

19 April 2011

Dear Colleague,

**High Level Working Group on Police Value for Money**

I wanted, in my role as Chair of the High Level Working Group on Police Value for Money, to communicate more regularly with you and the police service following each quarterly meeting.

The Home Secretary and I have set out why the overall settlement for policing is necessary, challenging, but manageable. We have ended unrealistic micro-management of the police service from Whitehall, and so we are clear that the primary responsibility for delivering the settlement can only be local.

However, we will ensure there is real national leadership where that is required – including where we agree that there is a national role in assisting the police service on value for money. We are determined to drive savings which enable us to maintain and improve frontline services as budgets fall. From speaking to many of you, I know that the police service's leadership shares that determination.

By writing to you after each High Level Working Group (HLWG) meeting, I hope to ensure that you – the people who are primarily responsible for delivering savings while maintaining and improving services – are kept in touch with the work at national level which is intended to assist you. I hope you find these communications helpful.

In my speech to the CityForum on 25 January, I set out an approach to managing the police settlement which recognised that the core challenge is not just to reduce costs. The core challenge is, of course, to make savings and improve productivity so as to enable the maintenance and improvement of police services for the public.

Since 25 January, a considerable amount of progress has been made in national-level work. This complements the work you have been doing with your forces to drive change locally. Notable developments include:

- ACPO and other contributions to the debate immediately following my speech at CityForum raised the idea of having a national policing value for money unit to ensure that we drove forward the national work on value for money.
- Feedback from ACPO Council suggested that the vfm unit needed to concentrate on a few strategic big ticket items in order to have maximum effect. Subsequent work identified these big ticket items as: ISIS ICT convergence; convergence to national procurement; enabling radical change to support services; and building the police service's capacity and capability on transformational change.
- On 10 March, the High-Level Working Group then agreed a National Strategy on Police Value for Money based on the big ticket items, and establishment of a multi-agency Policing Value for Money Unit (PVfMU) to drive the Strategy. The PVfMU brings together colleagues from the national partners who work in the areas covered by the Strategy. PVfMU will act as an executive arm of the HLWG's "Gold Group", reporting to it on the progress of activity to deliver the Strategy and ensuring that the activities pursued maximise value for money outcomes for the service.
- **ISIS:**
  - Following principles set out at my first HLWG meeting in December, a new approach for ISIS has been agreed, steered by a new and strengthened Programme Board under the chairmanship of Nick Gargan. It cannot be right that there are 2,000 different IT systems in the police service. The ISIS programme is charged with helping the service address this position, saving £180m a year by 2014/15 while maintaining and improving IT support to policing.
  - Projects under way as part of ISIS include: Cross-CJS Digital Working; common technical ICT infrastructure; further work on online crime maps; Project Athena's work from Eastern Region and other forces on common business processes and a common ICT platform for intelligence, crime investigation, case and custody; and the new Zanzibar online procurement system – an "Amazon" for police procurement.
- **Procurement:**
  - After extensive consultation with the service, I signed regulations which for the first time mandate the use of national frameworks. Moving to national procurement will drive out

savings of £200 million a year by 2014/15 while maintaining and improving the goods and service provided to policing. The first mandation regulations represent a key step in that work, and in the police service acting as a single client to get a better deal from the private sector.

- Together with the Rt Hon Francis Maude MP, the Minister for the Cabinet Office and Paymaster General, on 17 March I hosted an event for senior police service figures and the UK Chief Executives of private sector suppliers to the police service. The event was also attended by potential future suppliers to the service. Using an approach Francis Maude successfully pioneered, the Home Office Commercial Director, Bill Crothers, is leading engagements with the private sector to drive out savings and ensure that the police service derives the benefits of being seen as a single client. Through the Policing VfM Unit, the national partners will develop a commercial approach for the police service based on driving out the benefits of acting more like a single client.

- **Support services:**

- Following discussion at Gold Group and HLWG, we are working with forces to explore the issues around partnership with the private sector, drawing on experience within the service and on commercial and other expertise available at the national level. The HLWG has also agreed a set of principles to inform police service approaches to private sector partnering.
- We would similarly welcome interest from forces or groups of forces in exploring radical models of better and cheaper support services within a force, or through police and other public sector collaborations.
- I have emphasised in my CityForum speech and elsewhere that collaboration has a vital part to play in driving out cost from support services. Following Gold Group and HLWG discussions on collaboration led by Zoe Billingham, HMIC will be conducting a second round of Support and Challenge conversations focused on collaboration, engaging with partnerships of authorities and forces collectively. Meanwhile, following a suggestion from Nick Gargan at HLWG, ACPO Council has begun to consider the development of principles to help drive more collaboration between forces – I look forward to that advice for the June meeting of HLWG.

