

ORIGINATOR: CHIEF CONSTABLE

PAPER NO: AP15/12

**SUBMITTED TO: ACCOUNTABILITY AND PERFORMANCE PANEL –
24 FEBRUARY 2015**

SUBJECT: HMIC VALUE FOR MONEY PROFILE OUTLIERS 2014

SUMMARY:

1. This report describes each of Suffolk's 2014 Value for Money (VFM) profile outliers as identified by Her Majesty's Inspectorate of Constabulary (HMIC). Where appropriate any background or context that indicates why an outlier exists is also provided.
2. The report should be read in conjunction with the full published VFM profile (Appendix A).

RECOMMENDATION:

- 1 The Accountability and Performance Panel is asked to note the findings contained in the report.
- 2 The Constabulary to continue to review future VFM profiles to ensure that outliers do not reveal any risks in areas of the organisation that have not already been identified or understood, and to inform the Change Programme of areas for further examination.

1. KEY ISSUES FOR CONSIDERATION:

Background

- 1.1 Since 2009 HMIC have compiled comparative data for each of the 43 police forces of England and Wales. The data is published for each force into publically available, easy to use documents called Value for Money (VFM) profiles (see Appendix A).
- 1.2 The VFM profiles are designed to be wide ranging, covering a large amount of information on costs, workforce, demand, offences and crime outcomes. The profiles are published in the autumn of each year to coincide with the period when key budget decisions are being taken.
- 1.3 The profiles draw upon existing published data sources and so represent the prior financial year, in this case data covering the period April 2013 to March 2014.
- 1.4 The Chartered Institute of Public Finance and Accounting (CIPFA) Police Objective Analysis (POA) data is used for costs and workforce indicators. Where a profile indicator does not have an equivalent POA category available, Home Office police Annual Data Requirement (ADR) data is used. Population, crime and outcome data is obtained from information reported to the Office of National Statistics (ONS) and the Home Office.
- 1.5 The purpose of the profiles is to allow each force to compare its own performance, and the cost of achieving it, to that same information for all forces and its Most Similar Group (MSG) forces. If significant differences in costs and performance, compared to others, are identified it can be used to prompt the force to examine why they exist. It is important to note that the profiles themselves do not provide the answers, are not league tables and do not make judgements.
- 1.6 Where a force has a profile indicator that puts it in the top or bottom 10 percent and the effect of the difference is greater than £1 per head of population HMIC identify it as an outlier within the relevant section of the profile.
- 1.7 The following paragraphs of this report describe each of Suffolk's 2014 VFM profile outliers. Where applicable the background and context that indicates why an outlier exists is also provided which has been done in consultation with the Force Finance department and the Joint Performance and Analysis Department (JPAD). The report should be read in conjunction with the full published profile (Appendix A). Page numbers are provided to indicate where each outlier can be found. Outliers can be identified by two blue chevrons (<<) against the relevant indicator.

Outlier description: Cost, Workforce and Demand/Performance

- 1.8 **Page 8:** Suffolk's total spend (including national policing) is £10.1 million less than the MSG average and £16.0 million less than the national average.
- 1.9 **Page 8:** Suffolk's non-staff costs are £5.6m less than the MSG average and £6.8 million less than the national average.
- 1.10 **Page 12:** Non staff costs, other employee expenses (includes temporary, agency staff, injury and ill health costs) are the second lowest nationally at £1.2 million below the MSG average and £1.3 million below the national average.
- 1.11 **Pages 17 to 39:** Net Revenue Expenditure (NRE) by function. The 'outliers' described below highlight that the force is spending much less in a number of areas compared to other forces. There are no indicators in this section where Suffolk spends

more than the national average. This is a reflection of the fact that Suffolk has the second lowest budget nationally, expressed in terms of cost per head of population. This section of the report also highlights a number of our Protective Services areas that appear as 'outliers' where collaboration has added further efficiency to an already low cost base.

