

UNDER EMBARGO UNTIL 10:30am THURSDAY 21 JULY



Adapting to Austerity

A review of police force and authority preparedness for the 2011/12–14/15 CSR period

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Executive summary

The police service, along with all other parts of the public sector, is facing its biggest financial challenge in a generation. This could be seen either as an opportunity to innovate and refresh – or as a reason to continue as is and see services cut back. It is vitally important to the public that the police adapt as well as is practically possible.

In Spring 2011, Her Majesty's Inspectorate of Constabulary (HMIC) carried out an inspection into the preparedness of forces and authorities across England and Wales to make savings over the four years of the comprehensive spending review period (2011/12–2014/15). This review incorporates our inspection findings, and provides an independent commentary on the estimated scale of the challenge, and how (at this stage) forces and authorities plan to meet it.

Inspection findings

The October 2010 Comprehensive Spending Review (CSR) outlined a 20% cut in the central government police funding grant for all 43 forces in England and Wales by 2014/15 (in real terms). At the time of inspection, all forces either had already identified how they intended to make (or exceed) the required savings, or were developing plans to do so. Overall, HMIC found that they have made a good start, but will need to transform their efficiency if they are to succeed in sustaining services while cutting costs.

The financial challenge

Police forces and authorities had generally made reasonable assumptions about the financial challenge ahead, and used these to work out their budgets for the next four years. Across England and Wales, they estimate they will need to save £2.1bn cash by 2014/15. This translates to an estimated £1.9bn at 2010/11 prices¹ and 14% of their gross revenue expenditure (GRE) in real terms. However, the cuts vary significantly between forces: from 8% to 19% of GRE in real terms.

Workforce reductions

Forces started to reduce the size of their workforce in 2010/11 in preparation for the CSR cuts. In order to reflect this, and give a clearer picture of overall workforce reductions across England and Wales, we have taken March 2010 for our starting point in assessing the impact of the CSR on workforce²

¹ In order to make comparisons easier, financial figures are quoted at 2010/11 prices throughout this report (unless stated otherwise). See Annex A for more detail on this.

² The police workforce consists of officers, police community support officers (PCSOs) and civilian staff. All staff numbers are expressed as whole time equivalents.

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numbers. This also enables us to reconcile the workforce cuts with the estimated budget cuts.

Estimated force data³ suggests that the police workforce in England and Wales will reduce as shown in the following table (numbers have been rounded).

	March 2010–March 2015
Police officers	16,200
PCSOs	1,800
Police staff	16,100
Total	34,100

We estimate that this reduction would result in savings of approximately £1.6bn, and take the overall size of the workforce back to its 2003/04 level (with officer numbers reverting to 2001/02 levels).

Just under a third of this 34,100 reduction has happened already; between March 2010 and March 2011 the workforce fell by around 11,200, with 7,600 of this in the latter half of the financial year. This leaves another 23,000⁴ to go between 31 March 2011 and 31 March 2015.

The forces planning to cut the greatest proportion of police officer numbers were not necessarily those facing the largest estimated budget cuts. One reason for this is that some forces with only moderate cuts have been forced to reduce officer numbers because they had already slimmed down non-frontline functions (which predominantly comprise police staff) before the CSR period.

Implications for frontline numbers

In *Demanding Times* (2011), we defined the policing front line as ‘...those who are in everyday contact with the public and who directly intervene to keep people safe and enforce the law.’

Detailed data from 42 forces⁵ suggests that between March 2010 and March 2012:

- frontline numbers will fall by 2%; and
- non-frontline numbers will fall by 11%.

This implies that for 2011/12, the year for which data is available, forces are planning at this point to protect the front line. It is important to note, however,

³ Workforce figures are correct as of June 2011. HMIC was aware that forces and authorities were refining their plans post-inspection, and wished to use the most current data available; we therefore offered them the opportunity to provide updated workforce numbers in Summer 2011.

⁴ These numbers have been rounded.

⁵ City of London Police was unable to provide data. However, because of the small size of the force, their data is unlikely to make a material change to these national averages. We have therefore carried forward their 2010/11 baseline.

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that the data is a snapshot on a particular day and as such is subject to a degree of fluctuation, especially during a period when forces are in the process of reorganising their workforce.

Looking ahead, maintaining the planned level of protection to frontline/operational numbers of the workforce over the whole CSR period will be very challenging – especially over the next 18 months, as two-thirds of the cuts to central Government funding falls within the first two CSR years (2011/12 and 2012/13).⁶

In addition, some forces are likely to find it more difficult than others to sustain this protection of the front line for the full four-year period. For instance, those forces that both start the CSR with larger financial cuts and:

- Spend a relatively high proportion of their budget on the frontline compared to non-frontline; or
- Already have a relatively low proportion of their officers in non-frontline roles compared to frontline roles.

Reductions in non-pay costs

As outlined above, we estimate that £1.6bn of the total estimated budget cut of £1.9bn facing the service could be met by the proposed workforce reduction. This leaves a balance of £0.3bn to be found from the money⁷ forces spend on non-pay costs, which equates to a 12% reduction. We therefore assessed the extent to which forces are planning to make such a reduction.

A number of forces provided data on their planned savings split between pay and non-pay; 21 forces provided data for 2011/12. These non-pay savings amounted to just under £0.1bn.

While this is not enough information for HMIC to assess reliably whether the non-pay savings planned by forces would bridge the £0.3bn gap, the available data suggests that forces have made a start.

Savings required vs savings planned

After estimating their budgets for the CSR years (p.3) and assessing the reductions for their workforce and non-pay costs (pp.2–5), forces have to varying degrees developed plans setting out how they intend to achieve these cuts. Seventeen forces had costed plans which would provide the necessary yield, in some cases with a margin to cover uncertainty.

However, at the time of inspection the remaining 26 forces had a shortfall in their costed plans; this amounted to £0.5bn. In some instances, this was because the force and authority leadership had decided to produce a three rather than a four-year plan. In other cases, the force plans simply did not yield

⁶ Although transformation (discussed further below) could enable frontline services to be developed and secured.

⁷ CIPFA data for 2010/11 indicates that forces spend £2.6bn on non-staff costs.

enough cash. All these 26 forces and authorities stated they were working on their detailed plans, which they aimed to complete during 2011/12.

The impact on crime and public confidence

As stated above (p.5), forces that have a relatively high budget cut and a relatively low proportion of their officers in non-frontline roles will find it more difficult to make savings while protecting their front lines. Research suggests that frontline officer numbers are one factor in a force's ability to fight crime (although this is difficult to quantify reliably, and how they are deployed is of course key).⁸ These forces will therefore need to improve frontline officer efficiency more than others (see 'Transforming efficiency' section below).

All 43 forces stated an ambition to reduce crime (either overall, or a particular category) at the same time as cutting costs. Of these, 17 forces had set a quantified target. We did not find a relationship between the scale of the cuts and forces' ambitions to reduce crime.

The impact of the move to police and crime commissioners

In 2012, subject to the will of Parliament, police and crime commissioners (PCCs) will replace the current police authorities. While, understandably, this creates a measure of uncertainty, police authorities indicated that they were committed to developing robust financial plans that would allow forces to meet their estimated budget cuts in years when authorities themselves will no longer exist.

Transforming efficiency: cutting costs while safeguarding or improving service to the public

If forces are to maintain or improve the service they provide to the public, they will need to compensate for any reduction in workforce numbers with an increase in efficiency.

The current data suggests that on average, a relatively modest improvement in **frontline efficiency** is needed between March 2010 and March 2012, as the predicted loss in frontline numbers is only 2% in that period. This will only apply if current estimations of where cuts fall are maintained. Although data limitations mean that we have not been able to assess reliably how this might change beyond March 2012, if this were to be sustained over all four years of the CSR, the **non-frontline efficiency** in most forces would have to be transformed; based on their plans, 22 forces would have to cut more than 30% of their non-frontline workforce in order to protect frontline numbers.

Our analysis suggests that on the basis of data currently available, some forces will have to transform the efficiency of both their frontline and non-frontline functions by March 2015 if they are to sustain or improve service levels. Others

⁸ See B. Bradford (2011) *Police Numbers and Crime Rates – A rapid evidence review*. Published alongside this report. Available from www.hmic.gov.uk.

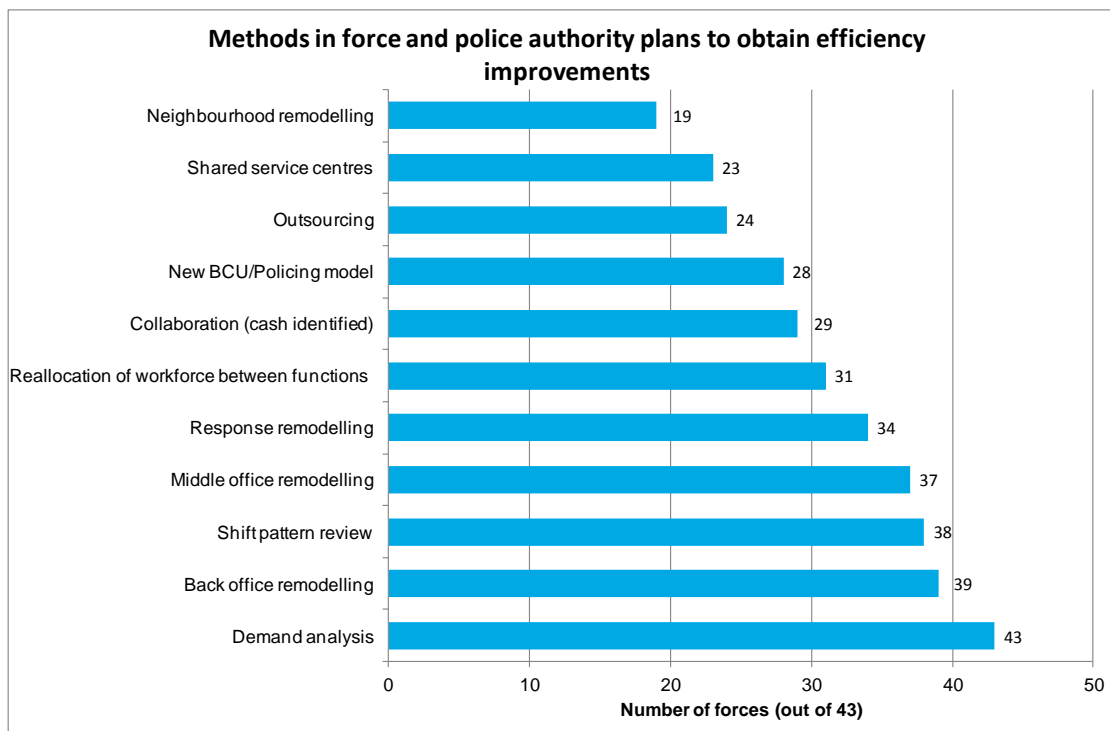
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may by necessity have to make more inroads into frontline numbers. Of the 38 forces that provided workforce data for March 2015:

- 10 forces face a workforce cut that is greater than half their non-front line workforce;
- 8 forces face a police officer cut that is greater than the number of non-front line officers in their force; and
- 5 forces fall into both of the above categories.

