



Inspecting policing
in the public interest

PEEL: Police efficiency 2015

An inspection of Dorset Police



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

Overall judgment¹



Requires improvement

HMIC found that Dorset Police is partly prepared to face its future financial challenges, and judges that its approach to providing efficient policing requires improvement overall. The force has achieved all of the savings required to date and is working hard to improve its position through an alliance with Devon and Cornwall Police. However, HMIC remains concerned that Dorset Police's long-term financial position might increasingly make it difficult to sustain effective policing. For this reason, it cannot be judged as good. In last year's value for money inspection, which considered how forces had met the challenge of the first spending review period, Dorset was judged to be good.

Summary

HMIC judges Dorset Police to require improvement.




Dorset Police has a good understanding of incident and call-related demand. It uses a variety of methods to assess demand for its services from the public, and to ensure that resources can be targeted at tackling priority areas. It works well with local partners in preventing and tackling local crime and anti-social behaviour hot spots.

The current workforce model has allowed the force to achieve the required savings to date, and is affordable and sustainable for the remainder of this financial year. However, the force has recognised that, as resources continue to reduce, changes to its direction and priorities might be required in order to meet future demand from the public. The force had previously made significant cuts ahead of the spending review in 2010. It was already a low spending force with fewer police officers per head than most other forces. However, further financial savings over the next three years are likely to require more reductions in police officer and staff numbers. HMIC is concerned that Dorset Police does not yet have clear plans in place to make these staffing cuts. Nor is it clear what impact this level of cuts will have on the force's ability to continue to meet its demand in the future.

¹ Outstanding, Good, Requires improvement or Inadequate – see Annex A.

Dorset Police has demonstrated a keen commitment to working collaboratively with neighbouring Devon and Cornwall Police in order to make the most efficient use of joint resources. However, future savings are heavily dependent upon the successful implementation of this alliance, with significant savings required within a relatively short timeframe.

After making all the planned savings, the force is still facing an anticipated funding gap of £4.6m by 2018/19. This is a significant concern, given that there is a high degree of uncertainty in relation to future income and expenditure, and particular risks associated with the timing of savings from implementation of the strategic alliance.

<p>How well does the force use its resources to meet its demand?</p>	<p>How sustainable and affordable is the workforce model?</p>	<p>How sustainable is the force's financial position for the short and long term?</p>
<p> Good</p>	<p> Requires improvement</p>	<p> Requires improvement</p>
<p>Dorset Police has a good understanding of incident and call demand. It uses a variety of methods for assessing demand and aligning resources to threat, harm and risk. Dorset has seen consistent reductions in crime and anti-social behaviour over recent years.</p> <p>The force has recognised that, as resources continue to reduce, changes to its direction and priorities may be required in order to meet future demand from the public.</p>	<p>The current workforce model has allowed the force to achieve the savings required to date, and is affordable and sustainable for the remainder of this financial year. However, further financial savings are needed over the next three years, which may require more reductions in police officer and staff numbers. HMIC is concerned that Dorset Police does not yet have clear plans in place to make these staffing cuts. Nor is it clear what impact this level of cuts will have on the force's ability to</p>	<p>The force has cut its spending by the required amount over the last spending review period. It has set a balanced budget, but has faced significant pressures for this financial year to make the further savings needed.</p> <p>There are good governance systems and financial controls in place, and the force's financial plans reflect and are based on the objectives set out in the Police and Crime Plan. The force chief finance officer works closely and constructively with the police and crime</p>

<p>Dorset Police has demonstrated a keen commitment to working collaboratively with neighbouring Devon and Cornwall Police in order to make efficient use of joint resources. The force also works well with local partners to provide a joint response to preventing and tackling local crime and anti-social behaviour.</p> <p>The force has recognised the value and importance of making use of new technology to improve efficiency, and has invested in a range of technological solutions.</p> <p>The force has a clear process to manage performance, which is aligned to the force's control strategy and delivery plans.</p> <p>The force has a good understanding of costs. Every year, it uses HMIC's value for money profiles to compare the force against others to assess where efficiencies might be made. This analysis is then used to inform change plans and identify further savings.</p>	<p>continue to provide effective policing.</p> <p>Plans for the workforce model beyond 2015/16 are heavily dependent on the prompt and effective implementation of the strategic alliance with Devon and Cornwall Police. HMIC has found little evidence of detailed combined workforce planning taking place between the two forces. Dorset Police has very limited financial contingency in place to cushion against any shortfall in savings achieved. There is clear risk that, should there be any delays in the strategic alliance plan, the savings needed by Dorset Police will not be achieved in the timescale needed.</p>	<p>commissioner's (PCC's) finance officers.</p> <p>HMIC is concerned that there are some key risks around Dorset Police's future financial position. The force plans do not clearly show how a significant proportion of required savings over the next three years will be achieved.</p> <p>Future savings are heavily dependent upon the successful implementation of the alliance with Devon and Cornwall Police. After making all the planned savings, the force is still facing an anticipated funding gap of £4.6m by 2018/19. There is a high degree of uncertainty in relation to future income and expenditure, with particular risks associated with the timing of savings from implementation of the strategic alliance.</p>
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Force in numbers



