

# PEEL: Police efficiency 2015

An inspection of Sussex Police



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

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



Good

HMIC found that Sussex Police is well prepared to face its future financial challenges. The force has a thorough understanding of its current demand, its finances and its plans for change. Its direction of travel is one of improvement from an already strong base. The preparatory work in designing the new operating model is robust and gives the force a good understanding of demand. In last year's value for money inspection, which considered how forces had met the challenge of the first spending review period, Sussex Police was judged to be good.

## Summary

HMIC judges Sussex Police to be good. The force has a good understanding of its current and future demand for local policing services and has sufficient resources to respond to calls for service and meet that demand. For example, the force has identified the top generators of demand such as those families identified through the 'troubled families'<sup>2</sup> programme and those incidents relating to mental health issues. It has put in place intervention measures with other public sector organisations to reduce that demand. That level of understanding of demand is not yet evident in other policing areas of specialist crime. The force has started work to further develop that understanding but it is not yet a mature product. The force plans to further improve its understanding of demand to bring radical changes in working practices and a reduction of workforce numbers in principal areas of police activity. However, implementation of the new policing model is only just beginning and it is therefore too early to judge the programme's success.

The force has a robust change programme and has undertaken strong preparatory analysis and design to deliver a comprehensive business case that underpins the new local policing model.




The force has a good track record of financial management, achieving the savings required and a balanced budget. Having achieved savings of £56.9m during the

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<sup>1</sup> Outstanding, Good, Requires Improvement or Inadequate – see Annex A.

<sup>2</sup> The 'troubled families' programme initially intends to change the repeating generational patterns of poor parenting, abuse, violence, drug use, anti-social behaviour and crime in the most troubled families in the UK.

spending review period, the force forecast that a further £57m needs to be saved up to 2020. The force has clear plans as to how it will achieve the budget savings and the large reduction in workforce numbers that it needs to make over the next five years, while still delivering high quality policing services.

<p><b>How well does the force use its resources to meet its demand?</b></p>	<p><b>How sustainable and affordable is the workforce model?</b></p>	<p><b>How sustainable is the force's financial position for the short and long term?</b></p>
<p> <b>Good</b></p>	<p> <b>Good</b></p>	<p> <b>Good</b></p>
<p>The force has a good understanding of current and future demand for local policing services. The force is using the same approach to develop its understanding for specialist police services and those services that it provides in collaboration with Surrey Police, such as serious and organised crime investigation and deployment of armed officers. This provides the force with a firm platform to redesign future policing services within the financial constraints it is facing.</p> <p>While the current operating model meets existing demand, the force has embarked on an ambitious programme to reform how it delivers local policing services. A fundamental</p>	<p>The force's current operating model matches existing demand, organisational and financial requirements. The force has designed a future model that enables it to deliver policing in 2020 within a budget which will be subject to continuous constraints.</p> <p>A large percentage of the force budget is tied to paying salaries. Previous budget reductions have been focused heavily on reducing non-pay costs. While the force does have plans to make further efficiencies, it is inevitable that a large percentage of the future reductions may have an impact on workforce numbers. This could include reducing the size of the workforce by up</p>	<p>The force has effective measures in place to control expenditure and has a secure financial position for the short and long term. The force has achieved all of the savings required over the last spending review period and has plans in place to deliver savings through to 2018/19.</p> <p>The medium-term financial plan identifies required savings of £57m between 2015 and 2018/19. All elements of the change programme have business cases that identify associated savings and are quality assured through robust governance and accountability procedures.</p> <p>The financial plans are developed in conjunction with the OPCC and reflect the police and crime plan.</p>

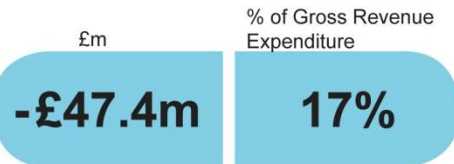
<p>aspect of this is the introduction of a 'demand reduction' programme and the roll-out of new mobile technology.</p> <p>There is a performance management framework within the force with clear guidelines of how local managers are expected to hold their staff responsible for outcomes.</p> <p>The force has undertaken a comprehensive programme to involve staff and explain the changes that will take place over the next five years. The force and the PCC has communicated with the workforce and the public so both understand the significant changes to how policing will be delivered in the future.</p>	<p>to a thousand. However, the future workforce has been carefully modelled on projected demand and more efficient ways of working to ensure that these reductions are manageable.</p> <p>The force recognises that its workforce needs to be more representative of the communities it serves. However, austerity has resulted in restrictions on recruitment and opportunities for advancement and this may inevitably constrain improvement in this area in the immediate future.</p>	<p>Any increase in the council tax element of the force's revenue budget is used to directly fund priority areas identified by the PCC, for example safeguarding vulnerable victims and cyber-crime.</p> <p>Budget assumptions, both affecting the revenue grant and the precept, are shared between the PCC and the chief finance officer. Budget performance reports are presented monthly by the force to the PCC and this forum is also used to address major finance and contractual decisions requiring the PCC's approval.</p>
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## Force in numbers



