

PEEL: Police efficiency 2015

An inspection of Dyfed-Powys 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 Dyfed-Powys Police is partly prepared to face its future financial challenges. It is improving its understanding of the demands on its services and is currently able to respond to all crimes. It is investing in technology to increase efficiency. However HMIC is concerned that as resources reduce in the future, the force has not made enough progress in planning how it will be able to continue providing effective policing with fewer staff, nor how it will deal with some of the financial uncertainties it faces. In last year's value for money inspection programme, which considered how forces had met the challenge of the first spending review period, Dyfed-Powys Police was judged to be good.

Summary

HMIC judges Dyfed-Powys Police to require improvement. The force currently has the resources to meet demand and is able to attend every crime. However future reductions in police officer numbers will require the force to understand the future demand for its services better and manage its resources more efficiently.

HMIC is impressed by the ambition of Dyfed-Powys Police's approach to using new technology in order to improve efficiency and provide better services.




Dyfed-Powys Police has, since 2010, managed its savings with a very small reduction in the number of police officers. It has changed the way it provides frontline policing very little over this period. However, HMIC is concerned that despite planning further reductions in police officer and staff numbers, the force has not yet developed a future workforce model.² Changes to the size of the workforce have been driven by finance rather than by the organisational requirements. The force had a technology programme in place to support the workforce plan; however, future change plans were not well developed as the force's understanding of demand and resource profiling was not developed sufficiently to inform these plans. It is not clear

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

² Workforce model – the way in which the workforce is organised; in the case of the police, it includes police officers, even though they are holders of the office of constable and therefore not employees of their police forces; it also includes police community support officers and police staff.

how the force will continue to manage the budget reductions required and maintain effective policing.

The force has a good track record of achieving savings to date but the plans for anticipated savings beyond 2015/16 are undeveloped. In addition, HMIC is concerned that there are a number of risks and uncertainties about future income for Dyfed-Powys Police which may mean it has under-estimated the future savings needed and the force has not made any contingency plans to address these risks.

<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>Dyfed-Powys Police has recognised the importance of having a better understanding of demand in order to ensure that resources can be most efficiently used to prioritise and respond to demand. It has developed a new approach to analysing demand, which it hopes will provide a much improved understanding of its demand.</p> <p>The force is one of the few nationally that still sends a police response to all crimes. Demand for police services across Dyfed-Powys is comparatively low but decisions on levels of resourcing needed are not only driven by demand but</p>	<p>Since 2010, Dyfed-Powys Police has managed its savings with a very small reduction in the number of police officers. It has changed the way it provides frontline policing very little over this period. The force has reduced the number of police staff providing support services by a much larger proportion than other forces. It has achieved this reduction by setting up a business support unit, which brings together all of the previously separate support functions, including finance and HR. Staff are expected to work across a range of different support roles, rather than in specialist</p>	<p>Dyfed-Powys Police has a good track record of achieving the required savings throughout the spending review with a very small reduction in police officer numbers. However the force has underspent against its budget each year by a considerable margin, including in 2014/15. This underspend indicates that there has been some lack of understanding as to the current cost of policing and the phasing of savings.</p> <p>The force has set a balanced budget for 2015/16 despite cuts in both government funding and the council tax precept. It has plans to find the</p>

<p>also by the need to provide visible and effective policing across a very large, predominantly rural force area. The force recognises it needs to do more to manage demand better.</p> <p>The force has a strong focus on the victim's perspective of police services, although there is a more limited understanding of the relationship between costs of services and the outcomes they achieve.</p> <p>HMIC is impressed by the ambition of Dyfed-Powys Police's approach to using new technology in order to improve efficiency and provide better services. The force has invested significantly in developing digital policing.</p>	<p>teams.</p> <p>However, HMIC found that this new unit is not yet operating either effectively or efficiently. The number of staff has reduced but the force has neither the processes nor the staff with the breadth of skills required.</p> <p>The force has not yet developed a future workforce model. There are projected staffing reductions which have been identified as those required to balance the budget over the next four years. Changes to the size of the workforce have been driven by finance, rather than by the organisational requirements. The force has limited change plans. It is not clear how the force will continue to manage the budget reductions required and maintain effective policing.</p>	<p>savings needed this year. The force collaborates with the other southern Wales forces to provide more efficient and resilient services in a range of areas. The force works well with the police and crime commissioner; plans are developed jointly to direct resources at priority areas.</p> <p>The plans for how the force will achieve savings beyond 2015/16 are not well developed. Savings will accrue from not replacing staff when they leave, but there are no plans as to when or where these staffing cuts will fall or what the impact will be on the force's ability to provide effective, sustainable policing. In addition HMIC is concerned that there are a number of risks and uncertainties about future income for Dyfed-Powys Police which may mean it has underestimated the future savings needed.</p>
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Force in numbers



Financial position

Forecasted change in expenditure 2015/16 to 2018/19



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



Providing policing

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



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



Proportion of police officers on the operational frontline 31 March 2010



Proportion of police officers on the operational frontline 31 March 2015



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





Organisation

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

Dyfed-Powys Police England and Wales

£109

£115

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

Dyfed-Powys Police England and Wales

£157

£165



Key statistics

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

Dyfed-Powys Police England and Wales

+4%

+2%

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

Dyfed-Powys Police England and Wales

-11%

-16%

Victim satisfaction 12 months to 31 March 2015

Dyfed-Powys Police England and Wales

87.4%

83.8%

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

Dyfed-Powys Police England and Wales

No change

No change

Victim satisfaction: Dyfed-Powys confidence interval +/- 3.4 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 Dyfed-Powys 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?

