

Police and Crime Commissioner for Gwent

Capital Strategy

2022/23 – 2026/27

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Police and Crime Commissioner for Gwent

CAPITAL STRATEGY

1 Purpose and Scope

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2021 requires Local Authorities (including Police and Crime Commissioners) 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 The Capital Strategy is a key document for the Police and Crime Commissioner (Commissioner) and Chief Constable and forms part of Gwent Police's¹ integrated revenue, capital and balance sheet planning. 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 processes for approval and monitoring of capital expenditure, including an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.3 This Capital Strategy is designed to allow those charged with Governance to understand how stewardship, value for money, prudence, sustainability and affordability will be secured by Gwent Police; and to also meet legislative requirements on reporting.

2 Definitions

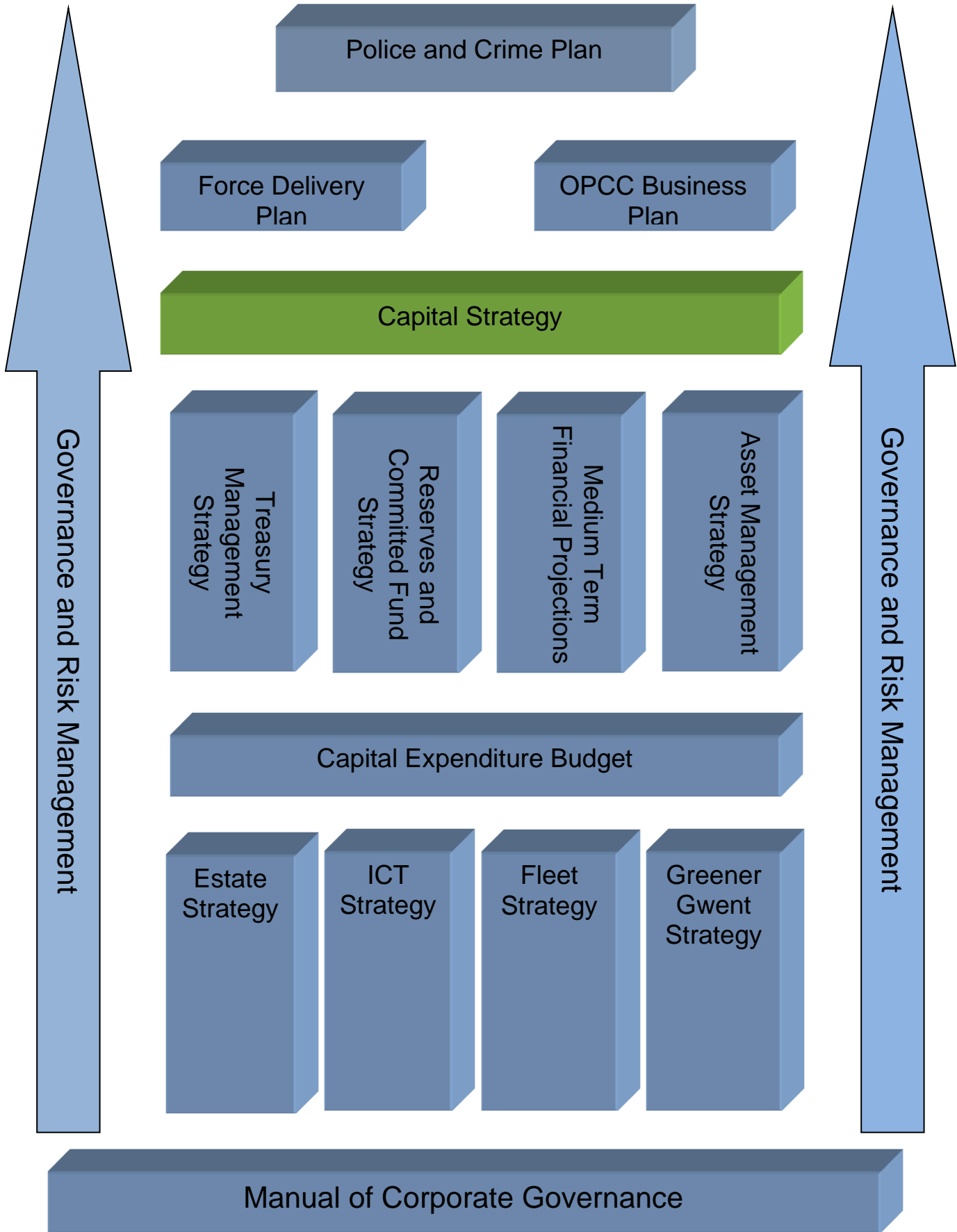
- 2.1 Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset. Fixed assets are tangible or intangible assets that yield benefits to Gwent Police, generally for a period of more than one year, e.g. land and buildings, Information, Communications and Technology (ICT), business change programmes, equipment and vehicles. This is in contrast to revenue expenditure, which is spending on the day to day running costs of services, such as employee costs and supplies and services.
- 2.2 The Capital Programme is Gwent Police's five-year plan of capital expenditure, including details on the funding of this expenditure.

