

TAYSIDE JOINT POLICE BOARD

29 January 2001

Report by the Chief Constable No. PB 1/2001

SUBJECT: THE AIRWAVE SERVICE – FORMERLY PSRCP

<p>Abstract: This Report seeks approval for the execution of a Services Contract with BT and PITO committing the Board to the new service for a period of 15 years from 2004/2005.</p>

1. RECOMMENDATION

1.1 It is recommended that the Board:

- (a) note the contents of this report; and
- (b) agree that the Clerk be now authorised to execute the services contract on behalf of the Board, in accordance with the decision of the Board on 21 August, 2000.

2. BACKGROUND

2.1 Reference is made to the following reports previously considered by Tayside Joint Police Board.

- (a) Report No. PB 12/1999, Minute of Meeting of 15 February, 1999
- (b) Report No. PB 23/1999, Minute of Meeting of 29 June, 1999
- (c) Report No. PB 39/1999, Minute of Meeting of 23 August, 1999
- (d) Report No. PB 9/2000, Minute of Meeting of 28 February, 2000
- (e) Report No. PB 37/2000, Minute of Meeting of 21 August, 2000
- (f) Report No. PB 42/2000, Minute of Meeting of 13 November, 2000

These reports summarised the impact of the "Airwave Service" on the Scottish Police Service in general and in particular the consequences for Tayside Police.

2.2 The initial report, No. PB 12/1999 informed the Board of the need for Scottish Chief Constables in conjunction with their Joint Police Boards to make a collaborative decision on the future of the "Airwave Service". It stated that the "Airwave Service" is the largest ever Private Finance Initiative and is intended to provide a complete radio infrastructure for the police service throughout the United Kingdom.

- 2.3 The project is supported by a Business Issues Document (outlining the business case) which recognises the existing analogue radio communications systems have an obsolescence timetable and do not meet operational demands for secure radio. No date has been set for Scotland to lose the spectrum although it is recognised that it is less urgent than England and Wales where the loss occurs in 2004. At the same time there is commercial pressure to occupy areas of the radio spectrum currently occupied by the police. The potential loss of this spectrum, the obsolescence of existing analogue equipment and the need for secure radio effectively gives the Scottish Police Service little room for manoeuvre with no option but to migrate to a new digital radio system. In addition the EU intends to ensure all public safety organisations migrate toward a common digital standard and the only appropriate radio standard for use within the frequencies allocated is TETRA (Terrestrial Trunked Radio).
- 2.4 Report No. PB 12/1999 informed the Board that all forces in England and Wales have undertaken with QUADRANT, a consortium led by BT, to commit to the "Airwave Service" unless it is demonstrated it does not meet value for money or technical functionality criteria or is found to be unaffordable. The Scottish Executive has collaborated with this approach and decisions relating to acceptance or otherwise by Scottish forces will be subject to these criteria.
- 2.5 Report No. PB 23/1999 provided information on how the Project was subjected to analysis by external consultants in order to establish whether it represents Value For Money. The processes adopted were:
- (a) cash flow information provided by the contractor was analysed to assess whether the components both individually and collectively represent reasonable costs over the life of the contract
 - (b) the Project was assessed against a Public Sector Comparator model which sought to establish what it would cost the public sector to provide the "Airwave Service" functionality over the same contract period
 - (c) the Project was also assessed against a "should cost model" which took the contractor's design and applied PITO's (Police Information Technology Organisation) internal estimates of operating and capital costs and the projected Internal Rate of Return.
- 2.6 Concerns were raised in Report no. PB 23/1999 over the future ownership and occupancy of radio masts and sites and options for treatment of these were put forward. The Chief Constable, as requested, wrote to the Scottish Executive to establish if proposals existed for a common approach to deal with this issue. In its response the Scottish Executive were unable at that time to provide details of any such proposals and this matter therefore remains unresolved.
- 2.7 Report No. PB 39/1999 informed the Board that at that stage the Association of Chief Police Officers in Scotland (ACPOS) had concluded:
- (a) that the "Airwave Service" is likely to meet the Scottish Police Service user and technical requirements subject to the outcome of the pilot in Lancashire Constabulary and the resolution of outstanding issues
 - (b) that the "Airwave Service" appears to provide near value for money subject to further evaluation

- (c) that the "Airwave Service" is unaffordable to the Scottish Police Service without additional resources being made available
 - (d) that an affordability issue arises whatever the decision is on the "Airwave Service".
- 2.8 An update on these issues was provided in the Executive Summary of the Business Issues Document that is Appendix A to Report No. PB 39/1999 which concluded that:
- (a) "The Airwave Service" represents an appropriate and necessary advance in radio communications
 - (b) "The Airwave Service" is unaffordable within existing budgets
 - (c) If sufficient additional funds were made available to proceed with "The Airwave Service", Scottish Forces would wish to be part of the national project.
- 2.9 The total costs of the contract are in three parts "Core" i.e. common to all, "Menu Exclusive" (depending on force requirements) and "Menu Competitive" (investment in equipment, terminals handsets, mobile units etc).
- 2.10 Report No. PB 9/2000 sought agreement in principle to accept the offer from the Scottish Executive to fund the "core" costs of the Project. In approving the report the Board expressed concerns at the timescale for a decision on the matter and agreed, in principle, to participate in the project solely on the basis that all additional funding required over the lifetime of the project including the capital and non-recurring expenditure arising from the take-up of the "menu exclusive" and "menu competitive" elements, together with the additional annual recurring costs, would be made available as additional funding to the Scottish Block. It is confirmed that all Scottish forces have agreed in principle to participate in the project on the basis that the Scottish Executive will fund the "core" costs and will make efforts to mitigate the remaining costs falling on Police Authorities.

