



Inspecting policing
in the **public interest**

Police Governance in Austerity

HMIC thematic report into the
effectiveness of police governance

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Executive Summary

Context

On the 20 October 2010, the Government announced the outcome of the Comprehensive Spending Review. This confirmed that Central Government police funding will reduce by 20% in real terms over the next four years. Almost two thirds of this will be cut in the first two years.¹

Police authorities will be responsible for making the difficult decisions on where cuts should fall in these first two years. The actions taken by police authorities and forces now could set the scene for policing for the next decade.

This report identifies what is important for police authorities to focus on in order to respond to this unprecedented challenge.

The Government has consulted the public on their proposals to abolish police authorities in May 2012 and replace them with Police and Crime Commissioners². The Government's response to the consultation is anticipated shortly.

While it is too soon to consider all of the issues that could arise from the replacement of police authorities with Police and Crime Commissioners, the learning and characteristics of good police governance identified in this report might usefully inform the new design.

Inspection findings

Between September 2009 and July 2010 HMIC, the Audit Commission and the Wales Audit Office inspected 22 of the 43 police authorities in England and Wales. Preliminary findings were presented in a report published in March 2010 following the first ten inspections. This report draws on the findings from all 22 inspections.

Inspection found that the performance of most police authorities was 'adequate' (in 15 authorities out of the 22 inspected), meaning that they met most of the minimum requirements of the specified role, with some exceptions and areas of concern. They

¹ HM Treasury, *Spending Review 2010* (October 2010).

² Home Office, *Policing in the 21st Century: Reconnecting Police and the People* (July 2010).

were most effective when addressing local, short-term priorities, helping to drive improvement in areas such as police response times. Performance was weaker in the areas of planning beyond the short term and securing value for money, where fewer than one in four performed well. They were also less effective in the scrutiny of the more serious and less visible aspects of policing, such as tackling terrorism, serious crime and other major challenges to public safety (collectively known as 'protective services').

Just under one third of police authorities inspected performed well overall (seven authorities out of the 22 inspected) – they have managed to work within the existing complexity, constraints and uncertainties to do a good job, albeit during a period of growth.

Critically, only four authorities inspected were judged to have performed well in both setting strategic direction and ensuring value for money. Effective performance in both these functions is critical given the financial challenges going forward.

Inspection has shown fundamental differences in how police authorities fulfil their role, on a spectrum from public interest 'watchdog' to 'pilot' setting the direction of policing³. These differing governance styles are replicated, to some extent, in corporate boards.

Watchdog police authorities tend to see themselves as observing performance and events and only act if something is clearly amiss. By way of contrast, pilot authorities are more ambitious. They tend to spend significant time on key strategic issues and go beyond simply monitoring performance, to probing and challenging the force constructively where necessary, and holding it to account on behalf of local communities. Successful police authorities, like the most successful corporate boards, do not attempt to 'manage the business' of policing, as this would confuse the respective roles of those charged with governance and those responsible for delivering the business - leading to a loss of proper accountability.

³ Pilot / Watchdog construct first introduced in A. Demb and F. Friedrich Neubauer, *The Corporate Board: Confronting the Paradoxes* (New York: Oxford University Press, 1992), p55

Characteristics associated with good governance

Those authorities that performed well are more likely to achieve in whole, or part, the following:

- **Greater role clarity** – authorities that performed well are clear on their role. They act as a pilot as well as a watchdog where necessary and switch as circumstances demand. They demonstrate a clear sense of purpose in developing strategy beyond the short term but expect chief officers to propose smart ways of realising an agreed direction, an ‘anticipatory’ professionalism: well-grounded chief officers who are looking at the future needs of the force.
- **Clearer division of responsibilities with the chief constable** – authorities that performed well can demonstrate a clear division between oversight and independence of operations, meaning that the respective roles of chair and chief constable are understood and respected. As a result, consensual but appropriately challenging partnerships have been established.
- **Distinctive value for money challenge** – this starts with police authorities making full use of benchmarking information on costs and outcomes. However, it also goes further, with better performing authorities focusing clearly on what the police are doing with the money across the full spectrum of policing activity. Those authorities that perform well show a willingness and persistence to follow the money, focusing on cost control and productivity in the short to long-term. Collaboration is actively enabled by some of the better performing police authorities.
- **Balanced performance** – stronger performing police authorities demonstrate a willingness to balance responsibility for both local and national duties, ie local policing balanced with high risk and collaborative issues, such as tackling terrorism, serious crime and other major challenges to public safety (protective services). They ensure members with responsibilities in relation to protective services are vetted to allow open and transparent discussion with the police on sensitive policing operations.

Overall, the more successful authorities have a good focus on strategic direction and value for money, the wisdom to select chief officers who are thinking ahead, and

have clarity about the chief officers' responsibility to lead, manage and direct the force.

Characteristics associated with poorer performance

In those authorities that are not performing well against the tests applied, the following characteristics are more likely to be observed:

- **'Traditional' interpretation of role** – police authorities were established as a relatively understated, light-touch part of the checks and balances around policing. They were primarily focused on observing performance and events and only acting if something were amiss (the 'watchdog' function). Some still see themselves on that basis and behave accordingly. Arguably, this approach has served authorities well in the past. Going forward, this is unlikely to be enough on its own, and there needs to be increased pro-activity in setting direction in the longer term.
- **Confusion over chief constable's remit** – some police authorities raised the issue of chief constable independence as a reason for not being able to move beyond a light touch 'watchdog' style of governance. It is vitally important that this independence and the constraints upon it are understood, given the financial pressures that forces and authorities now face. Both police authority and chief constable can operate legitimately as long as they both understand the legal basis and delineation of their respective roles.
- **Lack of focus on key priorities** – since the 1990s expectations on police authorities have dramatically increased through a cumulative build-up of responsibilities⁴. They now have more than 150 separate duties, powers and discretions, set out across 57 pieces of legislation. Arguably, this build-up of responsibilities can be seen as a reflection of the pluralism of our society – an attempt to ensure fairness and equity for all. However, the time involved in attending all of these responsibilities means some authorities have diluted their impact on setting direction and securing good comparative value for local people.