The force has recently improved its understanding of the demand on police services. While the overall level of demand is comparatively low, Dyfed-Powys covers an extremely large geographical area with sparse and dispersed communities that are not easily accessible. Therefore the force has assessed that staffing levels should not be solely driven by the volume of demand for services but also take account the need to provide a full policing capability over the entire force area. This means the level of staffing is higher than might be expected from the level of demand.

Until very recently, the force had only a limited understanding of the whole of the demand on the services it provides to the public. The force recognised that it needed to monitor and analyse demand systematically in order to provide a better understanding of all the demands for its services so that it can ensure that the right resources are in the right place at the right time. HMIC was impressed by the force's recently-developed analysis tool which is providing a detailed and comprehensive set of data about the sources and volume of demand for services across the force area. The force acknowledges that this work has to be developed in much more detail. Also it needs to be extended to include anticipated future changes in demand for police services before it can usefully be used to both manage the demands and to plan the future resources that will be needed to respond to them.

How well does the force match resources to demand?

HMIC found that Dyfed-Powys Police has done some limited work to match resources to demand. The way the force has historically allocated its resources has been largely reactive rather than being planned according to expected demands. We found some examples of officers being deployed flexibly to meet peaks in seasonal demand, such as in tourist areas. Within the force control room call-handling staff levels are adjusted based on historical patterns of demand at different times of the day and week. However this type of predictive analysis is not used consistently across the force. For example, the staff numbers at police stations were described by the force as being an historic legacy, rather than being systematically linked to the

demands in each area. The force aims to improve its understanding of the demands for services and its ability to plan and predict its future demand so that it can better respond to the demand more efficiently using the recently introduced demand analysis tool.

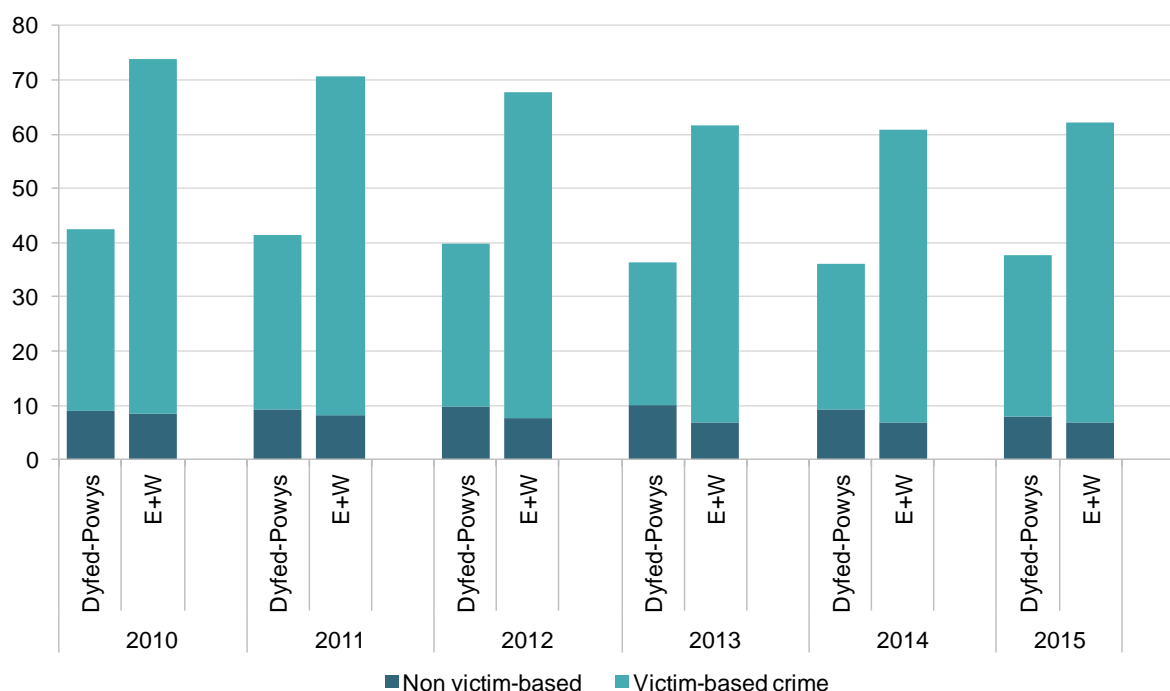
How well are the force's services meeting the demand from the public?

