

CUMBRIA POLICE AUTHORITY

15 December 2005

Agenda Item 19

CONSTABULARY EFFICIENCY PLANNING 2006-08

A report by the Chief Constable

Summary

The purpose of this report is to provide members with the up-to-date position with regard to efficiency planning to meet the Constabulary efficiency targets 2006-08.

Recommendations

Members are asked to note:

1. The revised projected financial position against the Medium Term Financial Forecast 2006-08
2. The work undertaken and conclusions from the analysis of workforce modernisation efficiencies.
3. Finance are currently working with Basic Command Units and Departments to find further budget savings
4. The draft Efficiency Plan for the Constabulary based upon work completed to date (Appendices 1 and 2).

Detail

Report attached.

**Michael Baxter
Chief Constable**

CONSTABULARY EFFICIENCY PLANNING 2006-08

DETAIL

1. Efficiencies

Non – Cashable Efficiencies

The Constabulary expects to meet its non-cashable efficiency targets across 2006-08, with a cumulative surplus across the two years of £437k to carry forward to 2008-09.

Cashable Efficiencies

In September, members were informed that cashable efficiencies representing budget savings totaling £681k had been identified and approved by Chief Officers for 2006-07. A further £10k is expected in 2006-07 from the roll out of NSPIS Case and Custody.

In addition, the Home Office had approved technical cashable efficiencies totaling £532k, which are not budget savings for the Constabulary. This means that although the Constabulary cashable efficiency target had been met for 2006-07, there was a shortfall of £336k against the Medium Term Financial Forecast savings target of £1.017m.

Since the September report, a number of things have changed:

- The Government has invited Forces to bid for additional Police Community Support Officers
- A revised Medium Term Financial Forecast has been prepared
- A review of forecast police officers numbers to 31st March 2006 and fit with Crime Fighting Fund Criteria has been undertaken.
- The Home Office approved technical cashable efficiencies referred to above have actually already occurred in 2005-06 and so have been brought forward into the current year. This is in accordance with the Efficiency Rules.

This report provides further information about the impact of those changes on work completed to date.

2. Strategic Drivers for Efficiency

| | 2006/7£m | 2007/8 £m | Total 2006-8 £m |
|---|----------|-----------|--------------------|
| Cashable efficiency target | 0.954 | 1.227 | 2.181 |
| Budget savings target (from revised Medium Term Forecast) | 1.491 | 1.600 | 3.091 |

Cashable Efficiency Planning:

| | | | |
|---|---------------|---------------|---------------|
| Submitted cashable efficiencies (excl workforce modernisation) | 1.300 | 0.220 | 1.520 |
| Less: efficiencies which are judged too high risk at this stage | 0.353 | 0.171 | 0.524 |
| Identified cashable efficiencies as at 1 November 2005 | 0.947 | 0.049 | 0.996 |
| Position against cashable efficiency targets | -0.007 | -1.178 | -1.185 |

Budget Savings:

| | | | |
|--|---------------|---------------|---------------|
| Identified cashable efficiencies at 1 September 2005 | 0.947 | 0.049 | 0.996 |
| Less: technical cashable efficiencies | 0.264 | 0.000 | 0.264 |
| Add: Submissions which are not Efficiencies but are Income | 0.008 | 0.010 | 0.018 |
| Identified Budget Savings as at 1 November 2005 | 0.691 | 0.059 | 0.750 |
| Position against budget savings target | -0.800 | -1.541 | -2.341 |

The Police Service Efficiency Strategy, in line with recommendations in the Gershon report, has established a target of 3% improvements in efficiency per year for every force, half of which will be in real cash terms. The Constabulary is required to produce a rolling three-year efficiency plan showing how it will meet this target. Achieving it will find resources to deploy to the front line, and help the Constabulary achieve its policing goals.

The Cumbria Police Authority Medium Term Financial Forecast 2005-06 to 2008-09 states that projected expenditure is set to increase at a greater rate than forecast income. The gap can, fundamentally, only be managed by finding savings from planned expenditure. The Constabulary therefore needs to become more efficient.