⁴ In 1993, police authorities had 70 powers, duties and discretions; by 2010, this had risen to 151 (source: APA, Police authority statutory responsibilities, July 2010).

Focus of future action

In response to the uncertainty expressed by some police authority members regarding the scope of the chief constable's remit, we have set out in this report the considerations at play that help determine where operational independence applies. Recognising that operational independence is a key anchor point in British policing, we have identified the areas where police authorities (and their successors) have potential to provide insight and leadership going forward:

- Understanding public sentiment to identify medium and long-term strategic policing priorities;
- Setting an effective and deliverable medium-term financial plan; and
- Overseeing substantive business arrangements with other forces and organisations (public and private) which involve long-term commitments and risks.

Conclusion and next steps

Police authorities will have responsibility over two of the four budget rounds that span the Spending Review period. Until their abolition, police authorities should focus on setting an affordable direction for policing and probing costs and alternatives that offer better value for money for the public. To succeed, action has to be taken now. Police authorities should consider where they stand in relation to the characteristics demonstrated by those police authorities that perform well and take action to address this where necessary.

However, the reality remains that few authorities are well positioned, or well prepared, to do what is needed to ensure smart direction and value for money. And the current range of incentives and support for police authorities may be insufficient. There is uncertainty as to whether police authorities will be able to meet the combined challenges of making tough decisions on spending reductions, while at the same time preparing for the smooth handover to the new governance arrangements.

As a consequence there is a real concern that police authorities will not find alternative approaches that offer better value for money and they will not be able to protect the public facing policing services that the public rely upon 24/7. We hope, in the interest of the public, this will not be the case.

Looking forward we cannot, at this point, consider all of the issues that might arise as police authorities are replaced by Police and Crime Commissioners (PCCs), because the detail of how PCCs and Police and Crime Panels will operate are still being formulated. Nevertheless, the issues for police authorities identified within this report are likely to remain pertinent in considering future governance arrangements. Addressing the issues at the outset may help make high levels of effectiveness the norm, not the exception, for police governance in the future.

Introduction

New landscape

The Government has identified tackling the UK's record deficit as its most urgent priority. The Comprehensive Spending Review has set spending limits for every Government department for the period 2011/12 to 2014/15. This confirmed that Central Government police funding will reduce by 20% in real terms over the next four years. Almost two thirds of this will be cut in the first two years.⁵

In June, the Government published its programme for government – *the coalition agreement*⁶ – which included a commitment to introduce measures to make the police more accountable through oversight by a directly elected individual, who will be subject to strict checks and balances by locally elected representatives.

In July, the Government published the consultation paper, *Policing in the 21st Century: Reconnecting police and the people*⁷, which includes an initial view of the specific responsibilities of directly elected individuals, now referred to as Police and Crime Commissioners (PCCs). These responsibilities include setting the force budget, agreeing local strategic plans, playing a role in wider questions of community safety, and appointing – and if necessary removing – the local chief constable. Police authorities will be abolished and elections for PCCs will take place by May 2012.

Police authority inspection

Twenty-two police authority inspection reports have now been published. At the time of the previous interim report – *Learning Lessons*, published in March 2010 – only ten inspections had been completed. This thematic summarises the learning from all 22 inspections.

Severe financial constraint and spending cuts will re-focus priorities in the short and medium-term. The nature of the challenge for authorities and forces has been set out

⁵ HM Treasury, *Spending Review 2010* (October 2010).

⁶ The Coalition, *Our programme for government* (May 2010).

⁷ Government consultation document (July 2010).

in recent reports by HMIC and the Audit Commission, *Valuing the Police*⁸ and *Sustaining value for money in the police service*⁹: to deliver efficiencies, deal with budget cuts and ensure visible availability of the police, all whilst preparing for the transfer of responsibility to new governance arrangements for policing. Given this new landscape, the Government has agreed that no further police authority inspections will be carried out under the current arrangements. Instead, from late 2010, police authority inspection will be streamlined and incorporated into HMIC's value for money inspection, 'Valuing the Police'.

⁸ HMIC (July 2010). Available from www.hmic.gov.uk.

⁹ HMIC and Audit Commission (July 2010). Available from www.audit-commission.gov.uk.

Context

The tripartite structure

The 1964 Police Act established the tripartite structure of police accountability, comprising of the Home Secretary, chief constables and individual police authorities. The tripartite mechanism provided a network of competing but interdependent sources of authority with a series of inbuilt checks and balances. The roles of chief constable, police authority and Home Secretary were intentionally designed to cover different aspects (operations, budgets and national effectiveness, respectively) through their own decision-making processes, with limits set on their capacity for action.