Financial position

Forecasted change in expenditure 2015/16 to 2018/19

£m

-£14.7m

% of Gross Revenue Expenditure

11%

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

Dorset Police

-11%

England and Wales

-6%

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

Dorset Police

-12%

England and Wales

-6%

Proportion of police officers on the operational frontline 31 March 2010

Dorset Police

89%

England and Wales

89%

Proportion of police officers on the operational frontline 31 March 2015

Dorset Police

93%

England and Wales

92%

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

Dorset Police

90%

England and Wales

92%



Organisation

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

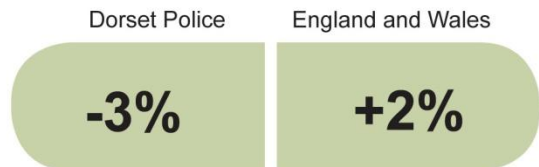


Workforce cost per head of population compared to England & Wales (2014/15)



Key statistics

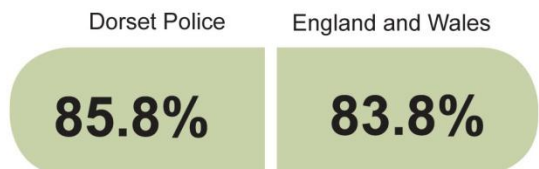
Changes in recorded crime (excluding fraud) 12 months to 31 March 2014 to 12 months to 31 March 2015



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



Victim satisfaction 12 months to 31 March 2015



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



Victim satisfaction: Dorset confidence interval +/- 1.4 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 Dorset Police.

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?

Dorset Police carries out regular and detailed analysis of calls for its services, which is used to support decisions in the force's strategic planning and governance cycle.

The force uses a variety of methods to assess the demand for its services and identify priorities. Its annual demand assessment concentrates on what the force describes as primary and secondary demand factors. Primary factors include the number of 101 and 999 calls to the control room, and demand generated from calls to partner agencies such as fire and ambulance. Secondary factors include the numbers of arrests and intelligence submissions by staff. This annual assessment is supported by more specific reviews against a community threat assessment matrix (CTAM). The force also undertakes a rolling programme of activity analysis. More detailed assessments have been carried out on a number of operational roles and support departments.

How well does the force match resources to demand?

The force operating model for policing, known as 'the blueprint', was designed to align resources to the demand for its services. Chief officers recognise that, as the workforce continues to reduce in size, the force may no longer be able to sustain previous levels of service. In order to review their priorities, the force is engaging with the public through what the force calls the 'big conversation'. This is a consultation initiative, designed to assess and understand public concerns and opinions about what the police should focus on.

The force works hard to ensure that there is rigorous consideration and management of threat, harm and risk so that resources can meet demand. There are twice-daily meetings across the force to align resources to risk, including moving staff to the areas where they are most needed.

Demand is typically being met in respect of responding to emergency and urgent calls. However, it is often at the cost of other important police work, since many officers in non-response roles (such as neighbourhood and investigation teams) are

being used to support response officers at times of peak demand. This is resulting in large backlogs in their own work (such as criminal investigations and crime prevention). There is a risk looking ahead that this will leave the force less able to take a proactive problem-solving approach to identifying and managing demand before it escalates.

A strategic alliance with Devon and Cornwall Police has been agreed, which is intended to enable the two forces to provide a wide range of joint specialist and support services. The driving factors for the alliance have been the financial imperative to maintain or improve services within the constraints of reduced funding, and the opportunity to improve interoperability and resilience across the two forces. A joint project team has been exploring potential opportunities for collaboration across the force, selecting 27 areas for further detailed work. Dorset Police intends for these ambitious plans to be developed and implemented over three phases through to 2018, with demand and resource management a significant element of the planning. The force will need to move quickly to progress these plans with Devon and Cornwall if they are to deliver tangible savings in the timescales required.

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

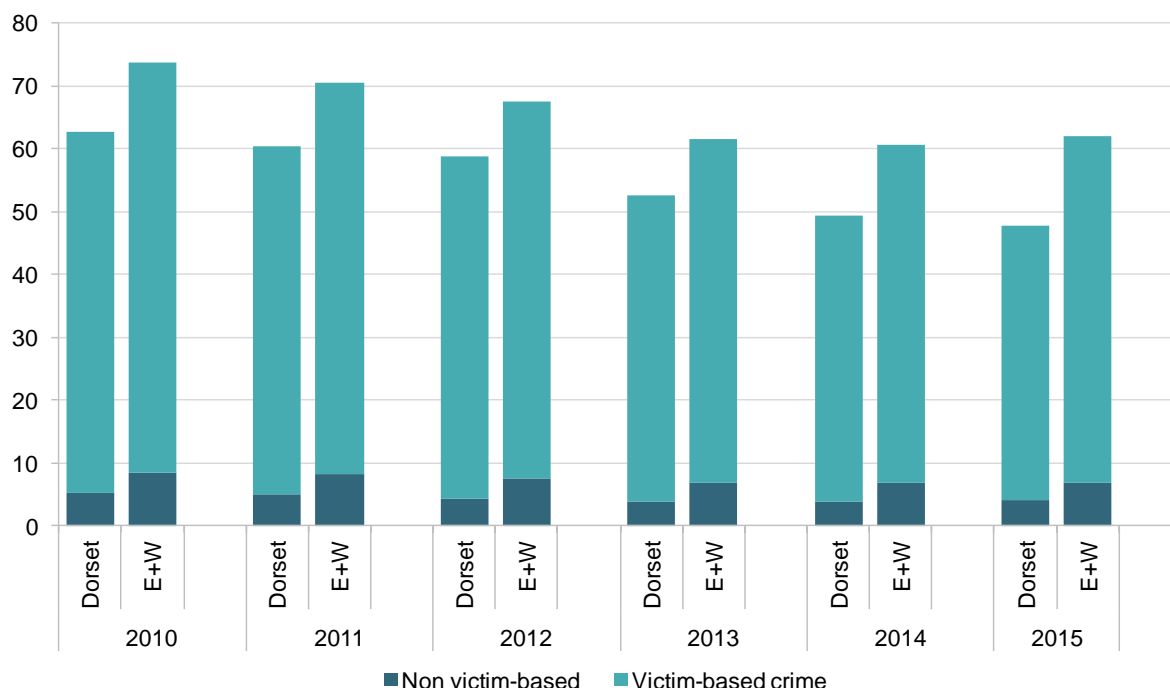
To assess the force's response to public demand, HMIC considered crime figures and rates in Dorset; victim satisfaction levels; and whether the force is using different ways to communicate with and engage the public.

