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REPORT TO:	**Strategy, Budget & Performance Monitoring Committee**
DATE:	**9 September 2009**
SUBJECT:	***Frontline*first Programme Progress Update**
SPONSOR:	**Deputy Chief Constable**
AUTHORS:	**Carl Noble, Ian Cawthron, Tim Seabrook**

1. PURPOSE

1.1 To provide an update on progress made by the *Frontline*first Programme in identifying and realising efficiencies in the British Transport Police (BTP) and provide details of the scope and potential opportunities associated with the *Frontline*first2 Programme. To provide examples of how Areas are incorporating the principles of this initiative in promoting value for money in the services they deliver.

2. BACKGROUND

2.1 The strategic aims of the *Frontline*first Programme are to:

- Increase capability and capacity through improving efficiency and effectiveness
- Achieve at least 6% efficiency savings (approximately £10.2m) through the *Frontline*first Programme during the life of the Strategic Plan 2008-11 to be re-invested in front-line policing, including additional Neighbourhood Policing Teams (NPTs)
- Re-align resources to maximise effective delivery of BTP's strategic aims, continuing to improve on current performance.

3. PLANNED SAVINGS

3.1 The *Frontline*first Programme Delivery Plan 2008-11 is attached as Appendix A and is summarised at Appendix B. The Delivery Plan 2008-11 is a live document which continues to be updated with planned efficiency savings that have been identified in accordance with the agreed efficiency counting rules.

3.2 The cumulative total of planned savings in the Delivery Plan 2008-11 is currently **£17,720,863** against a three-year target of £10,185,070.

- Planned savings for 2008-09 = **£11,856,686**
- Planned savings for 2009-10 = **£3,168,704**
- Planned savings for 2010-11 = **£2,695,473**.

3. Total planned cashable efficiencies amount to **£6,290,960**, whilst non-cashable efficiencies are **£11,429,903**.

4. REALISED SAVINGS

4.1 The Efficiency Register is attached at Appendix C.

Savings Realised to Date

4.2 Total realised savings to date are **£13,866,439**.

- This is made up of **£2,788,040** cashable savings and **£11,078,399** non-cashable savings.

- Total additional resources deployed to the front-line from cashable efficiency gains are:
  - 17 Police Community Support Officers
  - 23 Police Constables
  - 7 Police Sergeants
  - 1 Police Inspector.

- Total equivalent addition to the frontline from non-cashable (increased productivity) efficiency gains are:
  - 95 Police Community Support Officers (based on additional frontline presence accruing from Railway Safety Accredited Staff)

- 145 Police Constables (based on additional frontline presence accruing from Special Constables, Penalty Notices for Disorder and mobile data).

- The realised efficiencies have been modified to account for the findings of the independent review of the Frontlinefirst Programme conducted by Grant Thornton. This report is attached as Appendix E.

5.   *FRONTLINE*FIRST2

5.1   The Chief Officer Group (COG) met on 15 June 2009 to consider proposals for the approach to delivering efficiencies in 2009-10 and beyond, through the *Frontline*first2 Programme. The meeting considered the viability of various approaches to identifying efficiency savings to meet future budget pressures, including the following:

- Conducting Thematic Scrutiny Reviews of activities that generate high levels of spend, along with FHQ Departmental proposals for the achievement of cash releasing efficiencies from revenue budgets
- Undertaking cross-cutting 'end-to-end' FHQ internal Business process reviews and Crime & Operations external process reviews, utilising BTP's continuous improvement methodology and LEAN techniques[1]
- Commissioning Gateway Reviews on projects within BTP to ensure that they are on course to achieve predicted benefits, on time in full, and to find ways of reducing cost.

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[1] A methodology that enables the identification of activity that adds value to BTP by removing unnecessary processes or activities and supporting effective change to deliver sustainable continuous performance improvement.

Subsequently, a 12 month delivery programme has been drafted, comprising of the aforementioned elements, with several work streams already underway. Departmental efficiency reviews have been initiated and proposals will be examined through the Strategic Command Team (SCT) challenge panel process week commencing 28th September.

5.2   Crime and Operations Portfolios continue with end-to-end business process reviews. The Intelligence Review (Crime) has completed Area and FHQ fieldwork to establish role-based intelligence requirements and is scoping potential savings from new technologies until the end of August. An interim report on emerging findings will be issued in September.

5.3   The Assistant Chief Constable (ACC) Operations (Ops) sponsored an efficiency review involving BTP's First Contact Centre, Control Rooms, Crime Recording Centre and Area Crime Management Units, including Scotland. Continuous improvement principles are currently being applied to redesign processes and enhance user requirements and also identify and realise further potential efficiencies.

5.4   In addition to discrete thematic reviews, Areas and FHQ Departments continue to report further efficiency savings that they have identified during the course of the year. Savings are evaluated under the Counting Rules and added as appropriate to the efficiency totals.

5.6   Through undertaking this fundamental approach, it will be easier to achieve and sustain efficiencies over time and develop BTP into an organisation where continuous improvement is embedded and further efficiencies can be realised through day to day business, ensuring continued 'fit for purpose' capacity and capability to meet future organisational demand.

5.7   The following strategies will also be employed throughout the programme life cycle where effective change and cost reduction opportunities exist:

- Application of resource leverage tactics as outlined by Her Majesty's Inspectorate of Constabulary (HMIC) and the Audit Commission (AC)

- Comparative benchmarking of BTP's service delivery against appropriate Home Office forces and/or other public sector agencies.

