PEEL: Police efficiency 2016

An inspection of City of London Police

Contents

Introduction

As part of its annual inspections into police effectiveness, efficiency and legitimacy (PEEL), HMIC assesses the efficiency of police forces across England and Wales.

As with all public services, it is vital that the police service operates in a way that makes the most of all its available resources. Police forces need to make sure they understand the current demand for their services. This is to make sure that they use all the resources available to them to fight all types of crime and to protect communities. Also, forces need to be looking to the future to understand how that demand may change and to plan where they need to invest extra resources or change the ways they operate so that the public can continue to receive the policing it expects and deserves.

As part of the government's objectives to cut public spending, central funding to the police service in England and Wales has been reduced by around 20 percent since 2011. Police forces across England and Wales have faced a difficult challenge to sustain effective levels of policing in the face of significant budget cuts. Forces need to continue to make efficiencies and invest resources wisely in order to maintain a focus on reducing crime and keeping their communities safe. HMIC considers that a police force is efficient if it is making the best use of its resources to provide policing services that meet expectation and follow public priorities, and if it is planning and investing wisely for the future.

HMIC's efficiency inspection assessed all of these areas during 2016. More information on how we inspect and grade forces as part of this wide-ranging inspection is available on the HMIC website (www.justiceinspectorates.gov.uk/hmic/peel-assessments/how-we-inspect/). This report sets out our findings for City of London Police.

Reports on City of London Police's legitimacy and leadership inspections will be available on the HMIC website (www.justiceinspectorates.gov.uk/hmic/peel-assessments/peel-2016) in December 2016. Our reports on police effectiveness will be published in early 2017.

Force in numbers

£ Financial position

Forecast change in total gross revenue expenditure

2016/17	2019/20	Percentage change
£109m	£112m	+3%

Forecast savings:

Amount of forecast savings

2016/17	2019/20
£5.6m	£0.9m

Percentage of gross revenue expenditure

5%	1%

Workforce

Planned change in officer numbers

2015/16	2019/20	Percentage change
702	710	+1%

Planned change in total workforce

2015/16	2019/20	Percentage change
1,116	1,136	+2%

Officer cost per head of population in the 12 months to 31 March 2016

City of London Police	England and Wales force average
£104	£98

Workforce cost per head of population in the 12 months to 31 March 2016

£143	£143

Calls for assistance

999 calls per 1,000 population 12 months to 31 March 2016

City of London Police	England and Wales force average
N/A*	124

Recorded crime

Changes in recorded crime (excluding fraud) per 1,000 population 12 months to 31 March 2016

2014/15	2015/16
13	13

Percentage change in recorded crime (excluding fraud) per 1,000 population 12 months to 31 March 2016

City of London Police	England and Wales force average
-2%	+9%

Victim satisfaction

Victim satisfaction with the overall service provided by the police 12 months to 31 March 2016

City of London Police	England and Wales force average
87%	84%

* City of London Police does not directly receive '999'calls as these are received by the Metropolitan Police Service on behalf of City of London Police. Therefore, '999' call data which is not available for City of London Police.
For further information about the data in this graphic please see annex A

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

Overall judgment[1]

● ● ○ ○   **Requires improvement**

HMIC has assessed that City of London Police requires improvement in respect of the efficiency with which it keeps people safe and reduces crime.

Overall summary

City of London Police has a good understanding of the current demand for its services. On a daily basis, it collates, assesses and acts upon a wide range of information on the current demand for its services, and deploys its operational resources efficiently to meet that demand. The force has assessed 'hidden' or unreported crime, and has identified those areas of 'hidden' crime that pose the greatest threat to its communities. These are child sexual exploitation, modern slavery and human trafficking, and domestic abuse.

City of London Police's detailed understanding of how much it costs to investigate a particular type of crime or to respond to an incident is restricted to its economic crime directorate. This means that the force cannot be confident that it offers value for money in all of the services it performs. HMIC found that City of London Police has identified some inefficient and wasteful practices. However, the force could do more to ensure that it identifies such inefficiencies early. We also found limited detailed evidence of the benefits from the force's change programmes, or from collaboration with other forces and agencies. The force has made some progress in assessing and recording the skills and capabilities of its workforce. However, skills of its police staff have not been recorded, and this means that the system is less effective than it might be.

City of London Police does not have a detailed understanding of future demand and its planning for such demand is inadequate. The force has projected the demand on its services for some of its directorates, but this process has not been completed across the force. The workforce plan was incomplete at the time of our inspection and did not consider the future (possibly additional) skills that the workforce may need in 2020 and beyond. The force has recognised that its current information and communications technology (ICT) strategy is obsolete, and has commissioned a new one. However, we are concerned that the force has not properly considered how

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[1] HMIC judgments are: outstanding, good, requires improvement and inadequate.

new ICT systems could transform how it operates. The force has no functioning ICT strategy, does not assess professionally the impact of change projects, and does not have a workforce strategy that considers what skills are needed in the future. We also found confusion over the existence of an ICT change programme plan in the force. It is for these reasons that we judge the force to be inadequate at planning for demand in the future.

Causes of concern

The lack of clear coherent plans in City of London Police is a cause of concern to HMIC. It means that it is not possible for us to be confident that the force will continue to be able to provide efficient and effective policing in the future.

To address the cause of concern HMIC sets out a recommendation below.

Recommendation

- By 31 May 2017, City of London Police needs to complete its ICT strategy, workforce plan, and analysis of future demand for its services.

Areas for improvement

- City of London Police should ensure its understanding of the demand for its services, and the expectations of the public, is up to date by regularly reviewing the evidence on which it bases its decisions. It should do this alongside local authorities, other emergency services and organisations that work with the police to care for victims or prevent crime. Involving all these agencies will help to ensure that it takes the necessary steps to meet current and likely future demand, including unreported or 'hidden demand'.

- City of London Police should ensure that it understands the level of service that it can provide at different levels of expenditure, so it can identify the most effective and efficient way to provide its services.

- City of London Police should put in place better processes and an effective governance structure to realise the benefits of projects, change programmes and collaborative work, and understand how they affect the force's ability to meet current and likely future demand efficiently.

- City of London Police should review the capabilities of its workforce so it can identify and put plans in place to address any gaps. This will enable the force to be confident in its ability to meet current and likely future demand efficiently.

How well does the force understand its current and likely future demand?

A good understanding of the demand for police services is vital in ensuring that forces have the right resources in the right place to provide the right level of policing now and in the future. This means not just an understanding of reported incidents but also how well a force looks for demand that is less likely to be reported (e.g. incidents relating to modern slavery or child sexual exploitation): it must ensure that it protects the most vulnerable victims. Forces also need to understand how much effort to put into work that prevents crime and anti-social behaviour from occurring in the first place. It is important that forces continually review how they operate to ensure that they are not wasting police resources by operating inefficiently or responding to unnecessary demands.

Forces must understand how demand is changing and how they need to change to ensure that they can plan for the future and continue to respond effectively. As well as assessing likely future threats and risks from crime, this also means understanding and assessing the potential impact of wider societal and environmental changes on the demands they will face.

How well does the force understand the current demand for its services?

