



AGENDA NO: 13

JOINT INDEPENDENT AUDIT COMMITTEE – 3 DECEMBER 2015

HMIC VALUE FOR MONEY PROFILES

REPORT BY THE DIRECTOR OF FINANCE

PURPOSE OF REPORT

To inform Members of the key issues arising from the 2015 Value for Money Profiles published by Her Majesty's Inspectorate of Constabulary (HMIC).

1 INTRODUCTION

- 1.1 The final HMIC Value for Money (VfM) Profiles 2015 were published on 17 November 2015.
- 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 2015 HMIC VfM Profiles. Copies of the full profiles are available for Members on request.
- 1.4 Included throughout the report are the equivalent figures for Devon and Cornwall Police for information and to enable comparison.

2 KEY POINTS

- 2.1 The report compares Dorset Police to its MSG - West Mercia, Sussex, Warwickshire, Thames Valley, Gloucestershire, Cambridgeshire and Surrey. The figures provided show the difference between Dorset and the average for the MSG when adjusted for the size of the resident population.
- 2.2 All comparisons are based on 2015/16 base budgets, which were agreed alongside the precept decision on 5 February 2015.

Funding

- 2.3 Overall Dorset Police are shown to be a low funded and hence low spending Force. Dorset Police receive the lowest amount of formula funding per head of population in England and Wales.

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2.4 The table overleaf compares central and local funding sources for Dorset Police. It shows actual £m's figures for Dorset, then £'s per head of population for Dorset, the average of all forces nationally and average of the MSG. It also shows the difference in £m's that Dorset would receive (in brackets) or lose if it's funding were to move in line with the national or MSG average.

	Dorset		NB: D&C		Averages £/Head		Difference £m's	
	£m	£/head	£m	£/head	All	MSG	All	MSG
Formula funding	58.9	77.5	166.8	97.7	108.7	89.8	(23.7)	(9.3)
Specific grants	8.0	10.5	3.2	1.9	7.3	5.9	2.4	3.5
Central funding	66.9	88.0	170.0	99.6	115.9	95.7	(21.2)	(5.8)
Legacy council tax grants	7.9	10.4	15.5	9.1	6.4	6.1	3.0	3.3
Council tax	52.0	68.4	97.5	57.1	56.8	66.0	8.8	1.8
Reserves	(0.1)	(0.2)	(1.1)	(0.6)	1.6	1.8	(0.9)	(1.5)
Local funding	59.7	78.6	111.9	65.5	64.8	74.0	10.5	3.5
Net revenue expenditure	126.6	166.6	281.9	165.1	180.7	169.6	(10.7)	(2.3)

NB: Band D Council Tax

£187.11

£169.47

£175.1

£184.2

2.5 The above table demonstrates that Dorset Police's overall central funding level is significantly below the national average and below the MSG average. If Dorset were to receive central funding at the same level as the national average, it would have received £21.2m more in 2015/16.

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 Income from sale of goods and services is actively maximised by Dorset Police, as the income received exceeds the costs involved, so increase the overall level of funding for the Force which can then be reinvested on front line policing. Income from direct reimbursements is based more on the need to provide such services, usually externally controlled, and matches a cost elsewhere in the organisation, so does not increase overall funding.

2.8 Dorset Police is the second highest Force nationally in respect of income from sales, fees, charges and rents and significantly exceeds income in this respect from the MSG, primarily due to income from the Driver Awareness Scheme.

2.9 However, Dorset Police receives a below average income from reimbursed services. This is largely due to the fact that Dorset Police do not host any major collaborative services, but instead buy them in from other forces. This is expected to change with the Strategic Alliance, which will increase the income budget in this respect as Dorset will host services provided to Devon and Cornwall and therefore receive income for these.

2.10 As previously stated, the VfM Profiles are based on the base budget each year. While actual income from reimbursed services is generally higher than the original budget set due to unexpected events and requirements during the year, the budget assumes only known annual requirements will take place. The 2016/17 budget will include an estimate

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for income from as yet unknown reimbursed policing demands, based on historic averages, and will therefore increase the future income budget in this respect. An equivalent expenditure budget will also be included.

