



Inspecting policing
in the public interest

PEEL: Police efficiency 2015

An inspection of West Mercia Police



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

Overall judgment¹



Good

HMIC found that West Mercia Police is well prepared to face its future financial challenges. It has achieved notable increases in efficiency and improved resilience through its alliance with Warwickshire Police, which has allowed it to minimise the impact of reductions in spending on frontline policing. It has also achieved more savings than required over the last spending review period. In last year's value for money inspection, which considered how forces had met the challenge of the first spending review period, West Mercia was also judged to be good.




Summary

HMIC judges West Mercia Police to be good. The unique alliance with Warwickshire Police is the most extensive collaboration between forces in England and Wales. All resources below the level of chief constable and deputy chief constable are pooled and shared between both forces, with any savings also shared on a proportionate basis. This extensive collaboration has enabled both organisations to achieve budget reductions by operating more efficiently. Joint resources are used flexibly, providing added resilience that neither force could have afforded on their own.

The force is at an early stage of taking steps to better manage demand. Through its recent work to strengthen the alliance, it has carried out a comprehensive analysis of the changing demands on services faced by the two forces. This analysis also looked at the way the forces currently respond to demand. It has clearly shown that the current operating model will need to change to respond to both changing demands and reductions in budgets. The alliance is now well positioned to make progress in planning for the future.

Through the work in the alliance, the force has a good track record of controlling expenditure and achieving savings ahead of schedule. This has resulted in annual budget underspends, which have been set aside in reserves for future use. The longer term sustainability of the force's finances is reliant upon a new model for policing being introduced across the alliance. Work is still underway to develop options for a future operating model.

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

<p>How well does the force use its resources to meet its demand?</p>	<p>How sustainable and affordable is the workforce model?</p>	<p>How sustainable is the force's financial position for the short and long term?</p>
 <p>Good</p>	 <p>Good</p>	 <p>Good</p>
<p>The alliance between Warwickshire and West Mercia Police is unique in England and Wales policing and has enabled both organisations to achieve significant cost savings by operating more efficiently. Their combined resources are being used flexibly to provide added resilience that neither could have afforded on their own. The forces share a continuing ambition to strengthen their alliance in order to achieve even greater efficiencies and resilience.</p> <p>The force is at the early stage of taking steps to better manage demand. It has carried out a comprehensive analysis of the changing demands faced by the two forces and the way it currently deals with demands for services. The alliance is now well-placed to make progress in planning for the future.</p>	<p>West Mercia Police has managed its savings to date with a slightly above average 16 percent reduction in the size of the workforce. It has worked hard to successfully maintain the proportion of staff working on the front line and increased the number of special constables.</p> <p>The force has also targeted additional resource to priority areas such as offender management, protecting vulnerable people and tackling cybercrime. The current workforce plans have been closely aligned to the financial plans but the alliance recognises that the operating model needs to change to better respond to the changing demand it faces. It is well-placed to develop a new structure for policing based on its improved understanding of</p>	<p>West Mercia police has achieved total savings requirement of £36.9m over the last spending review period and has set a balanced budget, finding further savings of £10.4m in 2015/16.</p> <p>The alliance between West Mercia and Warwickshire has enabled both organisations to achieve budget reductions by operating more efficiently. The two forces estimate that the total costs of achieving collaboration amount to £16.9m over the last four years.</p> <p>The force has a good track record of controlling expenditure and has achieved annual budget underspends. In 2014/15 the underspend for the alliance was exceptionally high at £13.1m from a total combined budget of £290m, mainly as a result</p>

<p>In spite of some impressive work to analyse demand and current activities, HMIC is disappointed to find that the force has not completed a recent strategic assessment of the key threats and risks faced by its communities and there is no force plan through which resources can be directed at these risks. There is limited detailed understanding of the relationship between service outcomes and costs which means it is difficult for the force to be certain that its services are providing value for money. More work is needed to ensure that it is using resources as effectively and as efficiently as possible.</p>	<p>demand for services and areas where more efficient working can be achieved. This model should consider how future workforce capability can be developed to reflect trends in demand.</p> <p>The new operating model for the alliance is currently being developed, so it is too early to assess the impact of any further cut in staff and police officer strength on its ability to sustain effective policing.</p>	<p>of not filling vacancies.</p> <p>The financial plans are developed in conjunction with the OPCC and are designed to reflect the priorities in both police and crime plans. The alliance director of finance works closely and constructively with the single treasurer working for both PCCs.</p> <p>The force recognises its longer term sustainability is reliant upon a new model for policing being introduced across the alliance.</p> <p>The force has built up reserves to enable investment in initiatives to improve services and efficiency and to bridge future gaps by supporting the annual budget. This provides more time for the alliance to select the most appropriate policing model in order to achieve permanent reductions in spending.</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)

West Mercia Police England and Wales

£85

£115

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

West Mercia Police England and Wales

£131

£165



Key statistics

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

West Mercia Police England and Wales

+5%

+2%

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

West Mercia Police England and Wales

-13%

-16%

Victim satisfaction 12 months to 31 March 2015

West Mercia Police England and Wales

83.7%

83.8%

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

West Mercia Police England and Wales

Decreased

No change

This force did not provide data to 2018.