The present structure

The Police Act 1996 sets out in general terms the respective functions of each member of the tripartite structure. The division of responsibilities is as follows:¹⁰

- The **Home Secretary** exercises elements of strategic direction, performance scrutiny and financial control. There is a general duty on the Secretary of State to exercise his or her powers under the Act *“to such an extent as appears to him to be best calculated to promote the efficiency and effectiveness of the police.”*¹¹ The Home Secretary has the power to determine strategic priorities for policing¹². In addition, he or she has the power to give directions to a police authority to remedy a failure by the relevant police force to discharge its functions in an effective manner¹³. The power is only exercisable after consultation with the chief constable and the police authority, including the consideration of any remedial measures proposed to avoid the need for a direction from the Home Secretary. HMIC must also be consulted before the exercise of the power. A similar power allows the Home Secretary to give directions to a police authority about the authority’s own failings¹⁴.

¹⁰ The situation in relation to the Metropolitan Police Service is different, and provided for separately in the Police Act 1996. For present purposes, we focus on the arrangements common to the 42 other police forces.

¹¹ Section 36.

¹² Section 37A.

¹³ Section 40.

¹⁴ Section 40A.

- The **police authority** exercises elements of strategic direction, financial control and community engagement. It is required to “*secure the maintenance of an efficient and effective police force for its area, and hold the chief officer of police of that force to account for the exercise of his functions and those of persons under his direction and control.*”¹⁵ In discharging its functions, the police authority is obliged to have regard to any strategic priorities determined by the Home Secretary, the view of the local population about policing in that area, and any objectives, performance targets or plans issued by the authority.¹⁶ The police authority may have particular functions conferred upon it by the Home Secretary¹⁷ and at the beginning of each financial year the police authority must issue a policing plan setting out the authority’s objectives and proposed policing arrangements for the coming three years¹⁸. The policing objectives must be consistent with any strategic priorities set by the Home Secretary. The chief constable is appointed by the police authority, subject to the approval of the Home Secretary. The police may call upon the chief constable to resign or retire (which he or she is then compelled to do)¹⁹ and the Home Secretary has a power to require the police authority to exercise its power of removal²⁰ - A series of safeguards exist to ensure appropriate checks and balances in this process.
- The **chief constable** exercises elements of strategic direction and absolute operational control. Section 10 of the 1996 Act provides that a police force “*shall be under the direction and control of the chief constable*”. In discharging his or her functions, the chief constable must have regard to the policing plan set by the police authority.²¹ The chief constable is liable for any unlawful conduct of officers under his or her direction and control in the performance or purported performance of their functions²².

¹⁵ Section 6(1).

¹⁶ Section 6(2).

¹⁷ Section 6ZA.

¹⁸ Section 6ZB.

¹⁹ Section 11.

²⁰ Section 42.

²¹ Section 10(2).

²² Section 88.

The checks and balances inherent in the present scheme clearly operate to protect those aspects of a chief constable's role that pertain to their operational independence. They achieve this by, for example, creating careful mechanisms for the appointment²³ and dismissal of chief constables, which involve a multi lock system before a chief constable may be dismissed. The range of obligations on the part of police authorities provide further checks and balances, for example, helping to cater for diverse interests across the community they serve. The deliberative process of decision making within police authorities (formed of 17 members), can serve as a further moderating and balancing influence.

These checks and balances are complex and undoubtedly important. However, they involve mainly process and incentives on providing really good outcomes are less clear and not as well incentivised. Checks and balances around outcomes will involve, in part, transparency of information and cost, which will be considered later in this report.

The three partners of the tripartite have some spoken and unspoken elements in common. Each is vulnerable to the discretion of the others, which, to some degree, institutionalises a measure of self restraint. There are inevitably tensions and frustrations as a result and evidence of these emerged through inspection. Yet these could, to some extent, be seen as a sign of the tripartite balancing system at work.

