

PFCC Decision Report

Report reference number: 099-23

Classification: OFFICIAL

Title of report: IT Airwave Radio Refresh

Area of county / stakeholders affected: Force-wide

Report by: Kelly Shepherd (IT Mobile Communications Manager)

Chief Officer: Jules Lawson (Director of Support Services)

Date of report: 7 June 2023

Enquiries to: Kelly Shepherd (IT Mobile Communications Manager)

1. Executive Summary

The purpose of this report is to seek approval of the Stage C IT Airwave Radio Refresh Business Case (Approved Stage B and Stage C attached) for Essex with capital costs of £3.934m for the purchase of replacement Airwave handheld radios.

2. Recommendations

The PFCC is asked to approve the Essex Police Stage C Airwave Device Refresh Business Case with capital costs of £3.934m between 2023/24 and 2024/25 for Essex. The annual breakdown is shown below:

Costs	2023/24	2024/25	Total
Capital Costs	£250,000	£3,683,500	£3,933,500
Total Costs	£250,000	£3,683,500	£3,933,500

3. Background to the Proposal

A Stage B SOC Airwave Device Refresh paper was submitted to replace all handheld and vehicle radios during 2024/25. However, to ensure that we can continue to provide reliable and performant radios to officers and staff, we are requesting that some funding is brought forward to bridge the gap.

The key change from the Stage B business case that was approved by the PFCC in 2022/23 is the requirement to bring forward the purchase of 400 handheld radios in to 2023/24, with the remainder being purchased in 2024/25 as planned. This requires bringing forward funding of £250,000 into 2023/24. This will reduce the number of handheld radios we need to order during 2024/25 by 400 units.

Following the ESN delays announced in Summer 2022, a Stage B business case was submitted in July 2022 to refresh all Airwave radios (handheld and in-vehicle) in 2024/25. The rationale behind this recommendation was pulled together using the information available at that time with much of the detail around recruitment, radio faults and attrition rates being unknown along with the price increase of the radio. With the limited data, it was very difficult to forward plan accurately.

Now that we have a better understanding of the recruitment plans for 2023, alongside the known increase in the radio fault rates, there is a predicted shortfall of 400 handheld radios. This will directly impact the new recruits if some funding is not brought forward from next year. In addition, there is also the added pressure of the price increase now that the costs within the PDS framework are known. Unless action is taken, the higher unit price will increase the overall cost of the project next year by as much as £790,000. Thus, the urgency around this request is two-fold, relating to cost avoidance and operational dependency.

This report is seeking approval for the re-profiling of the funding for the Airwave handheld devices, allowing 400 handheld radios to be purchased in 2023/24 and the balance of 5,100 in 2024/25. The 400 vehicle radios order will be placed as planned in 2024. Although there is a £385 difference between the estimated and actual cost of the vehicle radios, no additional funding is required as the quantity required has reduced. 100 vehicle radio sets were ordered in 2022/23 as part of the Tech Refresh Programme.

Costs	2023/24	2024/25	Total
Capital Costs Stage B	£0	£3,976,000	£3,976,000
Capital Costs Stage C	£250,000	£3,683,500	£3,933,500

This offers a reduction in the total overall cost of the device refresh programme of £42,500.

The table below summarises the movement in price per unit and volumes between the Stage B and Stage C business case:

	Handheld £'s/unit	Vehicle £'s/unit	Handheld Units	Vehicle Units	Handheld Total	Vehicle Total	Total
Stage B Business Case	645	857	5500	500	£ 3,547,500	£ 428,500	£ 3,976,000
Stage C Business Case	625	1240	5500	400	£ 3,437,500	£ 496,000	£ 3,933,500
Movement	-20	383	0	-100	-£ 110,000	£ 67,500	-£ 42,500

COST SAVINGS – The current PDS Framework price for a Sepura SC21 radio is £720 (the cost estimate assumed in the Stage Business Case was £645). It has been advised that there will be a further increase to this cost in the autumn of between 8-10%.

Sepura is currently offering a price drop window of a £95 discount per handheld radio if the order is placed by 30/6/23, if we place the order for all 5,500 radios. The first order will be for 400 handheld radios for delivery within 16 weeks; the second order will be for the remaining 5,100 handheld radios but with a stipulation of delivery after April 2024. The second purchase order for 5,100 will not be invoiced until all 5,100 radios have been delivered in 2024/25.