- Opportunities for further workforce modernisation

- Examining the feasibility of cost reduction through structural reviews by either relocating resources, outsourcing, merging/reviewing existing Area boundaries and/or collaboration

6.   BALANCED SCORECARD

6.1   The latest version of the *Frontline*first Programme's Balanced Productivity Scorecard is attached as Appendix D. The Scorecard compares BTP's performance for key productivity measures in 2009-10 to date with the same period in both 2007-08, the year before the *Frontline*first programme was implemented, and 2008-09, the first year of the three year programme. All the data for these productivity measures is readily available from the monthly FMI Report; no additional work has been incurred in data collection or analysis.

6.2   Noteworthy improvements in performance over this period include:

- Notifiable offences recorded during April-July decreased by 8% between 2007 and 2008, and a further 6% between 2008 and 2009

- The largest overall decreases have been for Robbery (32% between 2007 and 2008, and a further 13% between 2009 and 2009), Serious Fraud Offences (13% and 23% respectively), Criminal Damage (17% and 12%) and Serious Line of Route offences (9% and 19%)

- All BTP Areas achieved a reduction in the number of notifiable offences between April-July 2007 and April-July 2009. The 18% reduction achieved by the London South Area was particularly good. This was primarily due to reductions in Robbery, Serious Fraud offences, Theft of Passenger Property and Serious Line of Route offences. Over the two years, recorded offences for these crimes in London South Area fell by 50%, 48%, 34% and 33% respectively

- Over the same two year period the number of non-notifiable offences recorded by BTP during April-July fell by 6%. A 23% reduction in non-notifiable Line of Route offences has been partially offset by a 30% increase in non-notifiable Fraud offences. This increase is largely the result of proactive, joint operations with the Train Operating Companies to prevent fare invasion

- BTP has improved its detection rate for notifiable offences from 26% during April-July 2007 to 34% during April-July 2009. Noteworthy achievements this year to date include detection rates of 76% for Serious Fraud offences, 65% for Serious Public Disorder offences, 43% for Robbery offences and 47% for offences involving violence against the person.

7   RECOMMENDATIONS

7.1   That Members note the progress achieved to date through the implementation of the *Frontline*first Programme and the proposed *Frontline*first2 Programme approach, where the focus will be on achieving cashable efficiency savings during the next two years.

8 SUMMARY OF APPENDECIES

A *Frontline*First Delivery Plan 2008-11

B Planned Efficiency Savings 2008-11

C *Frontline*First Efficiency Register 2008-11

D1 *Frontline*first Productivity Scorecard, Recorded Crime

D2 *Frontline*first Productivity Scorecard, Three Year Trends

E Review of the *Frontline*first Efficiency Programme by Grant Thornton

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APPENDIX B

Table 1: Planned Efficiency Savings 2008-11

Portfolio/Dept/Area	2008-09	RAG Status	2009-10	RAG Status	2010-11	RAG Status
AREAS						
Wales and Western	£988,413	GREEN	£296,990	GREEN	£0	RED
North Eastern	£865,713	GREEN	£276,019	GREEN	£2,806	RED
North Western	£804,880	GREEN	£288,916	GREEN	£0	RED
Scotland	£505,563	GREEN	£170,838	AMBER	£0	RED
London North	£3,026,332	GREEN	£776,254	GREEN	£0	RED
London South	£4,250,120	GREEN	£371,717	AMBER	£0	RED
London Underground[2]	£5,148,941	GREEN	£20,213	RED	£0	RED
COG PORTFOLIOS						
DCC Total	£286,195	GREEN	£9,000	RED	£0	RED
SDD	£102,843	GREEN	£0	RED	£0	RED
Media and Comms	£59,485	GREEN	£0	RED	£0	RED
Technology	£83,367	AMBER	£9,000	RED	£0	RED
Professional Standards	£40,500	GREEN	£0	RED	£0	RED
HR Total	£472,251	GREEN	£0	RED	£2,300,000	GREEN
Fin & Corp Services Total	£342,000	GREEN	£911,333	GREEN	£392,667	GREEN
Finance	£342,000	GREEN	£710,333	GREEN	£392,667	GREEN
Estates and Facilities	£0	RED	£125,000	GREEN	£0	RED
Vehicle Fleet	£0	RED	£76,000	GREEN	£0	RED
ACC Crime Total	£182,999	AMBER	£0	RED	£0	RED
ACC Operations Total	£107,720	AMBER	£57,137	RED	£0	RED
ACC L&O Total	£24,500	GREEN	£10,500	GREEN	£0	RED
TOTAL SAVINGS	**£11,856,686**	GREEN	**£3,168,704**	GREEN	**£2,695,473**	GREEN

RAG STATUS KEY:

RED:	0 -	**25% of target savings identified**
AMBER:	26 -	**75% of target savings identified**
GREEN:	76 -	**100% of target savings identified**

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[2] London Underground figures not included in totals.

