



Inspecting policing
in the public interest

City of London Police's response to the funding challenge

July 2013

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The City of London Police: Executive summary

Compared to other forces, City of London Police faces a smaller financial challenge, in part because of its approach to finding additional income streams to offset the budget reductions. The force has developed and implemented a strong programme of change.

The force relies on annually reviewed external funding which if reduced, phased out or removed would leave a shortfall. However the force is aware of these risks and is mitigating them.

Overall, HMIC was reassured that the force will continue to deliver savings while maintaining service delivery.

Financial challenge

The City of London Police has identified that it needs to save £9.5m over the four years of the spending review (from March 2011 to 2015).

As a proportion of its overall budget (10%), this savings requirement is below that of most other forces. The scale of the challenge would have been larger, but in addition to cutting its spending, the City of London Police has adopted an approach of actively seeking to secure additional grants and other income from business levies to offset the budget cuts. The force anticipates it will have secured £5m in additional income over the spending review period.

Taking into account this approach, and the demands on the force, HMIC considers the City of London Police faces a lesser challenge in comparison to many other forces.

Progress in making savings

The City of London Police has plans to deliver the entire £9.5m savings requirement and to date has achieved £6.6m of this.

Changes to the workforce

All forces spend most of their money on staff costs (such as wages and overtime), and so have focused on reducing this expenditure in order to cut costs.¹ The City of London Police is no exception.

It has reduced police officer numbers by limiting recruitment and holding vacancies; as a result, by the end of the spending review period, it is planned that there will be 140 fewer police officers in the City of London Police.

¹ See *Adapting to Austerity*, HMIC, London, July 2011, p13. Available from www.hmic.gov.uk.

This means the number of police officers will reduce by 16% between March 2010² and March 2015; this is a greater reduction when compared to most other forces.

The City of London Police will be broadly protecting frontline posts as it makes these cuts. Between March 2010 and March 2015, the proportion of police officers in frontline, crime-fighting roles is planned to increase from 86% to 88%. This compares to an overall increase across England and Wales from 89% to 93%.

By the end of the spending review period, it is planned that there will be 97 additional police staff in the City of London Police. This means the number of police staff is planned to increase by 31% between March 2010 and March 2015. It is the only force in the country with an increasing number of police staff. This is due to increased funding to fight economic crime, the force will be employing additional staff on temporary contracts.

The City of London Police has already achieved the required reduction (36 or 69% of the total) of police community support officers (PCSOs); which proportionally is a greater reduction than in most other forces. Although this figure is high, the population in the City is very small and the new figure will be a better allocation of resource to demand.

Impact on the public

HMIC expects forces to make savings without impacting on the service provided to the public. It monitors whether they are achieving this by examining crime rates, and the results of the user satisfaction surveys which all forces conduct.

Over the first two years of the spending review, recorded crime³ (excluding fraud) fell by 8%, which is less than the figure for England and Wales (13%). Victim satisfaction remains high at 83.1%,⁴ which is broadly in line with the figure for England and Wales.⁵

Future challenges

The City of London Police has made good progress and has taken an innovative approach to meeting the financial challenge. The implementation of the change programme combined with increased income generation provides reassurance that the force is on track to deliver the savings required while maintaining a good service to the public. The approach to income generation taken by the force has limited the impact of monetary reductions, however, it means around one third of the force's income comes from funding streams that are reviewed annually and could be withdrawn. This is a potential risk but one the force is aware of and is mitigating, primarily by making use of temporary contracts.

2 We use 2010 as our baseline as many forces started to make staff reductions in anticipation of the spending review.

3 Crime excluding fraud, as per the new crime classifications released in July 2013 by the Office for National Statistics.

4 ± 9.8%.

5 The victim satisfaction survey carried out by the City of London Police does not provide results with margins of error as small as other forces due to the relatively low population in the force area and the relatively low number of victims to survey. This larger margin of error makes it less likely that it is possible to determine that the survey results for the force are different from the England and Wales figure.

The challenge

Over the four years of the spending review (March 2011 to March 2015), The City of London Police identified that it needs to find savings of £9.5m, which equates to 10% of its total expenditure⁶ (which in 2012/13 was £101.8m). Across England and Wales a 17% reduction in total expenditure is required.