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

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

In the 12 months to 31 March 2015 Dyfed-Powys had a victim-based crime rate of 29.5 and a non-victim-based crime rate of 8.0 per 1,000 population. This represents a decrease (12 percent) in the victim-based crime rate and a decrease (11 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.

Figure 1: Police recorded crimes per 1,000 population in Dyfed-Powys 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 Dyfed-Powys, 87.4 percent³ 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 percent⁴ 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 Dyfed-Powys.

HMIC monitored how a force engages with the public as part of the inspection. Figure 2 below shows Dyfed-Powys police use a range of methods (including Facebook, Twitter, and email) to engage with the public.

³ Dyfed-Powys, confidence interval +/- 3.4 percent.

⁴ England and Wales, confidence interval +/- 0.2 percent.

Figure 2: Methods of public engagement used by Dyfed-Powys 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	No
Web forum	No
Instagram	No
Local phone (not 999 or 101)	No

Source: HMIC Efficiency data collection.

How well is the force managing demand?

Dyfed-Powys Police is one of the few forces that continues to send a police response to attend every crime that is reported. Most forces recognise that many calls for service do not need police attendance and can be dealt with over the telephone or by referring on to another organisation to be dealt with. Currently the force has enough resources to be able to provide this level of service. However, as budgets continue to be cut, requiring reductions in police officer numbers, the force will need to manage its resources more efficiently.

The force's understanding of demand is developing and it is working with other public sector agencies to identify areas of inefficiency and more effective ways of working to improve the services provided to the public. The force is demonstrating a willingness to explore and adopt new ways of working. There is some evidence that Dyfed-Powys Police is beginning to manage demand in a way that balances the difficulties presented by the area's geography with the need to provide a level of visible policing across all areas of Dyfed-Powys in order to maintain public trust and confidence. The force is starting to deal with some types of demand over the telephone, using the THRIVE⁵ approach to decision making. In addition, the force is exploring the ways in which it can better use social media to engage with communities.

Neighbourhood policing staff have mature and well-established ways of working and relationships with their communities and other local organisations. For example, there is a dedicated neighbourhood team tackling hate crime.

⁵ THRIVE – this approach involves a risk assessment based on threat, harm, risk, investigation, vulnerability and engagement.

The force also has a new cyber-crime unit, which is raising awareness of and dealing with the increase in demand of this area of work.

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

The force has good processes in place to monitor and understand how well it is doing. There is a good victim focus; force monitoring is structured around the victim and their experience of the service provided by the police. The force has been able to demonstrate an improved service to people with mental health problems and more efficient use of police time by working with health services through a mental health triage. A move towards focusing on specific priority crime types and individuals posing most threat and risks to communities is positive and is changing the culture within the force. The force is actively moving away from a target-driven approach of measuring its performance towards one of responding to need and empowering staff to use appropriate discretion and do the right thing.

There has been limited work done to understand the relationship between the costs of providing services and the outcomes achieved; however the information from the demand analysis work is expected to give the force the opportunity to understand better the costs of its various activities.

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

There are some well-established and effective specialist police services provided in collaboration with other forces, particularly with South Wales Police and Gwent Police, where joint services are providing both greater resilience and some cost savings. The force is willing to expand collaborative working with all Welsh forces. The four police and crime commissioners and chief constables have jointly commissioned a private sector consultancy firm to explore the opportunities for further collaboration. This work is at a very early stage and, although Dyfed-Powys's medium-term financial plan is relying on this extended collaboration to achieve further savings from 2016/17 onwards. However, there is no certainty that this will achieve the savings within the timescale and at the level required.

HMIC is impressed by the ambition of Dyfed-Powys Police's digital policing initiative; the force has invested significantly in new technology to enable mobile data to be available to all frontline officers so that they can now undertake a range of activities on-line without the need to return to a police station.

The mobile devices and software issued to frontline officers enables them to input crime records, stop and search details, access ANPR⁶ data and upload intelligence reports in real time.

The force has also introduced a digital portal which provides frontline officers with a 'one stop shop' for building prosecution case files and aims to ensure consistent quality standards for case files are met. This offers a real opportunity to streamline the process and make it more likely that offenders are brought swiftly and effectively to justice, helping the force to achieve the seven day target required by 'Transforming Summary Justice'.⁷

Summary of findings



Good

Dyfed-Powys Police has recognised the importance of having a better understanding of demand in order to ensure that resources can be most efficiently used to prioritise and respond to demand. It has developed a new approach to analysing demand, which it hopes will provide a much improved understanding of its demand.

The force is one of the few nationally that still sends a police response to all crimes. Demand for police services across Dyfed-Powys is comparatively low but decisions on levels of resourcing needed are not only driven by demand but also by the need to provide visible and effective policing across a very large, predominantly rural force area. The force recognises it needs to do more to manage demand better.

The force has a strong focus on the victim's perspective of police services, although there is a more limited understanding of the relationship between costs of services and the outcomes they achieve.

HMIC is impressed by the ambition of Dyfed-Powys Police's approach to using new technology to improve efficiency and provide better services. The force has invested significantly in developing digital policing.