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APPENDIX D1 *Frontline*first Productivity Scorecard, Recorded Crime

	Apr-July 2007	Apr-July 2008	Apr-July 2009	% change 2007-2009	% change 2008-2009

Financial year comparison notifiable offences (England & Wales) and crimes (Scotland)

	Apr-July 2007	Apr-July 2008	Apr-July 2009	% change 2007-2009	% change 2008-2009
London North	5307	4979	4566	-14%	-8%
London South	6554	5964	5386	-18%	-10%
London Underground	5691	4962	4916	-14%	-1%
North Eastern	2055	2509	2071	1%	-17%
North Western	2052	1954	1794	-13%	-8%
Scottish	906	849	878	-3%	3%
Wales and Western	3032	2448	2540	-16%	4%
England & Wales	24691	22816	21273	-14%	-7%
Force	**25597**	**23665**	**22151**	**-13%**	**-6%**

Financial year comparison non-notifiable offences (England & Wales) and offences (Scotland)
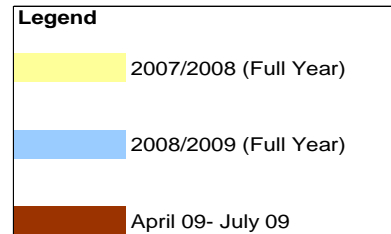
	Apr-July 2007	Apr-July 2008	Apr-July 2009	% change 2007-2009	% change 2008-2009
London North	1575	1707	1651	5%	-3%
London South	1480	1694	2403	62%	42%
London Underground	2298	2950	2387	4%	-19%
North Eastern	2308	2567	1786	-23%	-30%
North Western	2042	1715	1639	-20%	-4%
Scottish	1939	1562	1306	-33%	-16%
Wales and Western	2619	1966	2234	-15%	14%
England & Wales	12322	12599	12100	-2%	-4%
Force	**14261**	**14161**	**13406**	**-6%**	**-5%**

Financial year comparison all recorded offences

	Apr-July 2007	Apr-July 2008	Apr-July 2009	% change 2007-2009	% change 2008-2009
London North	6882	6686	6217	-10%	-7%
London South	8034	7658	7789	-3%	2%
London Underground	7989	7912	7303	-9%	-8%
North Eastern	4363	5076	3857	-12%	-24%
North Western	4094	3669	3433	-16%	-6%
Scottish	2845	2411	2184	-23%	-9%
Wales and Western	5651	4414	4774	-16%	8%
England & Wales	37013	35415	33373	-10%	-6%
Force	**39858**	**37826**	**35557**	**-11%**	**-6%**

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APPENDIX D2 *Frontline*first Productivity Scorecard, Three Year Trends

Notifiable Detection Rate
- 27%
- 32%
- 34%

Quality of Service
- 80%
- 80%
- 87%

Fatality Measure (minutes)
- 76
- 75
- 75

Contact Management (Emergency)
- 75%
- 86%
- 92%

Contact Management (Non- Emergency)
- 88%
- 92%
- 94%

Legend
- 2007/2008 (Full Year)
- 2008/2009 (Full Year)
- April 09- July 09

Notifiable Detections per officer
- 2.61
- 2.28
- 2.54

Sickness (days lost per employee)
- 3.76
- 2.63
- 2.34

Legend
- April 07- July 07
- April 08- July 08
- April 09- July 09

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Year-to-date non-cashable savings

frontline first 2

	2008/09	2009/10	2010/11	Nature of gain	Area/Department	Outcome	Verification
	£	£	£				
Penalty Notices for Disorder (PNDs)							
Total	**1,002,276**	**-**					
London North	301,742			Increase to Frontline Visibility - Calculated using the Home Office Police Efficiency Group's formula of 9.9 hrs time saved. The BTP charging model for police services sets a rate of £29 per hour for London PCs and £26 per hour for outer London PCs.	London North	Non-cashable - More for the same cost	David Hards - Justice Directorate
London South	225,374				London South	Non-cashable - More for the same cost	David Hards - Justice Directorate
North Eastern	125,354				North Eastern	Non-cashable - More for the same cost	David Hards - Justice Directorate
North Western	175,289				North Western	Non-cashable - More for the same cost	David Hards - Justice Directorate
Wales & Western	174,517				Wales & Western	Non-cashable - More for the same cost	David Hards - Justice Directorate
London Underground*	263,271				London Underground	Non-cashable - More for the same cost	David Hards - Justice Directorate
Not included in total							
Mobile Data (PDAs)							
Total	**3,210,431**	**1,801,711**					
London North	1,369,863	776,254		Increase to Frontline Visibility - Calculated using the BTP charging model for police services and a declared saving per PDA of 60mins per shift. Annual duty tour is set at 204 days.	London North	Non-cashable - More for the same cost	Joanne Hardy - Mobile Data Project
London South	658,815	335,257			London South	Non-cashable - More for the same cost	Adrian Young - LS Area
Wales & Western	296,239	141,168			Wales and Western	Non-cashable - More for the same cost	Karen Taylor - WW Area
North Western	316,190	206,720			North Western	Non-cashable - More for the same cost	Joanne Hardy - Mobile Data Project
North Eastern	297,888	179,690			North Eastern	Non-cashable - More for the same cost	Joanne Whatmore - NE Area
Scotland	179,575	105,485			Scotland	Non-cashable - More for the same cost	Joanne Hardy - Mobile Data Project
Counter-Terrorism Proactive Unit (CTPU)	91,861	57,137			CTPU	Non-cashable - More for the same cost	John Watson - CTPU
London Underground*	2,985,204	20,213			London Underground	Non-cashable - More for the same cost	Joanne Hardy - Mobile Data Project
Not included in total							

RED = 0-25% savings identified
AMBER = 26-75% savings identified
GREEN = 76-100% savings identified

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Year-to-date non-cashable savings

