

# PEEL: Police efficiency 2015

An inspection of Thames Valley Police



October 2015

© HMIC 2015

ISBN: 978-1-78246-899-8

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

# Contents

<b>Overview – How efficient is the force at keeping people safe and reducing crime?</b> .....	<b>4</b>
Overall judgment.....	4
Summary .....	4
<b>Force in numbers</b> .....	<b>7</b>
<b>Introduction</b> .....	<b>9</b>
<b>How well does the force use its resources to meet its demand?</b> .....	<b>10</b>
How well does the force understand its demand? .....	10
How well does the force match resources to demand? .....	10
How well are the force’s services meeting the demand from the public?.....	11
How well is the force managing demand? .....	13
How well does the force monitor and understand outputs, outcomes and costs? .....	14
How well is the force using new working methods to improve services? .....	15
Summary of findings .....	16
<b>How sustainable and affordable is the workforce model?</b> .....	<b>17</b>
How well does the force’s current workforce model match demand, organisational and financial requirements?.....	17
How well does the force’s projected workforce model match demand, organisational and financial requirements? .....	19
Summary of findings .....	20
<b>How sustainable is the force's financial position for the short and long term?</b> .....	<b>22</b>
Has the force achieved its saving requirements and balanced the budget for the spending review period and 2014/15? .....	22
Has the force achieved a balanced budget for 2015/16?.....	23
How well has the force maximised other funding opportunities? .....	24
How well does the force control expenditure? .....	25

How well do the force's financial plans reflect the objectives set out in the PCC's police and crime plan? .....	27
How well does the force provide timely and relevant financial information to the office of the police and crime commissioner (OPCC), and are shared assumptions used to develop current and future plans? .....	27
How well developed are the force's plans for possible further savings? .....	27
Summary of findings .....	28
<b>Annex A – HMIC judgments .....</b>	<b>29</b>
<b>Annex B – Further information about the data .....</b>	<b>30</b>

# Overview – How efficient is the force at keeping people safe and reducing crime?

## Overall judgment<sup>1</sup>



Good

HMIC found that Thames Valley Police is very well prepared to face its future financial challenges. Through robust financial management and understanding of current demand it is successfully making the savings required of it and is well placed to continue to do so, while maintaining a high quality response to calls for service from the public. It has financial plans to achieve savings in this financial year and is developing robust processes to make future savings. In last year's value for money inspection, which considered how forces had met the challenge of the first spending review period, Thames Valley was judged to be good.

## Summary

HMIC judges Thames Valley Police to be good. It has a good understanding of the demand for its services from the public. The force has changed its workforce model to manage demand and looks at new methods of working to be more efficient and effective.

Thames Valley Police has a strong track record of effective financial management and has delivered savings of £58.9 million during the previous spending review. It is on track to deliver a further £12.8m of savings in 2015/16.

Police performance has remained strong, with one of the biggest reductions in recorded crime and anti-social behaviour incidents in England and Wales over this period. The force financial plans take into account the priorities set by the police and crime commissioner and there is a good joint understanding of current and future budget pressures.

Collaboration with Hampshire Constabulary has been well planned, and is achieving efficiencies and resilience in services with additional collaborative working opportunities being actively explored.

While the budget is balanced for 2015/16, the medium-term financial plan (MTFP) 2015/16 to 2017/18 identifies a required reduction in expenditure of £46m over these three years, of which the force has so far only identified savings of £24.1m. The force

---

<sup>1</sup> Outstanding, Good, Requires Improvement or Inadequate – see Annex A.

does not yet have clear plans in place to achieve all of the savings it anticipates will be needed over the next three years. However, HMIC is encouraged that it has developed a process of priority-based budgeting (PBB) to understand demand, use of resources, and what value that resource delivers in terms of their priorities.

<p><b>How well does the force use its resources to meet its demand?</b></p>	<p><b>How sustainable and affordable is the workforce model?</b></p>	<p><b>How sustainable is the force's financial position for the short and long term?</b></p>
<p> <b>Good</b></p>	<p> <b>Good</b></p>	<p> <b>Outstanding</b></p>
<p>The force has thoroughly analysed calls for police services that come into the force and has a good understanding of current demand.</p> <p>The force matches resources to demand effectively and has managed its programme of budget reductions well while protecting frontline services.</p> <p>Performance has remained strong, with one of the biggest reductions in recorded crime and anti-social behaviour incidents in England and Wales.</p> <p>HMIC found that the force has introduced new working methods, including collaboration with other partners and Hampshire Constabulary. The force could make more use of</p>	<p>The force workforce model currently meets the demand for its services within its budget.</p> <p>The force has so far managed its savings with limited impact on the size of the workforce, but it recognises that further savings required over the next two to three years will have a greater impact on the size of its workforce.</p> <p>The force is placing much emphasis on the priority-based budgeting approach in enabling these workforce reductions to be identified, at the same time as continuing to provide services that matter most.</p> <p>Senior managers are clear that they intend that the organisation will look and operate very differently in three years, particularly</p>	<p>The force balanced its budget for 2014/15 and achieved the savings required during this spending review period.</p> <p>It has achieved a balanced budget for 2015/16 with £12.8m in savings.</p> <p>The force considers funding opportunities and submitted a substantial joint bid with Hampshire Constabulary to the Police Innovation Fund.</p> <p>The force priorities closely match those of the police and crime commissioner (PCC). Information is regularly shared between the force and the office of the police and crime commissioner (OPCC) to manage the budget.</p> <p>The force has good systems in place to understand, manage and</p>

<p>new technology, although it is clear that there are some innovative approaches to new ways of working being considered and pursued.</p> <p>Many individuals in the workforce were unaware of some of the proposed changes and further work is needed to ensure that there are clear, co-ordinated and widely communicated plans.</p> <p>HMIC is encouraged that the force has developed a process, known as priority-based budgeting (PBB), which will help the force to understand fully the demands placed on its workforce and make well informed decisions on prioritising activity and setting appropriate levels of service. The force is in the very early stages of assessing future demand, which would enhance its ability to plan further ahead.</p>	<p>through using new technology.</p> <p>Although the scale of the change required presents a significant challenge, HMIC found that the force has stable, well-established leadership and existing internal structures through which to plan and manage.</p> <p>The force has strong structures to develop general workforce capabilities, particularly leadership skills. This would be further enhanced by being linked to a clearer understanding of the future capability likely to be required.</p>	<p>account for expenditure.</p> <p>The MTFP for 2015/16 to 2017/18 identifies a required reduction of expenditure of £46m over these three years, of which the force has only identified savings of £24.1m.</p> <p>The force estimates that it is likely to have to reduce police officer numbers by 196 by March 2018.</p> <p>The plans for dealing with this shortfall are through the priority-based budgeting (PBB) process. The baseline analysis from this should give a better understanding of spending and the force is strongly placed to make swift decisions on the savings opportunities it wishes to pursue once the PBB process is complete.</p>
--	--	---

## Force in numbers



### Financial position

Forecasted change in expenditure 2015/16 to 2017/18

£m

**-£24.1m**

% of Gross Revenue Expenditure

**6%**

It is important to note that some forces only provided figures for savings they had formally signed off at that point, while others provided estimates for the whole period. As a result, the savings figure above might not reflect the full saving which the force might have to make. 2014/15 GRE has been used here as a baseline.



