



THE POLICE SERVICE NATIONAL ABC MODEL

MANUAL OF GUIDANCE

VERSION 2.3

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Table of contents

<u>1</u>	<u>EXECUTIVE SUMMARY</u>	<u>4</u>
<u>2</u>	<u>ACKNOWLEDGEMENTS</u>	<u>5</u>
<u>3</u>	<u>BACKGROUND</u>	<u>6</u>
<u>4</u>	<u>PURPOSE AND USE OF DOCUMENT</u>	<u>7</u>
<u>5</u>	<u>DATA COLLECTION</u>	<u>8</u>
<u>5.1</u>	<u>Key Principles</u>	<u>8</u>
<u>5.2</u>	<u>Methods for collecting data for operational staff</u>	<u>9</u>
<u>5.3</u>	<u>Codes to be used for the collection of data</u>	<u>11</u>
<u>5.4</u>	<u>Conducting an Activity Sampling Survey</u>	<u>14</u>
<u>5.5</u>	<u>Operational Managers</u>	<u>19</u>
<u>5.6</u>	<u>Non-operational staff</u>	<u>19</u>
<u>5.7</u>	<u>Financial data</u>	<u>20</u>
<u>6</u>	<u>COSTING</u>	<u>21</u>
<u>6.1</u>	<u>Introduction</u>	<u>21</u>
<u>6.2</u>	<u>Cost Centres and the Ledger Structure</u>	<u>22</u>
<u>6.3</u>	<u>Categories of cost used in the ABC model</u>	<u>22</u>
<u>6.4</u>	<u>Corporate & Democratic Core and Non Distributed Costs</u>	<u>23</u>
<u>6.5</u>	<u>Split of Total Policing Costs</u>	<u>23</u>
<u>6.6</u>	<u>Central and local support costs</u>	<u>25</u>
<u>6.7</u>	<u>Treatment of the Costs of Operational Staff</u>	<u>25</u>
<u>6.8</u>	<u>Abstractions from Normal Duty</u>	<u>26</u>
<u>6.9</u>	<u>Treatment of Training Costs</u>	<u>27</u>
<u>6.10</u>	<u>Treatment of Non-Staff Costs and Contract Services (Including the Provision of Staff and PFI Contracts)</u>	<u>29</u>
<u>6.11</u>	<u>Income</u>	<u>30</u>
<u>6.12</u>	<u>Treatment of Events and Major Incidents</u>	<u>31</u>
<u>6.13</u>	<u>The Treatment of National and International Policing Activities - Officers and Units</u>	<u>35</u>
<u>6.14</u>	<u>Mutual aid</u>	<u>37</u>
<u>6.15</u>	<u>Seconded Officers</u>	<u>37</u>
<u>6.16</u>	<u>Budgets and Actual Expenditure</u>	<u>37</u>
<u>6.17</u>	<u>Standard Reports (see also sections 7 and 24)</u>	<u>38</u>
<u>7</u>	<u>REPORTING</u>	<u>39</u>
<u>7.1</u>	<u>Home Office</u>	<u>39</u>
<u>7.2</u>	<u>Internal</u>	<u>39</u>
<u>8</u>	<u>AUDIT ARRANGEMENTS</u>	<u>40</u>
<u>8.1</u>	<u>Review of the first year of ABC implementation</u>	<u>40</u>

8.2	<u>Further audits of ABC</u>	41
9	<u>THE NATIONAL COSTING MODEL FOR POLICE TRAINING</u>	42
9.1	<u>Introduction</u>	43
9.2	<u>National Costing Model for Police Training</u>	44
9.3	<u>Key Principles</u>	45
9.4	<u>Structure of the Model</u>	46
9.5	<u>Outputs from the Training Model</u>	49
9.6	<u>Calculation of Direct Course Costs</u>	50
9.7	<u>Calculation of Training Support Overheads</u>	52
9.8	<u>Calculation of Training Sustaining Overheads</u>	53
9.9	<u>Income</u>	54
9.10	<u>Relationship between the Training Model and the ABC Model</u>	54
9.11	<u>Standard Reports</u>	54
9.12	<u>Data Requirements of the Training Model</u>	55
10	<u>ACTIVITY DATA ARCHITECTURE</u>	57
11	<u>EXPECTED ACCURACY OF ACTIVITY SAMPLING</u>	59
12	<u>COMPLETE LIST OF INCIDENT, ACTIVITY AND ROLE CODES</u>	61
12.1	<u>Direct Cost Crime Incidents</u>	61
12.2	<u>Direct Cost Non-Crime Incidents</u>	63
12.3	<u>Direct Cost Incident Linked Activities</u>	64
12.4	<u>Direct Cost Non-Incident Linked Activities</u>	66
12.5	<u>Direct Cost Supervisory and Other Functions</u>	68
12.6	<u>Direct Cost Roles</u>	69
13	<u>DIAGRAMS OF MODEL</u>	71
14	<u>DEFINITION OF OPERATIONAL SUPPORT COSTS</u>	76
15	<u>SUPPORT COSTS CATEGORISATION</u>	77
16	<u>TABLE OF COST DRIVERS FOR DIRECT COSTS</u>	82
17	<u>TABLE OF COST DRIVERS FOR ALLOCATION OF CENTRAL SUPPORT COSTS</u>	90
18	<u>DEFINITION OF CORPORATE & DEMOCRATIC CORE AND NON DISTRIBUTED COSTS</u>	94
18.1	<u>Corporate and Democratic Core</u>	94
18.2	<u>Non Distributed Costs</u>	95
19	<u>CALCULATION OF STAFF COSTS</u>	96
19.1	<u>Police Officers - Total Staff Costs</u>	96
19.2	<u>Police Staff, Traffic Wardens, Community Wardens, etc. – Total Staff Cost</u>	96
19.3	<u>Staff Average Cost per Working Day/Cost per Hour</u>	97
19.4	<u>Alternative calculation method for cost per hour</u>	97
19.5	<u>Average hourly cost of overtime</u>	98

<u>20</u>	<u>TREATMENT OF PENSION COSTS</u>	<u>99</u>
<u>21</u>	<u>STEP-BY-STEP GUIDE TO THE ABC COSTING PROCESS</u>	<u>100</u>
<u>21.1</u>	<u>Pre-costing Requirements</u>	<u>100</u>
<u>21.2</u>	<u>BCU Staff Costing</u>	<u>100</u>
<u>21.3</u>	<u>Central Operational Unit Staff Costing</u>	<u>101</u>
<u>21.4</u>	<u>Treatment of Special Constables</u>	<u>102</u>
<u>21.5</u>	<u>Operational Support Costs Collected at Cost Centre Level</u>	<u>102</u>
<u>21.6</u>	<u>Operational Support Costs charged direct to Activity/incident/role codes</u>	<u>104</u>
<u>21.7</u>	<u>Business Support Costs</u>	<u>104</u>
<u>21.8</u>	<u>Sustaining Overheads</u>	<u>105</u>
<u>21.9</u>	<u>National Activities</u>	<u>105</u>
<u>21.10</u>	<u>CDC and Non Distributed Costs</u>	<u>105</u>
<u>22</u>	<u>DOMAIN MAPPING</u>	<u>106</u>
<u>23</u>	<u>MAPPING NSIR CODES TO ABC CODES</u>	<u>108</u>
<u>24</u>	<u>SUMMARY OF MODEL</u>	<u>111</u>
<u>25</u>	<u>REPORTING TEMPLATES</u>	<u>112</u>
<u>25.1</u>	<u>Notes on Templates</u>	<u>112</u>
<u>25.2</u>	<u>Template 1: Summary and reconciliation with statutory accounts</u>	<u>112</u>
<u>25.3</u>	<u>Template 2: BCU Summary by Domain and Cost Type (including Sustaining Overheads)</u>	<u>113</u>
<u>25.4</u>	<u>Template 3: BCU listing by activity code within domains and by cost type (excluding Sustaining Overheads)</u>	<u>114</u>
<u>25.5</u>	<u>Template 4: BCU listing of events and major incidents by activity code and cost type</u>	<u>115</u>
<u>26</u>	<u>VALIDATION OF OUTPUT</u>	<u>117</u>
<u>26.1</u>	<u>Automated Validation Routines</u>	<u>117</u>
<u>26.2</u>	<u>Manual Validation</u>	<u>117</u>
<u>27</u>	<u>BENEFITS OF ABC</u>	<u>119</u>
<u>27.1</u>	<u>Police Forces</u>	<u>119</u>
<u>27.2</u>	<u>Police Authorities</u>	<u>121</u>
<u>27.3</u>	<u>Police Community Overall</u>	<u>122</u>
<u>27.4</u>	<u>Central Government</u>	<u>122</u>
<u>28</u>	<u>ACTION PLAN FOR PRODUCTION OF ABC</u>	<u>123</u>
<u>29</u>	<u>GLOSSARY OF TERMS</u>	<u>131</u>

1 EXECUTIVE SUMMARY

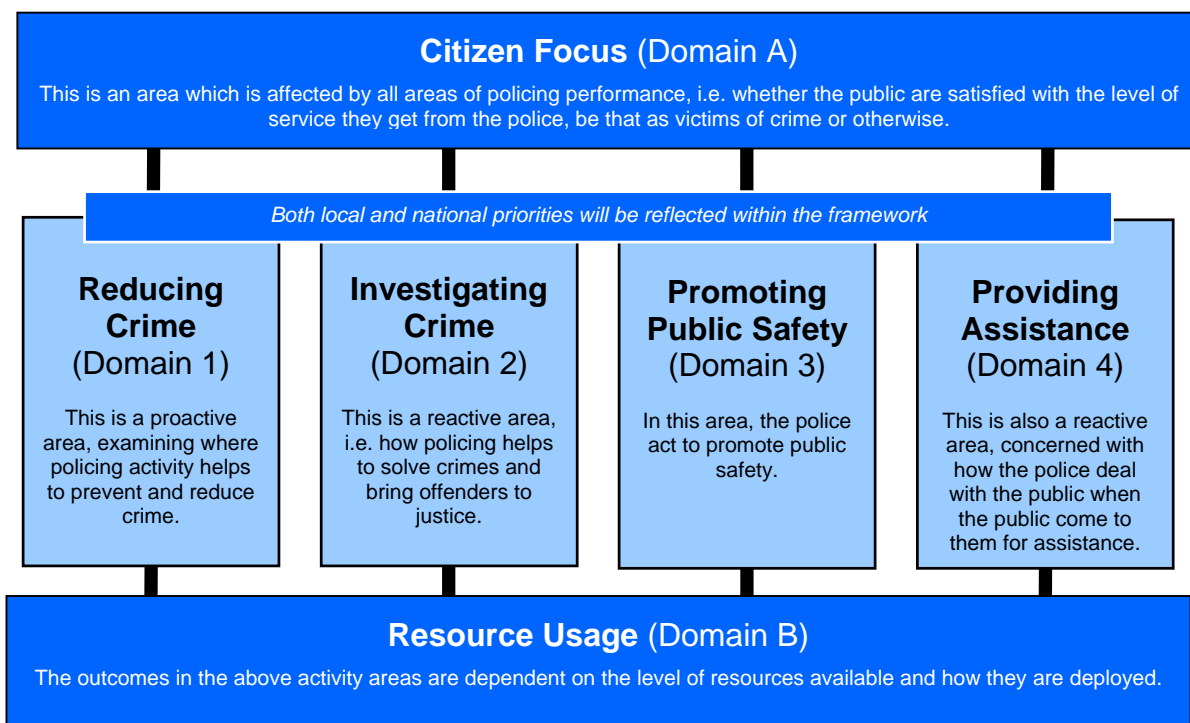
Activity-Based Costing (ABC) is a widely used costing system that seeks to place an accurate cost on what an organisation produces. In the police service, it has been developed as a method of calculating the costs of *policing activities*.

ABC is useful for the following reasons (for more detail on the benefits of ABC see Section 27):

- ABC enables BCU Commanders to make better use of their resources.
- ABC enables Police Authorities and forces to identify where resources are currently being used and therefore allow them to identify and monitor efficiency improvements.
- ABC assists Police Authorities to fulfil their statutory responsibilities for performance management.
- ABC can empower police forces in justifying increased resource deployment by presenting their current resource usage accurately and transparently.
- ABC can also assist in increasing accountability and identifying gaps between resource usage and priorities; and in a wider context can aid in the assessment of comparative performance between forces.

From 2003-04 the production of ABC became mandatory. ABC is a requirement of the National Policing Plan. Forces should submit data to the Home Office once a year, producing ABC in accordance with this Manual of Guidance. These returns must be signed off by the Director of Finance. ABC is a key component of the Policing Performance Assessment Framework (PPAF), enabling accurate inter-force comparison. ABC is therefore a key part of the process of enabling good practice to be identified and of giving weaker forces central assistance.

The diagram below illustrates the PPAF Domain structure –Domains 1-4 are those for which ABC seeks to provide quantifiable data about the costs of policing an area. The Police ABC model costs activities and allocates them to these four domains.



PPAF Domain structure

2 ACKNOWLEDGEMENTS

This manual was originally composed by the ACPO (Association of Chief Police Officers) ABC Group (acting on behalf of the ACPO Finance Business Area) assisted by Accenture (consultants employed by the Home Office).

The model described herein was developed from the original ACPO Police ABC Model and is based on widespread consultation with Police Forces, Police Authorities and the Home Office, together with feedback from the National ABC Conferences in November 2002 and February 2003. Many of the amendments to the ACPO model were made as a result of discussions with the Chartered Institute of Public Finance and Accountancy (CIPFA) in order to ensure the model's compliance with the requirements of UK GAAP (United Kingdom Generally Accepted Accounting Principles).

The ABC Technical Group, which works to the National ABC Board, now has responsibility for maintaining the ABC Model and the Manual of Guidance. Changes to the manual issued so far are as follows:

- Amended Manual, version 2.1, issued April 2005:
 - The amendment incorporated matters of clarification already issued; improvements suggested by users; items resulting from feedback received from forces in connection with the production of the first year's submissions; statutory accounting changes introduced by CIPFA since the publication of the original manual; and a contribution from the Audit Commission.
- Updated version 2.2 issued May 2006:
 - Many of the items included in the update have already been circulated. It includes clarification on issues raised by user groups; the data on audit samples already circulated; the guidance on the training model devised by the NTCMIT and issued by the Home Office; and information concerning the change to template 4 and the additional validation built into the templates for 2005/6 returns.
 - The update applies to the 2005/6 model except where new information is required which is not readily available.
- Updated version 2.3 issued June 2007:
 - Changes in BVACOP, revised treatment of cost of training and pension costs previously notified to all practitioners through the ABC newsletter (ABC Technical Update April 2007) for application to the 2006/7 model

3 BACKGROUND

Activity-Based Costing (ABC) is a widely used costing system that seeks to place an accurate cost on what an organisation produces. As far as possible, actual costs are used. Where resource usage is more complex, costs are allocated in a way that reflects how the costs have been incurred. The aim is to provide a fair reflection of how costs have been incurred, irrespective of organisational structure.

Within manufacturing, where ABC was developed, this involves costing tangible products: time and materials can be clearly traced. Policing is a more complex environment, as both inputs, such as time, and outcomes, such as crime reduction or detection rate, could be seen as “products”. Since in policing relationships between inputs and outcomes are often less defined than in other sectors (police may be contributing to more than one outcome at a time), the approach taken is to cost the tasks and activities of police officers and police staff. The Model is therefore focused on the Basic Command Unit (BCU) and encompasses the total cost of policing a given geographical area.

ABC may be seen as a means by which essential cost and activity information is provided to those managers who are charged with the responsibility of providing continuously improving policing services. This will enable comparisons to be made over time, across police forces, and between Basic Command Units - including those within families of similar BCUs. It will provide managers with a suite of relevant information on issues concerning Best Value processes. In short, therefore, ABC provides managers with valuable management information.

The principles underlying the National ABC Model have been developed, and widely accepted, over a number of years:

- Activity Analysis has existed within some police forces for at least a decade
- The HMIC report ‘What Price Policing?’ and the Comprehensive Spending Review of 1998 led to the current drive to implement ABC more widely
- The police response to this drive came in the report ‘A Step in the Right Direction’, published in 1999, which referred to the ‘Humberside Model’ developed by representatives of a number of police forces
- The ABC Model has evolved in recent years, with the first version of the Model, developed on behalf of ACPO by the ACPO ABC Group, approved by the Chief Constable’s Council in January 2001 and published in July 2001.

In September 2002 the Home Office contracted Accenture to carry out a review of the Model. This piece of work formed part of the on-going work of the Policing Performance Assessment Framework (PPAF) project, jointly owned by the Home Office, the Association of Chief Police Officers (ACPO) and the Association of Police Authorities (APA). The review of the model was carried out in conjunction with the ACPO ABC Group.

Following communication with practitioners from a number of police forces, and incorporating changes planned by the ACPO ABC Group, the new Model was released. The most significant developments included changes to satisfy CIPFA requirements by calculating abstractions and support costs at a Cost Centre level, the addition and amendment of activity codes and the division of incidents and activities into four Domains, instead of six core areas. Separate processes were introduced to capture the costs of events and major incidents.

4 PURPOSE AND USE OF DOCUMENT

The purpose of this document is to provide comprehensive guidance on the requirements and recommendations of the revised Policing ABC Model and to facilitate the production of useful ABC data in each force.

The manual covers all technical details of the Model, including the standard categories into which time and cost should be divided, the data that needs to be gathered, the methods for collecting data, including activity sampling, and the requirements for allocating costs. This manual is relevant to both activity analysts and finance personnel responsible for costing, and can be read in parts or as a whole.

Sections 28 and 21 contain an Action Plan and a Step-by-Step Guide to the ABC Costing Process: these outline the basic steps that need to be taken in order for a force to produce ABC data. Between them they take practitioners from the first stage of determining what data needs to be captured for each activity analysis campaign to the final stage – that of reporting on costed data.

Practitioners are reminded that CENTREX provides an e-learning facility for Police ABC (through NCALT) and run a development programme.

Updates to the manual and other information will be published on the police ABC website www.police.homeoffice.gov.uk/finance-and-business-planning and the CJX website <http://www.cjxonline.pnn.police.uk/>

Where forces require information or guidance not contained within this manual, they should contact either Alister Williams – telephone 0207 035 3096 or Helen Smith - telephone 01234 842243.

5 DATA COLLECTION

5.1 Key Principles

- The Model defines the minimum requirements for code definition, data capture and the costing methodology - deviations from the methods supplied within should only be made in order to produce results with greater accuracy
- There is a common set of codes into which direct costs should be divided (see Section 12)
- The sub-division of standard codes is encouraged, but any data collected under new codes must be capable of being re-aggregated to enable consistent comparisons
- Activity Sampling is only necessary where other Management Information for accurately allocating costs across codes is not available
- Where Activity Sampling is required, staff should record what they believe they are doing at the time, regardless of what the final outcome may be
- Activity Sampling records *what* staff are doing, not *how* they are doing it

There are three different types of data required for producing the ABC Model:

- Activity data (including management information on activities) such as the results of activity analysis surveys and summaries of continuous time records of activity.
- Financial data - generally transferred from the general ledger or obtained from other finance systems such as payroll.
- Physical data (Statistical data and other management information required to create cost drivers and manipulate costs) such as floor areas occupied by HQ units, numbers of prosecution files by type and BCU, hours spent in custody by reason and arresting BCU, number of days sickness by rank/grade and unit, number of days training by rank/grade and unit.

In order to cost policing activities effectively, it is important to be accurate about where resources are spent. To this end, operational staff time from BCUs and central operational units should be divisible between the standard activity codes discussed in section 5.3 and listed in Section 12. ABC includes the total cost of policing in a force, and the treatment of non-operational staff is covered in section 5.6. It is also able to identify those costs that are incurred in the course of running the organisation that do not directly contribute to local policing efforts.

The remainder of this chapter is divided into the following sections, which outline the data required to produce ABC:

5.2 Methods for collecting data for operational staff

5.3 Codes to be used for the collection of data

5.4 Conducting an Activity Sampling Survey

5.5 Operational Managers

5.6 Non-operational staff

5.7 Financial data

5.2 Methods for collecting data for operational staff

There are three primary ways of collecting activity data – through Activity Sampling, through less detailed time recording over a longer period of time, or through Management Information. The most suitable means of data collection will depend on the role the individual performs, the technical capabilities of the force and the level of Management Information available.

5.2.1 Level of detail required

The data collection method selected must be capable of providing accurate information as to how staff resources are split between each of the listed incidents and activities (see Section 12). The level of detail required is greatest for BCU operational staff that carry out a broad range of activities: *if Activity Sampling is used, incidents and activities of all staff should be captured at a minimum of 15 minute intervals for a minimum of two weeks a year.*

All BCUs within a force should be included within the sampling exercise. Every member of staff subject to Activity Sampling should be accounted for through a monitoring sheet used during the Activity Sample. Each member of staff should either submit an activity card or be included on the Monitoring Sheet as abstracted (on Annual Leave, off sick, rest day, training, or totally committed to an event or major incident).

It should be noted that data in respect of sickness, training, annual leave etc., must be collected from other sources. The information gathered during Activity Sampling is required to ensure that all staff are included within the Activity Sample. **Full-year** ‘actual’ data on sickness, annual leave and other abstractions is required for costing the ABC Model.

Operational staff whose role is limited to one incident or activity (i.e. staff from specialist units), or whose annual work patterns would not be reflected in a two-week survey need not complete Activity Sampling. These staff will need to account for how their time has been spent, but on a less granular basis. Those staff providing less detailed time recording throughout the year, whose time needs to be split between different incidents, should record their activities at an appropriate level for their caseload and role. Central operational units will also need to collect data to identify the BCU in which the incident or activity took place.

5.2.2 Selecting the appropriate data collection method

For costing purposes, Activity Sampling is only necessary where other Management Information is not available. Whilst not being overly burdensome, campaigns do take time to organise and complete and other less labour-intensive methods are encouraged wherever possible. Although it is believed that at the present time alternative data collection technologies in the policing market do not provide the necessary level of detail to comply with the Model, it is hoped that future technological developments will make less labour-intensive methods of data collection possible. Further advice will be issued on this area when developments occur.

Forces will need to ensure that any alternative method of data collection provides enough detailed information to facilitate fair comparability, in accordance with the level of detail given above. If the requisite detail of incidents, activities and support costs cannot be captured then Activity Sampling will be required.

Section 10 includes a decision flowchart, useful for determining whether Activity Sampling is necessary or not. It is expected that for most – if not all – forces Activity Sampling will be the only

way of collecting data on both operational staff in BCUs and those from multifunctional central operational units with a high volume caseload. As well as providing accurate data for allocating resources to activities, Activity Sampling can be a key tool for BCU management wishing to know where staff time is being spent in order to inform strategic resourcing decisions.

Section 16 includes guidance on the cost drivers for allocating Direct Costs, indicating where Activity Sampling is not required.

5.2.3 *Specialist Units (See also section 16)*

In the case of Specialist Units, for whom a two-week campaign would not be representative of their annual resource allocation, it is recognised that Activity Sampling is neither necessary nor fully representative of annual activity from the costing perspective, although it may be desirable for a unit to carry out a detailed survey for management purposes.

As each police force is organised differently, and many forces have specialised units based at headquarters, forces will have to use professional judgement as to how best to capture data that enables staff time/costs to be allocated to incidents/activities and the BCU where it took place. Data on the level of activities is not, however, an absolute requirement for such units. The following should give an idea as to how data might be captured:

- Where a unit deals with a **high volume of cases of different incident types**, data should be collected that can allocate small intervals of time to incidents and across BCUs. It is anticipated that for most forces, Activity Sampling will be the preferred method of collecting data that provides sufficient detail

Example1:

A Dog Section deals with a high volume of cases of different incident types in a number of different BCUs, and would therefore need detailed data allocating time to incidents and BCUs. Activity Sampling would be required in order to capture small intervals of time. Identification of BCU by use of a special code or data from another source is also required

- Where a unit deals with a **low volume of cases of either single or different incident types**, allocating costs by the number of cases will not be appropriate. Some cases will be significantly longer than others, while different incident types require different levels of resource. In these circumstances, a simple method of time recording (e.g. daily record of the case to which an individual is assigned) will be required across the full year. This record should record the BCU within which the case originated and the incident type.

Example2:

A Fraud Squad with direct staff costs of £110k, that supports 4 BCUs, with time spent on cases split 20% BCU A, 30% BCU B, 24% BCU C, and 26% BCU D, and abstractions costed at £10k, would have £100K of direct costs logged under the incident type of CH, with £20k against BCU A, £30k against BCU B, £24k against BCU C, and £26k against BCU D.

5.2.4 *Special Constables / Community Support Officers*

Forces should include Special Constables and Community Support Officers in their collection of activity data.

Although the contribution of the Special Constables may be unpaid, it nevertheless contributes to the output of policing an area and their time should be split across the relevant activities and incidents. The expenses and any payments paid to special constables should be treated as staff costs for the purpose of costing their activities. Special Constables are a valuable resource, and it would be beneficial to the force to ensure that their time is being used in the most effective way possible. It must however be recognised that the nature of the status of Special Constables, and the varying work patterns they will have, will almost certainly mean that the size of sample achievable will be significantly lower than for paid staff.

Community Support Officers employed by a force must be activity sampled and will be costed as a staff group within each BCU.

5.2.5 *Major incidents and special events*

For the purposes of ABC, staff are not required to complete detailed activity sampling whilst undertaking a major incident or special event. It is important to capture details of staff time and corresponding costs for situations that use a large proportion of force resources, firstly, so that force management is aware of how much a large incident or event is consuming resources, and also so that material costs, which would otherwise skew the results of ABC data, can be abstracted. The minimum data required is the number of normal duty days and the total overtime cost for each staff group that has supplied resources to the event or incident. Where overtime cost is not readily available then information on the total hours of each type of overtime must be collected for each staff group to enable the cost to be determined. The costing of Major Incidents and Special Events is explained in subsection 6.12.

5.3 Codes to be used for the collection of data

5.3.1 *Activity codes*

The Model outlines a standard set of activity codes for all forces to collect data and report against. The full list of these codes is supplied in Section 12. Incident and activity codes are largely populated by the staff time of operational police officers and police staff, and are split into three categories:

- **Incidents** - Situations or happenings that require police services
- **Incident-linked activities** - Tasks carried out in relation to a specific incident
- **Non-incident-linked activities** - Tasks carried out independently of any incident

There may be value in forces breaking down standard codes to provide more detail; for example, to gain knowledge as to where time is spent within particular incident codes such as CA and CD (see

Example 3). The sub-divided codes should then be re-aggregated to give a CA and CD total for comparison purposes. This ability to re-aggregate is a prerequisite of any non-standard codes used.

Section 12 contains optional breakdowns for incidents. The lists are not exhaustive, and forces may choose to use only a selection of those given, depending on what information managers are interested in. Where codes are broken down, it is important that they are both mutually exclusive and collectively exhaustive.

Example 3:

The standard code for ‘Violence Against the Person – S20 & More Serious’ is **CA**. If required this code can be divided up as follows:

- CA1** Murder
- CA2** Section 18 (GBH with intent)
- CA3** Section 20

Similarly, the standard code for Sexual Offences is **CD**, which could be broken down as follows:

- CD1** Rape
- CD2** Indecent Assault
- CD3** Procurement
- CD4** Unlawful sexual intercourse
- CD5** Gross indecency with a child
- CD6** Sexual Grooming

5.3.2 Role codes (see subsection 12.6)

Role codes are not generally populated with data from activity sampling, but rather contain the time and costs associated with resources dedicated for a finite period to a particular task or role. Staff may be engaged in these roles on a full or part time basis and on a permanent or temporary basis. The activities of these staff do not lend themselves to activity sampling since they cannot easily be divided between incidents. The role codes currently in existence are:

- Intelligence Research and Analysis (RF) – the cost of those staff who work full or part time to develop and distribute intelligence (this includes staff dealing with the national intelligence model).
- Participation in crime partnerships (RC) – Permanent or temporary role (full or part time) dealing with building, and working within, partnerships with other agencies and organisations concerned with the reduction of crime, such as CDRPs and DATs.
- Participation in non-crime partnerships (RD) – Permanent or temporary role (full or part time) dealing with building, and working within, partnerships with other agencies and organisations for non-crime purposes. For example Casualty Reduction Partnership, Partnership for Designing Out Crime.

