



**Efficiency and Effectiveness Review Programme**  
**Human Resources Review – Summary Report**

MPA Finance Committee  
14 January 2003



**Metropolitan Police Authority**

## **Background**

1. As part of the MPA's Efficiency & Effectiveness Review Programme, Accenture was asked to assess whether there was a business case for outsourcing devolved HR administration and Occupational Health.
2. Occupational Health (OH) was selected as it provides centralised HR services to the MPS, which has the potential to fit within a third party outsourcing model. Devolved HR administration focuses on the provision of localised Operational Command Unit (OCU) level HR administrative functions. It was felt that localised HR administration was proving to be a drain on the provision of HR services and therefore an outsourced model may provide both cost and time efficiencies for the MPS.
3. This report looks at these two services separately and assesses the business case opportunity by answering the five questions presented below:
  - Is there an operational case for outsourcing the service?
  - Is there a high level financial case for outsourcing the service?
  - Would external providers be able to deliver the type of service required?
  - Is the MPS organisationally ready for the service to be outsourced?
  - Would the key risks associated with outsourcing the service negative the business benefits?

## **Methodology**

4. Both quantitative and qualitative techniques were used to establish the current distribution and costs of service provision within each area. Quantitative staffing data and costs were collected from central HR Directorate sources and validated through a series of comprehensive interviews. From this data, the 'cost to serve' analysis for each function was calculated.
5. The qualitative work included 50 face-to-face interviews with officers and civil staff across BOCUs, TP, SO and HQ and Admin. Interviewees ranged from BOCU Commanders to HR and OH staff, senior business managers as well as individuals in particular roles/functional teams. UK outsourcing providers were consulted, and research on current market trends in the provision of HR and OH functions was completed.
6. Current MPS HR data was supplemented with a series of questionnaires constructed to assess the allocation of resources across specific functions. The questionnaires outlined the breakdown of staff time as well as functional demand. Within OH, questionnaires were sent to a sample of Team Managers, Occupational Health Advisors, Practice Nurses, Welfare Counsellors and Physiotherapists.

7. High-level analysis was then undertaken to establish the business cost of specific roles within the MPS. From this framework, an assessment of the current costs and value of HR and OH services was completed, which in turn facilitated a feasibility study for outsourcing.

## **Findings**

### **Occupational Health**

8. MPS costs (particularly the cost of in-house OH specialist staff) are extremely competitive when evaluated against the costs of external medical specialists. Analysis has shown that there is no evidence to suggest that outsourcing OH Nursing, Recuperative Services or Medical Officer functions will deliver a reduction in operating costs.
9. There is a potential cost saving of c. £140,000 p.a. in outsourcing the reactive Welfare Counselling Service. However, risk analysis shows that possible cost savings could be undermined by the potential loss in the quality of the service delivered, as well as losses in existing OH staff understanding of the MPS operating environment. Relationships developed with the customer base, particularly at the local OCU level, could also be jeopardised. The costs of providing proactive services externally would outweigh these potential reactive cost savings. Outsourcing proactive services would also reduce the operational flexibility of the service, e.g. the ability to rapidly respond to events such as the Bali bombing (where a specialist MPS OH team was assembled and ready to be deployed at short notice).
10. An analysis of the current provision of in-house OH services shows a number of areas where improvements could be made. Many processes are confused and the level of administrative overhead for all of the parties involved is high. Efficiency savings could be made through improving communication between different staff involved in OH case management and providing better end-to-end case management processes between all staff involved in OH processes (especially OH and Operational Command Unit OCU based staff).

### **Devolved HR Administration**

11. The business case for outsourcing devolved HR administration is more complex. Although there is the potential for cost savings of up to £300,000 p.a., this assumes economies of scale and reductions in resource requirements. Whilst these savings sound substantial, once offset against the related operational risks (particularly the loss of local flexibility and operational understanding, and the scale of change required to move from

a localised to a remote, centralised model) the benefits become much more marginal.

12. Based on preliminary calculations, standardising the ratio of HR staff servicing local MPS staff within OCUs would offer the potential to deliver costs savings of c. £162,000 per annum. These levels of savings have been based on the current average ratio of 1:96 (HR staff: local staff). Improvements would be achieved through reducing the duplication of administrative effort and the personnel staff required to complete administrative tasks. Given the specialist requirements of certain OCUs, as well as the small size of some OCUs (particularly in SC), targeting the mean would be a more reasonable challenge.

