

UNDER EMBARGO UNTIL 00.01 TUESDAY 20 OCTOBER 2015



# PEEL: Police efficiency 2015

October 2015

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ISBN: 978-1-78246-911-7

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## Foreword by Michael Cunningham

This report is the first on the efficiency of police forces, as part of HMIC's new annual all-force inspection programme covering forces' effectiveness, efficiency and legitimacy – known informally as PEEL. It accompanies the publication of separate reports on the efficiency of each police force in England and Wales.

The report builds on the reports of HMIC's *Valuing the Police* programme, which were published over the last four years and which looked at how well forces had achieved the spending reductions since 2010. It goes further in that it looks at the efficiency of forces, in particular how well forces understand the demand for their services and how well they match their resources to that demand. It reflects forces' financial position in 2014/15 and their future plans, but, at the time of publication, both the outcome of the Government's consultation on changes to the police funding formula and the Spending Review 2015 were unknown.

There is no doubt that police forces have been through change on an unprecedented scale since 2010 and it is a tribute to the leadership of the police service and to officers, PCSOs and staff in all forces that the service has, on the whole, been able to absorb that change while measured crime has continued to fall and public satisfaction with the police has been maintained.

There is also no doubt that the years to come will see further considerable change to the police service and how it is funded. The challenges ahead are likely to be harder as forces strive to make further reductions in budgets and workforce. Forces are likely to have to work together more both on sharing ideas and sharing services. There will also need to be continuing debate between all involved in policing on some difficult and unresolved questions: what is policing for in the 21st century and how much is the public prepared to pay for it? how is efficiency in policing best measured? and what is the test for whether a force is operationally unviable or financially unsustainable?

This report offers both praise and criticism of the police service. I know that police forces will engage with our findings and work with each other and with HMIC to improve still further the way in which they use their funding to keep people safe and reduce crime.

I am grateful to chief constables and their forces for the welcome that the inspection teams received and the time that forces spent in providing evidence for this inspection.



Michael Cunningham QPM  
HM Inspector of Constabulary

## 1. Summary and main findings

Between 2010/11 and 2015/16, central government funding for the police service in England and Wales was reduced by £2.3bn<sup>1</sup> (25 per cent in real terms, or £1.7bn (19 percent) in cash terms). Over the same period, measured crime fell to its lowest level since the Crime Survey for England and Wales began in 1981.

Between 2010 and 2014, HMIC published a series of reports on how forces planned to make savings to meet these reductions in their budgets, as part of the *Valuing the Police* programme. In 2013, the Home Secretary announced that HMIC would introduce an annual inspection of all forces' effectiveness, efficiency and legitimacy, known informally as the PEEL programme. This report is the first on police efficiency, covering the financial year 2014/15 and future plans. It is based on inspections carried out between March and June 2015 and is accompanied by separate reports on the efficiency of each police force in England and Wales. It will be followed by reports on effectiveness and legitimacy in early 2016.

This report is concerned with the question: "How efficient are the police at keeping people safe and reducing crime?" To answer this, HMIC inspected forces on three questions:

- How well does the force use its resources to meet its demand?
- How sustainable and affordable is the workforce model? and
- How sustainable is the force's financial position for the short and long term?

To answer these questions, HMIC collected data and savings plans from the 43 Home Office-funded forces in England and Wales, inspected all 43 forces, and carried out a survey of whether the public had noticed changes in the service they receive from the police. HMIC interviewed chief constables, police and crime commissioners and the chief officers responsible for finance, organisational change, human resources and performance in each force, and held focus groups with officers and staff. The inspection methodology is at Annex A.

HMIC has graded the overall efficiency of each police force in one of four grades: outstanding, good, requires improvement or inadequate. The overall grades reflect the grades for the three inspection questions set out above. The grades for all police forces are at Annex B.

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<sup>1</sup> *Financial Sustainability of police forces in England and Wales*, NAO, London, 2015. Available from [www.nao.org.uk](http://www.nao.org.uk)

This report builds on the reports of the *Valuing the Police* programme in considering forces' financial plans and workforce models. It does, however, have a new focus on efficiency, rather than how well forces have met their required spending reductions. Because there is no nationally-established definition of efficiency in policing, HMIC has assessed forces' efficiency through their understanding of the demand they face and how well they match their human and financial resources to that demand.

This stronger emphasis on efficiency has increased the areas on which forces have been inspected, and this should be taken into account in making comparisons with last year's grades in the *Valuing the Police* programme. HMIC will continue to develop the methodology for inspecting efficiency and it is likely that the areas on which forces are inspected will be increased further in future years.

## **Main findings**

- HMIC has graded 5 forces as outstanding, 29 forces as good, 8 forces as requiring improvement and 1 force as inadequate on their efficiency. Compared to last year's report in the *Valuing the Police* programme, the number of forces graded as outstanding is the same, fewer forces are graded as good, more forces are graded as requiring improvement and, for the first time, HMIC has graded a force as inadequate on efficiency.
- The police service is using its experience of the last five years to plan prudently for the likely future financial challenge. The best forces have moved beyond short-term spending reductions to longer-term improvement and change to reduce costs and improve services; more forces need to follow suit.
- The police service needs to improve its understanding of demand for its services (particularly future demand), its understanding of the capability of its workforce, and its Information and Communications Technology (ICT) infrastructure. In a number of important respects, the service has a sound understanding of its current demand but this is incomplete (for example on 'hidden' or newer crime types), and its understanding of likely future demand needs improvement.

### **How well does the force use its resources to meet its demand?**

- Most forces have a good understanding of the current demand for their service. Forces are now more focused on using an assessment of the threat, harm and risk to individuals in order to prioritise their effort. Forces generally recognise that there is further to go in understanding demand from under-reported or 'hidden' crime types (such as child sexual exploitation) or newer crime types (such as cyber-crime).

- Most forces have a weak understanding of their future demand. They are reacting to current demand but few have good assessments of how demand is likely to change.
- Most forces have a good understanding of their current capacity (the number, cost and rank of officers and staff) but have a much weaker understanding of their current capability (what skills the workforce has) and their future capability requirements.
- Forces' ICT is generally weak and ageing. New systems and mobile data equipment are being introduced but police ICT continues to lag behind that used by the public and some systems, particularly within some control rooms, remain outdated.
- Collaboration between forces remains patchy and plays a small part in forces' financial planning.

#### **How sustainable and affordable is the workforce model?**

- Most forces have recognised that the size of their current workforce is not sustainable and are planning further reductions, while trying to maintain or increase the proportion of officers on the front line. They are planning to reduce officer numbers by 7,400<sup>2</sup>, police community support officer (PCSO) numbers by 1,300<sup>3</sup> and staff by 3,500<sup>4</sup> by March 2018 (rounded full-time equivalents (FTE)).
- Forces' workforce plans are based on capacity (size and cost), rather than capability (what the workforce is able to do). Forces lack a detailed understanding of the skills they need to develop in their workforce.
- There is no common understanding across the police service of the number of officers required to maintain operational viability or to provide a safe level of policing.
- Forces' workforce plans are likely to reduce the numbers of officers, PCSOs and staff in neighbourhood policing. Many forces are, to varying degrees, combining neighbourhood and response policing.

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<sup>2</sup> Excluding Lincolnshire Police, Warwickshire Police and West Mercia Police who did not provide officer projections to 2018.

<sup>3</sup> Excluding Lincolnshire Police, Warwickshire Police and West Mercia Police who did not provide PCSO projections to 2018.

<sup>4</sup> Excluding Derbyshire Constabulary, Lincolnshire Police, South Wales Police, Warwickshire Police and West Mercia Police who did not provide staff projections to 2018.

## **How sustainable is the force's financial position for the short and long term?**

- Forces have met the budget reductions of the last five years and are planning prudently for similar reductions in the future. Forces are planning to reduce their spending by £1.9bn<sup>5</sup> from 2015/16 to 2018/19 (15 percent of 2014/15 gross revenue expenditure (GRE)). Most savings will come from pay costs.
- The rigour of forces' financial planning varies considerably.
- The police service has large financial reserves, which have increased over the last five years. Total reserves were £1.6bn in 2012/13 and are predicted to be £1.3bn in 2016/17 and £1.0bn in 2018/19. The size and purpose of these reserves varies considerably from force to force.
- Forces are planning further reductions in their workforces in order to meet the savings they expect to have to make. From March 2015 to March 2018, the total police workforce is expected to fall from 197,100 to 185,000<sup>6</sup>; officers from 122,900 to 115,400; PCSOs from 11,900 to 10,600; and staff from 62,400 to 58,900 (rounded FTE).

## **The future challenges**

The police service has faced a period of major change since 2010, particularly in reductions to its budgets and workforce. There are no signs that that challenge will diminish in the years ahead with continuing reductions in public spending.

Continuing falls in measured crime have helped the police service to cope with some of these challenges. No-one can assume that those falls will continue, and measured crime only accounts for a relatively small proportion of the demand on the police service.

Even if measured crime does continue to fall, the police service will face new and emerging crime types, increasingly sophisticated criminals, and increasing expectations from the public about the quality of service they receive. A debate is needed on what role the police should play in non-crime demand, how their funding should reflect that demand, and what roles other agencies should play.

That debate needs to include the police's role as "the service of last resort". Other agencies face financial pressures and will focus increasingly on their own priorities. As they do so, the risk is that the police service will face increased demand, unless

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<sup>5</sup> See Annex A: About the Data.

<sup>6</sup> Excluding PCSO and officer numbers for Lincolnshire Police, Warwickshire Police and West Mercia Police and excluding staff numbers for Derbyshire Constabulary, Lincolnshire Police, South Wales Police, Warwickshire Police and West Mercia Police, as these forces did not provide forecasted figures for 2018. Numbers may not sum due to rounding.



its relationship with other agencies is reformed. As police forces face further reductions in their income, the shortcomings in the efficiency of some will draw those forces closer than necessary to the point at which their financial sustainability and operational viability may be in jeopardy. It is also conceptually possible that an efficient force may approach conditions of uncertain sustainability and viability if its overall funding settlement is inconsistent with the priorities and requirements of the public in that force area, as determined by the police and crime commissioner.

The report of the National Debate Advisory Group, *Reshaping policing for the public*<sup>7</sup>, discussed the need for the development of “a set of proxy measures which might be used by decision-makers (including, ultimately, the Home Office) to provide an agreed, early warning sign that a force is experiencing significant stress.” This work should be done with all due despatch; HMIC will contribute to it to the greatest practicable extent.

Police forces generally understand the current demand for their services. Forces’ understanding of demand from new, emerging and hidden crime is improving. Forces also need to improve their understanding of likely future demand to help them prepare for the future.

Some police forces have achieved their budget reductions since 2010 by cutting spending rather than through radical reform of how they work. That approach will become harder in the future and forces will need to make major changes to how they work in order to drive out cost. Change on that scale is difficult, does not always produce the savings envisaged, and can require up-front investment.

Forces’ ability to make that scale of change varies, partly because of their different financial positions but also because change is driven by individual forces. There is scope for much more sharing of innovation between forces, and they are likely to need help to manage such change, whether from each other, the College of Policing or the private sector. For some forces that are already struggling or lack financial room for manoeuvre, the challenge will be greater.

An important part of that change will be forces adapting to the increased use of technology in crime and modernising their own technology at least to keep pace. While there are encouraging signs of forces improving their mobile working capability, many are behind where they need to be.

Forces’ change programmes have tended so far to focus on capacity – the numbers of people they have, how they are deployed and how much they cost. The understanding of capability – what their people can do and what skills they have and need to have – is less well developed. This needs to improve and be linked to their

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<sup>7</sup> *Reshaping policing for the public – a discussion paper from the advisory group on the national debate on policing in austerity*, National Debate Advisory Group, London, 2015. Available from [www.justiceinspectorates.gov.uk/hmic](http://www.justiceinspectorates.gov.uk/hmic)

understanding of current and future demand, their financial planning and their change programmes. If those elements are brought together, forces should be able to shape themselves to meet the challenges they face from changing demand and reduced funding.

Policing in five years' time is likely to look different to now and to 2010: smaller, less costly and perhaps less visible. Maintaining visible neighbourhood policing, rather than becoming a mainly reactive service, is likely to be a challenge – and the public will need reassurance if policing becomes less visible.

If the police service embraces now the challenges ahead, it could emerge in materially better condition: more focused, more efficient, better trained and better matched to the demand it faces. There is much that the police service should be proud of in the way it has faced the challenges of recent years. It will need to face its future challenges with equal, if not increased, determination, resilience and optimism.

## 2. The journey the police service has been on since 2010

The police service, like most organisations in the public and private sectors, has been through a period of major challenge and change since the financial crisis which began in 2008. The government's Spending Review of 2010 set out the police service's budget for the next four years. It led to the first significant reduction in police funding and officer numbers in recent history.

In 1995/96, total cash funding for the police was £6.2bn (£9.6bn in real terms (2014/15 prices)), rising every year to reach £12.9bn in 2010/11 (£13.8bn in real terms (2014/15 prices)). Cash funding has fallen in every year since to £11.6bn in 2015/16 (£11.5bn in real terms (2014/15 prices)).

In March 1995, the total police workforce (officers, PCSOs and staff) was 179,900<sup>8</sup>, rising to 243,900 in March 2010. Since then it has been falling each year, and reached 206,800 in 2015<sup>9</sup> (rounded FTE).

The police service's performance is most often measured by crime figures, even though these are an incomplete picture of crime and the work carried out by forces. In 1995, 19.1 million offences were committed, according to the Crime Survey for England and Wales, falling in most years to reach 9.3 million offences in 2009/10. The figures have fallen to 6.8 million offences in 2014/15. Figure 2.1 below shows these three trends.

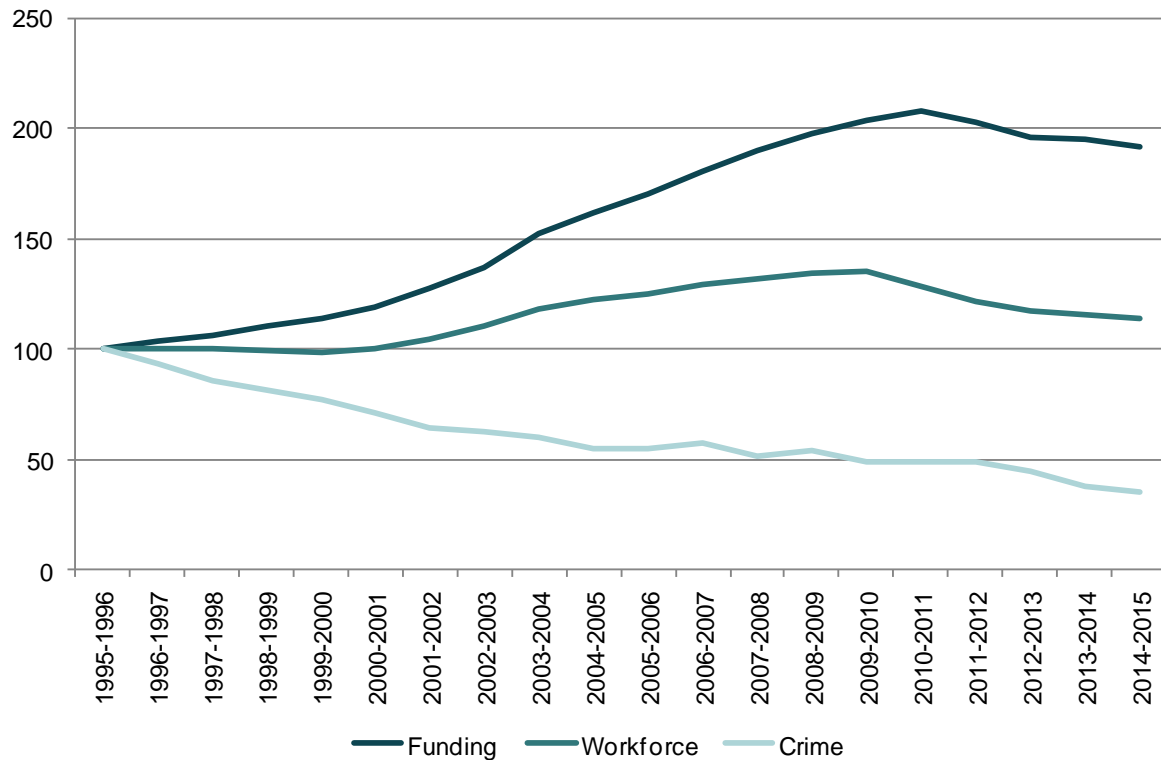
Figure 2.1 (on the next page) shows that police forces have had sustained budget reductions since 2010 which had been preceded by a long period of funding increases. Forces have managed this challenge well, making the required spending reductions and balancing their budgets. The total police workforce has fallen by 37,000 from March 2010 to March 2015, with reductions in officer numbers of 16,900, in PCSOs of 4,600 and staff of 15,500. To make these reductions in officer numbers, forces concentrated on reducing or freezing recruitment, rather than losing officers through voluntary severance routes.

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<sup>8</sup> Excluding officers and staff on career breaks, including maternity leave.

<sup>9</sup> All forces, including those which did not provide forecasted figures for police officers, staff and PCSOs in 2018.

Figure 2.1: Index of police funding, workforce and crime from 1995/96 to 2014/15 (1995/96 = 100)



Source: Home Office financial data, Home Office police workforce statistics and Crime Survey of England and Wales.

Forces have tried to protect the front line as far as possible and have increased the proportion of officers on the front line from 89 percent to 92 percent from March 2010 to March 2015. By 2014, there were signs that neighbourhood policing was beginning to come under strain as PCSO numbers began to fall. HMIC commented on this in its report *Policing in Austerity: Meeting the Challenge*<sup>10</sup> published in July 2014. It said: “Although we welcome the commitment the service has demonstrated to preserve this vital and fundamental component of our policing model, we remain concerned about the potential erosion of neighbourhood policing. It takes time to build confidence: incremental improvements in confidence at a national level have occurred over a period of almost ten years.

The risk is that continuing austerity may put neighbourhood-based proactive and preventative policing in jeopardy. If that happens, the hard-won prize of community confidence could be lost.”

<sup>10</sup> *Policing in Austerity: Meeting the Challenge*, HMIC, London, 2014. Available from [www.justiceinspectorates.gov.uk/hmic](http://www.justiceinspectorates.gov.uk/hmic)

Most forces responded to the budget reductions by cutting their spending, rather than changing fundamentally how they work so as to reduce costs. There were some exceptions to this, where forces embarked on major transformation programmes. It has become harder for forces to rely on cutting their spending and more forces have started transformation programmes, or plan to do so.

Towards the end of the Spending Review period, some forces were showing signs of struggling to cope with their reduced budgets and workforce. HMIC commented on this in its report *Policing in Austerity: Meeting the Challenge*. It recommended that: “there should be a constructive debate in relation to how policing should be reformed so as, to the greatest extent reasonably practicable, efficiently and effectively serve the public in respect of the prevention of crime and anti-social behaviour, the maintenance and restoration of order and the apprehension and successful prosecution of offenders.” The report of that debate, *Reshaping policing for the public*, was published by the National Debate Advisory Group in June 2015. It set out principles which reflect the police’s mission to prevent crime and protect the public, as well as suggesting a number of areas that could be developed into a possible new framework for policing.

In spite of the reductions in spending and officer numbers, victims’ satisfaction with the service provided by the police remained strong and constant at around 84 percent<sup>11</sup> in 2010/11 and 2014/15.

During July to August 2015, HMIC carried out a public opinion survey for this inspection, to understand the public’s satisfaction with the service provided by their local force and also whether they considered it provided value for money. The figures show that most respondents were satisfied with their local police force (52 percent) compared to 18 percent who were dissatisfied. Most respondents (65 percent) perceived no change in the service provided by their local police force over the past year. A third of respondents (34 percent) agreed that their local police force offered good value for money, while 19 percent did not. The same survey showed a surprising lack of awareness among the public of changes to police funding: only a third of respondents (33 percent) were aware that police funding has decreased.

The following chapters set out the findings of this year’s inspection of police forces’ efficiency.

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<sup>11</sup> Victim satisfaction data for the 12 months to March 2011 and the 12 months to March 2015.

### 3. Understanding and managing demand

#### Summary

Most forces have a good understanding of the current demand for their service. Forces are now more focused on using an assessment of the threat, harm and risk to individuals in order to prioritise their effort. Forces generally recognise that there is further to go in understanding demand from under-reported or 'hidden' crime types (such as child sexual exploitation) or newer crime types (such as cyber-crime).

Most forces have a weak understanding of their future demand. They are reacting to current demand but few have good assessments of how demand is likely to change.

Most forces have a good understanding of their current capacity (the number, cost and rank of officers and staff) but have a much weaker understanding of their current capability (what skills the workforce has) and their future capability requirements.

Forces' ICT is generally weak and ageing. New systems and mobile data equipment are being introduced but police ICT continues to lag behind that used by the public and some systems, particularly within some control rooms, remain outdated.

Collaboration between forces remains patchy and plays a small part in forces' financial planning.

As part of the PEEL efficiency inspection, HMIC inspected how well forces understand their current and future demand, and how well they deploy their resources to meet that demand. This balance between demand and resources gives a sense of forces' efficiency. There is no nationally-established definition of police efficiency.

HMIC has assessed how well forces:

- understand their demand;
- match their resources to demand;
- match their services to the demand from the public;
- are managing demand;
- are monitoring and understanding outputs, outcomes and costs; and
- are using new working methods to improve services.

For this part of the efficiency inspection, on how well forces match their resources to demand, HMIC has graded 4 forces as outstanding, 33 forces as good, 5 forces as requiring improvement and 1 force as inadequate.

## **Efficiency in policing**

This inspection was concerned with assessing the efficiency of police forces in keeping people safe and reducing crime. There has been discussion for some years on how best to define police efficiency. The usual definition of efficiency would be a measure of the volume and quality of the thing produced (a product or a service provided) compared to the resources used in producing it. The problem in defining efficiency in policing is the range of activity forces undertake and the variety of outputs and outcomes they produce.

This range and complexity of activity is apparent if policing is compared to other public services. HMIC commented in 2014 that “unlike most other public services, policing has no obvious tangible unit of output. In education, comparisons are made between examination results and the cost per pupil; in railways, a relatively simple assessment can be made of the cost per passenger mile; and, in acute health services, measurements can be made of the cost per patient per day according to specialisms. But in policing, the product – prevention of crime, keeping people safe and bringing offenders to justice – is more complex and harder to measure.”<sup>12</sup>

The level of crime is often used as a proxy to measure efficiency in policing, but much of what the police do is not directly measured in the crime figures. For example, responding to calls about concern for a person’s welfare would not be counted in the crime figures but is an important part of what the police do. Given this lack of a definition for police efficiency, HMIC has concentrated in this inspection on how well forces understand the demand for their service (both crime and non-crime) and how well forces match their resources (financial and human) to meet that demand.