¹ Throughout this document the term Gwent Police is used to refer to the activities of both the Office of the Commissioner and the Office of the Chief Constable.

- 2.3 Treasury Management investment activity covers those investments which arise from Gwent Police's cash flows and debt management activity, which ultimately represents balances which need to be invested until the cash is required for use in the course of business. For Treasury Management investments, the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Annual Treasury Management Strategy. The CIPFA Treasury Management Code recognises that some local authorities are entitled to make investments for policy reasons outside of 'normal' Treasury Management activity, these may include service and commercial investments. However, like all police forces, Gwent Police does not have a 'General Power of Competence', which gives Local Authorities the **power** to do anything an individual can do, provided it is not prohibited by other legislation. As such Gwent Police, is prevented from entering into commercial investment activities at the time of writing. The Home Office has been exploring the concept of providing a 'General Power of Competence' to Police and Crime Commissioners for many years, but until recently the process has been sidelined by virtue of other, more pressing Governmental demands. However, as part of the Home Office's review of Police and Crime Commissioners' roles and functions which started in 2020/21, in September 2021 they sought views on establishing 'enhanced' powers of 'Competence' (which could be 'functional' (limited) or 'full'). At the time of writing, the review has yet to be concluded and reported upon.

3 Capital Strategy's Links to Other Corporate Strategies and Plans

- 3.1 The Commissioner produces his Police and Crime Plan every four years. The current version covers the period 2021 to 2025. The Capital Strategy sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward, as well as the impact on the achievement of priority outcomes. Therefore, as the primary source of business activity, the achievement of the Police and Crime Plan is the major determinant of the Capital Strategy.
- 3.2 The achievement of the overarching Police and Crime Plan is delivered by each Corporation Sole, by virtue of the Office of the Police and Crime Commissioner for Gwent's (OPCC) Annual Business Plan and the Chief Constable for Gwent's Annual Force Delivery Plan.
- 3.3 The Capital Strategy contributes to the delivery of these Annual Plans and is in itself, made up of a number of interrelated strategies and plans, which are individually developed and reported upon:



- 3.4 As shown in the above diagram, the operation of the strategies and the plans is underpinned by the Manual of Corporate Governance (MOCG) which includes:
- a) The Decisions and Accountability Framework;
 - b) The Scheme of Delegation;
 - c) Financial Regulations including Risk Management;
 - d) Standing Orders relating to Contracts; and
 - e) Information Management.
- 3.5 Capital expenditure and funding should be directed to those programmes and projects that optimise the achievement of the outcomes in the Police and Crime Plan. The following processes are designed to ensure this happens.

4 The Capital Programme Process

4.1 Introduction

- 4.1.1 At any given time, Gwent Police has rolling Medium Term Financial Projections (MTFPs), which includes both the revenue position and the Capital Programme forecasts for the following five years. The MTFP is reviewed on at least a quarterly basis and is extended annually at the conclusion of each individual annual budget setting round. The MTFP reflects the affordable financial resources required by Gwent Police to achieve the aims and objectives established in the Commissioner's Police and Crime Plan and to support national drivers such as the National Policing Vision 2025.
- 4.1.2 The Capital Programme element of the MTFP provides Gwent Police's forecast investment in infrastructure and major assets, thereby enabling Gwent Police to strengthen and streamline core assets and systems; it also provides the framework for delivering innovative policing with lower revenue implications.
- 4.1.3 The four main areas of focus within the Capital Programme are to deliver the following strategies:
- a) Estate
To deliver a future-focussed sustainable Estate, which reassures the public, motivates and enables officers and staff to deliver an excellent

service with partners, whilst being financially viable. With its Primary Objectives being:

- An Estate which provides a citizen-focussed policing service;
- An Estate which supports operational policing requirements;
- An Estate which demonstrates value for money; and
- An Estate which is designed for the future.

