

PEEL: Police efficiency 2015

An inspection of Leicestershire Police



October 2015

© HMIC 2015

ISBN: 978-1-78246-883-7

www.justiceinspectors.gov.uk/hmic

Contents

Overview – How efficient is the force at keeping people safe and reducing crime?	4
Overall judgment.....	4
Summary	4
Force in numbers	7
Introduction	9
How well does the force use its resources to meet its demand?	10
How well does the force understand its demand?	10
How well does the force match resources to demand?	11
How well are the force’s services meeting the demand from the public?.....	12
How well is the force managing demand?	14
How well does the force monitor and understand outputs, outcomes and costs?	14
How well is the force using new working methods to improve services?	15
Summary of findings	16
How sustainable and affordable is the workforce model?	17
How well does the force’s current workforce model match demand, organisational and financial requirements?.....	17
How well does the force’s projected workforce model match demand, organisational and financial requirements?	19
Summary of findings	20
How sustainable is the force's financial position for the short and long term? 21	
Has the force achieved its saving requirements and balanced the budget for the spending review period and 2014/15?	21
Has the force achieved a balanced budget for 2015/16?.....	22
How well has the force maximised other funding opportunities?	23
How well does the force control expenditure?	24

How well do the force's financial plans reflect the objectives set out in the PCC's police and crime plan?	26
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?	26
How well developed are the force's plans for possible further savings?	26
Summary of findings	27
Annex A – HMIC judgments	28
Annex B – Further information about the data	29

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

Overall judgment¹



Good

HMIC found that Leicestershire Police is well prepared to face its future financial challenges. It has balanced the budget and has a good track record of achieving savings. The force has recently introduced a new way of organising itself (its operating model) based on a detailed analysis of demand. In last year's value for money inspection, which considered how forces had met the challenge of the first spending review period, Leicestershire Police was judged to be good.

Summary

HMIC judges Leicestershire Police as good. The force generally uses its resources efficiently to meet the demands on its services. It has created its operating model² based on a good understanding of its financial position, both in the short and long term.

The force has a good understanding of its current demand and the new operating model is adequately resourced to deal with current demand and projected demand. The force has included the need for flexibility with clear review processes in place that provide the opportunity for the force to adjust its model where any gaps appear or to respond to changes in demand.

The force change programme, known as Blueprint 2020, is well established and uses information and data from a wide number of sources. The project is strongly managed and has flexibility to respond to changes in demand and in the level of finances that will be available to the force in the longer term.

Leicestershire is part of the successful five force East Midlands collaboration, which has been in place for a number of years, and which has contributed to the force being able to meet demand within its finances.

The force is in a good financial position with strong financial management. This has enabled the chief officers to make confident decisions on the future workforce

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

² 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.

model,³ which has been designed to provide efficient and effective policing services within the short term and the likely longer term financial position.

<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> Good</p>
<p>The force makes effective use of a range of methods and information to understand the demand placed on its services and the consequences of that demand.</p> <p>Its new operating model, introduced in February 2015, is based on a detailed analysis of demand. This has allowed the force to focus its resources on areas with the highest demand.</p> <p>Leicestershire Police has embraced a number of new ways of working, such as the use of mobile data, in order to improve efficiency.</p> <p>The force also benefits from a very mature collaborative working</p>	<p>Leicestershire Police has developed its workforce plan based on a detailed analysis of demand. This approach has allowed the force to reinvest resources in some priority areas and to maintain a core of 200 PCSOs in the future.</p> <p>In the early stages, the new operating model will be overstaffed. The temporary additional staff are being used in high demand areas to help the transition to the new arrangements. The force is taking clear and effective steps to tailor its future workforce plans, known as Blueprint 2020, to meet longer-term changes in demand, as well as future organisational and financial requirements. The</p>	<p>The force has a proven track record of robust financial management, accurate budgeting and achieving planned savings. It has met its savings requirement for the previous spending review period and has balanced its budget for 2015/16, including the use of reserves.</p> <p>The force has been successful in bids for police innovation funding with other forces, including those in the East Midlands region. Strong financial control measures are in place and the force's financial plans reflect the objectives set out in the PCC's police and crime plan.</p>

³ Workforce model – the way in which the workforce is organised; in the case of the police, it includes police officers, even though they are holders of the office of constable and therefore not employees of their police forces; it also includes police community support officers and police staff.

