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| **Members:** | Dafydd Llywelyn, Police and Crime Commissioner (PCC)Temporary Assistant Chief Constable Steve Cockwell, DPP (T/ACC SC)DoF Edwin Harries, DPP (DoF)Carys Morgans, Chief of Staff, OPCC (CoS) |
| **Also Present:** | Heddwyn Thomas, Director of Estates, OPCC (DoE)Kate Jackson, North Wales OPCC Chief Finance Officer (CFO)Chief Inspector Richard Hopkin, DPP (RH)Chief Inspector Chris Neve, Staff Officer, DPP (CN)DC Teleri Richards, Staff Officer, DPP (TR)Lee Paterson, Associate Director WSPSimon Burd, Project Manager WSPMair Harries, Executive Support Officer, OPCC (MH) |
| **Apologies** | Beverley Peatling, Chief Finance Officer, OPCC (CFO)Temporary Chief Constable Claire Parmenter, DPP (T/CC)Temporary Deputy Chief Constable Emma Ackland, DPP (T/DCC) Temporary Assistant Chief Constable Dave Guiney, DPP (T/ACC) |



**Meeting: Policing Board**

**Venue: Skype Meeting**

**Date: 28th of July 2021**

**Time: 13:00 – 14:00**



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| **Decision No** | **Decision Summary** |
| **PB T3 3** | **The Board agreed to support the plan to move forward with a plan to build in Dafen and grant a contract to Willmott Dixon.** |

**2. Dafen Custody Suite**

The DoE stated that a validation report complete with appendices had been provided to the Board. The documents included a value for money report and documentation with alternative options regarding plans for building in the Dafen, Llanelli area. Other documents included the validation report itself and additional e-mails from Wilmot Dixon containing additional detail.

The DoE stated that the validation report itself contains a trail of records from meetings since 2015. It also contains an array of appendices which has been substantiated. It was noted that the project team, along with RH from an operational perspective, were of the opinion that the Dafen facility should proceed on the basis of the information contained in the report.

The DoE stated that the document contains a validated market costs analysed by WSP to conclude whether it is a reasonable and fair price.

LP stated that this is the first point in the project where real costs have been provided by Willmott Dixon as opposed to estimated costs. The stage 4 costs represent fixed prices with Willmott Dixon. LP provided a presentation, noting that its intention is not to regurgitate the report but to capture how the processes have gone over the past few weeks to progress the project.

It was noted that the objective of the report is to ensure that due diligence on the stage 4 market testing process has taken place. This has been done via a number of factors including ensuring transparency on costs, ensuring costs are currently allocated, challenging any surprising cost increases and providing a summary of clarification process

Moving on to answer why some of the elements for the project have gone over budget, LP provided a clarified stage 4 position of costs. It is noted that the over spend was originally due to inflation, market and commercial issues. Following a review of the building costs however it was noted that the following factors have caused an increase since stage 3 of the build: 1) market testing (increase of 45%), 2) design development (12% increase), 3) unauthorised change (1% increase), 4) design items missed at stage 3 (48% increase), 5) customer change (10% increase) 6) risk transfer (9% increase) and 7) design efficiencies and reductions (25% increase).

LP provided a customer risk overview to the Board. It was noted that a significant development has taken place with respect to the ground condition risk, which was responsible for 85% of the customer risk allowance at Stage 3. The risk has been partially mitigated with design solutions and plans to excavate and replace areas of the unsuitable ground. The contractor agreed to fix the price for this particular element which has been included in the build cost.

It was also noted that there is a requirement to carry out injection grouting on the site, and due to the uncertainty around the volume of grouting required the contractor is unwilling to accept the financial risk associated with this element.

LP moved on to the Benchmarking Exercise conducted showing how each element of Dafen Stage 4 costs compare with other similar schemes on a cost per m2 and cost per cell basis. It was noted that through updating previous projects for inflation most of the costs are in line with benchmark numbers albeit slightly above average in some cases.

LP stated that the superstructure, mechanical and electrical costs for Dafen were higher than other projects of a similar nature, being impacted by the adjacent site and the requirement to increase the acoustic properties of the building. LP also stated that costs have increased for materials particularly steel and glass.

LP moved on to the outstanding issues to be addressed with regard to the building. He outlined provisional sums, existing customer risks and other matters and the costs associated with each.

The PCC queried whether it was normal for cash flow forecasts to follow at this stage of the project. LP stated that this is not a problem for arriving at an agreed contract, however he stated that this element should be provided by Willmott Dixon as part of the project. The DoE stated that a programme had been provided for review ahead of sanctioning costs. The PCC queried whether there will be a cash flow issue as the project is initiated. The DoF stated that there wouldn’t be a cash flow issue; he stated that the Force would like as accurate a cash flow plan as possible however he did not have specific concerns at this point in the project.