By virtue of the financial position explained in Section 5 below, a review of the Estate Strategy will be undertaken at the commencement of the 2022/23 financial year. This will be undertaken in collaboration with the Police and Crime Panel's (PCP's) Estate Reference Group and other key stakeholders, in order to realign Operational Policing and the public's requirements (incorporating both the principles of value for money and environmental sustainability), with an appropriately risk-based approach to funding.

b) ICT

To ensure provision is made for ICT and Business Change Technology to maintain and develop the existing infrastructure; and invest in the core technologies required to provide innovative digital policing services.

c) Fleet

To maintain and replace the fleet to ensure economic, efficient and effective service delivery and to invest in new technologies to reduce running costs and environmental impact.

d) Greener Gwent Strategy

The Force's Greener Gwent Group (which has OPCC representation) is responsible for driving the delivery of the sustainability strategy and net zero agenda at a local and national level. The Group allocates resources and develops ongoing internal sustainability awareness campaigns to enable, promote and encourage sustainable initiatives. The work of the Group is supported by 'Green Champions' who help promote Greener Gwent and sustainability initiatives in the workplace; engaging other members of Police Staff and Police Officers and acting as a point of contact for those wanting to take action.

A key target of Greener Gwent is to be 'Net Zero' by 2030, whereby choosing zero carbon will be routine; culturally embedded; and self-regulating across the Welsh public sector. What this actually means for Gwent Police is highlighted below:

i Buildings and Infrastructure:

- Contribute to the target for Wales to generate 70% of its electricity consumption from renewable energy by 2030;

- Achieve biodiversity net gain on all capital projects; and
- Continue to introduce more sit/stand desks across the estate (1:10 ratio) and promotion of ergonomic working patterns such as walking meetings.

ii Travel (Deliver Healthy Travel - Gwent's Public Sector Commitments 2020-23):

- Reduce the proportion of journeys commuting to and from work made by car from 87% to 77%;
- Increase the proportion of staff who use public transport to travel to and from work from 3% to 8%;
- Increase the proportion of staff who work from home 1 or more days per week from 14% to 25%; and
- Increase the proportion of vehicles used during the day which are ultra-low emission from <1% to 5%.

iii Procurement:

- Include a minimum weighting of 10% in tenders for social value;
- Ensure 100% of paper purchased is produced from 100% recycled sources;
- Reduce packaging waste by at least 25% by 2025; and
- Receive carbon reporting by 2023 as part of tenders or contractual obligations, whilst demonstrating progress towards net zero goal.

iv Waste:

- Zero waste to landfill;
- Reduce Departmental printing by 10% each quarter; and
- Increase recycling to 70% by 2025.

4.1.4 The Capital Programme acknowledges the constrained financial position of Gwent Police and therefore maximises both the available financial resources and also the capacity that Gwent Police and its partners have to manage change projects.

4.2 Force Collaboration and Wider Sector Engagement.

4.2.1 Although Gwent Police has its own Capital Strategy and Capital Programme, the natural drivers that encourage local and regional forces to collaborate, such as cost and resource sharing, along with structured collaborations and national plans, can have a significant influence on local decision making.

4.2.2 One of the focal points therefore of Gwent Police's Capital Strategy (and to improve overall service to the public), is to acknowledge regional and national partnership working, both with other Forces and in the wider context

of engagement with Local Authorities, other Emergency Services and the wider public and third sector.

4.3 Timetable and Process

4.3.1 For any particular budget setting year, the process for Gwent Police starts during the Summer of the preceding year. The Strategic Planning Group agrees the timetable and communication strategy to be adopted, to deliver a successful annual budget setting round, which includes the revisions required to the MTFP (which in turn includes revisions to the Capital Programme). At this time, from a Capital Programme perspective, Senior Responsible Officers (e.g. The Head of Service) throughout the Force (and to a lesser extent, the OPCC) will be considering investment requirements with the Chief Constable's Assistant Chief Officer – Resources (ACOR) from the following drivers:

- a) The achievement of high-level agreed Force, Regional or National outcomes;
- b) The delivery of the Estate, ICT, Fleet and Greener Gwent strategies;
- c) The maintenance of the essential infrastructure of Gwent Police;
- d) The development of improved Force wide capability;
- e) Adjustments to existing prioritised plans/projects;
- f) Meeting carbon management & Health and Safety requirements; and
- g) Delivering invest to save schemes.

4.3.2 Senior Responsible Officers will submit asset replacement/management programmes and/or business cases that support delivery of these drivers. These submissions must be sponsored by a member of the Chief Constable's Chief Officer Team (COT) and must identify the requirement; rationale; deliverables; benefits; links to Gwent Police priorities; and costs, in terms of both capital expenditure/investment and ongoing revenue consequences.