- **Transformational change:**

- In the context of the support and challenge conversations and subsequent preparedness inspections, you have all been

discussing your work on budget planning with HMIC. “Salami-slicing” will not be a sufficient or bold enough approach to budget management across the whole of the next four years. I will welcome recognition of the successes of forces in planning and delivering service transformation. It is essential that forces who have further to go in this area seek national assistance in order to build their capacity and capability to make transformational change in support of maintaining and improving services for the public as budgets fall over the Spending Review period.

- In early May, I will be attending an event pulled together by the Policing Value for Money Unit where senior policing colleagues will identify the key issues around securing transformational change in the police service, and consider how best to provide support to the service.

I encourage you to share this communication with colleagues in your forces and authorities, and I would welcome any feedback which you have on its content and what you might want covered in future HLWG discussions and communications.

A brief attached at Annex A includes more details of High-Level Working Group, the Policing Value for Money Unit and on other issues in this letter.



**Rt Hon Nick Herbert MP**  
**Minister of State for Policing and Criminal Justice**  
**Chair of the High Level Working Group on Police Value for Money**

## Annex A: Brief on national VfM work

1. This brief provides further details in support of the Policing and Criminal Justice Minister's communication to the service following the March 2011 High-Level Working Group meeting.

### Ministerial speeches

2. Key Ministerial speeches on value for money include:
  - A speech by the Home Secretary on 2 March which can be found at <http://www.homeoffice.gov.uk/media-centre/speeches/tough-decisions-to-save-police>
  - A speech by the Policing and Criminal Justice Minister on 25 January speech at CityForum. This can be found at <http://www.homeoffice.gov.uk/media-centre/speeches/city-forum>
3. A further speech by the Policing Minister, made on 22 March on the subject of collaboration, can be found at <http://www.homeoffice.gov.uk/media-centre/speeches/collaborative-policing>

### High-Level Working Group on Police Value for Money (HLWG)

4. The HLWG meets quarterly. The membership is:

Rt Hon Nick Herbert MP (Chair)	
<u>Police Authorities</u>	<u>HMIC</u>
Mark Burns-Williamson*	Sir Denis O'Connor*
Brian Greenslade	<u>NPIA</u>
Kit Malthouse	Nick Gargan*
Paul Murphy	Bethan Page-Jones*
Catherine Crawford	<u>Government</u>
Bob Summers	Gordon Wasserman*
Bill Wilkinson	Philip Augar*
<u>ACPO</u>	Stephen Rimmer*
Tim Godwin*	Bill Crothers*
Sir Norman Bettison*	Stephen Kershaw*
Peter Fahy*	Robert Arnott
Steve Finnigan*	Andrew Wren* (Head of PVfMU)
Grahame Maxwell*	Kate Yeung*
Mark Rowley*	
Chris Sims*	
Niki Howard	

\*Also a member of the Gold Group, which meets monthly under the chairmanship of Stephen Rimmer, the Home Office Director-General of Crime and Policing.

## Strategy on Police Value for Money

5. The Strategy on Police Value for Money will focus on four “big ticket” capabilities to express the approach set out in the Policing Minister’s CityForum speech. These four “big ticket” objectives are:

Objective 1	Converging ICT through <b>ISIS</b> , the Information Systems Improvement Strategy.
Objective 2	Moving to nationally-led police <b>procurement</b> .
Objective 3	Helping radically change the way in which the police’s <b>support services</b> are delivered, minimising spend on them consistent with supporting the frontline – in particular through facilitating approaches to: <ul style="list-style-type: none"> <li>▪ <u>Collaboration</u> with other forces and within the public sector.</li> <li>▪ <u>Business partnership</u> with the private sector.</li> <li>▪ <u>Radical process change</u>.</li> </ul>
Objective 4	Assisting development of the police service’s capacity and capability on <b>transformational change</b> , working with the police service in general, and, as a priority, with forces identified as being relatively more unprepared.