Progress in making savings: Years 1–2

The force successfully made 70% (£6.6m) of the total savings required by March 2015 in the first two years of the spending review period. It achieved this by: not recruiting any new police officers; reducing the number of police staff it employs (which it started to do in 2010); and restructuring how the force delivers elements of policing. The force also used around £2.2m in reserves⁷ to balance its accounts in 2012/13.

Plans for Year 3–4

The force has plans in place to achieve further savings of £2.2m in 2013/14, and another £0.7m in 2014/15 and therefore has no outstanding funding gap. The force plans to use a further £2.6m in reserves to bridge the funding gap in 2013/14. There are no further plans to use reserves in the final year of the spending review, indicating the force will have brought its operating costs to the required level.

Looking beyond the current spending review

The force has started to consider what savings it might need to make after March 2015. As a result of active income generation, the force has managed its savings requirement funding challenge and through its change programme has placed itself in a good position for this spending review period. The challenge for the force, as it moves into the next spending round and beyond, will be whether it can maintain its current levels of additional income while also managing any further funding challenges.

The scale of the challenge in the City of London Police

The City of London Police is a unique force. Geographically it is the smallest force in England and Wales, covering only one square mile. Very few people – around 10,000 – actually live in the City of London, but it has a large transient population of approximately 300,000 people who spend their working day in the city, and around 4m visitors every year. As a result of its location in and working relationship with the nation's financial centre, the force also carries out economic crime functions on behalf of all forces.

⁶ Based on a gross expenditure baseline in 2010/11.

⁷ Reserves are funds often used to pay for unforeseen events and balance liabilities.

Direct comparison of the City of London Police (using data based on population) with other forces in England and Wales should be considered in this context. With the caveat that the resident population is so small, and the funding and staffing for national functions like economic crime is high, the City of London Police:

- spends more per head of population than most other forces in England and Wales;
- has a higher number of police officers per head of population than most other forces in England and Wales; and
- has a cost of police officers, police staff and PCSOs per head of population that is higher than most other forces in England and Wales.

Demand

Forces face different levels of demand for the service they provide to the public. This section looks at three of the key indicators of demand to provide an overall impression of the challenges each force faces:

- the number of calls the force receives from the public;
- the number of crimes the force deals with; and
- the number of prosecutions (suspects charged with offences) the force brings.

| 12 Months to March 2013 | The City of London Police |
|---|---------------------------|
| Emergency and priority calls per 1,000 population | 24 |
| Victim-based crime per 1,000 population | 14.5 |
| Prosecutions (charges) per 1,000 population | 3.0 |

Note: We do not provide a national comparator because of the low residential population. The City of London Police is not directly comparable to other forces using data based on population.

How difficult is the challenge?

The City of London faces a smaller financial challenge than other forces. It receives considerable external funding and this has enabled the force to plan meet its savings requirement over the spending review while enabling it to focus on fighting crime and in particular, on fighting economic crime.

Response to the challenge

Because over 80% of a police budget (on average) is spent on staff costs,⁸ it is not surprising that forces across England and Wales plan to achieve most of their savings by reducing the number of police officers, police community support officers (PCSOs) and police staff employed.

The City of London Police is no exception. It made an early start on this in 2010, when it slowed its recruitment of new police officers and police staff. The force plans to make 82% of its spending review savings requirement from its pay budget. Although this is higher than most other forces, the change to the City of London Police's workforce profile differs to elsewhere. Economic crime is an expanding area of national demand and the force has received additional funding to reflect this. This means staffing and pay costs are increasing. At the same time, as part of its savings plans, the City of London Police is to considerably reduce the number of PCSOs which will contribute to savings reductions coming from pay.

Changes to workforce numbers

The following table shows the force's planned changes to workforce numbers over the spending review period, and compares these to the change for England and Wales.⁹

| | 31 March 2010 (baseline) | 31 March 2015 | Change | The City of London change % | Change for England and Wales % |
|-----------------|-----------------------------|---------------|------------|-----------------------------|--------------------------------|
| Police Officers | 852 | 712 | -140 | -16% | -11% |
| Police Staff | 310 | 407 | +97 | +31% | -16% |
| PCSOs | 52 | 16 | -36 | -69% | -17% |
| Total | 1,214 | 1,135 | -79 | -7% | -13% |
| Specials | 79 | 100 | +21 | +27% | +60% |

Overall, the table shows that the City of London Police plans to lose more police officers and PCSOs than in other forces. However, the force plans to increase the number of police staff which is unusual compared to other forces.