There are three aspects of demand that police forces face. First, they have to react to live incidents and investigations on a day-to-day basis. This patent demand is likely to come to them directly from the public. Secondly, they have to understand the types of crime and problems found within the communities they police. The police have to make more of a proactive effort to reach this latent demand as it is less likely to be reported to them. Thirdly, they have to consider what demand is likely to look like in the future, in order to plan ahead. It is important that forces understand both their patent and latent demand, now and for the future, as it enables them to shape their workforce to meet that demand (this is discussed further in chapter 4).

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<sup>12</sup> *The Annual Assessment of Policing in England and Wales 2012/13*, HMIC, London, 2014. Available from [www.justiceinspectorates.gov.uk/hmic](http://www.justiceinspectorates.gov.uk/hmic)

Understanding the daily tactical demand is important, because this is how forces allocate officers, PCSOs and staff to shift patterns and investigations. Without this understanding, a force might struggle to respond to incoming calls from the public and might find that its people are deployed in the wrong places at the wrong times.

Understanding the current types of crime and problems within the communities they police should guide forces in deciding what capacity (numbers of officers, PCSOs and staff) and capability (the skills of officers, PCSOs and staff) they need to have now.

Understanding likely future demand is important because this should inform and determine what capacity and capability forces need to have in the future. The gap between current and likely future demand should inform planning on money, recruitment, skills, ICT and organisational structures. These capabilities can be slow to build, which is why forces need to plan well in advance on the basis of the demand they are likely to face in the future.

Only once forces understand the totality of their demand can they make fully-informed decisions about where to focus their resources and how to manage their demand.

## **Understanding daily tactical demand**

Police forces have to be able to respond to events and incidents as they arise. In order to achieve this, policing has traditionally ensured that a pool of officers, PCSOs and staff is available to respond. The number available to be deployed is usually based on an assessment of the likely volume and types of incidents during a particular period of time.

In this inspection, forces showed an increasingly effective and detailed approach to assessing how busy they are likely to be, by breaking this down to 15-minute intervals in some forces. They are using a range of tools to understand day-to-day calls for service and many are using sophisticated modelling to understand patterns in their demand, for example by analysing calls for service and published crime figures, identifying peak or seasonal demand, and factors affecting demand such as major events. This approach inevitably focuses on responding to more visible demand, for example anti-social behaviour, traffic-related incidents, concerns for safety and property crime, as they typically form the largest volume of incidents that the police are asked to respond to by the public.

South Wales Police, for example, uses predictive modelling from its integrated resource management system, which takes into account peak demand periods and annual leave, in order to support deployment arrangements and ensure that available resources are proactively managed throughout the year.



This includes the deployment of resources to meet demands arising from Cardiff's capital city status and major events. This has allowed South Wales Police to manage efficiently the demand from the Olympics, the NATO summit, and the 6 Nations Rugby tournament.

HMIC found that forces recognised that their understanding of the day-to-day demand from less visible or more complex crime, such as cyber-crime, child sexual exploitation or fraud, was less developed. This demand is harder to analyse as it may be less likely to be reported to the police for a variety of reasons, for example because of the nature of the offending or the victims involved, or because victims can report the incident to a different organisation.

While most forces had a clear assessment of their daily demand, HMIC saw variable ability in forces to match resources to respond to it. Most forces run daily management meetings that provide oversight of the current and imminent demand, where resources are prioritised against an assessment of the threat, harm and risk to individuals. These meetings allow forces to focus their operational resources (operational frontline and operational support) to meet the demand. However, HMIC saw some examples of flawed application of shift patterns, which were clearly affecting the force's ability to respond to incoming demand. The police service needs to ensure that forces' differing interpretations of threat, harm and risk do not result in unjustified variations in the service the public receives.

Many forces were struggling to move resources swiftly to where they were needed most, even within internal force boundaries. Some forces were trying to rectify this through what is referred to as 'borderless patrol', which should ensure that the best available resource responds to an incident, even if the officers involved are not normally based in the area in which the incident occurs. However, few of the forces carrying out this kind of flexible deployment were able to show consistent, positive results across both emergency and non-emergency demand. Forces with more successful examples of 'borderless patrol' included:

Leicestershire Police, which no longer allocated its response officers to specific areas within the force, so that officers who responded to calls for service could be deployed anywhere in the force area; and

South Wales Police, where call handlers in the public service centre identified which officers, PCSOs and staff were available, what skills they possessed, whether they were deployable and their location using GPS technology. Call handlers deployed resources on a 'Task not Ask' basis so that the nearest, most appropriate resource to the incident was dispatched based on need across the force.

Some forces had undertaken, or were about to undertake, exercises to map the activities performed by their workforce, including how much time each activity took. This could be part of what is known as priority-based or zero-based budgeting, depending on how they are done.

Where priority-based or zero-based budgeting techniques are used well they can give forces a way of setting clear levels of service for different activities, including identifying areas of demand to which the force will no longer respond. HMIC found evidence that these techniques can help forces to move their resources to priority areas and provide a service to a specified standard at a set cost. They can also allow forces to identify where effort is duplicated or where the force is creating unnecessary internal demand, for example where individual cases are being moved between departments rather than being dealt with the first time. The financial benefits of carrying out priority-based or zero-based budgeting are considered in chapter 5.

There is no consistency in the ways in which forces are approaching this work; in some cases it is at the forefront of the force's change programme, while in others it is a small-scale exercise only covering a part of the force's activity. So far, forces have tended to use these techniques to reduce costs or duplication of effort rather than to define or alter service levels. Forces could make greater use of these techniques to define service levels and improve performance and efficiency.

## **Understanding the nature of demand – crime and non-crime**

Many forces argue that crime is a relatively small proportion of the demand they must meet, and that measuring police performance by reference only to recorded crime figures is misleading. It is undeniable that the totality of demand on the police - including, of course, work on the prevention of crime and the safeguarding of the public - is the correct measure. Most forces recognised the importance of gaining an understanding of non-crime work and were taking positive steps to do so. However, forces do not yet routinely or consistently measure those elements of their work that are not crime-related.

The College of Policing undertook an analysis of police demand<sup>13</sup>, and found that about 20 percent of police activity is directly related to crime; the rest is other activity, such as handling calls about concern for the safety of people, missing persons, and supporting people with mental health problems. While this activity might not lead to the recording of a crime, it can be part of a force's crime prevention work and so help to reduce crime. Forces were in no doubt during this inspection that much of their non-crime work was important in itself and in its contribution to reducing crime.

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<sup>13</sup> *College of Policing analysis: estimating demand on the police service*, College of Policing, London, 2015. Available from [www.college.police.uk](http://www.college.police.uk)

Several forces had a more detailed understanding of specific types of non-crime demand, particularly demand from supporting people with mental health problems and those missing from home. However, the analysis by the College of Policing does not provide a way for the police service consistently to measure or assess this non-crime demand.

Most forces believe that while measured crime has fallen, non-crime demand has risen. While HMIC recognises the complexities involved, without a comprehensive and consistent approach to understanding the extent of this non-crime demand, forces will be unable to judge the scale of the problem they face or plan effectively for the future. The lack of such an approach prevents an informed discussion about what the role of the police is in areas such as public protection, and what the proper levels of service are for the public in these areas. It also makes it difficult to determine the point at which a force ceases to be operationally viable or financially sustainable. It is now necessary that there is developed and established a sound system for measuring all demand on the police - latent and patent, crime and non-crime. Forces should also be exploring ways to demonstrate the impact of all the work they undertake, including preventative work, in order for future decisions on funding to be made with a stronger understanding of the likely consequences.

HMIC heard mixed views from forces about how much of non-crime demand is generated as a result of the police responding to demand that is properly their responsibility, or by other local public sector organisations cutting back services that would reduce demand, including deliberately re-directing individuals to the police in circumstances with which they would previously have dealt. Forces often described themselves as “the service of last resort” – but it was unclear whether that was a source of pride or frustration to forces, or both. It is important that forces assess and understand where non-crime demand is coming from or they will be at risk of sleep-walking into ever-higher levels of demand.

The best forces have used the spur of spending reductions to work more closely with other organisations, so that demand is better managed between them. Even with forces where this was happening, it was at an early stage with limited evidence of the extent to which reductions in demand had been managed and sustained. For example, in Greater Manchester, ‘Project Solution’ involves local organisations working together in Oldham to resolve the underlying issues of the most prolific service users, across a range of public services, including the police. Lancashire Constabulary is developing a similar approach under its ‘Early Action’ programme.

## **Managing demand**

As far as reasonably practicable, forces need to manage the demand for their services if they are to be in control of their resources, while ensuring that victim satisfaction and public confidence are not reduced inadvertently. This is about managing demand appropriately rather than simply reducing it, and must take into

consideration both patent and latent demand. Managing demand is an important way in which police forces can become more efficient by, for example, tailoring their response or referring the case to a more appropriate agency.

It must be done while continuing to look for latent demand, particularly the need to protect vulnerable people. Managing demand means making sure that the right person or organisation handles an incident, so as to avoid duplication of effort or an organisation picking up work which is properly the responsibility of another organisation.

HMIC found a mixed picture on how forces are managing demand. Most forces have recognised an increase in demand from people with mental health problems and responded by creating initiatives in which health professionals work alongside deployed officers or control room staff or officers to provide advice and assistance. These initiatives have generally enabled forces to reduce the time taken to manage the response to these cases. Examples of such initiatives included:

in some areas of Thames Valley, officers and mental health nurses respond jointly to incidents involving people with potential mental health concerns. The force assesses that this has resulted in a 30 percent reduction in the number of people with mental health problems who have to be taken into police custody for their own protection and safety; and

Durham Constabulary, having recently adopted the mental health crisis care concordat<sup>14</sup>, has adopted a number of initiatives to enhance its ability to support people with mental health problems. For instance, staff dealing with those in crisis who require immediate intervention are now able to have direct contact via telephone with mental health specialists. Similar specialists are now available in custody suites.

There is growing activity in forces to steer demand away from the police towards more appropriate organisations, although even the forces performing best in this area have insufficient results so far to show the effect of this work on demand. Almost all forces have processes in place to identify repeat demand. Their ability to manage this consistently, in a way that tackled the underlying problem rather than dealing with the symptom, was more mixed and needs to improve, with progress most likely to be made where partnership working is more advanced. This is a reflection of the complexity of working with other organisations, which will be explored in more detail in the HMIC report on effectiveness, due for publication in early 2016.

In this inspection, HMIC interviewed local public sector organisations that work with the police. These organisations were generally positive about relations with forces

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<sup>14</sup> *Mental Health Crisis Care Concordat – Improving outcomes for people experiencing mental health crisis*, Department of Health, London, 2014. Available from [www.gov.uk/dh](http://www.gov.uk/dh)

and believed that the police had developed a less insular approach to engagement than in the past. Some forces were negotiating with other organisations to ensure demand was managed jointly or in a coherent way, while other forces were withdrawing from certain areas of activity, for example complaints about noise. There were still some forces where partnership working remained unfocused or minimal, despite forces feeling that they were picking up demand through what some described as ‘partnership retreat’.

There remains variety in how forces are working with other organisations to manage demand, with many forces still failing to make meaningful progress and often picking up additional demand as a result. Forces need to take a consistent approach to managing demand so that the public receives a more consistent level of service across England and Wales. This would help the police to work with other organisations to manage demand in the most efficient way.

## **Understanding future demand**

Police forces need to understand their likely future demand in order to determine and then provide the capacity and capability they will need for the future. This is standard practice in other large demand-led organisations. The police service should be no different.

HMIC recognises that understanding future demand is not easy – data and threat assessments cannot predict the future with certainty, assumptions need constant refreshing if they are not to mislead, the unexpected will often happen, and the pressure of responding to current problems can dominate. In tight financial circumstances, planning ahead can feel like a luxury. However, failing to plan for future demand is likely to be a false economy. Forces need urgently to develop their understanding of likely future demand if they are to become more efficient and better match their diminishing resources to their priorities.

In this inspection, HMIC found that most forces were unable to demonstrate meaningful understanding of future demand – even the best forces had got little further than an overall threat assessment that established or specified likely trends in serious and organised crime, an indication of what were frequently referred to as ‘emerging crime types’, such as cyber-crime and child sexual exploitation, as well as likely demographic changes.

## **Planning for the future based on capacity rather than capability**

HMIC found that the lack of understanding of future demand was adversely affecting how forces were planning for the future, both to meet their likely spending reductions but also to transform the way they operated.

Since the 2010 Spending Review, most forces concentrated on reducing spending, as this gave a quicker and simpler way of meeting their budget reductions than delivering efficiency savings through transforming how they operated. Those forces therefore reduced their capacity without understanding fully the effect on their capability.

HMIC found that, even where forces are now planning or carrying out transformation programmes, those programmes were still driven by the need to cut spending rather than by a sense of the service the force was supposed to, or could, provide. Almost all forces were planning for the future by working out the maximum size of the workforce they could afford and creating an operating model to fit, rather than designing the force to meet the likely future demand at a cost they could afford.

HMIC believes this approach risks forces not improving their efficiency as far or as quickly as they could. It risks continuing to police with a pool of available officers as described above, risks being unprepared for future shifts in the nature and size of demand, and risks not improving the capability of the police service. Most importantly, there is a risk that forces will not be able adequately to protect the public.

In its work on the development of force management statements, to be introduced in 2017, HMIC has emphasised the need for forces to have a sound understanding of the demand they face in the present and for a number of years in the future. The demand in question, as said earlier, must be all demand. Only with that information can forces efficiently and effectively deploy their resources and provide the best available service to the public. Without it, forces are at material risk of misunderstanding and therefore failing to achieve the optimal allocation of restricted resources, thus jeopardising public safety and wasting public money. HMIC welcomes the constructive engagement of police forces, police and crime commissioners, the College of Policing and others in the design and establishment of force management statements.



## **Variation in how forces were planning for the future**

HMIC found wide variation in how forces were planning for the future. A small number of forces have large, ambitious transformation programmes to reshape their operating model; some were doing priority-based or zero-based budgeting better to match resources to priorities; and a small number of forces were undertaking less ambitious change, mainly as a result of their financial positions. HMIC saw examples of good planning:

- West Midlands Police has embarked on an ambitious five-year programme of activity, called the 'WMP 2020' programme, to transform how the force provides policing. The force, with its private sector partner, is undertaking scenario planning and modelling the effect on the force's current demand of moving from a reactive to a preventative model of policing; and
- Cheshire Constabulary has used a priority-based budgeting process to establish existing demand and service provision levels, assess future demand, identify potential levels of service provision and allocate resources. This process has allowed choices to be made about resource allocation and levels of service provision across every business area. The force intends to run the process on an annual basis, to ensure that the workforce and operating models remain capable of meeting changes in demand, organisational and financial requirements.

Even allowing for the variation in the scale of change planned in different forces, HMIC found that there was little sense of the police service planning for the future in a consistent way, and there was little evidence of forces learning from each other's experiences. This lack of consistency means that the police service is unlikely to reap the full benefits of these transformation programmes and that learning from the more innovative and successful programmes is unlikely to be shared. HMIC found there was no sense from forces of a centre of expertise on change management, and the majority of change programmes in forces were led either by senior individuals within the force or external consultants.

While there are some highly-competent individuals within policing who are leading innovative change, there remains a broader gap in central co-ordination which, if filled, would ensure that all forces are able to reach the same level. A consistent set of available tools to support forces in making changes to their ways of operating could help improve efficiency across England and Wales whilst still allowing local circumstances to be taken into account.

## Information and communications technology (ICT)

ICT is central to policing, whether in supporting intelligence gathering, controlling expenditure, managing and deploying resources or giving the public access to the police.

HMIC has reported before on the poor state of police ICT, including within *The Annual Assessment of Policing in England and Wales 2012/13*, which commented that “the state of information and communications technology in too many police forces remains quite inadequate and, in some cases, primitive” and “for too long the police service has lagged far behind the private sector, to the advantage of offenders and the hazard of the public.”

This inspection found that many ICT systems remain outdated and cumbersome across the police service, and extremely so in some forces. Systems within some police control rooms are particularly old and inefficient. Often the ICT available to officers remains considerably behind that used by both criminals and the public. The inability in some forces to undertake even relatively simple tasks, such as call operators directly booking appointments between officers and victims, undermines the efficiency of policing. There is still only a minority of forces where officers and PCSOs are able to complete all the tasks required whilst on patrol without needing to return to police stations.

HMIC found that forces recognise the scale of the problem and the need to address it and the benefits from reducing wasted time and improving the service to the public. Forces are increasingly using body-worn cameras and some forces have enabled the public to track crimes on-line. A number of forces, including Surrey, have received funding from the Police Innovation Fund for a shared platform that enhances the development of phone ‘apps’ for policing. There is some positive evidence of collaboration; for example, nine forces are in the process of adopting a single system covering custody, case preparation, intelligence and crime-recording. Other forces are adopting integrated business systems. However, HMIC found that forces continue to design their own solutions with different equipment, applications and limited ability to link to each other. There was no evidence from this inspection that the Police ICT Company had had an appreciable effect on this. Forces are missing potential savings by not using the police service’s combined negotiating and buying power, and risk providing a less efficient service to the public as a result.

HMIC found that many forces are placing great emphasis on the use of ICT and mobile working to increase efficiency, but none is able to demonstrate what is being done with the time saved. For example, when introducing mobile terminals, the best forces have undertaken detailed analysis of the time that each frontline police officer was saving as a result of not coming back to a police station to carry out administrative tasks or to access information. However, even they were unable to say what the officers were doing with that extra time.



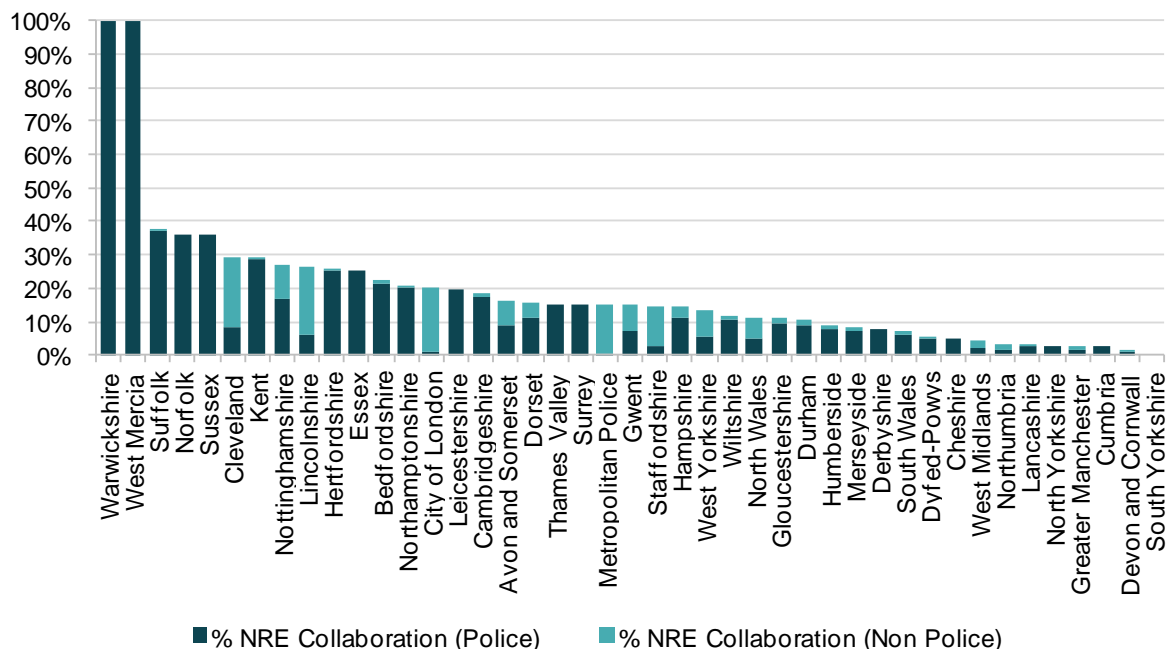
## Collaboration

Under sections 22B and 22C of the Police Act 1996, chief constables and police and crime commissioners are under a duty to keep collaboration opportunities under review and to collaborate where it is in the interests of the efficiency or effectiveness of their own or other police force areas.

HMIC commented in *Policing in Austerity: Meeting the Challenge* that collaboration remained disappointing and was “not of the magnitude necessary to meet the requirements of future austerity”. In this inspection, HMIC found that between 2014/15 and 2018/19, the proportion of net revenue expenditure (NRE) that is planned to be spent on collaborated activity remains broadly stable, at between 14 and 16 percent. Figure 3.1 shows forces’ planned spending on collaboration as a proportion of their NRE.

HMIC found that some forces continued to prioritise force-to-force collaboration, often focused on back-office processes such as human resources (HR) and finance and those operational services where technical or specialist resources were shared in order to increase operational resilience or to provide operational support across a geographical area (such as working across different sections of the motorway network). For example, Suffolk and Norfolk Constabularies have established a joint cyber-crime unit in order to tackle the perceived growing threat in both force areas.

**Figure 3.1: Planned proportion of NRE spend (%) on collaboration 2015/16 by force**



Source: HMIC efficiency inspection data collection template.

A few forces are looking to expand day-to-day, rather than specialist, operational collaboration. There were impressive and purposeful plans for joint operational working between Cambridgeshire Constabulary, Bedfordshire Police and Hertfordshire Constabulary, where options for a shared public contact function, involving call handling and control rooms were being developed. Similarly, Thames Valley Police and Hampshire Constabulary have created a single management team for the provision of contact management, as a possible precursor to a fully-collaborated unit.

HMIC found that larger forces tended to doubt the benefit they would derive from force-to-force collaboration compared to the costs involved, or believed that they would in effect be subsidising smaller forces. Smaller forces were more likely to recognise and realise the benefits of collaboration. There were regional variations. In the South West, collaboration activity appeared likely to increase significantly with a proposed 'strategic alliance' between Dorset Police and Devon and Cornwall Police, as well as collaboration between Wiltshire Police and Avon and Somerset Constabulary.

In contrast, collaboration between forces in the North West was comparatively small-scale, focused on operational areas such as organised crime and specialist operational support such as motorway policing, firearms operations or dog patrols.

Where collaboration is successful, it relies on forces considering the benefits across all proposed collaboration rather than focusing on deriving direct benefit from each individual area. There are still senior leaders in forces who refuse to engage in any collaboration programme unless every element of it provides demonstrable savings to their forces. The strongest forces have focused on overall benefit, rather than on the losses or gains from specific parts of the collaboration.

