

**THE OFFICE OF POLICE AND CRIME COMMISSIONER
FOR DERBYSHIRE
DECISION RECORD**

Request for PCC Decision	Received in OPCC Date: 14 March 2013	OPCC Ref: 32/13
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Title: Collaboration budget 2013/14

Executive Summary:

The decision to approve the proposals considered at the East Midlands Police and Crime Commissioner Board in relation to the costs associated with supporting current regional collaborative projects and the financial budget requirement for the region and Derbyshire for 2013/14. The EMPPC Board does not have decision making powers.

The report further considers contributions for regional Collaborative Budgets for 2013/14, together with a draft budget requirement to 2016/17.

The Collaborative Financial Plan presents an indicative cost of regional budgets over the medium term. The 2013/14 budget requirements reflect the financial resources required to deliver regional collaborative policing against a backdrop of challenging financial savings.

The 2013/14 proposed net budget requirement for collaborative units is £32,921,161, of which Derbyshire contributes £8,022,719.

4 bids for investments of under spends accrued during the financial year to invest in development projects were also considered by the EMPCCB. The HR scoping project is not supported by Derbyshire; 3 other bids were approved, as contained in the attached report.

Decision

Resolved that

- i. Derbyshire's participation and share of funding for the following regional investment business cases is approved (noting that the request to support an HR scoping project was not supported) :
 - (a) £335k - IT (revenue) proposal
 - (b) £88k – Information Assurance
 - (c) £19.5k – Regional vetting

For clarity, the EMSOU asset replacement (£350k) would be held pending broader discussion on capital programme.
- ii. The revenue budget proposals for the financial year 2013/14 only, shown at **APPENDIX A** to the report , as put forward to the East Midlands Police and Crime Commissioners Board on 10 December 2012, are supported and appropriate provision will be made within the budget of Derbyshire Police.
- iii. The budget requirements for later years, along with capital spending and financing plans, are to be reviewed and re-presented to the EMPCC Board in due course.

Declaration

I confirm that I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct for the Police and Crime Commissioner for Derbyshire. Any such interests are recorded below.

None

The above request has my approval.

Signature <i>Electronically Signed</i>	Date 18 March 2013
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PUBLICATION SCHEME CONSIDERATIONS

Is the related Section B report to be published **Yes**

If no, please indicate relevant exemption

Is the publication of this approval to be deferred No

If Yes, provide reasons below

Date to be deferred to –

NB Statutory Instrument 2011/3050 (as amended by SI 2012/2479) states that: *all decisions made by a PCC are in the types of information that must “be published as soon as practicable after it becomes available to the elected local policing body”.*

OFFICER APPROVAL

Chief Executive’s Nominee:

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report.

I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner

Signature

Electronically Signed

Name Helen Boffy Treasurer

Date 14 March 2013

STRATEGIC GOVERNANCE BOARD

18 MARCH 2013

REPORT OF THE TREASURER

8C: COLLABORATION BUDGET 2013/14

1. PURPOSE OF THE REPORT

- 1.1 This report presents the proposals in relation to the costs associated with supporting current collaborative projects and the financial budget requirement for the region and Derbyshire
- 1.2 Consideration of f contributions for regional Collaborative Budgets for 2013/14, together with a draft budget requirement to 2016/17.

2. BACKGROUND

- 2.1 The five forces and Police Authorities, now Police and Crime Commissioners, of the East Midlands have been collaborating since 2002 when the East Midlands Special Operations Unit (EMSOU) was established as a dedicated covert policing Unit.
- 2.2 One of the benefits of collaboration is to establish a single cohesive unit which provides the resilience and financial efficiencies as opposed to replicating processes and structures within each force. Since EMSOU was established over £44m of savings have been achieved through this approach.
- 2.3 In response to the austerity measures and the need to deliver greater efficiency savings and value for money, the programme of Collaboration throughout the East Midlands has increased across further areas of operational and non-operational support. Oversight is provided by the East Midlands Police and Crime Commissioners Board (EMPCC).