Although police recorded crime is by no means a complete measure of the totality of demand a force faces, it provides a comparable performance indicator across all forces. Crime rates are reported as a number of crimes per 1000 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 Dorset had a victim-based crime rate of 43.7 and a non victim-based crime rate of 4.2 per 1,000 population. This represents a decrease (24 percent) in the victim-based crime rate and a decrease (23 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.

Police-recorded crime in Dorset for the period 2014/15 reduced by 3 percent when compared with the previous year. The force assesses that reported incidents of antisocial behavior reduced by just over 12 percent.

Figure 1: Police recorded crimes per 1,000 population from Dorset 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 Dorset, 85.8 per cent² were satisfied with their whole experience with the police in the 12 months to 31 March 2015. This is higher than the national victim satisfaction rate of 83.8 per cent³ over the same time period. There has been no significant change in victim satisfaction between the 12 months to 31 March 2011 and the 12 months to 31 March 2015 in Dorset.

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

² Dorset, confidence interval +/- 1.4 percent.

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

Figure 2: Methods of public engagement used by Dorset Police 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	No
Local phone (not 999 or 101)	Yes

Source: HMIC Efficiency data collection

The force has recognised that changes to direction and priorities may be required in order to meet future demand from the public. The force has recently introduced the widely-used model for risk assessment known as THRIVE (threat, harm, risk, investigation, vulnerability and engagement). This approach provides the staff receiving calls for police services with a way of making a fully-rounded decision about the relative risk to the individual victim, the level of threat, and the opportunities to investigate a crime. This enables the police response to be more proportionate to the risk and threat to the victim, with a particular focus on protecting those who are most vulnerable.

HMIC spoke to a number of control room staff who expressed concerns about the level of resourcing to meet demand, referencing issues around non-emergency 101 calls at peak times the previous summer. The force is aware of these concerns and has introduced a number of initiatives to manage demand better and reduce pressures on staff in the force control room. Examples include an o-line loss reporting system, for the public to use instead of telephoning the police; and closer working with partner agencies to reduce demand on the police in areas which should more appropriately be dealt with by another agency.

How well is the force managing demand?

The force is joining up with local public sector organisations to make best use of joint resources to tackle local problems and concerns. HMIC found evidence of substantive partnership structures, particularly in and around the Bournemouth area. For example, Operation Furlong is a police initiative to address issues connected to a deprived neighbourhood in Boscombe. The police work with the local authority and

others to target drug supply and associated anti social behaviour and support a wider programme of regeneration activity under the Boscombe Regeneration Board.

Dorset Police is also working to improve public contact and access to police services, whilst at the same time reducing demand. In future, the aim is for members of the public to be able to report a crime on the force website. The force intends to make greater use of social media to inform the public. The extent to which the public want this will also be explored under the force's 'big conversation' project.

A new enquiry drop-in centre has recently opened in Dorchester. The centre is staffed by volunteers and provides opportunities for further reductions in the demands on operational staff.

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

The force has a clear process for managing performance through a framework which is aligned to the force's control strategy and delivery plans.

It has moved from a traditional target-driven performance management regime and is now developing a new framework to identify and prioritise major performance risk areas across the organisation. Rather than measuring numbers of crimes, arrests and detections, senior officers now review and assess risks associated with vulnerability, including in relation to offences such as domestic violence and child sexual exploitation. Operational issues identified as priorities at the strategic performance board are sent on to the tactical coordination group for closer review and appropriate, risk-based resourcing.

Dorset Police has a good understanding of costs. It undertakes analysis each year against HMIC's value for money profiles to compare itself against other forces, in order to assess where efficiencies might be made. This analysis is used to inform change plans and identify further savings.

The detailed business cases for specific projects being developed as part of the strategic alliance programme between Dorset and Devon and Cornwall should provide further opportunities to increase analysis and understanding of the relationship between service costs and outcomes. Each business case includes a test to assess the strength and weakness of providing the service 'in-house' compared to external outsourcing.

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

The force has recognised the value and importance of making use of new technology to improve efficiency and has invested in new systems to improve services. The force has invested in mobile devices to provide access to police information systems and allow frontline staff to carry out a range of tasks without the need to return to a police station. At the time of the inspection, this new technology had just been implemented and the force were aware of some initial issues with connectivity.

