



Northern
Ireland
Office

Value for Money Delivery Agreement

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Vision

Introduction

1. In response to the Comprehensive Spending Review 2007, the Northern Ireland Office (NIO) has identified eight Value for Money Reforms that will produce net cash releasing savings of £108 million by 2010/11, releasing funding for higher value, priority programmes. This will contribute to the Government's overall objective of instilling long term improvements in public services and achieving £30 billion worth of savings by 2011.

Departmental Context

2. The aim of the Northern Ireland Office is to build and maintain a safe, peaceful and prosperous society as envisaged in the 1998 Good Friday Agreement, within which devolved government is operating on a stable basis, the rights and identities of all traditions in Northern Ireland are respected and safeguarded, and there is confidence in public institutions. A reduction in the prevailing security threat has led to measured normalisation of the security infrastructure and significant progress has been made over the last decade towards the achievement of the Department's aim. However, a substantial programme of work remains for the CSR07 period to ensure that the progress achieved to date is embedded.

3. VFM reforms will enable the NIO to make best use of the resources available and therefore facilitate the delivery of the Department's strategic objectives during the CSR07 period. These include:

- a) supporting a stable devolved government in Northern Ireland with responsibility for policing and justice, and a society reconciled with its past;
- b) the secure, safe and humane management of offenders;
- c) the delivery of an independent, fair and effective criminal justice system which supports and protects the community;
- d) working with the PSNI and other policing partners to deliver effective and accountable policing services that can secure the confidence of the whole community; and
- e) the delivery of Value for Money savings and functioning within annual available funding.

4. The Department will achieve net cash releasing savings of £108m by 2010/11. These include 5% per annum administration savings and the continuation of efficiency savings initiatives started in the SR04 period (2005/06 to 2007/08) and will result in average savings of 3.1% per annum over the CSR07 period.

5. This Agreement provides a transparent and robust outline of where and how the NIO's VFM savings will be achieved.

Delivery Strategy

6. In preparation for CSR07 the Northern Ireland Office engaged in a series of reviews to identify where maximum VFM savings could be made. As a result, six VFM delivery areas were identified from which savings will be generated:

- Police Service of Northern Ireland
- Compensation Agency
- Northern Ireland Prison Service
- Central Services Directorate and associated bodies
- Policing and Security Directorate and associated bodies
- Criminal Justice Directorate and associated bodies

7. The table overleaf outlines the seven VFM reforms that will be undertaken by these areas and the key actions and governance structures that will be involved in their implementation.

Delivery Area	Background to and Objective of the Reform	Key Actions and Milestones	Implementation Strategies and Monitoring Arrangements
PSNI	<p>Reform of policing in NI focusing on police and civilian numbers in the context of an improving law and order environment and within the constraints of affordability. The VFM reforms in this area include:</p> <ol style="list-style-type: none"> 1. the reduction of the number of Full Time Reserves; 2. civilian staff savings; 3. reductions in overtime. <p>The reforms are based on the recommendations of an HMIC VFM review and are dependent on the Chief Constable's assessment of the security situation.</p>	<p>Reductions in the Full Time Reserve Force in line with the Chief Constable's announcement in September 07.</p> <p>The ongoing reduction in PSNI civilian staff and overtime in line with projections.</p>	<p>The Police Division within the NIO will challenge and support PSNI to achieve VFM targets and to deliver a quality policing service within resource allocation.</p> <p>Monitoring arrangements include:</p> <ol style="list-style-type: none"> 1. financial and budgetary reporting and controls; 2. headcount reporting; 3. benchmarking against Patten, the HMIC report and 2007-08 baseline. 4. the monitoring of performance against prevailing operational circumstances. 5. the direction and oversight of the Chief Constable, Departmental Board and Policing Board. <p>This delivery area also has an individual responsible owner who will oversee the implementation of the reforms.</p>
Compensation Agency	<p>A review of compensation schemes in NI in light of the government's commitment to normalisation.</p>	<p>The delivery approach and the key actions and milestones are currently being considered at Ministerial level.</p>	<p>Progress will be monitored according to an internal timetable.</p> <p>Reforms will be overseen by a delivery area owner.</p>

