

# PEEL: Police efficiency 2015

An inspection of Gloucestershire Constabulary



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

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



Good

HMIC found that Gloucestershire Constabulary is very well prepared to face its future financial challenges. The constabulary has a strong understanding and management of its current demand and its finances. It is developing new methods of working to improve services and manage demand efficiently. For this reason it is graded as good. It is in the process of introducing a new structure (operating model) to deliver policing services within its budget. In last year's value for money inspection, which considered how forces had met the challenge of the first spending review period, Gloucestershire was judged to be good.

## Summary

HMIC judges Gloucestershire Constabulary to be good. The constabulary has an effective understanding of demand on its services and the current workforce model matches the demand it faces from the public. This is supported by a strong performance management structure and processes. The current workforce model is aligned to constabulary financial plans and savings. The constabulary has reduced its workforce while still maintaining its ability to meet the demand from the public.

The constabulary has conducted a detailed and comprehensive assessment of the current demand on its service. This understanding has been used to design and shape its new operating model.<sup>2</sup>

It has developed an understanding of how new ways of managing and operating its services should match demand and financial requirements. This new operating model should provide increased flexibility in responding to public demand. This will bring about significant changes for operational staff across the organisation.

The constabulary has achieved the required savings and has balanced the budget for the spending review period 2014/15. There are clear structures and governance in place for good financial management.

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<sup>1</sup> Outstanding, Good, Requires improvement or Inadequate – see Annex B.

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

Costs and spending are under constant review and opportunities for investment in areas which may increase efficiency through technology, improved processes or working better with partner organisations are explored regularly.

The constabulary has produced a balanced budget for 2015/16 and has a good understanding of the likely financial position through to 2018/19. The current financial position indicates a track record of strong financial management and accurate budgeting in achieving planned savings.

It has clearly identified the core financial risks over the spending review period and has a comprehensive understanding of future budget risks. The current financial position indicates a track record of strong financial management and accurate budgeting to achieve the planned savings.

<p><b>How well does the force use its resources to meet its demand?</b></p>	<p><b>How sustainable and affordable is the workforce model?</b></p>	<p><b>How sustainable is the force's financial position for the short and long term?</b></p>
 <p><b>Good</b></p>	 <p><b>Good</b></p>	 <p><b>Outstanding</b></p>
<p>The constabulary has a good understanding of current demand. The existing workforce model matches predicted demand and the constabulary is therefore able to match resources to meet its demand.</p> <p>It has conducted a detailed and comprehensive assessment of its demand. HMIC found evidence of a thorough examination of current structures and processes to shape a new operating model.</p>	<p>In the main, the current workforce model matches current demand, organisational and financial requirements.</p> <p>The current workforce model is based on managing threat, risk and harm by providing policing resources to meet the demand from the public. Savings from workforce reductions have been made without having an adverse affect on the provision of policing to meet demand.</p>	<p>The constabulary achieved its required savings and has balanced the budget for the spending review period 2014/15.</p> <p>It has produced a balanced budget for 2015/16 and has a good understanding of the likely financial position through to 2018/19.</p> <p>The constabulary has clearly identified the core financial risks over the spending review period and has a comprehensive understanding of future budget risks. The constabulary assesses that</p>

<p>The new operating model considered organisational and local priorities and has been developed to provide increased flexibility in responding to public demand. The new operating model will introduce significant changes for operational staff across the organisation.</p> <p>The constabulary has strong performance management arrangements in place including a deployment resource meeting and a monthly performance and operation board that provides a reliable understanding of risk, threat and harm across the constabulary.</p> <p>The constabulary is developing new methods of working to improve its policing services and manage demand and is keen to develop technical opportunities to improve its efficiency and effectiveness.</p> <p>There is strong partnership working to enhance service to the public and reduce demand on police resources.</p>	<p>The constabulary has examined a wide range of activities and functions in order to effectively align resources to demand within its future budget. The new operating model and implementation of a new shift pattern provide opportunities to further improve the allocation of resources to match demand in the future.</p> <p>HMIC found evidence of risk related to potential skills gaps as the constabulary moves to the new operating model, but it is aware of these risks and is seeking to minimise the impact this will have as the new operating model is implemented.</p>	<p>currently it provides less than 10 percent of savings through collaboration and there was limited evidence of other income generation.</p> <p>Gloucestershire Constabulary has a good track record of budget management. Costs and spending are under constant review and opportunities for investments in areas which may improve efficiency through technology are regularly explored. The current financial position indicates a track record of strong management and accurate budgeting in achieving its planned savings.</p> <p>HMIC found evidence of strong alignment between the requirements of the police and crime plan, the published workforce numbers and the constabulary medium-term financial plan.</p> <p>There is regular contact between the chief officer team and the office of the police and crime commissioner (OPCC). The constabulary provides timely and relevant financial information to the OPCC and shared assumptions are used to develop financial planning.</p>
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## Force in numbers