Methods being used by forces to improve efficiency

We found that the service is using a wide variety of means to improve efficiency, with a mix of national and locally led programmes to improve processes and achieve economies of scale. The following chart shows the number of forces adopting the various methods.



With a few exceptions (such as the nationally led bureaucracy programme), we found that there was insufficient information available to judge whether the totality of these efficiency improvements would be enough to replace the crime fighting capacity being taken out of the system. However, we have been able to identify those forces that will (based on current data) find it most difficult to achieve this: either because they face significantly larger cuts than others, or because they are already more efficient than others – or both.

Forces and authorities need better information if they are to make informed decisions and choices

The Service's objective must be to effectively cut cost while safeguarding or improving services to the public. To achieve this, they need to make 'informed decisions and choices' about where and how to make savings. The police therefore need to know the advantages, disadvantages and potential gains of all the available savings and efficiency options: but currently this information is not readily available to them. In addition, the incentives in the system of policing for leadership teams to use this information to drive change are weak. Taken together, this could lead to increased fragmentation (rather than collaboration) in the short and medium term, which is unlikely to achieve the yield for the tax payer that collective public sector buying power can achieve.

In order to assist forces and authorities in making informed choices about how to transform efficiency, and to help give the Home Office a clear view on what services and products can be shared, there is a pressing need to:

1. Share quality, checked information between forces and authorities on the potential yield from different choices about workforce, process improvement and economies of scale. This would enable the leadership of forces and authorities to make better informed choices for the public.
2. Share information between forces and authorities on the optimum sequencing of change: reducing bureaucracy before improving processes and information systems, and then collaboration.
3. Seek good quality objective and comparative information on the potential benefits from different private or public sector joint venture initiatives.
4. Arrive at a broadly agreed set of ideas about transformation so that decision makers have a common language.
5. Consider further how forces and their local governance bodies will be supported in future: the National Policing Improvement Agency is currently providing support locally and nationally but is due to close soon, and in addition forces and their local governance bodies will need to develop some capabilities (such as contract management).

Next steps

HMIC plans to carry out two further pieces of work, based on the findings of this inspection:

1. A **revisit of force plans** later in the year. This will focus on the progress forces are making in determining how they will achieve their cuts (and whether the £0.5bn gap has been bridged), and how well those forces that face the greatest challenges are doing.
2. A **review of the use of collaboration** across forces, due for publication in Winter 2011.

We will also continue to develop the crime, cost and workforce data which is published on our website (www.hmic.gov.uk).

1. Introduction

It has never been more important for forces and authorities to make effective decisions on how to manage their resources and improve their efficiency. Therefore in Spring 2011 HMIC carried out an inspection into the preparedness of forces and authorities to cope with the financial challenges of the CSR period. This provided an external challenge to forces by testing their assumptions and approach, and aimed to share knowledge and provide assurance to police authorities in the lead-up to publication of their medium term financial plans.

This review incorporates the overall findings from our preparedness inspection, and examines:

- the plans forces and authorities have made;
- what this means across England and Wales as a whole;
- how different forces compare;
- whether frontline numbers will reduce;
- the impact of this on crime and police visibility; and
- the need to transform the efficiency of support functions.

Inspection methodology is given at Annex A.

2. Force plans – the financial challenge

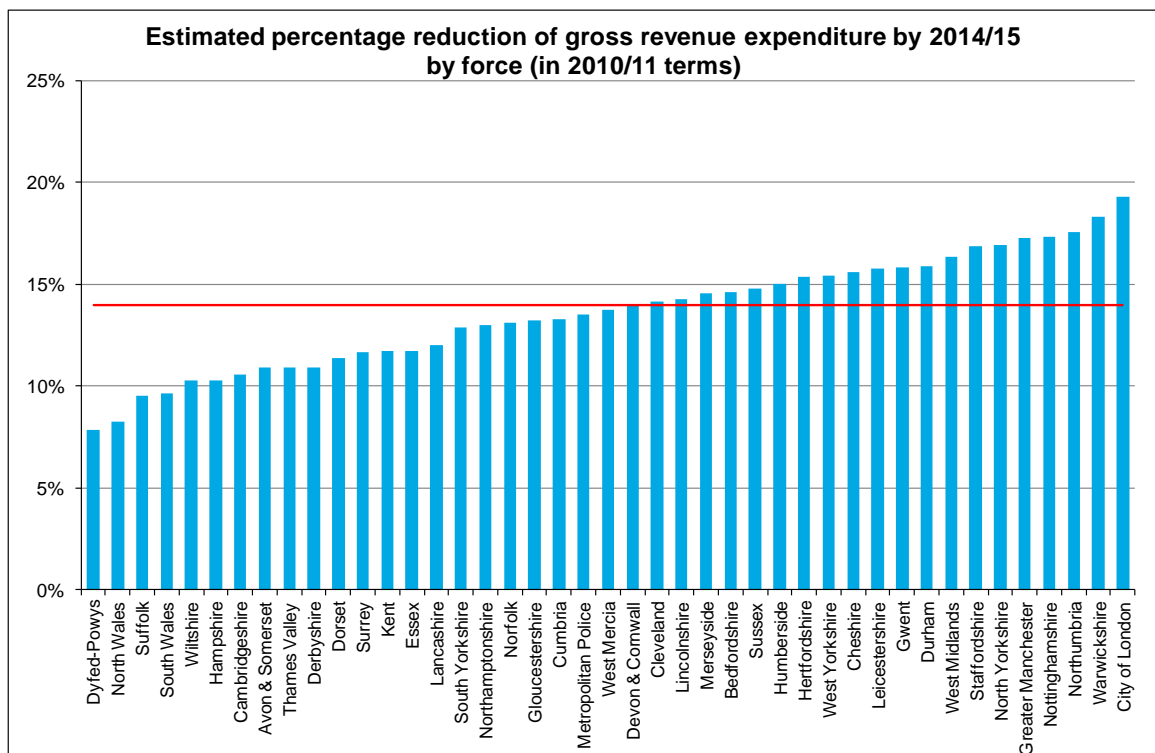
Total estimated cut to police budgets across England and Wales

As part of the Government’s 2010 Comprehensive Spending Review (CSR), central government police funding grant for all 43 forces in England and Wales was cut over the four-year review period by 20% in real terms. Two-thirds of this cut fall within the first two years (2011/12 and 2012/13).

We found that all forces and police authorities in England and Wales had made an assessment of what their budgets would be for the CSR period. Taken together, these estimate the total of police force budget cuts to be **£1.9bn in 2010/11 terms**, out of a gross expenditure (excluding use of reserves) of £13.8bn. This is equivalent to a 14% cut across England and Wales in real terms.

Force-by-force variation

However, not all forces are affected equally. Based on the data provided by forces, we found that **the cuts vary from force to force, from 8% to 19% of GRE** in real terms, as the following chart shows.⁹



⁹ The data used in this chart has been adjusted to remove a potential distortion when comparing Northumbria Police with other forces. In 2009, this force and authority agreed a significant pre-plan overspend, which allowed temporary growth of an additional 110 police officers, and 110 police staff until 2013. Similarly, Warwickshire have been using reserves to balance their budget and intend to cut their costs to a greater degree than that shown above.

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There are two main reasons behind this variation, although the first is far more significant:

1. Varying reliance on central Government funding; and
2. The different assumptions used by forces in estimating their budgets for the CSR period.

1. Varying reliance on central Government funding

Although the majority of a force's funding comes from the national funding grant, they also receive money from precept (see below) and other sources. The more they rely on central Government funding (and in 2010/11, this varied widely, from 54% to 84% of GRE), the greater the savings they must make as this funding is cut over the CSR period. This is central to explaining the range in cuts faced by forces.

2. Different assumptions used by forces in estimating their budget cuts

Force assessments can only be approximate at this stage because they necessarily contain assumptions about:

- future decisions over council tax **precept** levels and the results of the *Local Government Resource Review*;¹⁰ and
- the effects of **inflation** on their costs (such as salaries and fuel).

Precept is a tax levied on householders, set by police authorities and collected through the council tax system. In broad terms, the greater the percentage of a force's funding that comes from precept, the less a force will be affected by cuts to its central Government grant.

In this respect, the four Welsh forces (Dyfed Powys, Gwent, North Wales and South Wales) are in a different – and better – position than English forces. All receive an average or higher than national average proportion of their GRE from precept; and in addition, they are not affected by the 2011/12 council tax freeze in place across England.

The effect of **inflation** also varies from force to force, depending on what they spend their money on. For instance, some forces cover a larger geographical area, and so might be expected to have higher fuel costs, the price of which may well increase at a higher rate than salaries.

With 81% (on average) of police forces' costs going on pay, inflation in this area is an important factor, and will be affected by the recommendations of the Winsor Review into police pay and conditions.¹¹

¹⁰ See <http://www.communities.gov.uk/statements/corporate/localgovernmentfinance> for more detail.

¹¹ Part 1 was published during the course of our inspection; Part 2 in January 2012. Winsor's recommendations are subject to the Government's acceptance and agreements at the Police Negotiating Board. Available from www.review.police.uk

If forces made overly optimistic assumptions about either of these factors, they might face an unexpected financial gap later on in the CSR period.

HMIC therefore examined plans to see if the stated assumptions around precept and inflation were realistic. Based on the data provided, we found that forces had made relatively balanced assumptions:

- Some forces had made slightly lower inflation assumptions, but then balanced this with slightly lower precept assumptions;
- Others had slightly higher inflation assumptions, balanced by their slightly higher precept assumptions.

