

5<sup>TH</sup> September 2007

Paul Caton  
Direct Line 0151 285 5504

To: **The Chairperson and Members  
of the Resources and Strategy Committee**

Dear Sir/Madam

A meeting of the **Resources and Strategy Committee** will be held on **Thursday 13<sup>th</sup> September 2007** in the Meeting Room, Merseyside Police Authority Offices, 3rd Floor, Mercury Court, Tithebarn Street, Liverpool commencing at **2.00pm.**

An agenda for the meeting is enclosed.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Sheena Ramsey', with a small mark to the right.

Sheena Ramsey  
Chief Executive



**MERSEYSIDE POLICE AUTHORITY**

**RESOURCES AND STRATEGY COMMITTEE**

**MEMBERSHIP**

**Elected Members**

P Astbury  
I Jobling  
Ms D Kerrigan  
W Weightman  
Mrs K Wood (Chairperson)

**Magistrate Members**

Mr M J Amos JP  
Mr J F Williams JP

**Independent Members**

Mr D Bradbury  
Mr T C Kelly  
Prof A B Zack-Williams



**MERSEYSIDE POLICE AUTHORITY**  
**RESOURCES AND STRATEGY COMMITTEE**

**13th SEPTEMBER 2007**

**AGENDA**

**PART 1**

Apologies.

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## **PART 2**

Under Section 100A(4) of the Local Government Act 1972, and having satisfied the requirements of paragraph 10, the public may be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt Information as defined in the following paragraphs of Part 1 of Schedule 12A to the Act.

### **ITEM**

#### **REPORT OF THE TREASURER**

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#### **ANY OTHER ITEMS WHICH THE CHAIRMAN DEEMS TO BE OF AN URGENT NATURE**



**MERSEYSIDE POLICE AUTHORITY****RESOURCES & STRATEGY COMMITTEE**

At a meeting of the Resources and Strategy Committee held on 2<sup>nd</sup> August 2007 in the Merseyside Police Authority Offices, 3<sup>rd</sup> Floor, West House, Mercury Court, Liverpool, the following members were present:-

**Elected Members**

P Astbury  
I Jobling  
Ms D Kerrigan  
W Weightman  
Mrs K Wood (Chairperson)

**Magistrate Members**

Mr M J Amos JP  
Mr J F Williams JP

**Independent Members**

Mr D Bradbury  
Mr T C Kelly  
Prof A B Zack-Williams

**Co-Opted Members**

Mr C Van-Rooy (Unison)  
Mr P Dow (GMB)

**Also in Attendance**

Mrs F Street JP

**Apologies**

There were no apologies for absence received.

**1. Declarations of Interest**

The following Members declared personal interests in minute number 5 – Redundancy Policy and Compensation : -

Prof A B Zack-Williams  
Cllr I Jobling  
Mr T Kelly  
Cllr P Astbury  
Mr J Williams JP  
Cllr Mrs K Wood

**2. Minutes**

The minutes of the meeting of the Committee held on 12<sup>th</sup> April 2007 were received as a correct record and signed by the Chairperson.

### **3. Chairperson's Announcements**

The Deputy Chief Constable reported that Merseyside Police are investigating an incident in St James Place, Liverpool City Centre, involving a van which caught fire following an explosion. The driver of the van was taken to hospital suffering serious injuries and he has since died of those injuries.

Five police officers also received injuries, one minor, another with injuries described as significant, and the other three have serious injuries.

**RESOLVED** - That the verbal update be noted and the Committee conveyed its well wishes to the officers concerned.

### **4. Budget Monitoring Statement for 2007/08**

The Committee considered the joint report of the Treasurer and Chief Constable on the overall budgetary position for the first quarter of the financial year 2007/08.

**RESOLVED** That the report be noted.

### **5. Redundancy Policy and Compensation**

The Committee considered the report of the Chief Constable and Chief Executive on the redundancy policy and compensation and sought approval in principle of the recommended options for the exercise of those discretions outlined in the report for the purposes of consultation with the relevant trade unions.

**RESOLVED** That the Police Authority be requested to : -

- (i) approve in principle, for the purpose of consultation with the relevant trades unions, the draft redundancy policy and procedure;
- (ii) approve in principle, for the purpose of consultation with the relevant trades unions, the use of its discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 as set out in that policy and to apply the same discretions to cases of early termination in the interests of the efficiency of the service;
- (iii) exclude from those proposals the use of its discretion under the Local Government Pensions Regulations to augment pensionable service in cases of early termination of employment on the grounds of redundancy or in the interests of the efficiency of the service;
- (iv) request that the Joint Police Staff Consultative Committee conduct that consultation as soon as practicable;
- (v) request a further report to the Authority on the conclusion of that consultation;
- (vi) approve the delegation as set out in paragraph 7.2 of the report; and
- (vii) appoint a panel of members (excluding members of this Committee) to hear and determine any appeals associated with the operation of this policy.

## **6. Health and Safety Policy**

The Committee considered the joint report of the Chief Executive and Chief Constable which sought Members approval of the Health and Safety Policy for Police Officers and Police Staff.

Further to Minute 62 – Health and Safety Policy of the minutes of the 16<sup>th</sup> November 2006, the joint report was deferred whilst further work is undertaken in particular, taking account of feedback from the recent Health and Safety Executive Inspection of the force and the amended policy is attached at appendix 1 of the report.

During consideration of the report Mr D Bradbury, Health and Safety representative on behalf of the Police Authority updated the Committee in respect of the latest position with regard to Health and Safety issues. In addition he informed Members of the Association of Police Authorities proposals to remove the issue of Health and Safety from one of its main priorities and suggested that the concerns of the Committee be shared with the Association of Police Authorities.

**RESOLVED** That the Police Authority be requested to: -

- (i) agree the amended Health and Safety Policy as outlined in appendix 1 of the report;
- (ii) formally write to the APA in respect of the Authorities concerns on the proposals to remove Health and Safety issues as one of it's main priorities; and
- (iii) recommend this Committee to monitor the implementation of the Health and Safety Policy, review the policy on an annual basis and to submit any exception reports to future meetings.

## **7. Health and Safety Executive (HSE) Inspection 2006 – Final Report**

The Committee considered the joint report of the Chief Constable and Chief Executive on recommendations arising from HSE Inspection in November 2006 and sought Members approval of the proposed action plan to address the issues identified.

**RESOLVED** That the report be noted and the Police Authority be requested to: -

- (i) approve the action plan as attached in appendix 2 of the report;
- (ii) approve the action plan as the Force's and the Authority's response to the HSE Inspection; and
- (iii) agree that this Committee receive twice yearly updates in respect of the compliance with the action plan.

## **8. Personnel Plan 2006/2007 – 4<sup>th</sup> Quarterly Update**

The Committee considered the report of the Chief Constable on an update on performance against the Personnel Plan 2006/2007 for the 4<sup>th</sup> quarter, January to March 2007.

**RESOLVED** That the report be noted.

**9. Personnel Plan 2007-2008**

The Committee considered the report of Chief Constable which presented the Personnel Plan 2007-2008 for Members' approval.

**RESOLVED** That subject to the circulated amendment to page 21 of the plan, the Police Authority be requested to approve the Personnel Plan for 2007-2008 and for this Committee to receive quarterly updates on financial performance of the training budget.

**10. Use of Delegated Authority – Police Staff Voluntary Early Retirements/Redundancies**

The Committee considered the report of the Chief Constable of police staff for whom delegated authority to permit early retirement or redundancy has been exercised.

**RESOLVED** That the report be noted.

**11. Annual External Audit Plan 2007/08**

The Committee considered the report of the Treasurer, which advised Members of the Audit Commission's External Audit Plan for 2007/08.

The District Auditor presented an overview of the Audit Plan for 2007/08 and welcomed any comments and observations from Members. It was advised that the Audit Plan for 2006/07 had been completed and would be submitted to the next meeting of the Committee.

**RESOLVED** That the Audit commission's External Audit Plan 2007/08, as detailed in the report and Members comments, be noted.

**12. Internal Audit Activity 2006/07**

The Committee considered the report of the Treasurer on the internal audit activity undertaken in relation to the 2006/07 Annual Internal Audit Plan.

**RESOLVED** : -

- (i) That the report be noted; and
- (ii) that the Chief Constable and officers be thanked for the co-operation provided in respect of the Authority undertaking internal audits.

**13. Local Government (Access to information) Act 1985**

**RESOLVED-** That in accordance with the provisions of the Local Government Act 1972, and having satisfied the requirements of Section 10, the public be excluded from the meeting for the following three items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1, 3 and 4 of Part 1 of Schedule 12A to the Act.

**14. Internal Audit Special Investigations 2006/07**

The Committee considered the report of the Treasurer on further details of the Special Investigation work undertaken in relation to the 2006/07 Annual Internal Audit Plan.

**RESOLVED** That the report be noted.

**15. Provision of Airwave Radio Enhancements at the Paradise Project, Liverpool**

The Committee considered the report of the Chief Constable which sought approval to procure additional enhanced levels of Airwave radio coverage in the Paradise project in Liverpool City Centre.

**RESOLVED** That the Police Authority be requested to: -

- (i) approve the procurement of the additional enhanced levels of Airwave radio coverage, covering the underground car park of the Paradise project;
- (ii) approve the utilisation of £0.310m of the additional Capital Grant received in 2007/08 from the Home Office to finance the initial capital costs with the annual payments of £0.051m being incorporated into future annual revenue budgets; and
- (iii) write to the district planning department to request that they consider the issue of airwave coverage prior to the approval of planning permission being granted.

**16. Police Pay Arrangements**

The Committee considered the report of the Treasurer on developments at the Police Negotiating Board (PNB) in respect of issues of police pay negotiations 2007.

**RESOLVED** That the report be noted and the Committee receive further update reports in respect of the issue when appropriate.

Minutes 1 to 16 received as a correct record on the 13th day of September 2007

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Chairperson of the Committee

(The meeting closed at 3.35pm)



**MERSEYSIDE POLICE AUTHORITY**

**To: The Chairman and Members of the  
Resources and Strategy Committee**

**Meeting: 13<sup>th</sup> September 2007**

**REPORT OF THE TREASURER**

**AUDIT COMMISSION'S ANNUAL GOVERNANCE REPORT 2006/07**

**1. Purpose Of Report**

This report contains the Audit Commission's 'Annual Governance Report' for 2006/07 for Members' information and is presented by Merseyside Police Authority's District Auditor.

**2. Recommendations**

Members are asked to note the contents of this report (**see Appendix 1**) and to recommend to the Police Authority the appropriate action to take in response to the issues raised.

**3. Background**

3.1 In order to comply with the International Standards on Auditing (United Kingdom and Ireland) the District Auditor is required to 'Communicate the audit matters to those charged with Governance' by reporting to the Authority matters relating to the audit of the Authority's financial statements.

3.2 The key messages from work undertaken by the Audit Commission are that:-

- they propose to issue the Authority with an 'Unqualified' audit opinion, subject to no material issues arising from their outstanding work;
- The Statement of Internal Control has been prepared in accordance with proper practices specified by Chartered Institute of Public Finance and Accountancy (CIPFA); and
- they propose to issue the Authority with an 'Unqualified' conclusion on the use of resources.

3.3 The District Auditor will be available to answer any questions on the attached report on the day of the meeting.

4. **Financial and Staffing Implications**

There are no direct financial or staffing issues associated with this report.

5. **Risk Assessment**

There are no risks associated with this report.

6. **Equality & Diversity Impact Assessment**

There are no Equality and Diversity issues associated with this report.

7. **Conclusion**

Members are being asked to note the contents of the Governance Report and respond accordingly.

**PAUL JOHNSON**  
**Treasurer to the Authority**

Contact Officer: Tom Kelly, Audit Manager, Audit Commission, 0844 798 4829

Date

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Author Tom Kelly

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
- any third party.

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- 4# In accordance with the Audit Commission's Code of Audit Practice (the Code), this report provides a summary of the work we have carried out during our 2006/07 audit of accounts, the conclusions we have reached and the recommendations we have made to discharge our statutory audit responsibilities to those charged with governance#(in this case the Resources and Strategy Committee) at the time they are considering the financial statements.
- 5# In preparing our report, the Code requires us to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged with Governance', by reporting to you matters relating to the audit of the financial statements. Other auditing standards require us to communicate with you in other specific circumstances including:
- where we suspect or detect fraud;
  - where there is an inconsistency between the financial statements and other information in documents containing the financial statements; and
  - non-compliance with legislative or regulatory requirements and related authorities.
- 6# We are also required to communicate to you the Audit Commission's requirements in respect of independence and objectivity, and these are set out at Appendix 2.
- 7# This report has been prepared for presentation to the Resources and Strategy Committee on 13 September 2007. Members are invited to:
- consider the matters raised in the report before the financial statements are approved;
  - approve the representation letter on behalf of the Authority and those charged with governance before we issue our opinion; and
  - consider amending the financial statements for unadjusted misstatements, significant qualitative aspects of financial reporting and any recommendations for improvement in the action plan.
- 8# Our work during the year was performed in line with the plan we presented to you in April 2006<sup>1</sup>. We have issued separate reports during the year having completed specific aspects of our programme, as listed in Appendix 3.
- 9# The Authority and its staff have taken a positive and constructive approach to our audit and we would like to take this opportunity to express our appreciation for this assistance and co-operation.

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- :# Our work on the financial statements is substantially complete, subject to some outstanding issues in relation fixed assets. Should any further matters arise in concluding this work that need to be reported, we will raise them with the Treasurer.
- :# Subject to no material issues arising from our outstanding work, we propose issuing an unqualified audit opinion on 17 September 2007 (a draft report is attached at Appendix 4).
- <# In our view, the Statement on Internal Control (SIC) has been prepared in accordance with proper practices specified by CIPFA and is consistent with the findings from our audit.
- 43# Our work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources is now complete. We propose issuing an unqualified conclusion on the use of resources on 17 September 2007 (a draft report is attached at Appendix 4).

DRAFT

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44# We are required to give an audit opinion on whether:

the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended; and

the police pension fund accounting statements present fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial transactions of the police pension fund during the year ended 31 March 2007, and the amount and disposition of the fund's assets and liabilities as at 31 March 2007, other than liabilities to pay pensions and other benefits after the end of the scheme year.

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45# Our work on the financial statements is substantially complete, subject to some outstanding issues in relation to fixed assets. On the basis of our audit work, we propose to issue an unqualified audit opinion. A draft report is attached at appendix 4.

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46# Auditors are required to obtain written confirmation of certain representations from management and those charged with governance before an audit report is issued, such as acknowledgement of responsibility for the fair presentation of the financial statements in accordance with the applicable financial reporting framework and responsibility for the design and implementation of internal control to prevent and detect error.

47# The final draft of the management representation letter has been attached at Appendix 5.

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48# We are required to report to you all unadjusted misstatements that we have identified during the course of our audit, other than those that are clearly trivial. There are no unadjusted misstatements to bring to the attention of members.

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49# We are also required to bring to your attention misstatements that have already been corrected by management where we consider them relevant to your wider governance responsibilities. Appendix 6 sets out the adjustments made to the annual accounts. The most significant items are highlighted below.

The Pension Fund Account was initially included as a note to the accounts, rather than a primary statement. It did not follow the format required by CIPFA's Statement of Recommended Practice (SoRP). This was mainly due to the fact that the regulations relating to the Pension Fund Account were only approved by Parliament in July. The accounts have now been amended to comply with the requirements of the SoRP and the new regulations. This change affects the presentation of the accounts but has no impact on income and expenditure or the balance sheet.

The SoRP requires the Income and Expenditure Account to analyse expenditure by gross expenditure, income and net expenditure for each category of expenditure. The Income and Expenditure Account originally showed net expenditure only but has now been amended to ensure it meets the SoRP requirements. This change affects the presentation of the Income and Expenditure Account but does not affect net expenditure.

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4:# We are also required to report to you our view on the qualitative aspects of the Authority's accounting practices and financial reporting. We have set out below our observations on key issues affecting the Authority.

The Authority recognises that the Insurance Reserve (£3.032m) is unlikely to be required for insurance risks. A fundamental review is currently being undertaken to arrive at a definitive position. Based on the outcome of this review the reserve will be revised. The revised reserve is likely to fulfil a number of purposes including ensuring general balances are at the risk assessed level, ensuring the residual pension reserve balance is sufficient to meet the number of ill-health retirements and supporting the revenue budget throughout the period of the Medium Term Financial Strategy. The Authority needs to ensure this reserve is appropriately disclosed in 2007/08.

Information in relation to pension costs was shown in a number of separate notes within the accounts. The SoRP requires these to be consolidated into a single note and the accounts have been amended to reflect this.

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4;# As part of our audit, we consider the systems of accounting and financial control and report to you any material weaknesses identified. We have no matters to bring to the attention of members.

4<# We have also reviewed whether the SIC has been prepared in accordance with proper practice specified by CIPFA and is consistent with the findings from our audit. There are no matters arising from this work.

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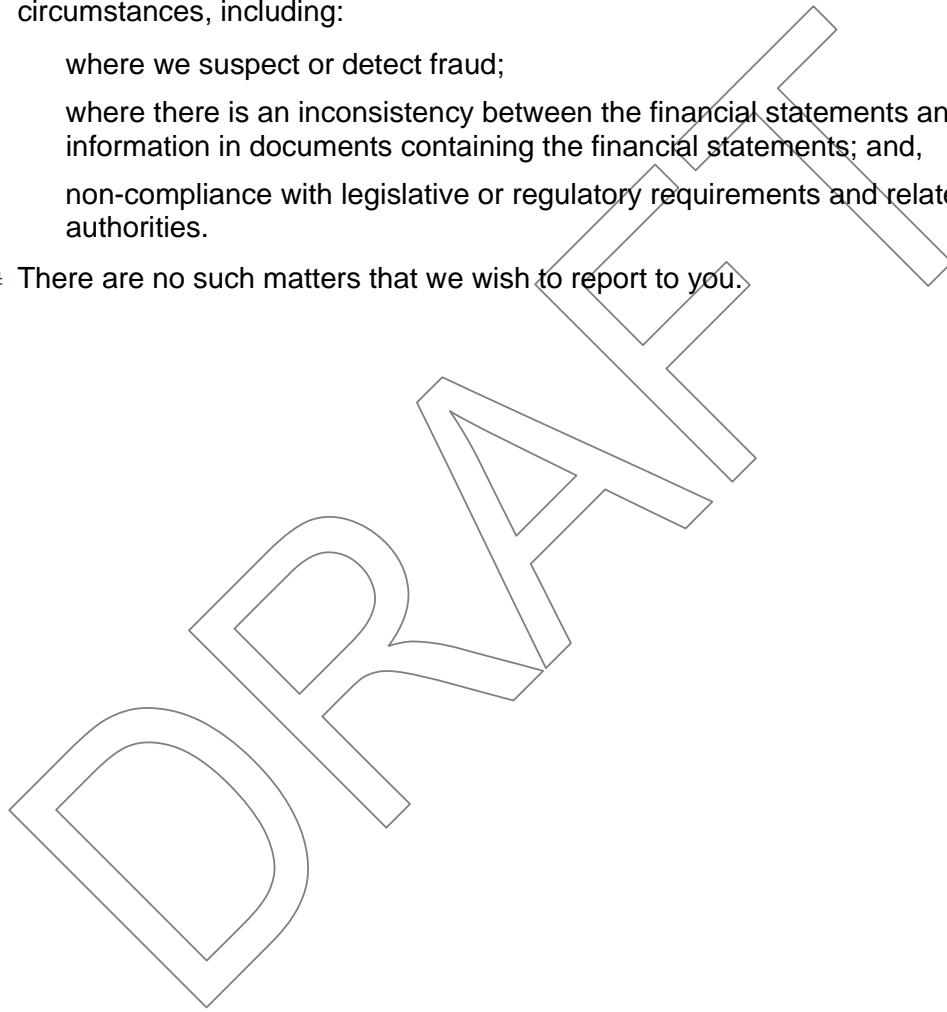
53# Other auditing standards require us to communicate with you in other specific circumstances, including:

where we suspect or detect fraud;

where there is an inconsistency between the financial statements and other information in documents containing the financial statements; and,

non-compliance with legislative or regulatory requirements and related authorities.

54# There are no such matters that we wish to report to you.



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- 55# The Code requires us to reach a conclusion on whether we are satisfied that the Authority has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources – the value for money conclusion. In meeting this responsibility, we review evidence that is relevant to the Authority's corporate performance management and financial management arrangements across a range of criteria specified by the Audit Commission. Details of our conclusions for each of the criteria specified by the Audit Commission are set out in Appendix 7.
- 56# Our work in reaching the value for money conclusion is integrated with work on the Police Use of Resources Evaluation (PURE). We have also taken account of our review of data quality. Separate reports have been issued for both of these and summaries of the key messages are included in the sections below.
- 57# Having completed our work, we propose to issue an unqualified value for money conclusion. A draft report is included at Appendix 4.

## SXUH#

- 58# PURE is a qualitative assessment of the effectiveness of the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources. The five areas we make assessments on are financial reporting, financial management, financial standing, internal control and value for money.
- 59# The findings and conclusions from our PURE assessment are set out within a draft report, which is currently being agreed with officers. Once the report has been finalised it will be presented to members. The key issues from our assessment, which support the unqualified VFM conclusion are:

The Authority and Force have improved arrangements for managing their use of resources performance in three of the four areas assessed to date (financial management, financial standing, value for money).

Financial management has been strengthened with the Medium-Term Financial Strategy and other key documents now aimed more clearly at delivering strategic priorities. Links between business and financial planning are clearer and form the basis of resource allocation. Budget management has improved but there is still scope to develop further in areas such as links with operational activity indicators and risk assessment. Asset management arrangements have also improved with examples including clear management responsibilities and local performance indicators for assets.

Arrangements for financial standing have improved with a risk-based approach to determining the required level of reserves.

After taking account of improvements in risk management arrangements, there is still scope to develop internal control arrangements further. The main area to develop is the “audit committee” role of the Resources and Strategy Committee so that it becomes more proactive and effective in its leadership on audit and governance issues. There is also scope to improve arrangements for probity and propriety by developing the role of the Standards Committee.

Arrangements for achieving value for money have improved. In addition to specific improvements in performance and value for money, these achievements are now being demonstrated more clearly. Examples of improved performance include reductions in crime levels and increases in sanctioned detections. At the same time, cost pressures have been contained. There has been investment in both national and local priorities, with a unit to tackle level 3 criminality and an anti-social behaviour team working in partnership with other agencies.