- Policing activity relating to national security, international policing and general public protection at the national level (RA), including anti-terrorist activities, VIP Protection and general special branch duties – the cost of those staff working full or part time in these areas. This code does not include national investigations of particular crimes carried out by one force *on behalf of the service*; these should be coded to the appropriate incident code and shown on the National Policing Templates in the Home Office Return. (Please also note that investigations carried out by one force on behalf of another force should be treated as mutual aid)
- Licensing (RL) – the cost of those staff who work full or part time to monitor and enforce licenses.
- Warrants (RW) – the cost of those staff who work full or part time to review and issue warrants.
- Custody Duties (RH) – the cost of those staff who work full or part time within a Custody Unit including ensuring compliance with PACE. (This does not include staff in prisoner handling units set up to interview and process detainees since they should be charged to the incident concerned)
- Call Handling/Enquiry Office (RJ) – the cost of those staff that work full or part time answering or supervising calls for assistance and general enquiries; this will include staff in call handling centres, control rooms, and front offices in police stations.
- Criminal Justice (RP)– the costs of staff that are part of a central unit processing court files
- Police Protection (RR) – providing protection for witnesses and other vulnerable people
- Family Liaison (RT) – the costs of staff providing assistance and support to families following traumatic events. *To be used where it is not possible to allocate the costs directly to particular incidents.*

Example 4:

Jenny is a member of Special Branch. Everything that she does contributes towards national security and public protection. She allocates 100% of her operational time to role code RA. *Abstractions and non-operational duties will still need to be allocated as operational support costs.*

5.3.3 Special codes

Special codes, used during Activity Sampling campaigns, fulfil the generic purpose of providing a greater level of detail about a recorded incident or activity than is possible with the standard list of codes. Using special codes allows a unit to attach additional information about the relevant activity or incident, for example, that an activity was carried out in an intelligence-led way and it should then be possible to analyse and report on the situations to which the special code is attached.

Mandatory

The use of one special code is mandatory within each force: to record the BCU within which the policing activity of central operational units is taking place (where Activity Sampling is used). This is a key mechanism for the allocation of the costs of central operational units to BCUs

Non-Mandatory

Further, non-mandatory, examples of how special codes might be used are illustrated in Examples 5 and 6. The data collection software used by many forces will, however, only allow a single special code to be used at one time; in these cases non-mandatory special codes will only be available for BCU units. The costing software should be able to provide an analysis of both time and costs for each special code used.

Example 5:

One particular BCU houses a number of suspected drug dealers, and a large proportion of operational staff time is spent gathering intelligence on these persons. A unit manager wants to discover how much of the day-to-day policing is being fuelled by intelligence, and an additional code 'Intelligence-Led Policing' is used for this purpose.

'Intelligence-Led Policing' is an attribute that is attached to particular segments of time and their corresponding incidents and activities during the course of a sample, and it is possible to report on this attribute alone, as well as by particular incidents.

Example 6:

With the increase in awareness of racially motivated crime, the special code 'Racially motivated' will be used. Complementing in particular the crime incident codes CA, CB and 'CT Criminal Damage', and the non-crime incident code 'NH Complaint / Nuisance', the code provides a lower level of detail than would otherwise be gained. If a violent assault was carried out for racist reasons the officers investigating the incident would record their time against the codes:

CA	Violence Against the Person – S20 & More Serious	AND
IA	Deal with Incident (plus other relevant activities)	AND
**	The Special Code for 'Racially motivated'	

5.4 Conducting an Activity Sampling Survey

Where Activity Sampling is necessary it is essential that each form collects sufficient data to identify the cost centre of the member of staff. Data must be captured at an interval no greater than fifteen minutes. The following identification details must be collected:

- **Name and/or number**
- **Location** (where member of staff is working) It should be noted that in order to uniquely identify separate units located at the same station which are of the same unit type, it may be necessary to have more than one code for that location, unless the actual cost centre code is also included.

- **Unit type** e.g. uniform patrol, SOCO, traffic patrol, BCU CID, CSO, family protection unit, community liaison etc
- **Rank or grade**
- **Date**
- **Time** spent on different incidents and activities
- The **cost centre** may also be included; but if not it is essential, at the planning stage, to ensure that the identification details being collected can be uniquely mapped to the cost centres.

5.4.1 *When should an activity sample be completed?*

Activity Sampling should be carried out for at least a total of two weeks every year. Civilian staff in operational roles must also be included. The dates and duration of each sampling campaign will not be centrally stipulated, but individual force plans for data collection in 2003/4 were reviewed as part of the audit process, as described in section 8.

It is not necessary that all staff groups and BCUs carry out Activity Sampling at the same time, as long as the resulting data is an accurate representation of policing within each area. Factors to be taken into consideration when selecting dates include:

- Seasonal variations, e.g. summer holidays, other school holidays
- Significant events or operations lasting a number of days that will abstract a level of resources that will reduce the sample size
- Workload of staff being sampled
- Workload of Activity Analysts

The most popular months of the year for undertaking Activity Sampling are October and November. However, forces undertake Activity Sampling across the year. Given the reporting timetable for ABC, many plan to complete Activity Sampling prior to December. Firstly, this allows sufficient time for results to be checked and analysed. Secondly, early sampling will help to ensure sufficient time exists for another sampling period to be undertaken should problems arise with the first.

In order to meet timetables for formulation of the force budget and the costed policing plan it is likely that activity sampling will in future need to be completed and processed by the end of each calendar year for use in the planning process for the following financial year. Similarly management information could usefully be reported on half yearly in order to ensure that 12 months' data is available by November. Any sample taken between January and March will only be available for planning purposes for the financial year that commences over twelve months after the sample period.

If a major incident or significant unplanned event occurs whilst staff groups are undertaking Activity Sampling it will be necessary to stop detailed sampling for those staff involved since their costs should be picked up by the event or major incident data collection processes. This may well render the results of the sampling exercise unrepresentative due to the reduction in the sample size in which case it should be rescheduled to ensure that two weeks full data is collected.

5.4.2 *Training*

An important part of conducting a survey is the training of staff in how they should supply the data, which in most cases will involve filling out an activity card for each day of the campaign.

Experience has shown that inaccurate or incomplete cards can be a major obstacle to the completion of a successful data collection exercise.

With appropriate training and communication, detailing not only how to complete a survey but also why it is necessary and the benefits that their unit will receive as a result, staff are more likely to submit accurate data. Where special codes are used, it should be clear how they should be filled in/selected.

5.4.3 Monitoring sheet

Alongside the activity cards, first-line supervisors should be given monitoring sheets to use during the sampling period - one per day. These are used to keep a check on which officers have been given (and have returned) cards, as well as monitoring absences. The following information should be gathered for each staff member in the group:

- Day and Month
- Unit
- Name, Rank and Warrant Number
- Card number (optional - activity cards can be printed with numbers for tracking purposes)
- One of the following, depending on the staff member's status:
 - Card
 - Rest day
 - Training day
 - Sickness absence
 - Major Incident
 - Special Event
 - Other

5.4.4 Validation standards for Activity Sampling

Local controls

A Liaison Officer should be appointed for each staff group undertaking Activity Sampling, and they should be responsible for collecting cards at the end of the shift or sampling period (depending on how the cards are designed). The Liaison Officer should check each card to verify that the data has been filled in and looks reasonable at a first glance, immediately returning cards for correction when errors are detected. As a matter of principle, early detection of inaccuracies is desirable since the longer the time interval from the sampling date, the less likely the staff are to remember the detail of their actions.

Response rate

The number of activity cards returned expressed as a percentage of the total number expected to be completed should be at least 90%. At the end of the sampling period it should be possible to account for the time of all staff belonging to the unit being sampled, including hours/days of training or sickness and any other abstractions from normal duty. A monitoring sheet should be used for this purpose.

Validating cards

All activity cards returned should be validated. It is expected that the validation software used by Forces will identify and correct many of the more common errors that typically occur during

scanning/input, i.e. the errors caused by the scanner missing, or misreading, the information recorded on the Activity Cards. For the remainder of the errors, such as:

- a) those which have been caused by a study participant entering an incorrect combination of information, e.g. an Incident “paired” with a Non-Linked Activity, or
- b) where the participant has omitted information, e.g. recording an Incident without the Linked Activity;

the professional judgement of an Activity Analyst who both understands police processes and is experienced in dealing with the types of errors thrown up by an Activity Sampling campaign may enable some to be corrected centrally, others will have to be returned for correction.

When dealing with Activity Cards containing errors, consideration must be given to the tolerance level for missing or incorrect data. The tolerance level has been set at 12.5%, meaning that if a card from an eight-hour tour of duty contains an hour or more of missing or incorrect data; it should not be corrected by the Activity Analyst, but instead returned to the study participant for correction. However, errors caused by the scanner missing or misreading information should not be included when assessing whether Cards fall in or outside the tolerance level.

Where completed Cards are so badly in error that, despite having been returned to participants for correction the data still cannot be used, or if Cards are completely spoilt, those cards should be rejected. In order to ensure that a valid sample is obtained rejected cards should total no more than 5% of all cards returned. Should the final rejection rate, after the process of validating cards, exceed 5% a supplementary sample must be taken.

Force controls

In order to ensure that staff are completing the surveys correctly and to verify other sources of activity information, internal monitoring should be carried out; although it must be recognised that it is impossible to verify all activities. Examples of this might include:

- Check against Command and Control records (care must be taken since it is possible that an individual persons recorded period of duty in relation to an incident may not tally exactly with the times entered on the system by central staff)
- Check against Duty Management systems
- Check pocket books/ diaries if completed with relevant data (forces may have different policies relating to what is recorded)
- Cross check against expenses and overtime
- Verify case records
- Verify that the Liaison Officer is carrying out the appropriate checks at a local level

The force should check a random sample of staff and units: this process is most effective when it is built in to the plan and when officers are aware that verification will take place. The sample size should be determined locally, taking into account the level of confidence held in respect of the overall quality of the data. Each force will need to determine which mechanisms are both feasible and appropriate.

Activity card sample sizes

The table below shows a suggested size of an activity card audit.

Population Size	Confidence Level	
	90%	95%
100	60	68
150	76	89
200	86	104
250	95	116
300	101	126
400	110	140
500	117	151
600	121	159
800	128	170
1000	132	178
1500	138	189
2000	141	195
2500	143	199
5000	148	207
10000	150	212
20000	151	214
60000	152	215
100000	152	216
200000	152	216

The table is based on the following rules:

- Population Size = the total number of cards from the activity sample (based on approximations if data not held).
- Confidence level - with how much confidence you can say that the sample size represents the total population. Experiments to do with clinical trials for new drugs would require a 99% confidence, but for ABC it is reasonable to expect Forces to attain at least a 90 / 95 % level.
- The sample level increases at a slower rate as the population size increases. This is due to the statistical phenomenon that the data or possible eventualities are said to repeat as the sample size increases.
- Due to the similarity within the population (i.e. Police Service), standardisation of activity codes, benchmarking and historical trends, the table is based upon the probability principle that similar results would reoccur if the audit were repeated.
- The audit sample size must be representative of the units included within the survey. For example; if the Force has sampled CID, traffic and patrol then all of these units would need to be represented in the audit. Using this methodology, Forces can be confident that accuracy extends throughout the sample.

5.4.5 On-line completion of activity cards (e-forms/intranet)

A number of forces are now using the intranet to record and submit activity analysis data. Where this is in place a considerable proportion of the validation set out in section 5.4.4 above may be completed automatically and the roles of the local liaison officers and supervisors are likely to be significantly diminished. Therefore, the requirements set out in 5.4.4 will need to be adjusted accordingly.

5.4.6 Technical requirements for Activity Sampling collection methods

The most important question to bear in mind when selecting a method for data collection is: 'Will this method of capturing activity data give me sufficiently accurate results?' The validation of data using software is a crucial part of this process. Activity Sampling is predominantly collected using pre-designed activity cards, which are either marked (Optical Mark Readers) or written on (Intelligent Character Recognition) and then scanned by the appropriate software. Some forces also make use of lightpens, which are used to electronically scan barcodes. A previous review of the statistical validity of various collection methods has shown that each method used provides comparable data (*Report of The Data Standards Sub-Group [ACPO]; Anne Wheeler (Chair); 27 September 2000; Metropolitan Police CIS Consultancy Group*)

In the long term, the police service would benefit from technology that provided less labour-intensive ways of collecting activity data, particularly if this results in data being collected on a continuous basis. Forces are encouraged to consider alternative methods of data collection to replace paper cards.

5.5 Operational Managers

Whilst it is generally considered good practice to include senior operational managers in activity analysis exercises ('leading by example'), this will not necessarily give sufficiently accurate data to properly reflect the span of their activities over the year. For example, it is most important to capture the time spent on partnership activities which may well not be regular yet will be particularly significant for BCU commanders and their immediate subordinates. Similarly, corporate activities (chargeable to sustaining overheads) will also tend not to fit into a regular pattern and may impact upon some senior staff more than others. In these circumstances, activity analysis data must either be supplemented or completely replaced by continuous data records. This can most conveniently be achieved by utilising managers' diaries, or other similar records, as the source and then converting the time data into percentages.

5.6 Non-operational staff

For non-operational staff, Management Information should be sufficient to provide the necessary level of detail, since the tasks carried out cannot be attributed to any one particular incident or activity but rather allocated to one or more support activities. Where a single member of staff fulfils more than one role, they should provide an estimate of the proportion of time given to each of the support activities. These two occurrences are outlined in Example 7:

Example 7:

Sally is a member of the Human Resources department. Her full-time job is in recruiting police probationers. Therefore, her time (and corresponding cost) is given 100% to Sustaining Overheads (Section 15 shows that ‘Probation/General Police Recruitment’ is part of Sustaining Overheads).

Sally’s colleague Jim also works in recruitment, but his role is split between recruiting police probationers and hiring experienced staff, both for operational and support staff positions. Jim’s time must be split between Business Support and Sustaining Overheads according to how much time he spends on each, as shown below:

‘Probation / General Police Recruitment	2.5 days per week	50% (Sustaining Overhead)
‘Police Specific Recruitment’	1.5 days per week	30% (Business Support)
‘Support Staff Recruitment & Selection’	1 day per week	20% (Business Support)

Sections 14, 15 show how the costs of non-operational staff should be divided between Operational Support, Business Support and Sustaining Overheads. Section 17 provides guidance on the sources of activity information for allocating the support costs across BCUs and Domains.

5.7 Financial data

Financial data should be available from the general ledger. All costs identified in the ledger will need to be allocated. Initially, it is possible that a force ledger structure will not hold costs in a way that makes it possible to use them directly for ABC without some calculation and manipulation. It is beneficial for a force to restructure their general ledger so that it is aligned in a way that makes data easy to access for ABC. This means that financial information better reflects the operational structure of the force. ABC financial data is detailed in section 6.

6 COSTING

6.1 Introduction

The Model generally uses a top down approach to costing, as opposed to the Training Model, which is bottom up. The Training Model needs to interface with the main ABC Model, to record the cost of delivering training. However to avoid double counting, where costs have been included in the Training Model they need to be excluded from the main ABC Model (This is explained further in subsection 6.9 and section 9). The ABC model is set out in diagrammatic form in section 13.

The rest of this section is split into the following subsections:

- 6.2 Cost Centres and the Ledger Structure
- 6.3 Categories of cost used in the ABC model
- 6.4 Corporate & Democratic Core and Non Distributed Costs
- 6.5 Split of Total Policing Costs
- 6.6 Central and local support costs
- 6.7 Treatment of the Costs of Operational Staff
- 6.8 Abstractions from Normal Duty
- 6.9 Treatment of Training Costs
- 6.10 Treatment of Non Staff Costs and Contract Services (including the provision of staff and PFI contracts)
- 6.11 Income
- 6.12 Treatment of Events and Major Incidents
- 6.13 The Treatment of National and International Policing Activities - Officers and Units
- 6.14 Mutual aid
- 6.15 Seconded Officers
- 6.16 Budgets and Actual Expenditure
- 6.17 Standard Reports

It is a basic premise that the Model will be based on applying appropriately gathered activity data to the total staff costs of a group of staff within a defined Cost Centre, after the deduction of the cost of abstractions from normal policing caused by sickness absence, attendance at training courses, involvement in corporate activities (see sustaining overheads) and participation in events, major incidents or mutual aid to other forces. For this purpose, staff should be grouped by rank/grade within a natural unit (e.g. Sector Inspectors, BCU Detective Constables, Dog Section Constables, and Community Wardens). Activity data will be required for all police officers and police staff that are delivering an operational activity whether they are based centrally or on BCUs. It is also important to be aware that the prime purpose is to cost activities and incidents, therefore chains of recharges are minimised and the 80:20 rule should be applied to the selection of the methods of data collection.

The Model will be used for both budgets and actual expenditure. When being applied to the budget, non-financial data (e.g. staff numbers) should therefore be that used in the formulation of the budget. When the Model is used for the analysis of actual expenditure for the year, the financial data should be taken from the final outturn position and non-financial data should be based on the actual figures for the year.

The aim is to produce costs that are summarised into the four operational Domains (Domains 1-4 as shown in the diagram in the Executive Summary) for each BCU and for the force. These costings

will contain three elements: Direct Costs (made up of Direct Staff Costs and Operational Support Costs), Business Support Costs, and Sustaining Overhead Costs (see section 21). The final result should be capable of reconciliation back to the statutory statement set out in the Statement of Recommended Practice (SORP) for the financial year in question, as published by the Chartered Institute of Public Finance and Accountancy. The format for BVACOP has been changed for 2006/7 and the ABC Summary statement has been amended accordingly. The ABC summary statement (illustrated for 2006/7 in section 24) will contain the same figures as the statutory statement for Corporate and Democratic Core, and Non Distributed Costs. The Net Cost of Services will differ between the two statements because of the different treatment of pensions. ABC uses the employer's contribution during the year, whereas BVACOP replaces this with the FRS17 Current Service Costs. The adjustment arising from the different treatment of pension costs is shown as the 'ABC FRS17 Adjustment'.

6.2 Cost Centres and the Ledger Structure

The Model is dependent upon financial data being available for each Cost Centre; these must be set at a level that corresponds with the operational organisation of the force. Furthermore the staff costs should be broken down by rank/grade within each cost centre to enable staff groups to be costed. (The minimum acceptable for this latter requirement is that police pay is coded out by rank.) The costs will then be gathered together at a level that can be matched to the activity data.

A Cost Centre will be required for each discrete unit within a BCU or Department. A unit will be a collection of staff with a separate management structure. The unit may be a specialist one (e.g. Drug Squad) or one responsible for policing a specific geographical area (e.g. a Sector). The unit may be located at a single workplace or spread over a number of locations. **A cost centre therefore may cover more than one location but should be unique to a distinct single staff unit.** *Some examples are: city centre policing unit, community policing unit, rural sector, custody centre, dog section, underwater search section, tactical firearms unit, support group, traffic area, motorway patrol unit, air support section, criminal justice unit, BCU CID, BCU business support unit, HQ finance department, force supplies department, human resources department, technical support unit, etc.*

Ideally, the general ledger structure will hold all allocable costs at a Cost Centre level that facilitates the population of the Model. Cost Centres will need to be aggregated within the ABC costing software to report at the BCU level, and BCUs aggregated with 'National' costs to report at the Force level.

6.3 Categories of cost used in the ABC model

The total cost of a BCU will contain three elements of cost (see the diagram that follows this subsection): **Direct Costs** (made up of Direct Staff Costs plus Operational Support Costs), **Business Support Costs** and **Sustaining Overhead Costs**. The rationale that defines the type of cost is shown below and a more detailed split between operational support, business support and sustaining overheads is contained in Section 15. *It is most important that costing practitioners understand fully the distinction between the cost elements and how they are each treated in the model.*

6.3.1 Direct Cost

This consists of two elements: Direct Staff Costs and Operational Support Costs:

Direct Staff Costs

The staff costs of incidents, activities, and role codes that can be directly linked to one of the four Domains, whether provided by local or headquarters staff e.g. Crime Prevention (Domain 1), Fraud Investigations (Domain 2), Abnormal Load Escort (Domain 3), and attending a dispute between neighbours (Domain 4).

Operational Support Costs

This consists of the costs of goods and services that are used in the direct delivery of an operational service, together with the cost of staff time in relation to attendance at training, sickness absence, and local administrative support within operational units (e.g. administrator working within the divisional CID unit), irrespective of whether the costs are incurred locally or centrally. These costs will generally be under the influence and direction of the BCU commander/head of department e.g. operational transport, operational training. See Section 14 for the definition of Operational Support Costs.

6.3.2 *Business Support Costs*

The costs of staff time, goods and services, provided either locally or centrally, which do not directly deliver one of the 4 domains but support their delivery. These costs may be under the influence/direction of the BCU Commander/Departmental Head, e.g. BCU administration staff, payroll costs, office equipment.

6.3.3 *Sustaining Overhead Costs*

Force wide costs that may be legally required and/or are necessary to ensure the future provision of services but are not directly attributable to current service delivery and are not subject to the influence or direction of the BCU Commander e.g. cost of producing the statutory accounts, strategic management of the force. These costs are not allocated below the level of Domains within each BCU.

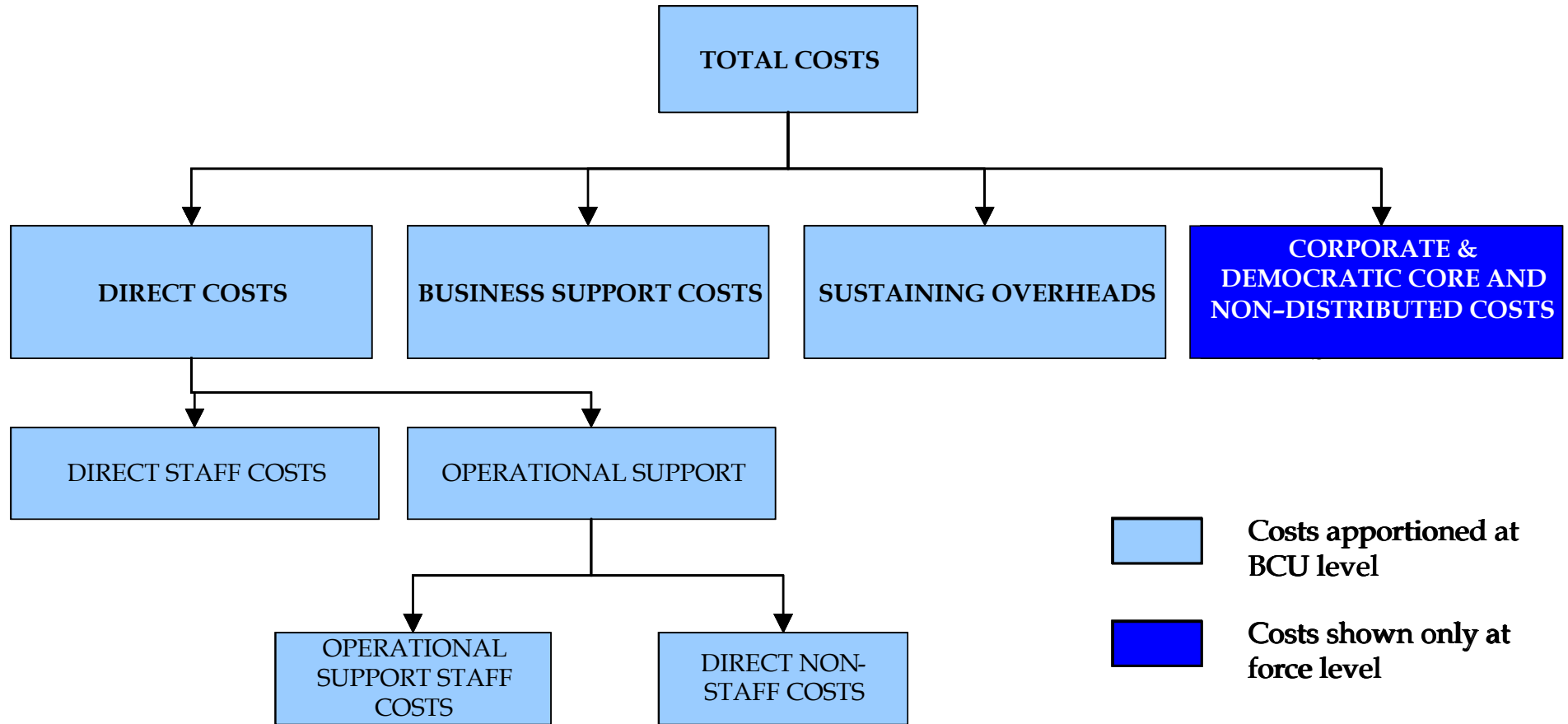
6.4 Corporate & Democratic Core and Non Distributed Costs

These costs (as defined in the CIPFA Best Value Accounting Code of Practice) will be excluded from allocation within the ABC Model. A copy of the CIPFA definition of CDC and Non Distributed Costs is shown in Section 18.

6.5 Split of Total Policing Costs

The diagram which follows illustrates how total policing costs are split across cost categories set out in subsections 6.3 and 6.4 above.

CATEGORISATION OF TOTAL POLICING COSTS



6.6 Central and local support costs

These will be allocated out either as Operational Support costs (directly contributing to the activities), Business Support costs (supporting activities) or as Sustaining Overheads (essential for the ongoing existence of the organisation). Some costs may also be categorised as Corporate and Democratic Core. Particular note should be made of the following points:

- The categorisation of support costs into Operational Support, Business Support, and Sustaining Overheads is set out in subsection 6.3 with more information shown in sections 14, 15 and 21.
- It is important to note that it is necessary to complete the Cost of Training Model for all internal training units before commencing the input of data into the main ABC model.
- Section 17 sets out the hierarchy of allocation, and the cost drivers to be used, for central support units and costs.
- Adherence to the order set out in section 17 is most important in order to ensure consistency between forces.
- Items numbered 1 to 4 in section 17 may charge each other.
- Items numbered 5 or more in section 17 can not allocate costs to those items already allocated i.e. those numbered lower than the item being allocated.
- In carrying out this process care should be taken to ensure that costs which should be categorised as Corporate and Democratic Core are correctly treated.
- The model for the allocation of central support costs and local business support costs is shown in section 13.3.

6.7 Treatment of the Costs of Operational Staff

Staff costs need to be broken down by staff group. Before this can take place, it is important that staff groups are agreed between finance and data capture staff, in consultation with BCUs and Departments. The cost of sickness, training, major incidents, special events, mutual aid, and corporate activities chargeable to sustaining overheads must be deducted before activity cost drivers are applied.

6.7.1 Staff groups

Staff groups need to be the same for the collection of both costs and activity data. It is most important therefore that the staff groupings to be utilised are fully identified at an early stage and agreed between finance and data capture staff. Separate staff groups are generally required for each police officer rank and in some circumstances for each police staff grade. For small specialist units that share a single cost driver, a single staff group covering the whole unit is likely to be sufficient. Generally, separate groups will be required:

- By Cost Centre and rank/grade, where activity data is required (sampling or continuous)
- By Cost Centre and role, if 100% dedicated to an incident/activity e.g. Custody Officer
- By Cost Centre, where Cost Centre is 100% dedicated to an incident code e.g. Fraud Squad
- By Cost Centre, where wholly Business Support e.g. General Admin staff
- By Cost Centre/staff group, where estimates of the proportion of time spent are used

6.7.2 *Calculation of costs*

The total staff costs for the group and the average daily/hourly cost should be calculated as set out in section 19.

The staff cost will include the employers pension contribution charged during the financial year (Section 20). The ABC figures will differ from the BVACOP accounts, as these require forces to reverse this contribution and replace it with FRS17 Current Service Costs. For reconciliation purposes, the difference between the employer's contribution and the FRS17 Current Service Cost is included on Template 1 as a separate entry called the ABC FRS17 adjustment (Section 24).