The force has recently implemented a major new IT system for managing core police activities, known as NICHE. This is designed to improve operational policing by streamlining the recording and use of information. Staff expressed concerns about the effectiveness of training for NICHE; however, given that the inspection coincided with the early stage of the system's implementation, it is too early to assess whether further support will be required.

Dorset Police currently uses an automatic vehicle location system (AVLS)⁴ fitted in all police vehicles, which enables staff in the control room to identify the closest suitable unit to send to attend incidents. However, we found that this is not used to its potential. The system relies on officers updating their AVLS promptly to show their availability; control room staff lack confidence that this is consistently done and, therefore, they cannot rely on the system showing the true picture.

As previously mentioned, Dorset Police has demonstrated a keen commitment to working collaboratively with neighbouring Devon and Cornwall Police in order to make most efficient use of joint resources. The force also works well with local partners to provide a joint response to preventing and tackling local crime and anti-social behaviour hot spots.

However, HMIC notes that key IT systems are different across the two strategic alliance forces, particularly in relation to frontline policing delivery. For example, Dorset Police has just introduced a NICHE system, whereas Devon and Cornwall uses UNIFI crime and intelligence systems. This difference in systems will limit the speed with which the two forces can collaborate effectively. The force is aware of the challenges and has a clear IT convergence plan in order to manage and mitigate the risk.

⁴ Automatic Vehicle Location System (AVLS) is a geographic positioning system that transmits data from a police vehicle to a computer via the Airwave Radio. It enables the staff in the control room to identify and dispatch the nearest available unit to respond to an incident.

Summary of findings



Good

Dorset Police has a good understanding of incident and call demand. It uses a variety of methods for assessing demand and aligning resources to threat, harm and risk. Dorset has seen consistent reductions in crime and anti-social behaviour over recent years.

The force has recognised that, as resources continue to reduce, changes to its direction and priorities may be required in order to meet future demand from the public.

Dorset Police has demonstrated a keen commitment to working collaboratively with neighbouring Devon and Cornwall Police in order to make efficient use of joint resources. The force also works well with local partners to provide a joint response to preventing and tackling local crime and anti-social behaviour.

The force has recognised the value and importance of making use of new technology to improve efficiency, and has invested in a range of technological solutions.

The force has a clear process to manage performance, which is aligned to the force's control strategy and delivery plans.

The force has a good understanding of costs. Every year, it uses HMIC's value for money profiles to compare the force against others to assess where efficiencies might be made. This analysis is then used to inform change plans and to identify further savings.

How sustainable and affordable is the workforce model?

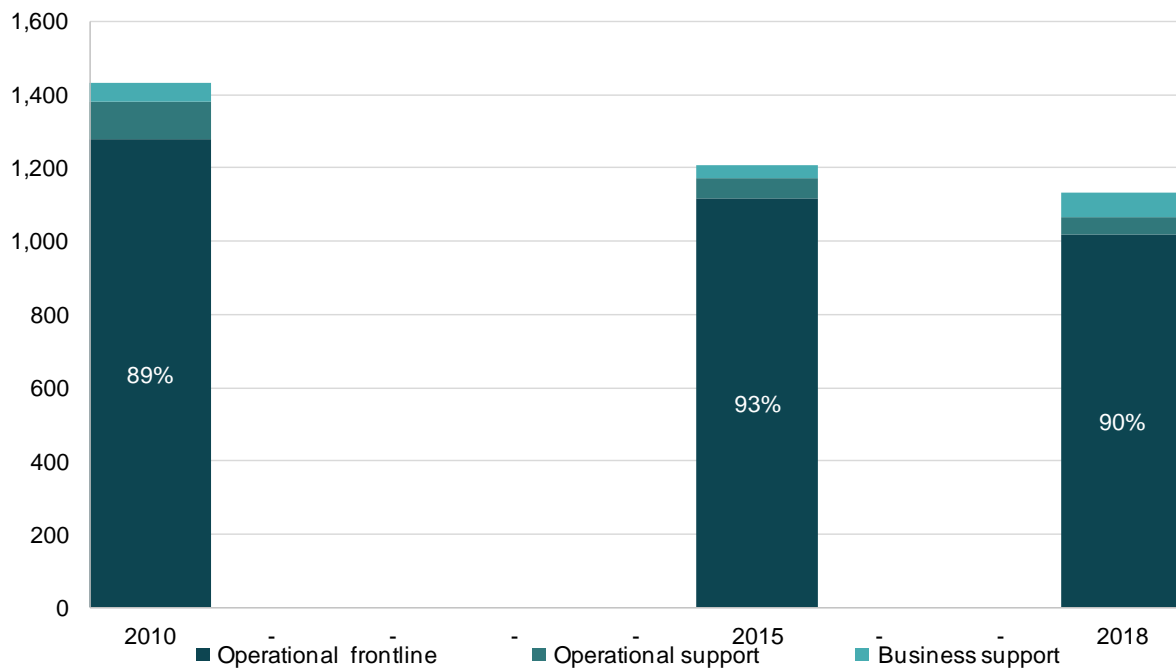
HMIC examined how Dorset Police has structured its workforce (i.e. its mix of police officers, staff and PCSOs, and the proportion of all these groups working in frontline positions), and assessed whether this was affordable and sustainable as the force responds to its financial challenge. We also considered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

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

Dorset Police force forecasted a total savings requirement over the first four years of the spending review as part of the value for money inspection (2011/12 to 2014/15) of £23.2m, the equivalent of 16 percent of the 2010/11 gross revenue expenditure for the force. Savings were made in both the pay and non-pay budgets. Since 2010, Dorset Police has seen a reduction of 215 police officers, 165 staff and 1 PCSO, (full time equivalent (FTE)).

