
AGENDA ITEM: 3

SUBJECT: Exploring further strategic collaboration

1 Report

- 1.1 *Collaboration : All activity where two or more parties work together to achieve a common goal, which includes inter force activity and collaboration with the public and private sectors, including outsourcing and business partnering (HMIC 2013)*

2 Purpose of this report

- 2.1 Collaboration is not a new concept to Lancashire Constabulary or indeed the wider public sector. Since the introduction of the Police Act in 1996 a positive duty has been placed on Chief Constables and policing bodies to collaborate where *"it is in the interests of the efficiency or effectiveness of their own and other police forces"* (Section 22). However, in 2014/15, Lancashire Constabulary only expects to have spent 4% of its net revenue expenditure on collaboration, which is lower than the average 11% figure for the whole of England and Wales across all forces. Collaboration is expected to contribute to only 6 % of the Constabulary's savings requirement, which is lower than the average 10 % figure for England and Wales (*Source VTP4 August 2014 – Responding to austerity*)

Please find attached at Annex 1 the financial breakdown used to generate this set of figures which we supplied to HMIC as source material for the VTP 4 (accurate for October 2014).

- 2.2 Therefore this report does not seek to make the case for collaboration; instead its intention is to set out the strategic imperative for Lancashire Constabulary to consider further collaborative working opportunities and demonstrates that there are important drivers and significant opportunities to build on existing joint working. We recognise that every area of business contains potential opportunities for collaboration and indeed Lancashire Constabulary is now receiving a continuous stream of approaches (including outsourcing and private sector opportunities) whilst also proactively looking outwards for collaboration opportunities. However up until this point these opportunities have been considered on a case by case basis without overarching governance and the time has now come to review and reset our collaborative principles in order to provide clarity and avoid wasted effort.
- 2.3 Strong Partnerships will be a key enabler to achieving our ambition as we move forward and this paper sets out principles that can be applied across our four identifiable strands of collaboration which are Early Action, Multi Agency Safeguarding, Blue Light Collaboration and Shared service.

3 Background

- 3.1 So far our change programme has delivered cost saving reviews based on a methodology derived originally from Quest which was then modernised to incorporate 'Systems Thinking' principles. These have provided an evidence based approach to reviewing and restructuring the Constabulary to meet the challenge of budgetary reduction.
- 3.2 A further principle was applied in relation to our support services (back office functions), which was that our own internal reviews should aim to 'lean out' to such an extent that outsourcing is not an attractive option for an external service provider and thereby maximising savings whilst protecting Constabulary posts. There is now evidence to indicate that this approach has been successful with the current HMIC Value for Money comparator profiles showing Lancashire Constabulary to be very low cost in respect of its back office functions.

Please see attached at Annex 2 – departmental comparator profiles (National / MSG / Force) published by the HMIC 2014 – this data is at least 6 months old but the latest verifiable published information and shows comparisons to functional level.

- 3.3 Further evidence was provided in July 2014, when HMIC graded the Constabulary as outstanding in respect of providing value for money (VTP4). It stated that *"Lancashire is on track to meet its financial challenge of the spending review period and also for the year beyond, 2015/16. Importantly, the Constabulary is also looking beyond this period and is planning now for further funding reductions and financial pressures in the future."*
- 3.4 Whilst this endorsement is welcomed, current predictions indicate a requirement to achieve further savings (2015 onwards) of £53 million by 2021. This could result in a reduction by one third of our work force, with police officer levels reducing from 3650 in 2009 to below 2400 by 2021. Therefore any opportunities to achieve efficiencies or reduce costs must be explored in order to protect as far as is possible our recognisable policing services in line with our Police and Crime Plan. All collaborative benefits which may include efficiencies, resilience or protection of services have the potential to assist us in our priority of 'Defending Frontline Policing'.
- 3.5 It is now clear that the scale of the challenge predicted by the long term financial forecast will require our Futures Programme to become transformational as opposed to the previous change iterations and a key component of that future work is expected to involve more collaborative working. As stated earlier the Constabulary does not start from a zero base on collaboration, indeed the table below shows some of the areas where coordinated and collaborative joint working exists:

