

PEEL: Police efficiency 2015

An inspection of Gwent Police



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

Overall judgment¹



Good

HMIC found that Gwent Police is well prepared to face its future financial challenges. Through robust financial management and a commitment to continuous improvement, it has successfully reduced its spending over the last spending review period, improved its understanding of demand, introduced a new operating model and is effectively planning for future financial challenges. In last year's value for money inspection, which considered how forces had met the challenge of the first spending review period, Gwent Police was judged to require improvement.

Summary

HMIC judges Gwent Police to be good. The force is developing a good knowledge of the public demand on its services, along with ways to understand better the demand in more specialist crime areas, such as cyber-related crime.

This improved understanding has enabled the force to identify areas where it can manage demand better, so it can focus resources on priority areas of policing. This understanding has also been used to design the new operating model.

HMIC is impressed with the quality of the work that has gone into planning the new structure. More police officers have been put into frontline roles, and resources have been allocated based on demand, with additional resources directed at areas with the greatest needs. The force could improve how it assesses whether the operating model² is meeting the needs of the public with better information about how well it responds to calls from the public.




Gwent Police has successfully reduced its spending over the last four years. As a result of the significant steps forward this year in implementing plans for savings, the force expects to have surplus savings of £5.6m, which it plans to hold in reserves for future use.

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

² Operating model – the way in which a police force is organised in terms of its structure and the processes it has adopted and operates in order to achieve its objectives.

There are well-developed plans in place to achieve most of the future anticipated savings through to 2019/20. The operating model is flexible and there are further potential savings from continuing to remove inefficiencies and improve processes.

This is a considerable improvement on the position last year, and has provided HMIC with a far greater degree of confidence in the force's financial position in the short, medium and longer term.

<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>Gwent Police is developing a good understanding of the demand it faces from the public for core police services, and is also introducing ways to understand the demand in more specialist crime areas.</p> <p>This improved understanding has been used to design the new operating model, which has put more officers into local policing areas and allowed more flexibility in using resources to match demand.</p> <p>Established collaborative working with other forces in Wales enables the force to focus its resources more efficiently and effectively.</p>	<p>Following a comprehensive review, which included a detailed analysis of demand and the anticipated budget cuts required, the force reorganised the way it provides policing in April 2015.</p> <p>HMIC is impressed with the quality of the work that has gone into planning the new operating model, which puts more police officers into frontline roles. Resources have been allocated based on demand, with additional resources directed at areas with greatest need.</p> <p>The force should ensure it can fully assess the effect of the changes it has made, including the impact of reallocating more resources</p>	<p>Gwent Police has successfully reduced its spending by the required £24m over the last four years. It has set a balanced budget for 2015/16, which includes making all of the required savings this year.</p> <p>As a result of the significant step forward this year in implementing plans for savings, the force expects to have surplus savings of £5.6m, which it plans to hold in reserves for future use.</p> <p>The force has sought other funding, including from the Police Innovation Fund and from the Welsh Assembly.</p> <p>The force reflects the police and crime commissioner's (PCC's) priorities in its</p>

<p>The force has a good understanding of its costs for providing services, and has carried out a comprehensive exercise to compare its costs with those of others, in order to identify the areas where savings ought to be made.</p> <p>There is still a limited understanding of the relationship between costs and outcomes, which is further hindered by a lack of performance information in some important areas (such as the time taken to respond to incidents). This will limit the force's ability to evaluate properly the impact of the new operating model.</p>	<p>to local policing from other functions in the organisation. In addition, because some data (such as response times) are not readily available, the force will need to consider how it assesses whether the new operating model is fully meeting the needs of the public.</p> <p>The new workforce³ model has taken into account new or emerging demand (such as cyber-related crime) and organisational needs (such as assessing the likely future recruitment needs in response to planned promotions, retirements and resignations).</p> <p>The force is planning to assess the impact of the changes it has made to ensure that it is meeting public demand for its services from its resources and within its budget.</p>	<p>plans, and is held to account by the PCC.</p> <p>The office of the police and crime commissioner (OPCC) works with the force to develop financial plans. The PCC is provided with the same financial reports as the force chief officers.</p> <p>The force anticipates that it will need to reduce its spending by a further £26.7m between 2015/16 and 2019/20. There are well-developed plans in place to achieve most of the future anticipated savings through to 2019/20.</p> <p>This is a considerable improvement on the position last year, and has provided HMIC with a far greater degree of confidence in the force's financial position in the short, medium and longer term.</p>
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³ Workforce model – the way in which the workforce is organised; in the case of the police, it includes police officers, even though they are holders of the office of constable and therefore not employees of their police forces; it also includes police community support officers and police staff.