The resulting national picture is one of relative prudence. There was, however, an exception to this: one force was planning to draw heavily on reserves in years 1 and 2 of the CSR period, while assuming a significant increase in precept in years 3/4. We recommend that this force reconsiders the likelihood of such a rise.

A note on capital expenditure

Part of the financial challenge for forces is also to reduce capital expenditure, as central government capital grant reduced from £220m in 2010/11 to £87m in 2011/12. This inspection focused on the non-capital element of force budgets, as this is where the bulk of their expenditure lies. However, we may come back to look at capital expenditure in the future.

3. Force plans – workforce reductions

On average, workforce costs account for 81% of force budgets (GRE) across England and Wales.¹² It is therefore unsurprising that forces are planning to achieve the bulk of their savings by cutting the number of officers, staff and police and community support officers (PCSOs).

The workforce reduction analysis in this section is based on the data that forces provided to HMIC in May/June 2011. HMIC was aware that forces and authorities were refining their plans post-inspection, and wished to use the most current data available; we therefore offered them the opportunity to provide updated workforce numbers in Summer 2011. However, not all forces were able to provide figures for all years of the CSR period.¹³ Please refer to the methodology in the Annex A, which sets out how we have dealt with missing data.

Workforce reduction from March 2010 until the end of the CSR period

As the scale of the financial challenge ahead became clearer to forces during 2010/11, most introduced recruitment reviews and moratoriums, which started to reduce their workforce in that financial year. In order to reflect this, and give a clearer picture of overall workforce reductions across England and Wales, we have taken March 2010 as our starting point in assessing the impact of the CSR on workforce numbers (this also enables us to reconcile the workforce cuts with the estimated budget cuts).

The table below therefore shows the reduction in workforce numbers over five years (the CSR period plus 2010/11). Data for the CSR period only is given at Annex B. To note: figures are rounded.

¹² The police workforce consists of officers, police community and support officers (PCSOs) and civilian staff.

¹³ To note: the Metropolitan Police Service (MPS) have a three rather than four-year plan, as is the requirement of the London Assembly.

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Estimated police workforce reductions in England and Wales: March 2010–March 2015¹⁴

	Officers	Staff	PCSO	Totals
31 March 2010 (actual)	143,800	83,200	16,900	243,900
31 March 2011 (actual)	139,100	77,800	15,800	232,700
31 March 2015 (end of CSR period – from forces' workforce plans)	127,600	67,100	15,100	209,800
Total reduction between March 2010 and March 2015	16,200	16,100	1,800	34,100

Based on this, from March 2010 until the end of the CSR period there will be:

- 11% (16,200) fewer officers;
- 19% (16,100) fewer staff;
- 11% (1,800) fewer PCSOs; and
- a 14% reduction in total workforce.

It should be noted that these figures are likely to change:

- The figures *underestimate* the national picture, because **not all forces provided data for all years of the CSR period.**¹⁵ Most significantly, the MPS – which in 2009/10 accounted for 22% of the entire English and Welsh workforce – did not provide data for the last year of the CSR.¹⁶ In addition, the figures assume that vacancy rates going forward will be negligible; this may not be the case.¹⁷ However, it should be noted that the potential savings from implementation of the recommendations of Part 1 of the Winsor review (see above) could well offset the underestimate that may result from these two factors.
- In addition, **forces are still developing their plans.** So, for instance, we found that the predicted workforce reductions provided by forces fell between the initial inspection figures (in Spring 2011) and the June 2011 data quoted here.¹⁸
- Better information about the prudence (or otherwise) of **force assumptions** will become available over time (see above pp.12–13).

¹⁴ This is based on force supplied data to the Home Office, inspections carried out between January and May 2011 and follow up work in June 2011. However, the picture may change as forces take stock of what they achieve in 2011/12 and 2012/13.

¹⁵ See the methodology for more information.

¹⁶ MPA require the MPS to publish three rather than four-year plans.

¹⁷ See the methodology in Annex A for more information.

¹⁸ To note: the overall and average trend so far has been to reduce the anticipated workforce reductions predicted over the CSR period.

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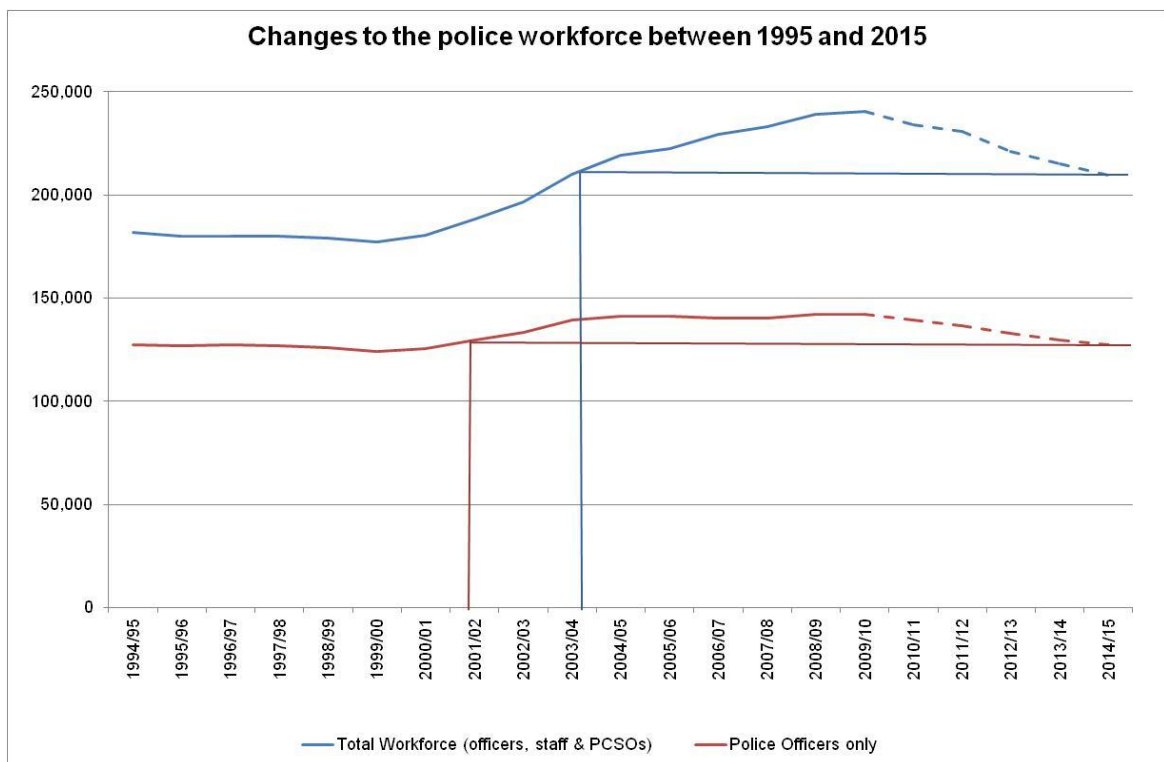
Frontloading of workforce reductions in 2010/11 and 2011/12

This table shows that, of the 34,100 overall workforce reduction, just under a third has happened already; between March 2010 and **March 2011** the workforce fell by around 11,200, with 7,600 of this in the second half of the financial year. This has the effect of reducing the pay bill in each succeeding year by around £0.5bn.

Data provided by forces suggests that by **March 2012** the workforce will have reduced by around **12,800** (compared to March 2010). It should be noted that the figure for 2011/12 is based on data provided by forces and could change (perhaps significantly) as forces further progress their plans – especially as two-thirds of the central Government grant cut fall within the first two years of the CSR (2011/12 and 2012/13).

Putting the numbers in some perspective

It is important to put these numbers in perspective. With these cuts, police officer levels will be back to around the same as in 2001/02; the police workforce as a whole will be the around same size as it was in 2003/04, as the following graph shows.



Local variations in workforce reduction

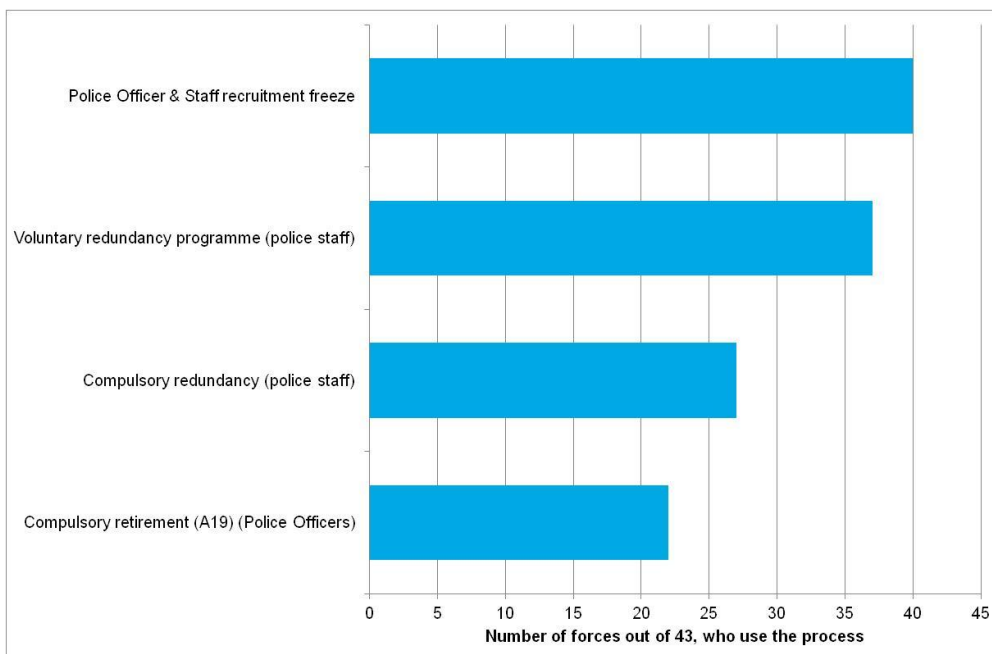
We did not find a strong relationship between the estimated size of the budget cut faced by a force and the proportion of officers it planned to cut. For example, between March 2010 and March 2015:

- Of two forces facing a funding cut of 8%: one is planning a 13% drop in officer numbers, the other intends to maintain numbers.
- Of two forces facing a funding cut of 12%: one predicts a 15% fall in officer numbers, the other predicts a 4% increase.

