



Home Office

BUILDING A SAFE, JUST
AND TOLERANT SOCIETY

Departmental



Strategy

November 2000



INVESTORS IN PEOPLE



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Foreword by the Permanent Secretary



The July 2000 Spending Review (SR2000) has provided the Home Office with the significant extra resources needed to achieve the aims set for us by the Government. We now have the means to invest in the modernisation of key services, including policing and crime reduction, the creation of the National Probation Service, prisons and detention centres and the Fire Service with a sizeable amount for capital expenditure. Substantial investment will be made to modernise central Home Office infrastructure. We need to plan carefully how and when we use these resources in order to obtain the greatest benefit and secure the best value for money.

This document outlines the Home Office strategy for capital investment. It covers both new investment and the efficient use of existing assets and the link to outcomes. The strategy provides a framework for longer term plans to be built upon and includes the settlement following the SR2000 announcement in July.

This approach to the management of our assets and capital budgets forms a key part of the Home Office modernisation programme and our commitment to strengthen our financial management.

A handwritten signature in black ink, appearing to read 'David Omand'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Sir David Omand
November 2000

Strategic Policy Context

1 Introduction

1.1 The Home Office's statement of purpose is:

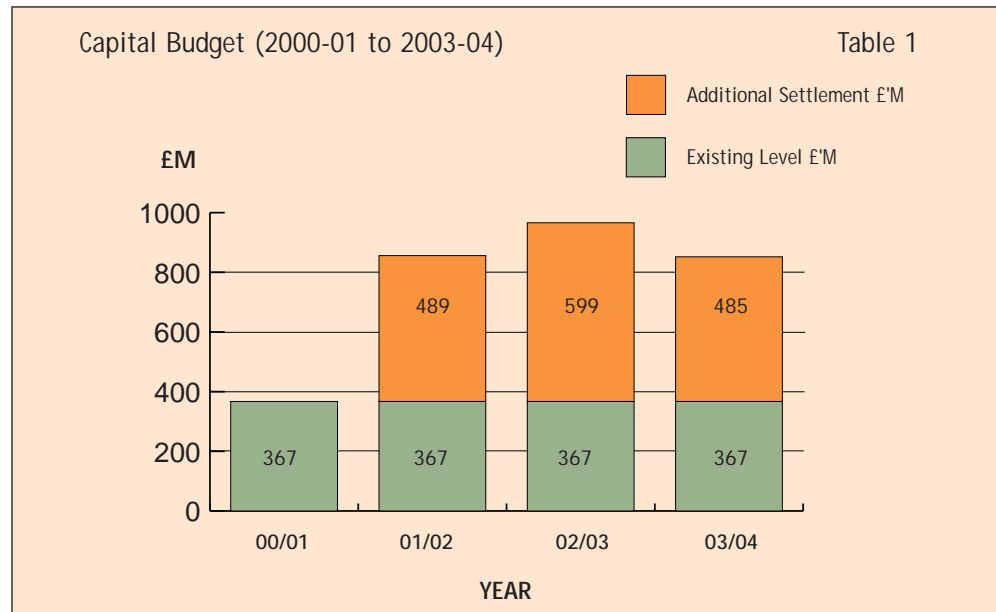
To build a safe, just and tolerant society in which the rights and responsibilities of individuals, families and communities are properly balanced, and the protection and security of the public are maintained.

1.2 The overriding priority for the Home Office is to deliver its seven strategic aims. These can be summarised as follows:

<i>Aim</i>	<i>Main Service Area</i>
1 Reduction in crime, particularly youth crime, and in the fear of crime; and the maintenance of public safety and good order.	Police Service, Crime Reduction Partnerships
2 Delivery of justice through effective and efficient investigation, prosecution, trial and sentencing, and through support for victims	Criminal Justice System (Police, Courts, Prisons and Probation)
3 Prevention of terrorism; reduction in other organised and international crime, and protection against threats to national security	Police Service
4 Effective execution of the sentences of the courts so as to reduce reoffending and protect the public.	Prison Service, Probation Service, Youth Justice
5 Helping to build, under a modernised constitution, a fair and prosperous society, in which everyone has a stake, and in which the rights and responsibilities of individuals, families and communities are properly balanced.	Constitutional and Community Policy Unit
6 Regulation of entry to and settlement in the United Kingdom in the interests of social stability and economic growth, and facilitation of travel by United Kingdom citizens.	Immigration and Nationality Directorate, UK Passport Agency
7 Reduction in the incidence of fire and related death, injury and damage and ensuring the safety of the public through civil protection.	Fire Service, Emergency Planning Unit

1.3 This investment strategy links the Home Office aims and key targets to the activities that support it. For each aim, the strategy examines the challenges to be faced and the role of the existing asset base and new investment plans. This links directly to the Home Office's Public Service Agreement and to the new approach to accounting under Resource Accounting and Budgeting (RAB).

1.4 The Home Office settlement following SR2000 provided a total capital budget of £2.6 billion over the three years 2001/02 to 2003/04. This is an additional £1.6 billion on the level for the period, prior to the settlement. Capital now represents more than 8% of the total Home Office budget, a significant increase on the 4.6% in 2000/01. (See Appendix 1 for breakdown of settlement). The increased allocation is summarised in Table 1, below.



2 The Key Drivers of the Home Office Investment Strategy

2.1 Key issues that will strongly influence the Home Office's future capital management and investment strategy include:

- The need to reduce crime and to increase the number of offenders being convicted
- Capital requirement to support investment in police officer numbers
- The need to improve the cohesiveness of the Criminal Justice System to reduce delays and increase the number of crimes for which an offender is brought to justice
- The future track of the prison population following a period of rapid expansion
- Improved regimes to reduce re-offending
- The trend in numbers of asylum seekers and the need to improve efficiency in dealing with individual cases
- Modern standards of fire cover
- Significant past under-investment in new assets and maintenance of existing assets

- The opportunity and need to make greater and more effective use of IT
 - Strengthening overarching systems and budgeting mechanisms to improve the ability to achieve the best allocation and value for money
 - A demanding agenda of legislation and other initiatives in order to achieve the aims
 - Fit with the longer term plans and trends
- 2.2 Following the outcome of the Government's Spending Review in July 2000, the Home Office has agreed 18 new high level Public Service Agreement (PSA) targets for the period April 2001 to March 2004. These are the strategic priorities for the Home Office and are detailed in Part C. To meet these challenges the Home Office needs to expand its operational capacity and to modernise its infrastructure, assets and working methods.

3 OVERVIEW OF HOME OFFICE INVESTMENT STRATEGY

Existing Capital

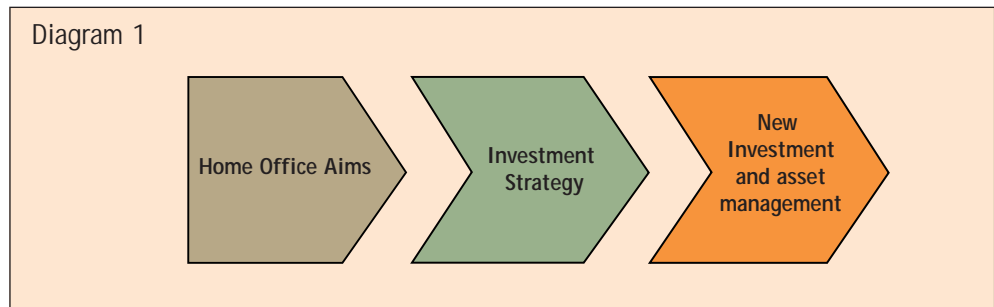
- 3.1 The Prison Service owns and operates the largest element of assets within the Home Office's policy responsibility. With an asset base of £4.5 billion contributing predominantly to Aim 4 (effective execution of sentences), they have a significant impact on how assets are used to deliver effective services.
- 3.2 In addition, there are significant assets owned by the police and fire services, which are financed by Home Office capital grants and credit approvals to local authorities. The total combined asset base including the local authorities and those privately financed is approximately £9.5 billion. Further details of the existing asset base are contained in Part B.

