

25^d October 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 1st November 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.

Please Note:- All Members of the Joint Police Staff Consultative Committee have been invited to the meeting for the first substantive item –Redundancy Policy and Compensation.

Yours faithfully



Sheena Ramsey
Chief Executive

RESOURCES AND STRATEGY COMMITTEE

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

Co-Opted Members

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

MERSEYSIDE POLICE AUTHORITY
RESOURCES AND STRATEGY COMMITTEE

1st NOVEMBER 2007

AGENDA

PART 1

Apologies

ITEM	PAGE
1. <u>Declarations of Interest</u>	
2. <u>Minutes</u>	
To receive as a correct record the minutes of the meeting of the Committee held on 13th September 2007.	1.
<u>JOINT REPORT OF THE CHIEF CONSTABLE, CHIEF EXECUTIVE AND TREASURER</u>	
3. <u>Redundancy Policy and Compensation</u>	5.
<u>JOINT REPORTS OF THE TREASURER AND CHIEF CONSTABLE</u>	
4. <u>Police Use of Resources (PURE) Assessment 2006/07</u>	13.
5. <u>Update on the Financial Position Against Budget at 30th September 2007</u>	39.
6. <u>Efficiency Plan 2007/08</u>	49.
7. <u>Recruitment of Additional Police Officers (Report to Follow)</u>	
8. <u>Budget Forecast 2008/09 and Medium Term Financial Plan to 2010/11</u>	55.
<u>REPORTS OF THE CHIEF CONSTABLE</u>	
9. <u>Update on the Police Service National ABC Costed Model</u>	67.
10. <u>Merseyside Police Assistance in Policing Football Matches Abroad</u>	77.
11. <u>Policing of Major Events</u>	81.
12. <u>North West/South West Forensics Procurement</u>	87.
13. <u>Tender Monitoring</u>	91.
14. <u>ANY OTHER ITEM(S) WHICH THE CHAIRPERSON DEEMS TO BE OF AN URGENT NATURE</u>	

PART 2

Under Section 100A(4) of the Local Government Act 1972 and having satisfied the provisions of Section 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 paragraphs 3, 4 and 7 of Schedule 12A to the Act:-

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<u>REPORTS OF THE CHIEF CONSTABLE</u>	
15. <u>Tender Monitoring</u>	107.
16. <u>Lightning 3 Control Room</u>	113.
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18. <u>ANY OTHER ITEMS WHICH THE CHAIRPERSON DEEMS TO BE OF AN URGENT NATURE</u>	

MERSEYSIDE POLICE AUTHORITY
RESOURCES & STRATEGY COMMITTEE

At a meeting of the Resources and Strategy Committee held on Thursday, 13th September 2007 in the Meeting Room, 3rd Floor, West House, Mercury Court, Liverpool, the following members were present:-

Elected Members

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

Magistrate Member

Mr M J Amos JP

Union Officials (non-voting)

Mr C Van-Rooy (Unison)
Ms C Clinton (Unison)

Apologies

Apologies for absence were received on behalf of Councillor Ms D Kerrigan, Mr JF Williams, Mr D Bradbury, Mr T Kelly and Professor A B Zack-Williams.

17. Declarations of Interest

Mr MJ Amos JP declared a personal interest in the Annual Treasury Management Report 2006/07 and remained in the room whilst the item was under consideration.

18. Minutes

The minutes of the meeting of the Committee held on 2nd August 2007 were received as a correct record and signed by the Chairperson.

19. Audit Commission – Annual Governance Report

The Committee considered the report of the Treasurer on the Annual Governance Report prepared by the Audit Commission and a summary of the report presented by Mr Robin Baker, District Auditor.

RESOLVED-

- (i) That the report be welcomed and Mr Baker be thanked for the report and his presentation; and
- (ii) That the issues referred to in the report be submitted to the meeting of the Authority to be held on 27th September 2007.

20. Annual Treasury Management Performance Report 2006/07

The Committee considered the report of the Treasurer which set out the current treasury position, borrowing and investment rates in 2006/07, the borrowing and investment outturn in 2006/07 and compliance with treasury limits and Prudential Code Indicators.

RESOLVED- That the Police Authority be recommended to approve:-

- (a) a number of liquidity accounts being opened with institutions currently on the lending list to enable a better rate of interest to be earned regardless of future interest rate movements;
- (b) a number of additions to Lending List B as detailed in the report; and
- (c) an increase of £2.5m for all lending limits to reflect inflationary increases and increased treasury management activity.

21. Health and Safety Executive (HSE) Improvement Notices - Update

The Committee considered the Joint Report of the Chief Constable and Chief Executive on an update on the activities arising from the Joint Action Plan following the issue by the HSE of Improvement Notices in late 2006.

RESOLVED- That the Committee notes the report and the action taken to date and a further update be submitted to the meeting of the Committee in February 2008.

22. Efficiency Plan Outturn 2006/07

The Committee considered the joint report of the Chief Constable and Treasurer on an assessment of performance against the 2006/07 Efficiency Plan.

RESOLVED- That the report be noted.

23. Government Consultation on the Proposed Changes to the Police Funding Formula

The Committee considered the Joint Report of the Treasurer and Chief Constable on the Government's proposals to update and fine tune the Police Funding Formula with effect from 2008/09; and which sought approval to authorise the Treasurer and Chief Constable, in consultation with the Chairman of the Authority and Chairperson of the Committee, to respond to the proposals in line with the determination of the Committee.

RESOLVED – That the Treasurer and Chief Constable, in consultation with the Chairman of the Authority and Chairperson of the Committee, be authorised to respond to the proposals on the lines set out by the Committee.

24. Additionally Funded Police Services

The Committee considered the report of the Chief Constable which:-

- (a) Gave an update on the current funding arrangements for additional police services; and
- (b) outlined amendments occurring in the current year and potential risks in 2008/09.

RESOLVED- That the report be noted.

25. Forensic Costs

The Committee considered the report of the Chief Constable on the latest position in respect of forensic costs.

RESOLVED- That the report be noted.

26. Chief Constable's Priority Fund

Further to Minute 35 (iv) of the Police Authority, the Committee considered the report of the Chief Constable on a summary of expenditure contained within the Priority Fund for 2006/07.

The Treasurer reported that there may be scope for some expenditure to be accounted for elsewhere in the budget and that the Chief Constable had agreed to a joint review of the Fund's Terms of Reference, the outcome of which would be reported to the Committee in due course.

RESOLVED- That the report be noted.

27. Personnel Plan 2007/08 – 1st Quarter Update

The Committee considered the report of the Chief Constable on performance against targets set out in the Personnel Plan 2007/08.

ACC Lawson indicated that the force had recently become the first in the country to attain Stage 3 Accredited Status for the Initial Police Learning Development Programme (IPLDP).

RESOLVED-

- (i) That the report be noted;
- (ii) that the Force be congratulated on the achievement of Stage 3 IPLDP Accreditation;
- (iii) that the establishment profile of the Special Constabulary be submitted to the next meeting; and
- (iv) that national absence rates across all forces be reported to the next meeting in order for the Authority to give early consideration to target setting in 2008/09.

28. Training Plan Update 2007/08

The Committee considered the report of the Chief Constable on the current delivery of training by Management Training and Development (MDT).

RESOLVED-

- (i) That the report be noted; and
- (ii) That the Committee acknowledges the work done to achieve the high attendance rates for training courses.

29. 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 two items of business on the grounds that they involve the likely

disclosure of exempt information as defined in paragraph 3 and 4 and 4 respectively of Part 1 of Schedule 12A to the Act.

30. External Insurance Premiums for 2007/08

Further to Minute 70 (i) (2006/07), the Committee considered the report of the Treasurer on the final external insurance premiums for 2007/08.

RESOLVED- That the report be noted.

31. National Shared Services Project

The Committee considered the Joint Report of the Treasurer and Chief Constable on an overview of the National Shared Services Project for human resources and financial services.

RESOLVED- That the Chief Constable be requested to report to the Authority on the benefits of preparing an Outline Business Case for possible participation, prior to any critical decisions being taken on the commitment of Merseyside Police as a Foundation Force.

Minutes 17 to 31 received as a correct record on the 1st day of November 2007.

Chairperson of the Committee

(The meeting closed at 3.30pm)

MERSEYSIDE POLICE AUTHORITY

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

Meeting: 1st November 2007

Redundancy Policy and Compensation

Joint Report of the Chief Constable, Chief Executive and Treasurer

1. Purpose

To determine the use of the Authority's discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and approve a Redundancy Policy and Procedure following consultation with the trades unions on the draft considered by the Resources and Strategy Committee on 2nd August 2007.

2. Recommendations

Members are recommended to:

- i. Consider the request of the trades unions to improve the compensation for redundancy by applying a multiplier of 2 and make any appropriate recommendation to the Authority;
- ii. Subject to any further amendments as a consequence of (i) above, recommend to the Authority for approval the revised draft Redundancy Policy and Procedure;
- iii. Consider the request of the trades unions for a variation in the Redeployment Policy and Procedure and make any appropriate recommendation to the Authority;
- iv. Request that the Chief Constable continues to manage police staff vacancies so as to maximise the potential for redeployment opportunities without unnecessary adverse effect on service delivery;
- v. Request the Chief Constable to invite applications for voluntary redundancy or early retirement from unaffected staff where such applications could reasonably be expected to reduce the need for compulsory redundancy.

3. Background

- 3.1** At its meeting on 16th August 2007 the Police Authority approved in principle, for the purpose of consultation with the relevant trades unions, a draft redundancy policy and procedure. That policy and procedure incorporated proposals in respect of the use of the Authority's discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006. The Authority approved a recommendation of the Resources and Strategy Committee that the Joint Police Staff Consultative Committee (JPSCC) conduct such consultation as soon as practicable.
- 3.2** Whilst there is a requirement on the Authority to have a policy in respect of its use of discretion under the above regulations, the potential need for a redundancy policy has also been evidenced by the early work of the Structures and Ratios project.
- 3.3** This project was established in January 2007 and is tasked with improving the efficiency and effectiveness of core corporate support functions. The current focus of the project is to rationalise and professionalise the following support functions: Personnel, Finance and Communications and Marketing.
- 3.4** The possibility cannot be discounted that one of the outcomes of this project will be to place a number of staff into a 'redundancy situation'. This does not mean that all those affected will be caused to leave the organisation. It is anticipated that a clear majority will be successfully redeployed into existing vacant posts. In cases where such redeployment results in a reduction in pay, staff will benefit temporarily from the earnings protection arrangements as set out in the Redeployment Policy and Procedures. It is potentially the case, however, that successful redeployment will not be achieved in respect of all affected staff, particularly in the case of more senior staff, where the organisation is likely to have access to fewer similarly graded alternatives to offer to those who might otherwise choose to remain. In these cases, and where an employee reasonably elects to refuse a less than suitable alternative, it is imperative that the provisions of a formal redundancy policy can be appropriately applied. The draft Redundancy Policy upon which consultation has taken place aims to meet that need and incorporates the proposed compensation payment arrangements in accordance with the discretions referred to above.
- 3.5** There are a number of circumstances in which the employment of police staff may be terminated early with a compensatory payment. These can be for reason of redundancy or in the interests of the efficiency of the service and may be voluntary or compulsory and include early retirement. In most cases of redundancy there is an entitlement to a statutory redundancy payment and in the case of staff over the age of 50 and in membership of the Local Government Pension Scheme (LGPS), early payment of a pension. Local authorities (including the Police Authority) have discretionary powers in certain circumstances to award additional compensation.

- 3.6** Prior to 1st April 2007, that discretionary compensation could take a number of forms. The statutory limit (currently £310) on the value of a week's pay could be set aside and the actual pay of the employee used in calculating the statutory redundancy payment. In addition the employer could either award an additional redundancy payment bringing the total payment up to a maximum of 66 weeks pay or grant compensatory added years to the pensionable service of an employee over 50 years of age who was a member of the LGPS.
- 3.7** The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 revoke the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2000 as those regulations do not meet the requirements of the Employment Equality (Age) Regulations 2006.
- 3.8** The new regulations remove the facility for employers to award compensatory added years to employees (although there is still the provision to award added years under the augmentation provisions of the Local Government Pension Regulations 1997, as amended). The new regulations also remove the facility to pay a lump sum of up to 66 weeks pay and replace this with the provision to make a lump sum payment of up to 104 weeks pay. The draft policy approved in principle by the Authority would limit the lump sum to 30 weeks pay as provided for in the statutory redundancy payment scheme. The discretion to base redundancy payments on the actual week's pay rather than the statutory pay ceiling has been retained. The draft policy approved in principle by the Authority provides for the use of actual pay.

4. Consultation

- 4.1** Four consultative meetings have been held between officers of the Police Authority, senior force personnel staff and representatives of Unison and GMB in preparation for the meeting of the JPSCC held on 15th October 2007. As a result of the discussions in those meetings a revised draft of the proposed Redundancy Policy and Procedure has been produced. The revised draft (attached to this report) incorporates a number of relatively minor changes that the officers and representatives are agreed provide improvements to the document, particularly in respect of procedural matters, without changing any of the principal elements of the policy, particularly in respect of redundancy payments.
- 4.2** Further consultation took place between the trades unions and members of the Authority in the JPSCC. In that and the earlier meetings it was identified that the principal improvement sought by the trades unions is an increase in the redundancy compensation by the application of a multiplier of 2 to the number of weeks pay provided by the statutory compensation formula (coupled with the proposed use of actual pay).
- 4.3** In addition the trades unions also seek :
- a) an improvement in the earnings protection arrangements of the existing Redeployment Policy and Procedure from the current one year full protection and at 50% for a further year to three years full protection. The current arrangements were implemented in agreement with the trades

unions in November 2004;

- b) a commitment to hold police staff vacancies, wherever practicable, to facilitate future redeployment;
- c) a commitment to accept (and approve where practicable) applications for voluntary redundancy to facilitate the redeployment of staff.

4.4 In considering the request for a multiplier to be applied to the redundancy compensation payments, members will wish to ensure that a balance is achieved between financial prudence, the achievement of necessary change and the maintenance of good industrial relations. Whilst the proposed policy is general in nature, members will also need to consider the anticipated level of application of the policy in the foreseeable future. In order to assist members illustrative figures prepared by the force and presented to the JPSCC by the trades unions are attached.

4.5 The present Redeployment Policy and Procedure provides a mechanism to avoid dismissals on the grounds of redundancy or for medical capability, including cases of disability. A feature of the policy is the provision of transitional arrangements where a suitable job with the same level of earnings as formerly enjoyed is not available. The protection provided is one year of full protection of earnings and one year with protection of 50% of the reduction in earnings. The issues to be considered in respect of the request of the trades unions to improve this protection are similar to those involved in considering an improvement in the redundancy terms. Members will also wish to consider the combined effect of these two requests, if granted.

4.6 The Force already operates a vacancy scrutiny process to ensure that posts are only filled where necessary for the maintenance of the service. A number of posts have already been held for potential future redeployment and all posts that are filled are considered in the first instance as potential redeployment opportunities.

4.7 The Force considers all requests for voluntary redundancy or early retirement. In accordance with good practice the Force would be willing to invite such applications from unaffected staff ahead of any significant redundancy programme. However, voluntary redundancies would only be approved where the vacated post could be filled by someone who would otherwise be redundant and where any consequent costs could be justified.

5. Financial and Staffing Implications

The full extent of the financial implications will ultimately depend on the number and service/age profile of the staff affected. However, the proposals put forward by the trades unions will have a dual effect if adopted:-

- i. The increase in the multiplier will increase the up-front costs of funding the redundancy payments and, at a level of 2, this would effectively double this element of the cost.
- ii. The extending of the 'protection period' for redeployed staff would effectively increase the period over which savings are accrued to offset the costs of redundancy and contribution to any potential budget deficits.

6. Equality and Diversity Impact Assessment

There are no immediate equality and diversity issues as a consequence of the approval of this report. However, a significant objective of the proposals contained in the report is to ensure that any future redundancies or other payments of compensation for early termination of employment in the interests of the efficiency of the service are dealt with fairly and consistently, particularly with respect to age discrimination.

7. Risk Assessment

- 7.1** Failure to adopt and publish a policy in respect of the exercise of the Authority's discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 could ultimately result in a complaint to the Pensions Ombudsman and the award of financial penalty.
- 7.2** Failure to adopt a redundancy policy in advance of any proposals that might result in redundancies could result in difficulty or delay in implementing those proposals as well as poorer industrial relations.
- 7.3** In the case of any redundancies being necessary, the Authority would wish to be satisfied that any such action was designed to preclude the possibility of front line police officers being required to 'backfill' in respect of support functions.
- 7.4** In circumstances where the need might arise for redundancy, such action may negatively affect the morale of police staff members. Great care would clearly need to be exercised in ensuring that understandable concern was minimised and that the same did not impact on the quality of service offered to the public.
- 7.5** Issues associated with the Structures and Ratios project have been identified for inclusion in the Risk Register and are under active consideration.

