

# PEEL: Police efficiency 2015

An inspection of Cheshire Constabulary



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

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



**Outstanding**

HMIC found that Cheshire Constabulary is exceptionally well prepared to face its future financial challenges. It has a good understanding of demand and has processes in place to make informed choices about resources and levels of service across every business area. Workforce and financial plans are detailed and closely aligned and the constabulary has a strong track record of achieving savings. Together, these provide HMIC with confidence that this performance can be sustained through to 2019/20. In last year's value for money inspection which considered how forces had met the challenges of the first spending review period, Cheshire Constabulary was judged to be good.

## Summary

HMIC judges Cheshire Constabulary to be outstanding. Cheshire Constabulary has developed a good understanding of the demand it faces, both now and into the future. The constabulary used a priority-based budgeting process to identify existing demand and service levels, assess future demand, identify potential levels of service that could be provided and allocate resources. The constabulary identified 52 discrete service areas which made up the entirety of its operations. The process comprised three stages, each led by the deputy chief constable with the involvement of the office of the police and crime commissioner. Starting with a review in September 2015, the constabulary intends to run priority-based budgeting annually to monitor progress against its financial and workforce plans and the police and crime plan.

This process has allowed the chief officer team to make informed choices about resource allocation and levels of service across every business area, resulting in increased investment in frontline services and re-alignment of resources to priority and emerging areas. It has informed a new operating model<sup>2</sup> for local policing which is rolling out across the constabulary area from July 2015.

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<sup>1</sup> Outstanding, Good, Requires improvement or Inadequate – see last page of report for definitions.

<sup>2</sup> Operating model - the way in which a police force is organised in terms of its structure and the processes it has adopted and operates in order to achieve its objectives.

The constabulary's workforce planning is intrinsically linked with its financial planning and budget prioritisation. Plans are in place to ensure that the workforce has the skills and abilities necessary to provide services that meet the needs of the community.

Cheshire Constabulary has achieved a balanced budget throughout the spending review period and has planned a balanced budget for 2015/16 which is not reliant on the use of reserves. Cheshire's savings tracker database provides a detailed understanding of where and when savings are achieved, along with projected future savings. The constabulary's plans, strong financial management and record of achieving savings to date provide HMIC with confidence that this can be sustained through to 2019/20.

<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>Outstanding</b> </p>	<p>   <b>Outstanding</b> </p>
<p>Cheshire Constabulary understands the demand it faces, informed by its strategic threat and risk assessment. It can identify areas of growing risk where the constabulary needs to invest more resources, and where current activity is appropriate to deal with predicted levels of harm.</p> <p>The constabulary has systems and processes in place to identify its available resources and skills and ensure they are allocated where most needed. It is therefore able to match its resources to</p>	<p>Cheshire Constabulary's workforce planning is closely linked with financial planning and budget building.</p> <p>The constabulary has used the priority-based budgeting process to align its workforce with current demand, financial requirements and the organisational requirements of the police and crime plan. Rather than using this process simply as the means to achieve budget savings, the constabulary has identified choices in the level of service it provides</p>	<p>Cheshire Constabulary has achieved a balanced budget throughout the spending review period and has planned a balanced budget for 2015/16 which is not reliant on the use of reserves. Through the priority-based budgeting process the constabulary has been able to identify a number of opportunities to reinvest savings in support of its objectives and priorities.</p> <p>The constabulary is effectively exploring many collaboration opportunities with other forces and</p>

<p>demand.</p> <p>The constabulary has reviewed its internal processes to identify those creating unnecessary demand on its resources and those which are duplicated. This has identified process improvements, enabled the constabulary to implement changes and reduce demand. It is also working with its partners to better manage demand and provide an improved service to the public.</p> <p>The constabulary has an established framework for monitoring and managing a wide range of performance issues, the progress and outcomes of the ongoing programme of change and to monitor expenditure and budget forecasts.</p> <p>The constabulary has begun a number of new ways of working through collaboration with other forces and external partners. It is supported by a professional and progressive IT department, which develops products and services that meet the needs it has identified.</p>	<p>through back office functions and has used the savings generated to reinvest in priority areas.</p> <p>Cheshire undertakes detailed workforce planning monthly. This includes detailed succession and vacancy planning based on known and projected leavers and the identification and assessment of posts considered critical to the efficiency and effectiveness of the constabulary.</p> <p>Cheshire also has plans to ensure that its workforce has the skills and abilities necessary to provide services that meet the needs of the community, the organisation and the individual.</p> <p>The constabulary's workforce model<sup>3</sup> appears affordable and sustainable through to 2019/20.</p>	<p>partner agencies. It has been successful in securing additional funding to improve its mobile technology for police officers and to integrate public services around safeguarding and early intervention with complex families and domestic abuse victims. The constabulary exercises strong financial control. Its savings tracker database provides a detailed understanding of where and when savings are achieved, along with projected future savings.</p> <p>The financial plans reflect the objectives set out in the police and crime plan. The constabulary holds regular progress meetings with the police and crime commissioner and his office has continuous access to the savings tracker.</p> <p>The constabulary has set out detailed financial plans, based on the annual priority-based budget process, which provides confidence that the constabulary can achieve the potential savings required through to 2019/20.</p>
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<sup>3</sup> Workforce model - the way in which the workforce is organised. In the case of the police, it includes police officers even though they are holders of the office of constable and therefore not employees of their police forces; it also includes police community support officers and police staff.