2.4 The following collaborations are all subject to formal cost sharing arrangements whereby all costs are recharged to forces in accordance with the Regional Funding Formula¹.

- EMSOU – Serious and Organised Crime (Including EMSOU Intelligence)
- EMSOU – Technical Surveillance Unit
- EMSOU – Forensics
- EMSOU – Major Crime (Command Team)
- EMCHRS – Occupational Health Unit
- EMCHRS – Learning and Development
- EMCHRS – Shared Services Centre
- EM Legal Services
- EM Procurement
- EM Collaboration Team

3. COLLABORATIVE FINANCIAL PLAN

3.1 The Collaborative Financial Plan presents an indicative cost of regional budgets over the medium term. The 2013/14 budget requirements reflect the financial resources required to deliver regional collaborative policing against a backdrop of challenging financial savings.

3.2 The Collaboration budgets represent significant cash savings for forces when compared against the costs prior to collaboration and the programme of work continues to promote change to explore further opportunities for budget reductions.

3.3 The Financial Plan is designed to ensure that Collaborative Budget proposals are an accurate reflection of each Unit's spending plans, within available

¹ The regional Funding Formula is based upon a percentage share of the three main sources of funding from Central Government to the Police (Police Grant, Revenue Support Grant and

resources. The appropriate Management Boards have submitted budget plans which reflect the new collaborative arrangements and take advantage of further efficiencies emanating from the operating model. Budget plans have been considered by the Resources Board, DCC's Programme Board and Chief Constables Board within the confines of the CSR and the Principles of Collaboration.

4. CAPITAL PROGRAMME

- 4.1 Whilst the funding of collaborative Units is financed through revenue contributions from the five forces, the funding is used to support both revenue and capital expenditure. The revenue budgets within this report include an element of expenditure to cover the costs of operational equipment. The purchase of any fixed asset greater than £5k is capitalised with the appropriate share of the asset appearing on each Forces Balance Sheet in line with the Formula Share. The major purchases of Vehicles and Technical Equipment are funded from the EMSOU Asset Replacement Reserve ².
- 4.2 A review of the Asset Replacement Plan has identified that approximately 70% of EMSOU's vehicles are due for replacement within the following three years; the estimated cost of this is £547k. Furthermore, the capital cost of ICT replacements, planned for 2013, is estimated to cost £326k. The planned cost of these replacements is expected to be met from the EMSOU Asset Replacement Reserve, thereby avoiding any direct financial impact on the level of force contributions.
- 4.3 The annual capital expenditure planned for EMSOU SOC is provided within the 4 year Financial Plan at Appendix 1.

5. VACANCY FACTOR

Redistributed Business Rates) received by each Force.

² The EMSOU Asset Replacement Reserve was introduced in 2009 to help fund the costs of future asset replacements.

- 5.1 In line with Force budgets, a vacancy factor has been applied (where appropriate and achievable) to collaborative budgets. This approach has reduced the net budget requirement by £677k in 2013/14. Any savings achieved in excess of 3% will be treated in accordance with the Reserve's Policy, whereby savings are either used to increase Reserves or returned to forces in line with the Formula Share.

6. 2013/14 COLLABORATIVE BUDGET REQUIREMENTS

- 6.1 The collaborative budgets have passed through a number of stages of scrutiny and challenge and have been considered by the appropriate Management Board's, the Resources Board, the DCCs Board and Chiefs Board and are now presented to the PCC Board as part of the decision making process towards establishing individual force budgets.
- 6.2 The 2013/14 proposed net budget requirement for collaborative units is £32,921,161, of which Derbyshire contributes £8,022,719. Whilst this will be the first full year of operation for Legal, Procurement and HR Shared Services it is difficult to propose any further savings other than those contained within their respective Business Cases. However the proposed budgets for the remaining collaborative services represent an additional saving of £843,200 (3%) when compared with the estimated budget for 2013/14 calculated 12 months ago, thereby demonstrating the ongoing commitments towards further efficiency savings. The full effect of these savings will be passed on to forces through a reduction in the value of force contributions.
- 6.3 The financial strategy for collaborative units is to focus on further efficiency savings to deliver cashable savings to all forces within the region. The recent announcement from the Treasury of departmental budget reductions of 1% in 2013/14 and a further 2% in 2014/15 highlights the ongoing need to challenge existing budgets and to identify more cost effective ways of delivering collaborative services.