Victim satisfaction: West Mercia, confidence interval +/- 1.4 percent. England and Wales, confidence interval +/- 0.2 percent.

For full details on the data used in this graphic see annex A in the efficiency national report.

Introduction

In October 2010, the Government announced that central funding to the police service in England and Wales would reduce by 20 percent in the four years between March 2011 and March 2015. Now, in a period of sustained budget reductions, forces need to continue to make efficiencies while focusing on reducing crime and keeping communities safe.

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

To answer this question we looked at three areas:

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

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

This report sets out the findings from this wide-ranging inspection of West Mercia 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?

When forming their strategic alliance in 2012, West Mercia Police and Warwickshire Police began the process of reviewing the demand for police services faced by each of the forces. This initial review helped them to develop the original change programme, known as the 'blueprint' and the HR strategy, known as the 'people movement plan' which were the core plans used to bring the two forces together in to the alliance.

The alliance has now established a programme of change known as StraDA (strengthening and deepening the alliance). As part of this latest change programme the two forces have carried out a more comprehensive analysis of current demands. This work has been detailed, rigorous and involved consultation with significant public sector organisations and the community.

The analysis examined whether the current structure for policing was still appropriate to meet the demand for services. It also considered how demand for police services was changing and assessed the potential for future growth in demand.

The analysis work undertaken to develop the StraDA programme has provided a rich evidence base and enabled the alliance to better understand the volume and sources of its demand and track the levels of response within operational units, protective services and other business areas. Through this analysis, the alliance has gained a good understanding of the current demand on its services and has concluded that its current operating model will need to change.

However, in spite of some impressive analysis of the nature of demand and the way the forces respond, the alliance has not completed a recent strategic assessment of the significant threats and risks posing harm to local communities in West Mercia and Warwickshire. This assessment is an important tool, normally developed by police forces on an annual basis, to bring together police with other local organisations to jointly assess emerging threats and risks both nationally and locally. It is used to form the basis for plans to tackle identified priorities and ensure that all appropriate resources, including those of other organisations, can be targeted to

best effect. A draft strategic assessment was carried out and presented to chief officers but they were concerned that it had not included sufficient work with local public sector organisations. This work is still not completed.

Because it has not completed a strategic assessment, the force has not been able to develop a current control strategy (this is a plan, usually derived from the strategic assessment, which is intended to guide annual allocation of police resources and ensure that priority areas are targeted). A draft control strategy is being developed but again has not been agreed by the leadership team.

The absence of a strategic assessment and an updated control strategy means that the alliance has not been in a position to ensure that it is directing resources as efficiently as possible to tackle the most serious threats and risks in each force area.

How well does the force match resources to demand?

The improved understanding of demand has revealed a number of areas where the existing structure and allocation of staff does not currently match the demand for police services geographically at peak times. The alliance has recognised that it needs to rapidly improve the way it allocates resources to better respond to demand as a result. It is engaging external consultants to provide expertise in developing its future operating model.

The alliance makes use of an ICT system called AVLS² to identify and deploy resources more efficiently. The alliance recognises that there is potential for more efficient deployment of resources and is planning significant investment to improve both infrastructure and IT equipment. Senior leaders are supporting the development of an ICT modernisation strategy, which includes the planned introduction of Athena, a combined IT system linking the two forces' systems for intelligence, investigation, custody and case management. This is a significant investment which the force expects to lead to more streamlined and efficient working practices.

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

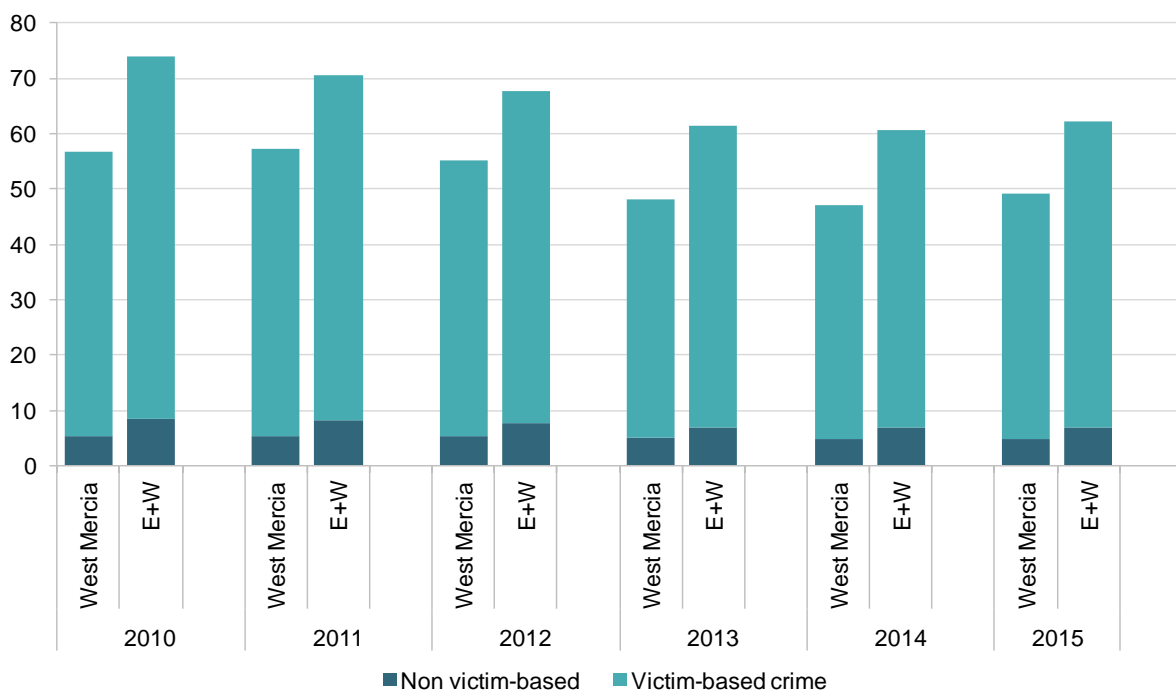
To assess the force's response to public demand, HMIC considered crime figures and rates in West Mercia; victim satisfaction levels; and whether the force is using different ways to communicate and engage with the public.

