PEEL: Police efficiency 2016

An inspection of Merseyside 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 Merseyside Police.

Reports on Merseyside Police's legitimacy and leadership inspections will be available on the HMIC website (www.justiceinspectorates.gov.uk/hmic) shortly. 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
£314m	£312m	-1%

Forecast savings:

Amount of forecast savings

2016/17	2019/20
£9.6m	£5.0m

Percentage of gross revenue expenditure

3%	2%

Workforce

Planned change in officer numbers

2015/16	2019/20	Percentage change
3,554	3,434	-3%

Planned change in total workforce

2015/16	2019/20	Percentage change
5,600	5,357	-4%

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

Merseyside Police	England and Wales force average
£135	£98

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

£188	£143

Calls for assistance

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

Merseyside Police	England and Wales force average
154	**124**

Recorded crime

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

2014/15	2015/16
70	**73**

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

Merseyside Police	England and Wales force average
+5%	**+9%**

Victim satisfaction

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

Merseyside Police	England and Wales force average
81%	**84%**

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]

●●●○ **Good**

Merseyside Police has been assessed as good in respect of the efficiency with which it keeps people safe and reduces crime. The force has an excellent understanding of the current demand on its services, and a good understanding of potential future demand for services. It uses its resources well to meet demand and to plan for future demand and investment.

Overall summary

Merseyside Police is judged as being good, with elements of outstanding, in its ability to understand demand, use its resources well to meet that demand and plan for future demand and investment.

The force has an excellent understanding of the current demand on its services, bases all its organisational plans on this, and has used it to shape its new operating model. We were also impressed with the force's business modelling of the demand on its services for investigative work. The force acknowledges that it could have a better understanding of demand that is less likely to be reported.[2] It is continuing to improve the efficiency of its internal processes to reduce demand.

The force has a good understanding of the public's expectations, and consequently has made a commitment to maintaining a neighbourhood presence. It uses its resources well to manage demand. It collaborates with partner agencies to reduce demand and costs, including by working with them to deal with the most frequent users of their services.

The force resources its digital activity appropriately, with further development planned, but it could understand more fully through which digital channels its communities want contact with the police. It works well with the emergency services

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

[2] Demand that is less likely to be reported, or hidden demand, includes crimes and incidents such as threats associated with human trafficking, adult safeguarding, forced marriage, so-called honour-based violence and female genital mutilation – all of which are less likely to be reported to the police than traditional crime types such as burglary and robbery.

in its area and collaborates with two other forces. Effective planning has enabled the force to make savings to meet existing demand, to invest for the future, and build up strong reserves.

The force aims to improve the way it manages demand on its services through its new operating model,[3] which recognises potential demand for services and the impact of possible reductions in partner resources. It has ambitious plans to phase in the new operating model between 2017 and 2020, representing a radical transformation to the structure of Merseyside Police and how it operates.

Recommendations

Merseyside Police is a good force. HMIC has not identified any causes of concern and therefore has made no specific recommendations.

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[3] 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.

# 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 proactively looks for demand that is less likely to be reported (e.g. incidents relating to modern slavery or child sexual exploitation) so that it can ensure that it protects the most vulnerable victims. Forces also need to understand how much resource 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 in order to adapt 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 proactively seeking out 'hidden' crimes (e.g. domestic abuse, internet crime, fraud, modern slavery and crime in communities who are more reluctant to trust or engage 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.

Figure 1: Volume of 999 calls per 1,000 population received by Merseyside Police compared with England and Wales in the 12 months to 31 March 2012 to the 12 months to 31 March 2016
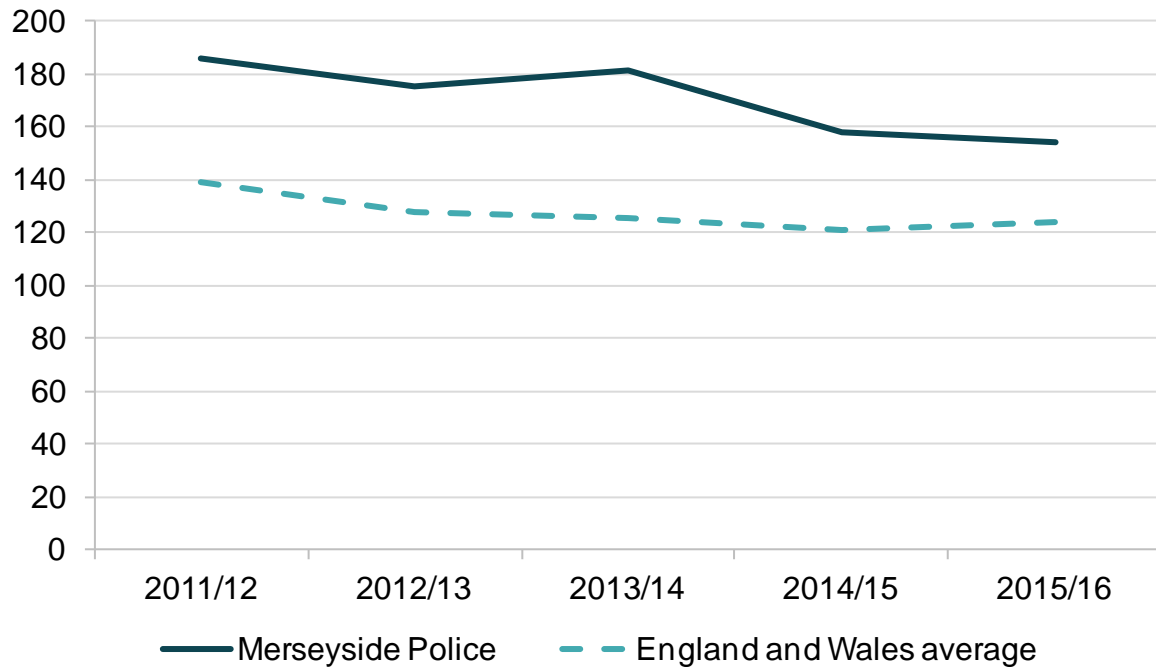
Source: Home Office Annual Data Requirement
For further information about the data in figure 1 please see annex A

