



Mae'r ddogfen hon ar gael yn Gymraeg yn ogystal â Saesneg.

This document is available in Welsh as well as English.



Capital Strategy

1 Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017 requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability.
- 1.2 This Capital Strategy sets out the principles that underpin the production of the Police and Crime Commissioner's (Commissioner) forward capital programme. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It also provides an overview of the governance arrangements for approval and monitoring of capital expenditure, outlines how associated risk is managed and considers the implications for future financial sustainability.
- 1.3 The priorities for policing in the local area are detailed in the Police and Crime Plan (PCP). This document is compiled by the Commissioner in consultation with the Chief Constable. 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 published his PCP on 31st March 2017. His priorities are:
- Priority One: Keeping our communities safe;
 - Priority Two: Safeguarding the vulnerable;
 - Priority Three: Protecting our communities from serious harm;
 - Priority Four: Connecting with communities.
- 1.4 The Commissioner and Chief Constable also take account of Strategic Policing Requirements issued by the Home Secretary. The Chief Constable 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:
- Delivering value for money
 - Public engagement
 - Working together
 - Supporting victims
 - Strong leadership
- 1.5 The Capital Strategy is a tool to support planning and corporate working across the two Corporations Sole helping to ensure that assets are used and managed well. The Capital Strategy shows how we prioritise, monitor, deliver and evaluate our capital programme using the basic principles of the project methodology.

- 1.6 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 Information Technology and other operational 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. Financial Sustainability

- 3.1 For many years Dyfed-Powys has benefitted from significant levels of capital reserves which have been supplemented by the sale of operational buildings or police houses.
- 3.2 These reserves have historically underpinned capital investment but over the next two years the position moves away from the use of reserves into a position of funding through either direct revenue financing or borrowing. This therefore adds pressures to the revenue budget and consequentially to the council tax precept. It must also be noted that is also in a continued period of revenue pressures, increased demand and funding uncertainty.
- 3.3 The strategic approach is therefore to invest in core infrastructure now that will not only offer overall service improvements to the public, but also maximise revenue savings into the future through more efficient and mobile use of police personnel, enabled by improved Information and Communication Technology systems and other core infrastructure for example, connected vehicle fleet and building assets.
- 3.4 Capital investment will also be influenced by and take account of national visions for policing, the strategic policing requirement and both regional and local priorities.

4 Capital Programme

- 4.1 Assets are vital to the delivery of efficient services and should be well managed and maintained. Strategies for Estates Management, ICT and Vehicle replacements underpin the Capital Strategy in providing the details for the longevity and the optimum replacement cycles for these items.
- 4.2 The Capital Programme and financing which covers the revised position for 2019/20 through to 2024/25 is summarised below:

Table 1- Capital Programme 2019/20 – 2024/25

Capital Programme	19/20	20/21	21/22	22/23	23/24	24/25	Total
	£000k	£000k	£000k	£000k	£000k	£000k	£000k
Land and Buildings	1,365	10,774	17,500	5,100	1100	600	36,439
Vehicles	1,035	1,085	1,050	1,050	1,050	1,170	6,440
IT and Other Strategic Spending	3,576	4,364	4,070	6,423	2,734	5,423	26,590
Capital Expenditure	5,976	16,223	22,620	12,573	4,884	7,193	69,469
Grant Funding	-85	-85	-85	-85	-85	-85	-510
Borrowing	-1,365	-10,773	-20,499	-10,338	-2,149	-3,958	-49,082
Driver Retraining Contribution	-243						
Capital Grants	-242	-183					-425
Contribution from Revenue Account	-500	-850	-1,600	-2,100	-2,600	-3,100	-10,750
Capital Receipts	-1,787		-250	-50	-50	-50	-2,187
Sustainability Reserve	-170	-170	-154				-494
Capital Reserve	-1,584	-4,162	-32				-5,778
Capital Financing	-5,976	-16,223	-22,620	-12,573	-4,884	-7,193	-69,469

- 4.3 Much work has been undertaken during 2019/20 by the Medium Term Financial Planning group and Finance, Efficiencies and Futures Board to consider financial and investment requirements over a longer time frame. Albeit that it contains a number of assumptions and uncertainties this Capital Strategy includes a capital programme, shown at Appendix I, which has been extended to cover a 10 year period. This programme will be revisited as clarity arises and annually, as part of the formal budget and precept setting.
- 4.4 The capital investments seeks to contribute to 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;
 - New partnership facilities in Brecon;

- New collaborative firearms Range to support the training needs and requirements of the Joint Firearms Unit;
- Delivery against the Digital Policing Strategy and Roadmap which entails investing in the National Enabling Programme, Mobile data, Emergency Services Network, record management system, digital policing and continued investment in IT systems, Body Worn Video, and ANPR technology to maintain productivity and performance levels;
- Embracing new ways of agile working which will reap and realise organisational efficiencies but require some upfront investment for both estates and IT;
- Ensuring that opportunities for service collaboration and sharing of buildings and other assets continue to be explored.

