

PEEL: Police efficiency 2015

An inspection of Surrey Police



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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?	15
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?	18
How well does the force’s current workforce model match demand, organisational and financial requirements?.....	18
How well does the force’s projected workforce model match demand, organisational and financial requirements?	20
Summary of findings	21
How sustainable is the force's financial position for the short and long term? 23	
Has the force achieved its saving requirements and balanced the budget for the spending review period and 2014/15?	23
Has the force achieved a balanced budget for 2015/16?.....	24
How well has the force maximised other funding opportunities?	25
How well does the force control expenditure?	26

How well do the force’s financial plans reflect the objectives set out in the PCC's police and crime plan?	27
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?.....	28
How well developed are the force’s plans for possible further savings?	28
Summary of findings	29
Annex A – HMIC judgments	30
Annex B – Further information about the data	31

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

Overall judgment¹



Requires improvement

HMIC found that Surrey Police is partly prepared to face its future financial challenges. The force has a good track record of effective financial management and understands the savings it has to achieve up to 2019/20. However, it does not have a thorough understanding of the demands for its services and is not able to match its resources to these demands. The force has recognised this and is currently identifying a new way of organising itself (its operating model) that is designed to help it to meet demand within its future budget. In last year's value for money inspection, which considered how forces had met the challenge of the first spending review period, Surrey Police was judged to be good.

Summary

HMIC judges Surrey Police to require improvement. Since 2010, it has had to cut its spending by 14 percent, which is significantly lower than the England and Wales average. It has achieved the savings needed and is planning for future savings while looking to maintain officer numbers over the next three years. It has balanced its budget for this financial year.

When HMIC inspected Surrey Police, it was in transition. It recognises that its current workforce model is not affordable and is reviewing part of its operating model through the 'policing in your neighbourhood' (PIYN) programme. The force plans a new way of providing neighbourhood and emergency response policing by April 2016 and, to prepare for this, is maintaining high levels of vacancies in frontline posts. The existing operating model therefore has to deliver the same level of services with significantly fewer staff (although the force has decided to recruit to fill some vacancies). At the point of inspection, this approach was creating undue pressures on the organisation and on staff. HMIC found evidence of an adverse effect on the service to the public in some areas of policing. While this may be a temporary problem, HMIC judges forces' performance at the point of inspection.

The force has some knowledge of demand for its services but, five years into the period of austerity, this is not thorough enough for it to properly match its resources to its demand. Its IT systems provide limited information, hampering its ability to

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

match resources to demand. It has plans for a new IT system to address this but it is not yet in place. Until the new operating model² (relating to the PIYN programme) is in place, the force cannot know that its resources are being used efficiently to meet the demands being made of it.

<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> Requires improvement</p>	<p> Requires improvement</p>	<p> Good</p>
<p>Surrey Police has only assessed demand in a limited number of areas and it does not have a comprehensive understanding of all of the demands for service placed on it. Although it has started work to address this, it is not helped by its IT systems, which are currently only able to produce limited information.</p> <p>Resources are not matched to demand and the force does not have a system to easily know which staff are on duty and where they are located. A force deployment procedure which provides for the nearest available resource to be dispatched to emergency and priority</p>	<p>Surrey Police's current operating model is not sustainable or affordable in the future. It is currently being reviewed through the 'policing in your neighbourhood' programme (PIYN programme) which is focusing on neighbourhood policing and emergency response. Staff and officer numbers will need to be reduced to achieve future savings.</p> <p>Vacancies have been held to make the current savings, but this has placed pressure on the existing staff in being able to meet service demand. Although the force has decided to recruit to a number of vacancies to alleviate this pressure, it faces particular</p>	<p>The force has achieved a balanced budget for 2015/16. It continues to benefit from its lower level of dependence on central government grants compared to other forces, which reduces the percentage of its savings requirement. It has maintained healthy levels of reserves and has been successful at achieving external funding, in particular from the Police Innovation Fund.</p> <p>Surrey Police works well with the PCC's office and shares planning assumptions with both the PCC and with Sussex Police. A new financial plan has been developed that allows for the use of</p>

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.

<p>calls does not work effectively and resource location software which identifies officers' geographical location is not fit for purpose.</p> <p>The policing in your neighbourhood (PIYN) review, which is planned to report in September 2015, is intended to include a more in-depth and wide-ranging assessment of demand and resourcing, as well as making recommendations for a new operating model which should address these limitations.</p> <p>Surrey Police has clear processes for managing performance but it does not fully understand how much different activities cost.</p> <p>The force is working well with other emergency services to manage demand and looking at ways to ensure the most appropriate service deals with certain incidents.</p> <p>There is some good use of technology to help individual officers work more effectively.</p>	<p>recruitment and retention problems. These include the cost of living in the area and its closeness to London which offers jobs with an additional London living allowance.</p> <p>The current review of the operating model focusing on neighbourhood policing and emergency response (the PIYN programme) is likely to result in a new approach where staff will need a range of different skills so they can undertake a number of roles. The scale of this change will present a significant challenge, in particular the level of training and up-skilling that will be required for officers to undertake a range of different activities effectively.</p> <p>However, as the review has not yet been completed, there is no evaluation as to how the workforce model will support the delivery of the police and crime plan.</p>	<p>reserves to enable the force time to fully implement a new operating model without holding excessive levels of vacancies.</p> <p>Of the 2015/16 savings requirement target of £8.3m, business plans have been approved for savings the force assesses at £9.5m with a forecast underspend of £1.2m. It has also started to make plans for the savings that will be required in 2016/17.</p>
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Force in numbers