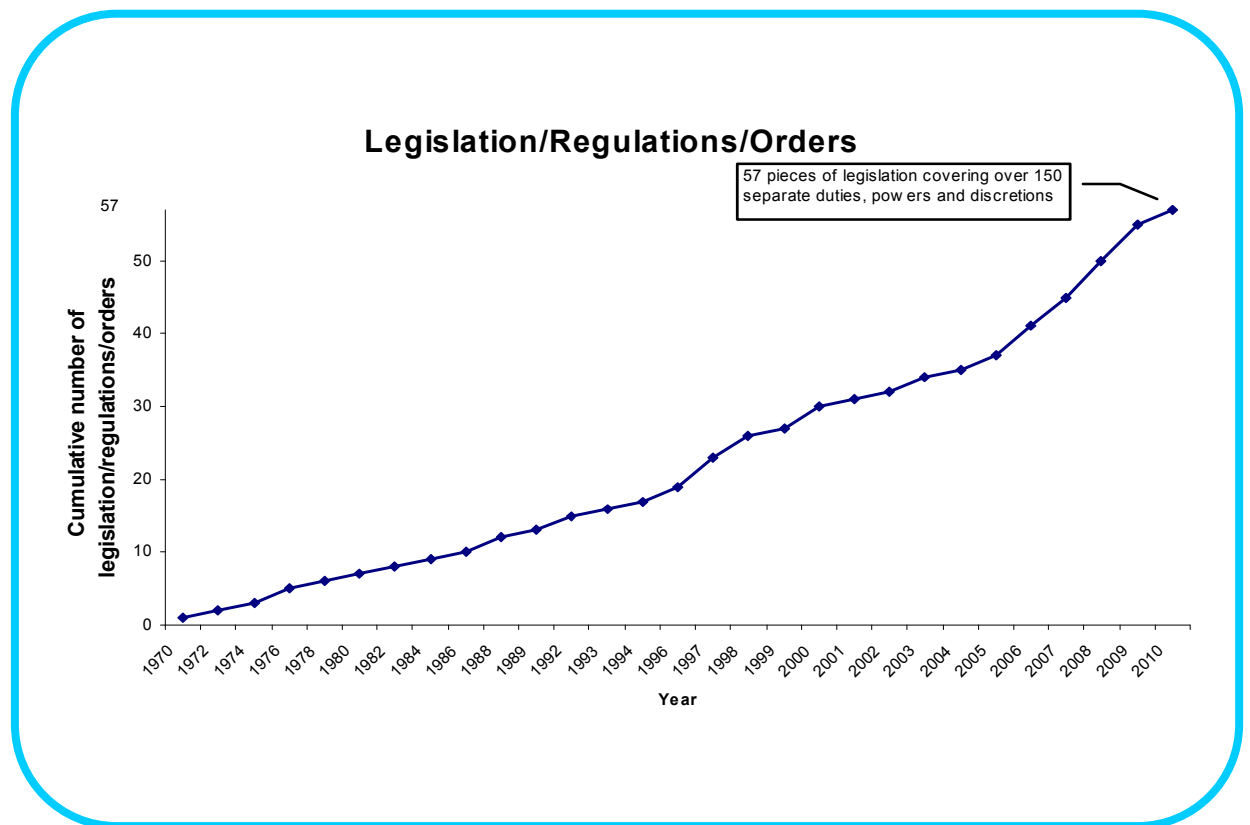
However, the tripartite system tends to entail delays in making decisions and a bias in favour of gradualism on big issues, for example, slow progress on increased force collaboration. Each partner has processes that promote deliberation and the consideration of a wide range of interests and opinions in order to seek consensus (for example, through the Association of Chief Police Officers (ACPO) and the Association of Police Authorities (APA)), but it can be slow. While this approach legitimises decision making, it may be so gradual that it risks being overtaken by events. The deliberative process is largely unseen by the public, and decisions are not always fully explained to or understood by them. For example, it is rare for the debate to be played out in public on how best to balance policing resources locally in

²³ The Chief Constable appointment process is rigorous. Applicants are required to have completed the Police National Assessment Centre and Strategic Command Course. Posts are advertised by the relevant police authority, and applicants are considered by the Senior Appointments Panel. The Panel's recommendations are submitted to Ministers for consideration, and only applicants who have received Ministerial approval can be considered for appointment by the police authority.

terms of addressing both the unseen but serious risk at one end of the spectrum (tackling terrorism, serious crime and other major challenges to public safety) and more apparent local disorder at the other.

The framework for police authority oversight is broad and has been extended with a cumulative build up of responsibilities, which has accelerated since 1996. Police authorities have over 150 separate duties, powers and discretions, set out across 57 pieces of legislation (see **Figure 1**).

Figure 1: Police authority responsibilities – the cumulative build-up of legislation, regulations and orders



Differing interpretations of role

The view of a number of authorities is that there is a lack of clarity as to their specific role. Police authorities have adopted different interpretations as to their governance role, which manifests in them taking quite different approaches to securing an efficient and effective police force for their area. Inspection has shown fundamental differences in how police authorities fulfil their role – on a spectrum from public

interest 'watchdog' to 'pilot' setting the direction of policing²⁴. Watchdog police authorities tend to see themselves as observing performance and events and only act if something is clearly amiss. By way of contrast, pilot authorities are more ambitious. They tend to spend significant time on key strategic issues and go beyond simply monitoring performance to constructively probing and challenging the force where necessary - holding it to account on behalf of their local community. A report published by the APA earlier this year confirmed this finding and stated:

There is still a deep division amongst Police Authorities as to how they interpret their role. Some feel strongly that their role is primarily one of scrutiny and it is inappropriate to be involved in the way in which the Force achieves its objectives...Others feel that the only way in which the Authority can ensure efficient and effective policing for the local area is by having an intimate knowledge of what the Force does and how it does it and by being involved in a number of key decision points. Others sit somewhere between the two positions.²⁵

Successful police authorities, like the most successful corporate boards, do not attempt to 'manage the business' of policing, as this would confuse the respective roles of those charged with governance and those responsible for delivering the business – leading to a loss of proper accountability. Successful police authorities have been seen to vary the mix of setting direction and monitoring spend and performance, according to circumstance. The financial environment means that circumstances have changed dramatically for all. For the vast majority of police authorities this is likely to require a re-appraisal of their current activities, with less time spent on their broad range of responsibilities and a sharper focus on the key decisions that really matter in terms of securing a more cost-effective and efficient policing service.

Operational independence

Across authorities, and in relationships with chief officers, there are different interpretations as to how far their role extends in influencing and challenging the force about the delivery of operational outcomes. Some police authorities have raised with us the issue of chief constable independence as a reason for not being

²⁴ Pilot / Watchdog construct first introduced in A. Demb and F. Friedrich Neubauer, *The Corporate Board: Confronting the Paradoxes* (New York: Oxford University Press, 1992), p55.

²⁵ APA, *Police Authority Structures and Functionality* (2010), p18.

able to move beyond a 'watchdog' style of governance. It is vitally important that this independence, and the constraints upon it, are understood in light of the financial pressures and choices that forces and authorities now face. It is also valuable to consider this issue in the light of proposals to change police governance.