4.5 Estates

4.5.1 The Commissioner has an Estates Strategy which provides clear guidance and direction around the future strategic and operational Estates requirements for the Dyfed-Powys Force, and provides clarity for budget allocation and future investment requirements.

4.5.2 The aim of this strategy is *"to provide a cost effective and operationally relevant estate that supports and compliments the services we provide to the community"*

4.5.3 Critical to this is the provision for improving custody facilities in Carmarthenshire which is now expected to cost in the region of £14.7m. The project is seeking to deliver an 18 cell complex with ancillary office accommodation and Police station facilities on the outskirts of Llanelli. The project is currently at design Royal Institute of British Architects (RIBA) stage 3 which in principal denotes preparing and issuing the proposed design for planning Ecological, geotechnical and ground surveys have already been undertaken and planning approvals are now being sought. Subject to planning approvals and contract, the project timescales are envisaged to be 18 to 20 months with public consultation planned for spring 2020 and construction commencing in autumn 2020.

4.5.4 Significant refurbishment works and investment has now taken place to address a considerable programme of condition survey works across the estate within all four counties, some residual works will be completed during 2020/21. The condition survey has also informed the Estates Strategy in determining which properties to retain and where future moves and accommodation changes need to be planned

4.5.5 Due to the deteriorating condition of the existing facility in Brecon, provision of £6.2m has been included for a potential collaborative opportunity, albeit depending on which scenario is finally approved there may be some proceeds of sale arising from the sale of surplus land on the existing site. Funding was received during 2018 to assist in developing a business case on behalf of partners and this work continues, albeit it has proved difficult to obtain a firm commitment from partners. A final business case

will be presented to Policing Board and at this stage it is anticipated that construction will commence in 2020/21.

- 4.5.6 In addition to this, there will be a rolling programme for planned maintenance programme which is informed by the Condition Survey. Condition surveys have been carried out across the whole estate determining the level of investment required at each location by each sub fabric element Custody upgrades are carried out in a phased approach based on risk and corrective actions as identified during HMIC audits. Prioritisation of works is reviewed based on risk factors aligned to condition of fabric and to the occupant, legislative requirements and business continuity considerations which inform the decision making process and timescales.
- 4.5.7 The requirement for a firearms training facility to support the southern Welsh Forces collaborative Joint Firearms Unit was identified during 2018/19. The existing range has been deemed not fit for purpose and a new facility is required to meet the very extensive training needs and legal requirements for firearms officers. Considerable discussion has taken place between Commissioners and Forces with full business case being produced consider a range of options and potential locations for a new facility. Extensive due diligence has been undertaken and negotiations on land options are currently underway. At this stage total costs of c£30m have been identified with £8.1m being Dyfed-Powys' share of costs profiled over the next two financial years.
- 4.5.8 The capital budget supplements a centralised revenue budget for planned and cyclical major buildings works which are programmed based on risk and future strategies for each building. Revenue resources are also held and managed locally for smaller scale repairs, upkeep, and maintenance initiatives/programmes. Investment has been prioritised within the capital programme to achieve efficiencies and reap reductions in revenue expenditure within the estate.
- 4.5.9 The Director of Estates has worked closely with the force to develop the business case for agile working which seeks to transform and embed efficient ways of working. This approach will have longer term implications for both the estate and for IT and will require some upfront investment to facilitate longer term efficiencies.
- 4.5.10A newly formed Sustainability Group was established during 2019 with this groups terms of reference seeking to explore and maximise sustainability opportunities. The forward capital programme therefore includes provision for a number of initiatives which as well as considering environmental and sustainable considerations will also seek to achieve efficiencies. The new Facilities Management Contract commenced in spring of 2019 and will continue to reap dividends mitigating pressures arising from increasing utilities costs in the revenue budget.

4.6 Fleet

- 4.6.1 In relation to Fleet, telematics devices were fitted into the Forces' vehicles during the course of 2017/18. This has provided the Force with the fleet

utilisation and driver behaviour data which has been analysed to inform the optimal operational fleet size and deployment profile along with informing operational driver training requirements. Revenue efficiencies have already been realised as a consequential result of the installations with future efficiency targets forming part of the MTFP. An initial replacement programme has been developed and the cost implications are included in the forward capital plan.

