

Devon and Cornwall Police Authority Resources Committee

20 November 2008

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Report of the Interim Director of Finance and Resources

Efficiency and Productivity Strategy Mid-Year Report 2008/09

Recommendation:

That the progress in achieving the targeted efficiency savings for 2008/09 be noted.

Background

1. The Home Office has required Police Authorities to achieve 3% efficiency savings for a number of years. In February 2008 the Police Authority approved an efficiency savings target for 2008/9 of £8.322m. This figure was slightly above 3% of net revenue expenditure.

Recent Developments

2. The Police Authority efficiency plan and target for 2008/9 was formulated before the Home Office issued a new Efficiency and Productivity Strategy. The Flanagan report and the subsequent Green Paper also dealt with efficiency matters and the guidance has now been updated. The key features of the new Efficiency and Productivity Strategy are as follows:
 - improving efficiency and productivity should be treated as a core responsibility by all police authority members, chief executives and treasurers and by all chief officers and other police managers
 - efficiency savings are no longer reported to the Home Office but instead it is now the role of each Police Authority to ensure that planning for efficiency and productivity increases is integrated into policing plans and to satisfy themselves that the planned gains have been delivered by the Force
 - HMIC and the Audit Commission have responsibility to inspect/assess the quality of efficiency and productivity plans
 - rather than annual targets a three year plan is advocated
 - the Home Office has not set specific targets for individual Forces, it has however set a national target for the service overall of at least 9.3% of 2007/08 gross revenue expenditure over the three year period 1 April 2008 to 31 March 2011. This level of savings could be considered the benchmark against which Forces will be judged

Establishing a Three Year Efficiency and Productivity Plan

3. The Police Authority's existing three year financial strategy includes significant cash savings that will count as efficiency gains if service levels are maintained. In addition if performance improves over this period, efficiency gains will be achieved if the cost of delivering a given level of output is reduced.
4. Many of the initiatives being planned to deliver the Force Vision 2012 (for example 196-200 Project, QUEST and Corporate Services Transformation Project) reflect the "delivery projects" set out in the Home Office Strategy (see Annex 1). These projects should deliver significant

efficiency and productivity savings. The impact of these projects on spending and performance will become clearer as the three year financial strategy and the Policing Plan for 2009/10 are finalised.

5. The Gross Revenue Expenditure (GRE) baseline for the Police Authority has been calculated as £269.032m. It has been calculated according to the Home Office guidance and moderated by comparison to other South West Police Authority's GRE calculation. Using the Home Office benchmark of 9.3% over three years this would provide a target figure of £25.m savings over a three year period.
6. Many of the projects that will help deliver a three year efficiency and productivity strategy are still being developed. For this reason it would not be appropriate to set a three year efficiency strategy and savings target until the impact of these developments are clear. Furthermore the savings to date (set out in paragraph 7 below) indicate significant progress towards the three year benchmark. It is therefore proposed that for 2008/09 the original target should remain in place. Once budget preparation and service planning for 2009-10 has progressed further it will be possible to complete a three year efficiency and productivity strategy. This will be presented to the Police Authority at its budget setting meeting in February 2009.

Progress Against the 2008-09 Target

7. Planned savings for 2008/09 are £8.322m. These can be analysed between; the budgeted efficiency savings to reduce calls on the council tax that are included in the 2008/9 budget and productivity savings which allow the force to deliver more in terms of services but do not reduce overall costs. They are summarised in the table below:

Efficiency Plan Summary

	Original Plan	Revised Plan	Achieved
	£000	£000	£000
Budget savings included in Medium Term Financial Strategy	5,317	4,356	3,694
Less savings that do not contribute to the efficiency plan	-657	-657	-657
Budgeted efficiency savings	4,660	3,699	3,037
Additional cash savings	72	92	92
Productivity savings	3,590	4,056	2,155
Cashable gains brought forward from 2007/08	0	2,623	2,623
	8,322	10,470	7,907

Annex 2 shows the progress of individual savings against the 2008-09 targets.

Conclusion

8. The Police Authority has an excellent track record in achieving efficiency savings. For 2008/9 good progress has been made against the target set in February 2008. As the Authority and the Force strive to achieve improved performance against a backdrop of relatively fixed resources, further efficiency savings will be required. As part of the planning process for

2009/10 a Productivity and Efficiency Strategy covering the period 2008/09 to 2010/11 will be established.

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