## Force in numbers



### Financial position

Forecasted change in expenditure 2015/16 to 2018/19

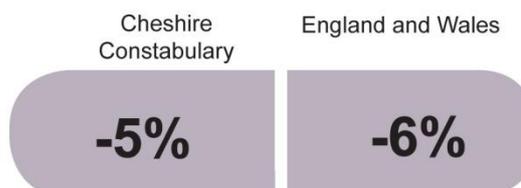


It is important to note that some forces only provided figures for savings they had formally signed off at that point, while others provided estimates for the whole period. As a result, the savings figure above might not reflect the full saving which the force might have to make. 2014/15 GRE has been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



### Providing policing

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



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



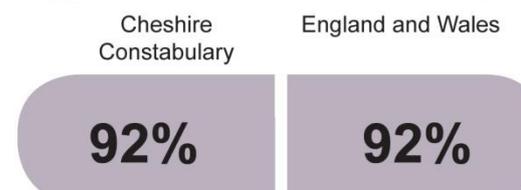
Proportion of police officers on the operational frontline 31 March 2010



Proportion of police officers on the operational frontline 31 March 2015



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





## Organisation

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

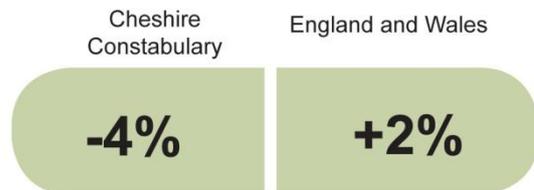


Workforce cost per head of population compared to England & Wales (2014/15)



## Key statistics

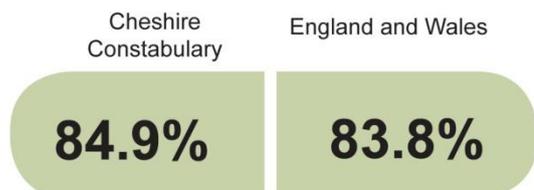
Changes in recorded crime (excluding fraud) 12 months to 31 March 2014 to 12 months to 31 March 2015



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:** Cheshire, confidence interval +/- 2.1 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 whilst 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 we 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 Cheshire Constabulary.

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

HMIC examined how the force understands the demand 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?

Cheshire Constabulary has a good understanding of the demand it faces, informed by the strategic threat and risk assessment process. Additionally, in designing the new operating model, the constabulary has undertaken further work to identify, understand and map both current and predicted demand.

The constabulary holds a quarterly strategic development day with the chief officer team and representatives from the police and crime commissioner's office. As well as considering the medium-term financial strategy (MTFS), undertaking a review and assessment of environmental factors (such as changes to political, economic, social and technological events and trends), and testing and revising funding assumptions, the meeting reviews the strategic threat and risk assessment (STRA).

The STRA considers the risk and predicted level of harm, assessing the constabulary's level of current knowledge and experience, and the ability of current plans to deal with the harm. This in turn identifies areas of growing risk, where the constabulary needs to do more, such as cyber-crime and safeguarding children, and those areas where the current level of activity is deemed appropriate. Informed by the STRA process, Cheshire has allocated more resources to some priority areas, for example in the public protection unit and the creation of the paedophile and cyber investigation team (PCIT).

The constabulary used a priority-based budgeting process to identify existing demand and service levels, assess future demand, identify potential levels of service that could be provided and allocate resources accordingly. The constabulary identified 52 discrete service areas which made up all its operations. The priority-based budgeting process comprised three stages, each led by the deputy chief constable (DCC) with the involvement of the office of the police and crime commissioner (OPCC).

Stage one involved an examination of current demand and service levels together with an assessment of likely future demand. The second stage considered proposals for change. Different levels of service were identified, which the constabulary could

choose to provide, from the statutory minimum, through intermediate and the current service levels, to an enhanced level of service. This provided a good understanding of what the constabulary was currently doing, to what standard, and incorporated the cost and workforce levels. Stage three ranked the potential service levels, which were assessed and moderated against the total level of funding available. This allowed the constabulary to exercise choice, with trade-offs and interdependencies between services being considered.

The constabulary has sought to reduce internal demand, with departments required to review their business and identify duplication or demand that is generated by internal processes. Departments worked together at a tactical level to identify process improvements, implement change and reduce this demand.

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

The new operating model, due to be introduced from early July 2015, has been informed by the outcome of the priority-based budgeting process. This has allowed the constabulary to allocate resources to known and anticipated demand to provide an agreed level of service.

The constabulary has a written protocol on the allocation of resources, which is overseen and managed by the central resource management unit (RMU). In accordance with the protocol, the RMU establishes a “declaration of need”, based on known and anticipated events and demand. This declaration of need is updated monthly, setting the resource levels required and associated shift patterns for the following twelve months.

Cheshire Constabulary has introduced a duty management system (DMS) on which all staff, including the chief constable, record their daily start and finish times. The computerised system contains algorithms incorporating the hours of duty and overtime entitlements prescribed by police regulations and police staff conditions of service. The system automates overtime payment and the constabulary told HMIC that this had resulted in a saving of £1.2 million and a reduction in overtime of 12 percent in the first year. In addition to savings, the RMU is able to maintain an accurate picture of the resources on duty and the available skills and to move resources quickly according to changes in demand or threat.

The constabulary makes extensive use of technology in resource allocation. For example, Cheshire Constabulary’s control centre uses automatic vehicle and person location software to identify the nearest appropriate resource to respond to calls from the public. Supervisors also make use of ‘Foxi’, a system which maps resources and locations, to monitor resource allocation in real time and also to review the effectiveness of patrol plans on crime, incident and public confidence levels.

