

**LINCOLNSHIRE POLICE AUTHORITY
FINANCE AND PERFORMANCE COMMITTEE
8TH JUNE 2010**

SUBJECT		UPDATE ON THE VALUE FOR MONEY PROGRAMME
REPORT BY	CHIEF CONSTABLE	
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SUMMARY AND PURPOSE OF REPORT		
To provide an update to the Committee on the Value for Money process within the force.		
RECOMMENDATION	<i>The report be noted</i>	

A. SUPPORTING INFORMATION

1 BACKGROUND

- 1.1 Following discussions with the Deputy Chief Constable, the Treasurer put forward a proposal to establish a joint Force / Police Authority approach to the pursuit of Value for Money. The proposal was discussed and agreed at the Strategic Planning Committee held on 3 December 2009.
- 1.2 To support and take this forward, a Value for Money Review process has been established. Immediate control of the programme is vested with the Value for Money (VfM) Board and reports from the Board are taken to Force Command Group for approval and to the Finance and Performance Committee.
- 1.3 Membership of the VfM Board comprises the Deputy Chief Constable (Chair), Assistant Chief Constable, (dependant on the business area under review), Director of Finance and Administration, Police Authority Treasurer, Police Authority Chairman (Joint Chair), and Police Authority Members, Rod Must and John Cooke. The board is served by a unit within Strategic Development with responsibility for planning (including the policing plan, horizon scanning, risk management and strategic assessments), innovative ways of improving service delivery, and internal reviews, including facilitating and managing HMIC inspections and NPIA guidance as they apply to the force.

2 VALUE FOR MONEY STATEMENT

- 2.1 The Force and the Police Authority have a duty to deliver value for money from all their activities. Police Authorities are required by the Home Office to include a

Value for Money Statement in their 2010/11 Local Policing Plan; the value for money statement should drive VfM activity within the force.

- 2.2 The VfM Board has met twice and agreed a paper setting out governance, terms of reference, working methods, Force VfM Strategy and a draft programme of reviews. Updates have been presented on the progress of reviews.
- 2.3 The draft Value for money statement to be published as part of the policing plan by the end of June is attached as Appendix A. There are still a number of figures outstanding on this which will need to be provided before publication. Until these figures are determined it is uncertain whether the current planned activity will deliver the annual target of £4m per annum.
- 2.4 **Progress**
The Board has received reports on a number of reviews. These reviews are summarised below, together with plans for future reviews.

Completed Reviews

2.4.1 Agency Staff

The review of agency staff recommended a number of steps to reduce expenditure in this area which has a base budget of £430k in 2009/10. These included a 'Zero Based' approach to setting future budgets, creation of a centrally managed contingency fund for agency staff, re-profiling some of the spend within ICT as 'specialist contractors' to distinguish from short term cover, and creation of a call off contract for all agency spend under the control of the Director of HR. The review identified potential for significant savings. The zero-base' exercise was undertaken and set a revised budget of £187k, giving a potential saving of £243k. This will be monitored during the year, spend being dependant on ongoing identified need, hence the VfM Board scheduling a revisit of this review in the first half of 2010/11.

2.4.2 Overtime

A review of controls on overtime and budgets has dramatically slowed down costs from the end of 2009. During financial year 2007/08 the force overtime budget was projecting an overspend of £500,000. In comparison to 2008/2009, there has been a reduction of operational overtime costs by 315K. A budget for overtime has now been set at £1,000 per officer, which, if achieved, should generate savings of £369k (15%) in 2010/11 and £542k (22.5%) in 2011/12.

The 'lag' in claims for overtime means that the effectiveness of the changes will not be apparent until the end of the first quarter in July 2010, when the governance improvements will have been in place for six months and the VfM Board is monitoring this.

2.4.3 Fleet review

This review looked at the Force vehicle fleet and related transport costs including personal mileage allowances. It resulted in £120,000 being released during 2009/10 to fund additional police officers. More recently the Force has adopted new mileage arrangements that will result in reduced costs from the summer onwards.

2.4.4 Resource Management Units

This review looked at the way in which demand for police officers is matched to supply, and how the current resource management process which is controlled locally delivers value for money. The proposals focussed on a more centralised management of resources, using a software package specifically designed for police forces to provide management information and proactive management of shift patterns, start times etc.

Whilst not providing for significant cash savings, this review will greatly increase the match between demand and supply of police officers, and should result in a further decrease in demands for overtime to meet demand.

