

Performance and Resources Scrutiny Programme 2020/21

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

Title of Report:	Strategic Change – Efficiency Savings Programme
Classification of Paper	Official
Agenda Number:	3i)
Chief Officer	Dr Vicki Harrington
Date Paper was Written	6th April 2020
Version Number	1.0
Report from:	Essex Police
Date of Meeting:	23rd April 2020
Author on behalf of Chief Officer:	Paul Nagle
Date of Approval:	8th April 2020

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 2019/20 Savings Plan is delivered. The 2019/20 budget set out an efficiency and savings requirement of **£6.413M**. The Budget set out cashable savings of £4.753m with a further £3.609m non-cashable efficiencies identified which in total exceeds the overall Savings and Efficiency target by £1.949m. There are cashable savings of £4.667m with a further £4.649m non-cashable efficiencies now forecast which in total exceeds the overall Savings and Efficiency target by £2.903m.

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.

Variations to the cashable savings forecast in two areas have been confirmed following the development and agreement of the 2020/21 Savings & Efficiency Plan as part of the budget process. The updated forecasts indicate an adverse variation of £0.022m in-year effect and £0.040m full-year against the agreed 2020/21 Efficiency and Savings Plan.

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 13th May 2020. The in-year savings forecast for these business cases will be re-assessed following the next SCCB.

Work is now focusing on developing the savings and efficiency plans for 2021/21 and future years, primarily through the Force Efficiency & Savings Board chaired by the Deputy Chief Constable. The Chief Finance Officer will provide an overview of the Efficiency & Savings Challenge for 2021/22 and 2022/23 at the 17th April 2020 Force Senior Leadership Team (SLT). Commands will then be required to consider and propose Efficiency & Savings ideas for both 2021/22 and 2022/23.

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 6th February 2020

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. 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 2019/20 Savings & Efficiency Plan

The summary table below provides the headline totals from the 2019/20 Savings and Efficiency Plan. There have been no changes between the latest April 2020 position and the position reported to the March 2020 Performance and Resources Board.

	2019/20 Agreed P&C Panel Plan	2019/20 Forecast March 2020	2019/20 Forecast April/Outturn 2020
	£m	£m	£m
2019/20 Savings and Efficiency Plan (in-year) – Summary			
Savings and Efficiency requirement as per MTFS	6.413	6.413	6.413
Cashable Savings plans	4.753	4.667	4.667
Indicative Efficiency (Non-cashable) plans	3.609	4.649	4.649
Total Savings and Efficiencies (Cashable and non-cashable)	8.362	9.316	9.316
Excess of Cashable and non-cashable savings vs Target	1.949	2.903	2.903

Table 1.1 at the end of this report provides the detail of the 2019/20 Savings and Efficiency Plan.

6.0 2020/21 Savings & Efficiency Plan

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

	2019/20 Agreed P&C Panel Plan	2020/21 Forecast March 2020	2020/21 Forecast April 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	5.811
Indicative Efficiency (Non-cashable) plans	2.220	2.220	2.220
Total Savings and Efficiencies (Cashable and non-cashable)	8.053	8.031	8.031
Excess of Cashable and Efficiency (non-cashable) savings vs Target	1.278	1.256	1.256

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.

2020/21 Cashable Savings - differences between in-year and full-year savings.	In-year £m	Full-year £m	Difference £m
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)
Total	(1.605)	(0.604)	1.001

As reported last month two saving forecasts have been updated following the development and agreement of the 2020/21 Savings & Efficiency Plan as part of the budget process. The updated forecasts indicate a reduction of £0.022m in-year effect and £0.040m full-year. Details of these variations are set out below:-

- LPA – support/co-ordination structure review – The forecast savings from this business case was originally projected to be £0.188m full year, with a £0.094m in-year effect. Following development of the detailed business case the updated savings projection is £0.152m full year, a reduction of £36k, and £0.076m in-year, a reduction of £18k. This business case was agreed at COG on 25th March 2020. Implementation of the Business Case will require staff consultation and is currently paused due to the Coronavirus Pandemic. The pause will be reviewed by the SCCB at its next meeting on the 13th May 2020.
- OPC – staffing – The forecast savings from this area have been reduced by £4k from £0.036m to £0.032m full-year and in-year effect, following re-consideration of the staffing proposal so that the now chosen option has no risk of redundancy.

The 31st March 2020 SCCB also 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 13th May 2020. The in-year savings forecast for these business cases will be re-assessed following the next SCCB.

The Efficiency & Savings Board met on 6th April 2020. The next meeting is planned for 27th May 2020. The approved 2020/21 Savings and Efficiency Plan is detailed in Table 1.3 below.

7.0 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.

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

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.

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 and efficiency proposals individually

7.5 Health and Safety Implications

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

8.0 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.

9.0 Actions for Improvement

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

10.0 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 will provide an overview of the Efficiency & Savings Challenge for 2021/22 and 2022/23 at 17th April 2020 Force Senior Leadership Team (SLT). Commands will then be required to consider and propose Efficiency & Savings ideas for both 2021/22 and 2022/23. Commands will be encouraged to think creatively to identify big ideas for transforming current operating models and ways of conducting business. ACCs will be tasked to provide a briefing back to the 27th May 2020 SLT on the ideas generated. Following discussion at the May SLT, the ideas will be developed further 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.

