26.978m as set out in Table 1, which includes £8.642m of re-phased budget from 2018/19.

- Approve an increase in borrowing from £5m to £10m for the replacement Reading Police Station project.
- Approve the financing of the MTCP as set out in schedule 7 of appendix 1.
- Approve the overall 4 year MTCP (2019/20 to 2022/23) for planning purposes at £70.976m as set out in Table 1.
- Recognise the restated Optimism Bias Reserve calculation of £12.769m and acknowledge that the existing reserve of £9.129m will be managed and reviewed as the Force progresses through the plan term.

### **Legal comments**

47. The capital programme is an integral part of the overall budget package which the PCC must consider each year. These reports are presented to the PCC, in compliance with the requirements of the Prudential Code and will demonstrate that capital investment plans are affordable, sustainable and prudent.

### **Equality comments**

48. No specific implications arising from this report

### **Background papers**

Annual capital programme 2018/19  
 Relevant Project bid papers  
 The MTFP 2019/20 to 2022/23  
 Reserves, Balances & Provisions report - January 2019

#### **Public access to information**

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 website within 1 working day of approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.

**Is there a Part 2 form? No**

Name & Role	Officer
<p><b>Head of Unit</b> The Medium Term Capital Plan presented for approval today supports service delivery of the PCC's Police and Crime Plan and the Force's long term strategy. The budget for 2019/20 is set at £26.978m with an overall MTCP budget of £70.976m. A small funding surplus of £4.872m is forecast in 2022/23 but it is recognised that further investment in later years is likely and could result in further borrowing being considered.</p>	Director of Finance
<p><b>Legal Advice</b> No specific issues arising directly from this report</p>	Chief Executive
<p><b>Financial Advice</b> The Chief Constable is proposing a 4 year Medium Term Capital Programme which supports delivery of the PCC's Police and Crime Plan. The budget requests an increase in borrowing from £5m to £10m. The Optimism Bias reserve is £9.129m but it is acknowledged that the reserve would ideally be set at £12.769m for the size of the programme. However its felt this can be managed at this time as we progress through the MTCP period. Capital reserves will be fully utilised by the end of the 4 year planning period and a potential funding shortfall is recognised if further future investment capacity is required.</p>	PCC Chief Finance Officer
<p><b>Equalities &amp; Diversity</b> No specific implications arising from this report</p>	Chief Executive

#### OFFICER'S APPROVAL

We have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.

We are satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.

Director of Finance

Date 14<sup>th</sup> January 2019

Chief Finance Officer

Date 14<sup>th</sup> January 2019