Delivery Area	Background to and Objective of the Reform	Key Actions and Milestones	Implementation Strategies and Monitoring Arrangements
Northern Ireland Prison Service	<p>As part of its Strategic Development Programme NIPS reviewed options for the recruitment of Officer Support Grades (OSGs) to replace Main Grade Officers (MGOs) in posts which do not need the full range of skills required by officers engaged in front line duties with prisoners. The removal of non-core task lines was also considered as part of an efficiency agreement with the POA. NIPS pay and productivity proposals have been approved. The implementation of the efficiency deal will entail the recruitment of OSGs in 2008/09 which will deliver a marked reduction in the average cost per uniform staff and a substantial reduction in labour costs over the CSR07 Period.</p>	<p>Feb 07- The Prison Service Pay Review Body approved the proposed reforms. Local implementation Teams prepared local plans. Posts were identified for removal and new work profiles, deployment systems and shift patterns were decided upon. The task lines for removal were agreed.</p> <p>April 07- The target staffing level was reduced by 150 and overtime was substantially removed.</p> <p>3rd Quarter 07- OSG figures will be reviewed and recruitment numbers identified.</p> <p>April 08- OSGs will be recruited and deployed, MGOs will be released.</p>	<p>Lead Indicators: 1. Planned to have 87 OSGs in post in 08/09 plus 150 in 09/10.</p> <p>Supporting Indicators: 1. the reduction of overtime through elimination of non essential task lines; 2. the reduction in the opening target staffing level in 07/08 by 150.</p> <p>Reforms will be overseen by a delivery area owner.</p>
	<p>As part of its Strategic Review "Blueprint" the Prison Service reviewed options for the future delivery of escorting services. In September 2006 the NI Prisons' Minister approved the plans to implement the PECCS proposal. PECCS began operations from February 2007 with the transfer of around 100 private sector staff and the planned recruitment of</p>	<p>5 Feb 07- 'Resource' contract terminated.</p> <p>2 April 07- New Prisoner Custody Officers enter service for training.</p> <p>30 Sept 07- All PCO Staff recruited, trained and deployed. 42 officers released to front-line duties.</p> <p>September 08-All MGO staff</p>	<p>Workforce reductions-from joint total of 216 staff to 174-headcount. Now, as a result of additional Court work, recalculated to 200.</p> <p>Careful monitoring of the total staffing costs for PECCS.</p> <p>Supporting Indicator: 1. 06/07 delivery cost reduced to £6844k</p>

Delivery Area	Background to and Objective of the Reform	Key Actions and Milestones	Implementation Strategies and Monitoring Arrangements
	<p>approximately 64 additional Prisoner Custody Officers. The previous service was provided by the Prisoner Escort Group comprised of Main Grade Officers and a private sector contractor, 'Resource', which together totalled 216 staff, and the business plan called for these to be replaced by a new in-house combined PECCS service requiring 174 staff. PECCS therefore plans to replace existing Main Grade Officers with staff who do not require the full range of skills required by officers deployed on front-line duties with prisoners at a reduced cost.</p>	<p>released to the frontline. Additional PCOs recruited, trained and deployed.</p>	<p>A responsible owner within this delivery area will oversee the implementation of the reform.</p>
<p>Central Services Directorate and Other Bodies</p>	<p>This reform will achieve increased value for money and efficiency savings by rationalising the provision of accommodation across the Department.</p>	<p>There are ongoing work streams and projects to design and ensure the implementation of accommodation savings across the Department.</p>	<p>PSNI Estate- 6 monthly review of level of asset disposals against plans and quantification of depreciation and cost of capital savings against 2007/08 levels.</p> <p>EONI- 6 monthly review of the implication of the Estate Strategy and quantification of savings compared to 2007/2008 levels.</p> <p>A new project has been incepted to deliver maximised receipts in respect of 3 potential asset sales in addition to the YJA and PBNI quarterly monitoring of accommodation costs and number of owned properties</p>

