



East Midlands Police Collaboration

Derbyshire Leicestershire Lincolnshire Northamptonshire Nottinghamshire

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Agenda Item No.

A3

Meeting	EAST MIDLANDS POLICE AUTHORITIES' JOINT COMMITTEE
Date	20th January 2012
Subject	EMCHRS – Occupational Health Budget Requirement 2012/13
Report by	Ali Naylor (HR Director) Leicestershire
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SUMMARY AND PURPOSE OF REPORT This report provides the financial detail in relation to the draft budget requirement for the Regional Occupational Health Service for 2012/13	
RECOMMENDATION	That the East Midlands Police Authority Joint Committee approves the Regional Occupational Health Service 2012/13 budget requirement and note the future resource requirements as set out in the 4 year Financial Plan.

A. SUPPORTING INFORMATION

1. Introduction

- 1.1 This report provides the financial detail in relation to the draft budget requirement for the Regional Occupational Health Service for 2012/13

2. Recommendations

- 2.1 That the East Midlands Police Authority Joint Committee approves the Regional Occupational Health Service 2012/13 budget requirement and note the future resource requirements as set out in the 4 year Financial Plan.

3. Background

- 3.1 The East Midlands Police Collaboration Programme (EMPCP) has a vision to provide a new model for HR Services across the region. This will continue to deliver a similar service to that currently being delivered, but at a reduction of at least 25% in operating costs, based on the cost of the service at 1st April 2010.
- 3.2 The Regional HR Board was commissioned to develop a strategic outline business case (OBC) to look at options to realise this vision. Analysis of data and professional judgement showed that it would be very difficult to achieve the EMPC vision without completely redesigning the service delivery model.
- 3.3 Phase 2 of a regional HR Service was to develop a Regional Occupational Health (OH) Service. The model is based around all Forces agreeing the same OH services, and reducing from 5 to 3 sites (Lincolnshire, Leicestershire and Nottinghamshire), albeit with clinics in Northamptonshire and Derbyshire.
- 3.4 The Benefits to this approach are: -
- It makes savings, but keeps the control of processes and costs within the 5 Forces;
 - It allows the savings that will come as a result of the benefits from economies of scale and elimination of duplicated effort to be redirected back to Forces;
 - It provides resilience to the OH service across the region;
 - It supports the delivery model for policing services across the region providing the ability for flexibility for clinical appointments for regional teams, for regional recruitment initiatives but also for local policing units;
 - It prepares a lean regional service that could be market tested in the future.
- 3.5 The Occupational Health collaboration was supported by all Forces in September 2011 and the business case identified the following savings by forming a regional Occupational Health service:
- a reduction in the overall staffing structure
 - a reduction in the number of days Force Medical Officers are utilised
 - a reduction in the counselling contract through regional procurement.
- 3.6 It is recognised that further savings may be able to be achieved in other non-pay budgets for example through joint procurement but these

will need to be identified and quantified once the unit is operational and the service defined.

4. Timeline

- 4.1 Whilst the project continues to prepare for an implementation start date of 1st April 2012 the 2012/13 budget has been prepared on the basis that the savings will be achieved from the 1st October 2012 for both the police staff and Force Medical Officers following the staffing and service reorganisation.
- 4.2 This is because under the TUPE regulations the staff will firstly transfer to the lead Force (Leicestershire) who will then consult upon the proposed regional structure prior to any changes being implemented.
- 4.3 The full year effect of the savings from the collaboration will not therefore be achieved in Year 1 (2012/13).

5. Draft Budget Requirement

- 5.1 The Regional Occupational Health Service 2012/13 budget requirement and following 3 year forecast is shown below. The collaborative annual savings from this project are projected to be £104k for 2012/13 rising to £383k and £401k in 2013/14 and 2014/15 respectively (at today's prices).

	2012/13 Proposed Budget £	2013/14 Draft Budget £	2014/15 Draft Budget £	2015/16 Draft Budget £
Expenditure				
Police Staff Pay & Allowances	878,683	733,721	741,058	750,639
Other Employee Costs	57,500	7,688	7,880	8,077
Transport (hire/Relocation/ mileage)	44,000	38,950	21,013	21,538
Supplies and Services	851,119	804,651	824,767	845,387
Gross Expenditure	1,831,302	1,585,010	1,594,718	1,625,641
Income				
Force Contributions - Cash	1,831,302	1,585,010	1,594,718	1,625,641
Gross Income	1,831,302	1,585,010	1,594,718	1,625,641
Force Recharges				
Nottinghamshire (27.6%)	505,439	437,463	440,142	448,677
Leicestershire (23.1%)	423,031	366,137	368,380	375,523
Derbyshire (22.0%)	402,886	348,702	350,838	357,641
Northamptonshire (14.7%)	269,201	232,996	234,424	238,969
Lincolnshire (12.6%)	230,744	199,711	200,934	204,831
Total Force Recharges	1,831,302	1,585,010	1,594,718	1,625,641

Budget Assumptions		2013/14	2014/15	2015/16
Pay award		1.0%	1.0%	1.5%
Non-Pay Inflation		2.5%	2.5%	2.5%

5.2 It should be noted that the proposed budget costs may still be subject to further change as clarity is obtained regarding the impact of the Strategic Partnerships' in Lincolnshire and Northants on the Regional Occupational Health Service.