Police services cover a wide spectrum of activities and go far beyond the most obvious demands for providing a response to 999 calls, protecting victims of crime and pursuing offenders. It is important that forces have a comprehensive understanding across the whole range of different demands they face, including early intervention work with other organisations to prevent crime and seeking out 'hidden' crimes (e.g. domestic abuse, internet crime, fraud, modern slavery and crime in communities which are more reluctant to trust or work with the police). Police forces also need to understand how efficiently they run their own operations in order to avoid wasted effort, and to ensure that they make the best use possible of all available resources.

City of London Police does not receive 999 calls directly as these are received by the Metropolitan Police Service on the force's behalf. Therefore, while HMIC efficiency reports on other forces will contain 999 call data, this type of data is not available for City of London Police.

Figure 1: Police recorded crimes per 1,000 population in City of London Police compared with England and Wales in the 12 months to 31 March 2012 to the 12 months to 31 March 2016
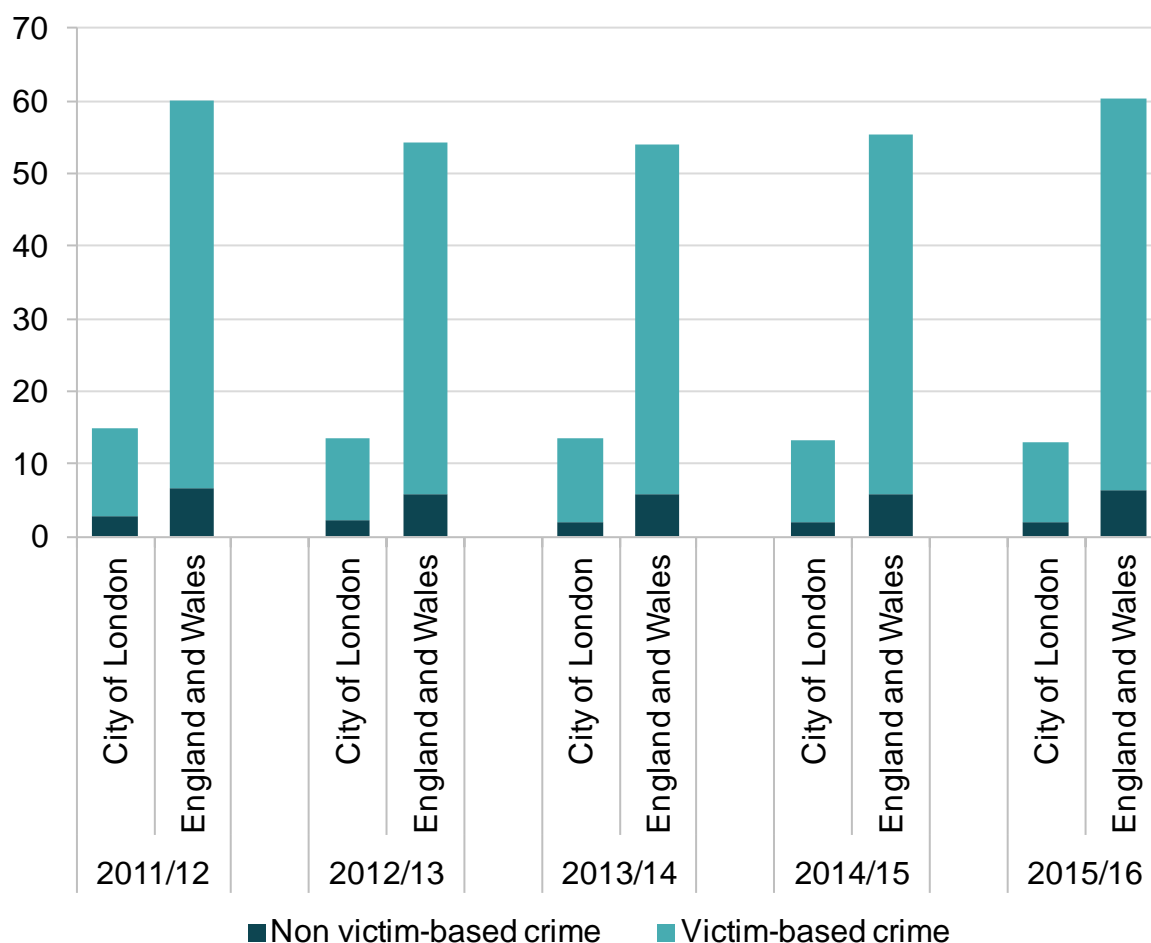
Source: Home Office Police recorded crime data
For further information about the data in figure 1 please see annex A

With regard to police recorded crime for the 12 months to 31 March 2016, City of London Police recorded 10.9 victim-based crimes per 1,000 population, lower than the England and Wales average of 53.8 victim-based[2] crimes per 1,000 population. Over the same period, City of London Police recorded 2.2 non victim-based crimes per 1,000 population, again lower than the England and Wales average of 6.5 non victim-based crimes per 1,000 population. There has been a decrease in the victim-based crime rate of 10 percent, and a decrease in the non victim-based[3] crime rate of 21 percent since the 12 months to 31 March 2012.

HMIC found that City of London Police has a good understanding of the current demand for its services. Every day, the force makes operational decisions based on a wide range of management information about the number and nature of public

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[2] Victim-based crimes are crimes with a specific identifiable victim.

[3] Non victim-based crimes are crimes that do not normally have a direct victim. These are sometimes referred to as 'other crimes against society' in official crime statistics.

calls received and reports from police officers on their current incidents and investigations. The force's intelligence and information section collates and assesses this information every day and shares its analysis with officers and staff throughout the force. This enables the force to monitor and to understand the current demand for its services and to deploy its operational resources to meet that demand.

The force is developing its knowledge of less obvious demand, such as crimes which the public does not frequently report to the police. These crimes, such as domestic abuse and internet crime, are sometimes referred to as 'hidden crimes'. The force has made an intelligence assessment of the demand for its services, and has identified the areas that pose the greatest threat including crimes such as child sexual exploitation, modern slavery and human trafficking, and domestic abuse. The force should have a long-term plan or strategy (called a 'control strategy') which sets out how it will respond to each of these threats. A named officer should lead the plan for each threat. At the time of the inspection the force could not demonstrate that this was taking place. The force does have officers who work in the public protection unit and are responsible for investigating other types of hidden crime, such as so-called honour based violence and female genital mutilation. The force acknowledges that it can do more to identify this.

Since our efficiency inspection in 2015, the force has introduced THRIVE,[4] a better way to assess threat, risk and harm and to improve how it manages demand. Officers no longer attend every incident which is reported to the force: it only sends officers when it is essential for them to attend.

Police forces are very well aware that it is inefficient for a uniformed officer to return to an office to complete paperwork and process information about the crime. The force has introduced a more agile way of working, through a project which provides some frontline uniformed officers with tablets. This enables officers to complete paperwork while on patrol and, because it is an electronic record, the information which the officers submit is available force-wide almost instantly, which benefits operational decisions. The force has calculated how much more efficient it will be when more officers and staff across the force are working this way.

However, the force has not always been rigorous in identifying waste. During the course of our inspection, we found evidence of inefficient practices. For example, the force took three years to discover that it had been paying for IT support for an IT system which it had not used. This suggests that the force does not yet have a rigorous process in place to identify waste or prevent inefficiencies being introduced inadvertently.

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[4] THRIVE is a structured risk assessment tool used by police forces to inform decisions on the most appropriate response needed. It is based on the threat, harm, investigative opportunities, vulnerability of those involved, and opportunities to engage.

