

## Performance and Resources Scrutiny Programme 2020/21

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

<b>Title of Report:</b>	<b>Strategic Change – Efficiency Savings Programme</b>
<b>Classification of Paper</b>	<b>Official</b>
<b>Agenda Number:</b>	<b>3i)</b>
<b>Chief Officer</b>	<b>Dr Vicki Harrington</b>
<b>Date Paper was Written</b>	<b>30<sup>th</sup> April 2020</b>
<b>Version Number</b>	<b>1.0</b>
<b>Report from:</b>	<b>Essex Police</b>
<b>Date of Meeting:</b>	<b>21<sup>st</sup> May 2020</b>
<b>Author on behalf of Chief Officer:</b>	<b>Paul Nagle</b>
<b>Date of Approval:</b>	<b>4<sup>th</sup> May 2020</b>

### 1.0 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).

### 2.0 Recommendations

Report is for the Board to note.

### 3.0 Executive Summary

The 2020/21 savings programme was incorporated within the 2020/21 Budget and approved at the Police and Crime Panel on 6th February 2020. The identified savings and efficiencies for the force set out in the Budget for 2020/21 total £5.833m cashable (£4.832m recurring), and £2.220m non-cashable savings. The target set for the force is 2.25% of the MTFS which is £6.775m; this has been exceeded by £1.278m, with a combined cashable and non-cashable savings total of £8.053m.

The implementation of two agreed 2020/21 savings business cases has been paused due to the Coronavirus Pandemic, where implementation required staff consultation. The pause will be reviewed by the SCCB at its next meeting on the 11th May 2020. The in-year savings forecast for these business cases will be re-assessed following the next SCCB.

Monitoring of the 2019/20 Savings & Efficiency plan has now completed. The £97k shortfall from the 2019/20 plan has been carried forward and is now included as a separate line for monitoring, resulting in the Cashable Savings Forecast total increasing from £5.811m reported for April 2020 to £5.908m for May 2020.

Since the last update, non-cashable savings of £238,000 relating to the Telematics Project have been confirmed. The non-cashable savings forecast total has consequently increased from £2.220m reported for April 2020 to £2.458m for May 2020.

Work is now focusing on developing the savings and efficiency plans for 2021/22 and future years, primarily through the Force Efficiency & Savings Board chaired by the Deputy Chief Constable. The Chief Finance Officer provided an overview of the Efficiency & Savings Challenge for 2021/22 and 2022/23 at the 17th April 2020 Force Senior Leadership Team (SLT). Commands are now considering Efficiency & Savings ideas for both 2021/22 and 2022/23. These will be reported back and considered by the 27<sup>th</sup> May 2020 Efficiency & Savings Board and an update provided to SLT on the 28<sup>th</sup> May 2020.

#### 4.0 Introduction/Background

The PFCC agreed cashable and non-cashable savings within the 2020/21 budget. The Budget for 2020/21 was presented and agreed by the Police and Crime Panel on 6<sup>th</sup> February 2020

The Police, Fire and Crime Commissioner set a savings and efficiency target of 2% of Sources of Funding. 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. This ambition was adopted for the 2020/21 savings and efficiency plan and continues to be the planning assumption for 2021/22.

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 2021/22 and subsequent years will therefore be impacted and adapted as projections for sources of funding are updated within the MTFs.

#### 5.0 2020/21 Savings & Efficiency Plan

The summary table below provides the headline totals from the 2020/21 Savings and Efficiency Plan.