8. Conclusion

Whilst progress has been made in discussions between officers and the trades unions in respect of the draft redundancy policy, there remain a number of issues of debate that should be the subject of consideration in this committee. Members of the committee are invited to consider the requests of the trades unions before making a recommendation to the Authority in respect of the draft policy and associated matters.

Bernard Hogan- Howe
Chief Constable

Sheena Ramsey
Chief Executive

Paul Johnson
Treasurer

Contact: Alan Mears, Personnel Co-ordinator
Telephone: 0151 777 8285
Background Papers: None

Grade D

Age	Weekly Pay	<u>10 Years Service</u>			<u>15 Years Service</u>			<u>20 Years Service</u>					
		Red Weeks Pay	1	1.5	2	Red Weeks Pay	1	1.5	2	Red Week Pay	1	1.5	2
42	399.29	10.5	4193	6289	8385	15.5	6189	9283	12378	20.5	8185	12278	16371
47	399.29	13	5191	7786	10382	18	7187	10781	14374	23	9184	13776	18367
52	399.29	15	5989	8984	11979	20.5	8185	12278	16371	25.5	10182	15273	20364
57	399.29	15	5989	8984	11979	22.5	8984	13476	17968	28	11180	16770	22360

Grade F

Age	Weekly Pay	<u>10 Years Service</u>			<u>15 Years Service</u>			<u>20 Years Service</u>					
		Red Weeks Pay	1	1.5	2	Red Weeks Pay	1	1.5	2	Red Weeks Pay	1	1.5	2
42	589.21	10.5	6187	9280	12373	15.5	9133	13699	18266	20.5	12079	18118	24158
47	589.21	13	7660	11490	15319	18	10606	15909	21212	23	13552	20328	27104
52	589.21	15	8838	13257	17676	20.5	12079	18118	24158	25.5	15025	22537	30050
57	589.21	15	8838	13257	17676	22.5	13257	19886	26514	28	16498	24747	32996

Grade H

Age	Weekly Pay	<u>10 Years Service</u>			<u>15 Years Service</u>			<u>20 Years Service</u>					
		Red Weeks Pay	1	1.5	2	Red Weeks Pay	1	1.5	2	Red Weeks Pay	1	1.5	2
42	771.54	10.5	8101	12152	16202	15.5	11959	17938	23918	20.5	15817	23725	31633
47	771.54	13	10030	15045	20060	18	13888	20832	27775	23	17745	26618	35491
52	771.54	15	11573	17360	23146	20.5	15817	23725	31633	25.5	19674	29511	39349
57	771.54	15	11573	17360	23146	22.5	17360	26039	34719	28	21603	32405	43206

MERSEYSIDE POLICE AUTHORITY

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

Meeting: 1st November 2007

JOINT REPORT OF THE TREASURER AND THE CHIEF CONSTABLE

Police Use of Resources (PURE) Assessment 2006/07

1. Purpose of Report

The purpose of the report is to inform Members of the 2006/07 Police Use of Resources (PURE) Assessment recently undertaken by the Audit Commission (**see Appendix 1**).

2. Recommendations

Members are asked to note the contents of this report.

3. Background

- 3.1 The Audit Commission are required to assess how well Police Authorities manage and use their financial resources by providing scored judgements on the Authority's arrangements in five specific areas. This is known as the Police Use of Resources Evaluation (PURE) and was completed for the first time in 2005/06.
- 3.2 The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the authority's priorities and improve services. It covers:
- financial reporting
 - financial management
 - financial standing
 - internal control
 - value for money.

3.2 Each judgement area (theme) consists of a number of key lines of enquiry (KLOE) and area of audit focus and evidence. There are also descriptions of performance against each KLOE showing performance at levels 2, 3 and 4. These translate into the following judgements:

1 = below minimum requirements – inadequate performance

2 = only at minimum requirements – adequate performance

3 = consistently above minimum requirements – performing well

4 = well above minimum requirements – performing strongly

3.3 The overall use of resources score is based on combining auditors' scores for each of the areas covered.

4.0 Merseyside Police Authority's Summary of scores

4.1 The Audit Commission assessed the Authority's arrangements in the five areas. The score for each theme is as follows:-

Theme and key line of enquiry	2005/06 KLOE score	2006/07 KLOE score
Financial reporting	3	3
Financial management	2	3
Financial standing	2	3
Internal control	2	2
Value for money	2	3

4.2 The overall score will be announced by the Audit Commission shortly, but is likely to be as follows:-

Overall Judgement	2005/06 Score Judgement	2006/07 Score Judgement
Use of Resources	2	3

4.3 As can be seen from the above the Authority has improved on its 2005/6 scored judgment and has now scored an overall 3, i.e. Consistently above minimum requirements – performing well.

4.4 The detailed findings of the Audit Commission's PURE assessment are contained in their report attached in **Appendix 1**.

5. Financial and Staffing Implications

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

6. Risk Assessment

The Authority must continue to maintain and improve where necessary its standards in the use of the resources at its disposal. Failure to achieve this may ultimately lead to a deterioration in performance, especially in a period of a reducing resource base.

7. Equality & Diversity Impact Assessment

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

8. Conclusions

The Audit Commission has undertaken a PURE assesment on how the Authority manages and uses its financial resources. The Audit Commision are likely to score the Authority an overall 3, i.e. consistently above minimum requirements – performing well. This will be an improvement on the scored judgement received in 2005/06.

Paul Johnson
Treasurer to the Authority

Bernard Hogan-Howe
Chief Constable

Contact Officers:

Helen Stafford, Acting Head of Finance (0151) 777 8025

John Riley, MPA Financial Services Manager, (0151) 285 5526

Tom Kelly, Audit Manager, Audit Commission, 0844 798 4829

Police use of resources auditor feedback report

October 2007



Police Use of Resources - Feedback Report

Merseyside Police Authority

Audit 2006/07

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

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Merseyside Police Authority

Introduction

- 1 This report presents the results of the 2006/07 police use of resources assessment (PURE) at Merseyside Police Authority. As the Audit Commission's appointed auditor to the Authority, we undertook this review during the period April - May 2007, as part of our responsibility to examine the economy, efficiency and effectiveness of the Authority's use of resources under section 5(1)(e) of the Audit Commission Act 1998.
- 2 We have completed our review in accordance with the methodology and guidance issued by the Audit Commission (the Commission). The results have been subject to internal and national quality control arrangements, designed to ensure compliance with the methodology and guidance, and to promote consistency.
- 3 This report summarises the approach taken and the results of the assessment. It also highlights areas for improvement based on the criteria issued by the Commission.

Approach and scoring

- 4 The PURE assessment enables auditors to form judgements on the Police Authority and Force arrangements to secure effective use of resources across the five themes of financial reporting, financial management, financial standing, internal control and value for money.
- 5 Each theme consists of a number of key lines of enquiry (KLOEs) and areas of audit focus and evidence. There are also descriptions of performance against each key line of enquiry showing performance at levels 2, 3 and 4. These translate into the following judgements:
 - 1 = below minimum requirements – inadequate performance;
 - 2 = only at minimum requirements – adequate performance;
 - 3 = consistently above minimum requirements – performing well; and
 - 4 = well above minimum requirements – performing strongly.
- 6 The Commission will determine the overall use of resources score by combining the auditor's separate scores for each of the themes covered.
- 7 In forming our assessment, we take into account requirements of the methodology set out in the PURE guidance to auditors and briefings to police authority treasurers and force finance directors issued in February 2007. This is the second year that auditors have undertaken PURE and the key principle is one of a risk based and proportionate refresh from 2005/06, where auditor judgements and assessments are based on:
 - key changes to the KLOE criteria referred to in police authority guidance;
 - actions by police authorities and forces to address improvement opportunities identified in the 2005/06 PURE assessment, and where relevant, additional HMIC recommendations linked to the 2005/06 baseline assessment on finance and resources;
 - to support scores of 3 and above, considering whether relevant arrangements are 'embedded'; that is, they have been operating consistently with clear outputs and are having an impact; and
 - for scores of 4 (performing strongly) considering whether, in addition to meeting the descriptors/criteria, police authorities can demonstrate innovation or best practice that can be shared with others.

Merseyside Police Authority

Summary of scores for Merseyside Police Authority

- 8 The score for each theme is summarised below, which includes comparative judgements for 2005/06. The next section of this report provides key messages, strengths and areas for improvement across the Police Authority and Force by theme level.

Table 1 Merseyside Police Authority - summary of scores

Merseyside Police Authority has improved in its use of resources in 2006/07.

Use of resources theme	2006/07 score	2005/06 score
Financial reporting	3	3
1.1 Annual accounts	3	3
1.2 External accountability	2	2
Financial management	3	2
2.1 Medium-term financial strategy	3	2
2.2 Performance against budgets	2	2
2.3 Asset management	3	2
Financial standing	3	2
3.1 Financial standing	3	2
Internal control	2	2
4.1 Risk management	3	2
4.2 Internal control	2	2
4.3 Probity and Propriety	2	2
Value for money	3	2
5.1 Achieving VFM	3	2
5.2 Managing VFM	3	2

Source: Audit Commission

Key messages and actions for the Police Authority

- 9 This summary sets out key findings; both overall for the Police Authority and Force and in relation to each theme, summarising strengths and areas for improvement.

Overall messages

- 10 The overall messages from our work are as follows.
- The Authority and Force have improved arrangements for managing their use of resources during 2006/07.
 - Financial reporting arrangements are good but there is scope to improve external accountability by producing more summarised financial information.
 - Financial management has been strengthened and improved over the last year. The Medium-Term Financial Strategy and other key documents are 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 improving 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 and are now assessed as good. A risk-based approach to determining the required level of reserves has been developed; addressing the key recommendation from our work in 2005/06.
 - Internal control arrangements have improved but there remains scope for further development. Risk management arrangements have developed and are now considered good. The system for internal control is adequate and could be improved by developing 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. Committee members may also benefit from specific training on audit and governance issues. Arrangements for probity and propriety are adequate with opportunities to develop the role of the Standards Committee.

Merseyside Police Authority

8 Police Use of Resources - Feedback Report | Key messages and actions for the Police Authority

- Arrangements for achieving value for money have improved. In addition to specific improvements in performance and value for money, the Force and Authority are now better able to demonstrate their achievements. Some elements of performance have improved significantly, for example reductions in crime levels and increases in sanctioned detections. At the same time, cost pressures have been contained. The Authority has invested 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. Service improvement reviews continue to be undertaken but would benefit from clearer indications of expected benefits to assess whether outcomes are in line with expectations.

Role of the Police Authority

- 11 As well as its formal responsibility for approving the annual accounts, the Police Authority provides financial scrutiny. This involves approving the budget and the medium term financial strategy on an annual basis. These documents are integrated with business planning to ensure that resources are allocated in order to achieve the Authority's strategic objectives. Performance against budget is monitored through quarterly budget monitoring reports. The Authority receives reports on the performance of assets, enabling it to identify how effectively assets are being utilised. There is scope to carry out sensitivity analysis around budgets and put in place more formalised arrangements to risk assess material items of revenue and capital income and expenditure.
- 12 The Authority ensures reserves are adequate to meet unexpected demands on its service, without compromising the delivery of strategic objectives. A risk based approach is used to ensure levels of reserves are appropriate. The Authority has a good record of maintaining expenditure within available resources.
- 13 Authority members contribute to the risk management process and have received risk management awareness training to assist them in fulfilling their responsibilities. The Resources and Strategy Committee receives regular updates on the management of risks across the Authority and the Force. Members of the Authority approve the annual Statement of Internal Control (SIC) and receive appropriate information to enable them to form a view on its contents. There is scope to improve arrangements for scrutiny and challenge by members, by ensuring that the Resources and Strategy Committee (in its audit committee role) develops a more proactive leadership role around governance issues. Members may benefit from specific training on audit and governance responsibilities.
- 14 The Authority needs to demonstrate more clearly that it is fulfilling its responsibility to be proactive in the raising ethical standards. For example, the Standards Committee plans to produce an annual review of standards of conduct issues but this has not yet happened. The Authority needs to complete this and demonstrate its commitment to raising standards.

Merseyside Police Authority

Actions for Police Authority members

- 15 The key actions for Police Authority members in ensuring a continued focus on effective use of resources are as follows.
- Publish summary financial information that would be more understandable to stakeholders.
 - Continue to develop budget monitoring arrangements so there are clearer links with operational activity indicators and more emphasis on risk assessment.
 - Develop the 'audit committee' role of the Resources and Strategy Committee so it becomes more proactive and effective in its leadership on audit and governance issues. There may be benefits from providing specific training on audit and governance issues to members.
 - Implement the Standards Committee plans to report regularly on standards of conduct.
 - Continue to develop arrangements for improving value for money by:
 - addressing the possibility that Public Service Agreement targets will not be met;
 - show how activity based costing and activity analysis will be used to challenge existing resource allocation; and
 - develop targets within service improvement reviews so benefits can be assessed.

Merseyside Police Authority

Theme summaries

Financial reporting

Theme score – 3	
Purpose	
To assess the strength of the Authority and Force financial accounting and reporting arrangements.	
Key findings and conclusions	
<p>Our work on the audit of the 2006/07 annual accounts confirm that the Authority's financial reporting arrangements remain at a good standard. The accounts did not contain any material errors and the amendments made related to how items were disclosed. Supporting working papers and cooperation from officers remains good.</p> <p>External accountability remains adequate. This could be improved by publishing more summarised financial information that would be more understandable to stakeholders.</p>	
Improvement opportunities	
KLOE 1.1 The authority produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	<p>R1 Continue to develop the quality of the annual accounts by:</p> <ul style="list-style-type: none"> • introducing additional quality control procedures so the accounts contain only trivial errors; and • further developing the quality of working papers.
KLOE 1.2 The authority promotes external accountability.	R2 Develop and publish summary financial information that is more accessible to stakeholders.

Merseyside Police Authority

Financial management

Theme score - 3	
Purpose	
To assess how well the authority and force plan and manage its finances.	
Key findings and conclusions	
<p>Financial management arrangements have been strengthened in the last year. The Medium-Term Financial Strategy (MTFS), budget and capital programme are now aimed more clearly at delivering strategic priorities. Links between business and financial planning are more evident, and this forms the basis of resource allocation within the MTFS and the annual budget. Budgets also take account of a risk assessment of material items and business planning now involves three year projections and covers key features.</p> <p>Budget management has also improved in a number of areas including predictive monitoring and reports of progress in achieving planned savings. There are however, some areas that can be developed further including the need for clearer links with operational activity indicators and risk assessment. There have been developments in asset management arrangements including clearer management responsibilities, examples of good option appraisal for major decisions and local performance indicators in relation to estates, ICT and the vehicle fleet.</p>	
Improvement opportunities	
<p>KLOE 2.1 The authority's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.</p>	<p>R3 Continue the development of the MTFS by:</p> <ul style="list-style-type: none"> • reflecting joint plans agreed with partners; • model key balances and resource requirements over the three year period; • identify and proactively manage future developments that may impact on financial management arrangements; and • monitor and demonstrate how financial plans have contributed to the achievement of policing objectives.

Merseyside Police Authority

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Improvement opportunities	
KLOE 2.2 The authority and force manage performance against budgets.	R4 Develop budget monitoring so that there are clearer links with operational activity indicators and more emphasis on risk assessment.
KLOE 2.3 The authority and force manage their asset base (including their estate and vehicle fleet) and their IM&T service.	R5 Develop asset management arrangements further by: <ul style="list-style-type: none">• co-ordinating and integrating asset information with financial information;• developing performance measurement to demonstrate how changes in asset use improve operational performance; and• communicate key performance measurement results to stakeholders.

