

## Performance and Resources Scrutiny Programme 2019/20

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>
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**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 proposed 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.

Work will now focus 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. 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.

#### **4.0 Introduction/Background**

The PFCC agreed cashable and non-cashable savings within the 2019/20 budget. The Budget for 2019/20 was presented and agreed by the Police and Crime Panel on 24th January 2019.

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 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.

The Budget for 2020/21 was presented and agreed by the Police and Crime Panel on 6<sup>th</sup> February 2020.

#### **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 March 2020 position and the position reported to the February 2020 Performance and Resources Board.

<b>2019/20 Savings and Efficiency Plan – Summary Table</b>	<b>2019/20 Forecast February 2020</b>	<b>2019/20 Forecast March 2020</b>
	<b>£m</b>	<b>£m</b>
Savings and Efficiency requirement as per MTFS	6.413	6.413
Cashable Savings plans	4.667	4.667
Indicative Efficiency (Non-cashable) plans	4.649	4.649
Total Savings and Efficiencies (Cashable and non-cashable)	9.316	9.316
Excess of Cashable and Efficiency (non-cashable) savings vs Target	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.

	<b>2020/21 Police &amp; Crime Panel Agreed Savings</b>	<b>2020/21 Updated Forecast March</b>
<b>2020/21 Savings and Efficiency Plan – Summary Table</b>	<b>£m</b>	<b>£m</b>
Savings and Efficiency requirement as per MTFs	6.775	6.775
Cashable Savings plans	5.833	5.811
Indicative Efficiency (Non-cashable) plans	2.220	2.220
<b>Total Savings and Efficiencies (Cashable and non-cashable)</b>	<b>8.053</b>	<b>8.031</b>
Excess of Cashable and Efficiency (non-cashable) savings vs Target	1.278	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.

<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>

Variations to the cashable savings forecast from 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. 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.

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 next Efficiency & Savings Board will meet on 6<sup>th</sup> April 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 will now focus 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. Early engagement will enable the development of cashable savings earlier for 2021/22 and 2022/23.

## **10.0 Future Work/Development**

One complex savings business case that was supported at the 21<sup>st</sup> February 2020 SCCB will now go the 25<sup>th</sup> March 2020 COG for approval.

The approach to developing the 2021/22 Efficiency & Savings plans is currently being considered and will be confirmed at the next Efficiency & Savings Board on the 6<sup>th</sup> April 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
<b>CASHABLE SAVINGS</b>	<b>(4.753)</b>	<b>(4.667)</b>	<b>0.000</b>	<b>0.086</b>			<b>(4.656)</b>	<b>0.097</b>
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)
<b>NON CASHABLE SAVINGS</b>	<b>(3.609)</b>	<b>(4.649)</b>	<b>(4.649)</b>	<b>(1.040)</b>			<b>(4.649)</b>	<b>(4.649)</b>
<b>SAVINGS TOTAL</b>	<b>(8.362)</b>	<b>(9.316)</b>	<b>(4.649)</b>	<b>(0.954)</b>			<b>(9.305)</b>	<b>(4.552)</b>
<b>Savings Requirement as per MTFS</b>	<b>(6.413)</b>	<b>(6.413)</b>				<b>Set @ 2.25% of the MTFS</b>	<b>(6.413)</b>	
<b>(Shortfall) / Surplus</b>	<b>1.949</b>	<b>2.903</b>					<b>2.892</b>	

