



Inspecting policing  
in the public interest

# **Merseyside Police's response to the funding challenge**

**July 2013**

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# Merseyside Police: Executive summary

Merseyside Police faces a more difficult financial challenge than most other forces. While its budget reduction is comparatively lower, it receives more central funding but lower local funding than most forces. This means that central funding cuts impact more compared to other forces. It also spends more on policing, has more officers, and its expenditure on pay costs is higher than in most other forces.

The force has a good track record of meeting financial challenges while at the same time delivering high-quality community policing to those working and living in Merseyside.

The force has high-level plans in place for future challenges, and is making sure that these have more detail. HMIC has confidence that these plans will be realistic and achievable.

## Financial challenge

Merseyside Police has identified that it needs to save £62m over the four years of the spending review (i.e. between March 2011 and March 2015).

As a proportion of its overall budget, this savings requirement of 16% is broadly in line with most other forces; but HMIC considers that Merseyside Police faces a particularly difficult challenge. It attracts a high central funding contribution, but lower local funding than many other forces which means, that central funding cuts impact more significantly compared to other forces. While its spending on policing is higher than most other forces, it has a higher number of staff, and the amount it spends on each officer and staff member is also higher than most other forces.

## Progress in making savings

Merseyside Police has detailed plans on how it will save £58m of the £62m required by March 2015. The remaining £4m of savings will be offset through the planned use of reserves, should this be necessary.

## 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.<sup>1</sup> Merseyside Police is no exception.

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<sup>1</sup> See *Adapting to Austerity*, HMIC, London, July 2011, p13. Available from [www.hmic.gov.uk](http://www.hmic.gov.uk).

It is reducing police officer numbers by limiting recruitment and holding vacancies; as a result, by the end of the spending review period, Merseyside Police plans to have 516 fewer police officers. This means the number of police officers will reduce by 11% between March 2010<sup>2</sup> and March 2015; this is a similar reduction to most other forces.

Merseyside Police is successfully protecting frontline posts as it makes these cuts: between March 2010 and March 2015, the proportion of police officers in frontline crime-fighting is planned to increase from 90% to 92%. This compares to an overall increase across England and Wales from 89% to 93%.

The force has also made some police staff redundant (largely through voluntary redundancy) and not replaced others as they have left (e.g. through retirements and resignations); as a result, by the end of the spending review period, it is planned that there will be 403 fewer police staff in Merseyside Police. This means the number of police staff will reduce by 18% between March 2010 and March 2015; this is more than in most other forces. Merseyside plans to reduce the number of police community support officers (PCSOs) by 118 or 25%; this is more than in most other forces.

## **Impact on the public**

HMIC expects forces to make savings without damaging the service provided to the public. We monitor whether they are achieving this by examining crime rates, and the results of the victim satisfaction surveys which all forces conduct.

Over the first two years of the spending review, recorded crime<sup>3</sup> (excluding fraud) fell by 10%, which is less than the figure for England and Wales (13%). Victim satisfaction remains high at 88.8%,<sup>4</sup> which is higher than other forces.

## **Future challenges**

Over the period of this spending review Merseyside Police has shown itself to have a good track record in meeting the financial challenges.

Overall, the force understands the scale of the financial challenges ahead. It has detailed plans in place to deliver the savings required by the end of this current spending review. The force has also assessed future savings requirements and has high-level plans in place to deliver them in line with the timeframe of the Police and Crime Commissioner's (PCC's) Police and Crime Plan and current assumptions.

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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 ± 0.1%.

# The challenge

Over the four years of the spending review (March 2011 to March 2015), Merseyside Police identified that it needs to find savings of £62m, which equates to 16% of its total expenditure<sup>5</sup> (which in 2012/13 was £349.1m). Across England and Wales a 17% reduction in total expenditure is required.

## Progress in making savings: Years 1–2

The force successfully made 60% (£37m) 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 its policing, with a major review of its business support functions and staff.

## Plans for Year 3–4

The force has plans in place to achieve further savings of £10m in 2013/14, and another £11m in 2014/15. This leaves a funding gap of £4m at the end of the spending review period. The majority of forces have plans for how they will make all the necessary savings. The third phase of the force's change programme, 'Sustaining excellence', is underway to ensure that the remaining savings are delivered while supporting frontline policing and protecting communities.

## Looking beyond the current spending review

The force has started to consider what savings it might need to make after March 2015.

The existing change programme and savings plans are both achievable and realistic. The plans contain sufficient detail and appropriate oversight and scrutiny to ensure delivery of the savings within the current spending review period.