The Police Authority has requested a draft Efficiency Plan to show how the Constabulary aims to achieve efficiency and budget savings in 2006-07 and beyond.

3 Financial Implications

3.1 Identified Budget Savings 2006-08

The table above shows the current position with regard to cashable efficiencies and budget savings based on work completed to November 2005. It has been updated to include the revised Medium Term Financial Forecast (based on the lowest expected grant rate increase of 2% and Council Tax remaining at 3%).

There is a potential shortfall of £800k against the Medium Term Financial Forecast savings target for 2006/07. In 2007/08 the shortfall against the Medium Term Financial Forecast savings target is £1.541m resulting in a cumulative shortfall for 2006/08 of £2.341m.

If grant increases are higher than 2%, or the Council Tax contribution is increased, then this will reduce the potential shortfall.

3.2 Cashable Efficiencies 2006-08

There is a shortfall of £7k against the cashable efficiency target for 2006-07. This is because cashable efficiencies totaling £532k that were originally submitted for 2006-07 have actually already occurred in 2005-06 and so have been brought forward into the current year. This is in accordance with the Efficiency Rules.

Appendix 1 shows the updated table of cashable efficiencies approved to date for 2006-07.

Excesses from one year can be carried over to reduce the target(s) for the following year(s). The projected surplus from cashable efficiencies for 2005-06 is £723k that will cover the shortfall in 2006-07 and go some way towards reducing the Constabulary target for 2007-08.

In 2007-08, the shortfall against the cashable efficiency target is £1.178m, resulting in a cumulative shortfall for 2006-08 of £1.185m.

In September 2005, members were advised that cashable efficiencies totalling £524k had been assessed by Chief Officer Group and were recommended not to be included in the plan at that time, because the risk and impact assessments were considered too high. This decision has been reviewed but the efficiencies are still considered too risky for the Constabulary to implement at this time.

3.3 Finance Initiatives

The Director of Finance has initiated some further work with BCU Commanders and Directors to assess the likely impact of limited budget increases in 2006-07. He will report progress on this work, together with the potential use of 2005/06 underspending and earmarked balances as a means of bridging the remaining forecast budget shortfall, in the Finance paper.

4. Non – Cashable Efficiencies 2006-08

£1.132k of non-cashable efficiencies that were originally submitted for 2007-08 has been brought forward into 2006-07 because they have already started to occur or they will occur in 2006-07. This is in accordance with the Efficiency Rules, as excesses from one year can be carried over to reduce the target(s) for the following year(s).

Appendix 2 shows the updated table of non-cashable efficiencies approved to date for 2006-07.

There are more non-cashable efficiencies to be identified and costed by Information Technology, Partnerships and a number of ongoing Constabulary projects such as:

- Airwave
- Professionalising Investigation
- Initial Police Learning and Development Programme

These will increase the amount of non-cashable efficiencies to be claimed and to be added into the Efficiency Plan.

4.1 Vetting of Efficiencies

Finance Managers have been involved throughout the efficiency planning process. They will vet all of the recommended cashable and non-cashable efficiencies before the plan is finalised.

5 Analysis of Workforce Modernisation Opportunities

5.1 Bid for Additional Police Community Support Officers

Following a review of the Crime Fighting Fund criteria for 2005/06 and an invitation from the Government to bid for additional Police Community Support Officers, analysis has been undertaken to consider the Constabulary's options to maximise Workforce Modernisation opportunities.

In the September report members were advised, for illustrative purposes only, that the potential value of workforce modernisation budget savings during 2006-07 was £251k.

The latest recruitment update shows that a maximum of 5 police officer posts could be deleted without breaching Crime Fighting Fund criteria. The Crime Fighting Fund criteria will not be amended until after force restructuring is completed.

The Neighbourhood Policing Project is preparing a separate proposal and bid for Police Community Support Officers. This will be considered alongside other workforce modernisation initiatives to determine the impact on the Crime Fighting Fund criteria. It is therefore likely that the budget savings originally envisaged will no longer be available to bridge the potential shortfall against the Medium Term Financial Forecast.