² Automatic Vehicle Location System (AVLS) is a geographic positioning system that transmits data from a police vehicle to a computer via the Airwave Radio. It enables the staff in the control room to identify and dispatch the nearest available unit to respond to an incident.

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

In the 12 months to 31 March 2015 West Mercia had a victim-based crime rate of 44.4 and a non-victim-based crime rate of 4.8 per 1,000 population. This represents a decrease (13 percent) in the victim crime rate and a decrease (12 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 from West Mercia in the 12 months to 31 March 2010 to the 12 months to 31 March 2015, compared to England and Wales



Source: Home Office crime statistics and ONS mid-2013 population estimates (2013 population data are used across multiple years to reveal actual change in recorded crimes, rather than changes due to population change)

Of those who have been the victim of a crime in West Mercia, 83.7 percent³ were satisfied with their whole experience with the police in the 12 months to 31 March 2015. This is similar to the national victim satisfaction rate of 83.8 percent⁴ over the same time period. There has been a significant decrease in victim satisfaction between the 12 months to 31 March 2011 and the 12 months to 31 March 2015 in West Mercia.

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

Figure 2: Methods of public engagement used by West Mercia 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

The force has been successful in reducing its budget while maintaining the quality of service to the public. So far it has reduced its spending by £37m since 2010, while at the same time improving its performance in some key areas (such as anti-social behaviour reductions).

The force is seeking to improve the way it serves the public through greater use of technology to increase the opportunities for contacting the police on-line, and providing easier and better access to police services. Control rooms are operating a

³ West Mercia, confidence interval +/- 1.4 percent.

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

live 'contact us' email service for non-emergency contacts. The alliance has commissioned an external consultancy to assist in further exploiting ICT opportunities, such as improvements to the force internet and intranet sites, web chat options and an online crime tracker system.

How well is the force managing demand?

The force is at the early stage of taking steps improve the management of demand for its services. Until recently, it had a limited understanding of the totality of its demand for police services. The demand analysis mentioned previously puts the alliance in a strong position to understand the areas where demand can be better managed, and to identify ways in which it can work alone and with local public sector organisations to manage demand more effectively.

For example, the demand analysis has shown that there are individuals and places across the force area that require a disproportionate amount of police services. A better understanding of these increased demands by a small percentage of the population will assist the organisation in better tackling such demands. Repeat callers, repeat missing persons and repeat offenders all place added demands on a service where resources are reducing. By neighbourhood staff working with harm reduction teams to better target resources at solving community problems and extending the work of its integrated offender management (IOM)⁵ schemes, the alliance recognises it can have a greater impact on reducing this type of demand.

The analysis of demand was also extended to include an examination of the way the force dealt with the demand on its services through its various processes, known as 'process mapping'. It looked at all of the police activities that were used to deal with each type of demand, from receiving a call for service through to resolution. It showed that the processes used are not as efficient as they could be, highlighting areas of waste and duplication which the force is now seeking to tackle through streamlining processes and reducing bureaucracy.

The analysis also identified where, through more efficient allocation of resources, police time could be saved and service quality improved. For example, the alliance recognised that the current structure – with excessive numbers of discrete functions, specialist teams and departments – is a barrier to greater efficiency. It is resulting in a fragmented approach which can lead to contact with victims being passed from one department to another or offenders being handed over to be dealt with by other

⁵ Integrated Offender Management (IOM) brings a cross-agency response to the crime and reoffending threats faced by local communities. The most persistent and problematic offenders are identified and managed jointly by partner agencies working together.

teams to complete an investigation. This is being addressed through the development of the new police operating model.

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

There are good governance structures in place, which provide senior officers the opportunity to maintain an overview of force performance. However, the absence of an up-to-date strategic assessment of risks and a force control strategy to drive police activities is limiting the effectiveness of performance management.

The force is actively moving away from a target-driven approach to measuring performance, towards one of responding to need and focusing on vulnerability. The alliance has recognised that it needs to improve the framework for performance management. There are outline plans in place to introduce a new approach, which aims to enable a clearer focus on threat, risk and harm and the police and crime commissioner's (PCC's) priorities.