6.7.3 *Conversion of activity data to costs*

This section sets out the calculation of the sum that is allocated using the activity data. There are two elements of cost within the calculation: the group staff cost, which is reduced by the value of abstractions, and the group overtime cost net of overtime worked on events, major incidents and mutual aid. These two elements may be added together for allocation purposes or allocated separately but in both cases the same activity data (that collected for the staff group), will be used. (In practice the ABC software is likely to deal separately with them).

The conversion is to be achieved by applying the activity data to the total staff cost for the group as follows:

Cost to be allocated

Total staff cost for group
 Plus overtime costs for group
 Less cost of sickness abstractions for the group (6.8.1)
 Less cost of training time for the group (6.8.2)
 Less contribution to events (6.12)
 Less contribution to major incidents (6.12)
 Less mutual aid given to another force (6.14)
 Less allocation to sustaining overheads

TOTAL ALLOCABLE COST FOR APPLICATION OF ACTIVITY DATA

6.7.4 *Applying activity data*

The activity data for the group should be converted into percentages. (Time spent on one activity as a percentage of total time allocated). These percentages should then be used to allocate the Total Allocable Cost. The resulting figures are the direct costs of the activities, which will include some operational/business support activities that will be dealt with appropriately.

6.8 **Abstractions from Normal Duty**

The Model seeks to clearly identify the costs of sickness absences, training time and other abstractions from normal duty. Figures for these should be compiled at the level of the staff groups.

6.8.1 *Sickness Absence*

The cost of sick leave will be calculated using the average daily or hourly cost for a group (dependent upon the format used for recording sickness) based on actual sickness data. This sum will be charged to the Operational Support function.

6.8.2 Time spent in training

The cost of training time will be calculated using actual data for attendance at Force and external courses and activity analysis data for on the job and local training (if actual data is not available for these elements and the sample period is believed to be typical). The total costs, arrived at by using the average daily or hourly cost for a group (dependant upon the format used for recording training time), will be charged to the Operational Support function. Care must be taken when converting hours of data for ranks above sergeant since no overtime payments are made and therefore the total training time on any day will only count as one day even if it exceeds 8 hours.

6.8.3 Time spent delivering training

Time spent as instructors will be recorded in the training model and will be credited to the ABC model. This may well mean that part time trainers will need to provide a full year's data for their training commitments as well as appropriate data covering their operational role. (But also see 6.9.1 below.)

6.8.4 Accuracy of Data Collected

It is important to check that systems used as the source of sickness and training data are capable of reporting on an historical basis, i.e. they record data that is linked to the historical postings of each member of staff. The output for any reporting period for each cost centre must only be days incurred by members of staff whilst they were in that unit; (not the totals for the reporting period for those staff who happen to belong to that cost centre at the time the report is run).

6.8.5 Corporate Abstractions

Where staff have been abstracted from a staff group for a significant period in order to discharge a corporate duty which falls into the definition of sustaining overheads, (e.g. force working party on performance improvement, IT development team) then the total days abstracted should be determined and deducted from the staff group cost before application of the activity data in the same way as other abstractions. The cost is then charged to sustaining overheads. Similarly significant overtime costs incurred should be treated in the same manner.

6.8.6 Events and Major Incidents

Involvement during normal duty time in Events and Major Incidents should also be recorded as abstractions from normal duty. These items are costed individually using the abstraction data to provide the cost of normal duty. It is most important that processes are put in place to accurately record these abstractions. Further information is contained in section 6.12.

6.9 Treatment of Training Costs

Training costs are treated entirely as operational support (operational training) as set out in section 15 except where the recipient belongs to a Business Support or Sustaining Overhead Cost Centre . Training costs normally consist of internal courses, external courses, and associated training related

traveling and subsistence costs. When processing budget data, an estimate will need to be made of the recipient units based on training plans, together with past patterns of expenditure. The relationship between the National Training Model and the ABC Model is set out in 6.9.4.

6.9.1 Internal Training Course Costs

The minimum requirement for the ABC model is that training unit costs are separately identified for Driver Training, Firearms Training, Probationary Training and All Other Training. For each unit a cost per trainee day needs to be derived by dividing the total unit cost (internal training) by the total trainee days delivered. The total internal training charges are then obtained by multiplying the cost per day by the total number of trainee days per cost centre for each of the training units. All training costs should sit against Operational Support.

Forces identifying other specialist or costly courses sitting within the 'All Other Training' category should capture and re-apportion such costs using the same method as used for the four training units outlined above. Forces are able to allocate on a more detailed basis if they believe it provides a higher level of accuracy.

The cost of ad-hoc and locally delivered training, not provided by a specific training unit, need not be processed through the training model provided the time spent by both trainers and attendees is adequately measured and included through the abstraction costing process. Similarly, for staff using e-learning packages the time involved should ideally be included where it is feasible to collect the data and it is considered to be significant.

Where forces are running courses as part of a regional collaboration agreement then special arrangements may have to be applied; these are set out in section 9.4.6.

6.9.2 External Training Costs

The costs of courses obtained externally to the force including associated residential costs etc. In the absence of more detailed data these costs will be treated as operational support for operational units and business support for all others.

6.9.3 Travelling and Subsistence

The costs of traveling to and from courses (both internal and external) together with any subsistence and overnight costs not included in the course fees. In the absence of any detailed breakdown these costs should be treated as operational support for operational units and business support for all others.

6.9.4 The Relationship between the Training Model and the ABC Model

The new methodology is aimed at simplifying the treatment of internal cost of training within the ABC Model, without compromising on overall accuracy. The Training Model (Section 9 of the ABC Manual) is still required for the completion of the costed training plan and as an aid to the proper management of the costs of the Internal Training Units. The training model will have to be run for the budget each year and the costing template upload onto BPlan's Rosetta Website (see Home Office Circular 10/2007)

6.10 Treatment of Non-Staff Costs and Contract Services (Including the Provision of Staff and PFI Contracts)

6.10.1 Contract Services including the provision of staff

Currently there is a trend towards contracting out activities of an operational nature that hitherto have been carried out by directly employed staff. In particular a number of forces have entered into contracts for the provision of custody staff and associated services such as prisoners meals; retaining only that element that has to be undertaken by a police officer. To maintain comparability across forces it is essential that these contract costs are dealt with in a way that is compatible with the treatment of force costs.

The staff element of such contracts should be separated from the non-staff costs, if necessary by estimating a split based on appropriate data such as the relative cost to the force prior to the contract being placed. Ideally the training and sickness element of the contract staff costs ought to be separated and allocated as operational support costs but it is recognised that this may prove too difficult. As a minimum the staff cost element should be allocated as Direct Staff Cost and the non-staff cost element allocated as appropriate to Operational Support Costs and/or Business Support Costs.

6.10.2 PFI Contracts

These may cover the provision of premises only, or they may include other ancillary services. The PFI annual charges need to be separated into the constituent elements, if necessary by using appropriate data (previous force relative costs, commercial rates of charge, statistical data published by professional organisations) to make an estimate. The premises element should be treated as a Business Support Cost and the other elements should be treated in the same way as they would be if incurred by the force. In particular staff services that are operational in their nature should be treated as set out in section 6.10.1 above.

6.10.3 Capital Charges

Capital charges must be calculated and applied in accordance with CIPFA guidance.

Capital charges relating to Transport will be charged to the Transport Holding Account and will be allocated alongside other transport costs.

Capital charges for Printing Unit, or other specific trading units that trade externally, will be dealt with in a similar fashion.

Capital charges for training premises will be dealt with via the Training Model.

All other capital charges will be processed as follows:

- Premises – charged to Business Support at BCU/Departmental level.
- ICT – where identifiable include in the charge to the system owner, otherwise include in the charge to business support using the cost drivers set out in Section 17 for ICT (Information and Communications Technology).
- Other Items – charge to Business Support for the unit ‘owning’ the item.

6.10.4 Services Charged to Users

Certain services should be charged direct to BCUs and Departments, and the units charging these services should ideally have separate accounting arrangements that include all relevant costs and income. **Vehicle Fleet Costs and In Force Printing Units must be dealt with in this manner.**

A full composite charge should be calculated for these services. In the case of fleet vehicles this should include all the running costs of the vehicles except fuel, which should be charged direct to user cost centres. Transport costs of operational units are treated as operational support costs. Printing charges will generally be classified as business support.

It is important to ensure that significant IT costs, premises costs and capital charges are included but there is no need to allocate central support service costs to these units. Where police officers are employed within these units the current service cost for pensions should be included in substitution for any other recharge from the pensions holding account. Similarly for police staff the Current service cost should be substituted for any actual pension charges. The appropriate share of centrally provided administration services (see section 17) should also be included.

In the event that a small net balance remains after allocation of these costs, this should be treated as a Sustaining Overhead.

6.10.5 Premises

Premises costs are generally identified as Business Support Costs and should be charged direct to the BCU/unit overhead; the exceptions are programmed repair and maintenance and the costs of estates management, which are treated as sustaining overheads.

Where premises have been acquired by way of the Private Finance Initiative the element of the unitary charge relating to the premises (i.e. excluding other services included in the PFI contract) should be made to Business Support. Where an accurate split of PFI elements is not readily available an estimated percentage split should be made using appropriate data such as average commercial rates of charge.

In the case of multi occupation it is generally sufficient to charge the majority occupier except for HQ buildings where apportionment on the basis of actual space occupied should be used.

6.10.6 Services, Expenses, Equipment and Other Non-Staff Costs

In principle, where a clear link can be established, non-staff costs should be allocated direct to an activity or incident. Non-staff costs of operational units will be classified as operational support, business support or sustaining overheads. All other non-staff costs should be allocated either as business support costs or sustaining overheads. It should be noted that all non-staff costs of central support units (finance, personnel etc.) should be allocated with staff costs to the appropriate overhead. Further information is set out in sections 14, 15 and 21.

6.10.7 National and Regional Levies

Levies to national police services as defined by CIPFA in the notes to the SORP for the year in question should be entered into the summary statement in the line 'Levies to National Police Services' after the subtotal for Net Cost of Services (see section 24). Any other levy relating to national or regional police services that is paid by the force should be charged to sustaining overheads.

6.11 Income

Income is generally not allocated out within the model but should be included in the appropriate lines in the summary statement.

However, income relating to mutual aid should be allocated to sustaining overheads where it is netted off against expenditure (section 6.14) thus excluding the activity from the model, since it does not contribute to the policing of the aiding force.

For similar reasons trading activities are also excluded from the model. It should be noted that in some cases the net result of trading activities are required to be reported separately in the final accounts (see CIPFA guidance for more information). In these cases the same entries will need to be made in the summary statement in order to make it match the statutory statement. In all other cases expenditure should be netted off against income and the net result should be included in the income figure. Comprehensive separate trading accounts should of course be used for these activities. In the unlikely event that there is a loss on the trading account this will have to be treated as a sustaining overhead.

Special grants and other additional funds that are treated as income should also be shown in the correct place in the summary statement in order to match the final accounts.

Income relating to seconded staff should be netted off against expenditure (see paragraph 6.15)

6.12 Treatment of Events and Major Incidents

6.12.1 Definition of an Event

An event is a specific happening that requires special policing arrangements, which are set down in an operation order. Normally the main objective of event policing is the maintenance of public order and ensuring public safety. Common categories include sporting events, large public entertainment events, demonstrations, VIP visits, and celebrations. Specific examples of these are pop concerts, football matches, race meetings, animal rights demonstrations, a carnival etc.

Each individual event is a one off occurrence which may extend over just a few hours or one or more days. The level of policing will be determined by the nature of the event and the perceived risks that may arise. Some events will be repeated annually (e.g. annual carnival) and some more frequently (e.g. football matches). Many events will be staged at a particular time of the year (e.g. bank holiday) or within a set period (e.g. football season). The frequency of events and the varying levels of resources that are committed to them mean that they cannot be adequately captured by activity sampling.

The purpose of costing these is to ensure that their impact on normal policing is properly reflected in the ABC model. It will also provide useful information to the force: it will enable the overall impact of events on resources to be seen, and will give the ability to use individual event costs as evidence in negotiations with event organizers and licensing bodies.

The total costs must be included in the reports for the BCU where the event took place. Where the location of an event spans more than one BCU, for example a marathon or a carnival procession, the total costs of the event should be split between the participating BCUs. The cost driver should be the number of staff deployed in each BCU. (It should be noted that this will not necessarily be the same as the number of staff supplied by the BCUs concerned).

The key is to capture the information as much as possible at source and the methodology used will depend to an extent upon the data readily available. **Whatever methodology is adopted the result must provide the normal duty time in days for each rank/staff grade within each cost centre supplying staff to the event.** The data is best collected locally by the BCU where the event is located. A good source of data is the operation order.

Income is ignored except for reconciliation at the Force level.

Best practice is to cost all but the very smallest events. The minimum requirement is that events that are controlled or organised at the Force level, and those which require support from more than one BCU or from any HQ Squad, are all costed.

6.12.2 *Definition of a Major Incident*

The number of investigations of Major crimes involving violence against the person, and/or serious sexual offences and/or the use of firearms, is generally low volume compared to the majority of offences, but individually they can be very costly. Some investigations will span several financial years. Similarly, certain non-crime incidents may only occur infrequently but will be extremely costly to police (e.g. chemical factory or oil depot fires involving spillage and/or the escape of toxic substances; prison riots; aircraft crashes; train crashes). Most forces will set up an incident room to deal with these incidents and, for crime incidents, activate the HOLMES computer system.

Such incidents cannot be adequately reflected by activity sampling and it is also very important that forces are aware of the full cost of each individual incident. The ABC model recognises this fact, defines them as *Major Incidents*, and requires that they are all individually costed including all normal duty time. **This applies irrespective of the unit from which the staff involved were taken.** This then ensures that the impact of Major Incidents on Normal Policing is properly reflected in the ABC model.

It should particularly be noted that the Major Incident process applies in full even when a dedicated squad exists specifically to deal with a particular type of incident. This is necessary in order to ensure that all major incidents are costed individually and accurately, and that full account is taken of all the resources deployed. The aim is to make the full cost of each incident visible, to enable the impact on resources left for “normal policing” to be seen, and to permit the force to identify and flag up exceptional items.

The total costs must be included in the reports for the BCU where the incident took place. The key is to capture the information as much as possible at source and the methodology used will depend to an extent upon the data readily available. **Whatever methodology is adopted the result must provide the normal duty time in days for each rank/staff grade within each cost centre supplying staff to the event.** The data is best collected within the incident room whilst the incident is running. At this stage there is no requirement to report at the level of incident related activities.

6.12.3 *Pro-active major operations*

Forces that dedicate large amounts of resources to pre-planned, pro-active, one off operations (e.g. robbery initiatives, extended Christmas drink drive campaign, campaign to reduce anti-social behaviour in a specific neighbourhood) may wish to cost these in the same way as Major Incidents and Special Events. In this case they should be shown on template 4 as well as included in the other templates and may be designated as exceptional if that is appropriate.

6.12.4 Home Office Reporting Requirements

Template 4 of the Home Office ADR requires that the cost of events and major incidents that have been individually costed should be summarised by code and cost element within each Domain. All items must also be individually listed and exceptional ones indicated by completion of the appropriate column.

An exception is defined as being *an event or major incident which does not normally occur and attracts a significant level of resources, or one which requires a much higher level of resources than normal*. These are likely to be largely self evident by their scale, importance and level of media attention. Examples of exceptions are:

- Investigation of a murder case involving a serial killer
- Premises in the force area being used by the government to host an international conference
- Investigation of a series of rapes
- Force has double the usual number of complex murder investigations
- Force area is host to an international sporting event or festival that does not usually take place.
- Small local football team progresses to a late stage in a national competition resulting in the requirement to police a match against a premier league side.

The reasons for identifying exceptions are:

- to enable comparative reports to be run including or excluding these exceptional items,
- to assist in explaining significant changes in the use of resources by a BCU,
- to assist in explaining changes in BCU performance.

6.12.5 Data collection

The following records need to be maintained either by the staff managing the event, or by the BCU or Department that supplies the resources:

- Event or Incident Type
- Event or Incident Name
- Brief Description
- BCU in which the event/incident took place
- Cost Centre (unit) and rank of police officers/grade of police staff abstracted to work on the event or incident
- Number of days normal duty for each staff group
- If overtime costs are not charged directly to a unique ledger code for each event or incident: the number of hours of overtime at time and third, time and half, and double time for each staff group.

6.12.6 Data application

The software model should have an Event and Incident Costing element that uses the data collected for each staff group within each Cost Centre to calculate the cost of their contribution to the event or incident. The calculated cost of normal duty is deducted from the total staff costs before application of the activity data. The overtime costs will also be deducted from the total overtime for the staff group before that is allocated. These costs should be charged to the appropriate incident or activity

code in the responsible BCU. The software should hold the total cost for each event or incident separately, and a drill down facility should be available to view the make up of each total.

If hours of normal duty have been collected, take care in converting to days since ranks above sergeant get no enhancement for hours over 8, e.g. 12 hours duty still only counts as one day.

6.12.7 Operational Support Costs that are directly attributable to the event or incident

In some cases, large events may require the expenditure of significant sums of money on equipment, materials and/or services acquired specifically for that event (e.g. the hire of crowd barriers). Similarly, major incidents may require the expenditure of significant sums of money on equipment, materials and/or services acquired specifically for that incident (e.g. widespread DNA testing). If the cost data is available, it should be charged directly to operational support costs for that incident.

6.12.8 Treatment of police overtime

If actual overtime costs for events and incidents are not individually recorded on the ledger, the event and incident costing processes will need to produce figures of overtime hours used.

Overtime can be costed in two ways:

- a) Where actual hours split by staff group can be collected then cost at average rates for the rank or
- b) Calculate as per subsection 19.5 of the manual

Overtime costs should be deducted from the total overtime for the unit. The remainder should be allocated to activities, incidents and role codes using the same activity data that was used for the other staff costs.

Model based on actual expenditure: Overtime costs should be available for each group and applied at that level.

Model based on budget: If budgeted by staff group – as per activity.

6.12.9 Treatment of a dedicated incident squad

Where forces have a dedicated squad for major incidents, the software needs to allocate the cost of the squad to each major incident. This process can be the same as for other units that contribute to major incidents: i.e. normal duty is recorded as abstractions, costed within the model and allocated to each specific incident. Alternatively, if suitable time based data has been collected, the costs may be allocated directly to sub-codes set up for each incident. In either case the full process of identifying and costing sickness and training must also occur, operational support costs will follow the direct staff costs that are allocated to the incident, and business support costs will be added.

The squad's costs will need to be aggregated with the cost of abstractions to the incident of other staff, to give a total cost for each major incident.

6.12.10 Events involving VIPs and royalty (see also section 6.13 National and International Policing Activities)

If the main objective of policing the event is the protection of VIPs then the costs of the event should be charged to code RA in Domain 3. Examples may include a member of the Royal Family opening a new building, or a foreign head of state making a private visit. This does not apply where VIPs

are visiting a public event, which would attract a level of policing in any case e.g. the Cup Final. However, where a distinct and separate security policing order is created then the costs of this element can be charged to the Domain. These costings should be recorded against role code RA and grouped within that code according to the status of the VIP by categorising the costs into the sub-codes RA1 to RA6 which are set out in section 6.13.

6.12.11 Budgeting for events and incidents

When producing the model with budget data the principle is to estimate for known and regular items; there is no requirement to predict the unknown. The following points should be noted:

a) Regular events should be costed using previous years' data as a guide. Abstractions should be based on the previous average pattern.

b) A separate dedicated major incident unit, contingency budget or provision for incident related costs should be allocated to incident codes and BCUs based on the average pattern over previous years.

c) There is no requirement to estimate abstractions from BCUs for incidents unless there is a clear pattern of repeated incidents in a particular BCU in which case an allowance can be made based on the average pattern.

If a budget (or part of a budget) is held at BCU and/or Force level (e.g. BCU reserve, force incident reserve) then the "remainder" must be allocated to staff groups in proportion to the previous years expenditure and/or pro rata to the current year to date figures adjusted for any specific policy change.

6.13 The Treatment of National and International Policing Activities - Officers and Units

It is recognised that in some cases resources are involved in activities that are national in nature and are largely unrelated to the policing of the force area. The fact that these activities do not relate to local policing means that there is no rational method for allocating them to BCUs. To allow for this category of activity a notional National BCU is included in the Home Office data returns to enable these costs to be reported separately.

The treatment within the model of officers and units performing a role that wholly or partly falls into the role code RA, or involves activity on behalf of the police service as a whole relating to specific incidents at a national level, is set out in the following sub-sections to ensure consistency of treatment. They examine the various ways these roles are delivered and provide guidance on the appropriate treatment of the cost.

It should be noted that in all cases the process of identifying and costing abstractions will still apply, and costs must be separately allocated as direct staff costs and operational support costs with a share of business support costs added, in accordance with the standard procedure.

There may also be costs from Special Events to include within RA. These should be included in the template for the BCU where the event was located. Where costs cannot easily be assigned to a BCU (e.g. force wide anti terrorist activity, local officers assisting a central squad such as Special Branch) the costs should be reported at a force level in the National Policing Template.

It should be noted that the sub-codes to RA (RA1 – 7) are intended for internal information and to enable specific Home Office questions to be answered. *It is most important that this further breakdown is used where the costs involved are substantial.* The sub-codes are as follows:

RA1 - British Royal Family

RA2 - Foreign Royals and Heads of State

RA3 - British Government Ministers and MPs

RA4 - Members of Foreign Governments

RA5 - Other British VIPs

RA6 - Other Foreign VIPs

RA7 - Anti-terrorism, Special Branch Duties and Other National Policing

6.13.1 “National” BCU

Where a force has a large independent unit (likely to have a full management and administrative structure) responsible for policing an area such as an airport or major port complex (e.g. Gatwick Airport) then this should be treated as a separate BCU. In this case it is likely that the unit will cover a full range of policing activities and these should be coded to the correct activity code. Only activity falling directly under the definition of role code RA should be allocated to that code. Activity analysis/ activity data collection will be required and separate BCU reporting templates produced. Allocations to role code RA will be reported within domain 3.

6.13.2 BCU Based Unit of Significant Size

Where a separate unit exists within a BCU that is of significant size and carries out normal policing roles as well as national policing, then activity data will be required. Activities coded to role code RA which occur within the BCU, will be reported in the BCU report under domain 3. If the activity is force wide, or is in support of a dedicated central squad, then costs may be included on the National Policing Template.

6.13.3 BCU Based Small Units

Where there exists on a BCU a small unit or group of officers whose role falls almost entirely under role code RA then their direct costs can be coded en-bloc to role code RA. It is still necessary to separate operational support costs from direct staff costs and allocate them accordingly. In this case the costs for locally based activities will be reported within domain 3 in the BCU reports and the costs for force wide activities in the National Policing Template.

6.13.4 BCU Based Officers Occasionally Contributing to National Policing

This contribution should be captured in the activity data and local activities will be included in the BCU reports under domain 3 with any force wide activities shown in the National Policing Template.

6.13.5 Dedicated Central Squads

If a central squad is dedicated to force level activities falling under role code RA (e.g. special branch) there is no requirement to allocate these costs to BCUs. These costs will be reported in the National Policing Template. However, static protection of VIP sites should ideally be coded to code RA on the template for the BCU where the site is located since the activity is part of the visible police presence in that BCU.

If a central squad is dedicated to the investigation of incidents at the national level then costs should be coded to the appropriate incident code and shown on the National Policing Templates. In all cases it is essential, however, that operational support costs are separated from direct staff costs and shown in the correct columns on template 3.

6.13.6 Individual Central Squad Staff Dedicated to National Policing

Where individuals who are part of central squads are dedicated to force level activities falling under role code RA, or are part of investigations undertaken at the national level, then the costs will be reported against the appropriate code in the National Policing Template.

6.13.7 Central Squads Contributing to National Policing

If activity data for central squads includes force level activities falling under role code RA, or that are part of investigations undertaken at the national level, then these costs should also be reported in the National Policing Templates.

6.14 Mutual aid

Mutual aid to other forces, generally fully recoverable, should be excluded since the cost is netted off by the income. Where only partial recovery is possible then the net cost will be treated as a sustaining overhead. In essence, therefore, both the cost of mutual aid given and the income received from the aided force should be allocated to sustaining overheads.

Any charges received for Mutual aid from other forces should be included in the Model under the appropriate headings. It will be necessary to request aiding forces to provide sufficient detail to be able to properly allocate the costs to the correct incident/activity code and cost type. (For example: aid for a demonstration would be charged as direct cost to the event; aid relating to cross border investigations as direct cost to a crime incident code; aid in respect of a professional standards investigation to sustaining overheads.) Where mutual aid is dealt with as direct costs it should be split between direct staff costs (manpower charges) and operational support costs (balance of sum charged).

6.15 Seconded Officers

The costs of members of staff that are seconded to national units and other bodies outside of the force are normally fully recovered and their costs will be offset by income therefore their costs should not be included in the ABC model except for the items set out below. Where costs are not recovered in full, any balance should also be charged to sustaining overheads.

Secondments that are funded by the force (e.g. for regional purposes or for joint arrangements with other forces) will require a decision based on the extent to which the activity of the post contributes to the policing of the force itself. Costs will then need to be allocated to the appropriate activity code/codes with any balance assigned to sustaining overheads.

6.16 Budgets and Actual Expenditure

Some of the data required to complete the costing model will differ according to whether the costs are drawn from the budget or actual expenditure outturn.

The model created to produce the Home Office reports must be based on actual expenditure for the financial year being reported upon matched with actual non-financial data for the same financial year.

Where the model is built using budgeted expenditure, e.g. for the policing plan, the non-financial data will be that collected for the most recent 12 month period. The non-financial data should be adjusted to reflect changes incorporated in the budget, e.g. a planned reduction in sickness absence, increased levels of staff training, the switching of resources. Some non-financial data may have to be taken for a 12-month period running from October to September in order to meet budget timetables.

6.17 Standard Reports (see also sections 7 and 24)

The returns to be submitted to the Home Office must be signed off by the Director of Finance.

Reports should be produced at the BCU level showing the cost of each activity broken down into three cost types (Direct Staff Costs, Operational Support Costs and Business Support Costs) and split within these by the source of the cost (BCU staff, central squad, HQ support). This is template 3 of the Home Office Return.

Summary reports should also be produced for each BCU showing the totals for the above three cost types for each of the four domains together with corporate overheads (known as Sustaining Overheads). This is template 2.

A force level summary by domain and cost type (Direct Staff Costs, Operational Support Costs, Business Support Costs, and Sustaining Overheads) must also be produced.

A report listing the costs of events and major incidents by BCU and incident code is also required (template 4). It should be noted that all the costs of events and major incidents should be shown against the BCU where they were located.

Finally, a force summary is required which matches the statutory accounting statement (as prescribed by CIPFA) and includes the four domain totals (template 1).

7 REPORTING

7.1 Home Office

From April 2004 it became mandatory for all forces to submit ABC data to the Home Office once a year, to enable accurate inter-force comparison. Reports will be based upon the financial outturn for the Financial Year in question (this may be unaudited at the time of submission), and activity data and management information for the same Financial Year. Forces should submit their costed annual data return by the end of August following the end of the relevant financial year that is the subject of the report. ***This return must be signed off by the Director of Finance before submission.***

The Home Office provide ready formatted templates for completion; illustrations of these are contained in 25. These templates include an element of automatic validation.

Each of the Incident, Activity and Role Codes fits into one of four Domains that segment policing activity into its constituent parts. Some role codes are split across more than one domain. The diagram in the Executive Summary (section 1) illustrates the PPAF Domain structure – Domains 1-4 are those for which ABC seeks to provide quantifiable data about the costs of policing an area. Section 22 demonstrates how each incident, non-incident-linked activity and role code fits into the four Domains, or is categorised as Operational Support (or in one case as a Sustaining Overhead) and allocated to incidents and activities.

The Home Office also require the submission of an activity data return in early June to inform the frontline policing measure.

7.2 Internal

The ABC model should be used to enhance accountability by making the results readily available to managers, as well as by their inclusion in the policing plan. The results should also be made available to the Police Authority as a tool for strategic decision making and to assist them in meeting their statutory obligations. Reporting should be tailored to meet the needs of the recipients, should tend towards exception reporting and should include comparisons.