### Financial position

Forecasted change in expenditure 2015/16 to 2018/19

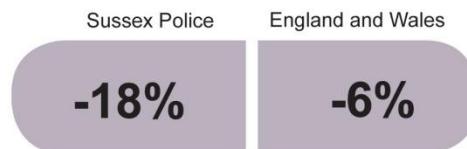


It is important to note that some forces only provided figures for savings they had formally signed off at that point, while others provided estimates for the whole period. As a result, the savings figure above might not reflect the full saving which the force might have to make. 2014/15 GRE has been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



### Providing policing

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



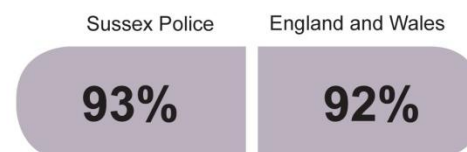
Planned change in total workforce numbers 31 March 2015 - 31 March 2018



Proportion of police officers on the operational frontline 31 March 2010



Proportion of police officers on the operational frontline 31 March 2015



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





## Organisation

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

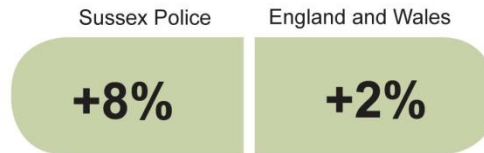


Workforce cost per head of population compared to England & Wales (2014/15)

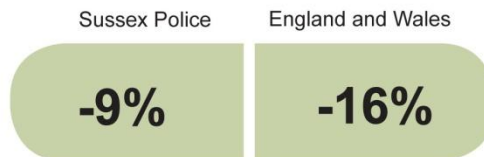


## Key statistics

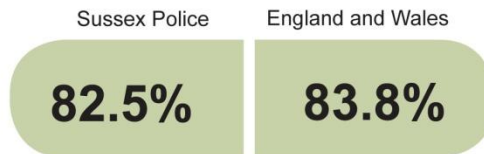
Changes in recorded crime (excluding fraud) 12 months to 31 March 2014 to 12 months to 31 March 2015



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



Victim satisfaction 12 months to 31 March 2015



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



**Victim satisfaction:** Sussex confidence interval +/- 1.1 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. HMIC's inspection focused on the overall question, 'How efficient is the force at keeping people safe and reducing crime?'

To answer this question we looked at three areas:

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

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

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

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

HMIC examined how the force understands the demands 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?

In the HMIC Sussex Police report *Responding to Austerity 2014*, it reported that the force "had not carried out a recent comprehensive analysis of the total demand it faces". Considerable effort has been put in place to develop this understanding which now forms the foundations of the future direction of the force. both in regard to a new local policing model (LPM) which is to be phased-in incrementally between now and 2020, and the savings identified in the medium-term financial plan (MTFP). The force has compared major areas of service provision including response policing, investigations, custody and criminal justice with peer forces. Using the standard comparators of the average number of police officers/staff per head of population and the level of crime per head of population, the force has been able to identify areas where other forces are providing services more efficiently than in Sussex.

Through this work, more has to be done to arrive at a comprehensive understanding of demand in its entirety. The demands generated by the investigation of public protection offences such as rape, child abuse and serious incidences of domestic abuse are under current review. A similar review is underway into the demands on services that the force provides in collaboration with Surrey Police. These include both serious crime and specialist areas of policing activity for example roads policing, firearms units and dog support. The conclusion of this work is crucial to future resourcing decisions.

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

At present, the force is able to allocate resources to meet demand from calls for service from the public including increased demand linked to the night-time economy and seasonal trends. With a large reduction in resources anticipated over the next five years, the force understands that current arrangements are not sustainable and it is working to make local policing services more efficient. Analysis comparing Sussex Police to other forces has been carried out, focusing on the principal areas of prevention activity, 999 emergency response, investigations, custody and criminal

justice. In each area the force produced a preliminary picture of how resourcing could be more efficiently delivered, and from this, new resourcing levels have been proposed. These were then further examined against the following three factors before final resourcing levels were agreed:

1. Services and channels – this identifies how services to the public could be adjusted, terminated or provided through different medium. For example; closing certain investigations where victims are not willing to support them, such as offences of damage to property where the value was negligible; and providing investigation updates to victims online.
2. Processes – this includes the introduction of modern ways of working into established processes to make them less labour intensive. For example, by providing mobile data terminals to staff on the front line to enable remote data entry, or enabling officers to give evidence in court by video-link rather than personal attendance.
3. People and organisation – this involves improving the skills of the workforce to take on additional responsibilities. For example, more involvement of PCSOs in the investigation of crime and a broader remit of supervisory responsibility for first and second line supervisors.

Subject matter experts checked and challenged these proposals before final acceptance at the force's change board. This led to adjustments in some areas where additional officers have been aligned to certain functions. For example, the projected numbers of officers to be deployed as 999 emergency responders was increased as a result of this process.

The force plans to use rigorous analysis of demand, streamlining resources, removal of wastage and is equipping its staff to operate in a digital age to make the future workforce that is reduced in number more efficient and able to deliver professional services.

