

Committee(s): Police Performance and Resource Management Sub-Committee	Date(s): 5 th September 2012
Subject: HMIC Policing in Austerity: One year on	Public
Report of: Commissioner of Police POL 51/12	For Information

Summary

HMIC's report, *Policing in Austerity: one year on* assesses the extent to which forces' approaches to meeting funding challenges are on track, and the impact it is having on workforce profiles and services to the community. It is complemented by a second report which is specific to the City of London Police. This paper summarises the main points of both reports for your Sub Committee's information.

The financial challenge:

Forces have to save a total of £2.4bn by March 2015. An assessment of forces' plans reveals that there might still be a £302m deficit at the end of the current CSR period. The City of London Police have to save £17m and does not anticipate there being any residual deficit.

How forces are making savings:

The majority of savings are being made by reducing staff numbers. Nationally, the number of posts will be reduced by 32,400 (of which 15,000 are expected to be officers), producing £1.3bn in savings.

Effect on the front line:

Nationally, forces expect to reduce frontline workforce numbers by 6% (8,100 posts) and non-frontline workforce numbers by 33% (20,300 posts). The City of London Police estimates that 67% of the total workforce will be working on frontline duties by 2015 (which is the same as currently) compared to 74% nationally.

Impact on service to the public:

HMIC has found little evidence of any adverse impact on response rates, crime levels or victim satisfaction levels. Generally crime levels have continued to fall and satisfaction levels remain high, both nationally and for the City of London Police. HMIC did find that the City of London Police's officers in visible roles at 52% is below the national average of 60%, but this is due to the high proportion of officers in ECD and specialist posts which are not classed as 'Frontline' under the HMIC definitions.

Transforming efficiency:

Forces' approaches to transforming efficiency range from short-term, quick win transactional savings to long term, transformational change programmes. The City of London Police's approach, through its City First Programme falls into the latter category, which is favoured by HMIC.

The City of London Police does not fall into any of the key risk areas identified in the reports.

Recommendation

Members are asked to note the content of this report.

Main Report

Background

1. On the 2nd July 2012 HMIC published a detailed national thematic report titled "Policing in Austerity: One year on". It is in effect the follow up report to the "Valuing the Police" inspections and report that was published in July 2011. The report collates the findings from all 43 forces to present an assessment of the extent to which forces' profiles are changing as they adapt to delivering services with fewer resources. It also examines the extent to which forces' plans to bridge the funding gap are on track to deliver balanced budgets by the end of the current spending review period 2011/12 – 2014/15.
2. The national report is complemented by the much shorter report that is bespoke to the City of London Police.

Current Position

3. The *Policing in Austerity: One year on* report is structured around five principal headings:
 - (i) The financial challenge;
 - (ii) How forces are making savings;
 - (iii) Effect on the front line;
 - (iv) Impact on service to the public;
 - (v) Transforming efficiency.

4. The key findings of the report are that nationally:
 - (i) Forces are balancing their books by cutting their workforce and reducing spending on goods and services
 - (ii) The front line is being protected but not necessarily preserved;
 - (iii) The nature of the front line is changing;
 - (iv) Service to the public has largely been maintained; but
 - (v) There are concerns around sustainability.

The financial challenge

5. Members will be well aware of the budget challenges facing forces, and in particular the City of London Police. HMIC found that by the end of year one, forces needed to save £768m, rising to a total of £2.4bn by the end of 2014/15.
6. The City of London Police has to save £17m by the end of the current CSR period. HMIC notes that whilst the Force has the lowest annual budget of any Home Office police force, the percentage reduction it has to make is amongst the largest of any force. The Force's unique funding is also highlighted, noting that the range of funding sources is wider than any other force, and is subject to change, adding a level of complexity to financial planning that is not present for most other forces.
7. Members will be aware from previous reports on the City First Change Programme that the Force is on track to deliver its structural changes and efficiency savings. HMIC also notes the Force's detailed plans to meet the budget challenge in full by the due date, which is not the case for all forces. Information supplied to HMIC suggests that by the end of the 2014/15, even after the use of reserves, there will still be a £302m gap nationally. However, of that amount, £233m is the MPS's shortfall, and which at the time the national report was developed there were no plans in place to resolve. If the MPS's funding deficit is taken out of the equation, then HMIC consider forces will have identified 96% of the necessary savings.

How forces are making savings

8. The principal method used by forces to make the necessary savings is by reductions to officer and staff numbers. This is not unsurprising given that some 81% of force budgets is allocated to pay; however, it does raise questions about the future sustainability of some forces' plans.
9. Nationally, forces plan to save a total £1.5bn by March 2015 through reducing their workforce by 13%, equivalent to 32,400 posts, of which

around 15,000 are expected to be police officers. These figures have to be treated with caution as the unidentified savings referred to in paragraph 7 could mean the larger reduction to the number of posts.