Merseyside Police received 154 '999' calls per 1,000 population in the 12 months to 31 March 2016. This was higher than the England and Wales average of 124 calls per 1,000 population. In the 12 months to 31 March 2012, the force received 186 '999' calls per 1,000 population, higher than the England and Wales average of 139 calls per 1,000 population.

Figure 2: Police recorded crimes per 1,000 population in Merseyside Police compared with England and Wales in the 12 months to 31 March 2012 to the 12 months to 31 March 2016
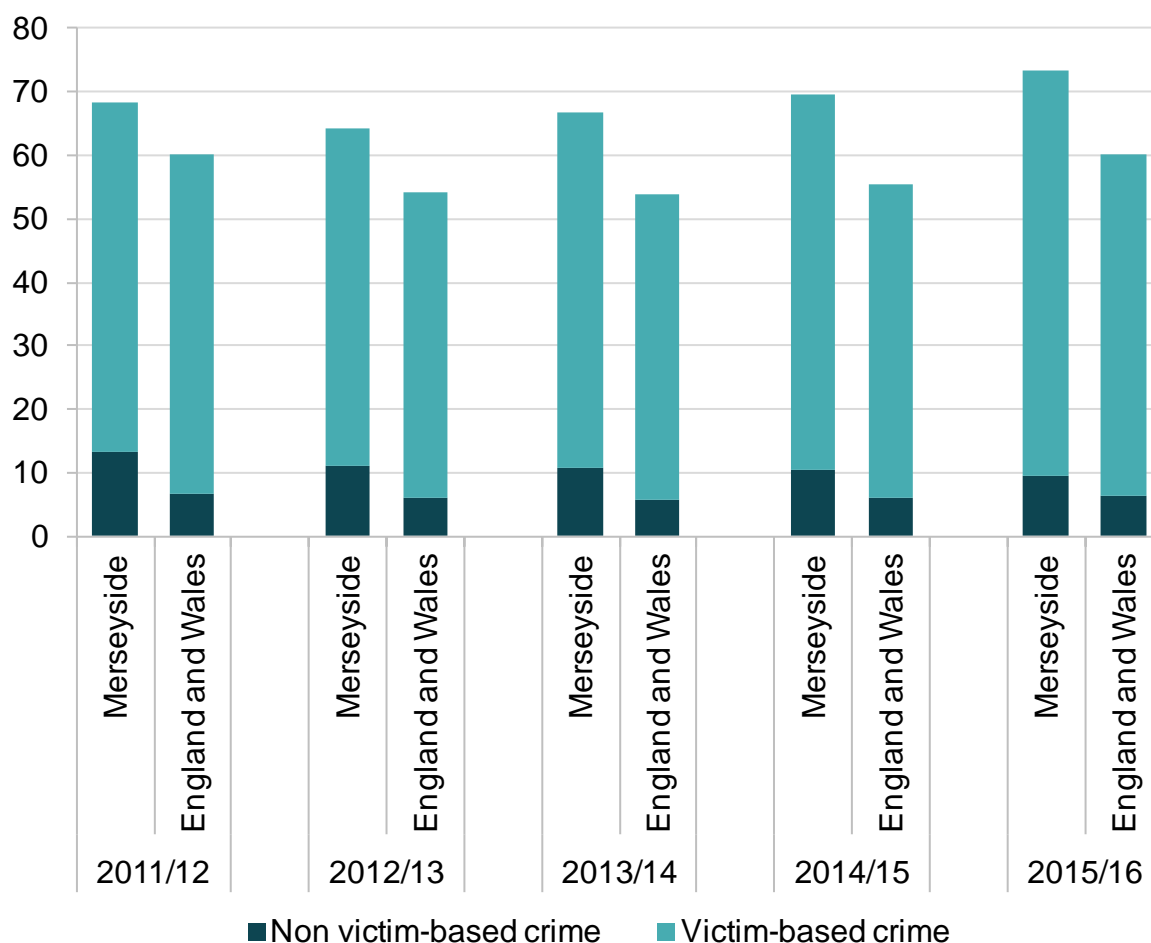

■Non victim-based crime   ■Victim-based crime

Source: Home Office Police recorded crime data
For further information about the data in figure 2 please see annex A

With regard to police recorded crime for the 12 months to 31 March 2016, Merseyside Police recorded 63.9 victim-based crimes per 1,000 population, higher than the England and Wales average of 53.8 victim-based crimes per 1,000 population. Over the same period, Merseyside Police recorded 9.4 non victim-based crimes per 1,000 population, higher than the England and Wales average of 6.5 non victim-based crimes per 1,000 population. There has been an increase in the victim-based crime rate of 16 percent and a decrease in the non victim-based crime rate of 29 percent since the 12 months to 31 March 2012.

The force's understanding of current demand is outstanding. It has a comprehensive document that sets out its understanding of demand on its services, which is an improvement on last year's version. The force uses historical data and risk mapping to identify current and future demand for resources, and it is using this information in designing its new operating model.