- 6.4 The budget requirement (and four year plan) for each area of collaboration together with the amount of Derbyshire's contribution levels are shown in the table at **Appendix A**.

7. RECOMMENDATIONS

- i. That the Commissioner approves Derbyshire's participation and share of funding for the following regional investment business cases (noting that the request to support an HR scoping project was not supported) :
- (a) £335k - IT (revenue) proposal
 - (b) £88k – Information Assurance
 - (c) £19.5k – Regional vetting

For clarity, the EMSOU asset replacement (£500k) would be held pending broader discussion on capital programme.

- ii. The revenue budget proposals for the financial year 2013/14 only, shown at **APPENDIX A** to the report , as put forward to the East Midlands Police and Crime Commissioners Board on 10 December 2012, are supported and appropriate provision will be made within budget of Derbyshire Police.
- iii. The budget requirements for later years, along with capital spending and financing plans, are to be reviewed and re-presented to the EMPCC Board in due course.

8. IMPLICATIONS

All implications are assessed and scored to the table below.

HIGH – supporting explanation and narrative required and to be contained within the report

MEDIUM – narrative to be contained within the report at the discretion of the author

LOW – no narrative required

	LOW	MEDIUM	HIGH
Crime & Disorder			√
Environmental	√		
Equality & Diversity	√		
Financial			√
Health & Safety	√		
Human Rights	√		
Legal		√	
Personnel		√	

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BACKGROUND PAPERS NONE

ATTACHMENTS

Appendix A. Regional Collaborative Budget Requirement

Regional Collaborative Budget Requirement

2013/14 Proposed Budget											
	EMSOU SOC	TSU	Major Crime	Forensics	L&D	Occupational Health	HR Shared Services	Legal	Procurement	EMPCT	Total
	£	£	£	£	£	£	£	£	£	£	£
Expenditure											
Employee Costs	5,783,435	1,767,800	1,334,511	2,228,500	2,423,583	739,298	1,311,035	950,900	853,632	904,590	18,297,285
Officer in Kind	8,978,080	-	-	-	-	-	-	-	-	-	8,978,080
Premises	955,738	-	-	-	-	-	-	-	-	1,500	957,238
Transport	819,796	69,600	51,000	70,000	93,275	20,950	61,370	25,000	-	23,000	1,233,991
Supplies & Services	1,121,335	431,900	42,500	335,000	127,487	800,262	434,497	46,000	50,784	64,800	3,454,566
Gross Expenditure	17,658,385	2,269,300	1,428,012	2,633,500	2,644,345	1,560,510	1,806,902	1,021,900	904,416	993,891	32,921,161
Income											
Force Contributions - Cash	8,662,905	2,269,300	1,428,012	2,633,500	2,641,345	1,560,510	1,806,902	981,900	904,416	993,891	23,882,680
Force Contributions - Officers	8,978,080										8,978,080
External Grant - Home Office											0
Other Income	17,400				3,000			40,000			60,400
Gross Income	17,658,385	2,269,300	1,428,012	2,633,500	2,644,345	1,560,510	1,806,902	1,021,900	904,416	993,891	32,921,161
Force Recharges: (cash/officers)											
Nottinghamshire (27.3%)	4,815,989	619,519	389,847	1,154,006	826,741	426,020	683,009	307,335	301,472	271,332	9,795,269
Leicestershire (22.8%)	4,022,144	517,400	325,587		689,391	355,796	569,174	256,275		226,607	6,962,375
Derbyshire (22.2%)	3,916,299	503,785	317,019	938,422	673,543	346,433	554,719	250,385	301,472	220,644	8,022,719
Northamptonshire (14.9%)	2,628,507	338,126	212,774		451,670	232,516		167,905	301,472	148,090	4,481,059
Lincolnshire (12.8%)	2,258,046	290,470	182,785	541,072		199,745				127,218	3,599,337
TOTAL FORCE RECHARGES	17,640,985	2,269,300	1,428,012	2,633,500	2,641,345	1,560,510	1,806,902	981,900	904,416	993,891	32,860,760
Planned Capital Expeniture (Funded from Reserves)	626,915										626,915
Vacancy Factor Saving (3%)	427,003	47,500	38,071	67,800	68,442					27,822	676,638