⁶ ANPR – Automatic Number Plate Recognition. A system which automatically records vehicle registration details in certain locations to assist in police investigations.

⁷ In June 2013 the Ministry of Justice published *Transforming the CJS: A Strategy and Action Plan for the Criminal Justice System*. It set out a vision for a modern criminal justice system (CJS) that provides a swift and determined response to crime, treats victims and witnesses with care and consideration, and provides much better value for money to the taxpayer.

How sustainable and affordable is the workforce model?

HMIC examined how Dyfed-Powys 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?

Dyfed-Powys Police forecasted a total savings requirement over the first four years of the spending review as part of the value for money inspection programme (2011/12 to 2014/15) of £15.05m, the equivalent of 13 percent of the 2010/11 gross revenue expenditure for the force. Savings were made in both the pay and non-pay budgets. Since 2010, Dyfed-Powys police has seen a decrease of 19 police officers, 185 staff and an increase of 64 PCSOs full time equivalents (FTE).

The force restructured the management of its operating model⁸ in 2011, removing several senior posts. The intention at that time was to move away from geographical policing areas to a single force-wide unit in order to make more efficient use of resources across the whole force area. Currently, the east and west policing areas and the four county areas continue to be run as discrete units with their own dedicated resources and the deployment of force-wide resources to respond to calls for service is yet to be achieved. The force recognises that it needs to improve the way it uses the staff in these areas currently so that it can improve the response to calls for service and implement a new policing model function efficiently and effectively to meet the needs of the community.

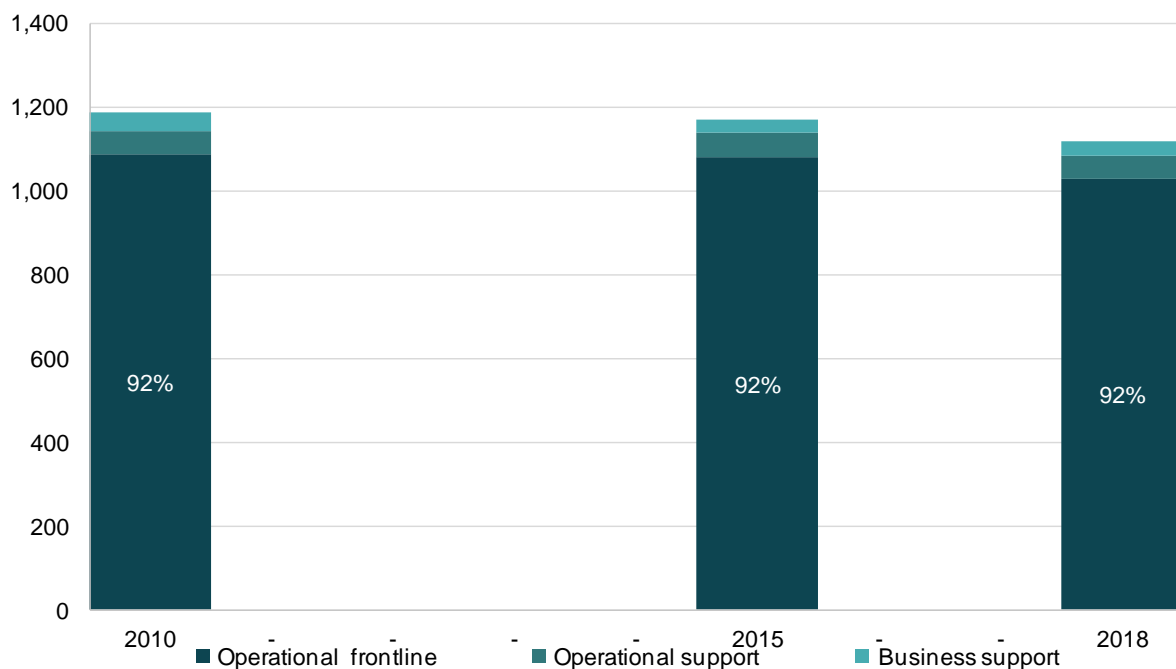
Dyfed-Powys Police has seen one of the smallest reductions in police officer numbers since 2010, at around two percent between 2010 and 2015 (compared to the England and Wales average of 12 percent). Police staff numbers have been cut by a more significant margin with a 26 percent reduction (England and Wales average of 19 percent). So, whilst the way police officers are structured has not changed significantly over this period, police staff have undergone a major restructure. The force has removed 185 police staff posts since 2010, many of which were cut when the force set up the business support unit (BSU) during 2014.

⁸ Operating model – the way in which a police force is organised in terms of its structure and the processes it has adopted and operates in order to achieve its objectives.

The BSU brought together all of the previously separate back office functions such as finance and HR. The intention is that staff are 'omni-competent' and work flexibly and more efficiently, carrying out a range of different support services. However, HMIC found that, although the staffing levels have already been reduced, the force is still developing the necessary processes which will enable the unit to function as anticipated. The reduced capacity in BSU with staff inexperienced in new roles and a lack of effective processes are resulting in some difficulties in operating either effectively or efficiently. There are significant backlogs in work and the force is paying high levels of overtime to staff. The force has not yet undertaken a post-implementation review to evaluate the change.