2.11 The table outlining income to the Force is shown below:

	Dorset		NB: D&C		Averages £/Head		Difference £m's	
	£m	£/head	£m	£/head	All	MSG	All	MSG
<u>Income from sales</u>								
Sales, fees, charges and rents	3.5	4.7	2.5	1.5	2.2	2.5	1.8	1.6
Interest	0.0	0.1	0.5	0.3	0.2	0.2	(0.1)	(0.1)
	3.5	4.8	3.0	1.8	2.4	2.7	1.7	1.5
<u>Reimbursed income</u>								
Collaboration	0.1	0.1	2.8	1.6	3.1	2.9	(2.3)	(2.1)
Special police services	0.3	0.4	1.3	0.8	0.9	1.2	(0.4)	(0.6)
Other reimbursed income	0.4	0.6	0.6	0.4	0.8	0.9	(0.2)	(0.2)
Partnership income	0.6	0.8	0.0	0.0	0.7	0.3	0.0	0.4
	1.4	1.9	4.7	2.7	5.6	5.3	(2.8)	(2.5)
Total earned income	5.0	6.6	7.7	4.5	8.0	8.0	(1.1)	(1.0)

Spend by Subjective Category

2.12 Dorset Police spends below the national average per head of population on providing its services. It spends less per head of population on workforce, non-staff costs and on national policing.

2.13 The table below demonstrates subjective spend by category.

	Dorset		NB: D&C		Averages £/Head		Difference £m's	
	£m	£/head	£m	£/head	All	MSG	All	MSG
Police officers	64.0	84.2	156.2	91.5	95.2	84.5	(8.3)	(0.2)
Police staff	28.2	37.1	56.9	33.3	38.4	39.8	(1.0)	(2.0)
PCSOs	4.5	5.9	11.3	6.6	6.7	5.8	(0.6)	0.1
Workforce	96.7	127.3	224.3	131.4	140.3	130.1	(9.9)	(2.2)
Non-staff costs	32.2	42.4	62.2	36.4	44.2	44.1	(1.3)	(1.3)
Earned income	(5.0)	(6.6)	(7.7)	(4.5)	(8.1)	(8.0)	1.1	1.0
Net revenue exp.	123.8	163.0	278.8	163.3	176.4	166.2	(10.2)	(2.5)
National policing	2.7	3.6	3.2	1.9	4.3	3.4	(0.5)	0.1
Total including national policing	126.6	166.6	281.9	165.1	180.7	169.6	(10.7)	(2.3)

2.14 However, the below average spend on workforce does result in Dorset having a lower workforce per population. This is potentially compounded by the above average cost per FTE of police officers in Dorset, perhaps due to the service profile of officers in the Force. The cost per FTE for police staff, including PCSOs, is lower than the national average.

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	Dorset	NB: D&C	FTE Per 1,000 Population			Difference	£k Cost per FTE		
	FTE	FTE	Dorset	D&C	National	FTE	Dorset	National	MSG
Police officers	1,211	3,037	1.59	1.78	1.88	(216)	53.5	50.9	50.7
PCSOs	156	354	0.20	0.21	0.22	(11)	29.0	30.9	30.8
Police staff	907	1,794	1.19	1.05	1.18	7	31.5	33.3	33.8
Total	2,273	5,185	2.99	3.04	3.28	(220)			

Spend by Function

- 2.15 The VfM Profiles use net revenue expenditure to analyse spend per function, which therefore includes income and expenditure. This is particularly evident on roads policing, which includes the income from the Driver Awareness Scheme and therefore the net spend in Dorset is second lowest nationally.
- 2.16 In general, the allocation of Dorset Police resources across functions is consistent with national and MSG allocations, although Dorset spends proportionately less of its budget on roads policing and investigations and more on dealing with the public, operational support and investigative support.
- 2.17 The following table sets out a high level summary of Dorset Police cost per member of population when compared with all forces, and the MSG, based on the 2015/16 base budget.