<p>programme with other forces in the East Midlands area, but it is also exploring further opportunities to collaborate with non-police organisations such as other emergency services and city and county councils.</p>	<p>creation of several new units provides the force with an opportunity to redeploy some of its workforce into posts that meet the organisational need by matching skills and experience into critical roles. The force recognises that the changes it is making will require significant cultural change and has addressed this within its change plans.</p>	<p>There is a long-term plan in place which involves reducing workforce numbers, reducing the size of the estate, moving to an agile way of working, removing costs from inefficient processes and achieving further savings from collaboration.</p>
--	---	--

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

Leicestershire Police England and Wales

-12%

-6%

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

Leicestershire Police England and Wales

-8%

-6%

Proportion of police officers on the operational frontline 31 March 2010

Leicestershire Police England and Wales

91%

89%

Proportion of police officers on the operational frontline 31 March 2015

Leicestershire Police England and Wales

93%

92%

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

Leicestershire Police England and Wales

93%

92%



Organisation

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

Leicestershire Police England and Wales

£99

£115

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

Leicestershire Police England and Wales

£148

£165



Key statistics

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

Leicestershire Police England and Wales

-3%

+2%

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

Leicestershire Police England and Wales

-26%

-16%

Victim satisfaction 12 months to 31 March 2015

Leicestershire Police England and Wales

81.8%

83.8%

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

Leicestershire Police England and Wales

Decreased

No change

Victim satisfaction: Leicestershire confidence interval +/- 2.0 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 percent in the four years between March 2011 and March 2015. Now, in a period of sustained budget reductions, forces need to continue to make efficiencies while focusing on reducing crime and keeping communities safe.

As part of its annual inspections into police effectiveness, efficiency, and legitimacy (PEEL), HMIC's Efficiency programme assessed how a force maximises the outcomes from its available resources. We reviewed both the financial and workforce planning of police forces whilst examining wider questions of cost, capability and productivity. Our inspection focused on the overall question, 'How efficient is the force at keeping people safe and reducing crime?'

To answer this question we looked at three areas:

- How well does the force use its resources to meet demand?
- How sustainable and affordable is the workforce model?
- How sustainable is the force's financial position for the short and long term?

During our inspection we collected data and plans from forces, surveyed the public to see if they had noticed any changes in the service they received and conducted in-force inspections. We interviewed chief constables and the chief officers responsible for finance, organisational change, human resources and performance in each force and held focus groups of officers and staff at different grades and ranks, and made unannounced visits to police stations.

This report sets out the findings from this wide-ranging inspection of Leicestershire Police.

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

HMIC examined how the force understands the demand for its services, 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?

For each area of business in Leicestershire Police, the numbers of officers and staff have been determined by modelling demand over 24-hours of the day and 7-days of the week to ensure peaks in demand can be met. The number of sergeants, team leaders and inspectors has been calculated to meet local demands on policing and supervision. The force has located 'hubs' of patrol and resolution teams and, using modelling techniques, it identified the level of resources needed for the hubs to be able to respond to levels of demand.

The force understands the difference between what it has termed 'hard demand', such as reported crime and calls for service which it has captured through its change management programme, Project Edison, and what it terms 'soft demand', such as supporting other agencies and attending community events, which is more difficult to quantify. The problem-solving approach to neighbourhood policing is aimed to capture and deal with 'soft demand'.

The force is an active member of the local strategic partnership board (a partnership of different organisations in the local area) and has a good working relationship with organisations that it works with at both strategic and tactical levels, such as local authorities, health authorities and housing providers. As a result the force understands the demand it places on other organisations and vice versa.

Although it has informed the public how it will respond to demand through its new operating model, we have not seen evidence that it fully consulted with them on this and has taken their views into account. The force seeks feedback via a number of methods including 'Rate Your Local Police' which can be accessed by the public on the force's external website. This information will allow the force to respond to the views of the public on the service provided by the new operating model and inform any future decision making.

The force carries out an annual assessment which seeks to identify the threat, harm and risks faced by communities across the force area. This takes into account local, national and regional threats and risks and is informed by data and information from other organisations across Leicester, and Leicestershire and Rutland. Using this assessment the force is able to identify what its priorities are, highlight any emerging crime or incident types and assess the level of resources needed to provide an effective response.

How well does the force match resources to demand?

The new operating model has led to structural change by combining the previous two basic command units into a single force-wide neighbourhood policing directorate led by a chief superintendent. This change has also reduced the number of local policing areas and introduced a number of new force-wide teams to respond to and investigate crime.

At this time the force also introduced a process whereby calls from the public are assessed on the basis of threat, harm and risk (THRIVE⁴), rather than making it mandatory to attend certain types of crime. We found that call-handlers had been trained in the use of the National Decision Model⁵ to make appropriate resourcing decisions and that when not responding to calls, units were deployed to high demand locations, which the force has termed 'Tiger' areas. This is designed to allow the force to prioritise its resources to meet the needs of the most vulnerable. The force has not yet assessed the impact these changes are having on the level of calls for service or public satisfaction levels.

At the time of the inspection police officers and staff within the managed appointment unit (which assesses the need to attend non-urgent calls) and the investigation management unit (which directs the appropriate investigator to a reported crime) were adapting to a significant changes in structure, systems, new roles and workload. HMIC found that some incidents that had been reported to the force had not been recorded as a crime for over ten days. The impact of this delay in recording an incident as a crime means that the investigation has not commenced in a timely fashion and that victims may not be appropriately supported. The force has already recognised this issue. At the time of the inspection it had temporarily allocated additional officers to these teams to address the problems.