### Providing policing

Planned change in police officer numbers 31 March 2015 - 31 March 2018

Thames Valley Police

**-4%**

England and Wales

**-6%**

Planned change in total workforce numbers 31 March 2015 - 31 March 2018

Thames Valley Police

**-1%**

England and Wales

**-6%**

Proportion of police officers on the operational frontline 31 March 2010

Thames Valley Police

**88%**

England and Wales

**89%**

Proportion of police officers on the operational frontline 31 March 2015

Thames Valley Police

**92%**

England and Wales

**92%**

Planned proportion of police officers on the operational frontline 31 March 2018

Thames Valley Police

**91%**

England and Wales

**92%**



## Organisation

Police officer cost per head of population compared to England & Wales (2014/15)

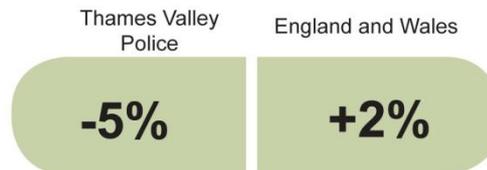


Workforce cost per head of population compared to England & Wales (2014/15)

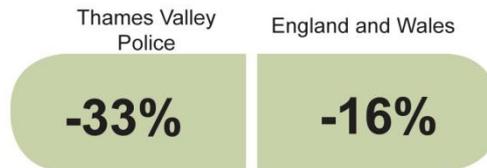


## Key statistics

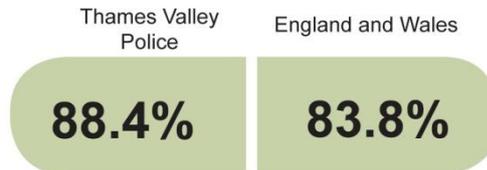
Changes in recorded crime (excluding fraud) 12 months to 31 March 2014 to 12 months to 31 March 2015



Changes in recorded crime (excluding fraud) 12 months to 31 March 2010 to 12 months to 31 March 2015



Victim satisfaction 12 months to 31 March 2015



Changes in victim satisfaction 12 months to 31 March 2011 to 12 months to 31 March 2015



**Victim satisfaction:** Thames Valley confidence interval +/- 1.8 percent. England and Wales confidence interval +/- 0.2 percent.

For full details on the data used in this graphic see annex A in the efficiency national report.

## Introduction

In October 2010, the Government announced that central funding to the police service in England and Wales would reduce by 20 percent in the four years between March 2011 and March 2015. Now, in a period of sustained budget reductions, forces need to continue to make efficiencies while focusing on reducing crime and keeping communities safe.

As part of its annual inspections into police effectiveness, efficiency and legitimacy (PEEL), HMIC's efficiency programme assessed how a force maximises the outcomes from its available resources. We reviewed both the financial and workforce planning of police forces while examining wider questions of cost, capability and productivity. Our inspection focused on the overall question, 'How efficient is the force at keeping people safe and reducing crime?'

To answer this question HMIC looked at three areas:

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

During our inspection we collected data and plans from forces, surveyed the public to see if they had noticed any changes in the service they received and conducted in-force inspections. We interviewed chief constables and the chief officers responsible for finance, organisational change, human resources and performance in each force and held focus groups of officers and staff at different grades and ranks, and made unannounced visits to police stations.

This report sets out the findings from this wide-ranging inspection of Thames Valley Police.

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

HMIC examined how the force understands the demands for its service and how it allocates its staff and financial resources to meet that demand. We then assessed whether these decisions are leading to good results for the public – that the police are visible and that they attend promptly when called, that they are fighting crime and keeping communities safe, and that victims are satisfied with the service they receive.

### **How well does the force understand its demand?**

Thames Valley Police has a good understanding of the current demand from the public. This understanding has been enhanced by work to develop a new force patrol plan and a review of contact management which both involved a detailed analysis of demand and how resources are currently matched to meet it.

The force patrol plan has focused on reviewing and understanding the time spent by police officers and staff who respond to incidents and provide local policing services. By standardising the way in which all local policing areas (LPAs) record the way they spend their time, the force is gathering quality information from across the force that accurately measures demand and includes how partner organisations, such as the health service, contribute to demand reduction and management.

This process should refine the force's understanding of demand and provides an opportunity to develop new ways of working and use resources more effectively.

### **How well does the force match resources to demand?**

The force area is divided into 13 LPAs and the number of workforce members allocated to each one is determined by use of a resource allocation formula. This takes into account the size of the population and the volume of recorded crime and anti-social behaviour.

There are three resource management centres that manage the numbers of officers on duty in each area throughout each day and night, ensuring that staff availability matches anticipated demand.

The majority of calls from the public are received into the two main control rooms at Milton Keynes and Abingdon or the police enquiry centres (PECs) at Milton Keynes, Kidlington and Windsor. Although the PECs deal with the majority of non-emergency calls, all of the call centres operate as a 'virtual' single unit to provide the speediest response possible to both emergency and non-emergency calls, with 24-hour coverage every day of the year.

Operators in the control room are responsible for sending the most appropriate police resources to incidents. There is a process in place to allow them to move staff from one LPA to another if there are insufficient officers available to respond to the demand. The force are also training call handlers to take a threat, risk and harm approach to managing calls in order to make sure resources are only deployed where it is appropriate to do so.

