COMISIYNYDD
HEDDLU A THROSEDDU
DYFED-POWYS
POLICE AND CRIME
COMMISSIONER

REPORT / SUMMARY DECISION SHEET

PURPOSE: COMMISSIONER DECISION

Timing: Urgent – before the start of the 2017/18 financial year

Title: Capital Strategy 2017/18 – 2023/24

Category of Decision / Business Area Impact: Finance

Executive Summary:

This document sets out the PCC's Capital Strategy for 2017/18 to 2023/24 following scrutiny at the Joint Audit Committee meeting of the 29th March 2017.

Police and Crime Commissioner for Dyfed-Powys

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Nolan Principles for Conduct in Public Life.

The above request has my approval.

Signature: Dafydd Llywelyn **Date: 30th March 2017**

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POLICE AND CRIME
COMMISSIONER

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PURPOSE: For the Joint Audit Committee

Timing: The Capital Strategy must be in place by 1st April 2017

Title: Capital Strategy 2017/18 – 2023/24

Category of Decision / Business Area Impact: Statutory Requirement - Finance

Executive Summary:

This Capital Strategy sets out the principles that underpin the production of the Police and Crime Commissioner's forward capital programme. It shows how capital investment contributes to the delivery of the Police and Crime Plan by the Commissioner and the Chief Constable.

Recommendation:

The Joint Audit Committee to consider the Capital Strategy 2017/18 – 2023/24.

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Report of Chief Finance Officer (PCC) to the Joint Audit Committee

Capital Strategy

1 Introduction

1.1 This Capital Strategy sets out the principles that underpin the production of the Police and Crime Commissioner's (Commissioner) forward capital programme. It shows how capital investment contributes to the delivery of the Police and Crime Plan by the Commissioner and the Chief Constable (CC).

1.2 The priorities for policing in the local area are detailed in the Police and Crime Plan (PCP). This document is compiled by the PCC in consultation with the CC. The priorities take account of the views of local people and partners as well as the Commissioner's priorities as the elected representative. The Commissioner will publish his PCP on 31st March 2017. His priorities are:

- Priority One: Keeping our communities safe;
- Priority Two: Safeguarding the vulnerable;
- Priority Three: Protecting from serious harm;
- Priority Four: Connecting with communities.

1.3 The Commissioner and CC also take account of Strategic Policing Requirements issued by the Home Secretary. The CC is responsible for supporting the Commissioner in the delivery of the priorities set out in the PCP and has developed a Police & Crime Delivery Plan to support the PCP. His operational delivery, performance monitoring frameworks and financing decisions focus on these priorities. Five key delivery principles will support the PCP:

Priorities	Delivery Principles
Keeping Communities Safe	Delivering Value for Money
Safeguarding the Vulnerable	Public Engagement
Protecting our communities	Working Together
Connecting with communities	Supporting Victims
	Equality and Fairness

1.4 The Capital Strategy is a tool to support planning and corporate working across the two Corporations Sole. It also helps us use and manage our assets well. The Capital Strategy shows how we prioritise, monitor, deliver and evaluate our capital programme using the basic principles of the project methodology (Prince 2).

1.4 Dyfed Powys is geographically the largest police area in England and Wales covering over half the landmass of Wales. It is particularly affected by the challenges associated with policing a largely rural area which includes two significant Ports, the major instillations at Milford Haven and a vibrant tourist industry. Capital Assets, whether Police Stations, Police Houses, Radio Masts, Vehicles or IT and Other equipment play a vital role in the delivery of policing services across the area and in terms of delivering Police and Crime Plan priorities.

2 Key Partnerships

2.1 In delivering each element of the strategy, the Commissioner plans to take due account of the continuing collaboration agenda and will take every opportunity to engage with neighbouring forces and other constituent Authorities in developing strategies to counter common problems. This Capital Strategy takes account of the continuing need to invest in these key priority areas working with partners in the future.

3 Capital Programme

3.1 Assets are vital to the delivery of efficient services and that they should be well managed and maintained. Strategies for Estates Management, IT and Vehicle replacements underpin the Capital Strategy in providing the details for the longevity and the optimum replacement cycles for these items. The current capital programme included as Appendix A to this document is based on a range of needs information.