Ideally, forces should produce reports for the Policing Plan (based on the budget) and for the actual expenditure outturn. The policing plan report should utilise the Home Office Templates as the reporting basis to enable comparisons to be made between budget and actual expenditure.

The policing plan should be based upon the Revenue Budget for Financial Year 2 and activity information for Financial Year 1. In order to meet deadlines the management information may have to be collected for the 12 months from October year 0 to September year 1. The outturn report will be based on financial figures, activity data and management information for the financial year in question.

Before determining other internal reports it is essential to ascertain what BCU Commanders and other senior management require – reports must be useful and relevant to the recipient. All information should also be available for management to use for local purposes but it is important that the context and limitations of the input data and the model are clearly understood.

8 AUDIT ARRANGEMENTS

It is envisaged that future work on ABC by the Audit Commission will ultimately be incorporated into the annual audit programme as ABC becomes embedded in the general financial and resource management functions of individual authorities

For the 2004-05 audit (the audit of the 2003/4 submission), there were two aspects to the external audit arrangements, focusing on the quality of ABC data and the underlying systems in place to support the implementation of ABC. The aim was to ensure that the ABC submissions by forces to the Home Office in respect of 2003/4 had been made in line with the minimum standards of the Model and that as a result the data would be comparable. The approach taken is briefly explained below.

8.1 Review of the first year of ABC implementation

The Audit Commission was asked initially to assess the key elements of force plans for implementing ABC in 2003/04 to provide assurance that there was sufficient preparation for and commitment to producing ABC data (2003 ABC action plan reviews). This was a one-off exercise that would be replaced by a yearly assessment of the accuracy of the Activity Based Costing data submission to the Home Office. The work in 2004-05 was the Commission's review of the first full year of implementation, which at the request of the ABC Project Board at the Home Office (HO), was conducted at a relatively high level.

8.1.1 Audit methodology

This work was undertaken using auditors' powers under the Code of Audit Practice as part of their work on governance arrangements, under section 55(1)(e) of the Audit Commission Act 1998 and was carried out in partnership with the Police Standards Unit. The methodology was agreed with the ABC project board and the PSU prior to local fieldwork taking place.

Local reviews were undertaken by the appointed auditor to each police authority, using a tool prepared for the Police Standards Unit by the Audit Commission. The appointed auditors carried out their work in accordance with the Commission's Code of Audit Practice and Standing Guidance for Auditors. In addition, to ensure consistency of approach, national training was provided to auditors and all results were moderated for consistency prior to finalisation of local reports.

The review involved six key elements:

- review of the issues arising from the June 2003 ABC action plan reviews;
- review of the accuracy of force costing models;
- review of force internal controls for managing activity sampling;
- sample testing of activity information sources;
- high-level review of ABC results for reasonableness;
- review of utilisation of Activity Based Costing data.

The aim of local reviews was to establish that the systems and processes put in place by forces for the collection of activity data and the costing methodology adhered to the ABC manual of guidance and resulted in accurate and reliable submissions.

8.2 Further audits of ABC

While it is clear that many authorities and forces have done a great deal to secure the implementation of ABC and to improve their approach to gathering and using cost and activity information, some have made more progress than others.

The work in 2004-05 highlighted a number of issues which required further attention and while some of these were followed up as a matter of course by local auditors, there remained scope to extend the normal work. It was recognised that as forces continued to develop the process of completion of the model, there remained a need to ensure that the systems and processes being put in place were appropriate to support data quality in order to enable police authorities and operational managers to make informed decisions based on reliable information. In particular, any further work needed to focus more explicitly on the detailed costing systems.

The objectives of the 2005/06 Audit (of the 2004/05 ABC returns) are set out below.

“To follow up on the findings of the second audit year and to build on this by reviewing the process of each force’s own arrangements and actions to ensure that:

- the force has systems and processes in place so that data input into the force ABC costing model is accurate and complies with the manual of guidance;
- management arrangements for the implementation of ABC are consistent with the ABC model and the manual of guidance; and
- there is effective utilisation of ABC.”

There was no specific audit of 2005/6 data and there will be no separate audit of 2006/7 ABC data. However, checks on data quality may be made as part of their wider assurance remit of the Audit Commission.

9 THE NATIONAL COSTING MODEL FOR POLICE TRAINING

To be used for the completion of the costed training plan and as an aid to the proper management of the costs of the Internal Training Units. See Section 6.9 for revised treatment of training costs for ABC.

Contents

- 9.1 Introduction
- 9.2 National Costing Model for Police Training
- 9.3 Key Principles
- 9.4 Structure of the Model
- 9.5 Outputs from the Training Model
- 9.6 Calculation of Direct Training Costs
- 9.7 Calculation of Training Support Overheads
- 9.8 Calculation of Training Sustaining Overheads
- 9.9 Income
- 9.10 Relationship between the Training Model and the ABC Model
- 9.11 Standard Reports
- 9.12 Data Requirements of the Training Model

9.1 Introduction

The project to develop a National Costing Model for Police Training was jointly sponsored by the tri-partite partners¹ following Recommendation 4 of Managing Learning², which stated, *Her Majesty's Inspector recommends that by taking into account all of the relevant costs associated with police training, the tri-partite partners develop a national costing model to be used by forces and NPT.* The Project Board decided to adopt the strategy of incorporating the model in Activity Based Costing (ABC) software, bringing the model into the mainstream of costing methods used in the Police Service.

There is no single definition of the term 'training'³. The costing model is designed to calculate the cost of providing formal, structured, facilitated learning activities, which do not take place in the immediate workplace; examples include, e-learning with or without tutorial support, classroom based courses, skill development for police driving, firearms, public safety and officer safety. The definition excludes on the job training. All training activities that fall within this definition can be costed; this includes training delivered by Basic Command Unit (BCU) trainers within the BCU as well as training delivered by Force units as a service to the BCU.

The model is not based on any particular type of training organisation. It is flexible enough to cover the options from a highly centralised training establishment to a number of separate training units. In effect, each unit needs a separate costing model.

There are considerable benefits in having a national costing model, including:

- Having a common method of calculating training costs in every Force, to inform the Annual Costed Training Plan, continuous improvement and for other purposes.
- Making training cost components more visible, prompting questions, investigation, and improvements.
- Having the ability to make the kind of meaningful inter-comparisons between Forces that only a national costing model can provide, stimulating learning from one another.

The National Costing Model is one of the building blocks in the process of discovering how cost-effective police training actually is. Knowing our costs is a significant step, but not the only one. In the longer term, when Forces have a common method of training evaluation, we will be able to identify the performance improvements flowing from the investment in learning. Forces will be able to quantify the value training adds to the quality of operational policing, and estimate the return on our training investment.

Mrs Christine Twigg,
Chair, Project Board
DCC Cumbria Constabulary

Mr Robin Wilkinson,
Policy Officer
Association of Police Authorities

¹ The Home Office, the Association of Chief Police Officers (ACPO), and the Association of Police Authorities (APA)

² Managing Learning, a Study of Police Training – HM Inspectorate of Constabulary, April 99.

³ HO Circular 18/2002 has this definition – 'Training is essentially a learning process in which learning opportunities are purposefully structured...The aim of the process is to develop in the employees the knowledge, skills and attitudes that have been defined as necessary for the effective performance of their work and hence for the achievement of the organisational aims and objectives by the most cost-effective means available.'

9.1.1 *The Project Board*

Christine Twigg	Deputy Chief Constable, Cumbria
Martyn Evans	Chair, Implementation Group
Tom O'Donnell	Director of Finance and Resources, North Wales Police
Sue Martin	Head of Police Training, The Home Office
Robin Wilkinson	Policy Officer, Association of Police Authorities
Robin Field-Smith	HMIC (T) (Observer)

9.1.2 *The Implementation Group*

Martyn Evans	Project Manager, Cumbria Constabulary
Faizi Ainsworth	Financial Directorate, Metropolitan Police (to Nov 2002)
Subhash Bhatt	Costing Specialist, Corporate Services, Centrex (to Oct 2002)
Lorraine Buck	Training Resources Manager, Durham
Mike Harwood-Grayson	Head of Training Policy, Metropolitan Police
John Kitchen	ACPO/ APA Best Value in Police Training Project (to March 2003)
Richard Muirhead	Corporate Projects Financial Adviser, Corporate Development, Cheshire
David Murphy	Financial Directorate, Metropolitan Police (from Nov 2002)
Steve Nield	Senior Finance Officer, Cheshire
Trevor Payne	Head of Corporate Finance, Thames Valley
Patricia Samuel	Police Authority, South Yorkshire (for Mr Wilkinson)
Kim White	Head of Training & Development, West Mercia
Bill Wilkinson	Police Authority Treasurer, South Yorkshire
Scottie Addison	HMIC (T) - (Observer)

9.1.3 *The National Training Costing Model Implementation Team (NTCMIT)*

The original implementation group was disbanded in early 2003, once the model had been developed and run for a year. However, in order to encourage greater standardisation and in order to promote meaningful comparisons between forces, the Home Office set up a new implementation team, the NTCMIT, at the end of 2004. This body was accountable to the Police Learning and Development Executive (PLDE) for promoting the full use of the model. In April 2007 sponsorship of the model passed to the newly created NPIA and the link with the ABC Model was severed. A reconstituted NTCMIT was tasked with the development of a management tool better suited to the current service environment. However, the requirement to use the Cost of Training Model for the production of costed training plans.

9.2 **National Costing Model for Police Training**

The National Costing Model for Police Training is specified in this document. Departures from the methods and conventions used are **not** permitted. The model is prescriptive in order to reduce variability between Forces caused by differing methods of calculation. It should be noted that although the national training comparisons for best value were very restricted this was not due to any fundamental problem with the basis of the training model but was because there are a

multitude of differences in the names, content and organisation of very similar police training courses across forces, together with the fact that on the first exercise many forces did not apply the model correctly. This situation only prevents widespread direct comparison between forces and does not detract from the basic usefulness to each force of the model in planning, budgeting and completing the costed training plan, nor does it prevent local comparison where differences can clearly be identified. Indeed the process of identifying and challenging differences should result in greater efficiencies for the service as a whole.

9.2.1 *Budgets and Actual Expenditure*

The CoTM can be produced using either budget or actual expenditure.

1. HMIC require a version of the COTM based on budget and training plans for the annual costed training plan. It will need to be completed as soon as the budget and training plan have been agreed in order to ensure that reports can be submitted by the end of June in the year being reported upon.
2. A version of the CoTM based on Actual expenditure can be produced for comparison with the budgeted model.
3. Actual expenditure on training will still need to be identified for the main ABC Model. However the reappportionment of these costs has been simplified for 2006/7 onwards. (See section 6.9)

9.3 Key Principles

- Wherever possible the Training Model should align with the principles of the National ABC Model.
-
- The separate elements of training costs should be clearly visible. This will enable the results to be used for various purposes e.g. costed Training Plans, continuous improvement and Best Value reviews.
- The outputs must balance back to the inputs (either budgets or actual outturn as appropriate).
- Best Value requirements would be satisfied if the elements of cost required were available in the training costing model.
- Several iterations of the model will be required for separate training units and for ad-hoc training courses (e.g. financial courses run by the finance department, purchasing skills courses run by the procurement department).
- Courses that are run for other organisations (i.e. income generating courses) must be included in the model and shown in the costed training plan. In the main ABC model, these courses will be charged to sustaining overheads where they will be offset by the income they generate.

- Special arrangements will apply to courses run under regional collaboration arrangements; see sub-section 9.4.6

9.4 Structure of the Model

The costing elements are categorised in the subsections 9.4.1 to 9.4.4. Further details are shown in sections 9.6 to 9.9. The basic data required for input to the model is set out in section 9.12.

9.4.1 *Direct Course Costs*

- **Direct Training Costs:**
 - Tuition
 - Specific Significant Items of Equipment/Specialised premises and assets utilised
 - Hired Services
- Residential Accommodation Costs
- Catering Costs

Direct course costs should not include spare capacity, training course development and strategic management of training.

9.4.2 *Training Support Overheads*

- Management & Administration
- Supplies & Services
- Training Unit Staff Expenses
- Training Unit Staff Training Costs (including assessment & trainer development)
- Time out for the development of Training Unit Staff (e.g. courses, assessment etc.)
- Training Unit Staff Sickness Absences
- Training Premises Charge (including externally hired rooms)

Designated non-training related duties undertaken by trainers should not be included. They should be identified for inclusion in the main ABC model.

9.4.3 *Training Sustaining Overheads*

- Strategic Management
- Training Course Development
- Training Evaluation
- Paternity/ Maternity leave (if not dealt with via a central force budget)
- Programmed repair and maintenance of premises if not charged direct to sustaining overheads in the ABC model (Please note that the treatment of programmed maintenance has not changed with the revised treatment of training costs in the main ABC model ie. Although training sustaining overheads are allocated out as part of the course cost in the main ABC model, there is no new requirement for Forces to identify programmed maintenance for training facilities. These costs can remain as part of the sustaining overhead in the main ABC model. This treatment is based on a pragmatic approach to avoid additional work for Forces.
- Spare Capacity (training costs, premises and specific assets)

9.4.4 *Income*

- **Trading Income**
- **Miscellaneous Sales & Income**

Trading income is external income generated by selling training to external customers.

9.4.5 *Treatment of Courses that Span Financial Years*

Courses that span financial years (i.e. those that start in or before March and finish in April or later) should only be included in the year in which they finish. The costs that have fallen in the previous financial year will show up as unused capacity in that year and will therefore be allocated to sustaining overheads. The inclusion of these prior year costs in the following year will then reduce spare capacity and hence sustaining overheads. Over the two years everything will balance out. In practise it is likely that this will occur on an ongoing basis so that the net effect will be minimal in any particular year.

The recipient units should only be charged in the ABC model for the financial year when the course ends.

9.4.6 *Regional collaboration*

Courses delivered under regional collaboration arrangements must be included in the costing model of the force delivering the course. Where the same course is run by more than one force then each delivering force will need to account for those modules it delivered on its premises. Regional courses must be included in the costed training plan submitted to HMIC by the force delivering the course.

Special measures will need to be taken to ensure courses are fully costed as follows:

- The delivering force must identify **all** the costs of running the course in the same way as for internal courses
- Where instructors or equipment are provided by other participating forces the costs of these must be included by the delivering force (if necessary these can be estimated by reference to the force's own costs)
- In order to maintain the financial balance these additional costs should be offset by a credit to sustaining overheads if actual charges are not made by the providing force
- For the purposes of output to the main ABC model courses provided to members of other forces will be treated in the same way as income generating courses even if no recovery of costs is made. This means that the costs will be charged to sustaining overheads in the main ABC model and offset by any cost recovered.

9.4.7 *IPLDP*

For the 2007/08 submissions forces will be required to cost the following elements for the purposes of IPLDP: Classroom/Workshop Based Elements and Tutoring element of the IPLDP

- **Classroom/Workshop Based Elements**

Classroom/ workshop elements **delivered across the two years** should be costed in the normal way i.e. the cost of delivery, using your existing data capture templates and mechanisms. If the training staff are your staff this will require a detailed breakdown of their time (as you do now). If the training staff are not your staff then it is the (again as you do now for any training delivered by another department that you currently record through your model).

- **Tutored Patrol element of IPLDP**

The **tutoring** phase prior to student officers going on independent patrol is deemed to be a critical part of their training. While Student Officers may be undertaking operational duties they cannot be deployed operationally without being accompanied by a Tutor Constable. This means that the force is doubling up resource requirement and the Tutors time need to be captured within NCTM.

Time spent by Tutor Constables on any of the following activities need to be captured as part of the NCTM:

- Tutor constables time spent on the development of training packages
- Evaluation/**assessment** time spent on student officers
- Training time spent on student officers e.g. **accompanied patrol**

Time spent by tutor constables working on primary duties of their own e.g. Operational - dealing with an Incident need to go through the main ABC Model

- **Example**

If the Tutor Constable is employed by the Force and 75% of time is spent on activities associated with student officers with the remaining 25% is spent on primary duties of their own where should the costs lie within the NCTM and ABC Models.

The 75% time spent on Student Officers should sit against a course and within the NCTM. The 25% time spent on primary duties should sit in the main ABC Model and be allocated across incidents and activities undertaken by the officers (captured via Activity Analysis or Management Information)

If the Tutor Constable is not employed by the Force then the total costs charged should be allocated against a course within the NCTM.

- **How do we capture the time spent by Tutor Constables on Student Officers?**

There is no one single universal approach. A number of spreadsheets, record cards, templates are already in existence within forces which can be adapted for this exercise. Data can be captured on an on-going continuous basis or alternatively a force may choose to collect data for one intake only which provides an average which can be applied to all future tutoring intakes. The decision is down to the individual force but it is important that the sample period chosen is representative of the workload placed upon tutors.

- **How should I deal with the Student Officers?**

The Student Officers should be deemed as operationally and sit within the main ABC Model. Their costs should be allocated across incidents and activities undertaken by the officers (captured via Activity Analysis or Management Information)

For the purposes of the 2007-08 Model the above does not apply to PCSO's.

9.5 Outputs from the Training Model

Outputs reports are set out in section 9.11.

9.5.1 Direct Course Costs

These are analysed into three elements for comparison and management purposes.

- **Training Costs**
- **Residential Costs**
- **Catering Costs**

9.5.2 Allocations to Sustaining Overheads

- **Strategic Management**
- **Training Course Development (not to be confused with preparation time – see 9.6.1)**
- **Training Evaluation**
- **Paternity/ Maternity leave (if not dealt with via a central budget)**
- **Programmed premises repair and maintenance (if not charged direct to ABC model) See note at 9.4.3.**
- **The net effect arising from costing courses run under regional collaboration arrangements**
- **Spare Capacity (note that this will include any debits and credits relating to courses which span financial years):**
 - **Training Costs**
 - **Residential Premises Costs**
 - **Specific Assets**

9.5.3 Income

- **Trading Profit (since this may be commercially sensitive information there is no requirement in this manual to publicly declare it). This is calculated as trading income net of charges. A trading loss would be charged to sustaining overheads in the ABC model.**
- **Other Income**

9.5.4 Composite Reports

To calculate the overall cost of learning activities, the outputs set out in 9.5.1 and 9.5.2 above should be combined with the following items from the ABC Costing Model. Outputs are set out in section 9.5.

- External Course Charges
- Training Travel Costs
- Training Subsistence
- Time out for employee training

9.5.5 Calculation of Trading Charges

For trading purposes, Forces may choose to use the elements set out in 9.5.1 and 9.5.2 to inform the determination of the course cost to be charged to customers.

9.6 Calculation of Direct Course Costs

Reference must also be made to sections 6, 19 and 21 of the ABC manual.

9.6.1 Tuition Costs

- a) These should be calculated in accordance with the ABC model to give a cost per trainer day for each group of trainers of the same rank/grade (but see (b) below). When the costing model is used for planning purposes, annual increments and estimates for pay awards in the financial year concerned must be included. Attention is drawn to the need to include the proper charge for police pensions as set out in sections 19 and 20. Where the model is based on the budget it will be necessary to ascertain the budgeted current service cost from the person responsible for formulating the final budget.
- b) It should be noted that sickness absences for the training staff and time out for their training and development must be deducted and put into the training support overhead.
- c) Since trainers will be assigned to courses based on knowledge, skills and availability rather than rank/grade or type of employee, it is anticipated that trainer costs per day will need to be averaged before being allocated to courses. The average must be made over the group of trainers dedicated to the delivery of a specific range of courses e.g. firearms, dogs, driving etc. The unit cost per day for trainers who are police officers must be calculated separately from the unit cost per day for trainers who are support staff. The initial calculations for daily cost, including netting off sickness absences and time out for their training and development, should be completed in accordance with section 19 of the national ABC model. The results must then be averaged, weighted by the number of days available for allocation for each group i.e. officers and support staff. The weighted average unit cost must be used for all courses in the corresponding range.
- d) When delivering a trainer led course, trainers spend time preparing, delivering and closing the course. Typical preparation activities are learning, reviewing and updating existing material; and liaising with training administration. Closure activities might include ensuring that records are updated correctly and filing materials. Preparation and closure activities are usually done outside the curriculum. Therefore, the time a trainer spends on a course consists of preparation, delivery and closure time. For each course the length of the course together with the average preparation and closure time (in days and/or part days) should be multiplied by the cost per trainer day for the rank/grade of trainer used.
- e) Tuition costs, described above, do not include the time spent on
 - Designing new training materials, lessons and courses

- Validation of new or revised designs
- Training Evaluation

Trainer time spent on these activities should be calculated on the same daily basis and entered under sustaining overheads. Unallocated days, which represent spare capacity, will also be charged to sustaining overheads.

- f) Where significant, the cost of non-training staff used for specific courses will need to be added directly to that course and credited back to the ABC model. Significant means a greater than 5% impact on the overall cost of the course.
- g) Some training staff have split roles, where they spend a proportion of their time on designated non-training duties. This needs to be logged separately for inclusion in the ABC model. For example, a Firearms Trainer might also be involved in Operational Duties. The costs should be calculated on the same daily basis as applies to the training activities.
- h) Management and administration days should be charged to Management & Administration under Training Support Overheads, as should dedicated staff. Staff costs applied in the model should only be up to the senior post dedicated to training (i.e. no apportionment of an ACC or Director of Personnel & Training should be made since this will be strategic management).

9.6.2 *Specific Equipment/Specialised Premises and Assets Utilised*

- a) The costs of significant specific items (capital charges, maintenance, running costs i.e. whole life costs) should be included in the course costing on an appropriate basis. (For example, vehicles for Driver Training, Skidpan, Firearms Range, range equipment, guns and ammunition for firearms training). The method of allocation must be based upon the number of available working days, generally assumed to be 5 days per week for 50 weeks per year. Capital charges must be calculated in accordance with CIPFA guidelines
- b) Unused days will represent spare capacity to be charged to sustaining overheads.
- c) The costs of general classroom equipment and consumables must be included under Training Support Overheads because they are capable of being used across a variety of courses.

9.6.3 *Hired Services*

These will be charged direct to the courses to which they relate.

9.6.4 *Premises*

- a) These should include running costs, rents, rates, insurance, capital charges, cleaning, caretakers, building engineers, grounds staff, grounds maintenance, and furniture. Rooms hired for specific courses and the estimated costs (split in proportion to usage) relating to non-training rooms used on occasions should also be included. In the latter case, a corresponding credit should be made to the ABC model. ***Programmed repair and maintenance costs and estates management costs are not included and should be charged direct to sustaining overheads in the ABC model.***
- b) The total cost should initially be split based on usable floor area as follows:

- **Residential Accommodation (used for residential charge)**
 - **Classrooms, administration and management offices, syndicate rooms, conference rooms, common facilities used for training premises (charge within training support overheads)**
 - **Conference facilities not used for training purposes (charged to sustaining overheads in ABC model) - where this is partially used for training then a proportionate split will be necessary.**
 - **Parts of premises occupied by non-training personnel (charged to business support overheads for the BCU/Department to which the occupants belong, in the ABC model).**
- c) It should be noted that the model does not envisage that classroom accommodation will be charged out on a per head basis. This is because the complications of such a process will make it very difficult to deliver and will be more likely to cause inconsistencies which will affect the ability to compare the results. With the exception of residential accommodation, all training accommodation costs are therefore charged as an overhead. Although this means that spare capacity is not directly identified it will be apparent from comparison of the premises charge element. More practically, the inclusion of a statistic of student days per square metre as back up data will enable a comparison of utilisation to take place.
- d) The residential charge is calculated by taking the apportionment from (a) above and adding items such as laundry, maintenance of equipment, renewal of equipment and housekeeping & dividing by the number of rooms to give a cost per room per annum. This is then divided by the number of weeks available (generally assumed to be 50) and the number of nights occupied per week (generally assumed to be 4) to give cost per night. Where significant use is made of residential premises at weekends then this calculation must be adjusted accordingly (e.g. by use of the number of nights occupied per annum) to avoid a negative surplus being created.

9.6.5 Catering Costs

This should be calculated as appropriate for each course (i.e. Residential/Non Residential and length of course).

9.7 Calculation of Training Support Overheads

The total of these will be spread as a percentage of the Direct Course Costs *excluding Residential Accommodation & Catering*. Training Support Overheads are therefore added to the total of Tuition, Specific Items & Hired Services to give the Total Training Cost per course.

9.7.1 Training Unit Staff Training Costs

Training unit staff training costs will include time spent on assessment & development of trainers. Where trainers are trained within the unit, the costs of doing this should be charged directly to this heading and not included in the calculation of the direct course costs (i.e. an internal course for training a trainer will not be treated as a separate course)

9.8 Calculation of Training Sustaining Overheads

These costs do NOT contribute to course costs for the costed training plan but are included in course costs for the allocation within the main ABC Model.. .

9.8.1 Strategic Management

This category is present to collect costs not associated with the day-to-day management of training issues. For example, the cost of time spent by training staff in attending Corporate, Regional and National bodies should be entered here.

9.8.2 Training Course Development

Work by training staff on the development of new courses and their validation will be charged on the same daily basis to Sustaining Overheads. The activities include training needs analysis and training design. Course development should not be confused with preparation time which forms part of the tuition costs. The development costs of e-learning packages should also be shown under this heading. Ideally this heading should be sub-divided as follows:

1. Development of classroom based training
2. Development of e-learning packages
3. Other development costs

9.8.3 Training Evaluation

Work by training evaluators and training staff who contribute to training evaluation, will be charged on the same daily basis to Sustaining Overheads.

9.8.4 Paternity/Maternity Leave

Some Forces have a central budget to cover Paternity/ Maternity leave. Where this is not the case, this category has been provided to cover the cost of training staff that are on paternity or maternity leave but remain on the training budget. Since it appears in sustaining overheads it does not have a direct impact on the cost of a course.

9.8.5 Regional Collaboration – net effect falling on delivering force

This is the net effect arising from costing courses run under regional collaboration arrangements. It is any unrecovered costs incurred by the delivering force offset by credits for charges not made by other forces contributing resources.

9.8.6 Spare Capacity

The model calculates spare capacity; it is not an input. Spare capacity in relation to trainers, specific items, and residential accommodation will result in an under recovery of expenditure. This spare capacity will be clearly visible within the training costing and will be charged out to Sustaining Overheads.

Where a training plan is being costed it is possible to end up with negative spare capacity; this result would indicate that the plan was unachievable without additional resources being provided for in the budget.

9.9 Income

9.9.1 Trading Profit

It is recognised that this information may be commercially sensitive. For the purposes of best value comparison the income element is not relevant and not reported. For output to the ABC model the costs of courses sold should be offset against the trading income & the net profit transferred.

9.9.2 Other Income

Other income will be transferred separately to the ABC model.

9.10 Relationship between the Training Model and the ABC Model

From 2006/7 onwards, the mandatory link between the CoTM and the ABC Model has been severed. The total cost of internal training will still need to be calculated but the reapportionment within the ABC Model has been simplified. (See section 6.9)

9.11 Standard Reports

9.11.1 Management Reports

Unit Cost of Course per Unique Course Code/Title

- a) Course Description
- b) Number of trainer preparation days per course
- c) Number of training days per course
- d) Average Number of Students per Course (a planning assumption or based on historical data)
- e) Student Days per Course (c x d)
- f) Course cost
- g) Cost per student (f ÷ d)
- h) Cost per student day (f ÷ e)

Total Cost of Delivery per Unique Course Code/Title

- a) Course Description
- b) Student days per course (from e above)
- c) Cost of Course (from f above)
- d) Number of courses delivered
- e) Total student days (b x d)
- f) Cost of delivery (c x d)
- g) Total cost of delivery (sum of items @ f)

Summary Statement

- a) Total direct training charges split into separate elements
- b) Total residential accommodation charges
- c) Total catering costs
- d) Total training support overheads split into elements
- e) Total training sustaining overheads split into separate elements

- f) Grand total (which should equal total expenditure net of non training elements)

9.11.2 Outputs to ABC (no longer required. See Section 6.9 for treatment of training cost in the main ABC model)

- a) Course charges to cost centres (direct charge & support overhead)
- b) Allocations to sustaining overheads
- c) Allocations of non-training expenditure
- d) Credit for operational premises used for training
- e) Credit for non-training staff used to deliver training
- f) Debit for training staff used in designated non-training activities.
- g) Net trading profit (or loss)

9.11.3 Summary for Internal Use

- a) Total charges to cost centres
- b) Total charges to trading
- c) Total allocations to Sustaining Overheads
- d) Total allocations of non training expenditure
- e) Total miscellaneous income
- f) Trading income
- g) Net cost of unit ((a + b + c + d) less (e + f))

9.12 Data Requirements of the Training Model

(The model can be used for both budgets/plans and actual expenditure.)

