

FELLOWS' ASSOCIATES

Sustaining value for money in the police service and Valuing the Police

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Introduction

Her Majesty's Inspectorate of Constabulary yesterday published a report entitled *Valuing the Police: Policing in an age of austerity* along with a joint report published by HMIC, Wales Audit Office, and the Audit Commission entitled *Sustaining value for money in the police services*.

Both reports were concerned with how the police service can cope with reduced resources whilst still maintaining public confidence.

In *Sustaining value for money in the police service* the three organisations show where savings can be made. They advocate a more collaborative approach between forces and a more efficient match between risk of crime and the number of police on duty to deal with peaks and troughs in demand.

Valuing the Police shows that only 11% of the police are visibly available to the public, despite year-on-year increases to budgets for the last 40 years. It warns that with looming budget cuts, the availability of the police to the public will be even further reduced, unless there is a total redesign of the police.

Both reports make a number of recommendations on how the police service can be transformed to achieve savings whilst also improving frontline services, with the value for money report challenging forces to make a saving of £1 billion.

This document provides a briefing on both documents, highlighting the key areas covered by each one.

Sustaining value for money in the police service

Future Spending Decisions

The police spent £13.7 billion in 2008/09 which equated to a 47 per cent increase from 1997/98. During the same period, the number of police officers increased by £16,900. Across the 43 forces, research has found that there is a wide variation in spending per head of population, suggesting that there is potential for the police service to reduce spending and deliver better value for money.

Sustaining value for money in the police service is focussed on taking a transformational approach linked to threat, harm and risk to achieve address discrepancies in spending between forces and make savings. With over 80 per cent of Chief Constables and police authority chairs expecting budget cuts after 2010/11, the report says it is essential that forces take a different approach to managing their resources to ensure public confidence is maintained in the police service.

A transformational approach delivers greater savings

The report notes that police authorities, as well as other public services, take one of three approaches, or a combination of them, to generate savings. These are the transactional approach, transitional approach and a transformational approach. The report suggests that the transformational approach delivers greater and more sustainable savings than the other two. Research carried out found that, of the 16 case study forces, two displayed a transactional approach, ten a transitional approach, and four a transformational approach. The report says that it is the four transformational forces which are in the best position to face the challenge of reduced resources.

Reflecting the force threat, harm and risk

When deciding where to spend money and make savings, the report argues that forces must be committed to using threat, harm and risk assessments. The National Intelligence Model (NIM) helps

to set priorities against these measures and assign resources to deal with them. NIM identifies three levels of policing:

- Level 1 focuses on incidents, crime detection and neighbourhood policing at a local level;
- Level 2 concerns major crime and public protection extending across command areas, the force and the region; and
- Level 3 focuses on international and national policing such as serious and organised crime and counter-terrorism

Force planning

The report says that uncertainty over the details of future funding decisions should not be a barrier to good planning. Research found that all 43 forces have medium-term financial plans, but nearly half do not have a long-term financial plan. The report also says that police authorities do not set sufficiently challenging and ambitious efficiency targets and that current savings targets will most likely not meet funding reductions.

Managing the workforce

The police workforce is the service's biggest cost – in England and Wales costing £11 billion - around 80 per cent of police spending – in 2008/09. The report identifies a number of areas where police forces can make workforce savings.

Many policing tasks do not require warranted police officers and the report suggests that specialised police staff and PCSOs can help forces save money and improve performance by taking over a number of back-office functions.

The research found that if all forces above the median replaced police officers with staff, they could make choices between nearly £150 million of savings and redeploying up to 2,700 uniformed officers. This is illustrated in the table below.

Potential for saving		
Police function	Median savings (£ million)	Lower quartile savings (£ million)
Criminal justice units and custody	39	51
CID	16	31
Control room	20	30
Training	11	21
Crime and incident management	7	23
Neighbourhoods	2	13
Corporate development	6	11
Other functions, within which:	45	93
Traffic	4	9
Complaints and discipline	4	6
Scenes of crime	5	6
Fraud	3	5
ICT/Communications	2	4
Total	146	273

Source: Audit Commission, HMIC and Wales Audit Office, 2010

Improving productivity

The report argues that as budget pressures increase, police authorities and forces must increase workforce productivity to achieve their objectives with less money. This, it says, should also be linked into the forces' threat, harm and risk assessment. Research found that the productivity savings made so far have not led to reductions in budgets and that variation between forces suggest opportunities for savings of up to £500 million. The table below highlights barriers and potential solutions for making workforce savings.