In Dorset, there has been a decrease in the total number of police officers FTE over the period 2010 to 2015, as shown in figure 3. During this time period the proportion in frontline roles has increased from 89 per cent in 2010 to 93 per cent in 2015. The force expects to reduce this proportion to 90 percent 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 Dorset Police, from 31 March 2010 to 31 March 2018



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

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

The force has identified that it will need to make a further reduction in the workforce of 140 police officers and 134 police staff over the next three years in order to meet the anticipated spending reductions.

The current workforce model has allowed the force to achieve the required savings to date, and is affordable and sustainable for the remainder of this financial year. However, HMIC is concerned that there is little resilience or flexibility to achieve these further workforce reductions while sustaining effective policing over the next three years without substantial changes.

The rationale behind the planned strategic alliance with Devon and Cornwall Police is to provide the opportunity for both forces to achieve future economies of scale. It is also to enable both organisations to achieve significant cost savings by operating more efficiently, using their combined resources flexibly to provide added resilience that neither could have delivered on their own.

Dorset Police has established a human resources (HR) change team to provide a clearer focus on how the workforce will need to change in order to make the required reductions, while also developing the strategic alliance plans.

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 Dorset Police compared to England and Wales

	March 2010	Difference between 2010 and 2015		March 2015	Difference between 2015 and 2018		March 2018
		Force	England and Wales		Force	England and Wales	
Police Officers	1,486	-14%	-12%	1,272	-11%	-6%	1,132
Police Staff	1,077	-15%	-19%	912	-15%	-6%	778
PCSOs	164	-1%	-27%	163	-5%	-11%	155
Workforce total	2,727	-14%	-15%	2,347	-12%	-6%	2,065

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

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

HMIC found limited evidence of clear plans for how the force will achieve the further reductions of workforce numbers needed to achieve the savings required over the next three years. Plans for the workforce model beyond 2015/16 are heavily dependent on the prompt and effective implementation of the strategic alliance.

There are many risks attached to collaborative work of this nature between forces: primarily the time it takes to agree, implement and deliver plans in order to realise savings. HMIC is concerned Dorset Police has insufficient financial contingency in place should implementation of the strategic alliance plans take longer than predicted. We also found little evidence of detailed combined workforce planning taking place between the two forces. There is a clear risk that, should there be any delays in the strategic alliance plan, the savings needed by Dorset Police may not be achieved in the timescale required, and the workforce model may not be affordable in the medium to long term.

Summary of findings



Requires improvement

The current workforce model has allowed the force to achieve the savings required to date, and is affordable and sustainable for the remainder of this financial year. However, further financial savings are needed over the next three years, which may require more reductions in police officer and staff numbers. HMIC is concerned that Dorset Police does not yet have clear plans in place to make these staffing cuts. Nor is it clear what impact this level of cuts will have on the force's ability to continue to provide effective policing.

Plans for the workforce model beyond 2015/16 are heavily dependent on the prompt and effective implementation of the strategic alliance with Devon and Cornwall Police. HMIC has found little evidence of detailed combined workforce planning taking place between the two forces. Dorset Police has very limited financial contingency in place to cushion against any shortfall in savings achieved. There is clear risk that, should there be any delays in the strategic alliance plan, the savings needed by Dorset Police will not be achieved in the timescale needed.

Areas for improvement

- The force should develop a future workforce plan that is aligned to its overall demand and budget. The plan should include future resource allocations, the mix of skills required by the workforce and behaviours expected of them.

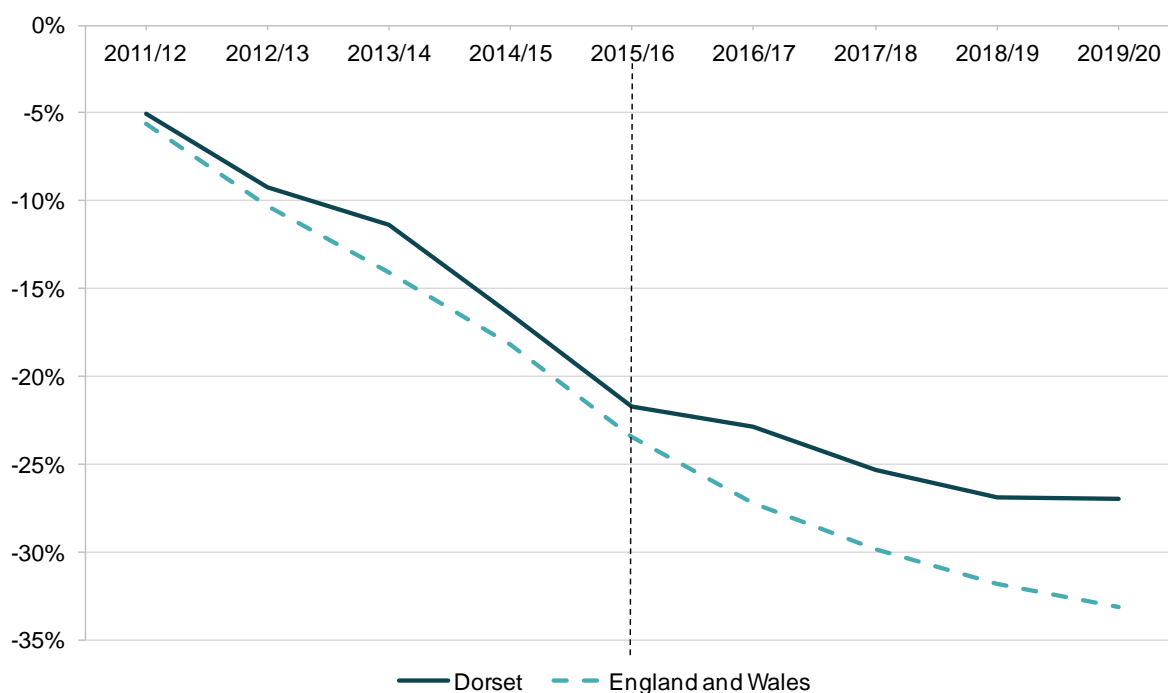
How sustainable is the force's financial position for the short and long term?