We were impressed with how the force assesses the demand for investigative work. It is using sophisticated business modelling based on analysis of 4,000 crimes and previous resource allocation to match the level of investigative skills with the seriousness and complexity of a crime. This will allow the force to offer a more personalised service to the victim, with the right level of investigative expertise to deal with the incident in question.

The force's understanding of demand has been used to inform its future operating model and to improve processes, both of which aim to provide a better service for local communities. The force would benefit from using this analysis as part of routine business, to allow it to be flexible in its resourcing as it moves to its new operating model.

It has worked with partner organisations on areas which victims may not wish to report crimes, but which nevertheless place a demand on other services. For example, it worked with the NHS to understand the impact of knife crime and legal highs. The force has also worked well to improve its knowledge of hidden crime, such as child sexual exploitation and broader child exploitation (gangs exploiting children and encouraging them to commit crime).

The force has an excellent understanding of how much internal inefficiencies create demand for the force. It has reviewed its ten critical processes, victim journey maps, and data quality, and then removed the inefficiencies, which has reduced hand-offs, errors, omissions and duplication of effort. It is continuing with this programme of review. It has also removed inefficiencies from the internal processes that it has reviewed so far and is continuing with this programme. This work has fed into staff training, compliance monitoring, communications and changes to IT.

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

Demands for police services are continually evolving. Forces need to anticipate and understand likely future changes so that their plans keep pace 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. Also, it includes changes to the communities that forces serve, developments in technology and environmental events, such as flooding.

The force has a good understanding of potential future demand for services, and of the impact of calls, incidents and crimes. It has also considered how digitisation will shift demand, for example, reducing direct contact with officers but increasing the need for staff to process reports. It has a broad understanding of external influences, which include population growth and changes in local communities and their demographic make-up.

The force is making good progress with its understanding of the impact of changes in partner resources on its own operations. The police and crime commissioner (PCC), who chairs the Merseyside community safety partnership board, has, with partner agencies, commissioned research from the local university to assess this impact. The work to date has provided a broad understanding, and more detailed analysis is under way.

The force's understanding of public expectations is good, but more limited when it comes to technological advances and the digital channels through which its communities want contact with the police. It has made a commitment to keeping a neighbourhood presence, which is a force and PCC priority aligned directly with public expectations. The force offers online reporting and 'Track My Crime', and uses social media to communicate, but it has no overall understanding of what the public expect from digital communications. The PCC is leading the consultation for the new operating model, and this will provide an opportunity to find out from the public what sort of digital contact they want.

Summary of findings

Good

Merseyside Police has a good understanding of both current and potential future demand and is using this to shape its new operating model. It also has a good understanding of demand that is less likely to be reported, although it recognises that there is always more it could know. We were impressed with the force's business modelling of the demand for investigation, which is based on detailed analysis and sound evidence. The force has an excellent understanding of how internal inefficiency generates demand for its services, has improved its internal processes, and is continuing to do so. It understands potential future demand for services and is developing a deeper understanding of the impact of the changing level of partner resources on the force. The force's understanding of public expectations is good, but it is less than clear about the digital channels through which its communities want contact with the police. It has made a commitment to keeping a local policing presence, in line with public expectations.

# 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 Merseyside Police has the right people with the right skills in the right place to protect the public and to fight crime. Police resources have been reducing continually over recent years. It is increasingly important that resources are aligned to priorities to provide value-for-money services that tackle priorities, manage demand and meet financial requirements. This not only involves a force 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, and using all available resources to improve efficiency.

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 and forces can demonstrate that they have achieved efficiencies while continuing to have the capacity and capability 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 elements of demand, local risks and priorities, and their national responsibilities. We look at how well Merseyside Police assesses these factors in making decisions about the level of service to provide and how to use its resources to best effect.

Figure 3: Police officers, staff and police community support officers (PCSOs) as a proportion of total workforce in Merseyside Police compared with England and Wales as at 31 March 2016

Merseyside: 63%, 31%, 5%

England and Wales: 59%, 35%, 6%

■ Police officers ■ Staff ■ PCSOs
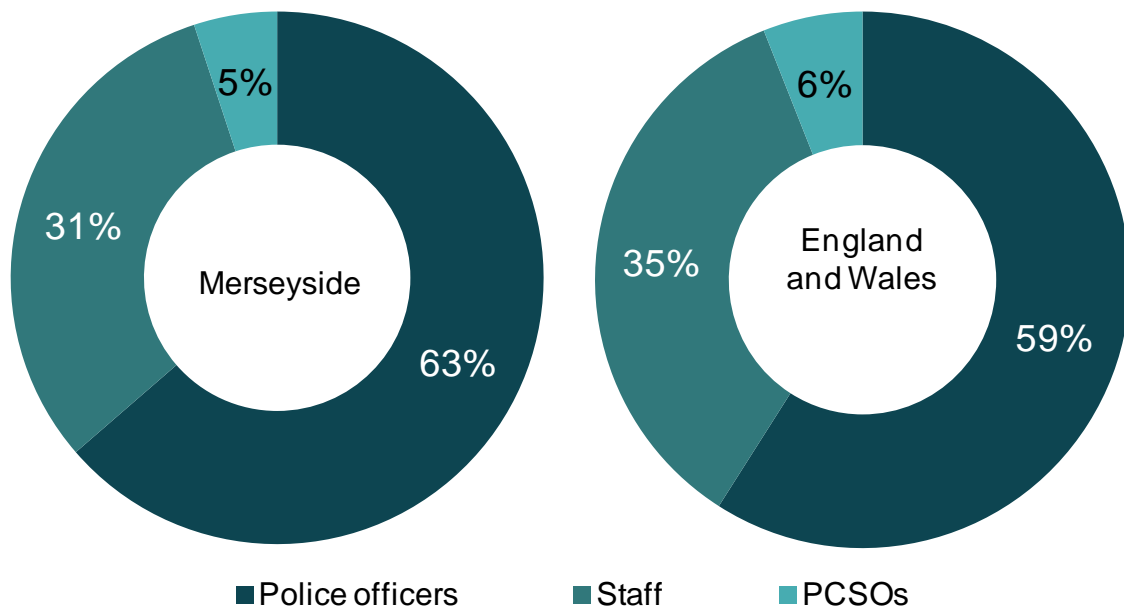
Source: Home Office Police workforce statistics
Note: figures may not add up to 100 percent due to rounding of numbers. For further information about the data in figure 3 please see annex A