### Financial position

Forecasted change in expenditure 2015/16 to 2018/19

£m

**-£16.1m**

% of Gross Revenue Expenditure

**15%**

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

Gloucestershire Constabulary

**-15%**

England and Wales

**-6%**

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

Gloucestershire Constabulary

**-13%**

England and Wales

**-6%**

Proportion of police officers on the operational frontline 31 March 2010

Gloucestershire Constabulary

**91%**

England and Wales

**89%**

Proportion of police officers on the operational frontline 31 March 2015

Gloucestershire Constabulary

**89%**

England and Wales

**92%**

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

Gloucestershire Constabulary

**92%**

England and Wales

**92%**



## Organisation

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

Gloucestershire Constabulary

England and Wales

**£97**

**£115**

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

Gloucestershire Constabulary

England and Wales

**£137**

**£165**



## Key statistics

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

Gloucestershire Constabulary

England and Wales

**-1%**

**+2%**

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

Gloucestershire Constabulary

England and Wales

**-23%**

**-16%**

Victim satisfaction 12 months to 31 March 2015

Gloucestershire Constabulary

England and Wales

**81.7%**

**83.8%**

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

Gloucestershire Constabulary

England and Wales

**No change**

**No change**

**Victim satisfaction:** Gloucestershire confidence interval +/- 1.8 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 while 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 Gloucestershire Constabulary.

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

HMIC examined how the force understands the demand for its service and how it allocates its staff and financial resources to meet that demand. We then assessed whether these decisions are leading to good results for the public – that the police are visible and that they attend promptly when called, that they are fighting crime and keeping communities safe, and that victims are satisfied with the service they receive.

### How well does the force understand its demand?

There is sound organisational understanding of current demand with the constabulary using deployment resource and tactical deployment meetings for the allocation and management of resources that takes account of threat, risk and harm.

The constabulary has conducted a detailed and comprehensive assessment of demand. Staff consultation, an examination of arrangements in neighbouring forces and a lengthy critical evaluation involving professional consultants have enabled the constabulary to develop a new operating model to align resources closely to demand.

The constabulary is using technology to make more informed decisions, for example the use of 'Javelin' vulnerability mapping software to identify demand better in major areas of risk such as anti-social behaviour and domestic violence. This has provided opportunities to allocate additional resources to manage demand from vulnerable families and local communities.

The constabulary deployment resource meeting and monthly performance and operation board provide a reliable understanding of current risk, threat and harm across the organisation. It is therefore able to adjust and prioritise resources in response to changing demand.

HMIC found evidence that the force had examined thoroughly current structures and processes to shape a new operating model. The new model aims to improve local deployment of resources and respond to organisational requirements, while retaining focus on local needs. The new model represents major changes in working practices and processes for many operational staff.

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

The existing workforce model matches predicted demand and the constabulary is therefore currently able to match resources to meet its demand.

The constabulary holds daily locally-based 'tasking' phone conferences with managers from each operational area during which resources are constantly prioritised in response to changing demands. Weekly local and fortnightly tactical meetings provide the constabulary with further opportunities to focus resources on changing demand.

Operational frontline staff expressed a degree of confusion regarding the organisation's expectations and priorities. Some staff stated they had received mixed direction regarding their requirement to attend some types of incident, for example individuals leaving without payment at petrol stations and complaints related to social media. Staff stated that they would welcome clear policy and direction in relation to this issue supported by a communication plan to shape public expectations.

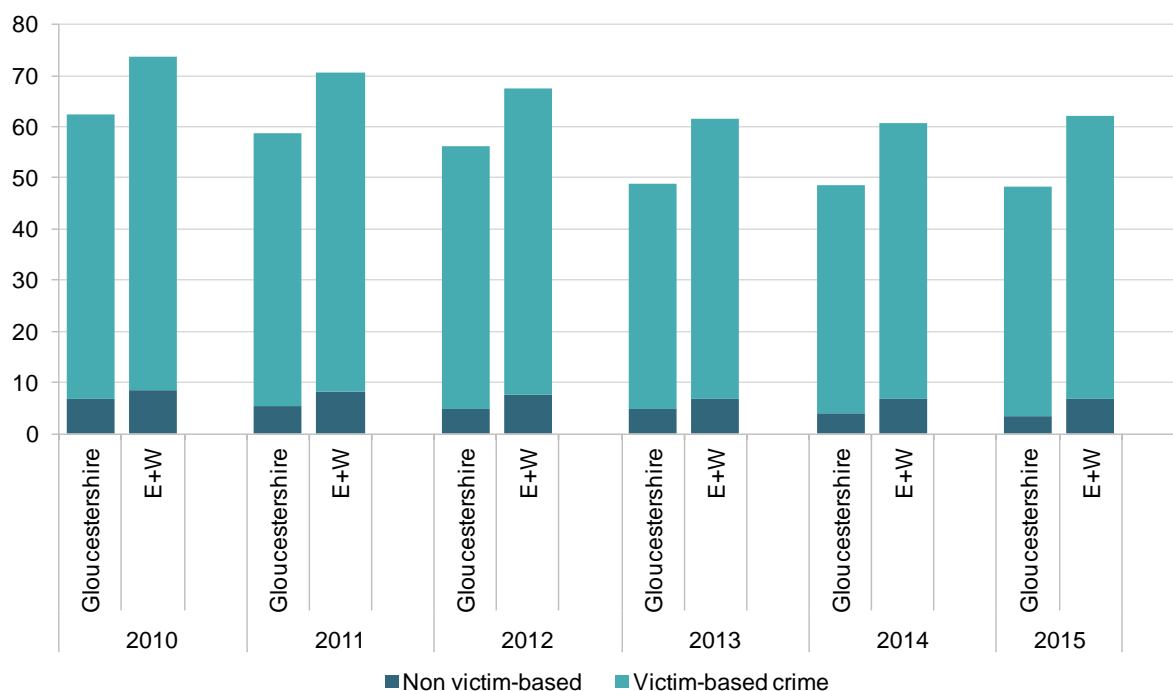
## **How well are the force's services meeting the demand from the public?**