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

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

Dorset Police forecasted savings of £23.2m 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 force. Over the period savings were made in both the pay and non-pay budgets, so as to balance budgets by 2014/15. Over the same period all forces across England and Wales forecasted a total savings requirement of £2.53bn, the equivalent of 18.2 per cent 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 Dorset 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 further information about the data for figure 5 please see Annex B

The force has successfully cut its spending by the required amount of £23.2m over the last spending review period. At 16 percent of its 2010 annual spending, this is below the average savings requirement of 18 percent for England and Wales. However, Dorset Police has faced a significant challenge in making its savings as it had previously made significant cuts ahead of the spending review in 2010. It was already a low-spending force with fewer police officers per head than other forces.

In our 2014 report, *Policing in Austerity: Meeting the Challenge*, HMIC raised concerns regarding a number of forces that were particularly vulnerable because of their size, their funding position, and were small in terms of both expenditure and officer numbers. Dorset Police was highlighted as one of these forces HMIC viewed as vulnerable in the medium to long term.⁵

⁵ *Policing in Austerity: Meeting the Challenge*, HMIC, July 2014, pp.130-2.
www.justiceinspectors.gov.uk/hmic/wp-content/uploads/policing-in-austerity-meeting-the-challenge.pdf

It faces a number of significant obstacles in cost-cutting, including difficulties in reducing overheads (Dorset Police spends less per head of population on policing than most other forces in England and Wales); challenges with flexible deployment of its workforce (as a greater number of their officers need to fill fixed roles); and difficulties in achieving economies of scale in comparison with larger forces, given the small size of the force.

The force set a balanced budget for each year of the spending review period and for 2014/15. In 2014/15 it overspent its budget by £200k, although this was expected (and the result of a decision taken during the year to recruit and train more officers than planned when it became clear that more were leaving than originally envisaged).

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

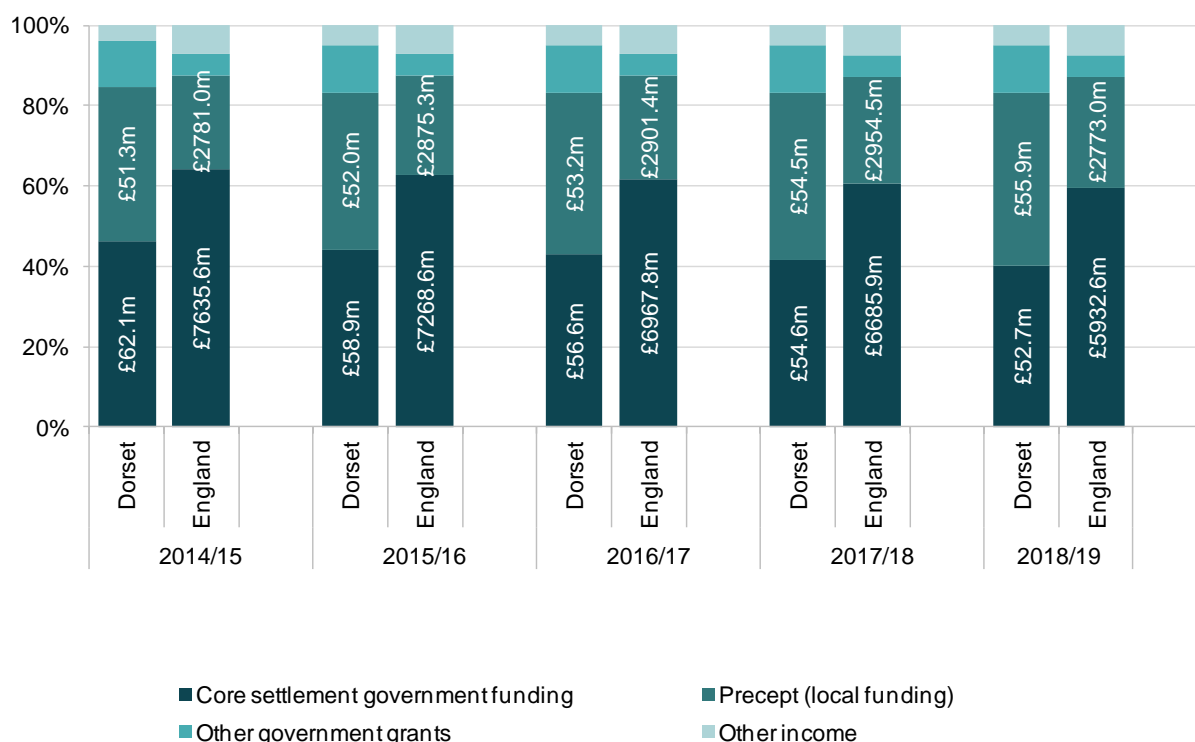
Dorset Police has planned a balanced budget of £133.1m for 2015/16, which includes a cut in spending of £7.5m. It is forecast that the reduction will be split between £1.9m from the pay budget (25 percent) and £5.6m (75 percent) from the non-pay budget (75 percent) in this year's savings. The force plans to meet its reduction in spend without using reserves as a bridge. Since the 2010 baseline, at the start of the spending review, this represents savings of 22 percent.