	Dorset		NB: D&C		Averages		Difference £m's	
	£m	£/head	£m	£/head	All	MSG	All	MSG
<u>Above Average Cost / Population</u>								
Dealing with the public	9.2	12.1	16.3	9.5	10.8	11.1	1.0	0.8
Operational support	6.1	8.0	15.2	8.9	7.2	6.8	0.6	0.9
Investigative support	3.6	4.8	6.7	3.9	4.5	4.2	0.2	0.4
<u>Below Average Cost / Population</u>								
OPCC / Local Policing Body	2.8	3.6	6.4	3.7	4.0	3.8	(0.3)	(0.1)
Criminal justice arrangements	8.3	11.0	19.7	11.6	11.5	11.2	(0.4)	(0.2)
Intelligence	4.9	6.4	10.2	6.0	7.4	7.2	(0.7)	(0.6)
Road policing	0.4	0.6	6.3	3.7	4.2	4.2	(2.8)	(2.7)
Support functions	25.0	32.9	61.0	35.7	36.1	35.4	(2.4)	(1.9)
Local policing	46.9	61.7	102.6	60.1	68.2	63.1	(4.9)	(1.1)
Investigations	7.5	9.9	28.9	16.9	16.2	13.6	(4.8)	(2.9)
Total excluding national policing & central costs	114.6	150.9	273.2	160.0	170.1	160.6	(14.6)	(7.4)
NB: National Policing / Central Costs *	11.9	15.7	8.7	5.1	20.1	9.0	3.9	5.0
Total	126.6	166.6	281.9	165.1	180.7	169.6	(10.7)	-2.3

* includes capital financing of PFI schemes, which are the main reason for the higher than average cost

- 2.18 The key outliers shown at paragraph 2.13 are considered in more detail below, along with support functions.

Roads Policing

- 2.19 Dorset Police spend £0.7 per head of population, compared with an average of £4.20 nationally and in the MSG. This relates entirely to the inclusion of Driver Awareness Scheme income in this category. Dorset Police has consistently stated that income

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received will be used to offset the overall costs of roads policing, as evidenced by these Profiles.

The table overleaf 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		NB: D&C		Averages £/Head		Difference £m's	
	£m	£/head	£m	£/head	All	MSG	All	MSG
Casualty Reduction Partnership	(2.4)	(3.2)	(0.3)	(0.2)	(0.2)	(0.5)	(2.2)	(2.1)
Traffic Units	3.0	4.0	6.3	3.7	4.4	4.6	(0.4)	(0.6)
Command Team & Support	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Vehicle Recovery	0.0	(0.1)	0.1	0.1	0.0	0.0	0.0	(0.1)
Road policing	0.6	0.7	6.3	3.7	4.2	4.2	(2.6)	(2.6)

Investigations / Investigative Support

2.20 The cost of investigations within Dorset is significantly below the national and MSG average, with Dorset showing as the lowest cost nationally. However, the cost of investigative support – primarily forensic related activity – is slightly above the national average.

2.21 Of particular note, within investigations public protection continues to show Dorset as the lowest spend nationally. While there will inevitably be issues regarding different organisational structures, the Profiles do show the context of spend in this area against an overall low spend in investigations.

The investigative support costs only partially take account of the Regional forensic work, as the budget was set before the majority of this work had gone live and implementation continues throughout 2015/16.

Investigations	Dorset		NB: D&C		Averages £/Head		Difference £m's	
	£m	£/head	£m	£/head	All	MSG	All	MSG
Public protection	4.2	5.6	17.7	10.4	8.2	7.5	(2.0)	(1.5)
Serious and organised crime unit	0.9	1.2	3.5	2.1	2.7	1.8	(1.2)	(0.5)
Major investigations unit	1.6	2.1	5.2	3.1	3.1	2.2	(0.7)	(0.1)
Economic crime	0.2	0.3	1.2	0.7	1.0	0.8	(0.5)	(0.3)
Command team and support overheads	0.5	0.6	1.2	0.7	0.8	1.1	(0.2)	(0.4)
Cyber crime	0.0	0.0	0.0	0.0	0.2	0.1	(0.2)	(0.1)
Specialist investigation units	0.0	0.0	0.0	0.0	0.2	0.1	(0.1)	(0.1)
Investigations	7.5	9.9	28.9	16.9	16.2	13.6	(4.8)	(2.9)

Investigative Support	Dorset		NB: D&C		Averages £/Head		Difference £m's	
	£m	£/head	£m	£/head	All	MSG	All	MSG
Scenes of crime officers	1.0	1.3	2.4	1.4	1.4	1.3	(0.1)	0.0
Command team and support	0.1	0.1	0.5	0.3	0.2	0.2	(0.1)	(0.1)
External forensic costs	0.9	1.2	1.4	0.8	1.2	0.9	0.0	0.2
Other forensic services	0.7	0.9	1.3	0.8	0.9	1.0	0.0	(0.1)
Photographic image recovery	0.3	0.3	0.2	0.1	0.3	0.2	0.1	0.1
Fingerprint/internal forensic	0.7	0.9	0.8	0.5	0.6	0.5	0.2	0.3
Investigative support	3.6	4.8	6.7	3.9	4.5	4.2	0.2	0.4

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Dealing with the Public

- 2.22 This category includes emergency and non-emergency contact, including Force Command Centre and enquiry offices. Dorset Police is shown to spend more than the national average per head of population in this area.

