



AGENDA NO: 13

INDEPENDENT AUDIT COMMITTEE – 13 MARCH 2018

VALUE FOR MONEY PROFILES

REPORT BY THE DIRECTORS OF FINANCE

PURPOSE OF REPORT

To inform the Joint Independent Audit Committee of the key issues arising from the 2017 Value for Money Profiles

1.0 INTRODUCTION

- 1.1 The final HMIC Value for Money (VfM) Profiles 2017 was published on 16 November 2017.
- 1.2 The Profiles indicate how the Force compares nationally and to its most similar group (MSG) of forces in a number of key areas, including costs, workforce, and to a limited degree, performance.
- 1.3 This report provides a summary of the key issues arising within the 2017 HMIC VfM Profiles.
- 1.4 Included throughout the report are the figures for information, for both Devon & Cornwall Police and Dorset Police to enable comparison.

2.0 KEY POINTS

- 2.1 All comparisons are based on 2017/18 base budgets, which were agreed alongside the precept decision.
- 2.2 Full copies of the VfM Profiles are attached in Appendix A and Appendix B, and include comparisons with the most similar group (MSG) of forces for both Dorset Police and Devon & Cornwall Police.

Funding

- 2.3 The table overleaf compares central and local funding sources for both forces. It shows actual £m's figures, then £'s per head of population and the average of all forces nationally.

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	Dorset		D&C		Averages £/Head
	£m	£/head	£m	£/head	All
Formula funding	58.5	75.8	163.5	94.3	104.5
Legacy council tax grants	7.9	10.3	15.5	8.9	6.6
National policing grants	1.3	1.7	5.6	3.3	3.5
Specific grants	7.2	9.3	3.4	1.9	5.4
Central funding	74.9	97.1	188.0	108.4	120.0
Council tax	54.8	71.0	105.4	60.8	61.2
Reserves	1.2	1.6	0.4	0.2	2.2
Local funding	56.1	72.6	105.8	61.0	63.5
Net revenue expenditure	131.0	169.7	293.8	169.4	183.5
<i>NB: Band D Council Tax</i>	<i>£194.60</i>		<i>£176.30</i>		<i>£182.90</i>

- 2.4 The above table demonstrates disparities in central and local funding for both forces when compared with each other, and all forces nationally.
- 2.5 Dorset receive the lowest amount of formula funding per head of population in England and Wales. Dorset also receives a specific grant in respect of its PFI schemes, which is used to offset the cost of those schemes.

Income

- 2.6 In addition to the above funding is force generated income. Some of this income relates to the sale of goods and services, such as provision of training courses, firearms licences and so on. Some relates to direct reimbursements of costs incurred on provision of police officers for commercial events, income from hosting collaborative activities, and reimbursed income from partnerships.
- 2.7 As previously stated, the VfM Profiles are based on the base budget each year, which is often lower than the actual income received, as the budget has, in the past been based only on actual expected reimbursed income from known events. The 2017/18 budget includes an estimate for income from as yet unknown reimbursed policing demands.
- 2.8 Based on historic averages, and has therefore increased the income budget in this respect, although projected income remains lower than average. The table outlining income to the Forces is shown below:

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	Dorset		D&C		Averages £/Head
	£m	£/head	£m	£/head	All
<u>Income from sales</u>					
Sales, fees, charges and rents	4.0	5.2	2.6	1.5	2.9
Interest	0.1	0.2	0.3	0.2	0.1
	4.1	5.4	2.9	1.7	3.0
<u>Reimbursed income</u>					
Collaboration	0.7	0.9	3.4	2.0	2.5
Special police services	0.3	0.4	0.8	0.5	0.9
Other reimbursed income	0.1	0.1	0.3	0.2	0.8
Partnership income	0.2	0.2	0.0	0.0	1.0
	1.3	1.6	4.5	2.7	5.2
Total earned income	5.4	7.0	7.5	4.3	8.1

Spend by Subjective Category

2.9 The table below demonstrates subjective spend by category.

	Dorset		D&C		Averages £/Head
	£m	£/head	£m	£/head	All
Police officers	39.4	51.1	93.4	53.9	56.6
Police staff	2.2	2.9	3.5	2.	2.3
PCSOs	4.4	5.7	10.1	5.8	6.1
Workforce	46.	59.7	107.	61.7	65.
Non-staff costs	0.7	0.9	4.4	2.6	1.5
Earned income	(0.2)	(0.3)	(0.8)	(0.5)	(0.7)
Net revenue exp.	46.5	60.3	110.7	63.8	65.9
National policing	2.1	2.7	2.4	1.4	
Total including national policing	48.6	63.	113.1	65.2	65.9

2.10 The FTE comparison figures below shows that Dorset has below the National Average of Police Officer FTE per 1,000 populations and that Devon & Cornwall meet the National Average.

