

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

DECISION RECORD

Request for PCC Decision	Received in OPCC Date: 22 January 2019	OPCC Ref: 14/ 2019
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JOINT DIRECTOR OF FINANCE

Executive Summary:

The report provided detail on the arrangements for a joint Director of Finance permanent, following a successful pilot arrangement

Decision

To support the proposal to permanently appoint to a role of a joint Director of Finance for Derbyshire Constabulary and Derbyshire Fire and Rescue Service.

For the Chief Constable to develop an appropriate collaboration agreement in consultation with the PCC's Chief Executive and Chief Finance Officer to safeguard the interests of both Police and Fire.

To review the effectiveness of this collaboration agreement in consultation with the Chief Constable.

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 Hardyal Dhindsa	Date 22 January 2019
PUBLICATION SCHEME CONSIDERATIONS	
Is the related Section B report to be published Yes	
The report contains commercially sensitive information.	

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: <i>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”.</i>

OFFICER APPROVAL
Chief Executive or 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
Name Andrew Dale
Date 22 January 2019

STRATEGIC PRIORITIES ASSURANCE BOARD

REPORT TITLE	JOINT DIRECTOR OF FINANCE
REPORT BY	CHIEF CONSTABLE
DATE	18 MARCH 2019

PURPOSE OF THE REPORT

To seek approval to make the arrangements for a joint Director of Finance permanent, following a successful pilot arrangement

ATTACHMENTS

None

RECOMMENDATIONS

- 1.1 That the PCC supports the proposal to permanently appoint to a role of a joint Director of Finance for Derbyshire Constabulary and Derbyshire Fire and Rescue Service
- 1.2 That the Chief Constable is asked to develop an appropriate collaboration agreement in consultation with the PCC's Chief Executive and Chief Finance Officer to safeguard the interests of both Police and Fire.
- 1.3 That the PCC reviews the effectiveness of this collaboration agreement in consultation with the Chief Constable.

CONTACT FOR ENQUIRIES

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2 Overview

2.1 In September 2018, the Chief Constable and PCC agreed to pilot a shared Finance Director role across both Police and Fire to manage both Police and Fire Finance departments.

2.2 As part of the secondment a review was also commissioned to look at the potential for the two organisations to share a Joint Director in the longer term. This included looking at the strategic fit between the two organisations and the wider benefits and opportunities that a Joint Director role could bring to both organisations.

2.3 This report indicated that, while both organisations were different, they faced many similar strategic challenges around:-

- Managing increasing demands within more limited finances;
- A more intrusive inspection environment with both organisations facing detailed inspection this year;
- An expectation from the Home Office and HMICFRS that Fire and Rescue Services and Police Forces focus on developing collaborative and shared arrangements, including Procurement, as part of its tests for the forthcoming spending review;
- Reshaping their estate to ensure that it was as cost effective as possible;
- A need to build on and develop existing prevention strategies;
- A desire to harness the capability of new technology to make better use of the information they hold and deliver more efficient services;
- A focus on efficiency to close budget gaps and release/protect resources for outward focussed service delivery.

2.4 Many of the above challenges impact in a similar way on the Finance Director role in both organisations. In particular

- The focus on joint working and joint procurement;
- The common requirement to deliver VFM to the taxpayer;
- The need to provide appropriate financial support to the collaboration programme and the ten headline workstreams identified by the Collaboration Board;

- The need for Finance to enable and support change across the increasing areas of collaboration;
- The need to ensure appropriate governance around change and financial decisions with the same requirements in respect of audit and scrutiny. This is particularly important as the two organisations work more closely together on projects and initiatives that will also be jointly funded.

2.5 The Joint Finance Director Role has proved beneficial to both Derbyshire Constabulary (DC) and Derbyshire Fire and Rescue Service (DFRS) - from both a relational and a commercial perspective. In particular it has also operated in line with the CIPFA code on the Role of the Chief Financial Officer and satisfied these requirements for both organisations.

2.6 A joint Director of Finance role during the pilot has been able to:-

- lead and support both Leadership teams, the Authority and Police and Crime Commissioner for Derbyshire (PCC);
- meet the statutory responsibilities of the role as set out in the Local Government legislation;
- maintain effective governance and statutory responsibilities for both Services; and
- enable the effective delivery of policing and fire services.