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	2008/09	2009/10	2010/11	Nature of gain	Area/Department	Outcome	Verification
	£	£	£				
Accredited policing							
Total	2,820,096	-		Increase to Frontline Visibility - Calculated using the BTP charging model for police services: PCSO charging rates of £18 per hour for London and £17 per hour for outer London. Based on the contracted hours of service for RSAS staff.			
London North	616,896				London North	**Non-cashable** - More for the same cost	Abi Man - RSAS
London South	2,203,200				London South	**Non-cashable** - More for the same cost	Abi Man - RSAS
Special Constables							
Total	915,173	-		Increase to Frontline Visibility - Calculated using the BTP charging model for police services and actual hours recorded on Command & Control. This sets a rate of £29 per hour for London and £26 per hour for outer London. Actual hours are capped at 14 hours per shift.			
London North	275,123				London North	**Non-cashable** - More for the same cost	Colin Myles - Complementary Policing
London South	378,334				London South	**Non-cashable** - More for the same cost	Colin Myles - Complementary Policing
North Eastern	151,606				North Eastern	**Non-cashable** - More for the same cost	Colin Myles - Complementary Policing
North Western	11,986				North Western	**Non-cashable** - More for the same cost	Colin Myles - Complementary Policing
Wales & Western	49,400				Wales & Western	**Non-cashable** - More for the same cost	Colin Myles - Complementary Policing
Scotland	48,724				Scotland	**Non-cashable** - More for the same cost	Colin Myles - Complementary Policing
London Underground*	316,796				London Underground	**Non-cashable** - More for the same cost	Colin Myles - Complementary Policing
Not included in total							
Sickness absence							
Sickness absence total	1,328,712	-					
Police Officers Total	688,480	-					
FHQ	129,456				FHQ	**Non-cashable** - More for the same cost	FMI
London North	- 69,368				London North	**Non-cashable** - More for the same cost	FMI
London South	283,736			Increased attendance in 2008-09 calculated	London South	**Non-cashable** - More for the same cost	FMI

RED = 0-25% savings identified
AMBER = 26-75% savings identified
GREEN = 76-100% savings identified

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	2008/09	2009/10	2010/11	Nature of gain	Area/Department	Outcome	Verification
	£	£	£				
North Eastern	132,704			based on number of additional attendance days over 2007-08. Officer sickness based on a rate of £29 per hour for London and £26 per hour for outer London.	North Eastern	**Non-cashable** - More for the same cost	FMI
North Western	4,368				North Western	**Non-cashable** - More for the same cost	FMI
Wales & Western	156,000				Wales & Western	**Non-cashable** - More for the same cost	FMI
Scotland	51,584				Scotland	**Non-cashable** - More for the same cost	FMI
London Underground*	689,040				London Underground	**Non-cashable** - More for the same cost	FMI
Not included in total							
Police Staff Total	**519,784**	**-**					
FHQ	285,206			Increased attendance in 2008-09 calculated based on number of additional attendance days over 2007-08. Police staff sickness savings based on a PSG5 rate of £20.5 per hour London and £19.2 per hour outer London.	FHQ	**Non-cashable** - More for the same cost	FMI
London North	55,965				London North	**Non-cashable** - More for the same cost	FMI
London South	43,973				London South	**Non-cashable** - More for the same cost	FMI
North Eastern	55,872				North Eastern	**Non-cashable** - More for the same cost	FMI
North Western	8,496				North Western	**Non-cashable** - More for the same cost	FMI
Wales & Western	38,592				Wales & Western	**Non-cashable** - More for the same cost	FMI
Scotland	31,680				Scotland	**Non-cashable** - More for the same cost	FMI
London Underground*	106,856				London Underground	**Non-cashable** - More for the same cost	FMI
Not included in total							
PCSO Total	**120,448**	**-**					
London North	41,472			Increased attendance in 2008-09 calculated based on number of additional attendance days over 2007-08. PCSO sickness	London North	**Non-cashable** - More for the same cost	FMI
London South	36,000				London South	**Non-cashable** - More for the same cost	FMI
North Eastern	7,616				North Eastern	**Non-cashable** - More for the same cost	FMI

RED = 0-25% savings identified
AMBER = 26-75% savings identified
GREEN = 76-100% savings identified

Year-to-date non-cashable savings

	2008/09	2009/10	2010/11	Nature of gain	Area/Department	Outcome	Verification
	£	£	£	savings based on 18 per hour for London and £17 per hour for outer London.			
North Western	24,480				North Western	**Non-cashable** - More for the same cost	FMI
Wales & Western	10,880				Wales & Western	**Non-cashable** - More for the same cost	FMI
London Underground*	4,464				London Underground	**Non-cashable** - More for the same cost	FMI
Not included in total							
Total gains	**9,276,688**	**1,801,711**	**-**				

RED = 0-25% savings identified
AMBER = 26-75% savings identified
GREEN = 76-100% savings identified

BRITISH TRANSPORT POLICE

Review of the *Frontline*first Efficiency Programme

2nd July 2009

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1 Assignment

1.1 Assignment details

Grant Thornton LLP was commissioned to undertake a review of British Transport Police's (BTP's) *Frontline*first efficiency programme, with a view to:

- Confirming that the efficiency savings identified and reported as part of the *Frontline*first efficiency programme have been calculated in accordance with Home Office guidelines;

- Confirm that the arrangements for the measurement and monitoring of the *Frontline*first Programme are satisfactory; and

- Provide assistance in the future development of the BTP's performance and efficiency programme.

It should be noted that the work that we have carried out does not constitute an audit, nor should it be construed as an audit.

1.2 Work undertaken

In carrying out the assignment, we have reviewed documentation provided by BTP in relation to the *Frontline*first Programme.

We have also conducted interviews with:

Heath Waller	(Programme Manager - *Frontline*first)
Ch Supt. Peter Zieminski	(Programme Director - *Frontline*first)
Martin Onley	(Programme Manager - HR Transformation Project)
Andrew Clarke	(Head of Finance)
John Wright	(Head of Management Services)
Stuart Holmes	(Area Finance and Corporate Services Manager - NW)
Supt Adrian Young	(London South)
Kevin Thompson	(Mobile Data Project)
Keith Illingworth-Kay	(Finance Department)
Jeroen Weimar	(British Transport Police Authority ("BTPA"))

We would like to thank all those who have assisted us during this review for their cooperation.