How well does the force understand potential future demand for its services?

Demands for police services are changing all the time. Forces need to anticipate and understand the changes which are likely to happen, so that their plans can keep up with the public's needs and expectations. Potential future demand includes new and emerging types of crime, such as cyber-crime, modern-day slavery and human trafficking. It also includes changes to the communities that forces serve, developments in technology and environmental events, such as flooding.

The force is effective at responding to current increasing demand such as cyber-enabled fraud and increased violence related to the City of London's night-time economy of bars, pubs, clubs, theatres and restaurants. The force intends to undertake an academic study into the reasons for the potential demand for the force's services which are connected to the expansion of this night-time economy.

However, HMIC found only limited evidence of how the force is trying to understand demand beyond 2020. The business communities which the force serves have shared their assessment of future growth in the City of London. The force has begun to consider this assessment in order to make longer-term plans. For example, businesses predict that more people will be working in the City of London, which is likely to increase the size of the City's night-time economy. The force assesses that this will create increased demand for its services.

The force is working with the British Transport Police and the Metropolitan Police Service to manage the demands on its services caused by shortages in health service provision. A particular concern is the increase in attempted suicides in the City of London and the difficulties the force has when people who have attempted suicide are released from hospital without further support. The force frequently deals with emergency calls from distressed people who are making further attempts to harm themselves. Health service representatives do not regularly attend meetings of the multi-agency community safety partnership.[5] This means they do not work as closely as they could with other organisations. HMIC found that the force has started work to identify likely future demand for its services which is still at an early stage. For example, working with Transport for London, it has identified the likely impact on demand that opening a Crossrail station and introducing a night-time Tube service will bring.

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[5] Community safety partnerships (CSPs) were established under sections 5-7 of the Crime and Disorder Act 1998. They are made up of representatives from the 'responsible authorities', which are: the police, local authorities, fire and rescue authorities, the probation service and the health service. The responsible authorities work together to protect their local communities from crime and to help people feel safer. They work out how to deal with local issues such as anti-social behaviour, drug or alcohol misuse and reoffending.

When it is planning for future demand, the force does consider what services the public and businesses expect it to provide, but only in relation to a limited number of threats. For example, the force asked businesses and the public what counter-terrorism precautions they expected the force to provide. The answers led the force to cancel its plans to reduce the number of counter-terrorism advisors. Because this consultation with businesses and the public is limited in scope, we believe this is an area for improvement for the force.

Summary of findings

Good

City of London Police has a good understanding of the current demand for its services. Every day, it collates, assesses, and acts upon a wide range of information on the current demand for its services and deploys its operational resources to meet that demand. The force has assessed intelligence relating to 'hidden' or unreported crime and has identified those areas of 'hidden' crime that pose the greatest threat to its communities. These are child sexual exploitation, modern slavery and human trafficking, and domestic abuse.

However, we found that City of London Police has identified some inefficient and wasteful practices. The force could do more to ensure that such inefficiencies are identified at an early stage. The force has recognised that there is potential for increased demand from crime such as cyber-enabled fraud, and increased violence within the City's night-time economy.

Area for improvement

- City of London Police should ensure its understanding of the demand for its services, and the expectations of the public, is up to date by regularly reviewing the evidence on which it bases its decisions. It should do this alongside local authorities, other emergency services and organisations that work with the police to care for victims or prevent crime. Involving all these agencies will help to ensure that it takes the necessary steps to meet current and likely future demand, including unreported or 'hidden demand'.

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

Police forces need to operate in a way that makes the best use of all available resources, so that demand is met and public expectations are satisfied. We looked at the extent to which City of London Police has the right people with the right skills in the right place to protect the public and to fight crime. Police funding has reduced over recent years. It is increasingly important that resources are aligned with priorities, to provide value-for-money services that manage demand and meet financial requirements. This not only means that a force is using its own workforce as efficiently as possible: it also involves the police working in new ways with others to ensure the best possible service to the public.

For a number of years, police forces have been focused on changing the way they operate and finding ways to save money in order to manage reducing budgets. It is important that these savings are sustainable: forces must demonstrate that they have achieved efficiencies while remaining able to meet demand.

How well does the force's current allocation of resources match demand, organisational and financial requirements?

Police forces need to consider many factors when deciding how to allocate their resources, including all types of demand, local risks and priorities, and their national responsibilities. We look at how well City of London Police assesses these factors in making decisions about the level of service to provide and how to use its resources to best effect.

Figure 2: Police officers, staff and police community support officers (PCSOs) as a proportion of total workforce in City of London Police compared with England and Wales as at 31 March 2016

Police officers   Staff   PCSOs
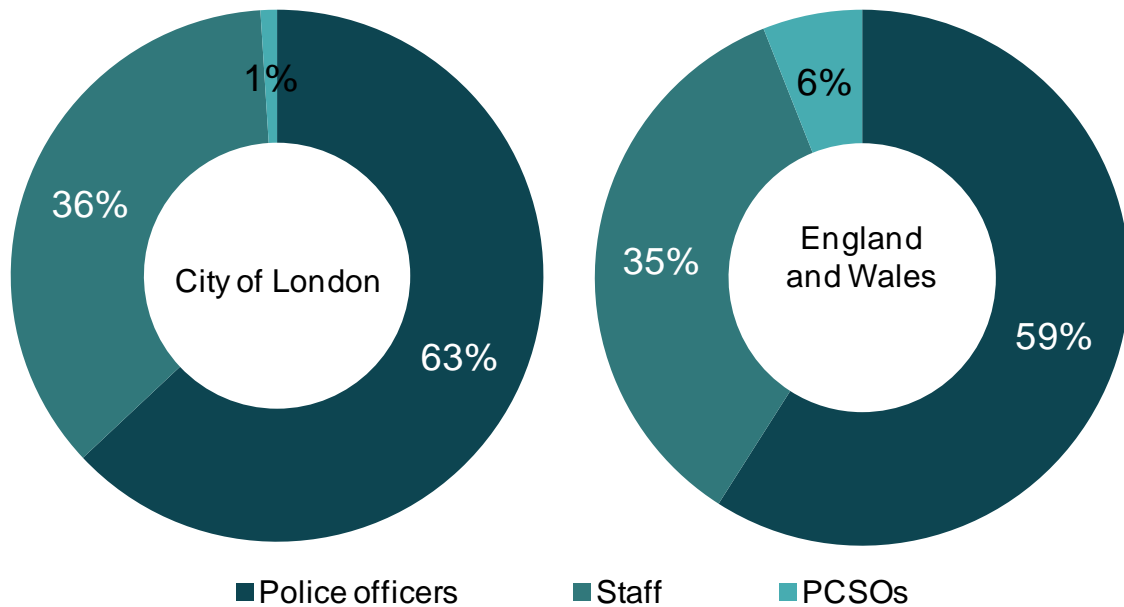
Source: Home Office Police workforce statistics
Note: figures may not add up to 100 percent due to rounding of numbers. For further information about the data in figure 2 please see annex A

As at 31 March 2016, police officers made up 63 percent of City of London Police's workforce, a little higher than the England and Wales average of 59 percent. The proportion of staff in City of London Police was 36 percent, broadly in line with the England and Wales average. The proportion of PCSOs in City of London Police was one percent, considerably lower than the England and Wales average of six percent.