- Budget/expenditure for:
 - All staff costs
 - Premises
 - Transport
 - Supplies & Services
- Capital Charges for:
 - Premises
 - Specific Assets
- Number and costs of trainers who are police officers
- Number and costs of trainers who are police staff
- Number and costs of staff involved in Management
- Number and costs of staff involved in Administration
- Cost of time spent training by non-training unit staff (credited to the ABC model)
- Cost of time spent on designated non-training activities by training staff (charged to the ABC model)
- For each staff group:
 - Days spent on Strategic Management
 - Days spent on Development & Evaluation of Courses
 - Days for sickness abstraction
 - Time out for training days
 - Days on paternity/ maternity leave if not funded centrally.
 - Days spent assessing training & developing trainers
 - Days annual leave

- Statistics for each course:
 - Name & code of course
 - Number of days training delivered per course
 - Number of days preparation & closure time per course
 - Average number of students per course
 - Number of courses planned/delivered
- For specific assets utilised - basis of unit charge to each course (e.g. days used, mileage, fuel consumed)
- For hired services - units consumed per course
- For premises:
 - Total usable floor area
 - Area of training accommodation
 - Area of residential accommodation
 - Area of conference accommodation
 - Area of non-training accommodation
 - Percentage use of conference rooms for training
 - Cost of other rooms utilised for training based on period used
 - Number of bedrooms
 - Availability of bedrooms
- For catering - charges for each course

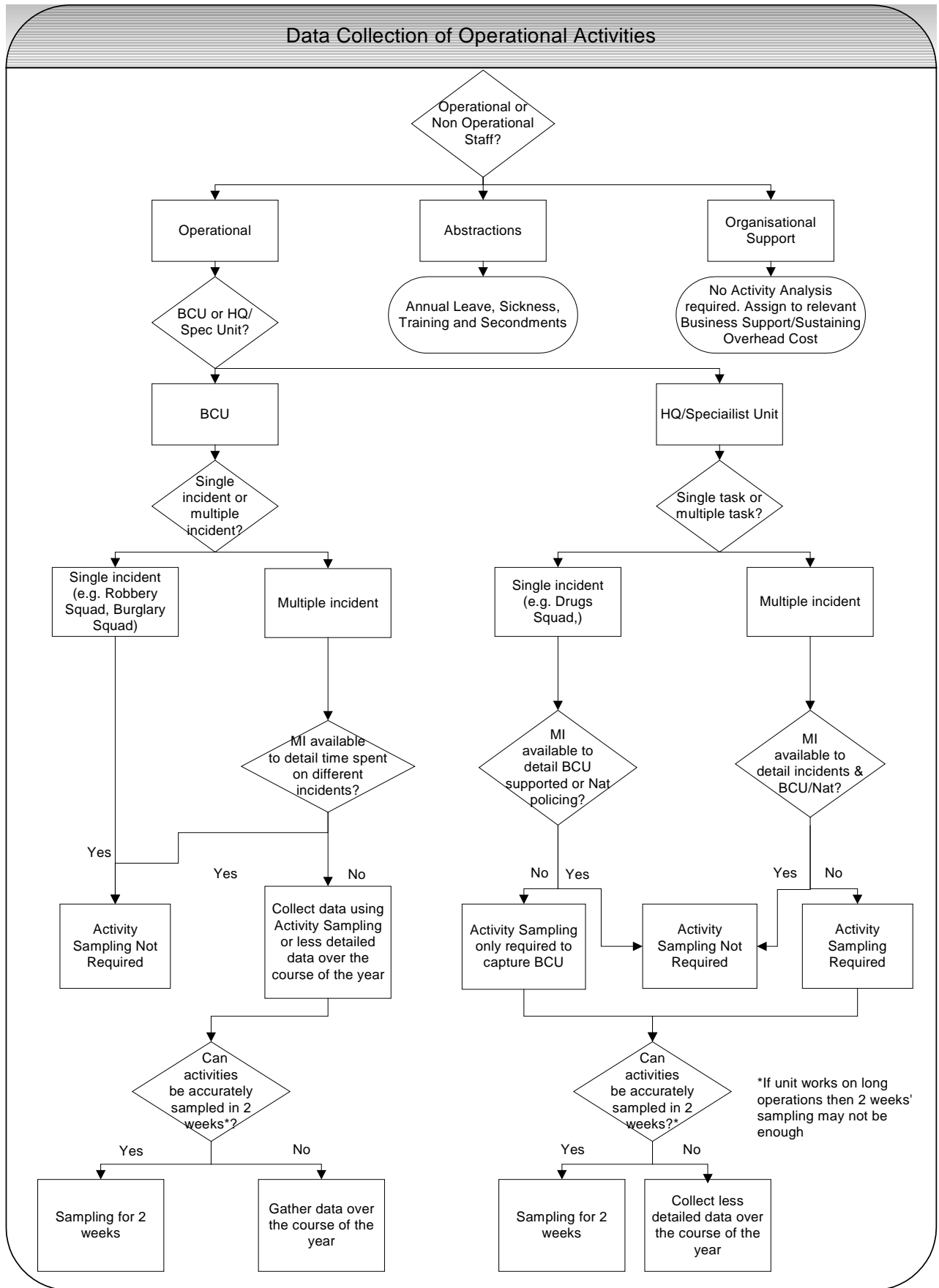
10 ACTIVITY DATA ARCHITECTURE

The purpose of this section is to clarify the information requirements of Activity-Based Costing. The key message is that Activity Sampling is not required for all staff and units within a police force. The diagram that follows these notes provides an overview of the where Activity Sampling is likely to be required:

- Activity Sampling will not be required for Business Support or Organisational Support departments (e.g. ICT, Finance, HR, Premises).
- Activity Sampling may be required for Central Operational Units.
- Activity Sampling is likely to be required for the detailed breakdown of time (and therefore cost) within BCUs, but only where time based Management Information cannot perform this role.
- Activity Sampling will be required for staff with a high volume of cases and who deal with a variety of incident types.
- Information collected for central operational units must provide data for the allocation of costs to BCUs as well as incidents and activities. Many specialist units will need to collect time based information on a continuous (365 day) basis.
- Ideally central operational units should collect time based data on incidents, activities and the BCU in which they took place on a continuous basis. For large multiple role units (e.g. Dog section, Traffic Patrol) activity sampling is, however, considered to give a good approximation although additional data to support the BCU split obtained from use of the special code is desirable. It is also acceptable to restrict the continuous data collected by specialist units to incidents, non-incident activities and BCU but this should still generally be time based.

Below is a decision tree that should provide some help in determining what sources of information will be suitable for different units.

Section 16 provides some practical examples of how these principles might be applied across operational units within a force.



11 EXPECTED ACCURACY OF ACTIVITY SAMPLING

This section provides information illustrating the expected accuracy of surveys of staff. The results below reflect the impact of population size and length of the survey on the results. **The tables show how the error (2 standard deviations) varies with the length of the sample (number of days/shifts) and population size (number of staff).**

Using the minimum standard set out within this manual (ten days/shifts), an activity that takes 5% of a member of staff's time will be recorded within an Activity Sample of 200 staff, 95 times out of 100, as within the range 5% +/- 0.7%.

Expected Accuracy of results using a ten day/shift sample per member of staff

Proportion of time in activity	Number of Staff				
	20	50	100	200	500
1%	1.3%	0.8%	0.6%	0.4%	0.3%
5%	2.1%	1.3%	0.9%	0.7%	0.4%
10%	3.5%	2.2%	1.5%	1.1%	0.7%

Expected Accuracy of results using a 15 day/shift sample per member of staff

Proportion of time in activity	Number of Staff				
	20	50	100	200	500
1%	1.1%	0.7%	0.5%	0.3%	0.2%
5%	1.8%	1.1%	0.8%	0.6%	0.4%
10%	3.0%	1.9%	1.4%	1.0%	0.6%

Expected Accuracy of results using a 20 day/shift sample per member of staff

Proportion of time in activity	Number of Staff				
	20	50	100	200	500
1%	1.0%	0.6%	0.4%	0.3%	0.2%
5%	1.6%	1.0%	0.7%	0.5%	0.3%
10%	2.8%	1.8%	1.2%	0.9%	0.6%

The calculations above assume a response rate from surveys of 95%, with a random spread of non-returns. [Source: Home Office Activity Sampling Manual of Guidance.]

12 COMPLETE LIST OF INCIDENT, ACTIVITY AND ROLE CODES

The Incident, Activity and Role Codes represent the complete list of codes that should be populated for each force for reporting purposes. The codes were updated as part of the review of the Model and its incorporation in PPAF. Spaces have been left between many of the Activity Codes to allow for any further additions to the list, avoiding the need for future re-coding exercises. The list is split into sections for Crime Incidents, Non-Crime Incidents, Incident Related Activities (sub codes to the first two), Non-Incident Related Activities, Supervisory Activities, Other Activities, and Role Codes.

12.1 Direct Cost Crime Incidents

The definitions of the following codes are based on the Home Office counting rules. Any doubts about the appropriate code to be used should be resolved by reference to the Counting Rules, which can be found on their website: www.homeoffice.gov.uk/rds/countrules.html .

Activity Analysis Code	Complete list of Codes for Activity Based Costing for Home Office Use	Code Definition	Optional Breakdown of Codes for Local Use
CA	Violence Against Person – S20 & More Serious	Section 18; Section 20 wounding and more serious violence against a person.	Murder, Section 18, Section 20 offences.
CB	Violence Against Person – S47 & Less Serious	Section 47, assault and less serious violence against a person.	Section 47 (Assault resulting in Actual Bodily Harm), Common assault, Harassment
CD	Sexual Offences	All sexual offences, including minor sexual offences, abduction, and exposure	Rape, Indecent Assault, Unlawful sexual intercourse, Exposure,
CH	Burglary Dwelling	All burglary in a dwelling.	Aggravated burglary in a dwelling, Burglary in a dwelling
CI	Burglary - Commercial & Other	All burglary that does not involve a dwelling.	Aggravated burglary in a building other than a dwelling, Burglary in a commercial building, Burglary in any other building
CK	Robbery	Robbery and assault with intent to rob.	Robbery in a public place, Robbery in a commercial property, Armed robbery in a public place, Armed robbery in a commercial property

Activity Analysis Code	Complete list of Codes for Activity Based Costing for Home Office Use	Code Definition	Optional Breakdown of Codes for Local Use
CL	Theft of or from Motor Vehicle	Including taking without owners consent (boats, caravans etc.) interference with a vehicle, and tampering with a vehicle.	Theft of a vehicle, Theft from a vehicle, Interference with a vehicle, Tampering with a vehicle.
CM	Deception/Fraud	This includes all types of deception including giro cheques and leaving a petrol station without paying as well as forgery.	Fraud by Company Director, False Accounting, Cheque and Credit Card Fraud, Bilking, Forgery, Bogus callers
CN	Theft Other	All other thefts including shop lifting but excluding fraud.	Handling stolen goods, Theft from shops.
CR	Drug Offences	All drugs offences relating to the possession and supply of drugs.	Trafficking in controlled drugs, Supplying controlled drugs, Possession of controlled drugs, Other drug offences
CT	Criminal Damage	All criminal damage including threat or possession with intent to commit criminal damage and including damage below £20.	Arson, Criminal damage endangering life, Criminal damage to a vehicle, Criminal damage to a dwelling, Criminal damage to public property
CX	All Other Crime	Any other offences normally recorded as crime.	Perjury, Firearms Act offences, Kidnapping, Blackmail, Immigration Offences, Going equipped to steal, Betting, gaming and lotteries offences.

12.2 Direct Cost Non-Crime Incidents (see Section 23 for mapping to NSIR Codes)

Activity Analysis Code	Complete list of Codes for Activity Based Costing for Home Office Use	Code Definition	Optional Breakdown of Codes for Local Use
NA	RTC (Fatal/Serious)	All fatal or serious Road Traffic Collisions	RTC - Fatal, RTC - Serious Injury
NB	RTC (Minor Injury/Damage)	All minor injury or damage only RTCs	RTC - Slight injury, RTC - Damage, RTC - Animal
ND	Traffic Other	All other traffic matters	Abnormal Load, Stranded Motorist, Static Agency Road Check, Breathalyser, Traffic Control, Speeding Offence, Other Traffic Offence
NF	Public Disorder	Disorder in street or public place, as defined by offences against the Public Order Act 1986 and Criminal Justice Act 1994.	Public demonstration, Pop concert, Football, Other sports events
NG	Domestic Dispute	Any dispute between members of the same household, or close relatives, or partners or former partners not from the same household that does not amount to a crime	Spouse or partner, former partner, other members of the family, other members of the household
NH	Complaint/Nuisance	Any nuisance or civil dispute not amounting to a crime, but including racial/ethnic/homophobic or community problems & nuisance phone calls.	Neighbourhood quarrels, Nuisance Telephone Calls, noise, youths causing disturbance
NI	Prostitution	Non-crime incidents relating to prostitution	Soliciting, kerb-crawling
NM	False Alarm	Any incident involving a false or faulty alarm.	Fire Alarm, Car Alarm, Other Alarm
NN	Missing Person	Any incident involving a missing person where the circumstances do not amount to the allegation of a crime.	Missing person - vulnerable, Missing person - non vulnerable
NO	Sudden/Suspicious Death	An incident of a sudden death, found body or suicide where the circumstances do not amount to a crime.	Found body, Suicide, industrial accident
NX	Other Non Crime Incident	Any incident not mentioned above that does not amount to a crime. Includes drunkenness offences.	Mentally ill, Lost property, Vagrant, Suspicious parcel, Bomb scare

12.3 Direct Cost Incident Linked Activities

Activity Analysis Code	Complete list of Codes for Activity Based Costing for Home Office Use	Code Definition	Optional Breakdown of Codes for Local Use
IA	Deal with Incident (Inc Travel Time)	Includes both time spent at the scene of an incident (other than time to which any other incident-linked activity code applies), and time spent travelling to an incident (i.e. when it is necessary to go direct to an incident). Also includes time spent taking down details required for a police report whether at the scene or elsewhere.	
IB	Enquiries (other than Deal with Incident)	Includes time spent making enquiries in connection with an incident, including interviewing witnesses.	
IC	Observations	Time spent keeping observations or surveillance in connection with a specific incident.	
ID	Searches	All non statutory searches e.g. open spaces for missing persons and all statutory searches of persons, premises or vehicles under PACE or other legislation, but excluding searches of prisoners on police premises under Section 32 or 55 PACE which should be shown as 'dealing with detainees'.	
IF	Issue Advice/Warnings/VDRs etc	All time spent giving advice, warning or VDRS notice - arising from any type of incident, not just traffic matters. Includes formal and informal cautions of offenders. Also includes checking documents.	
II	Interview Detainees/Suspects	Time spent conducting interviews in connection with specific incidents. If the interview relates to more than one incident, the incident taking up most interview time should be recorded.	
IJ	Dealing With Detainees/Suspects	Includes returning detained persons to the station, presenting cases to custody officers, searching prisoners in station, fingerprinting, photographing etc.	

Activity Analysis Code	Complete list of Codes for Activity Based Costing for Home Office Use	Code Definition	Optional Breakdown of Codes for Local Use
IL	Paperwork/Case File Preparation	Time spent preparing and updating reports, files, tape summaries etc, in connection with a specific incident. Includes all computer-based paperwork, including word-processing and clerical duties.	
IN	At Court (Waiting or Giving Evidence)	Time spent at court giving evidence or waiting to be called (including travelling to/from court). Includes other work at court directly related to a prosecution, e.g. exhibits officer.	
IX	Other Incident Linked	Includes special briefings, planning of targeted operations and any other incident linked work	
IZ	Non Activity Sampling based information	This code is a “dummy” code that can be used within the software to capture the costs of dealing with an incident where a breakdown across Incident Linked Activities is not available. Where a force allocates the cost of a group of officers directly to an Incident Type (e.g. a Drugs Squad) Activity Sampling will not be used. Therefore in this instance the two codes CR and IZ will be used.	

12.4 Direct Cost Non-Incident Linked Activities

Activity Analysis Code	Complete list of Codes for Activity Based Costing for Home Office Use	Code Definition	Optional Breakdown of Codes for Local Use
PA	Visible Patrol	Time spent on patrol including targeted patrol and problem-solving patrol, whether mobile or on foot, which has not been specifically committed to a particular incident or activity.	
PD	Court Duties/Escort	Includes all routine court duties, security, warrant office, gaolers and all prisoners' escorts which cannot be linked with a specific incident.	
PF	Special Operations/Events	Any special operations, sporting events (including football operations), carnivals, demonstrations etc. Includes planning for Special Operations/Events. Significant specific incidents (e.g. a stabbing) that occur whilst policing a special event should be recorded by the appropriate incident type and incident linked activity.	
PH	Investigate Complaints (PACE)	Time spent investigating or assisting in the investigation of complaints against police or offences against the discipline code. Includes time spent as a witness, suspect or accused officer.	
PI	Deal with Informants	Time spent dealing with informants on general matters rather than specifically linked to particular incidents, which should be recorded as 'enquiries'. Time of dedicated source handling units.	
PJ	Community Involvement	Includes visits to local tradesmen and businesses, visits and talks to schools, with leaders of community groups, meetings with social services, meetings with probation service, involvement in community projects and any other community involvement activity.	

Activity Analysis Code	Complete list of Codes for Activity Based Costing for Home Office Use	Code Definition	Optional Breakdown of Codes for Local Use
PN	Property Enquiries	Enquiries that are not incident related e.g. finding lost property, tracing owners of found property, disposing of prisoners' property or other property coming into police possession. Includes property officers.	
PO	Non Incident Enquiries	Enquiries into areas other than those described in incident codes. Routine enquiries for other forces or BCUs, warning witnesses, serving of summons etc.	
PP	Crime Prevention Activity	All time spent on crime prevention activity including giving crime prevention advice, talks, meetings, neighbourhood watch or other similar activities aimed mainly at crime prevention.	
PS	Prison Interviews	Time spent by officers on prison visits to interview prisoners.	
PT	Training	To be used when police officers give or receive local training in the work place. This training will be less than a full working day (a full day's training would be captured as an abstraction from duty).	
PV	Briefings/Meetings	All general briefings/meetings not related to a specific incident, including self-briefing from publications, notices, etc. Briefings/meeting related to a specific incident should be recorded under 'Other Incident Linked' and the incident itself recorded.	
PW	Non Incident Linked Paperwork	Includes all general paperwork i.e. general correspondence not relating to a specific incident.	
PX	Other Non-Incident Related Work		

12.5 Direct Cost Supervisory and Other Functions

Activity Analysis Code	Complete list of Codes for Activity Based Costing for Home Office Use	Code Definition	Optional Breakdown of Codes for Local Use
SA	Staff Development/ Appraisal /Personnel related	Any time spent on staff development, appraisal or welfare matters.	
SC	Monitoring Cell Block (PACE)	Time spent on the general monitoring of the cellblock including the checking of custody records and any other paperwork.	
SD	Relief Custody Duties	All time spent on relief duties in the custody suite.	
SF	Relief Call Handling/ Control Room Duties	All time spent on relief duties in the control room.	
SH	Checking Paperwork (supervisory)	Time spent in general supervision of paperwork that cannot be related to a specific incident.	
SJ	Budgetary/Financial	All activity relating to costing or other financial responsibilities.	
SL	ID Parades	Time taken to organise, run or assist in the running of an identification parade, group identification, video identification or confrontation.	
SX	Other Managerial/Supervision	Any general managerial/supervisory work that cannot be linked to a specific incident or a specific non-incident linked activity. Includes time spent dealing with members of the public regarding informal complaints about the level or quality of service provided.	
UA	Refreshments	Refreshment breaks.	
UC	Waiting time	Time spent waiting that is not related to any particular incident, e.g. waiting for patrol car to return to the station.	

12.6 Direct Cost Roles

Activity Analysis Code	Complete list of Codes for Activity Based Costing for Home Office Use	Code Definition	Optional Breakdown of Codes for Local Use
RA	Policing activity relating to national security, international policing and general public protection at the national level.	Permanent or temporary role (full or part time) dealing with national security, international policing issues, and general public protection at the national level such as time spent protecting national figures, VIP protection, additional security at special events (where VIPs are concerned), anti-terrorist activities and the general duties of Special Branch.. This does not include national investigations of particular crimes carried out by one force on behalf of the service; these should be coded to the appropriate incident code and shown on the National Policing Templates.	See section 6.13 for the breakdown required for detailed reporting both locally and in response to specific Home Office requests
RC	Participation in Crime Reduction Partnerships	Permanent or temporary role (full or part time) dealing with building, and working within, partnerships with other agencies and organisations concerned with the reduction of crime, such as CDRPs and DATs.	
RD	Participation in Non-crime Partnerships	Permanent or temporary role (full or part time) dealing with building, and working within, partnerships with other agencies and organisations for non-crime purposes. For example casualty reduction partnership.	
RF	Intelligence research and analysis	Permanent or temporary role (full or part time) dealing with gathering intelligence and providing analysis.	
RH	Custody of detainees in accordance with PACE	Permanent or temporary role (full or part time) processing and supervising detainees within custody facilities. Does not include the interviewing of persons held in custody.	

Activity Analysis Code	Complete list of Codes for Activity Based Costing for Home Office Use	Code Definition	Optional Breakdown of Codes for Local Use
RJ	Call Handling/ Control Room / Enquiry Office/ Front Counter	Permanent or temporary role (full or part time) dealing with calls for assistance on the telephone, by e-mail or at the police station.	
RL	Licensing	Permanent or temporary role (full or part time) dealing with the issuing and review of licenses.	
RP	Criminal Justice	Permanent or temporary role (full or part time) processing court files and associated duties.	
RR	Police Protection	Permanent or temporary role (full or part time) concerned with the protection of witnesses and other vulnerable persons.	
RT	Family Liaison	Permanent or temporary role (full or part time) providing assistance and support to families following traumatic events. To be used where it is not possible to allocate the costs directly to particular incidents.	
RW	Warrants	Permanent or temporary role (full or part time) dealing with the issuing and review of warrants.	

13 DIAGRAMS OF MODEL

The diagrams which follow illustrate the costing processes. These notes should be read in conjunction with the diagrams and sections 6, 19 and 21.

Diagram 13.1 illustrates a cost centre within a BCU.

- Within the cost centre will be a number of staff groups, shown as blue boxes in the diagram. The staff costs of each staff group are input and an average cost per working day is calculated.
- The number of normal day's duty for each type of abstraction (sickness, training, events, major incidents, mutual aid and corporate activities) is input and the cost per day is used to calculate the costs of abstractions for the staff group. These costs are subtracted from the staff costs for the group and are allocated (see red arrows) either to incident codes (events and major incidents), Sustaining Overheads or Operational Support Costs (the green box).
- The remaining staff costs for the staff group are then allocated using the activity data. The cost of support activities go to operational support (green box), leaving the costed incidents, activities and role codes for the staff group (represented by the blue line leading to the coloured ovals).
- This process is repeated for each staff group within the cost centre and the results added together (shown by the coloured lines and ovals at the bottom of the diagram)
- At this stage each oval represents an incident, activity or role code which only has direct staff costs from the cost centre allocated to it. ***It is the sums of these costs across the BCU that are entered into column C of template 3 (see subsection 25.3).***
- Other operational support costs for the cost centre are added to those already assigned there from abstractions and support activities (green arrows into green box). The total operational support costs for the cost centre are then allocated across the incidents, activities and role codes in direct proportion to the direct staff costs (follow green lines).
- Any directly charged operational support costs are then added (green lines at bottom of diagram).
- ***BCU Operational Support Costs are shown summed across cost centres within the BCU in column F of template 3.***
- At this stage of the process, incidents, activities and role codes have the Direct Costs (i.e. Direct Staff Cost and Operational Support Costs) for the cost centre allocated to them.
- This process is repeated for all cost centres in the BCU.

Diagram 13.2 illustrates the process for a cost centre within a central operational department

- In the same way as for a BCU cost centre there will be one or more staff groups.
- The process of calculation of daily cost and the treatment of abstractions (see red lines) is exactly the same as in 13.1.
- **The key difference in the allocation process is the need to allocate to BCUs before allocating to incidents etc.**
- As a result of this the transfer of support activities is achieved by calculating in terms of time the proportion of the total activity data which relates to support activities and then using that percentage on the staff costs after deduction of abstractions to quantify the allocation to operational support (green box).
- The remaining staff costs for the staff group are then allocated to BCUs using the cost driver data collected for the purpose (see blue lines).

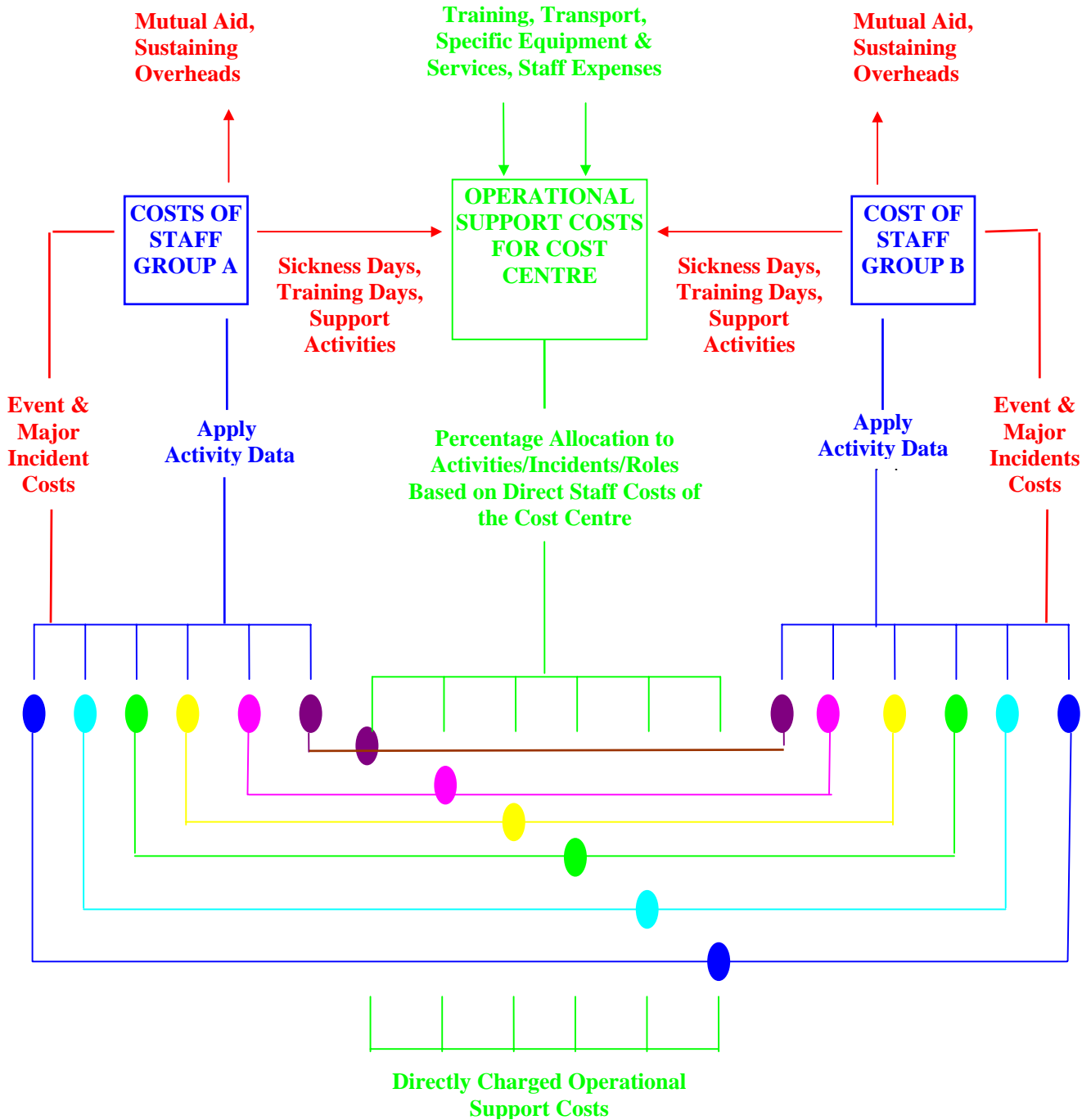
- Within each BCU the activity data for the staff group is then applied to the allocated sum to give costed incidents, activities and role codes (represented by the blue lines and blue dots)
- This will be repeated for each staff group within the cost centre and the results added together for each code.
- At this stage each blue dot represents an incident, activity or role code that only has direct staff costs assigned to it. ***It is the sums of these costs originating from all central squads and allocated to codes within a particular BCU that are shown in column F of template 3.***
- Other operational support costs are then added (green arrows and green box) to sickness, training days and support activities to give the total for the cost centre.
- This total is first allocated to BCUs and then allocated to the incidents, activities and role codes within each BCU. These allocations are made in direct proportion to the direct staff costs allocated from the cost centre (follow green lines).
- Any directly charged operational support costs are then added.
- ***The sums of Operational Support Costs allocated to codes within the BCU from central squads are shown in column G of template 3 for that BCU.***
- At this stage of the process, incidents, activities and role codes have the Direct Costs (i.e. Direct Staff Cost and Operational Support Costs) for the cost centre allocated to them.
- This process will be repeated for all central operational squads.