As at 31 March 2016, police officers make up 63 percent of Merseyside Police's workforce. This was higher than the England and Wales average of 59 percent. The proportion of staff in Merseyside Police was 31 percent, broadly in line with the England and Wales average of 35 percent. The proportion of police community support officers in Merseyside Police was 5 percent, broadly in line with the England and Wales average of 6 percent.

Figure 4: Planned changes in full-time equivalent workforce from 31 March 2010 to 31 March 2020 for Merseyside 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	4,516	-21%	-14%	3,554	-3%	-2%	3,434
Staff	2,252	-22%	-21%	1,753	-7%	-5%	1,623
PCSOs	468	-37%	-35%	292	3%	-6%	300
Workforce total	**7,236**	**-23%**	**-18%**	**5,600**	**-4%**	**-3%**	**5,357**

Source: HMIC Efficiency data collection
For further information about the data in figure 4 please see annex A

Managing demands for police services

The force makes clear decisions on prioritisation and resourcing in line with the strategy agreed with the PCC. It allocates resources at an operational level by assessing specific areas of threat, risk and harm to the public in a series of quarterly, monthly, weekly and daily meetings. It also uses a 'day map', which shows what a typical day looks like according to historical data and seasonal trends. All of this is supported by comprehensive management information.

Recognising that its current operating model no longer matches demand, the force is moving to a new operating model that represents the biggest transformation it will have been through to date. It has identified a shift in operational demand caused by an overall increase in crime of 2.6 percent and a reduction in incidents (an incident being a report that requires police attention but is not necessarily recorded as a crime). The force is therefore moving its resources to target the areas of highest demand, based on the evidence from its analysis and business modelling. The new operating model deploys 3 percent more resource to deal with serious crime and 1.8 percent fewer response patrol officers, on the basis of fewer incidents and more online reporting. This also ensures that the most vulnerable victims will receive the most appropriate response and investigation.

A feature of the new operating model will be a move to borderless patrols, which means that patrol officers can be deployed to an incident in any geographical area, using available resources to respond more efficiently. The force has also reviewed its shift patterns, to ensure that officers and PCSOs are available when the peak demand occurs. The force plans to use the new operating model from January 2017.

The work on the investigation allocation model (IAM) and investigative resource allocation model (IRAM) takes this prioritisation of demand further and will change the way the force responds to crime and its crime allocation policy. This will become an investigation allocation policy: crimes requiring investigation will no longer be allocated by type but according to the seriousness, complexity and threat, harm and risk associated with that crime and the level of investigative expertise required.

The force has improved its understanding of the most frequent users of its services, and, where necessary, redirects its resources to working with partner agencies to support an individual or family to move away from crime. For example, working with partners in Liverpool, the force has discovered that 77 percent of the calls it receives about missing persons relate to just three people who regularly go missing. This allows the police and partners to focus on the underlying cause, providing a better outcome for the individuals and reducing the demand on all public services.

Increasing efficiency

Merseyside Police has increased its efficiency through a series of reviews of its internal processes:

- It has worked with staff and officers to review its ten most critical processes, leading to changes in procedures, policy and IT systems.

- It has consulted victims of specific crime types to understand their experiences, and has identified opportunities to resolve incidents at the first point of contact or very soon after an incident has been logged, by responding to calls more efficiently. The force has also revised the training for call handlers accordingly.

- It employed two analysts to conduct a review of its data quality. They identified a large number of duplicate records, problems with file quality, omissions and errors, and deficiencies in personal data. The force has introduced improved communications, stronger compliance requirements, and training packages for staff, and made technical changes to the IT systems so that they are easier to use. As a result of these measures, the force has a better understanding of the demand for its services and a good starting point for in-depth analysis into problem areas.

- It is in the process of introducing software that creates both internal efficiencies for officers and enables the public to report and track the progress of a crime online. This should be fully implemented by the end of 2016.

- The force has also increased its internal efficiency through a series of reviews, begun in 2010/11. These focused on staff budgets as the largest area of expenditure, and on non-staff budgets, including procurement contracts, departmental budgets and centrally controlled budgets, such as

those for unsocial hours allowances and housing allowances. It has saved £7m over the past four years as a result, and has identified further areas to review for future savings.