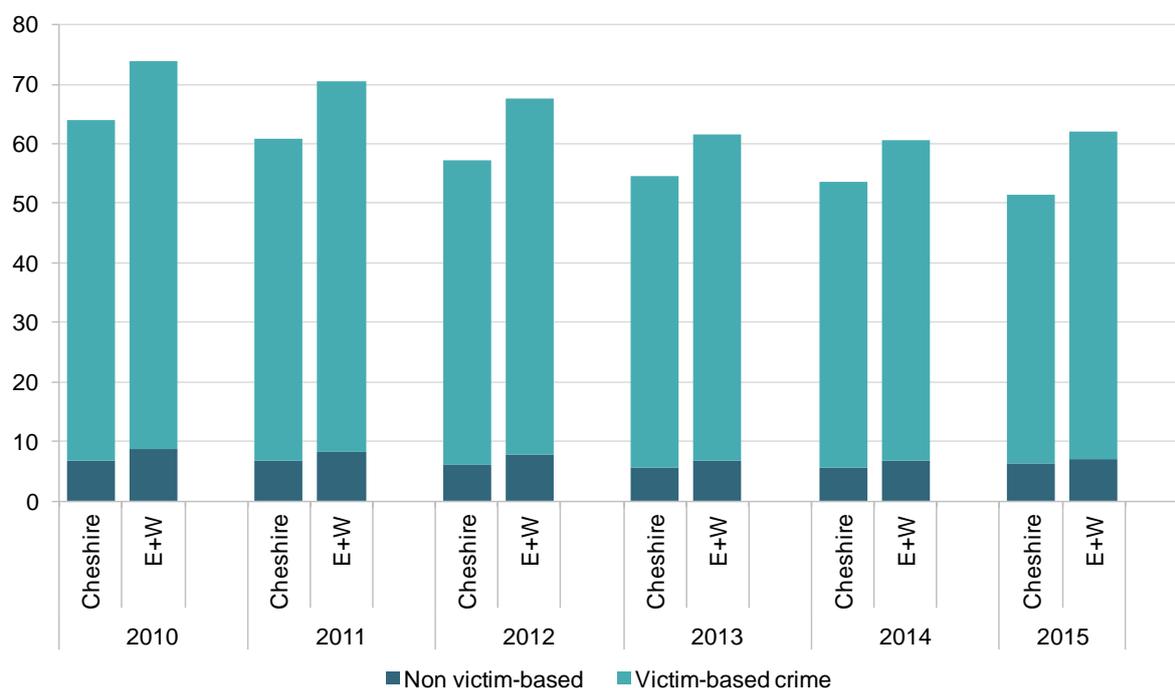
## **How well are the force's services meeting the demand from the public?**

To assess the constabulary's response to public demand, HMIC considered crime figures and rates in Cheshire, victim satisfaction levels and whether the constabulary is using different ways to communicate with and engage 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 police 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 police 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 Cheshire had a victim-based crime rate of 45.2 and a non-victim-based crime rate of 6.2 per 1,000 population. This represents a decrease (21 percent) in the victim crime rate and a decrease (7 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 crime rate can be seen in Figure 1 on the following page.

**Figure 1: Police recorded crimes per 1,000 population from Cheshire 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 Cheshire, 84.9 percent were satisfied with their whole experience with the police in the 12 months to 31 March 2015.<sup>4</sup> This is similar to the national victim satisfaction rate of 83.8 percent over the same time period.<sup>5</sup> There has been a significant decrease in victim satisfaction between the 12 months to 31 March 2011 and the 12 months to 31 March 2015 in Cheshire.

The constabulary’s strategic threat and risk assessment identified an increased threat in relation to cyber-crime and child sexual exploitation. Through the priority-based budgeting process, the constabulary created a single paedophile and cyber investigation team. This team brings together a range of skills and capabilities including the former hi-tech crime, CCTV, telephone investigation and paedophile investigation units. Staff from this team accompany officers responding to calls from the public and investigators executing search and arrest warrants. They provide at-scene expertise in assessing evidence from telephones and computers to consider what will be useful in a potential prosecution, while accredited officers and staff

<sup>4</sup> Cheshire, confidence interval +/- 2.1 percent.

<sup>5</sup> England and Wales, confidence interval +/- 0.2 percent.

investigate allegations of child sexual exploitation. This approach has led to reductions in the backlog of seized equipment awaiting technical analysis, and a more rapid processing of data into evidence to support investigations, often while suspects are in custody, thereby reducing investigation times.

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

**Figure 2: Methods of public engagement used by Cheshire Constabulary in the 12 months to 31 December 2014**

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

**Source: HMIC Efficiency data collection**

On arrival in June 2014, the new chief constable published a commitment to the public of Cheshire that if they reported an incident and wanted the police to attend, then they would receive a response. This commitment has evolved into the “We’re here...” campaign, which identifies four areas of business where the constabulary has made promises to the public – “We’re here where you need us, when you need us; for justice; for victims; and for communities”. The programme has been extensively promoted internally to staff and externally to the community. These commitments were fed into the priority-based budgeting process as guiding principles for allocating resources and deciding service levels. In respect of attendance at incidents these commitments are sustainable in the short to medium-term, however, Cheshire intends to use the annual priority-based budgeting process to monitor and review resource allocation and service levels in the longer term.

In preparation for the move to a new operating model, the constabulary undertook extensive work to understand existing demand and carried out predictive analysis of future demand. The constabulary modelled and planned both current and predicted demand. Cheshire Constabulary applied a resource allocation model which allowed for abstractions (i.e. things which take officers and staff off their usual duties) such

as training courses, leave, sickness absence, case file preparation, response times to incidents and patrol time. The results informed a pilot project in the Ellesmere Port area, which has been refined through the priority-based budgeting process and which will be rolled out as the new operating model across the constabulary from July 2015. The new model will see a move to eight local policing units (LPUs) each headed by a chief inspector. Each LPU will be built up of a number of local authority ward areas, each with its own neighbourhood beat officer.