4.3.3 Based on an agreed timetable, asset replacement/management programmes (and where necessary business cases) for consideration will be submitted into each of the governance boards, which have responsibility for approving the respective element of the Capital Programme:

- a) Estate Strategy Board and Estate Implementation Group;

- b) ICT - Shared Resource Services (SRS) Governance Board (Gwent Police is a member of the SRS, with four of the five Local Authorities in Gwent. The SRS is designed to deliver collaborative ICT service and business change programmes across Gwent) – This Board is responsible for agreeing collaborative ICT investment between the partners of the SRS;
- c) ICT – Digital Services Division (DSD) Programme Board (Gwent Police has a joint Digital Services Division with South Wales Police, designed to deliver digital transformation across the two organisations on a consistent and collaborative basis) – This Board is responsible for agreeing collaborative ICT investment between Gwent Police and South Wales Police;
- d) Fleet Strategy Board; and
- e) In addition to the three areas of focus above, Gwent Police’s Service Improvement Board approves capital investment beyond these three areas of focus (e.g. investment in drone technology), and also approves the capital implications of predominantly revenue business cases.

4.3.4 Working alongside these individual Boards, the overarching Capital Strategy Group:

- a) Develops, reviews and recommends for approval the three-year Capital Strategy;
- b) Establishes the Capital Programme for Estate, Fleet, ICT and Digital Services;
- c) Reviews progress with implementation and spend against the Capital Programme;
- d) Considers the funding of the Capital Programme for the annual budget setting process;
- e) Considers procurement routes in the implementation of the proposed Capital Programme;
- f) Reviews and verifies the Fixed Asset Register (FAR) to ensure the integrity of additions and disposals;
- g) Reviews significant revenue schemes for long-term projects; and
- h) Establishes and reviews financial regulations pertaining to capital spend.

- 4.3.5 Over the Autumn, the evolving Capital Programme will be scrutinised by the ACOR; the Commissioner's Chief Finance Officer (CFO); Capital Strategy Group and the respective Senior Responsible Officer to ensure that the scheme/investment:
- a) Delivers against the priorities laid out in the Commissioner's Police and Crime Plan;
 - b) Meets operational requirements;
 - c) Demonstrates value for money;
 - d) Is affordable;
 - e) Can be implemented in a timely, efficient and effective manner; and
 - f) Has an appropriate 'public profile'.
- 4.3.6 Following this initial scrutiny, the draft Capital Programme (and associated detail) will then be presented to and extensively reviewed and endorsed (or otherwise) by COT to ensure the above criteria are met.
- 4.3.7 In late November, the Chief Constable will formally submit their annual 'budget bid' (both revenue and capital), to the Commissioner and this will be formally received and scrutinised in the Commissioner's Strategy and Performance Board (SPB).
- 4.3.8 Subject to the bid being accepted, the financial implications are aggregated with the OPCC's financial requirements and the MTFP is updated (providing views on affordability and potential funding issues and options) for presentation and agreement by the Commissioner in early December. The overall annual budget, including the Commissioner's indicative Council Tax Precept increase is then formally presented to both the Joint Audit Committee (JAC) and the PCP later in December. The following paragraph explains the importance of the PCP in the process, however, the JAC also play a key role by virtue of their remit to consider and comment upon:
- a) The budget planning process;
 - b) The Financial Strategy (MTFP);
 - c) Any policy or strategy regarding reserves;
 - d) Any policy or strategy regarding loans, investments or borrowing;
 - e) Any policy or strategy regarding asset management; and