Delivery Area	Background to and Objective of the Reform	Key Actions and Milestones	Implementation Strategies and Monitoring Arrangements
			<p>against 2007/08 levels.</p> <p>Core Department office accommodation-NIO involvement in the Workplace 2010 programme will allow continual assessment of the level of planned savings.</p> <p>The delivery area will have an individual owner who will oversee implementation.</p>
<p>Policing Security Directorate and Criminal Justice Directorate</p>	<p>A reform which will increase efficiency in relation to District Policing Partnerships and Community Safety Partnerships and make effective use of the savings and benefits that will arise from the Review of Public Administration.</p>	<p>The NI Assembly are currently reappraising the RPA. Therefore further clarification on the key actions and milestones will be developed following further progress on this Review.</p>	<p>The implementation of the VFM reform will be a priority issue for discussion at regular meetings with the Policing Board and CSU officials. In addition quarterly updates on the implementation plan will be sought.</p> <p>This reform will have a responsible owner within the delivery area.</p>
<p>Central Services Directorate and Other Bodies</p>	<p>To initiate a reform involving the functions and services where progress could most readily be made towards greater sharing which would lead to cost savings and efficiency gains.</p>	<p>A phased approach is being adopted to implement shared services across the NIO family.</p> <p>The first phase of the project is due to be completed in December 2007 and will involve a Departmental Board sign off of the shared service strategic direction.</p> <p>This will be followed by the implementation and</p>	<p>Formal project monitoring arrangements are in place and reporting will take place through the Project and Programme Committee to the NIO Departmental Board.</p> <p>This reform will also have a responsible owner within the delivery area.</p>

Delivery Area	Background to and Objective of the Reform	Key Actions and Milestones	Implementation Strategies and Monitoring Arrangements
		delivery of shared services savings by individual project groups from Jan 2008 onwards.	

Measurement

8. All VFM reforms will be monitored internally, using systems approved by the Department's Internal Audit Unit. Savings will be reported in Departmental and Autumn Performance reports.

Calculating the savings

9. Savings have been calculated in line with HM Treasury guidance and measured against the counterfactual cost profile, i.e. the likely evolution of cost pressures without the introduction of any VFM reforms. The Department is confident that robust plans are in place to ensure the delivery of the £108m target.

10. Detailed overleaf is the evidence base for the two VFM initiatives that will result in the highest percentage of overall savings. The same methodology has been employed to calculate all of the Department's VFM savings.

AREA	REVIEW 1: PSNI			
	2007/08 £k	2008/09 £k	2009/10 £k	2010/11 £k
COUNTER FACTUAL COST PROFILE	796,415	924,600	950,400	957,500
TARGET VFM SAVINGS		26,600	56,100	68,300
NEW COST PROFILE		898,000	894,300	899,200
EXPLANATION OF COUNTER FACTUAL COST PRESSURES	<p>The counterfactual cost profile represents the costs incurred should the proposed VFM reforms not be undertaken. Approximately 72% of PSNI costs are consumed by police pay.</p> <p>Chapter 13 of the Patten Report sets the establishment level for full time PSNI officers at 7,500 to at least 2010/11. This figure is considered vital to the achievement of the Catholic composition target which is a key element in ensuring PSNI acceptability to all sections of the community.</p>			