New Capital

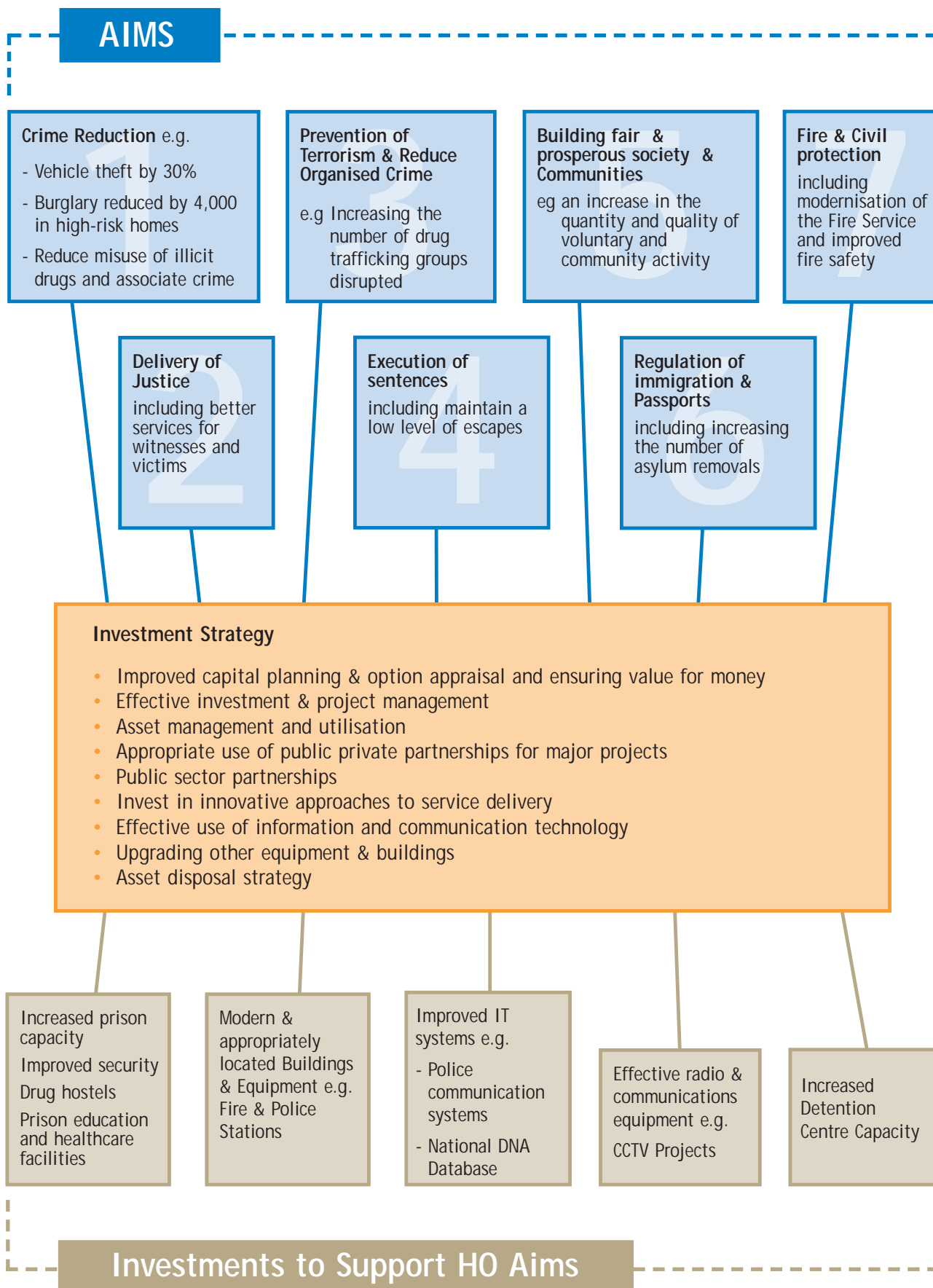
- 3.3 Capital investment plays a significant part in enabling the Home Office to meet its objectives. Modern policing requires significant sizeable investment in new technology to reduce crime. Prisons need to be secure and also have sufficient capacity to cope with projected numbers of prisoners. The Immigration and Nationality Directorate needs to be able to deal with the high number of asylum seekers. Fire Stations need to be appropriately located and equipped to deal with emergencies.

4 LINKING CAPITAL INVESTMENT TO OBJECTIVES

- 4.1 The central element of the investment strategy is the linking of investment and asset management to the objectives of the organisation. This includes ensuring that the most effective and efficient approach is taken. The Home office aims provide the basis for the investment strategy which in turn leads to the investment and management of assets to meet these objectives.



- 4.2 Diagram 2 provides an overall illustration of the Home Office investment strategy and its link between the aims and the assets and investment which support it. For example, improved fire protection (Aim 7) is supported by investment in appropriately located fire stations and modern equipment.



The following paragraphs (4.3 to 4.20) provide an overview of the investment strategy:

Improved Capital Planning & Option Appraisal

- 4.3 The Home Office is continuing to improve its capital planning processes towards modern industry and professional standards. This includes ensuring that all potential options to achieve objectives are considered. This means evaluating the trade off between revenue and capital spend and deciding on the most effective way of meeting overall objectives.

Effective Investment & Project Management

- 4.4 The achievement of benefits and successful delivery of projects requires effective project management. This includes having clear and effective procedures as well as skilled and experienced staff. One of the key elements for implementation of this strategy, particularly with regard to the significant increase in the investment programme, is the need for the Home Office to strengthen its skill base. This is to be coupled with the implementation across the organisation of modern project management methods.

Asset Management and Utilisation

- 4.5 In addition to new investment, the Home Office is committed to ensuring that assets are managed and utilised effectively and efficiently. This includes on-going assessment of asset use and condition as well as investment in maintenance and upgrades.

Greater Manchester Police Property Review.

Case Study 1

A property review has been implemented across the force to assist in the development of strategies and policies which will ensure that the Greater Manchester Police Authority property assets are managed effectively, efficiently and meet the long term operational requirements of the force.

The estate is both extensive and expensive to maintain and operate and, in many instances, fails to meet current and future policing needs in terms of quality, quantity, suitability and location. The review seeks to clearly identify this mismatch between provision and need, to establish a framework for the ongoing rationalisation of the estate to support policing objectives. The review also seeks to reduce the financial outlay required to maintain the estate and to allow that money to be directed into front line policing.

The force estate comprises of 113 properties, of which 106 are police stations dedicated to divisional policing. Approximately half of the properties are between 35 and 100 years old. A third of properties are between 50 and 100 years old.

The review looked at:

- An appraisal of each property and an assessment of the maintenance liabilities over a ten year period.*
- A look at how effectively accommodation was being utilised in terms of space, occupancy, usage and cost in use.*
- Operational requirements*

Appropriate use of Public Private Partnerships for Major Projects

- 4.6 The Private Finance Initiative (PFI) and other public private partnerships (PPP) are considered for all major projects to ensure that the most effective and efficient procurement, financing and service-delivery model is used.
- 4.7 These are partnership schemes with the private sector and usually involve the provision of a service to government in return for a usage charge. These partnerships can be an innovative and effective way for the Home Office to achieve value for money. Utilising private sector expertise and management skills can, in the right circumstances, be the best way to achieve objectives. (See Case Study 2, Tyne and Wear Fire on page 18)

Public Sector Partnerships

- 4.8 A significant proportion of investment and asset management in support of Home Office aims and objectives is within partner organisations. This includes the assets of police authorities, fire authorities and the Probation Service as although they are primarily funded by the Department, they are outside of its direct control.
- 4.9 In addition there are also a number of Non Departmental Public Bodies (NDPBs), which receive direct government funding but operate at arms length from Ministers.
- 4.10 Although the Home Office does not own these assets, it is responsible for the majority of the new investment that flows to these bodies and its efficient and effective use, and for ensuring that the underlying asset base contributes to delivering its objectives.
- 4.11 The Home Office, along with the Lord Chancellor's Department and the Attorney General's Department, play a key role in the overall Criminal Justice System (CJS). Through integrated strategic planning and electronic handling of cases the efficiency of criminal justice can be increased. The police are joining with the CPS to improve the quality of evidence in criminal cases and increase the likelihood of successful prosecution. The Home Office is also working on freeing the CJS of discrimination or bias.
- 4.12 The Home Office also works in partnership with other government departments and where appropriate also in joint delivery. Examples would include Crime Reduction (with Department for Environment Transport and the Regions [DETR] and the Department for Education and Employment [DFEE]) and for the reduction in use and abuse of illegal drugs (with DETR, DFEE, Department of Health and the Cabinet Office).

Invest in Innovative Approaches to Service Delivery

4.13 The strategy is to develop and invest in new effective approaches to service delivery, many of which are based around the use of modern technology. This will include research, trials, the setting up of pilot or “beacon” schemes and supporting locally based innovative schemes with the aim of spreading good and effective practice.

Upgrading information and communications systems

4.14 The use of information and communication technology (ICT) is increasing rapidly across all sectors. The Home Office is actively looking to embrace the enhancements ICT can deliver in terms of increased effectiveness (police technology), efficiency (paper to computer files) and joint working (Criminal Justice Service - CJS links).

4.15 One of the government’s over-arching aims is the electronic delivery of all government services on-line by 2005. Considerable improvements in efficiency, effectiveness and meeting of targets can be achieved through a strategy of linking the systems of many organisations within the Home Office’s policy remit. This includes the sharing of information and case files, as adopted in both the CJS and the Immigration and Nationality Directorate.

4.16 A co-ordinated ICT strategy has been put in place that will eventually deliver a comprehensive service across the Department. These are based around four major projects;

- The Sirius Programme (“IT2000”) for the core Home Office
- QUANTUM for the Prison Service
- Integrated Business and Information Systems (IBIS) for the Criminal Justice System
- National Strategy for Police Information Systems (NSPIS)

4.17 The first two projects are long-term public private partnership arrangements and are planned to embrace significant business change. IBIS covers both ICT systems and related business processes in the main criminal justice organisations (Police, Magistrates’ Courts, Crown Court, Crown Prosecution Service, Prison Service and Probation Services). NSPIS covers the Police Service but also links to other organisations including with IBIS partners.