2.7 Since the secondment started the following benefits have arisen for both Police and Fire:-

- A more co-ordinated approach to budget setting for both Derbyshire Constabulary and Derbyshire Fire and Rescue Service, which allowed a more co-ordinated approach to Community Safety investment across both organisations in the last budget round and the inclusion of the Fire and Rescue Service in delivery plans;
- Closer links for procurement, which is providing greater opportunities for Police and Fire to share contracts and commission services and equipment, including the establishment of a Joint Procurement Board. This had a dual benefit of achieving better value as well as reducing the cost of procurement, with one procurement rather than two;

- Sharing of more specialist knowledge. This is particularly the case around tax matters that are ever more complex and managing risk and details around joint property matters. This offers the ability to benefit from one another's expertise as well as appointing one external advisor that can advise both Police and Fire at the same time and avoids risks associated with single points of competence on either side;
- An even more co-ordinated approach to estate planning which has expedited decision making. The Joint Director has established a Strategic Estates Board for Derbyshire Constabulary. This also includes the Fire and Rescue Service and has created further impetus to develop the two estates to the benefit of both organisation;
- Improved support for the collaboration projects with oversight across all the 10 areas identified as collaboration opportunities. A joint Director of Finance has helped to tie together any investment or funding for the 'cost of change' which has avoided duplication and ensured business cases are robust and funded;
- Ability to support and challenge replacement and investment in new fleet and equipment across both Police and Fire. There is now joint representation on the fleet and uniform and equipment group for Police and Fire under the joint role, which has already identified joint procurement and sharing opportunities;
- A shared understanding over the risks of both organisations including key issues such as business continuity planning, health and safety, EU exit planning and appropriate insurance arrangements;
- A joined up approach to governance including financial and contractual procedures including the regulations for partnership arrangements and access and development to the funds for protecting the most vulnerable.

2.8 The success of the pilot means that it is now possible to consider a more permanent solution which will help to draw out further benefits outlined later within this report. It will also provide greater long term certainty and clarity to staff currently managed by the temporary Joint Director of Finance.

Cost Sharing

- 2.9 Whilst the original principle of the secondment arrangement was a 50/50 split, the reality identified through the pilot indicates a 1/3 share for Fire and a 2/3 share for Police. This has also been recognised by enhancing one of the roles within the Fire Finance team. In particular this recognises that the scope of the Finance Director Role within the Police is wider than within Fire.
- 2.10 Over time there may be potential to align the range and scope of responsibilities more closely across Police and Fire, which would then mean that a 50:50 split is more equitable. It is therefore recommended that the split of costs should be kept under review, particularly if at a later date the two departments are more integrated.
- 2.11 In the interim a member of the Fire Service Finance team has assumed additional responsibilities as Head of Finance to match the police structure. This is a temporary measure until December 2019 and will be kept under review as the closer working develops.
- 2.12 This report outlines some of the potential benefits that a Joint Director of Finance can deliver with two separate finance teams across Police and Fire, who work more closely together.
- 2.13 In time there may be benefit in assessing the further benefits that can be gained by bringing the two teams together. This will be subject to a full business case for consideration by the PCC and Fire Authority. The initial focus will be on delivering the benefits outlined within this report, which can be achieved by retaining two separate Police and Fire Finance teams

Options Appraisal

- 2.14 This report only considers the arrangements to make the role of a Joint Director of Finance permanent following a successful secondment arrangement, together with the initial benefits from the two departments working more closely together.
- 2.15 As mentioned previously a full business case may be produced if it is clear that additional benefits can be gained from bringing the two departments together. This is similar to the approach adopted for the Strategic Estates team.

Summary of Options

2.16 Derbyshire Fire and Rescue Service has shared with Derbyshire Police the work of RealWorldHR Limited, which considered a number of options for the Joint Strategic Head of Estates. This work has informed the options for the Joint Director of Finance

- 1) No change – failure to create the role of Joint Director of Finance would put at risk some of the clear benefits identified in this paper that have started to be realised. This could potentially create a further barrier to closer working in other areas.
- 2) Appointing a Joint Director of Finance, while retaining two separate teams for DFRS and DC – this is the most practical option in the short and medium term and could potentially be a long term solution as well. The test will be whether the work of DFRS and DC can be aligned so closely that one team is able to deliver a consistent level of service to both organisations.

2.17 There are further opportunities to bring the teams together in the future, which are also covered by the Real World report. As processes and systems are aligned across Police and Fire but these will be subject to further research and consideration as they develop and subject to robust business cases.