Total savings from workforce reduction

HMIC has put an approximate value on each post reduction using average figures for staff costs in each force. Using this, we estimate that a workforce reduction of 34,100 from March 2010 to March 2015 will result in a saving of approximately £1.6bn. This leaves a gap of around £0.3bn between staff cost savings and the £1.9bn total savings that forces need to realise.

How forces plan to achieve workforce reduction



Forces are limited in how they can reduce their workforce. The main way to reduce the police officer workforce is **to cut back or stop recruiting**, allowing normal turnover to reduce costs. The majority of forces had already put police officer recruitment moratoriums in place during 2010 (ie before the CSR period began); most force plans included the intention to continue these.

Police officers cannot be made redundant, although under Police Pensions **Regulation A19**, those with 30 years' service can face compulsory retirement on the grounds of organisational efficiency. We found that all forces and

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authorities have considered the use of Regulation A19; 22 of these either had or were about to use it.

However, both these methods come at a cost:

- A recruitment freeze brings immediate savings, but may result in an uneven skill set in the workforce in future years.
- Regulation A19 is a blunt instrument: as currently drafted, it appears to discourage the process of protecting specialist skills. The savings it delivers are also modest¹⁹ once the pension costs are deducted from the salary savings.

HMIC is aware that Part two of the Winsor review of pay and conditions is looking at mechanisms for future exit routes for police officers. This presents an opportunity to examine these issues.

As well as asking forces about how they planned to achieve their workforce reductions, HMIC was also looking for evidence that they had considered the impact on the workforce profile. At the time of the inspection, about three-quarters of forces had completed an equality impact assessment, which forces are obliged to publish.

While interrogation of impact assessments was outside the scope of this inspection, HMIC noted the following general points:

- Women make up the larger proportion of police staff roles, and are likely to be more affected by decisions to cut staff as opposed to officers;
- A19 is likely to disproportionately affect white men, who make up the majority of those recruited into the service 30 years ago;
- Anecdotal evidence from staff associations²⁰ report that revising shift patterns (see below pp.30-1) may disproportionately affect women, because they make up the majority of part-time workers.

Use of special constabulary

Most forces have plans to increase the size of their special constabulary over the CSR years. The table shows the totals across all 43 forces over the CSR period. NB: figures are rounded.

	Number of special constables	% change year-on-year
March 2010 (actual)	15,500	n/a
March 2011 (actual)	19,300	+25%
March 2015 (proposed)	22,600	+17%

¹⁹ The police authority saves the salary, but the taxpayer pays the pension.

²⁰ Staff associations include the Police Federation, the Police Superintendents Association, Unison, PCS.

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Over the last decade, the special constabulary has grown steadily, and become more professional in training and development. While the final number of special constables will still only represent a small proportion of the total workforce, this boost in numbers will provide useful additional support.

Workforce reductions: conclusions – and some perspective

HMIC concludes that:

- The size of the workforce is likely to fall by around 34,100²¹ between March 2010 and March 2015.
- Just under a third of this reduction of 34,100 has happened already; between March 2010 and March 2011 the workforce fell by around 11,200, with 7,600 of these in the second half of the year. This leaves a fall of 23,000²² between 31 March 2011 and 31 March 2015. Police officer cuts vary significantly between forces and there is no strong relationship with the size of the estimated budget cuts.
- By 2015, the total police workforce number will revert to its 2003/04 level.

²¹ This excludes the special constabulary (see p.17). See also the methodology at Annex A for details and data limitations.

²² These numbers have been rounded.

4. Force plans – implications for the frontline

The previous section outlined the planned reductions in police officers, police staff and PCSOs from March 2010 until the end of the CSR period (March 2015). We then examined what effect these will have on frontline numbers and proportions.

Defining the frontline

HMIC’s 2010 *Demanding Times* report provided a model for the police workforce, which allocated roles to ‘visible’, ‘specialist’, ‘middle office’ and ‘back office’ categories (see Annex C). We also published a working definition of the policing frontline, and outlined which of these roles worked within it:

“The police front line comprises those who are in everyday contact with the public and who directly intervene to keep people safe and enforce the law.”

The nub of this definition is that the frontline comprises those involved in operational day-to-day activities.

Estimated frontline reduction March 2010–March 2012

As discussed above, HMIC has used **31 March 2010** as its baseline for analysing the effect of the estimated budget cuts on workforce numbers. We therefore used the same starting point in examining how many of these cut posts are frontline.²³

Only eight forces provided a plan that detailed their anticipated frontline vs non-frontline profile for the whole of the CSR period. This meant that we did not have enough data to analyse what frontline numbers will be by the end of the period (March 2015). However, we are able to show with some confidence estimated frontline reductions by **31 March 2012**, since force planning is much more advanced for the first year of the CSR period (with 42 forces able to provide data on frontline numbers for 2011/12).

	Front line	Support functions	Total
31 March 2010 (actual)	166,200	77,700	243,900
Forces’ planned reductions: March 2010–March 2012	2,500	8,600	11,100

²³ This was also the baseline used in *Demanding Times*.

Based on these figures, between March 2010 and March 2012:

- **Frontline numbers will reduce by 2%; while**
- **Non-frontline numbers will reduce by 11%.**

We have checked these findings using data provided by forces to the Chartered Institute for Public Finance and Accountancy (CIPFA),²⁴ which show similar trends. There are however two points to note:

1. The figures shown in the table are not complete: they show 11,100 of the 12,800 total workforce reduction planned for March 2010–March 2012 (as outlined on p.15 above). Forces did not have detailed data on whether the 1,700 remaining posts will be cut from frontline or non-frontline functions. This means that if in March 2012 we discover that all these posts have actually been cut from the frontline, the front line reduction between March 2010 and March 2012 would increase to 3%.
2. The 2% planned decrease from March 2010 to March 2012 conceals a 5% decrease in frontline numbers in the March 2011 actual data. It is important to note, however, that the data is a snapshot on a particular day and as such is subject to a degree of fluctuation, especially during this period when forces are in the process of reorganising their workforce.

Overall however, our analysis therefore suggests that forces are making efforts to protect the front line between March 2010 and March 2012, by making deeper reductions in non-frontline services. This is supported by the planned proportions of staff in frontline vs non-frontline services over this period, which shows that even though overall numbers in both have fallen (as we have seen), on average across England and Wales forces plan to increase the proportion on the front line.

	Front line	Non-frontline
March 2010	68%	32%
March 2012	70%	30%

Protecting the frontline is more of a challenge for some forces than others

In *Demanding Times*,²⁵ we reported that 24,600 of the 143,800 police officers employed across England and Wales were in non-frontline roles. As we have seen (p.14 above), forces' high-level workforce plans indicate approximately 16,200 police officer posts will be cut over the whole CSR period.

Several factors make it either difficult or impossible for some forces to make the required savings without having an impact on the frontline. These include

²⁴ CIPFA data for 2009/10 and 2011/12.

²⁵ HMIC (2011) *Demanding Times*. Available from www.hmic.gov.uk

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1. forces that face a large cut and start with a relatively large front line (vs non-frontline functions); and
2. forces that face a large cut and have a relatively low proportion of non-frontline officers.

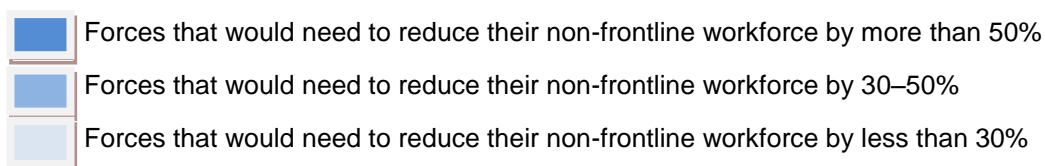
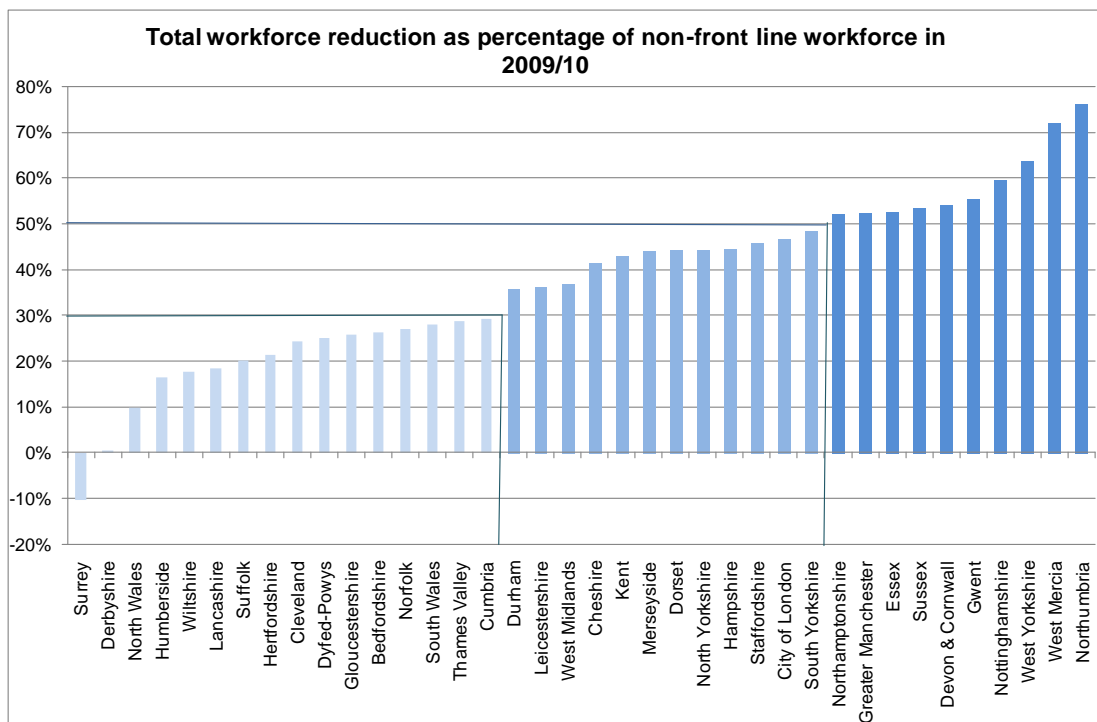
Both these factors could be typical of a force that had already made efficiencies to its non-frontline functions before the CSR announcement. This indicates that, other factors being equal, forces that had made the greatest efficiency savings in the past would find the cuts more difficult to achieve without affecting service to the public.