Figure 3: Planned changes in full-time equivalent workforce from 31 March 2010 to 31 March 2020 for City of London Police compared with England and Wales

	March 2010	Change from 2010 to 2016		March 2016	Change from 2016 to 2020		March 2020
		Force	England and Wales		Force	England and Wales	
Officers	852	-18%	-14%	702	1%	-2%	710
Staff	310	29%	-21%	399	3%	-5%	410
PCSOs	52	-72%	-35%	15	8%	-6%	16
Workforce total	**1,214**	**-8%**	**-18%**	**1,116**	**2%**	**-3%**	**1,136**

Source: HMIC Efficiency data collection.
For further information about the data in figure 3 please see annex A

Managing demands for police services

HMIC found that City of London Police prioritises efficiently its use of resources to meet demands for its services. The force's priorities are set out in conjunction with the City of London Corporation Police Committee, and are published in the 2016 to 2019 policing plan. The force has a clear rationale set out for how to allocate its resources. It balances the likely demand for its services, which is assessed using the force's threat, harm and risk assessment model, against known threats. These may not generate demand every day, but may require resourcing at a level sufficient to prevent or deter crime. The force's intelligence and information directorate assesses the threats and risks which the force must allocate to officers to manage. This includes looking ahead to help the force to anticipate changes in demand. The intelligence and information directorate operates to the National Intelligence Model (NIM).[6] This sets out best practice in analysing intelligence and information, and standardises intelligence products describing the scale and nature of a threat.

Until recently, the force has had enough resources to enable it to respond to all calls from the public. But the number of police officers has reduced considerably (around 150 or more posts) since 2010. As a result, the force has reconsidered the level of service that it needs to provide for the public. Calls from members of the public are now prioritised based on threat, harm and risk. Some crimes are investigated by neighbourhood officers rather than detectives (who are more costly and who are in high demand). To respond to the national increase in fraud and, in particular, cyber-

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[6] NIM is a business model for law enforcement. All forces in England and Wales are required to implement NIM to national minimum standards.

enabled fraud, the force has expanded its economic crime directorate since 2011.[7] These are all examples of how the force makes decisions in order to allocate resources against demand.

However, the force does not have a full picture of the cost of all of its policing work. Only in certain parts of the force does it have a specific and detailed understanding of how much it costs to investigate a particular type of crime, or to respond to an incident. This means that the force cannot be confident that it offers value for money in all of the services it provides. We consider that this is an area for improvement.

Increasing efficiency

We found the force to be fully aware of costs in some areas - the economic crime directorate, for example – where it had been required to itemise expenditure in order to support the business case for funding. The force is delegating responsibility for operational spending to those with responsibility for providing frontline policing, as part of its leadership initiative to allow supervisors to approve funding. When this has been completed, it will provide a more detailed understanding of costs in all parts of the force.

The force is implementing several digital IT projects to improve efficiency, such as the case custody crime and intelligence IT system. These aim to integrate all of these functions into one electronic system. A project called 'digital disclosure' aims to provide electronically all material evidence for or against the accused in criminal proceedings. But the force is not confident that it will realise all the anticipated efficiencies from its IT projects. A lack of professional project managers able to analyse the benefits and impact of projects means that most of the IT change projects underway have been commissioned without a full understanding of the impact and benefits. At the time of the inspection, the assistant commissioner was due to review the force's change management projects, holding a two-day workshop with the programme management office to consider the value and viability of each project.

How well does the force improve the productivity of its workforce?

Finding ways to make police officers and staff more efficient when they are out in their communities and reducing time spent doing back office functions is essential to ensuring that police officers remain visible, on the beat and engaged in activities to reduce and fight crime. Police forces spend around 80 percent of their budget on staffing, so it is vital that the workforce is as productive as possible. This means forces need to ensure that all their staff have the skills and capabilities to provide the

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[7] Between 2013 and 2016, the economic crime directorate increased in size from 167 police officers and 88 police staff to 176 police officers and 124 police staff. Source: City of London Police.

required level of service. We assessed how well City of London Police understands the skills its staff need, both now and in the future; where there are gaps in either capacity or capability, we looked to see if the steps it is taking will ensure that its staff work as efficiently and effectively as possible. We looked in particular at whether the workforce has the right level of digital skills, both to make the most of current ICT systems and to investigate crime digitally.

Understanding current workforce capabilities and gaps

In our 2015 efficiency inspection, we found that City of London Police needed to improve the way it recorded the skills and capabilities of its workforce. This year we found that the force has made progress has been made, but still has more to do. The force is using an IT system to record all of the accredited skills that its frontline officers need. All this information is now recorded on the system and has been used to identify any gaps in the skills required of the frontline staff. This enables the right officers with the right skills to be deployed from the force control room to an incident. However, the system does not contain all of the accredited skills of the force's staff, which makes it difficult to identify skills gaps in business areas that are not frontline policing. The force is not yet in a position to understand fully the accredited skills (such as languages) for its complete workforce. We judge this to be an area for improvement.

Tackling workforce gaps

The force has some plans to tackle the gap in workforce skills that it knows about. But its understanding of these skills gaps is incomplete; it is unlikely to know about some specific gaps in the skills of its workforce. Each of the force's directorates submits a monthly return detailing the current staff complement and absences. These are reviewed to identify skills gaps and, where absences or vacancies exist, to set out the priority for filling the posts. These monthly returns are also being used for the force's workforce plan 2016–19, which was incomplete at the time of our inspection. Priority posts that need to be filled are now advertised as open to officers and staff in other forces as well as to people internally, to increase the pool of talented officers and staff available to the force. The force intends to recruit ten fast-track entry officers before 2019/20. The force told us that promotion opportunities are now specific to each vacancy; the recruitment campaign is not a generic promotion exercise from which successful candidates are appointed to vacancies in order of assessment. This means that the force can identify candidates who meet the generic standard for promotion but who also have the specific skills that a job requires and so can be effective in their posts quickly.

The force has a shortage of detectives. It has challenged itself as to whether all of the work being undertaken by detectives needs their level of specialist skill. A review identified some work that constables could complete, and tasks are now allocated in this way. This has partially addressed the shortage of detectives within the force.

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In 2014, the force began to provide an internal leadership development programme. All staff and officers responsible for supervising the work of others have been on this programme. The final phase covering the remaining staff (including all constables) should be completed by the end of 2016. The force has not yet evaluated the success of this development programme.

How well does the force work with others to improve how it manages demand for its services?

We assessed how well City of London Police has explored opportunities to work in collaboration with others to increase efficiency and provide better, more resilient services. This can include work with other police forces, local public sector organisations, the private sector and the voluntary sector. We looked at whether the force has a clear rationale for the decisions it has taken about how it works with others, and whether it has a good understanding of how successful its joint working has been.

The force is committed to working with other police forces and with organisations in the public and private sectors. The force shares a call centre with the City of London Corporation for non-emergency police calls. Most of the force's business support functions are also provided in partnership with the Corporation, which owns all buildings on the force estate. The Corporation is financing a £100m accommodation programme to provide the force with two modern buildings.

The force has been collaborating with a commercial technology company to introduce a range of technology for the National Fraud Intelligence Bureau which the force houses in its economic crime directorate. The force owns some of the intellectual property rights for elements of the software that has been developed as part of this collaboration. If the commercial technology company can license this software so other law enforcement agencies can use it, there might be considerable revenue for the force.