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

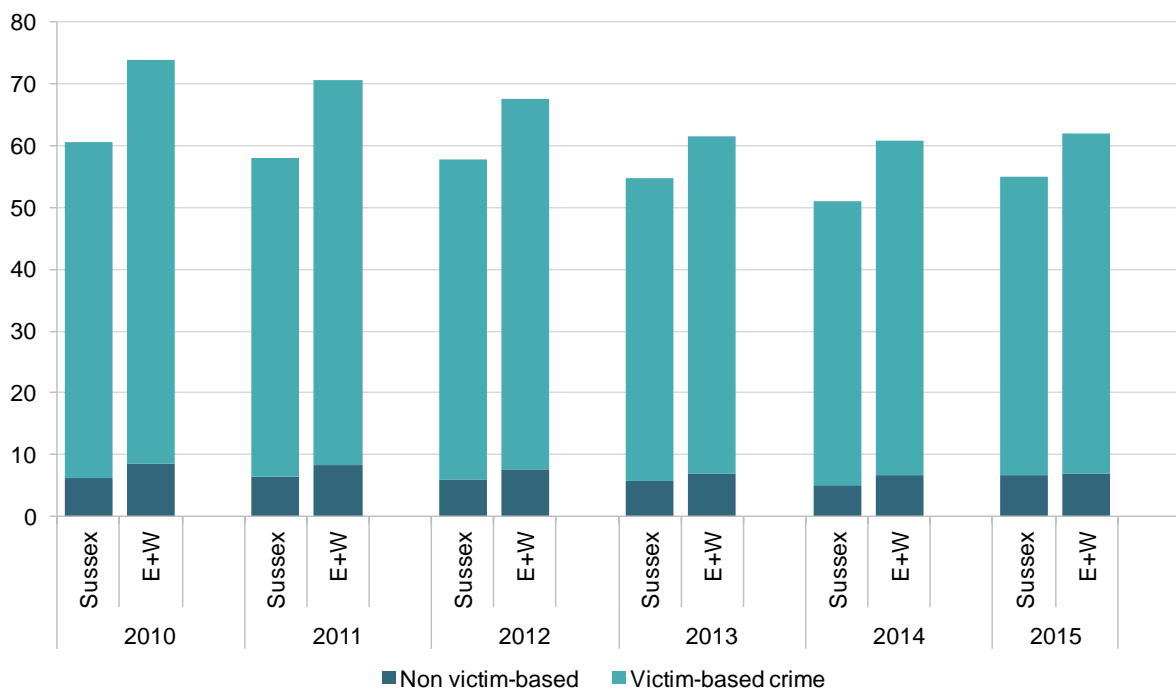
To assess the force's response to public demand, HMIC considered crime figures and rates in Sussex; victim satisfaction levels; and whether the force is using different ways to communicate and engage with the public.

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 police recorded crime is made up of victim-based crime (e.g. theft) and non victim-based crime (e.g. drug offences). 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 Sussex had a victim-based crime rate of 48.3 and a non-victim-based crime rate of 6.6 per 1,000 population. This represents a decrease (11 percent) in the victim-based crime rate and an increase (5 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 per cent 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 Sussex 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 Sussex, 82.5 percent were satisfied with their whole experience with the police in the 12 months to 31 March 2015.<sup>3</sup> This is lower than the national victim satisfaction rate of 83.8 percent over the same time period.<sup>4</sup> 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 Sussex.

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

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

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

**Source: HMIC Efficiency data collection**

The force has successfully reduced its budget by £57m since 2011. Over that period it has seen modest reductions in crime, although it has seen an upturn over the last year, which the force attributes to changes it has made to ensure more robust recording of crimes.

While the main focus of the force is to ensure that it can meet demand moving forward, the force is also ensuring public expectations are met. Within the force control room, good use is being made of technology to increase the tracking of all of its resources. This is providing a more complete picture of the total resources available for deployment and enables a quicker despatch to areas of demand. A new improved online crime reporting process is being introduced with plans to increase online crime reporting.

The force has carried out in-depth studies into the top generators of demand in the area. It identified that people suffering from dementia and mental health issues were making high numbers of calls on the 999 emergency and 101 non emergency systems. Successful intervention plans have been devised with NHS Mental Health

<sup>3</sup> Sussex, confidence interval +/- 1.1 percent.

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

Trusts and West Sussex's 'Think Family' initiative, which has reduced demand for repeated attendance by officers.

Force safeguarding investigation units (SIUs) are experiencing considerable pressure from recent increases in demand in relation to serious sexual offences and child abuse investigations. While some staff have already been identified to increase the department's establishment numbers, until the force has the results of the current demand profiling work, optimal staffing levels may not be fully understood. This should be considered as a priority.

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

The force has resources available to meet current demand and is able to deploy its workforce to deal with calls for service, but it recognises that it needs to develop more efficient methods of managing demand if it is to continue to meet future demand with reduced workforce numbers.

Work is underway with partner agencies both to harmonise service delivery and eliminate areas where service deployments could be duplicated, for example, where the police and social services independently visit the elderly if there is a concern about their wellbeing.

The force plans to use this improved understanding of demand to bring radical changes in working practices and a reduction of workforce numbers in key areas of police activity.