The force has high-level plans in place to deliver future savings within the timeframe of the Police and Crime Plan, and in line with current assumptions.

## The scale of the challenge in Merseyside Police

Merseyside Police faces a particular challenge, even though its budget reduction is lower than most other forces, because:

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

<sup>5</sup> Based on a gross expenditure baseline in 2010/11.

## 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.

<b>12 months to March 2013</b>	<b>Merseyside Police</b>	<b>England and Wales</b>
Emergency and priority calls per 1,000 population	178	134
Victim-based crime per 1,000 population	52.9	54.5
Prosecutions (charges) per 1,000 population	12.1	10.2

This table shows that, in 2012/13, Merseyside Police received more emergency and priority calls from the public. It had to deal with fewer crimes per head of population than other forces and supported more prosecutions.

## How difficult is the challenge?

HMIC assesses that Merseyside Police faces a difficult financial challenge. While its budget reduction is lower than most other forces, it receives a higher proportion of funding from Government grant, and one of the lowest local funding contributions (the money it receives from council tax). This means that reductions in central funding will have a greater impact, and will be felt more acutely, than may be the case in many other forces. It also has a demanding policing environment, with the challenge of serious and complex crime.

# Response to the challenge

Because over 80% of a police budget (on average) is spent on staff costs,<sup>6</sup> 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.

Merseyside 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, and reduced the number of police staff. The force plans to make 91% of its spending review savings requirement from its pay budget; this is higher than most other forces.

## 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.<sup>7</sup>

	31 March 2010 (baseline)	31 March 2015	Change	Merseyside change %	Change for England and Wales %
Police Officers	4,516	4,000	-516	-11%	-11%
Police Staff	2,252	1,848	-403	-18%	-16%
PCSOs	468	350	-118	-25%	-17%
<b>Total</b>	<b>7,236</b>	<b>6,198</b>	<b>-1,037</b>	<b>-14%</b>	<b>-13%</b>
Specials	446	700	+254	+57%	+60%

Overall, the table shows that Merseyside Police plans to lose the same percentage of officers but more police staff than in other forces. It will reduce the number of PCSOs and increase the number of special constables.

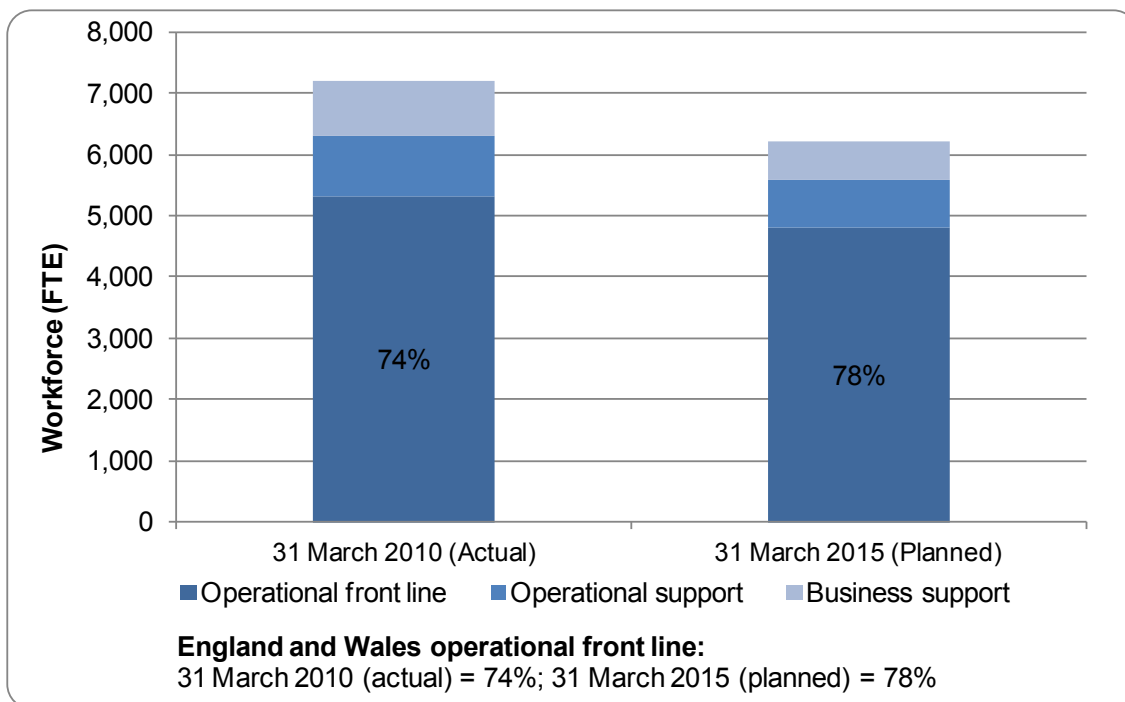
## Changes to the proportion of workforce on the front line

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.