4.18 Significant investment is also being made for police communications. This is centred around a public private partnership with BT to provide Airwave. It is proposed that other emergency services will also use the system in the future.

Upgrading Other Equipment & Buildings

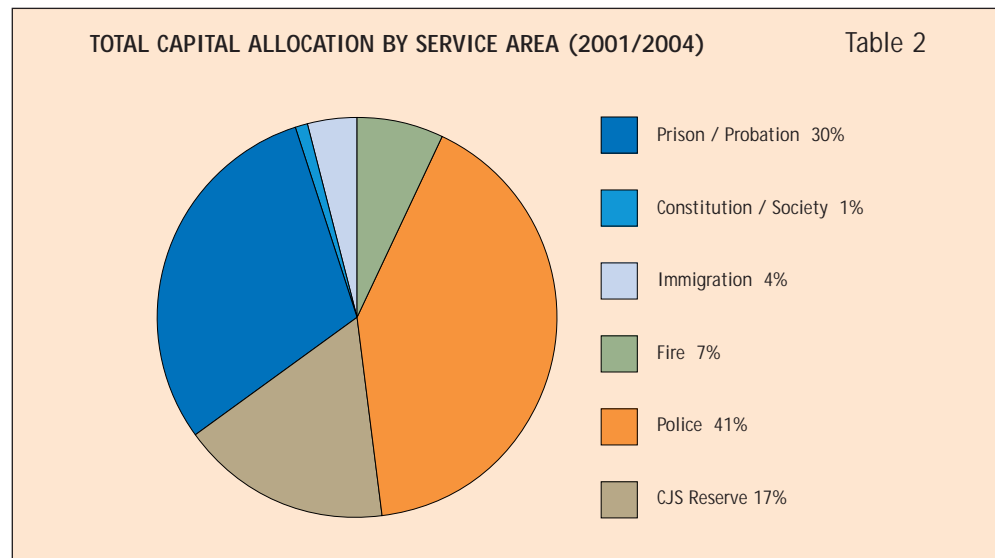
4.19 Many buildings and much equipment are in need of significant upgrading and investment to meet modern operational needs and requirements. This includes unsuitable prison accommodation and fire/police stations and equipment. In order to meet targets and objectives significant investment is planned.

Asset Disposal Strategy

4.20 The strategy is to dispose of surplus or unsuitable assets (mainly buildings) and to reinvest the proceeds as part of the capital programme, rationalising where appropriate.

5 TOTAL CAPITAL ALLOCATION BY SERVICE AREA

5.1 Following the government spending review settlement in July 2000, the Home Office capital allocation for the three year period was £2.6 billion. The budgeted allocation by service area is detailed below in table 2.



Notes

- i) These figures exclude any expenditure earmarked for PFI schemes.
- ii) CJS unallocated capital reserve will be split between the Home Office, the Lord Chancellor's Department and the Attorney General's Department following agreement between the three ministers. The reserve is for funding across the CJS including police, probation and prisons. The element shown is the estimated capital expenditure proportion of the reserve.
- iii) The figures include the Capital Grants and Credits to Police and Fire Service.

6 OUTPUTS FROM CAPITAL INVESTMENT IN THE LONGER TERM

- 6.1 The Home Office programme, together with the work of the CJS as a whole, will help deliver the Government's commitment to be tough on crime and on the causes of crime and will also contribute to wider Government social policies.
- 6.2 Tackling the underlying causes of crime through programmes on crime reduction, drugs and social exclusion, and action to support human rights, race equality and the family, will help to promote the freedom of individuals, fairness and opportunity. Partnerships with local agencies will help to create active communities and a vibrant democracy.
- 6.3 Capital investment will also produce longer term benefits that will be generated in the period after that covered by the Government's latest spending review. The Home Office, in conjunction with HM Treasury, is always looking for ways to ensure that these longer term considerations can be taken into account in investment decisions.

7 CAPITAL MODERNISATION FUND

- 7.1 In addition to the SR2000 capital allocations, the Home Office has opportunities to bid for further capital funding through the Capital Modernisation Fund (CMF).
- 7.2 This is a competitive challenge fund with the objective of funding additional capital projects that meet government objectives in an innovative way. These projects should provide visible benefits to the public, be genuinely additional to normal service delivery expenditure and take a partnership/joined up government approach as well as offering value for money.
- 7.3 The Home Office secured a total of £285m in the 2000 Budget to be spent on improving and modernising Britain's crime fighting capabilities, recruiting police officers more quickly and releasing more officers for frontline operational duties. Of this, £157m represented funding from an earlier round of the Capital Modernisation Fund
- 7.4 The new funding will be invested in the latest information technology systems, create more opportunities for local partnerships to tackle crime and disorder, modernise the CJS and provide a significant boost to police recruitment in England and Wales.

Projects include

- *A joint project with DETR for reducing both vehicle and housing estates crimes, through the use of CCTV and local partnerships. (£153m).*

This project is administered as a fund for local crime and disorder partnerships to bid for funding towards CCTV schemes. Most of the projects are for schemes of less than £150,000 and cover many areas of the country. Such schemes have a good track record in helping to reduce crime.

- *The National Technical Assistance Centre to provide police with facilities to tackle e-crime (£25m)*

- *Provision of video links between courts and prison establishments (£5.3m)*

(See Appendix II for further details of these and other schemes).

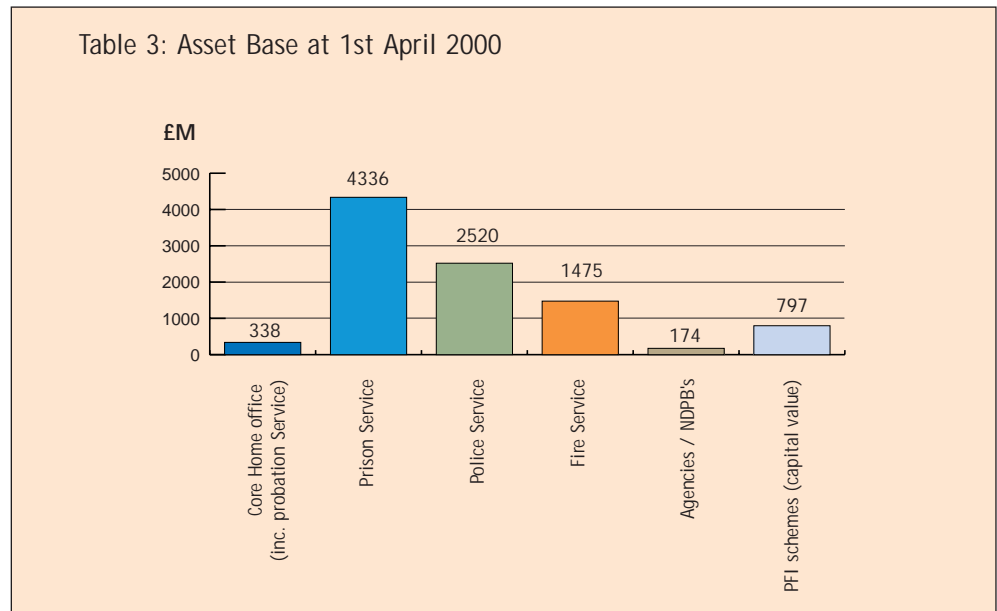
- 7.5 The government has announced that CMF would continue to run with two further rounds covering the three financial years from 2001/02 to 2003/04. The Home Office will use these opportunities to pursue funding for schemes that will help to deliver its strategic objectives.

Part B

EXISTING ASSET BASE

8 TOTAL ASSET BASE

8.1 The total asset base including owned assets, assets belonging to the police and fire services and PFI assets was £9.6 billion at 1st April 2000. This is detailed in Table 3, below



9 CORE HOME OFFICE ASSETS

Core Home Office Assets: £338M (excluding PFI)

All of the central assets of the Home Office excluding the Prison Service, Police, Fire and NDPB's.

Includes

- Police Training Estate – £37M
- Emergency Planning College – £2.7M
- Emergency Vehicles – £10.6M
- Central Offices – £51.3M
- *Probation Service Estate – £127M (from April 2001)

- 9.1 The Home Office has its own centralised assets and also central training facilities for the Police, Fire Service and Emergency Planning.
- 9.2 The Home Office owns a number of central and south London buildings that are used for office accommodation.
- 9.3 Much of this accommodation is in need of upgrade and modernisation, and is covered by the Home Office Central London Accommodation Strategy (HOCLAS). This is a PFI project, which will see the Core Home Office and the Prison Service share a purpose built office block in Victoria, London and dispose of some owned assets.

9.4 Subject to the passage of the Criminal Justice and Court Services Bill, the assets of the Probation Service which are currently held by local authorities are due to transfer to the ownership of the Home Office (from local authorities) on 1st April 2001. It is estimated that the value of these assets will be in the region of £127m. A comprehensive national conditions survey estimated that more than 30% of the existing estate was unsuitable for current or future use and that an investment of £35m over 5 years would be required to bring it up to a reasonable state of repair.

