



Appendix 2: Economic Case

Devon & Cornwall Police and Dorset Police



Contents

Appendix 2.1: Long listing appraisal.....	2
Appendix 2.2: Expert opinion exercise	4
Appendix 2.3: Example alliance detailed business case	7
Appendix 2.4: Option cost and benefits.....	8

Appendix 2.1: Long listing appraisal

Option	Summary	Rationale for discounting
Reversion	Cease and unpick current alliance operations	<p>This option was included for completeness and immediately discounted as not feasible. Both forces remain fully committed to collaboration in its widest sense, and current alliance business areas are performing as expected (including broadly delivering anticipated savings).</p> <p>The alliance is expected to deliver cumulative savings of £65m by 2023/24. This would not be achieved if this option was pursued and indeed some costs are likely to be incurred to unpick current arrangements.</p>
Pause alliance	Continue existing alliance operations, but, do nothing more	<p>At present local policing (response, investigation, neighbourhood and public protection) resources remain out of scope. These account for £255m out of the £400m combined budget. If merger was not possible, consideration would be given to keeping frontline resources out of scope because of the issues above. As a result, separate command and control arrangements would be required. Some small elements of collaboration might be progressed, without emergency and non-emergency contact and deployment, but, the investment required would not be justified in terms of the financial return. This would also impact on the joint transformational change programme, and require separate arrangements for performance, budgets and more.</p> <p>A decision to pause the alliance would mean not implementing those cases that have been approved and halting those cases currently still in the design phase, resulting in an anticipated economic loss of £7.5m per annum. A decision to halt those cases in the design phase, but still implement those already approved would result in a loss of £4.9m per annum.</p>
Extend alliance	Extend the alliance programme to include all possible activity currently out of scope	<p>The alliance could fulfil its current commitments by implementing all cases, excluding those ruled out by chiefs and PCCs. In addition, it could continue to develop and conclude the harmonisation of all police staff terms and conditions culminating in a fresh job evaluation scheme, the potential impact of which has already been included in the MTFs.</p> <p>The economic dis-benefit of this option is still significant, given that three separate decision making, governance and reporting strands would be required – for Devon & Cornwall, for Dorset, and for the alliance.</p>
Regional collaboration	Progress a regional	The SW region has two existing collaborations, with the alliance of Devon & Cornwall Police and Dorset Police being more established than that of Avon & Somerset, Gloucestershire and Wiltshire.

	collaboration of all five SW forces, building on current picture (Regional Organised Crime Unit, Forensics and Counter Terrorism Policing)	<p>Whilst the alliance is content to collaborate regionally, the tri-force alliance is not collectively in this space at present.</p> <p>The strategic alliance between Devon & Cornwall Police and Dorset Police is well established, and we already share a number of operational and business support functions that would make closer working more appropriate. Whilst a number of specialist functions are carried out on a regional basis, we are clear that local policing would need to remain local.</p>
Fire or blue light collaboration	Collaborate with one or more fire and rescue services of blue light partners	<p>The alliance is committed to closely working with all its blue light partners, fire in particular, and have no plans to stop doing so. However, the option of full collaboration is not available to the alliance, as:</p> <ul style="list-style-type: none"> • The geographic boundaries of the police and fire services – Dorset (Dorset & Wiltshire FRS), Devon and Cornwall (Devon & Somerset FRS, Cornwall FRS) do not match; and • The ambulance service (South Western Ambulance Service Trust) is a regional service, but not all south western forces are seeking to merge.
Other public sector collaboration	Collaborate with one or more local public sector organisations	<p>Similarly, the alliance works closely with the local public sector, collaborating, co-locating and partnering where possible. The continuation of this mixed model is the best approach given the plethora of variables and approaches at play - notably a focus on blue-light tri-service (police, fire, ambulance) in Cornwall; local authority collaborations in Devon (such as South Hams and West Devon); and a local government restructure underway in Dorset.</p>

Appendix 2.2: Expert opinion exercise

These are the key benefit aims being consulted upon, are they of equal importance or do they vary in importance? Please attribute an appropriate weighting to each, making sure they sum to 100%.

