JOINT INDEPENDENT AUDIT COMMITTEE
5 APRIL 2017

SUBJECT	**VALUE FOR MONEY & EFFICIENCY PLAN**
REPORT BY	**CHIEF FINANCE OFFICER OPCC AND FORCE CHIEF FINANCE OFFICER**
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SUMMARY AND PURPOSE OF REPORT The report describes arrangements to secure and improve value for money.	
RECOMMENDATION	***That the Committee reviews arrangements to secure value for money and their effectiveness.***

A. SUPPORTING INFORMATION

1. One of the Committee's duties is to

   "consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements."

2. A joint value for money plan is approved annually which provides an overview of value for money arrangements. The Value for Money & Efficiency Plan 2017/18 is attached at Appendix A.

3. This year there was also an efficiency report written and submitted to the Home Office, a copy of this report is attached in Appendix B.

4. Management oversight of value for money is one of the responsibilities of the Strategic Management Board chaired by the Chief Constable. The Change Board will also have benefits realisation within its remit.

5. External assurance is provided by:

   - The external auditor who provides an annual conclusion on whether there are "proper arrangements to secure economy, efficiency and effectiveness in the use of resources"

   - HMIC which assesses value for money as part of the annual PEEL inspections. HMIC uses four categories for making judgements – outstanding / good / requires improvement / inadequate. The latest assessment published in November 2016 concluded that the extent to which the force is efficient at keeping people safe and reducing crime is **good**. Specific reference was made in that report that "HMIC considers that the force has done what can reasonably be expected to be as efficient as possible".

B. FINANCIAL CONSIDERATIONS

There are no direct financial implications of the report.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

Police bodies, commissioners, chief constables and chief finance officers all have statutory responsibilities in relation to securing value for money. Current arrangement help ensure that these responsibilities are discharged effectively.

D. PERSONNEL, EQUAL OPPORTUNITIES AND DIVERSITY ISSUES

(including any impact or issues relating to Children and Young People)

None.

E. REVIEW ARRANGEMENTS

A value for money plan is approved annually and delivery of the plan is monitored through the Strategic Management Board and Resource Governance meetings.

F. RISK MANAGEMENT

"Failure to achieve and demonstrate efficiencies, value for money and optimum workforce productivity" is recognised as a significant risk in the Risk Register with a current risk score of 12.

G. PUBLIC ACCESS TO INFORMATION

Information in this report along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation.

Appendix A

Value for Money & Efficiency Plan 2017/18

Police and Crime Commissioner for Lincolnshire

Chief Constable, Lincolnshire Police

1. Background

1.1 The Police and Crime Commissioner and the Chief Constable both have a statutory duty to make the best use of the resources available to them. The majority of the income for police and crime services comes from local and national taxpayers. The PCC and Chief Constable need to be able to demonstrate to the residents of Lincolnshire and to central government that the funding received is being used to the best possible effect.

1.2 Central government grants provide over half the service's income and the grant which Lincolnshire receives is well below the national average (see below). This was acknowledged in the Home Office Funding Formula Review, where initial exemplifications of the proposed new model recognised approximately an additional £8 million of grant funding for Lincolnshire. The delay in concluding and implementing the new funding methodology means that Lincolnshire will continue to face the challenge of delivering services to the people of Lincolnshire with a lower level of funding than comparable forces receive.

Lincolnshire Police is the second lowest funded force in England and Wales, when taking into account all funding, and has the third lowest spend per head of population. When compared to its most similar forces, Lincolnshire receives significantly less central and local Funding than its peers. This has required the force to be innovative and collaborative in its approach to providing policing services, making large scale changes to the way that the force carries out both specialist and back office functions, as well as creating capacity within the organisation to be flexible to new, emerging areas of crime and continuing to provide neighbourhood policing and maintain visibility.

Lincolnshire Police, like most other public bodies, has had to make substantial savings over the first austerity period. The continuing reduction in funding, now exceeding twenty percent since 2011, presents a challenge to Lincolnshire Police due to the extensive efforts that have already been made, including the strategic partnership with a private sector company, which while providing significant savings to the force, reduces the options for developing further savings through workforce reduction.

Despite this issue, the force performs well against the other forces in its most similar group and other forces in England and Wales in relation to outcomes in all areas of crime, relative to its size both nationally and within the most similar group. This demonstrates the effectiveness of the Force's collaborative arrangements and previous efficiency measures.

1.3 HMIC have provided a detailed set of VFM profiles based on the Police Objective Analysis. Lincolnshire spends the third lowest amount per head of population across all 43 Forces; this means that in the majority of indicators, Lincolnshire is in the lowest quartile of spend.

1.4 The provisional police grant announcement and House of Commons written statement on the Police Provisional Funding Announcement were laid in Parliament on 15th December 2016. The police settlement covers just one year. The Provisional

Grant settlement for 2017/18 included an announcement that police spending would be protected at flat cash levels compared to 2015/16 assuming that precept income is maximised within the limit set of 2%.

1.5 The provisional grant includes a cash cut of £0.821m (1.4%) for Lincolnshire for 2017/18 compared to 2016/17. The level of cash cut had been expected to be similar to that in 2016/17, whereas it has increased so that the total percentage reduction since 2015/16 is now 2%.

1.6 The Police Grant Report (England & Wales) 2017/18 was laid before the House of Commons on 1st February 2017. The allocations are the same as set in the Provisional Police Grant Report of 15th December.

1.7 Given that the cash reduction was greater than expected, it is clear that the service will come under increasing pressures to meet new demands from within a reducing budget in real terms and will require a draw on reserves to balance the budget in 2017/18.