- 5:# Our PURE report provides more detail of our assessment and of the areas where, in our view, arrangements can be further strengthened to enhance internal control and support service delivery. Once these matters have been discussed with officers from the Authority and Force, an agreed action plan will be presented to members.

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- 5;# Our review of data quality assessed whether there are robust arrangements in place to secure the quality of key performance data, and whether these arrangements are being applied in practice.
- 5<# There is a strong corporate commitment to data quality at both Force and Authority level. Systems and processes support this commitment which is now becoming embedded across the Force.
- 63# The effectiveness of management arrangements is demonstrated in the results of our data testing. For both crime recording and the quality of user satisfaction surveys, the Force achieved an overall rating of excellent.
- 64# The Force has effective arrangements in place to ensure that data is used to manage and improve the delivery of services. Performance information is used to determine priorities, allocate resources, highlight deviations from planned performance and to take corrective action.
- 65# A detailed report on our Data Quality Review has been agreed with officers and includes an agreed action plan of areas for further development. There are no areas of concern to report to members.

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66# Our work in respect of the Authority's 2006/07 Best Value Performance Plan (BVPP) was reported in December 2006. No recommendations were made to the Audit Commission or the Secretary of State.

DRAFT

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67# We reported our fee proposals as part of the Audit Plan for 2006/07. The table below reports the outturn fee against that plan:

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Financial statements and Statement on Internal Control	£78,971	£78,971
Use of Resources	£15,266	£15,266
PURE	tba	£6,000
Whole of Government Accounts	tba	£1,500
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68# The analysis above shows that our audit fee has been contained within the totals already agreed, except for two areas where fees were not known when the original plan was agreed. Fees for these two areas are in the range specified by the Audit Commission. This has previously been reported to the Resources and Strategy Committee in August 2007.

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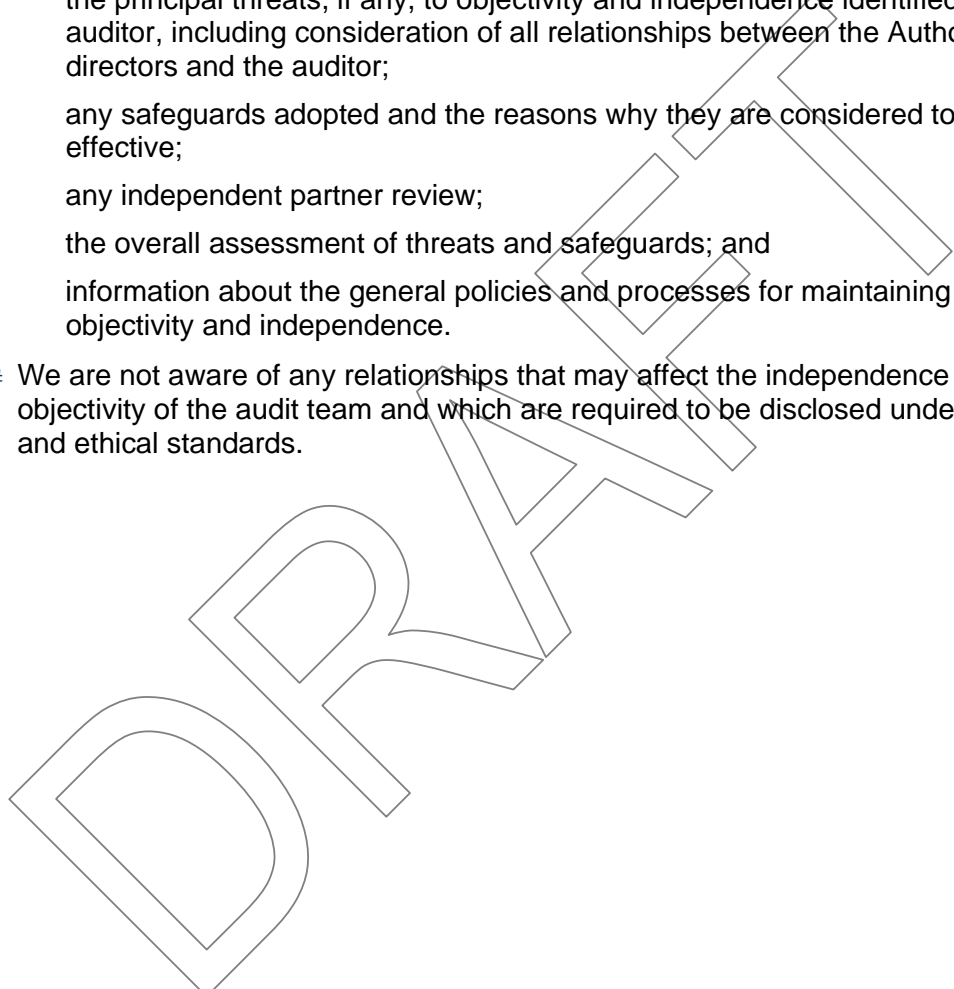
Page	Recommendation	Priority 1 = Low 2 = Medium 3 = High	Responsibility	Agreed	Comments	Anticipated Implementation Date
7/8	Review procedures to ensure the statement of accounts comply with all disclosure requirements of the SoRP.	3	Treasurer Director of Resources	Yes		March 2008
8	The Authority is undertaking a fundamental review of the Insurance Reserve. The Authority needs to assess the impact of the review on the reserve for 2007/08 and ensure the reserve is appropriately disclosed.	3	Treasurer Director of Resources	Yes	The fundamental review of the Insurance Reserve is nearing completion and the reserve will be revised based on the outcome of the review.	March 2008

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4# We are required to communicate the following matters to those charged with governance:

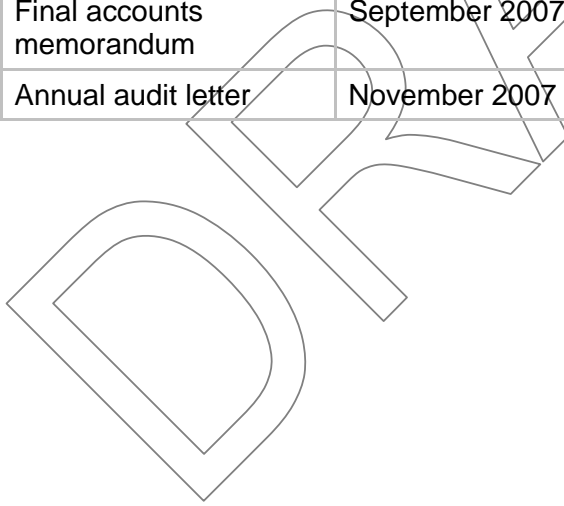
- the principal threats, if any, to objectivity and independence identified by the auditor, including consideration of all relationships between the Authority, directors and the auditor;
- any safeguards adopted and the reasons why they are considered to be effective;
- any independent partner review;
- the overall assessment of threats and safeguards; and
- information about the general policies and processes for maintaining objectivity and independence.

5# We are not aware of any relationships that may affect the independence and objectivity of the audit team and which are required to be disclosed under auditing and ethical standards.



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Audit plan	March 2006	April 2006	the Authority
Auditor's report on Best Value Performance Plan	tba	December 2006	the Authority
Data quality review	tba	March 2007	the Authority
Police use of resources auditor feedback report	tba	July 2007	the Authority
Annual governance report	September 2007	September 2007	the Authority
Opinion on financial statements	September 2007	September 2007	the Authority
Use of resources conclusion	September 2007	September 2007	the Authority
Final accounts memorandum	September 2007		officers
Annual audit letter	November 2007		the Authority



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I have audited the financial statements and the police pension fund accounting statements of Merseyside Police Authority for the year ended 31 March 2007 under the Audit Commission Act 1998. The financial statements comprise the Foreword by the Treasurer, Income and Expenditure Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement and the related notes. The police pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial statements and police pension fund accounting statements have been prepared under the accounting policies set out within them.

This report is made solely to Merseyside Police Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

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The Treasurer’s responsibilities for preparing the financial statements, including the police pension fund accounting statements, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements and the police pension fund accounting statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006:

the financial position of the Authority and its income and expenditure for the year; and

the financial transactions of its police pension fund during the year and the amount and disposition of the fund’s assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

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I review whether the statement on internal control reflects compliance with CIPFA’s guidance ‘The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003’ issued in April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

E d v l v r # # l x g l w s l r q #

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

R s l r q #

In my opinion:

The financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended; and

The police pension fund accounting statements present fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial transactions of the police pension fund during the year ended 31 March 2007, and the amount and disposition of the fund’s assets and liabilities as at 31 March 2007, other than liabilities to pay pensions and other benefits after the end of the scheme year.

..... Date.....

Robin Baker, District Auditor  
Audit Commission, 1st floor, The Heath Business and Technical Park, Runcorn,  
WA7 4QF

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The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority’s assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

F r q f o x v l r q # #

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Merseyside Police Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

F hwlifdwh#

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

..... Date.....

Robin Baker, District Auditor  
Audit Commission, 1st floor, The Heath Business and Technical Park, Runcorn,  
WA7 4QF

DRAFT

D s s h q g l { # # u # P d q d j h p h q w #  
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To: Robin Baker, District Auditor  
Audit Commission  
1st floor, The Heath Business and Technical Park  
Runcorn  
WA7 4QF

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533 : #

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other members and officers of Merseyside Police Authority, the following representations given to you in connection with your audit of the Authority's financial statements for the year ended 31 March 2007.

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements which present fairly and for making accurate representations to you.

The Authority has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

V x s s r u w l j # h f r u g v #

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Authority have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Merseyside Police Authority meetings, have been made available to you.

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I confirm the completeness of the information provided regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

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There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;

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there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and  
no financial guarantees have been given to third parties.

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s u d f w i f h #

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Authority.

The Authority has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance

D v v h w #

The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements and options to buy back assets previously sold; and
- assets pledged as collateral.

I u h j x o l w l h v # #

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements;
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

S r v w # e d o l q f h # v k h h w # h y h q w #

Since the date of approval of the financial statements by the Authority, no additional significant post balance sheet events have occurred that would require additional adjustment or disclosure in the financial statements.

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Signed.....

Name: Paul Johnson

Position: Treasurer

Signed.....

Name: Councillor Kate Wood

Position: Chairperson: Resources and Strategy Committee

Date 13 September 2007

DRAFT

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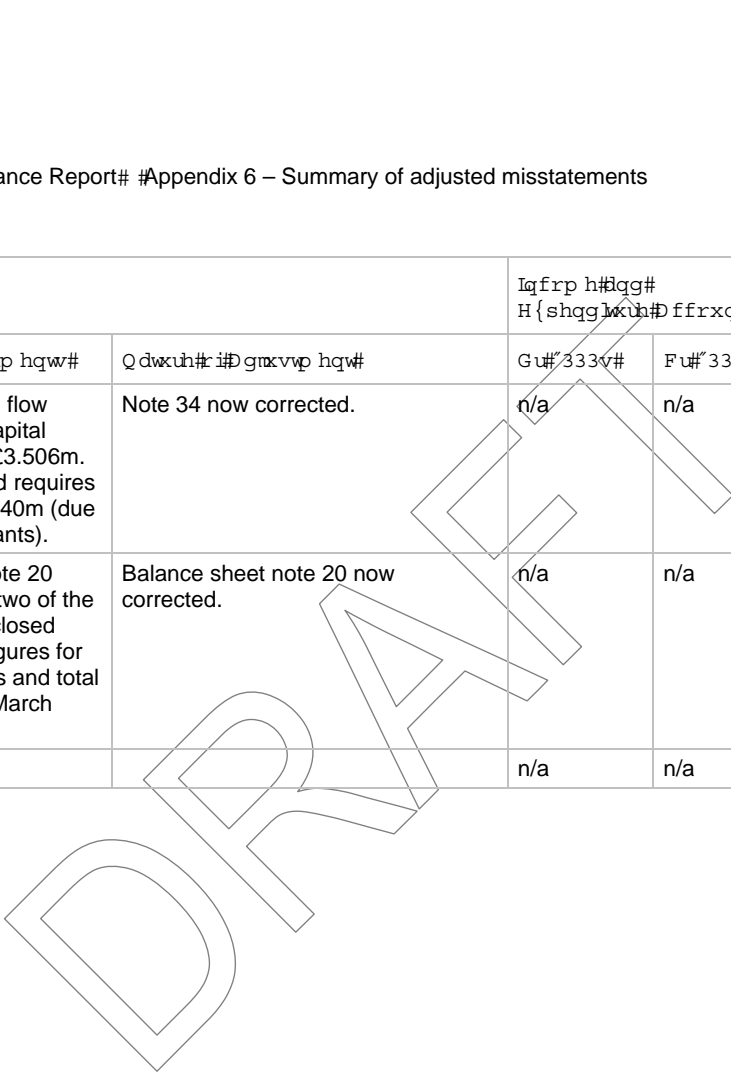
The following misstatements were identified during the course of our audit and the financial statements have been adjusted by management. We bring them to your attention to assist you in fulfilling your governance responsibilities.

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			G u # 3 3 3 v #	F u # 3 3 3 v #	G u # 3 3 3 v #	F u # 3 3 3 v #
	CIPFA's Statement of Recommended Practice (SoRP) requires the I&E account to show gross expenditure, income and net expenditure. The original I&E account showed net expenditure only.	Gross expenditure and income now disclosed.	n/a	n/a	n/a	n/a
	A Pension Fund Account was included as a note to the I&E account but subsequent legislation requires it to be a separate primary statement.	A separate Pension Fund Account has now been prepared.	n/a	n/a	n/a	n/a
	The SoRP requires pension costs notes to be consolidated into a single note. The accounts show the information under a number of different notes.	Pension costs notes have now been combined into a single note.	n/a	n/a	n/a	n/a

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57#Annual Governance Report# Appendix 6 – Summary of adjusted misstatements

#	D g r x v h g # p l v v d w h p h q w #	Q d w k u h # i # D g r x v v p h q w #	I q f r p h # l q g # H { s h q g l w u n # D f f r x q w #		E d a l q f h # / k h h w #	
			G u # 3 3 3 v #	F u # 3 3 3 v #	G u # 3 3 3 v #	F u # 3 3 3 v #
Note 34 to the cash flow statement shows capital grants received of £3.506m. This is incorrect and requires amendment to £5.540m (due to receipt of late grants).		Note 34 now corrected.	n/a	n/a	n/a	n/a
In balance sheet note 20 (capital contracts), two of the three contracts disclosed showed incorrect figures for total contract values and total spending as at 31 March 2007.		Balance sheet note 20 now corrected.	n/a	n/a	n/a	n/a
Net Effect			n/a	n/a	n/a	n/a



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- 6# The Audit Commission has published, in accordance with the Code of Audit Practice, 12 criteria on which auditors are required to reach a conclusion on the adequacy of an audited body's arrangements for economy, efficiency and effectiveness in its use of resources.
- 7# The Code criteria are linked to the use of resources assessment (UoR) key lines of enquiry (KLoEs). A score of Level 2 or higher under the KLoEs will result in an assessment that the Authority has adequate arrangements in place for the purposes of the Code criteria. The Code criteria and the linked KLoEs are show in the table below.

Frgh# Fubhuld#	Ghvfulswlrq#	Dvvrflwng# XrU#NOrH#	XrU#Vfruh#	YIP # Frqfævlrq#
1	The body has put in place arrangements for setting, reviewing and implementing its strategic and operational objectives.	N/A	N/A	Adequate
2	The body has put in place channels of communication with service users and other stakeholders including partners, and there are monitoring arrangements to ensure that key messages about services are taken into account.	N/A	N/A	Adequate
3	The body has put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to members.	N/A	N/A	Adequate
4	The body has put in place arrangements to monitor the quality of its published performance information, and to report the results to members.	Data Quality Review	N/A	Adequate
5	The body has put in place arrangements to maintain a sound system of internal control.	4.2	2	Adequate

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59##Annual Governance Report# #Appendix 7 – Value for money conclusion

6	The body has put in place arrangements to manage its significant business risks.	4.1	3	Adequate
7	The body has put in place arrangements to manage and improve value for money.	5.2	3	Adequate
8	The body has put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities.	2.1	3	Adequate
9	The body has put in place arrangements to ensure that its spending matches its available resources.	3.1	3	Adequate
10	The body has put in place arrangements for managing performance against budgets.	2.2	2	Adequate
11	The body has put in place arrangements for the management of its asset base.	2.3	3	Adequate
12	The body has put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business.	4.3	2	Adequate



**MERSEYSIDE POLICE AUTHORITY**

**To: The Chairman and Members of the  
Resources and Strategy Committee**

**Meeting: 13<sup>th</sup> September 2007**

**REPORT OF THE TREASURER**

**ANNUAL TREASURY MANAGEMENT PERFORMANCE REPORT 2006/07**

**1. Purpose of Report**

The purpose of this report is to present the Authority's current treasury position, borrowing and investment rates in 2006/07, the borrowing and investment outturn for 2006/7 and compliance with treasury limits and Prudential Indicators.

**2. Recommendation**

It is recommended that the Committee notes the contents of this report and recommends that the Police Authority approves:-

- i) a number of liquidity accounts to be opened with institutions currently on the lending list, to enable a better rate of interest to be earned regardless of future interest rate movements (as set out in paragraph 5.9 below);
- ii) a number of additions to lending list B as set out in paragraph 6.3 below; and
- iii) an increase of £2.5m for all lending limits to reflect inflationary increases and the increased treasury management activity.

### 3. Current Treasury Position

The Authority's debt and investment position at the beginning and end of the year was as follows:

	31.03.07 Principal £m	Rate/ Return	Ave Life days	31.03.06 Principal	Rate/ Return	Ave Life days
<b>Debt</b>						
Fixed Rate	6.100	5.33%	9	6.100	4.48%	10
Variable Rate	-	-	-	-	-	-
<b>Total Debt</b>	<u><u>6.100</u></u>			<u><u>6.100</u></u>		
<b>Investments</b>						
Money Market Funds	<u>1.715</u>	various	-	<u>5.810</u>	various	-
<b>Total Investments</b>	<u><u>1.715</u></u>			<u><u>5.810</u></u>		

### 4. The Economy 2006/07

#### 4.1 Shorter-term interest rates

The bank rate started 2006/07 at 4.5%, having been at this level since August 2005. During the year there were three increases of 0.25% each time. The final rate rise in January 2007 which took the bank rate to 5.25% was a shock to both the financial markets and forecasters. Inflation has continued to rise to 3.0% in December, a whisker away from the Monetary Policy Committee having to write a letter of explanation to the Chancellor.

#### 4.2 Longer-term interest rates

The Public Works Loan Board (PWLB) 45-50 year rate started the year at 4.20% (25-30 year at 4.30%) and fell to a low of 4.05% several times in late September to early November (25-30 year low was 4.20% in September and November). The high point for 45-50 year was 4.50% in late March 2007 (25-30 year had several highs of 4.65% in January to March 2007) before finishing the year at 4.45% (25-30 year 4.65%). The sustained rise in long term rates in Q4 2006 and Q1 2007 was underpinned by the rise in inflation expectations.

## **5. Borrowing and Investment Performance 2006/07**

- 5.1 Short term borrowing and lending, which are defined as for less than 365 days, are undertaken by the Authority to ensure that there are sufficient funds available each day to cover its outgoings. Long term borrowing can only be taken out to fund capital projects for which the Authority has no other funds to cover. The Authority had no long term borrowing requirement in 2006/07.

### Short Term Borrowing Outturn for 2006/07

- 5.2 During the year 15 temporary loans totalling £66.450m were taken out to meet short-term cash requirements. The maximum amount borrowed at any one time was £10m. These loans were borrowed for short periods ranging from overnight to less than one month. The total interest incurred was £0.083m with a weighted average interest rate of 4.84%, which compared favourably with the performance benchmark, the average 7-day London Inter-Bank Offered Rate (4.99%).

### Investment Outturn for 2006/07

- 5.3 The Authority manages its investments in-house and invests with institutions listed in the Authority's approved lending list. The Authority invests for a range of periods from overnight to 364 days, dependant on the Authority's cash flows, its interest rate view and the interest rates on offer. All investments were undertaken in accordance with the rules, regulations and investment policy outlined in CIPFA's Code of Treasury Management for Local Authorities, upon which the Authority's own policy is based.
- 5.4 In 2006/07 20 investments totalling £90.750m were made. The maximum amount lent out in this way at any one time was £12m. The total interest earned was £0.458m producing an average rate of return of 4.67%. The investment periods ranged from one month to three months.
- 5.5 In addition, the Authority utilised Money Market Funds during 2006/07. Money Market Funds offer daily access to the funds invested and provide a competitive interest rate. Their flexibility means that there has been a reduction in the need for short-term borrowing, when compared to levels prior to the introduction of Money Market Funds in 2002/03. During 2006/07 there were two Money Market Funds in operation, Standard Life and Fidelity.
- 5.6 The average monthly amount invested in Money Market Funds was £7.541m. The maximum amount lent out in this way at any one time was £11.4m. The total interest earned was £0.312m, producing an average rate of return of 4.81%.

## Review of Performance

	<u>Internally Managed</u>	<u>Money Market Funds</u>	<u>Total</u>	<u>Benchmark</u>	<u>Performance Indicator</u>
Month	Average Rate Achieved %	Average Rate Achieved %	Average Rate Achieved %	Average 7-Day LIBID %	%
April	4.488	4.390	4.462	4.463	-0.001
May	4.549	4.037	4.438	4.491	-0.053
June	0.000	4.527	4.527	4.537	-0.010
July	4.600	4.472	4.566	4.508	0.058
August	4.700	4.599	4.666	4.757	-0.091
September	4.852	4.719	4.782	4.756	-0.026
October	4.957	4.643	4.868	4.775	0.093
November	5.090	4.880	4.908	4.975	-0.067
December	0.000	5.009	5.009	5.069	-0.060
January	5.110	5.051	5.062	5.199	-0.137
February	0.000	5.244	5.244	5.285	-0.041
March	0.000	5.353	5.353	5.285	0.068
<b>Total</b>	<b>4.673</b>	<b>4.814</b>	<b>4.743</b>	<b>4.840</b>	<b>-0.097</b>
<b>Target</b>	<b>4.840</b>	<b>4.840</b>	<b>4.840</b>	<b>N/A</b>	<b>0.000</b>

5.7 The combined average lending rate was 4.74%, which is marginally lower than the performance benchmark, the average 7-day London Inter-Bank Bid Rate (4.84%). For Members' information, the London Inter-Bank Bid Rate represents the best inter-bank investing rates available.