The concept of operational independence has evolved over time from principles to protect operational policing from political interference. The 1962 Royal Commission on the police recommended that:

while the chief constable would continue to enjoy immunity from orders, he would nevertheless be exposed to advice and guidance of which he would be expected to take heed²⁶.

In 1968, Lord Denning's judgement was emphatic in the case of *R v Blackburn ex parte the Commissioner of the Police for the Metropolis*, but perhaps the clearest recent judicial interpretation is that in the House of Lords decision in *R v Chief Constable of Sussex, ex parte International Trader's Ferry Ltd [1999] 2 AC 418 (ITF)*. The case concerned the policing of protests by animal rights groups against live exports from Shoreham port. The defendant police force had maintained a high-level presence at the port, five days a week, for several months. The chief constable decided that the ongoing policing of the port was interfering with the efficient policing of the county and accordingly reduced the level of policing at the port to two consecutive days a week. Outside those two days, livestock vehicles would be turned back if the police considered that a breach of the peace might otherwise occur. ITF sought judicial review of the chief constable's decision because, among other things, it was not a proper exercise of his discretion.

The House of Lords held that the duty of the police to uphold the law was subject to a wide discretion on the part of the chief constable. As Lord Slynn explained in his judgement:

In a situation where there are conflicting rights and the police have a duty to uphold the law the police may, in deciding what to do, have to balance a number of factors, not the least of which is the likelihood of a serious breach of the peace being committed. That balancing involves the exercise of judgment and discretion.

²⁶ *Royal Commission on the Police* (1962), pp303.

The courts have long made it clear that, though they will readily review the way in which decisions are reached, they will respect the margin of appreciation or discretion which a chief constable has. He knows through his officers the local situation, the availability of officers and his financial resources, the other demands on the police in the area at different times. . . whilst the courts must be astute to condemn illegal acts by the police yet, as was said by Balcombe L.J. in Harris v. Sheffield United Football Club Ltd. [1988] Q.B. 77, 95.

The true rule, in my judgment, is as follows. In deciding how to exercise his public duty of enforcing the law, and of keeping the peace, a chief constable has a discretion, which he must exercise even-handedly. Provided he acts within his discretion, the courts will not interfere . . . In exercising that discretion a chief constable must clearly have regard to the resources available to him.

Whilst the concept of operational independence has been widely accepted, the definition of it has remained so broad it provides limited practical guidance. The concept is, by its nature, fluid and context driven. As a result it is sometimes arguable where the governance responsibilities of police authorities end and the operational responsibilities of the chief constable begin. During our inspection work we found examples of how ambiguity as to “who is in charge” at different stages in making decisions can play out in day-to-day working between forces and authorities, for example:

The Chief Constable intended to extend the use of discretion to reduce numbers entering the Criminal Justice System. The police authority, concerned at the impact that discretion would have on detections, disagreed with the intended approach.

The Chief Constable planned to enter into collaborative arrangements with a neighbouring force to provide major crime specialist resources. The police authority opposed this on the grounds that resources intended for local policing might be deployed in another force for long periods.

The legitimacy for the chief constable's operational independence lies in his or her professional expertise in policing matters. He or she alone has full oversight and understanding of the operational issues that arise in their policing area. It is because of that expertise that the public (through Parliament) has empowered the chief constable to have direction and control over the force.

The logic that the courts and others have followed appears to anchor operational independence in the professional expertise of the chief constable, for example his or her leadership and management skills and particular expertise on tactical operational policing issues in their force area. It is that expertise that justifies the broad level of discretion that the chief constable is given, and that expertise which makes the courts unwilling to interfere with the substance of his or her decisions.

The current situation can be summarised as follows for police authorities who remain uncertain on the extent of the remit of chief constables:

- (i) The chief constable's operational independence is supported by Parliament, the courts and the Government's new proposals on governance; it provides the foundation for making legitimate decisions;
- (ii) The basis of that independence is that the chief constable has professional expertise which includes leadership and management skills, technical ability (i.e. expertise in tactical and operational policing issues in their local area) and values that properly inform a profession whose role includes gatekeeper to the criminal justice system, including integrity and balance;
- (iii) The principal consideration of whether a matter falls within the chief constables operational remit is, accordingly, whether it is, or significantly impacts on, an issue in relation to which he or she has specific expertise (ie how to uphold the law in their force area).

That independence and discretion is neither unfettered nor unaccountable. Chief constables must work within budgets and are required to have regard to objectives in the police authority plan. There is nothing that prevents the police authority from setting strategic or financial goals (ie what direction the police take), which may have an impact upon the chief constable's independence. It is for the chief constable to factor these elements into decision making. The chief constable is not bound to divert his or her resource to meet these goals if he or she concludes that it would undermine their ability to ensure that the law is upheld. This rarely happens where a

mature relationship between the police authority and the chief constable allows for a measure of manoeuvrability in achieving goals over a reasonable period of time.

The reality is that those police authorities and chief constables who succeed engage in thoughtful, challenging discussions and negotiations on what goals can be pursued and how best they can be achieved.

In setting out the considerations at play that help determine where the chief constable's operational independence applies, it is clear that the professional expertise of chief constables is grounded in leadership and operations. When operating in the current financial environment police authorities (and their successors) have potential to provide insight and leadership into:

- Understanding public sentiment to identify medium and long-term strategic policing priorities;
- Setting an effective and deliverable medium-term financial plan; and
- Overseeing substantive business arrangements with other forces and organisations (public and private) which involve long-term commitments and risks.