⁴ Thrive is the assessment of Threat, Harm, Risk, Investigation, Vulnerability, Engagement.

⁵ The National Decision Model is the decision-making tool, which has been adopted nationally for use by police forces. It is an Authorised Professional Practice at the College of Policing. It provides a framework of steps to assist an officer in assessing a situation and deciding on appropriate action (including gathering information, assessing risk, and identifying options).

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

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

Although police recorded crime is by no means a complete measure of the totality of demand a force faces, it 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 recorded crime is made up of victim-based crime (e.g. theft) and non victim-based crime (e.g. possession of drugs). Two thirds of forces showed an annual increase in total recorded crime in the year ending 31 March 2015. This increase in police recorded crime may have been affected by the renewed focus on the quality and compliance of crime recording since HMIC carried out a national inspection of crime data integrity in 2014.

In the 12 months to 31 March 2015, Leicestershire had a victim-based crime rate of 52.3 and a non-victim-based crime rate of 5.0 per 1,000 population. This represents a decrease (23 percent) in the victim-based crime rate and a decrease (47 percent) in the non victim-based crime rate since the start of the spending review in 2010. During the same time period England and Wales had a victim-based and non victim-based crime rate of 55.2 and 6.9 per 1,000 population respectively. This represents a decrease in both crime rates by 15 percent and 19 percent respectively since the start of the spending review. The scale of the change in crime rate can be seen in Figure 1.

Of those who have been the victim of a crime in Leicestershire, 81.8 percent⁶ 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 percent⁷ over the same time period. There has been a significant decrease in victim satisfaction between in the 12 months to 31 March 2011 and the 12 months to 31 March 2015 in Leicestershire from 86.8 percent⁸ to 81.8 percent.⁶

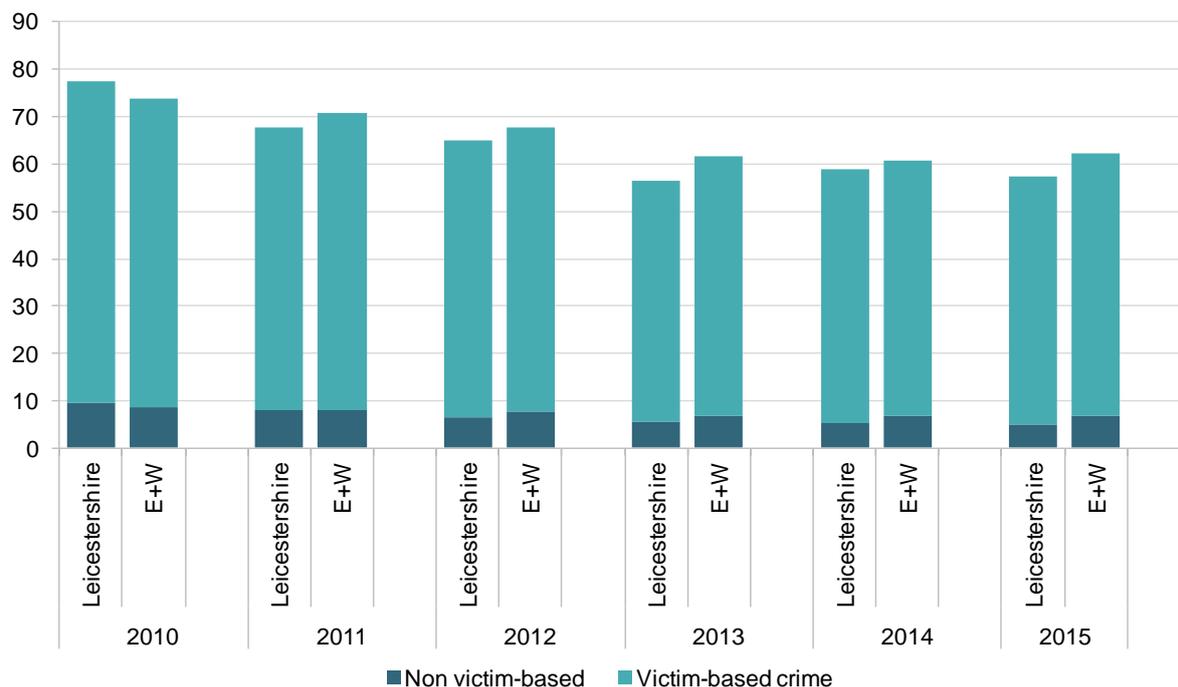
The recent introduction of the force's new operating model means that it is too early to assess accurately how well it is currently meeting the demand from the public. HMIC will monitor the impact and progress of the new model throughout the year.