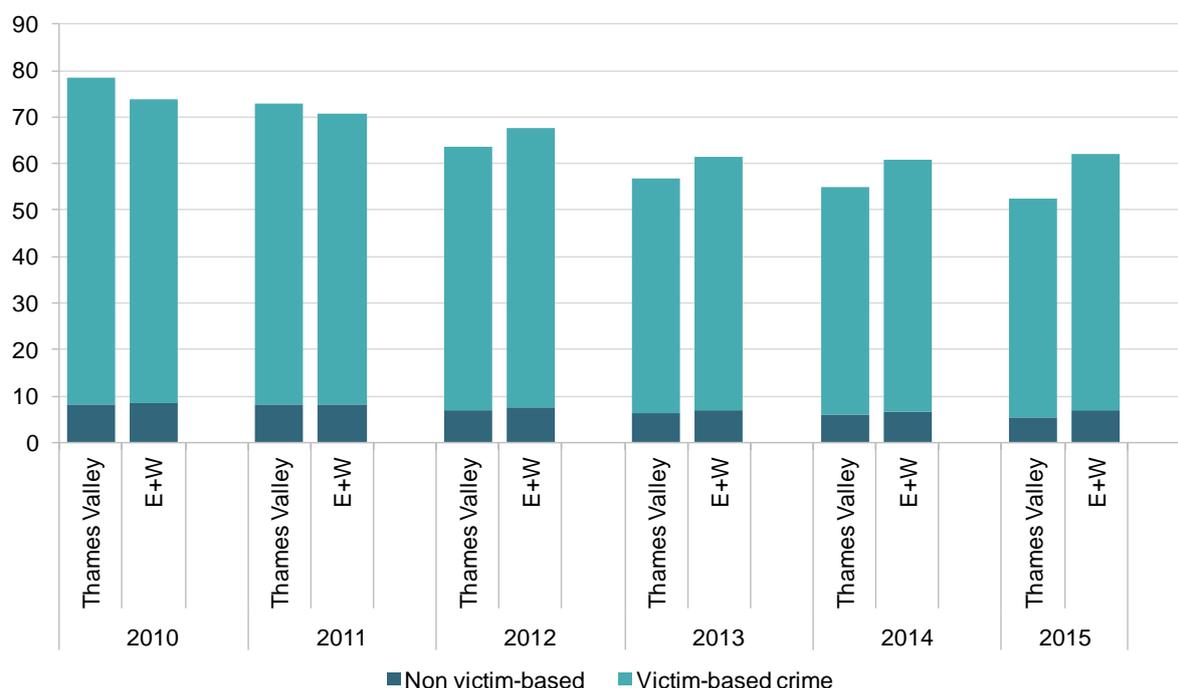
## **How well are the force's services meeting the demand from the public?**

To assess the force's response to public demand, HMIC considered recorded crime figures and rates in Thames Valley, victim satisfaction levels and whether the force is using different ways to communicate and engage with the public.

Although police recorded crime is by no means a complete measure of the totality of demand a force faces, it does provide a comparable performance indicator across all forces. Crime rates are reported as a number of crimes per 1,000 population in each force area to enable comparison between areas. Total recorded crime is made up of victim-based crime (e.g. theft) and non victim-based crime (e.g. possession of drugs). Two thirds of forces showed an annual increase in total recorded crime in the year ending 31 March 2015. This increase in police recorded crime may have been affected by the renewed focus on the quality and compliance of crime recording since HMIC carried out a national inspection of crime data integrity in 2014.

In the 12 months to 31 March 2015 Thames Valley had a victim-based crime rate of 46.8 and a non-victim-based crime rate of 5.5 per 1,000 population. This represents a decrease (34 percent) in the victim-based crime rate and a decrease (32 percent) in the non-victim based crime rate since the start of the spending review in 2010. During the same time period, England and Wales had a victim-based and non victim-based crime rate of 55.2 and 6.9 per 1,000 population respectively. This represents a decrease in both crime rates by 15 percent and 19 percent respectively since the start of the spending review. The scale of the change in recorded crime rate can be seen in Figure 1.

**Figure 1: Police recorded crimes per 1,000 population from Thames Valley in the 12 months to 31 March 2010 to the 12 months to 31 March 2015, compared to England and Wales**



**Source: Home Office crime statistics and ONS mid-2013 population estimates (2013 population data are used across multiple years to reveal actual change in recorded crimes, rather than changes due to population change)**

Of those who have been the victim of a crime in Thames Valley, 88.4 percent<sup>2</sup> were satisfied with their whole experience with the police in the 12 months to 31 March 2015. This is higher than the national victim satisfaction rate of 83.8 percent<sup>3</sup> over the same time period. There has been a significant increase in victim satisfaction between the 12 months to 31 March 2011 and the 12 months to 31 March 2015 in Thames Valley. Victim satisfaction with police services is now higher than the average for all forces and has increased since the 2010 baseline.

The force has successfully reduced its spending over the last four years, while protecting frontline services. Thames Valley has seen one of the biggest reductions in crime and anti-social behaviour in England and Wales over this period.

HMIC monitored how a force engages with the public as part of the inspection. Figure 2 below shows Thames Valley Police uses a range of methods (including Facebook, Twitter and email) to engage with the public.

<sup>2</sup> Thames Valley, confidence interval +/- 1.8 percent.

<sup>3</sup> England and Wales, confidence interval +/- 0.2 percent.

**Figure 2: Methods of public engagement used by Thames Valley Police in the 12 months to 31 December 2014**

<u>Are the following communication channels being used by the Force?</u>	
Facebook	Yes
Twitter	Yes
Email	Yes
Text message	Yes
Web forum	Yes
Instagram	Yes
Local phone (not 999 or 101)	No

**Source: HMIC Efficiency data collection**

The force has also looked at how extensively police stations across the Thames Valley area are used by the public to access police services and it is monitoring how other routes to access services are being used, such as via the force website, email or social media.

Alongside this work, as previously described in this report the force is looking to ensure that police frontline resources are used most effectively to protect the public and prevent crime and anti-social behaviour through its force patrol plan work.

## **How well is the force managing demand?**

The force continually monitors the volume of calls it receives. It has a sophisticated understanding of when the busiest times are, and checks that call handling staff are available in the control rooms and PECs to meet peaks in demand.

Effective neighbourhood policing is central to the force's plans for making the most efficient use of police time and reducing demand. The neighbourhood teams work with local public sector organisations and their communities in understanding and solving local problems to reduce and prevent crime and anti-social behaviour.

The force has joined with Hampshire Constabulary in a joint bid for government grants through the Police Innovation Fund. Part of this bid is to support the proposed contact management collaboration with Hampshire. The force envisages that this will give the public easier access to the police, both to report an incident and to keep up-to-date with the progress of an investigation.

It also expects to make substantial cost savings and lead to a 30 percent reduction in calls for service that will need a response from patrol officers.

Thames Valley works effectively in partnership arrangements at both the local policing level and force level. There are a number of successful joint approaches between the police and health services across Thames Valley. In some areas of the force, police officers and mental health nurses jointly respond to incidents involving people with potential mental health concerns. The force assesses that this has resulted in a 30 percent reduction in the number of people with mental health problems who have to be taken into police custody for their own protection and safety.

Similarly, Thames Valley has worked with the ambulance service to reduce the frequency with which police resources are used to deal with ambulance service-related calls.

This means that police time has been saved and more importantly, vulnerable people are being dealt with more appropriately by the right agencies in settings that meet their health needs.