6. Objectives 1 and 2 set out national approaches to ICT and procurement. Objectives 3 and 4 are primarily about capacity-building – helping police forces to do things differently. This reflects the Government’s approach to avoiding micro-management, while providing national leadership where required.

### The Policing VfM Unit

7. The PVfMU brings together colleagues from the national partners who work in the “big ticket” areas in order to ensure coherent and energetic management of the Strategy – with the touchstone being that it has real and helpful impact for the police service in delivering the approach set out above. The PVfMU will act as a focal point for the work of the national partners on value for money, and provide support to the Gold Group and the HLWG to monitor progress and ensure that the agreed actions are taken forward.
8. Following the view from the original CityForum discussion, the Unit is led from the Home Office given its overall responsibility for bringing national partners together. It is kindly hosted by the NPIA which is leading on mapping the portfolio of work that the PVfMU will cover. ACPO is in the process of identifying an ACC to provide the critical operational link

between the work of this team and what the Service is doing. The APA has indicated that they are keen to play their part. HMIC – while preserving its independence as regulator – will also actively input into the Unit.

9. The Unit's approach reflects that the ISIS and procurement programmes (Objectives 1 and 2) are established programmes which now need to accelerate further – in particular by drawing on renewed political and police service buy-in to their objectives. The other Objectives – 3 and 4 – have very significant pieces of work already in hand but require further shaping to reflect fully the objectives' ambitions of helping deliver cheaper and better support services, and assisting development of the service's capacity and capability for transformation change.
10. The Unit will oversee the Objectives for Gold Group and HLWG, working through existing mechanisms where possible. As part of its work, it will keep under review the resources required across the national policing organisations to deliver the Strategy, advising Gold Group and HLWG accordingly.
11. The Unit is headed by Andrew Wren from the Home Office. Contacts for the centre include:
  - [andrew.wren@homeoffice.gsi.gov.uk](mailto:andrew.wren@homeoffice.gsi.gov.uk), 020 7035 1869;
  - [kate.yeung@homeoffice.gsi.gov.uk](mailto:kate.yeung@homeoffice.gsi.gov.uk), 020 7035 6966;
  - [keith.faulkner@npia.pnn.police.uk](mailto:keith.faulkner@npia.pnn.police.uk), 020 3113 7346;
  - [christopher.austin@homeoffice.gsi.gov.uk](mailto:christopher.austin@homeoffice.gsi.gov.uk), 020 7035 8587;
  - [pvfmu@npia.pnn.police.uk](mailto:pvfmu@npia.pnn.police.uk).
12. The remainder of this brief gives some further details on the commercial dimension of national vfm work, ISIS, procurement and support services.

### **Commercial vfm work**

13. A particular recent focus of national work has been our approach to the commercial dimension of the Strategy – working to improve how the police service engages with the private sector. This is relevant to all the big ticket items – the ISIS principles include delivery in partnership with private sector, and getting a better deal on procurement plainly involves working better with the private sector. The private sector also has a role to play in helping the service to work more innovatively on our support services and, where needed, in supporting our capacity and capability on transformational change.
14. With the Rt Hon Francis Maude MP, the Minister for the Cabinet Office and Paymaster General, on 17 March the Policing Minister hosted an event for senior police service figures and the UK Chief Executives of

private sector suppliers to the police service. The event was also attended by potential future suppliers to the service. Following this event, Bill Crothers, the Home Office Commercial Director, is leading a series of engagements with the private sector to drive out savings and ensure that the police service derives the benefits of being seen as a single client. Through the Policing VfM Unit, the national partners will develop a Commercial Strategy for the Police Service based on driving towards the “single client” approach.

15. At the heart of the approach will be to recognise that, while forces and authorities are separate legal entities, even the biggest have more buying power if all forces deploy the whole of their £3 billion plus of non-pay spend together as a service – and with the backing of the far bigger buying power of the public sector as a whole. The Police Act of course also establishes routes – such as mandation – which have now been used to put in place legally required pooling of our buying power.

## **ISIS**

16. As set out in the Strategy, the ISIS aim is to reduce the cost of delivering and operating police force ICT, saving the police service at least £180m pa by 2014/15 while improving ICT’s support to policing and doing more to help ICT support business change in policing. At its December meeting, the HLWG agreed five ISIS principles that support how ISIS will operate. These are:

- national delivery of police ICT;
- delivery in partnership with private sector, forces and other organisations;
- a broader focus on common business processes;
- ICT delivered as a series of services;
- incremental reform rather than a big bang.