A few forces that are collaborating extensively have found that savings have taken longer to realise than they had hoped. Collaborating forces recognised the need to continue to focus on governance arrangements for collaborative working after the initial structural change. Several commented that it was harder to make major changes to the way in which collaborated units operated compared to areas directly under individual force control. This could mean that forces are less likely to implement major changes to improve the efficiency of already collaborated units.

HMIC found that some forces were focusing on expanding collaborative working with blue light and other services within the force boundary, rather than on force-to-force collaboration. Forces were increasingly sharing information or becoming involved in joint working with other organisations for example through Multi-Agency Safeguarding Hubs (MASH) or community safety teams. Some forces are now adopting a more structured approach to collaboration with local partners either through combining, or looking to combine, their estates.

A few forces continue to build on collaborations with local councils. For example, Hampshire Constabulary has formed a partnership with Hampshire County Council and the Hampshire Fire and Rescue Service, to provide all HR, finance and administrative services to the force.

HMIC believes that, while collaboration is not the only or most important tool available to forces to meet their budget reductions, it continues to be a valuable option and, given the statutory duty to explore and adopt it, there remains considerable scope for forces to pursue it further.

## 4. Improving capability

### Summary

Most forces have recognised that the size of their current workforce is not sustainable and are planning further reductions, while trying to maintain or increase the proportion of officers on the front line. They are planning to reduce officer numbers by 7,400<sup>15</sup>, PCSO numbers by 1,300<sup>16</sup> and staff by 3,500<sup>17</sup> by March 2018 (rounded FTE).

Forces' workforce plans are based on capacity (size and cost), rather than capability (what the workforce is able to do). Forces lack a detailed understanding of the skills they need to develop in their workforces.

There is no shared understanding across the police service of the number of officers required to maintain operational viability or provide a safe level of policing.

Forces' workforce plans are likely to reduce the numbers of officers, PCSOs and staff in neighbourhood policing. Many forces are, to varying degrees, combining neighbourhood and response policing.

As part of the PEEL efficiency inspection, HMIC inspected the sustainability and affordability of forces' workforce models.

HMIC inspected how forces were using their workforces now and how they were developing them for the future, specifically:

- how well forces' current workforce models match their demand, organisational and financial requirements; and
- how well forces' projected workforce models match their demand, organisational and financial requirements.

This report does not provide an assessment of the efforts forces have made to maintain or improve the well-being of their workforce or the extent to which forces are representative of the communities they serve. These issues will be assessed as part of the HMIC report on forces' legitimacy, which is due for publication in early 2016.

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<sup>15</sup> Excluding Lincolnshire Police, Warwickshire Police and West Mercia Police who did not provide officer forecasts to 2018.

<sup>16</sup> Excluding Lincolnshire Police, Warwickshire Police and West Mercia Police who did not provide PCSO forecasts to 2018.

<sup>17</sup> Excluding Derbyshire Constabulary, Lincolnshire Police, South Wales Police, Warwickshire Police and West Mercia Police who did not provide staff forecasts to 2018.

For this part of the efficiency inspection, on the sustainability and affordability of forces' workforce models, HMIC has graded 5 forces as outstanding, 22 forces as good, 15 forces as requiring improvement and 1 force as inadequate.

## **Workforce context and trends**

Most police funding is spent on pay, which accounts for around 78 percent of force budgets. The workforce is a mix of officers, PCSOs and staff, each with different roles, powers, pay systems and career structures.

Over the last five years, measured crime has continued to fall at the same time as the numbers of officers, PCSOs and staff have reduced. Between March 2010 and March 2015 there have been falls in officer numbers of 12 percent, falls in PCSO numbers of 27 percent and falls in staff numbers of 19 percent. Forces are predicting that by March 2018, there will be further falls of 6 percent in officer numbers, 11 percent in PCSO numbers and 6 percent in staff numbers<sup>18</sup>.

While measured crime has decreased, the complexity involved in tackling it has increased, as a result of factors such as the technology available to the public and exploited by criminals. As policing has become more complex, the need to ensure that officers are trained properly has increased. When combined with reductions in the size of the workforce, this means forces need to focus more on getting the best out of their people.

## **The current match between the workforce and forces' demand, organisational and financial requirements**

The previous chapter considered the ways in which forces understand and manage demand. The ways in which forces align their workforce models to this demand play a large part in that process. Once a force understands the nature and size of the demand it faces, it needs to make decisions on where it is allocating its resources to meet that demand. This usually happens on three levels within forces: the resources needed to meet demand at a tactical level; the allocation of resources between departments; and the balance of officers, PCSOs and staff in the force as a whole.

Forces need to know what their workforce is able to do (its capability) rather than just its size and cost (its capacity). To do this, they need a clear way of assessing the performance and skills of their workforce.

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<sup>18</sup> Excluding PCSO and officer numbers for Lincolnshire Police, Warwickshire Police and West Mercia Police and staff numbers for Derbyshire Constabulary, Lincolnshire Police, South Wales Police, Warwickshire Police and West Mercia Police as these forces did not provide forecasted figures for 2018. Numbers may not sum due to rounding.

Capability takes time to build, particularly if recruitment is limited. Forces therefore need to have good workforce development plans linked to their current and likely future demand if they are to keep their capability in line with the threats they face.

HMIC graded 15 forces as requiring improvement and 1 force as inadequate for this question (“how sustainable and affordable is the workforce model?”) – the largest number of unsatisfactory grades for the three inspection questions. There is progress for the service to make in this area, although there are encouraging signs of development in a number of forces. The complexity required in balancing the capacity and capability of the workforce is recognised both by HMIC and by many others within policing. The creation of a national policing lead for organisational development is a welcome reflection of the seriousness with which forces will need to take the development of the workforce, particularly in a period of rapid technological change and sustained budget reductions.

### **Current capacity**

HMIC found that forces have a clear understanding of their current capacity – the numbers, ranks and cost of officers, PCSOs and staff. In part, this is because most of forces’ savings since 2010 have come from pay and so they have needed to know how and where to reduce these costs. Forces have focused on ensuring they have the appropriate staffing levels (both numbers and grade or rank) within a range of functions so as to reduce duplication and provide a service at a reduced cost. Most forces have recognised that they will not be able to maintain their current workforce size if budgets continue to be reduced. Almost all forces continue to focus on ways further to reduce unnecessary costs in order to protect their workforces, although most are planning on the basis of reduced workforces in the future.

### **Tactical demand**

In responding to tactical demand, forces have made progress in ensuring that they have the right numbers of officers, PCSOs and staff available at the right times. Almost all forces now vary the number of officers, PCSOs and control room operators available to match the level of likely demand, informed by increasingly sophisticated demand analysis from a range of data sources. This work is particularly well developed in areas where demand is easier to quantify, such as response and control room functions. There is wide variety in how frequently forces are refreshing the data that inform their analyses.

Forces have also considered ways in which more efficiently to use the resources available in these areas. In most forces, frontline officers regularly worked alone rather than in pairs, allowing a single resource to be deployed to an incident. Many forces have developed the skills of their control room workforces to handle the different functions of call handling, crime-recording and incident allocation and management. This is allowing forces better to manage fluctuations in demand.

HMIC found that in some forces, where the control room function was split over several sites, unexpected demand was being managed efficiently as a result of the different sites operating as a single virtual unit.

#### Allocation of resources between departments

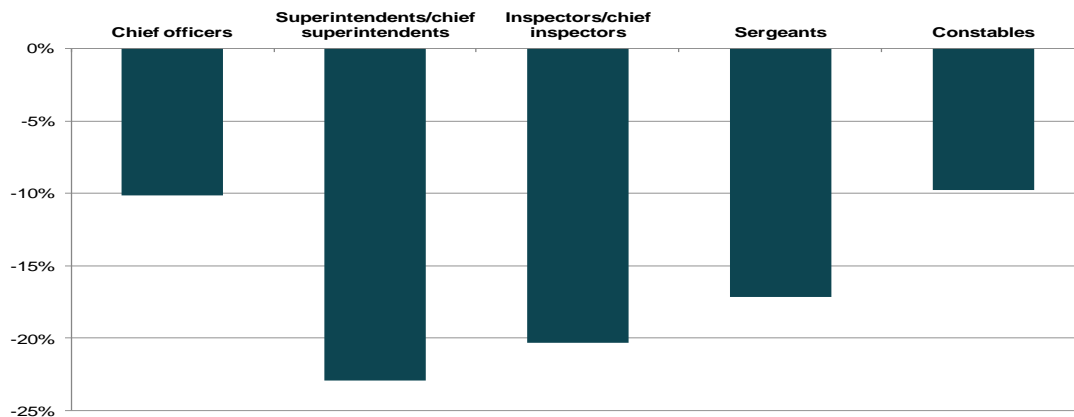
Forces have generally used their clearer understanding of current demand to allocate resources to different functions. For example, most forces have moved away from standardised models that provide the same resources to neighbourhoods, regardless of demand. Most forces have also considered the relative priorities in managing demand that requires complex or specialist investigation. For example, most forces have responded to concerns in relation to protecting vulnerable people by increasing the sizes of the teams working in this area, particularly those handling child sexual exploitation and domestic abuse.

#### The balance between officers, PCSOs and staff

Forces have prioritised reducing the cost and proportion of the workforce not on the front line, and reducing the number of PCSOs rather than officers. Some forces told HMIC that officers provide better value for money, as they have more powers and skills than PCSOs at only a slightly higher unit cost. Most forces were reducing their officer numbers by not recruiting and waiting for existing officers to retire. Some forces commented that they would prefer to increase the rate at which longer-serving officers on higher salaries leave the force in order to recruit younger officers, but did not do so as the costs associated with voluntary exit were too high and they could not force officers to leave. Some forces told HMIC that the terms and conditions for PCSOs and other operational staff meant that it was harder to deploy them in a flexible way without having to pay expensive additional allowances.

As figure 4.1 on the next page demonstrates, the number of senior officers has reduced between 2010 and 2015, particularly at superintendent and inspector ranks. As noted in *Policing in Austerity: Meeting the Challenge*, all forces have undertaken some restructuring, in many cases to achieve economies of scale by reducing the number of basic command units within the force and increasing the size of command for senior officers. While such approaches have enabled substantial savings to be made, forces will have to continue to consider whether they are being more efficient or whether they are simply asking the workforce to do more. Although it is difficult for forces to measure how far their efficiency assumptions rely on the willingness of the workforce to carry out unpaid work, the best forces have considered, and sought to limit, the adverse effect of new models on this willingness. The ability to improve wellbeing within the workforce will be covered in the forthcoming HMIC report on legitimacy, due for publication in early 2016.

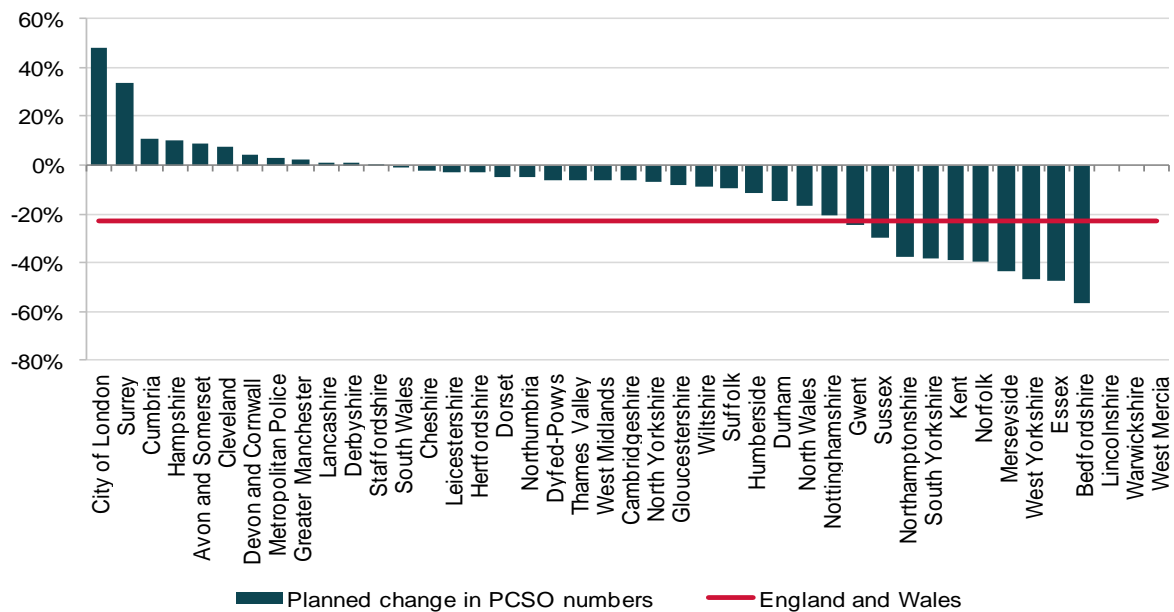
**Figure 4.1 Percentage change to the number of officers by rank between 31 March 2010 and 31 March 2015**



Source: HMIC efficiency inspection data collection template and Home Office workforce statistics.

Some forces told HMIC that, after five years of making savings, there was limited scope further to reduce costs of staff and back-office functions. These forces recognised that any further savings would have to come from reducing the numbers of officers and PCSOs. In some cases, forces were planning large reductions, particularly in PCSO numbers, as shown in figure 4.2 below.

**Figure 4.2: Planned percentage change in PCSOs (FTE) from March 2015 to March 2018 by force**



Source: HMIC efficiency inspection data collection template and Home Office workforce statistics.

Note: Lincolnshire Police, Warwickshire Police and West Mercia Police did not provide PCSO forecasts to 2018.



Although forces understand their capacity in the sense of knowing the numbers, ranks and costs of officers, PCSOs and staff, there is no nationally-established way of defining the number of officers a force needs to police a specified level of demand to a specified standard of service. There is also no shared understanding in relation to the point at which reductions in a force's workforce would leave it unable to operate at an acceptable level of service.

While some forces had carried out exercises for example priority-based or zero-based budgeting to help them understand the levels of service they could provide, no force could provide a clear explanation of when it might become unviable. This is in part because forces were unable to show the effect of reducing a given service on the public – for example the different impact between a fifteen-minute response time for emergency calls and a thirty-minute response time.

### **Current capability**

In contrast to their understanding of capacity, HMIC found that forces have a weak understanding of their capability. Few forces had audited what skills their workforce had beyond a small number of accredited roles such as senior investigative officers, firearms officers or public order officers. They could not describe accurately what the current strengths or weaknesses were in their skills, either across the whole workforce or by rank and grade.

HMIC found that plans to develop capability to match current and future demand were limited. Few forces had training and development plans that were linked to their understanding of demand or the capabilities they needed to meet that demand. In many forces, the training and development departments had been amongst the first areas that were reduced significantly to save money. In this inspection, HMIC found that a number of training departments were focused solely on providing training for new ICT systems and the minimum of functional training required to support operational work, such as driving courses. Few forces were able to show a continued commitment to developing 'softer' skills, including negotiating, influencing and problem-solving skills. There were some notable exceptions to this; for example, Durham Constabulary demonstrated an impressive commitment to developing problem-solving skills across the whole force, up to and including the chief constable.

While problem-solving and community engagement skills are an important part of the skills that forces need, they also need to develop significantly enhanced specialist investigative capabilities in order to meet current demand. Many forces commented on the difficulties of recruiting officers into detective roles, although a few forces were taking positive steps to make this career path more attractive to staff.

There is a small number of forces with clear workforce plans which recognise the need to develop the skills of officers, PCSOs and staff. For example, West Yorkshire Police has a vision to equip the workforce to provide policing services through its

'People Ambition', which has seven strands including leadership, ethics and integrity and wellbeing. The force is working with academic institutions to undertake a cultural audit and ensure change takes place across the whole force.

HMIC found that the majority of forces did not have meaningful appraisal systems regularly to assess the performance of the workforce, particularly for officers. In some forces, HMIC found that appraisal systems had been abolished several years ago and nothing had been put in place instead. In other forces, HMIC found that appraisal systems were perfunctory with standard objectives for officers and little, if any, discussion between officers and their line managers about how well they were performing. Many forces used to rely on the previous regime of performance targets to assess the performance of officers. As that regime has been abolished, forces need to develop systems to assess and manage the performance of their workforce – this is common practice in other parts of both the public and private sectors and does not have to be bureaucratic or time-consuming if designed correctly. Without these systems, forces will struggle to root out poor performance, motivate good performance and improve their capability, particularly in problem-solving and partnership working.

There are some positive examples of performance management. HMIC found that officers in Kent Police were making good use of their day books routinely to record their performance, although examples tended to be largely positive. The force has created a performance improvement unit, run by its HR department, in order to place a greater emphasis on improvement in cases of poor performance. A number of forces demonstrated an increased focus on individuals who were performing poorly. Front-line officers told HMIC that, with shrinking resources, they could no longer afford to 'carry' those who were not performing to the required standard.

A few forces face significant challenges because they cannot release officers, cannot recruit and, in a shrinking workforce, have limited opportunities to promote people. This lack of movement is providing short-term savings, but is storing up problems for the future as forces will have an ageing workforce that is becoming costlier, harder to motivate and with skills that increasingly do not fit the demands they face.

The workforce's mix of officers, PCSOs and staff has led to a two-tier approach to workforce development. HMIC heard from staff that there was little sense of a career for them – they were recruited to a role, rather than a career and, in many cases, could not be deployed flexibly. In most forces, only limited development activity was open to them, usually linked to a narrow specialism. Information within the force on skills gaps and assessments for staff was focused on a small number of accredited skills, such as accountancy. There were some good examples of forces taking a more integrated approach, including in Thames Valley Police, where the percentage of officers and staff undertaking an internal talent management scheme was broadly equal and spread across the rank structure.

In many cases, the progression of staff is as bad as or worse than for officers, with staff staying in posts for long periods of time with few opportunities to move elsewhere in the force. While there are some benefits in retaining expertise, this hampers longer-term career development and risks stagnation in individuals' performance. Some forces are using private sector consultants to bring in specific skills when needed. While this incurs short-term cost, the best forces were focused on making sure knowledge and skills were transferred from the consultants to permanent members of the workforce.

## **The future match between the workforce and forces' demand, organisational and financial requirements**

### **Future capacity: Neighbourhood Policing**

In last year's report *Policing in Austerity: Meeting the Challenge*, HMIC commented on the signs of erosion in neighbourhood policing as forces reduced their officer and PCSO numbers. Those signs remained in this year's efficiency inspection and, if anything, were more pronounced as forces plan for further reductions in their budgets. As forces reduce their workforces, they will need to explain to their local communities how they plan to provide neighbourhood policing in the future. That will need to include reassurance about the effect of a smaller police workforce on public safety and what, if any, effect there might be on neighbourhood policing.

The public's confidence in local policing appears stable, although this could be a result of the achievement of forces in protecting the front line over the last five years. The public opinion survey carried out for this inspection found that, over the last 12 months:

- 54 percent of respondents thought the range of services offered by the police in their local area had remained about the same;
- 8 percent of respondents thought the visibility of the police in their local area had improved, 44 percent thought it had stayed about the same and 36 percent thought it had got worse; and
- 7 percent of respondents thought the presence of uniformed officers had increased locally, 52 percent thought it had not changed and 31 percent thought it had fallen.

Some large forces were clear that random patrolling by officers would end, while others were planning large cuts in PCSO numbers as the only way to make further savings in pay. A number of forces were looking at merging their response and neighbourhood functions. They believed that this would mean that a higher percentage of the force would be demonstrating the skills of traditional neighbourhood policing. However, only a small number of forces were able to demonstrate that proactive problem-solving skills were developed sufficiently in order

to avoid policing becoming increasingly reactive. Some of these forces maintained an impressive focus on neighbourhood policing, viewing it as an essential element in improving preventative policing. Within those forces where demand was not being managed well, there were signs of an ever-larger proportion of the workforce being drawn into responding to incidents, leading to a degradation in problem-solving skills and a reduced ability to intervene early in problems.

### **Future capability**

Given that forces' understanding of capability is not well developed, it is unsurprising that their ability to undertake workforce planning is generally poor. As mentioned at the start of this chapter, most forces have recognised that the size of their current workforce models will not be sustainable in the future. However, the lack of understanding of future demand described in the previous chapter has a clear adverse effect on forces' understanding of the capability they will need to meet future demand. Instead, in too many instances and respects forces remain focused on future numbers and costs.

There are important capability gaps in emerging and future crime types; for example few forces were able to show skills development programmes for cyber-crime or child sexual exploitation. For these areas in particular, forces attempted to manage rising demand by increasing the numbers of officers involved but were failing in too many respects properly to consider the skills of those being moved into these specialisms. HMIC will consider this further in its forthcoming report on effectiveness.

The skills associated with proactive problem-solving, working with other local public sector organisations and effective community engagement are likely to play an increasingly important part in the ways in which forces operate. These skills need to be recognised and assessed to the same extent as those that are already accredited formally, for example those required to be either a public order or senior investigative officer.

Without an assessment of the skills needed for the future, there is a risk that forces are not bringing in new skills. Some of the forces that are currently recruiting officers are doing so from their existing PCSOs and staff. While taking this approach means that the new officers have an existing knowledge of the force, it is unlikely to provide the skills required by the force in the longer term. There are a number of new schemes, including 'Police Now', Fast-track and Direct Entry, which a significant number of forces intend to use to bring new people into policing. It is too early to evaluate the effects of these schemes, although they do demonstrate that forces are beginning to take advantage of opportunities to bring in new skills.

Overall, forces could provide little evidence that they were planning, developing and training their workforces for the future. The evidence suggests that forces are focused on simply cutting workforce numbers to fit the budget. If the assumption has been broken that the number of officers a force has is linked to its levels of crime,

then it is important that police forces move away from workforce planning mainly by officer numbers and focus more on capability. This will only happen if forces significantly improve their understanding of demand (as set out in the previous chapter) and link it to their financial and workforce planning, with a clear analysis of what capacity and capability is needed in order to provide police services to respond to that demand to a known standard and cost.

## 5. Financial planning

### Summary

Forces have met the budget reductions of the last five years and are planning prudently for similar reductions in the future. Forces are planning to reduce their spending by £1.9bn<sup>19</sup> from 2015/16 to 2018/19 (15 percent of 2014/15 GRE). Most savings will come from pay costs.

The rigour of forces' financial planning varies considerably.

The police service has large financial reserves, which have increased over the last five years. Total reserves were £1.6bn in 2012/13 and are predicted to be £1.3bn in 2016/17 and £1.0bn in 2018/19. The size and purpose of these reserves varies considerably from force to force.

Forces are planning further reductions in their workforces in order to meet the savings they expect to have to make. From March 2015 to March 2018, the total police workforce is expected to fall from 197,100 to 185,000<sup>20</sup>; officers from 122,900 to 115,400; PCSOs from 11,900 to 10,600; and staff from 62,400 to 58,900 (rounded FTE).