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



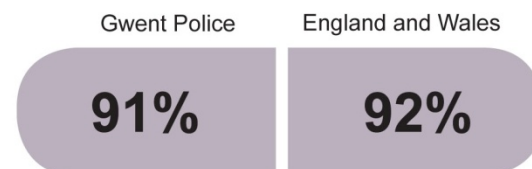
Planned change in total workforce numbers 31 March 2015 - 31 March 2018



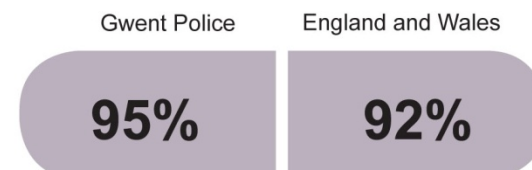
Proportion of police officers on the operational frontline 31 March 2010



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

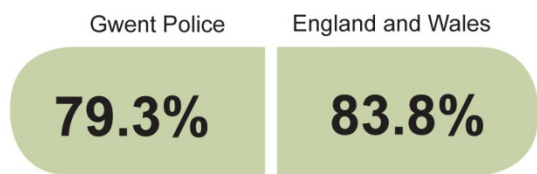
Changes in recorded crime (excluding fraud) 12 months to 31 March 2010 to 12 months to 31 March 2015



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: Gwent confidence interval +/- 1.5 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. 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 Gwent 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?

Gwent Police is developing a good understanding of the demand it faces from the public for core police services, and is putting in place ways to understand the demand in more specialist crime areas. The force has conducted two separate exercises over 24-hour periods, known as Operation Veritas, to identify and analyse total demand, including 'hidden demand' (such as that created by other public sector agencies, such as local council authorities; or by police officers and staff, for example, making internal calls to the control room). The force has planned a further exercise for June 2015. The force has also carried out further in-depth analysis of activities in key areas of high demand, including the public protection unit and the force control room; using simulation modelling software to provide detailed analysis.

This analysis has shown that the impact of previously hidden demand is significant. For example, 30 percent of telephone calls to the switchboard are made by officers and staff making internal enquiries. This is preventing call handlers from responding more efficiently and effectively to calls from the public. In order to remove this type of avoidable demand, the dial '0' option for internal connection to the switchboard is being removed, and internal staff make contact in another way.

The understanding of demand gained from Operation Veritas and the broader change programme work is informing the plans to develop and refine the new operating model for policing. The force has now divided Gwent into two policing areas, East and West. In turn it is now better able to allocate resources based on the known demand for services in those areas. The allocation of resources to specialist units has also been modelled in the same way. This has included the force public protection unit (PPU) and the shared resource services (SRS), which is a new unit that brings technology services to the force and two local council authorities. Importantly, this improved understanding of demand has identified areas where demand can be reduced, has put more officers into local policing areas, and provided for greater flexibility in using resources to match demand.

Although it is too early to assess the effect, HMIC found that officers already feel that the operating model is working better to meet the demands from the public, with a better match of resources to meet variations in demand in terms of location, time of day, and day of the week.

The force collaborates with other Welsh forces to enable it to focus resources more effectively on priority areas.

In addition, there is evidence that the force is using the analysis of demand to improve its understanding of costs and better inform resourcing of policing functions including collaboration with other Welsh forces.

How well does the force match resources to demand?

The force is reorganising the way calls for service are dealt with and crimes recorded in the control room, in order to improve efficiency and to ensure that the most appropriate police response to incidents can be provided. Control room staff will be trained to carry out the full range of duties including call handling, recording and where possible resolving crime at first point of contact and dispatching police resources to incidents. This new approach is expected to be fully operational by January 2017.

The introduction of sergeants into the control room has been well received by staff as they are providing a more timely and thorough ongoing assessment of incidents and crimes. This is enabling better risk assessment and decision making about which incidents and crimes could be resolved over the telephone, and which need an officer to attend. These steps have placed the force in a far better position than was previously the case, not only to avoid wasted police time but also importantly to maintain a real focus on victims and improving the service to the public.

There is a 'task not ask' approach in the control room, whereby dispatchers decide who the most appropriate units are to respond to a given incident and send them, rather than ask on the radio who is available. The system relies on geo-location mapping technology fitted to officers' radios, which enables the control room to see at a glance where all the police resources are across Gwent. However, officers are not consistently activating their location via their radios and so the dispatchers in the control room do not have a reliable picture of all the resources available in the area.

There is a structured daily management meeting (DMM) process which oversees incidents and crimes for the previous 24 hours to assess the threat, risk and harm and the vulnerability of victims. This process allows the flexible movement of resources across the force area, to better respond to daily demand.