Collaboration benefits

The force also told us about other examples of collaborative working which it considered had made improvements to services or reduced costs. But we are concerned that the force has not assessed professionally how these projects will benefit the organisation. This may mean that the force does not fully understand the benefits which can be gained from collaborative working.

Operation Benbow[8] is the name given to collaborative work on public order incidents with the Metropolitan Police Service. This allows City of London Police to call on

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[8] Operation Benbow provides a unified command structure, operational and resourcing plans for events in London between the Metropolitan Police Service, City of London Police and the British Transport Police.

officers trained in public order from the Metropolitan Police Service at times of significant demand. This clearly saves the force from the expense of training too many officers in public order duties. The force has also collaborated with a group of East Midlands police forces to install a case-handling IT system to share maintenance and service costs.

We found many initiatives in place to manage demand placed on the force by other agencies, which demonstrated good working relationships with partner organisations in the public sector. The force works closely with charities, social services and health workers such as the London Ambulance Service and NHS street nurses to help the large numbers of homeless people who shelter in the City of London at night. Homeless people can generate considerable demand on police services, but the force has worked closely with these partner organisations to reduce demand before it arises.

Figure 4: Projected percentage of net revenue expenditure in City of London Police, compared with England and Wales, on collaboration with other forces in the 12 months to 31 March 2016 to the 12 months to 31 March 2020
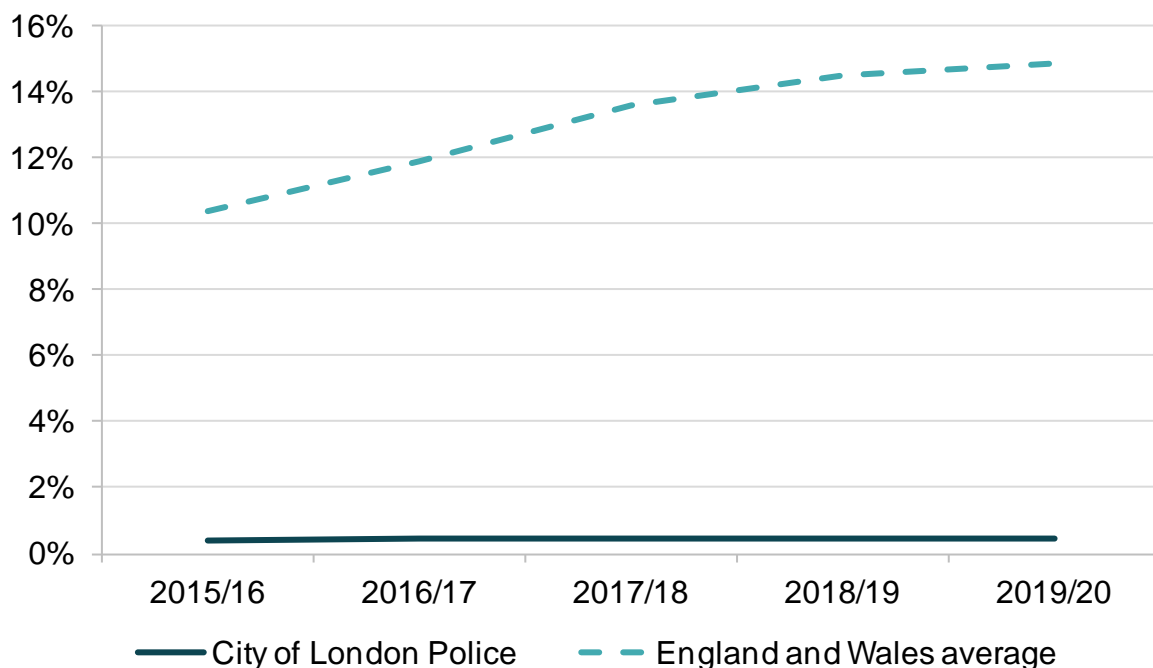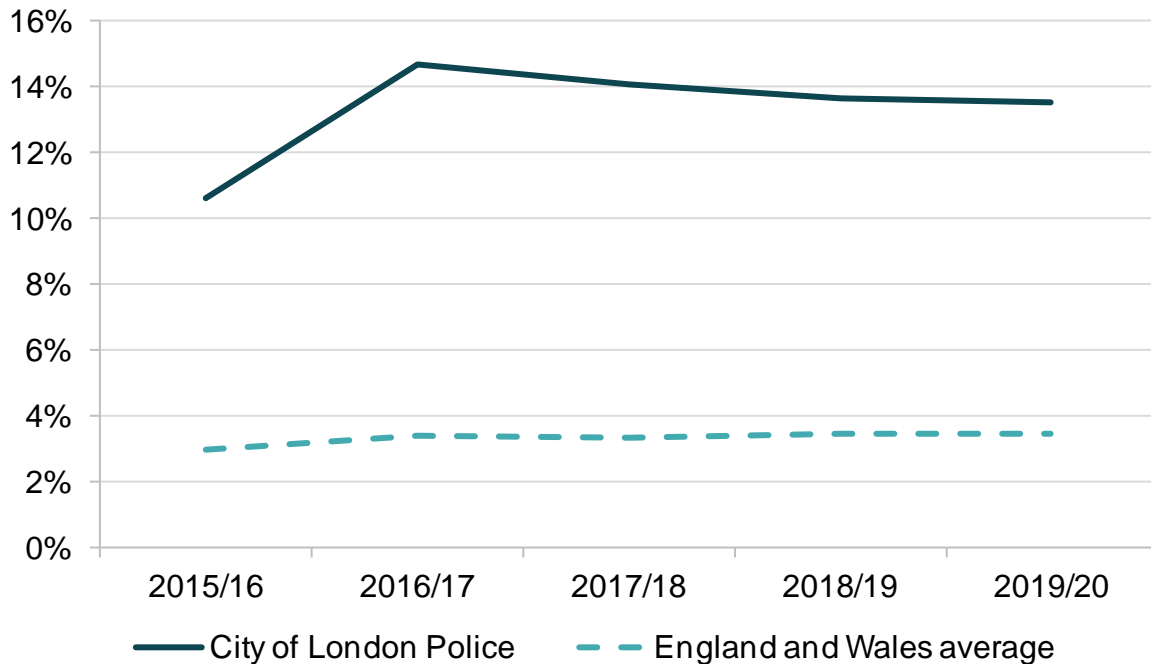

Source: HMIC Efficiency data collection
Note: some forces could not provide data for all years. These forces have been excluded from the England and Wales average in those years only. West Mercia Police and Warwickshire Police stated that all of their net revenue expenditure is spent in collaboration. To avoid distorting the distribution of forces, these have been removed from the England and Wales average for this figure. For further information about the data in figure 4 please see annex A.

City of London Police has forecast that it will spend £0.3m in 2016/17 on collaboration work with other police forces. This is 0.5 percent of its net revenue expenditure (NRE), which is far below the England and Wales average of 11.9

percent. For 2019/20, the force has forecast that it will spend £0.3m (0.4 percent of NRE) collaborating with other police forces; the England and Wales average is forecast to have risen to 14.8 percent.

Figure 5: Projected percentage of net revenue expenditure in City of London Police, compared with England and Wales, on collaboration with non-police organisations in the 12 months to 31 March 2016 to the 12 months to 31 March 2020

Source: HMIC Efficiency data collection
Note: some forces could not provide data for all years. These forces have been excluded from the England and Wales average in those years only. For further information about the data in figure 5 please see annex A.