Figure 12: Overcoming barriers to making workforce savings

Possible barriers	Solutions
Hard to make officers redundant	<ul style="list-style-type: none"> ■ Review police officer terms and conditions. ■ Forces can deliver savings now through natural wastage: the rate is 5.4 per cent a year or around £420 million of spending.
A political focus on police officer numbers	<ul style="list-style-type: none"> ■ The government should work with the police to reassure the public that what matters is not the number of police officers, but what the police do.
Opposition to shift changes from officer associations	<ul style="list-style-type: none"> ■ Forces, such as Norfolk, have changed shift patterns by working with officer associations.
Lack of information on productivity	<ul style="list-style-type: none"> ■ Police authorities should create an indicator set on productivity that reflect local police activities and priorities.
Officers in restrictive and recuperative jobs	<ul style="list-style-type: none"> ■ Only accounts for 5.6 per cent of officers: the issue is manageable.

Source: Audit Commission, HMIC and Wales Audit Office, 2010

- i Possible savings figure is a midpoint from the range of four measures. Calculations presume forces below the median move to the median.
- ii Restorative justice brings victims, offenders and communities together to decide on a response to a particular crime.

The report also argues that there are considerable savings to be made by matching supply of officers to demand, reducing overtime and reducing management costs.

Procurement and the back office

The report says that procurement and back office savings support better planning and workforce management but can also improve front-line services. The Home Office expects to find £400 million of savings by 2014 through new frameworks for procurement and improved ICT, yet the report argues that some aspect of the new frameworks might underperform. The report says that better procurement has limited potential for further savings and that the police must focus on high-value potential – considering the volumes they buy as well as unit costs.

Back Office

Police forces are already making savings from reducing back office costs. A quarter of the £224 million cashable savings made in 2007/08 were in the back office, yet the report argues that forces need to be more ambitious in achieving back office savings. Variations in back office savings suggest that there is scope to make savings between £75 million and £140 million, by moving lower performing forces to current median spending.

Table 3: Forces can make back office savings

Back office activity	Savings to current median level (£ millions)
Other admin/clerical	48
Corporate development	29
ICT	20
Finance	20
Personnel/HR	11
Complaints and discipline	4
Press and public relations	3
Occupational health and welfare	2
Total	137

Sources: Audit Commission, HMIC and Wales Audit Office, 2010

The report also suggests that there is scope for centralisation. Twenty-two forces share at least one back office function with other forces or partners. Six of these forces reported savings totalling £1.2 million as a result of sharing.

Collaboration

Police collaboration should work at each NIM level to deliver savings, VFM and increase public confidence. The report says that collaboration has the potential to create savings and other business benefits. The table below highlights some possible barriers to collaboration and identifies some possible solutions.

Figure 15: Overcoming barriers to collaboration

Possible barriers	Solutions
Poor relationships and a lack of trust or a lack of will.	<ul style="list-style-type: none"> Police authorities must do more to promote collaboration between forces and with other partners to deliver efficiencies.
Police authorities lack a full understanding of area resources for policing.	<ul style="list-style-type: none"> Authorities and forces to work with local partners to identify resources.
A belief that collaboration is only regional or between forces.	<ul style="list-style-type: none"> The government should encourage flexible approaches to force collaboration: it should suit local conditions and geographies.
Ad hoc collaboration arrangements.	<ul style="list-style-type: none"> Forces and authorities to ensure collaboration is a systematic response to an analysis of risk and cost.
Belief that collaboration cannot include all levels of NIM.	<ul style="list-style-type: none"> Police collaboration should work at each NIM level to deliver savings.

Source: Audit Commission, HMIC and Wales Audit Office, 2010

Recommendations

The report makes a number of recommendations highlighting action that it believes each actor within the policing sector should take. These are included below.