Financial standing

Theme score - 3	
Purpose	
To assess how well the authority safeguards its financial standing.	
Key findings and conclusions	
The Police Authority's arrangements for safeguarding its financial standing have developed further in the last year and are now assessed as good. A risk-based approach to determining the required level of reserves has now been developed. This was the key recommendation from our work in 2005/06 and has now been addressed.	
Improvement opportunities	
KLOE 3.1 The authority manages its spending within the available resources.	<p>R6 Develop the monitoring of financial health indicators by members, involving monitoring against targets.</p> <p>R7 Where target levels of reserves are achieved, identify and report the opportunity costs vs. benefits of maintaining these levels.</p>

Merseyside Police Authority

Internal control

Theme score - 2	
Purpose	
To assess how well the authority's and force's internal control environment enables them to manage their significant business risks.	
Key findings and conclusions	
<p>Internal control arrangements have improved in some areas but there remains scope for further development.</p> <p>Risk management arrangements have developed and are now considered good. The business risk management process was reviewed during 2006/07 and the Force risk management policy was updated. Risk registers for the Force and Authority are reviewed and updated regularly and there is a new risk register for risks applying to both the Authority and Force.</p> <p>The system for internal control is adequate. This can be improved further by developing 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. Committee members may benefit from specific training on audit and governance issues in order to fulfil their role more effectively.</p> <p>Arrangements for probity and propriety are adequate with good examples of providing training and guidance designed to improve standards of ethical conduct amongst staff and members. The key area to develop is the role of the Standards Committee. There are plans for the Committee to report on standards of conduct but this has not yet occurred.</p>	
Improvement opportunities	
<p>KLOE 4.1 The authority and force manage their significant business risks.</p>	<p>R8 Risk management can be developed further by:</p> <ul style="list-style-type: none"> • a senior officer and member taking overall responsibility for embedding business risk management throughout the Authority and Force; • demonstrating business risk management is embedded in corporate business processes; • all appropriate Authority members and senior officers receiving risk management awareness training; and • the Authority and Force considering positive as well as negative business risks.

Merseyside Police Authority

Improvement opportunities	
KLOE 4.2 The authority and force have arrangements in place to maintain a sound system of internal control.	<p>R9 Develop 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.</p> <p>R10 Consider specific training on audit and governance issues to members of the Resources and Strategy Committee.</p>
KLOE 4.3 The authority and force have arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	<p>R11 Implement the Standards Committee plans to report regularly on standards of conduct.</p>

Value for money

Theme score - 3

Purpose

To assess the achievement of value for money within the authority and force and to conclude on the robustness of arrangements to secure improvements.

Key findings and conclusions

The Authority's and Force's arrangements for achieving and improving value for money are assessed as good.

Merseyside has reduced crime by 13 per cent over the past year, with life-threatening/gun crime down by 20 per cent. The Force is improving its performance in terms of sanctioned detections: domestic burglary, auto crime and robbery are all improving strongly.

User satisfaction is above average in all basic command units (BCUs) and, compared with its most similar force (MSF) group, residents believe the police have a reasonable understanding of community issues.

All Crime and Disorder Reduction Partnerships (CDRPs) show an overall reduction on the PSA1 target for reducing crime, but based on Home Office iQuanta analysis, three out of five are projected to miss their 2007/08 PSA1 target. Domestic burglary and unauthorised taking of a motor vehicle have generally reduced across all CDRPs.

The Force has structured itself to deliver national and local priorities. For national priorities, it has established a dedicated team to tackle Level 3 criminality, particularly in relation to Class A drugs and firearms.

For local priorities, it continues to lead on neighbourhood policing, supported by a newly-created anti-social behaviour (ASB) taskforce. The Police Authority has invested in priority areas to improve services such as neighbourhood policing and tackling ASB. Evidence suggests the additional investment has led to improvements in services.

Costs have been contained. They were 4 per cent above the MSF average, but are now only 2 per cent above.

The Force and Authority have a track record of reviewing costs to ensure services provide value for money. Achieving savings and remaining within a tight budget framework is a key priority. There is a strong management structure, through the Chief Officer Group and member committees, to support this.

The Force has been successful in achieving efficiency savings and has identified cashable and non-cashable savings in excess of the efficiency review targets. It has, for example, made significant savings on energy costs through awareness raising and training of energy champions.

Merseyside Police Authority

Key findings and conclusions	
<p>There is an active programme of service reviews but the absence of expected quantified benefits makes it impossible to assess whether the reviews have achieved the desired outcomes.</p> <p>Activity based costing (ABC) and activity analysis (AA) are now used to monitor performance in relation to crime and detections, as well as availability of officers and staff for service. There is, however, scope to develop links to strategic planning.</p>	
Improvement opportunities	
<p>KLOE 5.1 The authority and force currently achieves good value for money.</p>	<p>R12 Identify the actions required to address the possibility that PSA1 targets will not be met.</p>
<p>KLOE 5.2 The authority and force manage and improve value for money.</p>	<p>R13 Demonstrate how ABC and AA are used to challenge existing resource allocation and as an information source to inform strategic planning.</p> <p>R14 Include SMART targets as part of the service improvement review process in order that actual vs. expected benefits can be assessed.</p>

Status of the report and next steps

- 16 This report has been discussed and agreed with senior officers of the Police Authority and Force.
- 17 We will present the report to the Resources and Strategy Committee in November 2007. The Authority then needs to establish a mechanism for monitoring the implementation of our recommendations to develop its arrangements further, using the action plan at Appendix 1.
- 18 We will also report the key messages from this work in our 2006/07 Annual Audit Letter.

Appendix 1 – Action plan

Page no.	Recommendation	Agreed?	Comments
	Financial reporting		
10	R1 Continue to develop the quality of the annual accounts by: <ul style="list-style-type: none"> introducing additional quality control procedures so the accounts contain only trivial errors; and further developing the quality of working papers. 	yes	
10	R2 Develop and publish summary financial information that is more accessible to stakeholders.	yes	Summary financial information is currently being prepared. This will be published on the Authority's website.
	Financial management		
11	R3 Continue the development of the MTFS by: <ul style="list-style-type: none"> reflecting joint plans agreed with partners modelling key balances and resource requirements over the three year period identifying and proactively manage future developments that may impact on financial management arrangements monitoring and demonstrating how financial plans have contributed to the achievement of policing objectives. 	yes	These issues are already addressed but it is recognised that they need to be fully incorporated into the Medium Term Financial Strategy.

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Page no.	Recommendation	Agreed?	Comments
12	R4 Develop budget monitoring processes so there are clearer links with operational activity indicators and more emphasis on risk assessment.	yes	Budgetary information is currently included in performance reports but not vice versa. Performance information will be incorporated into budgetary reports.
12	R5 Develop asset management arrangements further by: <ul style="list-style-type: none"> • co-ordinating and integrating asset information with financial information; • developing performance measurement to demonstrate how changes in asset use improve operational performance; and • communicate key performance measurement results to stakeholders. 	yes	To be actioned through Estate Strategy and Resources and Strategy Committees.
	Financial standing		
13	R6 Develop the monitoring of financial health indicators by members, involving monitoring against targets.	yes	
13	R7 Where target levels of reserves are achieved, identify and report the opportunity costs vs. benefits of maintaining these levels.	yes	This will be included within the Treasurer's Annual Robustness report.

Merseyside Police Authority

Page no.	Recommendation	Agreed?	Comments
	<i>Internal control</i>		
14	<p>R8 Develop risk management further by:</p> <ul style="list-style-type: none"> • a senior officer and member taking overall responsibility for embedding business risk management throughout the Authority and Force • demonstrating business risk management is embedded in corporate business processes • all appropriate Authority members and senior officers receiving risk management awareness training; and • the Authority and Force considering positive as well as negative business risks. 	yes	
15	R9 Develop 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.	yes	The terms of reference for Resources and Strategy Committee have been amended to strengthen the 'Audit Committee' role. This will be benchmarked against CIPFA guidance on the role of audit committees.
15	R10 Consider specific training on audit and governance issues to members of the Resources and Strategy Committee.	yes	Joint training for Members is being developed and arranged between the Audit Commission and Internal Audit staff.
15	R11 Implement the Standards Committee plans to report regularly on standards of conduct.	yes	

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Page no.	Recommendation	Agreed?	Comments
	<i>Value for money</i>		
17	R12 Identify the actions required to address the possibility that PSA1 targets will not be met.	yes	PSA1 target monitoring is monitored through PRSC in addition to being scrutinised at Force Crimefighters meetings.
17	R13 Demonstrate how ABC and AA are used to challenge existing resource allocation and as an information source to inform strategic planning.	yes	
17	R14 Include SMART targets as part of the service improvement review process in order that actual vs. expected benefits can be assessed.	yes	

Merseyside Police Authority

MERSEYSIDE POLICE AUTHORITY

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

Meeting: 1st November 2007

Joint Report of the Treasurer and Chief Constable

Update on Financial Position Against Budget at 30th September 2007

1.0 Purpose

To advise Members of the Resources and Strategy Committee of the overall budgetary position for the first half of the financial year 2007/08.

2.0 Recommendation

That the Committee notes the contents of this report.

3.0 Financial Position to 30th September 2007

- 3.1 The attached **Appendix A** provides an analysis of Force spending up to 30th September 2007 analysed over the budget heads, which comprise the Net Cost of Services. This is compared with the estimated budget position for this period to show estimated over/underspend positions across each budget heading.
- 3.2 The overall budget position shown at **Appendix A** is an overspend of £2.032m; this compares to a £1.048m overspend at this point last year. The overspend represents 1.3% of the profiled budget for the first half of the year.
- 3.3 This represents a worsening financial position from the end of the first quarter, when the overspend amounted to £0.041m. A large proportion of this overspend relates to overtime and other costs relating to two major incidents. The first, Operation Seagram/Clearview, relating to the Glasgow Airport bombing in July and the Forces response in terms of public reassurance, is estimated to have cost £0.490m. Within this cost is an amount of £0.084m relating to work carried out on behalf of the Metropolitan Police, which is likely to be recoverable under the Mutual Aid arrangements. The second significant operation in terms of costs is the investigation of the Rhys Jones murder with costs to date estimated at around £0.650m. At this stage, we have assumed that there will be no additional funding available for either of these operations.
- 3.4 The major areas of over/underspends are explained as follows: -

Area Operations - (Overspend £2.049m, 2.7% of budget).

This position reflects the impact of the operations highlighted in 3.3 above. In addition, during the first half of the year, BCUs have been over establishment, having more officers posted than they have budget provision for. Whilst this position has been addressed during the second quarter of the year, the impact is still significant. Each BCU has produced an 'action plan' to detail how the overspend position can be addressed throughout the second half of the year and Star Chambers where these action plans can be discussed in detail are scheduled. These plans encompass a number of targeted areas in which savings can be made, the major aspects being reductions in overtime, expenditure on conferences and courses, vehicle hire and furniture and IT purchases. In addition, the level of staff vacancies not being filled pending the outcome of the Structures and Ratios work will contribute further savings over the second half of the year. As part of these action plans, Areas have been asked to carry out a risk assessment to highlight any potential impact on performance. Any potential variations in performance due to the proposed action plans will be reported to the Treasurer, and if necessary to the Performance Scrutiny and Review Committee on the 22nd November 2007.

Community Support Officers – (Underspend £0.264m, 4.7% of budget)

The underspend is due to vacancies during the first half of the year together with additional partnership funding. The position with regard to vacancies is unlikely to improve until funding issues for 2008/09 are resolved and longer-term contracts can be offered. Provision for return of the grant income attributable to these vacancies is reflected in the overspend within grant income.

Resource and Support Services – (Underspend £0.139m, 1% of budget)

The underspend relates largely to staff vacancies which are being held in response to the ongoing work by the Structures and Ratios team. Other positive variances are shown within the telecommunications budget due to the negotiation of more favourable supplier terms.

Operational Support – (Overspend of £0.160m, 1.1% of budget)

This overspend relates to additional costs incurred in relations to the major incidents highlighted in 3.3 above. Steps are being taken to recover this overspend over the remainder of the year.

Crime and Intelligence – (Underspend of £0.177m, 1.9% of budget)

The majority of this underspend (£0.111m) relates to the continuing impact of the improved Quality Assurance procedures implemented during 2006/07 in relation to Forensic Submissions.

Force Crime Operations – (Overspend of £0.116m, 1.6% of budget)

The budget position has resulted from additional overtime costs in relation to the high incidence of murders during the first half of the year, and in particular the Rhys Jones murder.

Income – (Overspend £0.208m, 20% of budget)

The overspend shown reflects a shortfall in incentivisation income from the Proceeds of Crime Act received in the first quarter of the year. However, taking into account cases currently in the criminal justice system, it is likely that this shortfall will be recouped over the remainder of the year.

4.0 Overtime

Following an internal audit inspection of overtime across the force, it was agreed that an update on the current position in relation to overtime costs would be presented to Members. The table below shows that between 2004/05 and 2006/07, overtime costs reduced from £12.287m to £11.214m – a decrease of 9%. This is even more significant when the increase in underlying salary levels is taken into account over this period. This has resulted from improved rostering procedures and the efforts of senior officers to reduce this element of expenditure. These savings have been reflected in the budget each year and have been part of the strategy to address our budget shortfall. Expenditure for the first half of 2007/08 is £5.442m and this level is encouraging given the high incidence of major incidents referred to earlier in this report.

	2004/05 £m	2005/06 £m	2006/07 £m	6 months to 30th Sept 2007 £m
Police Overtime Costs	12.287	11.877	11.214	5.442

5.0 Contingency for Pay and Prices and Police Reform

5.1 A sum of £7.635m was included in the budget to meet the cost of pay awards and price increases during the current year. An additional £2.844m was included to take account of the impact of Police Reform including Special Priority Payments. The primary use of the pay and prices contingency relates to pay awards for Police Officers and Police Staff, these awards are effective from September 2007. The settlement of these pay awards has not yet been agreed and as a result no additional payments have been made and no funds have been allocated in this respect from the contingency. Once pay awards are agreed these will be backdated and the allocation from contingency will be adjusted to take account of this. It is anticipated that the contingency will be sufficient to cover the eventual settlement.

6.0 Capital Expenditure

6.1 The attached **Appendix B** illustrates the position of the Capital Programme at the end of September 2007 with current expenditure being £3.065m, equivalent to 16.7% of the programme. This compares to expenditure of 15% at the end of September 2006 and it is likely that expenditure on the Capital Programme will increase further as the year progresses.

- 6.2 The following comments relate to the individual elements of the Capital Programme:

Estates Management

The Estates Management budget provides for plant replacement, energy conservation, access and security to police buildings and Health and Safety works. Expenditure for the first six months of the year is £0.109m, 25% of the full year budget and is likely to increase later in the year, although expenditure is anticipated to increase later in the year.

Technical Equipment

This provides for new equipment for the Technical Support Unit within the Intelligence and Security Bureau, which provides services across the Force. Expenditure to date is £0.058m compared with a full year budget of £0.1m and it is likely that the budget will be fully spent by the end of the year.

Estates Strategy

Work on the Estates Strategy is underway and proposals for the site of the new Area Command Centre for Knowsley are being considered. The capital budget remains unspent although it is envisaged that some costs on Knowsley will be incurred and the potential cost of the site purchase could fall into this financial year.

Vehicles

The ordering of vehicles is part of the standard replacement programme, orders have been placed with suppliers and delivery times will determine when payments are due later in the year. It is envisaged this budget will be fully spent this year.

IT Strategy

The IT strategy provides for a number of developments throughout the Force. Work has commenced on the majority of these projects but it is now apparent that expenditure relating to two such initiatives will not be completed during the current financial year and will be carried forward into 2008/09. These are :-

- The introduction of the Niche Intelligence Model (£0.200m) has been put back by six months to ensure the implementation is in line with upgrades to other Force intelligence systems.
- Testing of the new mobile data terminals is now not expected to be complete until early next year and therefore the proposed implementation has had to be delayed. It is anticipated that a large part of this budget of £0.700m will now be carried forward into 2008/09.

Airwave

The majority of terminals have now been ordered and the budget is expected to be fully utilised by the end of the year.

ANPR – St Helens

St Helens Borough Council have made available an additional £0.175m of capital budget to fully fund the installation of ANPR in the area. This is reflected in **Appendix B** as an increase in the capital budget for the year.

7.0 Financial and Staffing Implications

The financial implications are detailed in the above report.

8.0 Risk Assessment

At the half year stage, the Force is showing an overspend of £2.032m. Whilst plans are in place to address this position, if these are not successful then the force could be facing an overspend for the year which may impact on its financial standing, and further exacerbate the expected budget deficit in 2008/09 and beyond.

9.0 Conclusion

The first half of the year shows total revenue expenditure at £152.846m, this being £2.032m or 1.3% over the profiled budget. Whilst this position gives some cause for concern, steps are being taken to address the position within the Force and to bring spending back into line over the remaining six months of the year.