2 Background

2.1 The *Frontline*first Programme

The *Frontline*first Programme was initiated in January 2008 as a series of workstreams set up to identify efficiency savings across Area functions, including Crime Management Units, Area Intelligence Bureaus, Dog Units, Area Justice Units, and Corporate Services.

In May/June 2008, the Chief Constable requested the development of a three-year efficiency delivery plan. As part of this process, Areas and Chief Officer Group portfolio holders were requested to identify efficiency savings.

Although BTP is not formally subject to the Home Office Guidelines relating to the definition of efficiency savings (Efficiency & Productivity Strategy for the Police Service: 2008-11), we understand that BTP wish to follow the spirit of these guidelines. A set of Counting Rules was agreed between the BTPA and BTP in March 2008 and these have been used as the basis on which compliance has been assessed.

3 Efficiency Counting Rules

3.1 Scope

In computing the efficiency and productivity savings, the *Frontline*first Programme aimed to comply with the Counting Rules agreed with the BTPA and which reflect the spirit of the Home Office guidelines. In summary, the relevant provisions of the guidelines are as follows:

Definition of a frontline resource:

- A frontline resource is defined as any role requiring regular exercise of warranted powers and any Police Community Support Officer ("PCSO").

Definition of efficiency:

> o A reduction in the cost of achieving a particular output or outcome of a particular standard or quality, as a consequence of which a reduction is made in the base budget for a function, organisational unit or the organisation as a whole.

> o A reduction is made in the cost of achieving a particular output or outcome of a particular standard or quality, as a consequence of which a reduction is made in the base budget for a function, or organisational unit, but the resources are applied to increase a different output, so there is no overall reduction in the base budget of the organisation. There is no reduction in the overall base budget for the force.

> o A reduction is made in the cost of achieving a particular output or outcome or a particular standard or quality, but the resources are applied to increase a different output for the same function or unit, so there is no overall reduction in the base budget of the unit.

- Both cashable and non-cashable savings must be identified.

- BTP's Corporate 'Ready-Reckoners' will be used to calculate efficiency savings.

- The *Frontline*first Programme includes all savings to be accrued from the Human Resources ("HR") Transformation Project (20% budget reduction). However, the target of £10.4 million is set without including the London Underground budget.

- Top slicing of budgets is prohibited.

- Efficiency gains must be calculated as a net value, after taking into account the cost of achieving those gains.

- Non-recurring gains will not count towards the target.

- In all cases, it is necessary to demonstrate that outputs have been maintained where a resource has been removed, or increased where an output has been applied, and that in all cases the quality of output has been maintained.

- "Non Cashable" gains arise from an improvement in output without any increase (or a proportionally smaller increase) in resourcing.

4 Declared savings

4.1 Savings examined

We have examined the efficiency savings declared within the following areas:

- FHQ
    - Finance;
    - Estates and Facilities;
    - Strategic Development Department;
    - Technology Department

- North Western Area

- London South

In the process of this examination, we also considered savings declared under the specific efficiency initiatives of:

- Penalty Notices for Disorder ("PNDs")

- Personal Digital Assistants ("PDAs") - Mobile Data

- Accredited policing

4.2 Findings

We comment below on those areas where we consider that the declared savings may not be compliant with Home Office guidelines.

Estates and Facilities department - 2008/09

Savings declared

2008/09 - Rent free occupation Central Street	£739,000
2009/10 - Rent saving (Blundell St over Central Street)	£125,000
2009/10 - Rent free period (9 months Blundell Street)	£93,750

Comment

An annual rent saving of £125,000 on an ongoing basis reflects the reduced rent of Blundell St (£525k pa) compared to Central Street (£650k), although we understand that delays in moving mean that a full year's savings would not be realisable in 2009/10.

Rent fee periods and reduced rentals would generate a one-off saving, although this would not be a sustainable saving under the Counting Rules. International Financial Reporting Standards ("IFRS") require that savings in respect of rent free periods are amortised over the life of the lease, and we suggest that these savings are declared on that basis.

BTP Management comment Agreed

Technology Department

Savings declared

> 2008/09 - Microsoft enterprise VAT savings on support services   £48,367

Comment

We are informed that the above saving represents VAT savings achieved from sourcing the product in the Republic of Ireland. This is neither an achievable or declarable saving.

BTP Management comment

The declared saving has been incorrectly defined. The reason for the saving is due to improved procurement processes, and the description will be changed accordingly. ***GT Comment - Agreed.***

Saving declared

> 2008/09 - Serverware purchase (market discount)   £160,450
> 2008/09 - Global Crossing contract discount   £35,000

Comment

Where savings have been declared that relate to procurement efficiencies, we consider that the following criteria should be considered in evaluating the savings for inclusion in *Frontline*first.

– What is the "baseline" cost for the item? (e.g. is the saving shown as a commonly available discount against list)

– Was the saving created as a result of a structural change? (for example, a new procurement system, or a collaborative purchasing scheme)

BTP Management comment

BTP acknowledge that discounts obtained in the normal course of business should not be included as part of the savings programme. The Serverware purchase discount will be excluded. The Global crossing discount was achieved as a result of revised purchasing procedures, and should remain a declared saving. ***GT Comment - Agreed.***

North Western Area

2008/09 - Area CID 1 x DC converted to 2 x PCSOs £38,737

Comment

The declared saving represents the (part year) cost of the DC post saved. As both the DC post and the replacement PCSO posts are frontline positions, the cost saving shown should be net of the additional cost of the PCSOs (£33,595). The saving declared should therefore be reduced to £5,142

BTP Management comment

The 2 PCSOs are in a different unit from the Area CID DC. The saving relating to the DC has been achieved without compromising output (more for the same) and the saving reinvested in PCSOs. The gross value of the saving can therefore be declared. ***GT Comment - Agreed.***

London South

2008/09 **-** Reduction in overtime costs £82,035

Comment

The achievement of the declared saving was dependent upon the delivery of driver training. The cost of that training was met from Force HQ funds, and should be netted from the saving declared.