In Dyfed-Powys, there have been falls in the total number of police officer FTE over the period 2010 to 2015, as shown in figure 3. During this time period, the proportion in frontline roles has remained at 92 percent from 2010 to 2015. The force expects to maintain this proportion looking forward to 2018.

Figure 3: Actual and planned changes to police officer full time equivalents (FTE) in operational frontline, operational support and business support roles in Dyfed-Powys 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 absence of an overarching force vision for providing policing in Dyfed-Powys makes it difficult to assess to what extent the current workforce model will provide those services with the right skills in the right place. However, it is clear that the force's current workforce plan is aligned to the finance plans. The force has managed its savings with a comparatively small reduction in the size of the

workforce and only limited change to the police operating model. This approach (together with reducing demand) has enabled it to continue with a policy of attending every reported crime in Dyfed-Powys. The force has also targeted additional resources to priority areas such as protecting vulnerable people (PVP) and cyber-crime.

Changes to the size of the workforce have been led by finance not by the organisational requirements. Cuts in police staff as part of the ‘Public First’ change programme, which began in January 2014, were largely driven by the need to reduce spending rather than as a result of a wider transformation programme or even a workforce plan.

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 Dyfed-Powys 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	1,195	-2%	-12%	1,176	-5%	-6%	1,117
Police Staff	720	-26%	-19%	536	4%	-6%	558
PCSOs	83	78%	-27%	147	-6%	-11%	138
Workforce total	1,998	-7%	-15%	1,858	-2%	-6%	1,813

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

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

The force has not yet developed a future workforce model. There are projected staffing reductions, which have been identified as those required to balance the budget over the next four years. The projected workforce numbers align well to the medium-term financial plans. However, in the absence of a future vision, a change plan and a projected model, the force cannot evaluate the impact of these staff cuts on the force’s ability to maintain resilient policing and achieve the police and crime priorities.

Now that changes through the Public First programme have been completed, evidence from the interviews, focus groups and reality testing that HMIC undertook as part of this inspection indicates that many within the organisation believe strongly that the force does not have comprehensive future change plans. It is not clear how the force will continue to manage the budget reductions required and achieve improved outcomes for local communities.

Summary of findings



Requires improvement

Since 2010, Dyfed-Powys Police has managed its savings with a very small reduction in the number of police officers. It has changed the way it provides frontline policing very little over this period. The force has reduced the number of police staff providing support services by a much larger proportion than other forces have seen. It has achieved this reduction by setting up a business support unit which brings together all of the previously separate support functions, including finance and HR. Staff are expected to work across a range of different support roles, rather than in specialist teams.

However, HMIC found that this new unit is not yet operating either effectively or efficiently. The number of staff has reduced but the force has neither the processes nor the staff with the breadth of skills required.

The force has not yet developed a future workforce model. There are projected staffing reductions which have been identified as those required to balance the budget over the next four years. Changes to the size of the workforce have been driven by finance rather than by the organisational requirements. The force has limited change plans. It is not clear how the force will continue to manage the budget reductions required and maintain effective policing.

Areas for improvement

- The force should review its business support unit to ensure staff have the appropriate training and skills to enable the unit to function as intended.
- 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.

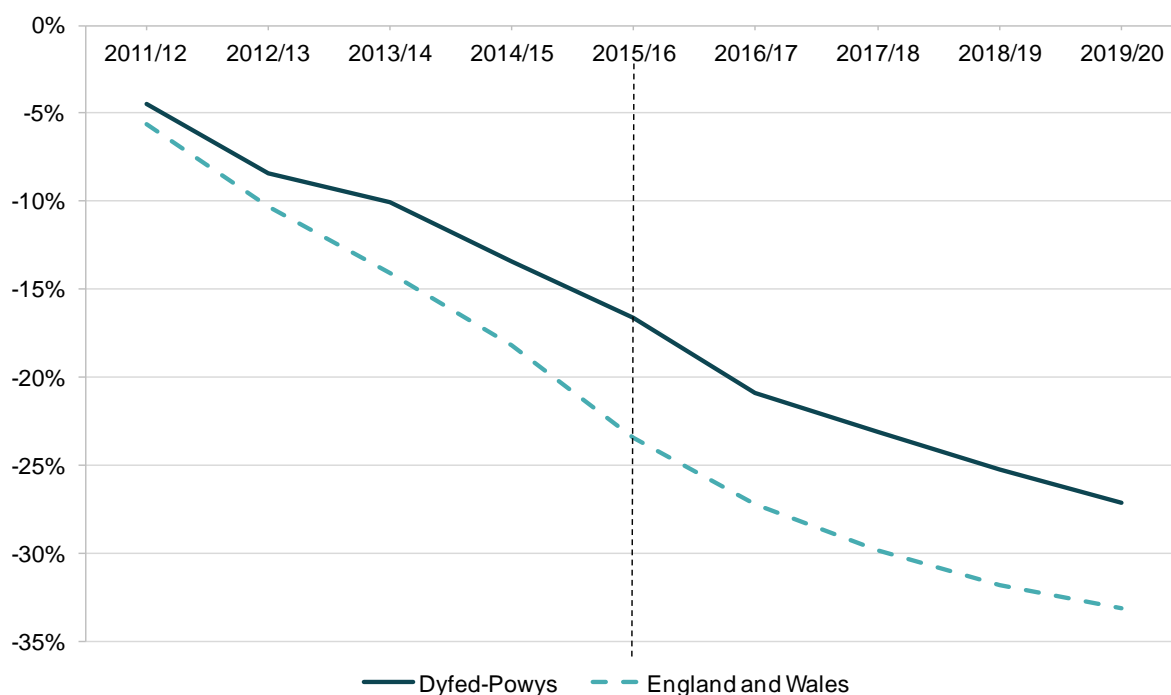
How sustainable is the force's financial position for the short and long term?

