

**Cumbria Police Authority
Audit and Performance Committee
3 November 2005**

Agenda Item No.

ACTIVITY BASED COSTING

A Report by the Acting Chief Constable

SUMMARY

At the previous meeting of this committee, the Assistant Chief Constable (ODP) undertook to provide a full report on Activity Based Costing to the next meeting. This was to include a full analysis of the results; also, information on how ABC would feed into budget development and performance monitoring for the next financial year.

RECOMMENDATION

That Members note the report.

DETAIL

Please see attached progress report on the Activity Based Costing project.

**Christine E Twigg
Acting Chief Constable**

Activity Based Costing - progress report from August 2005.

The Constabulary is now concentrating on the financial year 05/06 for activity based costing.

A previous criticism from Audit Commission was that we did not undertake split samples of activity as it was considered that during the summer months our incident and activities could be dramatically different to what they are during the winter. In view of this a decision was taken to undertake a split sample and complete a one-week collection in August 2005 with the second week at the end of January beginning of February 2006. The August sample has been completed and there will be analysis and feedback on the data with comparisons to March shortly. However the initial results from August are:

initial error rate during the sample was 24.2% compared with 40% in March, this was reduced down to 13.4%, the final submitted error rate is not yet known due to the late submission of cards from a station.

During this sample there were two stations that had problems in returning the cards that, if gone unnoticed, would have impacted on the Constabulary's return rate. However this was identified and rectified within time and been addressed at those stations.

A training pilot was held in West Cumbria during this sample which proved to be very successful resulting at the end of the sample with a zero error rate from the stations the pilot ran from. This is now being progressed with a recommendation that the pilot is formally implemented and rolled out to the Constabulary.

The costing model was not completed in time for the Home Office submission date that was due to a number of reasons and all Forces bar one had similar problems as us. The submission was made to the Home Office at the beginning of October along with other Forces.

This is the first time that the data can be considered a true accurate reflection of activity and therefore should be used as a benchmark for the future. There is an enormous amount of information available to people and it is a learning curve in ascertaining what people want so general presentations to Areas have been made which resulted in further drill down requests. Below are some points of the activity results:

PPAF domains

Domain 1 reducing crime 0.43% time spent

Domain 2 investigating crime 1.3% time spent

Domain 3 promoting public safety 40.9% time spent

Domain 4 providing assistance 6.51% time spent

Remaining 50.8% is spent in operational support, which is the back office function that supports the four domains.

Within the Constabulary's top ten activities there are three that do not count as part of front line policing measures these are briefings/meetings at number four account for 7.16%, refreshments at five account for 6.9% and non incident linked paperwork at six account for 6.56% of time spent.

The Home Office has confirmed front line policing measure as 65.09%, which is better than predicted but still lower than our target of 67%

Activity based costing and the use of the information is new to most Forces and a stepped approach, a summary of which is below, is being taken in introducing this to the Constabulary so that a clear understanding is gained and confidence be built upon:

Thematic at performance development conference with exercises for groups to examine, understand the data, identify issues requiring further investigation and decisions on what actions need to be taken to inform decision making to improve performance

Comparative internal data provided from the August sample

Present the costing information to the Constabulary and include the data into finance reviews to allow for comparisons, monitoring of efficiency improvements/targets and assist in recovery funding and application for new funding

Provide comparative data for both activity and costing using iQuanta format linking into the national developments in this area

Undertake more and targeted samples in order to provide more detailed understanding of activities and processes whilst looking at linking into efficiencies and business changes by being more effective

Continue to increase knowledge, confidence in the information and how it can help in management decision-making and resource allocation

The future is to have continuous recording so that up to date information is available to management teams.

A recent HMIC baseline assessment took place on Finance and Resources of which ABC featured and the initial feedback is that the Constabulary is doing well but a couple of concerns were raised regarding front line policing and the future responsibility for progressing ABC within the Constabulary.

The Constabulary will be receiving it's formal assessment on activity based costing from the Audit Commission, in partnership with Police Standards Unit, week commencing 7th November.