1.8 The Budget for 2017/18 has been set against considerable cost pressures, representing a £3.5m increase in costs from 2016/17. These include pay awards of £1.4m, historic pension costs of £0.3m and the newly introduced Apprenticeship Levy of £0.36m.

1.9 Lincolnshire police services therefore have to be managed rigorously given that there has been no overall increase in funding in 2017/18, to minimise the draw on reserves required.

2. Current Performance

2.1 A summary of Lincolnshire's performance compared with its Most Similar Group (MSG) forces is shown in the table below. This is taken from the HM Inspectorate of Constabulary's value for money profiles.

PERFOMANCE OR COST INDICATOR	LINCS	MSG	LINCS DIFFERENCE
Recorded Crime (excluding Fraud) per 1,000 population 2015/16	48.9	52.0	3.1
999 calls per 1,000 population 2015/16	106	96	10
Number of Police Officers per 1,000 population 2015/16	1.38	1.70	0.32
Number of PCSOs per 1,000 population 2015/16	0.2	0.2	-
Expenditure per head of population / per day 2015/16	43p	50p	7p
Total Crimes (excluding fraud) per visible officer 2015/16	61.5	51.8	9.7
Charged/Summonsed per visible officer 2015/16	10.7	8.3	2.4
Victim Overall User Satisfaction % (12 month average as at January 2017)	81.4% (of those surveyed		

3. Financial Strategy

3.1 The Commissioner's Financial Strategy requires Value for Money to be a key consideration in decision making. This includes:

- Having robust business plans linking policing plans with the resources available.

- Applying a rigorous business case test for all major projects involving new revenue or capital spending. All business cases must include the Chief Finance Officer's approval of financial implications and compliance, and assessment of risk and value for money. Benefits realisation and improved service efficiency will need to be clearly demonstrated for all new investment.

- Adopting a priority based approach to budgeting and reviewing all areas of resource allocation periodically through a planned programme of value for money reviews.

3.2 Services will continue to be delivered in partnership with other bodies where this provides better value for money including improved service efficiency and/or lower costs. This may include:

- Working collaboratively with partners, particularly other police forces in the region

- commissioning services from other bodies

- contracting out services to private sector providers

4. Priorities for 2017/18

4.1 The main emphasis of work in 2017/18 will be on:

- **Delivering planned savings** for 2017/18. Planned cumulative savings of over £24 million have been delivered successfully over the last five years. There are limited opportunities for the achievement of further savings without serious service degradation. The budget for 2017/18 identifies a further £1.9m of savings which will require close monitoring and management through the year.

- Securing the transformational improvement being delivered through the **strategic partner arrangement** with G4S who provide the majority of back office, control room and some criminal justice services. A key part of the partnership agreement is that, in addition to providing financial savings, G4S will improve services significantly by transforming the way they are delivered.

- Developing and implementing the projects and work streams under the change programme. The force operates a programme of change branded

Progress: Shaping our Future, which documents the measures in place to provide the force with the additional capabilities it needs to meet future challenges.

- Ensuring that the expected benefits are realised in practice and that cash savings targets are delivered will also be a key feature of the programme.

  In 2017/18 the Value for Money & Efficiency work will focus on:

  - The **Mobile Data** project has provided mobile devices to frontline officers in order to replace existing paper processes and create time and financial savings through a reduction in back office functions. The project went live in January 2016 and has issued devices to approximately six hundred frontline officers. The project is expected to deliver time savings of 30 minutes per officer per shift, and this is currently being evaluated using time and motion studies. Mobile Data will be rolled out to PCSOs and some Special Constables in 2017/18 to further improve efficiency and time savings. Complete coverage of the force is not possible due to funding constraints.

  - **Book On, Book Off** (BOBO) is a project to utilise the force's Duty Management System to reduce the cost of overtime accrued by police officers and streamline the process of approval, saving approximately 80 hours of time per month to manually process requests for overtime and correct assumed to duties to the times that officers have actually worked.

  - The force completed the first phase of its '**Policing Model Project'** during 2016, which reviewed the baseline resources to address emerging areas of crime presenting a greater threat, harm and risk to the public. The force conducted a Priority Based Budgeting (PBB) exercise in 2016, examining Improved, Current and Reduced scenarios for all service areas and has identified a number of priorities for improvement and better use of resources. These will form the second phase of the Policing Model Project, due to commence within the financial year 2017/18.

  - The force is currently engaged in a **Bluelight Collaboration Programme**, which will create a shared Headquarters and Control Room for Police and Fire and Rescue, and a tri-service campus in the City of Lincoln for all three emergency services. As part of the programme, agencies are examining the shared estate to maximise the opportunities and efficiencies of co-location.

  - **Flee**t: procurement of fleet related products and services are directed by national and regional collaborative purchasing contracts which bring together the combined purchasing power of other police forces and emergency services. These contracts ensure maximum value for money is achieved. Lincolnshire Police will continue to support and actively promote these procurement initiatives. The current vehicle procurement route is via the West Midlands Vehicle Framework which

is a national contract. The fleet requirement is reviewed annually, continually maximising the efficiency of the owned fleet.

5. Management and Performance

5.1 Delivery of the Value for Money & Efficiency Plan is overseen by the Resource Governance Board and progress is reported regularly to the Chief Constable and the Police and Crime Commissioner through monthly budget monitoring reports.

5.2 Independent assessments of the delivery of value for money are also provided by the external auditor and by HM Inspectorate of Constabulary.