## **How well does the force monitor and understand outputs, outcomes and costs?**

The force has processes to monitor and improve performance, making good use of data to understand current performance. This means the force is able to focus attention on those areas that need to improve.

It has good leadership and effective structures in place, with clear accountability for achieving priorities and improving services. Performance in areas of greatest threat and risk to the public such as domestic abuse, rape, child sexual exploitation and hate crime are managed through a programme of 'thematic risk' meetings.

Thames Valley Police has a rigorous approach to financial management. There is an understanding of costs across all services which helps the force manage its programme of budget reductions. It has found the savings required with a comparatively small reduction in police officer and staff numbers which has enabled it to protect frontline policing. Collaboration with Hampshire Constabulary has been well planned and is achieving both efficiencies in operational policing and in support services.

The force has started a process of priority-based budgeting examining how current spending links to priorities, and has just finished the first part of data collection. The purpose of the priority-based budgeting approach is to examine all areas of police spending and to analyse how much value each area adds to the force's ability to achieve its priorities.

This analysis will be used to make sure that resources can be better aligned to priority areas. It will also help to identify those areas where savings can be made that will have least impact on police services that matter most.

The force is placing great reliance on priority-based budgeting to manage the future demand and continue to be able to deliver effective policing. There is a risk that it may not meet all the savings needed within the timescales. However HMIC is reassured that the chief constable's management team understand the risks and is heavily engaged with the process of priority-based budgeting and is providing strong oversight and leadership to the process.

## **How well is the force using new working methods to improve services?**

The force has a mature, robust and well-led change programme which has enabled it to manage a complex set of projects that have provided £58.9m savings over the last four years. Over the same period there was an increase of 152 officers working in frontline roles.

The chief constable's management team takes ownership of the change programme and closely monitors and reviews its work. Individual chief officers are accountable and responsible for principal strands of the change programme. The force makes use of learning from other forces and academic research to support its thinking in respect of this programme.

There are a number of change projects underway within Thames Valley Police, ranging from: a review of the use of police officers in response and neighbourhood roles; improving the way the public can contact and engage with the police; and improving the efficiency of back-office functions such as payroll. Each one is exploring new ways of working, working in partnership with others and using new technology to lead to more efficient and effective policing.

Thames Valley Police has already achieved efficiencies and improved service as a result of collaborative working with Hampshire Constabulary in IT, information management services and a joint police operations unit. It is now extending this collaboration to manage jointly public contact centres for the two forces. The force is also assessing the viability of outsourcing the running of some back office functions such as the payroll service and its duties management system.

HMIC found that Thames Valley Police could still do more to exploit fully the benefits of new technology. For example, many forces are saving time by providing officers with mobile devices to access information and carry out their duties more efficiently. The force has not yet decided how mobile technology will be used in frontline policing.

There are innovative approaches to new ways of working through the use of new technology being considered and pursued by the force. It plans that through these new approaches the impact on frontline services from workforce cuts can be mitigated by ensuring that police officers can work more efficiently.

These new approaches will bring change to workforce practices and at the time of the inspection the force was considering its new 'change road map' which will plot major changes and include communications that are targeted at different groups. HMIC found that so far there has been limited engagement with the workforce who are concerned about the change that is likely to happen. This presents a risk that the implementation may be delayed because the workforce is not properly prepared for the change ahead, particularly in terms of adapting to the use of new technology and the different working practices that will bring.

## Summary of findings



The force has thoroughly analysed calls for police services that come into the force and has a good understanding of current demand.

The force matches resources to demand effectively and has managed its programme of budget reductions well while protecting frontline services.

Performance has remained strong, with one of the biggest reductions in recorded crime and anti-social behaviour incidents in England and Wales.

HMIC found that the force has introduced new working methods, including collaboration with other partners and Hampshire Constabulary. The force could make more use of new technology, although it is clear that there are some innovative approaches to new ways of working being considered and pursued.

Many individuals in the workforce were unaware of some of the proposed changes and further work is needed to ensure that there are clear, co-ordinated and widely communicated plans.

HMIC is encouraged that the force has developed a process, known as priority-based budgeting (PBB), which will help the force to understand fully the demands placed on its workforce and make well informed decisions on prioritising activity and setting appropriate levels of service. The force is in the very early stages of assessing future demand, which would enhance its ability to plan further ahead.

## How sustainable and affordable is the workforce model?

HMIC examined how Thames Valley Police has structured its workforce (i.e. its mix of police officers, staff and PCSOs, and the proportion of all these groups working in frontline positions), and assessed whether this was affordable and sustainable as the force responds to its financial challenge. We also considered what the force is doing to ensure the workforce has the right skills and capacity to fight crime and keep communities safe now and in the future.

### **How well does the force's current workforce model match demand, organisational and financial requirements?**

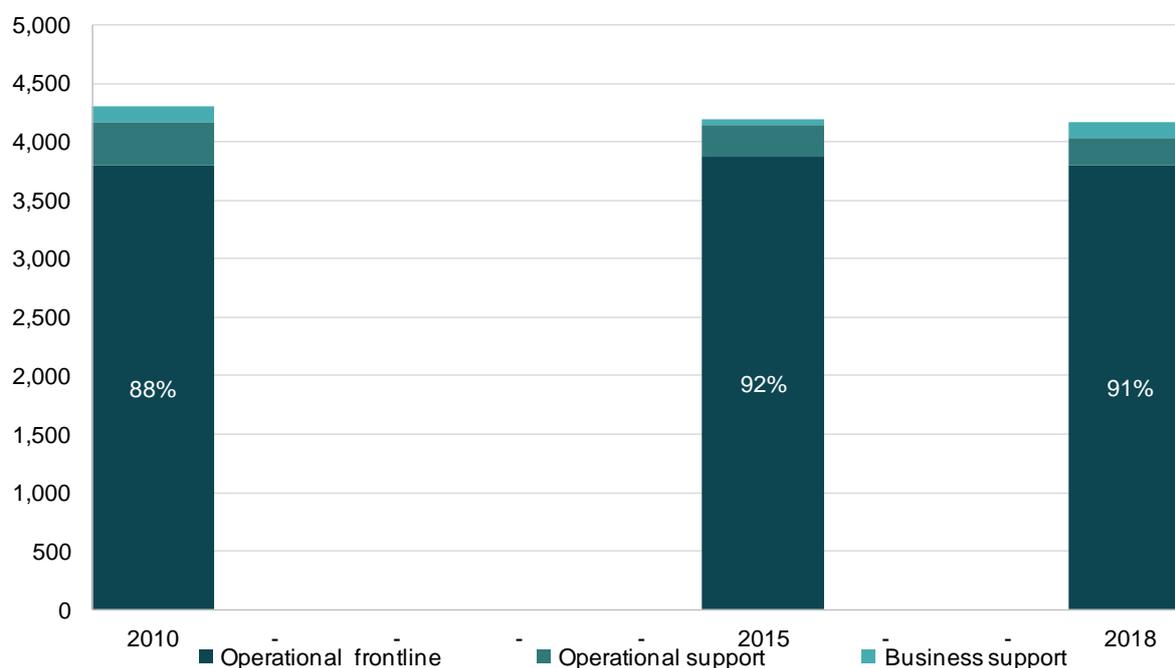
Thames Valley Police forecasted a total savings requirement over the first four years of the spending review as part of the value for money inspection (2011/12 to 2014/15) of £58.9m, the equivalent of 12 percent of the 2010/11 gross revenue expenditure for the force. Savings were made in both the pay and non-pay budgets. Since 2010, Thames Valley Police has seen a reduction of 69 police officers, 286 staff and 41 PCSOs, full-time equivalent (FTE).