Paul Johnson
Treasurer to the Authority

Bernard Hogan- Howe
Chief Constable

Contact: Helen Stafford/Geoff Broadhead, Finance,
Paul Johnson, Head of Police Support Services,

0151 777 8025/1900
0151 236 4527

Background Papers: Budget Report 2007/08

2007/08 Revenue Budget Monitoring Statement

as at 30th September 2007

Financially Accountable Units	Annual Budget 2007/08	Profiled Budget	Out-turn as at 30th Sept 2007	Budget Variation Over/(Under)
(1)	(2)	(3)	(4)	(5)
	£000	£000	£000	£000
<u>STRATEGIC DEVELOPMENT</u>				
Strategic Development	4,631	2,272	2,371	99
Community Support Officers	11,976	5,617	5,353	(264)
<u>CITIZEN FOCUS</u>				
Citizen Focus	2,371	1,182	1,208	26
Corporate Criminal Justice	6,626	3,388	3,423	35
Call Handling and Management	7,318	3,652	3,586	(66)
<u>ADMINISTRATIVE SUPPORT</u>				
Personnel and Development	12,701	6,401	6,347	(54)
Resource and Support Services	26,111	14,223	14,085	(139)
<u>OPERATIONS</u>				
Area Operations	151,682	76,223	78,271	2,049
Area Support and Co-ordination	983	498	511	13
Axis	1,917	934	935	1
Special Constabulary	159	72	73	1
Community Relations	804	403	443	40
<u>OPERATIONAL SUPPORT</u>				
Operational Support	31,239	15,056	15,216	160
Crime and Intelligence	18,209	9,077	8,900	(177)
Force Crime Operations	15,169	7,459	7,576	116
<u>OPERATIONAL CONTINGENCY FUND</u>				
Operational Contingency Fund	565	236	232	(4)
<u>POLICE SUPPORT SERVICES UNIT</u>				
	1,975	820	805	(15)
<u>NON RECHARGEABLE FINANCING ITEMS AND LEVIES</u>				
A - Police Pensions	42,165	21,119	21,025	(94)
B - Attachments	202	107	162	55
C - Forcewide Services	2,915	1,323	1,309	(14)
E - Underwater Search Unit	202	67	67	-
F - Capital Charges	8,489	(3,752)	(3,752)	-
G - Income	(2,106)	(1,030)	(822)	208
T - Specific Grants	(29,079)	(14,533)	(14,477)	56
NET COST OF SERVICES	317,225	150,814	152,846	2,032

2007/08 Capital Budget Monitoring Statement**30th September 2007**

Schemes	Original Programme 2007/08 £000	Additions/Rephasing from 2006/07 £000	Revised Programme 2007/08 £000	Expenditure to 30th Sept 2007 £000	Balance Remaining Over/(Under) £000
Estates Management					
Plant Replacement	113	0	113	58	-55
Energy Conservation	102	0	102	5	-97
Security of Police Buildings	113	0	113	25	-88
Other Estates Management Projects	107	0	107	21	-86
Total Estates Management	435	0	435	109	-326
Technical Equipment	100	0	100	58	-42
Estates Strategy	7,000	0	7,000	0	-7,000
Vehicle Fleet Replacements	3,500	0	3,500	720	-2,780
IT STRATEGY					
Crime & Command & Control Projects					
Mobile Data in BCUs	94	16	110	0	-110
Call Centre Management Software	0	100	100	0	-100
Niche Crime	1,062	6	1,068	0	-1,068
Niche Intelligence Module	200	0	200	0	-200
Upgrade Mobile Data Terminals	700	0	700	0	-700
Access to Information from Vehicles	150	0	150	0	-150
Other Crime & Command & Control Projects	466	-56	410	276	-134
Total	2,672	66	2,738	276	-2,462
ITSG Projects	210	-25	185	40	-145
Criminal Justice Projects	175	0	175	58	-117
Information Management Projects					
Impact Crisp	100	0	100	0	-100
Performance Management System	100	0	100	0	-100
Information Management Projects	73	155	228	47	-181
Total	273	155	428	47	-381
Technical Projects					
Centralised Back Up	75	0	75	0	-75
Extend Computer Room	250	0	250	0	-250
Auditing Investigating all systems	100	0	100	0	-100
Funding for Technology	200	0	200	0	-200
Other Technical Projects	500	25	525	162	-363
Total	1,125	25	1,150	162	-988
Network Projects					
Upgrade Data Network	50	175	225	0	-225
Network Projects	75	-50	25	49	24
Total	125	125	250	49	-201
Applications Projects					
IT for New Call Handling Centre	400	0	400	0	-400
Other Applications Projects	50	33	83	14	-69
Total	450	33	483	14	469
TOTAL IT STRATEGY	5,030	379	5,409	646	-3,825
Airwave	0	986	986	742	-244
Project Lightning	775	-84	691	692	1
ANPR - St Helens	0	175	175	99	-76
TOTAL	16,840	1,456	18,296	3,065	-14,293

MERSEYSIDE POLICE AUTHORITY

To: The Chairperson and Members of
Resources and Strategy Committee

Meeting: 1st November 2007

Joint Report of the Treasurer and Chief Constable

EFFICIENCY PLAN 2007-08

1. Purpose of the Report

To provide Members with an assessment of how Merseyside Police are performing against the Efficiency Plan for 2007-08.

2. Recommendation

It is recommended that the Committee 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. The level of saving required is currently 3% of net revenue expenditure, of which half the savings (1.5%) must be cashable. Plans are prepared on a three year rolling basis with shortfalls or excess gains being carried forward into the following year.
- 3.2 The draft plan for 2007-08 and beyond was addressed within the Policing Plan and contained within Budget for 2007-08 and an initial Efficiency Plan target of **£15.804m** was produced. This included an amount of **£6.494m** savings brought forward from the final outturn of the 2006-07 efficiency plan with the balance of **£9.310m** being savings to be generated within 2007-08.

Efficiency Plan Targets 2007-08

	Cashable Savings	Non-cashable Savings	Total Savings
	£m	£m	£m
Full Year 3% Efficiency Target based on 2007-08 estimated Net Revenue Expenditure	4.640	4.640	9.280
Efficiency Target per Original Plan as approved by Members	4.669	4.641	9.310
Savings brought forward from 2006-07	2.415	4.079	6.494
Total Target 2007-08	7.084	8.720	15.804

4. Efficiency Savings and Gains

- 4.1 Performance against the Efficiency Plan has been assessed for the half-year to 30th September 2007. The Efficiency plan is on track with efficiency savings and gains of **£4.758m (51.1%)** being achieved during this period.

	Cashable Savings £m	Non-cashable Savings £m	Total Savings £m
Efficiency Target per Original Plan as approved by Members	4.669	4.641	9.310
Achieved to 30th Sept 2007	2.551	2.207	4.758
% Of Target 2007/08	54.6%	47.6%	51.1%

- 4.2 Cashable savings of £2.551m are ahead of plan for the year to date with additional savings having been identified during the year. These savings include £0.513m from improvement in quality of forensic submissions. In addition, a further budget reduction in overtime amounting to £0.250m for the half year has been made. Non-cashable savings are slightly behind plan. This is primarily due to the shift review within CRB not having been carried out in the timescales expected.

5. Reinvestment Plan

- 5.1 Progress against the Reinvestment Plan for 2007-08 can be summarised as follows –

	Revised Plan Full Year Target £m	Achieved 30th Sept. 2007 £m
Reinvestments of Savings and Gains	9.310	4.758

- 5.2 **Appendix A** illustrates the spending on reinvestments for period to 30th September 2007. Cashable savings have been applied to the funding of additional officers and investment in the Crime Faculty. Non-cashable savings of £2.207m have been reinvested in Embar Gun Crime Team and in addressing anti-social behaviour.

6. Financial and Staffing Implications

The Force achieved efficiency savings of **£4.758m** during the six month period to 30th September 2007 against a full year target of **£9.310m**. Brought forward balances of £6.494m from the previous year mean that the force is in line to achieve the 3% efficiency target in 2007-08.

7. Risk Assessment

The Force is in line to achieve its revised efficiency plan targets for 2007-08. The flexibility contained within paragraph 6 above, means the risk of not achieving the target is small. Consequently, the planned reinvestment of savings will be achievable, along with the commensurate effect on performance.

8. Conclusion

The Force is in line to achieve the Efficiency Plan targets for 2007-08.

Paul Johnson
Treasurer to the Authority

Bernard Hogan-Howe
Chief Constable

Contacts: S Wall/H Stafford Finance Department
Telephone: 0151 777 1940/1900

Background Papers:
Annual Policing Plan 2007/08 – Efficiency Plan
Budget report 2007/08

EFFICIENCY PLAN 2007/8

NRE: 1.5% Cashable Target: 1.5% Non-Cashable Target:	2007/08 Plan £m
	309.312
	4.640
	4.640

Plan 2007/08 £'m	Update 30th Sept 2007 £'m
0.700	0.513
0.600	0.300
0.500	0.250
0.250	0.125
0.350	0.431
0.200	0.100
0.300	0.150
0.250	0.050
0.250	0.150
0.100	0.050
1.170	0.432
4.670	2.551
2.415	2.415
7.085	4.966
2.445	0.326
0.294	0.147
0.818	0.214
0.361	0.000
0.229	0.115
0.227	0.114
0.680	0.340
0.877	0.462
0.000	0.113
1.154	0.702
4.641	2.207
4.079	4.079
8.720	6.286
4.080	1.646
9.310	4.758
6.525	1.973

Plan 2007/08 £m	Actual 2007/08 £m
0.375	0.188
1.899	0.950
0.408	0.204
1.988	1.210
4.670	2.551
1.803	0.902
2.495	0.650
0.343	0.656
4.641	2.207
9.310	4.758

SAVINGS

Cashable Savings

Quality Control of Forensic Submissions
 Conversion of existing TCSOs to CSOs
 Reduction in Overtime
 Review of Support Services
 Use of Redeployment
 Savings from FMT
 Reduction in Special Constables Development
 Regional/National Procurement Savings
 Reduction in Compensatory Grant
 Security review
 Other Local Initiatives
 Savings to be identified 2008/09 onwards
 Total savings achieved in year
 Cashable Balance Brought Forward
Total Cashable Savings Available
 Excess Savings over 1.5% target c.fwd

Non Cashable Savings

Use of Lightning 3 Control Room
 Mobile data input
 Review of shifts within CRB
 Telecoms and IT support
 Call handling
 Reduction in sickness levels
 Customer service desks
 Neighbourhood Policing
 Other Local Initiatives
 Savings to be identified 2008/09 onwards
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

RE-INVESTMENT

Use of Cashable Savings

Investment in crime faculty
 Full year effect of additional officers
 Additional space to relieve pressure on force estate
 Addressing force savings targets

Use of Non Cashable Gains

Creation of ASB Taskforce
 Embar Gun Crime Team
 Increase in Front Line Policing and other
 Baseline Measures

Total

MERSEYSIDE POLICE AUTHORITY

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

Meeting: 1st November 2007

JOINT REPORT OF THE TREASURER AND CHIEF CONSTABLE

**BUDGET FORECAST 2008/09 AND MEDIUM TERM FINANCIAL PLAN TO
2010/11**

1. Purpose of the Report

The purpose of the report is to set out the potential financial position of the Authority over the next three years. The forecasts contained in the report take account of a number of variables, including potential changes to the level of grant funding, anticipated spending pressures that will impact upon the Force, potential changes to the capping regime and the budget strategy set out in the 2007/08 budget report. The financial framework in this report sets the context for the annual budget preparation process that will follow.

2. Recommendations

Members are requested to:-

- (i) agree that the Medium Term Financial Plan (MTFP) presented in the report be adopted for Budget development and Force planning in a broad sense over the next three years and that it be amended accordingly to reflect the outcome of the provisional settlement;
- (ii) ask the Chief Constable to closely scrutinise all areas of revenue and capital expenditure in order to minimise the financial impact of maintaining current committed service levels; and
- (iii) agree that the Merseyside District Council leaders be updated as to the potential implications of the Authority's financial position by the Chairperson after the provisional settlement announcement at the beginning of December.

3. Comprehensive Spending Review

3.1 The Government has announced its three year Comprehensive Spending Review (CSR2008), which will take effect from 2008/09. The APA have issued a circular outlining the main Home Office related headlines which are as follows:-

- *We have known that the Home Office has expected a nil-real growth settlement for some time, equating to around 2.7%. This sets the overall framework in which the police settlement in the CSR period will be determined.*
- *The key change from these expectations is the announcement of an additional £220 million a year by 2010/11, as part of a cross government settlement for counter-terrorism. This will mean that the Home Office Budget will increase in real terms by 1.1% per annum during the CSR period. Total funding will rise from £9.2 billion in 2007/08 to £10.3 billion in 2010/11.*
- *While the overall police settlement during the CSR period will not be known until early December 2007, it is hoped that this funding will reduce pressure on overall funding for other parts of policing services.*
- *The overall outlook for policing otherwise remains unchanged, with the expectation that the maximum police settlement is equivalent to **2.7%**, or nil real growth over the period. It should be emphasised that this is a maximum and the actual police settlement could be, and is in fact likely to be, lower.*
- *In addition to the overall financial envelope for the eventual police settlement, the Report makes it clear that council tax increases are expected to be **“well under” 5%** in the CSR period.*
- *The Report sets out an expectation that the police service will realise £900 million in cash-releasing savings in the CSR period, equivalent to a requirement to achieve **3% cashable efficiency savings per annum**. A similar target applies to local government.*

4. Budget Forecasts

4.1 As part of the 2007/08 budget report the Authority illustrated two alternative versions of the Medium Term Financial Plan (MTFP) for 2007/08 to 2009/10. These scenario's have been revisited in light of the latest intelligence. The updated scenario's are as follows:-

- **The Best Case Scenario** illustrates the impact of a 2.5% increase in grant funding in 2008/09 and in future years. An increase in the precept of 5% and an average rise in pay and prices of 2.8% (**Appendix A**); and
- **The Worst Case Scenario** illustrates the potential effect of a 2.0% increase in grant funding in 2008/09 and in future years, an increase in the precept set at 4.0% and an average rise in pay and prices of 3.0% (**Appendix B**).

4.2 In addition, it has been assumed in both scenario's that committed growth and savings have been allowed, there are no new legislative requirements, the costs and Home Office and Partnership funding are at 2007/08 levels for the 191 permanent PCSO's, direct grants remain in place and the 3% target efficiency savings are reinvested in service development.

4.3 **Table 1** below shows that under both scenarios the Authority will face significant deficits even after the application of £1.597m of balances, reserves and provisions in 2008/09. Further details are provided in the appendices.

Table 1 : Range of Scenarios

	2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m
Best Case Scenario:-				
Base Budget Deficit at 5% Precept Level	2.805	2.814	4.354	6.610
Planned Contribution from General Balances & Reserves	(2.805)	(1.597)	0.000	0.000
Estimated Budget Deficit	0.000	1.217	4.354	6.610
Worst Case Scenario:-				
Base Budget Deficit at 4% Precept Level	2.805	5.287	9.424	14.450
Planned Contribution from General Balances & Reserves	(2.805)	(1.597)	0.000	0.000
Estimated Budget Deficit	0.000	3.690	9.424	14.450

- 4.4 Clearly the scenarios above are dependent upon the outcome of the grant settlement and other factors. It is noted that during the year the Authority has actively taken part in the Government consultation exercises involving proposed changes to the funding formula. The outcome of the funding formula consultation will not be known until the provisional settlement is announced.
- 4.5 Neither scenario above sees an end to the requirement for further service savings to bridge the underlying funding gap. This is particularly serious under the worst case scenario, where the underlying gap increases to over £5m per year. A deficit of this magnitude was broadly predicted last year and the Force would find it impossible to bridge without a fundamental review of staffing levels and structures, which led to the implementation of the Structures and Ratio's project.

Outstanding Issues

- 4.7 However, a number of issues will need to be considered during the budget process, such as identifying the potential for recurring revenue reductions, including the 3% efficiency gains and savings requirement and the likely impact of other cost pressures. The Chief Constable is currently undertaking a comprehensive review of budget heads with a view to identifying possible reductions and efficiencies. It is expected that the work being carried out within the Structures and Ratio project will present the Authority with some opportunities to make recurring savings for the long term. Reports on progress to date will be submitted to the Authority and will be incorporated as much as possible in the budget process. It is noted that the Authority has been required to achieve efficiency savings for a number of years, over time this reduces the scope for further cashable efficiency savings.
- 4.8 In addition, there may be areas in which the Chief Constable and / or Authority would wish to invest in line with the policing plan and / or blueprint to achieve improved performance levels. There may also be a number of requirements such as the PCSO's that would require funding. It is noted that a comprehensive report on the current position and potential future arrangements for the PCSO's will be presented to the next meeting of the Authority. These developments would be in addition to the current committed service projections shown above in **table 1**.
- 4.9 The 2008/09 Policing Plan and target setting process will ultimately set the resource base required to meet the Authority's and Chief Constable's operational aspirations. Given all the indications of a real terms reducing resource base, reinvestment decisions regarding the current use of resources becomes crucial to the budget process and the ability of the Force to meet priorities. Consequently, the efficiency plan will be the ultimate determinant of how this reinvestment of

resources will support the performance levels set out within the Policing Plan. As per the 2007/08 budget document there must be a clear link between these reinvestments and the targets set by the Authority.