- f) The integrity of any published financial statements and any formal announcements relating to financial performance.
- 4.3.9 Upon receipt of the Provisional Settlement from the Government (received in late December) and reflecting the Commissioner's final Council Tax Precept proposal for the forthcoming financial year, a final version of the MTFP (including the Capital Programme) will be approved by the Commissioner. In the following January, the Commissioner will finalise his overall **Budget Requirement and Council Tax Precept Proposal** report; which is submitted to the PCP as part of the Council Tax Precept confirmation process, in order to receive endorsement (or otherwise) for the Council Tax Precept proposal for the following financial year.
- 4.3.10 The Capital Programme over the next five years forms a narrative section within the above report and is also supported by two financial schedules within the Appendices to the report, highlighting both capital and long-term non-capital expenditure and also the sources of funding to match off this expenditure.
- 4.3.11 Following the conclusion of the PCP's scrutiny and endorsement of the Commissioner's Council Tax Precept proposal, the capital budget for the following year is agreed and the Commissioner acknowledges the intention for planning purposes, of the remaining years of the Capital Programme within the MTFP.
- 4.3.12 Therefore, once the overall Capital Programme has been approved, a detailed separate annual capital budget for the first year of the Capital Programme is produced, prior to the start of the financial year. Prior to the approval of the Capital Programme however, this annual budget will already have indicatively included ongoing schemes from previous years, as well as annual replacement programmes such as vehicles, plant and equipment. Additional schemes from the Capital Programme within the overall MTFP plan are then included in the annual budget, prompting the refinement of implementation plans to ensure timescales and Contract Standing Orders are adhered to.
- 4.3.13 The Commissioner approves the overall borrowing levels in January each year, following the conclusion of the process to confirm the Council Tax Precept increase. This mechanism is also supported by his approval of the Treasury Management Strategy for the forthcoming three financial years, which he approves at around the same time. The taking of loans, if required, then becomes an operational decision for the Commissioner's CFO, who will decide on the basis of the level of reserves and committed funds; current and predicted cash flow; and the money market position, on whether borrowing should be met from internal or external borrowing.

- 4.3.14 Once the Commissioner has approved the Capital Programme, then expenditure can be committed against the approved schemes, subject to the normal contract procedure rules and the terms and conditions of funding.
- 4.3.15 Whether capital projects are funded from grant, revenue contributions, capital allocations from reserves and committed funds, asset sales or external borrowing, the consequential revenue costs must be able to be met from existing revenue budgets, or identified (and underwritten) savings, or income streams.
- 4.3.16 Following approval by the Commissioner, the Capital Programme expenditure is then monitored on a regular basis as identified in Section 6 below.

4.4 Links to Overall Financial Planning.

- 4.4.1 Prior to submission of the draft MTFP in late Autumn, a significant amount of financial work will have already been undertaken on revenue budgets. This work will have identified the potential financial position for Gwent Police in respect of the coming medium term (typically five years), taking into account core known information and stated assumptions.
- 4.4.2 The work will include forecasts on inflation; committed growth requirements; forecast productivity and efficiency savings; assumptions around grant and Council Tax Precept funding; and any other information introduced during the budget process.
- 4.4.3 The revenue financial position is also influenced by the process for developing the emerging Capital Programme – in terms of both revenue consequences of capital programmes and also through the ability or requirement to financially support capital investment, either through direct financing or borrowing.

5 **Capital Sustainability**

- 5.1 From a capital perspective, Gwent Police's financial position is changing. Government Capital Grant between 2014/15 and 2021/22 has reduced by nearly 90% and by 2022/23 has been removed completely (see paragraph 7.2.1 below); a position which has been masked by the fact that Gwent Police has benefitted from substantial capital reserves and committed funds; supported by the sale of operational buildings; from revenue reserves assigned to capital investment; or from a recurrent and non-recurrent revenue contributions to capital.
- 5.2 As Gwent Police moves forward through the next five years, the picture moves away from funding of the capital programme through use of

accumulated reserves and committed funds and into a position of funding through either direct revenue financing or external borrowing for specific projects.

- 5.3 From 2023/24 onwards, all capital investment will have to be funded from external borrowing or revenue contributions. This is expected to be during a continued period of revenue pressure and uncertainty.
- 5.4 Gwent Police's Capital Strategy 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. This may be through more efficient and mobile use of police personnel, enabled by improved ICT systems and other core infrastructure - for example, connected vehicle fleet and building assets.
- 5.5 This strategy will also be influenced by and take account of National and Regional Visions for policing.

6 Monitoring of the Capital Programme

- 6.1 Capital projects and schemes are subject to high levels of scrutiny. This varies dependant on the type of project and may be influenced by size, or by the makeup of regional involvement. Each project will have a Project Manager and potentially a team to implement the project.
- 6.2 Typically projects will have a dedicated Project Board, which, if part of a larger programme may sit under a Programme Board. Programme and Project Boards will have a Senior Responsible Officer or Chair Person. Further strategic oversight is provided by the governance boards outlined in paragraph 4.3.3 and 4.3.4 above.
- 6.3 The ACOR will submit capital monitoring reports (as part of the suite of monthly financial management reports) to the Organisational Resources Board (ORB), COT and the Commissioner's SPB on a regular basis throughout the year. These reports will be based on the most recently available financial information. These monitoring reports will show spending to date and compare projected income and expenditure with the approved capital budget. From period six onwards, year-end forecast information is also included. The JAC and PCP also receive the year-end outturn report for both revenue and capital.
- 6.4 For proposed in-year amendments to the annual capital budget, for schemes not already included in the five-year Capital Programme, the ACOR will prepare a business case for submission to the respective governance board (e.g. Estate Strategy Board) for consideration and approval, including details on how the new scheme is to be funded.