In order to assess the implications for the front line, we have identified the extent to which forces fall into one of these two categories.

1. *Forces that face a large cut and start with a relatively large front line*

Those forces that have a relatively large front line (as a proportion of their total workforce) will find it harder to protect it, as they only have a smaller non-frontline workforce from which they can make cuts.

The graph below therefore shows the **total workforce** cuts between March 2010 and March 2015 as a percentage of their non-frontline workforce at March 2010. This information is taken from the plans of the 38 forces that were able to provide this data for March 2015.

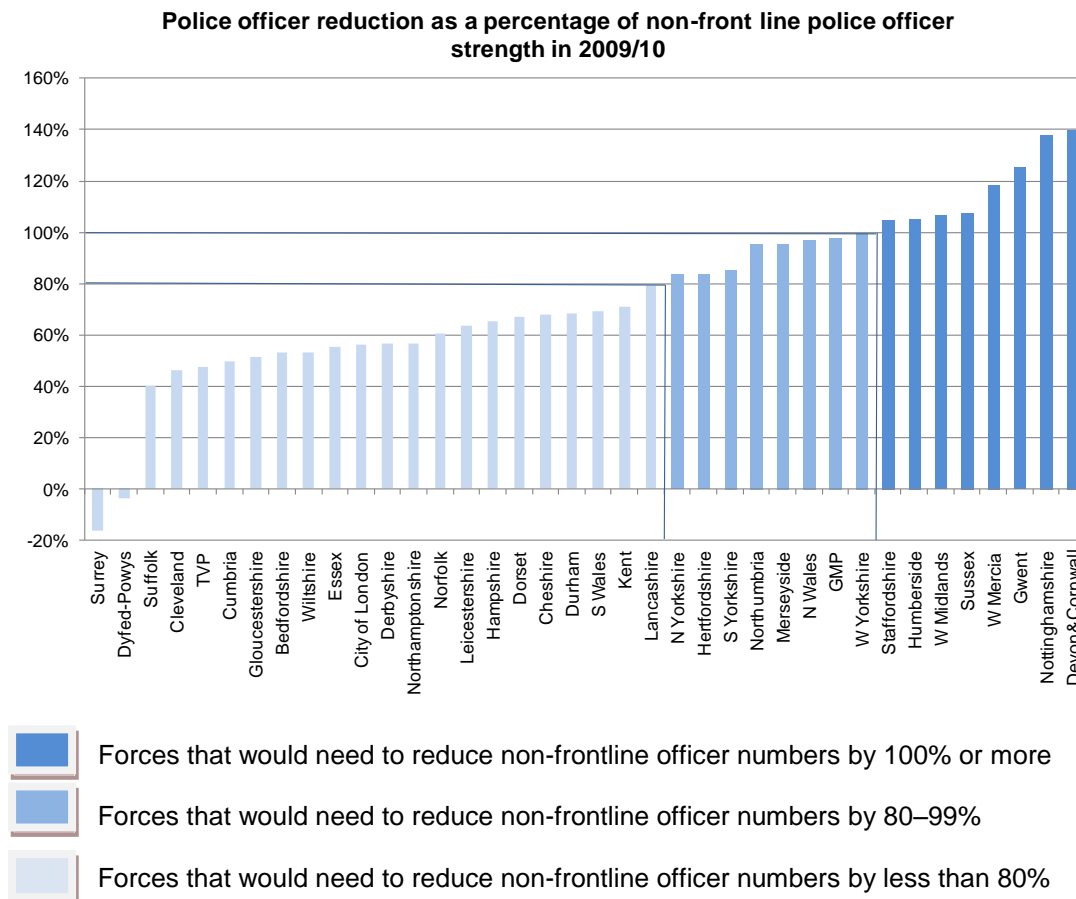


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The graph shows that ten forces would need to reduce their non-frontline workforce by more than 50%, and a further 12 by between 30-49%. Such large reductions would be extremely difficult (if not impossible) to achieve without affecting the service delivered to the public (see also Section 8, 'Transforming efficiency').

2. Forces that face a large cut and have a relatively low proportion of non-frontline officers

HMIC also looked at the number of **police officer** posts to be cut in each force between March 2010 and March 2015 (based on forces' workforce plans) as a proportion of the total number of police officers in non-frontline functions at March 2010, in order to assess the risk to frontline services.



This graph shows that in eight forces (those exceeding 100 percent) the number of officer posts they plan to cut is higher than the number of officers they have in non-frontline functions. As a result, these forces cannot achieve their savings simply by redeploying officers from non-frontline functions. (One of the largest forces, West Midlands Police, is in this position).

A further eight forces would need to reduce the police officers allocated to these functions by 80–99%, if they were to avoid having an impact on the number of police officers in frontline roles. (Another of the largest forces, Greater Manchester Police, is in this position.)

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Five forces appear to have a particularly difficult challenge as they are affected by both factors, ie their proposed cuts in officer numbers exceed the total officers they have in non-frontline roles, and their overall planned workforce reduction equates to more than 50 percent of their non-frontline workforce.

These forces are:

- Devon and Cornwall
- Gwent
- Nottinghamshire
- Sussex
- West Mercia

Reasons for having officers in non-frontline roles

It is important to note that there are, of course, good reasons why forces assign police officers to middle and back office functions:

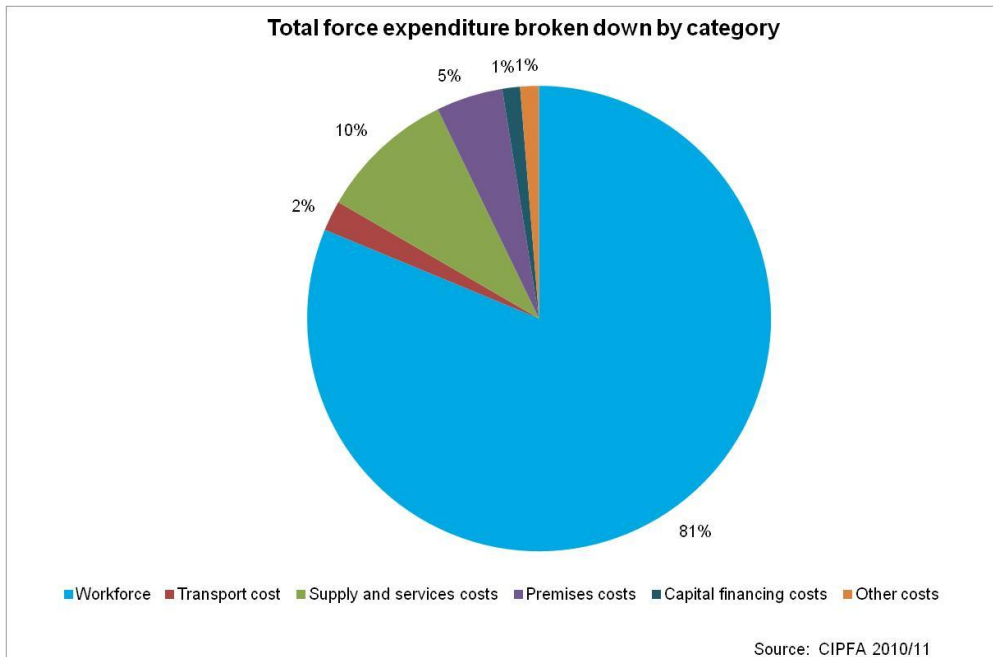
- Primarily, this is in order to ensure that there are supervisors in these functions who have operational experience (for instance, sergeants or inspectors in control rooms).
- Police officers offer more resilience than other types of worker; they can be ordered to work on any task and to make short notice changes – both to their role, and to their working pattern.
- They are also prohibited in statute from participating in industrial action.

In addition, often officers who are injured or have other restrictions to what they can do are assigned to back / middle office tasks where they can carry out a valuable role. This becomes a further constraint to force flexibility in organising its workforce, because if they cannot be accommodated forces and authorities will have no option but to retire these people on the grounds of ill health, and shoulder the ensuing pension costs.

On average, 2% of all police officers have temporary constraints (recuperative duty) and 4% have longer term constraints on their deployment (restricted duty). However, the number and mix of cases varies significantly from force to force. The proportion of officers on restricted or recuperative duties will also limit the ability of forces to release police officers from non-frontline posts. This will, in turn, require more forces to totally transform their middle and back office functions in order to protect frontline services. What this means in practical terms is considered in Section 8.

5. Force plans – non-pay cost reductions

The police are a service provider, and as such most of the budget is spent on people-related costs. Across all 43 forces an average is 81% of gross revenue expenditure (GRE) is spent on pay and other people costs, and 19% on non-staff costs, as the following diagram shows:²⁶



As outlined in Section 3, HMIC estimates that £1.6bn of the £1.9bn estimated budget reduction facing the Service would be met from the proposed cut in workforce numbers. This leaves a balance of £0.3bn to be found from the £2.6bn (in 2010/11 terms) that forces spend on non-staff, equivalent to a 12% reduction. We therefore assessed the extent to which forces are planning to make such a reduction.

A number of forces provided data on their planned savings split between pay and non-pay; 21 forces did so for 2011/12. These non-pay savings amounted to just under £0.1bn, equivalent to 9% of the non-pay budget for these forces.

Due to the data gaps, HMIC has not been able to assess reliably whether the non-pay savings planned by forces would bridge the £0.3bn gap. The data that is available suggests that forces have made a start, but that more non-pay planning work will be needed if they are to continue to protect the frontline at the same level as in Year 1 of the CSR period.

²⁶ Based on CIPFA 2010-11 national GRE spend estimates.