Financial position

Forecasted change in expenditure 2015/16 to 2018/19

£m

-£21.8m

% of Gross Revenue Expenditure

10%

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

Surrey Police

0%

England and Wales

-6%

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

Surrey Police

-3%

England and Wales

-6%

Proportion of police officers on the operational frontline 31 March 2010

Surrey Police

88%

England and Wales

89%

Proportion of police officers on the operational frontline 31 March 2015

Surrey Police

92%

England and Wales

92%

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

Surrey Police

92%

England and Wales

92%



Organisation

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

Surrey Police

England and Wales

£89

£115

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

Surrey Police

England and Wales

£149

£165



Key statistics

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

Surrey Police

England and Wales

+4%

+2%

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

Surrey Police

England and Wales

-20%

-16%

Victim satisfaction 12 months to 31 March 2015

Surrey Police

England and Wales

85.7%

83.8%

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

Surrey Police

England and Wales

No change

No change

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

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

To answer this question we looked at three areas:

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

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

This year's efficiency inspection is a more demanding exercise than the previous value for money inspection, in that it looks at a much broader range of issues rather than just how well a force has met its spending reduction. Partly as a result of that, some forces' gradings are lower than in previous years but grades will always reflect what HMIC saw at the time of inspection.

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

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

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

How well does the force understand its demand?

Surrey Police undertook an assessment of demand to support its restructure in 2013 which was limited to crime type, incident type and volume. As a result, it found that the force does not yet have a comprehensive understanding of what demands are being made on all of its resources. For example, calls made to the control room are measured but other means of contact such as emails, social media and the force website are less well understood and do not inform any current demand profiles. In particular, demand which is not directly the responsibility of the police, or arises from other organisations such as the health services, is not yet understood and the impact upon the force's resources is not known.

The force has recognised these limitations and at the time of the inspection had started a review to develop a more complete assessment of all the demands placed on it and the most appropriate way to respond. An example of early findings is that of the calls for service received each day, Surrey Police assesses that approximately half relate to non-police matters. This review is designed to improve understanding of demand and help inform the development and resourcing of the new local policing model. However, the force remains constrained by the current IT systems and it is currently limited to producing "one-off" snapshots of demand. HMIC was advised of the intention of the force to replace a number of IT systems with an enterprise resource planning³ (ERP) system which it anticipates in the future will enable it to make the improvements required.

³ An Enterprise Resource Planning system is a business software package of a suite of integrated applications that can be used to collect, store, manage and interpret data from many activities.

How well does the force match resources to demand?

Surrey Police is not able to match its resources to demand as it does not yet have a comprehensive understanding of demand or where its resources are allocated. For example, staff are rostered for duty using the force duties management system but this does not easily provide a simple view of which staff are on duty and where.

One aspect of matching resources to demand concerns deployment procedures and practices. In Surrey, staff are not always deployed effectively. The force has a 'resource deployment procedure' which means that the nearest available resource can be despatched to emergency and priority calls. However, there was little evidence of this being properly used to prioritise which non-emergency calls it needs to attend, or to deploy the nearest most suitable officer, relying instead on the target patrol teams (TPTs). Local supervisors are not aware of the existence of the deployment policy. HMIC found an example where a long-standing parking dispute had been given a higher priority than other more important calls requiring police attendance.

Additionally, Surrey Police has resource location software which identifies an officer's geographical location, but it does not make use of this. As a result, the control room is unable to identify easily the nearest most suitable vehicle or officer to despatch and often resorts to asking for available officers to attend.

The TPTs are frequently fully stretched with no other available resources to despatch to calls. Staff expressed concern at the lack of resources to respond to demand, which was seen by HMIC when visiting the control room. The force monitors how quickly it attends calls for service from the public through the 'force performance dashboard'. Surrey assesses that it is not meeting its aspiration to arrive at 82 percent of emergency incidents within 15 minutes, as performance in April 2015 was 76.4 percent. The aspiration of 75 percent of attending non-emergency incidents within 60 minutes was almost met with performance at 74.3 percent. Answering routine 101 calls from the public within 60 seconds was only achieved 57 percent of the time.

While Surrey Police has a plan to improve the time it takes to answer telephone calls for non-emergency incidents, improvements in attendance times may be limited unless it applies its deployment procedure and has a better understanding of what deployable resources it has available at a given time.