	Dorset	D&C	FTE Per 1,000 Population			£k Cost per FTE		
	FTE	FTE	Dorset	D&C	National	Dorset	D&C	National
Police officers	1150	2928	1.49	1.69	1.75	53.3	52.5	52.9
PCSOs	146	260	0.20	0.10	0.20	30.0	38.8	32.8
Police staff	1095	1914	1.40	1.10	1.20	30.2	32.8	34.8
Total	2391	5102	3.09	2.89	3.15			

Spend by Function

2.11 The VfM Profiles use net revenue expenditure to analyse spend per function, which therefore includes income and expenditure. In general the allocation of both forces resources across functions is consistent with national allocation. The following table sets out a high level summary of cost per member of population when compared with all forces, based on the 2017/18 base budget.

	Dorset		D&C		Averages
	£m	£/head	£m	£/head	All
Local policing	46.5	60.3	110.7	63.8	65.9
Road policing	1.0	1.3	4.5	2.6	3.7
Investigations	3.7	4.8	13.7	7.9	7.7
Investigative support	3.6	4.7	6.9	4.0	4.5
Dealing with the public	8.8	11.4	17.6	10.2	11.4
Operational support	6.2	8.0	18.0	10.4	7.6
Support functions	26.7	34.7	62.6	36.1	37.6
OPCC / Local Policing Body	3.0	3.9	8.6	4.9	
Criminal justice arrangements	7.3	9.5	19.5	11.3	11.1
Intelligence	5.1	6.6	9.7	5.6	7.3
Public Protection	7.2	9.4	12.1	7.0	10.1
Total excluding national policing & central costs	119.1	154.6	283.9	163.8	166.9

2.12 The key outliers are considered in more detail below, along with support functions.

Local Policing

2.13 Devon & Cornwall and Dorset both spend less than the national average per head of population on local policing, with Dorset's spend being £60.3 and Devon & Cornwall' spend being £63.8 compared to the National Average of £65.9m.

Both Devon & Cornwall and Dorset are showing as above average spend on incident (response) management and below average on neighbourhood policing. Although detailed analysis of this has not been undertaken, it is anticipated that this is reflective of the way the costs are calculated, based on where officers predominantly work, rather than apportionments of time. As such there will inevitably be some time costed within response policing that relates to neighbourhood policing.

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	Dorset		D&C		Averages £/Head
	£m	£/head	£m	£/head	All
Incident (response) management	23.9	30.9	47.0	27.1	25.0
Neighbourhood policing	13.4	17.4	27.6	15.9	23.0
Local investigation/prisoner processing	6.8	8.8	27.6	15.9	12.8
Specialist community liaison	1.8	2.3	5.1	3.0	3.5
Policing command team & support overheads	0.7	0.9	3.4	1.9	1.6
Local policing	46.5	60.3	110.7	63.8	65.9

Roads Policing

- 2.14 Dorset Police spend £1.0 per head of population, compared with a national average of £3.7. This relates significantly to the inclusion of Driver Awareness Scheme income in this category. Dorset Police have consistently stated that income received will be used to offset the overall costs of roads policing, as evidenced by these Profiles.
- 2.15 The table below demonstrates that even excluding the Driver Awareness Scheme (included within Casualty Reduction Partnership), Dorset spends below the national average on other areas of roads policing.

	Dorset		D&C		Averages £/Head
	£m	£/head	£m	£/head	All
Casualty Reduction Partnership	-1.9	-2.5	0.4	0.2	-0.3
Traffic Units	3.0	3.9	3.9	2.3	4.0
Command Team & Support	0.0	0.0	0.0	0.0	0.1
Vehicle Recovery	0.0	0.0	0.1	0.1	0.0
Road policing	1.0	1.3	4.5	2.6	3.7

Investigations / Investigative Support

- 2.16 The cost of investigations within Dorset is significantly below the national average, with Devon & Cornwall being slightly above average.