### **Overall Recommendation**

13. Whilst not recommending outsourcing for either OH or devolved HR administration, it should be recognised that the MPS is entering a period of rapid growth in staff numbers and inevitable organisation change. Over the next few months, MetHR systems will become operational. Increasing staff numbers over the next five years will also increase the pressures on the delivery of HR functions. Therefore, the opportunity to maximise the potential benefits of internal capabilities such as MetHR as well as external opportunities should continue to be analysed.

## Summary of Recommendations

As part of the process of assessing whether there was a viable business case for outsourcing in-scope HR and OH services, a high-level analysis of the strengths and weaknesses of the current internal provision of services was completed. Although not part of the original scope of this review, top-level analyses of potential efficiency and effectiveness improvements are outlined below.

### **1. Occupational Health**

#### *1.1 Communication Routes*

Effective communication between Medical Officers and local personnel staff is central to the efficient management and resolution of sickness cases, especially protracted cases. Many OH and Personnel Unit staff believe that this process is weak and relies heavily on the involvement of Occupational Health Advisors as “go-betweens ” in the process.

It is recommended that these processes are standardised, based on current good practice. In addition improvements in the quality of the case related information documented (based on simple templates) could lead to significant reductions in the amount of time spent chasing information. It would also increase the accuracy of information, and as a result reduce potential duplication of effort.

#### *1.2 Management of Recuperative Duties*

A number of OCUs have instigated initiatives to try and reduce the amount of time MPS staff spend on recuperative duties before they return to work on a full- time basis. The potential efficiency savings connected to this are two-fold; firstly the potential reduction in OH staff time spent dealing with the issue, and secondly the reduction in indirect cost associated with bringing MPS staff back to full- time employment more quickly.

### **2. Devolved HR Administration**

#### *2.1 Spread of Best Practice*

The Review found evidence of good communications between OCU Personnel Units. However, much of this communication is informal and based on personal relationships. Many of the process improvements and initiatives completed at a local level are not shared across the organisation. The effective dissemination and use of such good practice has the potential to increase standardisation across all HR services and improve the quality of HR administration practices.

It is recommended that an integrated knowledge management and communication programme (based on formal and informal networks of interest) would be a low cost but effective method of addressing this issue.

### *2.2 Line Management Training*

The majority of the MPS staff interviewed expressed concern at the lack of training provided to line management (specifically Sergeants and Inspectors) in the skills required to effectively manage the personnel related issues of staff under their supervision. This contributes to the ongoing tension between line managers and local Personnel Units regarding the exact division of management and HR administrative responsibilities.

It is recommended that some specific management training, combined with a clearer set of guidelines related to ownership and responsibilities, are developed and implemented. This could have a significant impact of the effectiveness of local personnel provision.

### *2.3 Process Standardisation*

The ratio of local personnel staff to OCU staff varies significantly across the MPS. Much of this variation is undoubtedly due to the historical implications of shifts in the allocation of personnel staff, particularly resulting from the move away from the area structure. However, it is anticipated that some differences are due to varying local processes and differences in HR structures, which may result in operational inefficiencies.

It is recommended that a corporate strategy, aimed at helping BOCUs with low Personnel staff to MPS staff ratios, move towards the MPS average of 1:96, could offer the potential to reduce overall personnel costs. This could be achieved through reducing the duplication of administrative effort and the total personnel staff required to complete administrative tasks.

## **3. Sickness Absence Management**

The effectiveness of Occupational Health services, and devolved HR administration is constrained by the complexities connected to effective sickness management across the MPS. The management of sickness at the Borough level, particularly difficult sickness cases, takes up significant amounts of Personnel Unit staff time.

To tackle the challenge of sickness absence management in a co-ordinated way that ensures all the issues and their related processes are managed corporately, it may be viable to assess the possibility of taking the administrative burden of sickness absence management away from OH and HR directly and managing this as a separate process, based on generic procedures and standard customer requirements.

This could either be completed either through an outsourcing agreement or delivered internally through the use of the MetHR system. The

automation and standardisation of these processes could offer efficiency benefits, and has the potential to free up staff to focus on value added opportunities.