The force has faced significant pressures on the budget for this financial year. It needed to find a further £7.5m in additional savings. In addition to a £3.2m reduction in government grants, the force also found it necessary to fund increased police officer numbers as well as making sufficient budget provision for price inflation and pay awards. However, the force has set a balanced budget for 2015/16, with plans in place to achieve the savings required.

How well has the force maximised other funding opportunities?

Figure 6 demonstrates the amount of funding that the force received from a central government grant, as precept from local councils through council tax, and from other sources, such as Home Office special grants. Dorset Police is expecting the proportion of its funding that comes from core settlement government funding to decline over the coming years, whilst 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.

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



Source: HMIC efficiency data collection

There is limited evidence that the force has made significant use of external funding opportunities. A bid in conjunction with Devon and Cornwall Police was submitted to the Police Innovation Fund this year for a grant to support the strategic alliance, but was unsuccessful. The two forces are reviewing the failed bid in order to learn and identify potential opportunities to achieve successful bids in the future. The force has had successful Police Innovation Fund bids in previous years in relation to forensics and e-commerce.

HMIC's value for money profiles (2014) indicated that the force attracts above average funding on sales, fees, charges and rent, which includes significant income from the local driver awareness scheme.

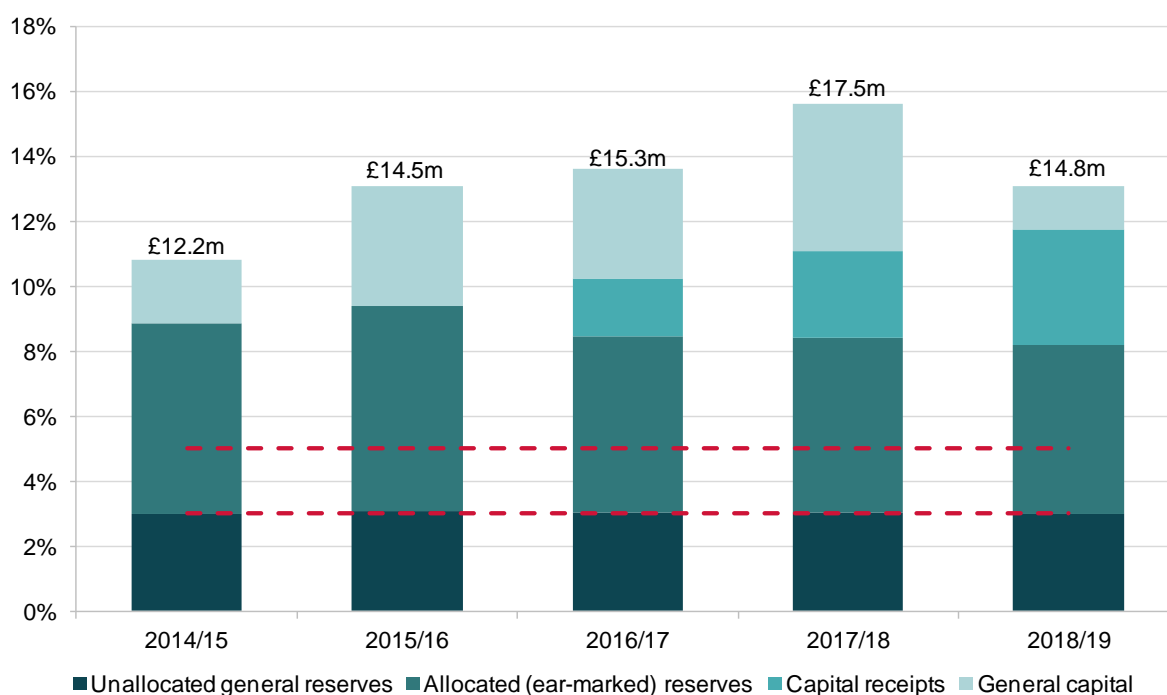
The force and the office of the police and crime commissioner (OPCC) have recently introduced a new role with responsibility for maximising income opportunities.

How well does the force control expenditure?

The force's level of reserves and how these are forecast to change over time is shown in figure 7. Dorset Police reported that its total reserves were £12.2m in 2014/15. These are broken down into several categories:

- unallocated general reserves – a sum to cushion the impact of unexpected events or smooth uneven cash flows;
- allocated (ear-marked) reserves – these are reserves set aside for specific capital purposes;
- capital receipts reserves – these are proceeds from the sale of assets which can only be used for specific capital purposes; and
- general capital to support future planned capital expenditure.