<sup>6</sup> See *Adapting to Austerity*, HMIC, London, July 2011, p.13. Available from [www.hmic.gov.uk](http://www.hmic.gov.uk).

<sup>7</sup> 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.

The following chart shows the change in the workforce frontline profile in Merseyside Police.<sup>8</sup>



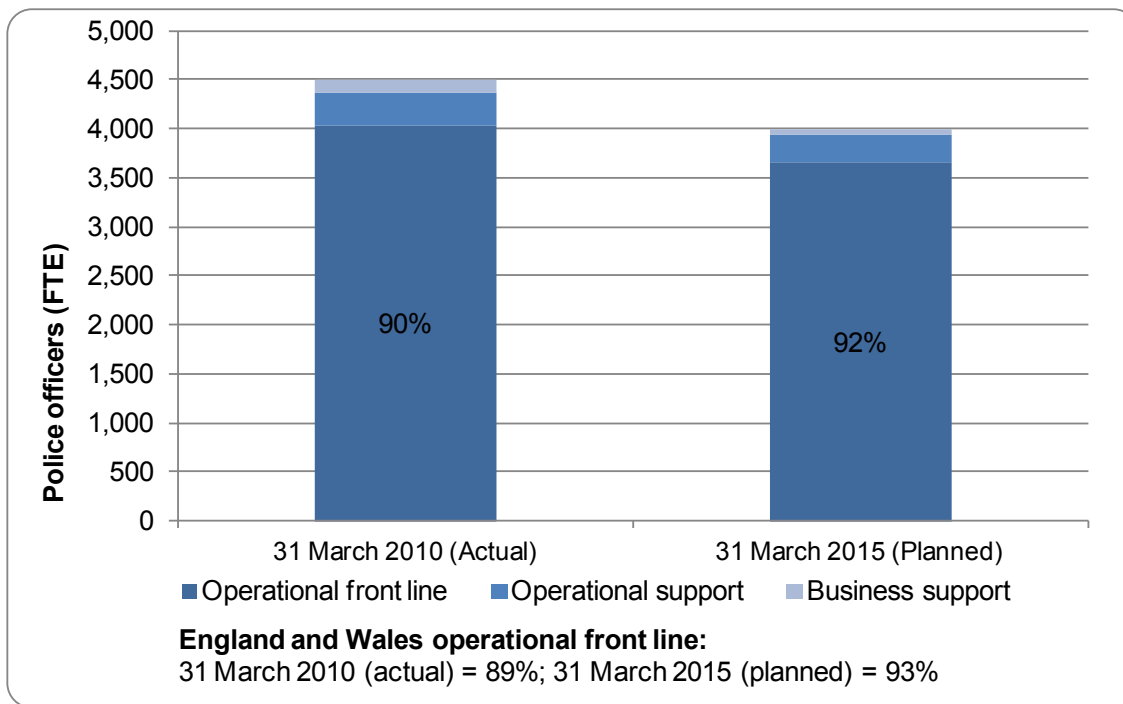
The **number** of officers, PCSOs and staff (i.e. of the force’s total workforce) working on Merseyside’s front line is planned to reduce by 10% between March 2010 and March 2015 (from 5,317 to 4,809).

Over the same period, the **proportion** of Merseyside Police’s total workforce allocated to frontline roles is planned to increase from 74% to 78%. This compares with an overall increase across England and Wales from 74% to 78%.

The **number** of Merseyside’s police officers in frontline roles is planned to reduce by 9% from 4,033 in March 2010 to 3,664 in March 2015, as the chart on the next page shows. The **proportion** of those remaining on the front line is planned to increase from 90% to 92%. This compares to an overall increase across England and Wales from 89% to 93%.

<sup>8</sup> 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.





## Collaboration

HMIC monitors the force’s progress on collaboration<sup>9</sup> because it offers the opportunity to deliver efficient, effective policing and help achieve savings.

