

From: Ann Barnes, Kent Police and Crime Commissioner
To: Kent and Medway Police and Crime Panel
Subject: Delivering value for money
Item & Date: Item B4 2 June 2015

Executive summary: Ensuring value for money (VfM) and effective use of resources is a key matter for all Police and Crime Commissioners. The budget in Kent is applied in line with the Police and Crime Plan and monitoring delivery is the key business of the Commissioner's Governance Board.

The Commissioner seeks assurance on the Forces approach to VfM in a number of ways, including HMIC reports, external and internal audits and aligning grants to Police and Crime Plan priorities whilst ensuring there are proportionate governance arrangements.

Kent Police is already a relatively efficient Force, but over the next four years it's likely that a further £61.7m savings will need to be found. Whilst the Commissioner and Chief Constable do not support the privatisation of 'back office' functions at this time, due to the transformational change in policing, the Force already works with a number of private sector partners. The Commissioner is also committed to supporting and further exploiting efficiency opportunities with Essex.

For the Commissioner, in dealing with the financial challenges, the two over-arching priorities remain protecting visible community policing and ensuring victims are at the heart of the criminal justice system. Clearly, the larger the scale of any grant cuts, the more difficult it is to protect front line policing. Therefore, the Commissioner has endorsed a number of strategies developed by the Force, including demand management, technology and innovation, Athena and digitising the criminal justice system.

How the Commissioner holds the Force to account:

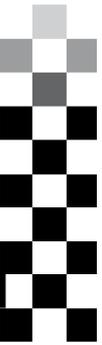
1. Ensuring value for money (VfM) and effective use of resources generally is a key matter for all Commissioners. Out of a total gross budget of £306.5m, some £301m or 98% is allocated to the Chief Constable. However, it is all applied in line with the approved Police and Crime Plan which is the key over-arching strategic document and monitoring how the Chief Constable delivers on expectations is the key business of the Commissioner's Governance Board.
2. Beyond the management of the Police and Crime Plan, the Commissioner seeks assurance on the Force's approach to VfM in a number of ways:
 - a) A key component is the annual VfM Profile produced by Her Majesty's Inspectorate of Constabulary (HMIC). It tests spend and income for each force against the national average and the Most Similar Group¹ (MSG) of forces average. The latest version was published in October 2014, and shows Kent Police remains a relatively efficient Force. However, there are no grounds for complacency and where the analysis indicates areas of relatively higher spend, the Commissioner seeks an explanation from the Chief Constable.

¹ Eight forces that have been determined as similar based on a range of characteristics such as population, crime levels, Deprivation Index and infrastructure.

- b) The HMIC VfM Profile also shows relative spend by Commissioners on their respective offices. As the Panel will be aware, the Commissioner inherited a cash budget in November 2012 of £1.53m and has always ensured she stays within this cash sum; indeed with any underspends ploughed back into the Force.
- c) In addition to the annual VfM Profile, HMIC also carry out inspections under the Police Efficiency, Effectiveness and Legitimacy (PEEL) programme, part of which relates to financial planning. The latest assessment is very positive, with the Force receiving an overall judgement of 'Good' and HMIC concluding 'Kent Police has responded well to the financial challenge of the spending review. Importantly, the Force is planning for the long term by taking the necessary steps today, so it is ready to meet future funding challenges in this ongoing era of austerity'. These inspections are a key source of assurance for the Commissioner.
- d) The external audit Code of Practice applicable to local government, but including police and fire requires the Auditor to be satisfied as to the Force's approach to VfM. The current assessment remains positive and unqualified.
- e) The Commissioner calls for, or endorses specific initiatives designed to test the efficiency and effectiveness of key business areas. However, a cautionary note, more or less relative spend is not necessarily a sign of more or less efficiency. A classic example of this is the deliberate overhead the Force now carries to ensure around 96% crime recording accuracy and public confidence in the figures. The Panel will be aware that the national average is only 80%.
- f) In consultation with the Chief Constable, the Commissioner sets the key medium-term assumptions. The Commissioner, in her Police and Crime Plan, calls for and supports a number of strategies to meet the implied saving gap to minimise the front line impact. This is expanded upon under paragraph 10.
- g) As in all organisations, the Commissioner draws up and maintains the core Financial Regulations and Contract Standing Orders that the Chief Constable has to follow in normal business. Central to this, as would be expected, is a discipline to ensure sound competition.
- h) All grants given out by the Commissioner are in line with the Police and Crime Plan priorities, supported by clear expectations and monitored through proportionate governance arrangements.

Current VfM Profile:

3. The following key data comes from HMIC's latest VfM Profile for Kent and reinforces an assessment of positive relative efficiency:
 - Total cost per head of population - fourth lowest in the country.
 - Workforce cost £132.6 per head of population - below national and MSG average.
 - Non staff cost £34.5 per head of population - well below national and MSG average.
 - Local income generation £11.4 per head of population - above national and MSG average.
 - General grant funding £103.8 per head of population - below national and MSG average.
 - Band D Council Tax (police element) - sixth lowest in the country and well below national and MSG average of £54.8 and £52.1 per head of population respectively.
 - Cost of the Office of the Police and Crime Commissioner (OPCC) per head of population is the third lowest in the country.