Diagram 13.3 shows the allocation of business support costs

- The bottom half of the diagram shows the allocation for either a BCU or a Central Operational Department; the top half shows the cascading allocation of HQ Support Units (see section 17)
- Local business support costs are collected together at the Departmental or BCU level as shown in blue.
- If it is a BCU then the total local business support costs are allocated to incident, activity and role codes at the BCU level in direct proportion to the direct costs (i.e. the sum of direct staff costs and operational support costs) assigned to the codes from BCU cost centres (see green lines on diagram). ***These costs will appear in column I of template 3 for that BCU.***
- If it is a central operational department then its' local business support costs will be allocated first to BCUs, and then to incident, activity and role codes within each BCU, in direct proportion to the sum of direct costs (i.e. the sum of direct staff costs and operational support costs) assigned to each code within that BCU from cost centres belonging to the department (see purple lines on diagram). ***These costs will appear, together with any other business support costs assigned to that BCU from central operational departments, in column J of template 3 for each BCU.***
- Headquarters support departments will generate an allocation of business support costs to each BCU and operational department in accordance with section 17 (shown by red lines on the diagram).
- The allocations made to BCUs will be reallocated to incident, activity and role codes (see green lines) using the same cost driver as was used for each BCU's local business support costs (i.e. the direct costs originating from that BCU's cost centres.)
- The allocations made to central operational departments will be reallocated to BCUs and then to codes within each BCU (see purple lines) using the same cost drivers as were used for that departments local business support costs (i.e. the direct costs originating from cost centres belonging to that department).
- ***At the BCU level the final results of the allocation of HQ support department costs will appear, added together for each code, in column K of template 3.***

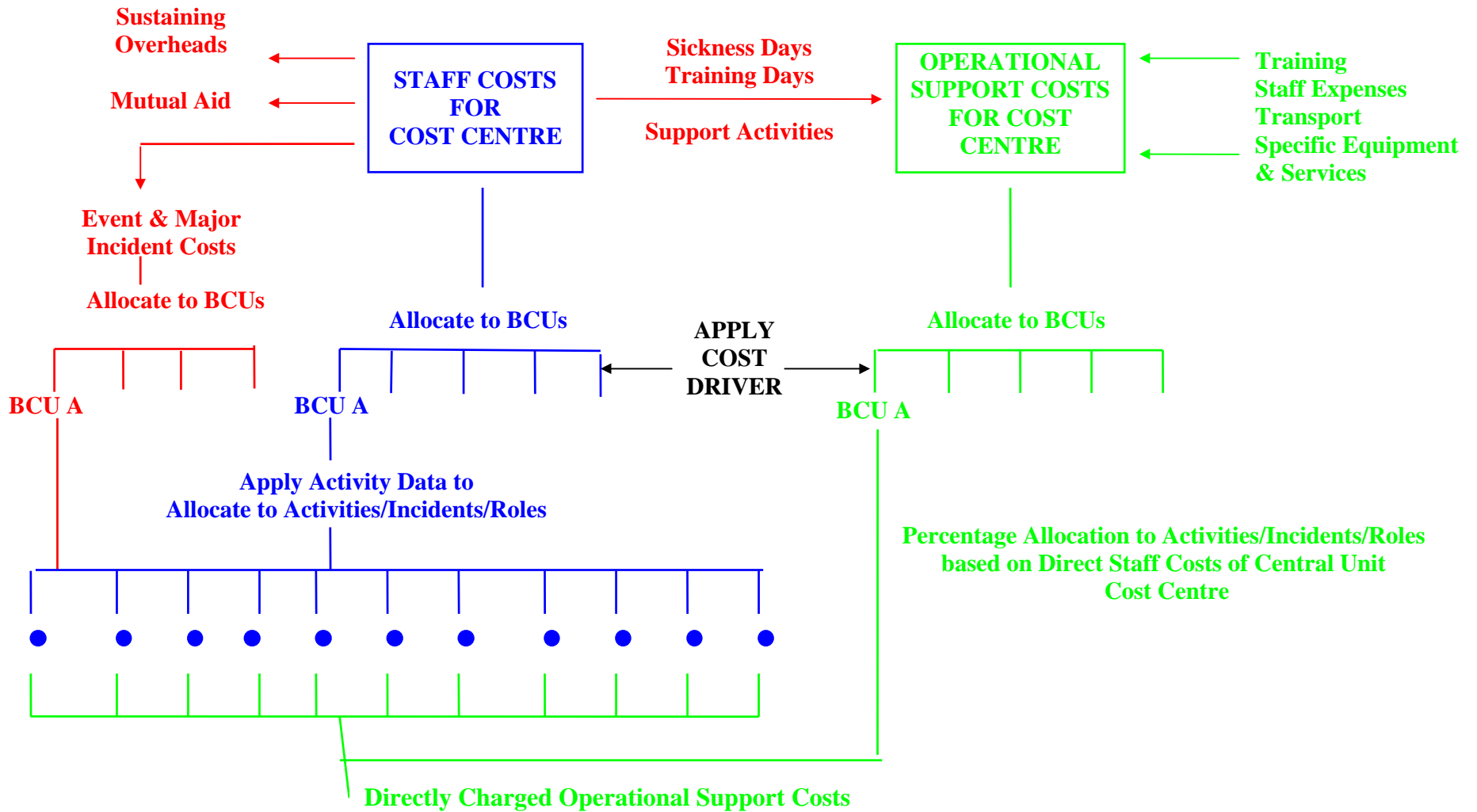
13.1 ALLOCATION OF DIRECT COSTS* FOR A BCU COST CENTRE

(*DIRECT STAFF COSTS & OPERATIONAL SUPPORT COSTS)



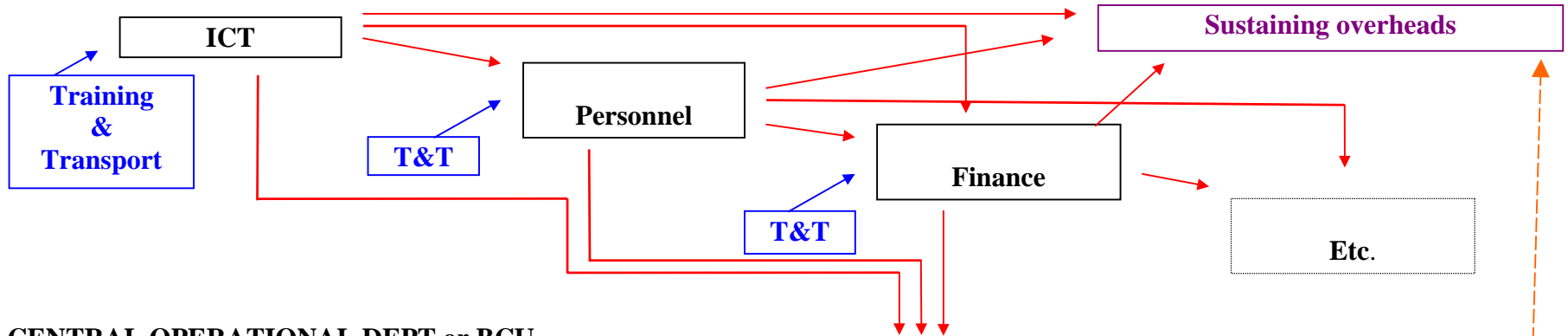
13.2 ALLOCATION OF DIRECT COSTS* FOR A CENTRAL OPERATIONAL UNIT

(*DIRECT STAFF COST PLUS OPERATIONAL SUPPORT COST)



13.3 BUSINESS SUPPORT ALLOCATIONS

HQ SUPPORT FUNCTIONS



CENTRAL OPERATIONAL DEPT or BCU

- Local Management & Admin
- Office Equipment
- Services
- Premises
- Other Costs

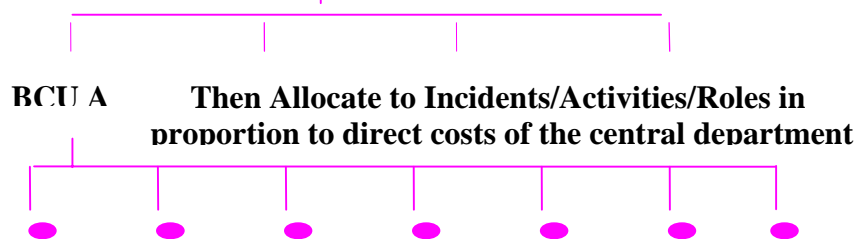
Dept/BCU Business Support Overheads

ALLOCATIONS

Allocations from HQ Support Units

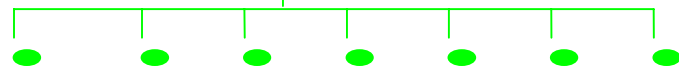
If Central Dept.

Allocate to BCUs



If BCU

Allocate to Incidents/Activities/Roles in proportion to direct costs of the BCU



14 DEFINITION OF OPERATIONAL SUPPORT COSTS

OPERATIONAL SUPPORT STAFF COSTS <i>Allocate pro rata to the Incidents and Activities that map directly to Domains for the Cost Centre to which the staff group belongs</i>	OPERATIONAL SUPPORT NON STAFF COSTS LINKED TO COST CENTRE <i>Allocate pro rata to the to the Incidents and Activities that map directly to Domains for the Cost Centre using the goods or services</i>	OPERATIONAL SUPPORT COSTS LINKED TO ACTIVITY, INCIDENT, OR ROLE CODE <i>Allocate direct to the code</i>
<p>From Activity Codes: PT Training PV Briefings/Meetings/Handover Procedures PW Non Incident Linked Paperwork PX Other Non Incident work SA Staff Development / appraisal / personnel SH Checking paperwork SJ Budgetary/financial SX Other managerial/supervision UA Refreshments UC waiting Time Charged Direct to cost centre: Administration staff within operational units</p> <p>From calculation of Staff Costs: Sickness Abstractions Training Time</p>	<p>External Training Costs Training travel and subsistence Provision of Uniforms Operational Staff Expenses Operational Vehicles and related transport costs Operational Equipment Any other operational Services which can be linked to a Cost Centre</p> <p>From Cost of Training Model (Section 6.9): Operational Training</p>	<p>Informants’ fees to PG Deal with Informants</p> <p>Investigation Costs (e.g. forensic science, pathology, DNA, interpreters, doctors’ fees relating to victims etc.) <i>to the incident code based on actual data. If no actual data available then use number of crime incidents by BCU.</i></p> <p>Partnership related costs to role codes RC and RD as appropriate</p> <p>Custody Costs (e.g. meals, medical examinations, treatment of prisoners, Livescan etc) to role code RH -Prisoner Handling. <i>Note: If doctors fees relate to both prisoners and victims, then where no split is available in the short term, allocate based on where most of the expenditure lies.</i></p>

15 SUPPORT COSTS CATEGORISATION

OPERATIONAL SUPPORT	BUSINESS SUPPORT	SUSTAINING OVERHEADS
<p><i>Allocate to Cost Centres incurring the Costs. Then allocate with other Operational Support Costs, pro rata to the allocation of direct staff costs for the Cost Centre.</i></p>	<p><i>Allocate to Departments/BCUs following the hierarchy of allocation. At the BCU and Departmental level allocate pro rata to the direct cost of activities, incidents and role codes relating to that BCU or Department.</i></p>	<p><i>Collect at Force level and allocate to Domains within BCUs pro rata to the total cost (Direct Cost and Business Support Cost) of each Domain. These costs should not be allocated down to incidents, activities and role codes.</i></p>
MANAGEMENT AND ADMINISTRATION		
<p>Sector Management Activities</p> <p>Unit Management Activities</p> <p>Local Supervision</p> <p>Administration staff within specialist units</p>	<p>BCU Management Activities</p> <p>Departmental Management Activities</p> <p>BCU or Departmental Administration</p> <p>BCU or Departmental Business Unit</p> <p>BCU or Departmental Personnel Staff</p> <p>BCU or Departmental Finance Staff</p>	<p>Corporate Management (Chief Constable, DCC, ACCs, Director of Finance, Director of HR, Director of Resources etc.) <i>but not that element which is defined as Corporate and Democratic Core.</i></p> <p>Support staff to the above (staff officers, drivers, personnel assistants)</p>

OPERATIONAL SUPPORT	BUSINESS SUPPORT	SUSTAINING OVERHEADS
TRAINING		
Course costs for Operational Staff	Course costs for staff coded to Business Support Cost Centres	Course costs for staff coded to Sustaining Overhead Cost Centres
PREMISES		
	Capital Charges (as per CIPFA requirement) Cleaning Costs including staff Residential Caretakers/Engineers Energy, Utility Costs and Waste Disposal Rents and Rates Premises Insurance Locally funded Alterations and Repairs	Property Services/Estates Management Staff & Departmental Costs Programmed Maintenance Centrally controlled Repair & Maintenance Expenditure Improvements to Buildings
INFORMATION & COMMUNICATIONS TECHNOLOGY		
Major Operational Systems Annual Costs and Capital Charges (e.g. Command & Control, Holmes, ANPR, Custody & Case File)	Major Business Systems Annual Costs and Capital Charges (e.g. Duty Management, Financial systems, Personnel System)	Strategic Management Project Management

OPERATIONAL SUPPORT	BUSINESS SUPPORT	SUSTAINING OVERHEADS
Radios/Airwave Annual Costs and Capital Charges.	Telecommunications costs and capital charges. LANs, WANs costs and capital charges. Desktop Equipment costs and capital charges.	ICT development
FINANCE		
	Advice/Support to BCUs/Departments Income Collection Insurance Premiums/Contributions to Insurance Funds Payments Payroll BCU and Departmental Finance Staff	Capital and Revenue Budgets Corporate Accountancy & Financial Management Final Accounts Internal Audit Police Pension Management & Payroll ABC Model and other Corporate Costings
PERSONNEL		
	Police Staff Recruitment & Selection Police Officer Selection & Recruitment for Specific Posts	Probation/General Police Officer Recruitment Policy Formulation

OPERATIONAL SUPPORT	BUSINESS SUPPORT	SUSTAINING OVERHEADS
	Compliance with HR policies/HR Advice Occupational Health/Welfare BCU and Departmental HR Staff	Police Promotion process Redundancy Costs Maternity and Paternity Leave Costs
OTHER FUNCTIONS		
	Procurement Contract Management General Administration Duty Management	Best Value (except those elements charged to CDC) Professional Standards/Complaints & Discipline Data Protection Force Management/Executive Support Staff Associations (e.g. Federation, Unison, Superintendents Association) General Project Management Inspectorate (continued on next page) Legal Services (civil claims etc) Media/Public Relations Performance Management

OPERATIONAL SUPPORT	BUSINESS SUPPORT	SUSTAINING OVERHEADS
		<p>Policy/Strategy Unit</p> <p>Risk Management</p> <p>Business Change</p> <p>Corporate Planning (except those elements defined as CDC)</p> <p>ACPO staff performing a corporate role and their support staff NOTE: where ACPO staff perform an operational role either on a permanent basis (e.g. in a very large force) or intermittently (e.g. acting as gold commander for a major incident), then their costs for these periods must be treated as DSC.</p> <p>Statistical Unit</p> <p>Central data collection staff for the ABC model and other purposes</p>
OTHER COSTS		
<p>Operational Staff Expenses</p> <p>Costs of Specific Equipment for Operational Units</p>	<p>Furniture</p> <p>Office Equipment</p> <p>Stationery and Other Office Materials</p> <p>Staff Expenses and General Costs of Business Support Units</p>	<p>Staff Expenses and General Costs of Units Classified as Sustaining Overheads</p>

16 TABLE OF COST DRIVERS FOR DIRECT COSTS

The methods of data collection set out in this section are considered to be the most appropriate and the minimum requirement to achieve a reasonable standard of application of the ABC model. Forces may use alternatives provided they are able to justify that in their case it gives a more accurate result than the recommended method.

UNIT	RECOMMENDED SOURCE OF ACTIVITY DATA	RATIONALE
Operational Managers	Continuous Time Recording or Data extracted from Diaries. May also be included in Activity Sampling.	Varied workload some of which will be allocable to Direct Staff Costs (Operational Activities) and some to Business Support Costs. May also allocate to Sustaining Overheads. Activity Sampling alone will not provide an accurate picture.
Operational Planning Unit	Allocate to code PF except for work in respect of operations falling under code RA. Data required to allocate to BCUs	Largely concerned with planning for events. Work on plans for items falling under code RA should be separately identified and coded to that code. Data to allocate to BCUs could be based on the location of planned events (number of plans per BCU) with force wide plans split evenly.
BCU Response Officers	Activity Sampling	High volume workload of a variety of incidents/activities.
Community Policing Unit	Activity Sampling	High volume workload of a variety of incidents/activities.
BCU CID Unit	Activity Sampling	High volume workload of a variety of incidents/activities.
Enquiry Office/ Front Counter Staff	Allocate to role code RJ	Staff dealing with requests for assistance from members of the public. Costs to be allocated to role code RJ within the BCU where they are located.
Traffic Unit	Activity Sampling plus information for BCU split from use of special	High volume workload of a variety of incidents/activities. Information is required to enable the allocation of incidents/non-incident linked

UNIT	RECOMMENDED SOURCE OF ACTIVITY DATA	RATIONALE
	code or other source.	activities to the BCU where they occurred. This is generally obtained by use of the special code during activity sampling but can be supplemented by management information, particularly if it is considered to be more representative of the split for the year
Specialist Motorway Unit	Activity Sampling plus information for BCU split from use of special code or other source.	High volume workload of a variety of incidents/activities. Information is required to enable the allocation of incidents/non-incident linked activities to the BCU where they occurred. This is generally obtained by use of the special code during activity sampling but can be supplemented by management information, particularly if it is considered to be more representative of the split for the year
Mounted Unit	Continuous Time Recording	Variety of activities and incidents but the unit itself may be small. A two-week sample is unlikely to be representative. Information is required to enable the allocation of incidents/non-incident linked activities to the BCU where they occurred. Activity Sampling may however provide useful detail for management purposes.
Dogs Unit	Activity Sampling plus information for BCU split from use of special code or other source.	High volume workload of a variety of incidents/activities. Information is required to enable the allocation of incidents/non-incident linked activities to the BCU where they occurred. This is generally obtained by use of the special code during activity sampling but can be supplemented by management information, particularly if it is considered to be more representative of the split for the year
Territorial Support Group/ Public Order Unit	Continuous Time Recording	A two week sample may not be representative of year round activity since these units are likely to perform a number of specialist tasks interspersed

UNIT	RECOMMENDED SOURCE OF ACTIVITY DATA	RATIONALE
		with periods of “normal” police activity. They are also likely to be involved in events and major incidents. Information is required to enable the allocation of incidents/non-incident linked activities to the BCU where they occurred.
Dedicated Firearms Unit	Continuous Time Recording.	Attendance at firearms incidents and some protection duties interspersed with a variety of other duties, with high levels of training time to maintain skills. Information is required to enable the allocation of incidents/non-incident linked activities to the BCU where they occurred.
Air Support Unit	Flying hours for each incident (crime and non-crime) and for non-incident activities by BCU, Or Continuous Time Recording.	Information is required to enable the allocation of incidents to the BCU where they occurred. The operational support costs are likely to be more significant than the direct staff costs for this unit since they will include all the costs associated with the helicopters or aeroplanes used and the operational equipment. Therefore, flying hours are generally the best data to use for allocation. (It is wise to ensure that this squads categorisation of incidents is in line with the requirements of the manual)
Surveillance	Continuous Time Recording	Relatively low caseload over a number of incidents. Information is required to enable the allocation of incidents/non-incident linked activities to the BCU where they occurred. Where the person under surveillance is linked to more than one incident type a reasonable split will need to be estimated. If there is no direct link to a BCU then assumptions will have to be made based on knowledge of likely locations for incidents to take place or on the general “area of business” of the target.
Forensic Unit (excluding Scenes of Crime staff)	Management Information for splitting time across incidents by BCU or Continuous Time	The Forensics unit in a force will work on a number of different incident types throughout the year. If the force has Management Information capable of assigning cases by incident to the relevant BCUs, time

UNIT	RECOMMENDED SOURCE OF ACTIVITY DATA	RATIONALE
	Recording.	recording throughout the year will not be necessary, although the unit management may prefer it, as this will give a more accurate basis for allocating costs. It is considered that a two-week sample would not be sufficiently representative, given the length of time spent on a particular case, and therefore Activity Sampling is not appropriate for ABC purposes.
Scenes of Crime staff	Activity Sampling plus information for BCU split from use of special code or other source.	Scenes of Crime staff have a high incident caseload. Information required enabling the allocation of incidents/ non-incident linked activities to the BCU where they occurred. This is generally obtained by use of the special code during activity sampling but can be supplemented by management information, particularly if it is considered to be more representative of the split for the year
Major Incident Unit	Continuous Time Recording. Should largely be captured by the Major Incident data collection mechanism.	This type of squad deals with a very low volume of cases of a serious nature requiring the setting up of an incident room and use of the HOLMES computer system. Time recording across the full year will provide the most accurate allocation of costs. Data based on incidents and BCU is the minimum requirement; ideally, it should also include records of non-incident related activities. Information is required to enable the allocation of incidents/ non-incident linked activities to the BCU where they occurred. The majority of their time should be recorded as part of the major incident data collection process.
Single Function Specialist Crime Squads (e.g. Fraud Squad)	Continuous Time Recording is the preferred mechanism although in some cases Management Information may be sufficient.	Time recording across the full year will provide the most accurate allocation of costs. Data based on incidents and BCU is the minimum requirement; ideally, it should also include records of non-incident related activities. Information is required to enable the allocation of

UNIT	RECOMMENDED SOURCE OF ACTIVITY DATA	RATIONALE
		<p>incidents/non-incident linked activities to the BCU where they occurred. If the squad deal with a high volume of cases over a number of BCUs, and the time spent per incident is relatively constant, Management Information for allocating time by incident to BCUs may suffice.</p>
Multi Function Specialist Crime Squads (e.g. Serious Crime Squad)	Continuous Time Recording	<p>Time recording across the full year will provide the most accurate allocation of costs. Data based on incidents and BCU is the minimum requirement; ideally, it should also include records of non-incident related activities.</p> <p>Information is required to enable the allocation of incidents/non-incident linked activities to the BCU where they occurred.</p>
Technical Support Unit	Continuous Time Recording and Management Information to allocate to incidents within BCUs or to code RF (intelligence) or code PF (special events)	<p>The operational support costs of this unit are likely to be more significant than the direct staff costs since they include expensive specialist equipment. Care therefore needs to be exercised in determining the data to be used. The use of the staff may be totally different from the use of the equipment.</p> <p>Time based data supplemented by records of equipment issued are likely to provide a good solution. Where general intelligence is being gathered code RF should be used. This unit may also be involved in special events, code PF.</p>
Force Intelligence Bureau	Allocate to role code RF Management Information required to allocate to BCUs - reported crime per BCU is considered adequate.	Specialist central unit dealing with the collection, collation, analysis and dissemination of intelligence relating to crime and criminals.

UNIT	RECOMMENDED SOURCE OF ACTIVITY DATA	RATIONALE
Dedicated Source Handling Unit	Allocate to code PI or the specific incident type. Continuous Time Recording or Management Information required to allocate to codes and to determine the split across BCUs.	Small specialist unit working with informants. It may be difficult to obtain robust data linking costs to specific incidents, in which case code PI may be utilised. Data will also be required to allocate costs to BCUs. As a minimum allocate to BCUs pro rata to reported crime.
PNC Bureau/ Criminal Records	Work related to general criminal data and force generated checks should go to RF. Data will be required to allocate the latter across the BCUs. Checks on applicants for sensitive public sector posts should be allocated to code RA	Unit dealing with the collation, analysis and dissemination of information about known criminals. Data for the BCU allocation could be based on the address of the person (number of records per BCU) or on reported crime figures. May also undertake checks on applicants for sensitive public sector posts (teachers, children’s home staff etc.); this activity is coded to RA and included on the National Policing Templates
Firearms Licensing	Allocated to code RL. Split across BCUs required	Unit Dealing with processing applications for, and renewals of, firearms and shotgun licences. Ideally use numbers issued in year (i.e. new issues and renewals) per BCU for the BCU split. If this is not available use total licenses issued per BCU.
ANPR unit	Activity Analysis data or Continuous Time Recording. For central ANPR units information is also required to allocate costs to BCUs.	ANPR is used in a variety of ways in different forces and therefore accurate data ought to be collected. Where a specific unit exists then activity data should be captured and the costs of the ANPR equipment will be treated as operational support costs for the unit. Information is required for central units to enable the allocation of incidents/ non-incident linked activities to the BCU where they occurred.

UNIT	RECOMMENDED SOURCE OF ACTIVITY DATA	RATIONALE
		<i>Where equipment is held by BCUs and used by various staff then the equipment costs should be treated as directly charged operational support costs and allocated to incidents.</i>
Fixed Penalty Unit	Allocate to appropriate code (code ND for traffic penalties) and BCU based on numbers of tickets issued.	High Volume of similar activities. Overall workload closely related to numbers of tickets issued. Data required is tickets per penalty type per BCU.
Criminal Justice Unit	Allocate to role code RP. Management Information required to allocate costs to domains 2 (crime cases) and 4 (non-crime cases) within each BCU. Separate figures of crime and non-crime files are required for each BCU.	Unit dealing with prosecution processes, and liaising with the crown prosecution service. Where this is a BCU-specific unit, costs can go directly to that BCU but a cost driver is required to allocate between Domains 2 (crime) and 4 (non-crime). Where this is not BCU-specific unit, costs will have to be allocated between BCUs as well as domains 2 and 4. The recommended cost driver is the Number of Files prepared for each category (crime and non-crime) for incidents in each BCU.
Custody Unit	Allocate to role code RH Management Information required to allocate to Domains 2 and 4 within each BCU. Separate figures are required for crime and non-crime prisoners for each BCU.	Unit charged with responsibility for the management of custody suites, supervising detainees, and compliance with the custody requirements of PACE. As a minimum, the costs must be allocated between BCUs and between Domains 2 & 4 in proportion to the Number of Arrests relating to crime (domain 2) and non-crime (domain 4) for each BCU. Ideally, the costs should be allocated between BCUs and between Domains 2 & 4 using data for the number of hours spent in custody by

UNIT	RECOMMENDED SOURCE OF ACTIVITY DATA	RATIONALE
		persons in relation to crime incidents (domain 2) and non-crime incidents (domain 4) per BCU.
Prisoner Handling Unit	Continuous Time Recording data or Activity Sampling data required to Allocate to Incident and to Role Code RH, dependant upon nature of role	<p><i>If this title is used for a unit solely concerned with custody duties then treat as set out in the item above.</i></p> <p>If the duties of the unit are wholly concerned with the interviewing and processing of detainees in connection with investigations (i.e. the investigation process rather than the custody process) then the costs need to be allocated to the appropriate incident codes.</p> <p>If the unit covers both types of duty then costs must be split accordingly.</p>
Call Handling Unit/ Control Room	Allocate to role code RJ Management Information required to allocate across BCUs.	<p>Where this is a BCU specific unit, costs will go directly to Domain 4 within that BCU – no cost driver is required.</p> <p>Where this is a central unit, costs will have to be allocated across all BCUs. The suggested cost driver is the number of incidents, both crime and non-crime.</p>

17 TABLE OF COST DRIVERS FOR ALLOCATION OF CENTRAL SUPPORT COSTS

This table of cost drivers is designed to provide guidance on the data that police forces should use when allocating the costs of central support departments/functions. Allocation is important in order to derive a full picture of the costs incurred in delivering operational policing– the core purpose of ABC.