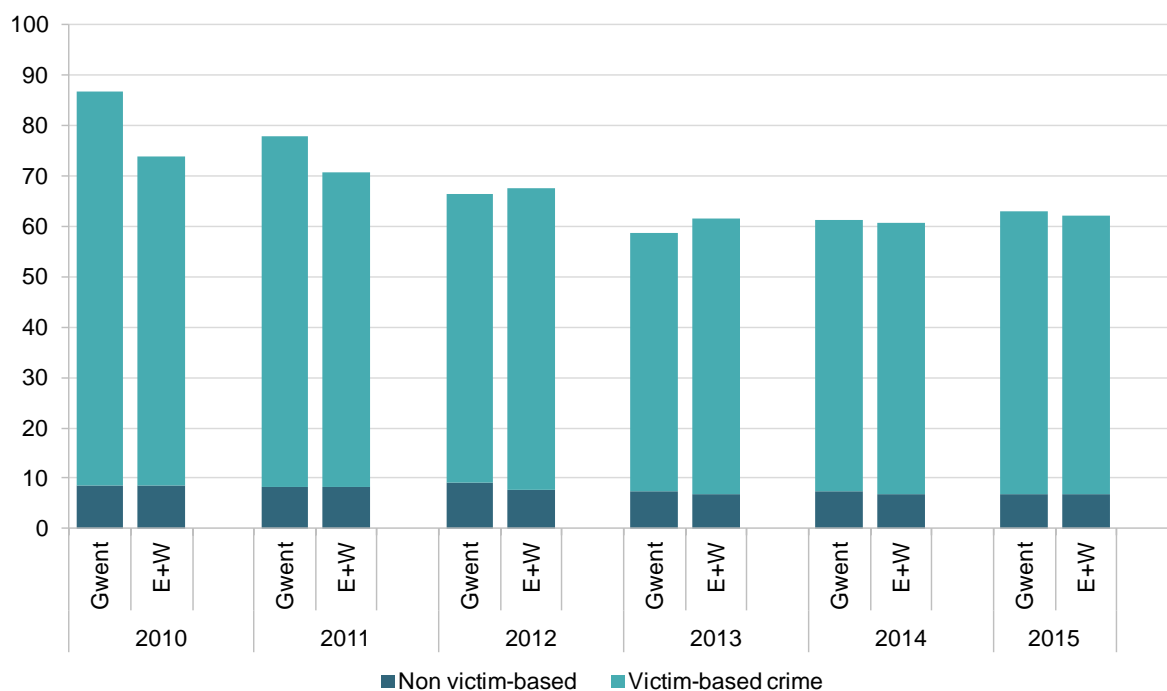
How well are the force's services meeting the demand from the public?

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

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

In the 12 months to 31 March 2015, Gwent had a victim-based crime rate of 56.1 and a non-victim-based crime rate of 6.9 per 1,000 population. This represents a decrease (28 percent) in the victim-based crime rate and a decrease (20 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 police recorded crime rate can be seen in Figure 1 on the following page.

Figure 1: Police recorded crimes per 1,000 population from Gwent 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 Gwent, 79.3 percent were satisfied with their whole experience with the police in the 12 months to 31 March 2015.⁴ This is lower than the national victim satisfaction rate of 83.8 percent over the same time period.⁵ There has been no significant change in victim satisfaction in Gwent between the 12 months to 31 March 2011 and the 12 months to March 2015.

The force has seen a 3.1 percent rise in overall police recorded crime for the last 12 months, which is consistent with the trend for other forces across England and Wales.

For a number of years Gwent Police victim satisfaction rates have been below the England and Wales average, but the force is committed to improving this situation. The force has recently introduced an approach known as 'CARES', which is designed to ensure that officers and staff make every effort to ensure that victims of crime receive the best possible service from the police. This year satisfaction rates are showing small signs of improvement, but are still the lowest in England and

⁴ Gwent, confidence interval +/- 1.5 percent.

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

Wales. The CARES programme includes a requirement for all supervisors and senior managers to call back every victim to assess the service they have received and to address any issues or concerns at the time. Whilst this is a worthy aspiration, it has added significantly to the workload of supervisors. The current allocation of sergeants is based on geography and not on workload. This means that in some of the busier areas of the force, this additional duty is having an impact on the ability of some sergeants to line manage staff effectively.

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

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

Source: HMIC Efficiency data collection

How well is the force managing demand?

As a result of the force’s better understanding of the volume, nature and sources of demand for its services, it has been able to target its efforts to remove or reduce some elements of unnecessary demand. This improved understanding means that the force can reinvest that capacity in answering and responding to calls for service more quickly, and the force estimates that this has already resulted in a reduction in the number of incidents that do not get a response on the day they were received.

In order to make better use of police time and in recognition that not all incidents require immediate police attendance, appointments at a convenient time are now offered to callers where it is appropriate, and where there is no immediate risk that requires quicker response. A patrol car and officers are set aside to deal with pre-arranged appointments with members of the public.

This is a recent addition and HMIC found that it is not being used to its maximum capacity, as not all slots in the diary are filled, but its use is increasing. This means that more resources can be available to deal with incidents that do require an immediate response.