Benefit aims	Weighting (%)
Improved service to the public	
A more resilient and sustainable police service	
Increased operational efficiency	
Increased accountability	
Increased national influence	
Total	100%

These are the objectives that underpin the achievement of the benefits, do some stand out more than others in terms of importance and are there any that you think are not important at all? Please indicate using the 0,1,2,3 rating system shown in the column heading.

Benefit	Achieved through the following objectives	Importance (blank = not important; 1 = fairly important; 2 = very important; 3 = critical)
Improved service to the public	Establishing operational consistency	
	Improving our response to deliver better policing outcomes for local people in terms of:	
	Increased visibility and public confidence	
	Improving response times to those in greatest need of our policing service	
	Improving public safety across a large urban, rural and coastal force	
	Increasing positive outcomes for those victims of crime Greater safeguarding and protection for those more vulnerable in our communities	
A more resilient and sustainable police service	Savings reinvested in our frontline and technology to keep the public safe	
	Establishing a wider resource pool to achieve more resilience and flexibility	
	Increasing resources	
Increased operational efficiency	Cutting bureaucracy, removing inefficiencies in the force and partners	
	Standardising procedures such that activities only need to be done once and can be rolled out across all three counties	
	Increasing the effectiveness and efficiency of decision making	
	Faster progress on key transformational IT programmes and other infrastructure changes and implementation	
	A more effective use of intelligence and tasking processes improving our ability to fight crime	
Increased accountability	Establishing single points of leadership and accountability	
	Establishing one vision, one controlling mind and clarity of purpose	
	Producing and implementing one Police and Crime Plan	
Increased national influence	Being better able to attract and develop talent	
	Representing our communities concerns and requirements at a national level	
	Widen and improve access to development opportunities for staff	
	Improve staff wellness	
	Making an enhanced contribution to regional and national policing	
	Greater contribution to a collaborative and partnership approach to crime related problems endemic in our society (such as drug and alcohol related issues)	

There are three options that need to be assessed in terms of the likelihood that each would deliver against the benefit aims. Please indicate, for each option, your assessment of how likely it is that the option would achieve each of the objectives.

Objectives	Existing state	Merge	Plan B
	Likelihood (0 = will not achieve; 1 = may achieve; 2 = likely to achieve; 3 = highly likely to achieve)		
Establish operational consistency			
Improve our response to deliver better policing outcomes for local people in terms of:			
Increased visibility and public confidence			
Improving response times to those in greatest need of our policing service			
Improving public safety across a large urban, rural and coastal force			
Increasing positive outcomes for those victims of crime			
Greater safeguarding and protection for those more vulnerable in our communities			
Savings reinvested in our frontline and technology to keep the public safe			
Establish a wider resource pool to achieve more resilience and flexibility			
Increase resources			
Cut bureaucracy, removing inefficiencies in the force and partners			
Standardise procedures such that activities only need to be done once and can be rolled out across all three counties			
Increase the effectiveness and efficiency of decision making			
Faster progress on key transformational IT programmes and other infrastructure changes and implementation			
A more effective use of intelligence and tasking processes improving our ability to fight crime			
Establish single points of leadership and accountability			
Establish one vision, one controlling mind and clarity of purpose			
Produce and implementing one Police and Crime Plan			
Be better able to attract and develop talent			
Represent our communities concerns and requirements at a national level			
Widen and improve access to development opportunities for staff			
Improve staff wellness			
Make an enhanced contribution to regional and national policing			
Greater contribution to a collaborative and partnership approach to crime related problems endemic in our society (such as drug and alcohol related issues)			

Appendix 2.3: Example alliance detailed business case

An example alliance detailed business case is available on request.

