

## Joint Audit Committee

20<sup>th</sup> March 2017

### HMIC Value for Money Profiles

#### 1.0 Background

- 1.1 The 2016 HMIC Value for Money profiles were published on 17<sup>th</sup> November 2016. The reports provide comparative data across a number of policing activities against the national average and the seven Forces included within our Most Similar Group (MSG). It should be noted that although the MSGs are different Warwickshire and West Mercia are included within each others MSG.
- 1.2 The Police and Crime Commissioners have tasked the Audit Committee with examining value for money with the HMIC reports forming the starting part of this examination. At its meetings in December 2015 and March 2016 the Joint Audit Committee reviewed the 2015 VFM Profiles in detail.
- 1.3 It should be noted that the Finance staff have spent some time on completing the POA returns they made to CIPFA and have ensured that they have accounted for spend consistently and in line with the guidelines. This has reduced the number of outliers from 23 to 12 and moreover has enabled explanations to be made available quickly.

#### 2.0 Profiles

- 2.1 The profiles are designed to prompt questions rather than provide judgments on performance and are produced to help inform budget decisions. The data used for the profiles is the 2016/17 budget.
- 2.2 The profiles are provided with a number of caveats that should be considered when examining them. There can be different interpretations of the guidance by different Forces which could skew some comparisons. It should also be noted that HMIC issued a caveat within its report around collaboration stating that *'for the majority of forces that are not involved in significant or large-scale collaborations, the use of net expenditure should provide an adequate comparison'*. However, as the use of collaboration increases in scale, the way data are collected and presented has adapted. In 2014/15, additional headings were added to the POA, separating out staff and third part costs and income related to collaboration CIPFA guidance explains how forces should record their collaborations depending on the type of model they operate – As we present costs net of earned income, costs in collaborating forces should be broadly comparable with other forces. The main exception is costs per FTE staff, which can be distorted if the collaboration is distorted using the “lead force” model (where all staff are shown as based in the force providing the service, rather than split across the forces taking part in the collaboration). As the Alliance is the most significant collaboration in Policing there is the potential for data to be skewed.

2.3 The report does highlight those areas that are significantly different to the national average. These areas of difference are classed as outliers. To be highlighted as an outlier, the spend must be one of the highest 10% or lowest 10% of any force and the effect of the difference is greater than £1 per head of population.

2.4 A list of outliers for both Forces and comments are included in section 4.

### **3.0 Summary**

3.1 Overall, the profiles for both Warwickshire and West Mercia do not show any areas of great concern. On a number of key indicators, such as Net revenue expenditure per head of population, workforce costs per population and funding per population both Forces are close to the national average. This would suggest that Warwickshire and West Mercia are achieving a reasonable level of value for money, being neither the most expensive nor the cheapest Force. In general terms both Forces compare favourably against their Most Similar Group of Forces.

3.2 There are a number of indicators which provide a useful summary of the two Forces. The detailed charts show that Warwickshire and West Mercia are both close to the average "Net Expenditure per population" for all Forces. The breakdown by function shows both forces are around the national average on most functions, with Investigations being slightly below average due to mutual aid income on West Mercia and secondment income on Warwickshire.

3.3 Workforce costs for both are towards the lower end of the scale, with Officer and PCSO costs slightly below average and Staff costs slightly higher than average. West Mercia Staff costs are similar to the majority of its MSG, although towards the higher end of the scale.

3.4 With regard to non-staff costs, these are above average for Warwickshire and below average for West Mercia.

3.5 Earned income is average nationally for Warwickshire and the highest of its MSG, but below average for West Mercia.

3.6 The national picture shows visible operational front-line spend is slightly higher than average for Warwickshire and West Mercia with non-visible front line slightly below average. This is similar for the MSGs too.

3.7 Frontline support is below average for West Mercia and Warwickshire.

3.8 On central government funding both Warwickshire and West Mercia are lower than average nationally and for their MSGs. Formula funding is slightly higher than MSGs for both Forces, however, specific grants for both forces are lower than average and this requires further investigation to ascertain why this might be the case. It is likely that not all grants received by both Forces have been included in the budget.

- 3.9 In terms of local funding Warwickshire and West Mercia are higher than average due to their planned use of reserves in 2016/17. Band D Council Tax for Warwickshire and West Mercia are above average nationally but average for the MSGs.

#### **4.0 Outliers**

- 4.1 There are a small number of areas where the Forces are classed as an outlier but none of these appear to be significant and the reasons behind them are clearly understood.
- 4.2 A list of the outliers for the Alliance is shown below with initial comments regarding the reasons behind this.

## Warwickshire

<b>Overall Costs</b>					
<b>Staffing</b>	<b>FTE</b>	<b>FTE/1000</b>	<b>Avg</b>	<b>Diff £m</b>	<b>Initial Comments</b>
Police Staff	476.6	0.9	1.1	-6.6	This is an anomaly within the Alliance. FTEs are reported as the "home" force (that is the payroll the employee is on) However costs are allocated generally as 69:31 in line with the cost sharing agreement reached by the two forces within the Alliance.
<b>Pay</b>		<b>£000/FTE</b>	<b>Avg</b>	<b>Diff</b>	
Police Officers		58.00	52.5	4.4	See comments above.
Police Staff		45.5	35.2	4.9	See comments above.
<b>Non Staff Costs</b>	<b>£m</b>	<b>% staff cost</b>	<b>Avg</b>	<b>Diff £m</b>	
Other Employee expenses	4.7	6.3	2.5	2.9	This includes temporary and agency staff. The total will therefore include £2.5m for Operation Devonport which mainly uses agency staff. Operation Devonport is a strategic decision to provide further police support in a particular area. Without this additional budget Warwickshire would be closer to the average.
Total Non staff costs including capital financing	25.6	34.7	29.4	3.9	See comments above.
<b>Costs by Objective</b>	<b>£m</b>	<b>£/head</b>	<b>Avg</b>	<b>Diff £m</b>	
<b>Local Policing</b>					
Specialist community liaison	0.8	1.4	3.4	-1.1	This includes Integrated Offender management where costs are paid for by the PCC. Further investment in this area has been approved. This also includes Firearms Licensing where both income and expenditure has reduced the figure.
<b>Investigations</b>					
Major Investigations Unit	1.0	1.7	2.9	-0.7	Investigations costs are low due to a disproportionately high amount of Mutual aid income being budgeted on Warwickshire in this area.
<b>Support Functions</b>					
Professional Standards	0.6	-0.1	1.4	-0.8	This relates to vetting income as Warwickshire provides vetting for other Forces.

## West Mercia

Overall Costs	£m	£/head	Avg	Diff £m	
National policing	1.1	0.9	4.3	-4.2	This relates to the number of officers on secondment and lower than average counterterrorism costs (as might be expected given the characteristics of West Mercia).
<b>Costs by objective</b>					
<b>Intelligence</b>					
Intelligence analysis/threat assessments	2.3	1.8	3.4	-2.0	This is a coding issue. The ROCU is shown under Intelligence Gathering but should be Intelligence Analysis (as per the guidance). This adjustment would increase the costs to £2.24/head. A similar adjustment would also be needed for Warks.
<b>National Policing</b>					
Counter terrorism/special branch	1.1	0.8	3.7	-3.6	This relates to the number of officers on secondment and lower than average counterterrorism costs (as might be expected given the characteristics of West Mercia).
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