3.2 The Commissioner holds the CC to account for delivering services cost effectively. This involves reviewing existing spending and decision-making processes as well as looking at additional opportunities to improve services provided to the public and ensuring value for money for the future.

3.3 The Capital budget outlined in Appendix A is contributing to the cashable efficiencies in the future delivery of policing in the Dyfed Powys area in the following ways:

- A reduction in revenue expenditure through a programme of potential buildings refurbishments and rationalisation as outlined in the estates strategy;
- Ensuring that planned building maintenance is prioritised on the basis of risk and statutory compliance;
- Centralisation of custody in Carmarthenshire;
- Through the delivery against the Digital Policing Strategy and Roadmap which entails investing in mobile data, digital policing and continued investment in IT systems and ANPR technology to maintain productivity and performance levels;

- Ensuring that opportunities for collaboration and sharing of buildings continue to be explored.

3.4 Critical to this is a prioritised update of the estate with the focus on improving operational facilities at the main larger police stations. The plan includes provision for improvements in custody facilities in Carmarthenshire which is expected to cost in the region of £8.0m.

3.5 Significant refurbishment works to other station around Dyfed Powys and across all four counties will amount to a further £7.3m. On top of this, there will be a rolling custody upgrade programme and a continuing planned maintenance programme funded from revenue spending.

3.6 The Commissioner has procured the support of external consultants to lead and manage these works. Their first task was to carry out condition surveys across the estate. This work has completed and a further procurement to secure the service of experts to write the detailed specification has also been carried out. These specifications have been used as the basis of the procurement for contractor services. Works are being procured in five packages. The first package, boiler works, is essentially complete with the second package, urgent works, nearing completion. The remaining packages are the territory package (excluding Powys), Powys territory works and Carmarthen HQ works.

3.7 The capital budget supplements a central revenue budget for planned and cyclical major buildings works and revenue resources held and managed locally in divisional budgets available for smaller scale repairs, upkeep, and maintenance initiatives / programmes. Investment has been prioritised within the capital programme to reduce revenue expenditure on the estate.

3.8 Flexibility will be maintained within the buildings capital programme to allow for the virement between varying projects. This will be dependent on the judgement of Director of Estates.

3.9 In terms of vehicles, a replacement programme has been developed and the cost implications are included in the forward capital plan. Vehicle requirements are considered in detail at the vehicle user group which is attended by operational and support representatives from the Force however the Force will continue to utilise the National Framework agreement to procure operational vehicles.

3.10 A Telematics project is being implemented across the Force which has entailed fitting "Black boxes" in vehicles to record vehicle usage and deployment amongst other things. Through the Strategic Fleet Group the Force will be analysing fleet utilisation and driver behaviour with a view ensuring an economic delivery. The Force revenue budget for fleet has been reduced by some £225K in 2017/18.

3.11 A modest recurring equipment budget is also included as part of the capital programme with the aim of reducing the impact of larger

purchase requirements on revenue budgets. A bidding mechanism will be used for the allocation and use of this funding.

3.12 The Digital ICT Strategy and Roadmap is a detailed stand-alone document that includes provision for the further roll out of mobile data, digital policing, body worn video, In-Car video, officer portal (digital case file) and ANPR capabilities. It also caters for the updating of Communications Centre infrastructure and hardware as well as the replacement of Force desktop IT and servers on a replacement basis rather than a scheduled basis thus ensuring that capital investment in IT continues to be focussed on meeting key priorities. The Capital Programme includes the full cost implications of this planned work.

3.13 Included within the capital programme there are a number of key and strategically significant developments which need to be funded for which dedicated meeting structures and programme management arrangements are required. These are:

- CCTV;
- Emergency Service Mobile Communications Programme;
- Body Worn Video Project;
- Mobile Data Project;
- Telematics Project - tasking / deploymen.t

In addition the Force has submitted a Transformation Fund Bid for ICT investment in the Force Communications Centre in collaboration with eight other Forces in England.

4 Capital Requirements and Resources

4.1 There has been a significant reduction in core capital funding allocated by the Home office. In 2017/18 a total capital grant of £318K will be available for the Commissioner. In addition, central funding will be available to part fund the ESMCP programme, although £2.6million of the future costs of this programme will fall on the Commissioner to fund.