2016/17 Proposed Budget

	EMSOU SOC	TSU	Major Crime	Forensics	L&D	Occupational Health	HR Shared Services	Legal	Procurement	EMPCT	Total
	£	£	£	£	£	£	£	£	£	£	£
Expenditure											
Employee Costs	6,077,257	1,857,035	1,402,310	2,341,717	2,546,711	776,857	1,122,973	1,024,600	897,000	950,547	18,997,007
Officer in Kind	9,434,202		0	0	0	0			0	0	9,434,202
Premises	1,014,237		0	0	0	0			0	1,592	1,015,829
Transport	869,974	74,261	54,122	74,285	98,984	22,232	10,612	27,000	0	24,408	1,255,878
Supplies & Services	1,189,970	424,214	45,101	355,505	135,290	849,245	430,596	46,000	53,892	68,767	3,598,580
Gross Expenditure	18,585,640	2,355,510	1,501,533	2,771,506	2,780,986	1,648,334	1,564,181	1,097,600	950,892	1,045,313	34,301,496
Income											
Force Contributions - Cash	9,134,038	2,355,510	1,501,533	2,771,506	2,777,985	1,648,334	1,564,181	1,057,600	950,892	1,045,313	24,806,893
Force Contributions - Officers	9,434,202	0	0	0	0	0	0		0	0	9,434,202
External Grant - Home Office											0
Other Income	17,400	0	0	0	3,000	0		40,000	0	0	60,400
Gross Income	18,585,640	2,355,510	1,501,533	2,771,506	2,780,986	1,648,334	1,564,181	1,097,600	950,892	1,045,313	34,301,496
Force Recharges: (cash/officers)											
Nottinghamshire (27.3%)	5,069,130	643,055	409,919	1,214,480	869,510	449,996	591,261	331,029	316,964	285,370	10,180,712
Leicestershire (22.8%)	4,233,558	537,056	342,350		725,054	375,820	492,716	276,033		238,331	7,220,919
Derbyshire (22.2%)	4,122,149	522,923	333,340	987,599	708,386	365,930	480,204	269,688	316,964	232,060	8,339,244
Northamptonshire (14.9%)	2,766,668	350,971	223,728		475,035	245,602		180,850	316,964	155,752	4,715,569
Lincolnshire (12.8%)	2,376,735	301,505	192,196	569,427		210,987				133,800	3,784,650
TOTAL FORCE RECHARGES	18,568,240	2,355,510	1,501,533	2,771,506	2,777,985	1,648,335	1,564,181	1,057,600	950,892	1,045,313	34,241,094

Planned Capital Expenditure (Funded from Reserves)	262,462	262,462
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Assumptions

- 1) 3% Vacancy Factor will be applied for all 4 years
- 2) The HR shared services budget is based on the 4 year budget paper provided by Leics Police.
- 3) The Legal budget is based on the 4 year budget paper provided by Derby Police.
- 4) The TSU budget is based on the Collaboration business case with some adjustments including changes in the shift allowance.
- 5) For all the other budgets the following price increases have been allowed:
 - 1% on Pay budgets for 2013/14 & 2014/15 and 2% for 2015/16 & 2016/17
 - 2% on Non-Pay budgets for 2014/15 to 2016/17