BTP Management comment

Consultation with London South Area confirms that the driver training costs are not connected to the reduction in overtime. The training was incurred in order to make best use of additional response vehicles provided to London South Area as part of the Demand-Resource-Response project. Therefore, the value of the saving will remain as reported. ***GT Comment - Agreed.***

Mobile Data (PDAs)

2008/09 - Total all areas (excluding London Underground) £3,541,015

Comment

Discussions with the Mobile Data Project staff indicate a total deployment of around 1350 PDAs, at a capital cost of £1,500 per unit, together with an £800 per annum overhead cost in respect of technical support and licensing.

Home Office guidelines provide that the cost of investments made to generate savings (even when that investment is made without charge to the force) should be taken into account in calculating the value of efficiency gains derived from those investments.

BTP Management comment

BTP point out that the treatment of the cost of Home Office funded capital investments is inappropriate in relation to BTP, which is not a Home Office funded force. BTP's view is that Home Office funded costs, both capital and revenue, need not be netted from declared savings.

BTP agree that costs incurred by BTP in achieving the savings should be netted. Revenue costs incurred by BTP in supporting the PDA programme total a forecast £236,000 in 2008/09, rising to £333,000 in 2009/10. **GT Comment - Agreed.**

5 Measurement and monitoring

The key relevant provisions of the definition of efficiency under the Counting Rules require:

- Demonstrating that outputs have been maintained where resource has been removed.

- Demonstrating that outputs have been increased if the resource has been re-applied

- Demonstrating that in each case the quality of the outputs has been maintained.

5.1 Measurement of outputs (i)

Many of the cashable savings declared in the *Frontline*first Programme relate to the redeployment of staff to frontline duties. In these cases, the fact that increasing the number of available man-hours for frontline policing has been used as a proxy for increasing or improving outputs.

Similarly, the cost of additional man-hours of frontline policing has been used to compute the values of non-cashable savings (e.g. PDAs and PNDs)

However, the increase in hours available for frontline policing is an input rather than an output, and whilst we appreciate that the measurement of outputs of successful policing is far from straightforward, with the cause and effect relationship between increased levels of frontline policing in terms of man-hours and the level of the outputs being a complex one, it is important that some evidence that supports an improvement in deliverable outputs should be sought.

BTP support the *Frontline*first Programme with metrics provided from the "productivity Scorecard", which include measurements of: Notifiable detection rate; Notifiable detections per officer; Offences brought to justice; Quality of service etc. All of these measurements are currently showing improvements, indicating that the increasing frontline presence is a valid investment in improving outcomes.

5.2 Measurement of outputs (ii)

All BTP Areas have claimed non-cashable savings in respect of the use of PNDs. We acknowledge that the use of PNDs releases a significant level of officer time to frontline policing activities.

Our question adds an additional layer of complexity to the point made above - is there a demonstrable improvement on the quality of the outputs through the use of PNDs, as opposed to an increase in available resource input?

We consider that the declared efficiency should be supported, if possible, by evidence to demonstrate the overall impact on the quality of the output resulting from the use of PNDs is positive.

5.3 Measurement of outputs (iii)

The final issue of measurement relates to the maintenance of the level of outputs where resource has been removed.

A number of the declared areas of saving relate to the redeployment of resources from back office roles to provide increased frontline presence. In order to provide assurance that the levels of service have not deteriorated in those areas from which resource has been removed, we believe that some consideration should be given to a quantitative measure of service quality.

For example, in London South, savings have been achieved by consolidating the supervision of the Bournemouth and Southampton locations. Whilst there is anecdotal evidence that suggests that there has been no decline in supervisory performance because of the change, there is no "hard" data to support that assumption.

We would stress, however, that it would be inappropriate to invest significant resources in gathering this data, although we suggest that sources such as staff survey data should be examined to determine whether they can provide such quantitative evidence.

A further example in London South, is where resource has been transferred from the Duty Management System (DMS) Unit. We believe that this should be easier to measure, as the service statistics for the DMS unit should provide the necessary evidence.

5.4 Monitoring and validation

Recording of savings

The current reporting of *Frontline*first is in two separate reports:

- Achieved savings appear in the Efficiency Register

- Forecast savings appear in the Delivery Plan.

Minor differences in layout, and an inconsistency in timing mean that it is difficult to get a complete picture of the current status of the programme. We suggest that the reports showing actual and forecast results are integrated.

We understand that there is an intention to "mainstream" the reporting of *Frontline*first efficiency gains with the routine financial reporting, and, where appropriate, the identification of where within the budgets the efficiency gains appear.

We support this initiative, and recommend that the savings identified by the HR Transformation Project (See Section 6) are also integrated.

Validation of savings

Although the efficiency savings in respect of FHQ department budget holders are subject to a "Challenge Panel" review, we believe that there should be established a rigorous process of validation in respect of all proposed savings.