The force recognises that it needs to restructure if it is to have a sustainable and affordable operating model that enables it to match its reducing resources with demand. While the policing in your neighbourhoods (PIYN) review has started, the existing force operating model will remain in place until at least spring 2016. The force has decided to hold police staff vacancies open in order to balance the budget. The impact of this is being particularly felt within the CID and volume crime teams where police staff investigators form part of the teams. As a result, staff reported that

they are carrying high workloads and they felt that crimes are not always investigated as efficiently and effectively as they should be.

A decision has now been made to fill 140 (of the current 195) frontline operational vacancies to relieve some of this pressure while the new operating model is developed. The force has increased the managerial capacity within public protection to help manage workloads.

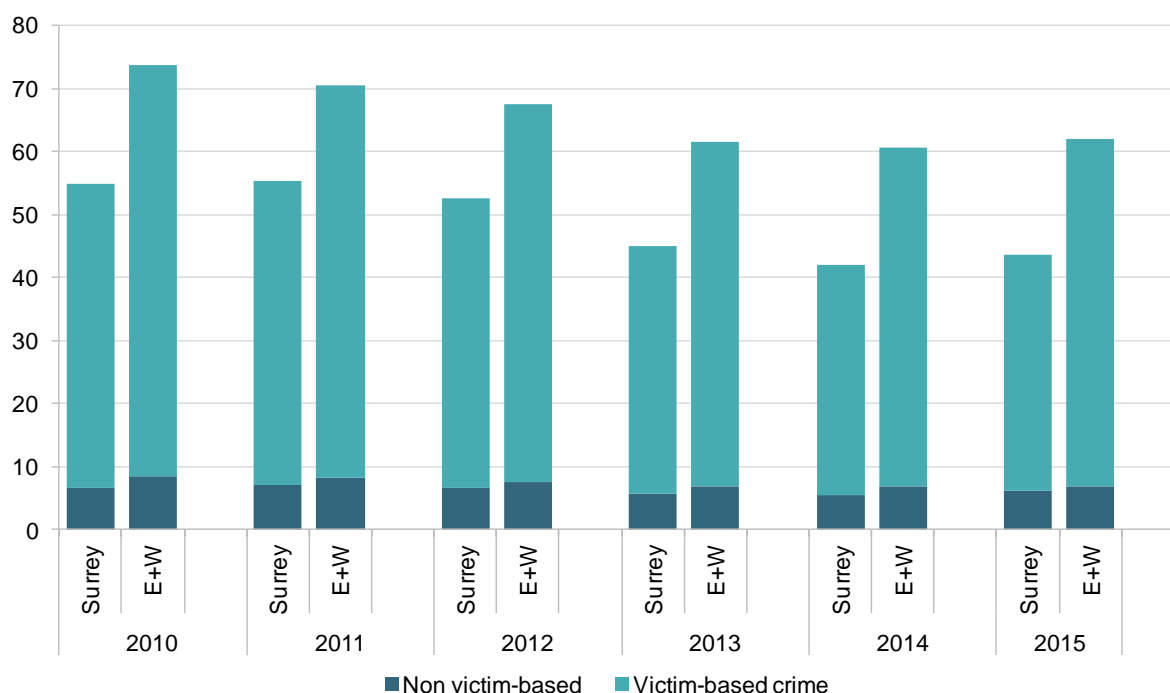
How well are the force's services meeting the demand from the public?

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

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

In the 12 months to 31 March 2015 Surrey had a victim-based crime rate of 37.5 and a non-victim-based crime rate of 6.2 per 1,000 population. This represents a decrease (22 percent) in the victim-based crime rate and a decrease (8 percent) in the non-victim based crime rate since the start of the spending review in 2010. During the same time period England and Wales had a victim-based and non victim-based crime rate of 55.2 and 6.9 per 1,000 population respectively. This represents a decrease in both crime rates by 15 percent and 19 percent respectively since the start of the spending review. The scale of the change in crime rate can be seen in Figure 1.

Figure 1: Police recorded crimes per 1,000 population in Surrey 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 police recorded crimes, rather than changes due to population change)

Of those who have been the victim of a crime in Surrey, 85.7 percent⁴ were satisfied with their whole experience with the police in the 12 months to 31 March 2015. This is higher than the national victim satisfaction rate of 83.8 percent⁵ 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 Surrey. The force has successfully reduced spending over the last four years while largely protecting frontline services. Crime has reduced by 20 percent since 2010 and while there has been a very marginal increase over the last year, it is still below the England and Wales average. From the Crime Survey of England and Wales (year ending March 2015), Surrey ranks fifth nationally for the proportion of the population (69.9 percent) who believe the local police do a good job. This is significantly higher than for England and Wales (61.9 percent) overall.

HMIC monitored how a force engages with the public as part of the inspection. Figure 2 on the following page shows Surrey police uses a range of methods (including Facebook, Twitter and email) to engage with the public.

⁴ Surrey, confidence interval +/- 1.0 percent.

⁵ England and Wales, confidence interval +/- 0.2 percent.