2.4.5 External Training

This review looked at external training but was unable at that time to identify sustainable savings opportunities. Changes to financial accounting processes have however ensured that commitments against this budget are more robust, and spend can be more closely managed and monitored.

2.4.6 Conferences

A rapid review of expenditure on conferences produced recurring savings of £18,260 per annum through budget re-allocation and reductions.

Future Reviews

2.4.7 The rolling plan of reviews for the next 2 years is still being finalised, but reviews already underway or planned include a review of Executive Support to chief officers (due to report early June), a major review of Support Services across the Force (due to report in the autumn), a consultant led review of Criminal Justice processes (due to report by June) and a review of the supplies and services budget. Additionally in the first half of 2010, there will be a revisit of the agency staff review, and work on business benefits realisation.

2.4.8 In the medium term reviews are likely to focus on supporting the forthcoming Working for the Public HIC inspection which will have a focus on value for money, and specific reviews around the FCCC, bureaucracy, supplies and services, ICT (a regionally led review) Crime and Operations, Social Media, Ill Health retirements, shared services and force structures.

2.4.9 The VfM Board will consider the Review Programme every six months, in order to ensure it stays relevant and addresses Force and Police Authority priorities.

B. FINANCIAL CONSIDERATIONS

Value for Money is not purely about cash savings, but the individual reviews will consider finance alongside service delivery, and will look to feed into the necessity of financial cutbacks. Savings expected from the reviews to date are summarised below:

Area	Revenue Savings £k	Capital Savings £k
Transport Costs	120	31
Agency Staff	243	
Police Casual Overtime	369	
Conferences	18	

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

These will be considered within each review, and on implementation as appropriate.

D. PERSONNEL, EQUAL OPPORTUNITIES AND DIVERSITY ISSUES

(including any impact or issues relating to Children and Young People under the Every Child Matters (ECM) framework.)

These will be considered within each review, and on implementation as appropriate.

E. RISK MANAGEMENT

Risk will be considered within each review, and on implementation as appropriate.

F. REVIEW ARRANGEMENTS

The VfM board provide the review function, together with regular updates to the Police Authority on progress.

G. LIST OF BACKGROUND PAPERS

Date	Description	File
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Appendix A DRAFT VALUE FOR MONEY STATEMENT

INTRODUCTION

In Lincolnshire, the pursuit of value for money in policing has been a longstanding priority. Although the Police Authority continues to receive the lowest level of central government funding for policing, Lincolnshire remains one of the safest counties in the country, due, in part, to a sustained focus on value for money.

Nevertheless, in anticipation of the financial challenges ahead, the Authority and Force have recognised the need to seek out further efficiency savings with a view to ensuring the maintenance of front-line policing for the people of Lincolnshire.

THE CHALLENGE

The Police Authority's strategic objective is to identify efficiency savings of £4million per annum, in each of the three years of the plan period. Efficiency savings will be a combination of productivity and cashable gains and will be used, as far as possible, to maintain front-line policing.

Government funding levels for policing for 2011/12 and beyond are still unclear and are likely to remain so until the autumn of 2010. However, our financial modelling, based on a range of assumptions, has provided us with challenging targets for cashable efficiency savings. We will need to meet these targets to maintain front-line policing whilst, at the same time, achieving financial balance.

Year	Cashable Savings In Year £m	Cumulative £m
2010/11	3.162	3.162
2011/12	2.469	5.631
2012/13	2.245	7.876

OUR APPROACH

The Authority and Force are working jointly to develop a programme of work to ensure that efficient and effective processes underpin all that we do. Programme development is drawing heavily on the national *Report on Police Value for Money* produced by the High Level Working Group and good progress is being made. Whilst we aim to finalise a 3-year programme by June 2010, it will be subject to continuous review to ensure that the results of the High Level Working Group's action plans are incorporated as and when they become available. A joint Authority/Force Value for Money Board has been established to drive the programme.

THE PROGRAMME

Our programme will include reviews of activity in a number of key areas.

Workforce

Overtime

Our ambition is to reduce overall police officer overtime spend by 16.4% of 2008/09 levels by April 2011 in order to bring our levels in line with other similar Forces. The following table shows the savings built into our 3-year medium term forecast and the saving compared to 2008/09.