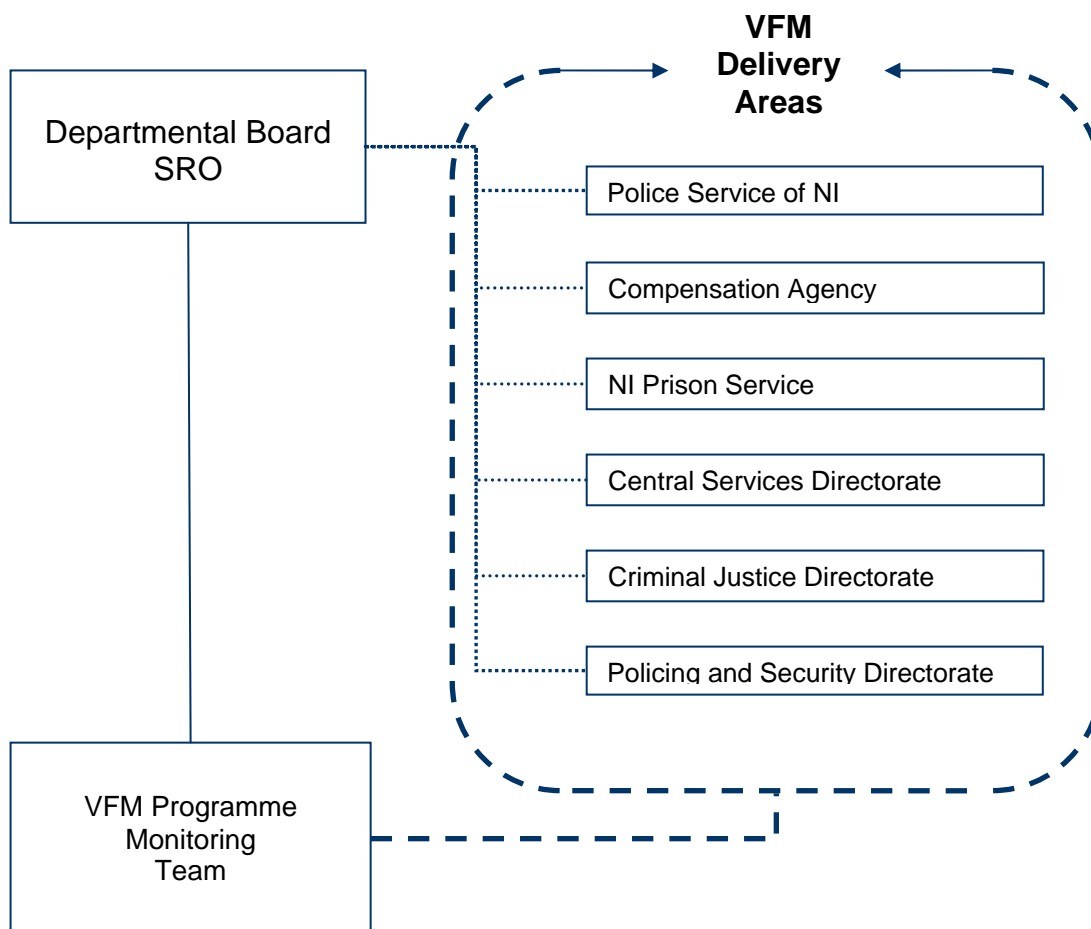
AREA	REVIEW 4: PRISONER ESCORTING COURT CUSTODY SERVICE			
	2007/08 £k	2008/09 £k	2009/10 £k	2010/11 £k
COUNTER FACTUAL COST PROFILE	6,885	6,917	6,953	7,005
TARGET VFM SAVINGS		2,158	2,730	2,793
NEW COST PROFILE		4,759	4,223	4,212
EXPLANATION OF COUNTER FACTUAL COST PRESSURES	<p>NIPS prepared a Comprehensive Business Delivery Proposal which was approved by the Prisons Minister in September 2006. As part of the proposal NIPS prepared a 10 year revenue analysis of current and proposed options. The counterfactual cost profile is derived from this delivery proposal. The additional workload is measured in terms of the number of Court sittings over and above the 2005 Business Case and the cost of providing an additional 26 PCOs to meet this need.</p>			

Departmental monitoring and governance structures

11. In order to ensure the NIO's VFM Programme is implemented effectively an internal monitoring system and a range of control measures have been developed in accordance with the Treasury's guidance.