<p style="text-align: center;">Coordinated (Joint Planning , Project based coordination , Semi formal partnerships)</p>	<p style="text-align: center;">Collaborative (Shared culture, visions, values and resources , Joint planning and delivery of services , Formal partnership arrangements)</p>
<ul style="list-style-type: none"> • MASH – Local multi agency, no procurement. • Civil Contingencies –Local • Turnkey vehicle – National project (part of same thing as uniform), being delivered regionally so we procure vehicles based on a regionally agreed specification. • Uniform Purchase – National procurement collaboration. Part of Home Office Strategic Police Procurement Board 	<ul style="list-style-type: none"> • Learning & Development – Regional Collaboration, joint procurement of some training courses and services • Titan Regional Crime (Review of Undercover asset collaboration currently on-going) –regional collaboration to deliver against a national strategy and structure; nationally there are 9 regional units. This includes procurement, e.g. the RART which we fund, purchases its own equipment on behalf of the region. • National Air Service – National including procurement • North West Motorway Patrol Group – Regional Partnership (GMP,Merseyside and Cheshire) – a shared control room function at Haydock hosted by the highways agency and staffed by Cheshire Officers – we pay £300,000 (based on length on motorway), areas of Lancashire motorway are patrolled by other forces. No external procurement i.e. vehicles/kit other than the shared contact service. • LCC - Payroll and General ledger – Local by definition. • Custody Detention Officers – this is a commercial contract b/w Lancashire and a provider, G4S, not done as a regional or national procurement. • Underwater Search – regional top slice approach, which arranges its own procurement • Firearms (Regional Alliance) – Regional. Main area of business is shared approach to training, forces used to charge each other and profit, now courses are shared. Attendees from outside of the region are charged full price. No shared procurement – has been discussed to have shared ammo procurement but not taken forward at this stage. A top slice circa £55k is paid for a regional policy and compliance unit who

	<p>ensure policies are regional and APP/training plans link to regional/national requirements. Counter Terrorism Specialist Firearms Officers – we draw on resources from GMP CTU hub; we would get 12 as part of SLA but if we needed more would have to pay.</p>
--	--

BTLS partnership - Richard Robertshaw made the following observations on savings procured through our partnership collaboration with BTLS :-

“Whilst we do invest heavily in the relationship with BTLS, this allows us to move more quickly to a leaner operating model for the Constabulary. In addition, when engaging BTLS to deliver a project, we are able to benefit, as part of the project, from the increased buying power that BT Global Services can bring as they can procure hardware at a much more competitive rate than we could.”

Saving made through collaborative procurement :

At the end of Quarter 3 2014/15, savings achieved where Procurement Team have had an influence on costs e.g. price negotiation from old contract to new contract, usage reduction, specification de-scoping etc. amounted to £1.36 million, however it should be noted that all savings may not necessarily result in a budget reduction. It is anticipated that this figure will increase to £1.7 million by year end. Approximately £55k of this total saving can be linked to collaborative arrangements.

Please find attached at Annex 3 a copy of the police savings tracker year to date which illustrates where procurement savings have been made.

4 The key drivers for further collaboration

- 4.1 Since the business case and political expectation for collaboration and shared service by police forces is undeniable, before moving forward into a more far reaching approach it is essential that we establish the drivers that will assist the Constabulary to identify which options and in which areas of business we will focus our efforts. While financial cost may seem to be the primary imperative, we should recognise that it is not the only essential driver for change and each venture should therefore be considered against three potential positive benefits:-
- 4.2 **Overall cost reduction** - It is accepted that organisational collaborations can require significant investment in order to achieve eventual savings for one or more of the contributors. Therefore the principal of 'invest to save' will need to be considered in evaluating all future collaborative opportunities. However we must remain vigilant to the fact that many collaborations fail to meet their targets for savings because insufficient due diligence has been undertaken and ambitious or optimistic potential savings have failed to be realised. This means that whilst we seek new ways of working to meet strategic objectives and protect front line services, we must ensure we apply a methodology for collaboration which is sound and factual.

- 4.3 Maintain or improve service quality, partnering with expertise - We have a strong organisational necessity to modernise and improve the quality and performance of the services we provide. Whilst exploring collaborative opportunities we must ensure that those with whom we collaborate share our ambition and wish to support us to uphold the track record of strong operational performance and improving outcomes for victims and vulnerable people for which the Constabulary has gained a reputation.
- 4.4 Organisational Resilience and Sustainability - There will be opportunities both internally and externally to collaborate as a means of delivering organisational resilience when no financial savings are evident. These opportunities should still be considered viable to explore if they provide the capability for sustainability and the opportunity to retain access to the best professional capacity, skills and resources.