HMIC found that the force has entered into collaborative opportunities at local, regional and national levels, which have resulted in a number of policing services being delivered in collaboration with other forces. These include (among others):

- a regional organised crime unit (Titan) with Cheshire, Cumbria, Greater Manchester, Lancashire and North Wales;
- the North West motorway patrol group with Cheshire, Greater Manchester, and Lancashire;
- a casualty bureau with Cheshire, Cumbria, Greater Manchester and Lancashire;
- a technical unit with Cheshire, Cumbria, Lancashire and North Wales;
- the underwater search and marine unit with Cheshire, Cumbria, Greater Manchester, Lancashire, and North Wales; and
- the counter terrorism unit with Cheshire, Cumbria, Greater Manchester, and Lancashire.

<sup>9</sup> 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”.

The force has considered outsourcing, private sector partnering and income generation to contribute to the savings required. However, the force has no natural partner due to its size, location and governance arrangements. Previous regional collaborative opportunities have not always been successfully explored, partly because of the regional composition and partly because of past police authority relationships. Consequently, savings from collaboration are not substantial. The election of the PCC in this and neighbouring forces is an opportunity to explore the potential of future collaborative efforts.

The force is about to collaborate with the Fire and Rescue Service to provide a shared call and dispatch provision. Currently the force has five sites, comprising three control rooms and two call-handling centres. The new joint control centre is planned to house all 422 officers and staff, and to create economies of scale. The proposal has been approved and work has commenced on its construction.

Exploratory work on shared services is being cautiously considered with Cheshire and Northamptonshire. However, the force aims to find all internal savings and efficiencies first before entering into any more collaborative arrangements.

Despite these benefits, in 2014/15 the force expects to spend only 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 2% of the force's savings requirement, which is again lower than the 7% figure for England and Wales.

## Managing change

Reductions in police budgets have inevitably led to a shrinking workforce. HMIC expects forces also to have an eye within their change programmes on the longer term transformation<sup>10</sup> which can help maintain or improve the service they offer to the public and prepare for future funding reductions.

In January 2010, the force set about a major review of its business support functions and staff and subsequently delivered the 'Strategic options programme', consisting of 43 separate savings projects, which resulted in savings of £26.7m.

Following the spending review announcement, the force embarked on a second phase of reviews, the 'Excellent policing programme'. Together these two programmes alone have secured sufficient savings for the first three years of the four-year savings requirement.

The third phase, the 'Sustaining excellence programme', is underway to ensure that the remaining savings are delivered while supporting frontline policing and protecting communities.

The change programme is a mature process which is addressing the financial situation. Over time the change programme iterations have developed logically one from another, growing and learning from each phase. The force is now considering changes to the way it operates. These changes are in response to the need to find savings and efficiencies, which in turn has driven a renewed focus on organisational structures, analysis of demands, and consideration of new and more innovative ways of working.

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<sup>10</sup> Transformation is a process of radical change that orientates an organisation in a new direction and takes it to an entirely different level of effectiveness. It implies a fundamental change of character, with little or no resemblance to the past configuration or structure.

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

The change programme has a strong communication element. Staff and officers from across the force are engaged with the programme, with leadership for the change coming from the Chief Constable. The six-stage consultation model for organisational reviews has a communication programme to support it. As a result staff, unions, and officer representatives are fully involved and supportive.

The staff associations reported good working relationships with the force, giving examples of where they had been able to add value to the planned changes.

The Chief Constable has communicated directly with over 2,500 officers as part of his 'Just Talk, Just Think, Just Lead' campaign. While not specific to the spending review or savings plans, the Chief Constable has used this as an opportunity to update staff about the major changes that are taking place. In addition, the 'In Touch' newsletter has been used as a targeted communication to keep staff informed about the developments in the change programme.

## **How effective has the response been?**

Merseyside Police's response to the challenge of the spending review is strong and effective. It has delivered the savings required in the first two years and performance and satisfaction have improved. It has high-level plans in place to meet the future challenge, and is actively developing a detailed plan.

# Impact of the changes on the public

The challenge for forces is not just to save money and reduce their workforce numbers, but 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 kept a consideration of the effect on the public at the heart of their choices.

## 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 on patrol in 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.<sup>11</sup> HMIC therefore examined how far the changes being implemented by the force had affected the visibility of the police on the streets of Merseyside.

In March 2013, Merseyside Police allocated 58% of its police officers to visible roles. This is four percentage points less than it allocated in 2010, and is higher 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 Merseyside Police allocated 61% to visible roles. This is four percentage points less than it allocated in 2010 but again higher than the 59% figure for England and Wales.

HMIC conducted a survey<sup>12</sup> of the public across England and Wales to assess whether the public had noticed any difference in the way their area is being policed. Of those people surveyed in Merseyside, 14%<sup>13</sup> said that they have seen a police officer more often than they had 12 months ago; this is broadly in line with the 13% average across all survey respondents in England and Wales.