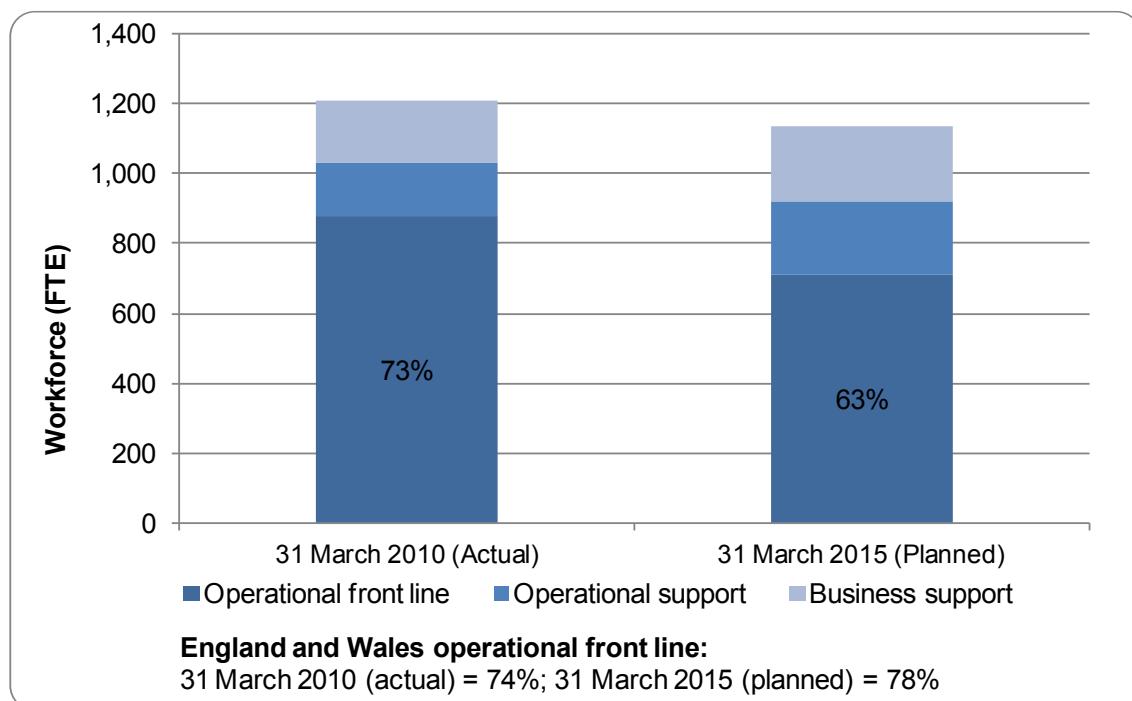
⁸ See *Adapting to Austerity*, HMIC, London, July 2011, p.13. Available from www.hmic.gov.uk.

⁹ Workforce figures for March 2010 show the actual number of people working for the force in permanent posts on the 31 March in that year. People on long-term absences (such as maternity leave) are included in these 'actual' figures, but vacant posts are not. Workforce projections for March 2015 are for budgeted posts, so the actual number of people who will be working for the force at that point in reality may be different, because some posts will be vacant or filled by temporary staff. Forces' projections may also exclude people who will be on long-term absences. The difference between actual workforce numbers and projected numbers should therefore be taken as an approximate expected change.

Changes to the proportion of workforce on the front line

HMIC defines the people who work on the police front line as: “*those who are in everyday contact with the public and who directly intervene to keep people safe and enforce the law*”. It is important that as forces reconfigure their structures and reduce workforce **numbers**, they focus on maintaining (or if possible increasing) the **proportion** of people in these crime-fighting roles.

The following chart shows the change in the workforce frontline profile in the City of London Police.¹⁰



The **number** of officers, PCSOs and staff (i.e. of the force's total workforce) working on the City of London's front line is planned to decrease by 19% between March 2010 and March 2015 (from 877 to 711).