⁶ Leicestershire, confidence interval +/- 2.0 percent.

⁷ England and Wales, confidence interval +/- 0.2 percent.

⁸ Leicestershire, confidence interval +/- 1.5 percent.

Figure 1: Police recorded crimes per 1,000 population in Leicestershire 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)

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

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

Source: HMIC Efficiency data collection

The force also uses a range of other measures to engage and seek feedback from the public including surveys and 'Rate Your Local Police' on the force's website.

How well is the force managing demand?

The force has taken effective steps to fully understand the demand it faces and draws upon a wide range of information and intelligence. It has taken into account national requirements and demand from a range of other organisations as well as demand for its services from the public.

This analysis of demand and the introduction of the new operating model allows the force to focus its resources into areas with the highest demand. The force has stopped allocating its response officers to specific areas within the force so that officers who respond to calls for service can be deployed anywhere in the force area. This has encouraged more efficient deployment of officers. HMIC found that the fast-time allocation of resources to high priority incidents was being carried out effectively. The force has taken into account demand from other public sector organisations and held a seminar with them in December 2014. This enabled better sharing of information on demand and reinvigorated the commitment to work together more efficiently.

The force has improved its arrangements for managing scheduled appointments to help manage demand more effectively. Work has been carried out to identify the most frequent repeat callers to the control room and steps have been taken to reduce the frequency of the calls by addressing the root cause of the problem. The force has also stopped attending some types of incident. For example it no longer attends every alarm or welfare call, but bases its decision to attend or not on THRIVE principles. Both the chief constable and PCC have undertaken an extensive number of meetings with the public and with partners to inform them of the changes to the local policing model that has been put in place through the 'Edison' programme of change. However, it is apparent from feedback received by HMIC that the public and partners were not fully consulted prior to all the changes being made.

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

We found that the force has effective ways of monitoring its performance. The performance delivery group which is chaired monthly by the deputy chief constable has access to a range of data and information on which it can base its understanding of outputs, such as the costs of investigations.

The force currently understands its costs based on different functions, using the existing departmental budgets. It is planning during this financial year to understand better the cost of providing services through an outcome-based budgeting (OBB) exercise, which will start with the professional standards department. This approach

will enable the force to understand the cost of providing services which in turn will allow it to compare the costs of services in other areas of the force.

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

In addition to THRIVE, the force has introduced a number of new working methods to complement its new operating model. These are intended to improve services to the public. The design of the new operating model is based on the principles of continuous improvement which has helped eliminate waste and duplication.

There is clear evidence that the force is broadening its work with statutory, commercial and third sector partners. It runs a mental health triage car jointly with the NHS Partnership Trust, to reduce the number of people taken to police custody areas as a place of safety and provide a better service for those with mental health concerns. The force is spending £1m over three years to increase numbers and extend the roles of the special constabulary, volunteers and cadets. It has also provided joint training for officers and PCSOs together with local authorities in the new anti-social behaviour (ASB) legislation.

The force is working with local universities to produce police-related research to support an evidence-based approach to decision making. It has developed the skills of a range of staff through a series of research workshops held jointly with the University of Leicester and has encouraged a number of officers to upgrade their foundation degrees to Bachelor degrees at de Montfort University. The force has been successful in bidding for funds through the Police Knowledge Fund and provides placements for university students where their research relates to policing.

The force is using new technology to improve services. Mobile data terminals (MDTs) are available to patrol officers and the force uses vehicle-tracking software to help make its deployment of resources more efficient. The force has developed plans to provide 1,200 body-worn cameras to officers and other mobile devices and developing these further to enable a greater level of remote working away from police stations. It is also making good progress in reducing the size of its estate and promoting a more flexible approach to deploying resources across the force area rather than being constrained by artificial internal boundaries.

The force benefits from a very mature collaboration programme with other forces in the East Midlands region. This involves sharing a number of frontline policing services and back office functions. These include operational functions such as serious and organised crime, major crime investigations and forensics; and back office functions such as human resources (HR), learning and development and legal services. From 5 May 2015, along with three other forces in the East Midlands collaboration, the force is sharing operational support functions including armed policing, roads policing and command and control. It is also at an early stage of

exploring the opportunities to collaborate with non-police partners such as other emergency services and with city and county councils.

Summary of findings



Good

The force makes effective use of a range of methods and information to understand the demand placed on its services and the consequences of that demand.

Its new operating model, introduced in February 2015, is based on a detailed analysis of demand. This has allowed the force to focus its resources on areas with the highest demand.

Leicestershire Police has embraced a number of new ways of working, such as the use of mobile data, in order to improve efficiency.

The force also benefits from a very mature collaborative working programme with other forces in the East Midlands area, but it is also exploring further opportunities to collaborate with non-police organisations such as other emergency services and city and county councils.

How sustainable and affordable is the workforce model?

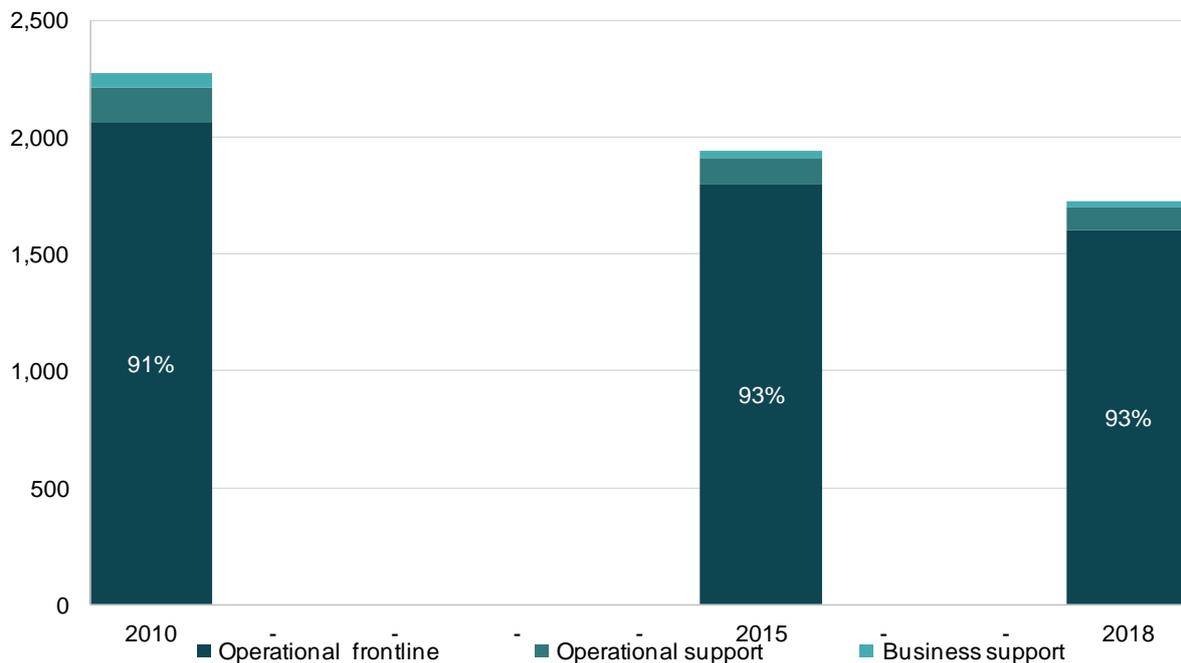
HMIC examined how Leicestershire Police has structured its workforce (i.e. its mix of police officers, staff and PCSOs, and the proportion of all these groups working in frontline positions), and assessed whether this was affordable and sustainable as the force responds to its financial challenge. We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

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

Leicestershire Police forecasted a total savings requirement over the first four years of the spending review as part of the value for money inspection programme (2011/12 to 2014/15) of £36.11m, the equivalent of 18 percent of the 2010/11 gross revenue expenditure for the force. Savings were made in both the pay and non-pay budgets. Since 2010, Leicestershire Police has seen a decrease of 362 police officers and 18 staff, and an increase in 1 PCSO, full-time equivalent (FTE).

In Leicestershire, there have been falls in the total number of police officers (FTE) over the period 2010 to 2015, as shown in figure 3. During this time period the proportion in frontline roles has increased from 91 percent in 2010 to 93 percent in 2015. The force expects to maintain this proportion looking forward to 2018.

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

The current and future workforce plans are based on a detailed analysis of demand. The force has used this analysis to establish the numbers of officers, PCSOs and staff which allow the force to meet demand and achieve the required savings. It has also allowed the force to create several new units which gave it an opportunity to redeploy some of its workforce into posts that meet the organisational needs by matching skills and experience into critical roles. The force also plans to maintain 251 PCSOs, which have been guaranteed by the PCC, until 2016/17. The force currently employs more people than it needs to provide its services in its new operating model. It is using these temporary additional officer posts in areas of high demand to help the transition from the previous structure.

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 Leicestershire 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	2,317	-16%	-12%	1,955	-12%	-6%	1,726
Police Staff	1,272	-1%	-19%	1,254	-4%	-6%	1,198
PCSOs	233	1%	-27%	234	-3%	-11%	227
Workforce total	3,822	-10%	-15%	3,443	-8%	-6%	3,151

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

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

Through the Blueprint 2020 change programme, the force is taking clear and effective steps to tailor its future workforce plans to meet longer-term changes in demand, as well as meet future organisational and financial requirements.