10 PRISON SERVICE ASSETS

Prison Service:
Assets: £4.4 Billion (excluding PFI)

There are 135 prisons *in England & Wales

Prison Type	Prison Age
Male Prisons - 118	>100years - 44
Female Prisons - 13	>50years - 10
Male/Female -4	<50years - 81

*Of above, 5 prisons are private sector built and operated.

Estimated remaining life of average prison is 32 years.

10.1 The Prison Service is an Executive Agency of the Home Office.

10.2 In recent years, the focus in capital investment has been on providing more accommodation to cope with the rise in the prisoner population. This has been achieved through; conventional spend on enlarging existing public sector prisons, and PFI investment in new prisons.

10.3 The present prison estate with 135 prisons, provides a capacity of approximately 69,000 places. Although population levels within the prison are presently slightly below operational capacity, a projected increase requires additional expansion of the estate through SR2000 funding.

10.4 The introduction of Home Detention Curfew has significantly reduced the demand for open prison places. The Prison Service has reviewed the open estate and is in the process of converting two prisons to semi-open female establishments. These changes will provide part of the additional capacity needed to meet the rising female population.

10.5 Much of the owned asset base has suffered from a lack of proper investment in the past. Recent surveys suggest that backlog maintenance is in the order of £750m, of which £75m is considered critical. Many buildings are over 50 years old and maintenance costs are high.

10.6 The worst condition is that of the prisons built in the 60's and 70's. Victorian Prisons are considered more robust. The Prison Service plan to spend £115 million per annum addressing the backlog so that the existing assets can operate more effectively.

- 10.7 Decisions on Prison Service provision can also be influenced by policy initiatives such as prisoner proximity to home. A consequence to the service is that the historical location of certain prisons may not reconcile with longer-term strategies.

11 POLICE SERVICE ASSETS

Police Assets: £2.5 Billion (excluding PFI)

There are 43 police forces in England and Wales each receives a basic allocation of capital through a pre-determined formula.

Main assets are police stations, vehicles and ICT equipment.

Audit Commission report "Action Stations" recommended that £200 Million was required to make the police estate suitable for operational purposes)

- 11.1 Considerable investment is required in these services, and in particular the modernisation of communication equipment and IT. There is significant scope for partnerships and some sharing of resources across emergency services and between regions. The Home Office strategy is to enable such investment where it is most effective and at levels where funds allow.
- 11.2 Capital grants and "authorities to borrow" (known as credit approvals) provide the Police Service with the facility to invest in their infrastructure. Further details of allocations from SR2000 are shown in Part C.

- 11.3 Each police authority or force is required to meet local government legislative and "Best Value" requirements in relation to their capital expenditure. Monitoring is conducted by the Audit Commission on an annual basis and any adverse issues raised by them are followed up by the Home Office.
- 11.4 Authorities must consider the use of Private Finance Initiatives as the preferred procurement method where it gives best value. This is covered in more detail in paragraph 12.3

12 FIRE SERVICE ASSETS

- 12.1 Many fire authorities have inadequately located stations with outdated facilities. Capital credit approvals provide fire authorities with the authority to borrow for capital expenditure and confer support to meet interest and capital repayments. These enable the authorities to replace and improve upon their existing asset base.

Fire Service
Assets: £1.5 Billion

50 Fire Authorities in England and Wales and 7 Metropolitan Fire Authorities.

There are 1,600 fire stations and 2,400 pumping appliances, and 1,200 special appliances.

There are 28 fire authority training schools and one national Fire Service College.

12.2 At present more than 50% of the fire authorities in England and Wales receive under £0.5 million each in capital credit approvals. With a pumping appliance costing £100k and specialist appliances costing over £300k there are limitations to how much authorities can invest to obtain modern strategically located stations.

12.3 In addition to the basic capital funding stream the Home Office also allocates what are known as “PFI credit approvals” to Fire and Police Authorities. This allows them to fund significant Private Finance schemes. An example of this is illustrated by Tyne & Wear Metropolitan Fire Brigade (below).

Tyne and Wear Metropolitan Fire Brigade

Case Study 2

Following a bid to the Home Office in 1999, Tyne and Wear Metropolitan Fire Brigade have been provisionally allocated over £20 million in PFI credits for a significant modernisation programme. Currently the Fire and Rescue services are provided from 19 fire stations, with 31 whole time and 2 retained pumping appliances.

The Headquarter building is not suitable for a modern Fire Authority and is also expensive to operate. It will be relocated, together with other associated support functions that are currently dispersed throughout the Brigade area.

Additionally a number of the older fire stations are no longer situated in the ideal location to provide efficient fire-cover. Six new fire stations in strategic locations will replace eight existing older premises. These new stations will also be community focussed with facilities to educate and inform the general public on fire safety.

PFI services are planned to be operational in Phase 1 from July 2003 and Phase 2 in September 2003.

This project is still in the planning and consultation phases and final approval is dependent upon successful completion of these stages including ensuring the meeting of fire cover standards, value for money and affordability.

13 HOME OFFICE AGENCIES AND NON DEPARTMENTAL PUBLIC BODIES

Agencies and NDPB's
Assets: £174M

Includes

Executive Agencies (4)
UK Passport Agency - £2.4M
Prison service (See paragraph 10)
Fire Service College £19M
Forensic Science Service £29M

Executive NDPBs (13)

Police Information & Technology Organisation - £15.3M

- 13.1 Apart from the Prison service, The Home Office has three other executive agencies; the UK Passport Agency the Fire Service College and the Forensic Science Service. These operate with differing degrees of autonomy.
- 13.2 The Fire Service College based in Gloucestershire provides unique facilities for both practical and theoretical fire fighting, fire safety and accident emergency training. A wide variety of realistic incident scenarios can be simulated on the extensive training grounds.
- 13.3 The Forensic Science Service and the UK Passport Agency both own and operate sophisticated equipment. The FSS is at the forefront of forensic science technology and operates from seven laboratories throughout the country, each equipped with the latest technology including sophisticated DNA facilities.

- 13.4 The Prison Service is by far the largest Agency and is detailed separately in paragraph 10 above.
- 13.5 There are thirteen Executive Non-Departmental Public Bodies that report to the Home Office, although only the Police Information Technology Organisation (PITO) has material levels of owned assets.
- 13.6 PITO was set up to develop and provide central Information and Communication Technology to the police. It is responsible for supplying the Police National Computer, which includes the computerised Criminal Justice Records Service.
- 13.7 It also oversees the police's data and telecommunication service and the National Automated Fingerprint Service (NAFIS) and provides a procurement service to police forces.

14 PRIVATE FINANCE INITIATIVES ASSETS

PFI
Assets: £800 Million

Home Office includes;
Prisons (5) - £215M
Prison IT: Quantum - £60M
Secure Training Centres - £30M
UK Passport Agency - £39M

Home Office Partners include;
Police Force Schemes - £225M
Fire Service Schemes - £78M

- 14.1 The capital element of PFI's signed by 1st April 2000, including local police and fire services, was £798 million. It is projected to be £2 billion by 1st April 2004.
- 14.2 These assets are relatively new and are maintained by a private sector partner under long term contracts. The suppliers are paid for the use of the assets as a service and the contracts provide for penalties if the assets are not maintained properly and/or not available for use as required.
- 14.3 The Prison Service has led on many schemes involving private finance initiatives. One example is HM Prison Altcourse.

HM Prison Altcourse

Case Study 3

Situated in the town of Fazakerley near Liverpool, Altcourse prison was designed, constructed, managed and financed under the Government's Private Finance Initiative. Opened in December 1997, it currently has an operational capacity of 850 and is managed on behalf of the Prison Service by Group 4.

Altcourse runs various regime and offender behaviour programmes and initiatives include; substance abuse, anger management, car crime, social skills and a detoxification programme.

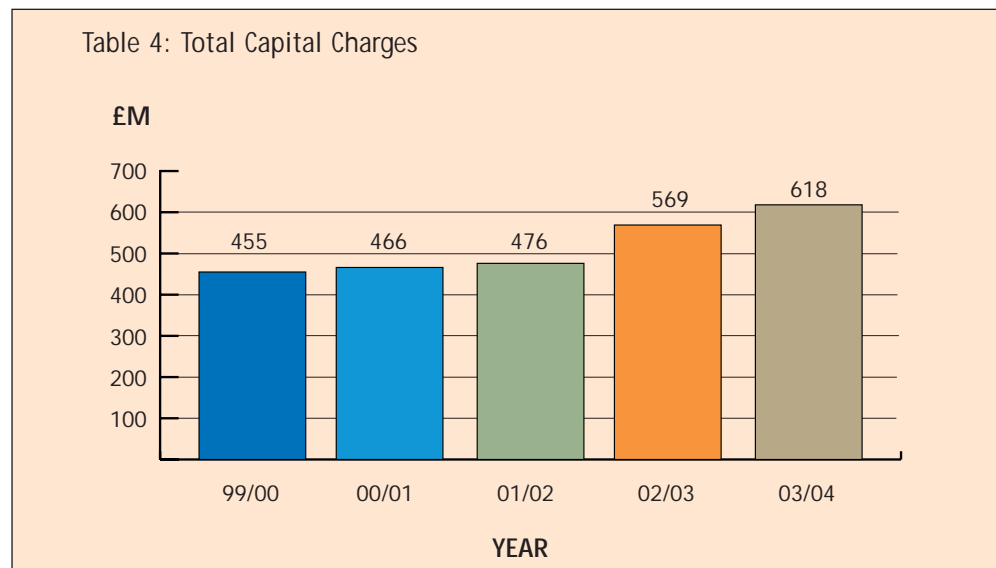
As one of five recent PFI prisons, it fulfils the criteria of a modern high quality prison that represents good value for money and affordability to the service. There are two more PFI prisons in the course of construction.

