

NORTHERN JOINT POLICE BOARD

23 January 2009

Agenda Item	
Report No	

Transfer of Information & Communications Technology Budget to the Scottish Police Services Authority

Report by the Chief Constable

SUMMARY

This report informs the Board of the budgetary transfer to the Scottish Police Services Authority agreed in respect of Information & Communications Technology.

BACKGROUND

Reference is made to a report presented to the NJPB on 18 January 2008 regarding the Revenue Budget for 2008/2009 and subsequently presented revenue monitoring reports.

Members will be aware that Information & Communications Technology (ICT) service delivery and management transferred to the Scottish Police Services Authority (SPSA) on 1 April 2008. The required work to ensure ICT staff formerly employed by the Board transferred to the SPSA was carried out successfully.

In conjunction with the transfer of staff it was originally intended to make a property transfer scheme to transfer property, rights and liabilities from Scottish Ministers, Police Authorities and Joint Police Boards to the SPSA. However, discussions between the Scottish Government, SPSA, ACPOS and HM Revenue and Customs in the run up to 1 April 2008 identified a possible alternative way forward which would enable SPSA to discharge its statutory responsibilities to provide ICT services to Police Forces while avoiding liability for VAT which would otherwise arise in respect of ICT procurement.

The preferred solution was for Police boards and Authorities to enter into an Agency agreement with the SPSA.

Representatives from ACPOS, COSLA, the Scottish Government and the SPSA have been working together to establish an appropriate level of budgetary transfer from Forces to the SPSA to enable provision of a satisfactory level of service. Agreement has now been reached on the sum to be transferred.

PRINCIPLES ADOPTED

In order to ensure SPSA received sufficient funding to provide at least a like for like service in a way that was cost neutral to forces, it was agreed, at an early stage, that the sum to be transferred should be based on forces' ICT budgets for 2007/2008.

Establishing a Partnership Management function within each force was viewed as critical to ensuring the new arrangements worked effectively in meeting forces' requirements. Agreement was reached between ACPOS and the SPSA to jointly fund these posts and the SPSA share was deducted from the sum to be transferred.

In line with previous transfer of Forensic staff and services, the SPSA sought to claim a transfer for corporate costs to cover the provision of HR, finance, procurement and other corporate services to the ICT functions within forces. The initial claim was for a transfer of £445,000 across the 8 forces. This was subsequently negotiated down to £240,000 by ACPOS and in addition it was agreed only £158,000 would transfer in 2008/2009 to reflect the fact not all these posts would have been in place from 1 April 2008.

Responsibility for normal replacement of computers, printers, servers and other peripheral ICT equipment falls to the SPSA from 1 April 2008. Agreement has been reached to transfer £1.943 million of "steady state capital" funds to enable SPSA to establish and manage a replacement programme across all the forces.

The sum of £5 million per annum has been top-sliced from forces' available capital resources for the past few years to fund the Scottish Police national ICT programme. These arrangements will continue from 1 April 2008 with the programme managed by the ACPOS Business Change Programme Board. The £5 million capital resources will be held by the Scottish Government in the first instance and allocated to lead forces for the projects as approved by the Programme Board.

FINANCIAL IMPLICATIONS

Based on figures provided by the Force after applying the above principles the proposed sum for transfer to the SPSA is £2.615 million as detailed below:

	£,000
Revenue Costs	2,237
Share of Support Costs	19
Steady State Capital	74
	2,330
Share of Capital Top Slice	285
	2,615

The £2.237 million figure for revenue represents the staff and non-staff costs associated with delivering the ICT service prior to 1 April 2008 plus a 2% uplift for pay inflation. It incorporates a slippage factor of 2.5% to take account of vacant posts. A contribution of 50% of the cost of employing a Partnership Manager has also been deducted from the Force's 2007/2008 ICT revenue budget to arrive at the figure of £2.237 million. Transferring this sum to the SPSA will therefore be cost-neutral in financial terms.

The Force's share of the Corporate Support costs transfer of £240,000 is £19,000. This relates to provision of HR, finance, procurement and other corporate services to the SPSA ICT staff and function. It represents a small part of a number of individual's tasks and it would not be feasible to transfer staff to the SPSA to provide these functions.

The figure of £74,000 for "steady state" capital is consistent with the amounts spent each year on replacing ICT equipment within the Force. These purchases will now be made by the SPSA on behalf of the Force.

The top-slice arrangements to fund the national ICT programme have been in place since 2007/2008 and the figure of £285,000 represents the Force's share of the £5 million allocated for this purpose.

The Force will retain capital for local ICT projects. These projects will be commissioned in consultation with the SPSA and funded by the Force.

Re-determinations of the Police Grant (Scotland) Order and the Local Government Finance (Scotland) Amendment Order 2008 will reflect this transfer.

The above transfer arrangements will result in the following revenue budget and funding changes for the Board and the constituent councils:

- £2.237 million will be deducted from the expenditure side of the Board's 2008/09 revenue budget. This is £19,000 less than the amount by which grant and requisitions will be affected (a total of £2.256 million) reflecting Northern Constabulary's share of corporate costs.
- £1.151 million (being 51% of the £2.256 million) will be deducted from the Board's 2008/09 budget allowance for Police Grant.
- £1.105 million (being 49% of the £2.256million) will be deducted from the budgeted requisitions payable by the constituent councils.
- £1.105 million will be deducted from the government grant which would have been received by the constituent councils and this will offset the reduction in the requisition they will be required to pay.

The result of the above is accordingly financially neutral for the constituent councils and with the exception of the £19,000 share of support costs which the Force will absorb within its remaining budget is also financially neutral for the Board.

In terms of the Board's capital budget, the transfer of the £74,000 of "steady state" capital will result in a reduction in budgeted capital expenditure and budgeted capital grant of an equivalent amount, again resulting in a financially neutral position for the Board.

A paper submitted to the NJPB meeting of 29 August 2008 indicated that the amount included within the budget in respect of the anticipated budgetary transfer in respect of ICT services to the SPSA was £2.156 million. The agreed transfer of revenue costs is £81,000 higher (£2.237 million). This shortfall in initial provision can be managed within the remaining revenue resources for 2008/2009.

SUMMARY

The implications of transferring ICT staff and services from forces to the SPSA have been considered by the Board on a number of occasions.

An important and necessary part of this process is a transfer of sufficient financial resources to enable the SPSA to deliver a satisfactory ICT service to the Force.

The funds will be transferred from the Board and constituent councils by means of a re-determination of the relevant orders.

RECOMMENDATION

The Board is requested to note the background to the transfer of the ICT budget to the SPSA and the associated arrangements to facilitate this transfer of resources.

I Latimer
Chief Constable

13 January 2009