5.2 Civilianisation of Police Officer Posts

There was a group of cashable efficiencies originally submitted by Programme Management Unit and Operational Support that related to the civilianisation of some police officer posts. Whilst these proposals would yield cashable and non-cashable efficiencies for the Constabulary, other initiatives are expected to fully utilise any spare capacity in the Crime Fighting Fund criteria.

The civilianisation of these posts would therefore have a critical impact on Crime Fighting funding for the Constabulary and not generate budget savings. They would, in fact be a growth bid with potential costs totalling approximately £410k, in addition to Crime Fighting funding penalties, if they were all adopted.

6 Scope for Cashable Efficiencies in 2007-08 and Beyond

The Treasurer has indicated that the Constabulary may be required to forecast efficiency and budget savings for 2007 and beyond, particularly if a two-year settlement is announced in early December.

For 2007 and beyond, it is envisaged that the Constabulary will meet both its cashable and non-cashable efficiency targets from initiatives that will be generated through the Force Restructuring project. National efficiency guidance suggests that the key areas for future efficiencies should be:

- Shared Corporate Services
- Pathfinder Forces
- Procurement
- Rostering and training

The next stage will be to develop recommendations for efficiency projects that will realise the shortfalls against the Constabulary efficiency and Medium Term Financial Forecast savings targets in 2007-08, focusing on these key areas of expenditure.

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**Cumbria Police Authority
Efficiency Report 15 December 2005
Appendix 1**

Cashable Savings Approved to Date

| Description | Value £000 | Risk | Impact on Performance of Making Savings |
|---|------------|--|--|
| Contract Renegotiation | | | |
| Some departments plan to renegotiate costs at a reduced rate for existing contracts that are due for renewal or through collaborative purchasing arrangements. | 239 | Negligible impact as savings due to reduced costs or re-negotiation of contracts due for renewal. | These proposals will not impact on policing performance. |
| Miscellaneous Savings | | | |
| The majority of Basic Command Units and departments have scrutinised their budget lines to identify where savings can be made. These relate either to expected reduced costs or changes in policies or equipment. | 173 | Negligible or marginal impact. Very limited and temporary reduction in staff satisfaction. | The cumulative impact of local savings may begin to slow performance development, particularly staff satisfaction. |
| Staff Working Hours | | | |
| Several departments have reviewed existing vacancies, staff hours, shift duration, the need to provide cover and use of agency or temporary staff to meet resourcing requirements. | 113 | Negligible impact. Very limited and temporary reduction in staff and customer satisfaction. | The cumulative impact of local savings may begin to slow performance development, particularly user satisfaction and customer service. |
| Re-engineering of Processes | | | |
| All Basic Command Units and some departments have either implemented new systems or re-engineered some processes to reduce costs, whilst maintaining or improving performance. E.g. PROMAT, telephone crime recording, NSPIS Case and Custody | 119 | Negligible or marginal impact. Very limited and temporary reduction in user satisfaction. | Minor performance improvements due to the new PROMAT ID system, and telephone crime recording process. These efficiencies result mainly from innovative projects and are not expected to damage policing performance. |
| Reduction in IT Budgets | | | |
| Reductions in consultancy, software and hardware purchase budgets. | 47 | Reduced flexibility in the use of external expertise or consultancy services. Reduced purchasing capacity for hardware and software items that are outside of the capital program. | These proposals will reduce the opportunity to improve IT services and may slow performance development. |

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| Description | Value £000 | Risk | Impact on Performance of Making Savings |
|---|-------------------|--|---|
| Training | | | |
| Operational Support has maintained a puppy-breeding programme and has achieved external accreditation for firearms and explosives training delivery within the dog section. | 41 | Negligible impact on operational capability. | These proposals result from projects and are not expected to affect policing performance. |
| Sub total | 732 | | |