Such a process should:

- Confirm that the proposed savings have been correctly computed and are accounted for correctly on an ongoing basis;

- Ensure that any investment (capital or revenue) is reflected in the defined saving and correctly accounted for;

- Identify suitable metrics that should be considered to monitor the relevant outputs.

6 HR Transformation Project

6.1 Scope and savings target

The HR Transformation Project covers both Human Resources and Learning & Development, and includes within its scope both BTP Areas and BTP Headquarters.

The HR Transformation Project is targeted with achieving a reduction in budget of 20%, combined with improved service. That 20% reduction equated to a financial saving of £2.32m across both the HR and Learning & Development budgets. This saving did not include those savings in payroll costs funded directly by the London Underground Area ("LU").

6.2 Current status

The initial phase of the project includes the phased transfer of transaction based HR support functions from Areas and from FHQ to a Business Centre in Birmingham. This transfer was underway at the time of our review.

Work is underway to develop appropriate metrics, including the use of staff questionnaires and HR supervisor feedback seminars that will enable the continuing monitoring of HR performance following the transformation.

Further phases of the project included a programme to streamline business processes, and the implementation of consistent processes across all Areas and FHQ.

6.3 Learning & Development

The HR Transformation Project envisaged achievement of savings in both HR and Learning & Development. Evaluation work is still continuing examining options for savings within the Learning and Development budgets. This evaluation is dependent upon a decision relating to the future of the facilities at Tadworth, following which plans can be developed for options to consolidate training facilities across the country, or to use "outsourced" facilities from other police forces.

6.4 Costs and savings

Proposals outlined in a *Frontline*first report to the HR Challenge Panel in June 2008 indicated potential savings of £1.757m in staffing budgets for all HR services including the LU Area. It is difficult to apportion this total between Overground and Underground services but we are advised that savings in the order of £1.3m could be expected to accrue to the BTP Overground budget.

Savings in non-staff account codes of £1.176m were taken from the HR budget in 2008/09.

For 2009/10, budget transfers have been processed as part of the budget development for the year that eliminated budgets for all HR staff on Areas and transferred some provision to the corporate HR budget. The net effect was that £0.734m was deducted from the overall BTP staffing provision and taken into account in setting the approved BTP budget.

We are advised that additional savings have been made as a result of staffing reductions in Areas of approximately £0.2m, although we have been unable to verify this.

Partly offsetting these savings, additional costs of approximately £0.3m per annum are being incurred to maintain the new office accommodation in Axis House, Birmingham. Whilst the transfer of staff to Birmingham will relieve pressures on existing accommodation, no financial savings can be expected to accrue because of the distributed nature of the current office utilisation and the significant pressures that are known to exist on the BTP estate.

Project costs in 2008/09 are reported as: Capital expenditure of £364,694 (vs. a budget of £509,362) and Revenue expenditure of £1,190,628 (vs. a budget of £1,574,062). We understand that the underspends are largely due to delays in the provision of the new accommodation housing the Business Centre in Birmingham.

Forecast costs in 2009/10 are for project costs of £758,018 plus Voluntary Severance costs of £388,118. A reserve is being established to cover the severance costs and full provision has been made for the project costs in the 2009/10 budget.

6.5 Conclusion

We believe that the overall holistic approach of the HR Transformation Project "shows the way" for the kind of radical efficiency programmes that will be required going forward.

However, we believe that close liaison with Finance services will be required to ensure that the benefits realised are properly identified and fully captured in the budget process. This will be equally true for any other project intended to achieve cost savings.

7 Achieving sustainable savings in the future

7.1 Savings declared in 2008/09

The 6% target set at the commencement of the *Frontline*first. Programme was considered a stretch target by both the BTPA and BTP. The achievement of aggregated cashable and non-cashable savings of savings of £13.92m to date against the three year target of £10.1m (8.3%) is a considerable achievement.

However, as with most long term efficiency programmes, the first year of the *Frontline*first Programme has targeted the 'low hanging fruit' and also factored in pre-existing initiatives (such as the deployment of PDAs, or the redeployment of back office staff), or redefined efficiencies that might have been legitimately expected to arise as part of ongoing good business management (for example, the discounts obtained on serverware purchase).

(One exception to this has been the HR Transformation Project of the *Frontline*first Programme, which is a holistic and thorough end-to-end process review of the entire portfolio, expected to realise over £2m cashable efficiency savings).

This is not intended as a criticism of the achievements of the *Frontline*first Programme. Rather, it is to highlight that the successful continuation of the Programme beyond 2008/09 will require a change of emphasis. This change of emphasis will need to be part of the communication process to carry the *Frontline*first Programme into 2009/10, as many of the individuals we spoke to were unclear about the targets for 2009/10, and the activities that would be required going forward.

7.2 Savings going forward

To a large extent the success of the *Frontline*first Programme in its first year of operation has reflected the nature of the savings as noted above. Achievement of further real and sustainable savings will be more difficult. This difficulty will be compounded by fact that to date, many of the declared savings have been re-allocations of resources from back office to front line, and some have been technical savings relating from efficiencies gained through additional investment, or changes in working practice.

Communicating the need for a different approach to identifying and realising savings will be an important issue going forward, and it will be especially important to ensure that the relatively straightforward experience to date does not dilute the impact of the message regarding what needs to be done in the future.

We suggest that the integration of the *Frontline*first Programme within the budget programme takes place. Not only should the reporting of results be "mainstreamed" as proposed within the regular financial reporting, but a rigorous review of the budget for 2009/10 undertaken.

(BTP has indicated that it intends to include examination of the efficiencies realised and planned under the *Frontline*first Programme as part of its regular four-weekly budget reviews that are held with Area Commanders and FHQ Departmental Heads).