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 required level of service. We assessed how well Merseyside Police understands the skills its staff need, both now and in the future; where there are gaps in either capacity or capability, we looked at whether the steps it is taking are appropriate to 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

The force is undertaking a restructure through skills-based matching of police officers to posts, in preparation for the new operating model. Given the numbers of staff and the feedback from the staff survey and previous selection processes, it considered that running a full selection process was not practicable or achievable in the time available, and not in the best interest of its officers. This approach was supported by the local Police Federation. The chosen process aims to minimise disruption and support those on restricted duties, allowing them, as a priority, to remain in role. To be open and transparent, the force will communicate to all staff what the skills-based criteria are, anonymise applications to eliminate bias, and appoint officers of the rank of chief inspector through succession planning. This will ensure that the force has the right people with the right skills in the right role, and help to identify potential skills gaps.

The force's IT department has an excellent understanding of the workforce's digital skills and requirements, and it recruits IT contractors to complement this team, so that it can draw on the most up-to-date skills. The force has introduced hand-held devices to meet the needs of frontline staff. The IT provider worked alongside staff to understand their needs. The force has developed a software package based on this research that will forward relevant information to officers with an interest in a specific vehicle or offender. It will cut down the amount of time sergeants need to prepare briefings because the information will already be available. This package will also be available as an upgrade to other forces that use the same IT supplier.

Tackling workforce gaps

The continuing work to prepare for the new operating model is improving the force's understanding of gaps in its workforce. Each of the managers for the change programme has identified the skills needed in their area under the new operating model. This work has, for example, highlighted a need to train 50 more investigators before the force moves to the new operating model. Staff have been asked to update the human resource database. The force had planned a meeting for the week after our inspection in which the managers would match personnel to skill requirements, anonymising staff and officers to remove bias.

The force has an understanding of the operational training requirements for staff based on consultation with its basic command units and with the strand leads for each of the force's strategic priority areas. It has plans to bring in a wider range of skills and experience to keep pace with likely future demand, drawing on what has worked well in other forces.

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

We assessed how well Merseyside Police has explored all opportunities to work in collaboration with others[4] 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 in helping it to better meet demand for its services.

The force is working well with others to manage demand for services and continues to consider options for further collaboration. It is able to demonstrate that its collaboration with others reduces costs. The force's rationale for collaborating with others is to improve services for local communities and make savings wherever possible. Merseyside Police's forecast expenditure on 2019/20 police-to-police collaboration is lower than the England and Wales average over this period, but it has collaborated with the other blue light emergency services to cut costs and increase effectiveness in all of the agencies involved. To reduce demand on these blue light services, the agencies are examining the data on calls about 'concerns for welfare', to decide which service should respond to which type of call.

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[4] In this context collaborative working is defined as arrangements (contractual or otherwise) where resources are shared, working under a single line management or coming together to provide a service to/or on behalf of more than one organisation (e.g. joint HR, finance or fleet management, control room, major investigation team or firearms unit. Other examples would be joint arrangements with local agencies on early intervention or troubled families).

The force works well with the other blue light emergency services in the area. It already has a joint command and control centre with the fire and rescue service. Building on this collaboration, it has identified services that it can provide jointly with other agencies, such as community risk management, operational planning, training, operational response, and corporate services. This will help the force to manage its own internal demand more efficiently.

A successful police innovation fund bid[5] will extend the force's collaboration with North Wales Police and Cheshire Constabulary. Sharing IT should enable these forces to exchange information more effectively and manage internal demand better.

Collaboration benefits

The force collaborates with others to improve efficiency and effectiveness. As part of an innovation project funded by the Department of Education, Merseyside Police has worked with Sefton Council to reduce the demand arising from children who frequently go missing from home. The estimated savings from this work are between 10 and 50 percent of the overall costs across all the agencies involved.

The force has also made savings in officer time through its use of a mental health triage car[6] to help support individuals with mental health problems. During a nine-month pilot the force has seen a 37 percent reduction in demand for officer time (representing a saving of £300k) and a 45 percent reduction in demand for the ambulance service during the hours the triage car operates.

The force's future collaboration with North Wales Police and Cheshire Constabulary is designed to generate a saving of 10 percent: £2.5m, plus non-cash savings. This work includes IT shared across the three forces.

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[5] See: www.gov.uk/government/publications/police-innovation-fund-bidding-form for further information on the Police Innovation Fund.

[6] The triage car initiative is a government pilot to help reduce the number of S136 detentions under the Mental Health Act, and to redirect vulnerable individuals, where appropriate, away from police custody into health-based, preferably mental health, services.