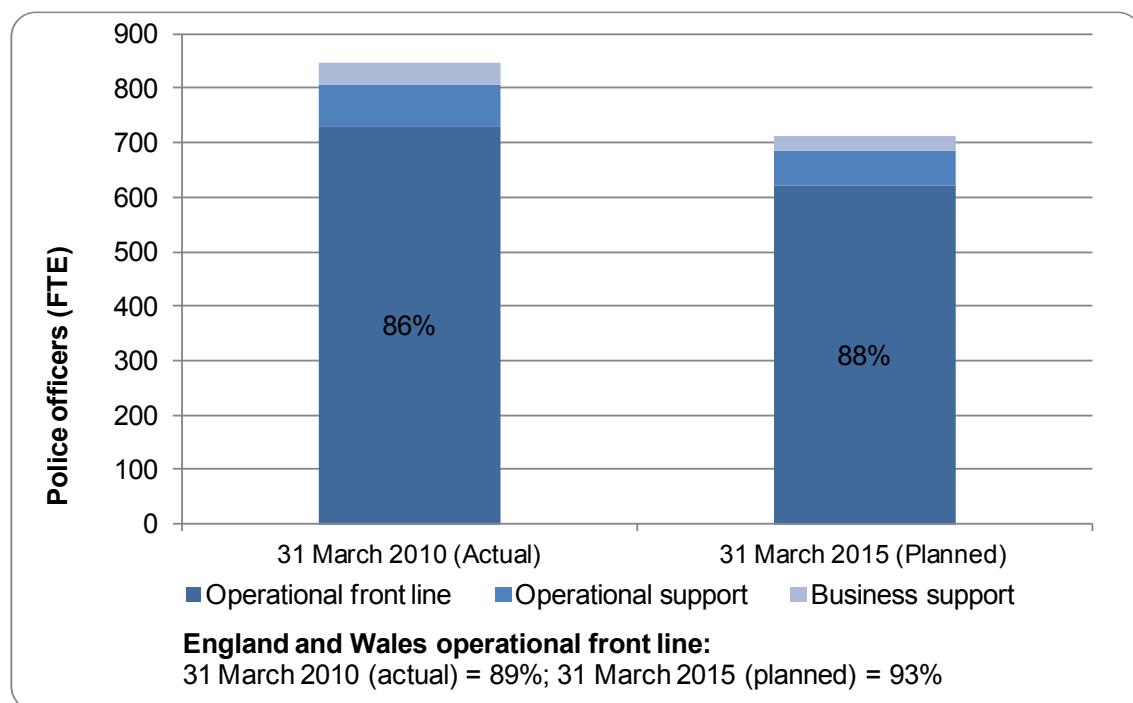
Over the same period, the **proportion** of the City of London Police's total workforce allocated to frontline roles is projected to decrease from 73% to 63%. This compares with an overall increase across England and Wales from 74% to 78%.

The **number** of City of London's police officers in frontline roles is planned crime to decrease by 15% from 730 in March 2010 to 623 in March 2015, as the following chart shows. The **proportion** of those remaining on the front line is planned to increase from 86% to 88%. This compares to an overall increase across England and Wales from 89% to 93%.

The force has been reviewing where posts are and how they are classified for reporting to HMIC and others to ensure an accurate current position is reflected during its ongoing

¹⁰ From 2010 Gwent, the Metropolitan Police Service, Wiltshire and North Wales police forces chose to code those officers and staff who are on long-term absence from duty due to maternity/paternity leave, career break, full-time education or suspension, and those on long-term leave, to their normal working role. This has the effect of inflating their workforce and frontline figures by up to 1% compared to other forces.

reconfiguration of the Economic Crime Directorate. However, at the time of HMIC's data collection, which requested the force's projections to 2015, these revised figures were not available. Once the reclassification is complete the force is confident that the currently projected workforce frontline figure of 63% will improve considerably.



Collaboration

HMIC monitors the force's progress on collaboration¹¹ because it offers the opportunity to deliver efficient, effective policing and help achieve savings.

The City of London Police works closely with the City of London Corporation and has some collaborations with the Metropolitan Police Service, the most significant being call handling and economic crime. However, the force acknowledges that its current collaboration is on a small scale. The force is not averse to collaborating but given its size and unique nature finds it difficult to find a force that it can easily align with. The force recently worked with the British Transport Police to identify opportunities for collaboration around learning and development. Although the forces did not identify sufficient benefits to go ahead, notable savings were made internally as a result of the exercise.

In 2014/15 the force expects to spend 1% of its total expenditure on collaboration which is lower than the 11% figure for England and Wales. Overall, collaboration is expected to contribute to 10% of the force's savings requirement, which is above the 7% figure for England and Wales.