	2020/21 Agreed P&C Panel Plan	2020/21 Forecast April 2020	2020/21 Forecast May 2020
2020/21 Savings and Efficiency Plan (in-year) – Summary	£m	£m	£m
Savings and Efficiency requirement as per MTFs	6.775	6.775	6.775
Cashable Savings plans	5.833	5.811	5.908
Indicative Efficiency (Non-cashable) plans	2.220	2.220	2.458
<b>Total Savings and Efficiencies (Cashable and non-cashable)</b>	<b>8.053</b>	<b>8.031</b>	<b>8.366</b>
Excess of Cashable and Efficiency (non-cashable) savings vs Target	1.278	1.256	1.591

The identified savings and efficiencies for the force set out in the approved Budget for 2020/21 total £5.833m cashable (£4.832m recurring), and include Police overtime savings from the introduction of new shift patterns (£0.5m), savings from non-pay and contractual reviews within Support Services Directorate (£1.910m) and an increase in the vacancy factor from 7% to 9% for police staff (£1.303m) in 2020/21 only. Additionally, the force has also identified £2.220m non-cashable savings, roughly half of which is attributable to body worn video. The target set for the force is 2.25% of the MTFs which is £6.775m; this has been exceeded by £1.278m, with a combined cashable and non-cashable savings total of £8.053m.

The difference between in-year and full-year recurring savings is explained in the table below.

<b>2020/21 Cashable Savings - differences between in-year and full-year savings.</b>	<b>In-year £m</b>	<b>Full-year £m</b>	<b>Difference £m</b>
Vacancy Factor increase from 7% to 9% – in-year impact only	(1.303)	0.000	1.303
Custody Review – assumed impl. Sept 2020	(0.159)	(0.318)	(0.159)
Criminal Justice Command – assumed impl. Sept 2020	(0.049)	(0.099)	(0.050)
LPA's (review of LPSU/Strategic Centre/Special Constables) – assumed impl. Sept 2020	(0.094)	(0.187)	(0.093)
<b>Total</b>	<b>(1.605)</b>	<b>(0.604)</b>	<b>1.001</b>

The 31<sup>st</sup> March 2020 SCCB agreed to pausing the implementation of the Criminal Justice/PNC Business case for 6 weeks due to the Coronavirus Pandemic, as implementation will require staff consultation. The pause will be reviewed by the SCCB at its next meeting on the 11<sup>th</sup> May 2020. The in-year savings forecast for these business cases will be re-assessed following the next SCCB.

Monitoring of the 2019/20 Savings & Efficiency plan has now completed. The £97k shortfall from the 2019/20 plan has been carried forward and is now included as a separate line for monitoring, resulting in the Cashable Savings Forecast total increasing from £5.811m reported for April 2020 to £5.908m for May 2020.

Since the last update, non-cashable savings of £238,000 relating to the Telematics Project have been confirmed arising from more effective utilisation of vehicles, enabling redeployment and therefore avoiding the cost of purchasing additional vehicles and time savings arising from no longer needing to maintain manual vehicle logbooks. The non-cashable savings forecast total has consequently increased from £2.220m reported for April 2020 to £2.458m for May 2020.

The next Efficiency & Savings Board is planned for 27<sup>th</sup> May 2020. The approved 2020/21 Savings and Efficiency Plan is detailed in Table 1.3 below.

## **6.0 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.

## **6.1 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.

## **6.2 Demand**

There is a high and increasing demand for police services due to both the volume of crime and incidents, and their severity. In 2018/19 crime in Essex increased by 18.3 per cent. This, coupled with the changing crime mix, particularly the disproportionate increase in high harm and more complex crime types, increases the demand the Force faces, which volume alone masks.

The implementation of Efficiency & Savings plans supports the force by enabling a greater investment in Police Officer numbers than otherwise would be possible by making saving that can be re-invested in priority areas.

## **6.3 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.

## **6.4 Equality and/or Human Rights Implications**

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

## **6.5 Health and Safety Implications**

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

## **7.0 Consultation/Engagement**

Consultation is undertaken for each savings or efficiency proposal as appropriate, in accordance with HR requirements for organisation restructuring. Allowance for the potential time and resource required is taken into consideration within the savings estimates i.e. allowing for consultation with affected staff and officers prior to the implementation of new structures and the achievement of savings. Regular engagement is maintained with all the Representative bodies (Federation, Unison, Superintendent's Association) which is confirmed through the JNCC, ensuring consultation and negotiation processes are adhered to where necessary.