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

Gwent Police has recognised that it has historically spent more than other similar forces on policing. At the same time, it has seen worse than average results in terms of levels of crime and anti-social behaviour, and also of public confidence and satisfaction with police services. The force has done some detailed analysis of costs, comparing itself to other forces, using the HMIC value for money profiles. The results of this analysis informed the latest version of the force change programme, known as Staying Ahead 8, which is focused on developing the new operating model.

The Staying Ahead 8 programme has led to the development of detailed business cases for change projects, which are comprehensive and include some analysis of demand, although there is room for this to be more extensive. For example, the force could include a thorough breakdown of staffing, roles and responsibilities before and after review, and include some indication of the outcomes expected from the proposed change.

The force has strengthened its approach to monitoring how well it is doing. A range of performance information is readily available and accessible on all desktop computers. The availability of live-time data and the cultural shift from performance targets to a victim-centred approach allows senior managers to assess performance in detail, and to hold the workforce to account more effectively, particularly where it is necessary to help improve the quality of service to the public.

However, HMIC found that there are still some gaps in the force's understanding of performance. There is a significant amount of performance data available from control room systems but there is currently no performance framework for contact management. As a consequence of the limitations of some of the IT and software used by the force, important information such as deployment times of resources is not readily available.

This means that the force cannot be confident that services are either responding effectively to need or are achieving value for money. However, HMIC acknowledges that the force is aware of this weakness and is seeking to address it through the work to transform the operation of the control room, which along with multi-skilled staff will also include a new telephony system later this year and the replacement of the force command and control IT system in spring 2016.

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

Staying Ahead 8 is a comprehensive and well-resourced change programme with appropriate governance in place. It has already implemented a major new operating model for policing in April 2015. The remaining force functions are subject to a scheduled programme of reviews. The force has carried out exercises comparing the force with others as part of the review to identify and set some parameters around potential savings.

There is clear evidence of investment in new technology to support more efficient ways of workings. Subject to a successful Police Innovation Fund bid, the force is investing in body-worn video cameras for frontline officers and mobile devices linked to police systems to enable remote access and the capability for officers to carry out a full range of duties without needing to return to a police station. The force is also making good use of social media to communicate better with local communities.

The force encourages staff to come forward with new ideas and suggestions for improving both services and efficiency. There is a well-established “Dragon’s Den” process which is advertised widely; HMIC found that staff were positive about the process and were able to provide details of how their ideas had been submitted through the Dragon's Den, and how their ideas have been implemented.

The force has some effective long-term collaboration arrangements in place with all Welsh forces, governed through the All Wales Policing Group. These include a regional organised crime unit to identify, disrupt and dismantle organised crime; a joint firearms unit with South Wales Police and Dyfed Powys Police; and a Wales extremism and counter-terrorism unit (WECTU).

HMIC was also made aware by staff of effective working with other organisations, with dedicated partnership and neighbourhood policing resources built into the operating model, including shared resource services with two local council authorities.

Summary of findings



Good

Gwent Police is developing a good understanding of the demand it faces from the public for core police services, and is also introducing ways to understand the demand in more specialist crime areas.

This improved understanding has been used to design the new operating model, which has put more officers into local policing areas and allowed more flexibility in using resources to match demand.

Established collaborative working with other forces in Wales enables the force to focus its resources more efficiently and effectively.

The force has a good understanding of its costs for providing services, and has carried out a comprehensive exercise to compare its costs with those of others, in order to identify the areas where savings ought to be made.

There is still a limited understanding of the relationship between costs and outcomes, which is further hindered by a lack of performance information in some important areas (such as the time taken to respond to incidents). This will limit the force's ability to evaluate properly the impact of the new operating model.

How sustainable and affordable is the workforce model?

HMIC examined how Gwent 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?