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?

Dyfed-Powys Police forecasted savings of £15.05m over the first four years of the spending review (2011/12 to 2014/15), the equivalent of 13 percent of the 2010/11 gross revenue expenditure for the force. Over the period, savings were made in both the pay and non-pay budgets, so as to balance budgets by 2014/15. Over the same period all forces across England and Wales forecasted a total savings requirement of £2.53bn, the equivalent of 18.2 percent of the 2010/11 gross revenue expenditure for England and Wales.

Figure 5: Estimated change in expenditure from 2011/12 to 2014/15, and forecast planned savings for 2015/16 to 2019/20, against the 2010 gross revenue expenditure baseline for Dyfed-Powys 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 achieved its total savings requirement over the last spending review period. It has planned a balanced budget throughout the spending review but has ended each year with a considerable underspend (between £4m and £6m every year). This underspend has meant that the force has been able to build up its reserves in earmarked funds for the cost of future change, such as improvements to estates. As well as increasing the number of police officers to 1,176 (as at March 2015), it is once again anticipating adding a further £2m to reserves at the end of 2014/15.

How well has the force achieved a balanced budget for 2015/16?

Dyfed-Powys Police has planned a balanced budget of £105.1m for 2015/16, which includes a cut in spending of £3.6m. It is forecast that the reduction will be split between £2.9m from the pay budget (81 percent) and £0.7m from the non-pay budget (19 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 17 percent.

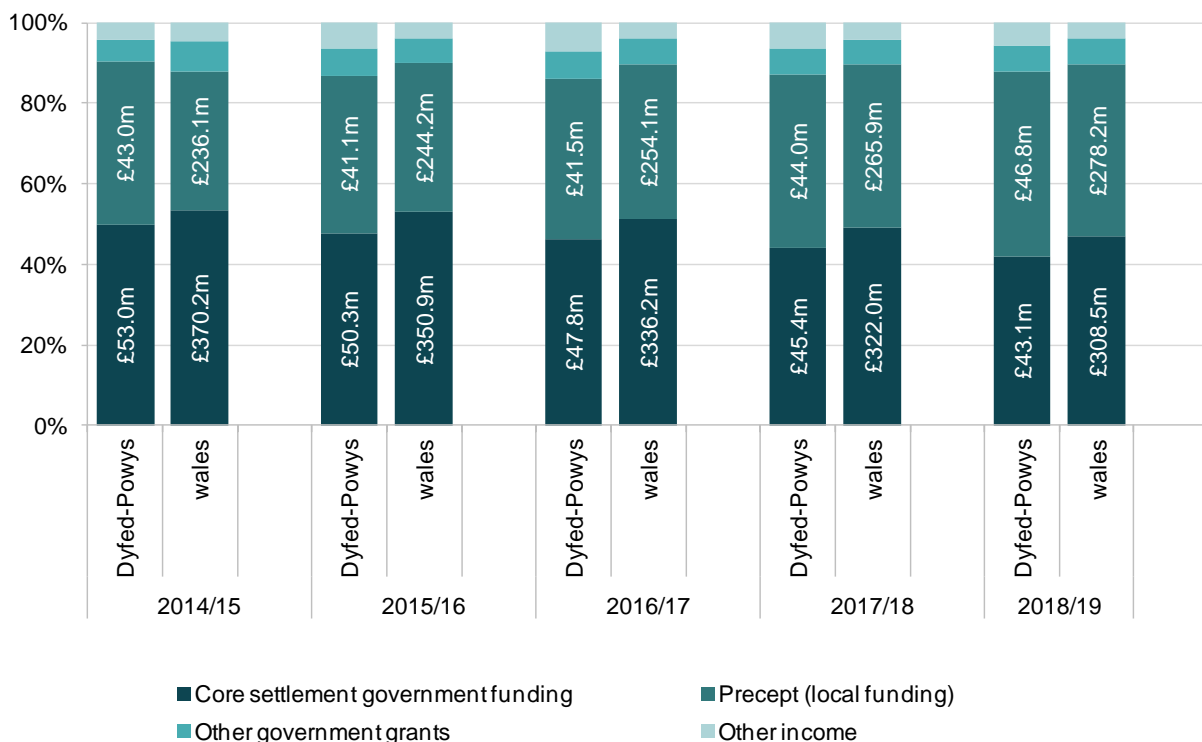
The savings planned to achieve a balanced budget will be found through a combination of savings from the Public First change programme and other budget reductions across all areas.