## **8.0 Actions for Improvement**

Having determined the Efficiency and Savings plan for 2020/21, work is underway to develop the savings and efficiency plans for 2021/22 and future years, primarily through the Force Efficiency & Savings Board chaired by the Deputy Chief Constable.

## **9.0 Future Work/Development**

The approach to developing the 2021/22 Efficiency & Savings plans was considered at the Efficiency & Savings Board on the 6th April 2020. The expected Efficiency & Savings target for 2021/22 equates to a target of £7.191m (Cashable and non-cashable). Savings planning for 2021/22 will be undertaken with an ambition of identifying circa. £5m of cashable savings. The Chief Finance Officer provided an overview of the Efficiency & Savings Challenge for 2021/22

OFFICIAL

and 2022/23 at 17th April 2020 Force Senior Leadership Team (SLT). Commands have been tasked to consider and propose Efficiency & Savings ideas for both 2021/22 and 2022/23. Commands have been encouraged to think creatively to identify big ideas for transforming current operating models and ways of conducting business. ACCs and Chief Officers have been tasked to provide proposals by the 18<sup>th</sup> May 2020 to enable them to be considered by the Efficiency & Savings Board on the 27<sup>th</sup> May 2020 and then the 28th May 2020 SLT. Those ideas considered to be worthy of further development will then be progressed in more detail by Commands with the support of Corporate Finance & Strategic Change prior to consideration at the Efficiency & Savings Board on 6th July 2020.

It should however be recognised that following many years of identifying significant cashable savings, it will become increasingly difficult to identify this quantum of cashable savings in future years without negatively impacting on the service provided.