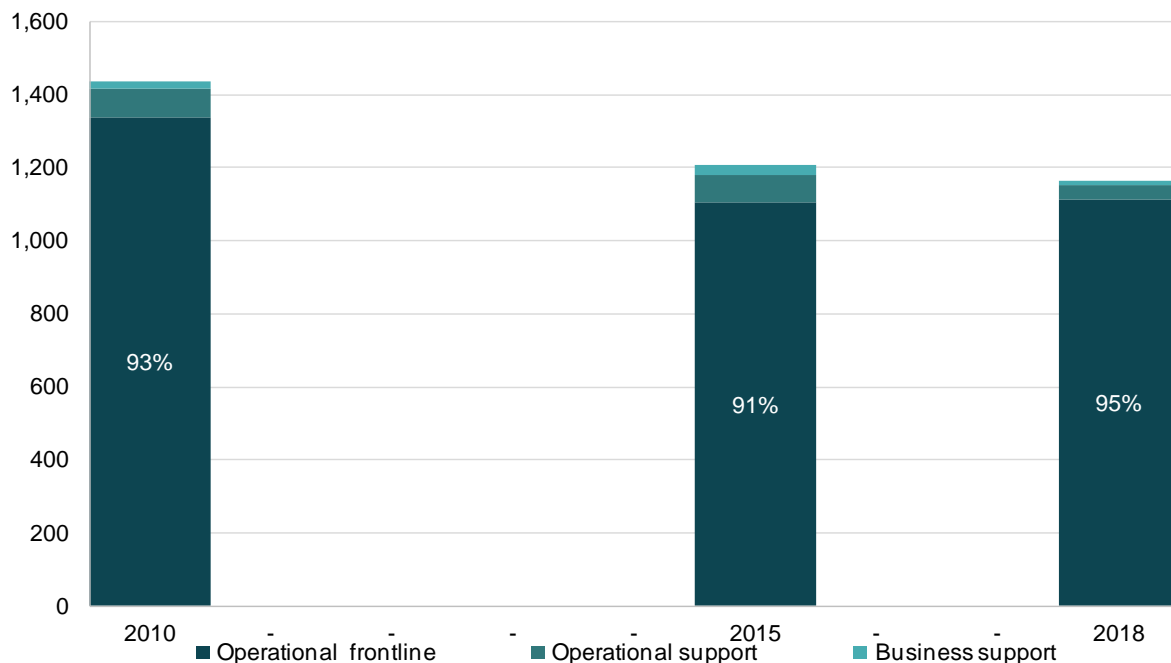
Gwent Police forecasted a total savings requirement over the first four years of the spending review as part of the valuing the police programme (2011/12 to 2014/15) of £23.96m, the equivalent of 17 percent of the 2010/11 gross revenue expenditure for the force. Savings were made in both the pay and non-pay budgets. Since 2010, Gwent Police has seen a reduction of 208 police officers, 161 staff and an increase of 42 PCSOs full-time equivalent (FTE). This increase in PCSO numbers was due to Welsh Government funding.

Following a comprehensive review which included a detailed analysis of demand and the anticipated budget cuts required, the force reorganised the way it carried out policing in April 2015. The new operating model is designed to match demand and the finances available.

HMIC is impressed with the quality of the work that has gone into planning the new structure. More police officers have been put into frontline roles. Resources have been allocated based on demand and additional resources have been directed at areas with greatest need.

In Gwent, 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 fallen from 93 percent in 2010 to 91 percent in 2015. The force expects to increase 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 Gwent Police, from 31 March 2010 to 31 March 2018



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

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

The force is expecting the new operating model to be capable of adapting to reducing workforce numbers as the budget continues to fall over the medium term.

Gwent has been divided into two geographical areas, East and West. Resources have been split between the two areas, based on the analysis of demand in each area. Previously 580 constables in total provided area-based policing, with another 380 constables working in central specialist functions. The new model puts more constable resources into local policing (with 800 frontline posts), while the number in central functions has been reduced to 150. The model also sets out supervisory ratios for sergeants and inspectors, as well as a structure for neighbourhood policing. Shift patterns have been adjusted to meet demand and training days have been included.

However in order to reallocate more resources to local policing, some of the specialist central teams have been disbanded (such as those dealing with protecting vulnerable people). It is not clear that the force has fully assessed the risks of this approach, and the impact on the service provided.

Also, as discussed earlier in the report, there is only limited monitoring of how well the force is now able to respond to calls for service, as response times are not readily available. Therefore the force will need to ensure it can fully assess whether the operating model is meeting the needs of the public in this area.

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

Figure 4: Actual and planned changes in workforce full-time equivalent (FTE) from 31 March 2010 to 31 March 2018 for Gwent Police compared to England and Wales

	March 2010	Difference between 2010 and 2015		March 2015	Difference between 2015 and 2018		March 2018
		Force	England and Wales		Force	England and Wales	
Police Officers	1,437	-14%	-12%	1,229	-5%	-6%	1,164
Police Staff	810	-20%	-19%	649	-16%	-6%	544
PCSOs	143	30%	-27%	185	-24%	-11%	140
Workforce total	2,390	-14%	-15%	2,064	-10%	-6%	1,848

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

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

The new workforce model introduced in April this year is expected to be capable of adapting to reducing workforce numbers as the budget continues to reduce over the medium term. The force has clearly mapped the anticipated changes in the workforce, and there are detailed predictions of the numbers of staff and officers leaving, likely promotions and the level of affordable recruitment.

The force plans to recruit sufficient new officers each year to meet the number leaving. The force is planning to reduce the number of PCSOs to match the budget available. It is expected that the recruitment to police officer roles will be largely from the current pool of PCSOs, who will not be replaced. This approach helps the force to limit the number of redundancies needed to meet the projected savings required from PCSO posts.

The force has sought to protect frontline policing by reducing the number of senior officers to make the necessary savings. A key principle of the Staying Ahead 8 programme is to protect the front line, and indeed to increase it where possible.

