

EPA/181/11

Meeting: Finance and Audit Committee

Date: 19th September 2011

Proposal for the formation of a National Police Air Service (NPAS)

Report of the Chief Constable and Treasurer

Contact: Paul Marrion, Aviation Manager

1.0 Purpose of Report

1.1 To seek approval to the proposal for the formation of the National Police Air Service (NPAS); the transfer of Essex Police staff, equipment and capital assets and the redirection of revenue funding to NPAS in April 2012 (or shortly thereafter) in return for provision of all future air support services to Essex Police

2.0 Recommendations

- 2.1 That Members accept the NPAS proposal, with the transfer of staff, assets and revenue funding to NPAS from 1st April 2012 (or shortly thereafter).
- 2.2 This recommendation is subject to completion of financial due diligence required before approval can be given. Where possible, further information will be provided at the meeting. If information is incomplete, Members are requested to give delegated authority to the Chairman, the acting Chief Executive and Treasurer and the DFA to complete this work by 30th September.

**Charles Garbett
Acting Chief Executive
Essex Police Authority**

**Chief Constable
Jim Barker-McCardle
Essex Police**

3.0 Background

- 3.1 The current NPAS proposal is the culmination of the project which has been live since 2008. The initial review of Police Air Operations identified that the current system was inefficient and made recommendations to change to a new and reduced model under national control which proposed a national model, manages regionally for local delivery of services, producing an effective operational model at a reduced cost for all participating forces and was the enabler for the NPAS project. The initial proposal to operate a reduced national system comprising of twenty bases, twenty three aircraft with three spare aircraft was approved at Chief Constables' Council in October 2010. This approval has been followed by a period of review, calculation and negotiations leading to the current proposal.
- 3.2 The proposal recommends that the NPAS commences operations on 1st April 2012 via a lead force model of West Yorkshire police although yet to be finalised. It further recommends that the South East Region comprising Norfolk, Suffolk, Cambridgeshire, Essex, Kent Hertfordshire, Bedfordshire, Thames Valley, Surrey, Sussex and Hampshire together with the Central Region comprising North Midlands, East Midlands, West Midlands and Central Counties Air Operations Units transfer to NPAS control either at this time or shortly thereafter.
- 3.3 A realistic view would be that the larger South East region as a whole would not move to NPAS for a further year - likely to be around April 2013. However, the current Eastern Region consortium/collaborative model could potentially move sooner and be closer to the April 2012 date, with the remainder of the larger South Eastern region following on.
- 3.4 Currently eight Police Authorities have agreed to sign up to the NPAS model and to divert funding for Air Support Services to NPAS.

4.0 Proposal to adopt the NPAS model

Summary of Proposal

- 4.1 The proposal requires the transfer of Essex Police staff, equipment, capital assets, leased and owned premises to NPAS together with agreement to provide revenue funding to NPAS at the proposed levels from 1st April 2012 or shortly thereafter.
- 4.2 In summary the main points of the proposal are as follows:
- i) The National Police Air Service will commence operations on 1st April 2012 as either a stand alone entity but more likely under the 'lead force' model.
 - ii) The proposal is reliant upon both Chief Constables and Police Authorities agreeing to underwrite the proposal through the transfer of staff, equipment and assets plus agreement by 30th September 2011 to divert revenue funding from forces to NPAS in accordance with the financial model proposed.

- iii) Under this proposal Essex Police will transfer such resources and funding to NPAS potentially from 1st April 2012 as part of the South East Region and could become one of the first two regions to migrate to the NPAS.
- iv) In return the proposal immediately offers Essex Police an enhanced level of air operations service at a predicted cost for the foreseeable future.