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

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

Source: HMIC Efficiency data collection

Forces are exploring different ways in which the public can access policing services. Surrey Police has reviewed its estate and has reduced the number of buildings as well as looking at how it can make more efficient use of those that remain. It has also made use of the internet and social media to communicate with the public and is developing different ways for the public to contact the police. Along with other forces, Surrey Police is encouraging more reporting of crime through other ways such as email rather than having to attend a police station. Surrey Police has introduced a 24/7 on-line social media response service making it easier for the public to contact the force. This is monitored 24/7 and enables the force to respond directly where necessary. This gives the public more choice over how they contact the police. The force believes it is the first force in the country to have implemented this service.

How well is the force managing demand?

The force is developing ways of working with the other emergency services to reduce, or respond more effectively to the demand for services. It has good working practices with other emergency services through the emergency services collaboration programme (ESCP) which is an inter-service working group aimed at identifying possible efficiency savings where services overlap. Surrey Fire and Rescue Service is better equipped to force entry to properties and has recently taken responsibility for responding to unresponsive persons behind locked doors. This change was implemented just before Christmas 2014 and to date the force assesses that the fire service has attended 175 incidents.

Surrey Police has worked well with partners to reduce the demands from mental health issues. Mental health assessment suites have increased and as a result no children detained for mental health assessment are taken to police custody suites and far fewer adult mental health detainees are brought into police custody. The force assesses this has reduced from 19 percent to 5 percent. A local response time of under 60 minutes for ambulances to attend mental health detentions has been agreed, with the force assessing the average as being under 30 minutes. However, officers are still spending a long time waiting with detainees until suitable accommodation is found for them.

A pilot scheme of mental health staff working in the force control room for two days a week to support assessment of calls has been set up and the force assesses that early feedback indicates 20 to 25 percent of calls referred to these staff now avoid a police deployment. This is an encouraging project and the force is looking to extend this to seven-day coverage.

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

There are clear processes in place for the force to monitor how well it is managing its performance. A new performance framework has been implemented which is aligned to the HMIC PEEL inspection process and is more focused on outputs and outcomes. It considers resources but there is not yet an understanding of costs, with limited analysis in relation to performance and how much different activities cost. In order to compare and challenge the way it performs and provides its services, the force compares itself to other forces and uses HMIC's value for money profiles. To ensure it is providing value for money when buying specific services it researches the experience of other forces already using those services.

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

Surrey Police is running a significant change programme which is focused on reducing demand and seeking more efficient ways of responding to calls for service, for example dealing with some less serious crimes by telephone rather than sending an officer to the scene. The force is continuing to develop and improve the use of online options for the public to make contact.

The force has prioritised its IT programme to improve efficiency and enable staff to be more self-sufficient. The introduction of mobile data terminals (MDTs) to frontline staff has been welcomed. To date, 36 different processes can be accessed and staff can input data into the terminals, including submitting crime reports, schedule appointments and complete statements.

The MDTs are delivering significant improvements with staff able to deal with more calls and provide an improved service to the public, while reducing demands on the control room.

Surrey Police has recently received a £0.7m award from the Police Innovation Fund to develop proposals for a blue light emergency services contact, control and dispatch centre. It is working with the fire and rescue and ambulance services on this project which will reduce considerably the number of separate centres and introduce operating efficiencies for all three services.

An increasing number of specialist operational and support services will become shared with Sussex Police within the 'Policing Together' collaboration. This will build on the successful collaborations which have seen homicide investigation and the deployment of armed officers being provided through joint ventures for a number of years.

The force is intending to replace a number of separate IT systems with an integrated enterprise resource planning system (ERP). The options to purchase this are under consideration but the ambition is to have a more joined-up and efficient system.

Summary of findings



Requires improvement

Surrey Police has only assessed demand in a limited number of areas and it does not have a comprehensive understanding of all of the demands for service placed on it. Although it has started work to address this, it is not helped by its IT systems, which are currently only able to produce limited information.

Resources are not matched to demand and the force does not have a system to easily know which staff are on duty and where they are located. A force deployment procedure which provides for the nearest available resource to be dispatched to emergency and priority calls does not work effectively and resource location software which identifies officers' geographical location is not fit for purpose (for example, it does not distinguish between officers with vehicles and those without, meaning the data provided must be manually assessed).

The policing in your neighbourhood (PIYN) review, which is planned to report in September 2015, is intended to include a more in-depth and wide-ranging assessment of demand and resourcing, as well as making recommendations for a new operating model which should address these limitations.

Surrey Police has clear processes for managing performance but it does not fully understand how much different activities cost.

The force is working well with other emergency services to manage demand and looking at ways to ensure the most appropriate service deals with certain incidents. There is some good use of technology to help individual officers work more effectively.

Areas for improvement

- The force should review its response allocation and deployment to ensure it is making the most efficient use of its resources.

How sustainable and affordable is the workforce model?