There is limited detailed understanding of the relationship between service outcomes and costs, which means it is difficult for the force to be certain that its services are providing value for money. The recent demand analysis and process mapping work has started to improve this understanding and provide the basis for identifying areas where cost savings and service improvements can be made. The alliance is now better placed to improve processes and ways of working to improve value for money.

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

The alliance between West Mercia and Warwickshire Police is unique in England and Wales policing, and has enabled both organisations to achieve budget reductions by operating more efficiently. Their combined resources can be used flexibly to provide added resilience that neither could have afforded on its own, and the forces have a continuing ambition to strengthen the alliance in order to achieve even greater efficiencies and resilience.

Over the period of the last spending review, the alliance can demonstrate that significant financial savings have been made for both forces, estimated at £65m in total. At the same time, the pooling of resources and joint working has provided added resilience and access to specialist police services on a scale that would not have been affordable for either force on its own.

A post-implementation review of the alliance has been carried out and the leadership team has worked hard to embed the change, drive efficiencies and improve services. Through its StraDA change programme, the alliance has carried out a comprehensive programme of work over a seven-month period to pursue ways to

further strengthen the alliance between the two forces and to continuously improve joint working to gain maximum efficiencies and better services. The alliance recognises that any new model needs to be 'scalable' to be able to react to any future changes in police funding.

The force is now making good progress to develop its agile working plans and has made good use of the Police Innovation Fund to enable it to invest in the technology which will enable closer working and information sharing within the alliance and with partner organisations. It is also planning to invest in new ICT equipment to enable improved access to mobile data to be available to all frontline staff so that they will be able to access police information systems remotely and undertake a range of on-line police business without the need to return to a station.

Summary of findings



Good

The alliance between Warwickshire and West Mercia Police is unique in England and Wales policing and has enabled both organisations to achieve significant cost savings by operating more efficiently. Their combined resources are being used flexibly to provide added resilience that neither could have afforded on their own. The forces share a continuing ambition to strengthen their alliance in order to achieve even greater efficiencies and resilience.

The force is at the early stage of taking steps to better manage demand. It has carried out a comprehensive analysis of the changing demands faced by the two forces and the way it currently deals with demands for services. The alliance is now well-placed to make progress in planning for the future.

In spite of some impressive work to analyse demand and current activities, HMIC is disappointed to find that the force has not completed a recent strategic assessment of the key threats and risks faced by its communities and there is no force plan through which resources can be directed at these risks. There is limited detailed understanding of the relationship between service outcomes and costs which means it is difficult for the force to be certain that its services are providing value for money. More work is needed to ensure that it is using resources as effectively and as efficiently as possible.

How sustainable and affordable is the workforce model?

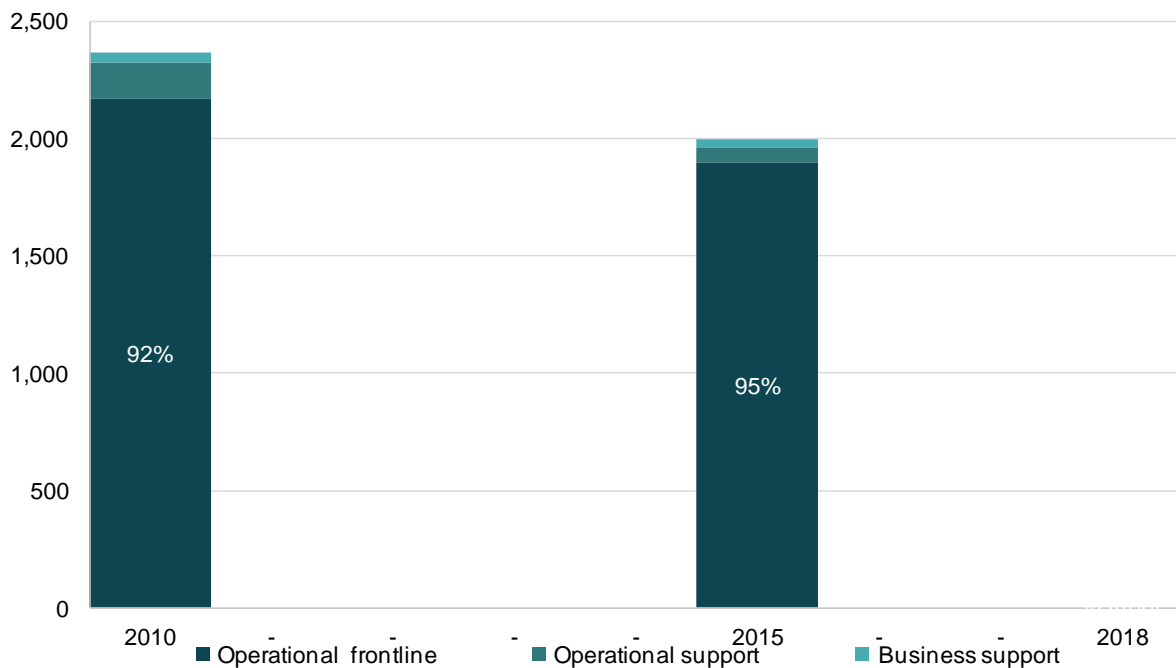
HMIC examined how West Mercia Police has structured its workforce (i.e. its mix of police officers, staff and PCSOs, and the proportion of all these groups working in frontline positions), and assessed whether this was affordable and sustainable as the force responds to its financial challenge. We also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

West Mercia police force forecasted a total savings requirement of £37m over the first four years of the spending review (2011/12 to 2014/15) as part of the value for money inspection. This is the equivalent of 17 percent of the 2010/11 gross revenue expenditure for the force. Savings were made in both the pay and non-pay budgets. Since 2010, West Mercia police has seen a reduction of 377 police officers, 257 staff and 71 PCSOs full time equivalents (FTE).

