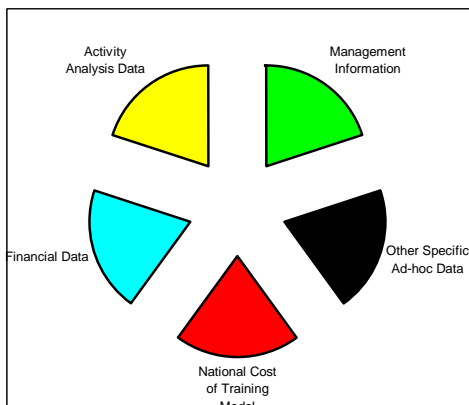


Overview of Activity Based Costing (ABC)

ABC is a costing methodology that all forces follow. It seeks to allocate all the costs of a force to the normal operational police activities as defined by the Home Office and deal with major incident and special events costs separately. The following chart demonstrates the key elements of ABC:



Data Set	From Who/Where	Elements Included
Activity Analysis Data	Results of two week activity survey undertaken by Boroughs and Central Operational Units	15 minute slots of activity by: activity code/rank/location /date/shift start time
Management Information	Information provided by all non-activity surveyed departments on what they do and who they do it for. Cost centres are split in accordance with the Manual of Guidance	Operational Cost centres - cost driver information to allocate costs per cost centre to each Borough and details of the activities that each rank within the department undertake Business Support Cost centres - cost driver information to allocate costs across the MPS by cost centre
Other Specific Ad-hoc Data	Information sourced by the ABC Team to fulfil specific requirements of the National Manual of Guidance	Examples: Employers liability insurance calculation from the Actuary Calculation of full costs of major incidents and special events including staff and additional costs (not just overtime) Sickness and abstraction data by rank National Police Services/National and regional levies Premises and capital charges calculations Services charges to departments by trading account such as Catering
National Cost of Training Model	Hendon produce the NCTM in accordance with HO guidelines, using both finance data and information from MetHR.	Details of all courses run by Hendon, including: cost per course/number of students/duration /frequency/student department or Borough
Financial Data	Finance department produce both actual cost and budgeted cost data, depending on which version of the ABC model is to be produced.	Costs by cost centre and subjective code
Note: This is not a complete list of all elements of ABC, but it is the main elements		