

Committee(s): Police Performance and Resource Management Sub Committee	Date: 30 th May 2013
Subject: HMIC Value for Money (VFM) profiles 2012- update	Public
Report of: Commissioner of Police POL 24/13	For Information

Summary

On 8th February 2013 Police Performance and Resource Management Sub Committee received a report of the Commissioner on the most recent version of the HMIC's VfM Profiles 2012.

The presentation by the Director of Corporate Services highlighted that the City of London Police was an 'outlier' in the Profiles as a consequence of a combination of factors. As a result Members asked for further work to be completed on justifying the Force's uniqueness and explaining why the City of London Police was showing such a high cost in a number of areas, particularly in terms of support service functions. Specific areas were identified where further analysis was required which included: Police staff costs per head of population; Support functions cost per head of population; Administrative Support; Human Resources and Professional Standards.

This report outlines the further work carried out together with a further rationale for the costs in the areas requested by your Sub Committee.

Recommendations

It is recommended that this report be received and its contents noted.

Main Report

Background

1. On 8th February 2013, Police Performance and Resource Management Sub Committee received a report of the Commissioner on the most recent version of the HMIC's VfM Profiles. The presentation by the Director of Corporate Services highlighted that the City of London Police was an 'outlier' in the Profiles as a consequence of a combination of factors.
2. As a result Members asked for more work to be done on justifying the Force's uniqueness and on explaining why the City of London Police was such a high spender in many areas, particularly in terms of support service functions. Members requested reassurance through comparative information with other organisations that value for money was being delivered.
3. Members also requested further analysis about the following profiled costs:

Police staff costs per head of population.

Support functions cost per head of population

Administrative Support

Human Resources

Professional Standards

Current Position

4. In relation to comparative analysis, further advice was sought from HMIC in regard to benchmarking against similar forces but they were unable to assist as they do not make a "most similar Force" comparison for the City of London. In an attempt to make some meaningful comparison, data was obtained from the City of London Corporation around two of these support services (IT and HR), as these two areas are more easily defined than some of the other support functions.
5. When calculated using the HMIC per head of population figure for 2012, which is 308,000, it can be clearly seen that the costs for the City of London Corporation are considerably greater than the City of London Police in these two areas. It should be noted, however, that the IT functions carried out by the Corporation vary significantly from those carried out by

the police, and that these comparisons do not take account of the different numbers of staff in the two organisations.

6. However, these figures must be taken in the context of the basic cost of providing a service. There is a minimum number of staff required to deliver services and the use of the arbitrary HMIC figure does not take this into account. Once the additional London staff costs are factored in the Force and the Corporation will always be “outliers” in any national comparison. These additional staff costs are expanded on below.
7. The main factor that must be taken into account in these specific costs, and more generally in the overall support staff/function costs, is additional London based staff costs. In relation to support staff costs, from 1 July 2012 £5,080 London Weighting is added to each staff member’s salary. The sum for police for officers recruited post 1994 is £4,338 and pre 1994 is in the region of £8,000 as these officers also receive housing or rent allowance. In addition some of these officers receive a compensatory grant of around £3,000 .These costs average out to £6,615 for each officer. These additional staff costs make a London based staff member in excess of 20% more expensive than their non metropolitan equivalents. Although the Metropolitan Police Service has these costs it is not a useful comparator, as their VfM profile is based on a population of over seven million.
8. In addition to staff costs, the overall support functions cost include £1.1 million per annum for the ATOC London rail travel agreement. Yet again these costs would not apply to forces outside of London. The inclusion of these costs into the overall Administrative Costs figures again assists in understanding why the Force’s costs per head are higher than other forces.
9. Further analysis was requested to explain costs in the following areas:
 - Police staff costs per head of population-The VfM profile for 2012 had the Force ranking as 2nd most expensive nationally, which had moved from 13th in 2010/2011
 - Support functions cost per head of population- The Force’s VfM profile for 2012 had the ranking as most expensive nationally excluding training which was ranked 2nd .
 - Administrative Support - The VfM profile for 2012 had the cost for the City of London Police as £11.60 per head of population compared to a national average of £2.60.

- Human Resources- The VfM profile for 2012 had the ranking as the most expensive nationally, which had moved from 5th in 2010/2011.
 - Professional Standards- The VfM profile for 2012 had the ranking as the most expensive nationally which had moved from 7th in 2010.
10. As previously reported, the costs detailed in paragraphs six and seven are the main reason for the City of London Police's rank positions. Another factor that must be taken into account is the impact that the Government's Comprehensive Spending Review had on police forces. It effectively reduced the overall national police budget, which was mitigated by many forces simply implementing severe cuts, particularly in support service functions. Consultation with the South East Regional lead for Professional Standards for example revealed that all forces have cut staff within their Professional Standards departments whereas the City of London Police was alone in taking the decision to maintain staffing levels. There is a minimum number of staff required to deliver this function, which includes Counter Corruption, Overt Investigation, Staff Vetting, Business Interests and Civil Claims. This minimum numbers requirement is reflected across many of the support functions.

Consultation and joint working

11. As a result of the original submission to your Sub Committee on the 8th February, a meeting was convened and further analysis of the HMIC VfM Profiles 2012 report was undertaken in consultation with the City of London Corporation's Town Clerk's Department (Performance) and Chamberlain's Department.

Mitigations

12. Members may also wish to note that the Force is already audited in a number of ways by the City of London Corporation's Internal Audit and through external auditors also. In addition, Alderman Ian Luder was the Lead Member on the City First Change Programme and provided challenge and scrutiny in a number of areas regarding the cost of staffing and functions. In addition, the City First methodology included a zero based 'bottom up' approach, which enabled the force to validate the minimum staffing requirement of its functions based on demand.
13. The Commissioner would welcome the opportunity of working with the relevant City of London Corporation Departments, as directed by your Sub Committee, to identify more relevant comparators with the aim of

developing a more valid means of benchmarking CoLP's costs in the future.

Conclusion

14. The further analysis and comparisons carried out on the Value for Money 2012 profile highlights again the unique nature of the cost of providing policing services in the City of London. The high cost of services and salaries allied to a small per head of population figure will always position the Force as an outlier in comparison with forces nationally. The comparison with the City of London Corporation reinforces this point. That comparison, whilst limited to only two areas, should also reassure Members that the Force does provide good value for money.
15. The City First Change Programme reduced the overall cost of policing the City of London and this reduction was borne across many of the functional areas. The budget position for the coming year and for 2014-15 shows the Force is in a much stronger position to sustain the current policing model within the current budget constraints. The programme of continuous improvement that is proposed under City Futures will continue to explore and drive efficiency in all areas of service delivery. With an ever increasing demand on our services in a tight financial environment, efficiency and value for money are fundamental to the decision making processes of the City of London Police particularly where it relates to service provision, and this will continue to be the case.

Background Papers:

Previous Committee Report - HMIC Value for Money 2012 POL 08/13
HMIC Value For Money Profiles

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