5 Principals for Change (why and when we will collaborate)

- 5.1 To underpin the drivers for change, Lancashire Constabulary must define a set of principles so that we can take a consistent, transparent and effective approach to further collaboration. Therefore any existing and future collaborative arrangements must adhere to a predetermined set of principles which fit with the Constabulary's core mission and strategic priorities.
- 5.2 We must maintain **effective service delivery** and ensure that both support service and operational collaborations at least maintain and where possible improve existing levels of service to the communities of Lancashire and our stakeholders.
- 5.3 We must not place the Constabulary at **operational or financial risk** and therefore a meticulous process must be followed in respect of each potential opportunity (*see methodology below*).
- 5.4 All collaboration enterprises must have **clear and robust governance arrangements** with strong and effective Lancashire Constabulary representation.
- 5.5 Any collaborative arrangements must be worthwhile and satisfy at least one of the **drivers for change** (*page 3*).
- 5.6 We will use collaboration opportunities to maximise innovative practice and new technologies to **improve and widen service delivery** options.
- 5.7 We will explore **operational and organisational collaboration** with those who have a shared responsibility or common obligations.

6 The types of collaboration we will consider

- 6.1 When considering the benefits of each collaborative opportunity we will not limit ourselves to one model of service delivery or shared enterprise with a single organisation, but instead will consider a range of collaboration approaches which best fit that area of business and which best suit our organisational needs which will include :-

- 6.2 **Joint Enterprise** - where all organisations involved share direction and control of resources.
- 6.3 **Lead Organisation (Single)** - where one organisation manages the resources on behalf of the collaboration and provides the direction and control for the partnership.
- 6.4 **Lead Organisation (Shared)** - where both or all organisations involved share the management of the collaboration resources on behalf of the partnership but in different thematic areas with staff being seconded between organisations so that the lead organization has control of all resources in their lead thematic business area.
- 6.5 **Host Organisation** - where one organisation employs the resources on behalf of the collaboration and provides the direction and control.
- 6.6 Because Lancashire Constabulary spans an area that includes twelve district authorities, two unitary authorities, a county council and borders five other police forces of widely ranging sizes, we should recognise that it will be potentially viable for collaboration opportunities to be considered in three ways which are :-
- 6.7 **Strategic Fit** - based on common corporate vision and objectives.
- 6.8 **Geographical Fit** - services located either within the geographic boundaries of Lancashire or with neighbouring organisations.
- 6.9 **Operational / Functional Fit** - Where the type of services provided are similar in function and operation e.g. Turnkey vehicle procurement.

7 Methodology - The ways in which we will collaborate

- 7.1 As with any significant organisational change, it is essential that care is taken to explore further collaborative opportunities fully before entering formal arrangements. As stated above, it is acknowledged that in some cases there will be a requirement to 'invest to save' however it is essential that we follow due diligence to ensure that collaborative arrangements fit positively with the drivers for change.
- 7.2 This document therefore proposes that a staged methodology be used to explore all collaborative opportunities before approval from the Chief Constable and the Police and Crime Commissioner are obtained in respect of preferred options. This methodology should include the following steps:-
- 7.3 Chief Officer Leads in each portfolio will establish through existing governance boards a programme of collaborative scoping which, having considered the drivers and principals of change, identifies opportunities which are of a size and scale to be viable.
- 7.4 Interdependencies across portfolios will need to be considered before more detailed exploration of collaborative opportunities is then undertaken.
- 7.5 Exploratory discussions with potential collaborative partners will be progressed and we will identify the key Issues and Opportunities (including complexities of ICT

systems, data sharing and integration costs).

- 7.6 The Chief Officer lead will then seek COG and OPCC support to proceed before commissioning a detailed business case.
- 7.7 Once supported the business case will proceed to the design of service level agreements and contracts.
- 7.8 A collaboration Schedule & Governance document will be agreed across all those organisations involved and implementation proposals developed.
- 7.9 A schedule for evaluation of each collaborative venture will be essential to ensure the drivers for change have been realised and the principals set out above have been maintained.

8 Governance

- 8.1 There will be a principle of 'no surprises' and governance structures reflect that approach. The newly established **Joint Development Group** will be the portal through which all developing concepts or proposals are shared with the OPCC at an early stage, as thinking develops, and certainly before any decision making stage.
- 8.2 The governance structure for each collaboration work stream will change, depending on partners involved, but it is felt necessary that it should involve Chief Officers from the collaborative partners. It is envisaged that the discreet collaborative opportunities identified will each have a defined governance structure, which includes the OPCC, and is signed off by the OPCC prior to commencement of detailed work.

9 Strategic Risks & Interdependencies

- 9.1 Collaboration will inevitably generate a range of strategic risks and interdependencies. These can be tracked, managed and mitigated by means of an auditable risk register and interdependency register.
- 9.2 During the production of business cases for each work stream the Futures Programme Management Team will provide support by maintaining a risks and interdependencies register to support individual work stream leads and capture cross cutting interdependences to the overarching programme.