All central support costs have to be allocated using the cost drivers specified in this section. Allocations should be made to all the users of the service except for central business support units that have already been allocated. Once this hierarchy of allocations has been completed then local business support costs should be added to the central allocations and the total for each Operational Department and BCU should be spread across the costed activities and incidents for that Department/BCU in proportion to the direct costs (i.e. the total of direct staff costs and operational support costs) as illustrated in the costing diagram in section 13.3. The Training Costing Model must be run before the main ABC model. Elements of costs from items numbered 1 to 4 in the hierarchy that have been charged to the Training Model should not be included in the main ABC model. The first three items shown in the table below must be dealt with before any other allocations are made; the next two, numbered 4, may charge each other and should ideally be held in the ledger as separate “trading accounts” with charges processed during the year; thereafter the other units/functions must be allocated strictly in the order shown. It should be noted that not all aspects of the services provided are classified as business support overheads: some elements will need to be charged to sustaining overheads or CDC (corporate and democratic core – see section 18). The split of costs between operational support, business support and sustaining overheads is shown in section 15.

ALLOCATION ORDER	SUPPORT COST	COST DRIVER
Prior to completion of the ABC model	Internal Training Units (See section 9)	At a minimum these must be costed using the methodology outlined in Section 6.9 to produce a cost per course category. This charge should then be multiplied by the number of students from each cost centre and charged to operational support costs for that cost centre. This must be completed before the other central business support costs below are allocated. It should be noted that the training cost should be identified and allocated before the ABC model is completed to ensure that operational time for training staff and assets have been excluded.

ALLOCATION ORDER	SUPPORT COST	COST DRIVER
1	Premises	Local premises costs are allocated to specific Departments/BCUs based on the principle of full allocation to the majority user. Headquarters premises costs are allocated across Departments using “Proportion of Space Utilised”. (Note: elements of these costs will have been included in the NTCM)
2	HQ Administration Services (e.g. post, word processing, registry, etc)	Centrally Provided Administration Services at HQ should be allocated only to those units receiving a service, using usage volumes where available, or the staff numbers of the recipient units. (Note: elements of these costs will have been included in the NTCM)
3	Information and Communications Technology (ICT) – Major systems	The costs of major systems should be charged to the system owner (e.g. crime reporting to HQ crime unit, general ledger to finance, command and control to control rooms etc.) including directly charged services and then recharged within the ABC Model accordingly. Where specialised operational systems can be charged directly to a single unit then these charges can be classified as operational support costs. (Note: elements of these costs will have been included in the NTCM)
4	Printing Unit (Ideally this should be a trading account with charges made in the ledger during the year)	The total costs of any printing unit must be charged to users at the BCU/Departmental level based on the total usage of each type of product and costed using a calculated cost of production. This cost is charged to business support at the departmental/BCU level. This must be completed before the other central business support costs are allocated. (Note: elements of these costs will have been included in the NTCM)

ALLOCATION ORDER	SUPPORT COST	COST DRIVER
4	Transport Fleet (Ideally this should be a trading account with charges made in the ledger during the year)	This is not business support since transport charges to operational units are made to operational support costs for the cost centre. The total costs of the vehicle fleet including capital charges and insurance costs must be charged to users at cost centre level using a periodic or annual charge per vehicle type. This must be completed before the other central business support costs are allocated. Fuel costs are <u>not</u> included in the composite charge but should be charged direct to cost centres in the general ledger. (Note: elements of these costs will have been included in the NTCM)
5	ICT - Radios/Airwave	Allocated using “Number of units issued to personnel/installed in vehicles” No allocation should be made to directly charged services and the central support units allocated above.
6	ICT - Other costs	Allocated using “Number of LAN connection points” No allocation should be made to directly charged services and the central support units allocated above.
7	Personnel	Where these are Departmental/BCU-specific units, costs can go directly to that Department/BCU. Central costs should be allocated per capita (full time equivalents may be used when budget data is being processed) No allocation should be made to directly charged services and the central support units allocated above.
8	Payroll Costs	Costs should be allocated per capita. (Full time equivalents may be used when budget data is being processed) No allocation should be made to directly charged services and the central support units

ALLOCATION ORDER	SUPPORT COST	COST DRIVER
		allocated above.
9	Finance Costs (Except Payroll)	<p>Where this is a Departmental/BCU-specific unit, costs can go directly to that Department/BCU. Central costs should be allocated using budgets or actual expenditure as appropriate. If full devolvement is not operated then missing elements will need to be estimated to achieve this cost driver.</p> <p>No allocation should be made to directly charged services and the central support units allocated above.</p>
10	Procurement Unit	<p>This should be allocated using “Non-staff budgets”. (Where such budgets are not devolved an estimate will need to be made for this purpose).</p> <p>No allocation should be made to directly charged services and the central support units allocated above.</p>
11	Any Other Central Support Units	<p>These should be allocated using an appropriate cost driver, or in default of anything suitable being available per capita (full time equivalents).</p> <p>No allocation should be made to directly charged services and the central support units allocated above.</p>

18 DEFINITION OF CORPORATE & DEMOCRATIC CORE AND NON DISTRIBUTED COSTS

18.1 Corporate and Democratic Core

Service	Division of Service	What does it include?
Corporate and Democratic Core (See annex E of section 2 of BVACOP for full details)	Democratic Representation and Management	a) All members’ allowances and expenses, including telephone calls, postage, equipment costs, hospitality, accommodation costs, training, conference fees etc, incurred when undertaking activities on behalf of the authority, as local representatives or to represent local interests. b) The costs associated with officer time spent on appropriate advice and support activities. c) Subscriptions to local authority associations and provincial councils.
	Corporate Management	a) The functions of the individual designated the head of the paid service (frequently the chief executive), except those concerned with the direct management of services or the provision of advice and support to members. b) Maintaining statutory registers, e.g. of politically sensitive posts, unused land, payments to members and members interests. c) Providing information required by members of the public in exercise of statutory rights (other than about specific services) d) Completing, submitting and/or publishing all service staffing returns, statements of accounts, annual reports, public performance reports and Best Value Performance Plans. e) Estimating, negotiating, accounting for and allocating corporate level resources such as credit approvals and other sources of capital finance, precepts, block grants and taxes. f) The costs of statutory external audit. g) The costs of external inspections. h) The costs of treasury management. i) Bank charges other than those that relate to accounts operated on a decentralised basis.

18.2 Non Distributed Costs

Please see annex F, section 2 of BVACOP for the full explanation of what can be included under this heading.

“Non-Distributed Costs is defined as comprising:

- (a) Past Service Costs
- (b) Settlements
- (c) Curtailments
- (d) The costs associated with unused shares of IT facilities
- (e) The costs of shares of other long-term unused but unrealisable assets.

(It is notable that the definition of Non-Distributed Costs is strictly limited to the above five elements.)”

19 CALCULATION OF STAFF COSTS

The validity and accuracy of the Model is dependent on this calculation being completed precisely as laid out below. Software companies should note that workarounds, which do not follow these principles, are unacceptable.

19.1 Police Officers - Total Staff Costs

For the specified staff group calculate total cost as the sum of the following:

- Annual Salary – *see note a*
- Employers National Insurance
- Employers Pension Contribution– *see note b*
- Rent Allowance/Housing Allowance/Compensatory Grant/South East Allowance/London Allowance – *see note c*
- CRTP /SPP /Bonus Payments – *see note d*
- Plain Clothes Allowance – *see note d*
- Employers Liability Insurance – *see note e*

Notes:

- a) As a minimum use average salary per rank per BCU.
- b) This is the employers contribution during the financial year NOT the Current Service Cost (FRS17). For officers this is 24.6% as defined in Home Office Circular 24.6%.
- c) Use actual expenditure or BCU/department/force average multiplied by full time equivalent number of officers in the group. (Force average is total costs divided by total number of Officers)
- d) Use actual expenditure for staff group, or average costs per officer for the cost centre multiplied by full time equivalent number of officers in the group. If not available use average for BCU/department/unit. (As a minimum the force average will suffice in the short term)
- e) Use force average multiplied by full time equivalent number of officers in the group. (Force average equals total premiums plus contributions to insurance fund divided by total full time equivalent number of employees).

19.2 Police Staff, Traffic Wardens, Community Wardens, etc. – Total Staff Cost

For the specified staff group calculate total cost as the sum of the following:

- Annual Salary (including London Allowance, Fringe Allowances) – *see note a*
- Employers National Insurance
- Employers Pension Contribution– *see note b*
- Clothing Allowance –*see note c*
- Employers Liability Insurance – *see note d*

Notes:

- a) Use actual costs for unit or force average for type of staff
- b) This is the employer’s contribution during the financial year NOT the Current Service Cost (FRS17).
- c) Use actual costs for unit or force average for type of staff
- d) Use force average (see note e in 1 above)

19.3 Staff Average Cost per Working Day/Cost per Hour

For specified group calculate average working days:

$$\begin{aligned}
 & \text{Days in Year (365 or 366)} \\
 & \text{Less Rest Day Entitlement (Normally 104) *} \\
 & \text{Less Bank Holiday Entitlement **} \\
 & \text{Less Annual Leave Entitlement} \\
 = & \text{Annual Available Working Days}
 \end{aligned}$$

(* For staff working Monday - Friday, Rest Days = Saturday & Sunday)

(** This includes additional days designated as bank holidays for pay purposes by the Home Office)

Average Cost per Working Day for group equals: Total Staff Cost divided by Full Time Equivalent number of staff divided by Annual Available Working Days.

Police Officer Average Cost per Hour equals: Average cost per working day divided by 8. This assumes that police officer paid meal breaks will be included in the activity analysis data collected

Police Staff Average Cost per Hour equals: Average cost per working day divided by Average working day in hours (7.4 if 37 hours, 7 if 35 hours). This assumes that police staff meal breaks, which are unpaid, will be excluded from activity analysis data collected

Variable Shift Arrangements: It should be noted that where staff are working variable shift arrangements these calculations might have to be adjusted. In such circumstances, it is likely to be better to work on an hourly basis rather than a daily one.

19.4 Alternative calculation method for cost per hour

For specified staff group calculate annual working hours:

$$\text{Annual Contractual Hours} = \text{Weekly Contractual Hours} \times 52.1429$$

$$\text{Annual Available Working Hours} = \text{Annual Contracted Hours Less Bank Holiday and Annual Leave hours (Note: bank holiday \& annual leave hours = number of days multiplied by Weekly Contractual Hours divided by 5)}$$

$$\text{Staff Average Cost per Hour} = \text{Total Staff cost divided by Annual Available Working Hours.}$$

$$\text{Staff Average Cost per Day} = \text{Average Cost per Hour multiplied by normal working day in hours.}$$

19.5 Average hourly cost of overtime

(See also the subsection on events and major incidents 6.12)

Total annual salary for group, divided by full time equivalent number of staff, then divided by 52.1429 for Civilians or 52.1667 for police, then divided by contracted working hours per week. (These are: Police 40 hours, civilian normally 37 or 35 hours). This figure is used in event costing and incident costing, enhanced as appropriate to match each overtime rate if actual overtime costs are not directly collected.

20 TREATMENT OF PENSION COSTS

For 2006/7 the treatment of Pensions in the ABC Model has changed. Previously Forces were asked to calculate the FRS17%, but the volatility of this percentage caused problems when comparing costs year on year. Instead, Forces should use the employer's contribution charged during the financial year for both officers and police staff. The employer's contribution rate (also called the superannuation liability charge) for officers is 24.6% as defined in Home Office Circular 54/2005.

BVACOP requires Forces at year-end to reverse the employer's contribution charge and replace it with the FRS17% for final accounts. For ABC purposes, the difference between the total employers contribution and the FRS17 pension costs used in the final accounts, for both officers and police staff, needs to be calculated and shown as a separate entry on Template 1 of the ADR (cost). This entry is called the ABC FRS17 adjustment, to distinguish it from other FRS17 entries. This approach should also facilitate reporting during the year, as the pension costs would align with the costs reported to budget holders.

21 STEP-BY-STEP GUIDE TO THE ABC COSTING PROCESS

21.1 Pre-costing Requirements

Identify and agree cost centres and staff groups with activity data collection staff and BCU/Department Management. It is essential that this is completed and agreed before data collection commences.

Review structure of ledger. In the medium term amend to ensure financial data can be provided for each cost centre/staff group. In the short term create workarounds to provide the data.

Identify sources of non-financial data (e.g. sickness absence, training data, areas of buildings, crime/non crime files, prisoners, other cost drivers) Determine any changes required to source records and arrange for implementation. Work out estimates for short-term use where actual data is not fit for purpose.

Determine whether calculations are to be based on days or hours; factors such as the format of data records and the type of shift patterns worked will influence this decision. It could be that some units will be best treated one way and the rest the other way. You will need to check with your software supplier to see if there is scope for more than one methodology within the same model. If not, then you will have to use a workaround for the minority case.

21.2 BCU Staff Costing

(See subsection 13.1)

For each cost centre:

- 2 Identify staff cost by staff group (A)
- 3 Calculate cost of sickness days (B)
- 4 Calculate cost of training days (C)
- 5 Calculate cost of major incident costs (D)
- 6 Calculate event costs (E)
- 7 Identify training credits from training model (F)
- 8 Calculate costs of mutual aid given to other forces (G)
- 9 Calculate cost of any charge to sustaining overheads (H)
- 10 Calculate allocable staff cost for group (L)

$$L=A- (B+C+D+E+F+G+H)$$

- 11 Apply cost driver to (L) to give costed activities
- 12 Identify and sum the cost of the operational support activities generated from step 10
(See section 22) (P)
- 13 Total B + C + P for each staff group (X1, X2, X3 etc) and sum together with the other
operational support costs collected at the cost centre to give the operational support total for
the cost centre (X)
- 14 Calculate Value of A - (B+C+F+G+H+P) for each staff group (Y1, Y2 etc)
- 15 Total Y1 + Y2 + Y3 etc for all staff groups within the cost centres (Y)
- 16 Express X as a percentage of Y $(X/Y) \times 100 \%$
- 17 This is the operational support overhead percentage for the cost centre
- 18 Result of 10 after elimination of operational support activities gives the direct staff costs
analysed over activities for the cost centre, to which should then be added the operational
support overhead
- 19 Finally, add any operational support costs to be charged directly to the activity, incident,
or role code
- 20 This completes the costing process for a BCU cost centre

21.3 Central Operational Unit Staff Costing

(See subsection 13.2)

For each cost centre:

1. Identify staff costs (A)
(There may be multiple staff groups split by rank/grade or one single staff group for the cost centre
as a whole, dependent on activity data source)
2. Calculate cost of sickness days (B)
3. Calculate cost of training days (C)
4. Calculate cost of major incident costs (D)
5. Calculate event costs (E)
6. Identify training credits from training model (F)
7. Calculate costs of mutual aid given to other forces (G)
8. Calculate cost of any charge to sustaining overheads (H)

9. Identify and sum in terms of time the Operational Support Activities (If any) (P)
10. Express (P) as a percentage of total activities for cost centre/group (Q)
11. Use this percentage to calculate cost of Operational Support activities. (R)

$$R = (A - (B+C+D+E+F+G+H)) \times Q\%$$
12. Calculate allocable Staff Cost (S)

$$S = A - (B+C+D+E+F+G+H+R)$$
13. Apply Cost Driver for allocation to BCUs to S
14. Apply Cost Driver for allocation to activities, excluding the operational support activities, to the result of step 13 within each BCU.
- 15 Total B+C+R for each staff group (X1, X2, X3 etc.), and sum together with the other operational support costs collected at the cost centre to give the operational support total for the cost centre, (X)
- 16 Calculate the value of A- (B+C+F+G+H+R) for the cost centre (Y)
17. Express X as a percentage of Y $(X/Y) \times 100\%$
18. This is the operational support overhead percentage for the cost centre
19. Apply percentage to the results of 14 above
20. Finally add any operational support Costs to be charged directly to the activity/Incident/role code
21. This completes the costing process for a central operational unit cost centre

21.4 Treatment of Special Constables

Special constables should be included in the activity analysis exercise.

The expenses paid to special constables together with any honoraria or retainer will be treated as the staff cost for them. A separate cost centre or staff group will need to be created. The method of calculations will be the same as for a BCU cost centre.

21.5 Operational Support Costs Collected at Cost Centre Level

21.5.1 Sickness Days

- From absence data reported at staff group level
- Costs calculated at staff group level
- Use actual figures for outturn model and historical average for budget model

21.5.2 Training Days

- From training records data reported at staff group level
- Costs calculated at staff group level
- Use actual data for outturn
- Use planned or historical average for budget

21.5.3 Training Course Costs

Internal

Course cost per student from the training model applied to training records data of number of courses of each type supplied to each cost centre. Use actual attendance figures for outturn and planned for budget.

External

Data from ledger or training records reported at staff group level. Use actual expenditure for outturn. Use planned or historical average for budget.

21.5.4 Operational Support Activities performed by staff group

From activity data calculated as shown in subsections 21.2 and 21.3 above.

21.5.5 Custody Costs

These go to the cost centre set up for custody staff. This cost centre will be treated as appropriate depending on the force structure (i.e. either as BCU cost centre or central unit cost centre)

21.5.6 Air Support Costs

These are charged to the cost centre for air support, which should be treated as a central unit cost centre.

21.5.7 Transport Costs

- From transport holding account to the cost centre for the staff using the vehicle (composite charge per vehicle with vehicle fuel charged separately to the cost centre)
- Other travelling costs (car allowances, public transport, and hired vehicles) follow staff to the appropriate cost centre.
- Based on actual expenditure (for outturn) or estimates (for budget)

21.5.8 Uniform Costs

These are charged to cost centres based on numbers of uniformed staff.

21.5.9 Operational Equipment

Allocated to the cost centre using the equipment based on actual cost incurred (for outturn) or on estimated costs (for budget).

21.5.10 Staff expenses

Staff expenses are allocated to cost centres based on the staff incurring the cost.

21.5.11 Central Squad Operational Support Costs

It should be noted that for central operational units, operational support will be allocated firstly to BCUs using the same cost driver as for Direct Costs and then to activities.

21.6 Operational Support Costs charged direct to Activity/incident/role codes

21.6.1 Partnership related expenditure

Allocate direct to role codes RC or RD at cost centre level

21.6.2 Informants' Fees

Allocate direct to code PI at cost centre level

21.6.3 Investigation Costs

This includes doctors fees, scientific investigation costs, vehicle investigation costs, costs related to the fingerprint process, the costs of obtaining expert opinions etc. Allocate direct to the BCU and to the set of crime and/or non-crime incident codes to which they relate, either by way of actual data or in proportion to the number of incidents.

21.7 Business Support Costs

- Allocate HQ business support units to BCUs/Departments in accordance with section 17.

- Collect local BCU and Departmental Business Support Costs at the BCU/Departmental level.
- For each BCU/Department allocate local and HQ Business Support costs in proportion to the total direct costs (Direct Staff Costs plus Operational Support Costs) of activity/incident/role codes generated by that BCU's/Department's staff.

21.8 Sustaining Overheads

Collect at force level and allocate to domains within BCUs in proportion to the total of Direct Costs and Business Support Costs.

21.9 National Activities

Sources are individual officers, a separate cost centre within a BCU, a separate BCU, or an event costing. In each case direct staff costs must go to the appropriate role code and operational support costs should follow. A proportionate share of Business Support costs must also be added. See section 6.13 of the manual.

21.10 CDC and Non Distributed Costs

These costs must be directly allocated and will not attract any overhead allocations.

22 DOMAIN MAPPING

This section maps each Activity Code and Role Code to one of the core operational Domains within the Policing Performance Assessment Framework (PPAF), that is Domains 1-4. This mapping process is required in order to place a cost on the policing effort put towards Reducing Crime (Domain 1), Investigating Crime (Domain 2), Promoting Public Safety (Domain 3) and Providing Assistance (Domain 4). Mapping shows that the proportion of police resources used directly on pro-active crime reduction is very small and that investigating crime is the largest element of police activity. Several of the Supervisory Codes and Role Codes have been split across domains, reflecting the fact that they support both crime and non-crime activities. Where this is the case, forces are asked to use the cost driver identified within Section 16 as the basis for splitting costs.

*****Code PH should be mapped to Sustaining Overheads alongside other professional standards' costs**

	Domain 1 Reducing Crime	Domain 2 Investigating Crime	Domain 3 Promoting Public Safety	Domain 4 Providing Assistance	Operational Support
Crime Incidents					
CA violence against the person – S20 & more serious		√			
CB violence against the person – S47 & less serious		√			
CD sexual offences		√			
CH burglary dwelling		√			
CI burglary – commercial & other		√			
CK robbery		√			
CL theft of or from motor vehicle		√			
CM deception/fraud		√			
CN theft other		√			
CR drugs offences		√			
CT criminal damage		√			
CX other crime		√			
Non Crime Incidents					
NA RTA fatal/serious				√	
NB RTA minor injury/damage				√	
ND traffic other			√		
NF public disorder				√	
NG domestic dispute				√	
NH complaint/nuisance				√	
NI prostitution				√	
NM false alarms				√	
NN missing person				√	
NO sudden/suspicious death				√	
NX other non crime				√	

	Reducing Crime	Investigating Crime	Promoting Public Safety	Providing Assistance	Operational Support
Incident-Linked Activities (Crime & Non Crime)					
IA deal with incident					
IB enquiries					
IC observations					
ID searches					
IF issue advice/warnings					
II interview detainees/suspect					
IJ dealing with detainees/suspect					
IL paperwork/case file preparation					
IN at court (waiting or giving evidence)					
IX other incident linked					
Non-Incident-Linked Activities					
PA Visible Patrol			√		
PD court duties/escort		√			
PF special operations/events			√		
PH investigate complaints ***					***
PI deal with informants		√			
PJ Community Involvement			√		
PN property enquiries				√	
PO non incident enquiries				√	
PP crime prevention activity	√				
PS prison interviews		√			
PT training					√
PV briefings/meetings/handover procedures					√
PW non incident linked paperwork					√
PX other non incident work					√
Supervisory Functions					
SA staff dev/appraisal/personnel					√
SC monitoring cellblock PACE		√		√	
SD relief custody duties		√		√	
SF relief call handling/control room duties/enquiry desk				√	
SH checking paperwork (supervisory)					√
SJ budgetary/financial					√
SL ID parades		√			
SX other managerial/supervision					√
Other Codes					
UA refreshments					√
UC waiting time					√
Role Codes					
RA National, international & capital city policing, etc.			√		
RC Participation in Crime Reduction Partnerships	√				
RD Participation in Non-crime Partnerships			√		
RF Intelligence research and analysis	√				
RH Prisoner Handling/Custody		√		√	
RJ Call Handling/Enquiry Office				√	
RL Licensing			√		
RP Criminal Justice		√		√	
RR Police Protection	√				
RT Family Liaison				√	
RW Warrants		√			

23 MAPPING NSIR CODES TO ABC CODES

[This section is first applicable to the 2006/7 financial year](#)

The table that follows matches NSIR codes to the existing activity codes used in the ABC model. More detailed definitions of the NSIR codes are available at <http://www.audit-commission.gov.uk/neighbourhoodcrime/downloads/NSIRCountingRules2006-7.pdf>

NSIR DEFINITIONS (ABC Code order)	ABC Code	ABC Definition
RTC - Death:	NA	RTA fatal/serious
RTC - Serious Injury	NA	RTA fatal/serious
RTC - Minor Injury	NB	RTA minor injury/damage
RTC - Damage Only	NB	RTA minor injury/damage
Highway Disruption	ND	Traffic Other
Road Related Offence	ND	Traffic Other
Transport Incident / Accident Not Recorded Elsewhere	ND	Traffic Other
Abandoned Vehicles - (Not Stolen Or Causing An Obstruction)	ND	Traffic Other
Protest / Demonstration	NF	Public disorder
Domestic Incident	NG	Domestic Dispute
Animal Problems	NH	Complaint/Nuisance
Hoax Calls To Emergency Services	NH	Complaint/Nuisance
Inappropriate Use / Sale / Possession Of Fireworks	NH	Complaint/Nuisance
Malicious Communications	NH	Complaint/Nuisance
Noise	NH	Complaint/Nuisance
Rowdy / Nuisance - Environmental Damage / Littering	NH	Complaint/Nuisance
Rowdy / Nuisance - Neighbours	NH	Complaint/Nuisance
Rowdy / Nuisance - Rowdy or Inconsiderate Behaviour	NH	Complaint/Nuisance

Street Drinking	NH	Complaint/Nuisance
Substance Misuse	NH	Complaint/Nuisance
Trespass	NH	Complaint/Nuisance
Vehicle Nuisance / Inappropriate Vehicle Use	NH	Complaint/Nuisance
Breach of Injunction	NH	Complaint/Nuisance
Civil Disputes	NH	Complaint/Nuisance
Begging / Vagrancy	NH	Complaint/Nuisance
Prostitution Related Activity	NI	Prostitution
Alarm: Monitoring Station - False-Active	NM	False alarms
Alarm: Monitoring Station - False-Withdrawn	NM	False alarms
Alarm: Police Installed	NM	False alarms
Alarm: Premises Audible only	NM	False alarms
Call made with good intent	NM	False alarms
Absconder / AWOL	NN	Missing person
Missing Person-High Risk	NN	Missing person
Missing Person-Medium Risk	NN	Missing person
Missing Person-Low Risk	NN	Missing person
Missing Person-Unauthorised Absence	NN	Missing person
Sudden Death	NO	Sudden/suspicious death
Suspicious Circumstances	NO	Sudden/suspicious death
Hate Incident (Only To Be Used By Forces Unable To Use Hate Qualifiers)	NX	Other non crime
Collapse / Illness / Injury / Trapped	NX	Other non crime
Concern for Safety	NX	Other non crime
Industrial Incident / Accident	NX	Other non crime
Insecure Property	NX	Other non crime

Mental Health	NX	Other non crime
Natural Disaster / Incident / Warning	NX	Other non crime
Pets / Domesticated Animals	NX	Other non crime
Suspicious Package / Object	NX	Other non crime
Truancy	NX	Other non crime
Wildlife	NX	Other non crime
Lost / Found Property / Found Person	NX	Other non crime
Police Generated Resource Activity	NX	Other non crime
Firearms	NX	Other non crime
Pre-Planned Events	PF	Special operations/events
Complaints Against Police	PH	Investigate complaints
Immigration	PJ	Community Involvement
Assistance to other Agency	PJ	Community Involvement
Abandoned Call	PX	Other non incident related work
Bail/Curfew: Checks/Breach	PX	Other non incident related work
Cancel/Exit/Error	PX	Other non incident related work
Duplicate	PX	Other non incident related work
Information	PX	Other non incident related work
Messages	PX	Other non incident related work
Passed to other Agency / Force (Transferred Incident)	PX	Other non incident related work
Test / Training	PX	Other non incident related work
Licensing	RL	Role Code - Licensing

24 SUMMARY OF MODEL

This summary has been amended to reflect the revised BVACOP format for 2006-7

Police Services:

Domain 1: Reducing Crime

Domain 2: Investigating Crime

Domain 3: Promoting Public Safety

Domain 4: Providing Assistance

Total Policing Costs Allocated to Domains

Less income

Less special grants

Net Policing Costs

Exceptional Costs of Legal Settlements

Corporate and Democratic Core

Non Distributed Costs

Net Cost of Services

Gain or Loss on disposal of fixed assets

Levies to National Police Services

Trading Account Surpluses and Deficits

External Interest Paid

Interest and Investment Income

Extraordinary Items

Pensions Interest Cost and Expected Return on Pensions Assets

ABC FRS17 Adjustment

Net Operating Expenditure

General Government Grants

Revenue Support Grant

National Non-Domestic Rates

Council Tax

Surplus or deficit for the Year on Income and Expenditure Account

25 REPORTING TEMPLATES

25.1 Notes on Templates

- This section shows the templates that forces should complete for submission to the Home Office.
- *The returns to the Home Office must be signed off by the Director of Finance before submission.*
- *The validation tests incorporated into the Home Office data return must be completed before submission.*
- Forces should also refer to the validation tests of the output from the model set out in section 26
- It is imperative that all columns on each template are correctly completed; this means that care must be taken to ensure that all costs are assigned to the correct cost category.
- **The total costs of all** events and major incidents that have been costed should be shown against the correct code in the table on **template 4 for the BCU where they were located, as well as in Template 3**. All items should also be individually listed below the table and exceptional items should be identified by completing the appropriate column (i.e. all events and major incident costs should be shown in the table for template 4 and in the list, but only truly exceptional items should be identified as such).
- The decision to identify items as exceptional should be made based on the definitions shown in subsection 6.12.1 and 6.12.2
- The notes on the costing diagrams in section 13 give an indication of which column on template 3 the different costs are reported in.