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

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

In the 12 months to 31 March 2015 Gloucestershire had a victim-based crime rate of 44.9 and a non-victim-based crime rate of 3.4 per 1,000 population. This represents a decrease (19 percent) in the victim-based crime rate and a decrease (49 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 police recorded 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 Gloucestershire 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 Gloucestershire, 81.7 percent<sup>3</sup> were satisfied with their whole experience with the police in the 12 months to 31 March 2015. This is lower than the national victim satisfaction rate of 83.8 percent<sup>4</sup> 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 Gloucestershire.

The constabulary performed poorly compared to most other forces in the national user satisfaction survey. They have acknowledged the low placing and have identified poor updating of victims as a primary factor. The new operating model reduces options for the transfer of cases between staff and it is therefore confident that improvements will be made in this area.

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

<sup>3</sup> Gloucestershire, confidence interval +/- 1.8 percent.

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

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

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

**Source: HMIC Efficiency data collection**

The new operating model has been developed to provide increased flexibility in responding to public demand. It has carefully considered the organisational and local priorities in developing the model. Improved processes to resolve calls in the control room without the need for police attendance are already in place. The new model has been developed to adjust to changing demand across the constabulary area, prioritising the resolution of incidents and allocating neighbourhood resources to areas of greatest need.

Members of the workforce spoken to during the inspection were complimentary about recent training on mental health awareness. They were similarly appreciative of dementia training delivered in partnership with the local fire service. Such schemes should enhance knowledge and understanding for operational staff and provide opportunities to meet demand better during incidents that involve vulnerable members of the public.

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

The strong approach to understanding and managing demand has informed the organisational decision making when developing the new operating model. The force developed the model using a wide programme of assessment, testing and consultation. The programme has included the use of professional consultants and examined a similar programme implemented in a neighbouring force. The constabulary has designed the operating model to respond to changing demand across the force area while maintaining a focus on local priorities. For example, neighbourhood inspectors will now be aligned to local authority boundaries which will provide opportunities for greater collaboration and work with local public sector organisations.

Changes within the control room have led to better management of demand, matching resources to calls for service, especially at peak periods. An incident assessment unit (IAU) was introduced into the control room last year. The IAU is designed to help manage demand by resolving calls from the public at the first point of contact and ensuring that operational resources are prioritised to areas of greatest risk, threat and vulnerability. Control room staff spoken to during the inspection confirmed that pressures as a result of demand are much improved since the force implemented the new measures.

The constabulary has responsibility for a wide range of high profile local sites, operations and events. Examples include the Government Communications Headquarters (GCHQ), two royal households and an annual air display. Badger cull operations within the county have also placed particular pressure on local resources.

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

The constabulary has a number of good measures in place to monitor and understand outputs, outcomes and costs.

It holds a quarterly strategic objectives review board (SORB) which identifies up to four principal priorities for the following three months. At the time of the inspection, satisfaction and confidence, safeguarding and dwelling burglary were the current SORB priorities. The SORB provides opportunities to ensure consistency in setting priorities and responding to demand. This is supported by monthly performance and operations meetings that review progress and assess resource requirements. A daily management meeting is also held to ensure resources are matched to changing and competing demands.

The constabulary has moved away from a traditional target-based performance management regime for operational staff. It has now developing a new framework to identify principal performance risk areas across the organisation. For example,

following recent concerns connected to stop and search performance, the constabulary set up a scrutiny panel to examine processes and to identify principal areas for improvement. The panel examined organisational processes but also identified individual performance issues. Continued development and use of the framework should provide opportunities for the constabulary to improve performance across a range of activities.

The constabulary employed private consultants to inform the development of the new operating model. It intends to undertake detailed reviews of departments and processes after implementation to ensure continuous improvement in outputs and outcomes and to make sure spending is prioritised to areas of greatest demand and need.

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

The tri-force collaboration with Wiltshire Police and Avon and Somerset Constabulary provides major specialist services across the force areas. Provision of road policing, firearms and dog services are included in the tri-force framework. The initiative provides opportunities for the constabulary to manage demand better, prioritise specialist resources, and operate within budget.

The constabulary is joining the existing collaborative arrangements for major crime investigation that exist between Avon and Somerset Constabulary and Wiltshire Police in December 2015. It has reached agreement at a strategic level.