## **Next steps**

1. The MPS should further investigate the potential for efficiency savings in its current HR and OH functions. The recommendations detailed in the report should be considered and action taken forward by the HR Directorate.
2. Efficiency recommendations should be aligned with current HR initiatives (e.g. MetHR). Implementing these recommendations at an early stage will maximise the effectiveness of developments over the longer term.
3. The wider business requirement of the MPS and MPA should be taken into consideration as the Efficiency and Effectiveness HR Review recommendations are taken forward. The alignment of these recommendations with the organisation may evolve as the MPS grows and its policy requirements change.
4. The MPS and MPA should keep abreast of the outsourcing market and be aware of developments that may make an outsourcing solution more feasible over the longer term, should offerings develop, or the MPS's requirements change.





**Efficiency and Effectiveness Review Programme**

**Tranche 2: Inspection**

MPA Finance Committee

14 January 2003



**Metropolitan Police Authority**

**Background**

1. Accenture was asked to undertake a review of inspection in the MPS as a part of the MPA’s Efficiency & Effectiveness Review Programme.
2. There has been a marked growth in inspection activity across the public sector in recent years. Inspection has been seen as an important vehicle for driving performance improvement and assuring quality standards. However, amidst this growth, the benefits of inspection are often taken for granted rather than demonstrated.
3. The MPS has not been exempt from this growth in inspection and review activity. This efficiency and effectiveness review of inspection was driven by Project Board concerns that:
  - a. the MPS is ‘over inspected’
  - b. the MPS is not obtaining sufficient value from its investment in internal inspection services
4. The MPS Inspectorate currently undertakes a range of inspection and compliance audit functions. Much value improvement work has already been conducted by the Inspectorate, and this is already generating results. However, questions remain as to the value of the current Local Inspection Programme (LIP) of OCUs, and this forms the main focus of this review.
5. The LIP was launched in October 2001 in support of HMIC *Going Local* inspection programme. Since then, the Inspectorate has made improvements to the LIP. However, they recognised the need for a more fundamental review and have engaged fully with Accenture.

**Methodology**

6. In order to determine the current effectiveness of the LIP and test proposals as to how it might be improved, interviews were conducted with almost 60 officers and civil staff across TP, SO, SC and Support OCUs. The interviews included face-to-face meetings with the Commissioner, the Deputy and other Management Board members.
7. The review evaluated the LIP against the Public Sector Productivity Panel’s four criteria for effective inspection. According to the PSPP, an inspection regime should be:

<p><b>1. FOCUSED</b></p> <p>Related to clear standards</p>	<p><b>2. PROPORTIONAL</b></p> <p>Related to costs and risks</p>	<p><b>3. EXPERT</b></p> <p>Skilled, informed, challenging</p>	<p><b>4. WELL-DIRECTED</b></p> <p>Useable by those effecting change</p>
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### Findings

8. The review concludes that a number of improvement opportunities exist in relation to each of the PSPP criteria, to make the LIP:
  - i. **More focussed** E.g. objectives often unclear to inspectors and inspected; inspection methodology too high level and generic;
  - ii. **More proportional** E.g. not risk-based; resources not targeted at areas of greatest need;
  - iii. **More expert** E.g. benefits of lead inspectors from outside business group often outweighed by lack of 'local knowledge'; Inspectorate support team sometimes lacking experience of operational issues in B/OCUs inspected;
  - iv. **Better-directed** E.g. reports and recommendations often lacking specificity, evidence, advice on solutions; accountability structures not in place to drive real improvement.
  
9. The report proposes that the approach to improving the value of internal inspection in the MPS should vary by business group. This conclusion is derived from an evaluation of inspection in each business group against three criteria: (i) level of existing inspection and review activity; (ii) risks posed to organisation; (iii) level of operational specialism in the business group.
  