City of London Police has forecast that it will spend £9.3m in 2016/17 on collaboration with non-police organisations. This is 14.7 percent of its net revenue expenditure (NRE), much higher than the England and Wales average of 3.4 percent. For 2019/20, the force has forecast that it will spend £9.3m (13.5 percent of NRE) on collaboration with non-police organisations; the England and Wales average is expected to be 3.5 percent.

How well does the force understand how any changes made to improve efficiency have affected its ability to manage demand?

As resources reduce and demands on police services become ever more complex, it is increasingly important that forces understand fully the benefits that are realised from any investment and the impact of any new ways of working. This understanding enables them to learn from what works and to take swift action to mitigate any negative results.

We found limited detailed evidence that the force had realised financial or efficiency savings (called benefits realisation assessments) from the force's change programmes. The force states in documents provided to HMIC that it recognises the importance of these assessments, and post-implementation reviews of its change projects. But we found little evidence that this has been applied consistently. The assistant commissioner has set out a force-wide policy to make sure that the organisation learns from this work, and also has set up a board to make sure officers and staff review both success and failure. It must prioritise and then put into practice the most useful and effective lessons it has learned from this exercise.

Recently, the force has assessed the savings it has made from using tablet computers by frontline staff. Although the cash savings of the initial implementation of the project are modest, at around £50,000 each year, other efficiencies from the use of this technology are benefiting the force, such as officers spending more of their time patrolling the streets of the City of London.

Summary of findings

Requires improvement

City of London Police's use of resources to manage demand requires improvement.

The force does prioritise resources to manage demand efficiently. However, the force's detailed knowledge about how much it costs to investigate a particular type of crime, or to respond to an incident, is restricted to its economic crime directorate. This means that the force cannot be confident that it offers value for money in all of the services it performs.

We also found that that the force did not have enough detailed evidence about the efficiency and financial benefits it has realised from its change programmes; knowledge about the benefits it has gained from collaborative work with other agencies is limited. The force has made some progress in the way that it records the skills and capabilities of its workforce. However, not all of the accredited skills of the staff have been recorded, which makes this system less effective.

Areas for improvement

- City of London Police should ensure that it understands the level of service that it can provide at different levels of expenditure, so it can identify the most effective and efficient way to provide its services.

- City of London Police should put in place better processes and an effective governance structure to realise the benefits of projects, change programmes and collaborative work, and understand how they affect the force's ability to meet current and likely future demand efficiently.

- City of London Police should review the capabilities of its workforce so it can identify and put plans in place to address any gaps. This will enable the force to be confident in its ability to meet current and likely future demand efficiently.

How well is the force planning for demand in the future?

HMIC examined how well forces are using their understanding of current and future demand on their services to develop more efficient ways of operating that balance ambition, realism, innovation and risk. Our assessment examined the extent to which City of London Police's plans are credible and achievable while at the same time creative and ambitious. This included how far it is aiming to improve efficiency through its workforce plans, collaboration plans, financial plans, ICT plans and approaches to risk.

How well does the force identify and prioritise areas to invest in for the future?

It is important that forces have good plans in place which take account of future demands for their services as well as the likely future funding available to them. They need to invest wisely for the future in order to ensure that they have the right capabilities to meet future demand. HMIC examined the force's financial plans and workforce plans to assess how far it is set to meet future changes in demand and local priorities. We looked in particular at how well City of London Police has considered its future ICT, as well as any wider changes to the communities it serves.

Matching resources to demand, organisational priorities and financial requirements

City of London Police has a budget for the period 2016/17 to 2018/19. However, the force does not have a finalised budget beyond this. It has stated its intention to move to a priority-based budget[9] from 2017/18. The force has balanced its budget for the current financial year but shows a deficit in 2017/18 of £2.9m, increasing to £4.8m in 2018/19. It has not analysed in detail future demand on its services. The force has extrapolated demand for some, but not all, directorates, and is exploring possible scenarios for future demand in cyber fraud. Force planning needs to be informed by an adequate analysis of future demand, but this was absent at the time of our inspection. This is an area that requires further work.

The workforce plan was incomplete (a draft was available for inspectors to examine) at the time of our inspection. It did not consider the future (possibly additional) skills that the workforce may need in 2020 and beyond. Workforce numbers are set by the funding available and the force has presented to HMIC some details of how it can increase its income to balance its budget in the future. The income-generating

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[9] Priority-based budgeting is a technique that allocates an organisation's resources in line with its priorities and enables the organisation to identify opportunities to reduce costs.

initiatives could provide as much as £100m additional income for the force over the next three to five years, but there are too many unknown factors, and these figures cannot currently be stated with confidence.

The assistant commissioner has been quick to start dealing with some of these problems. We saw signs of progress, even though the assistant commissioner had only been in post for seven weeks. The force has agreed that a five-year schedule to integrate its workforce plan, change plan, priority-based budget, understanding of demand and ICT strategy is necessary if the force is to be well prepared to meet the policing environment of the future and continue to work efficiently. However, we found the force's plans to be inadequate overall. These plans are under-developed and not sufficiently informed by future demand analysis.

Investing in ICT

The force's ICT strategy to cover the period up to 2017 was published in 2014. The force acknowledges that this strategy is obsolete and has commissioned a new one. The force has more than ten ICT change programmes underway. We interviewed people who were responsible for them. Some interviewees said that the force had a plan for its ICT change programme; some said that it did not. It is worrying that the force is unsure of the current situation.

The document provided to HMIC was a high-level project timeline for all of the force's change programmes up to December 2016, rather than the ICT change programme plan the force believed it to be. We were told that, the force, in collaboration with the City of London Corporation, decided to outsource its ICT service to improve efficiency. This made its 2014 strategy, which the force developed when it had an 'in-house' ICT service, obsolete. The absence of a functioning ICT strategy at the time of our inspection, in addition to confusion as to the existence of an ICT change programme, leaves us concerned that the force has not sufficiently considered how new ICT systems could transform the way the force operates.

How well does the force plan its investments?

A force's plans for investment and savings need to be credible, realistic and informed by an understanding of the financial and operational challenges that it is likely to face They must also be ambitious enough to meet public expectations, and need to identify new ways of working and providing services in the future.