It is keen to make the most of opportunities for new technology to maximise effectiveness; it intends to provide new and up-to-date mobile devices for operational staff from July 2015. It is currently training selected staff in preparation for the introduction of the new equipment. The new technology should provide staff with a wide range of information and services. Examples include access to information systems, recording stop and search, completing of risk assessments and issuing fixed penalty notices. This should also provide staff with greater opportunities to remain visible and available in local communities as the need to return to police buildings will be considerably reduced. The technology should also provide improved audit and monitoring capability in areas such as victim contact and investigation progress.

The constabulary shares a transport manager with Avon and Somerset Constabulary and it receives payroll services from Gloucestershire County Council. An initiative with regional forces and the NHS has resulted in commissioning a new contract for forensic health services.

It is also looking at future new methods of working that will be more efficient and effective. The constabulary has highlighted duty planning and resource management as potential areas for further collaboration within the south west region.

Representatives of partner agencies spoken to during the inspection reported excellent relationships with the constabulary at the senior level. For example, positive reference was made to the chief constable instigating meetings with local authority chief executives to identify better potential strategic partnership solutions to manage demand. There was similar support for the police and crime commissioner (PCC) fund for community projects and their potential to manage and reduce demand on police resources.

The constabulary is progressing collaborative working opportunities with the local health service to provide mental health nurses in the control room. Such provision should present opportunities for enhanced care of people with mental health issues and contribute to a reduction in detention of vulnerable people under the mental health act, which will reduce demand on the police.

Gloucestershire Constabulary is developing special constabulary and volunteer capacity to provide further resources to increase capacity and provide an improved focus on neighbourhood safety and meeting local policing demand.



## Summary of findings



**Good**

The constabulary has a good understanding of current demand. The existing workforce model matches predicted demand and the constabulary is therefore able to match resources to meet its demand.

It has conducted a detailed and comprehensive assessment of its demand. HMIC found evidence of a thorough examination of current structures and processes to shape a new operating model.

The new operating model considered organisational and local priorities and has been developed to provide increased flexibility in responding to public demand. The new operating model will introduce significant changes for operational staff across the organisation.

The constabulary has strong performance management arrangements in place including a deployment resource meeting and a monthly performance and operation board that provides a reliable understanding of risk, threat and harm across the constabulary.

The constabulary is developing new methods of working to improve its policing services and manage demand and is keen to develop technical opportunities to improve its efficiency and effectiveness.

There is strong partnership working to enhance service to the public and reduce demand on police resources.

## How sustainable and affordable is the workforce model?

HMIC examined how Gloucestershire Constabulary has structured its workforce (i.e. its mix of police officers, staff and PCSOs, and the proportion of all these groups working in frontline positions), and assessed whether this was affordable and sustainable as the 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?**

Gloucestershire Constabulary forecasted a total savings requirement over the first four years of the spending review as part of the Valuing the Police programme (2011/12 to 2014/15) of £19.8m, the equivalent of 16 percent of the 2010/11 gross revenue expenditure for the constabulary. Savings were made in both the pay and non-pay budgets. Since 2010, Gloucestershire Constabulary has seen a reduction of 144 police officers, 147 staff and 20 PCSOs, full-time equivalent (FTE).

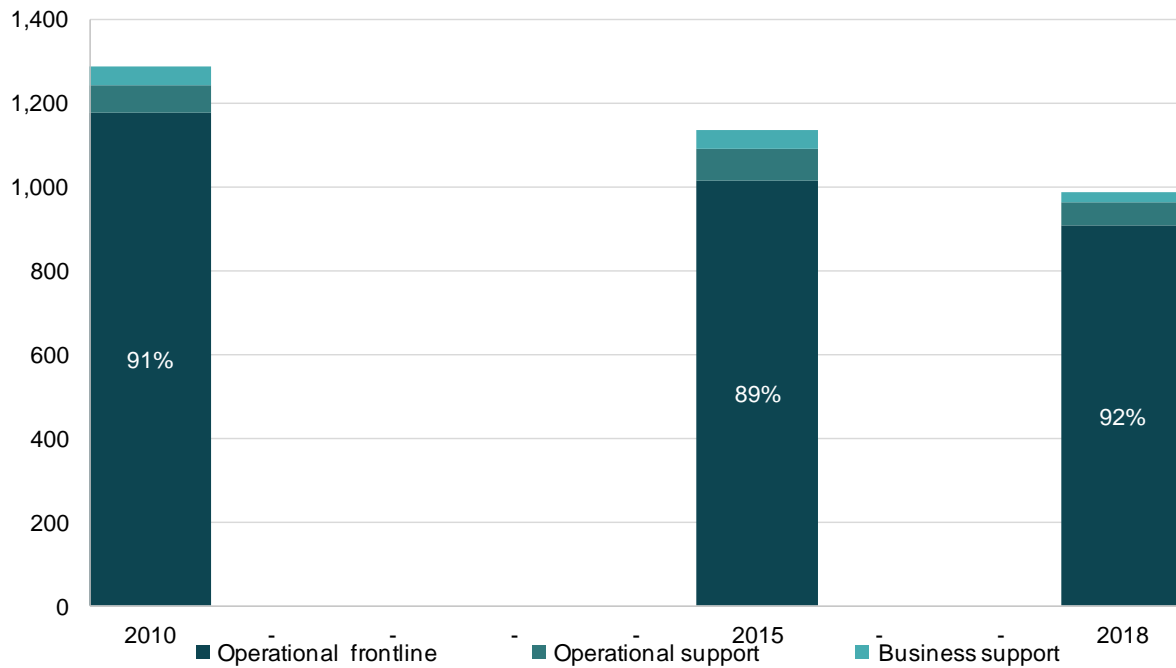
The current workforce model does generally meet the demand on its services from the public and is affordable within the current financial plans. The savings from workforce reductions implemented so far have not had an adverse effect on the ability of the constabulary to meet its demand.