	Dorset		NB: D&C		Averages £/Head		Difference £m's	
	£m	£/head	£m	£/head	All	MSG	All	MSG
Local call centres/front desk	0.4	0.6	0.9	0.5	1.5	1.1	(0.7)	(0.4)
Command team and support	0.8	1.1	0.3	0.2	0.3	0.4	0.6	0.5
Central communications unit	7.9	10.4	15.1	8.9	9.0	9.6	1.0	0.6
Dealing with the public	9.2	12.1	16.3	9.5	10.8	11.1	1.0	0.8

- 2.23 The work progressing under the Strategic Alliance is expected to reduce the cost of this area to Dorset Police.

Operational Support

- 2.24 The VfM Profiles show that Dorset Police spend more than the national average on Operational Support, although when analysed further, the areas which are higher than the national average are Firearms, Air Operations (which is largely a nationally imposed charge), Specialist Terrain (marine section) and Events. Other areas of Operational Support are below the national average.

	Dorset		NB: D&C		Averages £/Head		Difference £m's	
	£m	£/head	£m	£/head	All	MSG	All	MSG
Advanced public order	0.5	0.6	3.6	2.1	1.0	0.4	(0.3)	0.2
Civil contingencies	0.1	0.2	0.5	0.3	0.5	0.4	(0.2)	(0.2)
Command team and support	0.1	0.1	0.3	0.2	0.4	0.5	(0.2)	(0.3)
Dogs section	0.8	1.0	2.2	1.3	1.2	1.2	(0.1)	(0.1)
Mounted police	0.0	0.0	0.0	0.0	0.1	0.0	(0.1)	0.0
Specialist terrain	0.2	0.3	0.4	0.2	0.1	0.1	0.1	0.1
Air operations	0.9	1.1	1.7	1.0	0.8	0.7	0.2	0.3
Events	0.3	0.4	0.3	0.2	0.0	0.0	0.3	0.3
Firearms unit	3.3	4.3	6.2	3.7	3.2	3.5	0.8	0.6
Operational support	6.1	8.0	15.2	8.9	7.2	6.8	0.6	0.9

- 2.25 Each of these areas is being considered under the Strategic Alliance.

Support Services

- 2.26 Support Services benchmark below the national average in total, with the cost of ICT in particular being significantly below the national average, at the third lowest cost per population.

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	Dorset		NB: D&C		Averages £/Head		Difference £m's	
	£m	£/head	£m	£/head	All	MSG	All	MSG
ICT	4.6	6.1	15.6	9.1	8.6	8.4	(1.9)	(1.8)
Administration support	1.3	1.7	3.6	2.1	2.1	2.3	(0.3)	(0.5)
Performance review	1.4	1.9	6.0	3.5	2.3	1.9	(0.3)	(0.1)
Finance	0.7	1.0	1.5	0.9	1.2	1.2	(0.2)	(0.2)
Human resources	1.6	2.1	3.1	1.8	2.1	2.1	(0.0)	(0.0)
Fleet services	2.6	3.4	5.4	3.2	3.4	3.2	0.0	0.1
Professional standards	1.0	1.4	1.4	0.8	1.3	1.1	0.0	0.2
Estates / central building	6.2	8.1	11.9	7.0	7.9	7.9	0.1	0.2
Training	2.6	3.5	6.3	3.7	3.3	3.5	0.1	0.0
All other support functions	3.0	4.0	6.1	3.6	3.9	3.8	0.1	0.2
Support functions	25.0	32.9	61.0	35.7	36.1	35.4	(2.4)	(1.9)

2.27 Again, these functions are all being considered under the Strategic Alliance, with the expectation of further savings being delivered in each instance.

Workforce

2.28 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 Dorset is broadly comparable with the national average, except in that PCSO numbers as a proportion of the workforce are slightly higher than average. Also shown are supervision ratios.