DELIVERY – For the 400 handheld radios, delivery is expected 16 weeks from order. If the order for the 400 is placed beyond 30th June 2023, the radios will be delivered in 2023/24 Q4 which will be too late for the new recruits, and we will be unable to replace faulty radios.

4. Proposal and Associated Benefits

If we can take advantage of the discounted price being offered by Sepura and place the order before 30th June 2023 we could save as much as £790,000 across the two-year replacement programme.

This proposal also presents the following non-cashable benefits:

- It will ensure that all Airwave users are provided with an essential piece of equipment.
- In the event of an officer's radio failing, there could be an absolute failure to respond to the public efficiently and we would therefore be at risk of not protecting vulnerable people and not discharging our duty of care for our officers. This proposal mitigates that risk.

5. Options Analysis

Unfortunately, the options are limited when it comes to refreshing radios, as follows:

Option 1 - Do nothing and refresh all radios as planned in 2024/25 - This may result in radios being issued to officers and staff which are not fit for purpose, causing potential officer safety issue or not being able to issue radios at all.

Option 2 – Place two purchase orders with Sepura before 30th June 2023 - 400 handheld radios to be delivered / invoiced in 2023/24 and the remaining 5,100 handheld radios to be delivered / invoiced in 2024/25. This achieves the best possible price per unit as well as ensuring we can continue to provide to new recruits and replace faulty radios in 2023/24. Also order 400 Motorola vehicle radios in 2024/25 for delivery in September 2024.

Option 3 - Order the 400 handheld radios and the remaining 5,100 handheld radios after June, at a higher price and delivered later in the year. This may result in a delay in new recruits being issued a radio, or being issued a radio which is not in good working order. This will also increase the overall project costs by as much as £790,000. Also order 400 Motorola vehicle radios in 2024/25 for delivery in September 2024.

The business case recommends Option 2.

6. Consultation and Engagement

The following parties have been consulted, internal to Essex Police:

- Information Security
- 7 Force Procurement
- Corporate Finance
- Strategic Change
- Estates

7. Strategic Links

Purchasing new Airwave radios will enable continued secure communications until the delivery of ESN. Maintaining a force that is skilled, equipped and enabled in a priority with the Police and Crime Plan. Continued investment in the Airwave solution has helped to ensure officers and staff are as effective and efficient as they can be and has saved each officer 20 minutes per shift so far, with further savings anticipated going forward.

8. Police operational implications

- Enables the transition to ESN.
- Ensures that all Airwave radios users will have a reliable, personal issue radio.
- Mitigates officer safety risks, the risk of not being able to respond to public calls and the loss of opportunity to safeguard the most vulnerable.

9. Financial implications

The Airwave Radio Refresh Stage C Business Case (attached) for Essex requires funding for capital costs of £3.934m for the purchase of replacement Airwave handheld and vehicle radios. The breakdown is shown below:

Costs	2023/24	2024/25	Total
Capital Costs	£250,000	£3,683,500	£3,933,500
Total Costs	£250,000	£3,683,500	£3,933,500

This is broken down as follows:

	2023/24 Units	2023/24 £s	2024/25 Units	2024/25 £s	Total Units	Total £s
Handhelds	400	250,000	5100	3,187,500	5500	3,437,500
Vehicle	0	-	400	496,000	400	496,000
Total	400	250,000	5500	3,683,500	5900	3,933,500

The Airwave Radio Refresh Stage B business case was approved during the 2023/24 budget setting process and funding has been set aside within the Subject to Approval section of the Capital Programme. This decision report is seeking approval for the re-profiling of the funding for the Airwave devices, allowing 400 handheld radios to be purchased in 2023/24 and the balance of 5,100 in 2024/25.

The capital cost brought forward into 2023/24 and the capital cost in 2024/25, once approved, will be funded by borrowing. Due to the reduction overall from Stage B to Stage C, the total borrowing is less than previously proposed.

Capital Finance Requirement

This is a stage C business case for Airways Device Refresh project seeking approval for the funding in 2023/24 and 2024/25 with a “subject to approval” stage B in place. Stage B was submitted with a recommendation to refresh all radios in 2024/25 however subsequent requirements to refresh radios have changed due to various developments including recruitment plans, radio failure and attrition rate. The Stage C business case requests the approval for capital funding in year 2023/24 of £0.250m and £3.684m in 2024/25 total funding requirement of £3.934m as detailed in the above table with no requirements for revenue set up and recurring costs.