Year	Police Officer Overtime Budget £m	Savings £m	% Savings
2008/09	2.681	-	-
2009/10	2.478	203	-
2010/11	2.242	439	16.4
2011/12	1.984	697	26.0
2012/13	1.984	697	26.0

We also plan to freeze Police Staff Overtime at 2008/09 levels at £0.3 million over the period of the medium term financial forecast.

Resource Management

We will review our approach to Resource Management and Deployment, to optimize our ability to meet the demand for policing across Lincolnshire. This will include a review of the strategy and its operation and the underpinning information systems to ensure the effective alignment of our people with the demand for policing services.

Process Improvement

We have invested heavily in new Information and Communications Technology in recent years and we intend to focus on driving out the business benefits from our investment in Mobile Data, Crime and Intelligence and Case & Custody. As well as providing scope to improve significantly the efficiency and effectiveness of our core processes, these investments contribute significantly to our aim of ensuring that we deliver a high quality service to our public.

Procurement

We welcome the planned development of national framework contracts and will undertake a full evaluation of each of these with a view to implementing those which demonstrate clear service and/or financial benefits for Lincolnshire.

A review of the procurement and management of Agency Staffing is close to completion. Initial findings have resulted in changes aimed at significantly reducing the level of agency staff utilised by the Force and work has now commenced on a programme of work that will look at delivering more cost effective ways of managing this area. This review is currently scheduled for completion in June 2010.

We have, for several years, been working on collaborative procurement with our neighbouring Forces with several notable areas of success including ICT maintenance and payroll services. In 2010/11 a major new regional contract for Forensic services will come into operation. We will continue to build on these collaborative approaches in this plan period and developments will be incorporated into our programme as they emerge.

National Procurement Savings

The force benefits from a share of national procurement savings delivered through framework contracts and national initiatives. The majority of these savings are non-cashable.

Business Support Services

During 2010/11 we will review the way in which the Force provides administrative, financial and HR support to its Divisions and Departments. We also intend to review administrative processes relating to the reimbursement of expenses and the purchase and payment for essential items with a view to introducing a 'self-service' approach.

Rationalising the Police Estate

We will undertake a review of our Estate to ensure that the location of our property assets is aligned with demand and that opportunities for co-location with partner agencies are identified.

ICT

A refresh of our ICT Strategy is currently underway. We will ensure that our plans reflect the development the national Information Systems Improvement Strategy (ISIS) and that opportunities are taken for collaboration with other Forces and partners, particularly in respect of resilience and business continuity.

Regional Collaboration

Collaboration is a significant element of service provision and has delivered some key successes for the region such as the attraction of Mobile Data funding and the joint provision of policing services by EMSOU and EMTCIU. As part of this process Lincolnshire is also party to a series of reviews being undertaken jointly by some or all of the five Forces in the East Midlands (Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Nottinghamshire). Details of the current review programme are provided below:

- Major Case Review
- Covert Technical Capability
- The force is party to a regional contract for forensic services which is anticipated to deliver significant savings from the autumn of this year onwards.

Scale of Savings

Delivery of an effective efficiency programme will require the Force and Authority to blend together a wide range of different workstreams. Details of recent, current and planned achievements are shown below. It should be noted that in many instances reviews are still in the process of either being scoped or undertaken hence saving are yet to be confirmed (tbc).

Projected Cumulative Savings

Area	2010/11 in year developments	2011/12	2013/14
	£'000	£'000	£'000
Collaboration			
Forensic Science	75	150	150
Regional initiatives	TBC	TBC	TBC
ICT Developments			
Mobile Data	Non Cashable service improvements		
Crime and Intelligence			
Case and Custody			
Systems Reviews			
Criminal Justice	TBC	TBC	TBC
Call Management (FCCC)	TBC	TBC	TBC
Scheduled Reviews			
Overtime	0	494	494
Resource Management	TBC	TBC	TBC
Agency Staffing	200	300	300
Support Service Arrangements	0	150	150
Minor Reviews	50	100	150
Police Estate	0	TBC	TBC
Other Saving Areas			
Changing Cost Profile of Police Officers	TBC	TBC	TBC
Supplies and Services	100	400	700
Other in year savings	200	400	600
Workforce Modernisation	TBC	TBC	TBC
TOTAL	625	1,994	2,544

This table indicates that arrangements are in place within the force that are expected to identify an additional £625k over and above the £3.162m reported as part of the original 2010/11 budget. The table also demonstrates that plans are in place to meet £2.288m (92%) of the £2.469m cashable funding gap for 2011/12 albeit that this gap may increase as the level of funding changes at a national level.