10. The review therefore recommends three major proposals to improve the LIP:
  - i. End the LIP in BOCUs from December 2002, with HMIC completing the programme through its *Going Local* inspections<sup>1</sup>
  - ii. End the LIP in Support OCUs in December 2002
  - iii. Re-launch an improved OCU inspection programme in SO, SC and TP's Pan-London units from January 2003
  
11. Specific improvements should be made to the re-launched OCU inspection programme in SO, SC and TP's Pan-London units, including:
  - a. Improved Management Board sponsorship
  - b. Inspection objectives and timetables to be agreed by respective business group command teams
  - c. Greater business group representation among lead and deputy inspectors
  - d. Inspection teams to have more recent and relevant operational experience
  - e. Greater line management involvement throughout the process, including the appointment of implementation managers and improved buy-in to implementation plans
  - f. Greater flexibility in the inspection methodology
  - g. More action-focussed reports

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<sup>1</sup> The Inspectorate will still follow up BOCU inspections completed to date

12. It should be emphasised that senior MPS and MPA staff will continue to oversee all business groups through, for example, a consolidated thematic inspection capability and integrity and compliance work, in addition to the work of HMIC and Internal Audit. Business group-level performance review activity will also play a central role in driving improvement.
13. Implementation of these proposals will help create a more focussed, effective Inspectorate, and will also free up a considerable number of posts. There are currently 35 posts within the TP and Support inspection units, with associated staff costs of c.£1.4m p.a.. Some of these posts will transfer to the new OCU inspection programme with the TP Pan-London units. However, this nevertheless leaves substantial resourcing opportunities and we would recommend that some of the posts freed up are used to strengthen the thematic inspection and crime integrity capabilities of the Inspectorate.
14. Even if the MPS thematic and crime integrity inspection capabilities are boosted, current estimates from the MPS Inspectorate are that at least **15-20 posts** would be released (with staff costs of £340,000 to £800,000, depending on the posts identified). These resources could be taken as a cost saving or redeployed to operational policing.

**Next steps**

15. The Project Board has given its backing to the report's recommendations, as have the Commissioner, Management Board and MPS Inspectorate, and implementation is already underway.

## Summary of Recommendations

The principal proposals are as follows:

1. To end the Local Inspection Programme in BOCUs from December 2002 (with HMIC completing the programme through its *Going Local* inspections)
2. To end the Local Inspection programme in Support OCUs in December 2002
3. To re-launch an improved OCU inspection programme in SO, SC and TP's Pan-London units from January 2003

Specific improvements to be incorporated into the re-launched OCU inspection programme should include:

- i. Improved Management Board sponsorship
- ii. Inspection objectives and timetables to be agreed by respective business group command teams
- iii. Greater business group representation among lead and deputy inspectors
- iv. More recent and relevant operational experience on the inspection teams
- v. Greater involvement of an OCU Commander's line manager throughout the process, including the appointment of implementation managers and agreed implementation plans
- vi. More flexible inspection methodology
- vii. More action-focussed reports

**Appendix 3 - MPS RESPONSE TO HR REVIEW**

<b>Recommendation</b>	<b>Suggested MPS lead</b>	<b>Financial/ improvement opportunity</b>	<b>Potential costs (staff days)#</b>	<b>MPS Response *1</b>
<p><b>1. Occupational Health</b>  <b>1.1 Communication Routes</b></p> <p>(Effective communication between Medical Officers and local personnel staff is central to the efficient management and resolution of sickness cases, especially protracted cases.)</p> <p>It is recommended that these processes be standardised, based on current good practice.</p> <p>It is recommended that simple templates be used to make improvements to the quality of documented case related information.</p>		<p>Significant reduction in staff time chasing information.                      Increased accuracy of data.</p>		<p>This recommendation is premised largely on the activities of one of the three OH clinics, where extension of their good practices is being promulgated. In addition, we accept the recommendation concerning templates – the first, medical referral form has been implemented – though the benefits of this are more about effectiveness rather than efficiency. Any staff time benefits are more likely to be in individual personnel commands, rather than OH.</p> <p>Anticipated completion date - end February 2003.</p>