The majority of staff spoken to during the inspection were confident that the new model was appropriate for policing Cheshire and also that the proposed resource levels would be adequate to meet demand. The constabulary has decided to reinvest some of the identified savings generated through the priority-based budgeting process to support its priority objective of enhancing the front line, although a number of staff expressed concern that not all of the resources will actually be transferred from the back office to the front line. In undertaking the planned three and six-month post-implementation reviews of the new operating model, Cheshire will need to ensure that the intended investment has been or is being realised.

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

The control centre has extensively analysed data and systems to understand and identify its demand for service. Using this analysis a workforce management assessment has been undertaken, to determine the number of staff and type of skills required hourly. The control centre now acts as a central call handling facility, despatch centre and crime recording bureau. These changes have resulted in a control centre workforce trained to deal with all incoming demand from the public, removal of duplication and reduction in the number of calls being passed between operators. This in turn has led to improved customer experience and a reduction in the demand faced by response officers. These changes in the control centre were undertaken before the move to the new operating model and therefore the constabulary will need to assure itself that its control room structures and processes remain compatible with the new operating model.

To reduce the number of burglary offences, the constabulary launched Operation Shield in March 2015. The operation involves targeting known and suspected burglary offenders, whilst also offering a property marking service to homes in identified crime hot spot areas using uniquely identifiable liquids. Ultra-violet detection equipment has been installed in custody areas across Cheshire to identify marked property and suspects who have come into contact with these traceable liquids. Cheshire officers were also placed in custody areas in neighbouring force areas to tackle cross-border criminals. The operation was supported by a designated media campaign.

The constabulary's figures indicate that in the first two months of operation, burglary offences in the areas targeted reduced between 27 percent and 60 percent.

The constabulary has also worked with other public sector partners, such as health, to manage joint demand for services, such as that created by people with mental health problems. This work is aimed at providing a better and more appropriate service to the public while reducing costs through efficiency savings.

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

The constabulary has established a robust framework for monitoring and managing a wide range of performance issues. A new chief constable was appointed in June 2014 and since then the constabulary has seen a complete change in its chief officer team. The chief constable has set out his vision to make Cheshire the safest county in the country and, on taking up his appointment, he communicated his intention to reintroduce targets for a number of priority crimes. During the inspection HMIC found that officers felt that the use of performance information had improved the service provided to the public, with greater emphasis on preventative measures and getting to serious incidents more quickly, as a way of supporting communities. The culture is one focused on what is important.

Good governance and accountability mechanisms are in place to support and improve performance across local policing areas, including daily management meetings which address emerging threats, harm and risk. These are followed by weekly performance meetings with local managers and commanders, and overseen by monthly local leadership meetings. These meetings were described to HMIC inspectors as collegiate and sharing responsibility for improving performance. The impact of good governance and accountability for performance management is that individuals are more likely to engage openly and honestly in seeking solutions and implementing them operationally.

The DCC chairs a monthly strategic performance meeting which considers a wide range of performance issues from levels of police recorded crime and investigation outcomes to victim satisfaction and public confidence. A recent meeting considered a report from external auditors assessing the progress in relation to the integrity of crime recording standards following a previous HMIC inspection report.

The constabulary's change board examines the progress and outcomes of the extensive ongoing programme of change. The constabulary holds quarterly strategic review meetings with the police and crime commissioner to monitor expenditure, projected savings and to consider wider information that may lead to changes in assumptions which in turn might affect future budget forecasts.

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

The police and crime commissioner commissioned the constabulary to undertake a “root and branch”<sup>6</sup> review “to ensure that...resources are directed to front line policing whilst achieving savings to meet the financial challenge [and] that Cheshire...is an agile, well equipped service that is fit for the future and meets the challenges of policing Cheshire”. This, supported by the comprehensive application of priority-based budgeting, has led to the design of a new operating model, which the constabulary intends will see it through the current spending review period.

The constabulary has embarked on collaborative ventures with other forces and with external partners and has ongoing initiatives aimed at reducing demand and improving services to the public. It has recently secured funding from the Department for Communities and Local Government for the “Altogether Better” programme, a multi-agency approach to information sharing and early intervention to provide improved outcomes for troubled and complex families and domestic abuse victims.

Having identified that an increasing and disproportionate amount of officer time was being spent on dealing with mental health issues, the constabulary began working with mental health professionals to find alternative solutions. A pilot scheme began in the north of the county, involving mental health nurses patrolling alongside officers and providing the first response to incidents involving mental health. Constabulary figures for the first twelve months showed a reduction in the number of people taken to police custody areas as a place of safety, resulting in better service provision for those with mental health concerns and cost savings. The pilot has now been extended across the constabulary area.

Cheshire is supported by a professional and forward-thinking IT department, which seeks to develop products and services that meet identified needs. Where appropriate products are developed in-house, for example the interactive public contact points, which allow the public to communicate electronically with officers and staff. This approach to internal product development reduces the time from concept identification to product delivery, allows greater flexibility in design change and reduces costs, while ensuring that systems meet user specifications. Where in-house development is considered inappropriate, the constabulary has engaged with the market to identify and secure the product which best meets the identified need, for example the imminent introduction of a managed service for mobile data for police officers and staff. This will see tablet devices issued to frontline officers and staff to provide remote access to systems without the need to return to the station.