Criminal justice and legitimacy

The police authorities inspected performed their governance function to differing degrees of effectiveness but all have done so generally without being perceived as exercising undue influence on the objectivity of the police as gatekeepers to the criminal justice system. Police legitimacy in its simplest form is 'the public feeling of obligation to voluntarily defer to the police'²⁷. Legitimacy depends upon trust in the police to act lawfully, fairly and impartially.

Because of the understated nature of the way police authorities have gone about their business they are not seen to have impinged on the impartiality of police. Instead, the challenge for them is whether they have been sufficiently influential in setting the priorities adopted by their police forces and in the value obtained from the funding provided through local or national taxation.

²⁷ J. Sunshine and T.R. Tyler, 'The role of procedural justice and legitimacy in shaping public support for policing' (2003) *Law and Society Review* 37(3).

The proposed new governance structure

The proposed structure has not, at the time of writing, been detailed in draft legislation. It is clear that police authorities in each area will be replaced by two entities: a directly elected Police and Crime Commissioner (PCC) and a Police and Crime Panel (PCP). The PCC will hold the Chief Constable to account for the full range of his or her current responsibilities and will have key roles in: representing and engaging with local communities in their force area and identifying their policing needs; setting priorities that meet those needs by agreeing a local strategic plan for the force; holding the chief constable to account for achieving these priorities; setting the force budget and the precept; and appointing - and, where necessary, removing - the Chief Constable.”²⁸

The PCP will comprise locally elected councillors, independent and lay members of the public.²⁹ It will advise the PCC on their proposed policing plans and budget and consider progress at the end of each year. PCPs will be able to summon the PCC to public hearings and will hold confirmation hearings for the post of chief constable, without the power of veto. However, the PCP will have a power to trigger a referendum on the policing precept recommended by the Commissioner.

The stated aim of the reform is to rebalance the centre of power closer to the public and away from Central Government. With that in mind, the role of the Home Secretary looks likely to be reduced, with more of her functions being fulfilled by the PCCs.

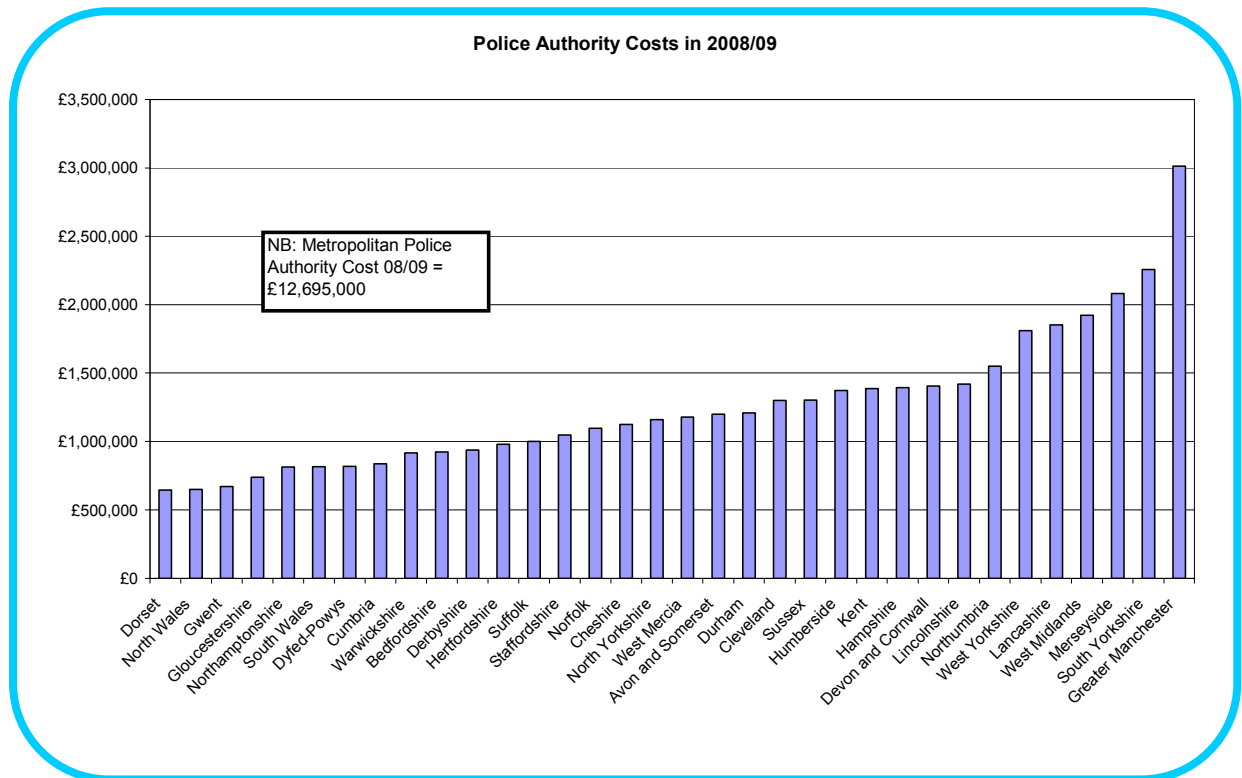
Spending and size

Police authorities oversaw spending of £13.7 billion in 2008/09. The total cost to the taxpayer of police authorities equated to around £65 million in this period (see **Figure 2** for the breakdown of total cost across police authorities).

²⁸ Home Office, *Policing in the 21st Century: Reconnecting police and the people* (July 2010), Cm 7925, §2.8.