The force recognises that the future operating model will require significant cultural change. This is reflected within the Blueprint 2020 plans which identify what is needed to facilitate change and understand the complex interdependencies of functions and processes. The plans have five work streams: people; enabling; demand; partnership and collaboration; and services, functions and processes. The force has plans to engage with its workforce and has used an external company to audit its change plans, giving the force reassurance that it will be able to achieve the required changes on time and within budget.

Summary of findings



Good

Leicestershire Police has developed its workforce plan based on a detailed analysis of demand. This approach has allowed the force to reinvest resources in some priority areas and to maintain a core of 200 PCSOs in the future.

In the early stages, the new operating model will be overstaffed. The temporary additional staff are being used in high demand areas to help the transition to the new arrangements. The force is taking clear and effective steps to tailor its future workforce plans, known as Blueprint 2020, to meet longer-term changes in demand, as well as future organisational and financial requirements. The creation of several new units provides the force with an opportunity to redeploy some of its workforce into posts that meet the organisational need by matching skills and experience into critical roles. The force recognises that the changes it is making will require significant cultural change and has addressed this within its change plans.

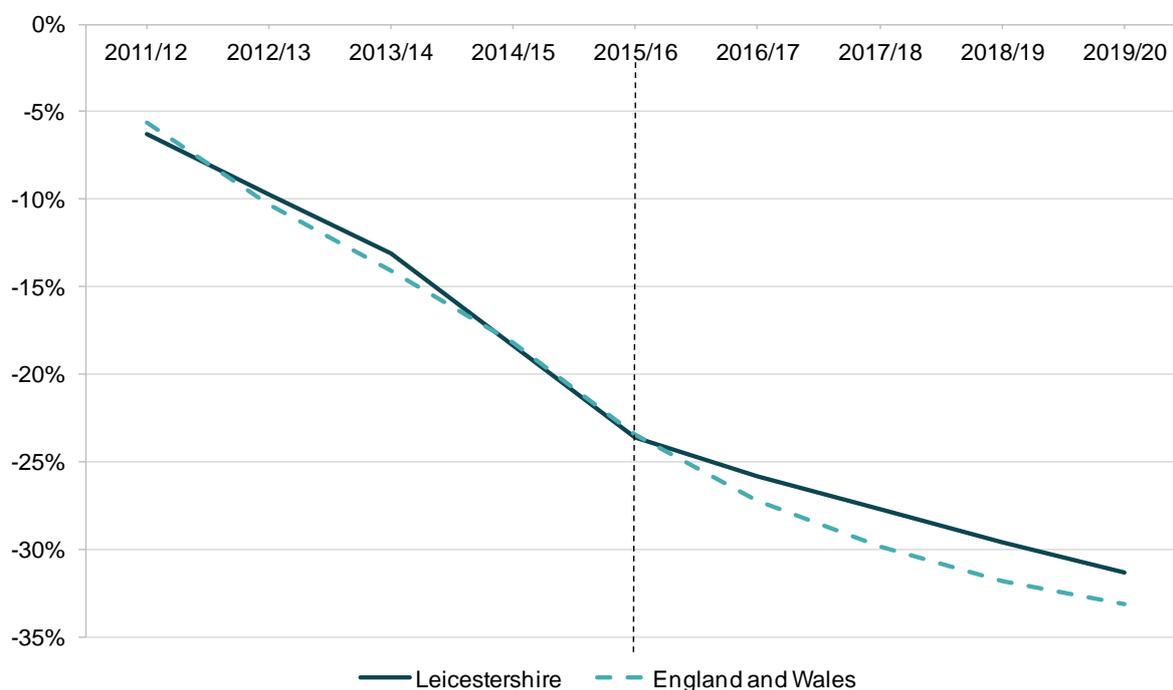
How sustainable is the force's financial position for the short and long term?

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?

Leicestershire Police forecasted savings of £36.11m over the first four years of the spending review (2011/12 to 2014/15), the equivalent of 18 percent of the 2010/11 gross revenue expenditure for the force. Over the period savings were made in both the pay and non-pay budgets, so as to balance budgets by 2014/15. Over the same period all forces across England and Wales forecasted a total savings requirement of £2.53bn, the equivalent of 18.2 percent of the 2010/11 gross revenue expenditure for England and Wales.

Figure 5: Estimated change in expenditure from 2011/12 to 2014/15, and forecast planned savings for 2015/16 to 2019/20, against the 2010 gross revenue expenditure baseline for the Leicestershire Police and England and Wales



Source: HMIC policing in austerity data, HMIC efficiency data collection and The Chartered Institute of Public Finance & Accountancy (CIPFA) Police Objective Analysis data

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

The force has a proven track record of robust financial management, accurate budgeting and achieving planned savings. It has met its savings requirement for the spending review period, including balancing its budget for 2014/15.

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

Leicestershire Police has planned a balanced budget of £178.7m for 2015/16, which includes a cut in spending of £10.3m. It is forecast that the reduction will be split between £7.2m from the pay budget (70 percent) and £1.4m (14 percent) from the non-pay budget in this year's savings. The remainder of their spending reductions are being met by a use of reserves. Collectively the forecast reductions since the 2010 baseline, at the start of the spending review, to 2015/16 represents savings of 24 percent.

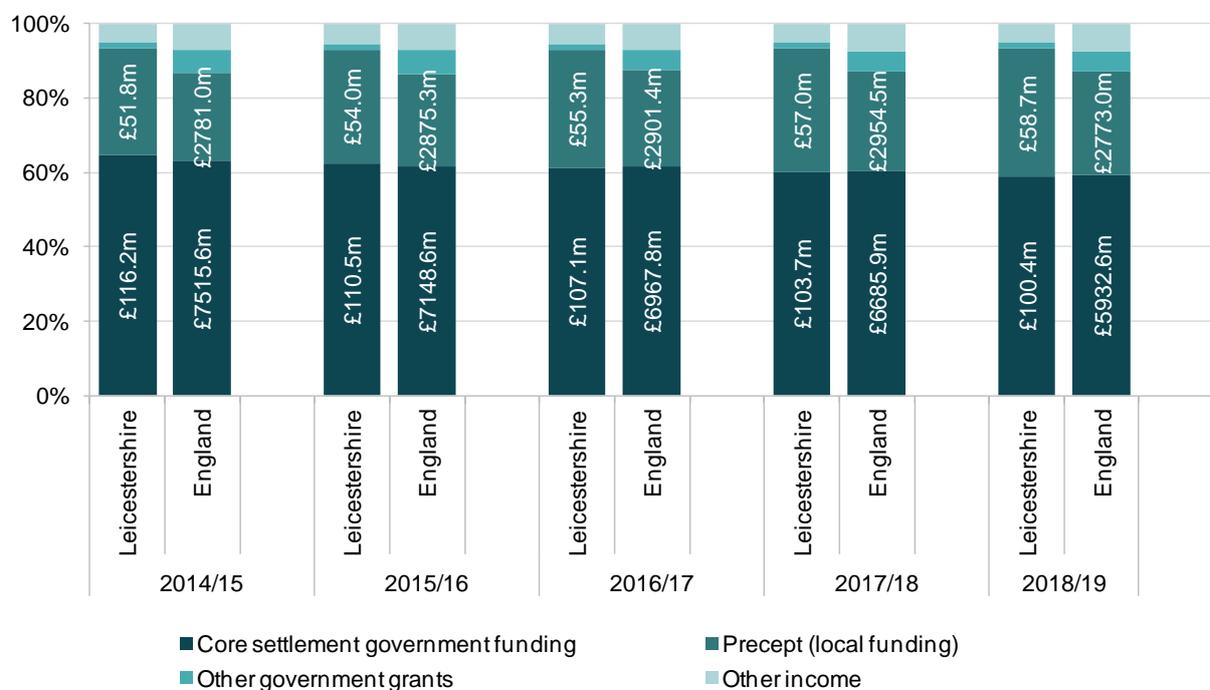
The force has made assumptions on the rates of staff leaving the force for future years and will need to closely monitor its workforce numbers against its saving targets to ensure that the required financial savings are being made.

The force has made prudent assumptions in relation to the likely percentage reduction in central funding, the level of increase in the police element of council tax, and pay awards.

How well has the force maximised other funding opportunities?

Figure 6 demonstrates the amount of funding that the force received from a central government grant, as precept from local councils through council tax, and from other sources, such as Home Office special grants. Leicestershire Police 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 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 Leicestershire 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

The force has been successful in bids with other forces, including those in the East Midlands region, for police innovation funding. These include funding for the firearms licensing project; the East Midlands operational support service; mobile working; procurement; and the implementation of body-worn video cameras.