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<sup>6</sup> *Police & Crime Plan 2015-16*, Police & Crime Commissioner for Cheshire, 2015, <http://www.cheshire-pcc.gov.uk/Document-Library/Police--Crime-Plans/Police-and-Crime-Plan-2015-16.pdf>

The constabulary encourages officers and staff to adopt a self service approach to transactional finance and HR issues, such as overtime and expense claims, ordering of uniform and recording of leave or sickness absence, which are coordinated through the Multi-Force Shared Service (MFSS) centre. Cheshire Constabulary was a founder member of and hosts the MFSS at its headquarters, in collaboration with Northamptonshire and Nottinghamshire Police and a private sector partner, which provides systems integration and applications. One such application is the duties management system (DMS) which automates the payment process for casual and planned overtime. By ensuring that all claims are processed in accordance with the correct terms and conditions, payments for overtime worked have reduced and are able to be processed more efficiently.

## Summary of findings



**Good**

Cheshire Constabulary has a good understanding of the demand it faces, informed by its strategic threat and risk assessment. It can identify areas of growing risk where the constabulary needs to invest more resources, and where current activity is appropriate to deal with predicted levels of harm.

The constabulary has systems and processes in place to identify its available resources and skills and ensure they are allocated where most needed. It is therefore able to match its resources to demand.

The constabulary has reviewed its internal processes to highlight those creating unnecessary demand on its resources and those which are duplicated. This has identified process improvements, enabled the constabulary to implement changes and reduce demand. It is also working with its partners to better manage demand and provide an improved service to the public.

The constabulary has an established framework for monitoring and managing a wide range of performance issues, the progress of the ongoing programme of change, and expenditure and budget forecasts.

The constabulary has embarked on several new ways of working through collaboration with other forces and external partners. The constabulary is supported by a professional and forward-thinking IT department, to develop products and services that meet identified needs.

## How sustainable and affordable is the workforce model?

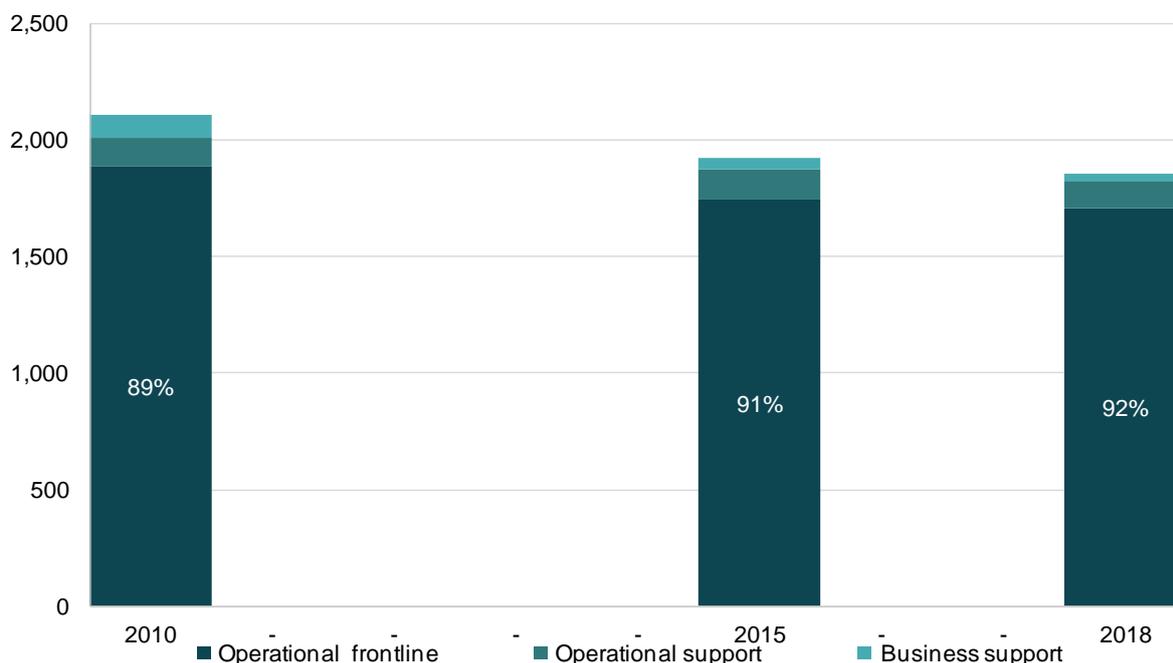
HMIC examined how Cheshire Constabulary has structured its workforce (i.e. its mix of police officers, staff and PCSOs, and the proportion of all these groups working in frontline positions) and assessed whether this was affordable and sustainable as the constabulary responds to its financial challenge. HMIC also considered what the constabulary 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?**

Cheshire Constabulary forecasted a total savings requirement over the first four years of the spending review (2011/12 to 2014/15) of £33.28m, the equivalent of 16% of the 2010/11 gross revenue expenditure for the constabulary. Savings were made in both the pay and non-pay budgets. Since 2010, Cheshire police has reduced its workforce by 203 police officers, 345 staff and 12 PCSOs (as full-time equivalents (FTE)).

In Cheshire, the total number of FTE police officers over the period 2010 to 2015 has reduced, as shown in figure 3 on the following page. During this period the proportion in frontline roles has increased from 89 percent in 2010 to 91 percent in 2015. The constabulary expects to increase this proportion looking forward to 2018.

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



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

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

The constabulary has used the priority-based budgeting process to align its workforce with current demand, financial requirements and the organisational requirements of the police and crime plan. Rather than using this process simply as the means to achieve budget savings, the constabulary has reviewed the level of service it provides through back office functions, and has used the savings generated to reinvest in priority areas.

The People Board, chaired by the DCC, meets monthly to consider progress against the people strategy priority plans and the medium-term financial strategy. This includes detailed succession and vacancy planning, based on known and projected leavers and the identification and assessment of posts considered critical to the efficiency and effectiveness of the constabulary.

The constabulary has a good understanding of the skills and capabilities it needs to police now and in the future, and has continued to invest in training and development opportunities for officers and staff.