- 6.5 The in-year virement of budgets across schemes in the Capital Programme is subject to delegated limits set out within the MOCG. The approval of the Commissioner shall be required if the virement involves:
- a) A substantial change in policy; or
 - b) A significant addition to commitments in future years.
- 6.6 Aside from the above criteria, financial capital virement limits are also imposed of:
- a) Up to £500,000 can be approved by the ACOR; and
 - b) More than £500,000 must be approved by the Commissioner via his CFO.
- 6.7 All reports (including the suite of financial management reports) presented to the Commissioner's SPB (which is the formal meeting held in public whereby the Chief Constable is held to account), are also published on the Commissioner's website.
- 6.8 Payments for capital schemes often occur over many years, depending on the size and complexity of the project. Therefore, estimated payment patterns are calculated for each project so that the expected capital expenditure per year is known. This is called a cash flow projection or budget profiling.
- 6.9 The approval of a rolling multi-year capital programme assists Gwent Police in a number of ways. It allows the development of longer-term capital plans for service delivery; allows greater flexibility in planning workloads; and more certainty for preparation work for future schemes. It also allows greater integration of the revenue budget and capital programme. Fundamentally, it also matches the time requirement for scheme planning and implementation, since capital schemes can have a considerable initial development phase.

7 Funding Strategy and Capital Policies

7.1 Introduction

- 7.1.1 This section sets out Gwent Police's policies and priorities in relation to funding capital expenditure and investment.

7.2 Government Grant

7.2.1 The Police Service receives no direct capital funding from the Home Office for capital expenditure. As part of the 2022/23 Final Settlement, the Home Office removed Capital Funding for Police and Crime Commissioners, moving it instead into reallocations and therefore no longer available to individual Police and Crime Commissioners. Whilst the 2021/22 Capital Funding allocation for Gwent was a mere £120k, the point of principle remained that the Government were funding a small aspect of Police and Crime Commissioners' Capital Programmes. This move by Government ends the journey of recent years. Even if the £120k was maintained it would remain significantly lower than that received as recently as 2019/20 (which was £459k) and roughly only 10% of that received in 2014/15 (which was then £1.100m). The cessation of this Capital Funding, places a significant burden on Reserves and Committed Funds, as well as revenue budgets and the Council Tax Precept debate; as to maintain an appropriate Capital Programme moving forward, the revenue budget will need to contribute through a revenue contribution to capital or through new borrowing costs. This creates an inherent risk particularly when financing short-life assets such as vehicles and ICT (which do not lend themselves to long-term borrowing); interest rate exposure; and also around public perception on how the Council Tax Precept will need to be spent to provide the infrastructure to support the front-line.

7.2.2 Specific capital grants may however be received for agreed capital works undertaken by collaborative units for which Gwent Police is either the lead force or lead partner e.g. vehicle replacement for Go Safe in Gwent. In addition, specific capital grant may also be provided for the capital element of successful funding bids to Government initiatives, e.g. such as the Home Office's Safer Streets Fund.

7.3 Capital Receipts

7.3.1 A capital receipt is an amount of money which is received from the sale of an item on the fixed asset register. They cannot be spent on revenue items.

7.3.2 These capital receipts, once received, are used to finance the Capital Programme. Unfortunately, the pool of assets available for sale is rapidly declining.

7.4 Revenue Funding

7.4.1 Recognising the demise of Government Capital Grant and that the pool of assets available for sale is declining, direct 'Revenue Contribution to Capital' funding is seen as a sustainable funding alternative. An appropriate provision (which is steadily increasing) for this revenue contribution is included in both the annual revenue budget and the MTFP.

7.5 Prudential Borrowing

- 7.5.1 Local Authorities, including Police and Crime Commissioners, 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 2021. The borrowing costs are not supported by Government Grant, so Gwent Police needs to ensure it can fund the repayment costs. The Commissioner's Minimum Revenue Provision (MRP) Policy sets out a prudent approach to the amount set aside for the repayment of debt. Due to the ongoing debt charges (i.e. MRP and external interest charges), Gwent Police will currently only consider external borrowing for long-term Estate Strategy projects.
- 7.5.2 The consideration of the Commissioner's borrowing position and associated Treasury Management position are confirmed in the annual Treasury Management Strategy.