- 14.4 The first PFI prisons became operational in 1997. Experience gained from managing these initial contracts is now fed into new proposals. Developments to operational specifications and performance requirements, are now much more closely based on Prison Service standards. The original PFI contracts have since been re-negotiated to incorporate these improvements.
- 14.5 Recent cost comparison studies have indicated a narrowing of the gap between private and public operating costs for prisons. This is partly due to the effect of private sector competition upon the publicly managed prisons. This trend was confirmed by two recent in-house bids successfully winning tenders. A subsequent review, undertaken by external consultants, has however concluded that PFI can still offer better value for money in certain instances.

- 14.6 An increasing number of PFI projects are for the Police and Fire Service. The Home Office has an existing allocation of £106m of PFI credits for 2001/2 and this will increase to £132m in each of 2002/3 and 2003/4. (£125m for England and £7m for Wales). The Tyne & Wear case study (see Case study 2) illustrates how this mechanism can lead to a step change in service delivery.
- 14.7 Following the publication of the Accounting Standards Board's (ASB) Amendment to Financial Reporting Standard (FRS) 5 on the Private Finance Initiative, a number of PFI schemes previously classified as off-balance sheet under the previous guidance are now expected to be reclassified (either in full or part) as on the Department balance sheet. The total impact of these changes will be to add an estimated £439 million to the net assets of the Home Office.

15 CAPITAL CHARGES

- 15.1 It is important to reflect the true cost to the organisation of owning assets. With the introduction of Resource Accounting to central government, this requires the budget to include an amount to reflect the opportunity cost of holding capital and a charge for the amount of capital consumed in a particular year.
- 15.2 The cost of capital plus depreciation makes up the total capital charge for the owned assets of the Home Office. The forecast capital charges for 1999-00 to 2003-04 is detailed below in Table 4.



- 15.3 The net impact of the additional capital allocation will be an increase of approximately £163m in capital charges over the four-year period. This will have the effect of reducing revenue expenditure. The Home Office is committed to investing in capital projects that will reduce the need for expensive maintenance and provide better value for money in the longer term.
- 15.4 The PFI retrospection exercise as covered in paragraph 14.7 will also have an impact on the total capital charges of the Home Office. As the exercise is still to be completed, the effect on capital charges has yet to be quantified.

16 ASSET DISPOSAL STRATEGY

- 16.1 The strategy is to dispose of unused or uneconomic assets. The strategy considers replacement and upgrade to assets and the need to evaluate options as part of the investment appraisal process. These options need to consider disposals and where possible the sharing of facilities or accommodation.
- 16.2 The Home Office has few surplus owned assets and, as a result, few opportunities for disposals. The major disposals relate to the Prison Service and to the Core Home Office Buildings and IT infrastructure. The latter are to be disposed of as part of the overall PFI deals for the Home Office Central London Accommodation Strategy and the IT2000 project.
- 16.3 In addition to disposals for owned assets there are plans and potential for disposals of some assets held by local authorities and NDPBs. Largely, these are Police and Fire Service buildings that are considered unsuitable for modern operational needs.
- 16.4 The Home Office has a target of £180m from asset disposals over the three-year period 2001-02 to 2003-04. Under Treasury guidelines any proceeds from capital disposals can be utilised for further capital expenditure.

Part C

NEW INVESTMENT PLANS

17 KEY INVESTMENT PLANS

17.1 The capital allocations agreed in SR2000 and shown in table 1 (page 5) are £489m (2001-02), £599m (2002-03) and £485m (2003-04). These are in addition to the existing level of capital allocation of £367m per annum. A summary of the Home Office capital budget settlement is contained in Appendix I.

17.2 The key focus of the Spending Review is tackling crime and strengthening communities by:

- raising police spending to record levels;
- targeting vehicle crime to be cut by 30 per cent, burglaries by 25 per cent and robberies in our principal cities by 14 per cent;
- making major investment in local crime prevention;
- increasing the effectiveness of punishment with prison and probation programmes based on 'what works' principles to cut re-offending;
- regularly publishing information to promote race equality in public services and increasing the representatives of police, prison, probation and fire services
- giving refugees more help to settle in the UK while enforcing refusals of asylum more rigorously with at least 30,000 people removed each year
- reducing deaths by fire to an average of 304 per annum by March 2003.

17.3 Crime reduction is the overriding priority for Home Office services. The Government rejects the idea that rising crime is inevitable. It has set targets to reduce the crimes which people are most concerned about, such as having their homes or cars broken into. These reductions require effective prevention, detection and punishment of crime. The Home Office will therefore:

- provide substantial investment in programmes for additional crime reduction;
- increase police spending plans so that by 2003-04 total funding (capital and revenue) for policing will have risen by almost £1.6 billion against the provision for 2000-01;
- invest an extra £310m rising to £540m each year in prison and community punishments.

17.4 As part of the SR2000, the Home Office has agreed 18 major targets in its Public Service Agreement to enable the seven aims to be delivered. The following Tables show how the PSA targets align with the aims, then identifies the major programmes of capital expenditure that will help deliver these aims. For information, the current expenditure earmarked for each aim is detailed. This is not broken down to specific programme level but will support many of the capital schemes shown.

Aim 1	Resources	Targets	Examples – With Significant Capital Elements
<p><i>Reduction in Crime, particularly youth crime, and in the fear of crime: and the maintenance of public safety and good order.</i></p>	<p><i>Additional revenue allocations in SR2000</i> 01-02 £293m 02-03 £501m 03-04 £609m</p> <p><i>Capital allocations</i></p> <p>Pre SR2000 annual capital allocations 01-02 £104m 02-03 £104m 03-04 £104m</p> <p>Additional funding allocated in SR2000: 01-02 £176m 02-03 £190m 03-04 £155m</p> <p>Capital Modernisation Fund (Crime reduction programme) 01-02 £100m</p>	<ol style="list-style-type: none"> 1. Reduce the key recorded crime categories of: vehicle crime by 30% by 2004; domestic burglary by 25%, with no local authority area having a rate more than three times the national average, by 2005; and robbery in our principal cities by 14% by 2005. 2. Ensure by 2004 that the levels of fear of crime in the key categories of violent crime, burglary and car crime, reported in the British Crime Survey (BCS), are lower than the levels reported in the 2001 BCS. 3. Reduce the proportion of people under the age of 25 reporting the use of Class A drugs by 25% by 2005 (and by 50% by 2008). Contribution to Action Against Illegal Drugs Target. 4. Reduce by 2004 the economic cost of crime, as measured by an indicator to be developed by March 2001. 	<p>The new resources provided will enable:</p> <ul style="list-style-type: none"> • Improvements in the prevention of crime by funding information systems to enable the police to analyse crime data and share it with health, education and social services as necessary to reduce crime. • The increased detection of offenders through investment in forensic science, IT and secure communication systems, enabling police officers to spend more time out on patrol and to be more effective while doing so. • Further investment in the DNA database with the aim of recording every active criminal on a DNA Database. Since 1995, the DNA database has helped the police solve thousands of crimes ranging from murder and rape to drug crime and burglary. Nearly 750,000 DNA profiles from suspects have been put onto the Database, plus around 73,000 profiles from evidence found at scenes of crime.

(continued)

Aim 1	Resources	Targets	Examples – With Significant Capital Elements
			<p>The major capital investment proposals under Aim 1 are:</p> <ul style="list-style-type: none"> • The Airwave Project. This will replace all existing police radio systems in England and Wales with a national digital radio service by 2004. It will be extended to Scottish forces in 2005. National implementation will be subject to the satisfactory completion of a pilot with the Lancashire police that is scheduled to begin in the last quarter of 2000. The contract with BT is one of the largest Private Financial Initiative procurements ever undertaken in the UK. The system is designed so that other public safety organisations such as the fire and ambulance services could use the service in future. • Total investment of £84m (including Capital Modernisation Funding) for the continuation of the crime reduction programme. This funding supports local crime and disorder partnerships and is principally used for CCTV equipment. • £20m allocated for each of the years 2002/3 and 2003/4 to support crime and disorder partnerships.