Further Collaboration Opportunities

2.18 Further Potential Benefits with finance include:-

- Salary savings in having a Joint Director of Finance
- Contract Savings from single contracts for Taxation, Treasury Management Advice and property valuations
- Further contract savings and process changes through a common build for Police and Fire finance systems
- Savings in closing accounts and budget setting with
 - o Consistent accounting policies
 - o Sharing of knowledge on technical changes to final accounts
 - o Common financial regulations
 - o Consistent budget reports

- o Consistent financial planning models
- A consistent approach to assessing the benefits of joint investment e.g. in the Estates but also in operational initiatives
- A consistent approach to treasury management strategy and savings in the control and placement of Police and Fire surplus monies.

2.19 Additional Potential Benefits include:-

- Maximising the number of joint procurement contracts that include both Police and Fire with potential economies of scale and procurement economies by having one contract rather than two
- Rationalising store holdings across Police and Fire
- Support the development of closer working across the vehicle fleet, with potential saving through sharing pooled and more specialised vehicles across Police and Fire
- Further potential to create more consistent processes across police and fire fleet teams with potential savings from a Joint Head of Fleet
- Further support at Executive level to the delivery of a joint police fire estate and maximising joint use of the estate.

Key Objectives

2.20 The objectives of the collaboration would be to:

- Develop a culture of joint working across all areas within the responsibility of the Joint Director of Finance
- Ensure that there is more consistency in procedures and working practices across Police and Fire teams
- Provide a single focus and more consistent messages to staff within collaborative units.
- Manage investment in new technology across both organisations and ensure that it helps to promote closer working rather than place further barriers to closer working.
- Ensure that Police and Fire investment is co-ordinated so that they can achieve the maximum outcome from the minimum investment.

- Work with teams within the departments to reduce duplication of effort, time and investment.

Human Resources and Legal Considerations

- 2.21 If the PCC and DFRA approve the recommendation to create a Joint Director of Finance Role, the Chief Constable and Chief Fire Officer will begin the process to recruit to this role.
- 2.22 A Joint Collaboration Agreement is being developed and this will provide a framework for all closer working between Derbyshire Police and Derbyshire Fire and Rescue Service.
- 2.23 Under the terms of this agreement:-
- Derbyshire Constabulary will be the lead employer for the Joint Director, as is the case for the current pilot.
 - At the outset it is recommended that the costs of the post are shared 1/3 (Fire) and 2/3 (Police) but this will be kept under review as the closer working relationship between the two departments develops.
- 2.24 If in the future more costs are shared then these will be shared on the basis of agreed cost sharing arrangements set out within the collaboration agreement. A key principle of these arrangements is that neither Derbyshire Police nor DFRS should pay any more for the service than they do currently, unless there is a specific decision to do so to reflect the needs of the organisation.
- 2.25 The specific terms of any new arrangement will be detailed in the overarching Collaboration Agreement to ensure that rights, responsibilities and liabilities are formally agreed. This is currently being developed. The content of any such agreement will need careful scrutiny as this will determine the levels of risk and accountability which will reside with both the Police and Fire.

Financial Considerations

- 2.26 In the short term the post will create ongoing savings for Derbyshire Police and Derbyshire Fire, through the deletion of a single Director post, instead of the two posts currently. These ongoing savings will in part be offset by potential redundancy and retirement costs

- 2.27 As set out above the benefits are not just associated with combining two senior posts. The benefits are set out in para 2.18 and 2.19.
- 2.28 Some of these benefits will be easier to quantify than others along with the “marriage value” of developing more co-ordinated financial plans between Police and Fire, which will be to the benefit of both organisations.
- 2.29 The finance director role also provides a strategic focus on the Executive Team for each organisation to promote closer working between the two organisations. In future it will provide a clear focus for generating the benefits of closer working for support services across Police and Fire. This includes:-
- Existing arrangements to work together and rationalise the police and fire estates.
 - A more co-ordinated approach to managing the vehicle fleet for both organisations with the potential to better utilise pool cars and specialist vehicles
 - A more standardised approach to procurement for both organisations.
- 2.30 The pressures on Derbyshire Police continue to increase, as demand for policing services widens and deepens. This means that Derbyshire Police must continue to focus on being as efficient as possible and ensuring that its support service continue to contribute to further efficiency.
- 2.31 The proposals set out within this report provide a further focus for delivering this enhanced efficiency through closer working with Derbyshire Fire and Rescue Service.

Inclusion and Equality Considerations

- 2.32 It is recommended that an equality impact assessment (EIA) is completed. This is designed to ensure that a policy, project or scheme does not discriminate against any disadvantaged or vulnerable people.
- 2.33 The public sector Equality Duty (PSED) requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities