

PEEL: Police efficiency 2015

An inspection of Hampshire Constabulary



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

Overall judgment¹



Good

HMIC found that Hampshire Constabulary is very well prepared to face its future financial challenges. The constabulary has a strong track record of making savings, robust financial management and well-developed plans to achieve further savings. It has introduced a new workforce model to manage within a reducing budget. In last year's value for money inspection, which considered how forces had met the challenge of the first spending review period, Hampshire was judged to be good.

Summary

HMIC judges Hampshire Constabulary to be good. The constabulary has implemented an ambitious new operating model, designed to meet demand more efficiently with reduced resources. This is based on a thorough understanding of current demand and is a significant change that has affected almost all the workforce. The model is planned to be capable of achieving effective policing through to 2017.

Hampshire Constabulary is willing to innovate and work collaboratively to provide better services more efficiently. Its plans to extend the collaboration with Thames Valley Police are aimed to further reduce cost and maintain services. The partnership with other local authorities is now providing all human resources, finance and administration services to the constabulary and has achieved significant savings.

Hampshire is open to the use of new technology, making good use of body-worn video equipment, and intends to expand its use of mobile data. It has well-developed plans to use IT to allow the public to contact and interact more easily with the constabulary.

The constabulary achieved all of its savings targets; it has a balanced budget for 2015/16 and a comfortable level of reserves. Hampshire's detailed savings plans provide us with confidence that the further savings required by 2016/17 will be achieved.

¹ Outstanding, Good, Requires improvement or Inadequate – see last page of report for definitions.

Savings plans beyond that are well-developed. The constabulary expects that increased collaboration and the ongoing review of estates will deliver further savings. The constabulary is confident that their new structure and operating model can be adjusted to achieve further savings if necessary. The constabulary will also consider using reserves to meet short term needs and smooth their transition.

<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> Good</p>	<p> Outstanding</p>
<p>The constabulary thoroughly understands demand and can match its resources to meet the demand from the public.</p> <p>The constabulary implemented an ambitious new policing model, designed to meet demand more efficiently with a reduced level of resources. This is a significant change, affecting almost all the workforce who understood the change and the reasons for it.</p> <p>The constabulary uses its better understanding of demand ensuring that, as resources continue to reduce, it can focus its efforts on tackling the key risks and concerns facing the community. HMIC will monitor closely Hampshire's new approach</p>	<p>Hampshire recognised that given the scale of future budget cuts it was facing, its previous workforce model was neither sustainable nor affordable. It has thoroughly reviewed current and future demand and matched this against its financial plans to design a new model for policing which it has now fully implemented.</p> <p>The new structure represents a significant change for the constabulary, affecting around 3,000 police officers. The model is planned to be capable of delivering effective policing through to 2017.</p> <p>Hampshire is closely monitoring the impact of the changes and is prepared to make alterations if</p>	<p>The constabulary has a strong record of making savings having successfully achieved £53m of cost reductions between 2011 and 2015.</p> <p>It has balanced its budget for 2014/15 and 2015/16, including making further considerable savings. Hampshire has detailed plans in place which provide confidence that all but a very small amount of the £25m savings required by 2016/17 will be achieved.</p> <p>It maximises other funding opportunities including a recent successful large joint bid with Thames Valley police to the Police Innovation Fund and an innovative collaboration with the University of Portsmouth to manage</p>

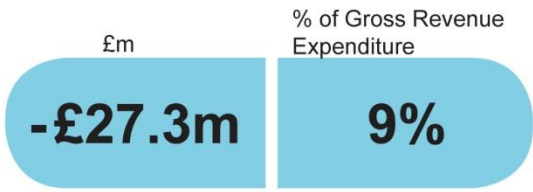
<p>to resolving a number of crime reports over the phone as it is important that the service to the public is maintained.</p> <p>Hampshire has a good understanding of costs and where it spends its money to meet demand.</p> <p>The constabulary is willing to innovate and collaborate to provide better services more efficiently. Its new policing structure has been designed to support local partnership working with the creation of fourteen local policing areas.</p> <p>Hampshire's plans to extend the collaboration with Thames Valley Police are aimed to further improve how the constabulary will meet demand with less resources. The formation of the H3 partnership (now providing all HR, finance and administration services) has achieved significant cost savings.</p>	<p>necessary to maintain effective service levels.</p> <p>However, changes to the operating model present the risk of not achieving the full savings anticipated. Careful monitoring will be required to track what savings are being realised through the financial year while the new model takes effect.</p> <p>The constabulary is confident that it has not yet realised all the savings that its demand analysis suggested could be made. It is confident that this model can be amended to achieve further savings, and that it will understand what impact on service this may have.</p>	<p>forensic examination of digital devices and the compilation of digital evidence.</p> <p>The constabulary maintains robust control of expenditure with a comprehensive understanding of where and how the budget is spent.</p> <p>Hampshire's plans reflect the priorities set by the PCC who works with the constabulary to identify future savings such as a reduction in the police estate. There is a strong joint understanding of the current and future financial plans with the office of the police and crime commissioner (OPCC).</p> <p>Plans to deliver further savings from greater collaboration and through its estate plans are well advanced and credible. Hampshire has a comfortable level of reserves to augment its savings plans if required and smooth any further workforce reductions that may be required.</p>
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Force in numbers



Financial position

Forecasted change in expenditure 2015/16 to 2018/19

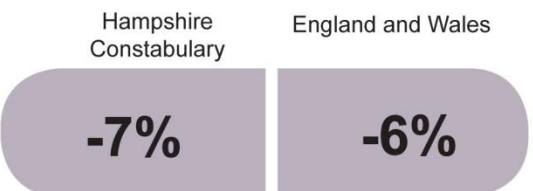


It is important to note that some forces only provided figures for savings they had formally signed off at that point, while others provided estimates for the whole period. As a result, the savings figure above might not reflect the full saving which the force might have to make. 2014/15 GRE has been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