As part of the PEEL efficiency inspection, HMIC inspected the sustainability of forces' financial positions for the short and long terms. It is not HMIC's role to comment on whether individual forces have, or the police service overall has, the right level of resources; those decisions are for ministers (through the police main grant) and police and crime commissioners (through the local precept). HMIC's role is to consider how well forces are managing their money and planning for the future; it does not audit forces' accounts.

There is no nationally-established definition of what financial sustainability means for a police force. HMIC has therefore considered:

- how well forces have met their required budget reductions;
- how well forces are maximising income;
- how well forces are controlling their spending;

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<sup>19</sup> See Annex A: About the Data.

<sup>20</sup> Excluding PCSO and officer numbers for Lincolnshire Police, Warwickshire Police and West Mercia Police and staff numbers for Derbyshire Constabulary, Lincolnshire Police, South Wales Police, Warwickshire Police and West Mercia Police as these forces did not provide forecasted figures for 2018. Numbers may not sum due to rounding.

- how well forces' plans are linked to their police and crime commissioners' plans; and
- how well developed forces' plans are to face future financial challenges.

For this part of the efficiency inspection, on the sustainability of forces' financial positions for the short and long terms, HMIC has graded 10 forces as outstanding, 27 forces as good, 6 forces as requiring improvement and no force as inadequate.

## **Police forces' income from central government and local taxation**

Police forces' finances are made up mainly of grant from central government and locally-raised precept.

In October 2010, the police service was given a four-year settlement equivalent to a 20 percent reduction in real terms<sup>21</sup> in central government funding over the Spending Review period (2011/12 to 2014/15). Funding in 2014/15 was reduced by 5.75 percent<sup>22</sup> in real terms from the 2013/14 baseline, which was a greater reduction than envisaged in the 2010 Spending Review. For 2015/16, central government funding was reduced by 4.9 percent in real terms<sup>23</sup> from the 2014/15 baseline<sup>24</sup>. Funding for 2016/17 onwards will not be known until the Spending Review is finished in Autumn 2015, although the Budget on 8 July 2015 signalled that there are likely to be further significant reductions in those parts of central government spending which are unprotected, including policing.

Police forces also receive funding through the police precept, which is included in every council tax bill. The level of the precept is set by the police and crime commissioner for the force. In England, any precept increase of two percent or more requires the approval of a local referendum; in Wales, there is no requirement for a referendum and council tax is a matter for the Welsh Government. Figure 5.1 below shows that over recent years the average increase in the precept has decreased.

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<sup>21</sup> Equivalent to a 12 percent reduction in cash terms.

<sup>22</sup> Equivalent to a 3.3 percent fall in cash terms. See *House of Commons Official Report*, 18 December 2013, Column 111WS, Police Funding. Available from [www.parliament.uk](http://www.parliament.uk)

<sup>23</sup> Equivalent to a 3.5 percent fall in cash terms. See *House of Commons Official Report*, 17 December 2014, Column 99WS, Police Grant Report England and Wales 2015-16. Available from [www.parliament.uk](http://www.parliament.uk)

<sup>24</sup> *Spending Round 2013*, HM Treasury, London, 2013. Available from [www.gov.uk](http://www.gov.uk)



**Figure 5.1: Average planned precept increases from 2013/14 to 2016/17 within England and Wales and the average within those forces that are increasing the precept**

| Year    | Average Precept Increase | Number of forces applying increase | Average increase in these forces | Range of Increase  |
|---------|--------------------------|------------------------------------|----------------------------------|--------------------|
| 2013/14 | 1.77%                    | 29                                 | 2.62%                            | from 0.0% to 7.0%  |
| 2014/15 | 1.77%                    | 38                                 | 2.00%                            | from 0.0% to 3.2%  |
| 2015/16 | 1.68%                    | 38                                 | 2.04%                            | from -5.0% to 4.0% |
| 2016/17 | 1.64%                    | 36                                 | 2.13%                            | from -5.0% to 5.4% |

**Source:** HMIC efficiency inspection data collection template, data from *Valuing the Police* programme, and websites for police and crime commissioners, local authorities and police forces.

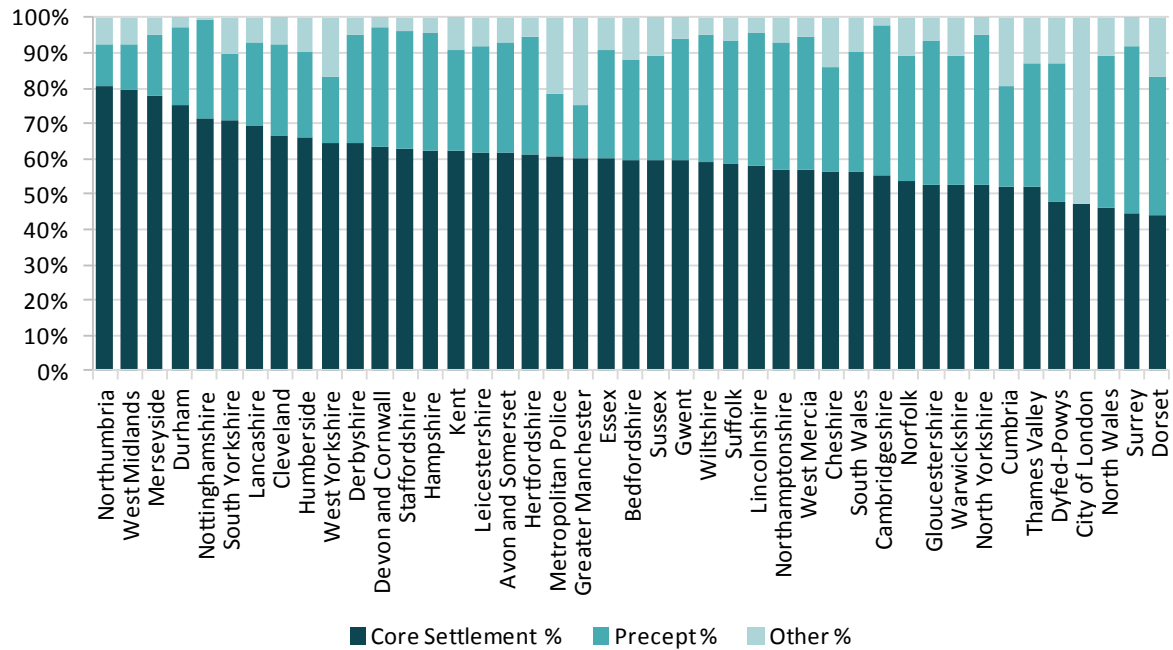
**Note:** In England, the level of increase in the precept is limited to 1.99 percent without a local referendum. There is no such limit on the level of increase in Wales.

Between 2011/12 and 2014/15, police and crime commissioners in England were offered several council tax freeze grants from central government. This meant that if they did not increase the local precept, they could receive an additional grant from central government, the value of which varied from year to year and was not always included in the base budget for the following year. In 2014/15 and 2015/16, this was equivalent to a one percent increase in the precept. Where a police and crime commissioner chose in the past to accept this funding, its removal in future years needs to be considered as part of the force's future financial plans. Police funding for future years is subject to the outcome of the current Spending Review and no decisions have yet been taken on continuation of existing freeze grants or whether there will be any future council tax freeze grant schemes.

Overall the grant from central government is the largest part of forces' budgets, but the degree to which forces are reliant on it varies, depending on the allocation from the police funding formula and the size of the local precept. Changes in the level of government funding overall and for individual forces therefore affect forces differently. Figure 5.2 below shows the differences in central government funding as a proportion of forces' total budgets. The reliance on central government grant has changed over time. In 2010/11, it ranged from 52 percent of gross revenue expenditure (GRE) to 85 percent (33 percentage points), and in 2014/15 it had widened to a range from 46 percent to 83 percent (37 percentage points). Figure 5.2 shows that in 2015/16, the range is similar, from 44 percent to 81 percent (37 percentage points).



**Figure 5.2: Planned proportion of core settlement grant and precept as proportion of total budget in 2015/16 by force**



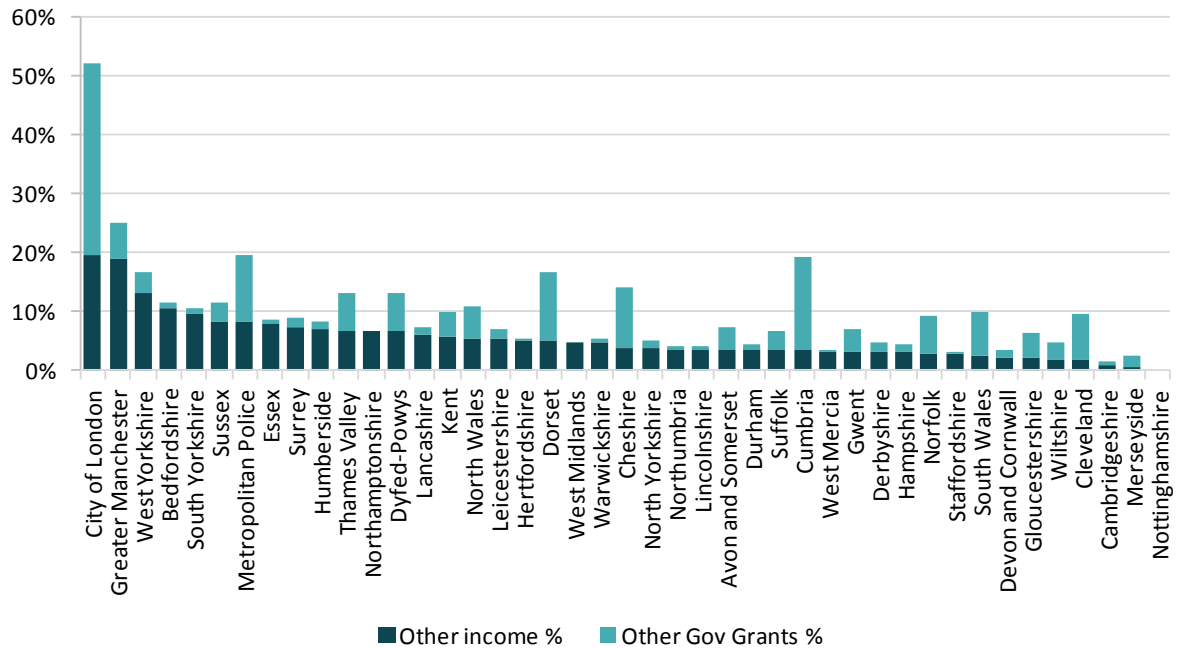
Source: HMIC efficiency inspection data collection template.

## Police forces' income from other sources

Forces have ways of raising income to supplement central government grant and the local precept, and to recover some of the costs of policing. The circumstances in which forces can charge for policing are set out in section 25 of the Police Act 1996.

Forces' funding assumptions show that income from sources other than main grant and the precept is small as a proportion of total income for most forces. The data supplied to HMIC showed that forces were assuming that additional income from other government grants and other income streams would amount to between 2 percent and 52 percent of their GRE in 2015/16, with one force assuming no other sources of income. The City of London Police is an exception as it receives over half of its funding from outside the grant from central government, including funding from the City of London Corporation. Figure 5.3 below shows the range in planned funding from other sources in 2015/16.

**Figure 5.3: Planned proportion of funding from other sources as proportion of total budget in 2015/16 by force**



**Source: HMIC efficiency inspection data collection template.**

Forces can apply to the Home Office for funding to support some aspects of their work. The government established the Police Innovation Fund in 2014/15 with a budget of £70m to support innovative, collaborative and cost-cutting projects. In its inspection, HMIC found forces making variable use of the Police Innovation Fund. In some forces, it was seen as a valuable means of supporting change projects and forces spent time and effort on preparing bids. Examples of successful bids include Greater Manchester Police's bid for the '#CTZN' project' developing a two-way digital communication channel with young people across Greater Manchester to raise awareness of and prevent child sexual exploitation, and a bid by Northumbria Police to establish multi-agency hubs to tackle child sexual exploitation, vulnerability and modern-day slavery.

As with any competitive process, there was frustration when bids were not successful, particularly if the force had no other means of funding the project and had intended the bid to form part of its future financial plans. Some forces were reluctant to apply to the Police Innovation Fund because of the time taken to complete the application or because they did not agree with having to apply for funding which had been removed from the police main grant to create the Police Innovation Fund.

## Changes in police forces' income

Police forces have faced a considerable financial challenge since 2010. Mainly as a result of reductions in the grant from central government, police forces planned to save £2.53bn<sup>25</sup> over the Spending Review period from 2011/12 to 2014/15, representing an 18.2 percent<sup>26</sup> reduction on the 2010/11 GRE for police forces in England and Wales. Forces have shown sound financial management in meeting those reductions: all forces have met their savings requirements for 2014/15 and have set balanced budgets for 2015/16.

For 2015/16, forces have planned to reduce their spending by £0.72bn, split between £0.39bn from pay and £0.21bn from non-pay, with the remaining £0.12bn coming from forces' reserves.

For HMIC's *Valuing the Police* programme, forces had actual budget figures from which to work, as the Spending Review 2010 provided a four-year settlement. As part of the data collection exercise for this inspection, HMIC asked forces to provide their assumptions for future financial planning. These were developed before the outcome of the 2015 General Election, the Budget in July 2015 and the Home Office's publication of a proposed revision to the police funding formula. The assumptions that forces have provided are therefore not comparable and might be subject to further revision in the future.

Forces have planned on the basis that from 2015 to 2018 they will have to make reductions in their budgets on a scale similar to those in the previous Spending Review, and are generally assuming that police and crime commissioners will continue to take a similar approach to the setting of the precept (limiting any increase in the precept to 1.99 percent). Figure 5.4<sup>27</sup> below shows forces' planned savings from 2015/16 to 2018/19, which amount to a further £1.9bn<sup>28</sup> reduction in police funding, giving a total estimated reduction from 2011/12 to 2018/19 of £4.4bn, with 65 percent coming from pay and 26 percent coming from non-pay, with the remaining 9 percent coming from forces' reserves.

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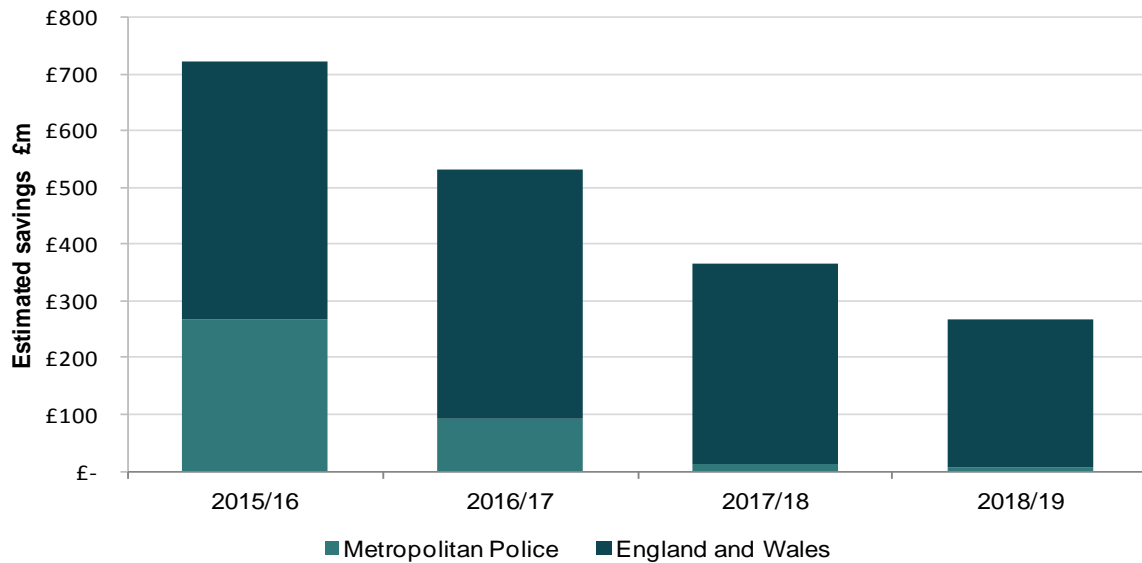
<sup>25</sup> Data gathered from forces by HMIC during the *Valuing the Police* programme. See Annex A: About the Data.

<sup>26</sup> Central government funding to forces has fallen by 20 percent over the period. However, this has been offset by increases in the level of precept funding.

<sup>27</sup> Some forces provided figures for savings they had formally signed off at the point of the data collection, while others provided estimates for the whole period.

<sup>28</sup> See Annex A: About the Data.

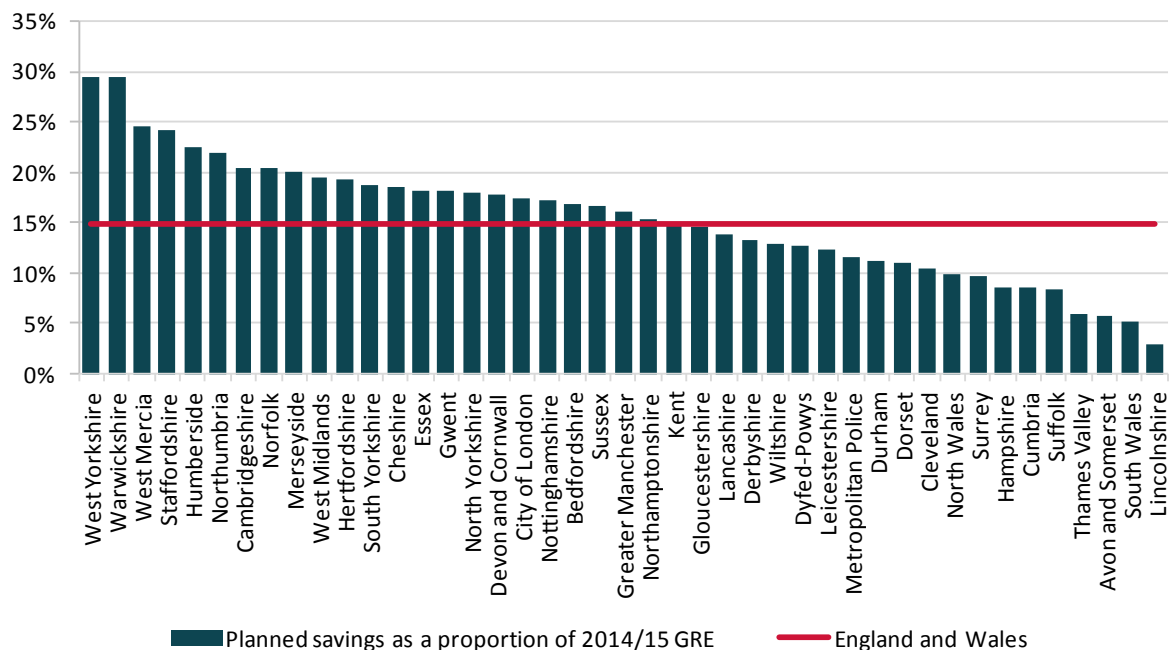
Figure 5.4: Total estimated savings for the period 2015/16 - 2018/19



Source: HMIC efficiency inspection data collection template.

The planned savings vary considerably as a proportion of forces' GRE. Figure 5.5 below shows these differences, but, as the figures are based on forces' own planning assumptions, the differences should be treated with caution. Forces that receive income from other agencies, for example to fund PCSO posts, are also likely to be adversely affected if reductions in those budgets lead to organisations reducing their funding to the police.

Figure 5.5: Planned savings over period 2015/16 - 2018/19 as a proportion of 2014/15 gross revenue expenditure



Source: HMIC efficiency inspection data collection template.

The savings requirement as a proportion of GRE has varied over time. In 2013, the savings requirement for the four years of the Spending Review ranged from 8 percent to 23 percent of 2010/11 GRE, with an average of 17 percent for England and Wales. The forecasted change in expenditure for the four years from 2015/16 to 2018/19 ranged from 3 percent to 30 percent of 2014/15 GRE, with an average of 15 percent for England and Wales.

HMIC believes that, at the time of the inspection, forces were generally planning on the basis of prudent assumptions about their future income and costs. Those assumptions are likely to have to be revised once the outcome of the Spending Review and the consultation on changes to the police funding formula are known.

## **Reserves**

Police forces and police and crime commissioners can hold money in reserve for a variety of purposes. These are:

- unallocated general reserves - to cushion the adverse effect of unexpected events or smooth uneven cash flows;
- allocated (or ear-marked) reserves - set aside for a specific capital purpose;
- capital receipts reserves - proceeds from the sale of assets which can only be used for specific capital purposes; and
- general capital - to support future planned capital expenditure.

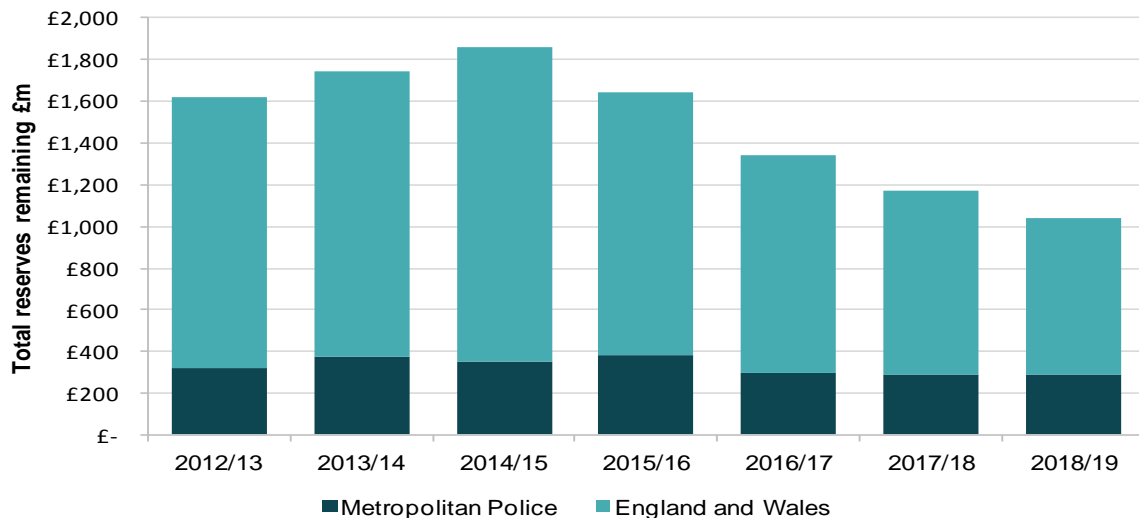
The National Audit Office in its report *Financial sustainability of police forces in England and Wales* (paragraph 3.19) said:

“As commissioners [police and crime commissioners] and forces cannot run deficits, reserves enable them to manage financial uncertainty and fund some costs associated with service transformation such as redundancy payments. Commissioners can also use reserves to offset directly funding reductions. However, reserves are finite: once they are used it may be difficult to rebuild them while under continued funding pressure. Forces cannot therefore rely on using reserves to offset funding reductions.”