Technical Efficiencies Approved to Date

| Description | Value £000 | Risk | Impact on Performance of Proposals |
|--|-------------------|---|--|
| Balance from redeployment of 17 PC posts in Basic Command Units' budgets. Funding required to implement various projects to enhance Constabulary performance. | 112 | Reasonable probability that this might have an impact on operational ability. | The cumulative impact of these efficiencies may begin to slow performance development and affect the Constabulary front line policing measure. |
| Basic Command Units budget reduction to fund a Sergeant to complete Professionalising Investigation Project training earlier than originally planned | 40 | Additional pressure on Basic Command Unit budgets. Negligible impact on operational capability. | West Basic Command Unit will backfill the post to minimise impact on the Constabulary front line policing measure |
| DNA/LSA costs – The North West procurement consortium has negotiated discounts from the Forensic Science Service for certain core services against the list price for DNA profiling. | 74 | Efficiency due to negotiation of reduced costs. | This proposal will not impact on policing performance |
| Redeploy 1 constable from Driver Training – manage workload within existing resources, as specialist training is minimal. | 38 | Critical impact on reduced staff satisfaction with services. The likelihood is reasonably probable. Monitor requests for specialist training. | This proposal will improve policing performance by releasing an experienced officer to the front line. |
| Sub total | 264 | | |
| Total Identified Cashable Efficiencies as at 1st December 2005 | 996 | | |

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Income

| Description | Value £000 | Risk | Impact on Performance of Proposals |
|---|-------------------|---|---|
| Increase Warrant income and additional income from provision of service to National Crime Squad generating increased workshop efficiency. | 18 | Negligible Impact. Very limited and temporary reduction in user satisfaction. | Income generated can be deducted from Net Revenue Expenditure and therefore reduces the Constabulary efficiency target. |
| Total | 18 | | |

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**Cumbria Police Authority
Efficiency Report 15 December 2005
Appendix 2**

Non-Cashable Efficiencies 2006-08

| Baseline Assessment Framework Contribution | PPAF Domain | PPAF Domain Number | PPAF Subcategory | Value £000 |
|--|---------------------|---------------------------|-------------------------|-------------------|
| Resource Management e.g. Re-organising resources and teams more effectively. | Resource Use | B | 6D | 984 |
| Training and Development e.g. Key initiatives such as creating professional development units to support the Police Initial Learning and Development Programme. | Resource Use | B | 6B | 788 |
| Strategic Management. e.g. Programme and project management. | Resource Use | B | 7B | 147 |
| Tackling Level 2 Criminality e.g. Re-organising trained resources to provide support for regional intelligence and operations. | Investigating Crime | 2 | 3B | 397 |
| Volume Crime Investigation e.g. Implementation of Automatic Number Plate Recognition. | Investigating Crime | 2 | 3D | 296 |
| Human Resource Management e.g. Re-organisation of Human Resources recruitment and assessment processes. | Resource Use | B | 6A | 267 |
| Reducing Anti-Social Behaviour and Promoting Public Safety e.g. More effective use of anti-social behaviour legislation and working with partners to achieve improved results. | Promoting Safety | 3 | 4B | 116 |
| Performance Management and Continuous Improvement e.g. Introduction of additional or enhanced performance development services. | Resource Use | B | 7C | 60 |

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Non-Cashable Efficiencies 2006-08

| Baseline Assessment Framework Contribution | PPAF Domain | PPAF Domain Number | PPAF Subcategory | Value £000 |
|---|----------------------|--------------------|------------------|-------------|
| Neighbourhood Policing and Community Engagement Recruitment and deployment of Police Community Support Officers | Citizen Focus | A | 1B | 181 |
| Providing Specialist Operational Support Change in policy to reduce the number of authorised firearms officers by reducing the number of Basic Command Unit based officers by 11. | Providing Assistance | 4 | 5B | 20 |
| Leadership e.g. Freeing up Chief Officer time to concentrate on Constabulary performance issues. | Resource Use | B | 7A | 17 |
| Total Non-Cashable Efficiencies identified as at 1st December 2005 | | | | 3273 |

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