In Gloucestershire, there have been reductions 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 fallen from 91 percent in 2010 to 89 percent in 2015. The constabulary expects to increase this proportion looking ahead to 2018.

The constabulary holds a monthly resource deployment meeting to review resources at an organisational level. The meeting is attended by key senior staff members including the chief finance officer and the head of human resources. Representatives from staff associations are also invited. The meeting is supplemented by a fortnightly tactical meeting to review individual moves, succession planning and changes to the establishment. The meeting ensures workforce plans are closely aligned with both strategic financial planning and the impact of workforce changes on operational policing and the ability to meet demand from the public.

HMIC found evidence that workforce modelling is based on a clear understanding of threat, risk and harm as demonstrated by the recent increases to capacity and capability in safeguarding.

**Figure 3: Actual and planned changes to police officer full-time equivalents (FTE) in operational frontline, operational support and business support roles in Gloucestershire Constabulary, 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

## 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 Gloucestershire Constabulary compared to England and Wales

	March 2010	Difference between 2010 and 2015		March 2015	Difference between 2015 and 2018		March 2018
		Force	England and Wales		Force	England and Wales	
Police Officers	1,309	-11%	-12%	1,165	-15%	-6%	988
Police Staff	729	-20%	-19%	582	-9%	-6%	529
PCSOs	148	-13%	-27%	128	-8%	-11%	118
<b>Workforce total</b>	<b>2,185</b>	<b>-14%</b>	<b>-15%</b>	<b>1,875</b>	<b>-13%</b>	<b>-6%</b>	<b>1,635</b>

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 budget is aligned to the workforce plan showing reductions of 177 police officers and 53 police staff from March 2015 to March 2018. The new operating model identifies where the reductions will be made and work on continuous process improvement should provide opportunities to identify further efficiencies and savings.

The constabulary has developed a clear vision and understanding of how the new operating model will match demand and financial requirements.

It has examined a wide range of activities and functions in order to more effectively align resources to demand. Professional consultants have been employed to assist with thorough and complex examinations in order to ensure maximum efficiency and effectiveness.

The new operating model and associated shift patterns have been developed to better align resources to demand. For example, the range of current shift patterns do not fully align resources to demand at all times of the week, whereas the new operating model should better match the demand. There should also be greater flexibility to adjust the operating model in response to any further savings requirements.

HMIC found evidence of potential skills gaps amongst officers appointed to the incident resolution team (IRT) in the new operating model. Sufficient numbers of staff with appropriate police driver grades is one example. The constabulary is aware of this risk and is considering contingencies to ensure the IRT is effective as the new model is introduced.

## Summary of findings



**Good**

In the main, the current workforce model matches current demand, organisational and financial requirements.

The current workforce model is based on managing threat, risk and harm by providing policing resources to meet the demand from the public. Savings from workforce reductions have been made without having an adverse affect on the provision of policing to meet demand.

The constabulary has examined a wide range of activities and functions in order to effectively align resources to demand within its future budget. The new operating model and implementation of a new shift pattern provide opportunities to further improve the allocation of resources to match demand in the future.

HMIC found evidence of risk related to potential skills gaps as the constabulary moves to the new operating model, but it is aware of these risks and is seeking to minimise the impact this will have as the new operating model is implemented.