Table 1.1 2019/20	2019/20 PFCC	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)	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)
Estate Disposals revenue (gross)	(0.400)	(0.400)	0.000	0.000		Achieved at Budget Setting	(0.400)	0.000
Non-Pay	(0.283)	(0.283)	0.000	0.000		Achieved at Budget Setting	(0.283)	0.000
Increase in police staff vacancy factor %	(1.000)	(1.036)	0.000	(0.036)		Agreed at COG - October 2018	(1.036)	(0.036)
Contact Management - Change in Roles	(0.122)	(0.122)	0.000	0.000		Savings now confirmed	(0.111)	0.011
Licensing Resourcing Review	(0.025)	(0.027)	0.000	(0.002)		Savings now confirmed	(0.027)	(0.002)
SSD Staff Reduction - L&D SSTU Trainer	(0.039)	(0.038)	0.000	0.001		Achieved at Budget Setting	(0.038)	0.001
SSD Non pay - L&D/HR	(0.065)	(0.065)	0.000	0.000		Achieved at Budget Setting	(0.065)	0.000
SSD Non pay - Procurement/Contracts	(0.183)	(0.183)	0.000	0.000		Achieved at Budget Setting	(0.183)	0.000
SSD Non pay - IT Review	(0.761)	(0.761)	0.000	0.000		Achieved at Budget Setting	(0.761)	0.000
SSD Non pay - Transport	(0.182)	(0.182)	0.000	0.000		Achieved at Budget Setting	(0.182)	0.000
SSD Non pay - Business Services	(0.149)	(0.149)	0.000	0.000		Savings now confirmed	(0.149)	0.000
SCD	(1.176)	(1.303)	0.000	(0.127)		Savings now confirmed	(1.303)	(0.127)
OPC (Hexagon)	(0.250)	0.000	0.000	0.250		Agreed at 4th Sept, Efficiency & Savings Board to remove from the 19/20 programme and re-consider for future savings plan in 21/22.	0.000	0.250
Technical inter-year adjustments	(0.117)	(0.117)	0.000	0.000		Stansted - contribution force overhead costs	(0.117)	0.000
CASHABLE SAVINGS	(4.753)	(4.667)	0.000	0.086			(4.656)	0.097
Mobile First (Excl. HCL) Yr. 1	(2.200)	(2.015)	(2.015)	0.185		Per P&RS Board - Sept 19	(2.015)	(2.015)
Mobile First (Excl. HCL) Yr. 2	(0.647)	(1.098)	(1.098)	(0.451)		Updated Per P&RS Board - Sept 19	(1.098)	(1.098)
Special Constables	(0.722)	(1.293)	(1.293)	(0.571)		Updated analysis of operational hours delivered and forecast Dec 19	(1.293)	(1.293)
BWV			0.000	0.000		BWV PIR concluded and reported to P&RS Board - Dec 19 - Savings of £1.122m have been reflected in 2020/21 non-cashable savings plan	0.000	0.000
Vital Signs - Marginal Gains	(0.040)	(0.212)	(0.212)	(0.172)		Marginal Gains savings updated for October 2019	(0.212)	(0.212)
Telematics			0.000	0.000		System now live and is enabling effective Fleet Management. Quantification of non-cashable savings in development (first draft of model prepared) and will be reported and included in 2020/21 non-cashable savings plan.	0.000	0.000
Fire Collaboration		(0.031)	(0.031)	(0.031)		Collapsed behind closed doors project	(0.031)	(0.031)
NON CASHABLE SAVINGS	(3.609)	(4.649)	(4.649)	(1.040)			(4.649)	(4.649)
SAVINGS TOTAL	(8.362)	(9.316)	(4.649)	(0.954)			(9.305)	(4.552)
Savings Requirement as per MTFS	(6.413)	(6.413)				Set @ 2.25% of the MTFS	(6.413)	
(Shortfall) / Surplus	1.949	2.903					2.892	

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		Confirmed at COG 4th Dec. BC to be progressed to consultation. Progress reviewed at E&SB 6th Apr 2020.	(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 13th 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 13th 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
CASHABLE SAVINGS	(5.833)	(5.811)	(0.316)	0.022			(4.792)	(0.600)	0.040
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	0.000	0.000	0.000		System now live and is enabling effective Fleet Management. Quantification of non-cashable and potential cashable savings reviewed at SCCB 31.3.20. Further QA work required.	0.000	0.000	0.000
NON CASHABLE SAVINGS	(2.220)	(2.220)	0.000	0.000			(2.220)	0.000	
Technical inter-year adjustments								0.000	0.000
TOTAL PFCC Savings	(8.053)	(8.031)	(0.316)	0.022			(7.012)	(0.600)	0.040
Savings Requirement as per MTFS	(8.053)	(8.053)							
(Shortfall) / Surplus - Cashable	0.000	(0.022)							