It is not HMIC's role to comment on whether forces have the correct level of reserves compared to their budget. That is ultimately a matter for police and crime commissioners and chief constables. In this inspection, HMIC has assessed how forces are using their reserves and whether they have prudent policies for their use now and for the future.

The police service has large total reserves. Figures provided to HMIC for this inspection give the total reserves as £1.9bn in 2014-15, compared to £1.6bn in 2012/13. Figure 5.6 below shows the total police reserves from 2012/13 to 2018/19, by which point total reserves are predicted to be £1.0bn.

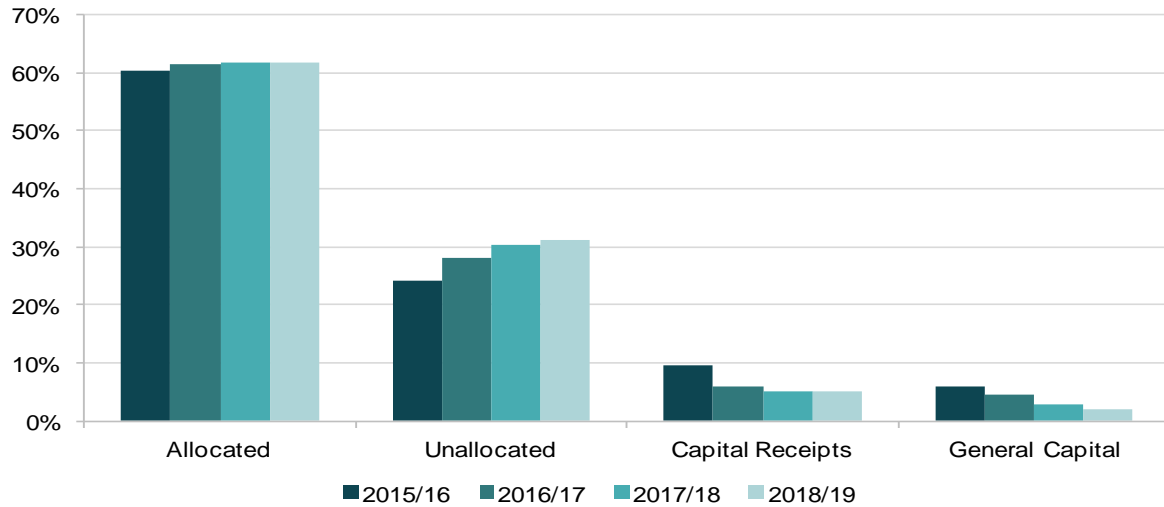
**Figure 5.6: Total police reserves in England and Wales over the period 2012/13 to 2018/19 (planned)**



**Source: HMIC efficiency inspection data collection template and HMIC Policing in Austerity data.**

Figure 5.7 below shows total police reserves by type of reserve from 2015/16 to 2018/19. Allocated reserves make up the largest proportion at 60 percent in 2015/16, with unallocated reserves making up 24 percent. These proportions are predicted to change over time, with allocated reserves becoming 62 percent and unallocated becoming 31 percent by 2018/19. Despite this planned increase in the proportion of unallocated reserves, there is a risk that the planned reduction in the police service's total reserves will reduce forces' ability to cope with unexpected events or future financial pressures.

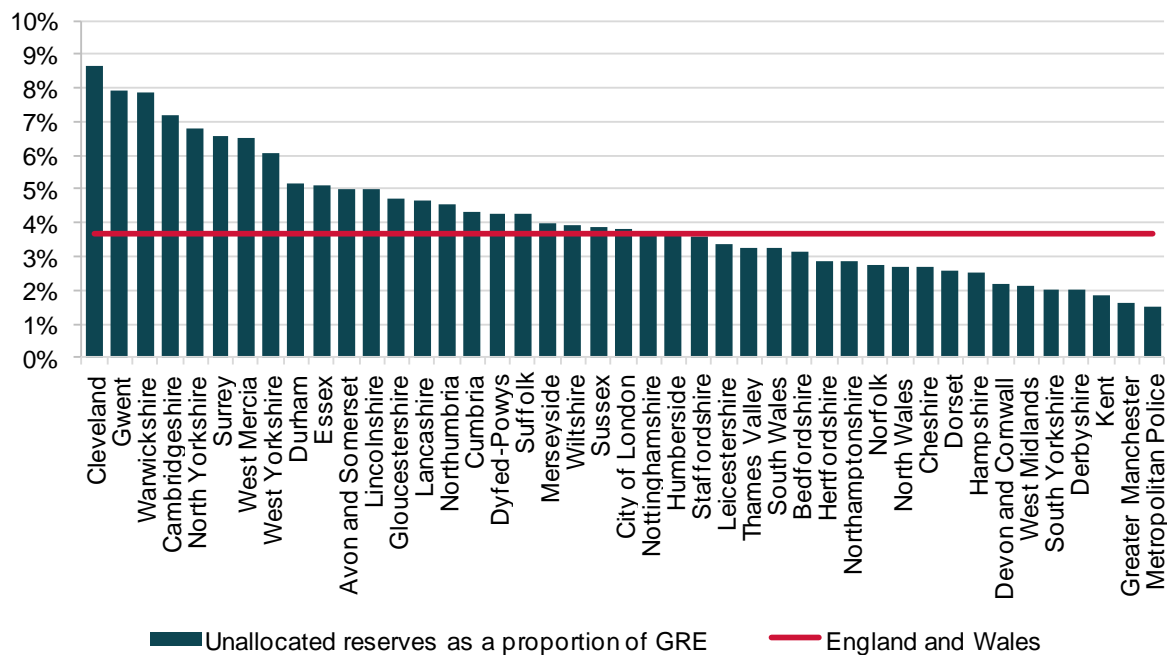
**Figure 5.7: Total police reserves by type of reserve in England and Wales over the period 2015/16 to 2018/19 (planned)**



Source: HMIC efficiency inspection data collection template.

Within forces, the proportion of unallocated reserves varies considerably. Figure 5.8 below shows police unallocated reserves as a proportion of their total GRE. Forces need to strike a balance between holding levels of unallocated reserves to cope with unforeseen events which are prudent but not so large as to be open to criticism from the public, and using those unallocated reserves to cushion the effect of spending reductions while not being over-reliant on them.

**Figure 5.8: Unallocated police reserves as a proportion of gross revenue expenditure 2015/16 (planned)**



Source: HMIC efficiency inspection data collection template.



As the NAO report said, reserves can be a useful way for forces to manage their finances and fund major investment, given that they cannot set deficit budgets. The size of reserves is not in itself an indicator of good financial management – what matters is that a force understands how its reserves are being used and that they are being used in a prudent way.

HMIC has seen a wide variety of approaches from forces in their use of reserves. Some forces have large reserves and are planning to draw on these in a prudent and planned way to cushion the effect of future spending reductions, while also using reserves to fund major transformation programmes which aim to increase efficiency and improve the service to the public. The size of reserves has given those forces considerable negotiating power with private sector partners involved in those programmes, and the financial room for manoeuvre to strike competitive deals and cover the risks of failure.

Other forces are using reserves to bridge gaps in their future financial planning or to address issues with the size or composition of the workforce (for example, by paying for the voluntary exit of officers and staff, or recruiting new officers or staff). This use of reserves appears to be prudent, provided forces bear in mind that reserves are finite and, in future, their financial room for manoeuvre will be limited as a result. HMIC was concerned that a small number of forces were using their reserves in an imprudent way, relying heavily on them to bridge gaps in future financial plans in a way that was clearly unsustainable, or depleting them at a rate that could leave insufficient reserves to cover future financial pressures. Such use risks deferring difficult decisions that need to be taken now about the size and organisation of a force. Some forces were in the opposite position: adding to their reserves through regular underspending, without understanding how those underspends arose – this indicates that financial management needs to improve in those forces, given that reserves are built from local or national taxation.

## **Financial control in forces**

In its inspection, HMIC has assessed how forces control their expenditure, develop their savings plans and match their financial planning with their workforce planning. In doing so, HMIC does not audit forces' accounts or attempt to second-guess the financial management of the force, which is properly a matter for the police and crime commissioner and the chief constable.

HMIC found that all forces had regular ways to review and control overall expenditure, often involving regular senior-level discussions between the finance department and other departments involved in HR, modernisation and operational matters.

Some forces have begun or completed either zero-based or priority-based budgeting exercises which allow them to challenge where they currently spend their money and to spend it where they need to. HMIC saw some impressive examples of priority-based budgeting where forces had considered all aspects of the force and made decisions about the service levels they could provide, at what cost and with which members of the workforce. This had provided certainty for financial planning and clarity to the workforce. Forces recognised that this had been a complex process, but believed that it gave them a firmer grip on their finances and a stronger ability to reprioritise their spending in the future; HMIC agrees and would encourage other forces to follow suit. Forces' use of these techniques so far has not been tied strongly to their analysis of demand and HMIC believes that these techniques could be of even greater value to forces if they were tied more explicitly to sound analysis of current and future demand.

## **Financial planning between the force and the police and crime commissioner**

HMIC found that all forces had systems in place for aligning their financial planning with the objectives set out in the police and crime plan (set by the police and crime commissioner) and providing the police and crime commissioner with regular information on the force's financial planning. HMIC's view is that the financial relationships between forces and police and crime commissioners appear to be working well, with clear lines of accountability and the necessary amounts of information and challenge.

In the reports of the *Valuing the Police* programme, HMIC commented that there was a small number of forces in which the roles of force finance director and chief financial officer for the OPCC were carried out by the same person.

This remains the case and HMIC continues to believe that these roles should be carried out by different people so as to avoid conflicts of interest.

HMIC saw a small number of forces appearing to use financial planning as a bargaining tool with their police and crime commissioner so as to argue for the release of reserves, for example by showing that the force would be in deficit or would need to make deep reductions to the workforce unless the police and crime commissioner released further reserves. Forces – and police and crime commissioners – need to guard against using financial management as a bargaining tool in this way or not taking major decisions as a result of the electoral cycle for police and crime commissioners.

## **Plans for making future savings**

HMIC has considered forces future financial plans, including the robustness of the assumptions (for example, on size of grant and precept, and levels of inflation) and their link to forces' modernisation plans.

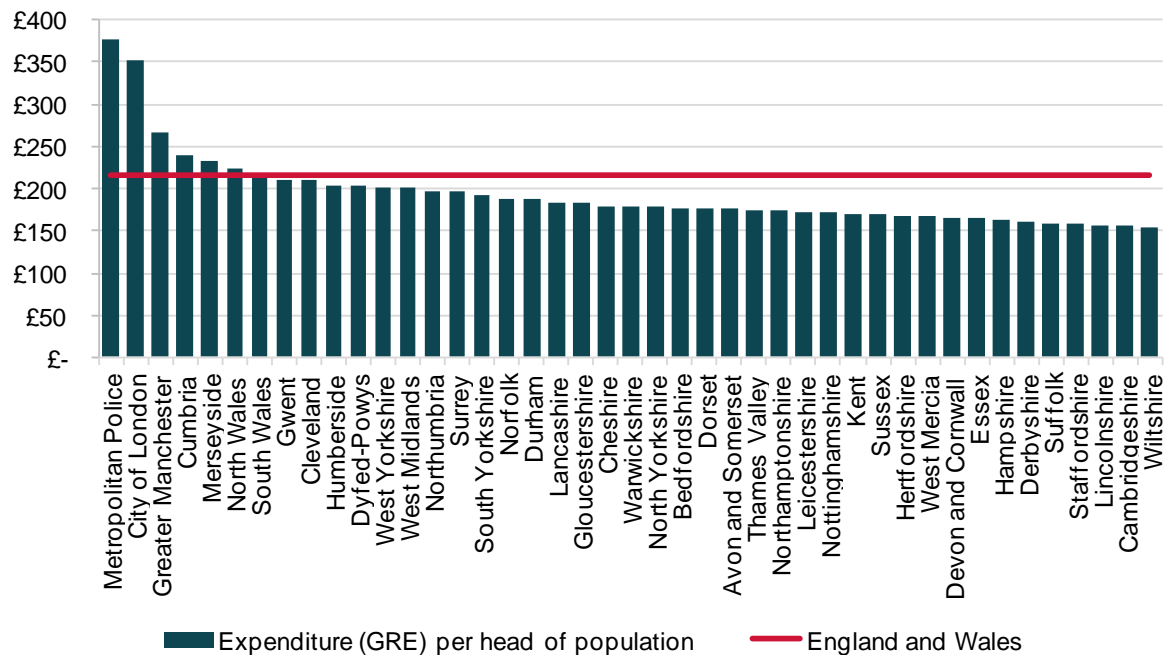
Forces' ability to meet their predicted savings requirements depends on a range of factors including the:

- demand forces face and how that is likely to change in the future. A force with large, complex or increasing demand is likely to have more difficulty in making further savings;
- capability of the force to meet its demand at a given cost. A force with weak capability will cost more to achieve a given outcome;
- force's cost per head of population. There is wide variation in cost per head of population in England and Wales, as shown in figure 5.9 below. In 2014/15, the average cost was £219.93 per head, £216.05 in 2015/16 and estimated to be £219.13 by 2018/19<sup>29</sup>. A force with a larger cost per head of population might have more financial room for manoeuvre;
- size of reserves. Forces with larger unallocated reserves can use them to offset savings requirements or reduce the size of the workforce; and
- possible changes to the funding formula used to allocate central government grant.

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<sup>29</sup> Excluding Lincolnshire Police, City of London Police, Northumbria Police and Thames Valley Police who did not provide forecast yearly GRE for 2018/19.

Figure 5.9: Estimated expenditure per head of population 2015/16



Source: HMIC efficiency inspection data collection template.

Forces' plans for future savings are variable in quality and reliability. The best show clear control of the likely financial challenge with a high degree of assurance on where savings will come from and the likelihood of the savings being realised and, where necessary, reserves allocated to cover the risk. Many have far less assurance and are dependent on savings being released from efficiency savings (which can be difficult to release in practice) or the sale of assets.

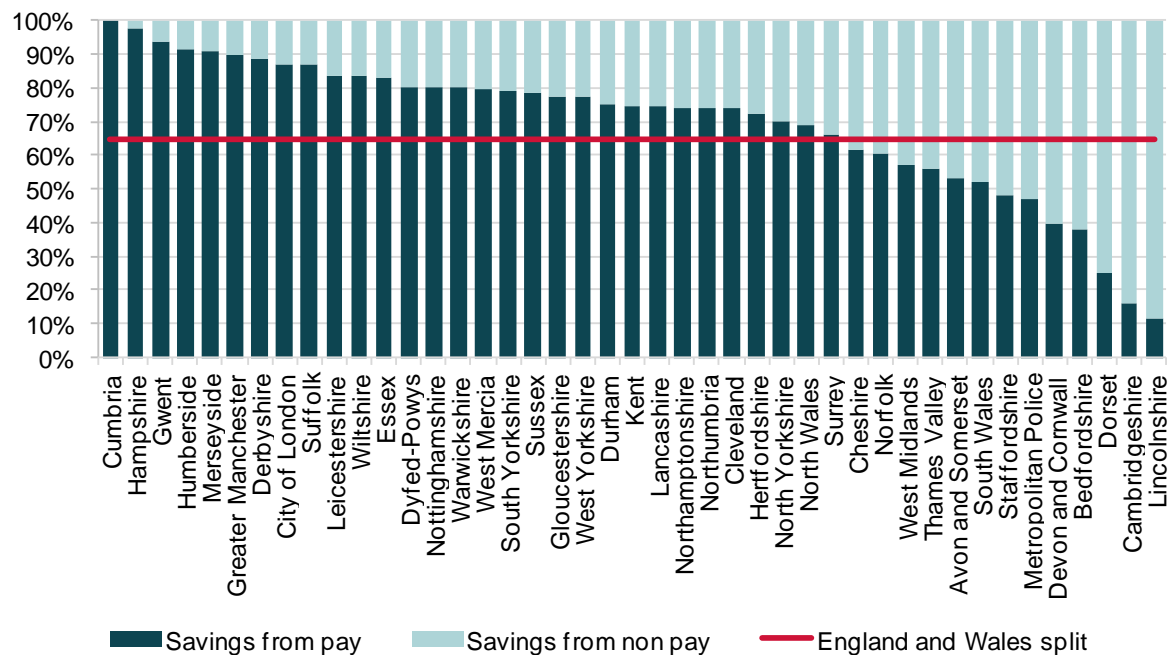
All forces have plans in place to make savings over the next four years, and these are generally built on reasonable assumptions about costs and income from central government grant and the local precept. Forces were doing this financial planning without knowing the outcome of the police funding settlement this Autumn or the outcome of the government's consultation on a new funding formula. As a result, these plans, and the assumptions on which they are based, will need to be revised.

HMIC was concerned that a small number of forces had plans that were unsustainable beyond 2015-16. Some forces appeared to be using their plans to try to lever reserves from the police and crime commissioner by predicting stark cuts in the workforce as the only way to balance the figures. Other forces had set assumptions (for example, a number of officers below which the force would not go) which could not be supported by the force's projected income or reserves, and so were showing deficit budgets for future years. HMIC is concerned that some forces were postponing difficult financial decisions in this way.

## Pay and non-pay savings as a proportion of forces' predicted savings

Most forces' spending is on pay, with far less spent on non-pay areas such as ICT, estates, vehicles, utilities, equipment and supplies. In 2015/16, forces were planning 54 percent of their savings through reductions in pay costs (reductions in workforce numbers and efficiencies through restructuring), 30 percent through reductions in non-pay costs and the remaining 16 percent by using reserves. Figure 5.10 below shows the proportions of the predicted savings that forces are planning from pay and non-pay costs.

**Figure 5.10: Savings split between pay and non-pay savings 2015/16 (planned)**



Source: HMIC efficiency inspection data collection template.

## Pay savings

Forces are planning to make pay savings of £389m in 2015/16 and are predicting to make a further £734m of pay savings from 2016/17 to 2018/19. Most of these savings will come from reductions in the size of the workforce.

In 2010, the total police workforce (officers, PCSOs and staff) in England and Wales was 243,900. Figure 5.11 below shows that total workforce in March 2015 will be 206,800, a decrease of 15 percent. Forces are predicting that they might need to reduce the workforce to 185,000 by March 2018<sup>30</sup> (a reduction of 6 percent from March 2015 to March 2018) as part of their plans to manage their budget reductions.

<sup>30</sup> Excluding PCSO and officer numbers for Lincolnshire Police, Warwickshire Police and West Mercia Police and staff numbers for Derbyshire Constabulary, Lincolnshire Police, South Wales Police,

**Figure 5.11: Actual and planned changes in workforce FTE from 31 March 2010 to 31 March 2018 for England and Wales**

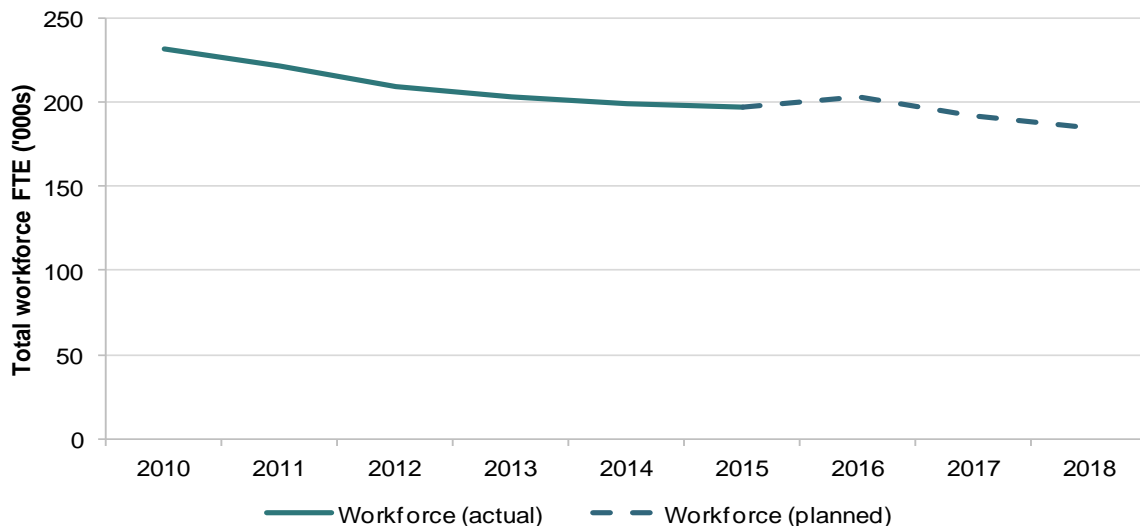
|                        | March 2010     | Difference between<br>2010 and 2015 |             | March 2015     | March<br>2015<br>adjusted | Difference between<br>2015 and 2018 |            | March 2018     |
|------------------------|----------------|-------------------------------------|-------------|----------------|---------------------------|-------------------------------------|------------|----------------|
|                        |                | Number                              | Percentage  |                |                           | Number                              | Percentage |                |
| Police Officers        | 143,700        | -16,900                             | -12%        | 126,800        | 122,900                   | -7,400                              | -6%        | 115,400        |
| Staff                  | 83,200         | -15,500                             | -19%        | 67,700         | 62,400                    | -3,500                              | -6%        | 58,900         |
| PCSOs                  | 16,900         | -4,600                              | -27%        | 12,300         | 11,900                    | -1,300                              | -11%       | 10,600         |
| <b>Workforce total</b> | <b>243,900</b> | <b>-37,000</b>                      | <b>-15%</b> | <b>206,800</b> | <b>197,100</b>            | <b>-12,200</b>                      | <b>-6%</b> | <b>185,000</b> |

Source: HMIC Efficiency inspection data collection and Home Office workforce statistics.

**Note:** The data in the March 2015 column refers to FTE equivalent officers, staff and PCSOs in March 2015 in all 43 forces. This is comparable to the March 2010 column. The adjusted March 2015 column refers to FTE equivalent officers, staff and PCSOs for forces which are able to provide an estimate of numbers for 2018. This column is comparable to the March 2018 column.

In the years following the 2010 Spending Review, forces reduced their workforces sharply in order to meet their budget reductions, followed by a more stable period. Figure 5.12 below shows that forces are predicting further reductions in the years ahead, but not to the same extent<sup>31</sup>.