Reduction of supervisory ranks allows the force to increase frontline capacity to better respond to demand. However, HMIC saw evidence in one area of sergeants stating that they had been overloaded with aspects of their work, in particular the additional supervisory checks required by the new IT system, and CARES call-backs.

The force is currently undertaking work to understand emerging threats, in particular recognising the challenges presented by cyber and child sexual exploitation offences, and how these will be effectively resourced. The force has recently created a cyber-crime unit, which is a central resource that will be assisted by 'experts' in the field. Cyber-crime investigation training will be provided by the force to 150 officers from across all disciplines, with the aim of having a cyber-investigation capability, with an expert in every area on every shift. Similarly, there is a safeguarding champion on every shift in every area of the force, based on the same model.

Summary of findings



Good

Following a comprehensive review, which included a detailed analysis of demand and the anticipated budget cuts required, the force reorganised the way it provides policing in April 2015.

HMIC is impressed with the quality of the work that has gone into planning the new operating model, which puts more police officers into frontline roles. Resources have been allocated based on demand, with additional resources directed at areas with greatest need.

The force should ensure it can fully assess the effect of the changes it has made, including the impact of reallocating more resources to local policing from other functions in the organisation. In addition, because some data (such as response times) are not readily available, the force will need to consider how it assesses whether the new operating model is fully meeting the needs of the public.

The new workforce⁶ model has taken into account new or emerging demand (such as cyber-related crime) and organisational needs (such as assessing the likely future recruitment needs in response to planned promotions, retirements and resignations).

The force is planning to assess the impact of the changes it has made to ensure that it is meeting public demand for its services from its resources and within its budget.

⁶Workforce model – the way in which the workforce is organised; in the case of the police, it includes police officers, even though they are holders of the office of constable and therefore not employees of their police forces; it also includes police community support officers and police staff.

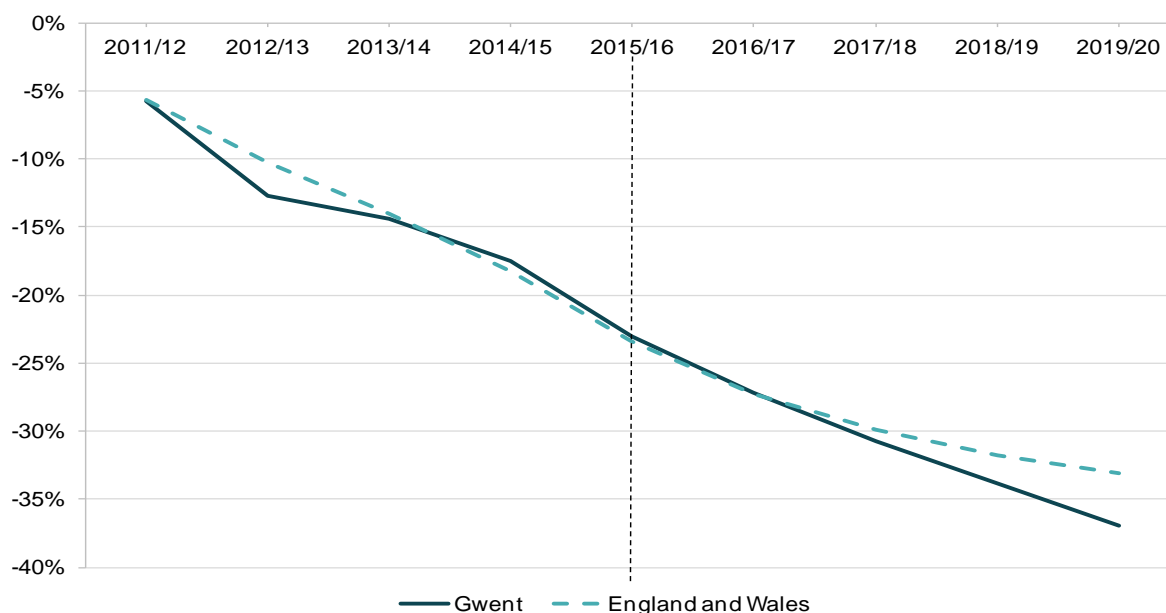
How sustainable is the force's financial position for the short and long term?

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?

Gwent Police forecasted savings of £23.96m 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 of £2.53bn, the equivalent of 18.2 percent of the 2010/11 gross revenue expenditure for England and Wales.

Figure 5: Estimated change in expenditure from 2011/12 to 2014/15, and forecast planned savings for 2015/16 to 2019/20, against the 2010 gross revenue expenditure baseline for Gwent 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 is anticipating that it will need to reduce its spending by a further £31m between 2014/15 to 2019/20. There are well-developed plans in place to achieve most of the future anticipated savings through to 2019/20.