6. Are forces and authorities prepared to meet the financial challenge?

Based on the information provided by forces, HMIC found that all police forces and authorities had planned how they intended to balance their books for Year 1 of the CSR period (2011/12). Seventeen forces had identified how they would make or exceed the savings they needed in each of the four years, with no financial 'gap'.²⁷

HMIC found that in 13 of these 17 forces, initiatives to save money exceeded their estimated budget reduction over the four years, in most cases by a few percent but in three cases by considerably more (by 20% or more). We appreciate that there are still uncertainties in the actual amount of cuts (see above): but it is reasonable to expect forces to cover uncertainty in budget and saving forecasts by planning to save more than is needed

The remaining 26 forces had not yet identified how they planned to make all of the necessary savings across the four-year period. Across England and Wales this shortfall amounted to £0.5bn of the £1.9bn unaccounted for in plans so far. There are two reasons for this:

- In some cases, force and authority leaderships were reluctant to produce a plan for the full four-year period. HMIC understands this perspective but believes that, in general, it is prudent to have a longer term direction to guide decision making – even if that plan is changed later.
- Forces have estimated their budget (as set out in Chapter 2) and worked out the consequence for staff reductions (Chapter 3) and non-pay budgets (Chapter 5) but their plans, setting out how they are going to achieve these savings, simply do not yet yield enough cash.

In all these cases forces and authorities stated they were working on their detailed plans, which they aimed to complete during 2011/12.

The role of police authorities, and the extent of public consultation on the plans

In 2012, subject to the will of Parliament, police and crime commissioners (PCCs) will replace the current police authorities. In the mean time, police authorities indicated that they were committed to developing robust financial plans that would allow forces to meet their estimated budget cuts in years when authorities themselves will no longer exist.

²⁷ These forces are Cheshire; Cleveland; Derbyshire; Dorset; Dyfed-Powys; Essex; Gwent; Hampshire; Humberside; Kent; Lincolnshire; North Wales; Nottinghamshire; South Wales; Suffolk; West Yorkshire; and Wiltshire.

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As part of this, HMIC expected that authorities would consult the public about their plans, to ensure they are focused on those areas that are of greatest value to the public and delivering on those areas in the most productive way.

We found that all authorities consulted the public on their local policing priorities and used this information to inform their planning processes. In addition, 42% of authorities specifically consulted the public on how the cuts should be made and where the money should be spent. This was done through questionnaires, focus groups and online tools.

7. The impact on service delivery: crime levels

In 2010, the Home Secretary Theresa May challenged the police service to undertake significant budget cutbacks while reducing crime and ASB and without damaging the front line. Sections 4 and 5 assessed how forces and authorities are planning to make savings and protect the frontline; this section looks at whether they have planned to reduce crime at the same time.

Impact on crime levels

As part of the inspection, HMIC examined whether plans indicated that forces were aiming to reduce crime while cutting costs. Analysis conducted at the beginning of June 2011, combined with inspection findings from January to April, shows that all 43 forces had set an ambition to reduce crime (overall crime or a specific crime type); 17 of these had set a quantified target.

The picture was not quite as good for anti-social behaviour, with only 34 forces making a commitment to reduce it (of which 12 had set a numerical target).

Although we found no direct relationship between the size of the cuts and planned performance the five forces with the most ambitious crime reduction targets are subject to a proportionally higher estimated budget reduction (more than 16%) than many of their peers.

However, three of these are among the 10 forces with the highest crime levels in England and Wales – and those with a higher crime level to start with would be expected to plan to achieve the greatest reductions. These forces are:

- Nottinghamshire Police (which has a target to reduce all crime by 24% over two years);
- GMP (a target to reduce all crime by 7% in 2011/12); and
- Leicestershire Constabulary (a target to reduce all crime by 5% in 2011/12).

The other two forces are:

- Durham Constabulary (a target to reduce all crime by 5% in 2011/12); and
- West Midlands Police (a target to reduce all crime by 7% in 2011/12).

To note: Nottinghamshire Police, GMP and West Midlands Police were all identified in Section 4 as forming part of the group of forces who are facing the most significant challenge in protecting their frontlines while meeting their CSR requirements.

Anticipated effect of reduced officer numbers on crime levels

Although there is good evidence to suggest that a total lack of police presence leads to an increase in crime, a direct link between police numbers and crime is less well evidenced. Research suggests that, all other things being equal:

- higher levels of police are linked to lower levels of property crime; and
- evidence for an association between police numbers and violent crime is weaker.

But it is very rare that all other things *are* equal: socioeconomic factors and police efficiency are rarely stable for long, and thus researchers have found it difficult to predict reliably the discrete impact of police numbers on crime.²⁸

What can be said more reliably is that how officers are deployed has an impact on crime. Overall, therefore, the main message HMIC took from these findings was that forces will need to improve their efficiency in order to ensure the service they provide is maintained while their workforce numbers reduce.

HMIC did not find a direct relationship between the proposed changes to the frontline resources in 2011/12 and their ambition in relation to performance objectives and targets for the year. For example:

- Of two forces that have an unquantified objective to reduce crime, one is planning to increase its frontline officer numbers by 5%, the other to reduce its frontline officer numbers by 8%.
- Of two forces that have a target to reduce crime by 5%, one is planning to maintain its officer numbers, the other to reduce officer numbers by 2%.

An explanation for this may be that forces were at very different starting points at the beginning of the CSR period, in relation to their operating environments and performance positions as well as their workforce mix of officers and staff.

²⁸ See B. Bradford (2011) *Police Numbers and Crime Rates – A rapid evidence review*. Published alongside this report. Available from www.hmic.gov.uk.

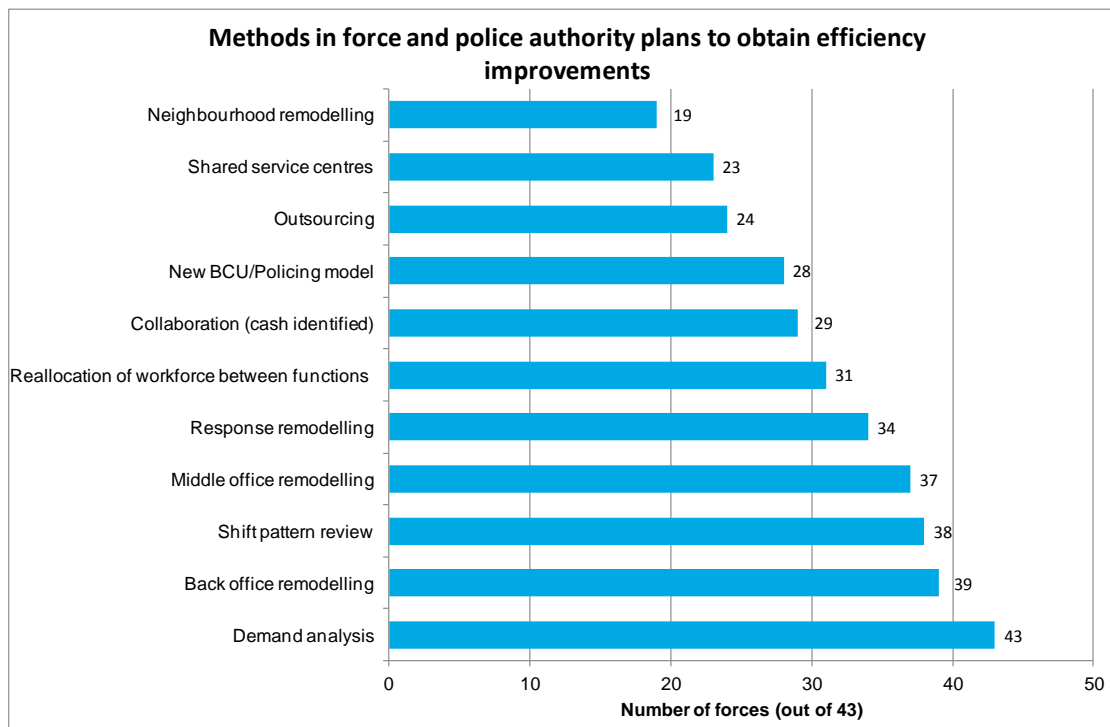
8. Transforming efficiency

Forces' capacity to cut crime and ensure officers are visible and available to the public can only be sustained if the proposed workforce reductions of around 34,100 are balanced out by compensating improvements in efficiency. The challenge for forces isn't just to balance the books, but to transform the way they deliver policing services.

The data for March 2010 to March 2012 suggests that, on average, a relatively modest improvement in **frontline efficiency** is needed for that period, as the predicted loss in frontline numbers is only 2%. The level of savings required from **non-frontline efficiency**, however, indicates that this transformation must be substantial. Our analysis also suggests that a few forces will have to transform both front line and non-front line efficiency.

Methods being used by forces to improve efficiency

We found that the service is using a wide variety of means to improve efficiency, with a mix of national and locally led programmes to improve processes and achieve economies of scale. The following chart shows the number of forces adopting the various methods.



National and local methods used to improve efficiency

Forces have some clear cut immediate choices over how to cut cost – with 81% of cost in the workforce, nearly all are freezing recruitment and most are using redundancy or early retirement schemes. However, when it comes to implementing efficiency (i.e. cutting cost while safeguarding or improving the service to the public) in order to compensate for this loss of capacity, forces have always used a wide variety of methods; and plans show they intend to continue doing so over the CSR period, as illustrated above and set out in more detail below.

In addition, several programmes and projects with the same aim (ie of transforming police efficiency) are continuing at a national level. This section outlines some of these local and national examples, grouped into three interlinked categories: workforce efficiency, process improvement and achieving economies of scale

Workforce efficiency

- *Reviewing the workforce mix* – In the past, forces have made decisions about the optimum mix of officers and staff needed to deliver an efficient service. The chart on page 15 indicates that the workforce grew after 2000/01 and that staff numbers increased at a greater rate than police numbers. This was believed to be more efficient as, on average, staff cost less than police officers. The chart indicates that forces plan to reverse this trend to some extent, with a reduction of 19% in police staff by March 2015 compared with 11% for officers. This may be because police officer contracts have no provision for redundancy, or because forces have decided to protect, in relative terms, officer numbers. Either way, this does not necessarily mean a less productive workforce overall if police staff productivity improves through, for example, process improvement and economies of scale.
- *Matching resources to priorities* – We found that all forces are now undertaking some demand analysis to direct their resources (although not all were doing so for all functions: see table below) and more than half of forces were reviewing shift patterns in the light of this work.