Principal features to be introduced over a five-year period will include:

- the restructure of local policing with a reduction in the number of police officers and PCSOs in neighbourhood policing;
- a reduced number of attendances at calls for service, with an increased number of calls dealt with by call triaging and telephone-based interventions;
- investigations of crimes which are triaged on threat, harm and risk; and
- restricting the number of prosecution files produced by case-workers to the most complex cases and training investigators to manage the remainder.

The force recognises that none of these new initiatives can be put in place without an understanding of dependencies between different areas being developed in advance of these changes. The force is investing in a 'resolution centre' which will aim to resolve a caller's needs at the first point of contact, officers and staff will only be deployed to attend calls for service where necessity is proven on the grounds of threat, risk and harm or the opportunity exists to arrest offenders. The force is assessing the training needs of all frontline staff in new roles or those who will carry

additional responsibilities. In addition, a workforce deployment plan has identified options to ensure the right distribution of skills.

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

The force has robust arrangements for budget monitoring and has a good understanding of how its costs compare to other forces. The force is ranked the fifth lowest in terms of expenditure per head of population and collects the fourth lowest amount of council tax of all forces in England and Wales.

The deputy chief constable is responsible for performance management. The force has a clear performance management framework which is managed through a cascade system from the force level to the individual level. This includes clear guidelines of how local managers are expected to hold their staff responsible for outcomes.

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. In remodelling resourcing levels, particular measures were taken to address those areas where the force was identified as an outlier in the profiles statistics. These included adjusting supervision ratios to reduce comparatively high expenditure on first and second line supervision and reducing the level of administrative support for case file preparation.

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

The force fully recognises the impact that substantial reductions in workforce numbers may have on how it provides policing in the future. It has developed a clear programme for major changes which includes measures to modernise and improve services provided. The main features will be: demand reduction, process improvement, digital policing, workforce modernisation and broadening collaborative working arrangements.

The phased implementation of the new local policing model has identified the interdependencies between all of these features. For example, reducing the demand on those responding to 999 emergency calls for service will be dependent not only on the resolution centre resolving incidents without the need for deployment, but also on staff having the ability to enter data on mobile tablets to make the most of officer availability. The force is designing new applications for these mobile data devices to avoid the need for duplicate entries across systems. In a similar way, reorganised teams will have a reduced caseload based on an assessment of the crime on threat, harm and risk. The force is planning to make prosecutions more efficient through

introducing digitised case file preparation and video facilities within courts to save time.

The force has an ongoing communication programme to inform and include staff in change. Workshops have been undertaken with staff to help design the new local policing model; this has included discussion and feedback forums on the intranet. The chief officer team have led over 50 road-shows to introduce the new local policing model and assist staff to better understand how it will affect them.

It has communicated the new policing model to the public of Sussex in a direct and open way pointing out the challenges that the force faces. But it also seeks to reassure communities that policing will still be provided in an effective manner. The communication "Sussex Police in 2020" outlined in a clear and succinct manner the changes over the medium term, and was clear about the necessity for the force to prioritise areas of its service moving forward.

## Summary of findings



**Good**

The force has a good understanding of current and future demand for local policing services. The force is using the same approach to develop its understanding for specialist police services and those services that it provides in collaboration with Surrey Police, such as serious and organised crime investigation and deployment of armed officers. This provides the force with a firm platform to redesign future policing services within the financial constraints it is facing.

While the current operating model meets existing demand, the force has embarked on an ambitious programme to reform how it delivers local policing services. A fundamental aspect of this is the introduction of a 'demand reduction' programme and the roll-out of new mobile technology.

There is a performance management framework within the force with clear guidelines of how local managers are expected to hold their staff responsible for outcomes.

The force has undertaken a comprehensive programme to involve staff and explain the changes that will take place over the next five years. The force and the PCC has communicated with the workforce and the public so both understand the significant changes to how policing will be delivered in the future.



