**Performance and Resources Scrutiny Programme 2018/19**

**Report to: the Office of the Police, Fire and Crime Commissioner for Essex**

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| **Title of Report:** | **Strategic Change – Efficiency, Savings and Investments Plan Update** |
| **Agenda Number:** | **8** |
| **Chief Officer** | **Dr Vicki Harrington** |
| **Date Paper was Written** | **12th February 2019** |
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| **Report from:** | **Essex Police** |
| **Date of Meeting:** | **28th February 2019** |
| **Author on behalf of Chief Officer:** | **Paul Nagle** |
| **Date of Approval:** | **19th February 2019** |

1. **Purpose of Report**

This report outlines progress against current and future efficiency and savings plans as set out in the budget, and the Force Medium Term Financial Strategy (MTFS).

1. **Recommendations**

Report is for the Board to note.

1. **Executive Summary**

The 2018/19 budget sets out an efficiency and savings requirement of **£3.497M** for 2018/19. This has now been fully delivered.

Work has been completed in developing the detail for the 2019/20 efficiency and savings plans which was included within the Budget setting papers approved by the Police & Crime Panel on the 24th January 2019.

Summary reporting of non-cashable productivity efficiency alongside the existing reporting of cashable savings continues to be developed for 2019/20 to meet the **£6.413M** savings and efficiency target.

Further work has been undertaken to review non-cashable Fire Collaboration, and Mobile First projected efficiencies. The Efficiency and Savings Plan Table 1.2 has updated for these changes. The confirmation of projected non-cashable efficiencies for Body Worn Video will be updated following the development of a Benefits Framework by March 2019 and a Post Implementation review scheduled for July 2019.

**4.0 Introduction/Background**

The PFCC agreed savings and investment plans within the 2018/19 budget. The Budget for 2018/19 was presented and agreed by the Police and Crime Panel on the 22nd January 2018.

The Police, Fire and Crime Commissioner set a savings and efficiency target of 2% of Sources of Funding from 2019/20. A higher 2.25% savings and efficiency ambition has been set by the Force Efficiency & Savings Board to provide additional stretch and contingency should savings and efficiency plans not achieve the full expected benefits. The 2019/20 efficiency and savings plan was presented at the Police, Fire and Crime Panel on the 24th January 2019, approving cashable savings of £4.752M with a further £3.609m non-cashable efficiencies identified which in total exceeds the overall Savings and Efficiency target by £1.948m .

The Force estimates the future budget requirement, funding position, and any further savings and efficiency requirement within its MTFS. The projected savings and efficiency plan target for 2020/21 and subsequent years will therefore be impacted and adapted as sources of funding projections are updated within the MTFS.

**5.0 2018/19 Savings and Efficiency Plan**

The 2018/19 budget sets out an efficiency and savings requirement of £3.497M for 2018/19, which is summarised in the table below with further detail in Table 1.1.

|  |  |
| --- | --- |
|  | 2018/19 |
|  | £m |
| Savings plans - Green | 3.497 |
| Total savings identified | 3.497 |
| Savings to be identified | 0.0 |
| Total savings requirement | 3.497 |
|  |  |

Of the £3.497M savings identified in 2018/19, all savings of £3.497M (100%) are now green risk. The £0.020m savings for SCD – Major Crime is assessed as Green/Grey. This specific proposal is not being progressed in 2018/19 following the implementation of the SCD review, as other SCD savings from re-structuring have exceeded the overall SCD savings target.

SCD savings target has been over achieved in year though the early delivery of the 19/20 programme. In-year savings from SCD have been reviewed since the last report and have increased from £0.324m to £0.394m.

Since the last report Op Hexagon in-year savings have been reviewed and increased from £0.1m to £0.115m.

**6.0 2019/20 Savings & Efficiency Plan**

The 2019/20 efficiency and savings plan was presented at the Police, Fire and Crime Panel on the 24th January 2019, approving cashable savings of £4.752M .Table 1.2 provides further details.