Figure 6: Estimated percentage of gross revenue expenditure allocated across different policing functions in City of London Police compared with England and Wales in the 12 months to 31 March 2016
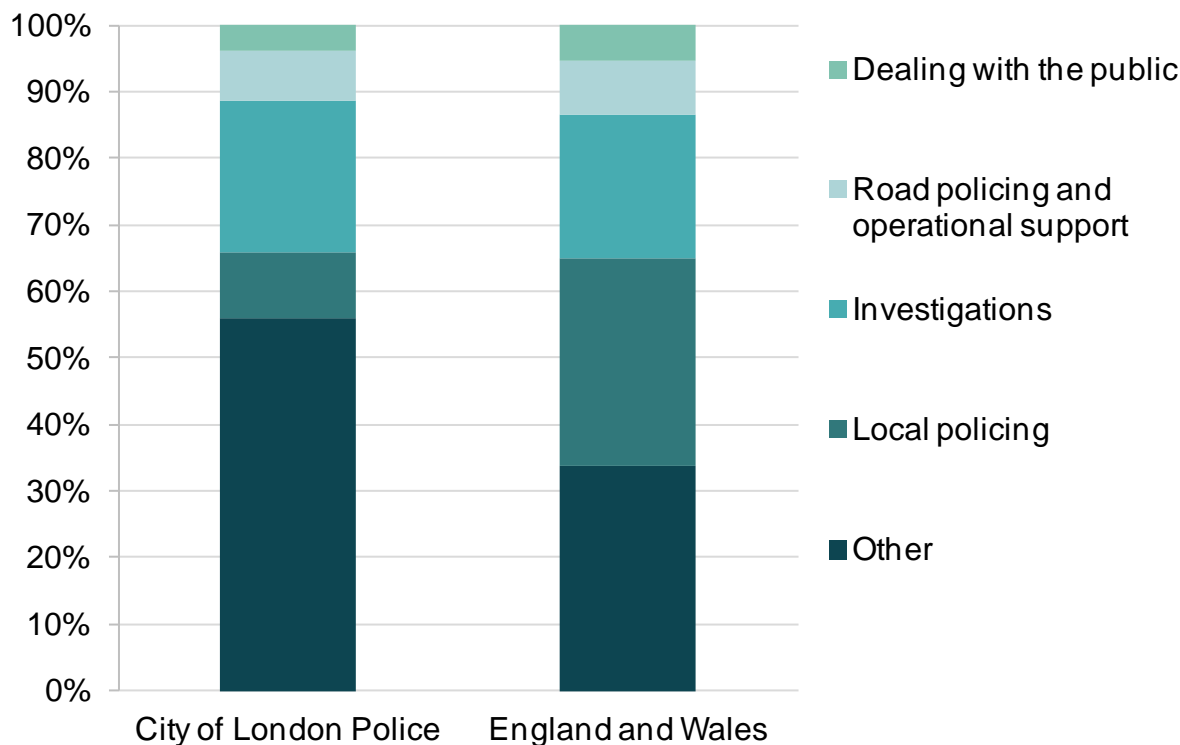
Source: HMIC Efficiency data collection
For further information about the data in figure 6 please see annex A

Until City of London Police brings its current plans into a cohesive and strategic longer-term plan, it cannot be considered to be planning its investments efficiently. This is not to say that the force will not achieve change until this happens; but a lack of a strategic plan increases the risk of the force making inefficient investments. Demand arising as a result of inefficiencies is a risk that the force is not able to foresee and therefore manage. The force's accommodation plans – to reduce its estate by 100,000 square feet and remain in just two of the current four buildings – have many interdependencies with its major ICT programmes. The force is confident that it has considered and understands all these interdependencies. However, in light of our findings on this inspection, we consider that there is a high risk of unforeseen demand being created and consequent inefficiency.

The force is willing to work with other bodies in order to develop its plans. The shared ICT service with the City of London Corporation is a good example of this. This is an area in which the force is ideally placed to exploit the City of London's business community to its advantage.

Planning for the future

There are gaps in many of City of London Police's plans. It is not possible for HMIC to give the public assurance that the force is making credible organisational plans for the future. The force has made some successful changes to its operating model. For instance, its trial of a more mobile way of working is making savings and increasing efficiency. But the lack of professional project management to understand the impact and benefits before the force commissions the majority of its change projects means that it is proceeding without knowing the impact of these projects on its services. This risks inefficiency and creating demand unintentionally. The assistant commissioner's review of current change programme projects is the first stage to tackle this issue.

To what extent does the force fund its investments sustainably?

Police forces have made significant financial savings over recent years; they have been able to reduce costs and protect frontline policing. They continue to face financial challenges and it is vital to their ability to sustain effective policing that they continue to seek improved efficiencies and drive down costs so that they can not only balance their budgets but also invest in improving their capability in the future. Forces need to consider different ways of transforming the way they work in order to secure effective policing in the longer term.

Saving to invest for the future

To break even in 2015/16 the force had to draw on £3.2m from its general reserves, almost twice what was predicted. This was largely because of lower than expected receipts from grant income, and higher than expected expenditure on ICT and the force's accommodation plan. The accommodation reserve balance of £0.22m was also used during 2015/16. On 31 March 2016, the force had a general reserve balance of £5.4m, which is above the £4.0m minimum set by the City of London Corporation.

The force has set a balanced budget for 2016/17. On current forecasts, this will not entail the force needing to draw on general reserves to fill gaps in the budget. At 31 March 2017, the general reserves balance is expected to remain at £5.4m. The 2016/17 budget and the budgets for 2017/18 and 2018/19 are based on prudent assumptions on income and expenditure, including funded income received by the economic crime directorate. The budgets assume that there will be no increase in the business rate premium from the City of London Corporation.

The budget forecast for 2019/20 is being developed. The force expects that it will need to make budget savings of £2.9m and £4.8m respectively in 2017/18 and 2018/19 (£7.7m in total) to strike balanced budgets. Failure to do so will reduce the

general reserves to below the minimum retained balance of £4.0m that has been set by the City of London Corporation (to a £2.5m surplus balance in 2017/18 and a £2.3m deficit balance in 2018/19).

The force, while making savings, has also had to rely on the reserves to balance recent budget gaps. If the force does not realise any savings, then its general reserve balance is expected to fall from £15.5m on 31 March 2014 to a deficit of £2.3m by 31 March 2019. If all planned savings are achieved, then the force will meet the £4.0m minimum general reserves balance required by the City of London Corporation.

Working together to improve future efficiency

The force has a good track record of achieving planned savings. It is planning to make the savings required to 31 March 2019 through spending less on staff pay and other costs.

The number of officers will be 710 by 31 March 2017 and the number of staff will be 410 by 31 March 2017. At the time of the inspection there were vacancies for 10 full-time equivalent (FTE) officers and 25 staff. The force has limited the amount which directorates can spend on supplies and services. Other savings, which have yet to be fully quantified, are expected to come from the change programme which will rationalise the use of accommodation, extend remote working across the force, and make better use of ICT.

The force is also exploring new sources of income. These include business partnerships, a new method of seizing assets in conjunction with financial institutions, and charging other law enforcement agencies for courses at its Fraud Academy. However, these are difficult to predict, and the total income these initiatives will generate cannot be stated with confidence at this time.

While the force's current and future financial health remains challenging, it also has a strong relationship with its parent body, the City of London Corporation. This means that the force can secure financial and other support from the Corporation, based on a business case, should the need arise.

Summary of findings

Inadequate

City of London Police's planning for future demand is inadequate. The force does not have a detailed understanding of future demand. While the force has identified demand for some of its directorates, this has not been completed across the force. The force workforce plan was incomplete at the time of our inspection and did not consider the future (possibly additional) skills the workforce may need in 2020 and beyond. In addition, the force has recognised that its current ICT strategy is obsolete and has commissioned a new strategy. However, the absence of a functioning ICT strategy, confusion as to the existence of an ICT change programme plan, a lack of professional assessment of the impact of change projects and a draft workforce strategy which does not consider future skill requirements leaves us concerned that that the force has not adequately considered how new ICT systems could transform the way the force operates.

The gaps in the force's plans that have been highlighted in this report mean that it is not possible for HMIC to give the public assurance that the force is making credible organisational plans for the future. Action is required by the force to avoid inefficiency and unexpected demand. It is for these reasons that we judge the force to be inadequate at planning for demand in the future.