5.8 This marginal underperformance is for two reasons:

5.8.1 Firstly, it can be explained by the rises in the bank rate which took place during the latter half of 2006/07. The cash flows meant that there were more surplus funds to invest at the beginning of the financial year and none available in the final two months. Therefore most of the investment activity took place before interest rates began to rise.

5.8.2 The second reason is the underperformance of the Money Market Funds. Due to the nature of these funds there is a time lag of approximately 60 days for changes in the bank rate to have an effect on the money market funds. Therefore they tend to offer a better rate of return when interest rates are steady or falling rather than rising. Therefore, in years when interest rates continue to rise, such as 2006/07, rates earned have not been as high as internally managed investments, which tend to be affected as soon as changes in interest rates occur. However, the continued use of the money market funds

has been balanced against the costs of needing to borrow short term. Again, this has been compounded by there being no surplus funds to invest when the highest interest rates were offered from January 2007 onwards.

- 5.9 To provide further flexibility in an environment of rising interest rates and to continue to minimise the need to borrow short term, it is recommended that a number of liquidity accounts should be opened with institutions currently on the lending list. The liquidity accounts offer returns more closely linked to the interest rate, so this will enable a better rate of interest to be earned regardless of future movements in interest rates. Liquidity accounts will still offer instant access to funds when required, but there will be an increased flexibility in being able to move funds from liquidity accounts to money market funds in order to achieve the best possible return.

## **6. Treasury Policy Statement**

- 6.1 Sufficient balances are kept in the Money Market Funds in order to provide daily liquidity, hence reducing the need to borrow short term. Any additional balances are invested with the market assuming better interest rates can be obtained; otherwise the Money Market Funds are used.
- 6.2 The Authority has an approved list of organisations to which it can lend funds (see **Appendix A**). The organisations on List A are the major clearing Banks and the top five Building Societies. At present, up to £12.5m can be lent to any name on List A at any one time. The organisations on List B include all Local and Police Authorities, the Post Office, other clearing Banks and those remaining Building Societies on the top ten Building Societies list (as published in the Financial Times). At present, up to £7.5m can be lent to any name on List B at any one time. List C contains the approved Money Market Funds. At present, up to £12.5m can be lent to each name on List C at any one time.
- 6.3 In consultation with industry credit rating guidance, the current lending list has been reviewed to ensure that the counterparties continue to meet the agreed criteria. This review has confirmed that all counterparties on the lending list still meet the minimum criteria, so no deletions are required; however, it is recommended that the following organisations are added to the current lending list B:
- Allied Irish Banks PLC
  - Anglo Irish Bank Corporation PLC
  - Bank of Ireland
  - Bank of Scotland PLC
  - Bristol & West PLC
  - EBS Building Society

- First Active PLC
- IIB Bank Ltd
- Newcastle Building Society
- Principality Building Society
- Standard Chartered Bank

6.5 The current maximum lending limits are £12.5m for organisations on list A and money market funds on list C and £7.5m for organisations on list B. These lending limits have remained constant for a number of years and following this review, it is recommended that these lending limits be increased to £15m for lists A and C and £10m for list B. This is to reflect inflationary increases and increased treasury management activities whilst still minimising risk. These proposed changes are detailed in **Appendix B**.

## 7. **Compliance with Treasury Limits**

7.1 Members will be aware that as part of the 2006/07 Budget the Authority had to calculate and approve a number of Prudential Indicators. The following tables compare outturn figures with the indicators approved by Members during the budget.

### (i) **Overall Limits on External Debt (Short and Long Term)**

	<b>£m</b>
Authorised Limit	44.452
Operational Boundary	42.452
Debt at 1.4.06	6.100
Maximum Debt to 31.3.07 (para 5.2 refers)	10.000
Debt at 31.3.07	6.100

The external debt is well within the two limits that have been set. The limits were set to reflect the possible maximum requirement to finance the full year's capital expenditure and any possible poor revenue cash flow. Clearly, the current position is well within the limits and does not raise any issues for concern or action.

### (ii) **Upper Limits on Fixed/Variable Rate Borrowing (Long Term)**

	<b>Fixed</b>	<b>Variable</b>
	%	%
Upper Limit	100	40
As at 01.4.06	0	0
Maximum % to 31.3.07	0	0
% at 31.3.07	0	0

There has not been a requirement for the Authority to undertake any long term borrowing in respect of capital expenditure. The capital programme in 2006/07 was mainly financed through the utilisation of Government Capital Grants, earmarked reserves and balances. All borrowing to date has been for short-term cash flow management and this is all at fixed rate.

**(iii) Limits on Maturity of Fixed Rate Borrowing**

	<b>Max</b>	<b>Min</b>		<b>Actual</b>
	<b>%</b>	<b>%</b>		<b>%</b>
Under 12 months	10	0		0
1 year and within 2 years	10	0		0
2 years and within 5 years	20	5		0
5 years and within 10 years	35	10		0
10 years and above	100	30		0

These indicators relate to long term borrowing only and do not yet apply.

- 7.2 This monitoring report confirms that all of the Authority’s activities are within the Prudential Indicators set by the Authority. The Treasurer will continue to monitor the Authority’s progress against the Prudential Indicators on a monthly basis and any potential or significant deviations from expectations will be reported to Members. Also, all of the relevant indicators will be reviewed as part of the 2007/08 budget, and be included within the annual budget report.

**8. Financial and Staffing Implications**

There are no financial and staffing issues associated with this report.

**9. Risk Assessment**

Strict adherence to the Authority’s approved Treasury Management Policy limits the risk to the Authority.

**10. Equality & Diversity Impact Assessment**

There are no Equality and Diversity issues associated with this report.

## **11. Conclusion**

- 11.1 During 2006/07, borrowing and lending was conducted in such a way as to conform with the regulations and policies outlined in the Code of Practice in Treasury Management for Local Authorities and the Authority's Treasury Policy Statement.
- 11.2 The Money Market Funds have been a successful development in terms of investment returns, access to funds, and continue to minimise the need to borrow, however to further improve the flexibility to maximise returns, it is recommended that a number of liquidity accounts are opened with institutions currently on the lending list.
- 11.3 In respect of the Prudential Code the Authority is currently operating well within the approved indicators and the Treasurer will continue to monitor progress against these indicators.
- 11.4 The lending list for investments has been reviewed against specified criteria and a number of additions have been recommended. In addition, it is recommended that the current lending limits are increased by £2.5m for all organisations on the list. The revision of this list and its continual review will ensure that investment opportunities are maximised using a prudent framework.

**Paul Johnson**  
**Treasurer to the Authority**

### **Contact Officers:**

John Riley, MPA Financial Services Manager (0151 285 5526)  
Cathy Shepherd, Financial Services Division (0151 443 3953)

**Background Papers:** Budget Report 2006/07

**APPENDIX A**

**MERSEYSIDE POLICE AUTHORITY**

**CURRENT LENDING POLICY**

**LIST A COMPRISES: (currently £12.5m can be lent to any name)**

ABBAY NATIONAL TREASURY SERVICES PLC  
BARCLAYS BANK PLC  
BRADFORD & BINGLEY PLC  
BRITANNIA BUILDING SOCIETY  
CO-OP BANK PLC  
COVENTRY BUILDING SOCIETY  
HALIFAX PLC  
HSBC BANK PLC  
LLOYDS TSB BANK PLC  
NATIONAL WESTMINSTER BANK PLC  
NATIONWIDE BUILDING SOCIETY  
PORTMAN BUILDING SOCIETY  
ROYAL BANK OF SCOTLAND PLC  
YORKSHIRE BUILDING SOCIETY

**LIST B COMPRISES: (currently £7.5m can be lent to any name)**

ALLIANCE & LEICESTER PLC  
CHELSEA BUILDING SOCIETY  
DERBYSHIRE BUILDING SOCIETY  
LEEDS BUILDING SOCIETY  
NORTHERN ROCK PLC  
POST OFFICE  
SKIPTON BUILDING SOCIETY  
ULSTER BANK IRELAND  
WEST BROMWICH BUILDING SOCIETY  
ALL LOCAL AUTHORITIES  
ALL POLICE AUTHORITIES

**LIST C COMPRISES: (currently £12.5m can be lent to any Money Market Fund)**

FIDELITY INSTITUTIONAL CASH FUND PLC – STERLING  
MORLEY STERLING LIQUIDITY FUND  
STANDARD LIFE INVESTMENTS – STERLING LIQUIDITY FUND



**MERSEYSIDE POLICE AUTHORITY**

**PROPOSED NEW LENDING POLICY**

**LIST A COMPRISES:** (£15m can be lent to any name)

ABBNEY NATIONAL TREASURY SERVICES PLC  
BARCLAYS BANK PLC  
BRADFORD & BINGLEY PLC  
BRITANNIA BUILDING SOCIETY  
CO-OP BANK PLC  
COVENTRY BUILDING SOCIETY  
HALIFAX PLC  
HSBC BANK PLC  
LLOYDS TSB BANK PLC  
NATIONAL WESTMINSTER BANK PLC  
NATIONWIDE BUILDING SOCIETY  
PORTMAN BUILDING SOCIETY  
ROYAL BANK OF SCOTLAND PLC  
YORKSHIRE BUILDING SOCIETY

**LIST B COMPRISES:** (£10m can be lent to any name)

ALL LOCAL AUTHORITIES  
ALL POLICE AUTHORITIES  
ALLIANCE & LEICESTER PLC  
ALLIED IRISH BANKS PLC  
ANGLO IRISH BANK CORPORATION PLC  
BANK OF IRELAND  
BANK OF SCOTLAND PLC  
BRISTOL & WEST PLC  
CHELSEA BUILDING SOCIETY  
DERBYSHIRE BUILDING SOCIETY  
EBS BUILDING SOCIETY  
FIRST ACTIVE PLC  
IIB BANK LTD  
LEEDS BUILDING SOCIETY  
NEWCASTLE BUILDING SOCIETY  
NORTHERN ROCK PLC  
POST OFFICE  
PRINCIPALITY BUILDING SOCIETY  
SKIPTON BUILDING SOCIETY  
STANDARD CHARTERED BANK  
ULSTER BANK IRELAND  
WEST BROMWICH BUILDING SOCIETY

**APPENDIX B (Cont)**

**LIST C COMPRISES:** (£15m can be lent to any Money Market Fund)

FIDELITY INSTITUTIONAL CASH FUND PLC – STERLING  
MORLEY STERLING LIQUIDITY FUND  
STANDARD LIFE INVESTMENTS – STERLING LIQUIDITY FUND

**MERSEYSIDE POLICE AUTHORITY**

To: The Chairperson and Members of the Resources and Strategy Committee

Meeting: 13<sup>th</sup> September 2007.

**Joint Report of the Chief Constable and Chief Executive**

**HSE Improvement Notices - Update**

**1. Purpose**

The purpose of this report is to update Members on Force compliance with the activities arising from the joint action plan, which was required as a result of the Improvement Notices issued by the Health & Safety Executive, (HSE) following their force wide Health & Safety Inspection in November 2006.

**2. Recommendations**

Members are asked to note the content of the joint action plan attached at Appendix 1 and to agree to receive a further update on compliance with the action plan, at the Resources and Strategy Committee, scheduled to take place in February 2008.

**3. Background**

**3.1** The Force was the subject of a Health & Safety Executive (HSE) Inspection in November 2006.

**3.2** The Inspection centred on the following areas:-

- Management of Health & Safety,
- Work related violence,
- Display screen equipment (DSE),
- Manual handling,
- The Occupational Health Unit (OHU).

**3.3** The Office of the Chief Constable and Police Authority were each issued with an Improvement Notice, relating to the contravention of the following statutory provisions:-

- Health & Safety at Work Act 1974 Section 2 (1)
- Health & Safety (Display Screen Equipment) Regulations 1992, Regulation 2 (1)

**3.4** The notices were issued with regard to provisions within the St Helens and Knowsley District control room environment.

- 3.5** The requirements of the Improvement Notice were to:-
- Ensure that 'users' as defined by the Health & Safety (DSE) Regulations 1992 are properly identified.
  - Ensure a 'competent person' conduct an analysis of workstations to assess whether they are appropriately designed and equipped for the needs of all 'users'. This analysis should include a consideration of the nature of the work being carried out, the environment (heating, ventilation & lighting) and chairs.
  - Each individual, (police officers and police staff) to have a suitable and sufficient assessment conducted, to identify any personal requirements.
  - An action plan to be formulated to implement the measures identified in both the individual and workstation assessments.
- 3.6** Although these notices referred solely to the St Helens and Knowsley Control Room, the HSE sought assurances that the lessons would be applied to other similar locations.
- 3.7** An action plan was formulated following an independent ergonomic study and report, consultation with control room staff and officers, local safety committees, Force Strategic and Tactical committees, Chief Officer Group and the Police Authority.
- 3.8** The subsequent joint action plan, which was approved by Members at the Resources and Strategy Committee in March 2007, (Appendix 1) identified a number of objectives, key activities, delegated responsibilities and timescales for completion. This document coupled with an on-site meeting at St Helens attended by the Personnel Strategy Manager, Health & Safety Officer, control room staff and management and HM Inspector of Health & Safety, enabled the HSE to 'lift' the notices on 15<sup>th</sup> March 2007.
- 3.9** Both the Chief Constable and Chair of Merseyside Police Authority received written confirmation of the 'lifting' of these notices on 23<sup>rd</sup> March 2007.
- 3.10** A further independent ergonomic report, submitted in April 2007, extends the findings to cover the other locations identified, as suggested by the HSE.
- 4. Joint Action Plan**
- 4.1** The joint action plan (Appendix 1) is governed by the quarterly Strategic Health and Safety Committee, at which the lead member for Health & Safety is provided with regular progress reports.

- 4.2** Whilst the actions required to discharge the notice (i.e. an assessment of the working conditions) have been completed, the actions to correct shortcomings highlighted by those assessments will need to be programmed over a longer period. The majority of improvements that could be made quickly with minimal cost have been completed, other improvements will need to be addressed only when, for example, a room is refurbished or new builds are being planned.
- 4.3** Members are asked to note that action plan activities which are still current include:
- Replacement programme of suitable 24 hour chairs
  - Implementation of DSE training package.
  - Actions in order to continue and maintain open consultation with safety committees, COG, MPA and HSE.
  - A programme to manage DSE rest breaks and workload analysis.
  - Activities in relation to temperature control and minor building adjustments are being progressed by Estates Management.

## **5. Financial and Staffing Implications**

- 5.1** Initial indicative costs to complete the programme of work of up to £75, 000 were reported to the Authority in March 2007. This was based on the assumption that the Force would implement all of the recommendations as suggested by the independent ergonomist.
- 5.2** Revised indicative costs have now been estimated at £36,000 this is as a result of consultation with both users and specialist departments within the Force regarding the feasibility of implementing the ergonomist's suggestions.
- 5.3** Alternative solutions have been sourced which have proved to be a lower cost option than those originally reported. Details of these alternatives are recorded in the action plan.
- 5.4** As previously reported to the Police Authority, it is envisaged that these costs will be borne from within existing budgets, however should additional expenditure be required to address the long term options this will be the subject of a report to the Police Authority.

## **6. Equality and Diversity Impact Assessment**

The activities within the action plan take account of gender related ergonomic issues as determined by the independent ergonomist.

## **7. Risk Assessment**

Failure to meet statutory requirements in respect of Health and Safety may result in unacceptable risk of accidents, dangerous occurrences, injuries, ill health, prosecution and litigation.

**8. Conclusion**

This report provides details of the measures, which have been implemented in order to fulfil our commitments to the HSE regarding the issue of the Improvement notices. Consequently members are asked to note the content of this report and to agree to a further update at the Resources and Strategy Committee scheduled to take place in February 2008.

**Bernard Hogan- Howe**  
Chief Constable

**Sheena Ramsey**  
Chief Executive

**Contact:** *Alison Burns Personnel Strategy Manager*  
**Telephone:** *0151 777 8215*  
**Background Papers:**  
*HSE Improvement Notices*  
*Joint Action Plan*

# HSE Improvement Notice Joint Action Plan

Updated 13/08/07



**total** | war on crime  
policing | care for victims



MERSEYSIDE  
POLICE  
AUTHORITY

**Overarching Objectives**

Ref	Objective	Key Activity	Owner	Progress to Date	Timescales	Cost	Status
1	Establish Governance group, ensuring completion of all objectives.	<ul style="list-style-type: none"> <li>Identify appropriate forum, for these matters to be addressed</li> </ul>	ACC Lawson	It has been determined that the appropriate governance forums are COG, Strategic and Tactical Health & Safety Committees and the Police Authority's Resources & Strategy Committee.	31/01/07	N/A	Completed
2	Maintain open communication channels between appropriate bodies with regard to activities and risk areas.	<ul style="list-style-type: none"> <li>Identify key individual to lead on compliance issues.</li> <li>Consultation via both Health &amp; Safety Committees.</li> <li>Regular updates to COG &amp; MPA</li> <li>Maintain communication with HSE</li> </ul>	Personnel Co-ordinator  ACC Lawson  ACC Lawson  H&SO	<p>Personnel Strategy Manager will take the lead on these issues.</p> <p>Standing agenda item on both Committees</p> <p>Initial reports submitted to COG and Police Authority. Regular H&amp;S updates on activities and risks to be submitted to COG and MPA Resources &amp; Strategy Committee. In addition the MPA lead member for H&amp;S will be informed of any issues arising via Strat H&amp;S Committee.</p> <p>Communication to be maintained by H&amp;SO.</p>	<p>31/01/07</p> <p>As per meeting schedules</p> <p>As per meeting schedules</p> <p>As and when required.</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>Completed</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

**Short Term Objectives**

Ref	Objective	Key Activity	Owner	Progress to Date	Timescales	Cost	Status
1	Maintain cleanliness of room and equipment.	<ul style="list-style-type: none"> <li>Provide training and resources to enable the cleaning of headsets.</li> <li>Clean room surfaces and tidy the room</li> </ul>	Area Commander St Helens  Cleaning Services Manager	Training and Resources provided to staff  Cleaning programme has been agreed between Area and Cleaning Services Dept	01/04/07  11/06/07	Minimal  Minimal	Completed  Completed
2	Ensure the room is lit appropriately.	<ul style="list-style-type: none"> <li>Fix internal blind</li> </ul>	Area Commander St Helens	Programme of regular 'tidying' by staff in place, reviewed weekly by room manager.  replacement blind has been fitted.	17/03/07	Minimal	Completed
3	Ensure thermal and ventilation requirements are appropriate for the environment	<ul style="list-style-type: none"> <li>Put the humidification plant back into action.</li> <li>Eliminate petrol fumes entering the DCR.</li> </ul>	Area Commander St Helens  Head of Estates Management  H&SO	Recent investigations identified that the electrode boiler humidifier recently 'tripped'. Contractor rectified the problem, plant now working.  Air vent has previously been relocated . Situation has continued to be monitored, no evidence of petrol fumes entering the room. No further complaints from staff.	22/05/07  19/02/07  31/03/07	£75  Approx £500  N/A	Completed  Completed  Completed

**Short Term Objectives**

Ref	Objective	Key Activity	Owner	Progress to Date	Timescales	Cost	Status
3	Ensure thermal and ventilation requirements are appropriate for the environment	<ul style="list-style-type: none"> <li>Provide chilled bottled water for use at workstations</li> </ul>	Area Commander St Helens	The unit has had filtered chilled water supply plumbed into mains, to avoid delays in supply i.e. delivery etc.	29/05/07	£300	Completed
4	Ensure the best possible ergonomic environment within the room ensuring best practice.	<ul style="list-style-type: none"> <li>Replace all monitors, which are not height adjustable.</li> <li>Source the provision of adjustable arms for ICCS screen</li> <li>Replace black keyboards with alternatives as identified by ergonomist.</li> <li>Improve CCTV controls on workstation.</li> <li>Undertake a user survey to identify a range of comfortable chairs, compliant with DSE</li> </ul>	Development Manager Calls & CRB	<p>Review of monitors has been undertaken and 7 have been replaced a further 3 have been ordered.</p> <p>Costs have been confirmed and feasibility study to be undertaken with users. Awaiting delivery of sample arms for trial purposes.</p> <p>Due to cost a more suitable alternative is to increase the frequency of replacement. Programme in place to achieve this.</p> <p>To be explored with IT Systems</p> <p>User group identified, chairs have been ordered will be delivered June 07</p>	<p>Ongoing programme of replacement</p> <p>06/07/07</p> <p>Ongoing programme of replacement</p> <p>To be determined</p> <p>July – Oct 07 (3 month trial)</p>	<p>£1,393</p> <p>£1,758</p> <p>Minimal</p> <p>To be determined</p> <p>Nil cost chairs on loan from supplier</p>	<p>Completed</p> <p>Ongoing</p> <p>Completed</p> <p>Ongoing</p> <p>Completed</p>

**Short Term Objectives**

Ref	Objective	Key Activity	Owner	Progress to Date	Timescales	Cost	Status
4	Ensure the best possible ergonomic environment within the room ensuring compliance with H&S standards.	<ul style="list-style-type: none"> <li>Remove surplus legacy PTT foot bar.</li> <li>Cable manage the headset cabling on the work surface.</li> <li>Relocate printers and other equipment on Supervisors workstation to allow depth adjustment.</li> <li>Store / File paper based documents off the worktops where possible.</li> <li>Remove equipment from rear of Altaris &amp; AVLS monitors</li> </ul>	<p>Development Manager Calls &amp; CRB</p> <p>Development Manager Calls &amp; CRB</p> <p>Area Commander St Helens</p> <p>Area Commander St Helens</p> <p>Area Commander St Helens</p>	<p>Arrangements have been made to remove the item.</p> <p>Ergonomist provided further info. Cable system to be considered, costs being identified.</p> <p>Equipment relocated</p> <p>Advice given to staff re the storage of such items, regular programme of tidying in place</p> <p>Items relocated</p>	<p>01/03/07</p> <p>31/07/07</p> <p>21/03/07</p> <p>31/03/07</p> <p>21/03/07</p>	<p>N/A</p> <p>To be determined</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>Completed</p> <p>Ongoing</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>

