

Merseyside Federation: Planning Carefully for the Future on Your Behalf

Paul Kinsella is the Business and Finance Manager for Merseyside Police Federation. Along with the Federation Executive Team, Paul has been working on Merseyside Federation's five year business plan, and produces a summary for the benefits of members.

The Federation currently provides a wide range of services to members, but because of financial challenges and political uncertainties over the coming years, could be forced to cut services in order to remain viable.

Core services, as indicated in the diagram opposite, include: representation with the employer on pay and conditions; professional advice and legal support for officers that have problems at work such as health issues, retirement, misconduct cases, and many others.

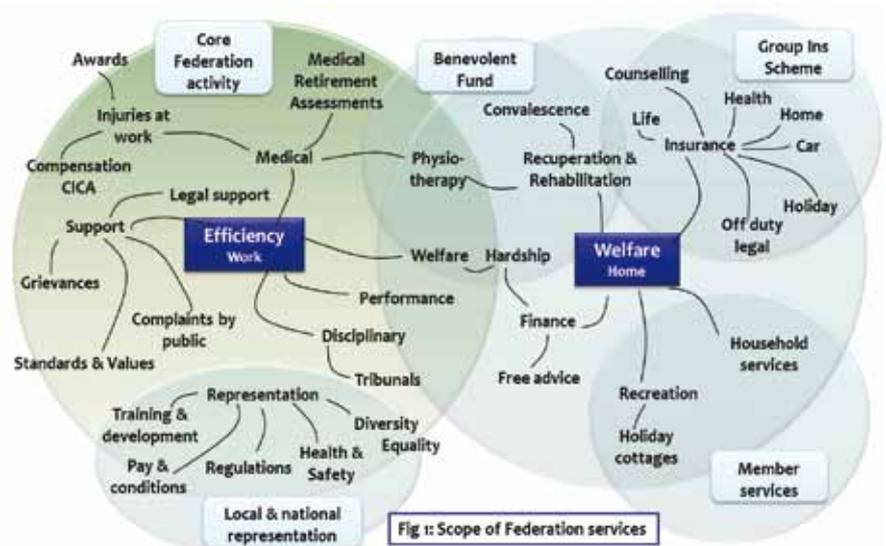
Essential "Add-on" services include the Group Insurance scheme, the Benevolent Fund and other member leisure related services we operate include the Vauxhall scheme and holiday cottages.

Officers that encounter almost any kind of difficulty – whether work, legal, health, financial or otherwise – can look first to the Federation for help and advice.

Members say that it is important that the Federation continues to provide these services as before.

Merseyside Federation income is under threat

Just over half of total Federation income comes from member subscriptions. The remainder comes from a small



contribution from the Force and from our Member Trust (or "number 2") Account.

JBB costs were £433,000 for 2013. Net surplus was £147,000, which went into reserves (which is good business sense when assessing the impact of drastically reducing member numbers due to budget cuts).

However, a reduction in income is expected over the next few years due to falling member numbers (fewer officers), more income passed to the centre to benefit smaller branch boards than Merseyside, and a possible reduction in the subscription rate (which requires Conference to approve)

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So JBB finances are facing significant challenges once again.

Falling income and upward pressure on costs mean that in a few years, the accounts could be in deficit (see chart right).

As the JBB are taking action now to plan ahead, and because of the reserves built up through the Trust account, there is no immediate need for alarm. Over the next few years, action will be taken to reduce costs, to find other ways to raise income, hopefully without any reduction in service or in the staff and officer team supporting members.

Reserves stand at just over £800,000, which will cover existing commitments in full for two years and the deficit above for more than ten years, so there's no immediate danger of the Federation going bust or being unable to fulfil its obligations to members.

