

JOINT INDEPENDENT AUDIT COMMITTEE
23 MARCH 2016

SUBJECT		VALUE FOR MONEY PLAN
REPORT BY	CHIEF FINANCE OFFICER OPCC AND FORCE CHIEF FINANCE OFFICER	
CONTACT OFFICER	GILLIAN HOLDER TEL: 01522 558187	
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

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."

A joint value for money plan is approved annually which provides an overview of value for money arrangements. The Value for Money Plan 2016/17 is attached.

Management oversight of value for money is one of the responsibilities of the PEEL Board chaired by the Deputy Chief Constable.

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 October 2015 concludes that how efficient the force is at keeping people safe and reducing crime requires improvement. Specific reference was made in that report on the analysis to understand how volunteers add value and contribute to performance suggesting that for every £1 spent there is a return on investment of nearly £4. This is reported as good value for money.

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 arrangements 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 PEEL 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.

“Failure to deliver and demonstrate value for money in regional collaboration initiatives” 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.

22 February 2016

Value for Money Plan 2016/17

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 Lincolnshire people and to central government - that they are using the funding received to the best possible effect.
- 1.2 Central government grants provide over half the service's income. The grant which Lincolnshire receives is well below the national average: in fact, Lincolnshire's grant per head is one of the lowest in England. This was acknowledged in the recent Home Office Funding Formula Review where a new model moving away from the old complex resource based approach recognised approximately an additional £8 million in funding for Lincolnshire. The temporary delay in this review means that Lincolnshire will continue to face delivering services to the people of Lincolnshire with much less funding than comparable Forces have at their disposal.
- 1.3 With a much lower level of resources, it is not possible to provide a police service in Lincolnshire which is much better than the service provided by other forces. However, by delivering good value for money, services can be provided which are as good as those provided elsewhere in the country.
- 1.4 Lincolnshire's performance has improved over recent years and in general, compares well with other areas.
- 1.5 Lincolnshire Police, like most other public bodies, has had to make substantial savings over the first austerity period. Income from government grants reduced by 22% in the five years to 2015/16. Savings across the budget have been taken to the extent that it is not possible to make significant further savings without seriously impacting on the ability to deliver services.
- 1.6 HMIC have provided a detailed set of VFM profiles based on the Police Objective Analysis, Lincolnshire spends the second 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.
- 1.7 The Provisional Grant settlement for 2016/17 included an announcement that police spending would be protected in real terms as long as precept income is maximised within the limit set of 2%.
- 1.8 Home Secretary, Theresa May at the Police Reform Summit, 8 December 2015 stated:

"Your individual central Government funding allocations for 2016/17 will be set out in the Provisional Police Grant Report next week. But I can tell you now that –just as you had planned to do a month ago –every force will still need to make savings year on year. The overall policing budget is protected. But not the wasteful and inefficient spending that we all know still exists. Because if we are to meet the challenges that lie ahead, and if we are to ensure money is well spent, then further changes will need to be made. So this settlement is not a reprieve from reform. It does not let you off the hook or mean you can slow the pace of change. Nor does it insulate you from the need to make further efficiencies. Quite the opposite. Now –more than ever before –there is no excuse not to deliver."
- 1.9 It is clear that the service will come under increasing pressures to meet new demands from within their existing funding envelope. The Emergency Service Mobile Communications Programme (ESMCP) will bring significant resource demands from existing resources.
- 1.10 Whilst the settlement announcement was positive news, the Budget for 2016/17 has been set against considerable cost pressures particularly from the removal of the National Insurance Contracting out rebate. These pressures, the low level of budgets already held

and the requirement to maintain Officer and PCSO numbers means that the budget will need to be tightly controlled in 2016/17.

- 1.11 Lincolnshire police services therefore have to be managed within a small increase in resources available but greatly increased demands.

2. Current Performance

- 2.1 A summary of Lincolnshire's performance compared with other areas of England and Wales is shown in the table below. This is taken from nationally published statistics including HM Inspectorate of Constabulary's value for money profiles and HMIC Crime and Policing Comparators.

PERFORMANCE OR COST INDICATOR	LINCS	AVERAGE	LINCS DIFFERENCE
Recorded Crime (excluding Fraud) per 1,000 population 2014/15	48.7	62.1	13.4
Anti-social behaviour incidents per 1,000 population (12 months to 30 June 2015)	28.4	32.4	4.0
Calls for Assistance per 1,000 population 2014/15	228.2	315.5	87.3
Victim satisfaction % 2014/15	81.3% (of those surveyed)	83.8% (of those surveyed)	2.5%
Charge Rate (as a % of all crime) (12 months to 30 June 2015)	18.1	16.0%	2.1%
Number of Police Officers per 1,000 population 2014/15	2.1	3.7	1.6
Expenditure per head of population / per day 2014/15	42p	55p	13p

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 budgets available.
 - Applying a rigorous business case test for all major projects involving new revenue or capital spending. All business cases will include the Chief Finance Officer's comments on financial implications, compliance, risk and value for money.
 - Reviewing all areas of spending periodically through a planned programme of value for money reviews.
- 3.2 Services will be delivered in partnership with other bodies where this provides better value for money including better services and / or lower costs. This may include:
- Working jointly with partners particularly other police bodies in the region
 - commissioning services from other bodies
 - contracting out services to private sector providers

4. Priorities for 2016/17

4.1 The main emphasis of work in 2016/17 will be on:

- **Delivering planned savings** for 2016/17. Planned cumulative savings of over £20 million have been delivered successfully over the last four years. There are limited opportunities for the achievement of further savings without serious service degradation. The budget for 2016/17 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 **PEEL Programme**. This is a major programme of work. Ensuring that promised benefits are realised in practice will also be a key feature of the programme.

In 2016/17 work will be undertaken on:

- Realisation of the benefits of a major investment in Mobile Data to achieve improvements in the use of officer time.
- The implementation of a review of the Policing Model, in order to address priority areas of high threat, harm and risk e.g. vulnerable groups and cybercrime.
- Ensuring the benefits from Collaboration are realised and reinvested in service delivery.
- Infrastructure projects such as the examination of a proposal for a force wide Lighting Project, on, an invest to save basis. Which would result in significant ongoing savings in utility costs

5. Management and Performance

- 5.1 Delivery of the Value for Money 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.