Number of forces carrying out demand analysis across frontline functions

	When did demand analysis take place?			
	0–1 years ago (current)	1 – 2 years ago (revision due)	2 + years (old)	Never/not taking place
Response	34	5	4	0
Neighbourhoods	32	4	7	0
Investigation	23	1	9	10
Protective services	19	1	8	15

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- *Reviewing workforce efficiency* – Part 1 of the Winsor Review of remuneration and conditions looked at modernising pay in a way that may reduce the average unit cost of a police officer. He recommended a two- year pay progression freeze, abolition of competency-related threshold payments, suspension of chief officer and superintendent bonuses, abolition of special priority payments and changes to overtime and mutual aid. These savings would amount to £463m by 2013/14, offset by £246m (i.e. a net saving of £217m) arising from unsocial hours payments, expertise and professional accreditation allowance, on-call allowance, team recognition awards, and an increase in maternity pay and National Insurance contributions. These changes are now in the process of negotiation and as such they have not yet been included in force plans. The changes if implemented will affect forces differently according to their workforce profile: in fact, some forces have claimed that for them the costs will exceed the savings.

Process improvements

Police processes are being improved in a number of ways:

- *Reducing bureaucracy* – In May 2011 the Home Secretary announced a programme of work to reduce police bureaucracy.²⁹ This aims to save time equivalent to 1,200 police officer posts by simplifying personal performance appraisals, more efficient call handling (using staff rather than officers and more effective grading of calls), an ACPO-led review of guidance and doctrine, and pilots to move the majority of charging decisions from the Crown Prosecution Service to the police. HMIC intends to inspect bureaucracy in forces to provide assurance that Home Secretary's commitment to reducing bureaucracy is filtering through to benefit officers on the ground.
- *Changing operational processes* –Over the last seven years, 22 forces have benefited from Home Office support (known as Quest) in improving business processes.³⁰ An example of this is the introduction of appointments systems so that non-urgent calls are attended to at a time convenient to the public, leaving police resources available to deal with urgent calls. We found three-quarters of forces were considering some form of process re-engineering in their plans. Learning from the Quest programme suggests that significant efficiency savings can be delivered across operational processes, with the greatest potential yield from (in descending order): crime investigation; attending calls from the public; custody; intelligence; and neighbourhood patrols.

²⁹ Home Secretary speech of 09 May 2011, 'The deal: One year on.' Available from <http://www.homeoffice.gov.uk/media-centre/speeches/one-year-on>

³⁰ Quest is a methodology developed by the Home Office and KPMG (and now transferred to the NPIA). It is based on business process re-engineering principles.

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Economies of scale

Traditionally, police forces have grown their own ways of working and purchased their own assets. Increasingly, however, they are benefitting from standard procedures and shared assets.

- *Streamlining command structures* – Twenty-eight of the 43 forces reported that they were planning to reduce or eliminate their number of Basic Command Units as part of a new policing model.
- *Collaborating between forces* – While both this and the last Government ruled out change to force boundaries as a means of achieving economies of scale, forces are making progress by collaborating. Project Athena is an example of collaboration between ten forces,³¹ with support from the NPIA, to align business processes and source crime, intelligence, custody and case preparation IT systems.³² Nearly all forces were considering the use of collaboration; of these, 29 forces had identified cashable savings from using this method. Twenty-three were considering, implementing or running a shared service centre. HMIC is providing support and challenge to forces on collaboration, and will publish our findings in the Winter.
- *Standardising information systems* – Many police systems are already run on a national scale: for example, the Police National Computer, police digital radios (Airwave), and specific applications such as ‘Holmes’ (which is used in murder investigations). The NPIA-led Information Systems Improvement Strategy (ISIS) programme aims to go further, releasing savings by enabling forces to choose systems from a range of national options. The Home Secretary has announced that there will be a new police-led ICT company that will negotiate contracts and exploit the purchasing power of the police as a whole.³³
- *Outsourcing and sharing procurement* – During our inspection, 24 out of 43 forces advised us that they were considering outsourcing as a method of reducing expenditure in the future. Outsourcing is already not uncommon in policing, for example:
 - Ten forces have outsourced elements of their custody process.
 - SouthWest One is a joint venture company set up in 2007 between Somerset County Council, Taunton Deane Council and IBM, which Avon and Somerset Constabulary joined in 2008. The venture aims to improve services and save money by providing back office and customer services through a single shared service.

³¹ Bedfordshire, Cambridgeshire, City of London, Essex, Hertfordshire, Kent, Norfolk, Northamptonshire, Suffolk and British Transport Police.

³² At time of writing (July 2011), the contract for this was out for tender.

³³ Home Secretary speech of 04 July 2011 to the summer ACPO conference. Available from <http://www.homeoffice.gov.uk/media-centre/speeches/acpo-summer?version=1>

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- In June 2010 Cleveland entered into a 10-year outsourcing arrangement with the private sector provider, Steria, to deliver some of its major functions while making £50m savings over that time. Services included in the arrangement include information technology, call handling, criminal justice, finance, human resources, estates and procurement.
- The Home Office is currently supporting two forces (West Midlands and Surrey) in testing the potential to develop back, middle and frontline services in collaboration with the private sector. The relevant police authorities are due to consider options shortly.

For some years forces have made purchases using contracts or frameworks that other forces can join. In some cases, such as vehicle fleets, the NPIA has provided model contracts and specifications, which go some way to reducing bid costs for suppliers.

In a small number of cases (such as forensics) forces are procuring goods and services together from the outset. Here, forces offer the private sector an opportunity that is large enough to achieve economies of scale and volume discounts.

HMIC have advocated standardised firearms, ammunition and public order equipment so that officers from different forces can work together more effectively during major incidents.

Looking at the seven forces we identified as having the most difficult challenge in protecting the front line (pp. 22–3):³⁴

Devon and Cornwall Police face a funding gap of £50m by 2014/15 and are commencing a programme with costed plans to make savings of £39m. The force plans to re-engineer its operating model and is looking in the longer term at the potential savings from collaboration and outsourcing.

Gwent Police face a funding gap of £24m by 2014/15 and have identified plans to save slightly more than this. They have a track record in realising efficiencies, and a strategy in place covering all four years of the CSR (with detailed plans for year 1 and most of year 2). Their preferred options to achieve savings include collaboration and system improvement.

Nottinghamshire Police face a funding gap of £42m and have a costed plan to save £45m. They are making good progress to address long standing under-performance issues and their detailed plan for the first year of the CSR was under development when we inspected. They plan to centralise support services, reduce the number of BCUs and re-engineer processes.

³⁴ Figures in this box are shown in the cash terms provided by forces at the time of inspection.

Sussex Police face a funding gap of £51m by 2014/15 and had identified plans to save £47m that include a merger of two divisions, performance improvement through Quest, reconfiguration of back office functions, and are exploring opportunities to share services with Surrey.

West Mercia Police face a funding gap of £34m by 2014/15, have an established change programme underway to make savings of £31m by 2014/15, intend to smooth the impact of the cuts using reserves and are in discussions about forming a strategic alliance with Warwickshire police.

Greater Manchester Police face a funding gap of £134m by 2014/15, and had costed plans to save £90m. They have established a programme to redirect effort and funding away from the back and middle office into operational delivery. The force is engaged in exploring local collaborative arrangements;

West Midlands Police face a funding gap of £126m by 2014/15, and had a costed plan to save £40m. They have established a programme to transform information services, custody, criminal justice, contact management, learning and development, local policing, crime portfolio and business shared services. They are actively engaged in exploring local collaborative arrangements.

Force decisions about which methods to use

Government has encouraged forces to decide for themselves how to deliver savings in the way that best fits the local context. A number of consequences are emerging.

To some extent the choice will be governed by local circumstances; those with the greatest cuts will have to take greater risks. But there is also uncertainty about which options offer the best yield locally and to the general tax payer, who is the major shareholder in every force in the country. This may be due to:

- A lack of information about what others are doing, what the scale of the benefits is and how quickly the benefits will be realised. In some sectors savings of up to 50% in back office costs have been achieved through *simplification, standardisation and sharing*,³⁵ but no equivalent framework is generally acknowledged and widely used in policing.
- Where outsourcing is a consideration, there is a lack of information about what a good private sector offer looks like, how to *sequence change*, and whether a service should be brought up to match fitness before outsourcing.
- In this environment, an added complication is whether suppliers will offer to scale up their operations, and achieve economies of scale, if the size of the market is uncertain.

³⁵ Model created by PWC for the NHS report (November 2010), *QIPP national workstream: Back office efficiency and management optimisation*.

9. Attributes of a good plan

HMIC did not find a single 'silver bullet' that forces are using to balance costs and crime fighting capacity – nor did we expect to. HMIC was however able to identify the attributes of a cost reduction plan that make it more likely to expose the force to the lowest level of risk, in terms of the impact on service delivery. Clearly, it is impossible to offer a perfect prediction of risk, and only time will truly tell what impact cost reduction plans will have on forces' ability to reduce and tackle crime and anti-social behaviour. Nevertheless, the following points can be used as indicative of **plans which pose the lowest levels of risk to service delivery**:

- There is a clear vision of the future of policing services, underpinned by shorter term objectives.
- Plans identify where the majority of money will be saved across all four years of the CSR period, with detailed plans for Years 1 and 2. There is clear evidence that the force started planning early for the possible cuts (e.g. early implementation of recruitment freeze). As a result, plans for the four years are well developed and savings are already being made. Therefore, the likely impact on service can be reasonably assessed.
- The force is able to detail where workforce reductions will be made, at least in Years 1 and 2, and has a good idea of what the overall workforce reductions will be in the following two years. Forces can then begin to understand and assess the impact on service delivery.
- Plans protect delivery of frontline services as far as is possible in that force's particular circumstances. The work is underpinned by demand analysis in core operational areas of police activity.
- The force recognises the different lead times of the various saving methods, and understands the importance of sequencing.
- There is a methodical approach to understanding the impact of the cuts on service delivery – changes are assessed for risk, threat and harm and there is a mechanism in place to effectively identify interdependencies.
- Future organisational structures are well defined and understood and can be seen to support policing priorities and targets.

It should be noted that our inspections found no direct relationship between the size of the force or the size of the estimated budget reduction and the anticipated impact on service delivery. The key factor at play is the way in which the force and authority have approached their budget reduction exercises.