## How sustainable and affordable is the workforce model?

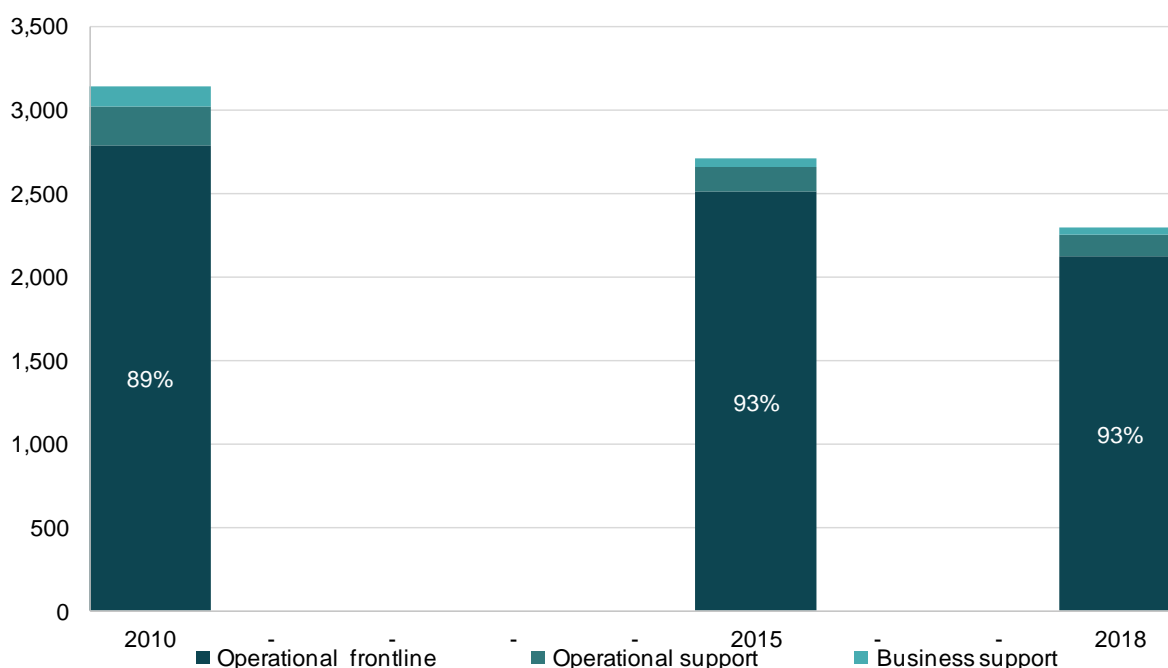
HMIC examined how Sussex Police has structured its workforce (i.e. its mix of police officers, staff and PCSOs, and the proportion of all these groups working in frontline positions), and assessed whether this was affordable and sustainable as the force responds to its financial challenge. HMIC also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

Sussex 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 £56.9m. This is the equivalent of 18 percent of the 2010/11 gross revenue expenditure for the force. Since 2010, Sussex Police has seen a reduction of 404 police officers, 318 staff and 52 PCSOs, full-time equivalent (FTE).

In Sussex, 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 89 percent in 2010 to 93 percent in 2015. The force expects to maintain this proportion looking ahead 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 Sussex 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**

In the main, the force's operating model matches current demand, organisational and financial requirements.

The force has now mapped its workforce through to 2020 and the workforce plans are well aligned with financial and change plans. The rigour with which the force has developed the local policing model brings with it assurances that future staffing arrangements will both maintain services and realise savings. In the areas of collaboration – ‘Policing Together’<sup>5</sup> and public protection, future modelling is less well developed.

The change programme plans to provide structural and functional change incrementally between now and 2020. The force’s future will be characterised by preventive activity,<sup>6</sup> response policing and local investigations continuing to be provided in operational hubs based in East Sussex, West Sussex and Brighton and

<sup>5</sup> Policing Together is the "brand" which describes collaboration functions delivered jointly with Surrey Police.

<sup>6</sup> A technique or practice in policing which is designed to prevent crime rather than react to crime after it has been committed.

Hove. Within this, there may be greater flexibility to deploy officers across the force area when demand dictates.

The force plans to use centrally-controlled specialist teams to manage public protection involving investigations and safeguarding the most vulnerable including victims of rape and child abuse. These teams are to continue working alongside the unitary authority and district councils.

An increasing number of specialist operational and support services will become shared with Surrey 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.

Not all elements of change are at the same state of preparedness. Understanding managing demand through the rationalisation of processes and the modernisation of the workforce, which characterises the local policing model, are less evident elsewhere. The advantages of the rigorous preparatory work that precedes the implementation of the local policing model are threefold: current and anticipated demand is firmly established, the required levels of resourcing to sustain services can be accurately forecast and thereafter a direct line can then be drawn between the new resourcing levels and the savings required in the medium-term financial forecast (MTFF).

HMIC is encouraged that the same methodology used for the redesign of local policing is being extended to public protection and services that will be provided in collaboration with Surrey Police. Only when this work is complete, can the force have the same level of assurance that the savings the force intends to realise from these functions are as secure as those highlighted in the local policing model.

## 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 Sussex 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	3,213	-13%	-12%	2,810	-18%	-6%	2,293
Police Staff	2,155	-15%	-19%	1,837	-8%	-6%	1,692
PCSOs	377	-14%	-27%	325	-30%	-11%	228
<b>Workforce total</b>	<b>5,745</b>	<b>-13%</b>	<b>-15%</b>	<b>4,971</b>	<b>-15%</b>	<b>-6%</b>	<b>4,213</b>

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

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

In order to achieve the further budget reduction of £57m, the force anticipates reductions of 500 police officers and 200 staff from the workforce currently providing local policing, as well as an additional 300 posts from elsewhere in the force, which have yet to be identified. The areas from where the 700 posts will be removed have been examined rigorously by the force; the risks associated with such large-scale reductions are recognised. The force has a workforce planning strategy that it is using alongside the phased implementation of changes to the way it will provide policing services between now and 2020. The workforce planning strategy aims to allocate the right numbers of staff to the redesigned areas of work, ensuring that skills and experience are balanced and training is provided where new roles require different levels of accreditation.

The force anticipates that opportunities to recruit may be limited if it is to meet its workforce reductions. Recognising the negative impact this may have on the potential to bring new talent into the organisation, the force is considering options to ease this situation. These include a programme to second Sussex officers into Surrey Police, making career breaks more flexible and the use of a voluntary exit scheme.

