

# THAMES VALLEY POLICE

## Policy on Charging for Police Services

### **1 Introduction**

- 1.1 During the financial year 2005/06, the Chief Constables' Council agreed a guidance paper on "Charging for Police Services" and recommended that forces should seek to adopt the guidance and harmonise it within their own methodologies over the next three years.
- 1.2 The purpose of this paper is to outline the key principles of the guidance and to provide Thames Valley Police with a charging policy which adopts the principles of the guidance into existing costing practices.

### **2 Background**

- 2.1 Charges historically within the police service have been quite varied and down to individual force's to calculate and apply as they have felt appropriate within the legal framework.
- 2.2 This has led to a number of challenges against charges levied by police forces as to the basis of costings, and in some circumstances judicial reviews have been sought.
- 2.3 In response to these challenges, and under the direction of the ACPO Finance & Resource Business Area, the Chief Constables Council agreed on 14th April 2005 to a common methodology for the charging of police services.
- 2.4 The methodology proposed is aimed at providing a consistent approach to charging, with transparency for the "customer", and it is recommended that all forces' harmonise towards the methodology over a 3 year time period.
- 2.5 The fundamental key principles upon which the methodology is based are:
  - Charging for services should be based on a proper calculation of the cost of services provided. Charging reflects a proper cost recovery mechanism - but, will also provide a basis for income generation under certain conditions.
  - A charging methodology should be clear and transparent to both providers and receivers of the service.
  - The basis of cost calculations should be consistent - so that significant variations in charges are explained by local circumstance, rather than methodology differences.

- Calculations of base costs and overhead recovery should be compliant with accepted accounting best practice.
- There should be a clear understanding of how the methodology should be used by practitioners.
- There should be a generally agreed basis for determining whether a charge should be applied. This should cover the range of services for which charges should be set and for occasions where charges are due to be raised and guidance on where discretion can be applied.

### 3 Costing Methodology

3.1 The methodology of the guidance is to ensure, as a minimum, that cost recovery is achieved in providing policing services to other organisations. The methodology for charging is therefore based around four basic levels of costs in providing a policing service:

- **The Employable Cost** – this is the basic service cost of providing staff and includes no overheads or non-employee costs.
- **The Direct Cost** – this is the Employable Cost with the addition of a standard overtime recovery element.
- **The Operational Resource Cost** – this is the Direct Cost with the addition of direct overhead costs for non-pay related items required in the direct provision of staff e.g. Uniforms, communications etc.
- **The Full Economic Cost** – this is the Operational Resource Costs plus an addition for the general overheads of the Force.

- 3.2 The normal application of costing for charging purposes should reflect Full Economic Cost recovery, however, there may be occasions where the other cost basis will lead to the cost recovery charging, these are specified in the later sections.
- 3.3 The costing methodology works on a set of defined templates for deriving an average hourly cost rate per rank which takes account of all variations which may occur within the force between individual officers.
- 3.4 The average hourly rate also takes account of all the associated infrastructure and support costs that occur within the force and are a real cost to the force in delivering the whole service. The outcome of this is a composite charge based around the actual direct delivery of the service.
- 3.5 The direct delivery of the service not only includes the deployed officers, but charges should also be levied for a number of specific support staff roles which are connected in the direct delivery of the service. These roles include the like of PCSO's CRED staff and few others.

#### **4 Charging for Events & Football Matches**

- 4.1 The Force has a responsibility to assess the safety requirements of an event and needs to work closely with the organisers to review the nature of the event and identify the required resources needed to minimise the risk to the assessed safety requirements.
- 4.2 However, safety is only part of the role. There is normally an important secondary element of assessing the community effect of the potential impact on crime and disorder and, in some cases traffic management, occurring within the community, as a result of the event. Based on that overall assessment, then special police services may be requested or implied as necessary as part of supporting either a safety certificate or public entertainment licence. Police services would then be supplied to:-
- *Increase aspects of core policing over that which would normally be required in the locality to address crime and disorder issues arising from the staging of the event.*
  - *Provide additional policing services to increase the level of safety to an adequate level relative to the risk assessment and, therefore, the safety requirement.*

- 4.3 The methodology for charging recommends adopting the “Greenfield Site” approach, whereby it is recognised that charges should be levied for policing services over and above those which would have normally been deployed in the location, this includes the surrounding areas of any event, both inside and out of any premises boundary.
- 4.4 Generally it is assumed that where an event is commercial and for profit, then the full economic cost rates will be applied in full, however, there will be some events which due to their nature will attract a level of abatement.
- 4.5 In order to maintain transparency and a full audit trail of the costing process, the approach to be adopted by Thames Valley Police is to cost all events at the correct and full rates, and then discount the charges as applicable by the use of abatements and BCU Commanders discretion.
- 4.6 These types of event are generally categorised as either being low key or charitable/community based events. In order to assess the levels of abatement that may be applied, the guidance provides a matrix of questions and scores to aid the decision making process and these are based on the following criteria:

<b>Criteria</b>	<b>Assessment</b>
Identified promoter	The existence of a promoter clearly identifies a commercial event. This can also be an organiser of a significant non commercial event and can also be implied – e.g. for sports matches
PEL/SC required	Most large defined events require a public entertainment license (PEL) or a safety certificate (SC) to operate. It underpins a significant event.
Stewards used	This also characterises a major event – but can also be the basis of a reduction in police input leading to reduced charges
Payment at event	A key determinant of a commercial event. It can also be a factor of a major non commercial event.
Performers paid	Can also underline a commercial event or a major charitable/ non commercial event.
Trader concessions	A secondary indicator of the size of an event – one anticipating a large number of attendees.
Proceeds to charity	This is an indicator of possible abatement, depending on other safety issues and the size of the event
Additional policing	This can give an indication that significantly more policing than the norm is required
Normal deployment	This would, in conjunction with the above, give an indication of the level of chargeable policing resources provided.