Figure 5: Projected percentage of net revenue expenditure in Merseyside 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
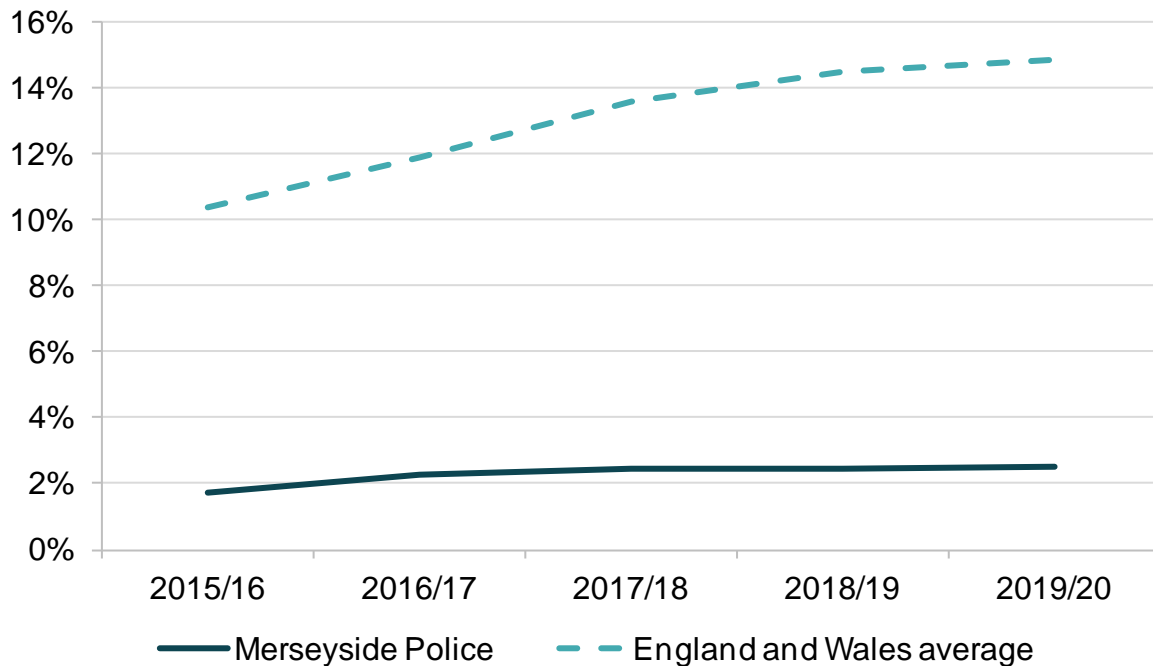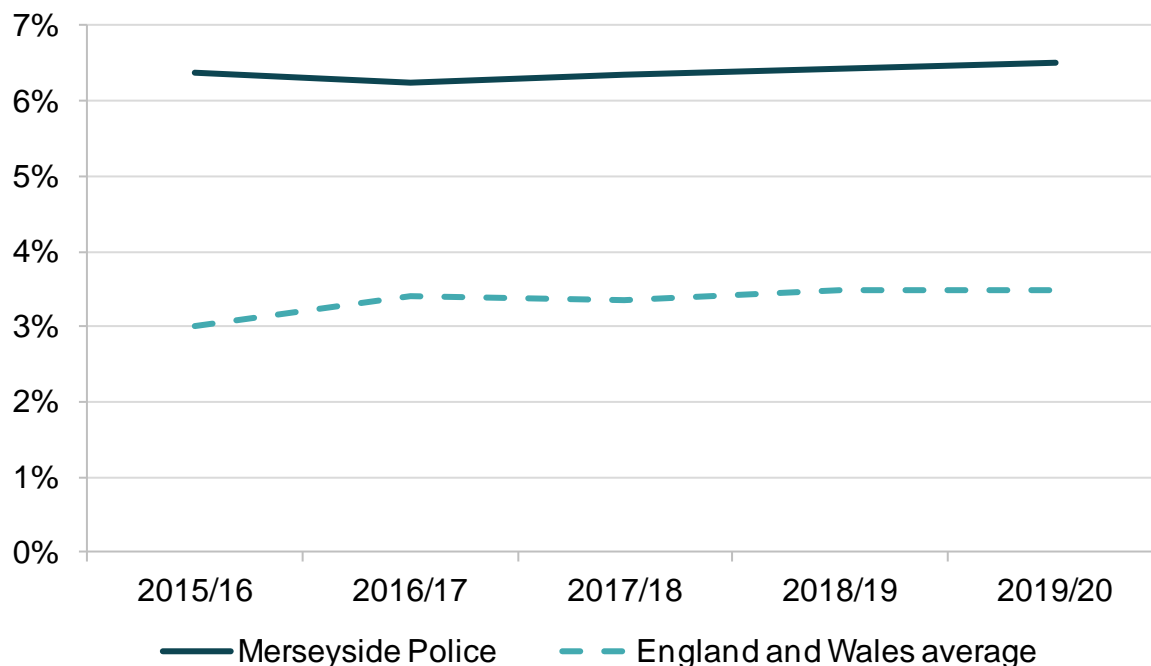

Source: HMIC Efficiency data collection
Note: some forces could not provide data for all years. These forces have been excluded from the England and Wales average in those years only. West Mercia Police and Warwickshire Police stated that all of their net revenue expenditure is spent in collaboration. 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 5 please see annex A

Merseyside Police has forecast that it will spend £7.0m in 2016/17 on collaboration with other police forces. This is 2.3 percent of its net revenue expenditure (NRE), which is lower than the England and Wales average of 11.9 percent. For 2019/20, the force has forecast that it will spend £7.7m (2.5 percent of NRE) on collaboration with other police forces. This is lower than the England and Wales average of 14.8 percent.

Figure 6: Projected percentage of net revenue expenditure in Merseyside 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

Merseyside Police has forecast that it will spend £19.2m in 2016/17 on collaboration with non-police organisations. This is 6.2 percent of its net revenue expenditure (NRE), which is broadly in line with the England and Wales average of 3.4 percent. For 2019/20, the force has forecast that it will spend £20.0m (6.5 percent of NRE) on collaboration with non-police organisations. This is broadly in line with the England and Wales average of 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.

The benefits Merseyside Police has gained from investment, particularly investment in IT, have not been evaluated and remain anecdotal. The force has introduced new software that it can demonstrate will save officer time in searching for information; it will also give officers access to force systems while they are away from the station,

and will save the time supervisors spend preparing briefings for staff. The outlay for this innovative development was only £80k, but the force has not yet established the overall benefits of the investment. This software supports the new handheld mobile technology the force is introducing.

The force has a clear understanding of the benefits it expects from its new operating model. As part of its Community First change programme, the force will implement the new operating model in January 2017, and it plans to move to a fully functional model by 2020 (Merseyside Police have previously had a geographically-based operating model. The move to a functional model will see the force structured by functions such as departments and services rather than by services delivered through a defined geographically area). These changes aim to improve the way the force responds to the demand on its services. More of the workforce will deal with serious crime, and the force will move to borderless policing, which will allow it to match resources to demand more flexibly.