## 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 Cheshire Constabulary 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	2,155	-9%	-12%	1,952	-5%	-6%	1,855
Police Staff	1,550	-22%	-19%	1,205	-8%	-6%	1,113
PCSOs	237	-5%	-27%	225	-2%	-11%	220
<b>Workforce total</b>	<b>3,943</b>	<b>-14%</b>	<b>-15%</b>	<b>3,382</b>	<b>-6%</b>	<b>-6%</b>	<b>3,188</b>

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

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

The constabulary will launch a new operating model in July 2015, which will see the move to eight chief inspector-led Local Policing Units (LPUs), aligned with the local authority ward boundaries. The new model is the result of extensive work over the last two years, including the previously mentioned assessment of current and future demand facing the front line.

The priority-based budgeting process considered the work on demand for service along with the police and crime plan priorities, the workforce plan and financial plans to identify the impact in people and financial terms associated with the varying levels of service provision. The constabulary intends to run the priority-based budgeting process on an annual basis from September 2015, to ensure that the workforce plan and operating model remain capable of meeting changes in demand, organisational and financial requirements.

The priority-based budgeting process has presented the chief officer team with options for different levels of service provision from the statutory minimum through to an enhanced level of service to the public.

To date the chief officer team has chosen not to reduce the level of service in any area of the business and so far has been able to reinvest savings into the operational frontline, reinforcing the commitment to the stated priority objective to “enhance frontline policing”. HMIC judges the constabulary's workforce model to be affordable and sustainable through to 2019/20.

## Summary of findings



### Outstanding

Workforce planning for the constabulary is closely linked with financial planning and budget building.

The constabulary has used the priority-based budgeting process to align its workforce to match current demand, financial requirements and the organisational requirements of the police and crime plan. Rather than using this process simply as the means to achieve budget savings, the constabulary has reviewed the level of service it provides through back office functions and has used the savings generated to reinvest in priority areas.

Detailed workforce planning is undertaken monthly. This includes detailed succession and vacancy planning based on known and projected leavers and the identification and assessment of posts considered critical to the efficiency and effectiveness of the constabulary.

Plans are in place to ensure that the workforce has the skills and abilities necessary to provide services that meet the needs of the community, the organisation and the individual.

The workforce model<sup>7</sup> appears affordable and sustainable through to 2019/20.

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<sup>7</sup> Workforce model - the way in which the workforce is organised. In the case of the police, it includes police officers, even though they are holders of the office of constable and therefore not employees of their police forces; it also includes police community support officers and police staff.

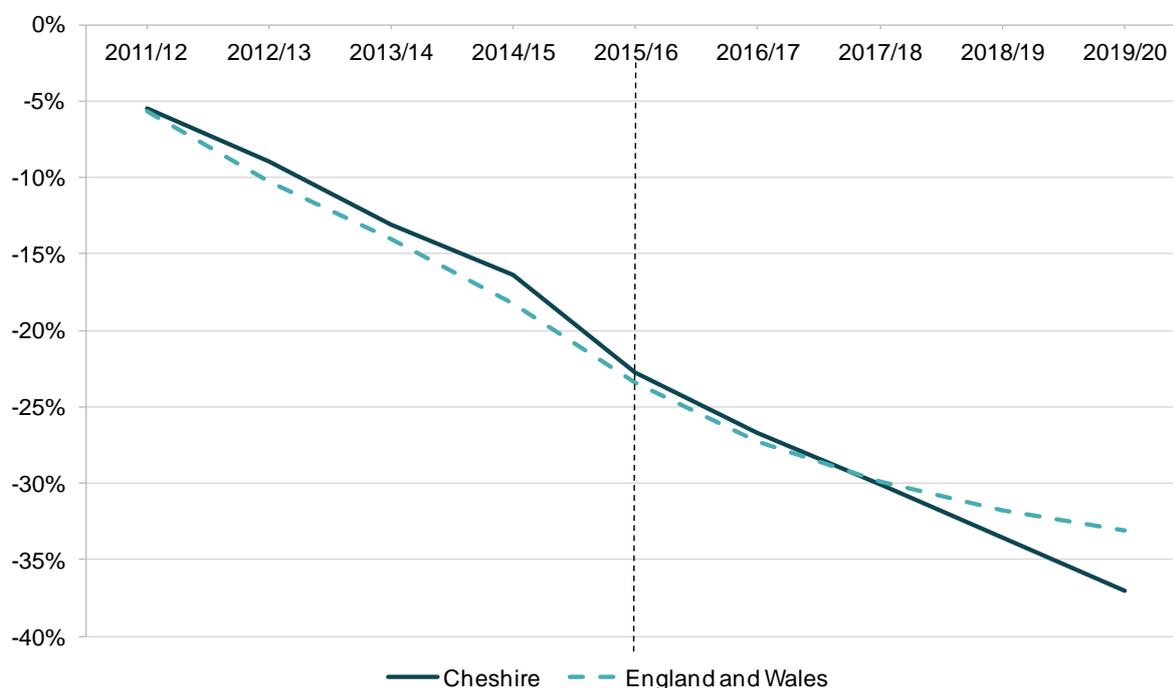
## **How sustainable is the force's financial position for the short and long term?**

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. HMIC 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?**

Cheshire Constabulary forecasted savings of £33.28m over the first four years of the spending review (2011/12 to 2014/15), the equivalent of 16 percent of the 2010/11 gross revenue expenditure for the constabulary. 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 2019/20, against the 2010 gross revenue expenditure baseline for Cheshire 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

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

Cheshire Constabulary has achieved its savings requirement and balanced the budget throughout the spending review period and 2014/15.