In West Mercia, 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 92 percent in 2010 to 95 percent in 2015.

Figure 3: Actual and planned changes to police officer full time equivalents (FTE) in operational frontline, operational support and business support roles in West Mercia 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 current workforce model has been closely aligned with the finances available. However, the alliance has identified through its better understanding of demand that the current structure of policing means that resources are not properly aligned to meet either current or future demand.

West Mercia Police has managed its savings to date with a slightly above average reduction in the size of the workforce: 16 percent, compared to an average for England and Wales of 15 percent. Efforts have been made to maintain the proportion of staff working on the frontline and increasing the number of special constables. The force has also targeted additional resources to priority areas, such as offender management, protecting vulnerable people and tackling cyber crime. The current workforce plans have been closely aligned to the financial plans.

The original workforce plan at the start of the alliance allowed the two forces to reduce the size of their workforces to achieve significant cost savings, at the same time as ensuring the effective policing of both force areas. The alliance has recognised that its current workforce model is now in need of review and realignment to better respond to the changing demand it faces. A significant amount of work has already taken place to understand the areas where improvements need to be made to continue to drive efficiencies and service improvements.

The StraDA programme has shown clearly that the demands upon the alliance are changing, and the operating model needs to change with them. In terms of demand trends, public safety and protecting vulnerable persons (such as those with mental health problems, missing persons and where there is particular concern for safety) are now replacing traditional high-volume crime types as the highest demand areas. What have traditionally been regarded as ‘specialist demands’ (for example, serious sexual offences, child sexual exploitation, cyber crime, and online offending) are fast becoming ‘business as usual’. The traditional approach within the force to managing new and growing demand has been the creation of small dedicated teams, but the alliance recognises that this response is not sustainable and it will need to plan for how it is going to develop the capability of its workforce to meet these changes.

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 West Mercia 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	2,391	-16%	-12%	2,014	*	-6%	*
Police Staff	1,715	-15%	-19%	1,458	*	-6%	*
PCSOs	279	-25%	-27%	209	*	-11%	*
Workforce total	4,386	-16%	-15%	3,681	*	-6%	*

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

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

West Mercia Police has commented that their workforce figures for 2010 and 2015 compare two different models: the operating model used before the alliance, and that in place now that all resources are shared. They point out that this will give a view of reduction and percentage workforce change which may not be the full picture.

The alliance has not yet developed its future workforce model. The groundwork has been laid by developing a comprehensive understanding of demand and analysing the processes through which the forces currently responds to the demands. The next

steps for the StraDA team are to work with external consultants to develop options for the new operating model that will be fit for the future of the alliance. The force also plans to consult with the workforce before implementing any changes although there is an acceptance that some areas need to change quickly. For instance, in line with the vision of protecting people from harm, the alliance is moving swiftly to put extra staff in the priority area of protecting vulnerable people.

In the absence of a future vision, an overarching change plan and a projected operating model, the alliance cannot evaluate the impact of any further possible staff cuts on its ability to sustain resilient policing and achieve the police and crime plan priorities. In order to create flexibility and resilience within their future workforce model, the alliance has identified the need for any plans to be capable of being scaled up or down to reflect any changes in the resources available in the future.

Summary of findings



West Mercia Police has managed its savings to date with a slightly above average 16 percent reduction in the size of the workforce. It has worked hard to successfully maintain the proportion of staff working on the front line and increased the number of special constables.

The force has also targeted additional resource to priority areas such as offender management, protecting vulnerable people and tackling cybercrime. The current workforce plans have been closely aligned to the financial plans but the alliance recognises that the operating model needs to change to better respond to the changing demand it faces. It is well-placed to develop a new structure for policing based on its improved understanding of demand for services and areas where more efficient working can be achieved. This model should consider how future workforce capability can be developed to reflect trends in demand.

The new operating model for the alliance is currently being developed, so it is too early to assess the impact of any further cut in staff and police officer strength on its ability to sustain effective policing.