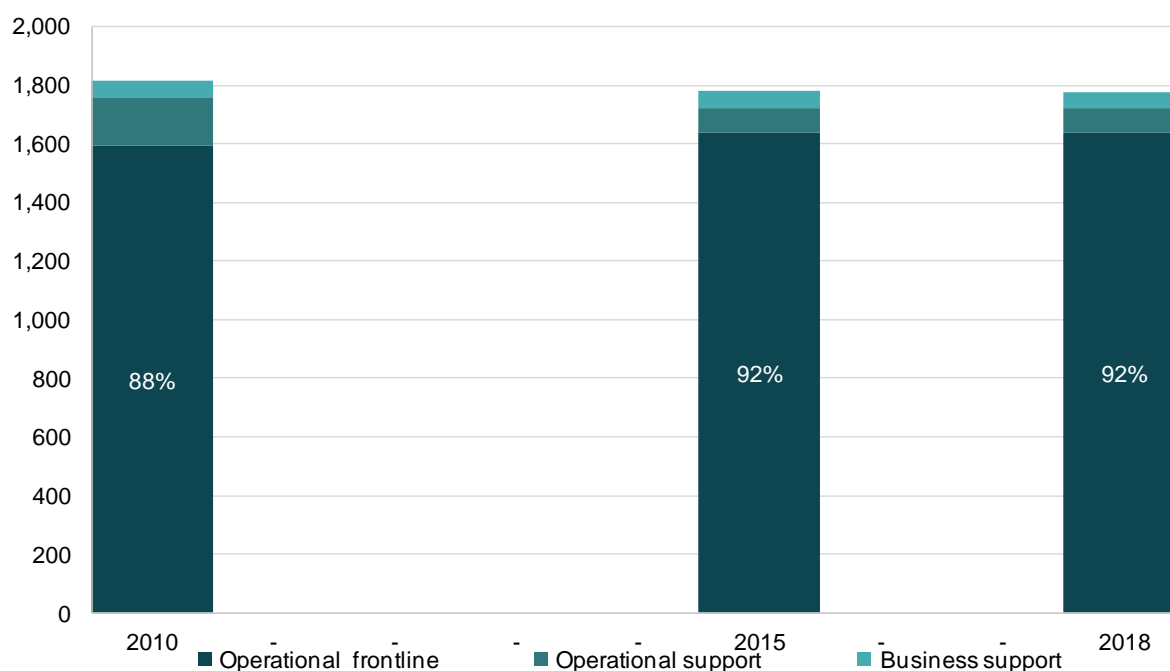
HMIC examined how Surrey Police has structured its workforce (i.e. its mix of police officers, staff and PCSOs, and the proportion of all these groups working in frontline positions), and assessed whether this was affordable and sustainable as the force responds to its financial challenge. We also considered 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?

Surrey Police 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 £32.52m. This is the equivalent of 14 percent of the 2010/11 gross revenue expenditure for the force. Savings were made in both the pay and non-pay budgets. Since 2010, Surrey Police has seen a reduction of 27 police officers, 397 staff and 101 PCSOs, (full-time equivalent) (FTE).

In Surrey, there has been a fall in the total number of police officers (FTE) over the period 2010 to 2015 due to vacancies which are being recruited to, as shown in figure 3. During this time period the proportion in frontline roles has increased from 88 percent in 2010 to 92 percent in 2015. The force expects to maintain this proportion looking forward to 2018.

Figure 3: Planned changes to police officer full-time equivalents (FTE) in operational frontline, operational support and business support roles in Surrey Police, from 31 March 2010 to 31 March 2018



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

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

The force has so far achieved its savings with a reduction of budgeted posts for police staff and PCSOs but with only small reductions in police officer posts. The force assesses that it currently has 240 police staff vacancies which represents 11 percent of the workforce and is growing. Police officer numbers are also below the current establishment due to difficulties in recruitment and retention. HMIC recognises that it is prudent to hold vacancies in areas where the operating model is unlikely to provide as many posts as at present. However, the impact of holding such a high level of vacancies across the force is placing significant strain on the existing operating model which will not be replaced until at least April 2016. Because of this, Surrey Police has decided to recruit to 140 frontline posts to reduce the impact of the vacancies and give it more time to introduce the new operating model.

The force continues to experience difficulties in recruiting and retaining staff, which the force attributes to the cost of living in Surrey. Additionally, the proximity of the force to the Metropolitan Police, which offers transfers with the additional attraction of a London living allowance, adds to these difficulties.

Surrey Police is limited in the financial incentives it can offer to retain police officers, although it is exploring changes to its south east England retention package⁶ to see how it can be enhanced with other non-financial benefits.

The force has approved change plans for most of the savings requirement and has agreed a budget that provides for full year salary costs for its entire staff, despite many posts being held vacant. This is likely to lead to an underspend within those budgets of £1.2 million.

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

Figure 4: Planned changes in workforce FTE from 31 March 2010 to 31 March 2018 for Surrey Police compared to England and Wales

	March 2010	Difference between 2010 and 2015		March 2015	Difference between 2015 and 2018		March 2018
		Force	England and Wales		Force	England and Wales	
Police Officers	1,890	-1%	-12%	1,863	0%	-6%	1,861
Police Staff	2,092	-19%	-19%	1,694	-9%	-6%	1,544
PCSOs	224	-45%	-27%	123	34%	-11%	165
Workforce total	4,205	-12%	-15%	3,680	-3%	-6%	3,570

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

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

The force has so far managed to make savings with a limited impact on the size of the workforce and an increase in the numbers of police officers. However, it acknowledges that in order to achieve savings required there will have to be a reduction of 2 police officers and 150 police staff over the next three years.