Appendix 2.4: Option cost and benefits

Breakdown of costs and benefits - Option 1													
Benefit	Notes												
Existing Alliance benefits													
Operations Command		349	349	349	349	349	349	349	349	349	349	349	349
Prevention		139	139	139	139	139	139	139	139	139	139	139	139
Roads Policing		713	713	713	713	713	713	713	713	713	713	713	713
Dogs		167	167	167	167	167	167	167	167	167	167	167	167
ANPR		23	23	23	23	23	23	23	23	23	23	23	23
Turnaround IOM		161	161	161	161	161	161	161	161	161	161	161	161
Finance		558	558	558	558	558	558	558	558	558	558	558	558
Information Assurance		76	76	76	76	76	76	76	76	76	76	76	76
Transport	Projected benefits per	76	76	76	76	76	76	76	76	76	76	76	76
Administration	Alliance programme reporting	629	629	629	629	629	629	629	629	629	629	629	629
Operation Planning		201	201	201	201	201	201	201	201	201	201	201	201
Firearms ARV		3	3	3	3	3	3	3	3	3	3	3	3
Business Support Services		-63	-63	-63	-63	-63	-63	-63	-63	-63	-63	-63	-63
People services		10	10	10	10	10	10	10	10	10	10	10	10
ICT		323	323	323	323	323	323	323	323	323	323	323	323
Information Management Phase 2		157	157	157	157	157	157	157	157	157	157	157	157
Business Change		106	106	106	106	106	106	106	106	106	106	106	106
Alcohol Licensing		13	13	13	13	13	13	13	13	13	13	13	13
Total		36,408											

Anticipated Alliance benefits												
	Administration		0	0	0	0	0	0	0	0	0	0
	Alcohol Licensing		29	34	37	42	42	42	42	42	42	42
	ANPR		7	13	20	20	20	20	20	20	20	20
	Audit, Insurance and Risk		0	0	0	0	0	0	0	0	0	0
	Business Change		199	249	299	350	350	350	350	350	350	350
	Business Support Services		0	0	0	0	0	0	0	0	0	0
	CMCU		0	1,846	3,692	3,692	3,692	3,692	3,692	3,692	3,692	3,692
	Corporate Communications		86	103	103	103	103	103	103	103	103	103
	Dogs		23	45	68	68	68	68	68	68	68	68
	EPT / FSG / Marine		-69	-192	-216	-239	-263	-263	-263	-263	-263	-263
	Evidential Property		3	3	3	3	3	3	3	3	3	3
	Finance		0	0	0	0	0	0	0	0	0	0
	Firearms ARV		0	0	0	0	0	0	0	0	0	0
	Firearms Licensing	Benefits per Alliance programme reporting	155	155	155	155	155	155	155	155	155	155
	ICT		0	0	0	0	0	0	0	0	0	0
	Information Assurance		0	0	0	0	0	0	0	0	0	0
	Information Management Phase 2		0	0	0	0	0	0	0	0	0	0
	Major Crime		-198	-123	-8	105	220	220	220	220	220	220
	Operation Planning		18	37	56	56	56	56	56	56	56	56
	Operations Command		30	60	60	60	60	60	60	60	60	60
	People services		175	307	437	570	570	570	570	570	570	570
	Prevention		28	56	84	84	84	84	84	84	84	84
	Resource Management		28	140	167	194	221	221	221	221	221	221
	Roads Policing		91	181	272	272	272	272	272	272	272	272
	Turnaround IOM		16	31	47	47	47	47	47	47	47	47
	Intelligence		363	682	970	1,256	1,544	1,544	1,544	1,544	1,544	1,544
	Total	61,159	984	3,627	6,246	6,838	7,244	7,244	7,244	7,244	7,244	7,244