**Figure 5.12: Change in total police workforce since 2010 and planned changes to 2018**



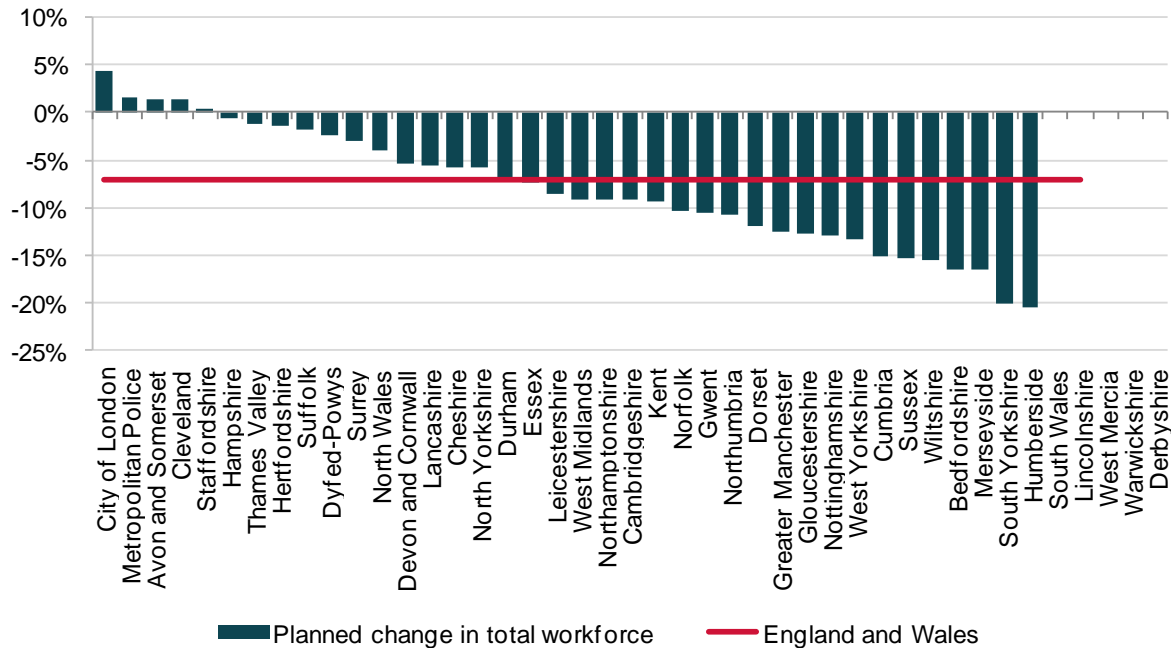
Source: HMIC Efficiency inspection data collection and Home Office workforce statistics.

Warwickshire Police and West Mercia Police as these forces did not provide forecasted figures for 2018. Numbers may not sum due to rounding.

<sup>31</sup> Several forces were in a position where they did not have confirmed / signed-off plans for workforce projections. It is important to note that figures provided are in many instances unconfirmed estimates provided to assist HMIC in their inspection programme.

Figure 5.13 below shows that forces' planned changes in total workforce vary considerably from an increase of 4 percent to a decrease of 20 percent between 2015 and 2018. This variation reflects forces' historic funding positions, the extent to which forces have already carried out major restructuring exercises, the comparative cost of the workforces, the room for manoeuvre for making further reductions in non-pay costs, and how far ahead individual forces have planned.

**Figure 5.13: Planned change in total police workforce between 2015 and 2018 by force**



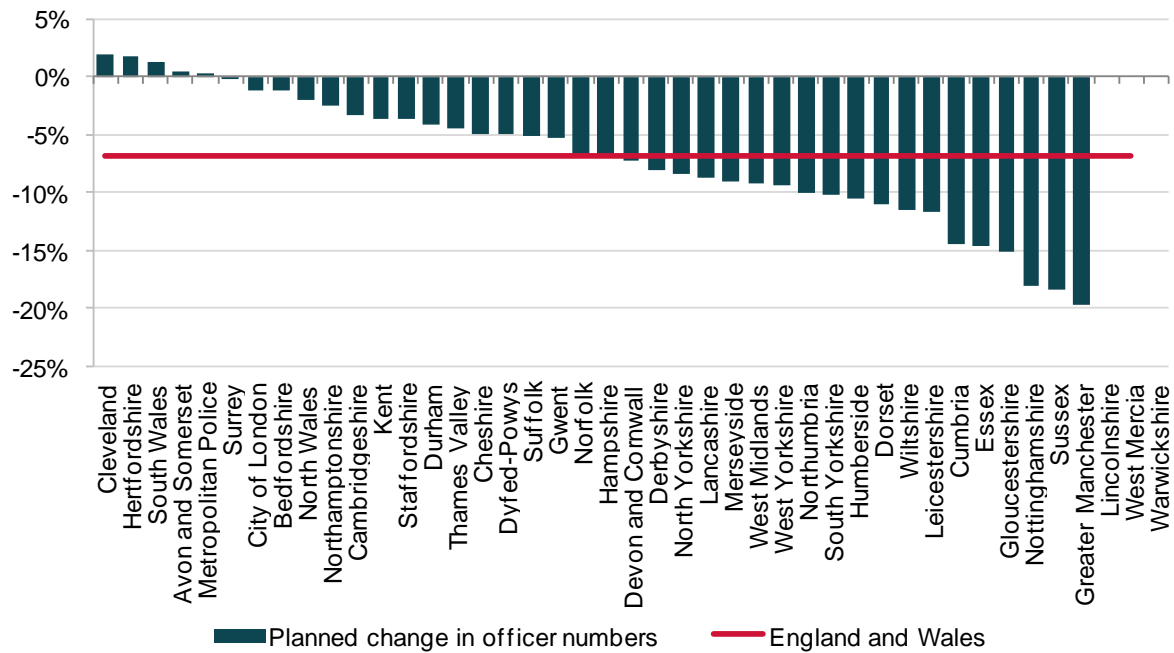
**Source:** HMIC Efficiency inspection data collection and Home Office workforce statistics.

**Note:** Figure 5.13 excludes workforce numbers for Lincolnshire Police, Warwickshire Police, West Mercia Police, Derbyshire Constabulary and South Wales Police, as these forces did not provide full forecasted figures for 2018.

Figure 5.14 on the next page shows that the planned changes in total officer numbers between 2015 and 2018 vary considerably.



Figure 5.14: Planned change in total police officer FTE between 2015 and 2018 by force



Source: HMIC Efficiency inspection data collection and Home Office workforce statistics.

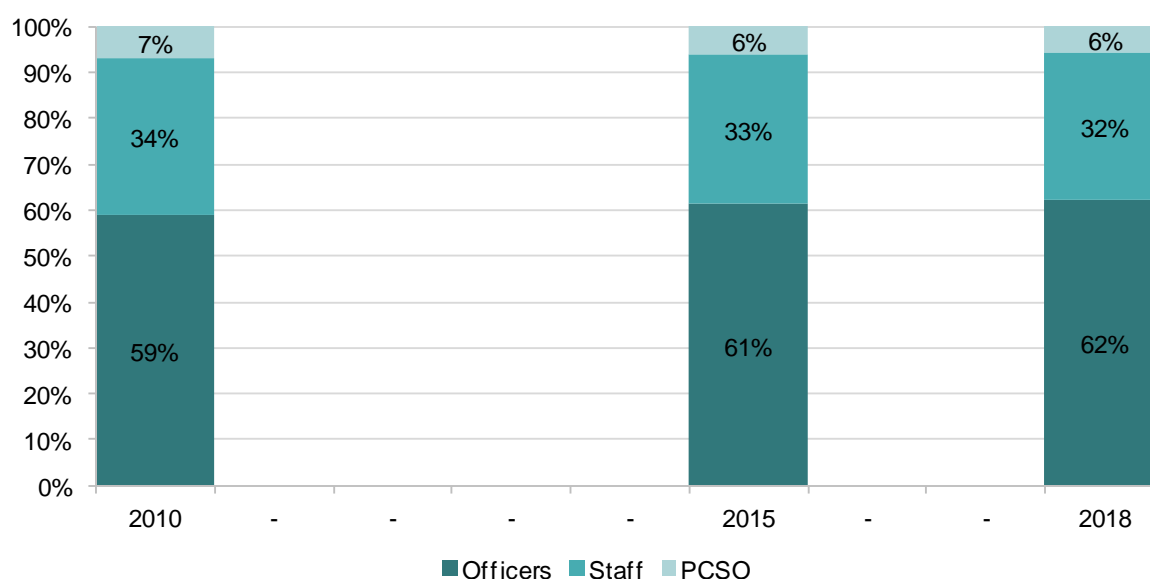
Note: Figure 5.14 excludes police officer numbers for Lincolnshire Police, Warwickshire Police and West Mercia Police, as these forces did not provide full forecasted figures for 2018.

The workforce reductions in the early years of the previous Spending Review tended to be carried out through simple techniques such as not filling vacancies and freezing recruitment. While these approaches can help to produce rapid falls in workforce numbers, the effect on the capability of the workforce is likely to have been inadequately planned. This report commented in chapter 4 that, although some forces are carrying out major transformation programmes, workforce planning still tends to be dominated by capacity rather than capability. Forces need to guard against the same risk as in previous years: cutting their workforce quickly to meet financial plans without understanding the effect on their capability to meet their demand.

A number of forces told HMIC in this inspection that they would struggle to make further significant and rapid reductions in their workforces because they had already reduced their staff as far as possible, reductions in officers were difficult because of the rules on voluntary exit, and they lacked the money to pay for reductions in officer numbers. Some forces were therefore planning to focus their workforce reductions on PCSOs.

Figure 5.15 below shows the net effect of these planned future changes on the composition of the workforce. The composition of the police service is planned to remain stable between 2010 and 2018, with small increases in the proportion of officers and small decreases in the proportions of PCSOs and staff.

**Figure 5.15: Actual and planned change workforce composition between 2010 and 2018**



**Source: HMIC efficiency inspection data collection template and Home Office workforce statistics.**

## Non-pay savings

Since 2010, forces have made considerable efforts to reduce their non-pay costs as a way of minimising reductions in the workforce and protecting the front line. In this inspection, HMIC found that many forces believed they had already driven out most of their likely non-pay savings. Even so, HMIC saw good examples of forces continuing to drive out costs:

- most forces were able to demonstrate sound financial control and, in the best forces, discretionary spending was severely limited by controlling the items available to purchase and centralised authorisation of spending;

- most forces continue to reduce their estate costs, either by reducing the number of buildings or making more efficient use of the available space. Forces are continuing to find imaginative ways of maintaining a visible, physical presence accessible to the public but often shared with other organisations. Where forces have opted for new purpose-built premises to replace costly, older buildings, HMIC saw examples of rigorous design to reduce operating costs;
- forces continue to rationalise their fleets and their associated support costs, including by sharing servicing costs with other organisations. For example, in Humberside the force has a joint vehicle and equipment maintenance workshop and shared fleet management with the Humberside Fire Service; and
- some forces are engaged in radical sharing of back office functions, such as HR and finance transactions. Examples of this include Norfolk Constabulary and Suffolk Constabulary, as well as Cheshire Constabulary, Northamptonshire Police and Nottinghamshire Police.

## 6. Glossary

|                            |   |
|----------------------------|---|
| anti-social behaviour      | conduct that has caused, or is likely to cause, harassment, alarm or distress to any person; conduct capable of causing nuisance or annoyance to a person in relation to that person's occupation of residential premises   |
| appraisal system           | the process by which a force assesses an individual's performance and development, as well as the support they need in their role   |
| audit                      | the independent checking of accounts  |
| back-office                | administrative and support section of a force, responsible for indirectly supporting the work of officers, PCSOs and staff through functions such as HR and finance   |
| balanced budget            | budget in which income equals expenditure; there is neither a budget deficit nor a budget surplus   |
| blue light services        | collective term for ambulance, fire and police services   |
| borderless patrols         | use of policing resources across a whole force area, without regard to internal geographical boundaries (such as between local policing areas)  |
| Budget                     | statement made to the House of Commons by the Chancellor of the Exchequer on the nation's finances and the government's proposals for changes to taxation   |
| call operator              | worker (usually a member of staff and not an officer) who answers telephone calls from the public, determines the circumstances of the call, and decides the initial response   |
| capability                 | the ability to carry out a particular function  |
| capacity                   | the resources available to carry out a particular function  |
| central government funding | amount of money police forces receive from the government   |
| chief officer              | in police forces outside London: assistant chief constable, deputy chief constable and chief constable; in the Metropolitan Police Service: commander, deputy assistant commissioner, assistant commissioner, deputy commissioner and commissioner; in the City of London Police: commander, assistant commissioner and |

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|                           | commissioner; includes a member of staff who holds equivalent status to an officer of these ranks  |
| child sexual exploitation | sexual exploitation of children and young people under 18 involving exploitative situations, contexts and relationships where the young person receives something (for example food, accommodation, drugs, alcohol, cigarettes, affection, gifts or money) as a result of them performing, and/or others performing on them, sexual acts   |
| Code of Ethics            | code of practice setting out the principles and standards of professional behaviour. It applies to all those working in policing in England and Wales. The code was issued by the College of Policing under section 39A Police Act 1996 as amended by section 124 Anti-social Behaviour, Crime and Policing Act 2014   |
| collaboration             | arrangement under which two or more parties work together in the interests of their greater efficiency or effectiveness in order to achieve common or complementary objectives; collaboration arrangements extend to co-operation between police forces and with other entities in the public, private and voluntary sectors   |
| College of Policing       | professional body for policing in England and Wales, established to set standards of professional practice, accredit training providers, promote good practice based on evidence, provide support to police forces and others in connection with the protection of the public and the prevention of crime, and promote ethics, values and standards of integrity in policing; its powers to set standards were conferred by the Police Act 1996 as amended by the Anti-social Behaviour, Crime and Policing Act 2014; under section 40C, Police Act 1996, the Home Secretary has power to direct the College, requiring it to exercise any statutory function vested in the College, and to carry out such other duties for the purpose of furthering the efficiency, effectiveness or integrity of the police as the Home Secretary specifies |
| control room              | facility in each police force in which call operators answer telephone calls from the public, determine the circumstances of the call and decide the initial response  |

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| council tax                        | a tax levied on households by local authorities, assessed on the estimated value of a property  |
| Crime Survey for England and Wales | a quarterly independent survey of crime commissioned by the Office for National Statistics, involving the collection of information about people's experience of crime from several thousand households in England and Wales; formerly known as the British Crime Survey  |
| cyber-crime                        | offences committed by means of communications technology; these fall into one of two categories: new offences such as offences against computer systems and data, dealt with in the Computer Misuse Act 1990 (for example breaking into computer systems to steal data); and old offences committed using new technology, where networked computers and other devices are used to facilitate the commission of an offence (for example, the transfer of illegal images) |
| demand                             | the amount and type of service that the public and other organisations require of the police  |
| demographic                        | quantifiable characteristics of a population such as age, education or nationality  |
| discretionary spending             | non-earmarked expenditure within a force; spending which is not controlled at a central level   |
| emerging crime                     | crimes that are being identified more regularly, and are rising in prominence and public awareness; the crimes often involve exploiting modern technology and include cyber-crime, child sexual exploitation and identity-related theft   |
| expenditure                        | payment of cash or cash equivalent in exchange for goods and services, including pay  |
| finance director                   | senior employee of a police force with responsibility for functions in relation to its finances   |
| fleet management                   | planning and organisation to ensure the best use of vehicles; this can include vehicle financing, maintenance, and analysis on optimal fleet size   |
| flexible deployment                | the ability to move resources across different areas of the force based on changing priorities  |

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| freezing recruitment      | management action by which an organisation does not recruit new workers, and includes the practice of not replacing those who have left   |
| front line                | those members of police forces who are in everyday contact with the public and who directly intervene to keep people safe and enforce the law   |
| FTE                       | see full-time equivalent  |
| full-time equivalent      | unit that indicates the workload of a worker in a way which enables comparisons to be made between the workloads of workers engaged in the same and different functions; for example, a full-time equivalent (or FTE) of 1.0 means that the person is equivalent to a full-time worker, whereas an FTE of 0.5 indicates that the worker is part-time (working half the time of a full-time worker in this case) |
| governance                | the method by which the structures and processes of a force relate to its efficiency and effectiveness, including how well the outcomes of the force's objectives are met and overseen  |
| GRE                       | see gross revenue expenditure   |
| gross revenue expenditure | total expenditure of the force  |
| HR                        | see human resources   |
| human resources           | department responsible for the people in an organisation; its principal functions include: recruitment and hiring of new workers, their training and continuous professional development, and their benefits and performance  |
| inflation                 | increases in the general level of prices brought about by an increase in the amount of money in circulation or demand rising faster than supply   |
| intelligence gathering    | actions that provide support to officers, PCSOs and staff in relation to the prevention and investigation of crime; the information in question includes information in relation to the people who are committing crimes and information about premises and vehicles linked to crimes   |



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| joint local hub         | entity in which public sector organisations with common or aligned responsibilities work; the hubs comprise people from organisations such as the police and local authority social services; they work alongside one another, sharing information and co-ordinating activities            |
| local policing          | approach taken by a team of officers, PCSOs, and staff working in neighbourhoods to keep local communities safe; the teams often comprise neighbourhood policing teams and response teams, and sometimes investigation teams   |
| missing person          | anyone whose whereabouts cannot be established where the circumstances are out of character or the context suggests the person may be the victim of a crime or at risk of harm to himself or another   |
| National Audit Office   | public body responsible for with scrutinising public spending for parliament   |
| National Decision Model | decision-making model developed by the College of Policing which recognises the need for all police decisions to be consistent with the principles and standards of behaviour in the Code of Ethics; to be used by officers when responding to spontaneous incidents or planned operations |
| national policing lead  | senior police officer with responsibility in England and Wales for leading the development of a particular area of policing  |
| neighbourhood policing  | activities carried out by neighbourhood teams primarily focused on a community or a particular neighbourhood area, also known as community policing  |
| net revenue expenditure | total expenditure of an organisation minus earned income; earned income includes income from other public sector organisations, sales, fees, charges and rents, special police services, reimbursements and interest and other government grants   |
| non-pay                 | financial provision for expenditure on capital assets and the acquisition of goods and services required by a police force other than labour, including expenditure on premises, vehicles, transport, consultancy and information and communications technology                            |

|   |   |
|---|---|
| NRE   | see net revenue expenditure   |
| office of the police and crime commissioner | premises and staff in place to support the work of the police and crime commissioner  |
| operating costs                             | the costs associated with the day to day running of a police force; this includes operational support, pay and estate costs   |
| operating model                             | the way in which a police force is organised and the processes it has adopted in order to achieve its objectives  |
| operational support                         | functions or departments in a police force which support officers, PCSOs and staff in frontline roles, such as intelligence departments which provide assistance for investigations and scientific support which assist in relation to forensic evidence  |
| organised crime                             | serious crime that is planned, co-ordinated and conducted by people working together on a continuing basis; often motivated by financial gain and characterised by violence or the threat of violence   |
| partner organisations                       | public sector entities, such as those concerned with health, education, social services and the management of offenders, which from time to time work with the police to attain their common or complementary objectives  |
| partnership                                 | co-operative arrangement between two or more organisations, from any sector, who share responsibility and undertake to use their respective powers and resources to try to achieve a specified common objective   |
| pay costs                                   | money spent on officer, PCSO and staff salaries   |
| PCSO  | see Police Community Support Officer  |
| PEEL efficiency inspection                  | HMIC's all-force inspection examining efficiency; part of the PEEL programme  |
| PEEL programme                              | HMIC's police effectiveness, efficiency and legitimacy (PEEL) assessment; an annual programme of all-force inspections that reports on how well each force in England and Wales cuts crime (effectiveness), provides value for money (efficiency), and provides a service that is legitimate in the eyes of the public (legitimacy) |

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| police and crime commissioner    | elected entity for a police area, established under section 1 Police Reform and Social Responsibility Act 2011, responsible for securing the maintenance of the police force for that area and securing that the police force is efficient and effective; holds the relevant chief constable to account for the policing of the area; establishes the budget and police and crime plan for the police force; appoints and may, after due process, remove the chief constable from office   |
| police and crime plan            | plan prepared by the police and crime commissioner which sets out the police and crime objectives, the policing which the police force is to provide, the financial and other resources which the police and crime commissioner will provide to the chief constable, the means by which the chief constable will report to the police and crime commissioner on the provision of policing, the means by which the chief constable's performance will be measured, the crime and disorder reduction grants which the police and crime commissioner is to make, and the conditions to which such grants are to be made; the police and crime commissioner's police and crime objectives are the objectives for the policing of the area, the reduction of crime and disorder in the area, and the discharge by the police force of its national or international functions |
| Police Community Support Officer | uniformed non-warranted officer employed by a territorial police force or the British Transport Police in England; established by the Police Reform Act 2002   |
| police funding formula           | the model by which central government funding is allocated between police forces; also known as the police allocation formula  |
| police ICT company               | public body established to create greater innovation in police information and communications technology, and to provide forces with the best new technologies at the best price   |
| police innovation fund           | Home Office fund from which funds are allocated to police forces to fund innovative, collaborative and cost-saving projects aimed at transforming policing   |

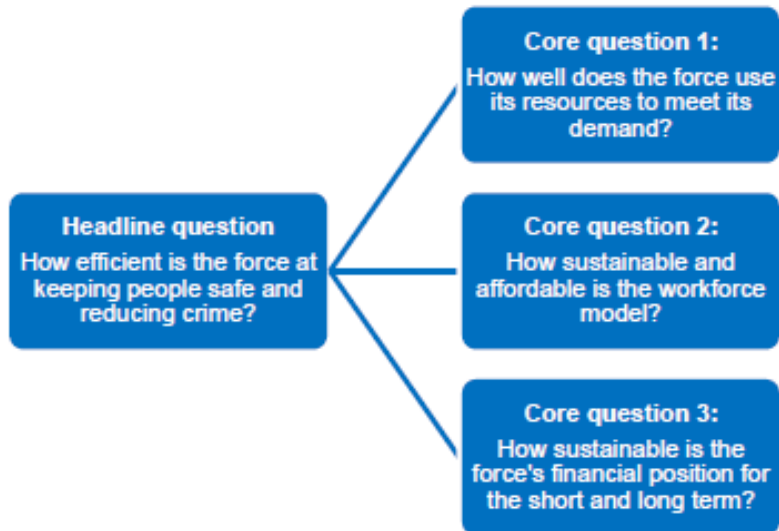
|                          |  |
|--------------------------|--|
| police officer           | individual with warranted powers of arrest, search and detention who, under the direction of the chief constable, is deployed to uphold the law, protect life and property, maintain and restore the Queen's peace, and pursue and bring offenders to justice  |
| police station           | police building which is wholly or mainly for the use of officers, PCSOs and staff   |
| precept                  | the portion of their income that police forces receive from local taxation, levied through council tax; components of council tax (or precepts) are levied and distributed to other agencies or authorities (known as precepting authorities) including the fire and rescue service and the police             |
| priority-based budgeting | technique that allocates an organisation's resources in line with its priorities and enables the organisation to identify opportunities to reduce costs  |
| property crime           | crime where the aim is to acquire property by illegal means or to cause damage to property; it includes offences of burglary, vehicle-related thefts, robbery and other personal thefts, fraud and vandalism   |
| public order             | criminal offence involving disorderly behaviour in public places; behaviour includes rioting, violent disorder and affray  |
| public protection        | section of a police force dedicated to ensuring the safety of members of the public who are in danger of becoming victims of crimes such as child sexual exploitation, domestic abuse or stalking and harassment   |
| redundancy               | legal state of affairs in which an employee is dismissed because their employer is no longer engaged in the business in which the person in question was employed, no longer carries out that business in the place in which they are employed, or no longer needs them to carry out work of a particular kind |
| reserves                 | money set aside for specific future costs (e.g. estates) or generally held to meet unforeseen or emergency expenditure   |
| response function        | uniformed police patrol officers whose primary role is to attend incidents when first reported to the police, are in everyday contact with the public and who intervene directly to keep people safe and uphold the law  |

|                       |   |
|-----------------------|---|
| shift pattern         | rota of working hours designed to ensure that police resources meet demand  |
| Spending Review       | process by which HM Treasury sets the expenditure of government departments   |
| threat, harm and risk | as part of the second stage of the National Decision Model, police officers are expected to apply a judgment around the threat of risk and harm to the public, during spontaneous incidents or planned operations   |
| underspend            | spending less than budgeted for   |
| value for money       | the economy, efficiency and effectiveness of a given activity   |
| Valuing the Police    | annual HMIC inspection programme which tracked how police forces had planned to reduce their expenditure; forerunner to PEEL inspections  |
| voluntary exit        | a programme to reduce workforce size by offering severance payments to those who wish to leave  |
| vulnerable            | condition of a person who is in need of special care, support or protection because of age, disability or risk of abuse and neglect   |
| workforce             | people employed by an organisation; in the case of the police, it includes officers, even though they are holders of the office of constable and therefore not employees of their police forces; it also includes police community support officers and staff |
| zero-based budgeting  | technique that allocates an organisation's resources by requiring justification of all expenditure, based either on statutory or prioritised requirements; this enables the organisation to identify opportunities to reduce costs                            |

## Annex A: About the data

### The inspection methodology

The headline question that the methodology seeks to answer is 'how efficient is the force at keeping people safe and reducing crime?' This headline question is broken down into three core questions:



#### **Core question 1: How well does the force use its resources to meet its demand?**

This core question is made up of six diagnostic questions:

- 1.1 How well does the force understand its demand?
- 1.2 How well does the force match resources to demand?
- 1.3 How well are the force's services meeting the demand from the public?
- 1.4 How well is the force managing demand?
- 1.5 How well does the force monitor and understand outputs, outcomes and costs?
- 1.6 How well is the force using new working methods to improve services?