- 4.10 The impact on the strategy of the outturn position for 2007/08 is clearly important. The current position is subject of a detailed report elsewhere on the Resources and Strategy Agenda. Clearly every effort must be made to ensure that 2007/08 outturn is balanced otherwise the strategy going forward runs the risk of being undermined.
- 4.11 The roll out of the Capital Programme will also have a potential impact on the Authority's revenue position. Whilst the financing of capital has been incorporated into the revenue budget and the Estate Strategy is expected to progress strongly in 2008/09, any change in the spending profile will need to be reflected in the revenue account.
- 4.12 The Authority will also need to consider its position in relation to the purpose and level of General Balances, Reserves and Provisions it holds. Members will recall that the current level of General Balances is determined by a comprehensive risk assessment. This exercise will be rerun shortly and will form an integral part of the budget process.
- 4.13 As Members will also be aware, in 2007/08 the Government continued to threaten the prospect of capping Police Authorities, which resulted in the Authority setting the precept increase at the capping level of 5%. It is expected that the Government will impose a capping regime again next year for Authorities which set 'high' precept levels. Based on the APA circular mentioned in para 3.1 above the CSR report makes it clear that council tax increases are expected to be "*well under*" 5% in the CSR period. It is not clear at this stage what this means and could mean a further restriction on the Authority's ability to raise income locally.
- 4.14 In any case, the Authority faces severe constraints, in any case, in raising money locally, as Merseyside suffers from having a low tax base. As a consequence any increases in spending not funded by Government Grant results in a disproportionate increase in the precept. The effect of this is two fold; firstly, a 1% increase in spending requires a 6.3% increase in the precept, i.e. a gearing ratio of 6.3:1. Secondly, a 1% general grant increase is equivalent to £2.538m, while a 1% rise in the precept amounts to £0.541m, i.e. a gearing ratio of 4.7:1.

5. **Budget Process**

In respect of the budget process the next steps are as follows:-

Ongoing to January 2007	Investigative work by Treasurer and Chief Constable
Mid to late November	Provisional settlement due to be announced.
13 th December	Resources and Strategy Committee - provisional settlement and revised MFTS.
January 2008	Consultation process.
21 st February 2008	Special Budget Meeting.

6. **Financial and Staffing Implications**

There are no financial or staffing implications in respect of this report.

7. **Risk Assessment**

The financial forecasts outlined in **table 1** above highlight a budget deficit at current committed service levels in 2008/09 that will need to be bridged. The Financial forecast for 2008/09 shows that the Authority finds itself in a similar position to that of last year, when the Authority faced a budget deficit of £4.218m. The budget deficit in 2007/08 was funded by a mixture of significant service savings and the 'one off' utilisation of General Balances and Reserves. The reliance upon such one off measures to support the base budget needs to be addressed to ensure that income and expenditure are balanced in a sustainable manner.

8. **Equality & Diversity Impact Assessment**

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

9. **Conclusion**

- 9.1 The report sets out a forecast of the Authority's MTFP and contains an early indication of the implications of maintaining current committed service levels (i.e. a 'standstill' budget into 2008/09). Much work is still to be done particularly in the area of reviewing revenue and capital spending proposals, in order that the development of the Service can be considered at an appropriate cost to the local taxpayers.

- 9.2 The Authority and the Force have taken great steps over the last three years to bridge the underlying gap between income and expenditure. This has been achieved against a back drop of reducing levels of grant income, a precept cap of 5% and the Authority being able to increase its number of Police Officers. This has been achieved by a careful mix of targeted expenditure savings and a judicious approach to the utilisation of reserves and provisions, the planned use of which ceases post 2008/09.
- 9.3 However, the ability of the Authority to maintain a balanced budget going forward into next MTFP period will depend on many factors, particularly police grant levels, the levels of pay settlements, additional legislative requirements, the ability to raise the precept and the financial implications of continued service improvements.

Paul Johnson
Treasurer to the Authority

Bernard Hogan-Howe
Chief Constable

Contact: John Riley, MPA Financial Services Manager (0151) 236 4748
Helen Stafford, Acting Force Head of Finance (0151) 777 8007
Background Papers: MPA Budget Report 2006/07

Best Case Scenario				
	2007/08	2008/09	2009/10	2010/11
	£m	£m	£m	£m
Income				
General Revenue Grant	(253.849)	(260.196)	(266.700)	(273.368)
Specific Revenue Grants	(33.452)	(23.305)	(23.457)	(23.612)
Total Grants	(287.301)	(283.501)	(290.157)	(296.980)
Contribution from Reserves	(2.492)	(1.284)	0.000	0.000
Contribution from General Balances	(0.313)	(0.313)	0.000	0.000
Precept	(54.147)	(56.855)	(59.697)	(62.682)
Collection Fund (Surplus) / Deficit	0.676	0.000	0.000	0.000
Total Income	(343.577)	(341.952)	(349.856)	(359.662)
Total Expenditure	343.577	343.169	354.210	366.272
Base Budget Deficit / (Surplus)	(0.000)	1.217	4.354	6.610
Savings Required to Balance Base Budget	0.000	(1.217)	(4.354)	(6.610)
Balanced Based Budget	(0.000)	0.000	0.000	0.000
Assumptions:				
Expenditure:-				
(i) an average pay and price increase of 2.8% in 2008/09 and future years;				
(ii) allowing for committed growth and savings;				
(iii) no new legislative requirements introduced; and				
(iv) Costs for 191 PCSOs included and partnership funding assumed at 2007/08 levels. The costs and income regarding the remaining 275 PCSO's have not been included, but will be fully considered following the announcement of the settlement and during the budget process.				
Income:-				
(i) a general grant increase / floor increase of 2.5% in 2008/09 and in future years;				
(ii) target 3% efficiency savings reinvested in service development;				
(iii) capping regime continues and the precept is set at 5% pa;				
(iv) planned contributions from General Balances, Pension Reserve and Insurance Fund; and				
(v) direct grants (e.g. CFF, PCSOs (for 191 posts), DNA) remain in place apart from Street Crime and certain minor grants.				

Worst Case Scenario				
	2007/08	2008/09	2009/10	2010/11
	£m	£m	£m	£m
Income				
General Revenue Grant	(253.849)	(258.926)	(264.105)	(269.387)
Specific Revenue Grants	(33.452)	(23.325)	(23.488)	(23.656)
Total Grants	(287.301)	(282.251)	(287.593)	(293.043)
Contribution from Reserves	(2.492)	(1.284)	0.000	0.000
Contribution from General Balances	(0.313)	(0.313)	0.000	0.000
Precept	(54.147)	(56.313)	(58.566)	(60.908)
Collection Fund (Surplus) / Deficit	0.676	0.000	0.000	0.000
Total Income	(343.577)	(340.161)	(346.157)	(353.951)
Total Expenditure	343.577	343.851	355.581	368.401
Base Budget Deficit / (Surplus)	(0.000)	3.690	9.424	14.450
Savings Required to Balance Base Budget	0.000	(3.690)	(9.424)	(14.450)
Balanced Based Budget	(0.000)	0.000	0.000	0.000
Assumptions:				
Expenditure:-				
(i) an average pay and price increase of 3% pa in 2008/09 and in future years;				
(ii) allowing for committed growth and savings;				
(iii) no new legislative requirements introduced; and				
(iv) Costs for 191 PCSOs included and partnership funding assumed at 2007/08 levels. The costs and income regarding the remaining 275 PCSO's have not been included, but will be fully considered following the announcement of the settlement and during the budget process.				
Income:-				
(i) a general grant increase / floor increase of 2% in 2008/09 and in future years;				
(ii) target 3% efficiency savings reinvested in service development;				
(iii) capping regime continues and the precept is set at 4% in 2008/09 and 4% pa in future years;				
(iv) planned contributions from General Balances, Pension Reserve and Insurance Fund; and				
(v) direct grants (e.g. CFF, PCSOs (for 191 posts), DNA) remain in place apart from Street Crime and certain minor grants.				



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

Meeting: 1st November 2007

Report of the Chief Constable

Update on The Police Service National ABC Costed Model

1.0 Purpose

- 1.1 To advise the Committee on the results of the 2006/07 Home Office Costed Model and make comparisons to previous years. Another more detailed report is to be submitted to Performance Scrutiny and Review Committee on 22nd November detailing the model compared to other Forces, operational performance data and examples of how this data is used within the Force.

2.0 Recommendation

- 2.1 That the Committee notes the contents of this report.

3.0 Background

- 3.1 The ABC Costed Model has been a mandatory Home Office requirement since 2003/04. Merseyside Police has submitted a return each year to the deadline which is at the end of August following completion of the financial year
- 3.2 The 2006/07 outturn model has now been completed and submitted to the Home Office to the deadline set.
- 3.3 To facilitate comparisons with other Forces the Home Office publish a Manual of Guidance to ensure that all Forces complete the Costed Model using the same costing methodologies.
- 3.4 To construct the costed model data is collected using the following sources:-
- Activity Analysis sampling for BCU Police Officers and Staff.
 - Statement of Accounts.
 - BCU data collection on Major Incidents, Events, Training and Sickness abstractions.
 - IT systems such as Niche and Discoverer.
 - Management information from departments classed as Headquarters. Departments such as Personnel, Finance and IT departments to allocate the cost of the department to BCUs using an appropriate rationale.

4.0 The results of the 2006/07 ABC Costed Model

4.1 FORCE LEVEL

4.2 The aim of the ABC Costed Model is to allocate the total costs of the Force across BCUs, analysed over cost categories and also the core operational Domains within the Policing and Performance Assessment Framework (PPAF), that is, Domains 1 to 4. The Home Office states that this process is intended to place a cost on the policing efforts put towards Reducing Crime (Domain 1), Investigating Crime (Domain 2), Promoting Public Safety (Domain 3) and Providing Assistance (Domain 4).

4.3 This report will set out the force-wide results of the model and does not seek to compare the BCUs as this will be influenced by factors unique to the operational issues of each BCU. As referred to above the next report will seek to compare this data with our Most Similar Forces and BCUs.

4.4 The Home Office Manual of Guidance sets out ranges of results (table 1 below). They are based on provisional analysis of ABC data previously produced by Forces. These guidance ranges are reference points only but give indications as to where the individual domains lie in relation to our own data. Table 1 analyses our performance over the 3 years and explanations for the results are shown in paragraph 4.7.

4.5 Table 1. The results at Force Level (BCU Total) over PPAF Domains.

PPAF Domain	Home Office Guidance	2004/05 ABC Model Total Cost	2005/06 ABC Model Total Cost	2006/07 ABC Model Total Cost
Domain 1: Reducing Crime	2% to 5%	7.3%	7.3%	8.1%
Domain 2: Investigating Crime	30% to 55%	42.0%	42.4%	42.6%
Domain 3: Promoting Public Safety	10% to 35%	27.9%	24.1%	25.2%
Domain 4: Providing Assistance	25% to 35%	22.8%	26.2%	24.1%
TOTAL		100%	100%	100%

4.6 Appendix One also compares the total cost allocated to each Home Office code within the 4 Domains from 2004/05 to 2006/07. This graphical representation of the allocation of costs shows that there are consistent trends in the pattern of costs over the past three years.

4.7 As the procedures and Home Office classifications bed down after the initial implementation in 2003/04, results are becoming more reliable as the systems and manual of guidance is further developed. However changes in actual activity of Police Officer and Staff within the BCUs will still have an effect on the results thus reflecting changes in operational need and priorities. There are no significant movements in the results from the previous year, the small movement from 2005/06 to 2006/07 for the table above can be explained as follows:-

- The increase in Domain One reducing Crime has been brought about as Wirral, Sefton, Liverpool North and Knowsley BCUs have all seen an increase in the time spent on Crime prevention activities.
- Sefton BCU has recorded an increase in hours coded against Theft – Other, Special Operations and Events activity codes.
- Liverpool South recorded almost double the hours spent on Burglary Dwelling this year in comparison to last year.
- Knowsley recorded more than twice the number of hours against Drugs codes in 2006/07 than in 2005/06.

These results are made available to BCUs to explore any underlying causes and need for action.

4.8 Table 2. The results for the Force over ABC cost categories

Cost Category	Home Office Guidance	2004/05 ABC Model Total Cost	2005/06 ABC Model Total Cost	2006/07 ABC Model Total Cost
Direct Costs	40% to 50%	48.23%	49.11%	53.77%
Operational Support	30% to 40%	26.25%	24.3%	21.93%
Business Support	10% to 20%	16.00%	18.6%	16.83%
Sustaining Overheads	4% to 10%	9.52%	7.99%	7.47%
TOTAL		100%	100%	100%

Direct Costs – Staff Costs of incidents, activities, and codes that can be directly linked to one of the four Domains.

Operational Support – This consists of the costs of goods and services that are used in the direct delivery of an operational service, together with the cost of staff time in relation to attendance at training, sickness absence and local administrative support within operational units.

Business Support Costs – The costs of staff time, goods and services, provided whether locally or centrally, which do not directly deliver one of the four Domains.

Sustaining Overheads – Force wide costs that may be legally required or are necessary to ensure the future provision of services but are not directly attributable to current service delivery.

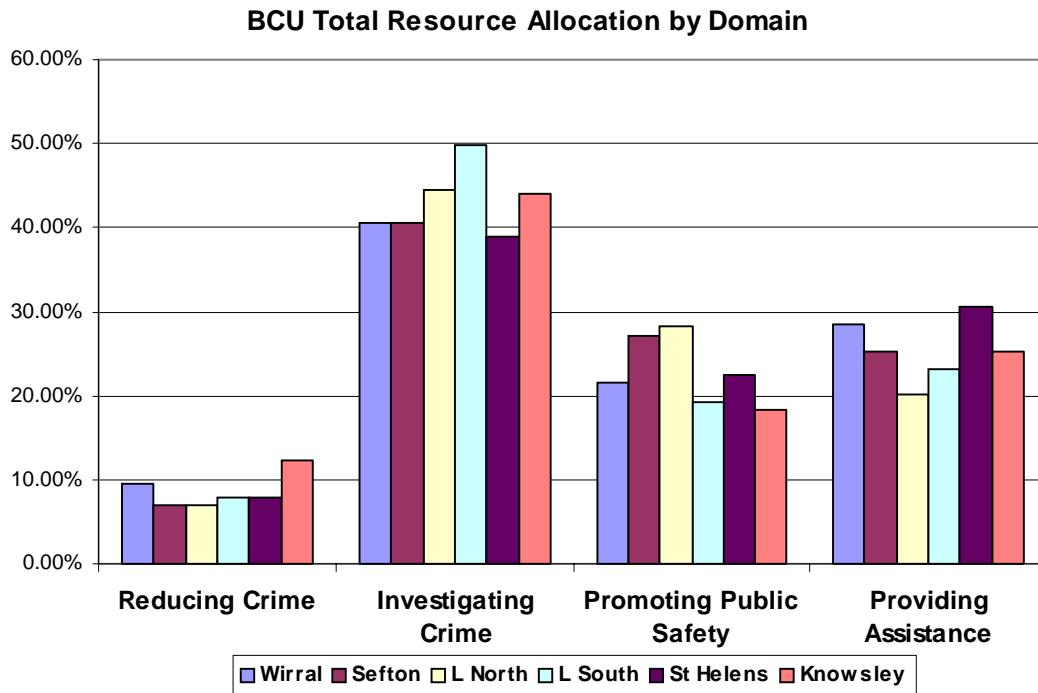
4.9 The movement in results from 2005/06 to 2006/07 for the table above can be explained as follows:-

- Direct cost category of policing activities has increased due to the devolvement of functions to BCUs such as the Custody Function, Criminal Justice Units and the Dispatch function and also improvements in Activity Analysis data collection.

4.10 BCU LEVEL

4.11 As above, the next report to members will provide details of the BCU results compared to operational performance and other Most Similar Forces and BCUs. However, the graph below provides an initial comparison of the summary total costs for each BCU analysed over the four performance domains in 2006/07. Variations will be mainly explained by the different operational environments of each BCU but the graph shows the relative positions across Merseyside.

A summary of the actual costs and % of total costs for each activity used for the above analysis is summarised in Appendix Two.