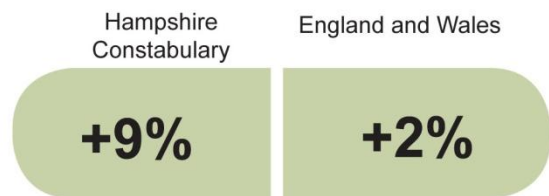


Workforce cost per head of population compared to England & Wales (2014/15)

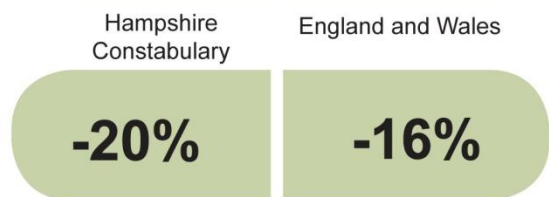


Key statistics

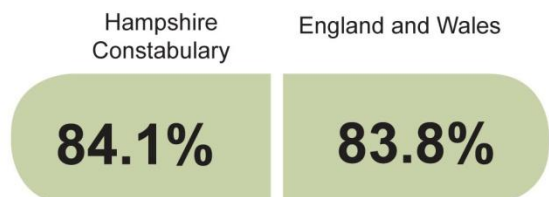
Changes in recorded crime (excluding fraud) 12 months to 31 March 2014 to 12 months to 31 March 2015



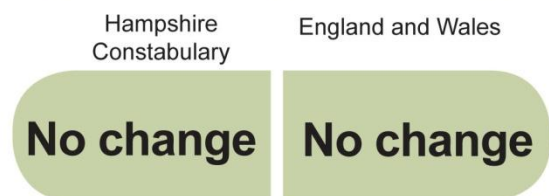
Changes in recorded crime (excluding fraud) 12 months to 31 March 2010 to 12 months to 31 March 2015



Victim satisfaction 12 months to 31 March 2015



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



Victim satisfaction: Hampshire confidence interval +/- 1.0 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 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. HMIC 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 Hampshire Constabulary.

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

HMIC examined how the constabulary 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 constabulary has a good understanding of the demand it faces.

Having recognised that it could not continue to police in the same way, as well as achieve future savings requirements Hampshire Constabulary carried out a comprehensive demand mapping exercise. It has used this to design new ways to deliver services to the public. The “operational change programme” (OCP), as it is known, was prepared and delivered in conjunction with consultants. The police and crime commissioner (PCC) supported the constabulary by engaging with the public and organisations across Hampshire, running "challenge events" where partners were consulted on the changes and could contribute their views.

Hampshire analysed over one million calls received by the police to gain a better understanding of the sources, the volume and the nature of demand for services. The constabulary recognised that it could manage demand better by ensuring that police time was not wasted in attending incidents that might be resolved satisfactorily in other ways. It introduced a telephone-based "resolution centre" which deals with crimes and incidents at the first point of contact without the need to send an officer. It uses this approach for low-level crimes where the caller does not need to see an officer or where there are limited or no opportunities to investigate. This has allowed Hampshire to reduce the numbers of officers in patrol, investigative and neighbourhood functions.

Shortly before our inspection Hampshire had fully moved to its new operating model. It is important to the constabulary that this change does not adversely affect service to the public. The new policing model is designed to support achieving the PCC's 21 priorities.

Since the original analysis of demand, the constabulary has amended its processes for recording crime in the contact centre. It recognises that this has increased the time taken to deal with calls, and the constabulary leadership team continues to monitor the situation to ensure that there are sufficient people available at all times to provide an effective service.

The constabulary intends to allow time for the new policing model to settle in. It will continue to further refine its understanding of the demand it faces. It plans to analysis more fully how it interacts with the public and provides community policing. Hampshire intends to use this data to understand the impact of any further staffing reductions on meeting its demand.

How well does the force match resources to demand?

The constabulary is mostly effective in matching resource to demand. Calls from the public are received and assessed at the control room or the constabulary enquiry centre². Those requiring either an emergency or priority response are allocated to officers in the new borderless "response and patrol" function.

Less urgent calls are passed to the resolution centre or to neighbourhood officers. The resolution centre will either deal with the matter in its entirety, or allocate to an officer in the investigative function.

The constabulary has reviewed and where necessary changed flexible working arrangements to ensure that more staff are available during periods of peak demand. It has also adjusted shift patterns to better match the demand profile. However, HMIC found that the shift pattern worked by officers in the investigations command was an exception to this. Hampshire has significantly fewer investigators on duty at the weekend than on weekdays which does not match demand. The constabulary should review this.

The constabulary currently uses automatic vehicle location system (AVLS) fitted in all police vehicles which enables staff in the control room to identify the closest suitable unit to send to attend incidents. Hampshire has ambitious plans to do more, and intends to implement new IT facilities within the next 12 months to make it easier for the public to contact and interact with the constabulary, while reducing costs.

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

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

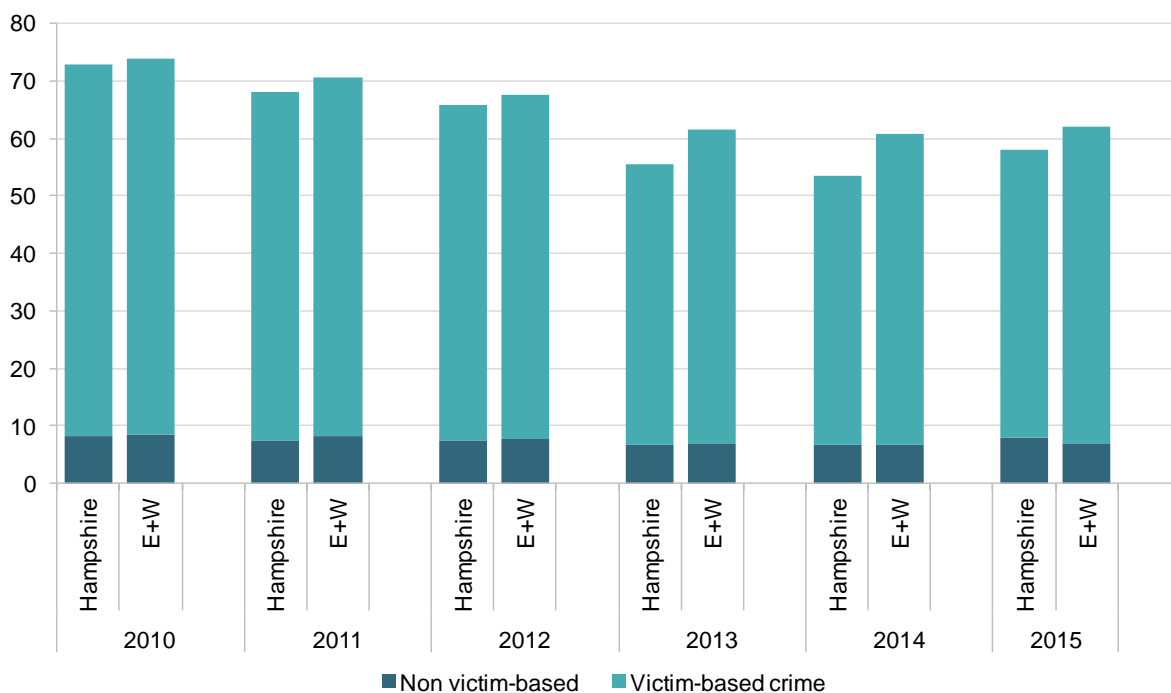
Although police recorded crime is by no means a complete measure of the totality of demand a force faces, it does provide a comparable performance indicator across all

² The force has a separate force control room (FCR) which controls the deployment of police resources and a Force Enquiry Centre (FCR) that received calls from the public. These are organised so that resources in the FCR can support the work of the PEC's at times of peak demand.

forces. Crime rates are reported as a number of crimes per 1000 population in each force area to enable comparison between areas. Total police recorded crime is made up of victim-based crime (e.g. theft) and non victim-based crime (e.g. possession of drugs) Two thirds of forces showed an annual increase in total police recorded crime in the year ending 31 March 2015. This increase in police recorded crime may have been affected by the renewed focus on the quality and compliance of crime recording since HMIC carried out a national inspection of crime data integrity in 2014.

In the 12 months to 31 March 2015 Hampshire had a victim-based crime rate of 50.1 and a non-victim-based crime rate of 7.9 per 1,000 population. This represents a decrease (23 percent) in the victim-based crime rate and a decrease (3 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 police recorded crime rate can be seen in Figure 1.

Figure 1: Police recorded crimes per 1,000 population from Hampshire 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 Hampshire, 84.1 percent³ were satisfied with their whole experience with the police in the 12 months to 31 March 2015. This is similar to 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 Hampshire.

Hampshire has seen an increase in overall police recorded crime over the past twelve months. This increase has been more pronounced in the three months prior to the inspection. The constabulary believes that this increase may be attributable to improvements it has made to the accuracy of recording practices, rather than an actual increase in crime. HMIC will continue to monitor this.

The more rigorous approach to crime recording has placed additional demand on the control centre. While overall performance remains acceptable HMIC found that the time taken to answer the phone had increased, compared to the same three-month period last year. More incidents and crimes than anticipated are being dealt with in the resolution centre, and by officers in the investigations command. The constabulary is aware of this and at the time of the inspection had already adjusted the workflow, and allocated additional resources to spread the workload more evenly through the constabulary.

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

³ Hampshire, confidence interval +/- 1.0 percent.

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

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

Are the following communication channels being used by the Force?	
Facebook	Yes
Twitter	Yes
Email	Yes
Text message	Yes
Web forum	Yes
Instagram	Yes
Local phone (not 999 or 101)	Yes

Source: HMIC Efficiency data collection

HMIC is reassured that the constabulary has maintained close monitoring of its performance throughout the transition to the new model and has improved how the public can contact Hampshire and access services. It has quickly identified and addressed issues to ensure that the quality of service is maintained.

The new policing structure and ways of working have reduced the demand on patrol and neighbourhood officers. This is designed to allow these officers to be more visible and proactive within communities.

How well is the force managing demand?

The OCP and the demand analysis which informed it provided a sound foundation for the development of the new policing model. The improved understanding of demand identified areas where this demand could be managed better to ensure that police resources can be used to best effect. The formation of a resolution centre which resolves reports over the telephone is an essential part of how the constabulary intends to reduce demand on front-line officers. The constabulary anticipates that the use of the resolution centre will result in 40,000 fewer police attendances at crimes and incidents over the next year, while maintaining a satisfactory level of policing. HMIC will continue to monitor this new approach as it is important that the constabulary maintains this service to the public.

The new structure for policing enables a focus on local partnership working. The new prevention and neighbourhood command has fourteen local policing areas. This provides the constabulary with a link between the many local agencies working in community safety, enabling the police to work more closely with their communities and to join-up their services with local partners to tackle community concerns more effectively.

Other agencies with which the constabulary works spoke positively of their relationship. The constabulary has increased resources in the Hampshire multi agency safeguarding hub (MASH)⁵ and the integrated offender management (IOM)⁶ team to manage demand more effectively.

The constabulary recognised that a lot of police time is spent dealing with incidents that might be better dealt with by other organisations, such as local authorities or health services. Hampshire has now set up processes to direct cases to the organisation best placed to provide the right service. The constabulary has trained staff to explain to other organisations that care for the vulnerable the circumstances in which it is appropriate for the police to assist with tasks such as welfare checks on vulnerable people. Hampshire has also provided training to staff about the appropriate use of mental health legislation, particularly where the mental health act empowers the police to remove a person who appears to be suffering from a mental disorder in a public place and take them to a place of safety. Through better joint work with mental health services the constabulary has reduced how often police stations are used as a place of safety for this purpose by fifty incidents, with no occasions in the month prior to our inspection. This means that not only has a significant amount of police time has been saved (as these cases tend to be complex and time-consuming) but importantly people with mental health problems are being provided with a more appropriate service.

⁵A Multi Agency Safeguarding Hub (MASH) brings together staff from police and partner agencies who work from the same location, sharing information and ensuring a timely and joined-up response to protect children and vulnerable adults.

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

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

The constabulary has a clear process for monitoring performance and service provision. Monthly performance meetings take place at both local policing area (LPA) and constabulary levels which compare progress against constabulary priorities and identify risks and areas requiring improvement. In addition the deputy chief constable holds individual performance meetings at LPA level, evaluating performance against an agreed action plan.

LPA commanders are encouraged to become demanding customers of constabulary resources. They are expected to access resources for their areas through a process of negotiation via the constabulary tasking and co-ordination structures, which look at tactical options, resourcing, and intelligence, prevention and enforcement priorities.

The constabulary made good use of HMIC value for money profiles to identify areas of the constabulary where it was proportionately spending more than other forces. This information was included with projections of future demand, to identify the level of resourcing and budget required in each part of its policing model. This has given a better understanding of what each service area costs, and the ability to see how future resourcing decisions will affect the service provided by the constabulary.

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

In developing the OCP, the constabulary carried out a comprehensive review of its entire operating model. This has helped it to design a new model which can operate more efficiently and with fewer resources. We found that Hampshire has communicated these plans well; the workforce understands what the changes are and why they are necessary.

The impact of the changes to some areas appears to be greater than Hampshire anticipated, and the constabulary is adjusting the model to manage demand effectively. A review of the resolution centre was conducted by an external consultancy. The constabulary has accepted the review's recommendations to resolve the capacity issues it experienced.

Hampshire continues to communicate and engage with staff following implementation, although HMIC found some frustration amongst staff members who were apparently unaware of what the constabulary was doing to spread the workload more evenly.

The constabulary plans to extend the range of services and functions carried out in collaboration with Thames Valley Police, which it manages through a joint collaboration board. There is already a joint operations unit, and the two forces have now created a single management team for the joint provision of contact management. The constabulary expects to realise £1.8m savings from this programme from April 2016. It has been working with Thames Valley Police for two years reorganising how both forces manage public contact. The way for this to be achieved is the contact management plan (CMP), which the constabulary plans to have fully implemented from April 2017 with further, but as yet uncostered savings expected.' This includes an improved website providing easier access to information for the public and better ways to communicate on-line and interactively with the constabulary. This means that the constabulary should be able to reduce calls for service and work more efficiently.

There is commitment to a long term development of the IT infrastructure, specifically to enable increased use of mobile technology that will allow it to work more efficiently. The constabulary already makes extensive use of body-worn cameras to gather and present evidence, with many staff having access to smart phones and tablets to help them to work more efficiently.

Hampshire Constabulary is a founder member of the H3 partnership and the chief constable sits on the board. This is a new organisation set up to provide human resources (HR) and administrative services to the constabulary, Hampshire County Council and the Hampshire Fire and Rescue service. All three founding organisations transferred their relevant support staff into the new organisation known as H3, which provides greater resilience and enabled significant savings through economies of scale. H3 has been contracted by other public sector bodies to provide similar services and so generates income. Although the constabulary does not directly receive a share of that income, it is instead retained within H3 and used to offset the costs that the three founding organisations pay for H3 services, therefore providing a budget saving.

H3 services are provided primarily on a self-service basis through the integrated business centre (IBC). Staff in the constabulary are adjusting to this new method of accessing support services and reported that they experience difficulties in gathering information, such as; sickness records. The constabulary is monitoring and addressing emerging issues through an issue and risks log. In the longer term the constabulary would benefit from an agreed service level agreement (SLA) with H3. This will allow it to identify performance expectations, and hold H3 to account against them.

Summary of findings



Good

The constabulary thoroughly understands demand and can match its resources to meet the demand from the public.

The constabulary implemented an ambitious new policing model, designed to meet demand more efficiently with a reduced level of resources. This is a significant change, affecting almost all the workforce who understood the change and the reasons for it.

The constabulary uses its better understanding of demand ensuring that, as resources continue to reduce, it can focus its efforts on tackling the key risks and concerns facing the community. HMIC will monitor closely Hampshire's new approach to resolving a number of crime reports over the phone as it is important that the service to the public is maintained.

Hampshire has a good understanding of costs and where it spends its money to meet demand.

The constabulary is willing to innovate and collaborate to provide better services more efficiently. Its new policing structure has been designed to support local partnership working with the creation of fourteen local policing areas.

Hampshire's plans to extend the collaboration with Thames Valley Police is aimed to further improve how the constabulary will meet demand with less resources. The formation of the H3 partnership (now providing all HR, finance and administration services) has achieved significant cost savings.

How sustainable and affordable is the workforce model?

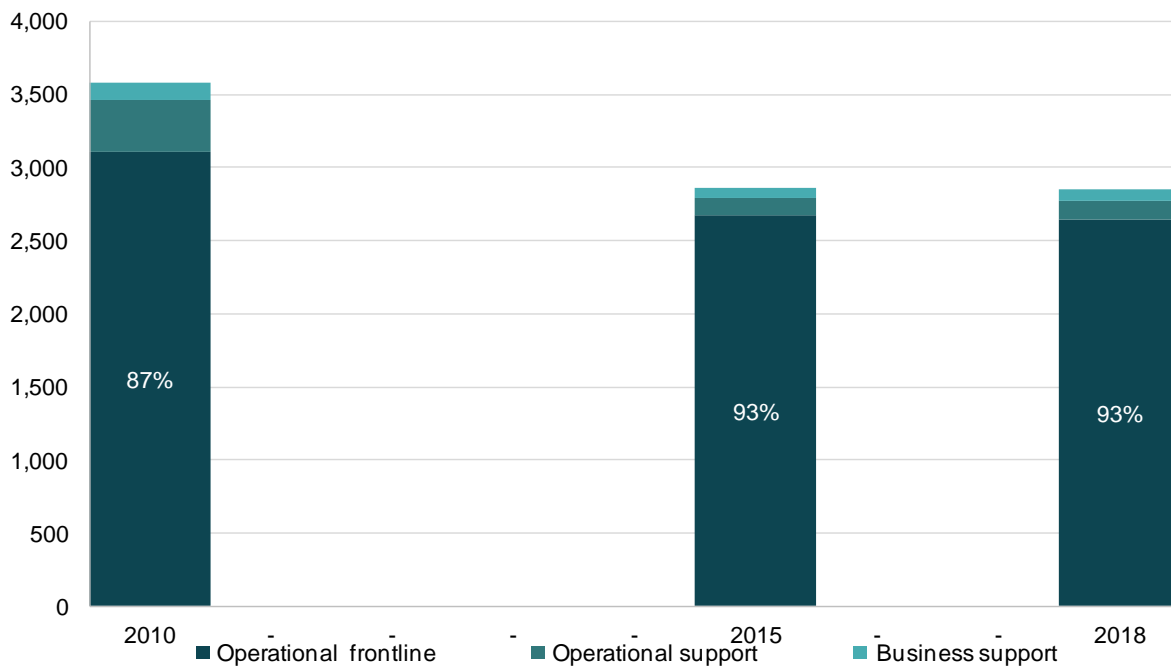
HMIC examined how Hampshire Constabulary has structured its workforce (i.e. its mix of police officers, staff and PCSOs, and the proportion of all these groups working in front-line positions), and assessed whether this was affordable and sustainable as the constabulary responds to its financial challenge. We also considered what the constabulary 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?

Hampshire Constabulary forecasted a total savings requirement over the first four years of the spending review as part of the value for money inspection (2011/12 to 2014/15) of £52.95m, the equivalent of 15 percent of the 2010/11 gross revenue expenditure for the constabulary. Savings were made in both the pay and non-pay budgets. Since 2010, the constabulary has reduced its workforce by 684 police officers, 772 staff and 45 PCSOs, full time equivalent (FTE).

In Hampshire, the total number of police officers FTE over the period 2010 to 2015 has decreased, as shown in figure 3. During this period the proportion in front-line roles has increased from 87 percent in 2010 to 93 percent in 2015. The constabulary 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 Hampshire 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

Hampshire Constabulary estimated that the scale of the anticipated future spending reductions meant that the current workforce model would not be affordable and could not meet demand effectively. In order to sustain effective policing in the future and continue to deliver the PCC's priorities the constabulary had to create the new policing model.

The new structure provides fourteen local policing areas, with a force-wide response and patrol function operating out of 12 response hubs. The hubs are located to provide optimum coverage across the constabulary, but the response function operates in a 'borderless' manner. A separate force-wide 'investigations command' is responsible for investigating the majority of reported crime. The constabulary plans to locate these officers in three police investigation centres (PICs) situated across the constabulary.

The detailed planning work identified the number of staff required in each of the parts of the new structure. The levels arrived at are in line with the constabulary's change and financial plans. The constabulary currently has more officers in the organisation than the model requires, but has a realistic expectation that this will diminish as officers leave the organisation and are not replaced. In the interim it is using these surplus numbers to support in areas of high demand.

Officers were generally selected and deployed into these new structures based on a combination of existing skills, and personal preference for travelling distance and job type. Hampshire conducted a training needs assessment for all officers to identify any gaps and receive the training to ensure that they had the necessary skills for the role.

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 Hampshire 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	3,748	-18%	-12%	3,064	-7%	-6%	2,853
Police Staff	2,424	-32%	-19%	1,652	9%	-6%	1,803
PCSOs	347	-13%	-27%	302	10%	-11%	333
Workforce total	6,518	-23%	-15%	5,017	-1%	-6%	4,989

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 constabulary has aligned the size and skills of its workforce to meet the savings requirement up to 2016/2017, based on assumptions in its medium-term financial plan. It is planning a reduction of 211 police officers by March 2016, but then to maintain this number to 2019/20. At the same time, the constabulary has plans to increase the number of police staff by around 150 staff in the coming year.

The constabulary recognises that subject to the level of future budget reductions and the amount of savings achieved through non-pay budgets, it may have to review and reduce staff numbers further after 2017. The work it has completed through the OCP will allow it to flex its workforce model and inform where any further reductions will come from. However, the constabulary is not committing to any further workforce reduction, until the funding situation becomes clearer.