## Summary of findings



**Good**

The force's current operating model matches existing demand, organisational and financial requirements. The force has designed a future model that enables it to deliver policing in 2020 within a budget which will be subject to continuous constraints.

A large percentage of the force budget is tied to paying salaries. Previous budget reductions have been focused heavily on reducing non-pay costs. While the force does have plans to make further efficiencies, it is inevitable that a large percentage of the future reductions may have an impact on workforce numbers. This could include reducing the size of the workforce by up to a thousand. However, the future workforce has been carefully modelled on projected demand and more efficient ways of working to ensure that these reductions are manageable.

The force recognises that its workforce needs to be more representative of the communities it serves. However, austerity has resulted in restrictions on recruitment and opportunities for advancement and this may inevitably constrain improvement in this area in the immediate future.

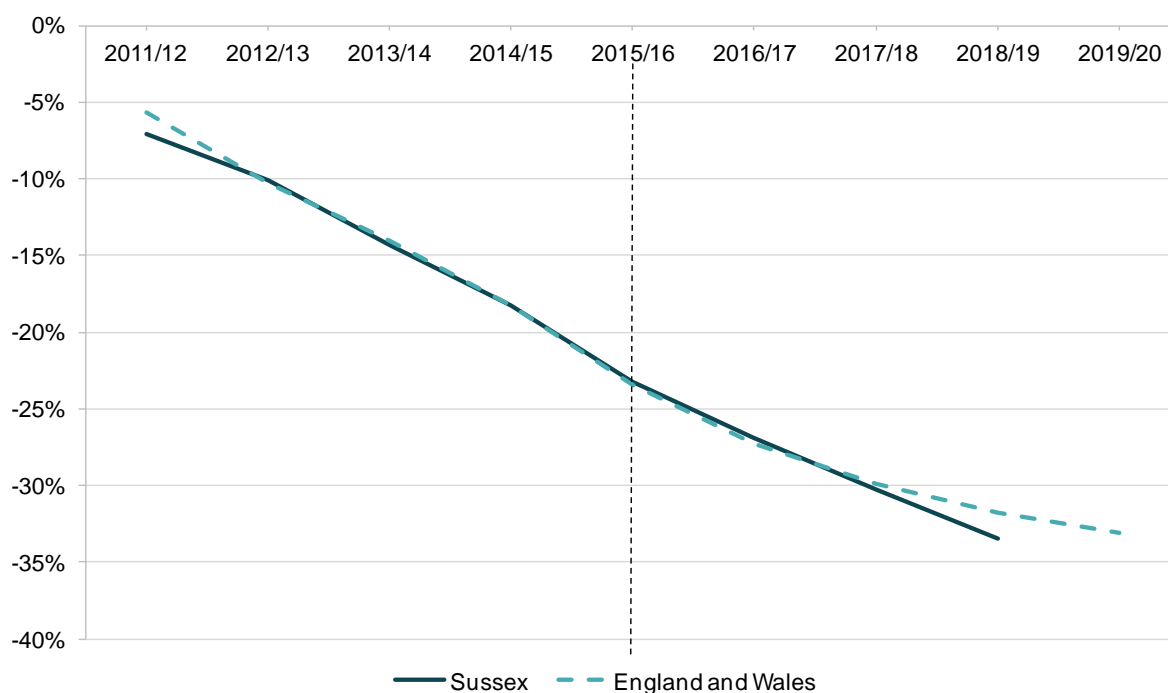
## **How sustainable is the force's financial position for the short and long term?**

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. HMIC 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?**

Sussex Police forecasted savings of £57m 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 per cent of the 2010/11 gross revenue expenditure for England and Wales.

**Figure 5: Estimated change in expenditure from 2011/12 to 2014/15, and forecast planned savings for 2015/16 to 2018/19, against the 2010 gross revenue expenditure baseline for Sussex 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 successfully reduced its spending by £57m since 2010 and has balanced the budget for the spending review period. The force over achieved on its savings requirement for 2014/15 by £3m which it has brought forward to the current year.

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

Sussex Police has planned a balanced budget of £278m for 2015/16, which includes a cut in spending of £15.5m. It is forecast that the reduction will be split between £12.2m from the pay budget (79 percent) and £3.3m (21 percent) from the non-pay budget in this year's savings. Since the 2010 baseline, at the start of the spending review, this represents savings of 23 percent.

The force has achieved a balanced budget for 2015/16, based on prudent assumptions on price and salary rises.

To balance the budget for 2015/16, £15.5m of savings have been identified with no use of reserves. The savings originate from local policing and from services which the force provides in collaboration with Surrey Police. The force plans to realise £1.3m of savings from the reduction and redeployment of PCSOs. With an overall

reduction in PCSO numbers, the force plans to upskill this role to take on wider responsibilities. Increasingly they will be assigned to neighbourhoods which are identified as being in most need of a permanent police presence.

In the 'Policing Together' collaboration, further joint working will bring together the roads policing function across Surrey and Sussex. The force expects this to contribute to the £2.5m in-year savings. Another example is the bi-lateral agreement to streamline the service provided by finance departments in both forces and the rationalisation of ICT contracts. Together these are expected to contribute to over £3m planned savings in support services.