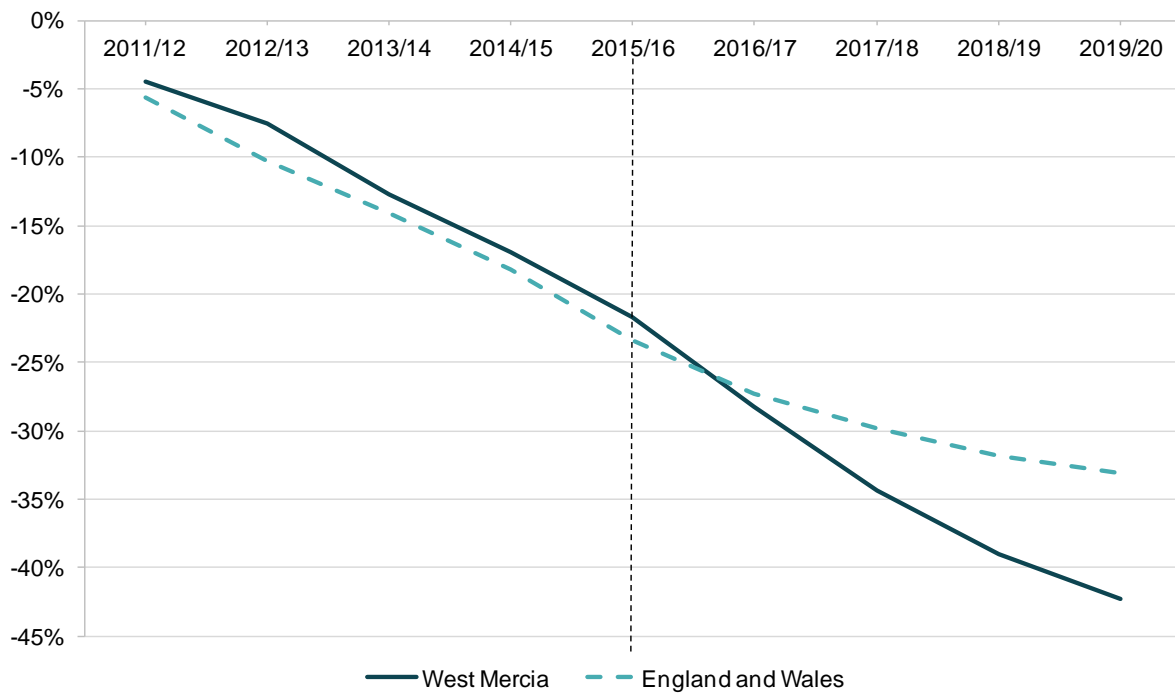
How sustainable is the force's financial position for the short and long term?

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?

West Mercia Police forecasted savings of £37m over the first four years of the spending review (2011/12 to 2014/15), the equivalent of 17 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 forecasted planned savings for 2015/16 to 2019/20, against the 2010 gross revenue expenditure baseline for the force 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 two forces within the alliance estimate that the total costs of implementing change and achieving collaboration (including, for example the costs of redundancies and the additional costs of staff to manage the change process, as well as all the capital costs to provide new joint IT systems and joint buildings) amounted to £16.9m over the last four years.

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

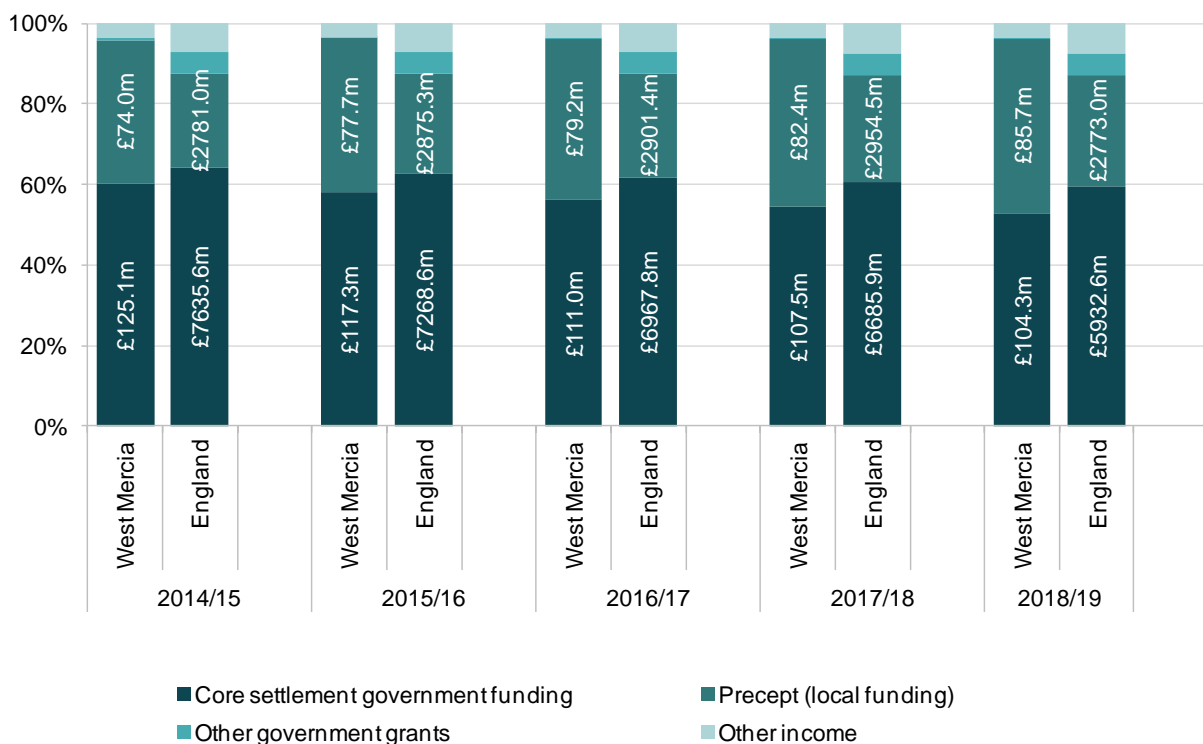
West Mercia Police has planned a balanced budget of £206.4m for 2015/16, which includes a cut in spending of £10.4m. It is forecast that the reduction will be split between £5m from the pay budget (48 percent) and £1.3m (13 percent) from the non-pay budget in this year's savings. These are partly being achieved through the delayed realisation of previous saving plans, though new saving plans will also provide reduction. The remainder of their spending reductions are being met by a use of reserves. Collectively the forecast reductions since the 2010 baseline, at the start of the spending review, to 2015/16 represents savings of 22 percent.