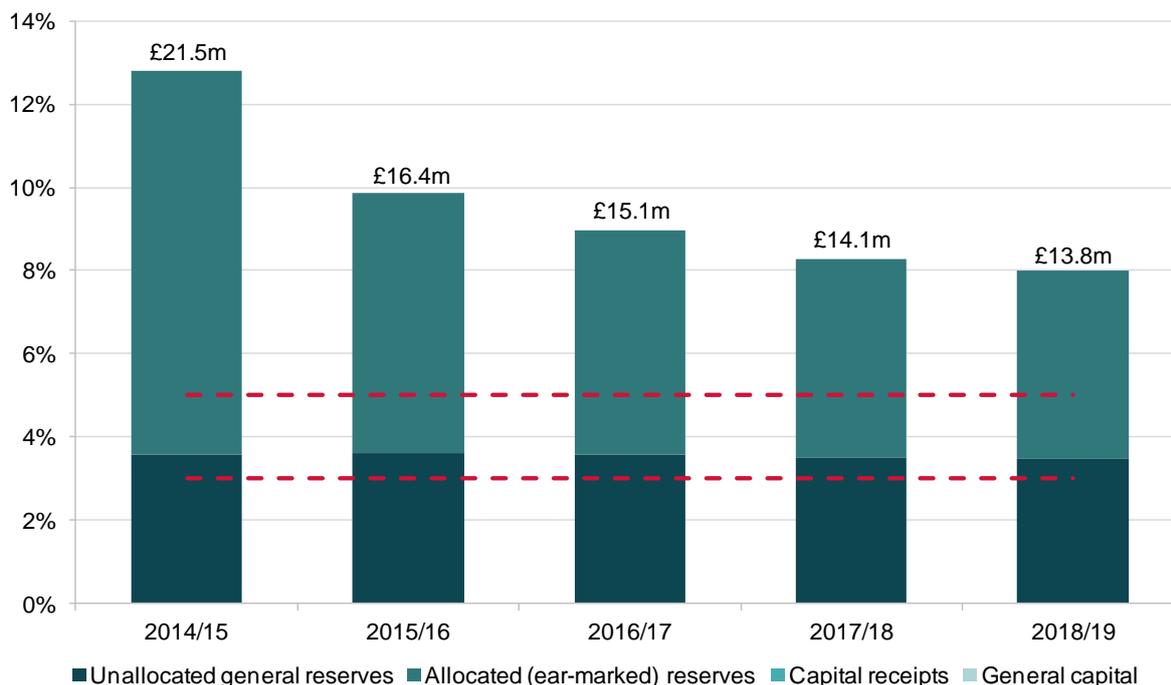
The force also generates income through streams such as firearms licensing, registration of foreign nationals, vetting, and through charging for special police services at private events such as football matches.

How well does the force control expenditure?

The force's level of reserves and how these are forecast to change over time is shown in figure 7. Leicestershire Police reported that its total reserves were £21.5m 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

Both HMIC and the force’s external auditors have previously credited the force with having strong financial management and controls in place. This continues to be the case and appropriate governance arrangements are also in place for the force’s change and savings plans.

The force builds its budget based on how much it is likely to spend using assumptions on the likely level of funding the force will receive. Areas which have underspent in the past are removed from the budget or reduced. The finance team supports the budget holders by comparing spending across other functions and departments using the value for money profiles for comparison before the budget is presented to the strategic assurance board.

HMIC found that there is a positive working relationship between the finance and HR teams. Savings are only included in the force’s financial plans when they have been confirmed and the business case is signed off by the force change board.

The force is planning to apply outcome-based budgeting (OBB) to enable it to analyse the cost of services and to model different options for the provision of future services. The OBB process involves doing a detailed review of each department and gives options for different levels of service provision from the statutory minimum through to an enhanced level of service.

The force has set up a process to challenge expenditure, known as the 'star chamber', this is where levels of service are debated and agreed, and balancing the needs of the public with what is financially viable.

The force is able to use reserves to balance individual budgets or to bridge any financial gaps through the year subject to approval by the PCC.

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

The force has a strong and effective working relationship with the office of the police and crime commissioner (OPCC) and a shared understanding of the financial position, including current expenditure, monitoring and longer-term options for further cost reduction. The force financial plans reflect the priorities within the police and crime plan, for example in placing a continued emphasis on neighbourhood policing.

How well does the force provide timely and relevant financial information to the office of police and crime commissioner (OPCC), and are shared assumptions used to develop current and future plans?

The chief finance officers from the OPCC and the force meet regularly. Together they ensure that there is a common understanding of the financial position for both the force and the PCC. They jointly attend a range of meetings and where required they provide and share information. Shared assumptions are in place and are discussed with both the OPCC and with colleagues across the East Midlands region.

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

The force regularly updates its medium-term financial plan and savings plans to reflect a range of different scenarios for future years. The plan is adaptable and flexible and savings are only included in plans once the business cases for them have been agreed and signed off by chief officers.

Achieving the savings plans depends on the future success of the force's change programme and the implementation of the new operating model. This involves reducing the workforce numbers, reducing the size of the estate, moving to work in an agile way, removing costs from inefficient processes and achieving further savings from collaboration.

Summary of findings



Good

The force has a proven track record of robust financial management, accurate budgeting and achieving planned savings. It has met its savings requirement for the previous spending review period and has balanced its budget for 2015/16, including the use of reserves.

The force has been successful in bids for police innovation funding with other forces, including those in the East Midlands region. Strong financial control measures are in place and the force's financial plans reflect the objectives set out in the PCC's police and crime plan.

There is a long-term plan in place which involves reducing workforce numbers, reducing the size of the estate, moving to an agile way of working, removing costs from inefficient processes and achieving further savings from collaboration.

.

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,⁹ 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.

⁹*Striking a balance: Improving councils' decision making on reserves*, Audit Commission, December 2012. Available from <http://webarchive.nationalarchives.gov.uk>