Recap of key medium-term financial assumptions:

4. The Commissioner, with advice from her Chief Finance Officer and in consultation with the Chief Constable, has set core assumptions for the next four years, 2015/16 to 2018/19. This implies a saving gap of £61.7m. The position for 2015/16 was confirmed as a cash cut in grant of 5.1%. Absorbing this, plus simple pay and price inflation (of 1% and 2.5% respectively) requires savings of £14.5m in 2015/16, even after a 1.99% rise in Council Tax.
5. Rolling forward these key assumptions, but with the inclusion of expected increases in employer National Insurance in 2016/17, generates a further saving gap of £47.2m for the three years from 2016/17. At this stage we do not know with any certainty what the actual grant position will be next year; nor indeed if there will be additional in-year grant cuts in 2015/16.

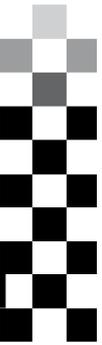
Strategies to deal with the medium-term gap:

6. At its meeting on 3 February 2015, the Panel debated with the Commissioner the role of outsourcing in future strategies. For completeness, the Panel's minute is reproduced below:

'The Commissioner responded to comments relating to privatisation of 'back office' police functions; stating that she and the Chief Constable had considered the approach but could not support its adoption. The Commissioner stated that to reduce the current significant transformational change in policing to one simplistic solution was the wrong strategy at this time. The Commissioner explained that whilst she was not wedded to keeping everything under local control, the Home Secretary was calling for collaboration, not privatisation. The Commissioner highlighted that Kent Police is not a stand-alone organisation and already has a 'mixed economy' approach with cleaning, catering and some IT already contracted out. The Commissioner also explained that much of the back office function is tied in with Essex which had already delivered 15% savings and to unpack this would be foolhardy. The Commissioner expressed her hope that the national structure of police forces would soon be reviewed properly and that this would provide guidance on how to progress such radical organisational changes. With this in mind, the Commissioner stated that whilst everything is always considered she had no intention of implementing piecemeal changes on staffing and would focus instead on developing the savings identified through collaboration with Essex Police.'

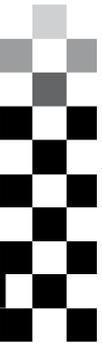
7. The Force already employ and work with a number of private sector partners, for example in catering, cleaning, transport and some aspects of IT. However in broader terms, the minute reflects the reality of the complicated policing landscape and the potential for, but uncertainty about structural changes that the next Government may promote in national and regional policing. Local strategies to deal with the future funding challenges need to recognise this. However, under collaboration, the Commissioner is committed to supporting and further exploiting efficiency opportunities with Essex to deliver a significant proportion of the £47.2m of savings.
8. For the Commissioner, in dealing with the medium-term financial challenges, protecting visible community policing and ensuring victims are at the heart of the system are the two over-arching priorities. Clearly the larger the scale of new additional grant cuts, the more difficult it is to protect front line policing.





9. For this reason the Commissioner has endorsed a number of strategies developed by the Chief Constable. They can be broadly summarised as:
- a) Demand management
 - b) Effective partnerships
 - c) Technology and innovation
 - d) Athena – Force wide operational system
 - e) Digitising the criminal justice system
 - f) Efficiency and effectiveness challenges
 - g) Collaboration
10. The following is a brief overview of progress in relation to each strategy:
- a) Demand management: the Force are reviewing in detail the one million incidents that typically come into the Force Control Room each year. The intention is to better understand the demand on police time as a result, bearing in mind that typically “only” 100,000 to 110,000 result in a recorded crime. This has the potential to free up significant officer time in a managed and safe way. A supporting key aspect of this strategy is to invest in a modern website that encourages citizens to resolve queries and access information through the Kent Police website, shifting contact from the Force Control Room. A detailed business case is being developed by the Chief Constable for consideration by the Commissioner.
 - b) Effective partnerships: The Commissioner and the Chief Constable are actively engaging with key partners across the county to ensure demand is managed by the appropriate partner. For example, mental health agencies providing appropriate support for people in a crisis.
 - c) Technology and innovation: following a successful pilot informing a proper business case, the Commissioner is supporting an extended roll-out of Body Worn Video to some 2,000 officers. The Kent pilot and others show major efficiency savings with fewer complaints and quicker justice for victims. The Chief Constable, in a joint pilot with Essex, is also testing the use of mobile devices that will offer a raft of operational applications to help maximise officers time on the front line e.g. electronic witness statements.
 - d) Athena: Kent is one of seven founder forces in the development of Athena, a major new collaboratively procured operational system that will streamline business processes. It will be rolled out to Kent in 2015 and replace the current operational system, providing linked investigation management, intelligence, case management and custody.
 - e) Digitising the criminal justice system: Kent has led the way nationally in this area and significant work continues. For example, with Home Office innovation funding it is planned to extend remand hearings to seven days enabling further exploitation of savings and benefits across the whole system. As referred to earlier, Athena provides significant new capability which includes more automated electronic case file sharing across the criminal justice system. A cautionary note in relation to this strand is that sometimes the benefit from police investment is accrued by other partners in the system.





- f) Efficiency and effectiveness challenges: this is a continuous process, indeed supported by a continuous improvement team under the Deputy Chief Constable that will be setting a savings target for each Kent Police directorate to deliver the remaining £47.2m. This work is well developed and the focus remains on minimising any impact on the front-line. Clearly, a major element will be Support Services (see 'Collaboration') but also management processes generally.
- g) Collaboration: A major review, by private sector partners, of the IT function and capability is currently underway. This is expected to result in a major change programme to service both Kent and Essex. Similarly, the joint Serious Crime Directorate is focusing on a savings programme, and the Support Services Directorate is conducting a review of employment terms and conditions in both forces. Procurement savings targets have also been set.