Investigations	Dorset		D&C		Averages £/Head
	£m	£/head	£m	£/head	All
Serious and organised crime unit	1.0	1.3	4.9	3.2	2.3
Major investigations unit	1.6	2.1	5.6	2.8	2.8
Economic crime	0.3	0.3	1.3	0.8	1.0
Command team and support overheads	0.6	0.8	1.0	0.6	0.8
Cyber crime	0.2	0.2	0.9	0.5	0.5
Specialist investigation units	0.0	0.0	0.0	0.0	0.2
Investigations	3.7	4.8	13.7	7.9	7.7

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- 2.17 While there will inevitably be issues regarding different organisational structures, the Profiles do show the context of spend in these areas against an overall spend in investigations.

Investigative Support	Dorset		D&C		Averages £/Head
	£m	£/head	£m	£/head	All
Scenes of crime officers	1.1	1.5	2.5	1.4	1.4
Command team and support	0.0	0.0	0.3	0.2	0.2
External forensic costs	0.7	0.9	1.5	0.8	1.2
Other forensic services	1.6	2.0	1.7	1.0	1.0
Photographic image recovery	0.2	0.3	0.3	0.2	0.3
Fingerprint/internal forensic	0.0	0.0	0.6	0.3	0.4
Investigative support	3.6	4.7	6.9	4.0	4.5

Dealing with the Public

- 2.18 This category includes emergency and non-emergency contact, including Force Command Centre and enquiry offices. Dorset Police is shown to spend the same as the national average per head of population in this area. With Devon & Cornwall spending less than the national average. The work being undertaken under the Strategic Alliance is expected to change the overall costings in these areas.

	Dorset		D&C		Averages £/Head
	£m	£/head	£m	£/head	All
Local call centres/front desk	0.5	0.7	1.0	0.6	1.2
Command team and support	0.4	0.6	0.4	0.2	0.3
Central communications unit	7.9	10.2	16.2	9.3	9.9
Dealing with the public	8.8	11.4	17.6	10.2	11.4

Operational Support

- 2.19 The VfM Profiles show that both forces spend more than the national average on Operational Support, per head of population in their areas. A significant proportion of operational support is now being delivered through the Strategic Alliance programme.

	Dorset		D&C		Averages £/Head
	£m	£/head	£m	£/head	All
Advanced public order	0.4	0.5	3.8	2.2	1.1
Civil contingencies	0.5	0.7	1.5	0.9	0.6
Command team and support	0.3	0.4	1.1	0.6	0.5
Dogs section	0.8	1.1	2.1	1.2	1.1
Air operations	0.8	1.1	1.0	0.6	0.7
Other Functions	0.2	0.2	0.4	0.2	0.2
Firearms unit	3.1	4.0	8.1	4.7	3.5
Operational support	6.2	8.0	18.0	10.4	7.6

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Support Services

- 2.20 Support services as a whole benchmark below the national average in total for both forces, per head of population in their areas.
- 2.21 Again, these functions are all being delivered or progressed under the Strategic Alliance, with the expectation of further savings being delivered.

	Dorset		D&C		Averages £/Head
	£m	£/head	£m	£/head	All
ICT	6.6	8.5	16.2	9.3	9.7
Administration support	1.4	1.8	6.1	3.5	2.2
Performance review	1.7	2.1	3.8	2.2	2.4
Finance	0.6	0.8	1.5	0.9	1.2
Human resources	1.7	2.2	2.8	1.6	2.2
Fleet services	2.3	2.9	4.3	2.5	3.0
Professional standards	1.0	1.2	1.3	0.7	1.4
Estates / central building	5.2	6.8	14.9	8.6	7.9
Training	2.7	3.5	5.1	2.9	3.6
All other support functions	3.6	4.7	6.7	3.8	4.0
Support functions	26.7	34.7	62.6	36.1	37.6

Workforce

- 2.22 The VfM Profiles examine the workforce, including workforce numbers, supervision ratios, workforce mix, leavers and joiners analysis, and so on. Below is a summary of the police officer and PCSO numbers, which show that both forces are broadly comparable with the national average, except in that PCSO numbers and Sergeants as a proportion of workforce are slightly higher than average. Also shown are supervision ratios.

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	Dorset %	D&C %	National Average %
NPCC ranks	0.2%	0.2%	0.2%
Chief superintendents	0.3%	0.2%	0.2%
Superintendents	0.9%	0.7%	0.7%
Chief inspectors	1.8%	1.1%	1.3%
Inspectors	4.3%	4.8%	4.4%
Sergeants	16.0%	16.1%	14.4%
Constables	66.8%	67.3%	69.7%
PCSOs	9.6%	9.7%	9.0%
Force total	100%	100%	100%

	Dorset	D&C	National Average
<u>Supervision ratios</u>			
Constables per sergeant	4.2	4.2	4.9
Constables and PCSOs per sergeant	4.8	4.8	5.5

Demand and Crime

- 2.23 The VfM Profiles include a section on crime, including recorded crime per officer, 999 call demand, and emergency and priority incidents.
- 2.24 The number of 999 calls per 1,000 populations, and the number of 999 calls per FTE categorised in the Force Command Centre, are both broadly in line with the national average.