	FTE	Dorset %	NB: D&C %	National Average %
ACPO ranks	3	0.2%	0.1%	0.2%
Chief superintendents	3	0.2%	0.3%	0.2%
Superintendents	10	0.7%	0.6%	0.6%
Chief inspectors	24	1.7%	1.0%	1.3%
Inspectors	60	4.2%	4.4%	4.4%
Sergeants	210	14.6%	15.2%	14.2%
Constables	963	67.1%	68.3%	68.7%
PCSOs	163	11.3%	10.1%	10.3%
Force total	1,435	100.0%	100.0%	100.0%

<u>Supervision ratios</u>	Dorset	NB: D&C	National Average
Constables per sergeant	4.6	4.5	4.9
Constables and PCSOs per sergeant	5.4	5.2	5.6

2.29 Dorset Police does show as an outlier in the percentage of frontline support that is performed by police staff, rather than police officers. The percentage of police officers in frontline support roles is significantly lower than the national average, while the percentage of staff in such roles is significantly above average.

2.30 A further outlier is the number of joiners during 2014/15 as a percentage of total workforces. Dorset Police show above average for PSCOs, Staff and particularly officers following the significant recruitment that took place during that year. While this may appear slightly at odds with the analysis at 2.13 that shows the average cost per

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FTE police officer is higher than the national average, the very low recruitment in the preceding years would provide some explanation for the apparent discrepancy.

- 2.31 In respect of sickness, the Profiles indicate that Dorset has below average absences for short term sickness in PCSOs, Staff and Officers, with Staff and PCSOs being significantly below average. However, the number of officers on restricted and recuperative duties is considerably above the national average.

Demand and Crime

- 2.32 The VfM Profiles include a short section on crime, including recorded crime per officer, 999 call demand and emergency and priority incidents.
- 2.33 The Profiles identify that the number of crimes per ‘visible’ police officer is lower than the national average. Visible in this context includes local policing, roads policing and certain aspects of operational support.
- 2.34 The number of 999 calls per 1,000 population and the number of 999 calls per FTE categorised in the Force Command Centre, are both slightly below the national average.

	FCC Only			FCC and Enquiry Offices			
	Dorset	NB: D&C	MSG Average	Dorset	NB: D&C	Average National	MSG
Calls per FTE	400	463	446	368	426	635	383
Calls per 1,000 population	105	109	109	105	109	120	109
Cost per call	£99	£82	£89	£105	£86	£90	£99

- 2.35 An analysis of emergency and priority incidents is provided, which identifies Dorset as having fewer ASB and crime incidents than the national average, but significantly more than the MSG. Dorset has fewer ‘other’ incidents than the national forces and the MSG.

	Incidents per 1,000 population		Averages		Differences		Change in Emergency & Priority Incidents				
	Dorset	D&C	Dorset	D&C	All	MSG	All	MSG	Force	All	MSG
ASB incidents	12,722	24,660	17	14	17.8	12.8	(774)	2,991	(18%)	(8%)	(11%)
Crime incidents	15,874	24,002	20	15	21.7	18.0	(588)	2,187	2%	2%	6%
Other incidents	49,486	118,589	65	70	81.0	65.7	(12,038)	(406)	(2%)	(1%)	1%
Total emergency & priority	78,082	167,251	102	98	120.4	96.5	(13,400)	4,771	(4%)	(1%)	0%

3 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.

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- 3.2 The Regional Finance Technical Group spent some time analysing differences in Regional VfM Profiles with the aim of ensuring that accounting treatment in each force is consistent. While it was ultimately concluded that the underlying accounting treatment used is consistent, it was also 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 Dorset Police 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 The Strategic Alliance between Warwickshire and West Mercia is compared to Dorset within the Profiles as they are both part of the MSG. This informs the Strategic Alliance work with Devon and Cornwall regarding where an Alliance can improve value for money.
- 3.7 HMIC also use the VfM Profiles as evidence in their PEEL inspections, particularly the high level analysis provided.

4 CONCLUSION

- 4.1 The VfM Profiles provide a significant amount of information comparing the costs and workforce of Dorset Police to the national average and to the MSG. Some limited performance information is also included.
- 4.2 The Profiles identify a number of areas where Dorset Police is an outlier. These outliers could be due to structural differences between Dorset Police and other forces, or could present an opportunity to investigate further and streamline services. The Strategic Alliance is already addressing all areas identified as an outlier.
- 4.3 The Profiles are intended to prompt questions rather than provide answers and are already widely used in informing the change programme within Dorset

5 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 RECOMMENDATION

6.1 It is recommended that this report be noted.

JOHN JONES
DIRECTOR OF FINANCE

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