In Thames Valley Police, there have been falls in the total number of police officers (FTE) over the period 2010 to 2015, as shown in figure 3. During this time period the proportion in frontline roles has increased from 88 percent in 2010 to 92 percent in 2015. The force expects to slightly reduce this proportion looking forward to 2018.

The force has a well-developed programme to achieve savings, led by a chief officer team that has demonstrated a strong track record of effective financial management, and rigorous development and implementation of the productivity plans.

This has ensured that the shape of the workforce has been designed to provide policing services within the funding available. The force has so far ensured that as budgets have been reduced through austerity measures, changes to the workforce have matched both the police and crime priorities and the force's budget.

**Figure 3: Actual and planned changes to police officer full-time equivalents (FTE) in operational frontline, operational support and business support roles in Thames Valley Police, from 31 March 2010 to 31 March 2018**



**Source: Home Office annual data return and HMIC efficiency data collection**

**For further information about the data for figure 3 please see Annex B**

Workforce numbers in Thames Valley Police have already reduced, with around 70 fewer police officers and around 290 fewer police staff than in 2010. Most of this reduction has been achieved by not filling vacancies as they arise or from redeploying staff in redundant posts into remaining vacancies.

The force has strong structures in place to develop general workforce capabilities, particularly leadership skills. This would be further enhanced if it was linked to a clearer understanding of the future capability of the force that is likely to be required.

During its focus groups, HMIC identified that while the force has development opportunities in place for police staff, it was less clear what progression this would lead to for participants in the group. There is a risk that as further savings are delivered principal members of police staff may leave to seek opportunities outside the organisation.

The force has operated an organisational change policy where a member of police staff can be redeployed into a new role if they can show that they match 50 percent of the job requirements. This has resulted in only 20 compulsory redundancies over this period. The policy has provided valued employment protection for staff but has led in some specialist areas, such as IT, to a lack of capacity which was felt by some staff seen by the inspection team to have hindered the development of change.

HMIC also found that on occasions this had caused problems both for those being redeployed who felt they did not have the required skills, and for managers who felt that as the pace of change increases this approach is not sustainable.

## How well does the force’s projected workforce model match demand, organisational and financial requirements?

Figure 4: Actual and planned changes in workforce FTE from 31 March 2010 to 31 March 2018 for Thames Valley Police compared to England and Wales

	March 2010	Difference between 2010 and 2015		March 2015	Difference between 2015 and 2018		March 2018
		Force	England and Wales		Force	England and Wales	
Police Officers	4,434	-2%	-12%	4,365	-4%	-6%	4,169
Police Staff	3,000	-10%	-19%	2,714	5%	-6%	2,847
PCSOs	500	-8%	-27%	459	-6%	-11%	431
<b>Workforce total</b>	<b>7,935</b>	<b>-5%</b>	<b>-15%</b>	<b>7,538</b>	<b>-1%</b>	<b>-6%</b>	<b>7,447</b>

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

For further information about the data for figure 4 please see Annex B

For data as at 31 March 2010 and 31 March 2015 HMIC have used Home Office annual data return data which is an ‘actual’ FTE, whereas for projections for March 2018 are budget based projections and therefore are likely to take into account a vacancy rate depending on a force’s planning strategy. In some instances therefore an increase in budgeted posts may not actually indicate the force/constabulary is planning to increase its workforce. In other cases, forces may be planning to reduce their workforce but have a current high vacancy rate which masks this change.

The force has managed its savings with limited impact on the size of the workforce, so far. The force has reduced the number of police staff since 2010 by around 300 making very limited use of redundancy. However, the force acknowledges that the further savings required over the next two to three years will have a greater impact on the size of the workforce.

The force commented within its data return that due to identified shortfalls for 2016/17 and 2017/18, it recognises that in order to balance budgets further reductions in workforce numbers may be necessary. Outcomes from the force-wide

priority-based budgeting exercise and consequent modelling of the MTFP will inform decisions about the volume and locations for those reductions.

During 2015/16 there are planned reductions in police officer numbers of 167, taking the target establishment down to 4,198 (not including officers in the hosted regional units (SECTU and SEROCU) from the 2010 baseline of 4,434.

These reductions are in line with the force's financial plans and have been managed through a robust and well-established change programme chaired by the deputy chief constable (DCC).

Beyond 2015/16 it is not clear that the workforce plan is aligned to future financial or organisational requirements. The force has made a number of assumptions about likely changes to its budgets and as a result is anticipating significant reductions in both officer and staff numbers to achieve the savings required. There are still many uncertainties about future funding levels. Thames Valley is relying on the outcomes of the priority-based budgeting process to direct its decision making in regard to spending cuts and to provide some clarity as to the impact of different levels of cuts on service outcomes.

The force has a good track record in achieving change and has shown it has both the capability and the capacity needed across the organisation to lead and manage complex change successfully. However, the force will not be in a position to have the full picture of the likely workforce changes based on the priority-based budgeting exercise until at least September 2015.

## Summary of findings



**Good**

The force workforce model currently meets the demand for its services within its budget.

The force has so far managed its savings with limited impact on the size of the workforce, but it recognises that further savings required over the next two to three years will have a greater impact on the size of its workforce.

The force is placing much emphasis on the priority-based budgeting approach in enabling these workforce reductions to be identified, at the same time as continuing to provide services that matter most.

Senior managers are clear that they intend that the organisation will look and operate very differently in three years, particularly through using new technology.

Although the scale of the change required presents a significant challenge, HMIC found that the force has stable, well-established leadership and existing internal structures through which to plan and manage.

The force has strong structures to develop general workforce capabilities, particularly leadership skills. This would be further enhanced by being linked to a clearer understanding of the future capability likely to be required.