7.6 Reserves and Committed Funds

- 7.6.1 Unspent capital grant and capital receipt monies can be carried forward in the Balance Sheet (as a reserve or committed fund) until they are required to fund the Capital Programme.
- 7.6.2 As highlighted earlier in this strategy, Gwent Police also uses funds held in revenue reserves and committed funds to fund capital expenditure.
- 7.6.3 In addition, the Commissioner is able to hold funds from third parties that are designed to contribute to fund collaborative capital schemes. For example, contributions from Local Authorities of monies received by virtue of Section 106 of the Town and Country Planning Act 1990 or the Community Infrastructure Levy (CIL).
- 7.6.4 Her Majesty's Treasury (HMT) guidance on capital projects recognises that there is a potential for project costs to exceed the initial assessment. This is called 'Optimisation Bias' and relates to any project type, although it can be particularly impactful when relating to the development of long-term Estate works or complex ICT/business change programmes. The level of the Optimisation Bias (or contingency), is accounted for on a scheme-by-scheme basis and accommodated within the budget of the individual scheme. Therefore, the Commissioner does not hold one overarching contingency reserve to manage the escalation of capital expenditure beyond initial assessments.

7.7 Partnerships and Relationships with Other Organisations

- 7.7.1 Wherever possible and subject to the usual risk assessment process, Gwent Police will look to expand the number of capital schemes which are

completed on a partnership basis and continually look for areas where joint projects can be implemented. In support of this approach:

- a) Gwent Police is a member of the SRS, with four of the five Local Authorities in Gwent. The SRS is designed to deliver collaborative ICT service and business change programmes across Gwent;
- b) In addition, Gwent Police has a joint DSD with South Wales Police, designed to deliver digital transformation across the two organisations on a consistent and collaborative basis;
- c) Gwent Police is also a member of the Police Digital Services Company (PDS) and actively engages in the delivery of National Programmes of ICT work, which are delivered either through the PDS, the Home Office or through specific 'lead' forces;
- d) At the heart of the delivery of the Estate Strategy, is to provide, where appropriate, estate provision on a collaborative basis. Shared estate provision has already been embedded with the other Emergency Service partners as well as Local Authorities over recent years; and
- e) Other capital expenditure, e.g. the Fleet replacement programme, utilises existing national procurement frameworks, to ensure the achievement of value for money.

7.7.2 Although Gwent Police may procure capital items on behalf of other partners, only Gwent Police related expenditure which will be included in the fixed asset register, will be included in the Capital Programme and the annual capital budget.

7.8 Leasing

7.8.1 Gwent Police may enter into finance leasing agreements to fund capital expenditure. However, a full option appraisal and comparison of other funding sources must be made and both the ACOR and the CFO must be satisfied that leasing provides the best value for money method of funding the scheme, before a recommendation is made to the Commissioner.

7.8.2 Under the Prudential Code, finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the Commissioner's borrowing.

8 Procurement and Value for Money

8.1 Gwent Police has a Procurement Department that forms part of a collaborative provision across the three Southern Wales Forces. The

Department ensures that all contracts, including those of a capital nature, are legally compliant and demonstrate best value for money.

- 8.2 It is essential that all procurement activities comply with prevailing regulations and best practice as set out in the MOCG, which includes Standing Orders relating to Contracts and Financial Regulations. Guidance on this can be sought from the Procurement Department.
- 8.3 As has already been demonstrated in paragraph 7.7.1. e) above, the main aim is to hold value for money as a key goal in all procurement activity, in order to optimise the combination of cost and quality.

9 Performance Management Framework

- 9.1 The vast majority of the capital assets owned by the Commissioner on Sbehalf of Gwent Police, are managed on a day-to-day basis by officers and staff under the direction and control of the Chief Constable. For example, the day-to-day management of the Estate, ICT and Fleet Programmes of work are undertaken by staff under the direction of the ACOR, who in turn, reports to the Chief Constable
- 9.2 Once approved, the ACOR manages the Capital Programme and the annual capital budget and provides regular updates to the COT who, collectively, maintain oversight of planned expenditure.
- 9.3 The Commissioner's CFO is responsible for developing and then implementing the Treasury Management Strategy, including the Annual Investment Strategy.
- 9.4 During the budget preparation process, COT take a strategic perspective to the use and allocation of Gwent Police's capital assets and those within its control in planning capital investment. COT receive reports on proposed capital projects and make formal recommendations to the Commissioner during the development of the Capital Programme.
- 9.5 Having approved the Capital Programme and the annual capital budget in January each year, the Commissioner formally holds the Chief Constable to account for delivery of capital projects during the bi-monthly Estate Strategy Board and quarterly SPB meetings.
- 9.6 Clear measurable outcomes should be developed for each capital scheme. After the scheme has been completed, the Chief Constable is required to check that outcomes have been achieved.
- 9.7 Gwent Police's Service Improvement Board may undertake 'Post Implementation Reviews' of significant capital schemes, which will report

upon the aspects of the implementation that went well, as well as those that could have been improved upon.