5.3 The budget has been prepared using the following assumptions:

6. Police Staff Pay and allowances

6.1 The employment model is that the existing staff will transfer to the lead Force under TUPE.

6.2 The indicative salaries budget for 2012/13 is therefore based on the following:

- The current staffing costs for the period 1st April to 30th September 2012 (6 months) based on the baseline figures.
- The proposed staffing structure from the business case using the Leicestershire pay scales with each post included at the top of the scale (no allowance is therefore required for increments) for the period 1st October 2012 to 31st March 2013.
- Second year of the pay freeze except for those staff earning less than £21,000 who may receive a one off payment of £250.
- The increase in the Leicestershire employer's contribution rate of 0.7%.
- A zero percentage vacancy factor.
- £20,000 has also been included in the police staff pay costs for project management.

7. Other Employee Costs

7.1 A £50,000 provision has been allowed for any potential redundancy costs.

7.2 An external training budget of £7,500 has been included in the budget to cover identified training needs and professional development (attendance at conferences etc). Once the new staffing structure has been implemented a full training needs analysis will be undertaken.

7.3 Whilst the training budget was not included in the original business case it is envisaged that for all regional teams the training costs will form part of their budget.

7.4 Forces will need to adjust their own remaining external training budgets accordingly.

8. Accommodation

- 8.1 Discussions continue within the region regarding the recharging of accommodation costs for regional teams. No accommodation costs have therefore been included in the costs above. Each Force will continue to pay for their own costs until this work is concluded.

9. Travel Costs

- 9.1 The travel costs (i.e mileage, hire vehicles, public transport) included in the budget relate to the costs expected to be incurred by the staff employed within the regional team. These will be monitored following implementation to gain a greater understanding of the potential costs once the unit becomes operational.
- 9.2 The travel costs associated with officers and staff attending clinics are to be met by the 'home' Force. It is anticipated that the amount of travel will be reduced through the use of clinics across the region.
- 9.3 £24,000 has also been included to cover any potential relocation / redeployment mileage that may be incurred.

10. Supplies and Services

Counselling Services

- 10.1 The counselling contracts for Derbyshire, Leicestershire, Lincolnshire and Nottinghamshire with Care First have been renegotiated and the contract end dates aligned to the 31st December 2012. The price negotiation has resulted in 7% annual savings of £16,161, prior to letting of a regional contract.

Force Medical Officers

- 10.2 The business case was prepared on the basis of reducing the FMO contracts from 1.97 days per week to 1.3 days.
- 10.3 The budget has been prepared on this basis that the reduction will be achieved from the 1st October 2012.

Private Medical Interventions / Physiotherapy

- 10.4 Each Force has a budget to pay for private medical interventions such as physiotherapy, scans, fast track appointments. This operates best when there is a cost benefit analysis completed to determine whether it will return staff to work more quickly and ultimately benefit the Force.
- 10.5 The regional service will manage these budgets on behalf of the 5 Forces but it will be for each Force to determine their annual allocation in respect of these services. Each Force contribution will be administered separately and only used for officers and staff of that Force. Any under spend would be returned to the home Force.

- 10.6 The costs included in the original business for these services have now been excluded from the baseline along with other minor areas of expenditure which fall outside the scope of the project.

Selected Medical Practitioners

- 10.7 The budget has been prepared on the basis of the Selected Medical Practitioners budget remaining within the home Force.

11. Set Up Costs

- 11.1 Provision has been made within the above costs for project management, redundancy and additional travelling. No other set up costs have been identified to date.
- 11.2 Whilst the HR transactional services project will provide the infrastructure for an electronic document system any costs associated with the back record conversion of medical files are outside the scope of this business case and would need to be met by the Home Force.

12. Risks

- 12.1 There is a difference in the region in what is delivered by an OH Service. The staffing reductions proposed in this business case are based on the fact that all Forces agree to a standard service using the same processes and procedures for OH Services. If agreement cannot be reached, costs may increase to meet this increased demand for services.

13. Conclusion

- 13.1 The projected savings for Year 2 and beyond remain broadly similar to the business case but the full year effect of the savings will not be achieved in Year 1 (2012/13).
- 13.2 Force Occupational Health budgets will consist of the following:
- Contribution to the Regional Service
 - Medical Interventions
 - Physiotherapy
 - Selected Medical Practitioner
 - Medical Appeals
 - Back record conversion of medical files.

B. FINANCIAL CONSIDERATIONS

Within the report

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

None

D. PERSONNEL, EQUAL OPPORTUNITIES AND DIVERSITY ISSUES
(including any impact or issues relating to Children and Young People.)

Within the Report

E. RISK MANAGEMENT

Within the report

F. REVIEW ARRANGEMENTS

None

G. LIST OF BACKGROUND PAPERS

None