At the same time, the police precept from local council tax for 2015/16 has been reduced by five percent from the previous year, making the savings gap for this financial year bigger than had been expected.

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. Dyfed-Powys 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 Dyfed-Powys Police in the 12 months to 31 March 2015 to the 12 months to 31 March 2019, compared to Welsh forces



Source: HMIC efficiency data collection

The force has made good use of collaborative working particularly with the southern Wales forces. There has been more limited use of external funding opportunities. There has been some small use of the Police Innovation Fund in the past, for example, to support an approach between the police and local mental health services to provide a mental health triage project: Dyfed-Powys played a lead role in the integrated offender management (IOM)⁹ Cymru bid in 2014/15 for the women's pathfinder project.

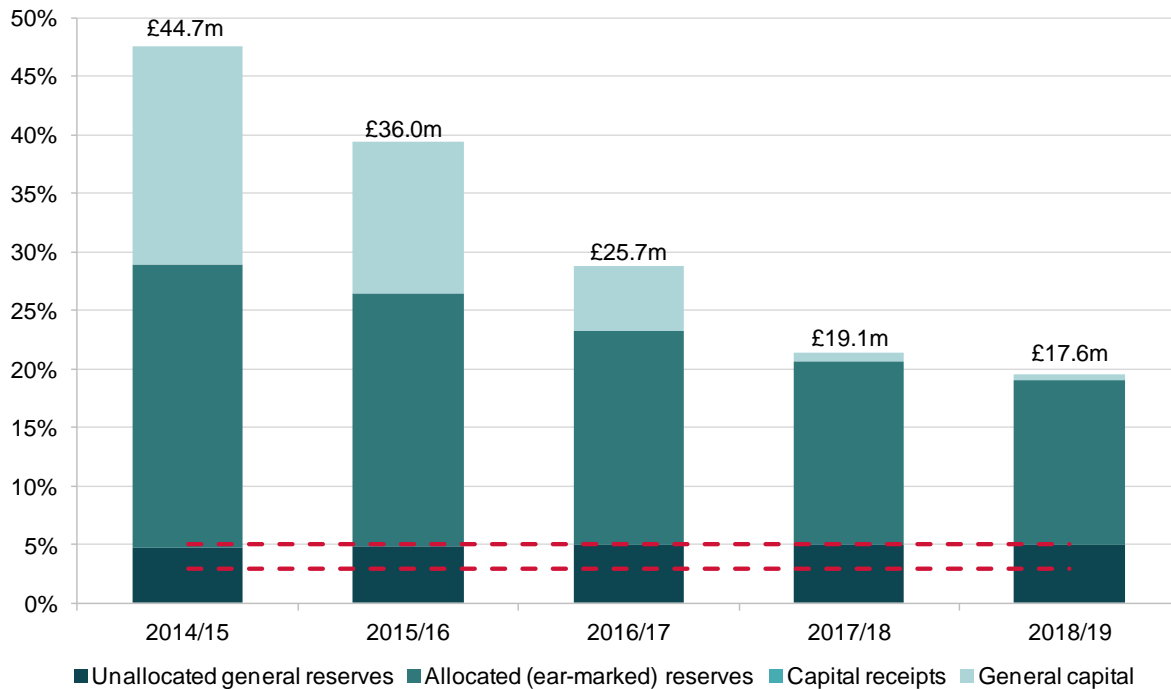
How well does the force control expenditure?

The forces level of reserves and how this level is forecast to change over time, is shown in figure 7. Dyfed-Powys Police reported that its total reserves were £44.7m 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.

⁹ Integrated Offender Management (IOM) addresses the crime and reoffending threats faced by local communities. The most persistent and problematic offenders are identified and managed jointly by agencies working together. The aims are to reduce the levels of offending and make communities safer.

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

While the force has a good track record of achieving savings, with a very small reduction in police officer numbers, we can also see that during each year of this period the force has saved more money than it needed to and has underspent by a considerable margin. This indicates that there has been some lack of understanding as to the current cost of policing and the phasing of savings. As a consequence of regular significant underspending, the force is currently holding very high levels of reserves at £44.7m.

However, this has enabled the force to invest in initiatives designed to improve services and achieve future efficiency savings, for example the new technology for the digital policing initiative providing mobile data devices to 650 frontline staff. Also, the force has invested in better management of persistent offenders through the IOMs across the four county borough areas of Dyfed-Powys.