The force evaluates the benefits of all the changes it implements. It has a set model for evaluating change, based on 30, 60 and 90-day reviews. All business cases include the expected benefits and savings or efficiencies. So far, the force has not received any external feedback on the impact of change. The new operating model is intended to bring about the most radical change to the force to date.

Summary of findings

Good

Merseyside Police manages demand well and makes clear decisions on prioritising resources that are in line with public expectations. The force's move to a new operating model is intended to enhance its management of demand, and it has a good understanding of the benefits it expects from moving to the new model. It is working well with others to manage demand for services and continues to consider options for further collaboration. The force is able to demonstrate that its collaboration with others reduces costs. It is improving its understanding of those who place the greatest call on its services so it can work with partner agencies to divert them away from crime and reduce the demand on all service providers. The force understands the digital skills of its staff and resources their IT requirements appropriately. It works well with blue light emergency services in the area and continues to collaborate with North Wales Police and Cheshire Constabulary.

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 Merseyside Police's plans are credible and achievable while at the same time are 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 Merseyside Police has considered its future ICT capabilities as well as any wider changes to the communities it serves.

Matching resources to demand, organisational priorities and financial requirements

Merseyside Police has well-developed plans to move to a new 'continuous improvement' operating model in January 2017, and an ambition to move to a fully borderless policing model by 2020. Its Community First change programme demonstrates a comprehensive understanding of demand and bases its sophisticated business modelling on detailed analysis, particularly its plans for investigation allocation and investigative resource allocation.

The force's financial, organisational and workforce plans are fully aligned, and reflect its current understanding of demand. The force central grant for 2016/17 has been reduced by £1.4m in cash terms. In addition, other budget pressures from pay and prices and, in particular, increased national insurance costs, have resulted in a gross budget deficit for the year of £12.1m. The force is making up this shortfall from its savings plans (£9.6m), use of the collection fund surplus[7] (£2.2m), and a transfer

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[7] The Local Authority in an area is required to declare an estimate of the surplus or deficit that will occur on the Collection Fund at the end of each year. The Collection Fund records the amount of income collected from Council Tax, together with precept payments to principal authorities. This amount is then taken into account when the Council Tax is determined for the following year. Any surplus or deficit relating to the Council Tax is shared between the council and the OPCC.

from reserves of £0.3m. The budget shortfall for 2017/18 is currently £8.7m, which the force intends to make up from savings generated by the Community First programme.

The forecast for 2015/16 is showing savings of £18.3m, £2.9m ahead of the original medium-term financial strategy target of £15.4m. This, together with other one-off underspends over that financial year, will be used to fund the estate strategy and other invest-to-save projects in 2016/17.

The force's estate strategy is designed to generate potential revenue savings of £2.5m. It has sold a number of smaller police stations to bring in revenue and has further plans to sell off police buildings in prime locations. The revenue from these sales will be used to fund the capital programme in the medium term, which will in effect reduce the force's borrowing.

Investing in ICT

Merseyside Police has a comprehensive IT strategy, aligned with the Community First change programme, the financial constraints of its budget, Ministry of Justice plans for digital working, regional collaboration, national developments and the ICT infrastructure. As a member of the national Digitisation First board and the Police Technical Council, the force's head of IT is well informed on national developments. The force's IT department keeps up to date with new developments and involves the workforce in shaping the force's future use of technology, such as the handheld mobile devices it is introducing. These will be able to flag up to officers that the force has received a new piece of intelligence about a person or vehicle of particular interest to them. The force's investment in an IT collaboration with North Wales Police and Cheshire Constabulary, supported by funding from the police innovation fund, has the potential for a substantial return.

The force's IT department understands the business needs of the force and ensures that the workforce has the right skills. It complements this by employing contractors with up-to-date skills for the period required for a given project.

How well does the force plan its investments?

A force's plans for investment and savings need to be credible, realistic and informed by a full understanding of the future challenges (both financial and operational) that it is likely to face. HMIC assessed the extent to which Merseyside Police's future plans are prudent, robust and based on sound assumptions about future demands and costs, while at the same time being ambitious enough to meet public expectations, including identifying new ways of working and providing services in the future.