Detailed service, financial and resource implications

Service implications

- 4.3 The level of service supplied to Essex Police will be enhanced by the following:-
- a) Availability to air operations services 24 hours per day 365 days per year.
 - b) Availability to air operations services when the current Essex aircraft is off line due to maintenance via the provision of a spare aircraft at no additional cost.
 - c) Availability of air operations services from additional aircraft both within and outside the South East Region in the event of a major incident or event at no additional cost.
 - d) A borderless tasking model, currently in development, to provide a single point of contact control room to task, deploy and flight follow all police aircraft within the fleet. The model will use a national control room the proposed options include the British Transport Police national control centre although will likely commence operations with regional controls either as fully equipped and trained stand alone models or as part of existing and proven command and control functions. Aircraft will continue to communicate with local control rooms and ground resources once on scene in order to facilitate the local delivery of the service. Advantages of this system will include the ability of the national control centre to deploy immediately the nearest or best equipped resource for a particular incident or event.
 - e) The service will be delivered via a national user requirement and clear deployment criteria, which have been developed to provide consistency on the role, remit and purpose of police air operations. A Service Level Agreement will be produced prior to the commencement of service, detailing how the user requirement will be met.
- 4.4 The NPAS proposal details that the current Essex aircraft will relocate to a new base at Southend Airport. NPAS have stated that capital funding would be made available to further this requirement. Initial discussions have been held with Southend Airport Managers and these early discussions appeared to welcome the proposed relocation of the police unit. Subsequently this has not proved to be the case as an air base footprint submitted to Southend Airport has been described as too large to be accommodated. As such the process is on hold following discussions with the NPAS project team. The operational implications of remaining at Boreham Airfield for the short to medium term are small in terms

of the service delivery model for NPAS. The current levels of service to Essex, Kent and surrounding forces will remain 'as is' for the foreseeable future and with no immediate requirement for a large capital spend or enhanced revenue costs for the alternative base at Southend Airport, the financial model for NPAS improves. If however relocation to Southend Airport re-emerges as an option for the short to medium term then the impact is as follows:

- 4.5 A base relocation to Southend would move deployments 8 minutes flying time south of our current base. This effectively places the base perfectly for tasking along the Thames Corridor on both sides of the river, in which population density is at it highest anywhere in the counties of Essex and Kent. Around 70% of current tasking takes place along the Thames corridor, supporting the existing collaborative agreement with Kent. A relocation to Southend under NPAS would enable response times to this area to be improved (compared to the current model) but effectively remove county boundaries. The NPAS model would dictate that the Suffolk (based) aircraft would often be tasked with incidents in the north of Essex. If based at Southend, our response time to incidents in the north of Essex will be extended 8 minutes maximum however residents of Essex would receive air support from whichever aircraft is nearest. The NPAS model (Southend and Honington bases) provides a 20 minute maximum response time to 100% of the population of Essex.

Financial implications

- 4.6 The financial implications of this agreement as provided by NPAS are shown in Table 1:-

Table 1 - NPAS' predicted 2012/13 budget for Essex

Year	2012/13 predicted Essex Budget	2012/13 NPAS Budget	2013/14 NPAS Budget *
Revenue	£1,942,000	£1,657,000	£1,727,310
Depreciation	£280,000	£260,000	£260,000
Capital Credit	£0	-£240,000	£0
Total	£2,222,000	£1,677,000	£1,987,310
Saving		£545,000	£234,690

* Denotes estimated 3% inflationary growth on revenue and zero on capital.

- 4.7 The NPAS have taken all Forces' 2011/12 revenue and capital budgets plus previous years' spending as a starting point to calculate a predicted cost for 2012/13. A credit has been allowed based on an assumed 10-year life cycle for each aircraft and taking into account previous spending and grants received. Due to the current age of the Essex helicopter, Essex will receive only one year's credit when transferring our helicopter to the NPAS.
- 4.8 Table 1 shows that the annual revenue cost under NPAS will reduce substantially by £285,000 in year one (2012/13). This reduction is also accompanied by a capital reduction of £20,000 and a capital credit of £240,000 for year one only taking the overall savings to **£545,000**. The capital credit of £240,000 will last only one year after which the aircraft will be ten years old and outside the capital repayment scheme proposed by NPAS.

- 4.9 What the table above does not account for is the current income from Kent Constabulary which is charged as a percentage of full cost of both revenue and capital contribution to the Essex operation, off-set by the additional costs of supporting Kent. Table 2 includes this income and expenditure as predicted for the 2012/13 fiscal year. This will reduce the saving to Essex Police in 2012/13 and subsequent years.

Table 2 - 2012/13 predicted budget, including current Kent sharing arrangement

	2012/13 predicted Budget
Revenue	£1,942,000
Depreciation	£280,000
Capital Credit	£0
Kent Income #	-£538,400
Kent Cost #	£220,000
Total	£1,903,600
 Essex additional income element	 £318,400
<i># Denotes estimated income and cost.</i>	

- 4.10 Due to the benefits of shared services for pilotage, maintenance, management and service delivery it can be seen that Essex Police has in reality been benefiting from the NPAS style of service for several years by keeping costs down through the shared service model. In reality the cost to Essex Police will remain similar under NPAS with the exception of the one off capital credit, the NPAS main benefits to Essex Police will be through the ongoing enhanced service delivery.
- 4.11 There are outstanding financial issues to be clarified with the NPAS, hence the caveated recommendation in this report.