The alliance with Warwickshire Police has enabled both forces to make savings in both 2015/16 and 2016/17 through joining up all operational policing and support services, enabling the two forces to operate more efficiently, reducing costs with minimal impact on service 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. West Mercia Police is expecting the proportion of its funding that comes from core settlement government funding to decline over the coming years, whilst anticipating the proportion of its funding that comes from precept (council tax funding) to increase over the same time period. It should be noted that the core settlement government funding, both monetary values and proportions of total funding, detailed in figure 6, are from force estimates collected as part of HMIC's efficiency inspection data collection. This data should not be considered as an official projection. The Home Office is currently consulting on changes to the forces' funding formula and therefore any current projections may change over the time period highlighted.

Figure 6: Forecast mix of funding for West Mercia 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 unique alliance between Warwickshire and West Mercia police is the most extensive collaboration between forces seen in England and Wales. All resources below the level of chief constable and deputy chief constable are pooled and shared between both forces, with any savings shared on a proportionate basis. This has enabled both organisations to achieve budget reductions by operating more efficiently at the same time as enabling the joint resources to be used flexibly to provide added resilience that neither could have provided on their own. For example, all other senior officer posts are shared across both forces, which has resulted in significant management cost savings and has enabled the impact of cuts to the front line to be minimised. All specialist police operations, such as major incident teams and firearms officers are shared, providing greater access to specialist support than would have been previously available.

The forces are also pursuing other areas for collaboration and opportunities to save money and improve outcomes. For example, there has been constructive progress made to join forces with Hereford and Worcestershire Fire and Rescue Service. The fire service is moving its headquarters location to West Mercia Police headquarters at Hindlip Hall.

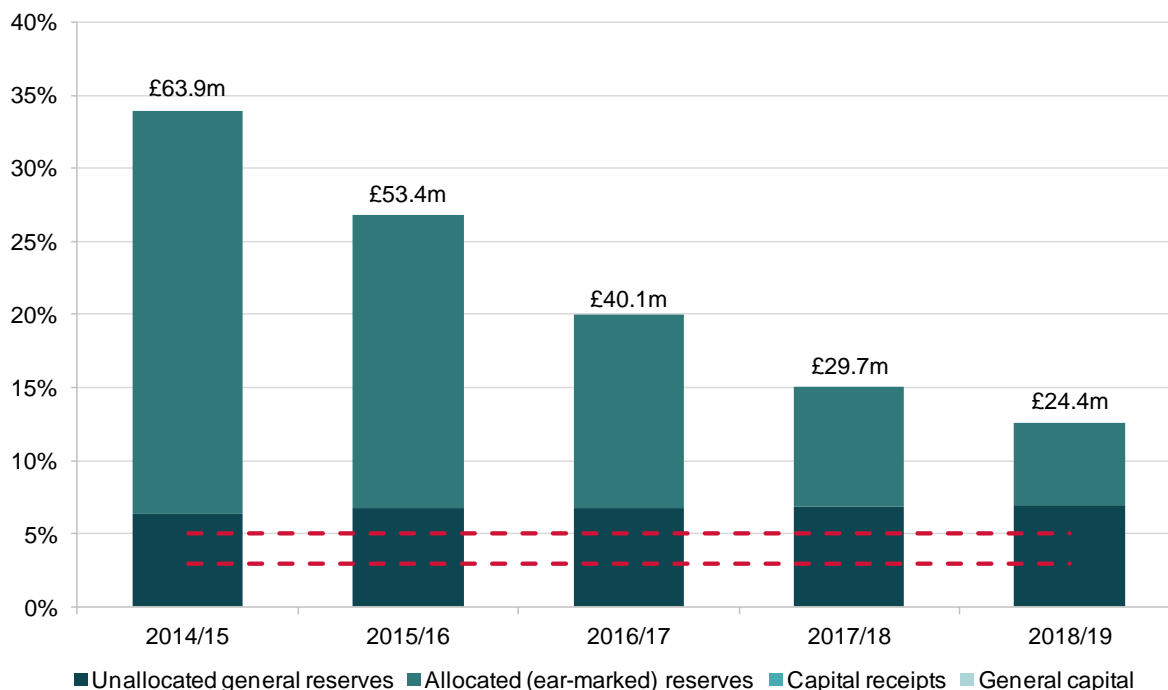
The alliance has also been successful in securing grant funding from the Police Innovation Fund. This extra money has enabled the force to invest in the technology which will allow the two forces to share a communication and control function, providing an improved public response to calls for police services.