The operating model is scalable and the force believes there are further potential savings from continuing to get rid of inefficiencies in the areas identified as high cost, through comparing with other forces' costs.

This is a considerable improvement on the position last year and has provided HMIC with a far greater degree of confidence in the force's financial position in the short, medium and longer term.

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

Gwent Police has planned a balanced budget of £122.2m for 2015/16, which includes a cut in spending of £7.6m. It is forecast that the reduction will be split between £7.1m from the pay budget (93 percent) and £0.5m (7 percent) from the non-pay budget in this year's savings. The force plans to meet its reduction in spend without using reserves as a bridge. Since the 2010 baseline, at the start of the spending review, this represents savings of 23 percent.

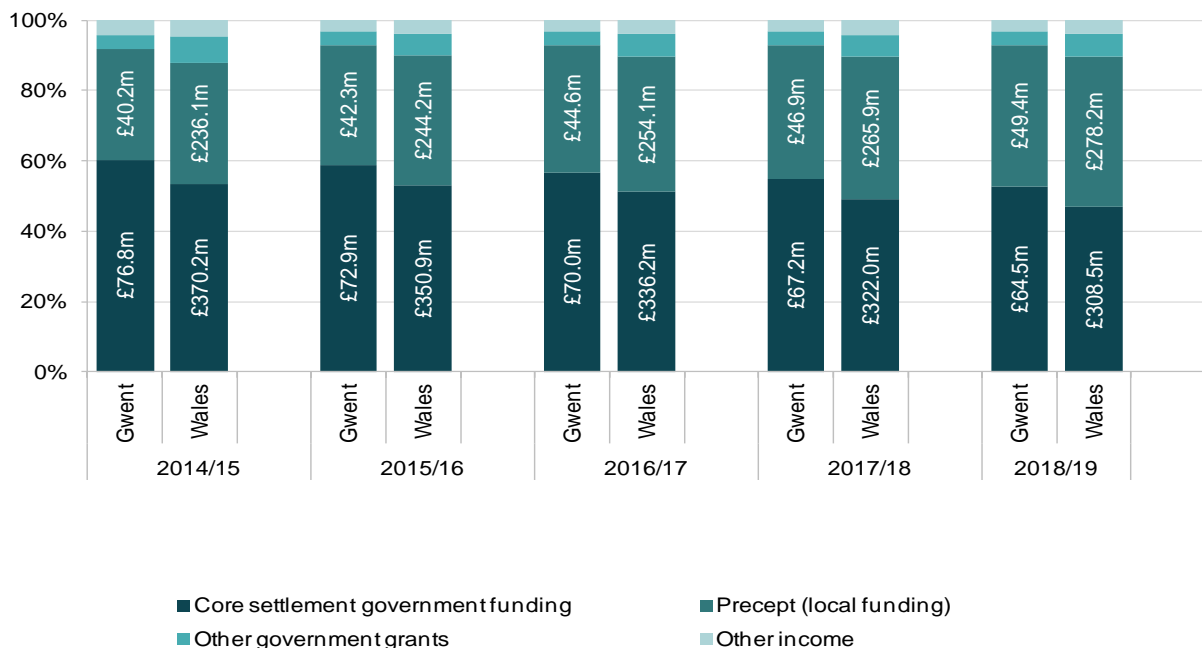
How well has the force maximised other funding opportunities?

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.

Gwent 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. These 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 Gwent Police in the 12 months to 31 March 2015 to the 12 months to 31 March 2020, compared to Welsh forces



Source: HMIC efficiency data collection.

Gwent Police actively seeks other funding opportunities and has in the past been successful at bringing in external funding to support new ideas. For example, a Home Office innovation grant in 2014 allowed the force to invest in mobile data devices and software for officers. The body-worn video cameras have also been paid for through external grants. The force also benefits from the Welsh Assembly