Resource Implications

- 4.12 The NPAS proposal is not particularly clear on resourcing however the following is understood to be preferred outcome;
- i) Police Staff resources will transfer, probably via TUPE, to the new parent organisation.
 - ii) Police Officers will be seconded to the new parent organisation.
 - iii) It is anticipated some police staff redundancies will be made.
 - iv) Essex Police as the employer of the consortium pilots and engineers may be affected by TUPE and or redundancy issues, which are currently being explored by the consortium Management Team with specialised HR advisors.

- v) NPAS have indicated that there is an intention to retain both pilots and engineers under the new organisation however there may be some TUPE and or redundancy implications for pilot staff resulting from the proposed closure of the Cambridgeshire ASU base at RAF Wyton.

Benefits to Essex Police

4.13 The main benefits to Essex Police will be as follows:-

- a) Immediate access to 24/7/365 air operations services,
- b) Availability of spare aircraft during scheduled maintenance down time increasing response capability locally by at least 8%.
- c) Immediate access to additional aircraft, equipment and resources in response to major incidents or events.
- d) All of the above will be included in the annual revenue and contribution to capital charges as outlined in the proposal.
- e) Potential for further savings through future collaboration with publicly funded partners already operating air assets at a national level.
- f) The NPAS model will bring additional benefits of access to fixed wing aircraft for specific police purpose plus in the longer term the usage of unmanned aerial systems. The development, introduction and use of both fixed wing and unmanned aerial systems is inclusive of the NPAS budgeted cost to Essex Police.
- g) The introduction of a single point of contact control system for police aircraft will allow the operational successes and efficiencies evidenced as part of the Borderless II trial to be emulated across the country. Whilst there is work ongoing to identify a national single point of contact, interim solutions are available within the budgeted cost to Essex Police as proposed by NPAS.

5.0 Risk to Essex Police

5.1 The risks identified to Essex Police are:

- a) Some potential redundancy costs following the closure of the Cambridgeshire base at RAF Wyton. The maximum cost would be circa £60000 with the exposure to Essex Police a maximum of £20,000 as a third of the total in accordance with the air support consortium agreement. This risk is lessened by adoption of the NPAS model.
- b) Some potential TUPE costs if the service provision to Cambridgeshire follows the TUPE path of work relocation. This could involve the services being supplied by another force with contracted pilot staff, the affect of this could leave Cambridgeshire exposed to any TUPE related costs incurred by the new service provider. Essex Police could again be exposed under the consortium agreement to one third of these costs. The early adoption of the NPAS model will remove this risk in total.

- c) Potential costs to Essex Police could be incurred within a five year period in respect of any base relocation necessary due to the redevelopment of the current air support base site. Whilst there is not yet a definitive time frame to the site redevelopment it is possible that industry changes outside the control of Essex Police could lead to a two year notice of capital spend requirement in excess of £1,250,000 for a replacement base. Under the NPAS model any such cost would be met nationally and not by Essex Police.
- d) By not adopting the NPAS model prior to April 2013 the capital credit of £240,000 is put at risk and could potentially be lost.

6.0 Additional information

- 6.1 The proposal is seeking the support of Police Authorities by 30th September 2011 in order to launch by 1st April 2012. It is relevant to point out that should there be a significant delay there is a risk that the capital credit for 2012/13 could be lost due to the aircraft age exceeding ten years, although at which point this may become affective is not yet clear,
- 6.2 Whilst the NPAS proposal is specific concerning the April 2012 start date it is apparent that there remain a number of outstanding issues, many of which are complex and may delay the commencement of the service.
- 6.3 Similarly NPAS has yet to address a number of key personnel issues including provision of key guidance to forces on how TUPE and redundancy issues should be managed prior to, during and after the transfer period. Whilst the updated proposal describes the intention of the project team to recruit a suitably experienced HR consultant with the intention to advise on a formal and consistent consultation process post September 2011, the time frame for such actions appears tight if transfers are to be achieved by or shortly after April 2012.
- 6.4 The final funding model has yet to be presented, with the proposed initial model described as a transitional model moving within five years to a more equitable model based upon population size, crime rate, projected flying hours and proximity to a base.
- 6.5 The NPAS proposal makes clear that the full benefits as identified under the NPAS model can only be achieved if all police forces and police authorities sign up to the proposal.