“Secret” number two accounts

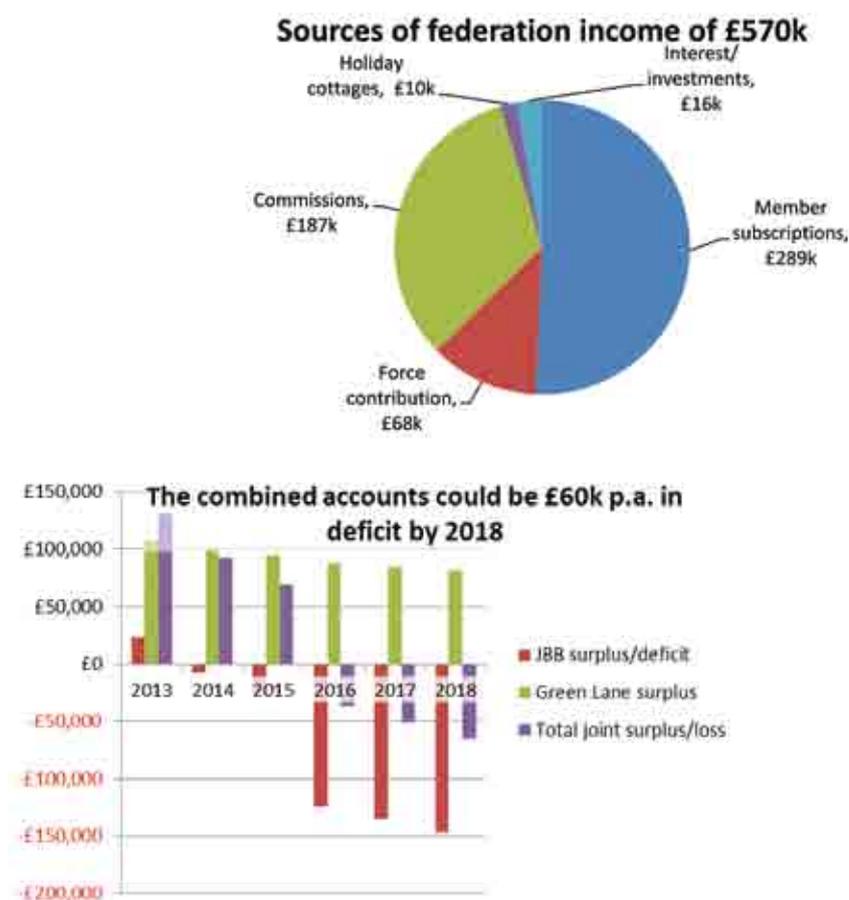
An article in the last Insight magazine (2014 issue 1) “What is a Number two account?” set out to explain to members discussion in the press and comments by the Home Secretary about so-called “secret” accounts.

Essentially the account exists as a buffer to future financial uncertainties such as those listed opposite.

Federation JBB income comes from Member subscriptions, which are dependent on officer numbers, whether officers choose to subscribe, the proportion retained by the centre (currently 70% and subject for review) and the subscription rate (currently £21.58).

None of these factors is within the local branch board's control and so if we relied solely on this, Federation services would be at the whim of events and so at risk of sudden withdrawal.

The Trust account has been established at no cost to members, through a range of commercial relationships agreements



that have generated returns, simply by making use of the Federation's network of contacts. The Trust account is primarily to provide additional benefit and member support, as outlined in the Insight article as previously mentioned.

The local branch finances are not underwritten by the centre.

Whether “Number two account” funds are all part of the national Federation's reserves, as the government would suggest they are, is a moot point. The Federation is not a single organisation, like a building society with local branches. Building society members' funds are all pooled centrally. If a member withdraws more funds from their local branch than is available on a day, or if the branch makes a poor lending decision, then the shortfall or balance is made up from Head Office.

Not so with your Federation. Each local branch operates as an independent body and must support itself. If it runs into trouble, the centre does not underwrite its losses; the local branch would have to

cut back on services, which may involve reducing staff until it becomes viable once more.

If the government and the national Federation wish to switch to the centralised ‘building society’ type model, then this changes things. However, for the time being, it is prudent for the Merseyside branch board to make sure it can support its members for the foreseeable future.

Reaction to the Home Secretary's unexpected speech at Conference May 2015

The Home Secretary, Theresa May, surprised many at Conference on the Wednesday morning, not only by the way in which she delivered the message to the Federation that it must implement all the recommendations of the Normington report in full, and immediately, but also with the additional measures she announced, which were: the withdrawal of Home Office funding for the Police Federation from September 2014; the Police Federation is to be subject to

Freedom of Information Act requests; and new Federation members must 'opt in' in future rather than the current 'opt out' method. If anyone is thinking of withdrawing, they should seriously consider the impact.