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

Cheshire Constabulary has planned a balanced budget of £186m for 2015/16, which includes a cut in spending of £13m. It has forecast that the reduction will be split between £8m from the pay budget (62 percent) and £5m (38 percent) from the non-pay budget in this year's savings. The constabulary plans to meet its reduction in spend without using reserves as a bridge. This reduction represents a saving of 23 percent since 2010 (the baseline year for the last spending review).

The 2015/16 budget has been balanced.

Through the priority-based budgeting process the constabulary has identified a number of opportunities to reinvest savings in support of its objectives and priorities. This further reinforces the findings in HMIC's report from June 2014, *Responding to*

*Austerity*<sup>8</sup>, that “the constabulary has a proven track record of meeting financial challenges, while at the same time providing high-quality community policing to those working and living in Cheshire”.

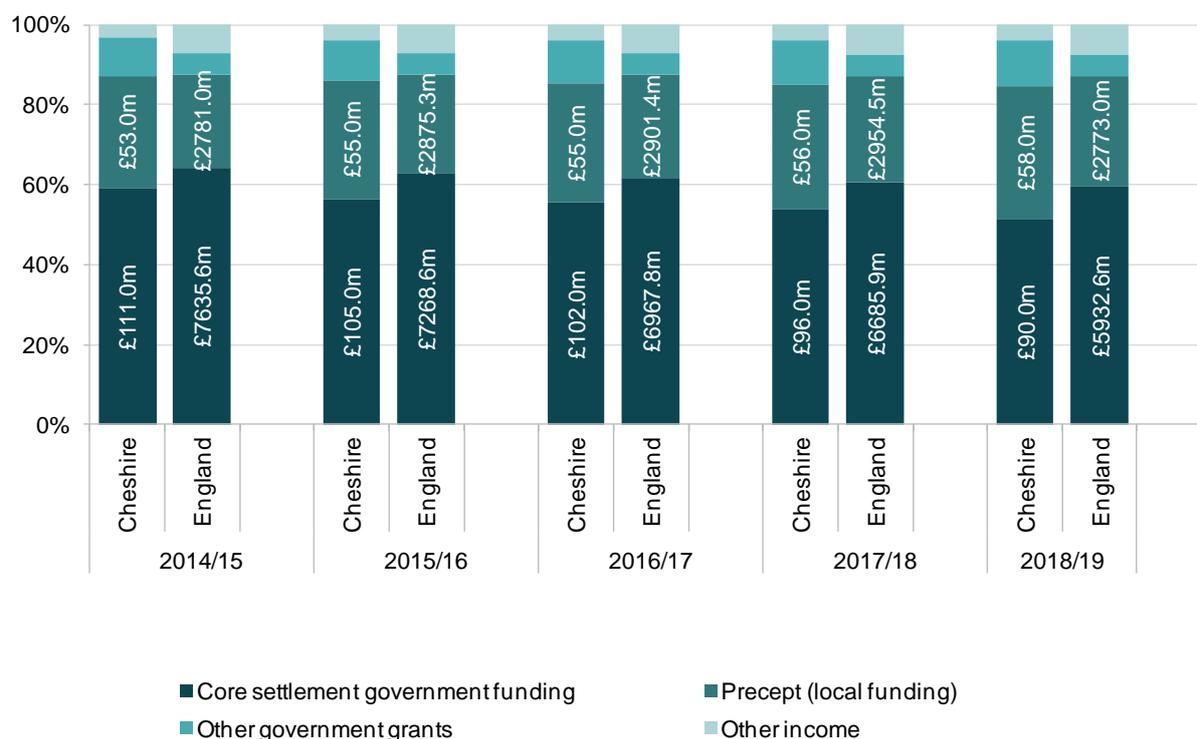
## **How well has the force maximised other funding opportunities?**

Figure 6 demonstrates the amount of funding that the constabulary received from a central government grant, as precept from local councils through council tax, and from other sources, such as Home Office special grants. Cheshire Constabulary 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 its 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, 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.

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<sup>8</sup> *Responding to Austerity*, HMIC, July 2014, [www.justiceinspectorates.gov.uk/hmic/wp-content/uploads/cheshire-responding-to-austerity.pdf](http://www.justiceinspectorates.gov.uk/hmic/wp-content/uploads/cheshire-responding-to-austerity.pdf)

**Figure 6: Forecast mix of funding for Cheshire Constabulary 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 constabulary is effectively exploring a number of collaboration opportunities with other forces in specialist policing provision and is seeking to exploit other funding opportunities, for example the multi-force shared service centre (MFSS). Within the current plan for the constabulary’s estate, the MFSS has room to expand further and the constabulary is currently in discussion with other forces and also non-police agencies to increase the number of participating authorities, as each new member reduces projected costs for existing members.

The Altogether Better programme, which received funding from the Department for Communities and Local Government (DCLG), integrates public services around safeguarding and early intervention with complex families and domestic abuse victims. The programme, which started two years ago, offers a single point of entry to clients for triage and needs assessment services. By sharing information across a range of partners in Cheshire and being able to respond quickly to changes in circumstances, demand on all agencies is reduced and service provision is improved for victims from the first point of contact.