Aim 2	Resources	Targets	Examples – With Significant Capital Elements
<p><i>The delivery of justice through effective and efficient investigation, prosecution, trial and sentencing, and through support for victims</i></p>	<p><i>Additional revenue allocations in SR2000:</i> 01-02 £74m 02-03 £171m 03-04 £228m</p> <p><i>Capital allocations:</i></p> <p>Pre SR2000 annual capital allocations 01-02 £49m 02-03 £49m 03-04 £49m</p> <p>Additional capital funding allocated in SR2000: 01-02 £60m 02-03 £78m 03-04 £60m</p> <p>Plus capital element of the Criminal Justice fund. (The CJS is a shared, unallocated reserve covering the Home Office, Lord Chancellors Department and Attorney Generals Departments.)</p> <p>CJS Reserve (Projected Capital element) 01-02 £54m 02-03 £112m 03-04 £118m</p> <p>These are indicative figures as there is some flexibility as to how much is spent on capital and how much on revenue/current.</p> <p>Capital Modernisation Fund 01-02 £25m</p>	<p>5. Improve the level of public confidence in the CJS by 2004, including improving that of ethnic minority communities.</p> <p>6. Increase the number and proportion of recorded crimes for which an offender is brought to justice.</p> <p>7. Improve by 5 percentage points the satisfaction of victims and witnesses with their treatment by the CJS by 2002 and thereafter at least maintain that level of performance.</p> <p>8. Reduce by 2004 the time from arrest to sentence or other stage in the process by:</p> <ul style="list-style-type: none"> • reducing the time from charge to disposal for all defendants, with a target to be specified by 31 March 2001; • dealing with 80% of youth court cases within their time targets • halving from 142 to 71 days by 2002 the time taken from arrest to sentence for persistent young offenders and maintaining that level thereafter. 	<p>The settlement provides for capacity increases in the Criminal Cases Review Commission to sustain public confidence in the CJS.</p> <p>Potential areas for use of the CJS reserve include:</p> <ul style="list-style-type: none"> • Further development of integrated Information and Communications Technology (ICT) systems that will contribute to closer working and better performance across the CJS. • Expected workload impact of existing new initiatives (e.g. “attrition”) and other unforeseen pressures. • Programmes designed to improve the co-ordination of the treatment of victims and witnesses. • Preparations for reforms of the criminal courts following the outcome of Lord Justice Auld’s review. <p>Note that allocations from the reserve will only take place on agreement at ministerial level between the three CJS departments, (Home office, Lord Chancellor’s department and the Attorney General).</p> <p>A Public Private Partnership Programme with the Criminal Record Bureau will provide for greater access to criminal record checks for employment purposes. This will, amongst other things, strengthen safeguards for the protection of young people, children and vulnerable adults. Employers will be able to ask prospective employees or volunteers to apply for a criminal record check.</p>

Aim 3	Resources	Targets	Examples – With Significant Capital Elements
<p><i>Prevention of terrorism, reduction in organised and international crime, and protection against threats to national security</i></p>	<p><i>Additional revenue allocations in SR2000</i> 01-02 £30m 02-03 £47m 03-04 £60m</p> <p><i>Capital Allocation:</i></p> <p>Pre SR2000 annual capital allocations – £10m per annum.</p> <p>Additional capital funding allocated in SR2000: 01-02 £16m 02-03 £23m 03-04 £20m</p> <p>Capital Modernisation Fund 01-02 £27m</p>	<p>9. Disrupt 10% more organised criminal enterprises by 2004.</p>	<p>The settlement provides:</p> <ul style="list-style-type: none"> • Additional resources for the establishment of a Confiscation Agency and of a Commissioner to oversee the operation of legislation regulating the use of Investigatory Powers. • £20m for capital funding of internet service providers' interception set-up costs. <p>In addition, the Home Office was also awarded £25m from the Capital Modernisation Fund (Round 2) for the establishment of a central data capture and decryption facility. This is to enable law enforcement and other agencies to continue to detect and disrupt criminal enterprises in an environment of increasing sophistication.</p>

Aim 4	Resources	Targets	Examples – With Significant Capital Elements														
<p><i>The effective execution of the sentences of the courts so as to reduce re-offending and protect the public.</i></p>	<p><i>Additional revenue allocations in SR2000:</i></p> <table border="0"> <tr> <td>01-02</td> <td>£209m</td> </tr> <tr> <td>02-03</td> <td>£328m</td> </tr> <tr> <td>03-04</td> <td>£446m</td> </tr> </table> <p><i>Capital Allocation:</i></p> <p>Pre SR2000 annual capital allocations £144m</p> <p>Additional capital funding allocated in SR2000</p> <table border="0"> <tr> <td>01-02</td> <td>£109m</td> </tr> <tr> <td>02-03</td> <td>£129m</td> </tr> <tr> <td>03-04</td> <td>£95m</td> </tr> </table> <p>Capital Modernisation Fund</p> <table border="0"> <tr> <td>01-02</td> <td>£2.6m</td> </tr> </table>	01-02	£209m	02-03	£328m	03-04	£446m	01-02	£109m	02-03	£129m	03-04	£95m	01-02	£2.6m	<p>10. Reduce the rate of reconvictions:</p> <p>of all offenders punished by imprisonment or by community supervision by 5% by 2004 compared to the predicted rate; and of all young offenders by 5% by 2004 compared to the predicted rate.</p> <p>11. Reduce the levels of repeat offending amongst problem drugs-misusing offenders by 25% by 2005 (and by 50% by 2008). Target contributing to Action Against Illegal Drugs PSA</p> <p>12. Maintain the current low rates of prisoner escapes including no category A escapes.</p>	<p>A close partnership between the Prison Service, Probation Service and the Youth Justice Board is essential to achieving the objectives of Aim 4. The additional capital will support;</p> <p>PRISONS</p> <p><i>Capacity</i></p> <ul style="list-style-type: none"> • Building of four "Ready to Use" units to provide 160 places • Building of two new house-block at existing prisons to provide 240 places • Major extension projects at 2 prisons to provide 660 places • Additional extra spaces will be created through a re-structuring of the existing estate • In addition to these capital orientated schemes, the Prison Service has also received additional estate maintenance funding to tackle the urgent repair programme. <p><i>Healthcare</i></p> <ul style="list-style-type: none"> • Investment in primary healthcare facilities in prisons. This is a joint ministerial priority following the set up of the new Prison Service and NHS joint Policy Unit and Task Force. The additional development of health improvement programmes for every prison will contribute to prisoner rehabilitation and help to reduce re-offending. <p><i>Security</i></p> <ul style="list-style-type: none"> • Investment aimed at addressing prison security and ensuring the continuation of no high security escapes and a reduction in other categories of escapes. <p><i>Severe Personality Disorders</i></p> <ul style="list-style-type: none"> • Initial investment of £19 million, in a long-term programme for better containment and treatment of offenders with severe personality disorders. <p><i>Drugs</i></p> <ul style="list-style-type: none"> • A £13 million investment as part of the Drugs Strategy to help offenders address their drug problem and bring about a reduction in re-offending.
01-02	£209m																
02-03	£328m																
03-04	£446m																
01-02	£109m																
02-03	£129m																
03-04	£95m																
01-02	£2.6m																

(continued)

Aim 4	Resources	Targets	Examples – With Significant Capital Elements
			<p>YOUTH JUSTICE</p> <ul style="list-style-type: none"> Investment in the Youth Justice and Offending Behaviour Programme in partnership with the Youth Justice Board, to improve the 14 juvenile secure establishments to acceptable standards. <p>PROBATION SERVICE</p> <p>A £48 million investment in the Probation Service for setting up its new national structure and implementing provisions in the Crime and Public Protection Bill. The capital will be invested substantially in the probation estate, bail hostels and IT infrastructure to facilitate the delivery of objectives, notably a reduction in re-offending by those given community punishments.</p>

Aim 5	Resources	Targets	Examples – With Significant Capital Elements												
<p><i>Helping to build, under a modernised constitution, a fair and prosperous society in which everyone has a stake, and in which the rights and responsibilities of individuals, families and communities are properly balanced.</i></p>	<p><i>Additional revenue allocations in SR2000:</i></p> <table border="0"> <tr> <td>01-02</td> <td>£26m</td> </tr> <tr> <td>02-03</td> <td>£37m</td> </tr> <tr> <td>03-04</td> <td>£73m</td> </tr> </table> <p><i>Capital Allocation:</i></p> <p>Pre SR2000 annual capital allocations below £0.5m</p> <p>Additional capital funding allocated in SR2000</p> <p>Capital:</p> <table border="0"> <tr> <td>01-02</td> <td>£5m</td> </tr> <tr> <td>02-03</td> <td>£10m</td> </tr> <tr> <td>03-04</td> <td>£10m</td> </tr> </table>	01-02	£26m	02-03	£37m	03-04	£73m	01-02	£5m	02-03	£10m	03-04	£10m	<p>13. Make substantial progress by 2004 towards one million more people being actively involved in their communities.</p> <p>14. Promote race equality, particularly in the provision of public services such as education, health, law and order, housing and local government, and measure progress by the annual publication of Race Equality in Public Services, a set of race equality performance indicators across the public sector; and, achieve representative workforces in the Home Office and its police, fire, probation, and prison services.</p>	<p>The settlement provides for a capital provision of £25M as part of the Active Communities objective, which intends to make substantial progress towards one million more people being actively involved in their communities by 2004.</p> <p>Volunteering can equip people with the skills to re-enter the market place, it can have a positive impact on peoples health and can enable community re-generation. The additional funding will help to provide the necessary infrastructure to train and support people so that their involvement is maintained.</p>
01-02	£26m														
02-03	£37m														
03-04	£73m														
01-02	£5m														
02-03	£10m														
03-04	£10m														