Sir David Normington quickly rewrote his speech for the afternoon after hearing the Home Secretary, reiterating his advice that the recommendations would take at least two years to implement and could not realistically be done 'immediately'. The report had allowed scope for adjustment in the way recommendations were implemented, but the Home Secretary's forcing of a blanket vote for all recommendations all but removed this flexibility.

Some of the main changes to come are (from the 36): the combining of the separate rank committees and budgets into one; the immediate passing of 100% of subscriptions to the centre for redistribution rather than retaining 30% locally as at present; the publication of 'number two' accounts; the creation of a national membership database; the appointment of new directors of Finance, Policy and Equality and Diversity; a new election process for branch Chairs and a new National Council and National Board; to fund smaller branches with surpluses from larger ones; and a review of options for Leatherhead post 2019.

The Merseyside local branch board will be keeping a careful watch on developments to ensure members' interests are represented at all stages.

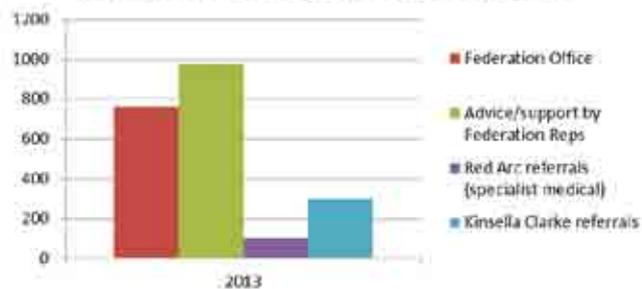
Merseyside Federation benefits for members

In 2013, Merseyside Federation helped members receive over £2.6m in pay-outs of various kinds. This is more than the total value of subscriptions paid by all members over the year. The average pay-out per member is over £600 for the year.

Perhaps a surprising number of officers have had cause to call on Federation support over the past year, with more than one in two on average receiving

SUCCESSFUL CLAIMS	VALUE	SOURCE
NWPBF Applications	£ 17,976	Benevolent Fund
Civil Claims	£ 1,138,889	Federation
CICA	£354,035	Federation
Critical Illness	£189,000	Group Ins Scheme
Treatment/Rehabilitation	£4,660	Benevolent Fund
Death Benefit	£819,500	Group Ins Scheme
Dental	£2,183	Group Ins Scheme
Group Insurance	£71,262	Group Ins Scheme
Hospital Benefit	£6,950	Group Ins Scheme
Terminal Prognosis	£30,000	Group Ins Scheme
Total	£2,634,455	

In 2013 a total of 2,154 cases were handled via Merseyside Police Federation



advice from a Federation rep, raising a formal case with the Federation office, or using the services of Kinsella Clarke or Red Arc.

Is the Federation of benefit to the Force?

The purpose of the Federation is to support the welfare and efficiency of the Force.

Some of the ways this happens are: fewer absences, helping officers back to work via medical or other support, avoiding escalating situations through giving advice early, reduced claims and cases such as Employment Tribunals that are unlikely to succeed, improved attention on diversity, professionalism and fair outcomes. The Federation also aims to achieve a safer environment through training and focus on Health and Safety, with reduced absences and reduced stress for officers as a result of support in various difficult situations, making more available for work.

Benefits to the general public

The general public benefits from having a police force that cannot strike. So any emergency can be dealt with as the public have come to expect. However, the Federation is essential to provide protection for the officers that could otherwise be treated unreasonably by the employer. It is necessary only to look at countries such as Iraq or Afghanistan to see where treatment of the police force causes major difficulties for the whole nation.

A well-run effective Federation is therefore essential for the well-being of the police service and therefore for the public as a whole. The Federation exists to support its members, to improve the welfare and efficiency of the Force, with the ultimate aim of protecting the general public. The work done in planning ahead for financing the Federation over the next five years and more is simply in support of these fundamental aims.