- 1.12 This position is consistent with previous years and does not signify any departure from existing budget plans, restructuring programmes or spending decisions. Changes within other forces' plans are also likely to have had an effect in Suffolk's position relative to others. The background to the low cost outliers is however, one of falling recorded crime and increasing victim satisfaction levels.
- 1.13 **Pages 24 & 25:** NRE by function shows Suffolk spends exceptionally less on roads policing (£2.0 million less than the MSG average and £1.5 million less than the national average). Spend (per head of population) on roads policing is fourth lowest nationally but despite this the county continues to see ongoing reductions in numbers of "killed and seriously injured" collisions and consistently supports national enforcement campaigns.
- 1.14 **Page 28:** NRE by function, intelligence gathering. Suffolk spends the lowest amount nationally for this indicator at £1.7 million less than the national average and £1.2million less than the MSG. However, the overall spend on intelligence resources is just £0.2 million less than the MSG average.
- 1.15 **Page 30:** NRE by function also indicates Suffolk spends exceptionally less on investigations (£1.2 million less than MSG). Spend (per head of population) on investigations is third lowest nationally. However, the Constabulary continues to obtain good detection rates. At the time of writing, the force is in the top ten nationally for detections of burglary dwelling, robbery, drug trafficking and violence with injury crimes.
- 1.16 **Page 30:** NRE by function - Investigations (excluding local investigations and prisoner processing). Suffolk has the third lowest spend per head of population nationally on investigations. This indicator includes Public Protection, Major Investigation Team, Serious & Organised Crime and Economic Crime. Suffolk's spend is £1.2 million below the MSG average and £3.3 million less than the national average. Further investments are planned within Public Protection in the short term.
- 1.17 **Page 22:** criminal justice arrangement indicators show Suffolk has the 7th highest spend on custody (per head) of forces in England and Wales which is £1.4 million more than the MSG average and £1.5 million more than the national average.
- 1.18 The outlier described in 1.17 above is as a result of the creation of the Police Investigation Centres (PIC), under a Public Finance Initiative (PFI) arrangement. The figure represented in the profile shows the gross custody costs which include an element toward the financing of the PFI. Due to specific POA accounting methods, it does not take account of a specific PFI grant that Suffolk receives which would otherwise offset these costs
- 1.19 This distorts the custody costs for Suffolk when compared to other forces but these are comparable to Norfolk who entered into a similar PFI arrangement as part of the joint custody programme
- 1.20 The PICs provide a high standard of custody provision and are highly regarded as best practice nationally. There are however staffing requirements to meet this standard that could impact on custody costs compared to other forces.

- 1.21 Both these points have resulted in the higher than average custody revenue costs for Suffolk but are consistent with previous years and represent no significant change.
- 1.22 **Page 12 & 39:** The Police and Crime Commissioner (PCC) 'outsource/collaboration/commission' costs are £0.8 million which is £0.7 million less than the national average and £0.5million less than the MSG average. The "Office of the PCC/local policing body and other costs" (which covers salary and associated costs of the chief executive, chief finance officer and any other staff employed to support the PCC as well as office running costs) are eleventh highest nationally and £70,000 above the MSG average.
- 1.23 The outlier described in 1.22 above, is consistent with the previous year and does not indicate any significant change. This outlier is against an overall position of being the eighth lowest total cost of all forces (per head of population) for a PCC/local policing body at £0.83million less than the national average. A reduction in the overall OPCC budget is anticipated for 2015/16.
- 1.24 **Page 55:** demand, "Other emergency and priority incidents". This indicator shows Suffolk as having a 7% increase in its demand compared to 2012/13. This compares to an average 3% reduction nationally and 1% reduction for MSG forces.
- 1.25 JPAD's research and information team, who compile incident data for the force, researched the outlier described in 1.25 above, and identified a difference in the categorisation of emergency and priority incident data for the current year (2014/15) compared with that reported in previous years to the Home Office, via the ADR process. This difference was not apparent until data recorded by the previous command and control system Polaris was compared to data recorded by the new system STORM, introduced in the autumn 2013.
- 1.26 Each system has a different categorisation process within it and no direct translation of categories between the two systems. This has resulted in the apparent increase as the STORM categorisation process has taken effect.
- 1.27 Only emergency and priority categories were affected and the total incident volumes were unchanged. Overall incident demand did not show a significant increase with only 1165 (0.7%) more incidents being recorded for 2013/14 compared to 2012/13.
- 1.28 HMIC have been made aware and now this difference has been identified and understood it is anticipated that future years will not see Suffolk as an outlier for this particular indicator.

Summary

- 1.29 Except for other emergency and priority incidents and custody costs the outliers identified in the 2014 VFM profiles, and described above, are primarily a result of the low starting position of Suffolk's budget requirement and are consistent with how the force has allocated its finances in previous years. Despite the lower starting position Suffolk has falling recorded crime and good victim satisfaction levels and is a low cost force committed to collaborating both locally and regionally to reduce costs as it redesigns policing of the county.

2. FINANCIAL IMPLICATIONS:

- 2.1 The outliers described in this report are not unexpected and well understood. The findings are not thought to have any financial implications as the force continues to manage its spending through well-established budget setting processes and financial planning.

3. OTHER IMPLICATIONS AND RISKS:

- 3.1 Failure to complete actions outlined in this report could result in a negative assessment by HMIC in future inspections.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	NO
Has the PCC's Chief Finance Officer been consulted?	NO
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	YES
Have human resource implications been considered?	YES
Is the recommendation consistent with the objectives in the Police and Crime Plan?	YES
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	NO
Has communications advice been sought on areas of likely media interest and how they might be managed?	NO
Have all relevant ethical factors been taken into consideration in developing this submission?	NO