Table 1.3 2020/21	2020/21 PCC	2020/21	2020/21	2020/21	Overall Status	Amber	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)
Estate Disposals revenue (gross)	(0.161)	(0.161)	(0.161)	0.000		To be removed at Budget Setting	(0.161)	
Force wide Non-Pay	(0.212)	(0.212)	(0.212)	0.000		To be removed at Budget Setting	(0.212)	
Police Officer Overtime - Flex/Shift pattern	(0.500)	(0.500)	(0.500)	0.000		To be removed at Budget Setting	(0.500)	
Vacancy Factor increase from 7% to 9% ( in year)	(1.303)	(1.303)	(1.303)	0.000		To be removed at Budget Setting - In Year Only	0.000	
Police Officer & Staff Overtime - Bank Holiday	(0.128)	(0.128)	(0.128)	0.000		To be removed at Budget Setting	(0.128)	
Additional Rents - Temporary Storage - Estates	(0.055)	(0.055)	(0.055)	0.000		To be removed at Budget Setting	(0.055)	
Coroner Service Funding Agreement	(0.034)	(0.034)	(0.034)	0.000		To be removed at Budget Setting	(0.034)	
Specials - lower running costs	(0.053)	(0.053)	(0.053)	0.000		To be removed at Budget Setting	(0.053)	
Additional Force Wide Non-Pay	(0.223)	(0.223)	(0.223)	0.000		To be removed at Budget Setting	(0.223)	
Income Generation - (MAG, Vehicle recovery)	(0.135)	(0.135)	(0.135)	0.000		To be removed at Budget Setting	(0.135)	
FSEL (Firearms Shotguns Explosives Licencing)	(0.010)	(0.010)	(0.010)	0.000		To be removed at Budget Setting	(0.010)	
Custody Review - (Detention Officers)	(0.159)	(0.159)	(0.159)	0.000		Confirmed at COG 4th Dec. BC to be progressed to consultation	(0.318)	(0.318)
Criminal Justice Command/PNC Bureau	(0.049)	(0.049)	(0.049)	0.000		Savings agreed E&SB 09.12.19 and BC considered at E&SB 20th Jan 2020, Business Case agreed at SCCB - 21st Feb 2020	(0.098)	(0.098)
OPC - (RMU)	(0.149)	(0.145)	(0.145)	0.000		To be removed at Budget Setting. 0.61FTE remaining	(0.145)	
Contact Management - (telephonist/security officer)	(0.135)	(0.135)	(0.135)	0.000		To be removed at Budget Setting	(0.135)	
Strategic Change Directorate	(0.105)	(0.105)	(0.105)	0.000		To be removed at Budget Setting	(0.105)	
LPA - (support/co-ordination structure review)	(0.094)	(0.076)	(0.076)	0.000		Savings agreed E&SB 09.12.19, Business Case supported at SCCB - 21 Feb 2020 will now go to 25 Mar 20 COG	(0.152)	(0.152)
Legal	(0.016)	(0.016)	(0.016)	0.000		To be removed at Budget Setting	(0.016)	
Support Services Directorate Total	(1.910)	(1.910)	(1.910)	0.000		To be removed at Budget Setting	(1.910)	
SCD	(0.402)	(0.402)	(0.402)	0.000		To be removed at Budget Setting	(0.402)	
<b>CASHABLE SAVINGS</b>	<b>(5.833)</b>	<b>(5.811)</b>	<b>(5.811)</b>	<b>0.000</b>			<b>(4.792)</b>	<b>(0.568)</b>
Flex Pattern	(0.998)	(0.998)	(0.998)	0.000		Confirmed at E&SB 09.12.19. More efficient Sgt. Supervision	(0.998)	
BWV - savings realised from 19/20	(1.122)	(1.122)	(1.122)	0.000		BWV PIR concluded and reported to P&RS Board - Dec 19.	(1.122)	
Vital Signs	(0.040)	(0.040)	(0.040)	0.000		Marginal gains in productivity identified through process improvement in Commands, supported by Vital Signs/Benefits Manager.	(0.040)	
Single Online Home	(0.060)	(0.060)	(0.060)	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)	
O365	0.000	0.000	0.000	0.000		To be confirmed through O365 Board	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 savings in development (First Draft of model produced).	0.000	
<b>NON CASHABLE SAVINGS</b>	<b>(2.220)</b>	<b>(2.220)</b>	<b>(2.220)</b>	<b>0.000</b>			<b>(2.220)</b>	<b>0.000</b>
Technical inter-year adjustments								0.000
<b>TOTAL PFCC Savings</b>	<b>(8.053)</b>	<b>(8.031)</b>	<b>(8.031)</b>	<b>0.000</b>			<b>(7.012)</b>	<b>(0.568)</b>
<b>Savings Requirement as per MTFS</b>	<b>(6.775)</b>	<b>(6.775)</b>				<b>Set @ 2.25% of the MTFS</b>	<b>(6.775)</b>	
<b>(Shortfall) / Surplus - Cashable</b>	<b>1.278</b>	<b>1.256</b>					<b>0.237</b>	