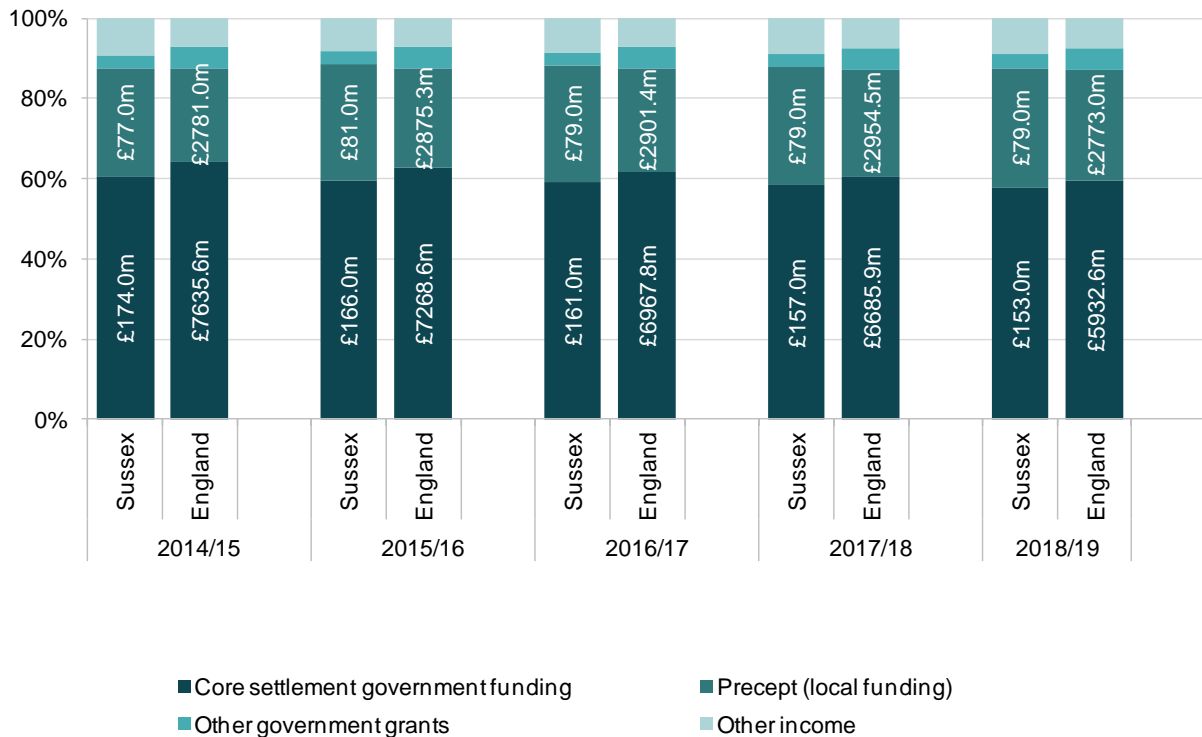
Underlying these savings is a further measure to manage vacant police officer posts at a level of one percent under the overall establishment. This is in preparation for the incremental implementation of the local policing model, a principal factor of which will see a significant reduction in workforce levels.

## **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. Sussex 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 Sussex Police in the 12 months to 31 March 2015 to 12 months to 31 March 2019, compared to English forces**



**Source: HMIC efficiency data collection**

The force has an established track record of exploiting other sources of funding. These have included securing police innovation funding to enable the force to prepare digitised prosecution files and to establish video links with courts. Commercially, the force is in receipt of funds from the Sussex Retail Crime Partnership to tackle store theft. The force is also working with Surrey Police to appoint a commercial planning officer to standardise applications for community levies from building developers when commercial developments have an impact on policing.