<p><b>1.2 Management of Recuperative Duties</b></p> <p>(A number of OCUs have instigated initiatives to try and reduce the amount of time MPS staff spend on recuperative duties before they return to work on a full- time basis.)</p> <p>It is recommended that best practice be identified and adopted.</p>		<p>Potential reduction in OH staff time spent dealing with the issue.</p> <p>Reduction in indirect cost associated with bringing MPS staff back to full- time employment more quickly.</p>		<p>Work to re-define recuperative and restricted duties is in hand. In this respect, the Accenture report does not take the matter forward. Obviously, the long-term aim is to reduce the number of recuperative and restricted duties, though the impact of this will certainly increase the number of medical retirements. No short or medium term staff efficiency gains are anticipated though there is a strong organisational desire to streamline this whole area of work.</p> <p>Anticipated completion date - March 2003.</p>
<p><b>2. Devolved HR Administration</b></p> <p><b>2.1 Spread of Best Practice</b></p> <p>(The Review found evidence of good communications between OCU Personnel Units. However, much of this communication is informal and based on personal relationships. Many of the process improvements and</p>				

<p>initiatives completed at a local level are not shared across the organisation.)</p> <p>It is recommended that such good practice be identified, and disseminated across the MPS.</p> <p>It is recommended that an integrated knowledge management and communication programme (based on formal and informal networks of interest) would be a low cost but effective method of addressing this issue.</p>		<p>Use of such good practice has the potential to increase standardisation across all HR services and improve the quality of HR administration practices.)</p>		<p>There exists a strong network of personnel managers across the MPS who come together once a month to share new developments / information. The current communication arrangements work well and have recently been reviewed. In addition, HR has recently introduced a new Compstat process, part of the aim of which is to share good practice.</p> <p>The current communications process is being extended in order to provide a stronger emphasis on good practice and process improvement.</p>
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<p><b>2.2 Line Management Training</b></p> <p>(The majority of the MPS staff interviewed expressed concern at the lack of training provided to line management (specifically Sergeants and Inspectors) in the skills required to effectively manage the personnel related issues of staff under their supervision. This contributes to the ongoing tension between line managers and local Personnel Units regarding the exact division of management and HR administrative responsibilities.)</p> <p>It is recommended that some specific management training, combined with a clearer set of guidelines related to ownership and responsibilities, are developed and implemented.</p>		<p>This could have a significant impact of the effectiveness of local personnel provision.</p>		<p>Agreed – incorporated into new management programme. Consideration being given to means by which existing management knowledge / skills can be updated.</p>
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<p><b>2.2 Process Standardisation</b>  (The ratio of local personnel staff to OCU staff varies significantly across the MPS. Much of this variation is undoubtedly due to the historical implications of shifts in the allocation of personnel staff, particularly resulting from the move away from the area structure. However, it is anticipated that some differences are due to varying local processes and differences in HR structures, which may result in operational inefficiencies.)</p> <p>It is recommended that a corporate strategy, aimed at helping BOCUs with low Personnel staff to MPS staff ratios, move towards the MPS average of 1:96.</p>		<p>This could offer the potential to reduce overall personnel costs through reducing duplication of administrative effort and the total personnel staff required to complete administrative tasks.</p>		<p>In addition, new management guidance is being prepared as part of our policy review (which commenced in September 2002) and which is due for completion in September 2003.</p> <p>This will be explored further as part of the next stage of the HR review.</p>
<p><b>3. Sickness Absence Management</b>  (The effectiveness of Occupational Health services, and devolved HR administration is constrained by the complexities connected to effective sickness management across the MPS. The management of sickness</p>				

<p>at the Borough level, particularly difficult sickness cases, takes up significant amounts of Personnel Unit staff time.)</p> <p>To tackle the challenge of sickness absence management in a co-ordinated way that ensures all the issues and their related processes are managed corporately, it may be viable to assess the possibility of taking the administrative burden of sickness absence management away from OH and HR directly and managing this as a separate process, based on generic procedures and standard customer requirements;</p> <p>This could be completed either through an outsourcing agreement or delivered internally through the use of the MetHR system.</p>		<p>The automation and standardisation of these processes could offer efficiency benefits, and has the potential to free up staff to focus on value added opportunities.</p>		<p>This will be explored further. Arrangements to view outsourced sickness management arrangements elsewhere are in hand. Will be reported on further by end February 2003.</p>
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### Long Term Recommendations

1	The MPS should further investigate the potential for efficiency savings in its current HR and OH functions. The recommendations detailed in the report should be considered and action taken forward by the HR Directorate.				To be explored further – as previously reported to this Project Board – as part of the HR review. Completion – end March 2003.
2	Efficiency recommendations should be aligned with current HR initiatives (e.g. MetHR). Implementing these recommendations at an early stage will maximise the effectiveness of developments over the longer term				Already part of the MetHR business case.
3	The wider business requirement of the MPS and MPA should be taken into consideration as the Efficiency and Effectiveness HR Review recommendations are taken forward. The alignment of these recommendations with the organisation may evolve as the MPS grows and its policy requirements change.				