- 9.8 Internal Audit may also be directed to undertake an audit of the implementation of a particular scheme, or programme of work. The reviews should look at the effectiveness of the whole project in terms of service delivery outcomes, design and construction, financing etc., as well as to identify good practice and lessons to be learnt in delivering future projects.
- 9.9 As a precursor to this strategy, the findings of the 2021/22 audits undertaken by TIAA and Torfaen County Borough Council (TCBC), which have fallen specifically under the remit of this Capital Strategy have been:

a) TIAA

Review Area	2021/22
Fleet Management – Single System Electric Vehicles	Advisory
Agile Working	Substantial
Safety Camera Partnership	Substantial
Risk Management	Substantial
Business Continuity Recovery Planning	Reasonable
Estate Management - Delivery	TBC
Budgetary Control	TBC
ANPR	TBC
Automatic Number Plate Recognition (ANPR)	TBC
Electronic Timesheet Management	TBC
Treasury Management	TBC

b) TCBC

Review Area	2021/22
Performance Management	Substantial
Business Management Follow-up	Full
IT Governance	Full
IT Disposals Follow-up	Moderate
Data Centre	TBC
IT Service Continuity	TBC
Application Support	TBC
Identity and Access Management	TBC
Mobile Computing	TBC

9.10 Consequently, looking forward over the period of this strategy, the Internal Audit Plans of TIAA and TCBC have the following audits scheduled, which will fall specifically under the remit of this Capital Strategy:

a) TIAA

Review Area	2022/23	2023/24
Strategic Planning		✓
Risk Management	✓	✓
Budgetary Control	✓	✓
Treasury Management		✓
Fixed Assets		✓
Capital Programme	✓	
Estate Management - Delivery	✓	
Estate Management - Strategy		✓
Fleet Management – Repairs and Maintenance	✓	
Fleet Management – Fuel		✓
Contract Management	✓	✓

Note: At the time of writing, the current TIAA 3-year audit plan runs to 2023/24.

b) TCBC

Review Area	2022/23
TBC	

Note: At the time of writing, the TCBC audit plan for 2022/23 has not been finalised.

This strategy will be updated when the information marked as 'TBC' above is received over the coming three months.

10 Risk Management

10.1 Risk is the threat that an event or action will adversely affect Gwent Police's ability to achieve its desired outcomes and to execute its strategies successfully.

- 10.2 Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.
- 10.3 The aim is to reduce the frequency of adverse risk events occurring (where possible); minimise the severity of their consequences if they do occur; or to consider whether risk can be transferred to other parties. The Strategic Risk Register sets out the key risks to the successful delivery of Gwent Police's corporate aims and priorities. It also outlines the key controls and actions to mitigate and reduce risks, or maximise opportunities.
- 10.4 To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored. It is important to identify the appetite for risk by each scheme and for the Capital Programme as a whole, especially when investing in complex and costly business change programmes.
- 10.5 Gwent Police accepts there will be a certain amount of risk inherent in delivering the desired outcomes of the Police and Crime Plan and will seek to keep the risk of capital projects to a low level, whilst making the most of opportunities for improvement. Where greater risks are identified than 'corporately acceptable' to achieve desired outcomes, Gwent Police will seek to mitigate or manage those risks to a tolerable level. All key risks identified as part of the capital planning process are considered for inclusion in the Strategic Risk Register.
- 10.6 The ACOR and CFO will report jointly on the deliverability, affordability and risk associated with the Capital Programme and the associated annual capital budget. Where appropriate, the ACOR and CFO will have access to specialised advice to enable them to reach their conclusions.
- 10.7 Further specific risks are identified and discussed within the annual Treasury Management Strategy. For completeness, these are highlighted below:
- a) Credit Risk;
 - b) Liquidity Risk;
 - c) Interest Rate Risk;
 - d) Exchange Rate Risk;
 - e) Refinancing Risk;

- f) Legal and Regulatory Risk; and
- g) Fraud, Error, Corruption and Contingency Management Risk.