¹¹ HMIC defines collaboration as "all activity where two or more parties work together to achieve a common goal, which includes inter force activity and collaboration with the public and private sectors, including outsourcing and business partnering".

Managing change

Reductions in police budgets have inevitably led to a shrinking workforce. HMIC expects forces to consider longer term transformation when developing their change programmes, which can help maintain or improve the service they offer to the public and prepare for future funding challenges.

The force and Corporation plan to deliver the majority of the savings through an overarching programme of change known as 'City First'. The programme board oversaw the implementation of force restructuring and the last programme board met in April 2013 to officially sign off the programme. Under City First the force has been restructured, creating an Intelligence and Information Command and pulling together a number of smaller functions. It has also led to restructured neighbourhood and response policing and implemented a new shift system so that officers and staff are available when they are most needed. A review of City First has been commissioned to assess the outcome of change, which will report in autumn 2013.

The second phase of change, 'City Futures', will start with a seminar in July. Throughout this phase, the force aims to address the issue of additional budget reductions, while improving leadership and embedding a culture of innovation and continuous improvement.

How is the force engaging police officers, PCSOs and staff in the change programme?

Throughout the change programme there has been good consultation and engagement with the workforce through staff associations, seminars and workshops. Staff associations are represented on key management boards and are involved in the change programme progress. The views of staff are assessed through regular staff surveys and there are several examples of proposals being adapted to reflect views raised by staff during the consultation stages of the change programme.

How effective has the response been?

The City of London Police has made good progress in delivering the required savings and HMIC considers that the force has detailed plans which will allow them to deliver the remainder over the course of the spending review period. The change programme is comprehensive and in addition to delivering the savings required, will improve the way the force operates and the services it provides for the public.

Impact of the changes on the public

The challenge for forces is not just to save money and reduce their workforce numbers, but also to ensure the choices they make in deciding how to achieve this do not have a negative impact on the service they provide to their communities. HMIC therefore looked for evidence that the force had considered the effect on services to the public when designing their change programmes.

Visibility

The work done by police officers and staff in visible roles (such as officers who respond to 999 calls, deal with serious road traffic collisions or patrol in neighbourhoods) represents only a part of the policing picture. Chief constables need to allocate resources to many other functions in order to protect the public, such as counter terrorism, serious and organised crime, and child protection (to name just three).

That being said, research shows that the public value seeing visible police officers patrolling the streets, and that those who see police in uniform at least once a week are more likely to have confidence in their local force.¹² HMIC therefore examined how far the changes being implemented by the force had affected the visibility of the police on the streets of the City of London.

In March 2013, the City of London Police allocated 41% of its police officers to visible roles. This is seven percentage points lower than it allocated in 2010, and is lower than the figure for most other forces (which was 54% across England and Wales).

Police visibility is further enhanced by PCSOs who principally support community policing. Looking at the proportion of police officers and PCSOs, The City of London Police allocates 44% to visible roles. This is eight percentage points lower than it allocated in 2010 and is lower than the 59% figure for England and Wales.

The low numbers of police and PCSOs in visible functions is in part explained by the force's increasing national responsibilities for economic crime, which means increasingly large number of its staff, while undertaking frontline crime fighting roles, are not always visible to the public.

Calls for service

HMIC examined whether police forces were taking longer to respond to calls for help, as a result of its workforce reductions and other changes designed to save money. Forces are not required to set response times or targets and are free to determine their own arrangements for monitoring attendance to calls, so information between forces is not comparable.

Over the last three years the City of London Police had maintained the same target response time of within 12 minutes for calls classed as 'emergency' and within 60 minutes for calls classed as 'priority'.

12 See *Demanding Times*, HMIC, London, 2011. Available from www.hmic.gov.uk.

Over that period, the force met its target response time for ‘emergency’ calls 96% of the time in 2010/11, 98% of the time in 2011/12 and 97% of the time in 2012/13.

For ‘priority’ calls, the force met its target 100% of the time from 2010/11 to 2012/13.

As can be seen, over the period of the spending review the force has maintained its response to emergency and priority calls.

Crime

In 2010 the Home Secretary, Theresa May, set a clear priority for the police service to reduce crime.