4	The MPS and MPA should keep abreast of the outsourcing market and be aware of developments that may make an outsourcing solution more feasible over the longer term, should offerings develop, or the MPS's requirements change.				Agreed. Have timetabled more formal review for end 2003.
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#### Appendix 4 - MPS RESPONSE TO INSPECTION REVIEW

No	Recommendation	Suggested MPS lead	Financial improvement opportunity	Potential costs (staff days)	MPS Response
1	To end the Local Inspection Programme in BOCUs from December 2002 (with HMIC completing the programme through its <i>Going Local</i> inspections)	MPS Inspectorate Ch. Supt. Julian Bennett	(ready reckoner) cost saving of £556,387 18 posts (7 police & 11 civil staff) to transfer to TP Operational Policing	N/A	<b>Recommendation agreed and implemented.</b> This acknowledges the work already completed (19 BOCUs inspected in 2002), the role of HMIC in undertaking BCU inspections, the impact of over-inspection on BOCUs, the role of TP management in driving performance, the more appropriate tasking of thematic inspection to tackle risk, and allows for an enhanced, independent compliance and integrity role for the MPS Inspectorate.
2	To end the Local Inspection programme in Support OCUs in December 2002	MPS Inspectorate Ch. Supt. Julian Bennett	As above	N/A	<b>Recommendation agreed and implemented.</b> The application of the LIP model to Support OCUs was more difficult, with few benchmarking opportunities available. The specialist nature of work has been challenging for the inspectors; Resources and HR directorates have developed internal performance review mechanisms; and Internal Audit conduct independent

					review. 6 Support OCUs were completed in 2002.
3	To re-launch an improved OCU inspection programme in SO, SC and TP Pan-London units from January 2003	MPS Inspectorate Ch. Insp. Clive Noblett.	N/A	7 Days	<b>Recommendation agreed.</b> The nature of business undertaken by these OCUs is inherently riskier to MPS objectives and reputation. The HMIC Going Local programme does not cover any of these units. Work has started to consult TP, SO & SC command teams and to rewrite the inspection guidance booklet. Notice to be published in Jan 2003.
4	Specific improvements to be incorporated into the re-launched OCU inspection programme should include:  i) Improved Management Board sponsorship  ii) Inspection objectives and timetables to be agreed by respective business group command teams	i) DAC House  ii) C/I Noblett	N/A		<b>Recommendation agreed.</b>  i) <b>Complete.</b> Management Board have agreed the changes to the Local Inspection programme.  ii) <b>Ongoing.</b> Timetable to be agreed by Jan 03.

	<p>iii) Greater business group representation among lead and deputy inspectors</p> <p>iv) More recent and relevant operational experience on the inspection teams</p> <p>v) Greater involvement of an OCU Commander's line manager throughout the process, including the appointment of implementation managers and agreed implementation plans</p> <p>vi) More flexible inspection methodology</p> <p>viii. More action-focussed reports</p>	<p>iii) C/I Noblett</p> <p>iv) Ch. Supt. Bennett</p> <p>v) C/I Noblett</p> <p>vi) C/I Noblett</p> <p>vii) C/I Noblett</p>		<p>iii) <b>Ongoing.</b> Lead Inspectors to be agreed by Jan 03.</p> <p>iv) <b>Complete.</b> Comprehensive Staff review undertaken during Dec. 03. Policy revised. 3 year maximum for officers and 5 year maximum for civil staff is being enforced. High potential officers and detectives to be seconded.</p> <p>v) Agreed. To be incorporated in all inspections from Jan 03.</p> <p>v) <b>Ongoing.</b> Flexibility to be included in new OCU inspection handbook.</p> <p>vii) Agreed. From Jan 03, OCU inspection reports will contain fewer and more focused recommendations (6-10) identifying key issues.</p>
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