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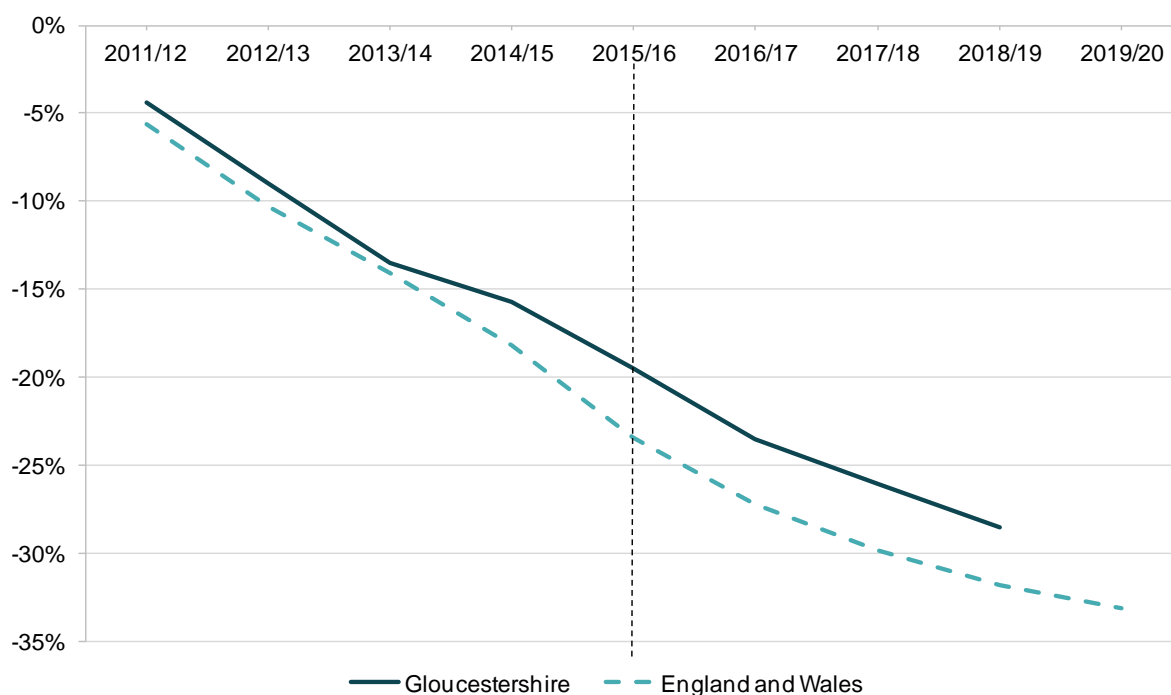
## **How sustainable is the force's financial position for the short and long term?**

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?**

Gloucestershire Constabulary forecasted savings of £19.8m over the first four years of the spending review (2011/12 to 2014/15), the equivalent of 16 percent of the 2010/11 gross revenue expenditure for the constabulary. Over the period, savings were made in both the pay and non-pay budgets, so as to balance budgets by 2014/15. Over the same period all forces across England and Wales forecasted a total savings requirement of £2.53bn, the equivalent of 18.2 percent of the 2010/11 gross revenue expenditure for England and Wales.

**Figure 5: Estimated change in expenditure from 2011/12 to 2014/15, and forecast planned savings for 2015/16 to 2018/19, against the 2010 gross revenue expenditure baseline for Gloucestershire Constabulary 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**

**Please note in the figure above, Gloucestershire stops at 2018/19 as it only submitted data for its plans up to this point**

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

The constabulary has a good track record of budget management. Costs and spending are under constant review and opportunities for investments in areas which may drive efficiency through technology, improved processes or partnership working are regularly explored.

It has achieved the required savings and has balanced the budget for the spending review period 2014/15.

The constabulary was required to save £19.8m from 2011/12 to 2014/15. The required savings have been achieved early when compared to other forces, which has allowed the constabulary to strengthen reserves during this period. The constabulary assesses it achieved savings in excess of £20m over the spending review period, which enabled the addition of around £1.4m to reserves. The constabulary indicated that it have a current revenue support reserve of £8m, which would leave it well prepared for any further reductions in funding.

The chief finance officer has clearly identified the core financial risks over the spending review period. The constabulary has a comprehensive understanding of future budget risks and has reduced the potential impact on the organisation.

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

Gloucestershire Constabulary has planned a balanced budget of £110.4m for 2015/16, which includes a cut in spending of £4.8m. It is forecast that the reduction will be split between £3.7m from the pay budget (77 percent) and £1.1m (23 percent) from the non-pay budget in this year's savings. The constabulary plans to meet its reduction in spend without using reserves as a bridge. Since the 2010 baseline, at the start of the spending review, this represents savings of 20 percent.

It has produced a balanced budget for 2015/16. Additional savings of £4.8m have been identified and there has been no use of reserves. The current financial position indicates a track record of strong financial management and accurate budgeting in achieving planned savings.