4.12 **Wirral BCU** – Spend a higher proportion of total costs in Reducing Crime and Providing Assistance category. In comparison to the other BCUs.

Sefton BCU – Are in a middle position for all domain apart from promoting public safety which is due to the level of events within the area.

Liverpool North BCU – Spend a higher proportion of costs on Investigating Crime, but less than Liverpool South and Promoting Public Safety which mainly relates to Football coverage.

Liverpool South BCU – Spend the highest proportion on Investigating Crime.

St Helens BCU – Spend the least as a % of total costs on Investigating Crime and the most on Providing Assistance, this is caused by the fact that St Helens have the Dispatch function for both St Helens and Knowsley.

Knowsley BCU – Spend a higher % of total costs on the reducing crime domain.

5. Financial and Staffing Implications

There are no direct financial implications associated with this report.

6. Equality and Diversity Impact Assessment

There are no equality/ diversity issues associated with this report.

7. Risk Assessment

Failure of the Force and the Authority to utilise the results of the ABC costed model, may result in the Force missing the opportunity to identify and investigate potential changes to the current service provision, which could enable improvements in Force performance and efficiency savings being made.

8. Conclusion

The above sets out the current position regarding the production of the Police Service national ABC Costed Model. The report provides the Force results of the 2006/07 ABC Outturn project. A further report comparing the results with Most Similar Forces and BCUs and comparison to operational performance data will be submitted to the Performance Scrutiny and Review Committee.

**Bernard Hogan- Howe
Chief Constable**

**Contact: Geoff Broadhead Acting Director of Resources.
Telephone: 0151 777 8025
Background Papers: None**

	Wirral	Sefton	Liverpool North	Liverpool South	St Helens	Knowsley	TOTAL
	£	£	£	£	£	£	£
	%	%	%	%	%	%	%
REDUCING CRIME							
Crime prevention activity	1,559,661	310,476	769,496	307,059	125,793	109,908	3,182,393
Role Code - Intelligence research and analysis	3,748,884	2,892,615	5,360,030	3,760,886	2,160,353	3,141,712	21,064,480
Role Code - Crime partnerships	406,190	732,441	1,166,206	416,335	535,707	966,300	4,223,169
Role Code - Police protection							
Total Reducing Crime	5,714,735	3,935,532	7,295,732	4,484,270	2,821,853	4,217,920	28,470,042
	9.59%	7.05%	7.79%	7.83%	7.83%	12.30%	8.21%
INVESTIGATING CRIME							
Violence against the person - S20 & more serious	1,080,357	1,528,797	7,420,318	2,554,745	871,592	669,093	14,124,902
Violence against the person - S47 & less serious	2,270,216	943,976	2,501,249	1,101,116	1,245,293	904,085	8,965,935
Sexual offences	1,031,879	851,666	1,471,382	1,450,318	424,794	413,556	5,643,595
Burglary dwelling	2,074,516	2,107,969	2,505,430	5,264,045	616,268	938,653	13,506,881
Burglary - commercial & other	905,607	1,385,516	1,478,673	539,650	586,961	553,552	5,449,959
Robbery	1,637,922	468,970	1,574,659	1,382,613	239,761	520,437	5,824,362
Theft of or from motor vehicle	1,290,739	1,204,683	2,525,903	1,651,456	1,517,020	1,487,834	9,677,635
Deception/fraud	623,480	445,533	1,468,316	717,358	496,649	331,268	4,082,604
Theft other	1,578,865	2,405,611	2,204,079	2,133,758	1,174,592	1,418,817	9,862,932
Drugs offences	2,263,361	3,168,900	8,015,106	3,218,897	1,786,395	1,990,846	20,443,505
Criminal damage	1,893,695	1,750,187	2,280,843	996,234	998,743	1,080,968	8,892,546
Other crime	2,530,502	2,363,022	6,492,394	2,965,034	1,705,323	1,824,917	17,881,192
Court duties/escort	250,528	207,984	1,390,244	560,744	117,410	106,657	2,633,567
Deal with informants	77,282	79,427	73,166	41,116	45,208	54,562	370,761
Prison interviews	17,767	11,602	78,387	190,708	423	8,792	307,679
Monitoring cellblock PACE	50,340	55,397	118,962	29,085	13,032	51,581	318,397
Relief custody duties	47,817	123,350	111,723	110,039	216,575	301,586	911,090
Role Code - Prisoner handling / custody	2,275,386	1,637,702	3,343,767	1,159,074	1,352,557	928,894	10,697,380
Parades	168,606	201,639	373,145	101,166	133,648	71,378	1,049,582
Role Code - Warrants							
Role Code - Criminal Justice	2,067,212	1,671,231	560,876	3,456,912	269,488	1,877,634	9,903,353
Total Investigating Crime	24,136,077	22,613,162	45,988,622	28,664,902	14,055,957	15,089,137	150,547,857
	40.51%	40.50%	60.1%	38.96%	38.96%	43.99%	43.41%
PROMOTING PUBLIC SAFETY							
Traffic Other	1,899,413	2,503,200	3,013,969	1,219,035	1,017,007	697,501	10,350,125
Visible Patrol	6,645,025	7,878,532	15,086,630	6,392,455	4,230,283	3,656,190	43,889,115
Special operations / events	2,944,125	3,053,777	8,029,029	2,295,615	1,722,581	1,421,231	19,465,358
Community involvement	698,368	1,402,190	993,170	399,633	668,167	316,994	4,478,522
Role Code - National, international and capital city policing, including anti-terrorist activities and Special Branch	9,980	17,228	105,998	53,261	11,221	10,110	207,798
Role Code - Non-crime partnerships	326,230	178,116	1,427,486	595,321	332,850	74,659	2,934,662
Role Code - Licensing	290,033	134,082	660,364	127,500	144,525	127,600	1,484,104
Total Promoting Public Safety	12,813,174	15,167,125	29,315,646	11,082,820	8,126,634	6,504,285	82,809,684
	21.50%	27.16%	19.26%	22.54%	22.54%	18.38%	23.88%
PROVIDING ASSISTANCE							
RTA fatal/serious	561,600	717,028	733,218	563,006	23,853	27,593	2,626,298
RTA minor injury / damage	614,480	837,653	765,969	580,412	192,472	194,290	3,185,276
Public disorder	1,101,078	910,381	2,103,730	461,003	668,241	845,376	6,089,809
Domestic dispute	868,284	585,002	1,376,897	502,788	794,163	725,438	4,852,572
Complaint / nuisance	1,046,443	975,878	1,181,458	735,840	1,029,911	845,014	5,814,544
Prostitution	17,382	25,033	177,834	28,874	23,796	7,152	280,071
False alarms	151,022	96,530	146,486	94,548	98,152	101,738	688,476
Missing person	398,618	360,585	348,232	238,163	285,271	470,536	2,101,405
Sudden/suspicious death	477,288	508,937	661,313	322,336	657,925	261,285	2,889,064
Other non crime	1,801,985	1,371,998	1,133,373	1,133,373	1,115,559	975,207	9,065,531
Property enquiries	255,692	212,075	233,159	172,575	208,215	186,266	1,267,982
Non incident enquiries	1,035,751	916,482	1,334,506	803,017	347,984	261,196	4,698,936
Monitoring cellblock PACE	28,563	29,178	59,660	17,377	5,692	28,143	168,613
Relief custody duties	27,131	64,970	56,030	65,741	94,695	164,544	473,011
	0.05%	0.12%	0.05%	0.11%	0.02%	0.08%	0.05%

	Wirral	Sefton	Liverpool North	Liverpool South	St Helens	Knowsley	TOTAL
	£	£	£	£	£	£	£
	%	%	%	%	%	%	%
Role Code - Prisoner handling / custody	1,291,049	862,604	1,676,903	692,481	590,773	465,841	5,579,651
Call handling / relief control room duties / enquiry des	745,724	412,910	787,308	930,738	590,842	704,770	4,172,292
Role Code - Call handling / enquiry office	4,500,818	3,776,502	5,946,729	3,124,936	4,118,694	919,065	22,386,744
Role Code - Criminal Justice	1,833,186	1,271,075	426,582	2,629,201	204,964	1,428,061	7,793,069
Role Code - Family liaison	167,452	186,653	200,566	201,426	1,058	79,207	836,362
Total Providing Assistance	16,923,526	14,121,474	20,883,829	13,297,835	11,052,160	8,690,722	84,969,546
TOTAL FOR BCU	59,587,512	55,837,293	103,483,829	57,529,827	36,056,604	34,302,064	346,797,129
	100.00%	100.00%	79.82%	50.17%	100.00%	100.00%	100.00%



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

Meeting: 1st November 2007

Report of the Chief Constable

Merseyside Police Assistance in Policing Football Matches Abroad

1. Purpose

- 1.1 The purpose of this report is to ensure compliance with national arrangements for the deployment of officers for football duties in Europe.
- 1.2 For each game in Europe, the Home Office agree for forces to support English teams when playing in European competitions. This agreement is subject to the agreement of the local Police Authority.
- 1.3 The purpose of this report is to obtain the agreement of the Police Authority for deployment of Merseyside Police officers to assist with policing operations involving Everton FC and Liverpool FC in European competitions for the season 2007/8.
- 1.4 Officers from Merseyside Police have also been selected to perform duty with the England intelligence operation when the team play in Europe and agreement for those officers participation is also sought.

2. Recommendation

It is recommended that the Authority be requested to agree to the continued deployment of officers with both local and national teams.

3. Background

- 3.1 The Council of Europe agreed co-operation between UK and foreign police forces for the policing of international football matches on 19th August 1985.
- 3.2 National co-ordination of police officers abroad is conducted by the International Police Assistance Section of the Home Office and deployment is approved under Section 26 of the Police Act 1996. Notification of this approval is then forwarded to the Force and Police Authority.

- 3.3** Each fixture will require the deployment of four officers from Merseyside Police (Command, liaison officer and intelligence officers). For high-risk fixtures, when matches are a potential disorder risk this number will increase. For the Champions League final 2007 six Merseyside officers attended. The increases are determined by the commander in consultation with the club to meet the need of the potential risk.
- 3.4** At present the Force has one commander and three intelligence officers that have been selected to perform duty as part of the national operation when England play abroad. Approval is sought for those officers to be allowed to continue with this duty. The selection of officers is managed by the Home Office UK Football Policing Unit (formerly the National Criminal Intelligence Service) and outside tournaments officers would normally be selected for two matches per season and not all officers would be selected for the same fixture.
- 3.5** For local sides (Everton and Liverpool) when competitive matches are to be played in Europe a football commander is selected to oversee the operation. The selection of commanders is organised by the senior football commander (Chief Superintendent Calls and Crime Reporting Bureau).
- 3.6** The commander will then visit the venue for the match in company with club representatives and a Football Association crowd advisor. The inspection visit will involve meeting with the local police command and agreeing the working arrangements for the match. It is usual for local and Merseyside Police officers to work together to identify potential risk supporters and suggest methods to reduce the threat of disorder. Exchange of intelligence regarding travelling support is also agreed. The stadium will be visited and potential problem areas such as the entry gates assessed and suggestions made to reduce the potential for problems such as pushing in the queues and crushing. Consular and host club officials will also be in attendance.
- 3.7** At this meeting the assistance of Merseyside Police and exchange of intelligence regarding the number and behaviour of visiting supporters is agreed. The commander will then assess information regarding home support and our travelling supporters and grade the risk of the fixture. The working arrangements for host and visiting officers are also agreed.
- 3.9** The commander will agree with the club the number of officers that will attend the fixture. The number of officers required will be determined by the level of co-operation expected from the host city, the intelligence regarding potential disorder and the number of supporters expected to travel to the fixture.
- 3.10** Plans will then be drawn up regarding the officers that will travel to the fixture. The commander conducts the selection of officers. Travel plans and insurance details are arranged.

- 3.11** On arrival in the city for the match it is normal for host officers to work with Merseyside officers for the duration of the visit. The commander will link closely with the city and stadium command to ensure all relevant information is passed. The police club liaison officer will operate as a link between police and club and also be present in the stadium control room as a direct point of contact. The intelligence officer(s) will target known risk individuals to minimise the risk of disorder and pass information direct to the officers working with him/her. They will also identify any persons breaching their football banning orders and take action to prosecute. A full intelligence document is completed for each fixture and profiles of potential persons for banning orders are updated.
- 3.12** The duration of the operation entails a one-night stay, occasionally two nights.
- 3.13** The commander then produces an assessment of the operation and forwards this to the ACC Operations and also the UK football unit for the benefit of colleagues travelling to the same venue. This document can then be utilised by other teams travelling to the same venue so that they can be aware of the levels of co-operation they can expect and the potential problem areas.

4. Financial and Staffing Implications

- 4.1** For local sides the relevant football club pays for all travel and accommodation requirements. Duties are arranged so that overtime claims are not made. Officers claim overseas subsistence at Home Office rates, which is paid by the football budget within the force and for 2006/07 expenses totalled £1,344.
- 4.2** Costs depend on which country is visited and the related Home Office rates which are then applicable.
- 4.3** For England matches the Home Office meet officers' travel and accommodation requirements. Any overtime claims are paid by the Home Office, as are any subsistence payments.
- 4.4** Merseyside Police Authority through Knowsley Borough Council provides insurance cover under current arrangements with the force.

5. Equality and Diversity Impact Assessment

Selection of officers for deployment abroad is based on skills and abilities and is compliant with Equal Opportunities.

6. Risk Assessment

Failure to deploy officers abroad would increase the potential for criminal behaviour and anti-social behaviour of travelling supporters with no action being taken to prevent future attendance at fixtures. Nationally, the number of persons banned from attending football matches has increased particularly during the lead up to the World Cup 2006 when nationally much effort was put into increasing the number of bans with the assistance of Home Office funding. Apart from the deterrent effect of local officers being seen abroad the intelligence regarding disorder abroad is recognised by the courts when sentencing and video evidence from intelligence officers is a key part of the evidence produced.

7. Conclusion

The deployment of police officers to football matches abroad is a nationally recognised operation. It is compliant with the national ACPO guidelines and provides co-operation between police forces to produce a safe event and prosecute those involved in crime and disorder.

**Bernard Hogan- Howe
Chief Constable**

**Contact: Chief Superintendent Dave Lewis, Calls and Crime Reporting Bureau
Telephone: 0151 7775910
Background Papers: ACPO Manual of Guidance on Policing Football Events**



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

Meeting: 1st November 2007

Report of the Chief Constable

The Policing of Major Events

1. Purpose

The purpose of this report is to inform members as to how Merseyside Police prepares and responds to major events and to identify what measures are being taken to meet the additional challenges of 2008 Capital Of Culture year.

2. Recommendation

It is recommended that members note the report.

3. Background

- 3.1** The Performance Scrutiny and Review Committee held on 19th July 2007, requested a report on the policing of major events be submitted to the Resources and Strategy meeting on 13th September 2007.
- 3.2** The policing of major events has the potential to place a significant burden on Police resources, thereby impacting on the resilience of the Force to cope with those events, in addition to maintaining a quality service delivery elsewhere.
- 3.3** In order to maximise the capacity of the Force, to deal with simultaneous demands and therefore maintain public safety, it is important to ensure that:
- a) Effective strategic partnerships are in place, to identify at the earliest opportunity, the roles, responsibilities and requirements of the Police and other partners.
 - b) During the planning and operational phases of any event, the Force maintains a structured and strategic overview of operational demand, in order to place resources where they are most effective and to ensure resilience.
 - c) All planning, command and operational staff are properly trained, qualified, experienced and briefed, to perform their role. In this way, a more effective, safe and efficient response will be provided.