How well does the force control expenditure?

The force's level of reserves and how these are forecast to change is shown in figure 7 on the following page. West Mercia Police reported that its total reserves were £63.9m 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 a good track record of controlling expenditure and achieving savings.

Both forces entered into the alliance with high levels of reserves which have continued to be built up as a result of achieving savings from collaboration earlier than anticipated. The level of underspend at the end of 2014/15 was exceptionally high, with a combined underspend of £13m for both forces against a total budget of around £290m. A large proportion of the underspend was as a result of vacancies not having been filled. This means that the alliance has been operating with a reduced capacity, which has not only placed a strain on the two forces; it has also put at risk their ability to deliver the best service possible.

A positive consequence of the underspend is that the force has been able to build up reserves of funding, which will enable investment in initiatives to improve service and efficiency, such as providing up to date ICT infrastructure and equipment that will enable officers to work more effectively. It has also been able to set aside some funds to bridge future gaps by supporting the annual budget, providing more time for the alliance to take a much more measured approach to selecting the most appropriate policing model for the future.

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

Each force continues to have its own police and crime commissioner. The police and crime commissioners individually oversee the performance of their respective forces, while also working closely together through the alliance governance board to jointly oversee the performance of the alliance as a whole.

There is a single treasurer post which supports both police and crime commissioners and the alliance finance director works closely with the treasurer, providing a very streamlined approach to the planning, management and overview of the way that resources are used. The financial plans are developed in conjunction with the office of police and crime commissioner (OPCC) and are designed to reflect the priorities in both police and crime plans. The key objectives and pledges of the individual PCC are reflected in the financial plans of the particular force. For example, additional alliance resources are being provided to extend the work of integrated offender management (IOM) to invest in work with prolific offenders to prevent reoffending across the West Mercia force area.

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

The alliance director of finance works closely and constructively with the single treasurer working for both PCCs, and shared assumptions are used to develop future plans. There is regular monitoring, with reports to both the alliance executive group and the alliance governance group.

HMIC is concerned that some of the assumptions used in the financial plans may not fully reflect the scale of possible future savings required. For example, the force is predicting a reduction of 3.2 percent in future central government grants. The reduction for all forces in 2015/16 was five percent, and some forces in England and Wales are predicting future reductions to be of a similar order. If some of the assumptions prove to be optimistic the forces within the alliance will be facing larger budget cuts than anticipated. However the high level of reserves and the proposed plan to build 'scalability' into the future operating model does mitigate this risk to a degree.

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

There are plans in place to deliver all of the savings required in this current year, 2015/16. However plans for future savings are still being developed. The force is currently identifying areas where savings may be made in 2016/17. The longer term sustainability of the force's finances is reliant upon the work that is in train to develop a new model for policing across the alliance.

Out of a total predicted savings of £48.5m by 2018/19, the force assesses that it needs to cut its spending by at least £26.5m, with the remaining £22m being bridged through the use of reserves. The alliance has acknowledged that it needs to improve the pace of planning work so that it can provide some certainty that the required savings are achievable. It has recognised that it needs to increase its capacity to manage and co-ordinate the StraDA change programme and has agreed to invest in additional posts and to bring in external consultants to support this work.

The force is in the comfortable position of having a high level of funds held in reserves, which provide some reassurance that in the short term the force can afford to spend more than its income because it is able to balance its budgets using these reserve funds for a short period of time. However, this is clearly not sustainable and the force recognises that it needs to develop plans with its alliance partner that will enable both to reduce spending on a more permanent basis. HMIC will continue to monitor how this work is developing.

Summary of findings



Good

West Mercia police has achieved total savings requirement of £36.9m over the last spending review period and has set a balanced budget, finding further savings of £10.4m in 2015/16.

The alliance between West Mercia and Warwickshire has enabled both organisations to achieve budget reductions by operating more efficiently. The two forces estimate that the total costs of achieving collaboration amount to £16.9m over the last four years.

The force has a good track record of controlling expenditure and has achieved annual budget underspends. In 2014/15 the underspend for the alliance was exceptionally high at £13.1m from a total combined budget of £290m, mainly as a result of not filling vacancies.

The financial plans are developed in conjunction with the OPCC and are designed to reflect the priorities in both police and crime plans. The alliance director of finance works closely and constructively with the single treasurer working for both PCCs.

The force recognises its longer term sustainability is reliant upon a new model for policing being introduced across the alliance.

The force has built up reserves to enable investment in initiatives to improve services and efficiency and to bridge future gaps by supporting the annual budget. This provides more time for the alliance to select the most appropriate policing model in order to achieve permanent reductions in spending.

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 Valuing the Police programme. 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,⁶ 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.

⁶*Striking a balance: Improving councils' decision making on reserves*, Audit Commission, December 2012. Available from <http://webarchive.nationalarchives.gov.uk>