4.2 The Commissioner and Chief Constable have prioritised investment in the capital programme towards strategic priorities, unavoidable spending and towards areas that reduce revenue future expenditure.

4.3 As part of his integrated service and financial planning arrangements, the Commissioner estimates the level of capital resources available for subsequent years. He also estimates the level available for the following four years in order to draw up a forward capital programme.

4.4 An outline capital programme was approved by the Commissioner and the Police & Crime Panel in January 2017. The total approved capital programme for 2017/18 to 2020/21 was £29.807 million. Full details of the capital programme are included within Appendix A. This also incorporates a further three years to 2022/23 in order to ensure that the

financial consequences of all schemes that are planned to commence can be financed over the period.

4.7 The profiled level of capital investment and external resources are also used to calculate the budget for investment income and short term borrowing. The strategy also feeds into the considerations that the Commissioner makes annually in setting prudent sustainable and affordable borrowing levels and indicators. These are considered alongside investment considerations separately under the prudential code.

4.8 In addition to their own capital programme, the Commissioner and CC work with partners and the Home Office to secure additional capital and revenue resources to further partnership and transformational objectives. These are dealt with through complementary processes. The resources levered in are not included in the capital programme unless they form part of a direct Dyfed Powys Police led project. Innovation and transformation fund bids will also be considered to bolster further capital projects in future years.

5 Identifying and Prioritising Capital Projects

5.1 The attached capital programme has been prioritised by the Force Chief Officer Group which appraises requirements against strategic priorities. The processes recognise the varying scale and complexity of capital projects and incorporate a proportionate approach to capital project appraisal, monitoring and evaluation.

5.2 The Commissioner manages his capital strategy operationally through the Policing Board, which oversees the major change projects for both capital and revenue. In addition as part of the changes being implemented to the Corporate Governance arrangements of the Force, the Assets Gold Group will support delivery and monitor specific programme risks. Detailed implementation work is assigned to key individuals and overseen by the Estates and Vehicle User Groups or a specific Project Board.

5.3 Major projects are managed in accordance with project management best practice in terms compliance with PRINCE 2 project methodology. Links have been established between benefits management on key projects, efficiency planning and costing information.

5.4 The Capital project proposals are considered and prioritised with reference to a business case and are considered against the following factors:

- Strategic importance - how the bid supports the Commissioner's priorities and wider national and regional priorities;
- The outcomes that will be achieved and the specific benefits and impacts;

- Sustainability – whether costs are realistic and the level of future revenue implications;
- What options have been considered?;
- What other funding sources may be available;
- The degree to which the proposals support partnership working.

Prioritisation is then made, based on four categories, which are listed below in order of priority:

- Unavoidable (statutory, contractual or tortuous liability);
- Corporate Priority (relating directly to the Corporate Aims and priorities for improvement);
- Service Priority (meeting stated service priorities);
- Other (payback, invest to save, leverage of external funding etc).

Lower priority projects which cannot be delivered within available resources can only be considered and undertaken if additional resources or an under-spend on the approved capital programme is identified during the year.

6 Implementing and Monitoring Capital Projects

6.1 Progress against capital schemes is reported on at least a quarterly basis to the Policing Board and the Chief Officer Group.

6.2 Following approval of the capital programme, a project manager and a user representative is identified for each capital project. The project manager is responsible for managing the project implementation and delivering its objectives. For all projects within the capital programme an officer is identified as project sponsor.

6.3 The user representative is responsible for representing users and customers and for defining the quality requirements. Both roles reflect the underlying principles of the Prince 2 project management methodology. The project manager produces a project plan for approval. Progress against the project plan is reported to the Programme Management Board and Project Sponsor.

7 Evaluating Completed Capital Projects

7.1 Once projects have been completed the project manager completes a post implementation review for the major capital projects. This includes identifying at what stage the post project review will be carried out. The post project report is reviewed by the Force Programme Board and reported to the Commissioner if required.

7.2 To evaluate the actual success and outcomes of capital projects a post project review is also carried out. The depth of this review is proportionate to the scale of the project and the benefits set out in the initial Project Initiation Documentation.

7.3 This review is in effect a check of performance against the original proposal. It focuses on the outcomes achieved, the extent to which the benefits claimed are being realised, the actual costs, both revenue and capital, and the impact of other funding and partnership working. Dyfed Powys can then use this information to learn lessons and make any improvements identified during project implementation.

7.4 The ongoing success of projects is monitored through a number of mechanisms such as officer feedback, public consultation and customer feedback.

8 The Disposal of Assets

8.1 The Commissioner and Chief Constable recognise the need to dispose of surplus or unsuitable assets to help achieve its corporate aims and deliver its capital programme and the detailed process for disposal of assets is included in the Corporate Governance Framework.

9 Revenue Implications of Capital Investment

9.1 Day to day (revenue) spending resources are limited. This means that revenue funding for capital schemes is limited both in terms of funding the initial schemes and meeting on-going running costs.

9.2 Consequently particular attention has been paid to on-going revenue costs stemming from capital projects within the appraisal process. All potential capital bids identify ongoing revenue costs and consider how these can be met. Once approved, revenue costs stemming from capital schemes including any prudential borrowing requirements are built into the medium term financial plan.

10 Conclusion

10.1 This Capital Strategy considers all aspect of capital management and sets out the methods for assessing capital projects and assets. The strategy should be read in conjunction with the detailed Estates and IT Strategies and annual Vehicle Replacement Plan.

11. Impact Considerations

Implication	Impact Considered (Yes/No)	Impact Identified
Legal	YES	None
Contribution to Police and Crime Plan	YES	As identified in Report
Risk Analysis	NO	Assessed at each project level as they progress
Equality	NO	Assessed at as each scheme progresses
Human Rights	YES	None
Children & Young People	YES	None
Environmental and Sustainability	YES	As identified in Report
National Park	YES	None
Media	NO	Media Strategy around publication needs to be considered by OPCC

12. Appendices

Appendix A – Detailed Draft Capital Programme

13. Contact details

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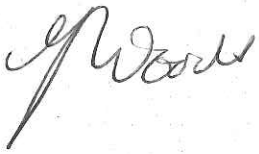
14. Public Access to Information

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) including the exemptions set out within the Act and other relevant legislation. Where the exemptions or other restrictions are applicable, this form will be edited prior to being made available on the OPCC website within 5 working days of consideration by the Policing Board.

15. Officer Approval

Chief Finance Officer

I have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report. I am satisfied that this an appropriate request to be submitted to the Policing Board

Signature  **Date 20/3/2017**

Capital Programme	Revised	Original							
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£	£	£	£	£	£	£	£	£
Estates Projects									
Lanelli Custody Programme	0	3,000,000	3,000,000	2,000,000	0	0	0	0	8,000,000
Recurring Custody Spending	336,000	100,000	200,000	200,000	200,000	200,000	200,000	200,000	1,636,000
OPCC Estates Strategy Group Works	1,488,000	2,500,000	1,800,000	500,000	200,000	200,000	400,000	200,000	7,288,000
Planned Maintenance Programe	30,000	90,189	142,580	125,977	125,000	125,000	125,000	125,000	888,746
Further Phase - HQ Refurbishment	0	100,000	50,000	50,000	50,000	0	0	0	250,000
Total Spending	**1,854,000**	**5,790,189**	**5,192,580**	**2,875,977**	**575,000**	**525,000**	**725,000**	**525,000**	**18,062,746**
Vehicles									
Vehicle Replacement Programme	1,144,000	972,000	1,044,000	1,037,000	1,050,000	1,050,000	1,050,000	1,050,000	8,397,000
Boat Replacement Programme	120,000	0	0	0	120,000	0	0	0	240,000
	1,264,000	**972,000**	**1,044,000**	**1,037,000**	**1,170,000**	**1,050,000**	**1,050,000**	**1,050,000**	**8,637,000**
ICT Schemes									
CCTV	0	500,000	500,000	500,000	500,000	0	0	0	2,000,000
PSN	100,000	190,000	50,000	50,000	50,000	50,000	50,000	50,000	590,000
Emeregency Services Network (Airwave Replacement)	0	215,000	945,667	692,621	500,000	3,839	7,831	230,386	2,595,343
Wide Area Network Requirements	0	150,000	200,000	150,000	150,000	150,000	150,000	150,000	1,100,000
Disaster Recovery	765,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	1,115,000
ANPR - Replacements / New National System	220,000	239,400	316,350	332,900	292,950	297,090	148,500	285,300	2,132,490
Programme Developers / Technicians	0	70,000	100,000	100,000	100,000	30,000	0	0	400,000
Cyber Crime Storage / Equipment	80,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	430,000
RMS Project	0	50,000	100,000	100,000	100,000	100,000	100,000	100,000	650,000
Digital Interview Recording	0	40,000	130,000	0	0	0	0	150,000	320,000
Central Data Information Store	0	0	0	100,000	0	0	0	100,000	200,000
Digital Photography	60,000	0	0	0	0	100,000	0	0	160,000
Ad Hoc Operational Equipment (Capital >£6K)	125,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	825,000
Body Worn Video	336,000	40,000	0	0	0	200,000	0	0	576,000
Mobile Data Project	124,000	150,000	320,000	180,000	180,000	180,000	180,000	180,000	1,494,000
Customer Relationship Management / CID	120,000	0	0	0	0	0	0	0	120,000
Crime Integration / Storm / PNC Audit / Interface	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	350,000
In-Car Video	0	0	250,000	0	0	0	0	250,000	500,000
Core ICT Desktop Replacement Programme	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	600,000
Server - Replacement programme	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	600,000
Storage & Backup Capacity	140,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	840,000
Telematics	97,000	25,000	0	0	0	200,000	0	0	322,000
Oracle Licences Replacements	80,000	0	0	0	0	0	0	0	80,000
Handset Replacements	0	50,000	50,000	25,000	75,000	25,000	25,000	75,000	325,000
Firewall Replacements	50,000	0	0	50,000	0	0	50,000	0	150,000
IP999 Upgrade	0	240,000	0	0	0	400,000	0	0	640,000
	2,447,000	**2,459,400**	**3,462,017**	**2,780,521**	**2,447,950**	**2,235,929**	**1,211,331**	**2,070,686**	**19,114,833**
	5,565,000	**9,221,589**	**9,698,597**	**6,693,498**	**4,192,950**	**3,810,929**	**2,986,331**	**3,645,686**	**45,814,579**
Funding Available									
Police Capital Grants	-500,000	-318,000	-318,000	-318,000	-318,000	-318,000	-318,000	-318,000	-2,726,000
Revenue Contribution to Capital	-400,000	-300,000	-300,000	-300,000	-300,000	-300,000	-300,000	-300,000	-2,500,000
NPAS Capital (Panel)	-114,000	-68,000	-23,000	0	0	0	0	0	-205,000
Capital Receipts (Panel)	0	-1,500,000	-500,000	-200,000	0	0	0	0	-2,200,000
Capital Reserves (18645000)	-4,551,000	-7,035,589	-5,058,411	-2,000,000	0	0	0	0	-18,645,000
Total	-5,565,000	-9,221,589	-6,199,411	-2,818,000	-618,000	-618,000	-618,000	-618,000	-26,276,000
Original Borrowing - Panel	0	0	-2,106,000	-1,765,000	0	0	0	0	-3,871,000
	-5,565,000	-9,221,589	-8,305,411	-4,583,000	-618,000	-618,000	-618,000	-618,000	-30,147,000
Remaining Borrowing Requirement	0	0	-1,393,186	-2,110,498	-3,574,950	-3,192,929	-2,368,331	-3,027,686	-15,667,579
Total Borrowing	0	0	3,499,186	3,875,498	3,574,950	3,192,929	2,368,331	3,027,686	19,538,579
Cumulative	0	0	3,499,186	7,316,365	10,769,375	13,782,814	15,921,431	18,683,760	18,683,760
Repayment @60 Yrs	0	0	58,320	121,939	179,490	229,714	265,357	311,396	311,396
Interest @4% per annum	0	0	139,967	292,655	430,775	551,313	636,857	747,350	747,350
	0	0	198,287	414,594	610,265	781,026	902,214	1,058,746	1,058,746
Annual Increase		0	198,287	216,307	195,671	170,762	121,188	156,532	