Of those people surveyed, 70%<sup>14</sup> said they felt either as safe or safer in the areas where they live, compared with two years ago. This is lower than the figure for most other forces, which is 75%.

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11 See *Demanding Times*, HMIC, London, 2011. Available from [www.hmic.gov.uk](http://www.hmic.gov.uk).

12 A YouGov survey was carried out during a four-week period during March 2013. Satisfaction and confidence surveys are also carried out at a national level by the Crime Survey of England and Wales. These use larger sample sizes and are carried out quarterly over a rolling-year period. Some forces also carry out their own surveys of the general public. More information can be found at [www.crimesurvey.co.uk](http://www.crimesurvey.co.uk), [www.hmic.gov.uk](http://www.hmic.gov.uk) or from force websites.

13 ± 5%.

14 ± 5%.

## Calls for service

HMIC examined whether Merseyside Police was taking longer to respond to calls for help, as a result of its workforce reductions and other changes designed to save money.

With regard to responding to need, HMIC found that in the three years from 2010,<sup>15</sup> Merseyside Police had maintained the same target response time of within 10 minutes for calls classed as 'emergency' (also known as grade 1), and within 60 minutes for calls classed as 'priority' (also known as grade 2).

The force met its target response time for 'emergency' calls 95% of the time in 2010/11, 93% of the time in 2011/12 and 92% of the time in 2012/13.

For 'priority' calls, the force met its target 92% of the time in 2010/11, 93% of the time in 2011/12 and 92% of the time in 2012/13.

Over the spending review period, Merseyside has therefore broadly 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), Merseyside Police reduced recorded crime (excluding fraud) by 10%, compared to 13% in England and Wales. Over this period, victim-based crime (that is, crimes where there is a direct victim – an individual, a group, or an organisation) reduced by 5%, 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 Merseyside (per head of population) compared with the rest of England and Wales.

<b>12 months to March 2013</b>	<b>Rate per 1,000 population in Merseyside</b>	<b>England and Wales rate per 1,000 population</b>
Crimes (excluding fraud)	64.2	61.4
Victim-based crime	52.9	54.5
Burglary	8.4	8.2
Violence against the person	8.0	10.6
Anti-social behaviour incidents	44.0	40.7

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.

<sup>15</sup> We use 2010/11 as a baseline to show response times prior to the spending review period.

Merseyside Police's sanction detection<sup>16</sup> rate (for crimes excluding fraud) for the 12 months to March 2013 was 31.3%. This is above the England and Wales sanction detection rate of 27.0% (excluding fraud).

We have chosen these types of crime to give an indication of offending levels in Merseyside. For information on the frequency of other kinds of crimes in your area, go to [www.hmic.gov.uk/crime-and-policingc-omparator](http://www.hmic.gov.uk/crime-and-policingc-omparator).

## 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, 88.8%<sup>17</sup> of victims were satisfied with the overall service provided by Merseyside Police. This is higher than the England and Wales figure of 84.6%.<sup>18</sup>

## Changes to how the public can access services

Forces are exploring different ways in which the public can access policing services. Following consultation with the public and a review of usage, the then Police Authority approved the closure of 26 front counters<sup>19</sup> in January 2012. This led to the introduction of revised arrangements whereby each basic command unit (geographic policing area) has one 24-hour police station, one station open between 9am -10pm, and a yellow phone line outside all stations providing direct access to the force control centre, where assistance can be accessed.

The force also provides 250-260 access points – where staff make themselves available to the public – at locations such as supermarkets, shops, churches and libraries.

Like other forces, Merseyside Police is 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. Where it is appropriate, social media, such as YouTube, Twitter and Facebook, will be used.

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<sup>16</sup> 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.

<sup>17</sup>  $\pm 0.1\%$ .

<sup>18</sup>  $\pm 0.2\%$ .

<sup>19</sup> A police building open to the general public to obtain face-to-face access to police services.

## Conclusion

Merseyside Police faces a significant challenge to save money, given its reliance on central funding and its cost base.

In HMIC's assessment the force has, over the period of this spending review, shown itself to have a good track record in meeting the financial challenges while at the same time achieving the force priority of delivering high-quality community policing to people working and living in Merseyside.

Merseyside Police is closing the gap of the £4m of its saving requirement it still needs to find. The high-level plans in place for future challenges are being developed in more detail, and HMIC has confidence that these plans will be realistic and achievable.

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

This report provides the findings for Merseyside Police.