Police authorities:

- Challenge their force to improve performance and explain how spending is linked to reducing threat, harm and risk
- Improve their members' understanding of their force threat, harm and risk so they can make informed decisions about long term direction, local priorities and savings
- Set savings targets for their forces that are more ambitious than in previous years; and
- Improve their challenge to, and scrutiny of, police force spending by training and developing their members

Police forces:

- Improve or maintain performance while reducing spending by:
 - Integrating threat, harm and risk assessment with financial aid and business planning
 - Ensuring the financial benefits of crime prevention are realised
 - Increasing the use of mixed teams of police officers and staff
 - Reviewing shift patterns to ensure supply meets demand while reducing overtime bills
 - Sharing teams with other police forces where a strong business case exists
 - Reducing the costs of back office services by challenging what they do, how it is done, and who does it
 - Adopting, or adapting, good ideas for making savings from other forces
 - Engaging their workforce in delivering savings; and
 - Demonstrating clear leadership and engagement from the Association of Chief Police Officers (ACPO) team in achieving more with less; and
- Work with HMIC, the ACPO, the National Policing Improvement Agency (NPIA) and each other to overcome obstacles to change

The government:

- Work with the police to reassure the public that what matters is not the number of police officers, but what the police do;
- Encourage flexible approaches to force collaboration that follow policing priorities;
- Ensure that future grant allocations reward efficiency and savings
- Review the Police Regulations to remove obstacles to making police officers redundant
- Remind police forces of the need to link threat, harm and risk assessment to transformational efficiency; and
- Encourage police authorities to set ambitious saving targets and develop longer term financial plans, linked to threat, harm and risk, on top of the mandatory three-year rolling plan

The Audit Commission, HMIC and the Wales Audit Office:

- Share information and evidence to ensure our assessments contribute to police value for money (VfM)
- Use a common VfM profile tool for use by police forces, authorities, auditors and inspectors;
and
- Apply learning from this study to future organisational inspections and audit work

Valuing the police: policing in an age of austerity

Since 1994, the amount of money spent each year on policing has more than doubled, with around 80 per cent of this being spent on staff costs. The police workforce has also increased by over 124,000 since 1969 and now includes a range of police officers, police staff and police community support officers.

Research also shows that, over the same period of growth, crime has been reduced. Public experience of crime, as measured by the British Crime Survey (BCS) has fallen by 50 per cent since 1995, crime recorded by the police has fallen by 31 per cent since 2003/04 and confidence in the police has steadily risen. HMIC say that, despite these facts, the public are still sceptical about the police.

Work conducted on public attitudes illustrates the way the public think about notions of value for money when it comes to policing: Value for Money (VfM) means to the public that the police are effective and that they cut crime and anti-social behaviour through visibility and intelligently dealing with criminals

Austerity

The Emergency Budget in June 2010 announced a 25 per cent cut in “unprotected” departmental budgets between now 2013/14. Central government currently funds the police to the tune of £9.6 billion. This means that if the full 25 per cent cuts were passed on to the police, their funding would fall by £2.4 billion.

However, due to the varied sources of police funding (such as council tax and income generated by police forces) this does not necessarily equate to a 25 per cent cut in total funding. A flat rate reduction in government funding reduces the funding to police authorities by different proportions.

The government's decision to freeze council tax this year means that police authorities will not be able to off-set the reduction in Home Office funding nationally by taking action locally. However, the report points out that an area where forces do have some flexibility is in controlling costs.

Cost control

HMIC estimate that savings of around £1.15 billion (around 12 per cent of government funding) may be achievable by improving productivity and cutting costs. However, the report points out that it is important to recognise the potential for savings is not spread evenly across all forces.

Benchmarking of costs, using HMIC VfM profile data and Police Objective Analysis data identifies high variations in spend per force, however, according to the report, the Chief Officers and Police Authorities have stated that there are problems with the availability of consistent benchmarking information which limits their ability to make comparisons and to determine the best value for money.

Collaboration as a vehicle for savings

Collaboration, or joint working, is an area where HMIC believe savings could be achieved. The report notes that Hertfordshire and Bedfordshire forces anticipate savings of £1.576m in 2010 from joint work on scientific support, major crime, firearms, a single dog unit and a single professional standards department. However, HMIC point out that there is little evidence of significant return from collaboration where it is not supported by government funding.

Where are the police?