**Core question 2: How sustainable and affordable is the workforce model?**

This core question is made up of two diagnostic questions:

- 2.1 How well does the force's current workforce model match demand, organisational and financial requirements?
- 2.2 How well does the force's projected workforce model match demand, organisational and financial requirements?

**Core question 3: How sustainable is the force's financial position for the short and long term?**

This core question is made up of seven diagnostic questions:

- 3.1 Has the force achieved its savings requirement and balanced the budget for the Spending Review period and 2014/15?
- 3.2 Has the force achieved a balanced budget for 2015/16?
- 3.3 How well has the force maximised other funding opportunities?
- 3.4 How well does the force control expenditure?
- 3.5 How well do the force's financial plans reflect the objectives set out in the police and crime commissioner's police and crime plan?
- 3.6 How well does the force provide timely and relevant financial information to the OPCC and are shared assumptions used to develop current and future plans?
- 3.7 How well-developed are the force's plans for possible further savings?

**Data in the report**

The information presented in this report comes from a range of sources, including published data, inspection fieldwork, data collected from all 43 geographic police forces in England and Wales, and surveys of the public.

Where HMIC has collected data directly from police forces, we have taken reasonable steps to agree with forces the design of the data collection, and to verify the data that we have collected.



## 1. Financial data: Financial planning

Supporting Chapters 1, 2 and 5, and the individual force reports

| Data   | Source  | Timing  |
|--|---|---|
| <p>2010/11 actual GRE for each force</p> <p>Income from central sources (police grant, special and specific grants, national non-domestic rates and revenue support grant)</p>   | Chartered Institute of Public Finance and Accountancy (CIPFA) Police Objective Analysis (POA) data. | Data was collected from forces in 2011          |
| <p>Estimates for 2014/15 for each force for:</p> <ul style="list-style-type: none"> <li>• total expenditure;</li> <li>• NRE;</li> <li>• total cost of police officers (salary and overtime); and</li> <li>• total cost of police staff and PCSOs (salary and overtime).</li> </ul>   | Chartered Institute of Public Finance and Accountancy (CIPFA) Police Objective Analysis (POA) data. | Data were collected from forces in summer 2014. |
| <p>For each year 2014/15 (projected actual out turn) and 2015/16 to 2019/20 (forecast):</p> <ul style="list-style-type: none"> <li>• GRE broken down by pay and non-pay (savings applied);</li> <li>• core settlement government funding;</li> <li>• precept (local funding);</li> <li>• other government grants;</li> <li>• other income;</li> <li>• use of reserves;</li> <li>• reserves remaining; and</li> <li>• financial assumptions for future</li> </ul> | HMIC-designed data collection from forces.  | Data were collected from forces in March 2015.  |

| Data   | Source | Timing |
|--|--------|--------|
| years (for example precept levels, future changes to police/staff pay, and inflation). |        |        |

#### Financial data from HMIC-designed collection

All forces were able to provide this data up to at least 2017/18, with 39 forces providing data up to 2018/19.

The data were verified in the following ways:

- HMIC carried out checks on the data forces submitted, and raised queries with forces where, for example, their figures were significantly different from other forces, or were internally inconsistent; and
- all forces were asked to check the specific final data used to support the analysis, and correct any errors in their figures.

#### Notes on use of these data

- So as to be consistent with the *Valuing the Police* programme and in order to calculate the savings requirement over the Spending Review period (a measure of the financial challenge faced by forces), the planned savings in each year (2011/12, 2012/13, 2013/14 and 2014/15) were summed with the use of reserves to bridge the funding gap after savings (2014/15), as provided by forces in last year's inspection programme.
- For future years, forecasted change in expenditure for 2015/16 to 2018/19 has been calculated as the sum of planned savings from pay and non-pay plus the use of reserves to bridge any budget gap in each year.
- Some forces only provided figures for savings they had signed off at the point the data were collected while others provided estimates for the whole period, therefore small savings requirements do not necessarily equate to a small savings challenge for the future.
- Forecasted change in expenditure, as a proportion of GRE, is calculated as a proportion of 2014/15 actual GRE.
- Spending figures have been converted from cash terms into real terms and vice versa, in accordance with HM Treasury guidance. This can be found at. *GDP deflators at market prices, and money GDP: September 2015 (Quarterly National Accounts)*, HM Treasury, London, 2015. Available from [www.gov.uk](http://www.gov.uk)

- The gross domestic product (GDP) deflators were published on 30 September 2015.
- For the CIPFA POA estimates, 2014/15 data used to calculate the cost of workforce per head of population in the force reports' "force in numbers" section include salaries and overtime. Total pay costs are based on salaries and overtime of officers, police staff and PCSOs and does not include money spent in national policing functions, so as to increase comparability between forces. The England and Wales cost per head rate includes the Metropolitan Police Service. This is not directly comparable to HMIC's 2014 value for money profiles which, although they use the same POA data set, do not include the Metropolitan Police Service in the England and Wales cost per head.
- Non-pay data includes temporary and agency costs, injury and ill health costs, other employee costs, premises, transport, supplies and services, third party payments, and capital financing.

## **2. Reserves data**

Forces were asked to provide their reserves data in the following categories:

- unallocated general reserves – a sum to cushion the impact of unexpected events or smooth uneven cash flows;
- allocated (ear-marked) reserves – these are reserves set aside for specific capital purposes;
- capital receipts reserves – these are proceeds from the sale of assets which can only be used for specific capital purposes; and
- general capital to support future planned capital expenditure.

According to a survey of financial directors conducted by the Audit Commission<sup>32</sup>, it is commonly considered that three percent to five percent of NRE is a prudent level of unallocated general reserves for risk-based planning purposes.

Please note that all categories of reserves for forces are held by the police and crime commissioner, apart from City of London Police and the Metropolitan Police Service, where reserves are held by the City of London Corporation and the Mayor's Office for Policing and Crime (MOPAC) respectively.

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<sup>32</sup>*Striking a balance: Improving councils' decision making on reserves*, Audit Commission, London, 2012. Available from <http://webarchive.nationalarchives.gov.uk>

Financial data: collaboration

Supporting Chapter 3 in the report, and the individual force reports

| Data  | Source                                     | Timing   |
|---|--|--|
| 2015/16 NRE for each force – used instead of GRE, as elsewhere in the report, to provide a better comparative baseline      | HMIC-designed data collection from forces. | Data were collected from forces in March 2015. |
| For 2015/16, budgeted net spend in collaborated areas for force-to-force collaboration and force to non-force collaboration | HMIC-designed data collection from forces. | Data were collected from forces in March 2015. |

HMIC's collaboration questionnaire to forces

All forces were able to provide this data up to 2017/18.

The data were verified in the following ways:

- HMIC carried out checks on the data forces submitted, and raised queries with forces where, for example, their figures were significantly different from other forces, or were internally inconsistent; and
- all forces were also asked to check the specific final data used to support the analysis, and correct any errors in their figures.

Notes on use of these data

These data are for spend in collaborated areas presented as spend as a proportion of 2015/16 NRE.

NRE is the total cost of policing to the taxpayer; it is calculated as total expenditure minus earned income. Note that HMIC uses a different calculation for NRE to CIPFA.

For the first time this year, data on spend in collaboration were on force-to-force as well as force to non-force collaboration so as to provide a more complete picture on forces' approaches to working with others. Forces were not asked to approximate savings made through collaborated activities since the beginning of the previous Spending Review 2011/12, as HMIC were advised that this measure becomes increasingly complex and less precise as collaboration models mature, evolve and expand.

### 3. Workforce data

Supporting Chapters 1, 2, 4 and 5, and the individual force reports

| Data  | Source   | Timing   |
|---|--|--|
| <p>By force, as at 31 March 2010 and 31 March 2015:</p> <ul style="list-style-type: none"> <li>• number of police officers (FTE);</li> <li>• number of police staff including 'Section 38 designated officers' (FTE);</li> <li>• number of PCSOs (FTE);</li> <li>• breakdown of officers, staff and PCSOs by role, classified by function – as defined in the Home Office ADR601 data collection; and</li> <li>• number of police officers (FTE) at each rank.</li> </ul> | <p>National statistics (published by the Home Office), Annual data return (ADR).</p> | <p>Data from the publication on 16 July 2015 and previous years' publications.</p> |
| <p>By force, projections for 31 March 2016 to 31 March 2020:</p> <ul style="list-style-type: none"> <li>• number of police officers (FTE);</li> <li>• number of police staff (FTE);</li> <li>• number of PCSOs (FTE);</li> <li>• number of special constables (headcount); and</li> <li>• breakdown of officers, staff and PCSOs by role, classified as 'operational frontline', 'operational support, and 'business support'.</li> </ul>                                 | <p>HMIC-designed data collection from forces.</p>                                    | <p>Data were collected from forces in March 2015.</p>                              |

### HMIC's workforce questionnaire to forces

All forces were able to provide workforce projections up to at least March 2016, however the following forces had limitations in the data they supplied beyond that point:

- Warwickshire Police was unable to provide workforce projections for police officers, police staff and PCSOs beyond 31 March 2016;
- West Mercia Police was unable to provide workforce projections for police officers, police staff and PCSOs beyond 31 March 2016;
- Derbyshire Constabulary was unable to provide workforce projections for police staff beyond 31 March 2017;
- Lincolnshire Police was unable to provide workforce projections for police officers and PCSOs beyond 31 March 2017 and police staff beyond 31 March 2016; and
- South Wales Police was unable to provide workforce projections for police staff beyond 31 March 2015.

The data were verified in the following ways:

- HMIC carried out checks on the data forces submitted, and raised queries with forces where, for example, their figures were internally inconsistent; and
- all forces were asked to check the final data used to support the analysis, and correct any errors in their figures.

### Notes on use of these data

- Within this report, staff includes 'Section 38' designated officers. As a result, the numbers will not match the headline staff numbers within national statistics publications, but will match the total numbers published in the supplementary tables associated with the national statistics.
- There are two main reasons why projected workforce numbers for March 2016, 2017, 2018 and 2019 are not directly comparable with the 2010 baseline and 2011, 2012, 2013, 2014, or 2015 actual workforce figures reported as national statistics, so any projected changes in workforce numbers should be treated as approximate:
- 'actual' workforce data show the actual number of full-time equivalent officers, staff and PCSOs in post; vacant posts are not included. Forces' projections from March 2016 are for budgeted posts and will include posts that may be vacant at that point.

1. from ADR section 502, March 2010 and March 2015 data are the headline total workforce data, including workforce classified under the '62-Other' function for officers, staff and PCSOs. Category '62-Other' includes workforce absent from duty due to maternity or paternity leave, on a career break, in full-time education or on suspension, and those staff on long-term leave (sickness, compassionate, special and unpaid). Some forces chose not to include assumptions around the number of '62-Other' staff in their future projections.
  2. March 2010 baseline and 2015 data for the three categories 'operational frontline', 'operational support' and 'business support' will not sum to the total workforce size because the '62-Other' function, explained in point 2 above is not included in the frontline model but is included in the total above. When proportions of the workforce in each category are calculated, they are based on the workforce excluding those in 'other.'
- Data on frontline numbers are largely comparable from 31 March 2010 to 31 March 2015, where all forces have a full data set. The 31 March 2018 police officer frontline numbers (and proportions) are not a complete data set as data from a number of forces are missing (detailed above).

Due to the complex and evolving picture of workforce collaboration between forces, not all changes in workforce figures are real in terms of the workforce available. Therefore sharp increases or decreases over time need to be considered with caution as they may simply represent accounting changes related to how staff are allocated within forces, not real changes in staffing levels.

At the time of the inspection, the future financial climate was uncertain. Several forces were in a position where they did not have confirmed or signed-off plans for workforce projections. It is important to note that figures provided are in many instances unconfirmed estimates provided to assist HMIC in its inspection programme and should not be seen as a concrete plan for the future landscape of policing.

#### **4. Public survey data**

Supporting Chapter 4, and the individual force reports

| <b>Data</b>                                      | <b>Source</b>                                 | <b>Timing</b>                                   |
|--|---|---|
| Public survey (see link below for question list) | Ipsos Mori online survey: 26,458 respondents. | The survey was carried out in July/August 2015. |

## Ipsos Mori Online Survey

### *Method description*

The survey was conducted with a sample of 26,458 people aged 16+ across England, Wales and Northern Ireland, between 15 July and 6 August 2015. All interviews were conducted online through Ipsos Mori's online panel.

### *Sample design and weighting*

The Ipsos Mori online panel consists of a pre-recruited group of individuals or multiple individuals within households who have agreed to take part in online market and social research surveys. The panel is refreshed continually using a variety of sources and methods.

Respondents to this survey were recruited using an email invitation including a link to the online questionnaire. The survey invitations were managed to achieve robust numbers of interviews in each force area. Final numbers of responses per force area ranged from 353 to 1,278.

Responses are based on all participants completing the relevant survey question. Results are weighted within the force area to the local age, gender and work status profile of the area, and an additional weight has been applied to the overall total to reflect the population breakdown by force area.

### *Indicative confidence intervals*

A sample, rather than the entire population, was interviewed for this survey, therefore, the percentage results are subject to sampling tolerances which vary with the size of the sample and the percentage figure concerned. For example, for a question where 50% of the people in a (weighted) sample of around 26,500 give a particular answer, the chances are 99 in 100 that this result would not vary more than 0.8 percentage points, plus or minus, from the result that would be given by a census of the entire population (done with the same method). An indication of approximate sampling tolerances is shown below.

| <b>Approximate sampling tolerances applicable to percentages at or near these levels (at the 99% confidence level)</b> |                 |                 |          |
|--|-----------------|-----------------|----------|
| Size of sample on which survey result is based   | 10% or 90%<br>± | 30% or 70%<br>± | 50%<br>± |
| 26,458 (All people interviewed in survey)  | 0.5             | 0.7             | 0.8      |



In strict terms, the tolerances shown here apply only to perfect random samples. The survey samples cannot be claimed to be purely random and so the statistical significance testing - although set at a high confidence level - provides indicative analysis rather than conclusive evidence of genuine differences.

*Interpretation of the data*

- Results are based on all respondents unless otherwise specified.
- Where percentages do not sum to 100, this is due to computer rounding or multiple responses.
- Although some of the questions that were asked in this online survey were similar to those asked in the YouGov online survey, which HMIC commissioned last year as part of the *Valuing the Police* programme, because the survey methodologies are different, the results cannot be compared directly.

*The question set*

For the full question set respondents were asked, see the following link.

[www.ipsos-mori.com/researchpublications/researcharchive.aspx](http://www.ipsos-mori.com/researchpublications/researcharchive.aspx)

## 5. Information on accessing police services

Supporting the individual force reports

| Data  | Source  | Timing   |
|---|---|--|
| <p>By force, data on methods of engagement with the public:</p> <p>Use of the following to make contact with the public, and frequency of usage:</p> <ul style="list-style-type: none"> <li>• Facebook</li> <li>• Twitter</li> <li>• email</li> <li>• text Message</li> <li>• web forum</li> <li>• local phone (not 999 or 101)</li> <li>• Instagram.</li> </ul> <p>Use of the following to engage with the public, and frequency of usage:</p> <ul style="list-style-type: none"> <li>• Facebook</li> <li>• Twitter</li> <li>• email</li> <li>• text Message</li> <li>• web forum</li> <li>• local phone (not 999 or 101)</li> <li>• Instagram.</li> </ul> | <p>HMIC-designed data collection from forces.</p> | <p>Data were collected from forces in March 2015, referring to the 12 months to December 2014.</p> |

### HMIC data collection from forces

All forces were able to provide information on whether they used each method of communication in the 12 months to March 2014. This information has been provided in a data table in the force's individual reports. Not all forces were able to provide data on the frequency of usage. Initial analysis identified that recording mechanisms across forces varied considerably, therefore force-to-force comparisons were not appropriate for this data set.

## **6. Police recorded crime, and victim satisfaction data**

Supporting Chapter 3, and the individual force reports

| <b>Data</b>   | <b>Source</b>  | <b>Timing</b>                                   |
|---|--|---|
| By force, for the 12 months to March 2011 to 12 months to March 2015:<br><br>police recorded crime data, for various categories used by the Office for National Statistics to report crime. | National statistics (published by the Office for National Statistics). | Data from the publication on 16 July 2015.      |
| By force, for the 12 months to March 2011 to 12 months to March 2015:<br><br>victim satisfaction survey data.   | Force data returns to the Home Office.                                 | Updated monthly, through iQuanta for force use. |

### Notes on use of the victim satisfaction surveys data

- Surveys are carried out by all forces, using a mandatory set of core questions that cover first contact, response and follow-up. Feedback from victims is obtained between 6 and 12 weeks after their initial contact, and is currently either by telephone or postal survey. Eligible respondents include all users aged 16 or over.
- The data includes the views of surveyed victims who have had contact with the police in connection with burglary, vehicle crime and violent crime. The figures represent the percentage of these victims who are ('fairly', 'very' or 'completely') satisfied with the service provided by the police.
- Users are asked for their views on five aspects of the service they received:
  1. making contact with the police (ease of contact);
  2. action taken by the police (actions);
  3. being kept informed of progress (follow-up);

4. treatment by staff (treatment); and
5. the overall service provided (whole experience).

Because the results are from sample surveys, confidence intervals are reported with the data. These give a range around the survey result within which we can be 95% confident that the average response of victims of similar crimes would lie, were it possible to survey them all.

As the user satisfaction data are derived from sample surveys, the figures for the percentage of victims satisfied are estimates only. As such, statistical tests have to be applied to calculate whether the satisfaction level in any given force is likely to be different from average, or different from the level reported in earlier time periods (this is called a 'statistical significance' test). A 'statistically significant difference' (at the 95% confidence level) means that the difference is likely to be a real one.

For the 12 months to March 2015, the survey results for Dyfed-Powys Police and City of London Police both have confidence intervals greater than 3 percent so should be treated with additional caution.

## **7. Population data**

Supporting various parts of the report and the individual force reports

| <b>Data</b>           | <b>Source</b>                        | <b>Timing</b> |
|-----------------------|--------------------------------------|---------------|
| Population estimates. | Office of National statistics (ONS). | Mid 2013.     |

### Notes on use of the data

Note that the 'transient' population (rather than resident population) is generally used for comparisons for the City of London Police.