Cost												
	CMCU	Implementation costs per	1,000	3,000	0	0	0	0	0	0	0	0
	Corporate Communications	Alliance programme reporting	110	0	0	0	0	0	0	0	0	0
	Resource Management		143	0	0	0	0	0	0	0	0	0
	Job evaluation costs	See Note 1	0	0	813	938	435	464	464	464	464	464
	Total	8,759	1,253	3,000	813	938	435	464	464	464	464	464
	Programme costs	See Note 2	1,410	760	0	0	0	0	0	0	0	0
	Alliance governance costs	See Note 3	51	51	51	51	51	51	51	51	51	51
	Total	2,680	1,461	811	51							

Breakdown of costs and benefits - Option 2												
	Benefits											
	As for Option 1 plus:		4,625	7,268	9,887	10,479	10,885	10,885	10,885	10,885	10,885	10,885
	Professional Standards		25	72	118	164	210	210	210	210	210	210
	Victims/Witnesses		0	186	186	186	186	186	186	186	186	186
	Information Management - phase 3		0	47	47	47	47	47	47	47	47	47
	Total	101,303	4,650	7,573	10,238	10,876	11,328	11,328	11,328	11,328	11,328	11,328
	Costs											
	As for Option 1 plus:		2,714	3,811	864	989	486	515	515	515	515	515
	Professional Standards	Implementation costs per Alliance programme reporting	22	0	0	0	0	0	0	0	0	0
	Increase in job evaluation costs	See Note 1	0	0	21	26	17	18	18	18	18	18
	Total	11,614	2,736	3,811	885	1,015	503	533	533	533	533	533
Breakdown of costs and benefits - Option 3												
	Benefits											
	As for Option 2 plus:		4,650	7,573	10,238	10,876	11,328	11,328	11,328	11,328	11,328	11,328
	Corporate development	Projected benefits per Alliance programme reporting	110	40	187	224	261	298	298	298	298	298
	Criminal Justice		0	780	780	780	780	780	780	780	780	780
	Estates		0	668	230	230	230	230	230	230	230	230
	Cash benefits from merging	See Note 4	0	0	3,392	3,442	3,492	3,592	3,742	3,892	4,022	4,022
	Total	142,741	4,760	9,061	14,827	15,552	16,091	16,228	16,378	16,528	16,658	16,658
	Costs											
	As for Option 2 plus:		2,736	3,811	885	1,015	503	533	533	533	533	533
	Corporate development	Implementation costs per Alliance programme reporting	110	0	0	0	0	0	0	0	0	0
	Change in job evaluation costs	See Note 1	-153	-153	33	96	41	68	86	104	121	139
	Less: cost of Alliance governance	See Note 3	-51	-51	-51	-51	-51	-51	-51	-51	-51	-51
	Cash costs of merging	See Note 5	0	1,287	1,479	159	92	92	0	0	0	0
	Total	14,704	2,642	4,894	2,346	1,219	585	641	567	585	603	621

Note	Explanation
1	<p>Job evaluation:</p> <p>This is a cost that will be incurred in all options.</p> <p>The estimates are based on the experience of Devon & Cornwall's recent job evaluation, adjusted for</p> <ul style="list-style-type: none"> • A starting point where job evaluation is already in place • Known differences and similarities in grading between the two forces • Existing alliance harmonisation • A lesser requirement on external consultants
2	<p>Programme costs:</p> <p>This is based upon the existing alliance programme staff budget plus £160k non-staff cost per annum</p>
3	<p>Cost of alliance governance:</p> <p>Assumptions</p> <ul style="list-style-type: none"> • Average meeting length = 2 hours • Average number of attendees = 15 • Average hourly pay rate of attendees = £50.00 (including on-costs this is a conservative figure and is approximately the equivalent of a chief inspector hourly rate) • Quarterly meeting = 4 per year • Monthly meetings = 10 per year (usually do not occur in August and possibly December) <p>For each monthly meeting saved Total time saved = 10 meetings x 2 hours x 15 people = 300 hours per annum (£15,000)</p> <p>For each quarterly meeting saved Total Time Saved = 4 meetings x 2 hours x 15 people = 120 hours per annum (£6,000)</p> <p>Examples 1 x Decision Making – Joint Executive Board – monthly – saving 300 hours 1 x Resources Board – monthly – saving 300 hours</p>