HMIC's analysis of police availability has found that public confidence in the police service is increased when police numbers increase and that the public associate the presence of police with

the absence of crime. However, research conducted by HMIC found that, on average, only 11 per cent of total police strength is visible and available to the public at any one time.

The report also finds that the issue is not just availability, it is also to do with an issue of demand; more police were available on a Monday morning than a Friday night. HMIC say that there is scope to improve this by more closely matching shift patterns to demand and through measures such as officers patrolling on their own rather than in pairs.

HMIC also found that, in 2009, 2,600 pages of guidance were issued to officers setting out how their work should be done. On top of this, there are now 100 processes in the criminal justice system requiring 40 interventions by police officers, staff and specialists. This, HMIC say, equates to an annual cost of £2.2 billion. This drift towards specialisation has diverted staff away from the community. To highlight the example, HMIC draw a comparison between a rape case and a burglary case: 30 different officers were involved in getting a burglary case to court, 24 people were involved in the first 12 hours of a rape investigation.

Impact of budgets

HMIC says that by redesigning the system, up to 12 per cent of central government funding can be saved while still maintaining police availability, anything over this amount, however, would result in reduced police availability unless this was made a priority above other functions.

On considering whether the police are ready to manage cuts at a pace that will be needed, HMIC found that police authorities need to improve their capacity and capability for strategic planning and value for money.

A survey of police forces found that under one in five were prepared for the scale of cuts they were predicting and nearly one in three were forecasting a large gap that they were not prepared to manage.

HMIC says that the current framework in which the police operates risks constraining the police due to central targets, a “cluttered” performance regime, uncertainty over the scale of cuts, a lack of comparative financial information, limited incentives to improve value and a governance regime focussed on accounting rather than leveraging resources.

In order to combat this, HMIC say that a redesign of policing is needed to deliver efficiencies, deal with budget cuts and ensure visible availability.

Workforce restructuring

Around 80 per cent of police budget goes on workforce costs and HMIC say that the ability to restructure the workforce will be important to bridging any funding gap. Modelling based on 25 per cent cuts in central government funding found that relying on turnover of officers for achieving cost reductions would take over seven years for some forces and many will take at least four. Therefore, in reality, a 25 per cent cut would generate significant levels of redundancy making it difficult to maintain current levels of availability.

Resilience

Police authorities may be able to mitigate some of the funding reductions through use of reserves, however the extent to which they will be able to do this varies from authority to authority with total reserves ranging from 0.3 per cent to 13.3 per cent of gross revenue expenditure. Much of this is also already earmarked for specific purposes.

HMIC have found that the authorities most likely to be at risk from spending reductions are those with:

- Low spend compared to their peers
- Higher reliance on central government funding as opposed to precept income
- Smaller budgets
- Less funding relative to their need
- Low levels of reserves

- Low workforce turnover rates and a high proportion of police officers in their workforce

Conclusion

HMIC argue that there are no single initiatives that will overcome the scale of the change in prospect. The evidence suggests that, following a prolonged period of expansion, much of the current system – in terms of central government support, governance and initiatives – is geared towards growth, not austerity. The report says that the sector will need to accelerate its work on value for money if cuts are not to unduly affect service to the public.

The report argues that the whole dynamic around value for money architecture needs to adapt, including the tempo, focus and imperatives. This applies to forces, authorities, regulators and the Home Office.

The HMIC report identifies four areas where they believe that, if tackled, would enable the sector to reduce costs whilst improving service in some key areas. These four areas are:

- Cost control – benchmarking costs between forces indicates significant variation and the potential for large savings
- Staff availability – this is not currently aligned to public priorities for visible policing due to the configuration of shift patterns, the increasing burden arising from risk adversity and bureaucracy and the associates drift towards specialisation.
- Preparedness – many forces and authorities are not well prepared for the challenge. Even when the arguments for change have been strong, the pace to date has been slow.
- System architecture – these are the rules of the game that influence behaviour in the service, including central targets, a cluttered performance regime, a lack of comparative financial information, limited incentives to improve value, a governance regime focussed on accounting rather than leveraging resources and uncertainty over the scale of the cut-backs.

The report concludes that the police must now decide where to get better whilst getting smaller – incremental cost savings driven by the annual planning cycle will not be enough, transformation of

police forces and the wider system surrounding them is essential in order to deliver public expectations for policing in the years ahead.