The constabulary believes that additional non-pay savings of £8m can be realised through planned contact management arrangements with Thames Valley Police, reducing the range of software applications presently supported, an estate reduction plan and revisions to procurement contracts.

Hampshire has put resources and time into monitoring the implementation of the new model. It is aware that some areas are experiencing higher demand than expected and is prepared to make changes if needed. This presents a risk that Hampshire may need to reassess its assumptions about the future workforce model, if overall service to the public is to be maintained. This means that savings may not be as great as the constabulary envisaged.

The constabulary is taking steps to ensure that its future workforce mix is representative of its communities. It has set a target to recruit 5 percent of staff from currently under-represented groups. It has an impressive “diverse recruitment, progression and retention plan” detailing the actions it is taking. It uses members of under-represented groups on recruitment panels, and a positive action internship scheme. This scheme provides work experience, learning and development activity to members of under-represented groups who wish to join the constabulary.

Summary of findings



Good

Hampshire recognised that given the scale of future budget cuts it was facing, its previous workforce model was neither sustainable nor affordable. It has thoroughly reviewed current and future demand and matched this against its financial plans to design a new model for policing which it has now fully implemented.

The new structure represents a significant change for the constabulary, affecting around 3,000 police officers. The model is planned to be capable of delivering effective policing through to 2017.

Hampshire is closely monitoring the impact of the changes and is prepared to make alterations if necessary to maintain effective service levels.

However, changes to the operating model present the risk of not achieving the full savings anticipated. Careful monitoring will be required to track what savings are being realised through the financial year while the new model takes effect.

The constabulary is confident that it has not yet realised all the savings that its demand analysis suggested could be made. It is confident that this model can be amended to achieve further savings, and that it will understand what impact on service this may have.

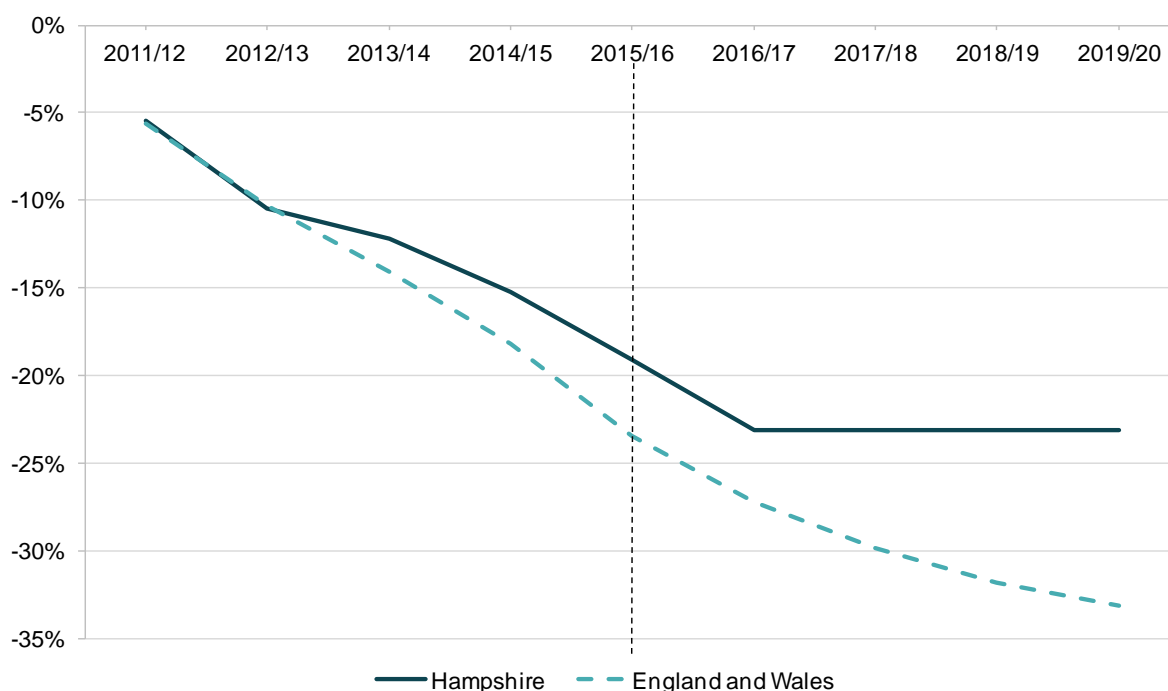
How sustainable is the force's financial position for the short and long term?

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?

Hampshire Constabulary forecasted savings of £52.95m over the first four years of the spending review (2011/12 to 2014/15), the equivalent of 15 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 2016/17, against the 2010 gross revenue expenditure baseline for Hampshire 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 constabulary has a strong track record of delivering savings and has reduced its spending by the required £52.9m over the four years of the spending review (i.e. between March 2011 and March 2015). The constabulary has made all of the savings required and balanced the budget for 2014/15.

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

Hampshire Constabulary has planned a balanced budget of £315.5m for 2015/16, which includes a cut in spending of £13.3m. It forecast that the reduction will be split between £12.m from the pay budget (90 percent) and £.3m (2 percent) from the non-pay budget in this year's savings. The remainder of Hampshire's spending reductions are being met by use of its reserves. The forecast reductions since the 2010 baseline, at the start of the spending review, to 2015/16 represents savings of 19 percent.

The constabulary has also set a balanced budget for 2015/16. It recognises that it will need to identify a further £2m to balance the budget in 2016/17 and is confident that it can achieve this. Hampshire has sufficient reserves to address this shortfall in the longer term if required.