4 Cash benefits from merging:

Reductions in senior management and governance

Merger will reduce senior management costs for both forces and OPCCs, releasing the costs of a senior command team and its support from each. The greater geographical area will probably mean the retention of existing numbers of ACCs, and savings have already been achieved in senior legal and HR posts. The reduction of senior team roles including a PCC and a chief constable, plus staff office and administrative and governance support could release £1,560,000. It is likely that these costs would be saved in the first year of merger.

More efficient procurement

The two forces purchase together through the regional procurement team and significant savings have been already achieved. Merger will give further opportunities to aggregate demand. Generally, ahead of merger two contracts are needed and separate licensing is often insisted on. Further savings of 3.5% (on addressable spend budgets) and savings of 5% in licensing costs would give savings of £530,000. Work on these savings can commence ahead of merger as part of the commercial implementation.

Maximising the alliance by reducing duplication

Although significant savings have already been made in departments that operate in an alliance, those departments continue to serve two masters. As an example, Finance have moved to a single ICT system, adopted the same accounting policies and present information to the two forces in the same way. They also produce two sets of accounts, run two external audit processes, set two budgets, and report into two separate meeting structures. Other departments are similarly affected; overall they are more efficient than they were, but are not as efficient as they would be with one set of decision making and reporting requirements in a merged force. Further savings of 2.5% in those alliance departments would give savings of £552,500. The savings could be made in year one if relevant vacancies were held open ahead of merger.

Reduction in supervision costs

The two forces have slightly different proportions of supervisory ranks. Devon & Cornwall Police, as the larger force, has a smaller proportion of inspecting ranks. It is a reasonable assumption that supervising rank ratios in a merged force would look more like the current Devon & Cornwall ratios. Whilst it would take time to achieve the changes in ranks, it would produce a cash saving of £750,000, due to predominantly fewer chief inspector roles. These savings could be achieved in year one if vacancies were held open ahead of merger.

Reduction in Estates operating cost

At this stage there are no formal decisions on changes/rationalisations of the estate. The aspirations would be to reduce the overall cost of the estate function by 3% over the 10-year period. This would be achieved through a combination of actions:

- Smarter working

	<ul style="list-style-type: none"> • Greener / efficiency working • Review of property storage • Review of training facilities • Review of call centres (savings over and above those already identified as part of the Alliance Business Case)
5	<p>Cash costs of merging:</p> <p><i>Redundancy</i> It is expected that the procurement savings will be achieved through the existing procurement team, and reductions in supervisory posts can also be achieved without additional costs (the savings assume retirement rather than severance payments). There is the possibility of redundancy payments for police staff as the result of reductions in governance and in duplication. Experience in the alliance shows that average redundancy costs are £22,000. Redundancy costs for individuals vary significantly depending on length of service and age but this average has shown to be robust through the alliance process.</p> <p><i>Branding costs</i> It has been assumed that vehicles are rebranded on replacement but that buildings are rebranded in the first year and all warrant cards are changed to refer to the new force immediately. An estimate of £200k is included.</p> <p><i>Legal costs</i> As the first merger between forces for many years, and the first post PCC legislation, external legal advice will be required. A total of £100k is included.</p> <p><i>Programme management</i> The current alliance project team consists of a mixture of police officers, police staff, full time and business as usual resources. It is assumed that these resources – including executive support – become part of the merger team. However, it is recognised that there are likely to be additional project costs to undertake the technical side (financial, banking, contracts, staff transfer) of merger. Additional costs of £150k for 18-month post-merger are assumed.</p>