The above figures exclude the costs associated with borrowing in respect of this project however it should be noted that this will lead to an increase in the force’s capital financing requirement (CFR). This will result in charges to the revenue account relating to minimum revenue provision (MRP) and interest payable. For this project in year one, these costs will equate to the capital investment value of £3.934m being charged as MRP in instalments over the useful economic life of the related asset. In respect of interest payable for external borrowing it is assumed that the force will incur financing costs of approximately 5.25% for a period of seven years. On the assumption the principal is not repaid in full until the end of the borrowing term this will result in total charges to the revenue account of proceeding with this project of £5.379m, incorporating both the MRP and interest elements.

FUNDING SUMMARY – CORPORATE FINANCE USE ONLY			
	FUNDING SUMMARY		
	Year 1 2023/24	Year 2 2024/25	Total
CAPITAL COSTS (Essex only)	£000'	£000'	£000'
Stage B - budget setting	0.0	3976.0	3976.0
Stage C	250.0	3683.5	3933.5
Variance: Stage B compared to budget setting provision (if applicable)	250.0	(292.5)	(42.5)
REVENUE SET-UP COSTS SUMMARY			
(ESSEX ONLY)			
Stage B - budget setting	0.0	0.0	0.0
Stage C	0.0	0.0	0.0
Variance: Stage B compared to budget setting provision (if applicable)	0.0	0.0	0.0
REVENUE RECURRING COST SUMMARY			
(ESSEX ONLY)			
Stage B - budget setting	0.0	0.0	0.0
Stage C	0.0	0.0	0.0
Variance: Stage B compared to budget setting provision (if applicable)	0.0	0.0	0.0
TOTAL PROJECT COSTS			
STAGE B - BUDGET SETTING	0.0	3976.0	3976.0
Stage C	250.0	3683.5	3933.5
NET IMPACT ON CAPITAL PROGRAMME-(SURPLUS)/DEFICIT	250.0	(292.5)	(42.5)

10. Legal implications

No legal implications have been identified in the report.

11. Staffing implications

No staffing implications have been identified in the report.

12. Equality, Diversity and Inclusion implications

No equality, diversity and inclusion implications have been identified in the report.

13. Risks and Mitigations

The key risks of not refreshing all Airwave radios will be to officer safety and to the force's ability to respond to public calls and protect the most vulnerable members of the public.

Airwave radio users will no longer have a personal issue radio, in good working order.

There is also the external cost risk associated with future price increases.

14. Governance Boards

The Stage B business case went to the following boards:

Technical Prioritisation Meeting 03/08/2022 (supported for submission to DTOB)
Digital Transformation Oversight Board 31/08/2022 (supported for submission to Chief Officers)
Chief Officer Management Board 05/09/2022
Chief Officer Group 07/09/2022
Strategic Oversight Board 26/09/2022

This decision report and the Stage C business case have full Chief Officer approval, however, due to timings and urgency of the decision, has not been to any boards.

15. Links to Future Plans

The ongoing refresh of our Airwave radios is pivotal to ensure the force can continue to ensure officer safety, respond to public calls and safeguard the most vulnerable. It also enables transition to ESN.

16. Background Papers and Appendices

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Report Approval

The report will be signed off by the PFCC's Chief Executive and Chief Finance Officer prior to review and sign off by the PFCC / DPFCC.

Chief Executive / M.O.

Sign: 

Print: P. Brent-Isherwood

Date: 20 June 2023

Chief Financial Officer

Sign: 

Print: Janet Perry

Date: 21 June 2023

Publication

Is the report for publication?

YES	<input checked="" type="checkbox"/>
NO	<input type="checkbox"/>

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'None' if applicable)

None

If the report is not for publication, the Chief Executive will decide if and how the public can be informed of the decision.

Redaction

If the report is for publication, is redaction required:

1. Of Decision Sheet?	YES	<input type="checkbox"/>	2. Of Appendix?	YES	<input checked="" type="checkbox"/>
	NO	<input checked="" type="checkbox"/>		NO	<input type="checkbox"/>


If 'YES', please provide details of required redaction:

Appendices A and B – Contain commercially sensitive data relating to aging technology and services that should not be available commercially.

Date redaction carried out:

Chief Finance Officer / Chief Executive Sign Off – for Redactions only

If redaction is required, the Treasurer or Chief Executive is to sign off that redaction has been completed.

Sign: 

Print: Janet Perry.....

~~Chief Executive~~ / Chief Finance Officer

Decision and Final Sign Off

I agree the recommendations to this report:

Sign: 

Print: Roger HIRST

PFCC

Date signed: 21st June 2023

I do not agree the recommendations to this report because:

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Sign:

Print: