



Report of Chief Finance Officer (PCC)

Capital Strategy

1 Introduction

1.1 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.

1.2 Police and Crime Plan priorities focus on making our neighbourhood safe, protecting victims and spending wisely. They are:

- Priority One Preventing and Tackling Crime
- Priority Two Protecting the Vulnerable
- Priority Three Bringing People to Justice
- Priority Four Enhancing Access to Police Services
- Priority Five Ensuring High Standards of Professionalism
- Priority Six Spending Wisely

1.3 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 installations 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 is responsible for ensuring that services are delivered cost effectively. This has involved reviewing existing spending and decision-making processes as well as looking at additional opportunities to improve services provided to the public and value for money for the future.
- 3.3 The Capital budget outlined in Appendix A is contributing to the future delivery policing in the Dyfed Powys area of cashable efficiencies 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 £7.6m. A draft feasibility summary of the costs of an 18 cell facility at Dafen, Llanelli is provided in Appendix B.
- 3.5 Significant refurbishment works to other station around Dyfed Powys and across all four counties will amount to a further £7.4m.

The current estimate of costs, summarised by county, is provided in Appendix C. On top of this, there will be a continuing planned maintenance programme.

- 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 of works needed for each site has just concluded. These specifications will be used by potential contractors to bid for works across the four counties.
- 3.7 The capital budget supplements a central revenue budget held by the Estates Department in respect of 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 the Estates Manager and approval by the Commissioner.
- 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 The Telemetrics project entails fitting "Black boxes" in vehicles to record vehicle usage and deployment amongst other things. Other forces have experienced a 20% reduction in fuel usage and would equate to savings of £200k in fuel bills. Funding for this is included in the plans.
- 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.

4 Capital Requirements and Resources

- 4.1 In 2016/17 there has been a reduction of 0.6% in core funding and a more significant reduction of 40% in the capital grant.
- 4.2 The Commissioner has prioritised investment in the capital programme to reduce revenue 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 2016. The total approved capital programme for 2016/17 to 2019/20 was £27.496 million. Full details of the capital programme are included within Appendix A.
- 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 his own capital programme, the Commissioner works with partners to secure additional capital and revenue resources to further partnership 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 funding will also be considered to bolster further capital projects.

5 Identifying and Prioritising Capital Projects

- 5.1 The attached capital programme has been prioritised by the Force Programme Board 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. The detailed implementation

work is overseen by the Estates and Vehicle User Groups and other Scheme by specific Project Boards.

- 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 recognises 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 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.

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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: Jayne Woods

Date 14/3/2016

Appendix A

Capital Budget / Spending - 2016/17 to 2019/20					
Project Name	2016/17	2017/18	2018/19	2019/20	Total
	£'000	£'000	£'000	£'000	£'000
Estates Projects					
Land and Buildings	2,700	6,800	5,800	700	16,000
Vehicles					
Vehicle Replacement Programme	1,144	972	1,044	1,037	4,197
Boat Replacement Programme	120	0	0	0	120
Digital Policing / Other Budgets					
CID Projects					
Officer Portal	15	0	0	0	15
Electronic Witness Statements	10	0	0	0	10
Live Link	10	0	0	0	10
Digital Interview Recording	0	0	75	75	150
Streamlined Digital file	25	0	0	0	25
Central Data Information Store	100	0	0	0	100
ANPR - Replacements / New Nations	180	225	200	200	805
DARS Replacement	0	0	0	0	0
Digital Photography	100	0	0	0	100
Postal Requisitioning / Charging	10	0	0	0	10
Cyber Crime	40	20	20	20	100
CID Equipment	25	40	40	40	145
Territorial Operations Projects					
First Contact	75	0	0	0	75
Mobile Stations	0	0	0	0	0
Body Worn Video	400	0	0	0	400
Digital Mobile (650)	80	290	41	41	452
Digital Mobile (Additional Devices)	51	6	129	129	315
Kelvin Connect - Site License	0	0	0	0	0
Customer Relationship Management	175	0	0	0	175
ESMCP	150	250	100	100	600
Track My Crime	50	50	0	0	100
Social Media	25	25	0	0	50
Operations Equipment	60	40	40	40	180
In-Car Video	250	0	0	0	250
Director of Finance Projects					
GIS	25	0	0	0	25
Core Replacement Programme	50	50	50	50	200
Device Rationalisation	50	25	25	25	125
WAN	238	0	0	0	238
PSN	240	0	0	0	240
Disaster Recovery	100	50	50	50	250
Server / Storage - Replacements	40	50	40	40	170
Storage & Backup replacement/Upgr	140	30	30	30	230
Strategic IT Developments (IAM)	175	75	50	50	350
Collaboration/ Integration	25	0	0	0	25
Telematics	97	25	0	0	122
Firewall Replacements	50	0	0	0	50
Airwave Radio replacement	76	75	25	25	201
USB memory Stick	25	0	0	0	25
Server Room - Fire Suppressant	35	0	0	0	35
Oracle Site License Reduction/remov	100	0	0	0	100
Wireless Access - All Stations	15	10	10	10	45
IP999 Upgrade	438	0	0	0	438
Director of Legal and Compliance					
MOPI	20	0	0	0	20
Electronic Data Records Managemen	90	0	0	0	90
Information Sharing	20	0	0	0	20
Continuous Improvement					
Other Projects / Contingency	13	0	50	50	113
	7,857	9,108	7,819	2,712	27,496
Capital Financing					
Grant Funding	500	500	500	500	2,000
Borrowing	-	-	2,106	1,765	3,871
Capital Receipts	1,500	500	200	-	2,200
NPAS Capital Credit	114	68	23	-	205
Contribution from Revenue Reserve	422	431	439	447	1,739
Capital Reserve	5,321	7,609	4,551	-	17,481
	7,857	9,108	7,819	2,712	27,496

Appendices B and C include commercially sensitive data and are not for publication