Between 2010/11 and 2012/13 (the first two years of the spending review) the City of London Police reduced recorded crime (excluding fraud) by 8% compared to 13% in England and Wales. Compared to other forces this was amongst the lowest reductions seen over the period. Over this period, victim-based crime (that is, crimes where there is a direct victim – an individual, a group, or an organisation) reduced by 2% compared with 12% in England and Wales.

By looking at how many crimes occur per head of population, we can see how safe it is for the public in that police area. The table below shows crime and anti-social behaviour rates in the City of London (per head of population) compared with the rest of England and Wales.

| 12 months to March 2013 | Rate per 1,000 population in the City of London Police | England and Wales rate per 1,000 population² |
|--------------------------------|---|--|
| Crimes (excluding fraud) | 17.3 | 61.4 |
| Victim based crime | 14.5 | 54.5 |
| Burglary | 1.1 | 8.2 |
| Violence against the person | 1.6 | 10.6 |
| Anti-social behaviour | 4.5 | 40.7 |

Note: The City of London Police is not directly comparable to other forces using data based on population because of the low residential population.

It is important that crimes are effectively investigated and the perpetrator identified and brought to justice. When sufficient evidence is available to say who has committed a crime, it can be described as detected.

The City of London Police sanction detection¹³ rate (for crimes excluding fraud) for the 12 months to March 2013 is 29.4%. This is above the England and Wales sanction detection rate of 27.0%

¹³ A sanction detection is a ‘solved crime’ where a suspect has been identified and notified as being responsible for committing that crime and what the full implications of this are, and has received an official sanction. Official sanctions include charges, cautions, penalty notices, offences taken into consideration (TICs) and cannabis warnings.

We have chosen these types of crime to give an indication of offending levels in the city of London. For information on the frequency of other kinds of crimes in your area, go to www.hmic.gov.uk/crime-and-policing-comparator.

Victim satisfaction surveys

An important measure of the impact of changes to service delivery for the public is how satisfied victims are with the overall service they receive when they seek police assistance.

In the 12 months to March 2013, 83.1%¹⁴ of victims were satisfied with the overall service provided by the City of London Police. This is broadly in line with the England and Wales figure of 84.6%.¹⁵

Changes to how the public can access services

Forces are exploring different ways in which the public can access policing services. Although the City of London Police is not planning to close any front counters¹⁶, it is still making more use of the internet and social media to communicate with the public and developing different mechanisms for the public to contact the police. The force does not have any plans for shared counters with other organisations.

14 ± 9.8%.

15 ± 0.2%.

16 A police building open to the general public to obtain face-to-face access to police services.

Conclusion

The City of London Police is a unique force and its response to the budget reductions reflects this. Compared to other forces, the City of London Police faces a smaller financial challenge, in part because of its approach to finding additional income streams to offset the cuts. For this reason, the force has placed itself in a good position to realise the further savings required as part of the spending round in 2015/16.

The force has developed and implemented a strong programme of change through 'City First', which has delivered the required savings and organisational improvements. The force is planning its second phase, 'City Futures', which will enable it to deliver savings beyond the spending review and embed continuous improvement.

Although workforce changes are very different to those seen in other forces, they are appropriate to the force's individuality and should better align resources to demand.

The force is increasingly reliant on a complex mix of annually reviewed external funding streams that could potentially be withdrawn. The force is aware of these risks and is managing and mitigating them where possible, mainly through recruiting staff on temporary contracts.

The force has well advanced plans to meet its financial requirement and to deliver an excellent service to those who live, work and use the City of London. This has put it in a good position to face further budget reductions.

In October 2010, the Government announced that central funding to the Police Service in England and Wales would reduce by 20% in the four years between March 2011 and March 2015.

HMIC's Valuing the Police Programme has tracked how forces are planning to make savings to meet this budget demand each year since summer 2011. This report identifies what we found in this third year.

Our inspection focused on three questions:

1. How is the force responding to the budget reduction?
2. What is the impact for the workforce and the public?
3. How is the force managing current and future risks?

To answer these questions, we collected data and plans from forces, surveyed the public to see if they had noticed any changes in the service they receive from the police as a result of the cuts, and conducted in-force inspections. We also interviewed the Chief Constable, Police and Crime Commissioner and the chief officer leads for finance, change, human resources and performance in each force, and held focus groups with staff and other officers.

National findings and patterns across all 43 forces are given in our thematic report, *Policing in Austerity: Rising to the Challenge*, which is available from www.hmic.gov.uk.

This report provides the findings for the City of London Police.