²⁹ Home Office, *Policing in the 21st Century: Reconnecting police and the people*, (July 2010), Cm 7925, §2.26.

Figure 2: Cost of police authorities in 2008/09³⁰

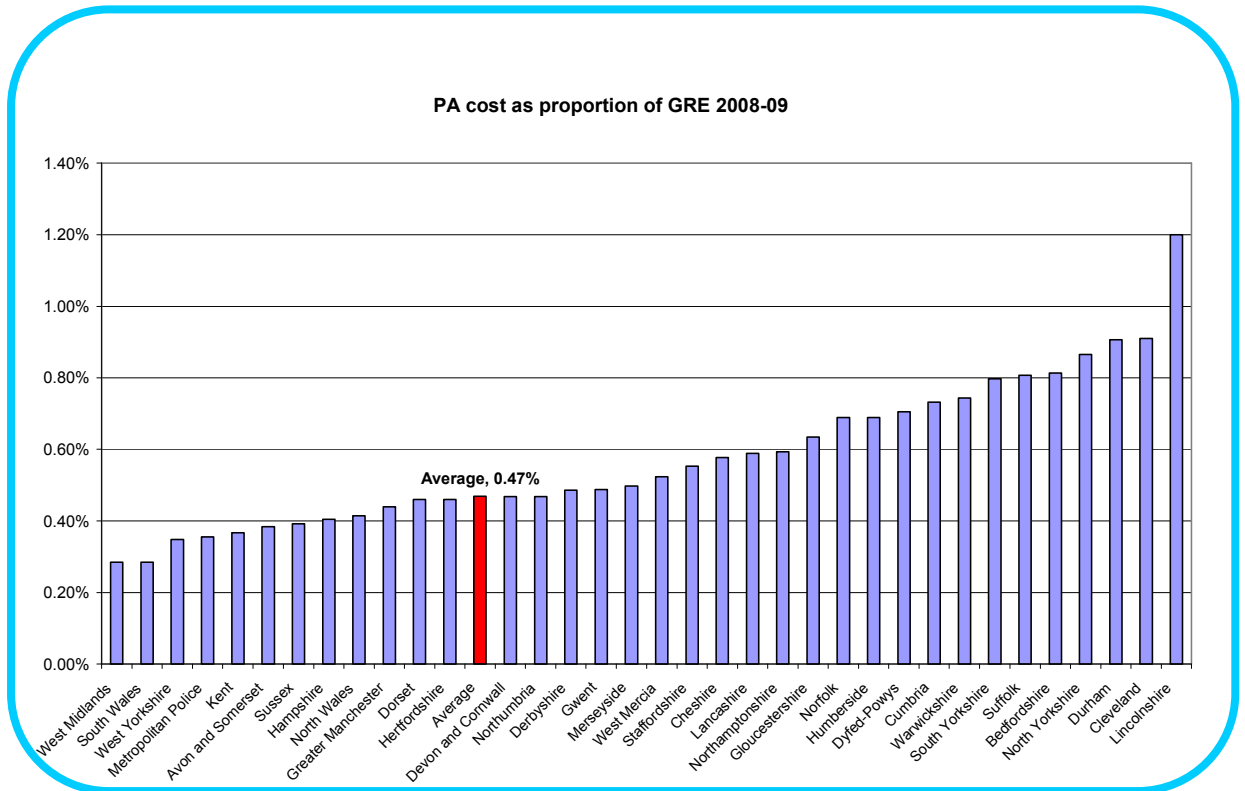


Authority support departments vary in size from six to 98 officers. Twenty authorities (47%) have fewer than 10 officers; 17 authorities have between 10 and 19 officers (39%) while six authorities have 20 or more officers (14%). Inspection found no correlation between the size of support departments and police authority performance.

Overall spend on police authorities is around half a percent of total police spend (0.47%). However, there is a significant variation in the proportion of spend locally that is attributed to police authorities, ranging from 0.28% to 1.20% of total police spend for the area (see **Figure 3**).

³⁰ CIPFA Police Actual Statistics 2008–09 includes cost of democratic representation, police authority support department and ‘other costs’ (contribution to partnership; surveys and consultations; contract printing (e.g. council tax leaflet, local policing summaries); external audit fees; and other related expenditure). Data not supplied by following police authorities: Wiltshire, Cambridgeshire, Leicestershire, Nottinghamshire, Surrey, Essex, Thames Valley and City of London.

Figure 3: Cost of police authorities as proportion of overall force/authority spend³¹



There are a number of factors that can explain this variation. Larger authorities and forces benefit from economies of scale. The work required to perform many statutory responsibilities and duties applies to all police authorities regardless of the size of their local force. Costs of employing chief executives and treasurers are borne by all police authorities irrespective of size.

Part of the variation in the proportionate cost of individual police authorities may be explained by differing agreements locally as to what the police authority will, and will not, do. Expenditure on partnership, surveys and consultations, printing, external audit and other activity varies from 6% of police authority costs in Greater Manchester and Cleveland to 48% in Lincolnshire³². This reflects differing

³¹ Average calculated as total cost of police authorities as a proportion of total gross revenue expenditure (2008-09). Police authority costs from *CIPFA Police Actual Statistics 2008-09* (data not available for the following police authorities: Wiltshire, Cambridgeshire, Leicestershire, Nottinghamshire, Surrey, Essex, Thames Valley and City of London).