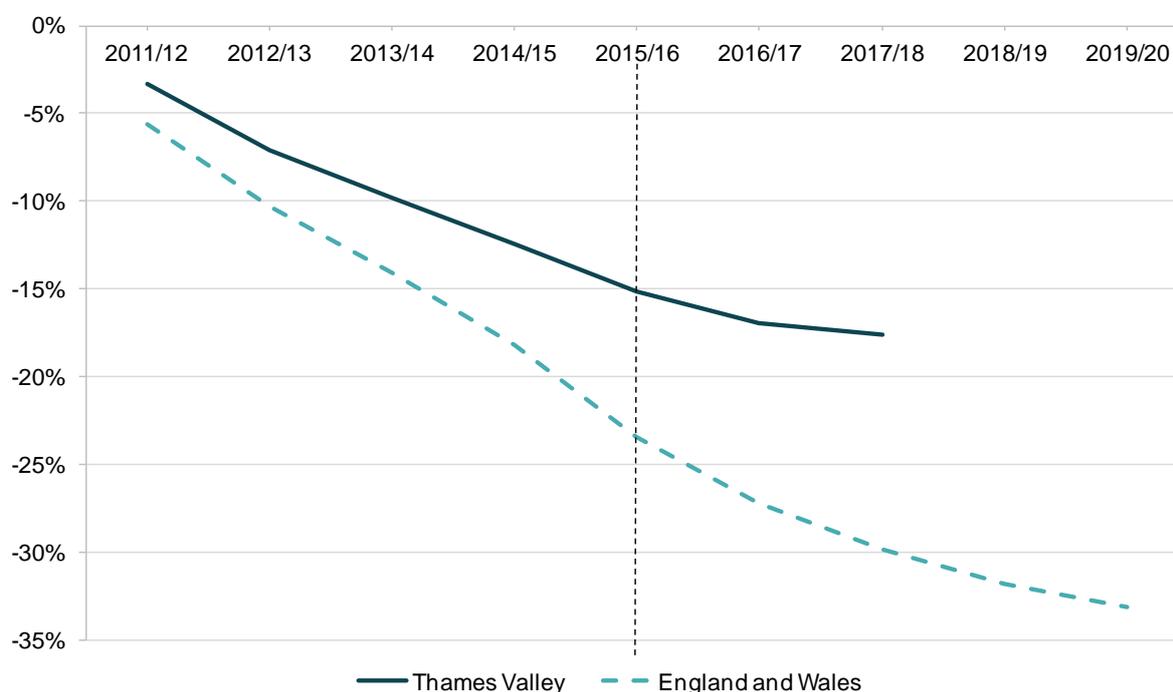
## How sustainable is the force's financial position for the short and long term?

HMIC examined how forces have achieved savings over the spending review period, the saving plans that forces have developed for the future, and the assumptions forces have made in the understanding of the financial challenges ahead. We also assessed whether forces have good financial controls and governance, and if spending reflects the priorities outlined in the police and crime plan.

### **Has the force achieved its saving requirements and balanced the budget for the spending review period and 2014/15?**

The force achieved its savings requirements and balanced the budget for 2014/15. Thames Valley Police forecasted savings of £58.9m over the first four years of the spending review (2011/12 to 2014/15), the equivalent of 12 percent of the 2010/11 gross revenue expenditure for the force. Over the period, savings were made in both the pay and non-pay budgets, so as to balance budgets by 2014/15. Over the same period, all forces across England and Wales forecasted a total savings requirement of £2.53bn, the equivalent of 18.2 percent of the 2010/11 gross revenue expenditure for England and Wales.

**Figure 5: Estimated change in expenditure from 2011/12 to 2014/15, and forecast planned savings for 2015/16 to 2017/18, against the 2010 gross revenue expenditure baseline for Thames Valley and England and Wales**



**Source: HMIC policing in austerity data, HMIC efficiency data collection and The Chartered Institute of Public Finance & Accountancy (CIPFA) Police Objective Analysis data**

**Please note, the line for the force in figure 5 stops at 2017/18 as the force did not provide savings plans after this point**

**For further information about the data for figure 5 please see Annex B**

## **Has the force achieved a balanced budget for 2015/16?**

Thames Valley Police has planned a balanced budget of £403m for 2015/16, which includes a cut in spending of £12.8m. It is forecast that the reduction will be split between £7.2m from the pay budget (56 percent) and £5.6m (44 percent) from the non-pay budget in this year's savings. The force plans to meet its reduction in spend without using reserves as a bridge. Since the 2010 baseline, at the start of the spending review, this represents savings of 15 percent.

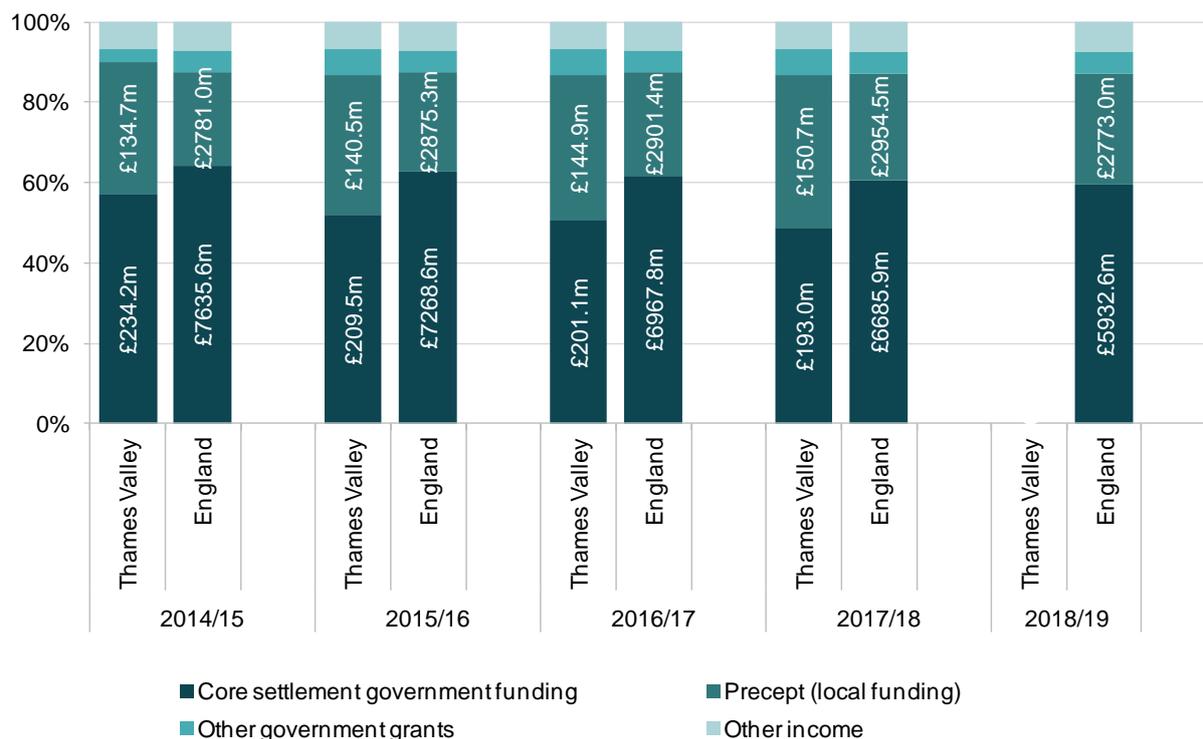
The budget is balanced for 2015/16 with savings of nearly £13m being achieved. The force has a strong track record in identifying and delivering savings over the last spending review period with £58.9m savings found with only a comparatively small reduction in police officer numbers to date. There is a robust approach to managing savings and risks through well established productivity plans. There are sound approaches to programme management, which ensure that projects are closely managed to ensure they meet deadlines for delivery and cost savings.