17. The 10 March meeting of the HLWG noted and approved an outline implementation plan building on that overall approach. That HLWG also agreed that forces should engage with the ISIS programme team in the NPIA before commencing local or collaborative ICT change to ensure that aligns with the emerging ISIS delivery plan.

## Procurement

18. As set out in the Strategy, there will be a national approach to procurement across the police service, including delivering non-ICT procurement savings to the police service of at least £200m pa by 2014/15.
19. The Government published its response to the consultation *Obtaining Better Value from Police Procurement* on 11 February on the Home Office website at <http://www.homeoffice.gov.uk/publications/consultations/cons-2010-police-procurement/>. The service was broadly supportive of the proposed approach to using regulations to aggregate police procurement. After considering the responses to the consultation Ministers decided to make Regulations. Accordingly, The Police Act 1996 (Equipment) Regulations 2011, covering body armour, vehicles, commoditised IT hardware and commercial off the shelf software came in to force on 4 March 2011 (see <http://www.legislation.gov.uk/ukxi/2011/300/contents/made>). Questions about the Regulations should be directed to Michael Grimwood ([michaelp.grimwood@homeoffice.gsi.gov.uk](mailto:michaelp.grimwood@homeoffice.gsi.gov.uk), 020 7035 3085).
20. A final decision on whether to make The Police Act 1996 (Services) Regulations 2011, which would require the service to purchase forensic services through the National Forensic Framework Agreement for Analysis Services, will be taken after further consideration of the implications for the framework of the changes to the Forensic Science Service announced on 14 December.
21. Clause 94 of the Police Reform and Social Responsibility Bill amends Section 53 of the Police Act 1996 so that the power to make regulations about police equipment covers separately making regulations about the standard of equipment and making regulations about the arrangements for the provision of equipment.
22. The Home Office will work with the NPIA on the basis of the Collaborative Police Procurement programme to identify further equipment and services to bring within the scope of future regulations.
23. As part of the phasing out of the NPIA, in the near future national responsibility for non-ICT procurement will be moved from the NPIA to the Home Office Commercial Directorate. Work is on-going to ensure that the police service's position as the customer of the function being transferred is properly reflected. This will set out a clear agreement between the police service and the Home Office defining the procurement service that is to be provided. In the meantime, the NPIA continue to lead on non-ICT procurement.

## Support Services

24. The HLWG discussed the potential options and benefits of private sector involvement in delivering business and operational support functions. This could provide a way for forces to navigate their way through the spending challenges over the coming years. It was agreed that in order to get the best value, suppliers need to treat the service as a 'single client' and as such forces should consider how to present a consistent and coordinated approach to potential suppliers.
25. HLWG has agreed that a set principles (below) should underpin the service approach to business partnering. Forces and authorities which are consider work on private sector partnering are asked contact Laura Gibb in the PVfMU ([lauraalice.gibb2@homeoffice.gsi.gov.uk](mailto:lauraalice.gibb2@homeoffice.gsi.gov.uk) or 020 7035 8509).

### Principles for Police Service Approaches to Private Sector Partnering

- a) Any arrangement between forces and the private sector should be to a contract that other forces can join on an equal arrangement and that avoids increased fragmentation of the police service and market place.
- b) Any decision to contract for private sector partnering should be consistent with wider value for money aims in policing, particularly with aims on procurement and IT.
- c) Any approach to business partnering should support the development of the approach to business partnering taken at a national level.

26. The HLWG has asked for a detailed specification to be developed to help decide if and how the strategic use of private sector partnering will help the Police Service to transform business and operational support functions. This detailed specification will be considered by the Gold Group and HLWG, and members will decide what this means for future engagement of private sector support in the police service as part of the wider work being done in ACPO to consider this important issue. The specification work will draw on existing learning on business partnering arrangements in the police service.

## Transformational Change

27. More information on the transformational change element of PVfMU's work will be provided in the near future. Colleagues will already be aware of – and many will be involved with – the useful work being done in this area by the NPIA's cost effectiveness, continuous improvement and capability support functions.

**Policing Value for Money Unit  
April 2011**