4. Strategy to manage resources and meet demand

- 4.1** In order to deliver the best possible service to the people of Merseyside, whilst managing such issues as public safety, resource availability, best value, contingency planning, force reputation and community confidence, a range of measures are in place.
- 4.2** The Force has a strategic lead for 2007/8 events and, through the 'Regen08' structure; key partnerships are maintained at the strategic and planning levels. Through review and reorganisation, Force Operations has now become the central planning body, for major events, within Merseyside Police. This new, corporate approach has created an experienced and highly efficient group of force planning staff, who are better able to maintain an effective working relationship, with internal and external partners.
- 4.3** Specifically in relation to the 2008 Capital of Culture events the force and Authority have sought additional funding to finance the estimated 200 additional officers required to police the planned events. This issue has been raised both locally and nationally but to date no additional funding has been secured. Whilst this will present operational challenges planning will be undertaken to minimise the impact on existing demands.
- 4.4** There are a number of legislative and locally-agreed timescales/requirements, which ensure that the planning for any event, meets the appropriate safety criterion to permit a successful licensing bid. The specific requirements differ depending on such issues as, the location of an event, the number of people attending and the type of event etc. The role of the Merseyside Police events-planning officers is to work with event organisers and other key agencies, to provide professional advice, on public safety issues and to advise on the manner in which an event should be policed. The Police events-planning officers are members of the various multi-agency Safety Advisory Groups (SAGs). The SAGs are a non-compulsory partnership which typically include such bodies as Local Authority licensing, Police, Fire, Ambulance, etc and who hold a purely advisory function. Neither Merseyside Police, nor the SAGs have the power to licence or veto an event.
- 4.5** The Force Operations Department now has a dedicated Emergency and Contingency Planning section, which takes responsibility for the management and review of all force plans (e.g. force mobilisation plan, prisons, airport, infectious diseases etc). All requirements of the Civil Contingency Act are managed within this section.
- 4.6** The Force Business Continuity Manager is situated within Force Operations. There are significant planning benefits gained through this close working relationship, in terms of the ongoing ability, of the organisation, to meet demand, in the face of additional corporate challenges (i.e. systems failures, significant staff sickness etc). All plans are reviewed and constructed, in order to address such potential occurrences.
- 4.7** For the majority of emergencies and major incidents, the Police chair a multi-agency Strategic Co-ordinating Group. Canning Place is set up to provide office

accommodation for the key agencies (i.e. Military, Local Authorities, Ambulance, Fire etc.) and to accommodate multi-agency meetings.

- 4.8** The Force boasts a state-of-the-art Major Incident Control Room, which contains media and communications systems, to enable the rapid instigation of dedicated Gold and Silver command functions, to meet spontaneous or pre-planned incidents and events. In order to provide 24/7 capability, Force Operations provides an on-call logistics-support facility.
- 4.9** The 'Force Mobilisation Plan' provides the 'staged' provision of resources, to meet all levels of spontaneous demand locally, regionally and nationally. The Merseyside Police plan has been recognised as best practice and was recently used in the development of a Police National Mobilisation Plan.

In the recent review of the Liverpool North BCU which took place in March 2007, one issue of note was the concern over the resilience of command and the ability to cope with emergencies and major events, whilst maintaining a high standard of service delivery within the BCU. This was of particular concern, due to the approaching events of 2008, with the majority of major development and events focused within the Liverpool North BCU. Subsequent restructure has taken place, to address the issues outlined in the report.

5. Training, qualification, experience and effective briefing of officers/staff

- 5.1** The dedicated planning staff, within Force Operations, have now been provided with additional external training and qualifications. The Force is now able to provide an extremely high-quality and professional service. It also places Merseyside Police in a much stronger position, when dealing with partners and in respect of corporate accountability.
- 5.2** A recent review, in relation to the operational command of incidents, highlighted the need for improved systems of selection, training and assessment of commanders at all levels. During 2008, the number of events/incidents, which require 'public order' command, are likely to increase significantly. The identified improvements will not only increase the capabilities and qualities of Force commanders, but will also facilitate improvements in our mutual aid capacity.
- 5.3** Effective partnerships, forward planning and effective analysis of intelligence, permits early assessment of the appropriate command structures, to meet operational need (i.e. Gold - strategic, Silver – tactical, and Bronze – operational). This assessment will take into account the type of event, size, apparent risks involved, intelligence based on the National Intelligence Model (NIM) and the perceived impact on the people of Merseyside and the Force. Appropriately trained and experienced commanders will be identified, for each level of command.
- 5.4** Police commanders will ensure that the staff, for whom they have responsibility, are fully briefed with regard to:
- I. Command Structure
 - II. Aims and objectives of the operation

- III. Policing style to be adopted
- IV. Personal roles and responsibilities
- V. Contingency arrangements
- VI. Health and Safety issues
- VII. Terrorism update

5.5 Commanders will be provided with access to CCTV, Media, live helicopter down link, Intelligence Cell, radio and telephones, in order to maintain an operational overview and thereby enabling them to command any event/incident effectively.

5.6 The risk of terrorism is reduced by, maintaining a high-quality flow of intelligence, briefing staff with regard to vigilance, employing disruptive measures such as ANPR, directed 'Sentinel' Options (e.g. targeted highly visible patrols etc.) and other focused and measured activities. Additionally, the involvement of partners, in the planning and briefing process, where possible, has additional benefits in the communication of key information and maximising vigilance, throughout an event.

6. Financial and Staffing Implications

Through effective partnership, the events-planning officers are able to provide up-to-date information, on future events. In this way, the Force is able to reduce costs, by arranging resources at the earliest opportunity, and apply the nationally agreed funding formulae, for the provision of Police resources, to events.

The demands of the 2008 events will, in the event of no additional funding, need to be addressed from existing resources. The assessment of impact on other policing requirements will be subject of planning via the procedures set out in section 4 of this report.

7. Equality and Diversity Impact Assessment

A key element of the development of operational and contingency plans is the systematic process, by which they are created. During this process, all plans are reviewed to ensure that they are equality and diversity impact compliant. Prior to any plan being submitted for ACPO approval, it is quality assured by a senior member of the planning team, as a final filter for quality and content.

8. Risk Assessment

8.1 The measures taken, to prepare the Force for 2008 and to maximise its overall ability to deal with spontaneous or pre-planned events/incidents, are critical elements, within the core duties of the Police service. Failure to plan effectively would severely impact on the capabilities of the Force, and would subsequently impact negatively on public and officer safety, public confidence and our accountability to the people we serve.

8.2 The Force recognised some time ago, that there was a need to put measures in place to meet the challenges of 2008, in order to respond to an increased number of major events and deal with significant, simultaneous demands. Many of the associated risks have now been mitigated, through the identification of appropriate control measures (i.e. managing resources, training and partnership arrangements). There are a number of identified high-level risks, which could

impact on Force capacity and effectiveness. Those risks are incorporated into the Force Risk Register and all are being actively managed to an acceptable level, with specific risk control strategies in place.

9. Conclusion

- 9.1** The purpose of this report is to inform members as to some of the measures being taken, to position the Force to meet operational demand. As outlined above, the 2008 Capital Of Culture Year will present particular challenges, in terms of command/operational resilience and work to meet those challenges, will continue.
- 9.2** The Force Operations Department welcomes the opportunity to receive visitors and to provide an insight into the work it does, to support the Force, the people of Merseyside and visitors to the area.

Bernard Hogan- Howe
Chief Constable

Contact: *Chief Inspector Dave Fox, Force Operations*
Telephone: *0151 777 8152*
Background Papers: *Not applicable*



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

Meeting: 1st November 2007

Report of the Chief Constable

North West/South West Forensic Procurement

1. Purpose

- 1.1 The purpose of this report is to highlight to the Police Authority, the issues and complexities of the procurement agreement.
- 1.2 The Northwest/South West Forensic Procurement pilot is requesting the signing of a Collaborative Agreement by the 14 authorities within the pilot and the appointment of an Authority member to sit on a Joint Agency Committee for a period of 3 years.

2. Recommendations

- (i) That the Police Authority be recommended to delay the signing of the collaborative agreement and the appointment of a member to the Joint Agency Committee whilst more financial information is gathered in respect of its benefits; and
- (ii) that an update report be submitted to the next meeting of this Committee.

3. Background

- 3.1 Following a meeting in June 2004, it was agreed that Forces wanted more control of the Forensic Service Suppliers as the charging regime applied by them differed from force to force. It was decided that the North West Police forces would tender together under the existing procurement arrangements. Following this decision, the North West and South West tendered together for these services. A National tendering process is also in train for other forces and is designed to meet the needs of the remaining forces. This process is approximately 4 months behind the North West and Southwest collaboration.
- 3.2 In October 2006, a tendering document was published inviting Forensic suppliers to tender for the Forensic Service of 14 police forces in the North West and South West. Those tenders have been received and are currently being evaluated by a Contract Management group consisting of Greater Manchester and Avon and Somerset personnel.

- 3.3.** The next stage of this process is to ensure a legal agreement between all 14 participating authorities is signed, supporting a management structure and collaboration between the authorities for the length of any Forensic contract. It cannot be shorter or longer than any contract.
- 3.4.** Within the decision making structure, there is no weighting to votes carried by individual authorities irrespective of Forensic spend. This carries the risk of failing to achieve forensic savings proportionate to Merseyside's overall spend, Merseyside being one of the two Metropolitan forces in the Consortium.
- 3.5** The Contract Management group have asked for the agreement to be signed at the next meeting of the Police Authority and for a member to be identified to sit on the Joint Agency Committee for a period of three years.

4. Procurement Objectives

- 4.1** The North West/South West forensic tendering process has four main objectives to:
- a) ensure Police service compliance with procurement law and regulation;
 - b) stabilise the market place to ensure continuity of service provision;
 - c) increase the opportunity for new forensic providers to enter and compete in the market place;
 - d) reduce costs to Police Forces and achieve greater visibility on charging structures.
- 4.2** Potential difficulties faced by Merseyside relate to the signing of the collaborative agreement without knowledge of indicative costs. Whilst the cost of shelf products may be reduced (i.e. DNA and Criminal Justice Samples) as a result of increased volumes, it is anticipated that major crime prices may increase to offset the reduction in DNA costs. This will leave the Metropolitan forces disadvantaged. Following a meeting at Merseyside on the 20th July 2007 it was agreed that indicative costs would be provided to forces prior to signing the collaborative agreement. A meeting has been arranged for 17th and 18th October 2007 to determine the indicative costing.
- 4.3** It is unlikely that one supplier will be able to meet the needs of all 14 forces and as a result a number of suppliers will be selected. The question thus arises which Force will receive the cheapest supplier. It is proposed to alleviate this difficulty by having a price equalisation process, which will be implemented after the first twelve months of the contract. Once the agreement is signed each Force will have one vote and there is no weighting according to force spend. This represents a risk in that the smaller forces may vote and carry decisions to the detriment of the larger spending forces.
- 4.4** Originally it had been decided that a Force would be allocated a supplier by the Contract Management team, which could not be changed at anytime throughout the life of the contract. Merseyside has specific forensic needs and requires the best performing supplier to meet these. Again following the meeting at Merseyside on 20th July 2007 that decision was reversed and it was agreed that forces would be able to select it's forensic suppliers.

- 4.5** A further meeting took place for Procurement Managers on 3rd October to review the tendering process thus far and to be given an overview of validation criteria for tendering firms to be added to the official supplier list. The Forensic Performance Manager attended along with the Procurement Manager.
- 4.6** This meeting was a precursor to a further meeting to be held on 17th/18th October where it was expected forces would agree to the recommended supplier(s). Following this agreement it was expected that all forces would sign the collaborative agreement and the Police Authority members elected to the Joint Management committee would sign off the final procurement agreement. Along with five other forces Merseyside would not agree to the supplier allocation without careful consideration of costs and performance by their Chief Officers and their respective Police authorities.
- 4.7** Merseyside has the second largest forensic spend of the 14 participating forces, and so the group benefit from our inclusion. It is important therefore that we derive proportionate benefit and are not disadvantaged.

5. Financial and Staffing Implications

- 5.1** The Force already contributes a share of the contract management team costs based on the External Aggregate Financing Funding Formula. For 2007/08 financial year we have contributed £14,500 to the project
- 5.2** It is anticipated annual costs for the Governance structure proposed by the Collaborative Agreement will amount to £247,965 and Merseyside's contribution to the Governance structure will be £29,186 per year

6. Equality and Staffing Implications.

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

7. Risk Assessment

7.1 If the Force signs the agreement:

- 7.1.2** Signing the agreement at this time will commit the Force to an unknown financial spend, pass control of the supplier(s) to a Management group and Merseyside may not be allocated the appropriate supplier(s) to meet its needs.
- 7.1.3** Signing the agreement without ensuring recommended suppliers meet the particular needs of the force may increase Merseyside's risks of not attaining government targets and reduce customer satisfaction due to restriction of supplier choice.
- 7.1.4** Clearly robust management of performance will be maintained to reduce the impact of this risk.

7.2 If we delay signing the agreement:

7.2.1 If the Force delays signing the agreement this will obviously lengthen timescales for completion. This will therefore mean that the Force will not be able to benefit from potential reductions in forensic costs sooner.

7.2.2 Through robust discussion with suppliers, limited reductions in forensic prices have been secured pending the procurement contract outcome.

8. Conclusion

8.1 The Authority has been asked to appoint a member to the Joint Agency Committee for a period of 3 years following the signing of the Collaborative Agreement.

8.2 It is recommended that this decision be delayed pending further investigations into the financial implication and benefits for the Authority.

**Bernard Hogan- Howe
Chief Constable**

**Contact: David Smith - Forensic Performance Manager
Telephone: 0151 777 8435
Background Papers: None**

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

Meeting: 1st November 2007

Report of the Chief Constable

Tender Monitoring

1. Purpose

- 1.1 The purpose of the report is to inform Members of the tendering process followed by the Force for the purchase of supplies, services or works of a significant amount (over £50,000 in any one case) as provided for in Standing Orders.
- 1.2 The report covers the period 31st January 2007 to 2nd October 2007.

2. Recommendation

Members are invited to note the report.

3. Tender process

- 3.1 Under Standing Order 7, the full tender procedure is required for supplies, services or works when the cost estimate is in excess of £50,000.
- 3.2 Under Standing Order 13, when that estimate is in excess of £200,000 (as from June 2007), the tenders are opened by a panel of Members, but otherwise tenders are opened in-house in the presence of either an ACC or a Civilian Director and a member of the Force Solicitor's staff.
- 3.3 Members asked to be kept informed of how the process had been implemented by receiving details of tenders requested, opened and evaluated, and procurements made. In accordance with Members' wishes, the attached report shows details of tenders where the size of the transaction was estimated as in excess of £50,000.

4. Financial and Staffing Implications

There are no direct staffing implications. All financial implications are given full consideration during the course of each tendering/awarding process and these are set out in the individual reports.

5. Equality and Diversity Impact Assessment

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

6. **Risk Assessment**

Without proper monitoring of the process of opening tenders and awarding contracts there is the risk of compromising the integrity and transparency of the system, which could seriously undermine public confidence.

7. **Conclusion**

This report details the tender monitoring process, as requested by Members, who are asked to note this report.

Bernard Hogan- Howe
Chief Constable

Contact: Helen Mercer, Force Solicitor

Telephone: 0151 777 8080

Background Papers: Standing Orders and Tender Monitoring returns from relevant departments

MERSEYSIDE POLICE AUTHORITY

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

Meeting: 1st November 2007

Tender Monitoring Summary Sheet

1. **TENDERS OPENED BY THE AUTHORITY (estimated cost more than £500,000) – (£200,000 from June 2007)**
 - 1.1 **Police Pension Administration and Payroll Service**

Estimate:	£850,000.00	(5 year contract)
Successful tender:	£863,505.00	(5 year contract)
 - 1.2 **Building Cleaning Services**

Not yet let. Tender evaluation continuing. To be reported in next monitoring report.
 - 1.3 **Altcar – Main Contract - Provision of Accommodation for Firearms Training**

The costings for the proposed project proved too high. The Force has accommodated the proposal within existing resources.
 - 1.4 **Altcar – Sub-contract – Supply, Delivery and Fitting Out of Temporary Building**

The costings for the proposed project proved too high. The Force has accommodated the proposal within existing resources.
2. **TENDERS OPENED In-FORCE (estimated cost more than £50,000 but less than £500,000 [£200,000 from June 2007])**
 - 2.1 **Lan Network Equipment and services**

Estimate	£250,000 -300,000
Successful tender:	£207,392.55
 - 2.2 **Dry Cell Batteries Supply**

Estimate	£44,254.00
Successful tender	£46,045.89
 - 2.3 **Workforce Optimisation IT Solution**

Estimate	£100,000.00
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2.4	Successful tender Allerton Station Boiler replacement	£100,737.00
	Estimate	£97,357.75
	Successful tender	£96,611.00
2.5	Admiral Street Station Boiler replacement	
	Estimate	£149,507.75
	Successful tender	£141,798.15
2.6	Stanley Road and Heswall Stations Boiler replacement	
	Estimate	£148,265.00
	Successful tender	Lowest tender £194,954. It has been decided to re-configure the scheme and re-run the process next year.
2.7	User Satisfaction Surveys	
	Estimate	£186,000.00
	Successful tender:	£171,204.00
2.8	St Anne Street Station Cell area to office	
	Estimate	£60,000.00
	Successful tender:	£35,782.00
2.9	Driver Speed Awareness Courses	
	Estimate	£80- £120 per individual course
	Successful tender	£90 per individual course (18 month contract, 2000 courses per 12 months)

MERSEYSIDE POLICE AUTHORITY

STANDING ORDER 7

PURCHASES OVER £50,000

TENDER MONITORING

1.0 TENDERS OPENED BY THE AUTHORITY (Estimated cost more than £500,000 [£200,000 from June 2007])

1.1 PROVISION OF POLICE PENSION ADMINISTRATION AND PAYROLL SERVICE

a) A description of the works/supply required with an indication of how the work/procurement fits force development/strategy:

The provision of a fully managed Police Pension Administration and Payroll Service to Merseyside Police and Cheshire Constabulary to be let for a term of five years with possible annual extensions to a maximum ten year period.