3. FINANCIAL IMPLICATIONS

- 3.1 Report No. PB 9/2000 provided members with details of the costs associated with the "Airwave Service". It also informed members of the decision by the Scottish Executive to fund the "core" costs of the project provided Police Authorities agreed in principle to take the "Airwave Service".
- 3.2 The letter from the Scottish Executive dated 16 February 2000 which outlined their commitment to fund the "core" service formed part of Report No. PB 9/2000. This correspondence confirmed that the Scottish Executive had offered to centrally fund the whole of the "core" costs on top of the provision made by them for police expenditure. This offer was specific to PSRCP (now "Airwave") and subject to Scotland meeting the same contractual obligations as applied to acceptance of the offer in England and Wales, including take-up by all forces as a national service.
- 3.3 In making this offer Ministers were aware that forces would have to fund "menu exclusive" and "menu competitive" costs if they accepted the offer. The Scottish

Executive could give no undertaking, at that time, that any part of these costs would be covered by supplementary provision. Scottish Ministers had confirmed however that they were willing to consider ways of planning the provision of capital allocations so that the effect of any peaking of capital expenditure, attributable to the acquisition of "menu competitive" services around 2004/2005 on forces' ability to maintain other continuing capital programmes is minimised. In light of this letter from the Scottish Executive, the Board agreed to commit to taking the service but solely on the basis that all additional funding required over the lifetime of the project would be made available as additional funding to the Scottish Block. All eight Scottish Forces have agreed in principle to participate in the Project.

- 3.4 Report No. PB 37/2000 provided the estimated costs of providing the "Airwave Service" to Tayside Police, excluding the "core" costs to be met by the Scottish Executive, that can be summarised as follows:

	Non-recurring	Recurring
	£000	£000
Maintenance Costs	-	200
Menu Exclusive	185	513
Menu Competitive	3,512	-
TOTAL	3,697	713

There will be a requirement to replace most of the equipment during the 15 year life of the Project.

- 3.5 Following the announcement of the Comprehensive Spending Review proposals in England and Wales the Home Secretary announced additional funding of £500 million to meet the full costs of Airwave over the next three years.
- 3.6 Report No. PB 42/2000 provided information that the Scottish Executive Comprehensive Spending Review for the period 2001/02 to 2003/04 included specific revenue funding for the Airwave "core service".

The Capital allocations for Police services have been increased for the period 2001/02 to 2003/04 at a level which the Scottish Executive have stated should be sufficient to address capital expenditure attributable to Airwave "menu competitive" services.

The costs associated with the provision of Airwave "menu exclusive" services will arise from 2005 onwards which is outwith the period of the current Scottish Executive Comprehensive Spending Review. However, the Scottish Executive have attempted to provide reassurance that having committed themselves to a contractual agreement to meet Airwave "core costs", that it would be reasonable to expect that the import of the "menu exclusive" costs would not be detrimental to the provision of other Police services.

4. CURRENT POSITION

4.1 Scottish Executive

Correspondence from the Scottish Executive Justice Department Police and Community Safety Group was received setting out their position with regard to funding for this project. This correspondence sought to provide an assurance that the costs of Airwave in Scotland have been taken into account in the spending review, allowing for the fact that direct comparisons with England and Wales are not possible because of the different timetables for implementation on either side of the border. The Scottish Executive hoped that this information would be helpful in allaying the concerns of the Board about the local financing cost and that the Board would be able to decide to approve the local contract. The Board however sought further assurances to allay their concerns.

Mr Colin Baxter of the Scottish Executive Justice Department will be present at the Tayside Joint Police Board meeting on 29 January 2001 to hear members concerns.

4.2 Scottish Police Service

Following the comprehensive Spending Review announcement for the period 2001/02 to 2003/04 and receipt of the correspondence from the Scottish Executive dated 11 October, 2000 (which was attached to Report No. PB 42/2000 six of the eight Scottish Forces have now entered into a Services Contract with BT and PITO thereby committing to take the "Airwave Services". This leaves only two Forces, of which Tayside is one, that have not yet signed up to take "Airwave".

4.3 BT Quadrant

Mr Jeff Parris, General Manager of BT Quadrant is the Quadrant Programme Director and he has welcomed the opportunity to attend the Board meeting also to provide a short input on matters of mutual interest related to the "Airwave Service". In doing so it is hoped that matters of concern can be discussed and resolved.

4.4 Since the Board last considered the Airwave Project the Pilot has commenced in the Lancashire Constabulary area and the first Police Division is expected to go live in February 2001 as part of a three month "live" test phase. The feedback from the Pilot has so far been positive and rigorous and detailed testing will continue prior to any "go live".

5. CONSULTATION

5.1 The Treasurer and the Clerk to the Board have been consulted in the preparation of this report.

6. CONCLUSION

- 6.1 It is recommended that following the update from Mr Parris (BT Quadrant) and consultation with Mr Baxter (Scottish Executive), Members of the Board are asked to approve execution of the Service Contract with BT and PITO on behalf of Tayside Joint Police Board, committing the Board to the new service for a period of 15 years from 2004/2005.

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