OFFICIAL

Table 1.3 2020/21	2020/21 PCC	2020/21	2020/21	2020/21	Overall Status	Amber	2020/21	2020/21	2020/21
Efficiencies and Productivity Plans	Police And Crime Panel Agreed Savings (£m)	In Year Effect Savings Actual/ Forecast (£m)	In Year Savings Still to be Achieved (£m)	Actioned & Realised Savings Under / (Over Achieved) in year (£m)	Status	COMMENTS	Full Year Effect Savings Actual/ Forecast (£m)	Full Year Savings Still to be Achieved (£m)	Actioned & Realised Savings Under / (Over Achieved) in year (£m)
Estate Disposals revenue (gross)	(0.161)	(0.161)	0.000	0.000		To be removed at Budget Setting	(0.161)	0.000	0.000
Force wide Non-Pay	(0.212)	(0.212)	0.000	0.000		To be removed at Budget Setting	(0.212)	0.000	0.000
Police Officer Overtime - Flex/Shift pattern	(0.500)	(0.500)	0.000	0.000		To be removed at Budget Setting	(0.500)	0.000	0.000
Vacancy Factor increase from 7% to 9% ( in year)	(1.303)	(1.303)	0.000	0.000		To be removed at Budget Setting - In Year Only	0.000	0.000	0.000
Police Officer & Staff Overtime - Bank Holiday	(0.128)	(0.128)	0.000	0.000		To be removed at Budget Setting	(0.128)	0.000	0.000
Additional Rents - Temporary Storage - Estates	(0.055)	(0.055)	0.000	0.000		To be removed at Budget Setting	(0.055)	0.000	0.000
Coroner Service Funding Agreement	(0.034)	(0.034)	0.000	0.000		To be removed at Budget Setting	(0.034)	0.000	0.000
Specials - lower running costs	(0.053)	(0.053)	0.000	0.000		To be removed at Budget Setting	(0.053)	0.000	0.000
Additional Force Wide Non-Pay	(0.223)	(0.223)	0.000	0.000		To be removed at Budget Setting	(0.223)	0.000	0.000
Income Generation - (MAG, Vehicle recovery)	(0.135)	(0.135)	0.000	0.000		To be removed at Budget Setting	(0.135)	0.000	0.000
FSEL (Firearms Shotguns Explosives Licencing)	(0.010)	(0.010)	0.000	0.000		To be removed at Budget Setting	(0.010)	0.000	0.000
Custody Review - (Detention Officers)	(0.159)	(0.159)	(0.159)	0.000		Progress reviewed at E&SB 6th Apr 2020.BC to be reviewed by command/ACC Prophet., so that in-year and full-year savings agreed by COG are implemented.	(0.318)	(0.318)	0.000
Criminal Justice Command/PNC Bureau	(0.049)	(0.049)	(0.049)	0.000		Business Case agreed at SCCB - 21st Feb 2020 - Implementation paused due to Coronavirus Pandemic by SCCB, will be reviewed 11th May SCCB.	(0.098)	(0.098)	0.000
OPC - (RMU)	(0.149)	(0.145)	(0.032)	0.004		To be removed at Budget Setting. 0.61FTE remaining	(0.145)	(0.032)	0.004
Contact Management - (telephonist/security officer)	(0.135)	(0.135)	0.000	0.000		To be removed at Budget Setting	(0.135)	0.000	0.000
Strategic Change Directorate	(0.105)	(0.105)	0.000	0.000		To be removed at Budget Setting	(0.105)	0.000	0.000
LPA - (support/co-ordination structure review)	(0.094)	(0.076)	(0.076)	0.018		Business Case Savings agreed at 25 Mar 2020 COG. Implementation paused due to Coronavirus Pandemic by SCCB, will be reviewed 11th May SCCB.	(0.152)	(0.152)	0.036
Legal	(0.016)	(0.016)	0.000	0.000		To be removed at Budget Setting	(0.016)	0.000	0.000
Support Services Directorate Total	(1.910)	(1.910)	0.000	0.000		To be removed at Budget Setting	(1.910)	0.000	0.000
SCD	(0.402)	(0.402)	0.000	0.000		To be removed at Budget Setting	(0.402)	0.000	0.000
Shortfall from 2019/20 - savings to be determined	0.000	(0.097)	(0.097)	0.097		Shortfall carried forward from 2019/20 now 2019/20 monitoring completed.	(0.097)	(0.097)	0.097
<b>CASHABLE SAVINGS</b>	<b>(5.833)</b>	<b>(5.908)</b>	<b>(0.413)</b>	<b>0.119</b>			<b>(4.889)</b>	<b>(0.697)</b>	<b>0.137</b>
Flex Pattern	(0.998)	(0.998)	0.000	0.000		Confirmed at E&SB 09.12.19. More efficient Sgt. Supervision	(0.998)	0.000	0.000
BWV - savings realised from 19/20	(1.122)	(1.122)	0.000	0.000		BWV PIR concluded and reported to P&RS Board - Dec 19.	(1.122)	0.000	0.000
Vital Signs	(0.040)	(0.040)	0.000	0.000		Marginal gains in productivity identified through process improvement in Commands, supported by Vital Signs/Benefits Manager.	(0.040)	0.000	0.000
Single Online Home	(0.060)	(0.060)	0.000	0.000		Confirmed at E&SB 09.12.19 - efficiency from Roads Policing - Vehicle seizure enquiries and Triage of on-line reports by Contact Management.	(0.060)	0.000	0.000
O365	0.000	0.000	0.000	0.000		To be confirmed through O365 Board	0.000	0.000	0.000
Telematics - Fleet Mgt Efficiency	0.000	(0.238)	0.000	0.000		Non-cashable savings relate to cost avoidance from redeployment of fleet and logbook completion timesavings	(0.238)	0.000	0.000
<b>NON CASHABLE SAVINGS</b>	<b>(2.220)</b>	<b>(2.458)</b>	<b>0.000</b>	<b>0.000</b>			<b>(2.458)</b>	<b>0.000</b>	<b>0.000</b>
Technical inter-year adjustments								0.000	0.000
<b>TOTAL PFCC Savings</b>	<b>(8.053)</b>	<b>(8.366)</b>	<b>(0.413)</b>	<b>0.119</b>			<b>(7.347)</b>	<b>(0.697)</b>	<b>0.137</b>
<b>Savings Requirement as per MTFS</b>	<b>(6.775)</b>	<b>(6.775)</b>							
<b>(Shortfall) / Surplus</b>	<b>1.278</b>	<b>1.591</b>							