Figure 7: Estimated percentage of gross revenue expenditure allocated across different policing functions in Merseyside Police compared with England and Wales in the 12 months to 31 March 2016
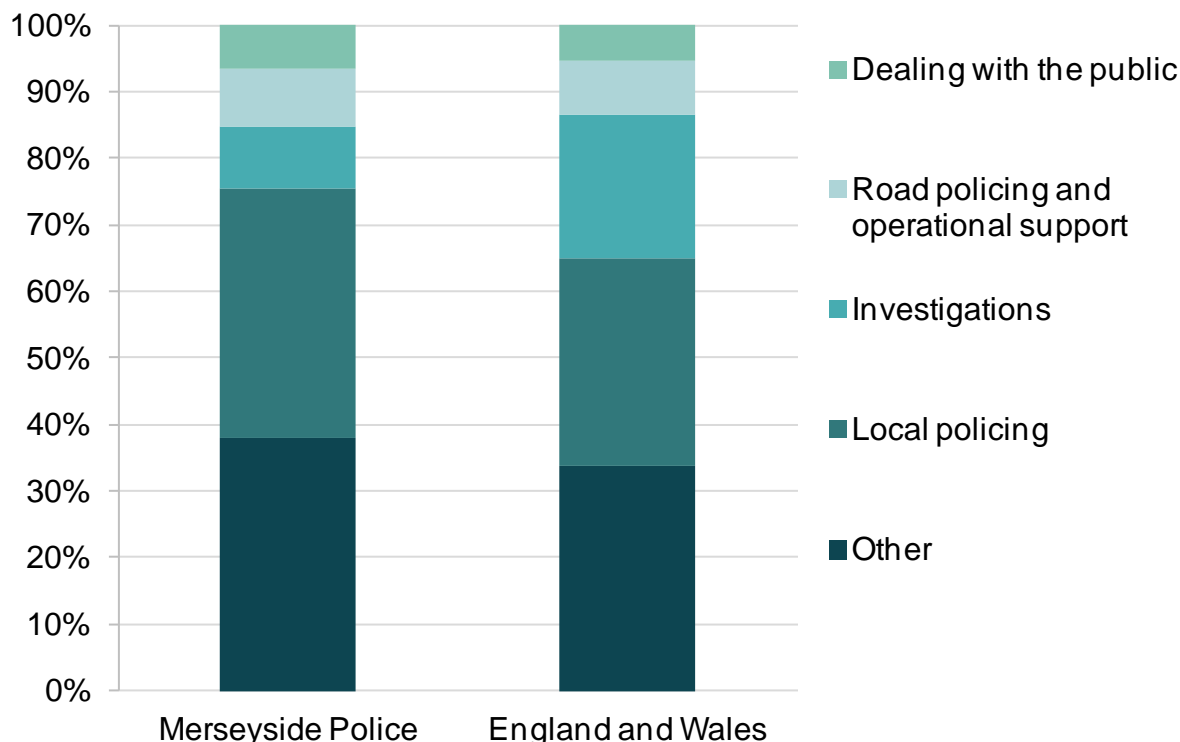
Source: HMIC Efficiency data collection
For further information about the data in figure 7 please see annex A

Merseyside Police has forecast a balanced budget for 2019/20. It has plans to realise savings of £9.6m in 2016/17. The force estimates it will need savings of more than £25m. It expects the new operating model to provide 50 percent of those savings within two years, with £7m of those savings coming in the first year. Business cases for the new organisational plans are ready for the PCC to approve in June 2016. The force expects to see further savings later in 2017, from corporate services, collaboration with the fire service, and from its criminal justice work and in other non-operational services.

Planning for the future

The force's plans for the future will bring substantial changes to the structure of Merseyside Police and how it operates. The new operating model is based on a sound rationale and a comprehensive understanding of the demand for the force's services. The increase in resources for serious crime is a clear response to the shift in demand the force has experienced, which it forecasts will continue. The force expects the move to borderless policing to give it the flexibility to deploy frontline resources in response to demand.

To what extent does the force fund its investments sustainably?

Police forces have made significant financial savings over recent years, which have enabled them to reduce their 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. This may include plans to establish different joint working arrangements with other organisations or investing in ICT to improve operational efficiency.

Working together to improve future efficiency

The force is working with other agencies to improve its future efficiency. It has already completed assessments of the operational and non-operational services that it can offer jointly through its blue light collaborative arrangements with the fire and rescue service. The programme board for the collaboration has commissioned a review of the non-operational services the fire and rescue service and the force provide, to identify the best options for creating a single support service.

The force plans to build on its well-established multi-agency safeguarding approach to form community safety hubs, which will take a longer-term view of how agencies can ensure a safer community and will identify budgets from all agencies, including education and health, to contribute to this work. By sharing costs, the agencies can focus more efficiently on the members of the local community with the greatest need and reduce demand on public services.

Saving to invest for the future

The force has comprehensive plans for continuing to make savings to meet existing demand and invest for the future. The force aims to realise savings and efficiencies through its new 'continuous improvement' operating model, and further savings as it moves to a fully functional model in 2020. The force's collaboration with other agencies should also help all of them to achieve the savings they need.

The chief officer group scrutinises savings and considers further investment on a monthly basis, taking into account the overall financial position. It takes into account potential savings on a number of activities, including under spends on staffing and forensic budgets as well possible over spends on central budgets, and develops a financial risk position for the force. The report is also supplied to the chief financial officer in the office of the police and crime commissioner.

The force has reduced costs year-on-year and regular underspends have allowed it to make further investments and build up strong reserves. The underspends have arisen from the vacancies the force is holding because of uncertainty about budget cuts. Workforce numbers are below those projected for the current year; the force has a recruitment target of 226 officers by March 2017.

Summary of findings

Good

Merseyside Police has well-developed and ambitious plans to adopt a new operating model, moving to a continuous improvement model by 2017, and a fully functional model by 2020. The force's organisational plans aim to make radical changes to the structure of Merseyside Police and to how it operates.

The force's financial, organisational and workforce plans are fully aligned and based on its comprehensive understanding of demand. It has plans for enhancing its IT systems and introducing further digitisation. Effective force planning has enabled it to continue to make savings to meet existing demand and to invest for the future. It has established a governance structure to scrutinise savings regularly and consider further investment.

The force has reduced costs year-on-year and, through regular underspends, has been able to make further investments and build up strong reserves. The force is working with other agencies to improve its efficiency and has plans for further collaboration.

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: Volume of 999 calls from the 12 months to 31 March 2012 to 12 months to 31 March 2016

These data are obtained from the Home Office annual data return 441.

Figure 2: 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 3: 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 4: 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 5: 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 6: 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.

Figure 7: 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 7 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