4.6.2 Strategic Fleet Management Group meets quarterly to provide overall governance and operational assurance which in turn reports into a Finance, Efficiencies and Futures Board. Vehicle requirements are considered in detail at the vehicle user group which is attended by operational and support representatives. The strategic approach to fleet management are also informed by regional and national working groups.

4.6.3 The Force continues to utilise the National Framework agreement to procure operational vehicles. The current replacement programme is on target to fully spend the budget for the 2019/20 financial year. The Force continues to actively pursue collaboration opportunities and is fully engaged with the National Police Chief's Council work in relation to fleet efficiency and sustainability and is currently in the process of tendering for 18 electric Vehicles over the next 2 years. There is work on-going nationally to produce a requirements specification which will seek to maximise efficiencies of scale for the procurement of electric vehicles once the current contract expires.

4.7 Information Technology

4.7.1 The Force has a current ICT Strategy which covers the period from 2018 up until 2024, and sets out the Force's ambitious digital transformation aims and the essential ICT infrastructure upgrades necessary to deliver a robust, resilient and performant platform with increased capacity to support the Force's needs over the coming years.

4.7.2 The forward capital strategy takes account of a number of local strategic IT projects and also a number of re-procurement projects involving technologies and IT solutions that have reached the end of contract or end of life of essential equipment. The key IT capital projects which are planned for the 2020/21 period are:

- The procurement exercise for an integrated Records Management System (RMS) has been concluded in 2019, which represents a significant investment in ICT and will result in substantial business change across operational policing whilst also affecting most areas of business. Implementation of the RMS will begin in 2020, working in partnership with the hosting forces with a target date for go-live in the autumn of 2021.
- Procurement of a new RMS solution will now result in the need to re-integrate / re-design the current mobile solution to work with the new RMS provider.

- Work has been carried out as part of the Commissioner’s reinvestment in CCTV provision across the Force with phases 1 to 3 complete. The rollout is nearing completion with the remaining towns in phase 4 are planned to conclude by the summer of 2020.
- The procurement of Body Worn Video has been completed at the end of 2019 with the implementation of the new technology scheduled for the first half of 2020 ensuring smooth transition for operational officers and continuity of service.
- Due to further delays in the delivery of ESN (Emergency Services Network) it is critical that the Force replace all old end of life Airwave handsets to enable continuity of service to frontline officers. The procurement of devices concluded in December 2019 with delivery of devices schedule for 2020 where by a rolling program of replacements will begin.
- A review of Control Room technology within the Welsh forces is to be concluded in spring 2020 to provide options for the convergence of forces command and control system(s) technology to aid with collaboration and in readiness for the ESN programme. The work may result in a joint procurement for some or all systems within the control room environment.
- The contract for the Telematics solution ends in late 2020/21 with a replacement solution needing to be procured in during 2020 to allow time to transition should the current in car technology not be supported. The current solution has delivered significant savings in relation to fuel, servicing and tyres, whilst allowing the fleet to be managed ensuring the force has the optimum number of vehicles.
- The Agile project will identify roles requiring the ability to work remotely which will require an investment in ICT equipment to facilitate this initiative. The capital program includes a provision to increase the number of laptops replacing desktop computers, and from April 2020 ICT will be required to deliver the replacement devices on an on-going basis.
- The Force has also expanded its capacity in relation to fixed and mobile Automatic Number Plate Recognition (ANPR) with a focus on more rural parts of the Force area. Significant investment has also been made in relation to Cyber and Digital Crime capabilities in relation to ICT infrastructure and will be developed further in 2020 through joint working between ICT and the Digital Crime Unit.

4.7.3 The forward capital strategy takes account of national programmes of work that are being taken forward by the National Police Chief’s Council and the Home Office. There are some 17 schemes being taken forward nationally including the following:

- National Law Enforcement Database programme which will replace the Police National Computer (PNC) and Database (PND), with a modern 21st century solution for policing, built on a set of open source products and delivering a rich set of services that will enable greater interoperability between local systems and the new LEADS solution.
- Digital Policing Portfolio are delivering three separate strands:-
 - Digital Public Contact – which is seeking to standardise the design, user experience of police Force websites and provide a consistent set of web enabled on-line transactional processes across policing.
 - Digital First – which is seeking to facilitate video enabled justice, virtual remand hearings and digital case files nationally. Digital Evidence Transfer Service (DETS) is no longer in scope and has been cancelled as a project.
 - Digital Investigations and Intelligence – a programme looking to enable digital crime prevention and detection, to provide a toolkit for Forces to assess their digital capabilities against a national standard applied to roles within the Force.
- A National ANPR Service (NAS).
- The National Enabling Programme are delivering three separate strands:-
 - A set of enabling technologies by introducing the Microsoft Office 365 productivity tools, delivered via the Microsoft Cloud based on a nationally assured solution blueprint design and template.
 - IAM – Identity and Access Management.
 - NMC – National Monitoring Centre providing national level security operations capability to respond to cyber threats.
- Emergency Services Mobile Communications Programme to replace the existing Airwave radio system.
- Home Office Biometrics.