**Short Term Objectives**

Ref	Objective	Key Activity	Owner	Progress to Date	Timescales	Cost	Status
4	Ensure the best possible ergonomic environment within the room ensuring best practice.	<ul style="list-style-type: none"> <li>Train staff to adjust the brightness and contrast controls on monitors.</li> <li>Purchase the DSE support aids as determined by the local DSE assessment programme.</li> <li>Source an integrated footrest and PTT footbar</li> <li>Make flush the rear portion of the workstation</li> </ul>	Area Commander St Helens	Activity completed	31/03/07	N/A	Completed
			Area Commander St Helens	Items have been purchased.	31/03/07	Minimal	Completed
			Development Manager Calls & CRB	Initial footbar/rest not deemed suitable by users, actively seeking alternative solution.	27/07/07	To be determined	Ongoing
			Head of Estates Management	Work completed, workstations now flush	12/07/07	£2,000	Completed
5	Ensure the software in use, fulfils the user requirements.	<ul style="list-style-type: none"> <li>Evaluate the use of FIS software within the room</li> <li>Evaluate the concerns of the staff re the AVLS system</li> </ul>	Area Commander St Helens	Staff trained in use of FIS action plans in place for those not trained. Room manager monitoring use. New AVLS system introduced May 07 use being monitored throughout June 07	04/06/07	N/A	Completed
			Area Commander St Helens		30/06/07	N/A	Completed

**Mid Term Objectives**

Ref	Objective	Key Activity	Owner	Progress to Date	Timescales	Cost	Status
1	Ensure the room is lit appropriately.	<ul style="list-style-type: none"> <li>Set a limit to the minimum illumination levels in consultation with staff.</li> <li>Survey window provision and check it is better than the CR and daylight / lighting levels are higher than CR.</li> </ul>	H&SO	Initial scoping exercise suggested that the better alternative would be to replace the lighting system and install a Dynamic Ambient lighting Installation. However, due to estimated cost (£20k), individual task lighting is being sought as an alternative. This is to be considered by the user group as to feasibility and practicality.	29/07/07	£200	Ongoing
2	Ensure thermal and ventilation requirements are appropriate for the environment	<ul style="list-style-type: none"> <li>Improve cooling capacity of the air conditioning.</li> <li>Conduct a survey of the air conditioning and hygiene state in consultation with staff.</li> </ul>	Head of Estates Management  Head of Estates Management	Air Water Systems (AWS) to assess the cooling capacity of the air conditioning.  Arrangements to be made for ductwork to be inspected and tested for physical condition and cleanliness of the air distribution ductwork and components. Ensure ductwork is cleaned under the requirements of CIBSE TM26.	24/09/07  Work programmed for 03/09/07	Approx £1,250  £4,600	Ongoing  Completed

**Mid Term Objectives**

Ref	Objective	Key Activity	Owner	Progress to Date	Timescales	Cost	Status
2 Cont	Ensure thermal and ventilation requirements are appropriate for the environment	<ul style="list-style-type: none"> <li>Provide ambient temperature control in DCR.</li> <li>Provide a normal 2 degree boost in early hours of morning.</li> <li>Assess air conditioning for ventilation effectiveness and associated drafts, cooling capacity and potential hazards of the system.</li> </ul>	ACC Lawson  Head Of Estates Management.	<p>This is contrary to force's energy policy. Policy decision needs to be made with Chief Officers.</p> <p>This could be achieved and could be integrated with the DAC lighting system if purchased, however BEMS systems has been set up since June 07 to provide consistent log of air temp within room. Monitoring to continue until Sept 07, reassess need dependant upon outcome of survey.</p> <p>Initial costs of £12k, were identified to complete the programme of work required. AWS will complete this work dependent upon monitoring of air con and air changes in room as per previous action.</p>	<p>To be determined</p> <p>To be determined</p> <p>Sept / Oct dependant upon earlier monitoring programme</p>	<p>Approx £2,000 to install local control.</p> <p>Approx £500 in addition to the cost of DAC lighting system</p> <p>Approx £12,000</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

**Mid Term Objectives**

Ref	Objective	Key Activity	Owner	Progress to Date	Timescales	Cost	Status
3	Ensure staff are trained with regard to DSE requirements.	<ul style="list-style-type: none"> <li>Source a training solution which can be easily accessible to users and compliance re usage to be monitored and regulated.</li> </ul>	H&SO	An alternative to the posture right proposal (£19k), is to run the system in house on 'Adobie connect'. Minimal cost, however work needs to be undertaken to design a training package and schedule delivery.	30/09/07	N/A	Ongoing
4	Ensure staff are reminded of the requirement to undertake DSE 'breaks' at regular intervals.	<ul style="list-style-type: none"> <li>Scope the feasibility of a 'workstation adjustment' prompt on computer log on screens.</li> </ul>	H&SO	Net presenter now being utilised in order to remind staff to take DSE breaks. IT currently trying to identify meaningful solution	29/07/07	N/A	Completed
5	Ensure the best possible ergonomic environment within the room ensuring best practice.	<ul style="list-style-type: none"> <li>Procure chairs based on user survey findings.</li> <li>Relocate ICCS jack socket box in consultation with staff</li> </ul>	Procurement Officer  Area Commander	Posters and leaflets distributed to BCU's and Depts campaigns. Dependant upon outcome of user survey	10/08/07  To be determined	£100  To be determined	Completed  Ongoing
				Costs have been identified, Area to fund and arrange for relocation	29/07/07	£706	Completed

**Mid Term Objectives**

Ref	Objective	Key Activity	Owner	Progress to Date	Timescales	Cost	Status
5 cont	Ensure the best possible ergonomic environment within the room ensuring best practice	<ul style="list-style-type: none"> <li>Remove the ICCS legacy and ventilation nozzles.</li> </ul>	Head of Estates Management	Estates have worked with IT to provide a meaningful solution to this issue. Ventilation nozzles to be removed and shelving to be installed to aid better ventilation of hardware.	13/08/07	£600	Completed
6	Minimise stress and fatigue within the Unit	<ul style="list-style-type: none"> <li>Implement a DSE rest break system.</li> <li>Undertake a workload analysis of staff</li> <li>Consider use of HSE fatigue and risk assessment index</li> </ul>	Area Commander St Helens	<p>The Area has tried to identify meaningful solutions to this problem. Further consideration should be given to identifying best practice.</p> <p>Advice has been sought from work scheduling unit however a meaningful form of analysis is to be determined.</p> <p>H&amp;SO aware of activity to be undertaken</p>	To be determined	To be determined	Ongoing

**Long Term Considerations**

Ref	Objective	Key Activity	Owner	Progress to Date	Timescales	Cost	Status
1	Ensure the best possible ergonomic environment within the room ensuring best practice.	<ul style="list-style-type: none"> <li>Provide more daylight and windows within the DCR.</li> <li>Provide height adjustable workstations with greater foot well space.</li> </ul>	<p>Head of Estates Management</p> <p>Procurement Officer</p>	<p>To be taken into account when considering future building programmes.</p> <p>To be considered as part of the Force Estates Strategy</p>	N/A	N/A	Completed
2	Ensure the software in use, fulfils the user requirements.	<ul style="list-style-type: none"> <li>Improve software systems integration on all systems upgrades</li> </ul>	Head of IT Systems	To be considered as part of the Force IT Strategy	N/A	N/A	Completed
3	Minimise the noise levels within the DCR.	<ul style="list-style-type: none"> <li>Obtain cost of acoustically isolating the Customer Service Area from the DCR</li> </ul>	Head of Estates Management	Cost of the erection wall has been estimated at £7,500. However alternative solutions are being sourced such as acoustic screens. Awaiting details of costs and feasibility.	24/09/07	To be determined	Ongoing



**MERSEYSIDE POLICE AUTHORITY**

To:           **The Chairperson and Members of  
The Resources and Strategy Committee**

Meeting:     **13<sup>th</sup> September 2007**

**JOINT REPORT OF THE TREASURER AND THE CHIEF CONSTABLE**

**EFFICIENCY PLAN OUTTURN REPORT 2006-07**

**1.     Purpose**

The purpose of this report is to provide Members with an assessment of how Merseyside Police have performed against the Efficiency Plan for 2006-07.

**2.     Recommendation**

Members are invited to note this report.

**3.     Background**

- 3.1     As part of its drive for performance improvement, the Home Office require police authorities to demonstrate increasing efficiency in the services they provide. This is measured by the delivery of efficiency savings year on year whilst maintaining or improving performance against Performance Indicators.
- 3.2     For 2006-07 the targets for efficiency savings were 3% of Net Revenue Expenditure (NRE). As an added measure, at least 1.5% of this should be in the form of cashable savings. These guidelines also contain the provision to carry forward excess savings and shortfalls against target into subsequent years.
- 3.3     Our intended plans with regard to efficiency were set out within the Policing Plan and Budget for 2006-07 and an Efficiency Plan target was produced of **£9.943m** savings to be generated within the year with an estimated **£3.653m** brought forward from the 2005/06 Efficiency Plan. Following a review of this initial plan a revised target of **£8.461m** was reported to this Committee on the 14<sup>th</sup> December 2007.
- 3.4     Having completed our 2005-06 efficiency plan, we increased the sum brought forward to **£5.717m**, as opposed to the estimated **£3.653m**, this was reported to this Committee on 14<sup>th</sup> September 2006. Of this **£5.717m**, **£2.220m** was to be set against the cashable target for 2006-07, and **£3.497m** was to be set against the non-cashable target.

#### 4. Efficiency Savings and Gains 2006-07

	Cashable Savings £m	Non-Cashable Savings £m	Total £m
Savings set out in original plan for 2006-07	4.990	4.953	9.943
Savings set out in revised plan for 2006-07	3.508	4.953	8.461
Revised 3% target based upon actual revenue expenditure for 2006-07	4.418	4.418	8.836
Actual savings achieved 2006-07 (breakdown attached at Appendix A)	4.613	4.999	9.612
Actual savings achieved in 2006-07 in excess of 3% target, available for carry forward into 2007-08 efficiency plan	0.195	0.581	0.776
Excess savings brought forward from 2005-06 efficiency plan	2.220	3.497	5.717
Total excess savings carried forward to 2006/07 efficiency plan	2.415	4.078	6.493

- 4.1 The table above summarises performance against the 2006-07 Efficiency Plan.
- 4.2 The revised 3% efficiency target, adjusted for the 2006-07 final outturn, is **£8.836m**. Actual efficiency savings achieved in the year amounted to **£9.612m**, **£0.776m** in excess of target and equivalent to 3.26% of NRE. Cashable savings of **£4.613m** represent 1.57% of NRE and non-cashable savings of **£4.999m**, 1.69% of this total.
- 4.3 The excess savings for the year of **£0.776m** are available for carry forward to subsequent years and can be added to the **£5.717m** brought forward from 2005-06 to give a total balance carried forward of **£6.493m**, of which **£2.415m** can be used towards subsequent years cashable targets and **£4.078m** towards non-cashable targets.

- 4.4 **Appendix A** shows details of the outturn of initiatives contained within the 2006-07 Efficiency Plan. Total savings achieved of **£9.612m** are **£1.151m** ahead of the revised plan. Within this figure, cashable savings are **£1.105m** ahead of plan largely due to savings from overtime reductions of **£0.250m**, staff redeployment of **£0.473m** and regional procurement contracts of **£0.255m**.
- 4.5 Non-cashable savings are **£0.046m** ahead of revised plan as a result of savings from a number of local initiatives compensating for shortfalls attributable to neighbourhood policing and crime fighters. The implementation of the neighbourhood policing model was later than expected, and we would expect to see the remainder of the saving materialise in 2007-08. Similarly whilst the crime fighters initiative has led to a reduction in numbers of officers on restricted duties, this was less than anticipated and further reductions are expected in the coming year.
- 4.6 It is noted that the HMIC are due to undertake their annual audit of the efficiency savings achieved by the Authority during the past year, the findings of which will be subsequently reported to this Committee.

## 5. Reinvestment of Savings

- 5.1 Details of the Reinvestment Plan for 2006-07 can be summarised as follows:-

	Revised Plan £m	Achieved £m
Investment in Technology including Niche, Mobile Data and ANPR	2.712	3.817
Investment in new officers	0.796	0.796
Increase in Front Line Policing and Other Baseline Measures	4.953	4.999
<b>Total</b>	<b>8.461</b>	<b>9.612</b>

- 5.2 **Appendix A** provides further breakdown of the reinvestment of savings for the year to 31st March 2007 which includes the cost of additional officers and other initiatives.
- 5.3 Non-cashable savings of **£4.999m** achieved for the year are resources made available mainly to Areas to be redirected to operational duties. These savings are brought about by greater efficiency in officers working practices with the time saved being made available for increased front line duties.

## 6. Financial and Staffing Implications

The Force achieved efficiency savings of **£9.612m** during 2006-07, this represents 3.26% of NRE and is in excess of the minimum requirement of 3%.

## 7. Risk Assessment

There is no risk associated with this report.

## 8. Equality & Diversity Impact Assessment

There are no Equality and Diversity issues associated with this report.

**9**     **Conclusion**

The 3% Efficiency Target for 2006-07, adjusted for the final outturn, is **£8.836m**. During the year, the Force achieved Efficiency Savings of **£9.612m**, equivalent to a 3.26% saving. Excess savings available to be carried forward to the 2007-08 Efficiency Plan are **£6.493m**.

**Paul Johnson**  
**Treasurer to the Authority**

**Bernard Hogan-Howe**  
**Chief Constable**

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Background Papers: Annual Policing Plan 2006/07 – Efficiency Plan, Budget 2006/07

EFFICIENCY PLAN 2006/07

	2006/07 Revised Plan	2006/07 Final Outturn
	£m	£m
<b>NRE:</b>	<b>305.212</b>	<b>294.519</b>
<b>1.5% Cashable Target:</b>	<b>4.578</b>	<b>4.418</b>
<b>1.5% Non-Cashable Target:</b>	<b>4.578</b>	<b>4.418</b>

**SAVINGS****Cashable Savings**

Reduction in number of vacant posts  
Savings from Service Review to fund investment in New Officers  
Cuts Targeted at Supplies and Services Budgets  
Additional Overtime Savings  
Reduction in redeployment  
Savings from Procurement  
Other Local Initiatives

Total savings achieved in year  
*Cashable Balance Brought Forward*  
**Total Cashable Savings Available**  
*Excess Savings over 1.5% target c.fwd*

**Non Cashable Savings**

Mobile Data  
ANPR  
Crime Fighters  
Additional Volunteers  
Neighbourhood Policing Model  
Local Initiatives

**Total Non-Cashable Savings achieved in year**  
*Non-Cashable Balance Brought Forward*  
**Total Non-Cashable Savings Available**  
*Excess Savings over 1.5% target c.fwd*  
**Total Savings achieved in year**  
*Total Excess Savings over 3% target c.fwd*

	Revised Plan 2006/07 £'m	Final Outturn 2006/07 £'m
	1.186	1.186
	0.533	0.533
	1.070	1.070
	0.000	0.250
	0.000	0.473
	0.000	0.255
	0.719	0.846
	<b>3.508</b>	<b>4.613</b>
	<b>2.220</b>	<b>2.220</b>
	<b>5.728</b>	<b>6.833</b>
	0.804	2.415
	0.300	0.242
	0.383	0.315
	1.355	0.331
	0.115	0.152
	2.800	2.183
	0.000	1.776
	<b>4.953</b>	<b>4.999</b>
	3.497	3.497
	<b>8.450</b>	<b>8.496</b>
	3.526	4.078
	<b>8.461</b>	<b>9.612</b>
	4.331	6.493

**RE-INVESTMENT****Use of Cashable Savings**

Investment in Technology including Niche, Mobile Data and ANPR  
Investment in New Officers

**Use of Non Cashable Gains**

Increase in Front Line Policing and other Baseline Measures

	Revised Plan 2006/07 £'m	Final Outturn 2006/07 £'m
	2.712	3.817
	0.796	0.796
	<b>3.508</b>	<b>4.613</b>
	4.953	4.999
	<b>4.953</b>	<b>4.999</b>
	<b>8.461</b>	<b>9.612</b>



Merseyside Police Authority

To: **The Chairperson and Members of  
The Resources and Strategy Committee**

Meeting: 13<sup>th</sup> September 2007

A Joint Report of the Treasurer and Chief Constable

Government Consultation on the Proposed Changes to the  
Police Funding Formula

**1. Purpose of the Report**

The purpose of the report is to update Members on the Government's proposals to update and fine tune the Police Funding Formula with effect from 2008/09 and to seek the approval of Members to the delegation of authority to the Treasurer and the Chief Constable, in consultation with the Chair of the Authority and the Chair of this Committee, to respond to the proposals.

**2. Recommendations**

It is recommended that Members:-

- (i) note the contents of the report; and
- (ii) recommend to the Authority the delegation of authority to the Treasurer and the Chief Constable, in consultation with the Chair of the Authority and the Chair of this Committee, to respond on the proposals on behalf of the Authority, in accordance with **section 4.5** of this report.

**3. Background**

- 3.1 In partnership with Local Government and other interested parties, the Government has been reviewing for some time how it allocates resources between authorities (in the annual local government finance settlement).
- 3.2 On 17<sup>th</sup> July 2007, the Government published a detailed consultation paper setting out proposed changes to the Grant Distribution Formula arrangements, including the Police Funding Formula. A number of options relating to Police Authorities are outlined in the paper. The Government have asked for responses to the consultation paper by the 10<sup>th</sup> October 2007.

- 3.3 The Formula Grant Distribution System was last reviewed before the 2006/07 local government finance settlement. At the same time the Government introduced multi year settlements, as a consequence the formula system remained the same for 2006/07 and 2007/08. The first three year settlement will run from 2008/09 to 2010/11 inclusive, and the consultation paper provides the basis for a full consultation on the options for grant distribution changes that could be introduced from the 2008/09 settlement onwards.
- 3.4 The result of this consultation exercise will determine the distribution of funding not the overall level of funding. The overall level of funding will depend upon the outcome of the Comprehensive Spending Review.
- 3.5 The following section provides an overview of the various options that have relevance to police funding.

#### **4. Proposed Options**

##### **4.1 Police Authority Specific Options**

- 4.1.1 The present formula was amended in 2006 in order to bring the funding formula into line with the current Police Performance Assessment Framework (PPAF) domains.
- 4.1.2 Three options are put up for consideration, which are not all mutually exclusive. These are as follows:-
- Option POL1 to update the resource base using the latest available Activity Based Costing (ABC) data;
  - Option POL2 to incorporate the existing Rule 2 grants into the principal formula police grant;
  - Option POL3 to incorporate the Crime Fighting Fund as well as the existing Rule 2 grants into the principal formula police grant.
- 4.1.4 In respect of POL1 it is proposed to update the resource base. The police funding formula is based on an initial split of total resources between broad police service areas. Specific formulae are then developed in relation to each of these service areas and combined to form the overall police distribution formula. As part of the 2005 review this split of national resources utilised activity data collected for the purposes of ABC. The data used related to 2003/04 which was the first full year of implementation of ABC. More up to date data is now available, which should also be more reliable with greater experience of ABC, and more relevant to the current demands on police resources.

- 4.1.5 Option POL1 therefore proposes the use of the average of 2004/05 and 2005/06 ABC data to update the resource base, i.e. the split of national resources into broad service components to which the (unchanged) formulae are then applied.
- 4.1.6 **Appendix 1** provides details of the potential effects of POL1 on Merseyside and the rest of the Police Authorities in England. In respect of Merseyside it would potentially gain £3.7m (1.4%), before floor damping. The exemplifications show the Metropolitan Force and the other Metropolitan Authorities in general are the gainers of POL1, at the expense of the Shire Police Authorities.
- 4.1.7 It is the Treasurer's view that the Authority should strongly support the updating of the resource base, i.e. POL1.
- 4.1.8 In respect of POL2 the Government is proposing to incorporate the Rule 2 grants into the principal formula for police grant where the quantum will then be distributed according to the General Formula rather than the original specific grant rules.
- 4.1.9 Two years ago the Home Office responded to the pressure from the Association of Police Authorities (APA) to reduce the level of specific grants by creating a category of 'special formula grants' or 'Rule 2' grants. They collected together four specific grants, i.e. Rural Policing Fund, Forensic grant, Special Priority Payments grant and the London and South East Allowances grant, and presented them as a single grant. The conditions attached to their application were removed but they continued to be distributed on the existing specific basis. The advantage of losing their specific grant status is that they are no longer ring-fenced and can be used for any purpose. They therefore represent a halfway house between specific and General Grants. The cash total of the 'Rule 2' grants has been frozen.
- 4.1.10 However, in order to provide some protection to the Police Authorities adversely affected by the proposed change, it is being proposed that the current 'Rule 2' grant allocations are rolled into the current General Grant baseline for the purposes of calculating the 2008/09 grant floors.
- 4.1.11 In respect of Merseyside, this would mean that the current level of 'Rule 2' grants, i.e. £4.072m becoming part of the General Grant, which would at least receive an annual uplift and would also remove ring fencing conditions. Without the Government applying this protection and allowing the funding formula to distribute the 'Rule2' Grants Merseyside would receive an additional £2m in grant, before dampening is applied.

4.1.12 As well as incorporating the 'Rule 2' grants into the funding formula the Government is also proposing to roll the current specific grant for the Crime Fighting Fund (CFF) into the principal formula grant, this option is POL3. Again it is proposed to add the CFF grant to the General Grant baseline to protect the Police Authorities adversely affected by the change. Consequently, current level of CFF that Merseyside receives, i.e. £9.5m, will be rolled into the current General Grant received. Without the Government applying this protection and allowing the funding formula to distribute the CFF Grants Merseyside would receive an additional £1.2m in grant, before dampening is applied.

4.1.13 **Appendix 2** provides details of the potential effects of POL2 and POL3 on Merseyside and the rest of the Police Authorities in England.

4.1.14 It is the Treasurers view that the Authority should support options POL2 and POL3 and any other proposals that reduce the number of specific grants as this affords Police Authorities greater flexibility in allocating resources and local decision making and benefit from any annual uplifts in grant levels. The financial impact on the Authority of POL2 and POL3 is neutral due to the protection provided. However, the Treasurer believes that the 'Rule 2' grants should be distributed on the basis of the funding formula rather than simply rolling the current level of 'Rule 2' grants into the current General Grant baseline. The justification for this is that rural policing issues are already reflected in the police sparsity top-up element of the funding formula and the policing costs of London and the South East are more than adequately catered for in the Area Cost Adjustment. Consequently, it is the Treasurer's view that to simply roll the current level of grants into the General Grant places a double emphasis on these factors.