7.3 UK Economy

It is likely that the financial environment for the UK economy as a whole is going to remain tough for the next few years. The funding regime within which BTP operates is likely to be squeezed between restricted funding, as the Train Operating Companies ("TOCs") find their own revenues under pressure, and the need to continue to deliver effective policing in an environment which may become more difficult. Constraints on public spending mean that supplementary sources of funding from Government and elsewhere will be limited.

All this will mean pressure on BTP to reduce its cost base in real terms.

7.4 Achieving savings in the future

There are a number of suggestions that we would make in respect of the identification and achievement of cost savings going forward.

Ensure that there is high level sponsorship for the cost reduction programme.

Without high level support, there are two potentially damaging outcomes that might arise. Firstly, compromise can occur in relation to politically sensitive areas of expenditure. In any organisation, there are functions, departments or special projects that people feel a strong attachment to. Change of itself creates turbulence, and strong resistance to any threat of decommissioning or radically altering such operations may come about. As a result, without high level encouragement to overcome objections, these opportunities may be avoided as being "too difficult".

Secondly, without the necessary leadership and strength of will to carry through the changes required, many initiatives simply stall. In our experience, a failure to effectively implement decisions is one of the most commonly encountered problems that change programmes suffer. Such failure may be due to a number of factors, ranging from a lack of management capacity or of the necessary skills or knowledge to achieve the efficiencies identified, through to the lack of accountability of effective enforcement, to the lack of engagement with those who may be affected.

BTP will need to evaluate and select the best solutions for implementation, and to have a transparent business case developed that supports the planned changes and a plan for implementation that considers people alongside technology and process. Most importantly, the process of change must be driven by the chief constable and supported by effective programme management structures to manage the implementation and set the relevant milestones for the realisation of efficiency gains.
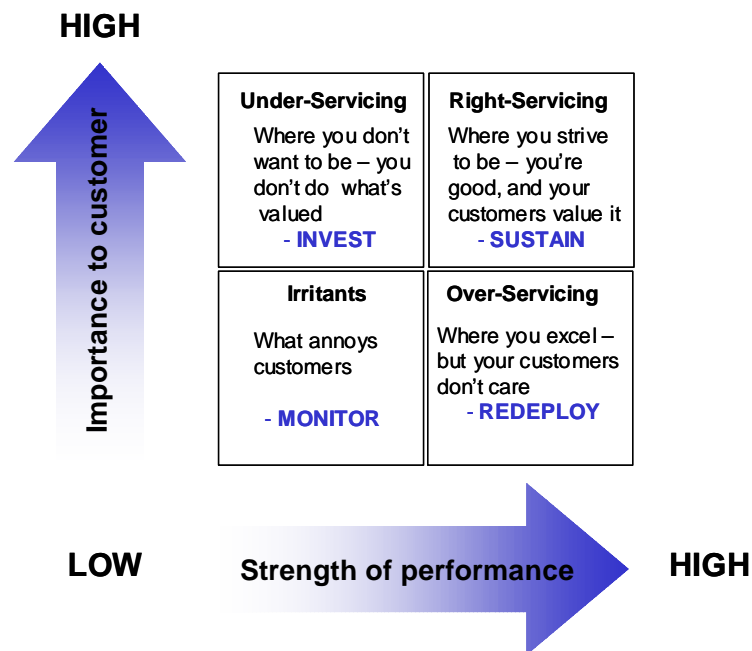
Consider the "customer"

Whatever department or function is under review, it is necessary to consider the impact on the customer of that department. The nature of BTP and the requirement to continue to deliver effective policing services means that means that the pressure to save costs is likely to fall on back office and service departments.

However, these departments still have customers and still deliver a service, and effective and sustainable cost reduction is based around ensuring that the needs and priorities of those consumers of the service continue to be met. Some of those "customers" may well be statutory requirements, of course.

Identifying and understanding those priorities should be an initial step in assessing the opportunity for cost reduction. By understanding these priorities it is possible to identify and eliminate those operations that deliver a service that may be out-of-line with what the customer really needs.

The diagram below illustrates how resource should be deployed against those functions which the users of the service consider important:

HIGH

Importance to customer

Under-Servicing	**Right-Servicing**
Where you don't want to be – you don't do what's valued **- INVEST**	Where you strive to be – you're good, and your customers value it **- SUSTAIN**
Irritants	**Over-Servicing**
What annoys customers **- MONITOR**	Where you excel – but your customers don't care **- REDEPLOY**

LOW   **Strength of performance**   **HIGH**

Avoid the salami slicing approach to cost reduction

"Salami slicing" is applying a fixed percentage saving target to every department. We often encounter this as a method of cost saving - usually part of a knee-jerk reaction to straitened circumstances. These initiatives look to simply shave a fixed percentage off every departmental budget, usually without understanding the requirements of the customers of that department, or the level of resources required to deliver a good service. Without such understanding, such untargeted cuts can have a seriously damaging impact on the organisations' ability to deliver.

Monitor the outputs

We have commented on the monitoring of results within the *Frontline*first Programme elsewhere in this report. It is important not only to make certain that the results of the efficiency review are monitored. Not only does this include he recording of the cost savings

achieved, but also ensuring that levels of service delivery are not compromised by monitoring levels of service delivery.

Monitoring outputs -- particularly when change has taken place - is also important in that enable staff to focus on what really matters. Staff at any levels of an organisation are often unclear about what they are trying to achieve, and a performance management framework will provide clear links between their top-line priorities, the organisational strategy and the high level KPIs. This "golden thread" that links activities to strategies will promote understanding of how service levels, team and individual goals all relate to strategic delivery.