10. Conclusion

Forces estimate that their budgets are set to reduce by £1.9bn in 2010/11 terms over the CSR period, equivalent to a 14% GRE reduction in real terms on average across England and Wales. But this average hides significant variation between forces, of between 8% and 19% of GRE. In preparation for these cuts forces started to reduce their workforce in 2010/11, and their plans estimate an overall reduction of approximately 34,100 officers, staff and PCSOs by the end of the CSR period (March 2015).

HMIC have calculated that this fall in workforce numbers would yield around £1.6bn, leaving a gap of £0.3bn for forces to make up from non-pay costs. The data that is available suggests that forces have made a start in bridging this gap, but need to do more non-pay planning work.

Forces plan to achieve a workforce reduction of around 12,800 by March 2012. Research proposes that frontline officer numbers are a key factor in a force's ability to fight crime and increase public confidence in the service. Force data indicates that frontline roles will reduce by 2% between March 2010 and March 2012, while non-frontline numbers will fall by 11%, which suggests that on average they are protecting the frontline over that period.

Our analysis suggests that on the basis of data currently available, some forces will have to transform the efficiency of both frontline and non-frontline functions by March 2015 if they are to sustain or improve service levels while absorbing workforce reductions. Others may have to make deeper inroads into frontline/operational staff:

- 10 forces face a workforce cut that is greater than half their non-front line workforce;
- 8 forces face a police officer cut that is greater than the number of non-front line officers in their force; and
- 5 forces fall into both of the above categories.

The service is using a wide variety of means to increase efficiency, with a mix of national and locally led programmes aimed at driving workforce efficiency, improving processes and achieving economies of scale. But with a few exceptions, there was insufficient information available to judge with any degree of reliability whether the totality of these efficiency improvements would be enough to replace the crime fighting capacity being taken out of the system. We have however been able to identify those forces that will find this most challenging: either because they face significantly larger cuts than others, or are already more efficient than others, or both.

The Service's objective must be to effectively cut cost while safeguarding or improving services to the public. To achieve this, they need to make 'informed decisions and choices' about where and how to make savings. The police therefore need to know the advantages, disadvantages and potential gains of all the available savings and efficiency options: but at the moment this information is not readily available to them. In addition, the incentives in the system of policing for leadership teams to use this information to drive change are weak.

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Taken together, this could lead to increased fragmentation (as opposed to collaboration) in the short and medium term, which is unlikely to achieve the yield for the tax payer that collective public sector buying power can achieve.

In order to assist forces and authorities in making informed choices about how to transform efficiency, and to help give the Home Office a clear view on what services and products can be shared, there is a pressing need to:

1. *Share quality, checked information* between forces on the potential yield from different choices about workforce, process improvement and economies of scale. This would enable the leadership of forces and authorities to make better informed choices for the public.
2. *Share information between forces and authorities on the optimum sequencing* of change to the system of policing: first reducing bureaucracy, then improving processes and information systems before collaboration.
3. *Share good quality comparative information on the potential benefits* from different private or public sector sharing joint venture initiatives (the Home Office supported work with two forces to investigate the optimum level of private sector involvement is helpful in this).
4. *Arrive at a broadly agreed set of ideas about transformation* so that decision makers have a common language. Although forces are using a wide variety of means to achieve efficiency savings, these methods are variously described as transformational. Chief Constables have described as transformational “we are absorbing the cuts and still improving performance in crime”, “we are re-prioritising what we do and securing improvement” and “we are testing the market in the private sector and elsewhere to see what might be possible if we could attempt to simultaneously reconfigure our services, achieve savings and improve performance”.
5. *Consider further how forces and their local governance bodies will be supported in future.* In a number of national and locally led projects to improve efficiency, the NPIA feature as a catalyst, providing some expertise, learning from past projects and in some cases (such as Quest) resources that help with the up-front investment cost. However, the NPIA will not be in existence to provide this support, and thought must be given to how this gap will be filled. Above and beyond that, arrangements with the public sector or contracts with the private sector require contract management and other skills that may not be readily available to police forces.

Next steps

HMIC plans to carry out two further pieces of work, based on the findings of this inspection:

1. A **revisit of force plans** later in the year. This will focus on the progress forces are making in determining how they will achieve their cuts (and whether

HMIC (2011) *Adapting to Austerity*

the £0.5bn gap has been bridged), and how well those forces that face the greatest challenges are doing.

2. A **review of the use of collaboration** across forces, due for publication in Winter 2011.

We will also continue to develop the crime, cost and workforce data which is published on our website (www.hmic.gov.uk).

Annex A: Review methodology and treatment of data

All forces had to plan for the new financial inputs outlined in the CSR. In Winter 2010-11, HMIC conducted two-hour interviews with all police chief constables and authority chairs in England and Wales. These 'Support and Challenge' meetings provided HMIs with the opportunity to support the force and authority in taking the tough decisions needed to meet the financial cuts ahead, and to challenge if the level of ambition, coherence of strategy or extent of planning appeared lacking.

Approximately five to six weeks after the Support and Challenge meetings, HMIC carried out two-day 'Preparedness' Inspection visits. These looked at the detail underpinning the force and authority's plans.

Use of 2010/11 prices

Throughout this report, HMIC expresses financial information at 2010/11 prices, using the latest Treasury methodology available at http://www.hm-treasury.gov.uk/data_gdp_index.htm (see 'Producing a real terms series' and 'How to calculate a real terms growth rate') and http://www.hm-treasury.gov.uk/data_gdp_fig.htm for the latest deflators.

HMIC has adopted this convention (commonly used by publications such as the *Economist* and financial bodies like CIPFA) because it is easier for the public to understand costs pertaining at the most recent period – in this case 2010/11 terms.

Treatment of missing data

Figures were provided by forces, and were stated as correct at time of inspection. Given the importance of officer and staff numbers, HMIC subsequently asked for updated workforce figures in May/June 2011.

The analysis in this report uses the data supplied to HMIC by forces. Forces were asked to supply information covering the whole CSR period, where possible. Not all forces were able to provide data for the whole period, but most could provide data for two years. In the case of data covering a shorter period (eg workforce reductions or costed financial plans), HMIC has carried the last available figure forward to the end of the CSR period, ie if the force stated a workforce strength for 2012/13, these figures have also been assumed as the workforce strength for the remaining years. In cases where forces have supplied different workforce figures in the preparedness inspections to the updated data from June, the lowest workforce figure has been assumed for the CSR end.

Where no data was available eg for the non-staff cost reductions, only the available sample of forces has been included. This includes the two charts about workforce reductions (pages 21 and 22), which only include forces that provided workforce numbers for their entire workforce.

Use of vacancies

Vacancy rates will vary over time, as forces freeze recruitment and then restructure to reduce posts. With the data currently available, HMIC has not been able to forecast vacancy rates reliably. We have assumed that they are negligible in order to make a comparison between published ADR figures (which exclude vacancies) and forces' forecasts (which include them).

We might expect vacancy levels to be low at a time when forces are not recruiting. However, the effect of this assumption is to underestimate the scale of the workforce reductions by the number of vacant posts. We have set out in the report that some of the other assumptions made will have an offsetting effect, reducing the impact of this assumption.

Calculating frontline numbers

The data for March 2010 and March 2011 is derived from forces' annual data requirement (ADR) to the Home Office and provides a snapshot of the workforce at 31 March.

The data for March 2012 is derived from detailed data provided by forces to HMIC.

Annex B: Workforce reductions over the CSR period

Estimated police workforce reductions in England and Wales: CSR period (March 2011–March 2015)³⁶

	Officers	Staff	PCSO	Totals
31 March 2015 (end of CSR period – from forces' workforce plans)	127,600	67,100	15,100	209,800
Total reduction between March 2011 and March 2015	11,600	10,700	700	23,000

From March 2011 until the end of the CSR period there will be:

- 8% (11,600) fewer officers;
- 14% (10,700) fewer staff;
- 5% (700) fewer PCSOs; and
- a 10% reduction in total workforce.

³⁶ To note: these figures are rounded.

Annex C: Workforce map from *Demanding Times*³⁷

In *Demanding Times*, we stated that ‘the police front line comprises those who are in everyday contact with the public and who directly intervene to keep people safe and enforce the law’. Applying this definition, we produced the map shown below, in which roles for which there is some agreement that they are frontline shaded in green.

Please note: In some cases roles cut across more than one category, and where this is the case the percentage split is shown.

PUBLIC FACING		SUPPORTING PROCESSES		
Visible	Specialist	Middle Office		Back Office
		Process Management	Process Support	
Response Neighbourhood Community Safety/relations Probationers (Student Officers) Traffic Dogs Firearms (tactical) Mounted	Air Firearms (specialist) Marine / Underwater Surveillance Unit Ports / Special Branch / Protection / Immigration / Nationality Child / Sex/ Domestic /Missing Persons Fingerprints / Photographic Scenes of Crime Technical Support Unit (80%)* Asset Confiscation (80%)* Burglary (80%)* CID (70%)* CID – Specialist Crime Unit (70%)* Drugs (80%)* Fraud (80%)* Hate Crime (80%)* Vehicle Crime (60%)* Intelligence (40%)* Vice (70%)*	Coroners Officers Operational Planning Chief Police Officers HOLMES (murder) Unit (30%)* Crime & Inc Mgt (60%)* Criminal Justice (30%)*	Intelligence (60%)* Control Room / Call Handling (40%)* Criminal Justice (70%)* Criminal Records Office CID (30%)* CID Specialist Crime Unit (30%)* Vehicle Crime (40%)* HOLMES (murder) Unit (70%)* Hate Crime (20%)* Fraud (20%)* Burglary (20%)* Asset Confiscation (20%)* Tech Support Unit (20%)* Police Standards Unit (50%)* Crime & Incident Management (40%)* Drugs (20%)* Vice (30%)*	IT/Audio/Comms Corp Development Finance Personnel / Human Resources Press and Public Relations Property Staff Associations Buildings Drivers Staff Officers Catering Stores Supplies Training Other Admin/Clerical Vehicle Workshop/Fleet Occupational Health / Welfare
		Custody Control Room / Call Handling (60%)* Enquiry/Station Counters Local Commanders Police Standards Unit (complaints about the police) (50%)*		

³⁷ Taken from HMIC (2010) *Demanding Times*, p.19. Available from www.hmic.gov.uk