## **4.2 Area Cost Adjustment**

4.2.1 The consultation paper proposes four options on how to determine the Area Cost Adjustment (ACA). The options range from minor changes which can be seen as small technical changes (ACA1 to ACA2) to radical changes to the geography of the ACA (ACA 3 to AC4). Four options put up for consideration, which are not mutually exclusive are as follows;-

Option ACA1 updates the weight given to the rates cost adjustment in the ACA calculation.

Option ACA2 updates the weight given to the labour cost adjustment in the ACA calculation.

Option ACA3 Changes the geography of the ACA.

Option ACA4 Changes the geography of the ACA.

- 4.2.2 It is the Treasurer's view that the Authority should support the geographical approach of ACA3 or ACA4, as these options alter the share of taxbase within the grant funding system which means that the amount of formula grant going to each Authority changes.
- 4.2.3 **Appendix 3** details the effects of these proposals on Merseyside and the rest of the Police Authorities in England. The best case scenarios for the Authority, i.e. ACA3, would be that the Authority's Grant Settlement would increase by £3.2m, before dampening. The worse case scenario, i.e. ACA2, would potentially lead to the Authority's Grant Settlement being reduced by £0.1m, before dampening.

### **4.3 Tapering Grant Floors**

- 4.3.1 The consultation paper raises the prospect that grant floors could be reduced over the period of the three year settlement. Specifically it states: 'While the presence of a floor is a permanent part of the system, it does not have to be at the same level over the three year settlement period. There is a good argument for tapering the floor level down over the three years so progressively more of the underlying change comes through'.
- 4.3.2 Exemplifications were provided to show the effect in 2007/08 if floors had been set at 2%, 1% or 0%. The results for police authorities show unrealised gains and losses from the 2005 review being progressively released to Police Authorities. If the floors were tapered in this way over the three year settlement period, Merseyside would start to benefit financially the closer the floor is set to 0%. The maximum benefit that the Authority would receive would be only £0.2m, i.e. at 0% grant floor, which is a very small proportion of what the Authority currently exceed the floor, i.e. £1.8m. Nationally 12 Police Authorities will materially gain from this proposal, amongst the Metropolitan Police Authorities West Midlands, West Yorkshire and Greater Manchester would potentially gain up to £38.4m, £11.1m and £9.2m respectively. Although the consultation paper says that no decisions have yet been taken on the levels of floors, it appears to indicate the direction in which the Government is thinking.
- 4.3.3 In taking a view in this proposal the Treasurer feels it is incumbent on him to indicate to Members that tapering at 0% would lead to a potential loss to the Merseyside Council's of some £17.8m. Also any final decision on tapering at a level more than 0% would actually result in the Authority losing further resources up to potentially £0.4m. The Treasurer seeks Members views with regard to support or otherwise of this proposal.

#### **4.4 Data Issues**

4.4.1 There are a small number of options attempting to improve data within various formulae. These include benefits data, council taxbase estimates and the extent to which they take account of student exemptions, and a new day visitors indicator. Four options are exemplified in respect of these data issues. Some have no effect on police authorities, others have only a marginal impact, i.e. no more than 0.1%. The Treasurer's view is that the Authority should support the utilisation of the most accurate and up to date data in the Funding Formula.

#### **4.5 Summary of Preferred Options**

4.5.1 A summary of the preferred options is shown in the table below;-

Police Authority Specific Options	POL1, POL2 & POL3 (without protection)
Area Cost Adjustment	ACA3 or ACA4
Tapering Grant Floors	To be discussed

4.5.2 However, it is noted that all of the proposed options have a fairly marked effect on Police Authorities funding, with as many potential losers as winners. This will mean that there will be great pressure on the damping arrangements, i.e. the utilisation of the Floors, to limited the impact of any adverse changes. Consequently, it is quite feasible that all Police Authorities will, once again, receive an across the board flat rate increase.

### **5. Financial and Staffing Implications**

The financial implications are set out throughout the report. There are no staffing issues associated with this report.

### **6. Risk Assessment**

If the Authority does not respond to the Government's consultation document then the Authority will run the risk that its views will not be taken into consideration, and potentially this could lead to adverse changes to the Funding Formula being introduced which minimise the level of resources to the Authority.

### **7. Equality & Diversity Impact Assessment**

There are no Equality and Diversity issues associated with this report.

## **8. Conclusions**

- 8.1 The consultation paper relates only to the distribution of Government funding and not the overall level of funding. The paper sets out a number of options for potentially significant changes in the Police Funding Formula and, as such, results in winners and losers amongst Police Authorities.
- 8.2 The Treasurer and the Chief Constable, in consultation with the Chair of the Authority and the Chair of this Committee, would wish to respond to the paper in a manner that will seek to ensure that Merseyside Police Authority receives an equitable and appropriate share of resources commensurate with its need.
- 8.3 The final decisions by Government on the options identified or any other options for police funding or particular changes in the police funding formula will be brought back to this Committee when formal announcements are made.

**Paul Johnson**  
**Treasurer to the Authority**

**Bernard Hogan-Howe**  
**Chief Constable**

**Contact:** John Riley, Financial Services Manager, 0151 285 5526

**Background Papers :** Local Government Finance Formula Grant Distribution Consultation Paper



Police - Updating Resource Base		Appendix 1	
	Formula grant before floor damping		
Police Authority	2007/08 Settlement	Difference from 2007/08 Settlement	
	(£ million)	(£ million)	(%)
<b>ALL POLICE AUTHORITIES</b>	7248.8	1.1	0.0%
Metropolitan police authorities	1935.1	17.4	0.9%
Shire police authorities	3463.1	-31.3	-0.9%
GLA - police	1850.6	15.1	0.8%
<b>METROPOLITAN POLICE AUTHORITIES</b>			
Greater Manchester Police	446.2	4.0	0.9%
<b>Merseyside Police</b>	<b>255.7</b>	<b>3.7</b>	<b>1.4%</b>
South Yorkshire Police	193.0	1.3	0.7%
Northumbria Police	209.2	0.8	0.4%
West Midlands Police	498.3	6.0	1.2%
West Yorkshire Police	332.6	1.6	0.5%
<b>SHIRE POLICE AUTHORITIES</b>			
Avon & Somerset Police	179.8	-1.6	-0.9%
Bedfordshire Police	70.6	-0.4	-0.6%
Cambridgeshire Police	79.2	-1.4	-1.8%
Cheshire Police	109.1	-0.7	-0.7%
Cleveland Police	91.2	1.0	1.0%
Cumbria Police	52.2	-0.7	-1.3%
Derbyshire Police	111.5	-0.2	-0.2%
Devon & Cornwall Police	175.6	-2.2	-1.2%
Dorset Police	60.9	-1.3	-2.1%
Durham Police	82.0	0.3	0.4%
Essex Police	169.4	-1.6	-0.9%
Gloucestershire Police	55.9	-0.9	-1.6%
Hampshire Police	198.6	-1.9	-0.9%
Hertfordshire Police	119.0	-1.0	-0.9%
Humberside Police	117.7	0.2	0.2%
Kent Police	182.1	-1.0	-0.6%
Lancashire Police	192.1	0.1	0.0%
Leicestershire Police	114.5	-0.5	-0.4%
Lincolnshire Police	62.0	-1.3	-2.1%
Norfolk Police	79.7	-1.3	-1.6%
North Yorkshire Police	66.2	-1.6	-2.4%
Northamptonshire Police	71.1	-0.6	-0.8%
Nottinghamshire Police	137.6	0.1	0.1%
Staffordshire Police	114.5	-0.4	-0.3%
Suffolk Police	65.4	-1.1	-1.6%
Surrey Police	95.7	-2.2	-2.3%
Sussex Police	154.9	-1.9	-1.2%
Thames Valley Police	234.0	-3.7	-1.6%
Warwickshire Police	53.1	-0.7	-1.2%
West Mercia Police	107.1	-1.9	-1.8%
Wiltshire Police	60.2	-1.1	-1.8%



Police - Rolling in Special Grants					Appendix 2		
Revised Base Position = 2007/08 Settlement + Additional Rule 2					Formula grant before floor damping		
Revised Base Position 2 = 2007/08 Settlement + Additional Rule 2 +							
Police Authority	2007/08 Settlement	Additional Rule 2	Revised Base Position	Option POL2 without protection	Crime Fighting Fund	Revised Base Position 2	Option POL3 without protection
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
<b>ALL POLICE AUTHORITIES</b>	7,248.8	180.7	7,429.5	7,430.2	263.7	7,693.2	7,691.5
Metropolitan police authorities	1,935.1	28.3	1,963.4	1,981.6	64.2	2,027.6	2,048.6
Shire police authorities	3,463.1	97.7	3,560.8	3,558.4	126.5	3,687.3	3,695.5
GLA - police	1,850.6	54.7	1,905.3	1,890.2	73.0	1,978.3	1,947.4
<b>METROPOLITAN POLICE AUTHORITIES</b>							
Greater Manchester Police	446.2	6.6	452.8	456.9	17.2	470.0	472.4
<b>Merseyside Police</b>	<b>255.7</b>	<b>4.1</b>	<b>259.8</b>	<b>261.8</b>	<b>9.5</b>	<b>269.3</b>	<b>270.5</b>
South Yorkshire Police	193.0	2.7	195.8	197.7	5.9	201.6	204.5
Northumbria Police	209.2	3.1	212.2	214.3	7.3	219.5	221.7
West Midlands Police	498.3	7.5	505.9	510.1	15.5	521.3	527.0
West Yorkshire Police	332.6	4.3	337.0	340.8	8.9	345.8	352.5
<b>SHIRE POLICE AUTHORITIES</b>							
Avon & Somerset Police	179.8	4.3	184.1	184.6	5.7	189.8	191.6
Bedfordshire Police	70.6	1.7	72.3	72.5	2.7	75.1	75.2
Cambridgeshire Police	79.2	2.5	81.7	81.4	2.4	84.1	84.5
Cheshire Police	109.1	2.6	111.7	112.1	4.2	115.9	116.5
Cleveland Police	91.2	1.3	92.5	93.4	2.2	94.7	96.6
Cumbria Police	52.2	2.5	54.7	53.6	2.1	56.8	55.7
Derbyshire Police	111.5	2.3	113.8	114.5	4.5	118.4	118.7
Devon & Cornwall Police	175.6	5.6	181.2	180.4	6.7	187.8	187.4
Dorset Police	60.9	1.5	62.4	62.8	2.4	64.8	65.5
Durham Police	82.0	1.5	83.4	84.0	2.7	86.2	87.0
Essex Police	169.4	5.0	174.3	174.2	6.1	180.4	181.1
Gloucestershire Police	55.9	1.8	57.7	57.5	2.4	60.1	59.8
Hampshire Police	198.6	4.6	203.2	204.1	7.3	210.5	212.0
Hertfordshire Police	119.0	3.5	122.5	122.4	3.3	125.8	127.3
Humberside Police	117.7	2.3	120.0	120.7	4.0	124.0	125.0
Kent Police	182.1	6.5	188.6	187.1	7.6	196.3	194.4
Lancashire Police	192.1	3.5	195.6	197.0	6.6	202.1	204.0
Leicestershire Police	114.5	2.3	116.8	117.5	4.1	120.8	121.8
Lincolnshire Police	62.0	3.1	65.1	63.8	2.2	67.3	66.3
Norfolk Police	79.7	3.4	83.2	82.0	3.2	86.4	85.2
North Yorkshire Police	66.2	3.4	69.6	68.2	2.0	71.5	71.1
Northamptonshire Police	71.1	1.9	73.1	73.1	2.6	75.6	75.9
Nottinghamshire Police	137.6	1.8	139.4	141.1	4.6	144.0	146.1
Staffordshire Police	114.5	2.4	117.0	117.6	4.2	121.2	122.1
Suffolk Police	65.4	2.5	67.9	67.3	2.4	70.3	69.9
Surrey Police	95.7	3.1	98.8	98.7	4.1	102.9	103.0
Sussex Police	154.9	4.8	159.7	159.4	6.2	165.9	165.8
Thames Valley Police	234.0	7.7	241.8	240.6	9.9	251.7	250.1
Warwickshire Police	53.1	1.4	54.5	54.6	1.7	56.2	56.8
West Mercia Police	107.1	4.5	111.6	110.2	4.3	115.9	114.7
Wiltshire Police	60.2	2.2	62.4	62.0	2.2	64.6	64.5



Area Cost Adjustment										Appendix 3
										Formula grant before floor damping
Local Authority	2007/08	Difference from 2007/08 Settlement								
	Settlement (£ million)	Option ACA1		Option ACA2		Option ACA3		Option ACA4		
		(£ million)	(%)	(£ million)	(%)	(£ million)	(%)	(£ million)	(%)	
<b>All POLICE AUTHORITIES</b>	7,248.8	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.1	0.0%	
Metropolitan police authorities	1,935.1	0.0	0.0%	-0.5	0.0%	10.0	0.5%	9.2	0.5%	
Shire police authorities	3,463.1	0.0	0.0%	2.6	0.1%	6.3	0.2%	4.9	0.1%	
GLA - police	1,850.6	0.0	0.0%	-2.0	-0.1%	-16.3	-0.9%	-14.0	-0.8%	
<b>METROPOLITAN POLICE AUTHORITIES</b>										
Greater Manchester Police	446.2	0.0	0.0%	-0.2	0.0%	3.5	0.8%	3.4	0.8%	
<b>Merseyside Police</b>	<b>255.7</b>	<b>0.0</b>	<b>0.0%</b>	<b>-0.1</b>	<b>-0.1%</b>	<b>3.2</b>	<b>1.2%</b>	<b>3.1</b>	<b>1.2%</b>	
South Yorkshire Police	193.0	0.0	0.0%	0.0	0.0%	0.7	0.4%	0.6	0.3%	
Northumbria Police	209.2	0.0	0.0%	0.0	0.0%	0.8	0.4%	0.7	0.3%	
West Midlands Police	498.3	0.0	0.0%	-0.3	-0.1%	-0.5	-0.1%	-0.7	-0.1%	
West Yorkshire Police	332.6	0.0	0.0%	0.0	0.0%	2.3	0.7%	2.2	0.7%	
<b>SHIRE POLICE AUTHORITIES</b>										
Avon & Somerset Police	179.8	0.0	0.0%	0.1	0.1%	-0.1	-0.1%	-0.2	-0.1%	
Bedfordshire Police	70.6	0.0	0.0%	0.0	0.1%	-0.7	-1.1%	-0.8	-1.1%	
Cambridgeshire Police	79.2	0.0	0.0%	0.1	0.1%	-0.2	-0.2%	-0.2	-0.2%	
Cheshire Police	109.1	0.0	0.0%	0.1	0.1%	-1.1	-1.0%	-1.2	-1.1%	
Cleveland Police	91.2	0.0	0.0%	0.0	0.0%	0.4	0.4%	0.3	0.4%	
Cumbria Police	52.2	0.0	0.0%	0.0	0.1%	0.1	0.2%	0.1	0.2%	
Derbyshire Police	111.5	0.0	0.0%	0.1	0.1%	0.2	0.2%	0.2	0.2%	
Devon & Cornwall Police	175.6	0.0	0.0%	0.1	0.1%	0.4	0.2%	0.4	0.2%	
Dorset Police	60.9	0.0	0.0%	0.1	0.1%	0.1	0.2%	0.1	0.2%	
Durham Police	82.0	0.0	0.0%	0.0	0.0%	0.3	0.3%	0.2	0.3%	
Essex Police	169.4	0.0	0.0%	0.1	0.1%	0.8	0.5%	0.8	0.4%	
Gloucestershire Police	55.9	0.0	0.0%	0.1	0.1%	-0.2	-0.3%	-0.2	-0.3%	
Hampshire Police	198.6	0.0	0.0%	0.1	0.1%	0.1	0.1%	0.1	0.0%	
Hertfordshire Police	119.0	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	
Humberside Police	117.7	0.0	0.0%	0.0	0.0%	0.4	0.3%	0.3	0.3%	
Kent Police	182.1	0.0	0.0%	0.1	0.1%	1.1	0.6%	1.0	0.6%	
Lancashire Police	192.1	0.0	0.0%	0.1	0.0%	0.6	0.3%	0.5	0.3%	
Leicestershire Police	114.5	0.0	0.0%	0.1	0.1%	0.9	0.8%	0.9	0.8%	
Lincolnshire Police	62.0	0.0	0.0%	0.1	0.2%	0.0	0.0%	0.0	0.0%	
Norfolk Police	79.7	0.0	0.0%	0.1	0.1%	0.1	0.1%	0.1	0.1%	
North Yorkshire Police	66.2	0.0	0.0%	0.1	0.2%	0.1	0.1%	0.1	0.1%	
Northamptonshire Police	71.1	0.0	0.0%	0.1	0.1%	-0.1	-0.2%	-0.2	-0.2%	
Nottinghamshire Police	137.6	0.0	0.0%	0.1	0.0%	1.3	1.0%	1.3	0.9%	
Staffordshire Police	114.5	0.0	0.0%	0.1	0.1%	0.3	0.2%	0.2	0.2%	
Suffolk Police	65.4	0.0	0.0%	0.1	0.1%	0.1	0.1%	0.1	0.1%	
Surrey Police	95.7	0.0	0.0%	0.1	0.1%	0.3	0.3%	0.2	0.2%	
Sussex Police	154.9	0.0	0.0%	0.1	0.1%	-0.3	-0.2%	-0.4	-0.2%	
Thames Valley Police	234.0	0.0	0.0%	0.1	0.0%	0.4	0.2%	0.3	0.1%	
Warwickshire Police	53.1	0.0	0.0%	0.1	0.1%	0.1	0.2%	0.1	0.2%	
West Mercia Police	107.1	0.0	0.0%	0.2	0.1%	0.2	0.1%	0.1	0.1%	
Wiltshire Police	60.2	0.0	0.0%	0.1	0.1%	0.6	0.9%	0.5	0.9%	





To: The Chairperson and Members  
of the Resources and Strategy Committee

Meeting: September 2007

### **Report of the Chief Constable**

#### **Additionally Funded Police Services**

##### **1. Purpose**

1.1 The purpose of this report is to;

i) update Members on the current funding arrangements for additional police services; and

ii) outline the changes occurring within this financial year and highlight potential risks for the end of the year.

##### **2. Recommendation**

2.1 Members are invited to note this report.

##### **3. Background**

3.1 It has previously been agreed that all funding schemes for additional policing services be kept under regular review and that update reports be submitted to the Authority. The Chief Constable last reported on this issue to the meeting of the Resources and Strategy Committee on 6<sup>th</sup> October 2006. This report provides an update on current schemes.

3.2 The principles by which additional policing services can be provided are now well established. Under such schemes the Chief Constable retains direction and control of any police officers funded by external sources.

3.3 The day-to-day responsibility for oversight of all schemes lies with the Assistant Chief Constable (Area Operations). The Director of Resources, in consultation with the Treasurer, ensures that all financial auditing completed by the police area managing the scheme is accurate and conforms to a corporate standard for charging police officers.

3.4 **Appendix A** to this report summarises the present position in the force in relation to the employment and deployment of additional police services. The appendix also contains some details of externally funded police staff posts, which are

included for the information of Members so as to give an overall position in relation to additional funding.

#### **4. Other Relevant Paragraphs**

- 4.1** All the current “additional police posts” are funded in line with the agreed level of charges, including those schemes which have been in existence for a period of over one financial year, which involve an increased levy being imposed to ensure that all costs, including pension contributions, are met.
- 4.2** It is also pertinent to note that the current numbers of officers provided through this source is deemed to be sustainable (to be offset through changes to the recruitment strategy) in the unlikely event that all sources of funding cease.
- 4.3** The position in relation to the Gold Zone officers in Liverpool North is as follows: the revised contribution of the Local Authority includes a £100,000 increase, taking the new annual contribution to £475,000. This figure will cover all salary, pension and on-costs for 10 constables, and is index-linked for inflation. Whilst the contract is reviewable every year, the current council has indicated it would wish this arrangement to be on a three-year review basis. The final contract to this effect has been approved by council solicitors and is now with the force solicitor for signing.

#### **5. Financial and Staffing Implications**

- 5.1** **Appendix A** details the scale of contributions made by local authorities and other bodies to enable the additional officers to be deployed throughout the county.

#### **6. Equality & Diversity Impact Assessment**

- 6.1** The nature and deployment of all officers provided under the terms of the scheme are compliant with the provisions of the *Race Equality Scheme*. The relevant personnel policies are subject to full impact assessment to ensure compliance with the seven strands of diversity.

#### **7. Risk Assessment**

- 7.1** The Risks associated with this scheme surround:
- (a) The potential loss of public contact and confidence should the officers not be provided as an additional resource and
  - (b) The potential impact on the overall “force establishment” and the commensurate costs should all funding cease.
- 7.2** Whilst extremely unlikely, there is also the risk of a substantial amount of funding being withdrawn by the funding providers at the end of the financial year. This would amount an effective loss of 64 officers, whose roles would have to either be carried out by the current establishment, or not carried out at all. These issues will be much clearer later in the financial year and will as much as possible be reflected in the 2008/09 budget considerations and will form an integral part of the next report to this Committee in February 2008.

- 7.3** In all these instances the force is satisfied that the scheme is currently well structured and managed and has thereby mitigated both these risks. The Appendix to this report also outlines the exit strategy for each individual source of funding, to offset loss of or changes to the funding in the next financial year.

**8. Conclusion**

- 8.1** This report updates Members of the current position in respect of external funding of additional police services. Regular reports will be provided to the Police Authority updating on the status of the scheme and the impact it is having for both performance and public confidence throughout the county.

**Bernard Hogan- Howe**  
**Chief Constable**

**Contact:**  
**Telephone: 0151 777**  
**Background Papers:**

Chief Inspector Helen Cooney, ASCU  
8971  
nil



Source of Funding	Amount	Unit	What Funding Pays For	Start Date	End Date	Exit Strategy
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**EXTERNALLY FUNDED POLICE POSTS 2007/8**

**APPENDIX A**

**AREA / DEPARTMENT**

**Wirral**

Wirral Borough Council Behaviour Improvement Programme	<b>£17,302</b> (part year cost of £41,524) <b>0.4 Con</b>	BEST	Part of national scheme to improve behaviour in schools & foster closer police/youth relationships. Salary, NI and on costs excluding pension of 1 constable  Funding secured until August 2007.	Apr 2007	August 2007 – further funding awaiting confirmation	This post will continue until August 2007, the end of the school academic year. If the funding is no longer available then the officer's post will be absorbed into the area establishment.
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**Sefton**

BCU Fund	<b>£75,000</b> <b>0.52 Insp</b> <b>1.0 Con</b>	PPO Coordinator  FCIU	1 Inspector who acts as a PPO coordinator.  1 Constable working in Domestic Violence Unit.	Apr 2006	No expiry date – part of BCU fund	Posts to be mainstreamed if evaluation shows it to be worthwhile.
Neighbourhood Renewal Fund	<b>£46,500</b> <b>0.72 Insp</b>	Manager of Anti Social Behaviour Unit.	1 Inspector - contribution towards salary, NI and on costs excluding pension. £55,260	Oct 2004	Mar 2008	Funding will probably cease in 2008. The local authority are likely to appoint their own officer to the post.