Causes of concern

The lack of clear coherent plans in City of London Police is a cause of concern to HMIC. It means that it is not possible for us to be confident that the force will continue to be able to provide efficient and effective policing in the future.

To address the cause of concern HMIC sets out a recommendation below.

Recommendation

- By 31 May 2017, City of London Police needs to complete its ICT strategy, workforce plan, and analysis of future demand for its services.

Next steps

HMIC will assess progress on any recommendations and areas for improvement identified within its reports in a number of ways. We may re-visit those forces where we have identified a serious cause of concern, go back to assess as part of our annual PEEL inspection programme or receive updates through regular conversations with forces.

HMIC highlights recurring themes emerging from our PEEL inspections of police forces within our national reports on police effectiveness, efficiency, legitimacy, and also leadership. These reports identify those issues that are reflected across the country and may contain additional recommendations directed at national policing organisations, including the Home Office, where we believe improvements need to be made at a national level.

Annex A – About the data

The source of the data is presented with each figure in the report, and is set out in more detail in this annex. The source of Force in numbers data is also set out below.

Methodology

Please note the following for the methodology applied to the data.

Comparisons with England and Wales average figures

For some data sets, the report states whether the force's value is 'lower' than, 'higher' than or 'broadly in line with' the England and Wales average. This is calculated by using the difference from the mean average, as a proportion, for all forces. After standardising this distribution, forces that are more than 0.675 standard deviations from the mean average are determined to be above or below the average, with all other forces being broadly in line.

In practice this means that approximately a quarter of forces are lower, a quarter are higher, and the remaining half are in line with the England and Wales average for each measure. For this reason, the distance from the average required to make a force's value above or below the average is different for each measure so may not appear to be consistent.

Statistical significance

When commenting on statistical differences, a significance level of 5 percent is used.

For some forces, numbers described in the text may be identical to the England and Wales average due to decimal place rounding, but the bars in the chart will appear different as they use the full unrounded value.

Population

For all uses of population as a denominator, unless otherwise noted, we use the Office for National Statistics (ONS) mid-2015 population estimates.

Force in numbers

Forecast change in expenditure

These data show estimated gross revenue expenditure (GRE) for the force in 2016/17 and 2019/20, calculated using total GRE pay and total GRE non-pay budgets provided to HMIC by individual forces at the time of data collection (April 2016), excluding expenditure on the office of police and crime commissioner.

Forecast savings

These data show 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 (April 2016). Some forces only provided figures for savings that they had formally signed off at that point, while others provided estimates for the whole period. Therefore a force with only a small savings requirement is not necessarily faced with only a small savings challenge for the future.

Workforce figures (based on full-time equivalents) for 31 March 2016 and 31 March 2020

These data are obtained from the Home Office annual data return 502. The data are available from the Home Office's published Police workforce England and Wales statistics (available from www.gov.uk/government/collections/police-workforce-england-and-wales), or the Home Office police workforce open data tables (available from www.gov.uk/government/statistics/police-workforce-open-data-tables). Figures may have been updated since the publication. Workforce includes section 38 designated officers (investigation, detention and escort), but does not include section 39 staff.

Projections for March 2020 are budget-based projections and therefore are likely to take into account a vacancy rate depending on a force's planning strategy. In some instances therefore an increase in budgeted posts may not actually indicate the force 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.

Workforce costs per head of population are obtained from calculations in HMIC Value for Money Profiles 2015, which use the ONS mid-2014 population estimates. The England and Wales averages will differ slightly from the Value for Money Profiles because we have included City of London Police and the Metropolitan Police Service.

Figures throughout the report

Figure 1: Police recorded crime in 12 months to 31 March 2015 to 12 months to 31 March 2016

These data are obtained from Home Office Police recorded crime and outcomes data tables (available from www.gov.uk/government/statistics/police-recorded-crime-open-data-tables). Total police recorded crime includes all crime (excluding fraud offences) recorded by police forces in England and Wales. Home Office publications on the overall volumes and rates of recorded crime include British Transport Police, which is outside the scope of this HMIC inspection. Therefore England and Wales averages in this report will differ slightly from those published by the Home Office.

Figure 2: Percentage of officers, staff and PCSOs in force workforce on 31 March 2016 compared to England and Wales

Data as at 31 March 2016 are obtained from the Home Office annual data return (as set out in the Force in numbers section) which is an 'actual' full-time equivalents (FTE). The percentages used in figure 3 are derived from the total FTEs within forces, and therefore may differ slightly from the exact figures quoted within the report.

Figure 3: Planned changes in workforce FTE from 31 March 2010 to 31 March 2020 for the force compared to England and Wales

The figures in figure 4 are rounded to the nearest whole person, full-time equivalents (FTEs), and therefore may differ slightly from the exact figures quoted within the report. Police staff includes section 38 designated officers (investigation, detention and escort).

Data as at 31 March 2010 and 31 March 2016 are obtained from Home Office annual data return (as set out in the Force in numbers section) which is an 'actual' FTE. These data include officers on career breaks and other types of long-term absence, and those seconded to forces. Projections for March 2020 are budget-based projections and therefore are likely to take into account a vacancy rate depending on a force's planning strategy, but may not include a projection for absences. In some instances therefore an increase in budgeted posts may not actually indicate the force 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 reflect the workforce that is available to forces. Involvement in strategic alliances and/or regional organised crime units 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 did not have confirmed plans for workforce projections. It is important to note that figures provided are in many instances unconfirmed estimates provided to assist HMIC in our inspection programme and should not be seen as a concrete plan for the future workforce landscape of policing.

Figure 4: Projected net revenue expenditure on collaboration with other police forces for the 12 months to 31 March 2016 to the 12 months to 31 March 2020

These data were provided to HMIC by individual forces at the time of data collection (April 2016), prior to inspection.

These data cover the level of expenditure by forces on collaboration-related activity. Collaboration can include a variety of different types of activity, some of which may not incur specific expenditure, but may still generate benefits such as savings or improved services the public. Therefore these data should be seen as only one aspect of potential collaboration activity.

West Mercia Police and Warwickshire Police have a highly-developed integrated relationship and have stated that all of their net revenue expenditure is through collaboration. To avoid distorting the distribution of forces around the average, West Mercia Police and Warwickshire Police have been removed from the England and Wales average for this figure.

Figure 5: Projected net revenue expenditure on collaboration with non-police organisations for the 12 months to 31 March 2016 to the 12 months to 31 March 2020

These data were provided to HMIC by individual forces at the time of data collection (April 2016), prior to inspection. As suggested above, these data should be seen as only one aspect of potential collaboration activity.

Figure6: The percentage of gross revenue expenditure allocated to different policing functions in the 12 months to March 2016

These data were provided to HMIC by individual forces at the time of data collection (April 2016), prior to inspection. These data define policing functions using the Policing Objective Analysis categories which we have grouped. The grouping is illustrated in the table below.

Figure 6 policing functions	POA categories
Local policing	Local policing
Investigations	Specialist Investigations
	Investigative Support
	Public Protection
Road policing and operational support	Roads Policing
	Operations Support
Dealing with the public	Dealing with the Public
Other	Intelligence
	Criminal Justice Arrangements
	Support Functions
	National policing
	Office of PCC
	Central Costs