- 4.7 In addition to these questions and the suggested abatement levels, there is also the opportunity that a BCU Commander may, for operational/community benefits, wish to offer further discounts, which should be fully documented with the appropriate reasons in the costing workbook.
- 4.8 Policing of football matches clearly comes under the definition of a commercial event and as such should be charged at the full economic cost rates. The deployment of officers to a match will cover not only the match but also additional briefing, travelling time etc, and as such it is recommended that the minimum deployment for a core officer be at 6 hours per match, with all additional hours being charged at the hourly rate.
- 4.9 In identifying the total cost for the particular event, there may well be other ancillary direct costs other than uniformed officers. These could include police horses, dogs, PCSO's, traffic wardens or other specialist Police Staff. These should be included in the charges at the applicable rates, but no other indirect staff should be included as these are covered by the general overhead percentage included in the officer rates.
- 4.10 Attached at Appendix 1 are the charging rates for the Special Services of Police.

## **5 Charges to Other Government Agencies**

- 5.1 Charges to Government Agencies can basically be broken down into two areas: charges for mutually beneficial operations; charges for the provision of specialist services and or training.
- 5.2 Where an operation is jointly worked with a Government Agency and is for the mutual benefit of all parties, then charges should be based on a cost recovery basis only, and as such should be treated in the same way as Mutual Aid, using the Operational Resource Level costs
- 5.3 If the provision of a service to a Government Agency is more akin to commercial activities (like the provision of driver training) then this becomes an income generation activity, and as such should be based around the full economic costs, and should be referred through the Income Generation Unit in Corporate Finance.

## **6 Mutual Aid**

- 6.1 Mutual Aid charges are not specifically covered in the ACPO charging guidance, however, the calculation of the Operational Resource Cost rates do present a reasonable charge rate based on the minimal of cost recovery.
- 6.2 Under the current arrangements for Mutual Aid, some charges are dependant on local agreements whereas some charges are based on the guidance of HO Circular 38/89 (set in 1989). The guidance advocates agreement between the relevant forces involved, however, when the charges based on the HO

circular are used, the additional costs to the force are not always covered, particularly if overtime has been used.

- 6.3 It is therefore recommended that Thames Valley Police adopt the Operational Resource Cost rates from the ACPO Methodology, included at Appendix 1, as the general initial basis for Mutual Aid charges to other forces, and as far as possible these will be agreed with neighbouring forces at the beginning of the financial year.
- 6.4 These rate should be the base minimum for charging Mutual Aid, however, should specific national agreements or higher rates be proposed (e.g. for the G8 Summit), then it is expected that Thames valley will adopt these rates.

## **7 Charging for Goods & Services**

- 7.1 Charging for the provision of Goods and Services will cover services such as the provision of specialised training or information from police databases, and as such can be provided at a market bearable rate. This differs from Special Services as it is not in the provision of delivering the core service.
- 7.2 Charges should therefore be based around the full economic cost rates, but may, in certain circumstances, require a level of discount to match competitive prices and or win the appropriate business.
- 7.3 In all circumstances, the minimum charges that are levied should at least cover all the associated costs in providing that service or good. Where we are charging for the provision of specific goods, the charging rates will be calculated with the relevant providers and these will be published in the Appendices to this policy, to be updated on an annual basis.
- 7.4 There are a number of goods and services which are supplied by all police forces, or which are subject to national agreements, and as such should have comparable charging rates. These services, such as firearms certificates, should provide consistency in charging across the service.
- 7.5 There is however, a wide disparity in some of these charges at present, and therefore Thames Valley will seek to harmonise towards the national rates and best practice over the next 2 years. Again the relevant annual rates will be published in the Appendices to this policy, and will be updated annually.
- 7.6 In all circumstances, charges for Goods and Services should be referred to the Income Generation Unit within Corporate Finance for advice and costings to be made in line with this Policy.

## **8 Transition Period**

- 8.1 The effects of this policy and the harmonisation towards the ACPO charging standards may mean that the cost of events increases quite significantly over previous years.
- 8.2 Should this be the case and it is deemed to be appropriate, then the BCU Commander / Dept Head may sanction a discretionary discount to phase in and manage the new policy and full charges over a maximum of 3 years from this policy.

## **9 Policy Review**

- 9.1 This Policy will be owned by the Corporate Finance Department and will be reviewed annually in line with current guidance and best practice. Additionally, the Appendices and Electronic Workbook will be updated annually for the new charging rate and issued to Budget Holders prior to the start of the new financial year.