Source of Funding	Amount	Unit	What Funding Pays For	Start Date	End Date	Exit Strategy
Behaviour Improvement in Schools	<b>£30,000</b> <b>0.75 Con</b>	BEST	National scheme to improve behaviour in schools and foster closer relationships. Contribution towards salary, NI and on costs excluding pension of 1 constable	Jan 2005	Mar 2008	Funding will probably not be received in 2008/09 and therefore the role will remain with BCU. Central Government view this as a mainstream policing role and a service will be provided commensurate with other priorities.
Neighbourhood Renewal Fund and BCU funds	<b>£97,664</b> <b>1 Sgt</b> <b>1.07 Con</b>	Persistent Prolific Offender Scheme	This scheme will replace Operation TOWER with Drug Action Team (DAT) and Drugs Intervention Programme (DIP) taking over the treatment side. 3 Constables will be mainstreamed from TOWER to PPO scheme and funding will be sought for a Sergeant and a Constable plus a clerical officer.	April 2006	March 2008	The scheme is constantly monitored. From the results and outcomes there are clear benefits to be seen. If this continues to be the case when funding expires then the posts will be mainstreamed.
Neighbourhood Renewal Fund	<b>£560,000</b> per annum for 2 years <b>14 Cons</b>	South Sefton Reassurance	An enhanced scheme with 14 Constables working in NRF Wards	April 06	March 2008	The scheme is constantly monitored. From the results and outcomes there are clear benefits to be seen. If this continues to be the case when funding expires then the posts will be mainstreamed.

Source of Funding	Amount	Unit	What Funding Pays For	Start Date	End Date	Exit Strategy
<b>Knowsley</b> BCU Fund	<b>£39,500</b> <b>0.95</b> <b>Cons</b>	Domestic Violence Unit	1 Detective Constable, aimed at improving the quality of the service provided in the DV unit and increase detections	Apr 2003	Mar 2008	Confident funding streams will be sustained. If that is not the case the area will seek other funding opportunities or review posts with a view to paying for role from mainstream budget. Failing that the post will be deleted and the officer returned to other duties within the area.
Drugs Intervention Programme (DIP)	<b>£38,000</b> <b>0.92</b> <b>Cons</b>	D.I.P.	1 Constable Salary NI and on costs excluding pension	Apr 2005	Mar 2008	Confident funding streams will be sustained. If that is not the case the area will seek other funding opportunities or review posts with a view to paying for role from mainstream budget. Failing that the post will be deleted and the officer returned to other duties within the area.
Knowsley CDRP	<b>£52,866</b> <b>1.0</b> <b>Sgt</b>	Prolific Offender Unit	Sergeant Co-ordinator of Prolific Offender Unit	Mar 2006	Mar 2008	Role to be reviewed after one year. If role of benefit further funding will be sought or area will review posts with a view to paying for role from mainstream budget. Failing that the post will be deleted and the officer returned to other duties within the area.

Source of Funding	Amount	Unit	What Funding Pays For	Start Date	End Date	Exit Strategy
Knowsley MBC	<b>£37,000</b> <b>0.89 Con</b>	Police in Schools	50% funding for 2 constables	Apr 2007	Mar 2008	Role to be reviewed after one year. If role of benefit further funding will be sought and if none available post will be fully funded by BCU.

### St Helens

Neighbourhood Renewal Fund	<b>£297,925</b> <b>1.0 Sgt</b> <b>5.9 Cons</b>	Neighbourhood Action Team	1 Sgt. & 6 constables salary, NI & associated costs, equipment and overtime	April 2007	Mar 2008	Funding confirmed for 2007/08; however the area is uncertain if this will continue for 2008/09. If not then the officer posts will be absorbed into the area establishment.
BCU Grant Fund	<b>£162,734</b> <b>1.0 Sgt</b> <b>2.6 Cons</b>	Area Hawk Team	1 sergeant and 2 constables. Salary NI and associated on costs in support of "Lighthouse" team. Costs include marketing and training. <b>Note – 0.6 account for the costs of marketing and training</b>	Apr 2007	Mar 2008	Funding confirmed for 2007/08 and is likely to continue. If not then the options are a) Area finds funds to retain Hawk team b) Officers are posted back to area operational duties.

Source of Funding	Amount	Unit	What Funding Pays For	Start Date	End Date	Exit Strategy
<b>Liverpool North</b>						
Liverpool City Council Community safety/ BCU fund/ NRF	<b>£270,000</b> (estimated) <b>1.0 Sgt</b> <b>5.2 Cons</b>	Communities Against Drugs Team	Running costs; vehicles; Overtime and salaries estimated total of £270,000 1 Sergeant & 5 Constables. An increase w.e.f. Oct 2005 of 2 constables on last year 1 police staff Salary costs, NI, on costs only. Note: Still under negotiation – indications that funding will be extended into 2007/8	2001	Mar 2008	Recent Prolific and Priority Offenders strategy from the Home Office adds security to these positions. The CDRP could not carry out its work without this Team. In the unlikely event that funding ceased, officers would have to be absorbed into BCU strengths.
Liverpool City Council Community Safety	<b>£75,214</b> <b>0.50 Sgts</b> <b>1.17 Cons</b>	Liverpool Anti- Social Behaviour Unit (LASBU)	1 Sgt 50% costs 3 Constables 50% costs Contribution towards salary, NI, on costs only Note: Awaiting confirmation of level of funding. Still under negotiation – indications that funding will be extended into 2007/8.	Aug 2004	Mar 2008	Sergeant post is long term and integral part of LASBU team. Constables will return to mainstream policing when funding ends.
Liverpool City Council Education Authority	<b>£50,000</b> <b>1.2 Con</b>	Truancy Team	1 Constable Requirement under Crime and Disorder Act. Constable's salary, NI, on costs and pension costs	Sept 2002	Mar 2008	Not anticipated funding will cease. Officer would return to Neighbourhood policing if funding ceased.

Source of Funding	Amount	Unit	What Funding Pays For	Start Date	End Date	Exit Strategy
Liverpool City Council	<b>£475,000</b> <b>11.32 Cons</b>	Gold Zone	Contribution towards salary, NI, on costs, pension costs of 10 constables.  Note: midpoint salary costs used of £41,524 for this calculation	1999	Mar 2008	Officers would return to mainstream neighbourhood policing role. A review of the Gold Zone and its funding is ongoing, but it is not anticipated that funding will cease.
Liverpool University	<b>£30,000 incl VAT</b> <b>0.61 Con</b> (if it includes VAT, or 0.72 if excls VAT)	University Liaison & Support	.72 x Constable Contribution to salary costs, NI and on costs.	2002	Mar 2008	Negotiations ongoing with consideration being given to an extended contract up to 5 years
Kensington Regeneration	<b>£150,000</b> <b>1.0 Sgt</b> <b>2.0 Cons</b> (should be 2.3 if follow the rule but above incl capital)	Kensington New Deal (KND) Police on Beat Team	Contribution towards Salary NI on costs, pension, running costs; 1 Sergeant 2 Constables Overtime. Capital costs – area provides shortfall as its contribution towards project.	Dec 2000	Mar 2008	If funding ceases officers will return to Neighbourhood Policing.

Source of Funding	Amount	Unit	What Funding Pays For	Start Date	End Date	Exit Strategy
Home Office	<b>£38,000</b> <b>0.92 Con</b>	Football Banning Order Officer	HO provided funding based on meeting target number of banning orders. (15 p.a.) This funding is then utilised to pay for constable's salary, NI, on costs, expenses, OT and legal costs.	Feb 2005	May 2008	This funding agreement is reviewed annually. It is dependent upon achieving target of 15 banning orders. This figure is always comfortably exceeded. If the agreement ceased, the constable's post would be incorporated into BCU budget.
Cobalt Housing (social landlord)	<b>£42,290</b> <b>1.0 Con</b>	Anti Social Behaviour Enforcement Officer	1 Constable's salary, NI, on costs and pension costs.	Sept 2005	Mar 2008	Officer will return to his role on neighbourhood if funding ceases. Indications from Organisation are that funding will continue.
Department for Constitutional Affairs <i>Previously managed by Corporate Criminal Justice Unit</i>	<b>£366,000</b> <b>1.0 Sgts</b> <b>5.0 Cons</b>	Proactive Security Force for North Liverpool  <u>Police Staff posts (for info)</u> Proactive Security Force	1 Sergeant + 5 Constables Community Justice Centre Full recovery of Salary, NI, pension and on costs.  5 CSOs Full cost recovery.	Sept 2005	Mar 2008	Awaiting confirmation for level of funding. Part of national pilot. If funding is not continued officers will be posted elsewhere. Police staff on fixed term contracts to be redeployed or dismissed under fixed term contract regs and dependent on length of service.
Dedicated Schools Officer Scheme	<b>£125,000</b> <b>3.0 Cons (full year equivalent)</b>	Dedicated Schools Officer Scheme	50% funding of salaries, pension and on costs for 5 Constables	Sept 2006	Mar 2008	Should funding cease, function will remain with BCU. Central Government view as mainstream policing role. The Schools would receive a police service commensurate with calls for service and Area priorities.

Source of Funding	Amount	Unit	What Funding Pays For	Start Date	End Date	Exit Strategy
<b><u>Liverpool South</u></b>						
John Lennon Airport	<b>£37,199</b> <b>0.90 Con</b>	Airport Liaison Officers	Contribution towards 50% of 2 Constable's salary, NI and on costs.	Apr 2002	Mar 2008	The role will be embedded into mainstream activity. The policing of the Airport is currently under review at force level.
John Moores University	<b>£31,969</b> <b>0.77 Con</b>	University Liaison Officer	Contribution towards 1 Constable's Salary NI and on costs.	Dec 2004	Mar 2008	The role will be embedded into mainstream neighbourhood activity. The University would receive a police service commensurate with calls for service and Area priorities.
Liverpool City Council LASBU officer	<b>£21,037</b> <b>0.51 Con</b>	Liverpool Anti-Social Behaviour Unit (LASBU)	50% funding of salary and on costs for 1 Constable	April 2004	Mar 2008	If funding ceased then the officer will return to mainstream policing when funding ends.
National Probation Office	<b>Approx £83,170</b> <b>2.0 Cons</b>	Liverpool Intensive Supervision & Monitoring (LISM)	LISM – Contribution towards 100% of 2 Constable's Salary and on costs	Apr 1998	Mar 2008	If funding ceased the officer attached to the PPO scheme would be withdrawn. The establishment would be adjusted to reflect this change. The management of PPOs identified at tasking and Co-ordination meetings would revert to Neighbourhood Inspectors.

Source of Funding	Amount	Unit	What Funding Pays For	Start Date	End Date	Exit Strategy
Dedicated Schools Officer Scheme	<b>£72,502</b> <b>0.5 Sgt</b> <b>1.1 Cons</b>	Dedicated Schools Officer Scheme	50% funding of salaries, pension and on costs for 4 Constables and 1 Sergeant	April 2007	Mar 2008	Should funding cease function will remain with BCU. Central Government view as mainstream policing role. The Schools would receive a police service commensurate with calls for service and Area priorities.

**Area Support & Co-ordination Unit**

Merseytravel & CDRPs	<b>£43,376</b> <b>.82 Sgt</b>	ASCU Crime Reduction Travelsafe Co-ordinator Sergeant	Contribution towards Salary, NI and on costs	Sept 2007	Mar 2008	Not yet finalised for 07/08. Merseytravel are committed to funding 50% of this post. CDRPs have historically agreed to fund the other 50%. However no agreement has been received for the 07/08 financial year, but Wirral CDRP has confirmed that they will not be contributing.
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Source of Funding	Amount	Unit	What Funding Pays For	Start Date	End Date	Exit Strategy
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### Force Crime Operations Unit (FCOU)

Reflex – targeting organised immigration crime	<b>£380,487</b> <b>4.0 Cons</b>	Criminal Assets Team	Contribution towards 4 Detective Constables Salary including NI and on costs including pension costs, and overtime costs.  Note; the amount more than covers 4 Constables posts. Grant not broken down any further so FTE counted as 4.0	Apr 2003	Mar 2008	Loss of funding will result in the Officer either being redeployed within the FCOU to another post or transferred to another Department/Area.
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### Corporate Criminal Justice

Home Office Drug Interventions Programme	<b>£52,866</b> <b>1.00 Sgt</b>	Drug testing on Charge – Project Manager  Up to 34 Grade C + shift	1 Sergeant  Police Staff posts (for info) 32 Drug Testers and 2 Project Assistants Total funding for 2007/08 is <b>£1,065,199</b> including running costs.	Aug 2002	March 2008	Review of need for role. Consider payment from mainstream budget. If not police officer would return to mainstream duties.  Police staff on fixed term contracts are being absorbed into vacant Custody Assistant roles. Any remaining staff would be redeployed or dismissed under fixed term contract regulations and dependent on length of service.
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Source of Funding	Amount	Unit	What Funding Pays For	Start Date	End Date	Exit Strategy
Road Safety Camera Partnership (for which Liverpool City Council is treasurer)	<b>£83,048</b> <b>2.00 Cons</b>	Camera Enforcement Officer in Central Ticket Office  (plus 25% of 1 Grade G. 1 Grade D. 50% of 2 Grade C. 8 Grade B. 4 Grade AA. 1 Grade B in Photographic)	2 Constable full salary cost including NI and on costs.  <u>Police Staff posts (for info)</u> Roles related to management, maintenance of cameras and processing of FPNS  Total funding for 06/07 incl. running costs £791,734	Aug 2005	Mar 2008	Constables would be posted elsewhere.  Permanent staff to resume roles which previously existed.
Drugs Intervention Programme	<b>£65,000</b> <b>0.8 Supt</b>	ASCU Head of Crime Reduction	0.8 Superintendent full salary cost including NI and on costs.	April 2007	Mar 2008	Post would be unbudgeted and decision would have to be made regarding future funding.





To: The Chairperson and members of the Resources and Strategy Committee

Meeting: 13<sup>th</sup> September 2007

### **Report of the Chief Constable**

#### **Forensic Costs**

##### **1. Purpose**

The purpose of this report is to provide members with the latest position regarding forensic costs

##### **2. Recommendations**

It is recommended that the Police Authority note this report.

##### **3. Background**

**3.1** At the meeting of the Resources and Strategy Committee on 2<sup>nd</sup> November 2006, a report outlining the current budget pressure on forensic costs was presented, together with details of measures introduced to address the position.

**3.2** At that time, a number of these measures had only recently been introduced and it was not possible to accurately forecast their financial impact or the associated effect, if any, on performance.

**3.3** In light of this an update was requested along with performance graphs.

##### **4. Forensic costs**

**4.1** The table below shows the final outturn position for 2006/07 at £5.3m. This is a reduction of £1.0m compared to the full year costs of £6.3m in 2005/06, and represents a significant achievement in reducing forensic expenditure across the Force.

	<b>2004/05 £m</b>	<b>2005/06 £m</b>	<b>2006/07 £m</b>
Forensic Budget	4.5	4.6	5.2
Forensic Costs	6.2	6.3	5.3
Forensic Overspend	1.7	1.7	0.1

**4.2** During 2006/07 an additional £0.6m was added to the forensic budget from pay and prices (£0.3m) and from additional monies agreed by the Authority in the February 2007 budget report.

**4.3** The attached Appendices show the updated position of expenditure, submissions and detections. Appendix (i) shows the profile of forensic expenditure since 2002/03, highlighting the effect of the introduction of more rigorous quality control measures during 2006/07. Appendix (ii) shows the reduction in submissions that has resulted from these measures and the corresponding relationship with costs. Appendix (iii) compares the number of detections (excluding Fixed Penalty Notices) with the level of forensic expenditure over the last two years. Whilst forensic costs have reduced substantially, this does not appear to have had a detrimental effect on force performance.

## **5. Equality and Diversity Impact Assessment**

Based on assessment there are no equality or diversity implications applicable.

## **6. Risk Assessment**

Forensic suppliers have increased their prices by 5% for the financial year 2007/08 and this along with increased submissions of Criminal Justice samples continues to put pressure on the forensic budget.

In order to mitigate this rise, the budget will continue to be closely monitored, as will submissions to ensure value for money.

## **7. Conclusion**

**7.1** Forensic expenditure continues to be closely monitored with significant reduction in costs without detriment to performance.

**7.2** As the procurement process reaches its final stages close scrutiny of costs/savings will have to be applied.

**Bernard Hogan- Howe  
Chief Constable**

**Contacts:**

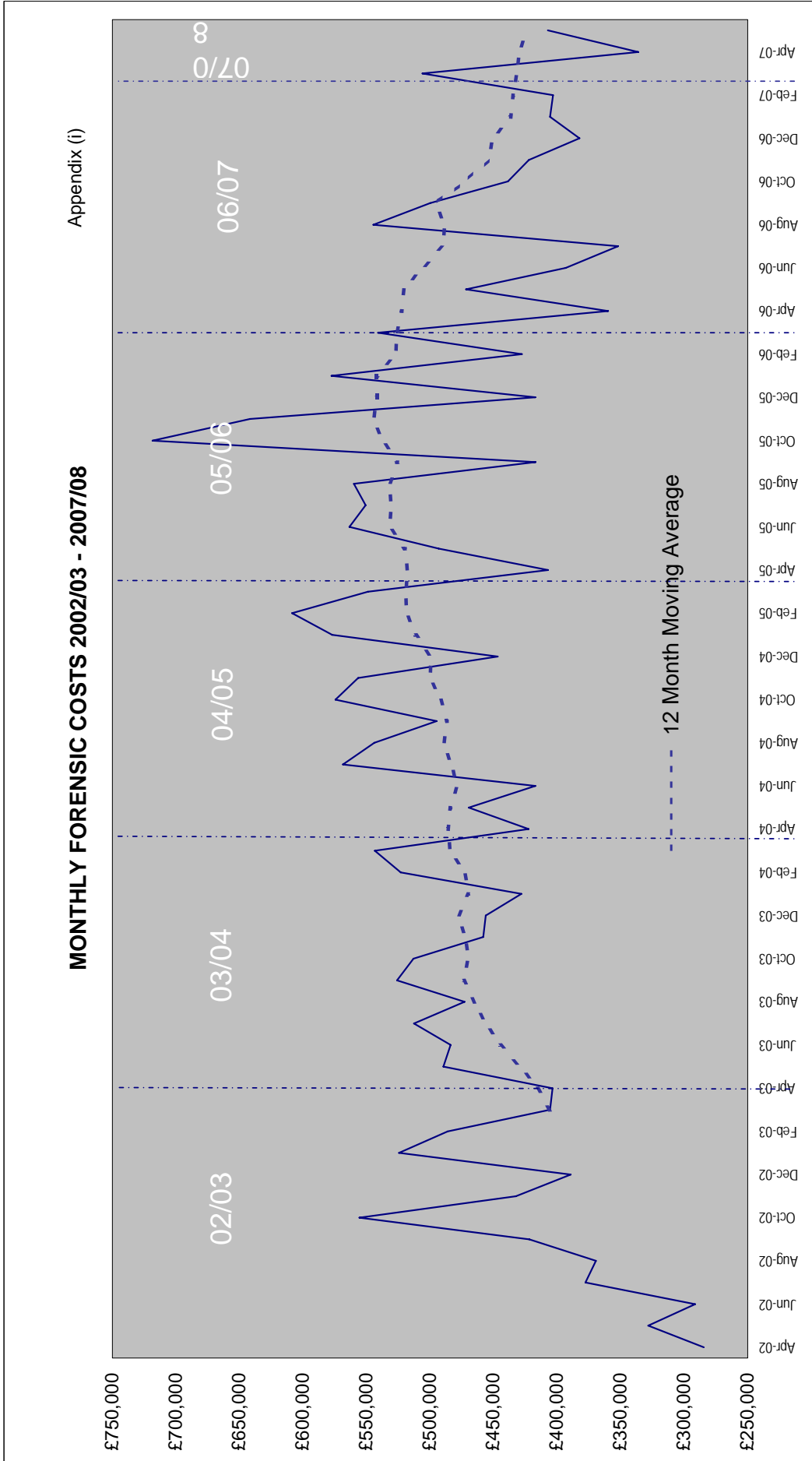
***D/C/Superintendent Brian McNeill, Head of Intelligence & Security Bureau***