12. In addition to the individual owners that were introduced in the previous section, the Northern Ireland Office has appointed a Senior Responsible Owner from its Departmental Board who will have responsibility for co-ordinating the VFM initiatives.

13. The diagram below demonstrates the system that the NIO will implement throughout the CSR07 period:



14. As indicated by the diagram the VFM programme will be monitored by a team which will advise and assist the Departmental Board and the SRO.

15. Each Delivery Area will be required to provide the VFM programme monitoring team with an initial report for each of their reforms. This will take the form of a detailed return outlining the savings, milestones and risks associated with the initiative. This template will be used as a basis for capturing delivery updates.

16. The Departmental Board will receive a quarterly progress report on all VFM initiatives.

Ensuring accuracy and accountability as a public service

17. A systems audit of the NIO's VFM monitoring system will take place within the first year of CSR07. This will be instrumental in highlighting particular measurement risks to the Senior Responsible Owner.

18. The Northern Ireland Office will also guard against any double counting by following the Treasury's guidelines and utilising the systems that have been put in place to guarantee budgetary transparency.

19. The performance measures that are already in place for the Department's PSAs and DSOs will be used to capture any changes in key public service outputs. These will be referred to and considered in the Department's twice yearly reporting cycle in Departmental Reports and Autumn Performance Reports.

Risk Management Strategies

20. The ten major risks and issues associated with the NIO's Value for Money Programme are:

- I. political and security risks which will have an impact on the achievability of all of the VFM reforms. The savings outlined in this Agreement are largely conditional on continued progress towards normalisation and the lasting success of the political settlement;
- II. the impact that external factors such as an increase in levels of crime or agitation and unrest for political or other reasons could have on the progress of the savings;
- III. the need to secure and ensure public support for and confidence in the reform programme;
- IV. the receptiveness of external actors and the availability of Parliamentary time for the compulsory discussion of certain initiatives;
- V. risks resulting from the political interest in and sensitivities surrounding some of the reforms and the potential for them to be influenced by progress on wider political fronts;

- VI. the standard programme and project management issues that are caused by a resource management project of this size;
- VII. the need to obtain sufficient up front funding for the initiation of some of the reforms and the payment of severance packages where necessary;
- VIII. the skills capacity requirements associated with a number of the reforms and the necessity of ensuring that sufficiently trained and experienced staff are available in all areas throughout the implementation process;
- IX. the influence that the operational needs of the divisions involved will have on VFM initiatives relating to NIO accommodation; and
- X. the need to achieve sufficient internal capacity and support for the NIO's engagement in shared services.

21. The early identification of the risks associated with this programme has enabled effective consideration of risk management strategies in advance of the implementation of the reforms. These risks will be mitigated through a robust risk assessment process and careful monitoring systems.

22. Although a number of risks and issues have been identified they should not preclude the NIO's delivery of a set of substantial and sustainable VFM initiatives.

Glossary of Abbreviations

CSP	Community Safety Partnership
CSR07	Comprehensive Spending Review 2007
DFP	Department of Finance and Personnel.
DPP	District Policing Partnership
DSO	Departmental Strategic Objective
HMT	Her Majesty's Treasury
MGO	Main Grade Officer
NAO	National Audit Office
NIO	Northern Ireland Office
NIPS	Northern Ireland Prison Service
OSG	Operational Support Grade
PBNI	Probation Board of Northern Ireland
PECCS	Prisoner Escorting Court Custody Service
POA	Prison Officers Association
PSA	Public Service Agreement
PSNI	Police Service of Northern Ireland
RPA	Review of Public Administration
SRO	Senior Responsible Owner
SR04	Spending Review 2004
VFM	Value For Money
YJA	Youth Justice Agency