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



Source: HMIC efficiency data collection

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

The force has good governance structures in place to control expenditure. Heads of department attend monthly expenditure meetings where departmental spending and budgets are reviewed. The finance and HR departments work together on workforce modelling and projections.

The strategic alliance programme is governed by a separate governance structure under an alliance executive board. The board includes the police and crime commissioner (PCC), chief constable and deputy chief constable from each force. Additional scrutiny is provided through a joint force audit committee. Whilst the programme is currently developing detailed business cases, there is every intention that benefits management plans will feature strongly in order to ensure that anticipated benefits from the alliance will be closely monitored. External quality assurance has been provided by local authority partners and other outside bodies with experience in collaboration and business partnering. HMIC is therefore reassured that effective controls are in place at an early stage.

Initial assessments by the two forces have identified potential combined savings from the alliance that they assess will be £12m with all savings and costs being approximately apportioned at 70 percent to Devon and Cornwall Police and 30 percent to Dorset Police, based on the size of each force.

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

The additional money provided by the increase in the council tax element for policing in 2014/15 has been invested into tackling police and crime plan priorities (such as those related to integrated offender management⁶, cyber-crime and the provision of rural police vehicles). HMIC found evidence of alignment between budget allocations and all six key priorities set out in the plan.

The development of the strategic alliance programme has been directed and strongly supported by the PCCs and chief constables from both forces.

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 force provides timely and relevant information to the OPCC. For example, a budget report is submitted to the monthly joint executive board, which is attended by the chief constable and the PCC. Regular additional meetings also take place between force finance representatives, the PCC and the OPCC treasurer to review plans and priorities.

⁶ Integrated Offender Management (IOM) brings a cross-agency response to the crime and reoffending threats faced by local communities. The most persistent and problematic offenders are identified and managed jointly by partner agencies working together.

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

HMIC is concerned that the force plans do not clearly show how a significant proportion of required savings over the next three years will be achieved. There is an outstanding budget gap of £4.6m by 2018/19, which represents approximately 40 percent of the total estimated savings requirement. Measures to address this shortfall are yet to be clearly identified.

The financial plans for the next three years are based on an assumption of government grant reductions of 3.9 percent for 2016/17, with subsequent reductions of 3.5 percent thereafter.

HMIC has concerns that these assumptions are optimistic when compared with predictions by other forces in England and Wales. This means that the scale of savings may be even greater than current forecasts suggest.

In allocating funding held in reserves, the force should have due regard to the need to ensure the continuing funding of policing activities, and the requirement to meet exceptional or extraordinary policing operations. General reserves should be managed to balance funding and spending priorities and to manage risks. The force estimates general reserves to be at appropriately £3.4m by March 2016, which would represent approximately 3 percent of net revenue expenditure for 2015/16. As the levels of reserves the force has access to are among the lowest in England and Wales, it has limited funds to fall back on if the future savings cannot be found in time, or take longer to achieve than expected.

Dorset Police saw one of the largest percentage cuts to officer numbers from 2010 to 2014. From an operational planning and resilience perspective, the number of warranted officers is important, for example to respond to 999 calls, fulfil a range of statutory requirements, serve warrants, and respond initially to unexpected events. It is unclear how Dorset Police will achieve further workforce reductions and subsequent savings from a reduction in pay costs (approximately 80 percent of a police budget on average is spent on staff costs). The plans with Devon and Cornwall Police are at a formative stage and at the time of inspection lacked detail as to where and how exact saving were to be realised, and how this would impact on the current operating model and service delivery within Dorset. It will need to move at pace to ensure savings are realised within a tight timescale. The force also lacks an alternative plan to achieve its savings if the strategic alliance with Devon and Cornwall does not deliver to the timescales anticipated.

The force is facing an anticipated funding gap of £4.6m by 2018/19. There is a high degree of uncertainty in relation to future income and expenditure, with particular risks associated with the timing of savings from implementation of the strategic alliance. This means that the level of reserves provides only a limited cushion

against future contingencies. HMIC remains concerned that Dorset Police's long-term financial position may not be able to sustain effective policing.

Summary of findings



Requires improvement

The force has cut its spending by the required amount over the last spending review period. It has set a balanced budget, but has faced significant pressures for this financial year to make the further savings needed.

There are good governance systems and financial controls in place, and the force's financial plans reflect and are based on the objectives set out in the Police and Crime Plan. The force chief finance officer works closely and constructively with the police and crime commissioner's finance officers.

HMIC is concerned that there are some key risks around Dorset Police's future financial position. The force plans do not clearly show how a significant proportion of required savings over the next three years will be achieved.

Future savings are heavily dependent upon the successful implementation of the alliance with Devon and Cornwall Police. After making all the planned savings, the force is still facing an anticipated funding gap of £4.6m by 2018/19. There is a high degree of uncertainty in relation to future income and expenditure, with particular risks associated with the timing of savings from implementation of the strategic alliance.

Areas for improvement

- The force should develop clear and realistic plans for achieving the likely savings required beyond 2015/16.

Annex A – HMIC judgments

The categories are:

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

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

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

Annex B – Further information about the data

Figure 3

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

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

Figure 4

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

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

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

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

Figure 5

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

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

Figure 7

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

According to a survey of financial directors conducted by the Audit Commission,⁷ 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.

⁷ *Striking a balance: Improving councils' decision making on reserves*, Audit Commission, December 2012. Available from <http://webarchive.nationalarchives.gov.uk>