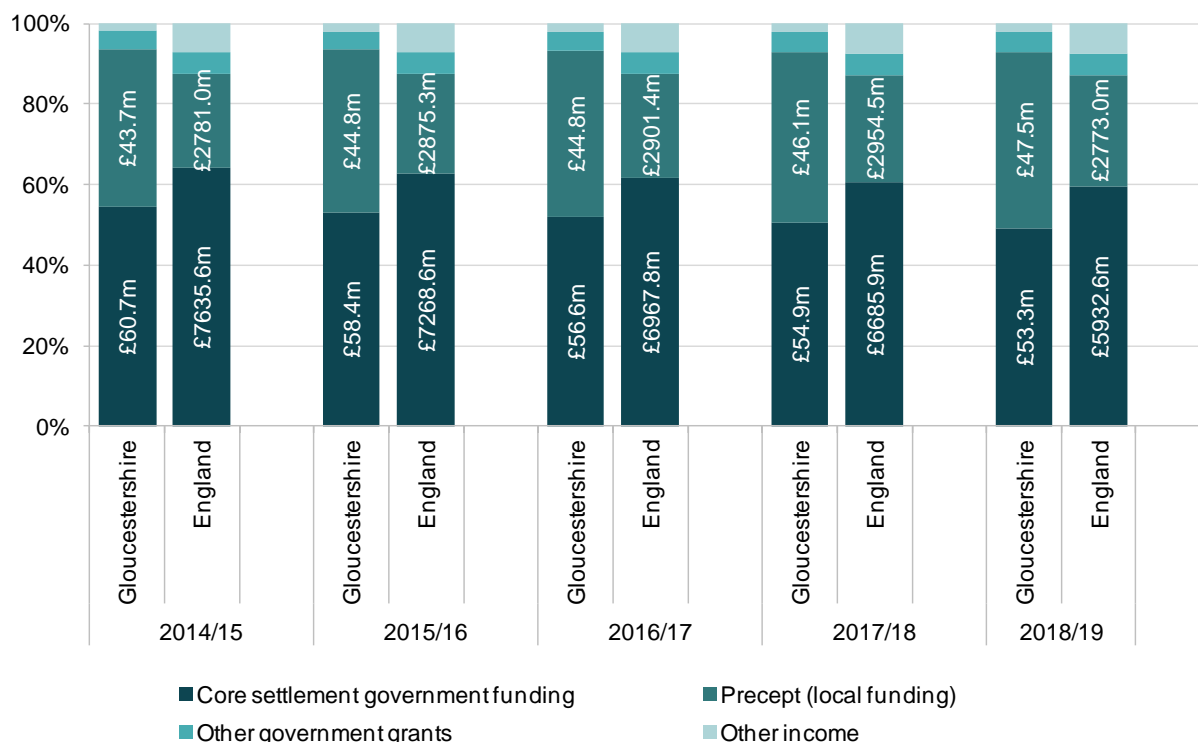
The constabulary holds £5.2m in general reserve (5 percent of expenditure), as well as the reported £8m revenue support reserve. This is a proportionate level of reserves given the anticipated savings requirement of £16m. The constabulary aims to target the funds on organisational improvement. However, usage may be necessary to support the resource budget and to provide some flexibility on the timing of savings.

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

Figure 6, on the following page, demonstrates the amount of funding that the constabulary received from a central government grant, as precept from local councils through council tax, and from other sources, such as Home Office special grants. Gloucestershire Constabulary is expecting the proportion of its funding that comes from core settlement government funding to decline over the coming years, while anticipating the proportion of their 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 constabulary's 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 Gloucestershire Constabulary in the 12 months to 31 March 2015 to the 12 months to 31 March 2019, compared to English forces**



**Source: HMIC efficiency data collection**

HMIC found some evidence of income generation such as temporary income from motorway cameras and a successful Police Innovation Fund bid for technical support. There was limited evidence of other income generation and HMIC acknowledges that opportunities for public sector funding have decreased in recent times.

The constabulary currently achieves less than 10 percent of savings through collaboration which is below the average for England and Wales. HMIC acknowledges that the constabulary is seeking further collaborative opportunities with other forces in the south west region and with partners such as the local authority.

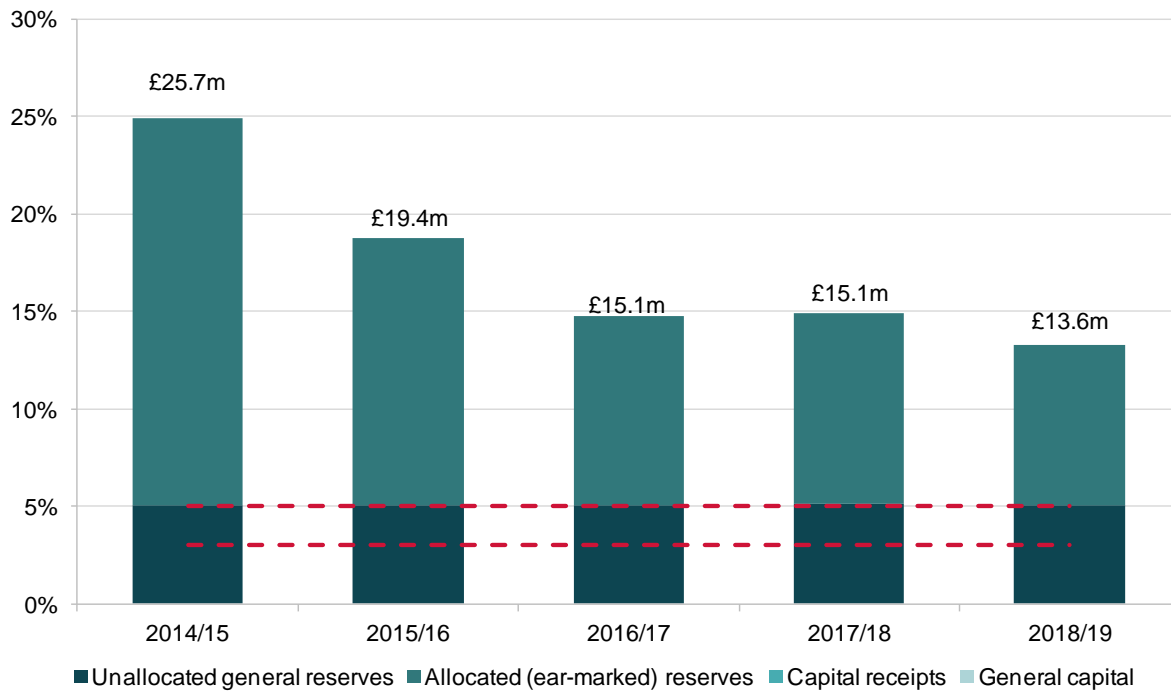
## How well does the force control expenditure?