While the future workforce model is still to be determined, the force has worked on the assumption that it needs to have a higher proportion of police officers, each with a number of different skills, which will lead to more flexibility in how they are used. For example, a training needs analysis has been carried out and the force has

⁶ An additional allowance to the basic police officer salary which recognises the additional cost of living in the south east of England.

started training its neighbourhood officers in crime investigation so that they are able to undertake a wider range of tasks. Funding of £1m for this has been identified from reserves. However, the scale of the change presents a significant challenge, in particular the level of training and up-skilling that will be required for officers to be able to undertake investigations effectively.

As the future operating model has not yet been determined, there is no evaluation as to whether the workforce plan will support the police and crime plan.

Summary of findings



Requires improvement

Surrey Police's current operating model is not sustainable or affordable in the future. It is currently being reviewed through the 'policing in your neighbourhood' programme (PIYN programme) which is focusing on neighbourhood policing and emergency response. Staff and officer numbers will need to be reduced to achieve future savings.

Vacancies have been held to make the current savings, but this has placed pressure on the existing staff in being able to meet service demand. Although the force has decided to recruit to a number of vacancies to alleviate this pressure, it faces particular recruitment and retention problems. These include the cost of living in the area and its closeness to London which offers jobs with an additional London living allowance.

The current review of the operating model focusing on neighbourhood policing and emergency response (the PIYN programme) is likely to result in a new approach where staff will need a range of different skills so they can undertake a number of roles. The scale of this change will present a significant challenge, in particular the level of training and up-skilling that will be required for officers to undertake a range of different activities effectively.

However, as the review has not yet been completed, there is no evaluation as to how the workforce model will support the delivery of the police and crime plan.

Areas for improvement

- The force should provide HMIC with evidence that the new model for neighbourhood and emergency response policing to be introduced in April 2016 will support the police and crime plan in advance of implementation of the new model.
- In addition the force should assess the risks to service delivery during the transition period (up to April 2016) to the new model, and take appropriate steps to reduce and mitigate those risks.

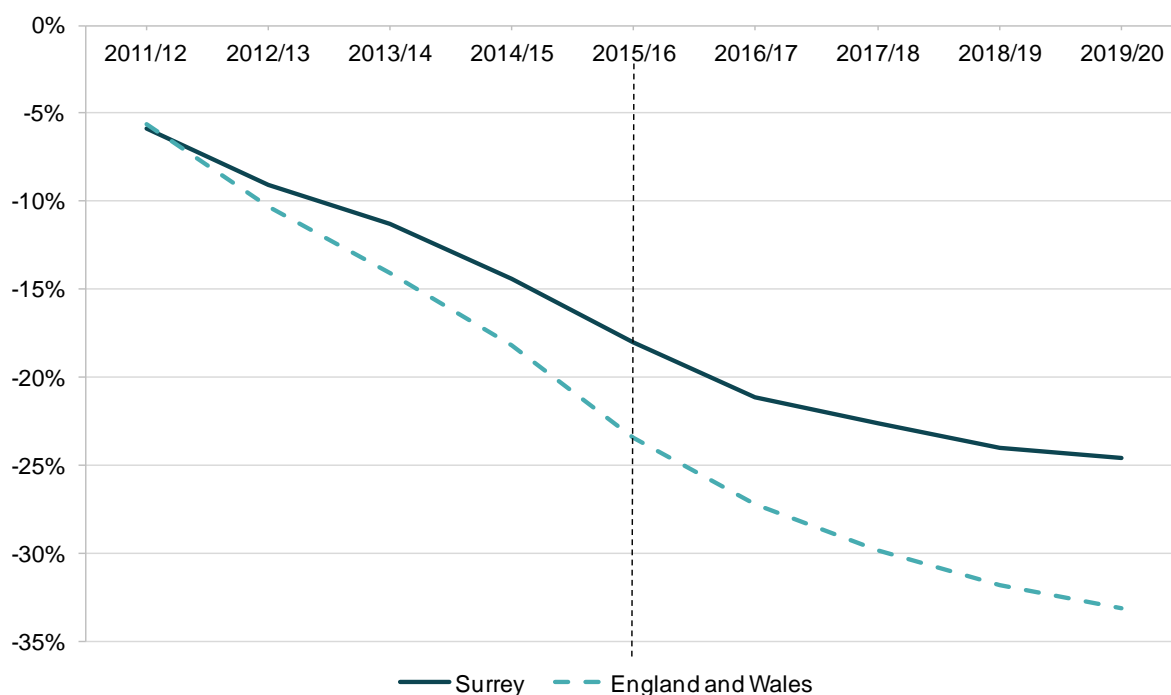
How sustainable is the force's financial position for the short and long term?