4.6.4 Due to key infrastructure projects having been delivered in the previous financial year the Force has capacity to capitalise on the benefits of nationally enabled programmes and activities as well explore some more innovative technology options such as artificial intelligence, facial recognition and augmented reality technology, robotic process automation (RPA) etc. during the latter part of the developing plan. The force's IT Strategy Group has agreed that the force look in more depth at RPA to understand and evaluate its potential to deliver savings for the force, with the intent to run a Proof of Concept during 2020 /21.

5 Capital Requirements and Resources

5.1 There has been a significant reduction in core capital funding allocated by the Home office over recent years. In 2020/21 a total capital grant of £85k

will be available for the Commissioner to utilise to supplement the capital programme. In addition, central funding will be available to part fund the Emergency Services Network, although it is anticipated that £9.4m of the future costs of this programme will need to be funded over the next ten years.

- 5.2 As part of his integrated service and financial planning arrangements, the Commissioner estimates the level of capital resources available for subsequent years in order to draw up a forward capital programme.
- 5.3 The Commissioner and Chief Constable have prioritised investment in the capital programme towards strategic priorities, unavoidable spending and towards areas that reduce future revenue expenditure and a revised capital programme for 2019/20 to 2024/25 totalling £69.469m.
- 5.4 In order to meet future capital investment requirements and mitigate the reductions in capital grant funding, the medium term financial plan and capital programme include increasing revenue contributions to capital from 2020/21 and also external borrowing requirements to support the Carmarthenshire Custody development, Brecon policing facility, the new Joint Firearms Unit training facility and other elements of critical investment.
- 5.5 The profiled level of capital investment and external resources are used to assess the need for both short and long term borrowing. The strategy also feeds into the considerations that the Commissioner makes annually in setting prudent sustainable and affordable borrowing levels and indicators.
- 5.6 Local Authorities, including the Police, can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. The borrowing costs are not supported by the Government so DPP needs to ensure it can fund the repayment costs. The authority's Minimum Revenue Provision (MRP) Policy sets out a prudent approach to the amount set aside for the repayment of debt. These are set out separately under the Treasury Management Strategy which is considered and approved by the Joint Audit Committee.
- 5.7 In addition to their own capital programme, the Commissioner and Chief Constable 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.

6 Governance Arrangements

6.1 Identifying and Prioritising Capital Projects

- 6.1.1 As outlined the capital programme has been prioritised by Commissioner and Chief Constable who appraise 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.
- 6.1.2 The Commissioner manages his capital strategy operationally through the Policing Board, which oversees the major change projects for both capital and revenue. In addition, the Finance, Efficiency and Futures Board Board will support delivery and monitor specific programme risks. Detailed implementation work is assigned to key individuals and overseen by the Strategic Estates, Strategic ICT and Strategic Vehicle User Groups or at specific Project Boards which are established to oversee and govern major capital schemes.
- 6.1.3 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.
- 6.1.4 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.
- 6.1.5 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).
- 6.1.6 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.

6.2 Implementing and Monitoring Capital Projects

- 6.2.1 Progress against capital schemes is reported as part of financial reporting to Finance, Efficiencies and Futures Board, Policing Board, Force Executive Board and quarterly to Police Accountability Board.

6.2.2 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.

6.2.3 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.

6.3 Evaluating Completed Capital Projects

6.3.1 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 Finance, Efficiency and Futures Board and escalated to the Policing Board if required.

6.3.2 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.

6.3.3 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.

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

7 The Disposal of Assets

7.1 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. A number of properties have already been disposed of and plans to market further properties will be done in conjunction with delivering the Estates Strategy.

8 Revenue Implications of Capital Investment

8.1 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.

9 Conclusion

- 9.1 This Capital Strategy considers all aspect of capital management, sets out the methods for assessing capital projects and assets and outlines the revised capital programme for the period 2019/20 to 2024/25 with wider outlook 2029/30. The strategy should be read in conjunction with the detailed Estates and ICT Strategies, annual Vehicle Replacement Plan and Treasury Management Strategy which covers the requirements of CIPFAs Prudential Code.

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