The constabulary's level of reserves and how these are forecast to change over time is shown in figure 7 on the following page. Gloucestershire Constabulary reported that its total reserves were £25.7m 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.

**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 more information about the data for figure 7 please see Annex B**

The constabulary has good financial controls in place with the finance and human resources departments closely located and working together on workforce planning. The monthly resource deployment meeting, attended by the chief finance officer and the head of human resources, helps to ensure consistency in decisions and their implementation.

The finance department produces monthly management information reports including updates on reserves. The department compares the organisation's financial position against national value for money profiles and with the other four regional forces in order to identify variations and opportunities.

HMIC found evidence of strong alignment between the requirements of the police and crime plan, the published workforce numbers and the medium-term financial plan.

Information is held within the human resources, finance and duty systems. These systems are independent of each other which will have the potential to lead to inefficiency and inconsistency, particularly when assessing future human resources projections and financial costing.

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

Financial management has established links with the police and crime plan and is linked effectively with human resources requirements.

The constabulary indicated that the council tax police precept was increased by 2 percent in 2014/15 with the additional funds used to fund a response to cyber-crime in accordance with the police and crime plan. Further business activities are defined through the priorities of the police and crime plan. Managers across the organisation are then required to ensure priorities of the police and crime plan are fully considered in operational decisions and activities.

## **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?**

There are a range of activities to ensure regular contact between the chief officer team and the OPCC. Examples include a monthly finance panel involving the chief constable and the PCC.

The constabulary provides timely and relevant financial information to the OPCC and shared assumptions are used to develop financial planning.

HMIC found evidence of a positive and strong working relationship between the constabulary and the OPCC. Location of the OPCC within headquarters provides increased opportunities for close and regular engagement. The two chief finance officers meet weekly and financial information is openly and regularly exchanged.

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

The constabulary has a good understanding of the likely financial position through to 2018/19. It has clearly identified the primary financial risks over the spending review period. Examples include a greater than expected reduction in core government funding and larger than anticipated increases in staff pay.

Detailed financial plans provide HMIC with confidence that the constabulary can achieve savings required through to 2018/19. It has also identified a range of actions to eliminate the deficit each year. Savings will be made through a reduction in police staff and non-pay costs, and a reduction in officer numbers achieved through the temporary suspension of officer recruitment. The constabulary assesses that the suspension of recruitment will lead to 60 fewer warranted officers per year.

The constabulary is currently planning for a police staff reduction of 10 percent in the period to 2018/19 and for non-pay costs to reduce by 15 percent. The constabulary is committed to identifying as much saving as possible from these areas to minimise the reduction in police officer numbers. It assesses that large non-pay savings will be required in the period and will therefore review expenditure on technology, vehicles and buildings and will review existing contracts to identify potential savings. It is clear to HMIC that this period will present significant challenges.

The constabulary is confident that any further reductions in police funding over the spending review period will be managed. It acknowledges potential future reductions to service provision but intends to maximise opportunities presented by the new operating model to minimise the effect on local communities.

## Summary of findings



### Outstanding

The constabulary achieved its required savings and has balanced the budget for the spending review period 2014/15.

It has produced a balanced budget for 2015/16 and has a good understanding of the likely financial position through to 2018/19.

The constabulary has clearly identified the core financial risks over the spending review period and has a comprehensive understanding of future budget risks.

The constabulary assesses that currently it provides less than 10 percent of savings through collaboration and there was limited evidence of other income generation.

Gloucestershire Constabulary has a good track record of budget management. Costs and spending are under constant review and opportunities for investments in areas which may improve efficiency through technology are regularly explored.

The current financial position indicates a track record of strong management and accurate budgeting in achieving its planned savings.

HMIC found evidence of strong alignment between the requirements of the police and crime plan, the published workforce numbers and the constabulary's medium-term financial plan.

There is regular contact between the chief officer team and the office of the police and crime commissioner (OPCC). The constabulary provides timely and relevant financial information to the OPCC and shared assumptions are used to develop financial planning.

## 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,<sup>5</sup> it is commonly considered that three percent to five percent of net revenue expenditure is a prudent level of unallocated general reserves for risk-based planning purposes. This range is shown on the graph by the two horizontal red dotted lines.

Please note that all categories of reserves for the force/constabulary are held by the PCC apart from City of London and the Metropolitan Police Service where reserves are held by the City of London Corporation and MOPAC respectively.

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<sup>5</sup>*Striking a balance: Improving councils' decision making on reserves*, Audit Commission, December 2012. Available from <http://webarchive.nationalarchives.gov.uk>