

Committee: Police : Performance and Resource Management Sub Committee	Date: 26 th February 2014
Subject: Value for Money (VFM) update	Public
Report of: Commissioner of Police Pol 13/14	For Information

Summary

Her Majesty's Inspectorate of Constabulary (HMIC) produces Value for Money (VFM) profiles for all police forces as a means of comparing budgets and spending with each other. This was presented to your Sub Committee on the 8th February 2013 (Pol 08-13 refers). The majority of forces fall into defined clusters using most similar groupings. The City of London by its very nature does not have a most similar comparator and as such is an "outlier" in many areas).

It has largely been acknowledged by the Force and Members that the HMIC Value for Money (VfM) Profiles provide no useful comparison data for Benchmarking purposes. As a result, Members asked the Force in partnership with the Chamberlain's and Town Clerk's departments, to explore alternative approaches to ensure the City of London Police are delivering value for money in its policing services to the City Community.

Key areas of work being explored are:

- Internal Audit has agreed to provide independent assurance on the benchmarked statistics that the Force provides to HMIC
- Work with external advisers who have experience of working with Police Forces. A proposal was sent to accounting firms, who have carried out similar work with forces and the City of London Corporation in the past. Three proposals have been received and are currently under assessment
- The Force will continue to monitor its performance using the HMIC Value for Money profiles as a means of comparing budgets and spending on a year by year basis.

This report outlines the steps taken since your last Sub Committee in November to provide independent scrutiny of the value for money process, and in doing so drive efficiencies and cost savings where applicable.

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 (Pol 08-13 refers).
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. This work was carried out and Members noted the contents of the report at the Performance and Resource Management Sub Committee in May 2013.
3. In addition, Members asked for more work to be done in partnership with the Chamberlains and Town Clerk's departments to ensure the City of London Police are delivering value for money in its policing services to the City Community. A further report was requested to articulate alternative approaches to benchmarking as it was acknowledged that the HMIC VfM Profiles were of little value to the Force and the Police Authority in this respect.

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. The Force attempted comparison with the UK Police Force nearest to our staff make up (Warwickshire). This did not provide any meaningful outcome as they provide policing services over a vastly different geographic and demographic area.
5. In order to provide some objective analysis the Assistant Commissioner held a meeting with representatives from Chamberlains and Town Clerk's departments. The objective was to introduce an element of external, independent scrutiny to the value for money process, and in doing so drive efficiencies and cost savings where applicable.
6. The Head of Corporate Performance and Development has identified similar issues when carrying out benchmarking of the City of London Corporation. Their processes utilise a variety of management costs, performance data and benchmarking information as appropriate to measure the efficiency and effectiveness of its services. In areas where comparisons can be made with local authorities, benchmarking is carried out. These exercises generally show the City Corporation to be a high cost provider of corporate services, but with a track record of high performance. This is similar to the position of the Police.
7. Internal Audit has agreed to provide independent assurance on the benchmarked statistics that the Force provides to HMIC. Internal Audit already undertakes a similar role for the City's Efficiency and Performance (Finance) sub-committee. This involves examining specific areas of spend identified by

Members, including a detailed analysis of transactions and considering whether value for money is being considered when procuring services.

8. It was also agreed at the meeting that the Business Support Director in the Chamberlain's Department, would work with external advisers who have experience of working with Police Forces. A proposal was sent to accounting firms, who have carried out similar work with forces and the City of London Corporation in the past. Three proposals have been received and are currently under assessment and It is envisaged that the results of this could go some way to overcome the difficulty in making comparison with other forces
9. The Force will continue to monitor its performance using the HMIC Value for Money profiles as a means of comparing budgets and spending on a year by year basis. In addition, the HMIC has now offered to assist us in developing a new methodology for assessing VfM and discussions with them have begun, although at this stage, given their current workload, it is not clear on the timescale or scope for this assistance.

Conclusion

10. The next steps of this process will be:
 - Confirmation within Internal Audits three year work plan of the assurance role described in paragraph 7.
 - Final assessment and commissioning if appropriate, of work by external advisers of benchmarking work described in paragraph 8.
 - Clarification of scope, scale and timescales for HMIC assistance described in paragraph 9.
11. This programme of external scrutiny will continue to explore and drive efficiency in all areas of our services. 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.

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