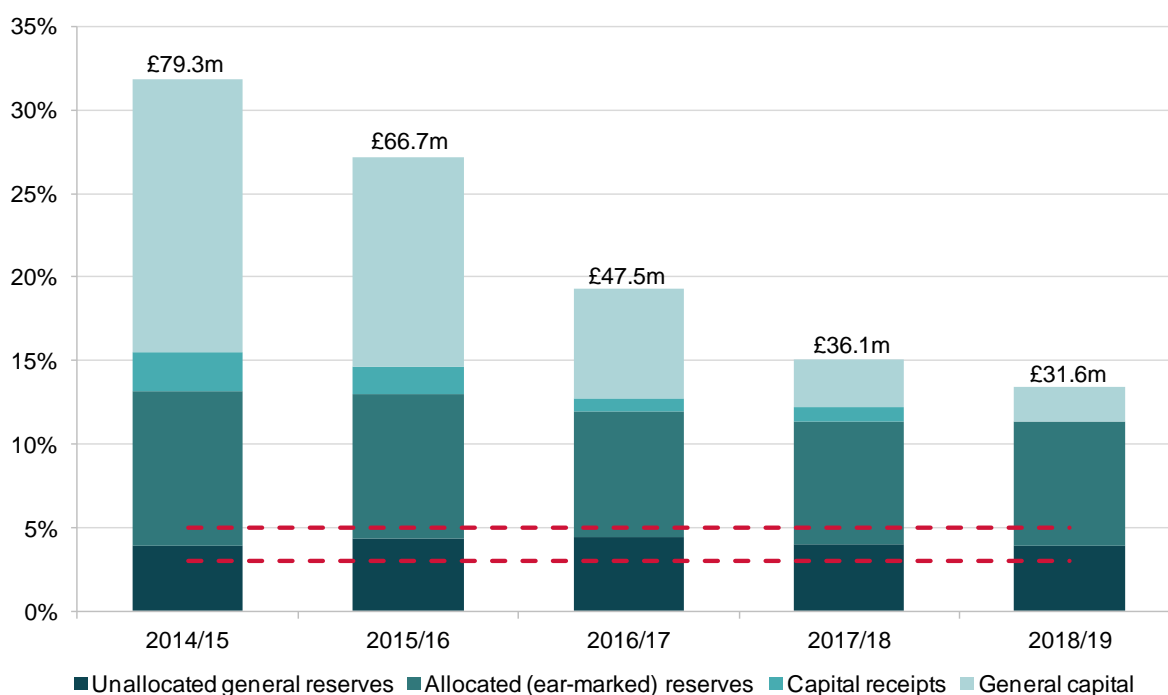
The force provides policing for Gatwick airport for which total policing costs are recovered in the sum of £12.6m per annum. Additionally, the force is the lead organisation in the Sussex Safer Roads Partnership funded by central government grants from fixed penalty notices used to fund road safety initiatives in schools and parish councils.

## 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. Sussex Police reported that its total reserves were £79.3m in 2014/15. These are broken down into several categories:

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

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



Source: HMIC efficiency data collection

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

The force has effective measures in place to control expenditure. Pay budgets are centralised with workforce target levels and vacancy retention now subject to central establishment control.

The force's external auditor has approved the 2015/16 budget as balanced. Internal audit is outsourced to West Sussex County Council with whom the force works closely to identify and probe the areas of highest risk on a cyclical basis.

The new local policing model has been scrutinised by the office of the police and crime commissioner (OPCC), questioning the theory and whether it was sustainable in its delivery and financially robust in its assumptions.

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

The financial plans are developed in conjunction with the OPCC and are designed to reflect the policing and crime plan. Furthermore, any increase in the council tax element of the force's revenue budget is used to directly fund priority areas identified by the PCC, for example the safeguarding of vulnerable victims and cyber-crime.

### **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?**

Budget assumptions, both affecting the revenue grant and the council tax element, and their implications for the medium-term financial plan (MTFP) are shared between the PCC and the chief finance officer. Budget performance reports are presented monthly by the force to the police and crime commissioner and this forum is also used to address principal finance and contractual decisions requiring the commissioner's approval.

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

The force has a sustainable short and medium term financial position through to 2018/19. The MTFP models grant reductions and cost increases from the current financial year to 2018/19. The force has taken a prudent approach in the calculation of future savings requirements; for example, no assumption is made that there will be increases in council tax revenue from 2016/17 onwards.

The force's approach to savings also sits within a strong accountability and governance framework. A series of governance boards brings business cases to a joint investment board for final approval. It is only at this point that operational adjustments are made and the savings are entered into financial plans.

To complement this detailed approach to savings, each business case for savings is risk assessed and subjected to rigorous assurance testing before anticipated savings are entered into the MTFP. A 'sensitivity analysis' conducted annually identifies potential areas where anticipated savings may not be made and contingencies are drawn up to cover any shortfalls. For example, should there be concerns that in-year savings anticipated for 2015/16 are at risk of not being achieved, the force will fall back onto contingencies to accelerate the implementation of the first phase of the local policing model or operate with an increased number of vacant posts.

The force intends to use reserves to support the change programme. General reserves will be held at 4 percent of the amount of net revenue expenditure as a financial safeguard.

In the face of the magnitude of anticipated savings, HMIC is encouraged by a change programme maintained through strong governance, a constant reappraisal of the certainty of savings and contingency plans being available to cover any shortfalls.

## Summary of findings



**Good**

The force has effective measures in place to control expenditure and has a secure financial position for the short and long term. The force has achieved all of the savings required over the last spending review period and has plans in place to deliver savings through to 2018/19

The medium-term financial plan identifies required savings of £57m between 2015 and 2018/19. All elements of the change programme have business cases that identify associated savings and are quality assured through robust governance and accountability procedures.

The financial plans are developed in conjunction with the OPCC and reflect the police and crime plan. Any increase in the council tax element of the force's revenue budget is used to directly fund priority areas identified by the PCC, for example safeguarding vulnerable victims and cyber-crime.

Budget assumptions, both affecting the revenue grant and the precept, are shared between the PCC and the chief finance officer. Budget performance reports are presented monthly by the force to the PCC and this forum is also used to address major finance and contractual decisions requiring the PCC's approval.

## Annex A – HMIC judgments

The categories are:

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

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

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

## Annex B – Further information about the data

### Figure 3

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

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

### Figure 4

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

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

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

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

## Figure 5

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

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

## Figure 7

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

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

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

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