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

The financial plans are developed in conjunction with the office of the police and crime commissioner (OPCC) and are designed to reflect the priorities in the police and crime plan. For example, additional resources have been targeted at protecting vulnerable people and tackling the growing threat from cyber-crime. The PCC has identified six priorities for Dyfed-Powys in the plan:

1. Preventing and tackling crime.
2. Protecting vulnerable people.
3. Bringing people to justice.
4. Enhancing access to police services.
5. Ensuring high standards of professionalism.
6. Spending wisely.

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's director of finance works closely and constructively with the PCC's chief finance officer and the two organisations work jointly on financial planning, using the same assumptions for current and future plans. These are monitored regularly with monthly reports to both the force leadership team and to the PCC.

However, HMIC is concerned that there are some major risks in the force's medium-term financial plans, which may result in less income than is currently assumed. When the government revised the formula through which it calculates the level of grant to individual police forces some years ago, it was clear that the new formula meant that some forces would gain significantly and some would lose significantly compared to previous levels. A 'damping mechanism' was introduced so that the impact was minimised and the increases and decreases were limited through what is known as 'floors' and 'ceilings' grants. Dyfed-Powys Police has continued to benefit from the damping mechanism by receiving a floors grant which adds around an additional £9m per year above the grant set by strictly applying the funding formula.

The government is in the process of revising the police funding formula again; there is a risk that Dyfed-Powys Police will at some point in the future have its grant reduced as a result. In addition, the force is assuming that annual council tax precept increases of five percent will be awarded.

Given that the force was granted a five percent reduction in its precept for 2015/16 and with continuing public sector austerity, there is a risk that this may not be the case. In addition the extra grant funding for PCSOs from the Welsh assembly government is not guaranteed beyond 2017/18.

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

The force faces many uncertainties over the period of this medium-term financial plan which poses significant risks with respect to the assumptions being made about future savings required.

At the time of the inspection, HMIC found that the plans for future savings beyond 2015/16 were not well developed. Based on the assumptions discussed above about future funding the force has identified that further savings of £9.7m will be required from 2016/17 to 2018/19. It has planned budget savings that will achieve £2.16m of this by 2018/19, additional austerity measures of £0.91m and some remaining savings through implementing Public First of £0.18m.

The plans for the remaining savings are not well developed. Further savings plans from collaborative working are dependent on the outcome of the external consultants' review commissioned by the four Wales forces. This is an independent and objective assessment of the scope of potential collaboration opportunities within with the four police forces in Wales. The review has not yet been conducted and will rely on all four forces and PCCs agreeing to work together. The speed at which any resulting developments can be achieved will be largely outside the force's control.

The remaining savings needed are currently showing as being achieved by staff reductions. These reductions are made up of 80 police officer posts, 40 police staff posts and 15 PCSO posts. While we acknowledge that predictions on staff turnover, i.e. not replacing retirees and leavers, are likely to achieve these reductions there are currently no plans as to when or where these staff cuts will fall nor what the impact will be on the force's ability to provide policing using the current model.

Summary of findings



Requires improvement

Dyfed-Powys Police has a good track record of achieving the required savings throughout the spending review with a very small reduction in police officer numbers. However the force has underspent against its budget each year by a considerable margin, including in 2014/15. This underspend indicates that there has been some lack of understanding as to the current cost of policing and the phasing of savings.

The force has set a balanced budget for 2015/16 despite cuts in both government funding and the council tax precept. It has plans to find the savings needed this year. The force collaborates with the other southern Wales forces to provide more efficient and resilient services in a range of areas. The force works well with the police and crime commissioner; plans are developed jointly to direct resources at priority areas.

The plans for how the force will achieve savings beyond 2015/16 are not well developed. Savings will accrue from not replacing staff when they leave, but there are no plans as to when or where these staffing cuts will fall or what the impact will be on the force's ability to provide effective, sustainable policing. In addition HMIC is concerned that there are a number of risks and uncertainties about future income for Dyfed-Powys Police which may mean it has underestimated the future savings needed.

Areas for improvement

- The force should develop clear and realistic plans for achieving the likely savings required beyond 2015/16. The plans should include a review of its assumptions about precept and grant income in conjunction with the office of the police and crime commissioner, ensuring that there are adequate contingency plans to address any risks and uncertainties.

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 going forwards. 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 programme. The savings requirement is no longer inflated gross revenue expenditure (GRE) minus expenditure but the sum of planned savings and use of reserves to bridge an in-year funding gap. This change is indicated by the vertical dashed line on the chart. The chart shows planned savings (including use of reserves to bridge an in-year funding gap) in future years, calculated using the planned savings for pay and non-pay budgets provided to HMIC at the time of the data collection (February 2015). Some forces only provided figures for savings they had formally signed off at that point, while others provided estimates for the whole period. Therefore small savings requirements do not necessarily equate to a small savings challenge for the future.

Figure 7

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

According to a survey of financial directors conducted by the Audit Commission,¹⁰ 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.

¹⁰ *Striking a balance: Improving councils' decision making on reserves*, Audit Commission, December 2012. Available from <http://webarchive.nationalarchives.gov.uk>