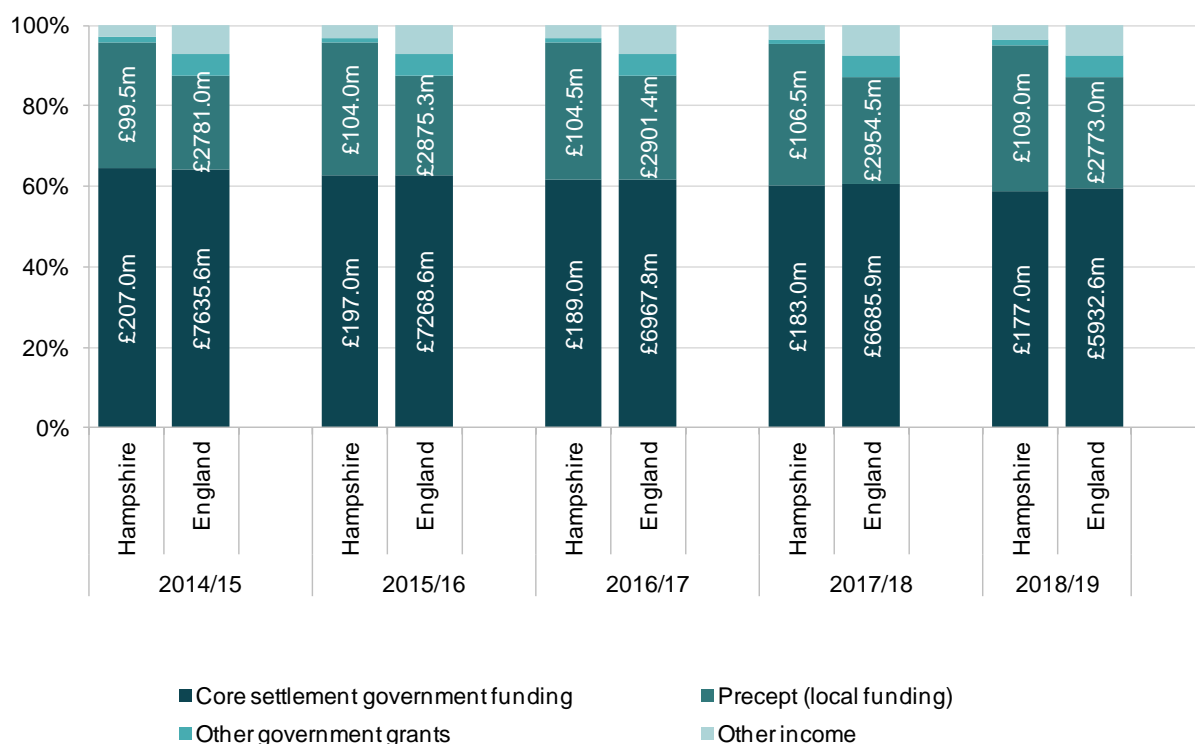
The constabulary has used the OCP and the new policing structure to deliver a further £25m of savings required in 2015/16 to 2016/17.

The constabulary has made prudent financial assumptions for 2015/16. It is aware that beyond this time it may need to re visit these, dependent on levels of future grant funding.

How well has the force maximised other funding opportunities?

Figure 6 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. Hampshire Constabulary expects 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 Hampshire Constabulary from the 12 months to 31 March 2015 to the 12 months to 31 March 2019, compared to English forces



Source: HMIC efficiency data collection

The constabulary secured a grant from the Police Innovation Fund. In conjunction with Thames Valley Police it has received over £2.5m this year. Over the past few years it has attracted £7.9m through successful bids which it has used to support collaboration, IT development and to increase the use of body-worn video cameras.

The constabulary now has 500 camera units available for staff to use. The use of crime scene and victim videos as evidence for a prosecution can make investigations quicker and more likely to bring an offender to justice.

The constabulary has reduced costs associated with the forensic examination of digital devices and the compilation of digital evidence, an area of rising demand and increasing complexity, by creating a partnership with the University of Portsmouth. Thirty-two specialist staff have now relocated to new purpose-built estate within the university where the constabulary's digital forensic teams work alongside academic staff and students.

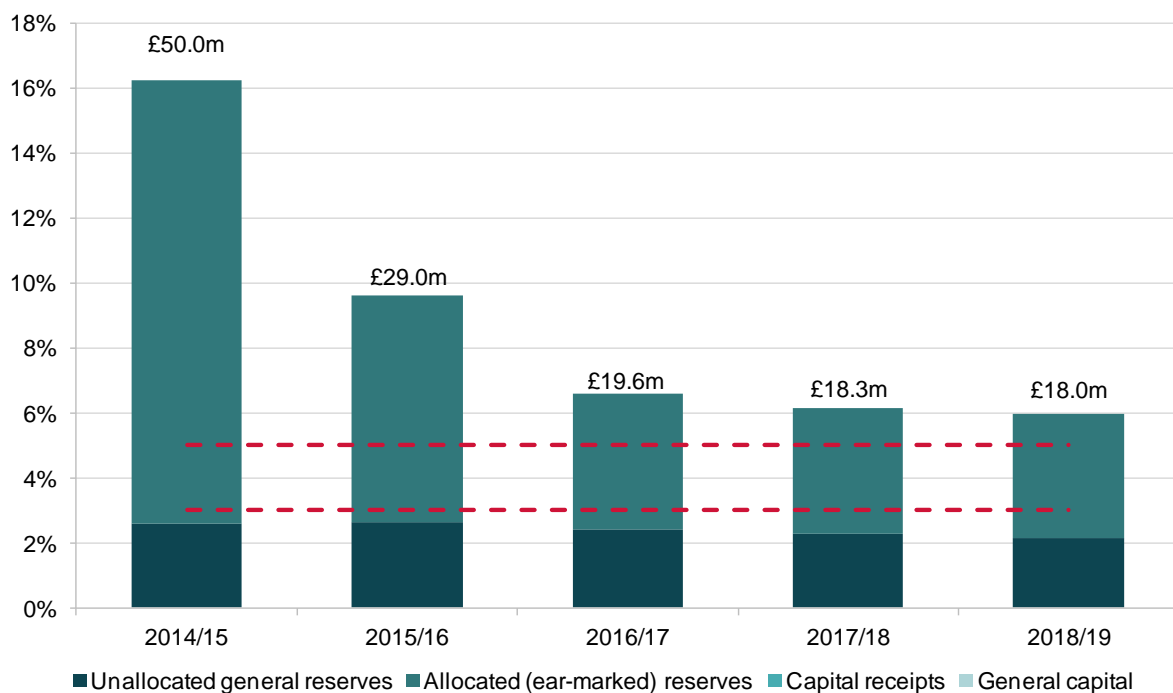
As part of its OCP planning process the constabulary engaged fully with partners, so it has no significant risks associated with the withdrawal of partnership funding.