***Telephone: 0151 777 8400***

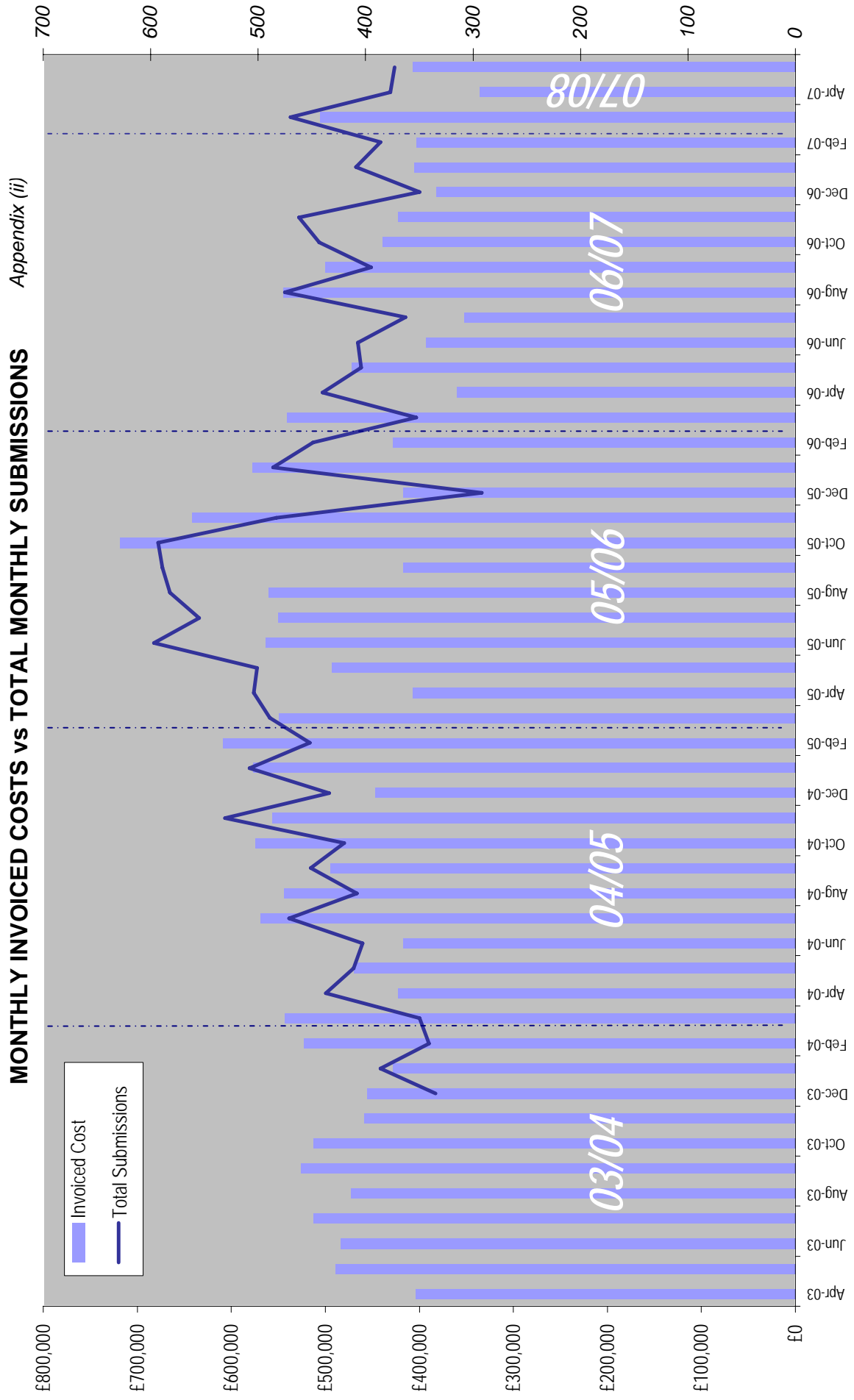
***Dave Smith, Forensic Performance Manager.***

***Telephone: 0151 777 8435***

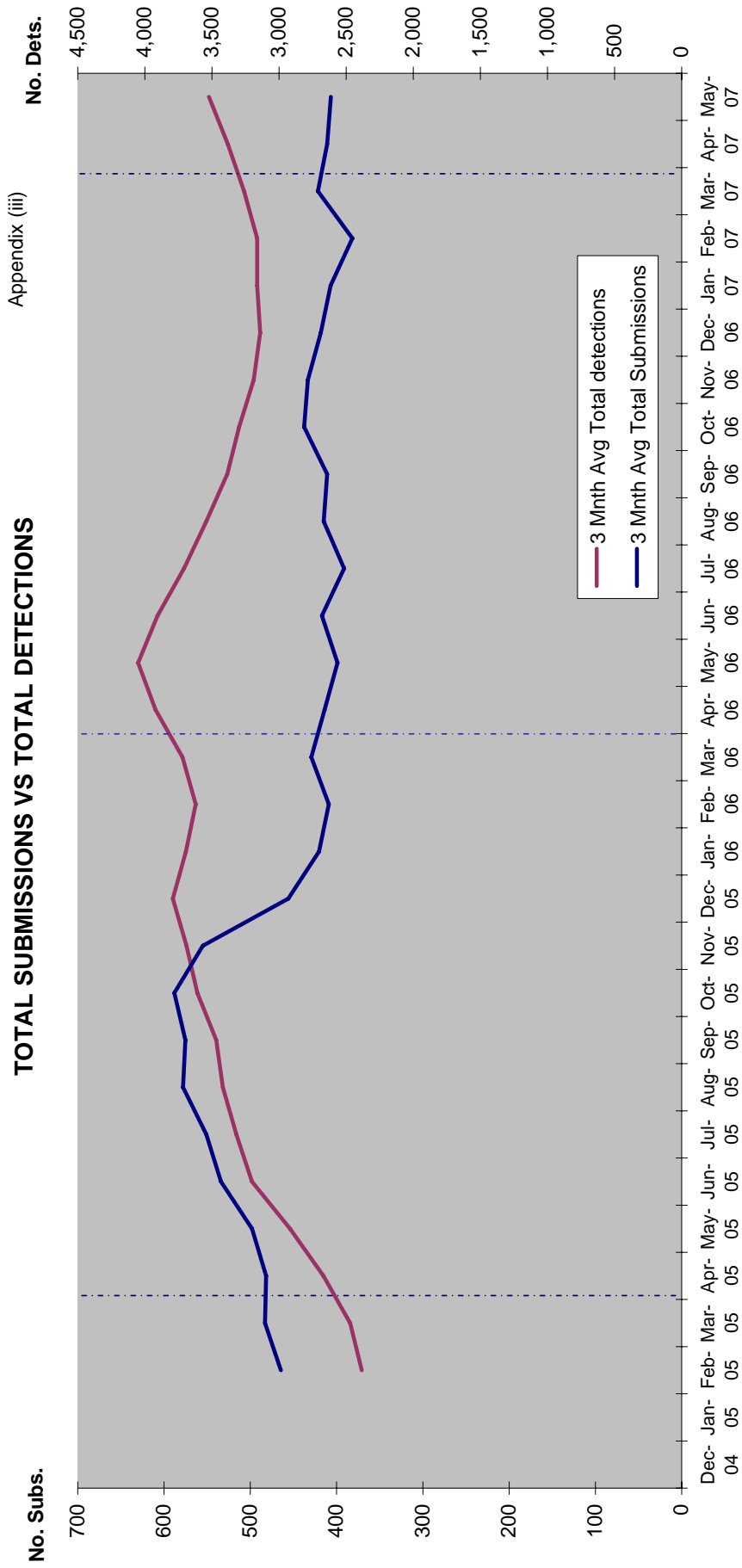
***Background Papers: None***



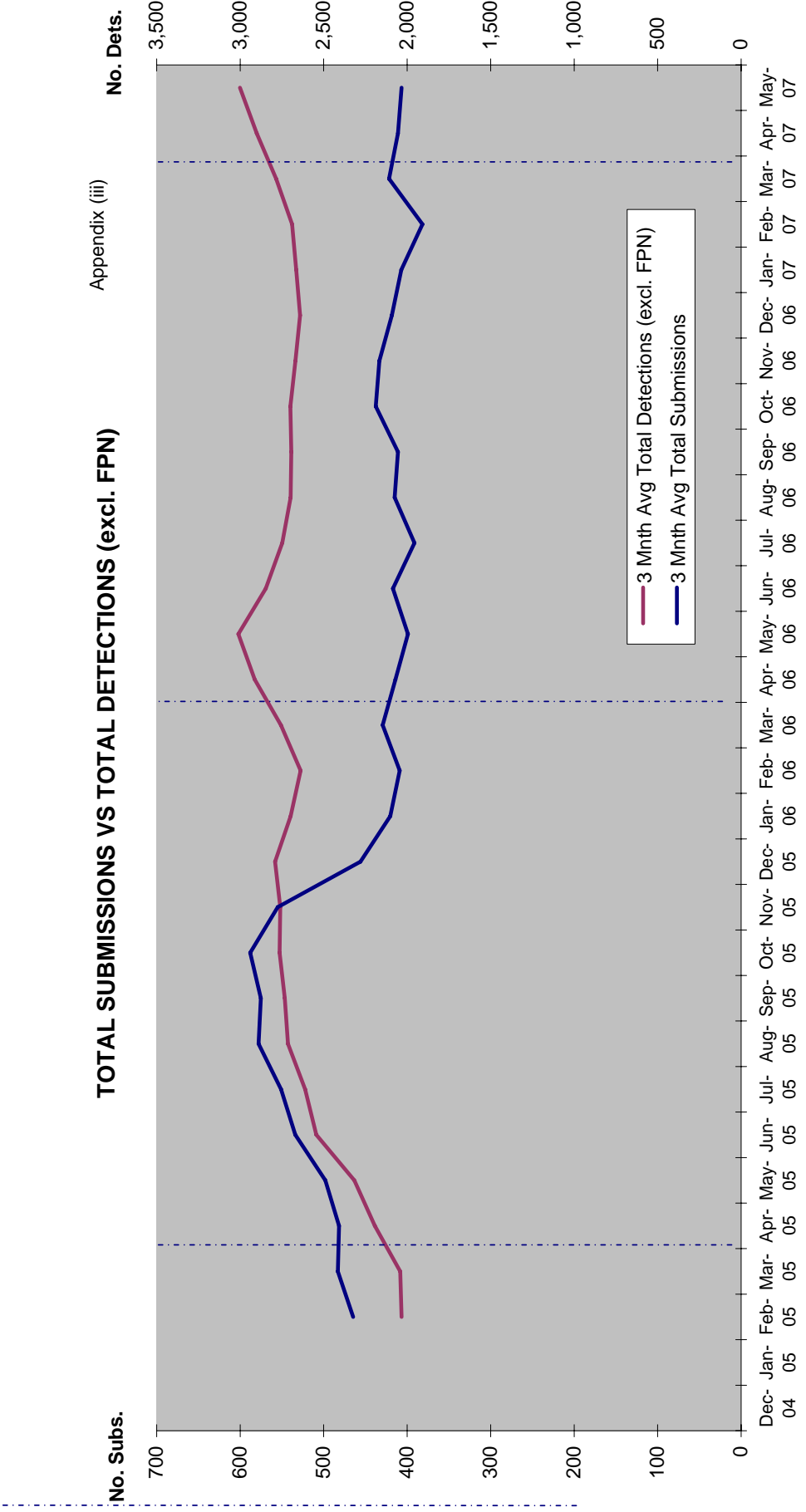
















**To: The Chairperson and Members of the Resources and Strategy Committee**

**Meeting: 13<sup>th</sup> September 2007**

**Report of the Chief Constable**

**Chief Constables Priority Fund**

**1. Purpose**

The purpose of this report is to provide Members with a summary of the expenditure on the Chief Constable's Priority Fund for 2006/07, as requested by the Police Authority on 16<sup>th</sup> August 2007 and recommended by Internal Audit.

**2. Recommendation**

It is recommended that Members note this report.

**3. Background**

**3.1** The Chief Constable's Priority Fund is contained within the Strategic Development Directorate Budget. For 2006/07 the budget was £351,465, and for 2007/08 the budget has been set at £350,995, which is broadly in line with the budget levels of previous years.

**3.2** The budget holder of the fund is the Chief Constable. The fund is utilised to meet the Chief Constable's priorities that are not budgeted for elsewhere, specifically those unexpected items of spend that could not have been anticipated during the formal budget construction process.

**3.3** All requests for funding from the Chief Constable's Priorities Fund must be either approved directly by the Chief Constable or by the Chief Constable's Staff Officer or the Head of Business Management.

**3.4** A review of the Fund by Internal Audit recommended that an annual report be submitted to the Resource's and Strategy Committee providing details on the utilisation of the fund. This is the first report to be submitted.

4. **Expenditure 2006/07**

**Appendix A** shows the expenditure incurred during 2006/07 including a narrative of how the expenditure was utilised. There was a small underspend of £33,182. This was incorporated in the outturn position reported to the Police Authority on 13<sup>th</sup> June 2007 and the underspend was included in the net underspend transferred to General Balances.

5. **Financial and Staffing Implications**

There are no direct financial or staffing issues associated with this report.

6. **Equality & Diversity Impact Assessment**

There are no direct equality or diversity issues associated with this report.

7. **Risk Assessment**

Regular monitoring of the Authority's budget including the Chief Constable's Priority Fund ensures that any variances are highlighted at an early stage, allowing effective remedial action to be taken where appropriate.

8. **Conclusion**

Expenditure on the Chief Constable's Priority Fund totalled £318,283 in 2006/07. This is within budget and the small underspend in 2006/07 has been included within the net underspend transferred to General Balances. An annual report on the expenditure incurred against the Chief Constable's Priority Fund will be provided to Resources and Strategy Committee in the future.

**Bernard Hogan- Howe**  
**Chief Constable**

**Contact: Sandra Huyton, Force Chief Accountant, Central Services**  
**Telephone: 0151 777 1921**  
**Background Papers: none**

## Expenditure 1.4.06 to 31.3.07

SCHEME	ACTUAL £	DETAILS
Crime Analysis Training Courses	9,000.00	This was for analysts to attend a course at the Jill Dando Institute of Crime Science. The aim of the course was to enhance force Performance by making improved and more effective use of analysis, data collection, manipulation and interpretation.
Gala Awards	40,624.00	Funding for an awards ceremony to recognise employees and volunteers for going the extra mile in carrying out their duties throughout the year.
Marketing Campaign Alcohol Related And Domestic Violence	13,613.00	To fund a marketing campaign highlighting the likely impact of the World Cup on Domestic Violence and Alcohol Misuse.
Airwave Accessories	7,789.37	To pay for accessories for airwaves kit for mounted officers to enhance personal safety and to ensure road safety.
Attacking Criminal Economies (ACE Communication Programme)	6,247.50	To fund a marketing campaign to encourage members of the public to provide community intelligence on anyone living beyond their means.
Customer Service Desks - KPMG Consultancy	80,747.00	To fund consultancy work in developing the customer service desk concept.
Performance Improvement Workshop Facilitation	22,700.00	This was to fund a one-day Performance Seminar. The purpose of the seminar was to allow BCU Command Teams to have a better knowledge and understanding of what the best performing BCUs look like and how they function effectively to achieve sustained results.
Woman's Conference Thornton Manor	14,308.79	To fund a Merseyside conference looking at positive action around issues affecting female police officers within the force. This included looking at retention and recruitment issues and the lack of female officers in certain specialist units.
Crimestoppers Campaign	14,200.00	This was a campaign to increase the number of calls to Crimestoppers.
MCJB Funding Contribution	10,000.00	This was a contribution towards the running costs of the Merseyside Criminal Justice Board. This amount was to match fund the contributions made by the other partners.
Hollow Spike Tyre Deflation Systems	11,875.00	A revised pursuit policy was approved by Business Management Group in April 2006. Part of the policy required that a tactical option is in place to achieve an early safe resolution to any pursuit situation. The purchase of this equipment will satisfy this requirement.
Additional Flying Hours - Helicopter	50,000.00	Funding for additional helicopter flying hours over the last three months of the year. Additional demands have resulting in an increase in the flying hours which cannot be funded within the Operational Support budget. For example increase in number of requests for surveillance and from Areas for assistance.
Gold Room Refit	28,000.00	Replacement of audio visual equipment for the Gold Control Room as the system in place was frequently breaking down leading to operational difficulties as critical information was not always available. For example in June 2006 the Gold Control Room lost the ability to display terrestrial television.
Other	9,178.20	A small number of other minor schemes were approved during the year including professional development days for Sexual Offenders Liaison Officers and funding for attendance of youngsters from Toxteth Educational Trust at a workshop on Guns and Gangs at the National Black Police Association Conference.
<b>TOTAL</b>	<b>318,282.86</b>	





To: The Chairperson and Members  
of the Resources & Strategy Committee

Meeting: 13<sup>th</sup> September 2007

## Report of the Chief Constable

### Personnel Plan 2007/2008 – 1st Quarterly Update

#### 1. Purpose

The purpose of this report is to present Members with an update on performance against the Personnel Plan 2007/2008 for the first quarter, April 2007 to June 2007.

#### 2. Recommendation

Members are invited to note this report.

#### 3. Background

3.1 Chief Constables are required to produce annual personnel plans, agreed with their Police Authority. The Personnel Plan 2007/2008 is designed to meet this requirement and to indicate the organisational approach to the prioritisation of personnel issues that meet operational needs and enhance service delivery.

3.2 The plan closely follows the APA guidance under “People Matters”, however a additional tailoring has ensured that local issues are addressed, meeting the Total Policing philosophy and organisational objectives.

#### 4. The Priorities

4.1 ‘People Matters’, the Police Authority Framework for Oversight, provides a useful template for categorising activities, objective setting and monitoring achievement.

Our Total Policing strategy aims to direct the total resources of the Force towards our three strategic priorities:

**Total war** on crime, **Total Care** for victims and witnesses and **Total Professionalism**.

The Personnel Plan supports the achievement of the Force's strategic objectives by building professionalism, achieved through the following priorities which are outlined below: -

- True;
- Leadership;
- Academies – Continuous Professional Development; and
- Resourcing (our own people).

## **5. Delivery**

- 5.1 The Personnel Plan is underpinned with implementation plans to ensure objectives and outcomes are achieved. The Assistant Chief Constable (Personnel) will conduct regular performance review meetings to ensure that delivery is achieved against the Personnel Plan. Regular comparison of Force (and Area/Department) performance is conducted to allow effective assessment against agreed targets.
- 5.2 This is the first quarterly update against the Personnel Plan 2007/2008 and contains information relating to objectives that are contained therein for this period.
- 5.3 In addition, Members have been provided with supplementary reports regarding the following: -
- Management Development & Training; (Appendix 1); and
  - Recruitment & Resourcing (Appendix 2).

## **6. Financial and Staffing Implications**

Staff are both the Organisation's greatest asset and greatest financial cost. In order to realise maximum potential, the Force must ensure that its aims and objectives are delivered through investment in staff so they can deliver a professional policing service to the community.

## **7. Equality and Diversity Impact Assessment**

This report provides details of the activities undertaken in accordance with the Personnel Plan 2007/08 within the 1<sup>st</sup> quarter and the significant progress made to meet the objectives of the Force and the Authority in respect of equality and diversity in the field of employment.

## **8. Risk Assessment**

Failure to take a strategic and structured approach to the delivery of people management would reduce the Force's ability to effectively resource operational policing.

## **9. Conclusion**

Through the delivery of the Personnel Plan 2007/2008, Merseyside Police will continue to achieve its strategic aims – to provide Total Professionalism.

**Bernard Hogan-Howe  
Chief Constable**

**Contact: Alan Mears, Personnel Co-ordinator  
Telephone: 0151 777 8285  
Background Papers: Personnel Plan 2007/2008  
APA Oversight of People Matters**

# Recruitment & Resourcing

## Recruitment and Resourcing

PRIORITY	OBJECTIVE	TIMESCALE	PERFORMANCE MEASURE	OUTCOME	OWNER	UPDATE
<b>Resourcing</b>	Ensure that recruitment targets are met in relation to Police Officers.	By March 2008	100% compliance with targets by March 2008.	To recruit the right staff to meet operational needs and to reflect the community that we serve.	Head of Recruitment and Resourcing	20 new recruits and 7 transferees were appointed to the Force in the first quarter.
<b>Resourcing</b>	To deliver an extensive recruitment campaign to extend our Police Family by 2008 by increasing the use of Specials.	By April 2008	Increased numbers of Special Constables to 600 by March 2008 and maintain this establishment.	To raise the visibility of Merseyside Police within our communities and increase public reassurance.	Head of Recruitment and Resourcing	46 Special Constables were appointed to the Force in the first quarter. The overall establishment of Specials as at 30 <sup>th</sup> June was 439.
<b>True</b>	To continue the Positive Action recruitment campaign to ensure that recruitment is representative of local communities in terms of BRM/female representation and continue to establish links within the BRM communities to improve public perception of the Police service as a career option.	By March 2008	3% black and racial minority recruitment for Police and Police Staff. 33% female representation in recruitment for Police officers.	Recruitment will reflect the diverse population of the local community.	Head of Recruitment and Resourcing	A Positive Action Plan is in place for the recruitment of all minority applicants to the Force. As of 30 <sup>th</sup> June, there were 12 BRM candidates at various stages of the police recruitment process. There were 9 female new recruits i.e. 45% recruited in the first quarter. 98 police staff were appointed to the Force during the first quarter including 2 BRM applicants i.e. 2.04% (LPI 3) 1 BRM Special was appointed to the Force i.e. 2.2% The percentage of female police officers compared to the overall force strength for the 1 <sup>st</sup> Quarter was 21.32% against a target of 22.50% (SPI 3g).

## Recruitment and Resourcing - continued

PRIORITY	OBJECTIVE	TIMESCALE	PERFORMANCE MEASURE	OUTCOME	OWNER	UPDATE
<b>Resourcing</b>	To ensure that the Force establishment is maintained as per the agreed resourcing levels.	Ongoing	To ensure maintenance of resources at agreed levels.	To ensure that areas and departments are correctly staffed in order to meet operational needs.	Head of Recruitment and Resourcing	Police Officer wastage for 2007/08 was estimated at 260. However, wastage rates are showing a downward trend with only 45 leaving in the first quarter. Total wastage for 2006/07 was 258.  Police staff vacancies have been reviewed by the Savings and Investment Panel and a total of 61.4 vacancies have been deleted. Further work to achieve savings is on-going via the Structures and Ratios Project.
<b>True</b>	To ensure that all recruitment and resourcing processes are free from discrimination against all under-represented groups.	Ongoing	Actions implemented from programmes of work within agreed timescales.	To ensure that all recruitment and resourcing processes are free from discrimination against all under-represented groups.	Head of Recruitment and Resourcing	All Recruitment and Resourcing policies have been examined and are RES compliant. On-going monitoring will take place to ensure compliance.