The 2019/20 savings and efficiency target is summarised in the table below.

|  |  |
| --- | --- |
|  | **2019/20** |
|  | **£m** |
| Savings and Efficiency requirement as per MTFS | 6.413 |
| Cashable Savings plans | 4.752 |
| Indicative Efficiency (Non-cashable) plans | 3.609 |
| Total Savings and Efficiencies (Cashable and non-cashable) | 8.361 |
| Excess of Cashable and Efficiency (non-cashable) savings vs Target | 1.948 |

The Efficiency and Savings Plan will be updated as further non-cashable savings are realised. Since the approval of the 2019/20 Budget, the non-cashable savings projected from the Mobile First Programme have been updated per the Mobile First report to the P&R Board in January 2019 and the Fire Collaboration Savings arising from Collapsed doors has been added at £31k.

This has increased the 2019/20 non-cashable savings projection from £3.609m indicated in the approval Panel Budget to £4.035m, an increase of £0.426m.

The Force Efficiency & Savings Board continues to meet regularly. It has steered the development of the 2019/20 Efficiency & savings plan to meet the MTFS requirement and is now focusing on the development of the 2020/21 Savings and Efficiency Plan. The last meeting of the Board was on the 14th February 2019.

**New Investments**

A separate more detailed report on the 2018/19 investments to support the Police & Crime Plan and the forecast expenditure from that investment is reported quarterly. A final report on the 2018/19 investments will be provided in May 2019. Quarterly monitoring of 2019/20 investments will commence in July 2019.

**Implications/Issues**

Failure to identify sufficient savings and efficiency proposals, which are deliverable, places the Force at risk of being in an unbalanced budget position.

**7.1 Links to Police and Crime Plan Priorities**

All efficiency, savings and investment plans are considered in their potential impact to ensure they align and are consistent with the priorities set out in the Police and Crime Plan.

**7.2 Demand**

Planned investment in Police Officer numbers will directly start to address the findings of the Demand Analysis Report prepared with the support of PA Consulting which concluded that significant additional staffing may be needed in Local Policing Areas to cope with increasing levels of demand and to enable a shift towards preventative policing.

**7.3 Risks/Mitigation**

If the Force fails to plan adequately, emergency measures may need to be taken which could result in reduction in service and protection for the public.

**7.4 Equality and/or Human Rights Implications**

Any impact on equality, diversity or human rights are considered within the evaluation of detailed savings, efficiency and investment proposals individually

**7.5 Health and Safety Implications**

Any health and safety implications are considered within the evaluation of detailed savings, efficiency and investment proposals individually.

**8.0 Consultation/Engagement**

Consultation is undertaken for each savings, efficiency or investment proposal appropriately. Allowance for the potential time and resource required is taken into consideration within the financial estimates i.e. allowing for recruitment time for investment and consultation time for savings.

**9.0 Actions for Improvement**

There is ongoing action being taken to refine and develop the detail behind the savings and efficiency plans for future years, primarily through the Force Efficiency & Savings Board chaired by the Deputy Chief Constable.

**10.0 Future Work/Development**

Work will commence from February 2019 on developing the detail of the 2020/21 Efficiency and Savings Plans. It is anticipated that the breakdown of the 2020/21 plans will be developed by June 2018, with reporting to the OPFCC Scrutiny Board commencing from July 2019.

We continue to develop processes to enable the summary reporting of non-cashable efficiency savings alongside the existing reporting of cashable savings now quarterly reporting is in place.

**11.0 Decisions Required by the Police, Fire and Crime Commissioner**

There are no decisions required from the PFCC at this stage, report is for information only, and updates will continue to be presented to this board.

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| **Table 1.1 2018/19** | **2018/19 PCC** | **2018/19** | **2018/19** | **2018/19** | **2018/19** | **Overall Status** | **Green** |  | **2018/19** | **2018/19** |
| **Efficiencies and Productivity Plans** | **Police, Fire And Crime Panel Agreed Savings (£m)** | **In Year Effect Savings Actual/ Forecast (£m) CASHABLE** | **In Year Effect Savings Actual/ Forecast (£m) NON - CASHABLE** | **In Year Savings Still to be Achieved (£m)** | **Actioned & Realised Savings Under / (Over Achieved) in year (£m)** | **Status** | **COMMENTS** (Changes since last Jan 2019 report to OPFCC Highlighted in ***Bold italics***) |  | **Full Year Effect Savings Actual/ Forecast (£m) CASHABLE** | **Full Year Savings Still to be Achieved (£m)** |
| Estate Disposals revenue (gross) | (0.252) | (0.252) |  | 0.000 | 0.000 |  |  |  | (0.252) | 0.000 |
| Non-Pay | (0.362) | (0.362) |  | 0.000 | 0.000 |  |  |  | (0.362) | 0.000 |
| Police Officer & Staff Overtime | (1.200) | (1.200) |  | 0.000 | 0.000 |  | Taken at budget setting, however we are currently forecast over spent in year |  | (1.200) | 0.000 |
| SSD Staff Reduction | (0.139) | (0.106) |  | (0.033) | 0.033 |  | £35k will not be achieved of the £139k savings. This is to be mitigated by additional IT savings made in 18/19 |  | (0.106) | 0.033 |
| SSD Non pay - IT Review | (0.534) | (0.534) |  | 0.000 | 0.000 |  |  |  | (0.534) | 0.000 |
| SSD Non pay - Procurement | (0.419) | (0.542) |  | 0.123 | (0.123) |  | Additional IT Savings forecast of £123k |  | (0.542) | (0.123) |
| SSD Non pay - Procurement - External Audit (PCC) | (0.010) | (0.010) |  | 0.000 | 0.000 |  |  |  | (0.010) | 0.000 |
| SCD - TSU | (0.230) | (0.189) |  | (0.041) | 0.041 |  | Part savings achieved in 18/19, will be under realised by £41k in year. Mitigated below |  | (0.243) | (0.013) |
| SCD - Major Crime | (0.020) | 0.000 |  | (0.020) | 0.020 |  | This was not achieved in 18/19. However, savings target over achieved in year (see below) |  | 0.000 | 0.020 |
| SCD - SOCU | (0.062) | (0.060) |  | (0.002) | 0.002 |  |  |  | (0.060) | 0.002 |
| SCD - Digital Phase 1&2 | (0.121) | (0.121) |  | 0.000 | 0.000 |  |  |  | (0.121) | 0.000 |
| SCD - IPD | (0.017) | (0.019) |  | 0.002 | (0.002) |  |  |  | (0.019) | (0.002) |
| SCD - Intel | (0.029) | (0.034) |  | 0.005 | (0.005) |  |  |  | (0.034) | (0.005) |
| SCD - TCI | (0.002) | (0.003) |  | 0.001 | (0.001) |  |  |  | (0.003) | (0.001) |
| OPC (Hexagon) | (0.100) | ***(0.115)*** |  | ***0.015*** | ***(0.015)*** |  | OPC Command have confirmed a number of vacant posts from which savings have been met in year. **In-year savings reviewed, increased from £0.1m to £0.115m** |  | (0.100) | 0.000 |
| SCD brought forward from 19/20 in year Savings | 0.000 | ***(0.394)*** |  | ***0.394*** | ***(0.394)*** |  | SCD savings target has been over achieved in year though the early delivery of the 19.20 programme. ***In-year savings reviewed, increased from £0.324m to £0.394m.*** |  | 0.000 | 0.000 |
| **Savings Total** | **(3.497)** | **(3.941)** | **0.000** | **0.444** | **(0.444)** |  |  |  | **(3.586)** | **(0.089)** |
| **Savings Requirement as per MTFS** | **(3.497)** | **(3.497)** |  |  |  |  |  |  | **(3.497)** |  |
| **Shortfall / (Surplus)** | **0.000** | **(0.444)** |  |  |  |  |  |  | **(0.089)** |  |