The DoE stated that the point of life cycle costing is to have certainty around running costs. Work is going on in the background for benchmarking for the office and cell costs and that information will be made available to critique the cost further. It was noted that the process will continue pending approval by the Board today. Cost reduction is still possible; this was reiterated by Willmott Dixon during a meeting with the PCC and T/CC last week. LP stated that further discussions will be had from a negotiation perspective.

SB took over the presentation stating that he reviewed all options to DPP at this time. The DoE stated that 11 alternative sites in the Llanelli were considered for the building. Based on a Policing Board meeting request to review other options on the 13th of July, it was decided that only one site in North Dock should be considered as an alternative. An assessment was made to consider whether this site could be used in addition to the Dafen site.

SB stated that 5 options were identified for progressing the project at that point:

Option 1

This looked at reducing the scope of client requirements. This option included risks including loss of supply train partners, costs of maintaining the site, and potential delays of 44 weeks. This option was not feasible.

Option 2

This option looked to redesign the building with potential risks including additional fees and programme delays. This option could lead to delays of up to 18 months, and result in additional design fees.

Option 3

This option would delay the construction phase and re-tender the project. More competitive quotes could be received from other suppliers. It is unlikely that costs will reduce in the next year or so. Risks include increased costs, potential loss of partners and additional costs of maintaining the site.

Option 4

Investigate other sites and having a custody only site in Dafen and additional office sites elsewhere. WSP hasn’t spent additional time reviewing this option, and this option would cause a delay of 12-18 months.

Option 5

If additional funding can be found for the project then the building can start. Material can be purchased and stores offsite resulting in a cost saving. This option has better costs certainty and potential for savings.

The DoE stated that a cost model has been completed for Option 4 on the North Dock option. From an operational point of view this would be an additional financial burden for the Force.

The DoE stated that the recommendation at this time is to progress with Stage 5 with Willmott Dixon.

LP and SB left the call at this time.

The DoF presented a report setting out the financial implications of the scheme in terms of annual costs and implications in relation to the precept. The report also provided details in relation to value for money and other options that had been considered that were also relevant to the decision.

The PCC queried regarding additional potential for borrowing. A decision had been made this year to invest into IT projects to reduce the borrowing numbers for IT. In terms of revenue for the borrowing, is there an element of offsetting IT projects for this estates work. The DoF stated that a lot of borrowing is for estates costs, but the fact that there was an underspend last year and £3m placed into reserves, the Force are better off per annum than they were anticipating. The DoF stated it would be important to use the Medium Term Financial Plan (MTFP) as a base.

The PCC stated it was important to consider staff health and wellbeing. Llanelli requires a unique set of elements to support staff health and wellbeing and their ability to provide good services in the Llanelli area, Hendy and Crosshands. The current Llanelli custody is no longer fit for purpose.

The T/ACC stated that he discussed this with the T/CC and T/DCC the previous week. The operational requirement is such that this project needs to go ahead in order to meet demand and avoid moving detainees to other areas of the county due to limited cells in Carmarthenshire. The T/ACC stated that from an operational perspective the facility is very much required.

The PCC stated that there is a general consensus that the project needs to go ahead and that Board members are happy with the cost. The DoE stated that WSP have provided their approval for the costs. It was understood that building industry factors mean that costs are going to continue to rise over the next few months at least. RH stated that building companies in the Dyfed-Powys area were widely reporting increased costs. The DoF agreed that the document from WSP was watertight in terms of recommendations.

RH stated that he and the DoE have reviewed options for an additional site to Dafen, and North Dock was the only appropriate option. RH’s feeling is that the site is not big enough compared to Llanelli. He listed a number of groups and required rooms which need to be a part of the building and highlighted that the North Dock building would not be able to accommodate all of the requirements.

The DoE stated that the 18-month timescale is realistic for the Dafen project. The DoE stated that he has met with Carmarthenshire County Council regarding potential additions to the building and while they were supportive they indicated that it was not part of the original planning intent and could result in public push-back.

The Board considered the DoF’s project on affordability. The DoF stated that it is recognised that the building is a key operational requirement for the Force. If savings need to be made the Force would look to make them elsewhere as opposed to cancelling this particular project. It was noted that the T/CC has visited the current site in Llanelli and appreciates that a new building is required in order to support staff.

The PCC turned to KJ who is supporting the OPCC with their decision. KJ sought assurance on what had already been built into the MTFP and the impact as an annualised cost. The DoF provided detailed explanations of the impact of the additional budget request.

The PCC stated that this was useful to make the decision. The PCC stated that this is not a dramatic drain on resources, and would be around 10 pence per year for council tax increases.

**Decision: The Board agreed to support the plan to move forward with a plan to build in Dafen and grant a contract to Willmott Dixon.**