Thames Valley Police has placed the emphasis on its savings from non-pay budgets. Historically 30 percent of savings have come from non-pay but the potential for this to continue will become more and more difficult. There are high premises costs due to locations such as Oxford which in turn have an impact on the force's ability to reduce costs in non-pay. There has already been a review of contracts which achieved increased value for money, as has a review of the procurement function. Ultimately, further savings will have to be found from the pay budget in the form of either limiting recruitment, freezing vacancies or police staff redundancies.

## **How well has the force maximised other funding opportunities?**

Figure 6 demonstrates the amount of funding that the force received from a central government grant, as precept from local councils through council tax, and from other sources such as Home Office special grants. Thames Valley Police is expecting the proportion of its funding that comes from core settlement government funding to decline over the coming years, while anticipating the proportion of funding that comes from precept (council tax funding) to increase over the same time period. It should be noted that the core settlement government funding and both monetary values and proportions of total funding detailed in figure 6 are from force estimates collected as part of HMIC's efficiency inspection data collection. This data should not be considered as an official projection. The Home Office is currently consulting on changes to the forces' funding formula and therefore any current projections may change over the time period highlighted.

**Figure 6: Forecast mix of funding for Thames Valley Police in the 12 months to 31 March 2015 to the 12 months to 31 March 2019, compared to English forces**



**Source: HMIC efficiency data collection**

The force has submitted a 'super bid' to the Police Innovation Fund amounting to £7.3m in conjunction with Hampshire Constabulary to support the strategic alliance. It includes: business analytics; connectivity solutions; desktop upgrade; contact management change, and digital policing. The aim is for information technology (IT) to become more efficient to enable the savings to be made across other areas of the business.

In terms of partnership funding, there is a small amount of funding available to LPAs to specifically support partnership activity. This was reviewed but the force decided to retain this level of funding despite cuts elsewhere in order to demonstrate the importance it places on joint working with partner organisations.

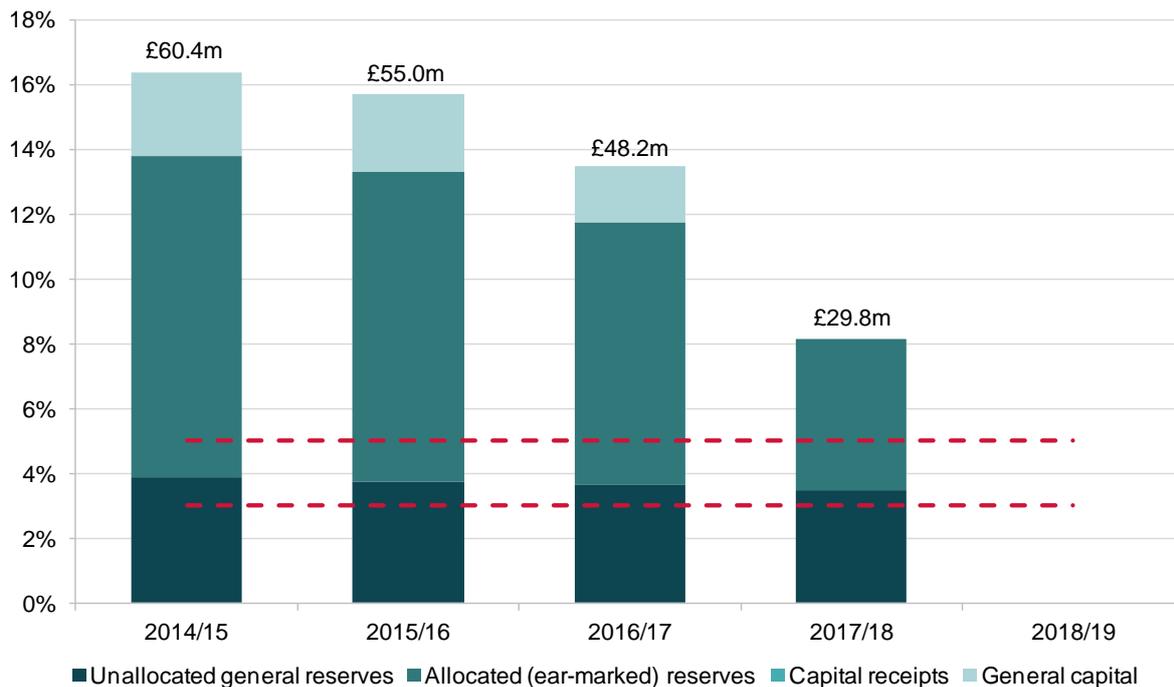
## How well does the force control expenditure?

The force's level of reserves and how these are forecast to change over time is shown in figure 7. Thames Valley Police reported that its total reserves were £60.4m in 2014/15. These are broken down into several categories:

- unallocated general reserves – a sum to cushion the impact of unexpected events or smooth uneven cash flows;

- allocated (ear-marked) reserves – these are reserves set aside for specific capital purposes;
- capital receipts reserves – these are proceeds from the sale of assets which can only be used for specific capital purposes; and
- general capital to support future planned capital expenditure.

**Figure 7: Breakdown of reserves remaining as a proportion of in-year net revenue expenditure, and total reserves remaining (£), for 2014/15 to 2018/19**



**Source: HMIC efficiency data collection**

**For further information about the data for figure 7 please see Annex B**

The chief finance officer is part of the senior leadership team in the force, and there is a rigorous approach to financial management with costs understood down to minute levels of detail. HMIC found a robust approach to managing savings and risks through a well-established productivity plan and sound approaches to programme management.

The DCC leads the force change programme which oversees the savings plans. The force uses a red/amber/green classification for these plans and all savings in the 2015/16 plans are classified as green or achievable savings.