Aim 6	Resources	Targets	Examples – With Significant Capital Elements												
<p><i>Regulation of entry to, and settlement in, the United Kingdom in the interests of social stability and economic growth, and facilitation of travel by UK citizens.</i></p>	<p><i>Additional revenue allocations in SR2000:</i></p> <table border="0"> <tr> <td>01-02</td> <td>£361m</td> </tr> <tr> <td>02-03</td> <td>£412m</td> </tr> <tr> <td>03-04</td> <td>£499m</td> </tr> </table> <p>Capital Allocation:</p> <p>Pre SR2000 annual capital allocations £4m</p> <p>Additional capital funding allocated in SR2000</p> <table border="0"> <tr> <td>01-02</td> <td>£48m</td> </tr> <tr> <td>02-03</td> <td>£34m</td> </tr> <tr> <td>03-04</td> <td>£2m</td> </tr> </table>	01-02	£361m	02-03	£412m	03-04	£499m	01-02	£48m	02-03	£34m	03-04	£2m	<p>15. Ensure that by 2004, 75% of substantive asylum applications are decided within two months.</p> <p>16. Enforce the immigration laws more effectively by removing a greater proportion of failed asylum seekers.</p>	<ul style="list-style-type: none"> • The bulk of the capital investment for Aim 6 is to build additional detention centres. This extra accommodation will play an important part in enabling the Directorate to secure the removal from the UK of the higher proportion of illegal entrants and unsuccessful asylum seekers to which it is committed. • A digital data capture and processing system for the UK Passport Office (UKPA) has been developed and introduced through Public Private Partnerships. Sophisticated, multi-site technology is required to process passport applications and to produce a passport securely, quickly and efficiently. The UKPA also has a capital allocation of £1.3m per annum committed towards the rolling replacement of IT, office furniture and equipment. • The number of places in Detention Centres will increase to 2200 places by March 2004 from the June 2000 level of 800 places.
01-02	£361m														
02-03	£412m														
03-04	£499m														
01-02	£48m														
02-03	£34m														
03-04	£2m														

Aim 7	Resources	Targets	Examples – With Significant Capital Elements												
<p><i>To reduce the incidence of fire & fire related deaths, injury and damage and to ensure the safety of the public through civil protection</i></p>	<p><i>Additional revenue allocations in SR2000:</i></p> <table border="0"> <tr> <td>01-02</td> <td>£1m</td> </tr> <tr> <td>02-03</td> <td>£1m</td> </tr> <tr> <td>03-04</td> <td>£1m</td> </tr> </table> <p><i>Capital Allocation:</i></p> <p>Pre SR2000 annual capital allocations £41m</p> <p>Additional capital funding allocated in SR2000</p> <table border="0"> <tr> <td>01-02</td> <td>£21m</td> </tr> <tr> <td>02-03</td> <td>£23m</td> </tr> <tr> <td>03-04</td> <td>£25m</td> </tr> </table>	01-02	£1m	02-03	£1m	03-04	£1m	01-02	£21m	02-03	£23m	03-04	£25m	<p>17. Reduce the incidence of accidental fire-related deaths in the home by 20% averaged over the five year period to March 2004 compared with the average recorded in the five year period to March 1999.</p>	<p>The focus of work within the Fire Service is to press forward with the movement from “fire fighting” to “fire prevention” whilst fulfilling its statutory duties in an efficient, effective and economic manner.</p> <p>Capital credit approvals are provided to local Fire Authorities to borrow in respect of capital expenditure. Credit approvals are distributed largely according to formulae, previously agreed with the local authority associations.</p> <ul style="list-style-type: none"> • The SR2000 settlement has given an extra 50% in capital credit approvals to the Fire Service taking the baseline figure from £40 million to over £60 million per annum for the three years 2001-02 to 2003-04. This will allow the fire service to replace outdated buildings, vehicles and specialist equipment and address its main objectives: <ul style="list-style-type: none"> – To reduce deaths and injuries from fire – To reduce the number of fires – To modernise the fire service and improve efficiency – To reduce the potential for disasters to impact on the community • The scope for authorities to invest in modern, strategically located firestations is still limited. However, PFI credits, do provide the additional funding to achieve significant step changes in service delivery as illustrated by Case Study 2.
01-02	£1m														
02-03	£1m														
03-04	£1m														
01-02	£21m														
02-03	£23m														
03-04	£25m														

(continued)

Aim 7	<i>Resources</i>	<i>Targets</i>	<i>Examples – With Significant Capital Elements</i>
			<ul style="list-style-type: none">• A high priority of the Home Office has been an emphasis on collaboration between the Emergency Services encouraging the use of shared control rooms and other facilities to increase efficiency and understanding• In addition to the fire-related resources, Aim 7 also covers emergency planning at local and national level. £7m has been provided to enable the Emergency Planning College to bring its accommodation facilities up to the required level to continue to provide high quality education and training.

Central Infrastructure

Aim	Resources	Targets	Examples – With Significant Capital Elements
<p><i>Infrastructure/ General</i></p> <p><i>Expenditure to support all HO aims through overall management control, effectiveness and efficiency</i></p>	<p>Capital Allocation:</p> <p>Pre SR2000 annual capital allocations £15m</p> <p>No additional capital funding allocated in SR2000. Major infrastructure projects to be funded from revenue expenditure:</p>	<p>The central directorates provide support to all the Home Office aims and objectives.</p>	<p>The Home Office faces a demanding agenda of legislation and other initiatives. To meet these challenges it is modernising its working methods and infrastructure. The two major developments at the Home Office are the accommodation strategy project (HOCLAS) and IT2000. Both are PFI schemes</p> <ul style="list-style-type: none"> • HOCLAS HOCLAS aims to provide modern accommodation for Home Office and Prison Service HQ staff in central London. The project is a public/private sector partnership and will involve the sale/disposal of six central London offices with the replacement of a single site. The site proposed is the former Department of the Environment building at 2 Marsham Street. <p>A key feature of the new accommodation will be much more flexibility to respond to changing business requirements. Negotiations are currently progressing with the aim of agreeing a contract in early 2001, with occupation of the new building in 2004</p> <ul style="list-style-type: none"> • IT2000 contractor (SIRIUS) <p>The Sirius Programme will assist the Home Office in delivering a vision of better government.</p> <p>The £350 million 10 year programme, funded by way of a public private partnership, will take responsibility for operating and keeping up to date the Home Office's IT and telephony. Together the Home Office and Sirius will identify new opportunities towards delivering the Home Office's aim of providing 100% electronic delivery by 2005.</p> <p>The consortium, led by e-Business services company, ICL, brings in the management skills of PricewaterhouseCoopers and the telecoms know-how of Global Crossing.</p>

Investment Strategy Management

18 INVESTMENT AND ASSET MANAGEMENT IN THE CORE HOME OFFICE

18.1 Since the publication of the first overall investment strategy in March 1999, the Home Office has begun the process of introducing new systems, procedures and reporting structures for capital investment and asset management. Such changes are driven by the need to modernise and improve efficiency, as well as ensuring that the significant increases in capital budgets resulting from SR2000 allocations are invested effectively to meet targets and outcomes.

Home Office Investment Board

18.2 A subgroup of the Management Board, the Home Office Investment Board, was established in 1999 to manage the Investment Strategy. A process has begun to implement the strategy, including the introduction of new systems and procedures. However it will take time to become fully embedded across the organisation.

18.3 The key responsibilities of the Investment Board are:

- To set and develop the Home Office Investment Strategy including new investment, Public Private Partnership projects (including PFI), asset management and disposals.
- To implement robust systems and policies for investment and asset management.
- To ensure that there is overall strategic consistency with Prison Service, UK Passport Agency and other delivery partners (eg Police, Fire and Probation services).
- To set standards for project appraisal, monitoring and asset management.
- To monitor the progress of major projects and the effective use of existing assets.
- To set accounting policies for fixed assets.
- Co-ordination and recommendation of projects for additional funding opportunities (for example the Capital Modernisation Fund).

Existing assets and wider market opportunities

18.4 There is on-going development of policies regarding existing assets to ensure that they are being utilised efficiently and effectively in pursuit of Home Office aims and objectives. This includes clear policies for valuation, asset life,

residual value, disposals and running costs (including interaction between capital and current expenditure).

- 18.5 The Home Office is also developing a new policy to ensure that full consideration is given to “wider market” opportunities. Better use of government assets can be achieved by developing joint projects between the public and private sectors and selling them into the wider market. This is not just limited to physical assets but may also include know-how and other intellectual property. Examples of wider market opportunities would include the “selling” of spare capacity to the private sector.

Finance and Procurement

- 18.6 New procedures are currently being developed to ensure that business cases will include a review of the various options with “value for money” as the key focus of the approach to the method for procurement and finance. This will include the appropriateness of private sector involvement including different models of Public Private Partnerships (including PFI, straightforward leasing, sub contracting etc). PFI can often provide the best solution where there is established expertise in the private sector and for projects where the transfer of risk to the private sector would offer best value for money. Reference will also be made between similar projects to keep costs of complicated arrangements to a minimum. A strategy for PFI projects is being prepared.