How well does the force control expenditure?

The constabulary's reserves and how these are forecast to change over time is shown in figure 7. Hampshire Constabulary reported that its total reserves were £50.0m in 2014/15. These are broken down into several categories:

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

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



Source: HMIC efficiency data collection

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

The constabulary has effective financial controls in place with budgets designed to deliver the savings requirements based on the OCP analysis, allocated to each department.

Budgets are managed centrally with department heads having budgetary responsibility with professional financial advice and support provided through a designated finance officer in the H3 partnership. The constabulary has achieved more savings than was required over this period and has been able to build up its financial reserves. It is anticipating that in addition to the budget cuts this year it will achieve an additional £14m of savings ahead of schedule during this financial year. It plans to set this aside in its risk reserve, and use it to fund future changes. The constabulary has comfortable levels of reserves, and credible plans about how they are to be used.

The finance director maintains an overview of the budget, and provides an update to the chief constable on a monthly basis. Updates to the wider chief officer team are provided by a verbal briefing from the director of finance. Financial controls in Hampshire are effective, but, the provision of more detailed information for the wider chief officer team may allow a wider more informed discussion of the financial plans.

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

The PCC is fully engaged in the constabulary change programme and the design of the new policing model. It is clear that he is fully supportive and that the financial plans clearly target resources through the new model to support the 21 objectives of the police and crime plan.

The new model for policing in Hampshire and the Isle of Wight will transform how the public access police services. There will be less dependence on the current estate of police buildings and greater use of IT for online access. The PCC leads on the estates plans that by 2020 is expected to have reduced the size of the estate owned by the constabulary from 65 to 15 buildings, and those leased from 25 to 10 buildings. This reduction is expected to save £3m per year.

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?

A strong and constructive working relationship exists between the director of finance and the OPCC, with the director of finance meeting the PCC and the chief executive of the OPCC every month,, to provide a budget update.

The constabulary and the PCC share the same vision about the priorities for spending and have arrived at their assumptions jointly.

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

The constabulary is reviewing its planning assumptions in light of the Institute of Fiscal Studies report. The report presents a more pessimistic view of future grant reductions than currently reflected in the constabulary's financial plans and may mean that the savings required will be even more challenging than currently envisaged.

Nonetheless the constabulary feels that it is well positioned to achieve further savings if required. The OCP and the new policing structure will be the way by which the constabulary will realise almost all of the savings needed, until March 2017. Based on its analysis, the constabulary is confident that it can realise a further £2.4m of savings from this model if required without a significant impact on service.

The constabulary has not reported any firm plans for savings after 2017 which on current assumptions could lead to a cumulative budget shortfall of £15.5 million by the end of 2019.

However as part of the inspection, HMIC is aware that the constabulary is taking a considered approach to how it might meet the requirement for future savings. Through its OCP it is able to flex workforce numbers to achieve further savings but it is not committing to any further reductions in the workforce, until the funding situation becomes clearer.

In addition it has plans to deliver £8 million savings per year from non-pay cost reductions by 2020. The constabulary has a comfortable level of reserves which it can use if required to cover the funding gap and to smooth the impact of any further workforce reduction in a manner that minimises impact of service to the public.

Summary of findings



Outstanding

The constabulary has a strong record of making savings having successfully achieved £53m of cost reductions between 2011 and 2015.

It has balanced its budget for 2014/15 and 2015/16, including making further considerable savings. Hampshire has detailed plans in place which provide confidence that all but a very small amount of the £25m savings required by 2016/17 will be achieved.

It maximises other funding opportunities including a recent successful large joint bid with Thames Valley police to the Police Innovation Fund and an innovative

collaboration with the University of Portsmouth to manage forensic examination of digital devices and the compilation of digital evidence.

The constabulary maintains robust control of expenditure with a comprehensive understanding of where and how the budget is spent.

Hampshire's plans reflect the priorities set by the PCC who works with the constabulary to identify future savings such as a reduction in the police estate. There is a strong joint understanding of the current and future financial plans with the office of the police and crime commissioner (OPCC).

Plans to deliver further savings from greater collaboration and through its estate plans are well advanced and credible. Hampshire has a comfortable level of reserves to augment its savings plans if required and smooth any further workforce reductions that may be required.

Annex A – HMIC judgments

The categories are:

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

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

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

Annex B – Further information about the data

Figure 3

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

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

Figure 4

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

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

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

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

Figure 5

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

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

Figure 7

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

According to a survey of financial directors conducted by the Audit Commission,⁷ it is commonly considered that three percent to five percent of net revenue expenditure is a prudent level of unallocated general reserves for risk-based planning purposes. This range is shown on the graph by the two horizontal red dotted lines.

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

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