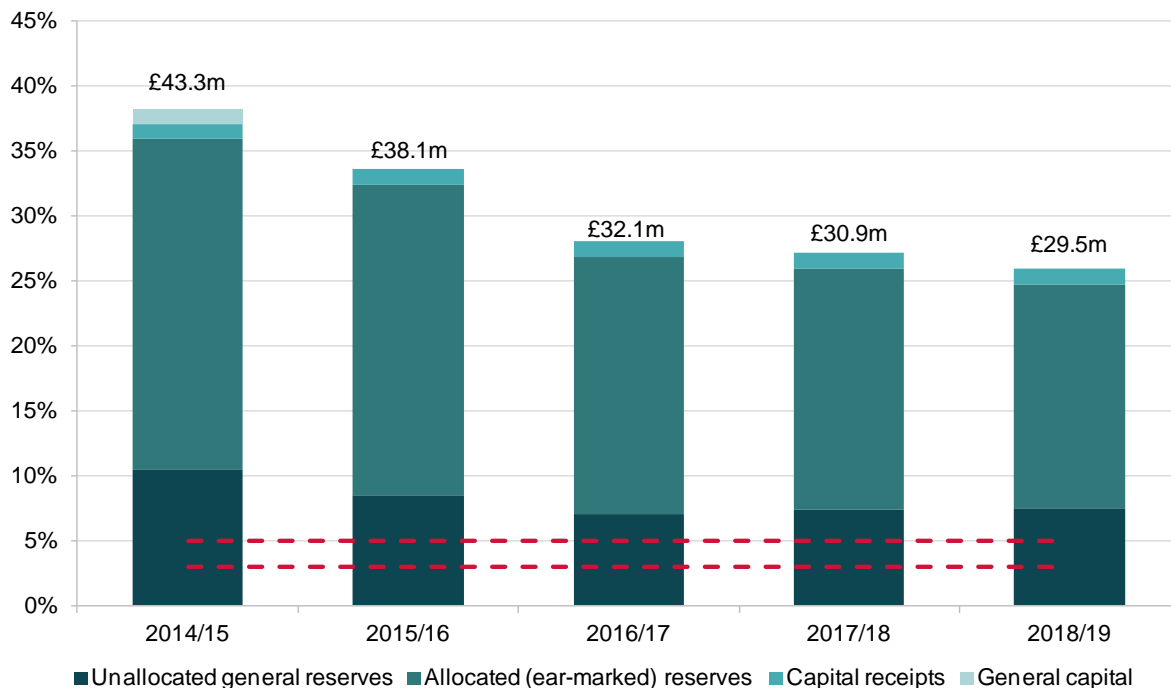
government grant to employ PCSOs; Gwent has employed an extra 100 PCSOs across the area using this funding.

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. Gwent Police reported that its total reserves were £43.3m 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 moved from a system of devolved financial management to centralised budgetary control some years ago, and spending decisions are controlled through the force resource board and the business tasking group. While this has helped achieve the savings required, there is recognition that it has also had reduced individual managers' accountability for the resources they are using.

The force is considering giving some managed and limited devolution of budgets back to managers, with recognition of the need to provide them with some financial management training.

Chief officers and the PCC are given a monthly financial report. Expenditure and overtime reports are given to departmental leads for information, although they are not given responsibility for controlling this expenditure.

There has been a comprehensive exercise to compare the costs of all the functions in the force with their most similar forces, and to identify any potential for savings by function. This has drawn on the HMIC value for money profiles, and the results inform the Staying Ahead 8 programme of review and change.

Finance and human resource management are firmly part of the Staying Ahead 8 programme and this ensures that staffing and budget changes are properly coordinated.

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

The force and staff from the office of the police and crime commissioner (OPCC) work closely together and share objectives. The deputy PCC sits on the Staying Ahead 8 Programme Board and receives regular updates and budget reports.

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?

All financial planning assumptions are shared with the PCC, who receives the same monthly finance reports as the force's chief officers. There is a clear understanding that the PCC 'owns' the reserves and largely takes responsibility for financial forecasting.

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

The force is anticipating that it will need to reduce its spending by a further £31m between 2014/15 to 2019/20. There are well-developed plans in place to achieve these savings.

The force has achieved its saving targets in both the previous financial year and this current financial year, with a surplus of £6m (which the force has added to general reserves). Plans to achieve the savings show that just over £11m is the subject of actioned or approved business cases; a further £6m is from business cases in progress; and an estimated £7m from options for further consideration. A £0.07m gap remains in 2019/20, which the force is confident it will achieve. The operating model is scalable and there are felt to be further potential savings from continuing to drive out inefficiencies in areas of activity identified as high cost through comparing costs with other forces.

Summary of findings



Good

Gwent Police has successfully reduced its spending by the required £24m over the last four years. It has set a balanced budget for 2015/16, which includes making all of the required savings this year.

As a result of the significant step forward this year in implementing plans for savings, the force expects to have surplus savings of £5.6m, which it plans to hold in reserves for future use.

The force has sought other funding, including from the Police Innovation Fund and from the Welsh Assembly.

The force reflects the police and crime commissioner's (PCC's) priorities in its plans, and is held to account by the PCC.

The office of the police and crime commissioner (OPCC) works with the force to develop financial plans. The PCC is provided with the same financial reports as the force chief officers.

The force anticipates that it will need to reduce its spending by a further £26.7m between 2015/16 and 2019/20. There are well-developed plans in place to achieve most of the future anticipated savings through to 2019/20.

This is a considerable improvement on the position last year, and has provided HMIC with a far greater degree of confidence in the force's financial position in the short, medium and longer term.

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,⁷ it is commonly considered that three percent to five percent of net revenue expenditure is a prudent level of unallocated general reserves for risk-based planning purposes. This range is shown on the graph by the two horizontal red dotted lines.

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

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