19 DELEGATED AND PARTNER CAPITAL

- 19.1 Most of the Home Office capital allocations and assets are held by partner organisations. These include Home Office agencies, non-departmental public bodies (NDPBs) and the police and fire authorities.
- 19.2 The detailed arrangements in relation to capital expenditure by these organisations largely depend upon the autonomy of the relevant body and how significant its capital assets and investment are. This section summarises the arrangements with the major agencies and includes a brief outline of their own procedures for capital investment.

The Prison Service

- 19.3 The Prison Service has its own parliamentary vote and therefore a direct flow of its funding allocations from HM Treasury. The Prison Service has a comprehensive capital planning process with a sub-group of the Prison Service Executive Committee overseeing the capital investment strategy and process. The Finance Committee, a further sub-group, monitors in-year capital spends against budget.

The UK Passport Agency

- 19.4 The UK Passport Agency has delegated authority for its capital expenditure. Within the agency a full business case approach is used for projects which are approved by its management board.

Capital Grants and Credit Approvals for Police and Fire authorities

Fire Authorities

- 19.5 The Home Office provides capital expenditure credits to local authorities in order to allow them to borrow for capital expenditure for fire brigades (e.g. new fire stations). These are allocated on the basis of a predetermined formula. Monitoring is through the Audit Commission, the Department for the Environment, Transport and the Regions (DETR) and the Fire Service Inspectorate. The Inspectorate has strengthened powers under "Best Value" legislation to ensure fire authorities are discharging their responsibilities and seeking value for money.

Police Authorities

- 19.6 The Home Office provides both capital grants and credits to police authorities. These are allocated on the basis of a predetermined formula. (The formula is based upon factors such as population density, area covered and existing crime levels). The Audit Commission and Her Majesty's Inspectorate of Constabulary are responsible for monitoring.
- 19.7 The Police capital grant is allocated to building schemes on the Home Office Priority Planning list and the amount allocated to each scheme is controlled by a comprehensive investment appraisal. A small amount is then allocated to air support and in consultation with the Police Air Support Committee, taking into consideration the overall needs of England and Wales and the syndicated use of aircraft. The remaining grant is then allocated by a version of the formula used to allocate police revenue grant.
- 19.8 As part of the wider "Best Value" initiative, the Home Office Investment Board is to consider with the police authorities arrangements for closer liaison on investment and capital management plans.

The Probation Service

- 19.9 Capital grants and credits are and will be allocated to the Probation Service up until 2000/01. From April 2001, following a reorganisation of the service, the assets will come under direct Home Office ownership and hence this expenditure will become direct capital.

APPENDIX I

Summary of Home Office Capital Budget Settlement

	<i>Aim/Programme</i>	<i>Pre SR2000 allocations (per year) £m</i>	<i>Additional capital 2001/2 £m</i>	<i>Additional capital 2002/3 £m</i>	<i>Additional capital 2003/4 £m</i>
Aim 1	Reduction in crime, particularly youth crime, and in the fear of crime; and the maintenance of public safety and good order. (see separate section for police elements for Aim 1)	104	176	190	155
Aim 2	Delivery of justice through effective and efficient investigation, prosecution, trial and sentencing, and through support for victims	49	114	190	178
Aim 3	Prevention of terrorism; reduction in other organised and international crime, and protection against threats to national security.	10	16	23	20
Aim 4	Effective execution of the sentences of the courts so as to reduce re-offending and protect the public	144	109	129	95
Aim 5	Helping to build, under a modernised constitution, a fair and prosperous society, in which everyone has a stake, and in which the rights and responsibilities of individuals, families and communities are properly balanced.		5	10	10
Aim 6	Regulation of entry to and settlement in the United Kingdom in the interests of social stability and economic growth, and facilitation of travel by United Kingdom citizens	4	48	34	2
Aim 7	Reduction in the incidence of fire and related death, injury and damage and ensuring the safety of the public through civil protection	41	21	23	25
All Aims	All Aims Central infrastructure	15			
	TOTAL	367	489	599	485

APPENDIX II

Capital Modernisation Fund (CMF)

The Home Office has been successful in securing additional capital funds following bids to the CMF for rounds 1 and 2. These are:

Round 1

- A joint project with DETR for reducing both vehicle and housing estates crimes, through the use of CCTV and local partnerships. (£170m)
- A contribution of £50m towards the introduction of the "Airwave".
- A contribution of £14m towards the expansion of the DNA database.

In addition Treasury allocated £30m to IT in the Criminal Justice System(CJS) for allocation by CJS ministers. This was agreed as; £12 million to Crown Prosecution Service, £8.65 million to Lord Chancellor's Department (the Court Service), £6 million to Police Information Technology Organisation, and £3.35 million to interface development work.

Round 2

- National Technical Assistance Centre to assist law enforcement agencies in the use of electronic communication for detection of crime and seizure of computer files. (£25m).
- Equipment for the video recording of police interviews (£20m).
- Further development of the DNA Database (£17m).
- £40m towards the restructuring the prison estate.
- £40m contribution towards the National Strategy for Police Information Systems (NSPIS).
- Video Links - Modernising the Court Process (£5.3m).
- Post-Release support hostel for prisoners after drug treatment (£5m).
- A project to look at, and develop solutions for, the electronic 'chipping' of goods (£4.5m) of which £2.9m provided 2001/02
- Police website for data sharing between agencies in London (Project LION - £0.95m).
- IT interfaces in the CJS (£1.48m)

Note the figures quoted refer to the total project costs and may be spread over more than one year.

Glossary

Glossary of Terms used in The Home Office Investment Strategy

TERM	EXPLANATION
ASB	<i>Accounting Standards Board.</i> A body that sets accounting standards for organisations in the UK.
Capital Grants	The Home Office provides capital grants to police authorities. This is allocated (subject to investment appraisal) to building schemes on the Home Office Priority Planning list. A small amount is then allocated to air support and in consultation with the Police Air Support Committee, taking into consideration the overall needs of England and Wales and the syndicated use of aircraft. The remaining grant is then allocated by a version of the formula used to allocate police revenue grant. (The formula is based upon factors such as population density, area, crime levels and need).
Capital Credit Approvals	<i>Capital Credit Approvals.</i> Credit approvals provide police and fire authorities with the authority to borrow up to their allocation for capital investment purposes. These are used for police and fire stations, vehicles, air cover, probation buildings etc. The credit approvals confer support to the authority to meet interest and capital repayments (at a specified level) arising from the amount borrowed.
CCTV	<i>Closed Circuit Television.</i> Cameras set up in areas of high crime, including high streets, to enable centralised surveillance to improve security.
CJS	<i>Criminal Justice System.</i> This term is used to cover the organisations and systems involved within the delivery of justice. It includes the police service, probation, criminal courts, crown prosecution service and the Prison Service.
CMF	<i>Capital Modernisation Fund.</i> This is a fund that government departments can compete for in order to obtain extra capital funding to meet Government objectives. This fund is focussed on an innovative and electronic service delivery.
DNA	<i>Deoxyribonucleic acid.</i> It is a constituent of the chromosomes of organisms including humans. It is used by the Police forces to identify suspects from organic evidence.
FRS	<i>Financial Reporting Standards</i> as set by ASB above.
HOCLAS	<i>Home Office Central London Accommodation Strategy.</i> The project to re-locate Home Office Staff to new offices in central London.
ICT	<i>Information and Communication Technology.</i> The generic name for all forms of computing and data and voice communication. It includes mainframe computing, personal computers, data networking, terrestrial and mobile communication etc.
NDPB	<i>Non-Departmental Public Bodies.</i> The Home Office sponsors and partly finances over 30 such bodies who are working to Home Office aims but operate at arms-length. Within these are 13 executive NDPBs who are sponsored by the Home Office.
PITO	<i>Police Information Technology Organisation.</i> This was set up to develop and provide central information and communication technology to the police.

(continued)

TERM	EXPLANATION
PPP/PFI	Partnerships between the public and private sectors are a cornerstone of the Government's modernisation programme. By drawing on the best of both public and private sectors, public private partnerships (PPPs) can help the public sector to deliver modern, high-quality public services as well as providing value for money. The Private Finance Initiative (PFI) is a form of PPP.
PFI Credits	Local authorities can also apply to the Home Office for PFI credits to provide support for local PPP and PFI schemes. Projects allocated under these arrangements include air support in Wiltshire, a new police station in Derbyshire, police horse stables in Northumberland and a new fire station in Greater Manchester. All PFI schemes require direct Home Office approval and credit approvals are allocated on the basis of need and quality of proposal in a challenge process. The credits confer support to the local authority to meet the assumed capital element for PFI and PPP projects.
PSA	<i>Public Service Agreement</i> – the Home Office has agreed eighteen major targets to enable its seven aims to be achieved in return for the funding it receives.
SR2000	The Government's Spending Review 2000 announced in July 2000 sets new plans for public spending for the three years from 2001-02 to 2003-04 – The review has been about making sure that the money we spend is used wisely to deliver strong and dependable public services.