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?

Surrey Police forecasted savings of £32.52m over the first four years of the spending review (2011/12 to 2014/15), the equivalent of 14 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 Surrey 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

There is a strong track record of effective financial and change management through the spending review period with £32.5m of savings delivered.

The force has been in a strong position compared with other forces due to its lower reliance on central government grants. These grants make up 49 percent of its budget compared to an average of 70 percent for other forces.

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

Surrey Police has planned a balanced budget of £225.7m for 2015/16, which includes a cut in spending of £8.3m. It is forecast that this cut will be split between £5.5m from the pay budget (66 percent) and £2.8m (34 percent) from the non-pay budget. The force plans to meet the reduction in spend without using reserves as a bridge. Since the 2010 baseline, at the start of the spending review, this represents savings of 18 percent.

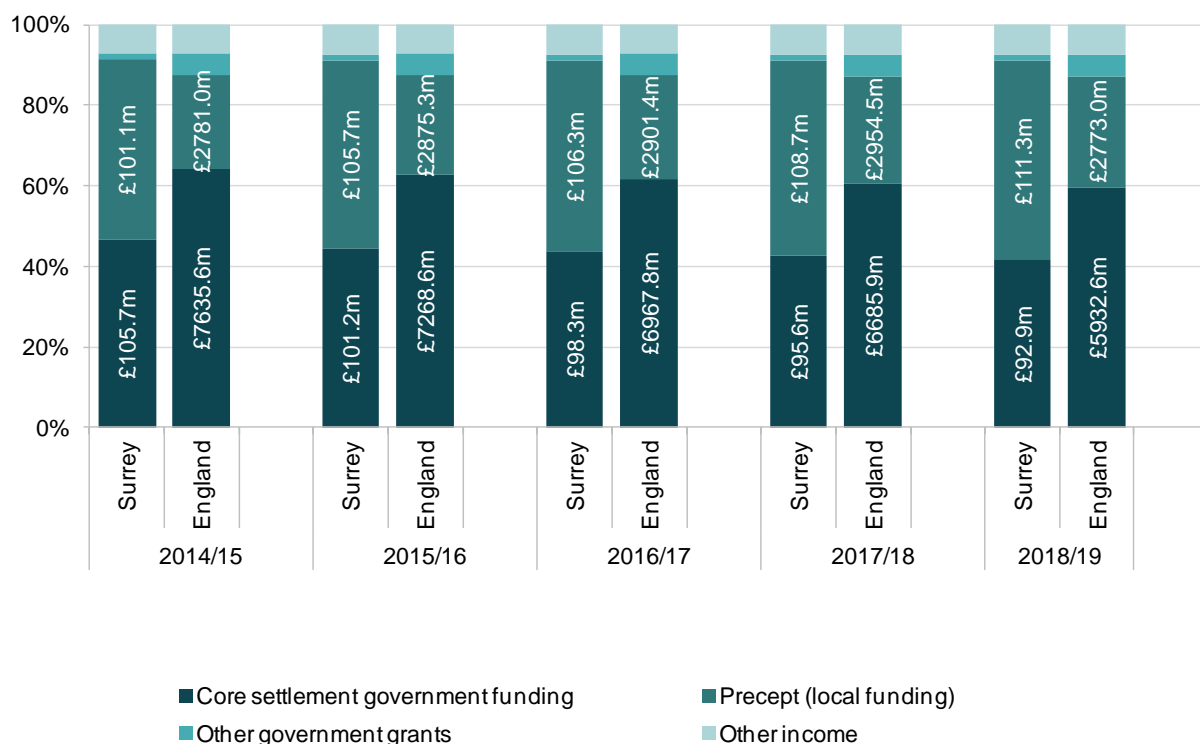
The budget has been balanced for 2015/16, where the force will meet the current year's savings target of £8.3 million, with some additional savings being met from the number of vacancies the force is holding.

Budgets have been set assuming a full establishment for the whole year and therefore there is likely to be an underspend of £1.2m.

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. Surrey 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 forces' funding formula and therefore any current projections may change over the time period highlighted.