	FCC Only		FCC and Enquiry Offices		
	Dorset	D&C	Dorset	D&C	Average National
Calls per FTE	353	476	325	438	674
Calls per 1,000 population	96	110	96	110	131
Cost per call	£106	£85	£113	£90	£89

- 2.25 An analysis of emergency and priority incidents is provided, which identifies that largely both Devon & Cornwall and Dorset are below the national average for incidents per 1,000 population.

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<u>Emergency Incidents</u>			Incidents per 1,000 population		Averages
	Dorset	D&C	Dorset	D&C	All
ASB incidents	2,390	8,681	3	5	4
Crime incidents	5,599	11,188	7	6	10
Other incidents	14,294	56,635	19	33	32
Total Emergency	22,283	76,504	29	44	46

<u>Priority Incidents</u>			Incidents per 1,000 population		Averages
	Dorset	D&C	Dorset	D&C	All
ASB incidents	8,721	14,854	11	9	11
Crime incidents	11,336	7,484	15	4	14
Other incidents	28,314	53,334	37	31	44
Total Priority	48,371	75,672	63	44	69

<u>Total Incidents</u>			Incidents per 1,000 population		Averages
	Dorset	D&C	Dorset	D&C	All
ASB incidents	11,111	23,535	14	14	15
Crime incidents	16,935	18,672	22	10	24
Other incidents	42,608	109,969	56	64	76
Total Emergency & Priority	70,654	152,176	92	88	115

3.0 USE OF THE VFM PROFILES

- 3.1 The HMIC VfM profile reports states that ‘the profiles are designed to prompt questions rather than to provide judgements’. All forces are structured differently, and as such it is often impossible to make clear and accurate judgements based on the profiles alone, but instead the profiles can be used as the starting point for further analysis. For example, a force with notionally higher costs of neighbourhood policing may have proportionately lower costs of response, due to the way in which the force is structured, and the way in which the split of costs has been determined (which are largely based on what an officer or member of staff predominantly does). This may then prompt questions about performance, which are unlikely to be available within the Profiles.
- 3.2 The analysis work undertaken on these VFM profiles concluded that the differences in force structure make it impossible to carry out exact like for like financial comparison with other forces. Instead, the Profiles provide a very good indication of costs, and also an indication of potential differences in structures. They do not, however, provide all of the answers.
- 3.3 The VfM Profiles are, of course, sufficiently robust to be used for a variety of purposes within the Force.

- 3.4 The key use of the VfM Profiles is to inform change. The final VfM Profiles are used to identify where each force is perceived to be an outlier, and then subject to further investigation. The resultant findings, if appropriate, can be used pro-actively to inform the future change programme. The Profiles are also referenced in business cases within the Force to provide context to any proposed change.
- 3.5 The current major change programme under the Strategic Alliance uses the VfM Profiles to provide a guide to the impact of any proposed changes on each force. Although both forces are structurally different, the Profiles can be used to provide context, assisted by the local knowledge of those involved in running each area of business as to why there may be reported differences in the figures.
- 3.6 HMIC also use the VfM Profiles as evidence in their PEEL inspections, particularly the high level analysis provided.

4.0 CONCLUSION

- 4.1 The VfM Profiles provide a significant amount of information comparing the costs and workforce of both forces to the national average. Some limited performance information is also included.
- 4.2 The Profiles are intended to prompt questions rather than provide answers, and are already widely used in informing the change programme within the Strategic Alliance

5.0 RISKS/RESOURCE REQUIREMENTS

Financial/Resource/Value for Money Implications

- 5.1 The Profiles set out an objective comparison of key value for money indicators. As such, they are a useful tool when considering opportunities for further efficiency.

Legal Implications

- 5.2 None

Implications for Policing Outcomes

- 5.3 None.

Equality

- 5.4 None.

6.0 RECOMMENDATIONS FOR DECISION

- 6.1 It is recommended that this report be noted.

7. APPENDICES

Appendix A - VFM Profile Report for Devon & Cornwall Police
Appendix B - VFM Profile Report for Dorset Police

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