25.2 Template 1: Summary and reconciliation with statutory accounts

Overall reconciliation of ABC output with the Statutory Accounts.

This will be as set out in Section 24, but will be subject to changes in the statutory requirements as published by CIPFA.

25.3 Template 2: BCU Summary by Domain and Cost Type (including Sustaining Overheads)

Template 2 breaks down the costs of the force by BCU and Domain; a separate template will be completed for each BCU. The costs include the allocated Direct Costs of central operational units. This analysis excludes Corporate & Democratic Core and Unallocated Central Overheads, which are not apportioned across BCUs within the Model. National Policing Costs may be treated as a separate BCU.

DOMAINS	DIRECT STAFF COSTS		OPERATIONAL SUPPORT		BUSINESS SUPPORT		SUB-TOTAL EXCLUDING SUSTAINING OVERHEAD	SUSTAINING OVERHEAD		TOTAL	TOTAL
	£	%	£	%	£	%		£	%		
1. REDUCING CRIME							-			-	
2. INVESTIGATING CRIME							-			-	
3. PROMOTING PUBLIC SAFETY							-			-	
4. PROVIDING ASSISTANCE							-			-	
TOTAL FOR BCU	-		-		-		-	-		-	

5.4 Template 3: BCU listing by activity code within domains and by cost type (excluding Sustaining Overheads)

Template 3 breaks down the costs of each BCU by code within Domains as well as by cost type (Direct, Operational Support and Business Support) and source (BCU unit, Central Squad, HQ support unit). A separate Template 3 should be produced for each BCU within the force and for the national policing function.

		Direct Staff Costs BCU	Direct Staff Costs Central Units	Total Direct Staff Costs	Operational Support BCU	Operational Support Central Units	Total Operational Support	Business Support BCU	Business Support Central Units	Business Support HQ	Total Business Support	Total Cost	
		£	£	£	£	£	£	£	£	£	£	£	%
REDUCING CRIME	CODE	C	D	E	F	G	H	I	J	K	L	M	
Incident, Activity and Role codes	XX			-			-				-	-	
Total Reducing Crime		-	-	-	-	-	-	-	-	-	-	-	
INVESTIGATING CRIME													
Incident, Activity and Role codes	XX			-			-				-	-	
Total Investigating Crime		-	-	-	-	-	-	-	-	-	-	-	
PROMOTING PUBLIC SAFETY													
Incident, Activity and Role codes	XX			-			-				-	-	
Total Promoting Public Safety		-	-	-	-	-	-	-	-	-	-	-	
PROVIDING ASSISTANCE													
Incident, Activity and Role codes	XX			-			-				-	-	
Total Providing Assistance		-	-	-	-	-	-	-	-	-	-	-	
TOTAL FOR BCU		-	-	-	-	-	-	-	-	-	-	-	

5.5 Template 4: BCU listing of events and major incidents by activity code and cost type

Template 4 summarises all events and major incidents by incident code and cost type for each BCU, and lists them individually, with a facility to identify exceptional items:

	Total Direct Staff Costs	Total Operational Support Costs	Total Business Support Costs	Total Cost Excluding Sustaining Overheads	Sustaining Overheads Domain level only	Current Year Domain Totals	Previous Year Domain Totals	Difference Between Years
	£	£	£	£	£	£	£	£
INVESTIGATING CRIME								
Violence against the person – S20 CA				-				
Violence against the person – S47 CB				-				
Sexual offences CD				-				
Burglary dwelling CH								
Burglary - commercial & other CI								
Robbery CK				-				
Theft of or from motor vehicle CL								
Deception/fraud CM				-				
Theft other CN								
Drugs offences CR				-				
Criminal damage CT				-				
Other crime CX				-				
Total Investigating Crime	-	-	-	-		-		-
PROMOTING PUBLIC SAFETY								
Special operations/events PF				-	-			
Role Code - National policing RA	-	-		-	-			
Total Promoting Public Safety	-	-	-	-	-	-		-
PROVIDING ASSISTANCE								
RTA fatal/serious NA				-			-	
Public disorder NF				-				
Missing person NN				-			-	
Sudden/suspicious death NO				-				
Other non crime NX				-			-	
Total Providing Assistance	-	-	-	-	-	-		-
TOTAL FOR BCU	-	-	-	-	-	-	-	-

Listing of events and major incidents:

Major incident/special event list Note that items listed separately here should still be included in the totals given in the table above		Total Direct Staff Costs	Total Operational Support	Total Business Support	Total Cost Excluding Sustaining Overheads	Mark if exceptional as individual item	Mark if exceptional as part of group
DESCRIPTION	CODE	£	£	£	£		
					-		
					-		
					-		
					-		
					-		
					-		

26 VALIDATION OF OUTPUT

This section gives a number of tests that should be carried out on the output from the model before the data is used for any purpose and before submitting the returns to the Home Office.

26.1 Automated Validation Routines

The ADR templates provided by the Home Office incorporate a number of validation processes. **Forces must investigate any items highlighted by these processes and either make appropriate changes to the model or provide an explanation as to why the item is in fact correct.** Further information concerning these validation checks will be included with the templates.

26.2 Manual Validation

Although many of the validation checks previously shown in this section have now been automated, practitioners should still manually check the return before submission to the Home Office. In particular they should:

1. Ensure that the summary statement matches the statutory statement of accounts at the time of submission. Any subsequent changes to the statutory statement (e.g. as a result of the audit of accounts) will need to be assessed for their impact on the ABC model and the model amended if necessary.
2. Check the detailed BCU templates (template 3) for completeness and reasonableness, in particular:
 - Look at empty cells and verify that no entry should be there
 - Look at the relationship between cost types – generally DSC>OSC>BSC; check this relationship for BCU costs and Central Squad costs separately
 - Compare the percentage of costs against the percentage of time from the activity analysis data for codes that attract a significant amount of resources such as code PA (visible patrol).
 - Where role codes are split check that the result looks reasonable
3. Calculate the percentage relationship of Business Support Costs to Direct Costs (the sum of DSC and OSC) for the domain sub-totals and the total on each template 3.
 - For BCU costs this relationship should be constant within each BCU (it will differ between BCUs) – calculate column I divided by the sum of columns C & F times 100. However it should be noted that where activity/incident codes include costs for events/major incidents and the resources for these were partially supplied by other BCUs, then the relationship for these codes will vary as there will be elements of Business Support Costs from the supplying BCUs.
 - For Central Squad costs the relationship will vary (unless all central squads belong to one central department) but should be in a relatively narrow band – calculate column J divided by the sum of columns D & G times 100
 - For HQ Support costs the relationship will vary but should be in a fairly narrow band - calculate column K divided by the sum of columns E & H times 100

4. Check that templates 2, 3, and 4 include all events and incidents and confirm that they are assigned to the BCU where the event or incident took place. Ensure that they are all individually listed and that exceptions, as defined in sections 6.12.1 and 6.12.2 are clearly identified.
5. Finally, do not forget to obtain the sign-off of the Director of Finance

27 BENEFITS OF ABC

ABC data in itself holds potential value; it is of no value at all on a local level unless it is used to clarify resourcing decisions and to maximise performance. A number of forces have already begun to do this. The question "Who are the beneficiaries of ABC?" is addressed below:

27.1 Police Forces

27.1.1 Chief Officers

Comparing cost and performance within force – ABC provides Chief Officers with the ability to compare the costs incurred by different parts of the force. This can be used to identify improved ways of working or to encourage/reward good performance.

Year on year comparisons of the Force and individual BCUs - These comparisons give Chief Officers the ability to see how the force has changed, and to monitor the effect of strategic changes made during the year

Comparing cost and performance with other forces – ABC provides Chief Officers with the ability to compare the costs incurred by the force as a whole, and specific units within the force, with other forces with the specific aim of identifying improved ways of working and improving local efficiency. Performance and cost can be combined to allow the relative return from investment to be assessed and to inform future policy.

Maintaining control of how staff and other resources are used – ABC provides Chief Officers with the ability to monitor how resources are used. They can see whether resources are being used as intended, against current priorities.

Providing a costed Policing Plan – ABC provides the force, on behalf of the Chief Officer, with the ability to provide an accurately costed Policing Plan. ABC allows the force to reflect the specific policing activities that will be undertaken in the following year. Currently, the Policing Plan reflects how resources are allocated rather than how they are used.

27.1.2 BCU/Specialist Unit Commanders

Comparing cost and performance within Unit / BCU – ABC provides Unit Commanders with the ability to compare the costs incurred by different parts of the BCU.

Comparing cost and performance with other Units / BCUs – ABC provides Unit Commanders with the ability to compare the costs incurred by different parts of the force, specifically other BCUs, or similar BCUs from other forces. This can provide useful information on relative efficiency, but also provide ideas on the level of resources dedicated to specific operational areas that might be replicated.

Year on year comparisons - These comparisons give Unit Commanders the ability to see how the BCU has changed, and to monitor the effect of strategic changes made during the year.

Maintaining control of how staff and other resources are used – ABC shows Unit Commanders where resources are being consumed. This allows them to exert some control as to how resources are used. It also allows them to gather quantitative evidence of increased demand and resource pressure, and thus identify the need for additional resources.

Identifying efficiency improvements – ABC provides Unit Commanders with the ability to both identify and monitor efficiency improvements. If it can be shown that a large amount of staff time is consumed on a specific task, effort can be directed to reduce the time taken on this task, through system or process change. Saving time of police officers is often a driver behind many process changes (e.g. Prisoner Processing Teams).

Holding support functions to account – Where budgets are devolved, ABC provides Unit Commanders with the ability to compare the costs charged to the BCU by other parts of the force. This might include HR and Finance, but is most relevant to Central Operational Units (e.g. Forensics) and central squads (e.g. Drugs Squad). This can be used to request additional support or to free-up resources for use in other areas. Furthermore, ABC could be linked to a Service Level Agreement (SLA) for a central unit/department.

27.1.3 Heads of Central Departments

Comparing cost and performance with similar departments in other forces – ABC provides Heads of Central Departments with the ability to compare the costs incurred by their department with other similar departments in other forces, or even other organisations where appropriate. This can provide useful information on relative efficiency, but also provide ideas on the level of resources dedicated to specific operational areas that might be replicated.

Production of Service Level Agreements – ABC provides Heads of Central Departments with the ability to compare the costs charged to other parts of the force. This can be used to show where demands are placed upon them, where they are stretched and therefore where additional resources might be required. It can help to illustrate the value they provide.

Maintaining control of how staff and other resources are used – ABC shows Heads of Central Departments where resources are being consumed. This allows them to exert some control as to how resources are used. It also allows them to gather quantitative evidence of increased demand and resource pressure, and thus identify the need for additional resources.

Identifying efficiency improvements – ABC provides Heads of Central Departments with the ability to both identify and monitor efficiency improvements. If it can be shown that a large amount of staff time is consumed on a specific task, effort can be directed to reduce the time taken on this task, through system or process change.

27.1.4 Finance Managers

Assessing the use of resources – ABC provides Finance Managers with the ability to compare the costs incurred by different parts of the force. It can be used to identify resource pressures, allowing resources to be reallocated to ensure that the force as a whole can best meet its demands and obligations.

Identification and monitoring of efficiency improvements – ABC provides Finance Managers with the ability to monitor the delivery of efficiency improvements promised by internal projects. It can therefore provide good evidence for future projects, but also for meeting annual efficiency targets.

Costing operations – ABC provides Finance Managers with the ability to monitor the costs incurred by specific operations. This can be used as justification for recovering costs either from external bodies, where cost recovery is possible, or from the force as a whole, where the operation has placed an unusual demand on the BCU.

27.1.5 Performance Managers

Monitoring and assessing performance – ABC provides Performance Managers with the ability to compare the costs incurred by different parts of the force. It provides a valuable context for performance measures and assessment.

Identifying good practice – ABC provides Performance Managers with the ability to identify good practices that can be used in other parts of the force.

Putting a cost on Performance – ABC can be used to put a cost on performance. It provides an important context for comparison to take place. ABC is a key component of the Policing Performance Assessment Framework (PPAF) and as such will be used by Performance Managers.

27.1.6 Staff concerned with Best Value and Efficiency

Identification and monitoring of efficiency improvements – ABC provides Best Value Officers with the ability to identify areas that should be subject to review. Following reviews, ABC can be used to monitor cost savings and process changes implemented as a result of the review.

27.2 Police Authorities

ABC data will provide considerable benefits for police authorities including:

Policing Plan – ABC data will help inform the production of the annual policing plan by enabling authorities to allocate resources more clearly to priorities and targets. It will also assist them to monitor the results arising from increases in funding.

Performance monitoring – ABC data will enable authorities to link force performance to resource use and to hold the chief constable to account for the force's performance and how resources are used. It will enable an authority to compare costs incurred by different parts of the forces or on different projects or initiatives. There will also be scope to compare costs between forces and assess the scope for improvements.

Financial Accountability – police authorities are responsible for maintaining financial accountability and ABC will enable chief officers to provide authorities with clearer information about how resources are being used in practice and in a way, which is consistent with the agreed priorities, and targets set in the local policing plan.

Best Value and Efficiency Plans – ABC will provide authorities with costed data to help inform best value reviews and possible options for change. ABC will also enable authorities to identify and monitor efficiency savings and process changes implemented as a result of best value reviews or other changes.

Public Consultation – ABC provides a means of improving police authority communication and consultation with local communities. Authorities will be able to use ABC data to show more clearly how resources are being used to deliver local priorities and engage in more informed debate with local people about their expectations and views on this.

27.3 Police Community Overall

Justification of additional resources – ABC provides those involved with securing the overall policing budget with the ability to justify additional resources. Securing resources is dependent upon a valid and supported business case, which identifies the need for additional resources and shows how additional funding can improve performance. Furthermore, additional resources may be dependent upon the ability to monitor the delivery of the promised improvements.

27.4 Central Government

27.4.1 Home Office

Monitoring and assessing performance – ABC provides the Home Office with the ability to compare the costs incurred by different parts of the force. ABC is a key component of the Policing Performance Assessment Framework (PPAF). It will be used to link resources to outcomes.

Identifying good practice – ABC provides the Home Office with the ability to compare the costs incurred by different parts of the force. This can be used, through comparisons of how different forces work and where resources are deployed, to diagnose the ways of working that lead to high performance. This evidence base does not currently exist within policing.

27.4.2 HM Treasury

Monitoring the use of resources – ABC provides HM Treasury with the ability to monitor the use of resources by the policing community overall and by different forces.

Maintaining financial accountability – ABC provides HM Treasury with the ability to maintain financial accountability. ABC can show HM Treasury where resources are being used in practice. This gives a more realistic and accurate picture than monitoring where resources have been allocated. HM Treasury can therefore ensure that resources are being used in a way that is consistent with agreed priorities.

28 ACTION PLAN FOR PRODUCTION OF ABC

Action	Action Owner	Planned Date	Completed Date
Collect activity data			
1. Finance and Performance Management staff should identify and agree cost centres and staff groups with BCU/Department Management. It is essential that this is completed and agreed before data collection commences			
2. Meet with each unit/department management in order to determine the level of Management Information currently available			
3. Determine which staff should be activity sampled for costing purposes, as well as identifying those units whose management would like sampling for their own purposes, and communicate to Finance Department			
4. Determine the level of activity data to be collected for other staff groups (i.e. time recording system; Management Information to use as a cost driver), based on the requirements of the Model and the more detailed requirements of unit management, where applicable			
5. Determine data collection methods for all units/roles based on the above information, including: <ol style="list-style-type: none"> a. Use or enhancement of existing Management Information collection systems b. How Management Information data will be aggregated into Home Office codes for use in the ABC Model c. Time-span over which data will be collected, e.g. continuously; sample over a fixed two-week period; regular sample over the course of the year 			
6. Finance and Performance Management staff should agree how activity data for each staff group will be generated and agree respective responsibilities. Specifically, staff should identify where cost drivers are required and who will determine what are appropriate cost drivers for			

Action	Action Owner	Planned Date	Completed Date
apportioning costs of certain central operational units and support functions			
Activity Sampling			
7. Meet with BCU commanders/senior officers/management in order to establish the information that they would benefit from receiving and to explain the purpose and process of Activity Analysis to them. Seek the nomination of a Local Liaison Officer for each BCU and specialist unit			
8. Determine the timetable for the study, in consultation with the Senior Management Team, including: <ul style="list-style-type: none"> a. Lead time for identifying appropriate activity codes b. Preparation of training/briefing materials c. Lead time for training Local Liaison Officers, and the cascading of training/briefing to all study participants d. Lead time for printing, delivery and distribution of activity cards (or barcode books if using lightpens) e. If using lightpens, sufficient lead time for their charging, programming and personal issue f. Weeks during which the survey will be conducted 			
9. Select the incidents and activities to be used in the study and align them with the appropriate activity codes from the Model (see Section 12). Where additional codes are required, these should be represented as sub-divisions of the standard activity codes in such a way that they can be re-aggregated for analysis purposes			
10. In consultation with BCU Senior Management Team, determine the content of any available special codes where these are not set centrally by the force			
11. Design activity cards/lists of barcodes in software			

Action	Action Owner	Planned Date	Completed Date
12. Design monitoring sheets for each group of staff undertaking activity sampling, to be completed by the first-line supervisor			
<p>13. Provide training for Local Liaison Officers early on, so they can actively publicise the study and perform the QA role of checking completed cards. Training should include:</p> <ul style="list-style-type: none"> a. Aims and objectives of study b. Relationship between incidents and incident-linked activities, and the purpose of non-incident-linked activities c. Purpose and use of special codes d. How to correctly complete activity cards e. How to deal with incorrectly completed cards f. How to make arrangements for the checking of completed cards by first-line supervisors and their subsequent collation and despatch to Activity Analysts for scanning g. Purpose of the Daily Monitoring Sheet, i.e. to monitor participation and return rate h. Frequently Asked Questions, and how to respond appropriately i. Arrangements for the delivery and distribution of cards to participants prior to the study j. Contact details for the Activity Analysts providing expert advice both before and during the study 			
14. Produce training and communication materials to be used by Local Liaison Officers, including presentation slides, force-wide and local intranet content and posters. Consider writing an instruction booklet for the staff taking part in the survey, including examples and explanations of how to complete an activity card or use a lightpen			
<p>15. Arrange printing of activity cards and monitoring sheets, laminating and binding of lightpen barcode booklets, allowing for:</p> <ul style="list-style-type: none"> a. A degree of wastage/spoiled cards 			

Action	Action Owner	Planned Date	Completed Date
<ul style="list-style-type: none"> b. The fact that some staff will work in excess of 12 hours per tour of duty and will therefore require more than one card per day/tour c. Additional cards for use by the Local Liaison Officer in training. Order sufficiently early so as not to delay local training/briefing 			
<p>16. Ensure that the study is being publicised and supported locally by Senior Management Teams and that maximum use is being made of all opportunities to communicate information to participants, including notice boards, force-wide and local intranets, in-force newspapers and magazines</p>			
<p>17. Approximately two weeks prior to the study, give training materials to Local Liaison Officers and ensure that they are delivering training/briefing to participants</p>			
<p>18. Approximately one week prior to the study, deliver activity cards and monitoring sheets to the Local Liaison Officers for them to distribute to the participating units just before the start date</p>			
<p>19. If using lightpens, ensure that they receive a final charge and are delivered to the Local Liaison Officers approximately five days before the start of the study, for them to distribute just before the start date. Do not deliver lightpens too soon before the start of a study as the battery life is often an issue; the later the pens receive their final charge the better they should perform during the study</p>			
<p>20. During the study, ensure that Local Liaison Officers are managing the checking process of first-line supervisors and are complying with arrangements for the return of completed cards</p>			

Action	Action Owner	Planned Date	Completed Date
<p>21. When cards/pens are returned, conduct a quality check to establish both compliance with completion instructions and accuracy of data recording. Return to participants (via Local Liaison Officers) all cards which contain errors in excess of the previously agreed tolerance level, i.e., if a card from an eight-hour tour of duty contains more than one hour's missing or incorrect data then it should be returned for correction/amendment</p>			
<p>22. Feedback any issues arising concerning compliance and completion to the Local Liaison Officers, so that they may raise them with first-line supervisors/ individual participants. Check that:</p> <ul style="list-style-type: none"> a. Cards are completed clearly - marks on cards for Optical Mark Reading should fill the majority of the box; entries on cards for Intelligent Character Recognition should be legible b. Date, Time, Rank, Role and Location are completed correctly c. Correct combinations of incidents and activities are recorded d. Only one activity is selected per 15-minute time period e. Special codes are used where appropriate f. In/Out of station are used correctly 			
<p>23. If using lightpens, conduct a quality control check during the course of the study by downloading data from a sample of lightpens. Examine the data for evidence of incomplete recording. Issues to be aware of are similar to those listed above</p>			
<p>24. Set validation rules in the card scanning software that reflect the correct use of incidents, incident-linked activities, non-incident-linked activities and special codes</p>			
<p>25. At the discretion of the force, either scan completed activity cards as they are received or wait until the end of the survey when all cards have been received</p>			
<p>26. If using lightpens, it is likely only to be practical</p>			

Action	Action Owner	Planned Date	Completed Date
to download data once the pens have been received from participants at the conclusion of the study. Arrangements should be made with Local Liaison Officers to ensure the return of lightpens as soon as possible after the end of the study; delays in the return of lightpens may result in batteries completely discharging, with potential for the loss of data			
27. Validate the activity data using tools contained in the scanning software. Correct incomplete/erroneous data or return cards to participants in accordance with the previously agreed tolerance level			
28. Export corrected/cleaned activity data from the scanning software and import it into a data analysis software package. If available, use tools contained in the data analysis software to run further validation checks on the data			
29. Provide unit management with an analysis of activity data as requested			
30. Provide the activity data to finance staff in the required format for importing into the costing software			
Management Information			
31. Define process for collecting Management Information from a specialist unit or support department where data is currently available, and consider how the data will be analysed and presented to the unit management			
32. Design system for collecting less detailed activity data for central operational units on a long-term basis where needed, for example: <ul style="list-style-type: none"> a. Define what is to be recorded b. Specify time periods by which data is to be collected (hourly, by quarter day / half day / whole day) c. Determine the time period during which data is to be recorded d. How the information will be recorded (electronic diary, paper-based system) e. How the data will be recovered/downloaded 			

Action	Action Owner	Planned Date	Completed Date
f. How the data will be analysed and presented to the unit management			
33. Explain to staff why data is being collected and give them appropriate training.			
34. Where required, define appropriate cost drivers for allocating Operational Support costs to Cost Centres and Business Support costs to BCUs			
35. Define appropriate cost drivers for allocating Direct Costs of central operational units to BCUs			
36. Throughout the sampling period(s), ensure that the collection process is being managed within each individual unit, and that a quality assurance process is in place, which verifies the data provided			
37. Collect less detailed time recording data and Management Information from relevant units			
38. Provide unit management with an analysis of data as requested			
39. Provide the activity data to finance staff in the required format for importing into the costing software			
Build Model (The exact order of this part of the process may differ according to the software used)			
40. Create activities and incidents in software and assign to one of the four crime/non-crime Domains			
41. Set up Cost Centre structure within software in accordance with definition of Cost Centre in Model			
42. Create one notional Cost Centre per BCU to hold costs of exceptional items (major incidents/special events), as well as costs allocated to that BCU from central operational units			
43. Create accounts for the costs in software, including the staff groups			
44. Create staff groups within software			
Collect financial data			

Action	Action Owner	Planned Date	Completed Date
45. Export ledger costs that need manipulating into Excel			
46. Export ledger costs that do not need manipulating into costing software where possible			
47. Import calculated financial data into software from Excel			
Calculate costs			
48. Apply costing process within software as defined by Step-by-Step Guide to ABC Costing Process (Section 21)			
Validate costed data			
49. Use audit trail provided by the software to verify that the costs have been allocated correctly			
50. Use reports in software to verify that the results are reasonable. See also section 26.			
51. Compare with the previous year's data where possible			
52. Compare with data from a similar force where possible (i.e. a member of the family of forces)			
Analyse / report on data			
53. Provide unit/force management with reports detailing requested information			
54. Produce means of communicating results to participants and other stakeholders (e.g. policing plan, circulars, notices etc)			
55. Submit reports to the Home Office (see section 7.1 and 25)			

29 GLOSSARY OF TERMS

Term	Definition
Activity Sampling	The use of survey techniques to record the time spent by staff on specified activities
Activity-Based Costing	A system through which the activities within an organisation can be costed, with the aim of placing a cost on the products, outputs, or outcomes delivered by that organisation
Activity Information/ Activity Data	The full set of information that details the time spent by staff on specified activities. This can be obtained through Activity Sampling, other time recording techniques or other sources of Management Information
BCU	Basic Command Unit
Business Support Costs (BSC)	Indirect costs that support the delivery of policing services
BVACOP	The Best Value Accounting Code of Practice. The purpose of the BVACOP is to produce an accounting framework for application throughout local government in the production of annual financial statements, budgetary information and performance measures
CAD	Computer Aided Despatch
Campaign	An Activity Sampling survey carried out on one particular group of staff at a particular time
CIPFA	Chartered Institute of Public Finance and Accountancy
Corporate and Democratic Core (CDC)	The costs of supporting the police authority and providing corporate management, as defined by CIPFA
Cost Driver	The data item used as a basis for allocating costs.
Direct Costs	The cost of providing direct police services through BCUs and central operational units. These are split into Direct Staff Costs and Operational Support Costs
Direct Staff Costs (DSC)	The costs of staff engaged in operational activities
Direct Training Costs	The costs of delivery of internal training courses as set out in the training costing model
FRS17	Financial Reporting Standard 17 – FRS 17 sets out the

Term	Definition
UK GAAP	accounting treatment for retirement benefits such as pensions and medical care during retirement.
HMIC	United Kingdom Generally Accepted Accounting Principles
National Policing	Her Majesty's Inspectorate of Constabulary
NTCMIT	The cost of providing direct police services through either BCUs or central operational units which relate to national policing
Operational Support Costs (OSC)	National Training Costing Model Implementation Team
PACE	Direct Costs that support the delivery of policing services
PLDE	Police and Criminal Evidence Act
PPAF	Police Learning and Development Executive
PSU	Policing Performance Assessment Framework
Police Officer	Police Standards Unit
Police Staff Member	A member of a police force that holds a warrant
Role	An employee of a police force who does not hold a warrant
SORP	A loosely-defined task or activity undertaken by a dedicated resource on a full or part-time basis
Sustaining Overheads (SOH)	Statement of Recommended Practice (for accountancy)
Training Support Overheads	Those costs which may be legally required and/or are necessary to ensure the maintenance of the organisation, but are not directly attributable to service delivery
	Business overheads related to the delivery of internal training courses