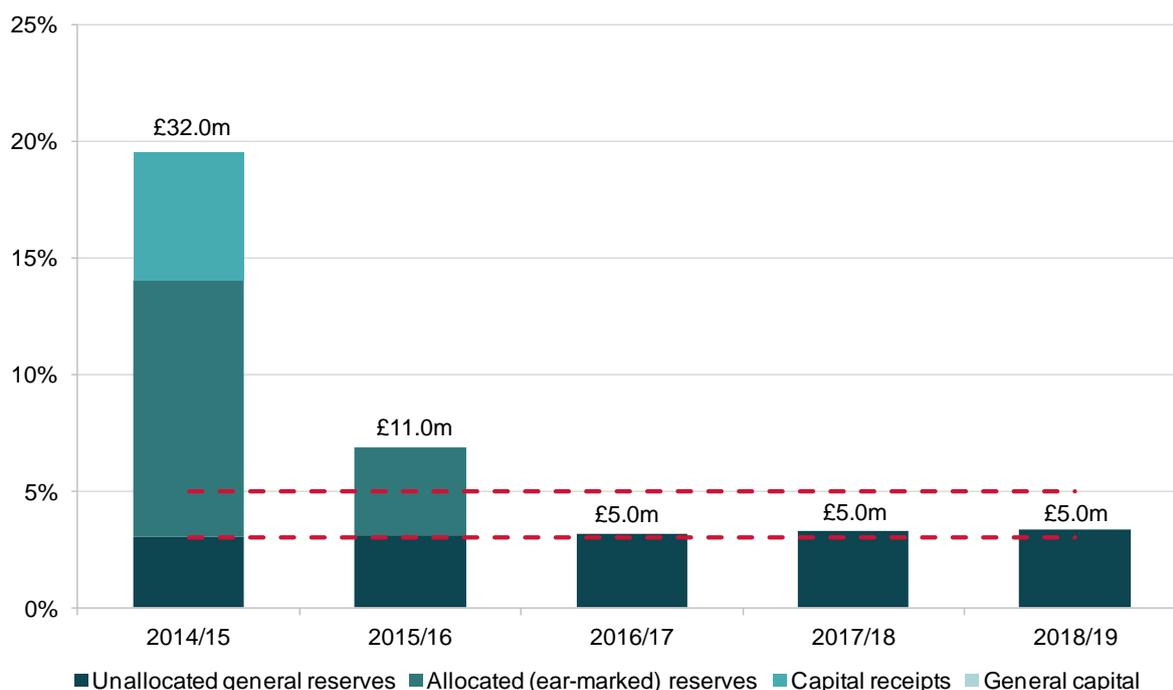
The constabulary has also successfully obtained funding from the Police Innovation Fund to support the development of mobile data for frontline officers and staff to enable them to work more flexibly, away from police stations, whilst on patrol in the community.

## How well does the force control expenditure?

The constabulary's level of reserves and how these are forecast to change over time, is shown in figure 7. Cheshire Constabulary reported that its total reserves were £32m 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 information about the data for figure 7 please see Annex B**

The constabulary has appropriate and robust governance and management arrangements in place to control expenditure. The priority-based budgeting process provides a structured framework through which choices can be identified in respect of cost savings and prioritising levels of service annually. This gives the constabulary a wide range of opportunities to ensure it can underpin its police and crime plan objective to enhance frontline policing.

The constabulary regularly reports financial forecasting and performance through the medium-term financial strategy. This shows that the savings requirements have been achieved and are planned until 2016/17. It also recognises other significant threats, such as the potential loss of funding following a review of the police national funding formula.

The constabulary has developed a database called the savings tracker, which contains details of all savings agreed in the budget for 2015/16, together with any savings identified subsequently. The bulk of the tracker is a spreadsheet which contains detailed information on the projected savings, including when savings were realised. There are currently 107 active entries and information is summarised in an easy to read “dashboard” which identifies the total savings budgeted, actual progress to date and forecast savings both in terms of cash and budgeted posts, thereby allowing early identification of any potential slippage against the plans.

The constabulary is not reliant on the use of reserves to fill any savings gap.

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

The medium-term financial strategy is underpinned by the output of the priority-based budgeting process, which in turn helped to shape the new operating model. The new operating model is designed to meet the objectives of the police and crime plan and the strategic policing requirement, manage risk and meet threat assessments whilst responding to the needs of Cheshire communities.

The police and crime plan’s first objective is to enhance frontline policing. The priority-based budgeting process has generated savings in 2015/16, which has allowed the constabulary to choose to reinvest in the front line, supporting this objective.

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

The savings tracker is accessible to the OPCC. The constabulary holds formal, quarterly strategic review meetings with the police and crime commissioner to monitor progress of financial savings plans, assess progress against the police and crime plan and identify emerging threats and issues in the strategic threat and risk assessment.

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

The medium-term financial strategy sets out detailed financial plans, based on the annual priority-based budgeting process and linked to workforce and organisational plans. This provides confidence that the constabulary can achieve the potential savings required through to 2019/20. The plans are based on prudent assumptions and detailed scenario planning. The constabulary has a strong track record of robust financial management, accurate budgeting and achieving planned savings.

### Summary of findings



**Outstanding**

Cheshire Constabulary has achieved a balanced budget throughout the spending review period and has planned a balanced budget for 2015/16 which is not reliant on the use of reserves. Through the priority-based budgeting process the constabulary has been able to identify a number of opportunities to reinvest savings in support of its objectives and priorities.

The constabulary is effectively exploring many collaboration opportunities with other forces and partner agencies. It has been successful in securing additional funding to improve its mobile technology for police officers and to integrate public services around safeguarding and early intervention with complex families and domestic abuse victims.

The constabulary exercises strong financial control. Its savings tracker database provides a detailed understanding of where and when savings are achieved, along with projected future savings.

The financial plans reflect the objectives set out in the police and crime plan. The constabulary has regular progress meetings with the police and crime commissioner and his office has continuous access to the savings tracker.

The constabulary has set out detailed financial plans, based on the annual priority-based budget process, which provides HMIC with confidence that the constabulary can achieve the potential savings required through to 2019/20.

## 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 Valuing the Police programme. 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>9</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.

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<sup>9</sup>*Striking a balance: Improving councils' decision making on reserves*, Audit Commission, December 2012. Available from <http://webarchive.nationalarchives.gov.uk>