# Personnel Policy, Design & Support

## Personnel Policy, Design & Support

PRIORITY	OBJECTIVE	TIMESCALES	PERFORMANCE MEASURE	OUTCOME	OWNER	UPDATE
True	To lead on the development and implementation of the Disability and Gender Equality Schemes and Age Legislation for the Personnel and Development Directorate.	Schemes in place by end of April 2007. Update every 6 months.	Actions successfully implemented from the Equality Schemes and Age Legislation within agreed timescales.	Achieve objectives of the Disability and Gender Equality Schemes and Age Legislation.	Head of Personnel Policy, Design and Support	The Gender Equality Scheme has been published on the Force website and intranet. The coordinating group is in the process of ensuring that local action plans are completed in line with the objectives within the corporate action plans for DES and GES. Full guidance in respect of dealing with applications to work beyond Compulsory Retirement Age has been produced and is subject of consultation. In addition Job Descriptions are being examined to ensure that all relevant requirements are non-discriminatory or proportionate and can be justified.
True	To lead on the provision of the Management Information and co-ordinate the requirements of the Race (employment duty chapter), Disability and Gender Equality Schemes and Age Legislation to ensure that relevant statutory requirements are met through the development of adequate monitoring mechanisms.	Schemes in place by end of April 2007. Information reports every 6 months.	Actions successfully implemented from the Schemes. Production of timely analysis and delivery of Action Plans that evidence increased awareness and decision making in relation to the Equality Schemes and Age Legislation.	Achieve the objectives of the Equality Schemes and Age Legislation.	Head of Personnel Policy, Design and Support	Management information in respect of the Race Equality Scheme Employment Duty Chapter was delayed as a result of issues relating to data retrieval following the introduction of the new NSPIS HR system. The work is now underway and data has been obtained. This relates to staff in post, recruitment, grievance, discipline, capability, leavers, promotions, training and the payment of CRTP.
True/Leadership	To raise awareness of managers and staff in respect of the Revised Fairness at Work Grievance Policy and Procedure which incorporates an arbitration process for dealing with behavioural issues and a staff evaluation questionnaire process.	May 2007 then ongoing.	Monitor levels of grievance from the equality strands RES, DES, GES and 'age' legislation.	Increased trust and confidence of staff in internal procedures.	Head of Personnel Policy, Design and Support	Following an initial evaluation of the Arbitration process, the Fairness at Work (Grievance) Policy and Procedure has been revised and the option for arbitration or mediation extended to all staff for a further pilot period of 6 months. The pilot will be further evaluated in March 2008, following completion of the pilot. The revised policy has been published. A satisfaction level evaluation questionnaire has been developed and is being circulated at the conclusion of the process. Analysis of those returned have been evaluated and presented to P & D Heads. A Communication Plan has been developed for the arbitration process and the satisfaction questionnaire.

## Personnel Policy, Design & Support - continued

PRIORITY	OBJECTIVE	TIMESCALE	PERFORMANCE MEASURE	OUTCOME	OWNER	UPDATE
<b>True/ Resourcing</b>	To review and ensure that Personnel Policies and Procedures meet Organisational needs and comply with Legislative Requirements.	Programme of work agreed by April 2007. Quarterly updates against Programme.	Delivery of Policy Review within the Programme timescales.	Personnel Policies facilitate and make a positive contribution to supporting service delivery and ensure compliance with relevant legislation.	Head of Personnel Policy, Design and Support	A programme of work is being developed and prioritised by the Employee Relations and Diversity Unit in consultation with the Force Policy Manager. The priorities identified and dealt with include The Diversity Strategy, Adoption Leave, Police Staff Discipline, Redundancy Policy and Sexual Orientation, with Equality Impact Assessments completed as required.
<b>True/ Resourcing</b>	To lead and co-ordinate on the delivery and monitoring of corporate recognition and reward initiatives including the Hay Job Evaluation Scheme.	April 2007 Ongoing	Development of Programme of Work for 2007/08 initiatives. Delivery Objectives within agreed timescales and Performance Indicators.	Increased recognition of staff achievements.	Head of Personnel Policy, Design and Support	This year's annual awards event has been renamed as the Total Policing Awards. The introduction of Total Policing and the work of the TRUE programme have led to a review of the awards this year. The event will be held on 27 <sup>th</sup> November 2007 at St. George's Hall. A Recognition and Reward policy has been developed and will be implemented following consultation. The Job Evaluation process continues to be managed and monitored. The Job Evaluation Procedural Agreement will be revised in consultation with Trades Unions to ensure that it complies with the new guidelines issued by the Police Staff Council.
<b>Leadership</b>	To ensure that the third party payroll and pension service provided to Merseyside Police is the best value quality service.	Ongoing	The providers meet targets in the Payroll and Pension Contracts.	Payroll and Pension Services provide value for money.	Head of Personnel Policy, Design and Support	All targets within the Pensions contract have been consistently met. <b>Payroll Contract</b> Monthly meetings have replaced the quarterly service review meetings to provide an opportunity to monitor the project for the transition of 4 weekly pay to a monthly cycle. It also provides an opportunity to discuss service delivery and associated issues on a more regular basis. This arrangement will continue for the foreseeable future when the project to transfer the payroll cycles is replaced by a project to establish the electronic capture of payroll data.

## Personnel Policy, Design & Support - continued

PRIORITY	OBJECTIVE	TIMESCALE	PERFORMANCE MEASURE	OUTCOME	OWNER	UPDATE
Leadership	To ensure that Merseyside Police is positioned to adopt and communicate the future changes to Payroll and Pension schemes.	Ongoing	All changes identified are implemented effectively to time.	Merseyside Police adopts and communicates all National changes.	Head of Personnel Policy, Design and Support	<p>Pension Fund publicity in respect of new scheme for police staff from 2008 circulated. Home Office Injury payments review completed covering both schemes.</p> <p>Police Pension Regulations have been received in relation to the application of additional hours payments for part time workers. Work has commenced to ensure that this revised scheme is implemented in line with Home Office requirements.</p>

## Health Safety & Welfare

### Health, Safety and Welfare

PRIORITY	OBJECTIVE	TIMESCALE	PERFORMANCE MEASURE	OUTCOME	OWNER	UPDATE
<b>Resourcing</b>	Maximise attendance of all personnel by reducing sickness absence in order to ensure effective operational delivery.	Quarterly update against plan	SPI 13a - Percentage of available hours lost due to sickness Police Officers – 3.5%.  SPI 13b - Percentage of available hours lost due to sickness for Police Staff – 3.5%.	To realise the objectives of the Police Staff Attendance Management Project – the appropriate use of additional measures such as incapability and discipline procedures and efficiency regulations, together with appropriate support measures, in order to manage attendance issues.	Personnel Strategy Manager	For the period April – June 2007 Percentage of available hours lost due to sickness for Police Officers was 2.9% against a target of 3.5%. Percentage of available hours lost due to sickness for Police Staff, for the same period was 3.5% against a target of 3.5%.  The Attendance Management Project team, have commenced a programme of Force case conferences in order to identify the underlying causes of absences and to be the vehicle for sharing good practice across the Force. This team is promoting the use of incapability procedures as a means to managing attendance and is currently monitoring the use of the same.
<b>Resourcing</b>	Reduce the number of accidents incurred within the organisation with a proactive effort in order to maximise resources.	Ongoing  As per meeting Schedules.  Quarterly updates against plan	Rigorous monitoring of all accident investigation procedures. Monthly reports to COG, quarterly reports to MPA. Increase the use of near miss reporting by 25% compared to previous year. Reduce the number of workplace accidents by 5% compared to the previous year.	The provision of a safer working environment for all personnel.	Personnel Strategy Manager	For the period April – June 2007, the number of accidents reported within the Force was 57 against a target of 48 for this period. (18.8% over) However, the number of working days lost as a result of these instances was 901 days against a target of 1418 days (36.5% under).  The Force failed to meet its target of 27.5 near miss reports for the period April – June 2007, with 21 near miss reports being received. Additional communication methods have been utilized to encourage the use of 'near miss' reporting.

## Health, Safety and Welfare - continued

PRIORITY	OBJECTIVE	TIMESCALE	PERFORMANCE MEASURE	OUTCOME	OWNER	UPDATE
<b>Resourcing</b>	Reduce the numbers of officers and staff on restricted and recuperative duties, ensuring that those remaining on such duties are employed in roles that fulfill the organisations needs.	Ongoing  As per mtg schedules	Reduce the number of restricted duties officers by 20% compared to the previous year. Comprehensive review of all restricted and recuperative duties officers currently ongoing. Regular updates to COG & MPA re resource usage.	Optimum use of all Force resources to the benefit of the community.	Personnel Strategy Manager	The number of restricted duties officers at the end of June 2007 was 375. The Force has implemented a recording mechanism, which better reflects the use of restricted resources across the Force. This data shows that as of June 2007, less than 3% (11) of restricted duties police officers are occupying alternative roles due to their medical restrictions. The programme of restricted duties reviews by Independent Occupational Health specialists is ongoing and the programme is due to conclude in July 2007.
<b>Academies</b>	Evaluate all training in Merseyside Police using the Kirkpatrick model to level 1-2, increase the number of level 3 evaluations conducted.	Quarterly updates to Training Strategy Group	Number of Level 3 evaluations conducted, regulated by TSG.	Effective use of the Kirkpatrick model of Training Evaluation to ensure the best possible training provision within Merseyside Police.	Personnel Strategy Manager	The newly recruited training evaluator has instigated a process to ensure the effective evaluation of training using the Kirkpatrick Model of evaluation. Current evaluations for courses such as Family Liaison Officer (FLO), Sexual Offences Liaison Officer (SOLO), Initial Police Learning Development Programme (PLDP) and call handling are ongoing and arrangements are in place to ensure the evaluation of level 3 of this model. (Transfer of learning to the workplace).
<b>IT</b>	To provide a personnel IT system that is accessible and easy to use.	March 07 May 07 ongoing	Opendoor replaced with NSPIS HR Reports & evidence notes delivered to users. Regular data audits to ensure consistency of data and usage.	Effective rollout of NSPIS HR. (Help desk facility to be established).	Personnel Strategy Manager	NSPIS HR is a nationally used Police system, containing several HR related modules and is used by 26 Police Forces across the country. The Force has implemented the Police Personnel module of this system. Users have been trained and are becoming more proficient in the use of the system as time progresses. A help desk facility is now available to support users in their use of the system.

## Health, Safety and Welfare - continued

PRIORITY	OBJECTIVE	TIMESCALE	PERFORMANCE MEASURE	OUTCOME	OWNER	UPDATE
Leadership	To ensure a safe working environment, ensuring compliance with Health and Safety legislation.	Ongoing	Monthly updates to Chief Officer Group and MPA re – safety matters.	Consider the recommendations arising from the HSE inspection 2006. Complete a programme of work addressing issues as appropriate.	Personnel Strategy Manager	A comprehensive programme of work is ongoing to ensure the outcomes from the HSE Inspection 2006 are progressed. The HSE sent their final inspection report to both Chair of MPA and Chief Constable in May 2007, a suitable time banded action plan is being developed in order to ensure the recommendations contained therein are addressed. The plan will be monitored by the Strategic H&S Committee on which the MPA is represented. Regular reports are made to Resources & Strategy Committee.

## Management Development & Training

### Management Development & Training

PRIORITY	OBJECTIVE	TIMESCALE	PERFORMANCE MEASURE	OUTCOME	OWNER	UPDATE
<b>Leadership/ Resourcing</b>	To ensure Assessment capability and capacity are sufficient for emerging need.	Ongoing – quarterly review.	50 % increase in A1 assessment Training delivered.	Increased A1 (and PIP) assessment Training, promoting assessment as 'culture' assessment as the golden thread - across areas and departments.	Head of Training	The quarterly review of A1 Capability and Capacity is currently underway with the results and outcomes to be published 31 August 2007, full results will be forwarded to Head of Training once complete. Full impact of the recent increases in A1 training provision will be reported as part of that review
<b>Professionalising</b>	Promote consistency in training by maintaining a robust Quality Assurance framework that will overarch all training delivered in Merseyside.	Ongoing – review quarterly at Training Strategy Group.	QA questionnaire circulated Force - wide. Collation of QA responses, and follow up site visits. Trainer Monitoring systems.	Improved quality of training within Merseyside Police.	Head of Training	Completion of Home Office/NPIA Quality Assurance Framework for National Projects, IPLDP Stage 3 Completed June 2007, First in Country to be given full IPLDP Status. Work Based Promotion Pilot Quality Assurance Actions being completed in line with the Home Office Framework. The Quality Assurance Standard Operational Practice document has been well received with stakeholders and deliverers alike.
<b>Resourcing/ IT</b>	Explore and promote the changing emphasis from traditional to alternative training and assessment methodologies, including I.T. systems, in order to best utilise resources.	Ongoing – review quarterly at Training Strategy group.	MD&T to review within Departmental P I 's including collaboration within the Force, the region and beyond.	Better use of resources in the effective delivery of training.	Head of Training	There are a number of packages now available on Breeze, courses are reviewed each month for Blended Learning. Own domain now available on NCALT. NCALT Packages available to all staff. At present Merseyside Police has a dyslexia programme which covers assessments, specialist equipment & additional support providing student officers with an alternative learning aid by means of an iPod. The initial project has attracted widespread recognition, resulting in a collaborative project with the NPIA, which will see the facility made available to the remaining 42 forces, as well as criminal justice support agencies.



## Glossary of Terms

### **A**

ACC	Assistant Chief Constable
APA	Association of Police Authorities

### **B**

BCU	Basic Command Unit
BRM	Black & Racial Minorities

### **C**

COG	Chief Officer Group
CRTP	Competency Related Threshold Payment

### **D**

DES	Disability Equality Scheme
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### **G**

GES	Gender Equality Scheme
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### **H**

HMIC	Her Majesty's Inspector of Constabulary
HR	Human Resources
HSE	Health & Safety Executive

### **I**

IPLDP	Initial Police Learning and Development Programme
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### **M**

MD&T	Management Development & Training
MIAG	Merseyside Independent Advisory Group
MPA	Merseyside Police Authority

### **N**

NCALT	National Centre for Applied Learning & Technology
NPIA	National Police Improvement Agency
NSPIS HR	National Standard Police Information System
NVQ	National Vocational Qualification

### **P**

PCSO's	Police Community Support Officers
P&D	Personnel & Development

PIP	Professionalising Investigative Procedures
PI	Performance Indicators
PSP	Personal Safety Programme
PRDLDP	Police Race & Diversity Learning Development Programme
<b>Q</b>	
QA	Quality Assurance
<b>R</b>	
RES	Race Equality Scheme
<b>S</b>	
SPI	Statutory Performance Indicator
<b>T</b>	
TRUE	Trust, Respect, Understanding, Empathy
TSG	Training Strategy Group

**Management Development & Training**

The Training Plan update will be presented to members of the Resources & Strategy Committee as a separate agenda item.



### Recruitment and Resourcing

#### Purpose

The purpose of this report is to present members with an overview of the work currently being delivered within Merseyside Police in relation to recruitment and resourcing.

#### Recruitment of Police Officers, Police Staff and Special Constabulary

The target for police officer recruitment for 2007/08 is to recruit to wastage. 20 new police recruits and 7 transferees, a total of 27 officers, have been recruited to the Force between April – June 2007 in accordance with the Recruitment Plan 2007/08. 9 new recruits i.e. 45% were female and the percentage of female police officers compared to the overall police officer force strength at the end of June 2007 was 21.32% against a target of 22.50% (SPI 3g). There were no BRM police recruits appointed in the first quarter (SPI 3e), however, there are BRM applicants at various stages of the recruitment process.

98 police staff were appointed to the Force during the first quarter including 2 BRM applicants i.e. 2.04% against a target of 3% (LPI 3). The percentage of BRM police staff compared to the overall police staff force strength at the end of June 2007 was 2.03%.

A target of 600 Specials has been set to be achieved by 2008. The Special Constabulary establishment at the end of the 1st quarter was 403 and a major recruitment campaign is currently underway to attract applicants to this voluntary role. 46 new recruits were appointed during the first quarter including 1 BRM applicant i.e. 2.2%.

The recruitment of PCSO's was completed on 30<sup>th</sup> April 07 when the Home Office target for recruitment to an establishment of 466 PCSO's was achieved.

Diversity targets are being closely monitored and a significant amount of work has been undertaken to ensure that the Force reaches and exceeds targets. The Positive Action Team, in conjunction with partner agencies (e.g. People Pool, Job Bank, Jet, South Liverpool Personnel etc) have developed a joint approach in targeting minority groups within the local communities to assist in the recruitment of under represented groups. The Positive Action Team actively target local BRM communities with marketing campaigns and recruitment events.

#### Resourcing

The allocation of officers in line with the Strategic Resourcing Model is maintained by carefully monitoring probationary intakes, wastage, transfers and promotions. Wastage for 2007/08 had been estimated at 260, however, wastage from April – June was 45, was lower than the estimated 65. Wastage will continue to be closely monitored and recruitment targets adjusted accordingly if required.

#### Exit Interview Surveys

The Force recently engaged an external HR development firm (Aston Zoraster) to conduct a series of exit interview surveys, on those staff (police officers and police staff) who voluntarily leave the Organisation. Their first report details responses from ex employees who voluntarily left the Organisation between the period October 2006 to January 2007. During this period 81 staff (Police Officers, Staff and Special Constables) left the Force, however a total of 12 ex employees (14.8%) chose to take part in this survey. Unfortunately due to the small sample size the provision of a meaningful range of analysis was inappropriate.

The analysis indicates that most leavers originally stated that they had left the Organisation as they had found a better job, however when questioned independently, the main reasons for leaving were harassment/bullying (4 people) and domestic reasons (3 people). However, two thirds of respondents would consider working for the Organisation again and 60% would recommend Merseyside Police to others.

The Aston Zoraster findings are the subject of scrutiny by the Diversity Steering Group. (DSG) However, until more meaningful analysis can be undertaken, conclusions drawn from this work are limited.



To: The Chairperson and Members of the Resources and Strategy Committee

Meeting: 13<sup>th</sup> September 2007

### **Report of the Chief Constable**

#### **Training Plan update 2007-2008**

##### **1. Purpose**

The purpose of this report is to inform members regarding the current position in relation to the delivery of training by Management Development & Training (MD&T)

##### **2. Recommendation**

It is recommended that members note the content of this report.

##### **3. Background**

**3.1** As outlined in the Home Office circular 53/2003, forces are expected to provide updates to their Police Authorities regarding delivery of training against the Training Plan.

**3.2** Mandatory and discretionary training courses are programmed by MD & T according to the Force Training Needs Analysis (TNA). This is completed annually by BCU and Departmental Personnel Managers. It should be noted that mandatory training requirements take precedence over all other forms of training.

**3.3** Training with the MD&T department is prioritised according to an established model, recognised and endorsed by HMIC.

##### **4. Training Plan Update 2007/08**

**4.1** This report summarises performance for the first quarter of 2007/08 (1<sup>st</sup> April 07 to 30<sup>th</sup> June 2007).

**4.2** 'Models for Learning' is the Home Office and HMIC approved framework for the commissioning and prioritisation of training within a strict client/contractor relationship, where operational performance needs analysis acts as the driver for design and delivery, with the ultimate goal of delivering the right training to the right people at the right time. A robust meeting structure underpins the

framework, with Area and Departmental Training Panels considering local training matters and providing the means by which those issues with more corporate impact can be raised with the quarterly Training Strategy Group.

- 4.3** The total number of staff trained during April to June 2007 inclusive is 4601
- 4.4** The total number of training days delivered during this period is 16,379
- 4.5** Attendance on courses during this period was 97% with a 3% non-attendance rate.
- 4.6** The main areas of training delivery by MD&T during the first quarter of the year were PCSO, Diversity, Initial Police Learning and Development Programme (IPLDP), Personal Safety Programme (PSP), Public Order and Standard Driver training.
- 4.7** This reporting period saw the conclusion of the PCSO training programme delivered at Crawford House, a venue located in the heart of Liverpool 8. During the period a total of 181 PCSO's were trained.
- 4.8** IPLDP continues to develop and seek to enhance student officer training through contact with partner agencies. Community involvement continues to be a core theme within IPLDP with each class spending over 60 hours on various placements and in contact with the community during role-play events. Students are assessed for competence against NVQ level 3 and 4 standards prior to permanent appointment.
- 4.9** IPLDP is subject to Home Office and NPIA scrutiny. Merseyside became the first force in the country to achieve full Stage III independent status (June 2007)
- 4.10** MD&T leads on the implementation of the Police Race and Diversity Learning Development Programme (PRDLDP) and has piloted the implementation plan prior to its roll out across the force.
- 4.11** MD&T currently delivers all seven strands of diversity under its Advanced People Skills modules. Race (including Gypsy Traveller and refugee/Asylum Seekers), Religion, Gender, Sexual orientation, Homelessness, Age and Disability.
- 4.12** MD&T continues to survey the views of its internal and external stakeholders for satisfaction. Student satisfaction across all courses remains high with a rating of 95% who are satisfied.
- 4.13** In relation to Officer Safety Training (OST), MD&T is addressing issues raised from the HMIC publication 'Safety Matters' regarding attendance of staff on courses. This will see the introduction of a liaison mechanism between MD&T and the Professional Standards Department (PSD), which will identify new issues for training following complaints and civil litigation.
- 4.14** Merseyside remains one of the seven pilot forces for the Police Promotions Trail. The evaluation and subsequent decision regarding roll out nationally takes place in October 2007. To date 48 of this years 72 promotions to Sergeant and 26 of

the 30 promotions to Inspector have completed their work-based promotion portfolios.

- 4.15** The lead verifier for Professionalising the Investigative Process (PIP) has liaised with the IPLDP team to ensure that the training received by the Student Officers during the initial police training is to the required standards for achievement of level one of PIP. Every Student Officer who completes their Student Officer Learning Achievement Portfolio (SOLAP) will now automatically achieve level 1 of the PIP programme.
- 4.16** MD&T continues to review all its training products for alternative learning opportunities, which promote blended learning and the use of learning technologies including NCALT and Breeze. This ensures cost effectiveness and programme improvement.

## **5. Financial and Staffing Implications**

- 5.1** MD&T continue to manage the force training demands within its staffing and budgetary constraints.
- 5.2** Performance against projected expenditure for the period April to June 2007 shows a projected underspend of £47,011.

The carryover from 2006/7 was £48,608. This underspend is earmarked for impending training projects in the next quarter period, as follows:

- 1 Improvements to the training custody suite facility at Lea Green in response to Safer Handling doctrine guidelines (approx 20k)
- 2 Improvements to the reception area at Mather avenue (10k)
- 3 IT Upgrades for Mather and Lea Green (15k)
- 4 Operational equipment (3.6k)

## **6. Equality and Diversity Impact Assessment**

All MD&T policies have been impact assessed for compliance with equality and diversity, statutory requirements. A Standard Operating Practice, which supports this was formulated in conjunction with and received the approval of MIAG and NPIA, being acknowledged as good practice by both agencies.

## **7. Risk Assessment**

The impact of abstractions on MD&T delivery continues to be the main risk factor. MD&T continue to balance its conflicting demands to maintain quality and enhance force performance whilst operating within its budgetary processes.

**8. Conclusion**

The Management Development & Training Department endeavours to deliver the right training to the right people in the right setting at the right time. This supports 'Total Policing' and ensures that Training within the force meets the rigours of 21<sup>st</sup> century policing, whilst being cognisant of the level of abstraction and the impacts on service delivery.

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Background Papers:**