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| **Table 1.2 2019/20** | **2019/20 PCC** | **2019/20** | **2019/20** | **2019/20** | **2019/20** | **Overall Status** | **Green** |  | **2019/20** | **2019/20** |
| **Efficiencies and Productivity Plans** | **Police And Crime Panel Agreed Savings (£m)** | **In Year Effect Savings Actual/Forecast (£m) CASHABLE** | **In Year Effect Savings Actual/Forecast (£m) NON - CASHABLE** | **In Year Savings Still to be Achieved (£m)** | **Actioned & Realised Savings Under / (Over Achieved) in year (£m)** | **Status** | **COMMENTS** (Changes since last Jan 2019 report to OPFCC Highlighted in ***Bold italics***) |  | **Full Year Effect Savings Actual/Forecast (£m) CASHABLE** | **Full Year Savings Still to be Achieved (£m)** |
| Estate Disposals revenue (gross) | (0.400) | (0.400) |  | (0.400) | 0.000 |  |  |  | (0.400) | (0.400) |
| Non-Pay | (0.283) | (0.283) |  | (0.283) | 0.000 |  |  |  | (0.283) | (0.283) |
| Increase in police staff vacancy factor % | (1.000) | (1.000) |  | (1.000) | 0.000 |  | Agreed at COG - October 2018 |  | (1.000) | (1.000) |
| Contact Management - Change in Roles | (0.122) | (0.122) |  | (0.122) | 0.000 |  |  |  | (0.122) | (0.122) |
| Licensing Resourcing Review | (0.025) | (0.025) |  | (0.025) | 0.000 |  |  |  | (0.025) | (0.025) |
| Support Services Directorate Total | (1.380) | (1.380) |  | (1.380) | 0.000 |  |  |  | (1.380) | (1.380) |
| OPC (Hexagon) | (0.250) | (0.250) |  | (0.250) | 0.000 |  | Awaiting Business Case |  | (0.250) | (0.250) |
| SCD TOTAL | (1.176) | (1.176) |  | (1.176) | 0.000 |  | Business cases agreed by COG. Figures will change in line with consultation |  | (1.176) | (1.176) |
| Mobile First (Excl. HCL) Yr 1 |  |  | ***(1.961)*** | ***(1.961)*** | 0.000 |  | ***Per P&RS Board - Jan 19, projection decreased from £2.2m*** |  | 0.000 | 0.000 |
| Mobile First (Excl. HCL) Yr 2 |  |  | ***(1.281)*** | ***(1.281)*** | 0.000 |  | ***Per P&RS Board - Jan 19, projection increased from £0.647m*** |  | 0.000 | 0.000 |
| Special Constables |  |  | (0.722) | (0.722) | 0.000 |  | Per analysis of operational hours delivered |  | 0.000 | 0.000 |
| BWV |  |  |  | 0.000 | 0.000 |  | ***Benefits framework going to March 19 P&R Board.*** |  | 0.000 | 0.000 |
| Vital Signs - Vetting |  |  | (0.040) | (0.040) | 0.000 |  | Vetting hours saved through introduction of one standard form. ***Further £115K non-cashable savings being validated.*** |  | 0.000 | 0.000 |
| Telematics |  |  |  |  |  |  | System now live, will result in opportunity for more effective use of fleet |  | 0.000 | 0.000 |
| Fire Collaboration |  |  | (0.031) |  |  |  | Collapsed behind closed doors project |  | 0.000 | 0.000 |
| **PFCC Savings Total** | **(4.636)** | **(4.636)** | **(4.035)** | **(8.640)** | **0.000** |  |  |  | **(4.636)** | **(4.636)** |
| Technical inter-year adjustments | (0.117) | (0.117) |  |  |  |  | Stansted - contribution to force overhead costs |  | (0.117) | (0.117) |
| **Other Savings** | **(0.117)** | **(0.117)** | **0.000** | **0.000** | **0.000** |  |  |  |  |  |
| **Savings Requirement as per MTFS** | **(6.413)** | **(6.413)** |  |  |  |  | **Set @ 2.25% of the MTFS** |  | **(6.413)** |  |
| **(Shortfall) / Surplus - Cashable** |  | **(1.660)** |  |  |  |  |  |  | **1.777** |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **TOTAL - Cashable & Non-cashable** |  | **(8.671)** |  |  |  |  |  |  |  |  |
| **Surplus - Cashable and Non-cashable** |  | **2.258** |  |  |  |  |  |  |  |  |