## Annex B: Forces' grades, areas for improvement, causes of concern and recommendations

### Forces' grades

| Force              | Overall Grade        | How well does the force use its resources to meet demand? | How sustainable and affordable is the workforce model? | How sustainable is the force's financial position for the short and long term? |
|--------------------|----------------------|---|--|--|
| Avon and Somerset  | Good                 | Outstanding   | Good   | Good   |
| Bedfordshire       | Requires improvement | Requires improvement                                      | Requires improvement                                   | Requires improvement   |
| Cambridgeshire     | Good                 | Good  | Good   | Good   |
| Cheshire           | Outstanding          | Good  | Outstanding  | Outstanding  |
| City of London     | Good                 | Good  | Requires improvement                                   | Good   |
| Cleveland          | Requires improvement | Requires improvement                                      | Requires improvement                                   | Requires improvement   |
| Cumbria            | Good                 | Good  | Good   | Good   |
| Derbyshire         | Good                 | Good  | Good   | Good   |
| Devon and Cornwall | Good                 | Good  | Requires improvement                                   | Good   |
| Dorset             | Requires improvement | Good  | Requires improvement                                   | Requires improvement   |
| Durham             | Outstanding          | Outstanding   | Outstanding  | Outstanding  |
| Dyfed-Powys        | Requires improvement | Good  | Requires improvement                                   | Requires improvement   |
| Essex              | Good                 | Requires improvement                                      | Good   | Good   |

**UNDER EMBARGO UNTIL 00.01 TUESDAY 20 OCTOBER 2015**

|                     |                      |                      |                      |                      |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Gloucestershire     | Good                 | Good                 | Good                 | Outstanding          |
| Greater Manchester  | Good                 | Good                 | Requires improvement | Good                 |
| Gwent               | Good                 | Good                 | Good                 | Good                 |
| Hampshire           | Good                 | Good                 | Good                 | Outstanding          |
| Hertfordshire       | Good                 | Good                 | Good                 | Outstanding          |
| Humberside          | Inadequate           | Inadequate           | Inadequate           | Good                 |
| Kent                | Good                 | Good                 | Good                 | Outstanding          |
| Lancashire          | Outstanding          | Good                 | Outstanding          | Outstanding          |
| Leicestershire      | Good                 | Good                 | Good                 | Good                 |
| Lincolnshire        | Requires improvement | Good                 | Requires improvement | Requires improvement |
| Merseyside          | Good                 | Good                 | Good                 | Good                 |
| Metropolitan Police | Good                 | Good                 | Good                 | Good                 |
| Norfolk             | Outstanding          | Outstanding          | Good                 | Outstanding          |
| North Wales         | Good                 | Good                 | Requires improvement | Good                 |
| North Yorkshire     | Good                 | Good                 | Requires improvement | Good                 |
| Northamptonshire    | Requires improvement | Requires improvement | Requires improvement | Good                 |
| Northumbria         | Good                 | Good                 | Good                 | Good                 |
| Nottinghamshire     | Good                 | Good                 | Requires improvement | Good                 |
| South Wales         | Good                 | Outstanding          | Good                 | Good                 |
| South Yorkshire     | Requires improvement | Good                 | Requires improvement | Requires improvement |
| Staffordshire       | Good                 | Good                 | Good                 | Good                 |
| Suffolk             | Good                 | Good                 | Requires             | Good                 |

|                |                      |                      | improvement          |             |
|----------------|----------------------|----------------------|----------------------|-------------|
| Surrey         | Requires improvement | Requires improvement | Requires improvement | Good        |
| Sussex         | Good                 | Good                 | Good                 | Good        |
| Thames Valley  | Good                 | Good                 | Good                 | Outstanding |
| Warwickshire   | Good                 | Good                 | Good                 | Good        |
| West Mercia    | Good                 | Good                 | Good                 | Good        |
| West Midlands  | Outstanding          | Good                 | Outstanding          | Outstanding |
| West Yorkshire | Good                 | Good                 | Outstanding          | Good        |
| Wiltshire      | Good                 | Good                 | Good                 | Good        |

## **Areas for improvement, causes of concern and recommendations**

In this year's inspection, HMIC has introduced 'areas for improvement', where a force has been judged as requiring improvement or inadequate, as part of explaining the grade and identifying areas which the force should improve.

A cause of concern is identified when there is a serious or critical failing of policy, practice or performance. The cause of concern is accompanied by a recommendation that proposes a course of action to alleviate or eradicate it.

The following table lists the areas for improvement, causes of concern and accompanying recommendations where relevant for a force. Full details of the inspection findings on each force can be found in the individual force reports which accompany this report and which are available from

[www.justiceinspectorates.gov.uk/hmic](http://www.justiceinspectorates.gov.uk/hmic)



| Bedfordshire   |  |
|--|--|
| <b>How well does the force use its resources to meet its demand?</b> | <p><u>Areas for improvement</u></p> <ul style="list-style-type: none"><li>• The force should undertake further work to gain a fuller understanding of current demand for its services, and likely future changes in demand. This is so it can make best use of its resources to meet the needs of the public and should include working more closely with other organisations.</li><li>• The force should develop an overarching programme management plan, which identifies and addresses all of the risks and interdependencies associated with the scale of change. The plan should include the transition to the new operating model, reducing the size of the workforce, managing the extended collaboration plans and mitigating the impact of the planned ICT developments.</li></ul>   |
| <b>How sustainable and affordable is the workforce model?</b>        | <p>Areas for improvement</p> <ul style="list-style-type: none"><li>• The force should assess whether there are any capacity and capability shortfalls in the current workforce to find ways of overcoming the risk this poses to the service it provides, especially in public protection.</li><li>• The force should engage as widely as possible with the workforce and the other organisations it works with to ensure the proposed operating model and 'One Team Bedfordshire' approach is fully understood. This will assist in directing the cultural change needed and overcoming any resistance which might undermine performance.</li><li>• The force should disseminate detailed operating guidance to the workforce so it has a clear understanding of how the new structure is expected to function, so that all are clear what is expected of them in the new</li></ul> |

|   |   |
|---|---|
|   | operating model.  |
| <b>How sustainable is the force's financial position for the short and long term?</b> | <p><u>Area for improvement</u></p> <ul style="list-style-type: none"> <li>The force should develop clear and realistic plans for achieving the likely savings required beyond 2015/16, to provide greater assurance that should the planned collaboration savings not be achieved or take longer to be realised, the force can continue to balance its budget.</li> </ul>   |
| <b>City of London</b>   |   |
| <b>How sustainable and affordable is the workforce model?</b>                         | <p><u>Areas for improvement</u></p> <ul style="list-style-type: none"> <li>The force should develop a future workforce plan that is aligned to its overall demand and budget. The plans should include future resource allocations, the mix of skills required by the workforce and behaviours expected of them.</li> <li>To support the workforce plan, the force should improve how it records and retains information concerning the skills and knowledge of the workforce to identify future training needs.</li> </ul> |

| Cleveland  |   |
|--|---|
| How well does the force use its resources to meet its demand?                  | <p><u>Area for improvement</u></p> <ul style="list-style-type: none"><li>• The force should gain a fuller understanding of current demand for its services, and likely future changes in demand. This is so it can make best use of its resources by matching them to demand to meet the needs of the public.</li></ul>   |
| How sustainable and affordable is the workforce model?                         | <p><u>Areas for improvement</u></p> <ul style="list-style-type: none"><li>• The force should develop a future workforce plan that is aligned to its overall demand and budget. The plan should include future resource allocations, the mix of skills required by the workforce and behaviours expected of them.</li><li>• The force should fully communicate the future vision of its policing model to the workforce.</li></ul> |
| How sustainable is the force's financial position for the short and long term? | <p><u>Area for improvement</u></p> <ul style="list-style-type: none"><li>• The force should develop clear and realistic plans for achieving the likely savings required beyond 2015/16.</li></ul>   |

| Devon and Cornwall   |  |
|--|--|
| How sustainable and affordable is the workforce model?                         | <u>Area for improvement</u> <ul style="list-style-type: none"><li>• The force should ensure that its workforce modelling includes a focus on threat, harm and vulnerability when outlining future resource allocations, the mix of skills required by the workforce and behaviours expected of them.</li></ul>     |
| Dorset   |  |
| How sustainable and affordable is the workforce model?                         | <u>Area for improvement</u> <ul style="list-style-type: none"><li>• The force should develop a future workforce plan that is aligned to its overall demand and budget. The plan should include future resource allocations, the mix of skills required by the workforce and behaviours expected of them.</li></ul> |
| How sustainable is the force's financial position for the short and long term? | <u>Area for improvement</u> <ul style="list-style-type: none"><li>• The force should develop clear and realistic plans for achieving the likely savings required beyond 2015/16.</li></ul>   |

| Dyfed-Powys  |   |
|--|---|
| How sustainable and affordable is the workforce model?                         | <p><u>Areas for improvement</u></p> <ul style="list-style-type: none"><li>• The force should review its business support unit to ensure staff have the appropriate training and skills to enable the unit to function as intended.</li><li>• The force should develop a future workforce plan that is aligned to its overall demand and budget. The plan should include future resource allocations, the mix of skills required by the workforce and behaviours expected of them.</li></ul> |
| How sustainable is the force's financial position for the short and long term? | <p><u>Area for improvement</u></p> <ul style="list-style-type: none"><li>• The force should develop clear and realistic plans for achieving the likely savings required beyond 2015/16. The plans should include a review of its assumptions about precept and grant income in conjunction with the office of the police and crime commissioner, ensuring that there are adequate contingency plans to address any risks and uncertainties.</li></ul>                                       |

| Essex   |  |
|---|--|
| How well does the force use its resources to meet its demand? | <p>Areas for improvement</p> <ul style="list-style-type: none"><li>• The force should ensure it has a sufficiently skilled and trained workforce to deal with the demand of protecting vulnerable people.</li><li>• The force should ensure it reduces the backlog of unresolved open incidents within the control room.</li></ul>   |
| Greater Manchester  |  |
| How sustainable and affordable is the workforce model?        | <p><u>Areas for improvement</u></p> <ul style="list-style-type: none"><li>• The force should develop a future workforce plan that is aligned to its overall demand and budget. The plan should include future resource allocations, the mix of skills required by the workforce and behaviours expected of them.</li><li>• The force should undertake an appropriate evaluation of its operating model pilot in Salford before adopting the new model and shift system across the force.</li></ul> |

| Humberside   |   |
|--|---|
| <b>How well does the force use its resources to meet its demand?</b> | <p><u>Cause of concern (also applicable to question 2: how sustainable and affordable is the workforce model?)</u></p> <p>The new operating model within the force control room is a cause of concern to HMIC because the arrangements for call handling are resulting in a failure to provide a quality and timely service to the public.</p> <p>To address this cause for concern, HMIC recommends that</p> <ul style="list-style-type: none"><li>• The force should ensure that within three months the command hub is sufficiently resourced, with the right number of staff with the right skills in order to improve its ability to answer calls for service from the public, particularly on the 101 non-emergency number.</li></ul> <p><u>Areas for improvement</u></p> <ul style="list-style-type: none"><li>• The force should review its response allocation and deployment to ensure it is making most efficient use of its resources.</li></ul> <p>The force should undertake work to ensure its understanding of demand is comprehensive, takes into account key information and is incorporated into force governance and planning processes to enable that understanding to remain current, up-to-date and understood strategically.</p> <ul style="list-style-type: none"><li>• The force should develop its understanding of the links between its outcomes, outputs and costs and ensure the change programme reviews the impact of change on all these areas.</li></ul> |

|   |   |
|---|---|
| <b>How sustainable and affordable is the workforce model?</b>                         | <u>Areas for improvement</u> <ul style="list-style-type: none"><li>• The force should review the implementation of its shift pattern to improve how efficiently it is aligning resources to demand.</li><li>• The force should ensure that staff and officers in key areas have the skills required to fulfil their roles in the new operating model.</li></ul>             |
| <b>Lincolnshire</b>   |   |
| <b>How sustainable and affordable is the workforce model?</b>                         | <u>Area for improvement</u> <ul style="list-style-type: none"><li>• The force should develop a future workforce plan that is aligned to its overall demand and budget. The plan should include future resource allocations and the mix of skills required by the workforce.</li></ul>   |
| <b>How sustainable is the force's financial position for the short and long term?</b> | <u>Area for improvement</u> <ul style="list-style-type: none"><li>• The force should develop clear and realistic plans for achieving the likely savings required beyond 2015/16. The plans should include a review of its policy on the use of reserves, to ensure it can continue to efficiently deliver a policing service within future financial constraints.</li></ul> |



| North Wales  |   |
|--|---|
| How sustainable and affordable is the workforce model? | <u>Area for improvement</u> <ul style="list-style-type: none"><li>• The force should ensure that its new operating model has a clear link to demand reduction and mobile data work and is able to provide effective policing with a smaller workforce.</li></ul>  |
| North Yorkshire  |   |
| How sustainable and affordable is the workforce model? | <u>Areas for improvement</u> <ul style="list-style-type: none"><li>• The force should implement its people strategy as soon as possible to ensure the workforce has the capability and skills to meet future demand.</li><li>• The force should put a process in place to ensure the workforce is provided with clear and consistent messages about change.</li></ul> |

| Northamptonshire  |   |
|---|---|
| How well does the force use its resources to meet its demand? | <p><u>Areas for improvement</u></p> <ul style="list-style-type: none"><li>• The force should undertake further work to gain a fuller understanding of current demand for its services, and likely future changes in demand. This is so it can make best use of its resources by matching them to demand to meet the needs of the public.</li><li>• The force should develop its understanding of the links between its outcomes, outputs and costs.</li></ul> |
| How sustainable and affordable is the workforce model?        | <p><u>Area for improvement</u></p> <ul style="list-style-type: none"><li>• The force should develop a future workforce plan that is aligned with its overall demand and budget. The plan should include future resource allocations, the mix of skills required by the workforce and behaviours expected of them.</li></ul>   |
| Nottinghamshire   |   |
| How sustainable and affordable is the workforce model?        | <p><u>Area for improvement</u></p> <ul style="list-style-type: none"><li>• The force should develop a future workforce plan that is aligned to its overall demand and budget. The plan should include future resource allocations, the mix of skills required by the workforce and the behaviours expected of them.</li></ul>   |

| South Yorkshire  |   |
|--|---|
| How sustainable and affordable is the workforce model?                         | <p><u>Areas for improvement</u></p> <ul style="list-style-type: none"> <li>The force should assess the demand on the public protection unit to ensure there is adequate capacity and capability across the department to efficiently manage investigations. At the same time the force should ensure that it assesses and addresses the potential impact on other services to the public by moving staff into the public protection unit.</li> <li>The force should review the impact of the proposed police staff reductions to ensure any impact on specialist and support services is identified and managed.</li> </ul>   |
| How sustainable is the force's financial position for the short and long term? | <p><u>Causes of concern</u></p> <p>The financial planning of the force in relation to its potential liabilities for the Hillsborough Inquest and the Rotherham child sexual exploitation investigation is a cause of concern to HMIC because there is a failure to provide mitigation for future impact.</p> <p>To address this cause of concern, HMIC recommends that:</p> <ul style="list-style-type: none"> <li>The force's plans on how it might meet all the potential financial risks associated with the ongoing costs arising from the ongoing Hillsborough Inquest and the Rotherham child sexual exploitation investigation should be more detailed.</li> </ul> <p><u>Areas for Improvement</u></p> <ul style="list-style-type: none"> <li>The force should create more detailed plans on the future savings that can be made from increased collaboration with Humberside Police.</li> </ul> |

|  |   |
|--|---|
|  | <ul style="list-style-type: none"><li>The force should evaluate the costs and benefits of its new operating model, including its impact on the force's ability to effectively meet and manage demand.</li></ul>   |
| <b>Suffolk</b>   |   |
| <b>How sustainable and affordable is the workforce model?</b>        | <p><u>Area for improvement</u></p> <ul style="list-style-type: none"><li>The force should develop a future workforce plan that is aligned to its overall demand and budget. The plan should include future resource allocations, the mix of skills required by the workforce and behaviours expected of them.</li></ul> |
| <b>Surrey</b>  |   |
| <b>How well does the force use its resources to meet its demand?</b> | <p><u>Area for improvement</u></p> <ul style="list-style-type: none"><li>The force should review its response allocation and deployment to ensure it is making the most efficient use of its resources.</li></ul>   |

|   |   |
|---|---|
| <b>How sustainable and affordable is the workforce model?</b> | <p><u>Area for improvement</u></p> <ul style="list-style-type: none"><li>• The force should provide HMIC with evidence that the new model for neighbourhood and emergency response policing to be introduced in April 2016 will support the police and crime plan in advance of implementation of the new model.</li><li>• In addition the force should assess the risks to service delivery during the transition period (up to April 2016) to the new model, and take appropriate steps to reduce and mitigate those risks.</li></ul> |
|---|---|

## **Annex C: Police funding in England and Wales**

In 2015/16, funding to the police comprises the following funding streams:

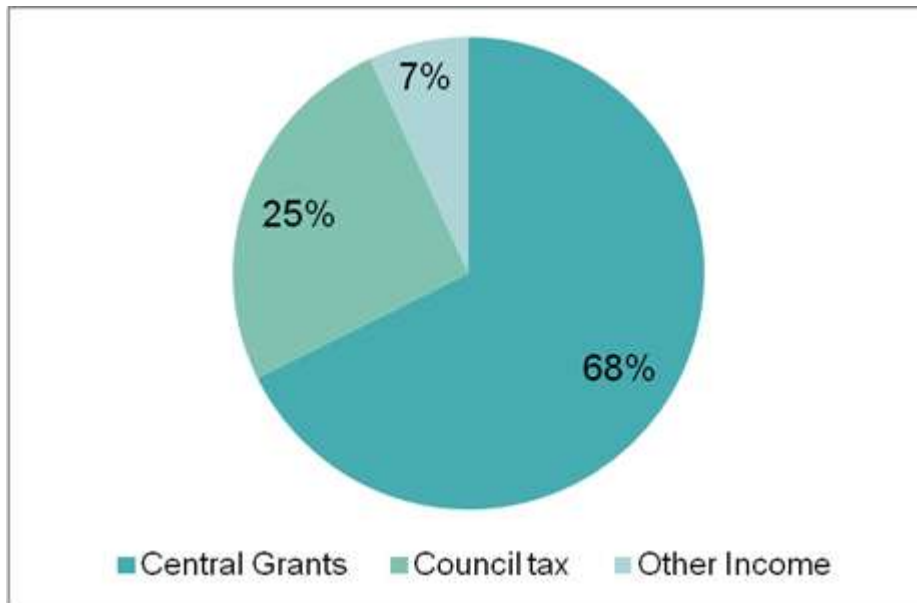
Home Office Police Main Grant (allocated through the Police Allocation Formula);

- funding from the Department for Communities and Local Government (DCLG) or Welsh Government (WG) (from 2013/14 most of the funding provided by DCLG to the police has been transferred to the Home Office and is paid out alongside Police Main Grant);
- police precept (Council Tax);
- Home Office specific grants (for example Counter-Terrorism Police Grant and Police Innovation Fund);
- legacy Council Tax Grant (Local Council Tax Support Grant and Council Tax Freeze Grants);
- other income (for example a local council offering funding for PCSOs or revenue from policing events, such as football matches); and
- a small amount of grant funding, such as from the Ministry of Justice (MOJ) for commissioning victims services.

As a result of local decisions taken by police and crime commissioners and police authorities over the years, there is significant variation in the proportion of funding that forces receive from precept.

Nationally, the average proportion of funding that comes from each area is as shown in the chart below.

**Proportion of funding from each source for England and Wales 2015/16**



Central grants include Home Office Police Main Grant, ex-DCLG funding, WG general grant, Welsh top-up, Counter-Terrorism Policing Grant, Legacy Council Tax Grants (Local Council Tax Support Grant and Council Tax Freeze Grants), PFI funding and the National, International and Capital City Grant (London forces only).

The council tax strand includes only council tax levied locally (the police precept).

The other income strand includes partnership income; income from sales, fees, charges & rents; provision of Special Police Services; and reimbursed income and interest. When a force's finance department starts to consider what its potential income could be, factors include:

- how much the force will get from central government (central government funding);
- whether the PCC will increase precept and by how much (precept);
- the rate of inflation on main areas of expenditure such as pay, fuel and utilities;
- how much income it is likely to generate;
- how much money local partners such as the council will contribute voluntarily;
- successful bids for funding from government departments or the College of Policing; and
- the amount of unallocated reserves held.

## **Central Government Funding**

Most of central government funding for the police service is allocated using a complex relative needs formula, known as the Police Allocation Formula (PAF). The formula takes account of local conditions and likely policing needs by using various data, including on crime, fear of crime, unemployment, density of bars and pubs, and population. The formula takes account of the council tax base in each force area, but it does not take account of all demands on police time, relative efficiency of forces, levels of reserves or the proportion of central government to police precept funding. The outcome is subject to a mechanism known as 'damping' which smoothes funding levels between years. Over the 2010 and 2013 Spending Review periods, damping has been applied so that all forces have received an equal percentage reduction in core government funding.

A Home Office Police Grant Report (and accompanying Written Ministerial Statement) setting out the formal allocations to forces for the next financial year is laid before Parliament in February, with a provisional Police Grant Report published in Parliament in the preceding December. This, along with subsequent announcements on additional reductions (for example, following the results of a Spending Review or the Chancellor's Autumn Statement or Budget), is used by forces to develop their assumptions about central funding in their budget planning for future years.

In exceptional and unforeseen circumstances, police and crime commissioners may apply to the Home Office for special financial assistance (known as Special Grant) for unexpected events for which they could not have planned, for example policing the 2011 riots or managing the floods of recent years. Payment of Special Grant funding is subject to Ministerial discretion.

The Home Office has undertaken a review of the existing funding arrangements. In July 2015 it began a public consultation on its proposals to reform the way funding is allocated to forces. The government's aim is to implement a new model from 2016/17.

### **Spending Review 2010**

The Spending Review 2010 period ran from 2011/12 to 2014/15.

During this period, the government consolidated a number of police funding streams. For example, from 2013/14 the ring-fenced Neighbourhood Policing Fund was incorporated into Police Main Grant and from 2014/15 the Community Safety Fund was also included.



In addition, from 2013/14 Local Council Tax Support Grant funding, worth over £400m, was provided to police and crime commissioners. From 2014/15 this amount was transferred from DCLG to the Home Office to be included in the police settlement.

### **Spending Round 2013**

In June 2013, the government announced a one-year spending round allocation for the financial year 2015/16. For 2015/16 it was announced that central government revenue funding to the police would fall by £269 million, equivalent to a 4.9 percent real terms reduction from the 2014/15 baseline.

### **Spending Review 2015**

In July 2015, the government launched its Spending Review 2015, requiring government departments to draw up plans for the next four years to deliver further savings required to eliminate the deficit by 2019/20. The impact of the Spending Review 2015 on police funding will not be known until 25 November 2015.

### **Council Tax (Precept)**

Central government funding is the largest source of funding for the police. The police precept component of council tax is the second largest. Unlike central funding, council tax levels are determined locally, previously by the Police Authority and, since November 2012, by the elected police and crime commissioner, in consultation with local taxpayers. The local determination of council tax increases over time has led to wide variations in the proportion of police budgets that come from precept.

In 2014/15 and 2015/16, police and crime commissioners in England could not raise their precept level by 2% or more without triggering a referendum.

### **Police Innovation Fund**

The Home Office reallocates funding from within the police funding settlement to fund national priorities and to create specific funding streams such as the Police Innovation Fund. In 2014/15, £50m was reallocated to finance the Police Innovation Fund and, for 2015/16, this was increased to £70m. The fund for 2016/17 will be announced at the 2015 Spending Review in November.

## **Partnership funding and other income**

Local partners from the public, private and voluntary sectors often fund forces to provide additional policing services. The most common example is a local council funding additional neighbourhood policing posts, primarily at PCSO and PC level.

The police also receive a small amount of income (about 7%) from a variety of sources, the most important being for the provision of Special Police Services, such as policing a large football match. This is cost recovery rather than income generation, with some forces recovering less than the actual cost of services they provide.