In future, priority-based budgeting will become the way of identifying all service improvements. Both the policing patrol plan and a neighbourhood policing review will become part of this process and linked to the work on more efficient working including using mobile technology and bringing in new ways of working. It includes a

series of 'challenge boards' at which the viability of proposed changes is examined in detail, and assessed against a scoring matrix that evaluates the impact and importance of each function.

There is a clear estates plan which is reviewed regularly. The force is aware that currently it spends comparatively more than other forces on its buildings. The overall aim includes a plan to achieve financial savings from rationalising the use of police buildings to reduce costs.

### **How well do the force's financial plans reflect the objectives set out in the PCC's police and crime plan?**

The force priorities closely match the PCC's priorities, and it plans to use the priority-based budgeting process to effectively realign its resources to those priorities so that the police and crime plan can be delivered across Thames Valley.

The learning from the priority-based budgeting process will support it in this work as it reshapes to mitigate the effect of reduced resources and workforce.

### **How well does the force provide timely and relevant financial information to the office of the police and crime commissioner (OPCC), and are shared assumptions used to develop current and future plans?**

The force finance department works very closely with the office of the PCC (OPCC). It provides regular financial reports to the PCC and the OPCC works constructively with the force in planning and monitoring financial plans.

### **How well developed are the force's plans for possible further savings?**

The medium-term financial plan from 2015/16 to 2017/18 identifies a required reduction in expenditure of £46m over these three years of which the force has only identified savings of £24.1m. The force currently spends around 80 percent of its total budget on staffing costs therefore it is working on the basis that 80 percent of future savings will need to come from the staffing budgets. Assuming that further savings can be made from the non-staff budget, Thames Valley estimates that it is likely to have to reduce police officer numbers by around 400 to balance the budget by 2017/18.

## Summary of findings



### Outstanding

The force balanced its budget for 2014/15 and achieved the savings required during this spending review period.

It has achieved a balanced budget for 2015/16 with £12.8m in savings.

The force considers funding opportunities and submitted a substantial joint bid with Hampshire Constabulary to the Police Innovation Fund.

The force priorities closely match those of the police and crime commissioner (PCC). Information is regularly shared between the force and the office of the police and crime commissioner (OPCC) to manage the budget.

The force has good systems in place to understand, manage and account for expenditure.

The MTFP for 2015/16 to 2017/18 identifies a required reduction of expenditure of £46m over these three years, of which the force has only identified savings of £24.1m.

The force estimates that it is likely to have to reduce police officer numbers by 196 by March 2018.

The plans for dealing with this shortfall are through the priority-based budgeting (PBB) process. The baseline analysis from this should give a better understanding of spending and the force is strongly placed to make swift decisions on the savings opportunities it wishes to pursue once the PBB process is complete.

## Annex A – HMIC judgments

The categories are:

- outstanding;
- good;
- requires improvement; and
- inadequate.

Judgment is made against how efficient the force is at keeping people safe and reducing crime. In applying the categories HMIC considers whether:

- the efficiency of the force is good, or exceeds this standard sufficiently to be judged as outstanding;
- the efficiency of the force requires improvement because it is not yet performing at a good level, and/or there are some weaknesses in the organisation; or
- the efficiency of the force is inadequate because it is considerably lower than might reasonably be expected.

## Annex B – Further information about the data

### Figure 3

Planned changes to police officer full time equivalents (FTE) in operational frontline, operational support and business support roles in the force/constabulary, 31 March 2010 to 31 March 2018.

The data used in figure 3, for March 2010 and March 2015 is taken from the Home Office annual data return 601 and does not include workforce allocated under category '62 other' whereas the data used in figure 4 for March 2010 and March 2015 is taken from the Home Office annual data return 502 and is inclusive of this category. Therefore totals data may not match exactly.

### Figure 4

Planned changes in workforce FTE from 31 March 2010 to 31 March 2018 for the force/constabulary compared to England and Wales. The figures in table 4 are rounded to the nearest whole person, full time equivalents (FTEs), and therefore may differ slightly to the exact figures quoted within the report.

For data as at 31 March 2010 and 31 March 2015 we have used Home Office annual data return data which is an 'actual' FTE, whereas for projections for March 2018 are budget based projections and therefore are likely to take into account a vacancy rate depending on a force's/constabulary's planning strategy. In some instances therefore an increase in budgeted posts may not actually indicate the force/constabulary is planning to increase its workforce. In other cases, forces may be planning to reduce their workforce but have a current high vacancy rate which masks this change.

Due to the complex and continually evolving picture of workforce collaboration between neighbouring forces, not all changes in workforce figures are real in terms of the workforce available. Involvement in strategic alliances and/or regional organised crime units (ROCU) would be an example of where changes over time are likely to be skewed. Therefore sharp increases or decreases over time need to be considered with caution as they may simply represent accounting changes related to how staff are allocated to forces, not real changes in staffing levels.

At the time of the inspection, the future financial climate was uncertain. Several forces were in a position where they did not have confirmed/signed-off plans for workforce projections. It is important to note that figures provided are in many instances unconfirmed estimates provided to assist HMIC in its inspection programme and should not be seen as a concrete plan for the future landscape of policing. These comments apply to figure 3 and figure 4.

## Figure 5

Estimated change in expenditure from 2011/12 to 2014/15, and forecast change in expenditure for 2015/16 to 2019/20, against the 2010 GRE baseline for the force and England and Wales

Figure 5 shows how force expenditure has changed over the period of the spending review, relative to the total change in expenditure for all forces across England and Wales. For 2015/16 onwards there has been a change in methodology in comparison to the value for money inspection. The savings requirement is no longer inflated gross revenue expenditure (GRE) minus expenditure but the sum of planned savings and use of reserves to bridge an in-year funding gap. This change is indicated by the vertical dashed line on the chart. The chart shows planned savings (including use of reserves to bridge an in-year funding gap) in future years, calculated using the planned savings for pay and non-pay budgets provided to HMIC at the time of the data collection (February 2015). Some forces only provided figures for savings they had formally signed off at that point, while others provided estimates for the whole period. Therefore small savings requirements do not necessarily equate to a small savings challenge for the future.

## Figure 7

Breakdown of reserves remaining as a proportion of in-year net revenue expenditure, and total reserves remaining (£), for 2014/15 to 2018/19

According to a survey of financial directors conducted by the Audit Commission,<sup>4</sup> it is commonly considered that three percent to five percent of net revenue expenditure is a prudent level of unallocated general reserves for risk-based planning purposes. This range is shown on the graph by the two horizontal red dotted lines.

Please note that all categories of reserves for the force/constabulary are held by the PCC apart from City of London and the Metropolitan police service where reserves are held by the City of London Corporation and MOPAC respectively.

---

<sup>4</sup>*Striking a balance: Improving councils' decision making on reserves*, Audit Commission, December 2012. Available from <http://webarchive.nationalarchives.gov.uk>