10. Around 20% of savings nationally are expected to come from IT, facilities management, uniform and equipment. However, that is not a standard amount across all forces; the variation ranges from 8% to over 50%, with at least two forces not planning to make any non-pay savings. The City of London Police estimates its non-pay savings to be in the region of 5% by 2015, although it is based on a number of variable factors, which could result in that figure fluctuating slightly.
11. Within the City of London Police, the following changes are planned*:

	31.03.2010 (actual)	Planned change to 31.03.2015	% change in City of London	% change nationally
Officers	850	-140	-16%	-10%
PCSOs	50	-34	-68%	-10%
Police staff	310	-20	-6%	-19%

* Figures shown here were as supplied to HMIC in May 2012. These have been subject to change since this time as the proposed model has evolved.

This is in line with the implementation of the City First policing model.

12. HMIC notes that the new policing model will bring improvements to efficiency and effectiveness across a range of functions. It also notes that the Force is exploring opportunities to collaborate with the British Transport Police (BTP) and the Metropolitan Police (MPS) in addition to maximising the use of staff and other resources with the City of London Corporation. A report on collaboration was submitted to your Committee at your meeting in July 2012.

Effect on the front line

13. For the purposes of these reports, HMIC has defined front line as “*those who are in everyday contact with the public and who directly intervene to keep people safe and enforce the law*”. On average, forces plan to reduce frontline workforce numbers by 6% (8,100 posts) and non-frontline workforce numbers by 33% (20,300 posts). This should have the effect of increasing the total number of staff in frontline posts by around 7 percentage points. Over the same period, forces plan to cut frontline officer numbers by 6% and non-frontline officer numbers by 42%. The net effect will be for forces to move from having around two thirds of their workforce

on frontline duties to around three quarters, even though the frontline workforce will be shrinking by 6%.

14. Within the City of London Police, the Force estimates that 67% of the *total workforce* will be working on frontline duties by 2015 (which is the same as currently) compared to 74% nationally. The Force will increase the number of *officers* on the frontline duties by 3 percentage points to 82%, although this is still below the national figure, which is expected to be 89%.

Impact on service to the public

15. HMIC found that despite the changes to forces' structures and numbers to date, there has been little discernible impact on service to the public. Victim satisfaction levels have generally increased; in the City of London it was assessed as being 86% overall, slightly above the national average of 83.9%. Crime levels also reduced nationally. Interestingly, the City of London Police specific report cites a 1% increase in crime levels, although that is purely due to the point in time the comparison was made. As Members will know, the Force has actually achieved 10 consecutive years of sustained crime reduction.
16. The report finds that within the City of London Police, 52% of police officers and PCSOs are allocated to visible roles (those responding to 999 calls, patrolling neighbourhoods or attending road traffic accidents). This is below the national average, which is 60%. The principal reason for this difference is the high proportion of officers who are in specialist posts, such as economic crime, and who do not fall within the above definition of visible officers. There is no evidence that Force response rates suffer as a result of this disparity, and as already mentioned, victim satisfaction levels remain high.

Transforming efficiency

17. HMIC identified that forces' approaches to this, like most other things, is varied. Many have focussed on 'quick win' transactional savings, with limited elements of strategic realignment. Some forces (which includes the City of London Police) have implemented a structured transformational change programme, which although takes longer to achieve, is more sustainable in the long term.
18. Nationally it is the back office that is experiencing the largest reductions in posts with the one third that constitutes the non-frontline bearing three quarters of the overall workforce reductions. Not unsurprisingly, it is also within this context that HMIC found most evidence of transformational

change. Shared services, especially in finance and HR, are the most popular savings, although procurement is also proving a good source for savings.

19. Partnering and collaboration are also being used by forces in a range of innovative ways, with outsourcing attracting most attention from HMIC, especially in Lincolnshire, Surrey and the West Midlands.
20. As observed, the City of London Police is currently engaged in exploring collaboration options with the BTP and MPS, together with shared service options with the City of London Corporation. Members will also be aware from updates of the implementation of City First that the Force is on track to realise its savings and more fundamental structural changes.

Concerns and risks

21. The report highlights three key risks from force returns. They are:
 - Forces that do not have plans to cover the full term of the CSR or an over-reliance on use of reserves (impacting on sustainability);
 - Forces that are due to make a larger than average staff reduction or will continue to have a significantly high number of officers in non-frontline roles (also impacting on sustainability); and
 - Forces that are not reducing crime to the same extent as the national average and where public satisfaction is not as high as the national average.
22. The report cites three forces, which based on the above risks are causing multiple concerns around the position they are in and the robustness of their plans to deal with the challenges. Those forces are the MPS (particularly because of the size of the funding deficit), Lincolnshire Police and Devon and Cornwall Police.

Conclusion

23. HMIC's report updates the national picture on forces' various approaches to meeting the CSR budget challenge and progress to date with those plans. It concludes that to date there is little impact on services delivered to the community or on crime levels. However, it is clear that HMIC does have some concerns about the sustainability of some forces' approaches to the challenges, and to the residual funding deficit some forces expect.
24. The City of London Police's approach to the challenge, from the beginning, has been a long term, sustainable transformational change programme. This approach continues to find favour with HMIC and, following significant levels of scrutiny by HMIC, the Force's plans have been held to be robust.

Background Papers:

Policing in Austerity: One year on (National Report)

Policing in Austerity: One year on (City of London Police report).

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