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



Source: HMIC efficiency data collection

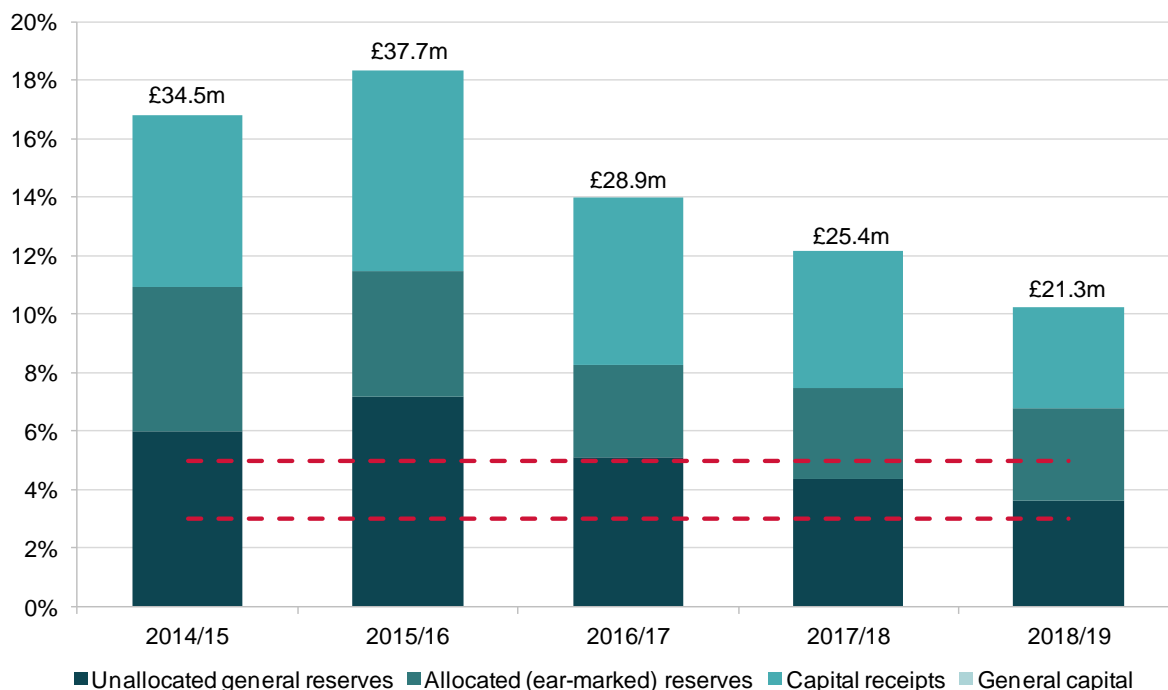
The force has recently received £1.2m from the Police Innovation Fund. This comprises £0.7m on behalf of the fire and rescue and ambulance services to develop a joint contact, control and dispatch centre as part of the emergency services collaboration programme, and a further £0.5m to improve mobile data within the force. It has also been awarded funding to extend the mental health assessment project within the force control room.

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. Surrey Police reported that its total reserves were £34.5m 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 purposes
- 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

There is a strong record of budgetary control and forecasting, with the force maintaining high levels of reserves from regular underspending. Budgets are devolved to local managers who are expected to manage their non-pay and police staff pay budgets, while police officer pay is managed centrally. Budget holders are supported by finance business partners who provide regular reports, advice and support. The chief finance officer is a member of the chief officer team.

Spending is regularly reviewed. It has monthly meetings to look at different spending areas which can identify any financial problems in any change management project at an early stage. There is a joint finance board with Sussex Police which identifies and manages any spending risks in respect of collaborative functions and projects.

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

The force priorities closely match the PCC’s priorities. The plans to develop the PIYN model and realign resources are supported by the PCC so that the police and crime plan can continue to be met across the county.

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?

Surrey Police works closely with the OPCC on financial planning and objectives. It provides regular financial reports to the PCC and the OPCC works constructively with the force in planning and monitoring financial plans.

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

The force has made significant progress recently in finalising and agreeing business plans to achieve over the £8.3m required for 2015/16. It has also started to make plans to achieve the savings requirement for 2016/17. So far, it has identified planned savings for £5m of the £7m that will be needed, with the remaining £2m coming from reserves.

A new financial plan has recently been agreed by the PCC which sets out forecast savings from 2015/16 through to 2019/20 with a savings requirement of £23.2m. Existing plans total £16.8m and a further £6.4m is still to be identified. This new plan includes the use of reserves over the five year period of £6.4m.

The use of reserves over the four-year period is intended to reduce the high levels of reserves that the force holds. It will also help to reduce any potential impact on services while changes to the force operating model are introduced. Surrey Police anticipates a return to growth in the force budget during 2019/20. This plan is dependent on the assumptions and forecasts that have been made being correct and there not being any further reductions in police budgets.

Summary of findings



Good

The force has achieved a balanced budget for 2015/16. It continues to benefit from its lower level of dependence on central government grants compared to other forces, which reduces the percentage of its savings requirement. It has maintained healthy levels of reserves and has been successful at achieving external funding, in particular from the Police Innovation Fund.

Surrey Police works well with the PCC's office and shares planning assumptions with both the PCC and with Sussex Police. A new financial plan has been developed that allows for the use of reserves to enable the force time to fully implement a new operating model without holding excessive levels of vacancies.

Of the 2015/16 savings requirement target of £8.3m, business plans have been approved for savings the force assesses at £9.5m with a forecast underspend of £1.2m. It has also started to make plans for the savings that will be required in 2016/17.

Annex A – HMIC judgments

The categories are:

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

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

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

Annex B – Further information about the data

Figure 3

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

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

Figure 4

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

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

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

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

Figure 5

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

Figure 5 shows how force expenditure has changed over the period of the spending review, relative to the total change in expenditure for all forces across England and Wales. For 2015/16 onwards there has been a change in methodology in comparison to the value for money inspection. 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>