Merseyside Police and Cheshire Constabulary collaborated in a 'mini' tender exercise to secure a police pensions provider under the PEPS (Home Office Procurement Excellence in the Police Service) Framework Agreement led by Hampshire Constabulary for police pension services with access available to any of the 43 police forces in England and Wales. Each Contracting Authority was responsible for establishing its own criteria for engaging into a contract with a chosen Contractor.

Due to the introduction of a 'New Police Pensions Scheme' (NPPS) from 1st April 2006, there is a requirement for the Force to administer both the 'Old Police Pension Scheme' (OPPS) and the NPPS. Approval to proceed with the re-tendering of the Police Pension Service, to take account of both schemes, was obtained via COG on 14th March 2006.

The purpose of outsourcing the pensions function is to provide for the transfer of non-core activities and the associated risks to an external provider to enable the Force to concentrate on operational policing.

b) Estimated cost and how arrived at:

Estimated cost in excess of £850,000. This cost has been based on the fixed value of the contract with the previous provider over a contractual period of 5 years.

c) Expressions of interest/Invitation to tender: (the numbers in each case)

The three companies appointed as approved providers under the Framework Agreement were invited to tender.

d) Companies submitting tenders – listed alphabetically:

Capita Hartshead
HBS Business Services Group Ltd
Paymaster (1836) Limited

e) **Tender prices – listed in price order:**

Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £	Total £
172,701	172,701	172,701	172,701	172,701	863,505
189,353	176,803	172,065	167,565	163,289	869,075

One company's bid could not be considered as their tender envelope identified them contrary to Standing Orders.

f) **Successful tenderer:**

HBS Business Services Group Ltd

g) **Successful tender sum:**

£863,505

h) **Criteria for awarding contract:**

The tenders were considered in terms of cost, flexibility, service delivery, quality of response, provider presentation and site reference visits. The evaluation considered the tender response, discussions with the providers on issues requiring clarification, and discussions with the providers existing customers.

i) **Any particular conditions:**

Some additional charges were identified as follows:

There is likely to be a cost of an estimated £7,000 in respect of payslip postage. If the Force elects to have an additional 10 new recruits/pre-retirement courses per year this will cost £7,350. The production of Life Certificates will cost £2,000 per exercise. A charge of £1,600 will be incurred for the transfer of the pensions payroll from 4 weekly to monthly payment.

j) **Consultants costs**

Nil

1.2 BUILDING CLEANING SERVICES

Not yet let – to be reported in next monitoring report.

1.3 ALTCAR MAIN CONTRACT

Provision of Accommodation for Firearms Training

The costing for the project proved too high. The Force has accommodated the proposal within existing resources.

1.4 ALTCAR SUB-CONTRACT

Supply Delivery and Fitting of Temporary Building

The costing for the project proved too high. The Force has accommodated the proposal within existing resources.

2.0 TENDERS OPENED IN FORCE (more than £50,000 and less than £500,000 – £200,000 from June 2007)

2.1 Provision of Local Area Network Equipment and Services

- a) **A description of the work/supply required with an indication of how the work/procurement fits force development/strategy;**

For the provision of LAN (Local Area Network) equipment and services.

Merseyside Police are currently upgrading their data network between all premises, and an integral part of that upgrade requires a quantity of network switches (which provide interconnects between computers) and ancillary equipment.

- b) **Estimated cost and how arrived at:**

The estimated cost was between £250,000 to £300,000 based on current market prices. The breadth of the estimate was dictated by two factors; the equipment comes from the USA and the exchange rate is variable. Although the cost of purchase of smaller amounts of equipment was known, the level of discount for a more substantial order was difficult to predict.

Tenders opened on 19th January 2007 prior to change in Standing Orders concerning level at which the Authority opens.

- c) **Expressions of interest/invitation to tender: (the numbers in each case)**

18 companies on the OGC (Office of Government Commerce) Catalyst Framework Agreement were invited to tender and 6 responded.

- d) **Companies submitting tenders – listed alphabetically:**

BT
Dell Corporation Limited
European Electronique
Hewlett Packard
Insight Direct UK Limited
XMA Limited

- e) **Tender prices – listed in price order:**

£207,392.55
£229,564.82
£235,726.62
£256,049.00
£259,685.70
£307,347.59

- f) **Successful tenderer:**

Insight Direct UK Limited

- g) **Successful tender sum:**

£207,392.55

- h) **Criteria for awarding contract:**

The contract was awarded to the company with the lowest bid that met our user criteria.

i) **Any particular conditions:**

None.

j) **Consultants costs:**

N/A

2.2 **Supply of Dry Cell Batteries**

a) **A description of the work/supply required with an indication of how the work/procurement fits force development/strategy;**

A regional contract for the supply and delivery of dry cell batteries for a period of 3 years, with the option of two 12-month extensions dependent upon satisfactory performance. These products are required to power electronic devices used by operational police officers and police staff in the course of their duties. The contract ensures products are available to the appropriate standard and that equipment is available for use.

b) **Estimated cost and how arrived at:**

The estimated cost for a 3 year contract was £44,254.00. This was based on the previous 12 month expenditure on exactly the same products as those being tendered for.

c) **Expressions of interest/invitation to tender: (the numbers in each case)**

8 companies expressed an interest and were invited to tender.

d) **Companies submitting tenders – listed alphabetically:**

Banner Business Supplies Limited
Monks & Crane Limited

e) **Tender prices – listed in price order:**

£46,045.89
£51,694.29

f) **Successful tenderer:**

Banner Business Supplies Limited

g) **Successful tender sum:**

£46,045.89

h) **Criteria for awarding contract:**

The successful tenderer submitted a bid that met the required specification at the lowest price.

i) **Any particular conditions:**

None

j) **Consultants Costs**

None

2.3 The provision of a Workforce Optimisation I.T. Solution

- a) **A description of the work/supply required with an indication of how the work/procurement fits force development/strategy;**

A Workforce Optimisation IT system which identifies demand profile and matches resources is to be implemented within the Call Handling department comprising two call centres, one switchboard and a Crime Recording Bureau. The implementation of Workforce Optimisation supports the Total Policing Strategy and will assist in the deliverance of total war on crime, total victim care and provision of a totally professional police service.

- b) **Estimated cost and how arrived at:**

Budget provision of £100,000 was allocated to procure and implement the system during 2007/08

- c) **Expressions of interest/invitation to tender: (the numbers in each case)**

9 companies were invited to tender, with 4 invitees submitting bids.

- d) **Companies submitting tenders – listed alphabetically:**

BT/Teleopti
Computacenter/Open Wave Limited
GMT Europe
Q-Max Systems

- e) **Tender prices – listed in price order:**

£64,950.00
£98,499.00
£100,737.00
£158,309.00

- f) **Successful tenderer:**

Computacenter/Open Wave Limited

- g) **Successful tender sum:**

£100,737.00

- h) **Criteria for awarding contract:**

The tender for £64,950.00 was not considered as the company would not comply with a mandatory requirement with regards vetting of staff. Even if they had prepared to comply with vetting procedures, their bid did not meet the required specification.

The tender for £98,499.00 did not fully meet the Force's requirements with insufficient evidence provided with regard to IT functionality.

The successful tenderer scored the highest evaluation total of all submissions in respect of our award criteria offering the best value for money and meeting our software development requirements. The award criteria being:

Service delivery
Quality of Service provision
Flexibility
Qualifications

Cost

i) **Any particular conditions:**

None

j) **Consultants Costs**

None

2.4 Boiler House Replacement – Allerton Station

a) **A description of the work/supply required with an indication of how the work/procurement fits force development/strategy;**

Allerton Police Station: Boiler House Replacement

This scheme is part of the planned programmed maintenance.

b) **Estimated cost and how arrived at:**

£97,357.75

An external firm of consultants was engaged by the Estate Management Department to prepare a Bill of Quantities.

c) **Expressions of interest/invitation to tender: (the numbers in each case)**

Six companies invited to tender

All companies selected are on the Approved List of Contractors. Three companies were chosen from the rotated list and three were selected by the Project Officer based on the Company's past performance and obtaining value for money.

Three companies responded on time

Two companies failed to respond

One company declined to tender

d) **Companies submitting tenders – listed alphabetically:**

BR Electrical and Mechanical Services Limited

Haughton's Mechanical Services Limited

Mitie Engineering Services (Liverpool) Limited

e) **Tender prices – listed in price order:**

£96,611.00

£122,766.37

£136,403.00

f) **Successful tenderer:**

Haughton's Mechanical Services Limited

g) **Successful tender sum:**

£96,611.00

h) **Criteria for awarding contract:**

- Contract awarded to lowest tenderer
- i) **Any particular conditions:**
None
- j) **Consultant's costs:**
£8,278.00
Future costs of £3,500.00 (supervisory duties)

2.5 Boiler House Replacement – Admiral Street Station

- a) **A description of the work/supply required with an indication of how the work/procurement fits force development/strategy;**

Admiral Street Police station: Boiler house replacement

This scheme is part of the planned programmed maintenance.

- b) **Estimated cost and how arrived at:**

£149,507.75

An external firm of consultants was engaged by the Estate Management Department to prepare a Bill of Quantities.

- c) **Expressions of interest/invitation to tender: (the numbers in each case)**

Six companies invited to tender.

All companies selected are on the Approved List of Contractors. Three companies were chosen from the rotated list and three selected by the Project Officer based on the companies past performance and obtaining value for money.

Four companies responded on time
One company failed to respond
One company declined to tender

- d) **Companies submitting tenders – listed alphabetically:**

BR Electrical and Mechanical Services Limited
Lockwood Construction (Liverpool) Limited
MJ Quinn Integrated Services Limited
Lorne Stewart plc

- e) **Tender prices – listed in price order:**

£141,798.15
£158,910.23
£159,887.00
£166,445.00

- f) **Successful tenderer:**

MJ Quinn Integrated Services Limited

- g) **Successful tender sum:**

£141,798.15

h) **Criteria for awarding contract:**

Contract awarded to lowest tenderer.

i) **Any particular conditions:**

None

j) **Consultants costs**

£7,178.00

Future costs £3,500 (supervisory duties)

2.6 Boiler Replacement Stanley Road and Heswall Station

Given the lowest tender figure of £194,954.00 c/f the estimate of £148,265.00 it has been decided to reconfigure the scheme and re-run the process next year.

2.7 User Satisfaction Surveys

a) **A description of the work/supply required with an indication of how the work/procurement fits force development/strategy;**

The provision of interviews, questionnaire advice, data files quality assurance and analysis to inform the Force's User Satisfaction Surveys for a period of 2 years. There is an option to extend dependent on performance for a period of 21 months which would bring the run of the contract back to coincide with the financial year,

The Home Office Police Performance Assessment Framework (PPAF) requires Merseyside Police to conduct telephone interviews with victims. At the moment this requires interviews with victims of car crime, burglary, violent crime, road traffic collisions, racist incidents and those who report Anti Social Behaviour (ASB) incidents to the police.

This work directly fits into the Force's Total Policing approach and to achieve our vision of being the best police service in the UK. The survey results provide independent customer feedback and directly inform performance in relation to the strategic priority of Total Care for Victims.

The results populate our PPAF Statutory Performance Indicators (SPI's) for both Citizen Focus and Fairness and Equality measures. The satisfaction survey results from interviews with victims of car crime, burglary, violent crime, road traffic collisions and racist incidents populate the following indicators:

Citizen Focus:	SPI 1a	making contact with the police
	SPI 1b	action taken by the police
	SPI 1c	being kept informed of progress
	SPI 1d	their treatment by staff
	SPI 1e	the overall service provided

Fairness & Equality	SPI 3a	the overall service provided to racist incident victims
	SPI 3b	the difference between white and BRM respondents

While the results of the ASB interviews directly inform the PPAF Key Diagnostic Indicator for anti-social behaviour.

b) Estimated cost and how arrived at:

The estimated cost of a 2 year contract was £186,000.00. This was based on the costs incurred with the current contractor who provided the service to the specification detailed in the tender documentation.

c) Expressions of interest/invitation to tender: (the numbers in each case)

In consultation with Merseyside Police Procurement Department the existing framework agreement commissioned by Thames Valley Police for PPAF User Satisfaction Surveys was engaged. A selected tendering procedure inviting the 7 companies on the framework agreement was adopted.

d) Companies submitting tenders – listed alphabetically:

BMG Research
MRUK Research
Maven
Opinion Research Services Ltd
QRS
Swift

e) Tender prices – listed in price order:

£171,204.00
£186,000.00
£198,156.00
£198,780.00
£205,920.00

One company was disqualified at tender opening because it had identified itself on the tender envelope.

f) Successful tenderer:

Opinion Research Services Limited

g) Successful tender sum:

£171,204.00

h) Criteria for awarding contract:

The contract was awarded to the company who submitted the cheapest tender price.

i) Any particular conditions:

None

j) Consultants Costs

None

2.8 St Anne's Street Station – Cell Area to Office

a) A description of the work/supply required with an indication of how the work/procurement fits force development/strategy;

St Anne Street Police Station – conversion of cell area into office accommodation.

The space that was converted was the old Enquiry Office and cell area. The redundant space was converted into office accommodation to allow the movement of the Hate Crime Unit from Tuebrook Police station to St Anne Street, which in turn freed up space at Tuebrook to house another operational unit.

b) Estimated cost and how arrived at:

£60,000.00

An external firm of consultants was engaged by the Estate Management Department to prepare a Bill of Quantities.

c) Expressions of interest/invitation to tender: (the numbers in each case)

Six companies invited to tender

All companies selected are on the Approved List of Contractors. Six companies selected were chosen from the rotated list.

Five companies responded on time
One company failed to respond.

d) Companies submitting tenders – listed alphabetically:

Frank Rogers Building Contractor Limited
Gawne and Roberts Construction Limited
Hardaker Construction Limited
M. J. Quinn Integrated Services Limited
Whittakers (Huyton) Limited

e) Tender prices – listed in price order:

£35,782.00
£36,940.70
£37,536.00
£41,820.00
£44,143.00

f) Successful tenderer:

Hardaker Construction Limited

g) Successful tender sum:

£35,782.00. This is significantly lower than the estimate from consultants and is in part at least due to the difficulty of estimating preliminary costs.

h) Criteria for awarding contract:

Contract awarded to lowest tenderer.

i) Any particular conditions:

None.

j) Consultants' costs:

£7,106.00, which included all planning fees, preparation of the scheme and supervision of the works.

2.9 Provision of Driver Speed Awareness Courses

a) **A description of the work/supply required with an indication of how the work/procurement fits force development/strategy;**

Merseyside Police in the field of traffic law enforcement is committed to the use of diversionary courses instead of prosecution. The concept is that in the quest to improve road safety and reduce casualties, it is better to educate instead of prosecuting offenders, who may have had a lapse of concentration rather than deliberately breaking the law. It was proposed that the contract for supplying Speed Awareness courses would be for a period of 18 months to enable any renewal to run at the same time as the other Driver Improvement Scheme renewals.

b) **Estimated cost and how arrived at:**

It was estimated that the administrative fees to run one course would cost between £80-£120. It is estimated that 2000 courses per annum will be run. The cost is met by the driver, with an administration fee of £15.00 being paid out of the fee to Merseyside Police Authority. The tender process was initiated and from that sum arrangements made for opening tenders prior to the change in Standing Orders in June 2007. In future such tenders would be opened at the Authority.

c) **Expressions of interest/invitation to tender: (the numbers in each case)**

12 companies expressed an interest to tender and 12 companies were invited; 3 submitted tenders.

d) **Companies submitting tenders – listed alphabetically:**

Driving Services UK Limited
Professional Driver Services Limited
TTC2000

e) **Tender prices – listed in price order:**

£90.00 per course
£100.00 per course
£105.00 per course

f) **Successful tenderer:**

TTC2000

g) **Successful tender sum:**

£90.00 per course

h) **Criteria for awarding contract:**

The contract was awarded to the company offering the lowest course costs and offering more course locations throughout Merseyside.

i) **Any particular conditions:**

None

j) **Consultants Costs**

None