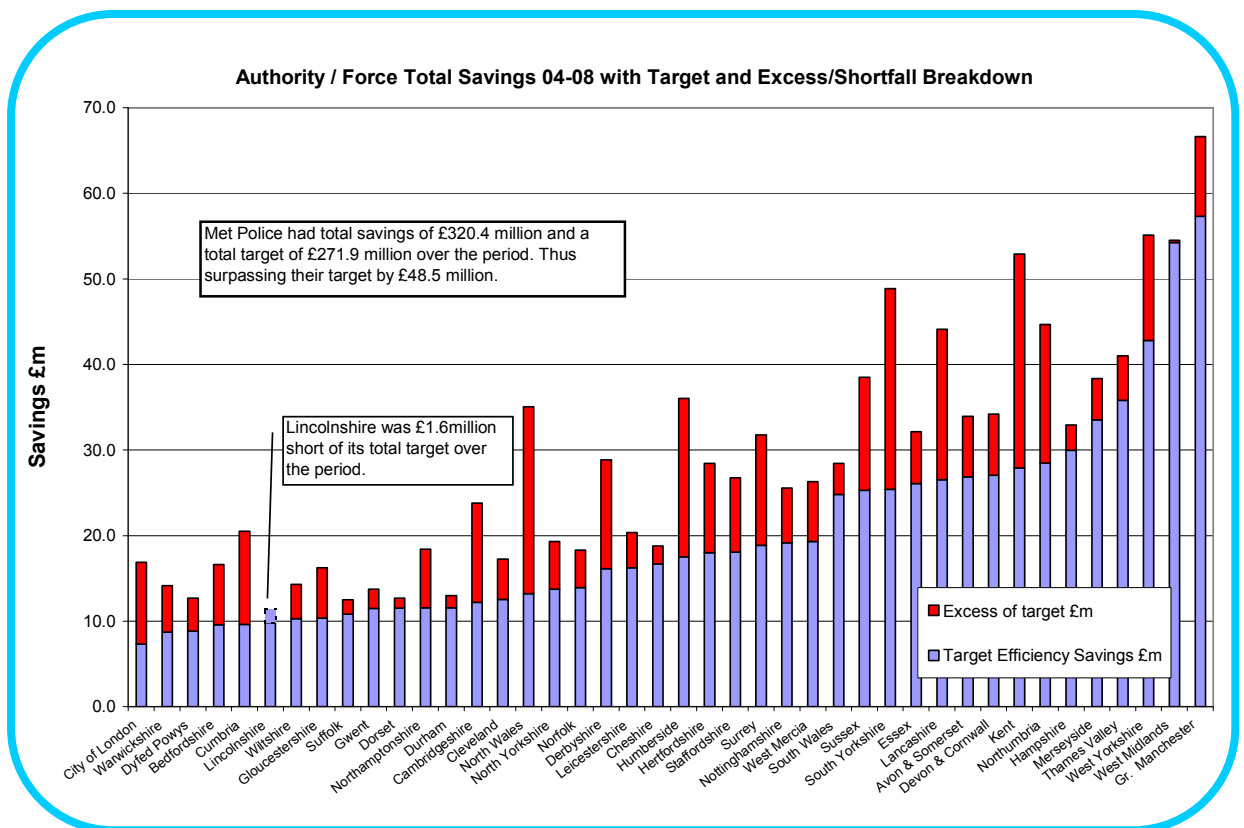
³² CIPFA Police Actual Statistics 2008-09. Some of the variation in 'other cost' may also, in part, be explained by inconsistent interpretation and reporting across authorities themselves.

interpretations and decisions across the country of what activity police authorities are responsible for delivering themselves.

Efficiency and savings

Over the last ten years, forces and authorities have delivered efficiency improvements to meet Government targets. Between 2004 and 2008, forces and authorities declared just over £1.5 billion of efficiency improvements against a target of just over £1 billion for the period. **Figure 4** shows by how much each force and authority exceeded the efficiency target set by government³³. The efficiency target for each force is shown as a blue column and the total saving declared by each authority and force as blue and red column combined.

Figure 4: Efficiency savings achieved by forces and authorities between 2004 and 2008



This shows that virtually all police authorities and forces exceeded the efficiency improvements in this period. Only one fell short of its total target for the period,

³³ The overall level of efficiency savings was not externally verified as there was no requirement for these figures to be subject to external audit, in the latter part of this period – savings are therefore self-declared by authorities and forces.

Lincolnshire. With the exception of the West Midlands, all other forces and authorities exceeded their target by at least 10% (West Midlands exceeded their target by just under 0.5% - £0.3million declared). On average, forces and authorities exceeded their target by 41%. Four forces and authorities exceeded their target by more than 100%: Humberside (105% - £18.5 million excess of target); Cumbria (113% - £10.9 million excess); City of London (130% - £9.5 million excess); and North Wales (165% - £21.8 million excess).

Efficiency improvements consist of cashable and non-cashable savings. In simple terms, this is the difference between improvements that result in the function being performed at a cheaper cost and those that result in the function being more productive. Not all cashable savings are 'cash releasing'. In certain circumstances, savings can be considered cashable even where there is no overall reduction in the base budget of the organisation, for example, where savings have been reinvested.

In a time of growth, improvements in non-cashable efficiency savings have been encouraged. Faced with central government spending cuts, cashable savings will be the order of the day and that money will need to be taken out of base budgets. Of the £1.5 billion of efficiency improvements achieved, around half were declared as cashable (52% or £784 million). **Figure 5** shows the proportion of efficiency savings across forces and authorities that were cashable.

Figure 5: Proportion of total efficiency savings achieved that were cashable

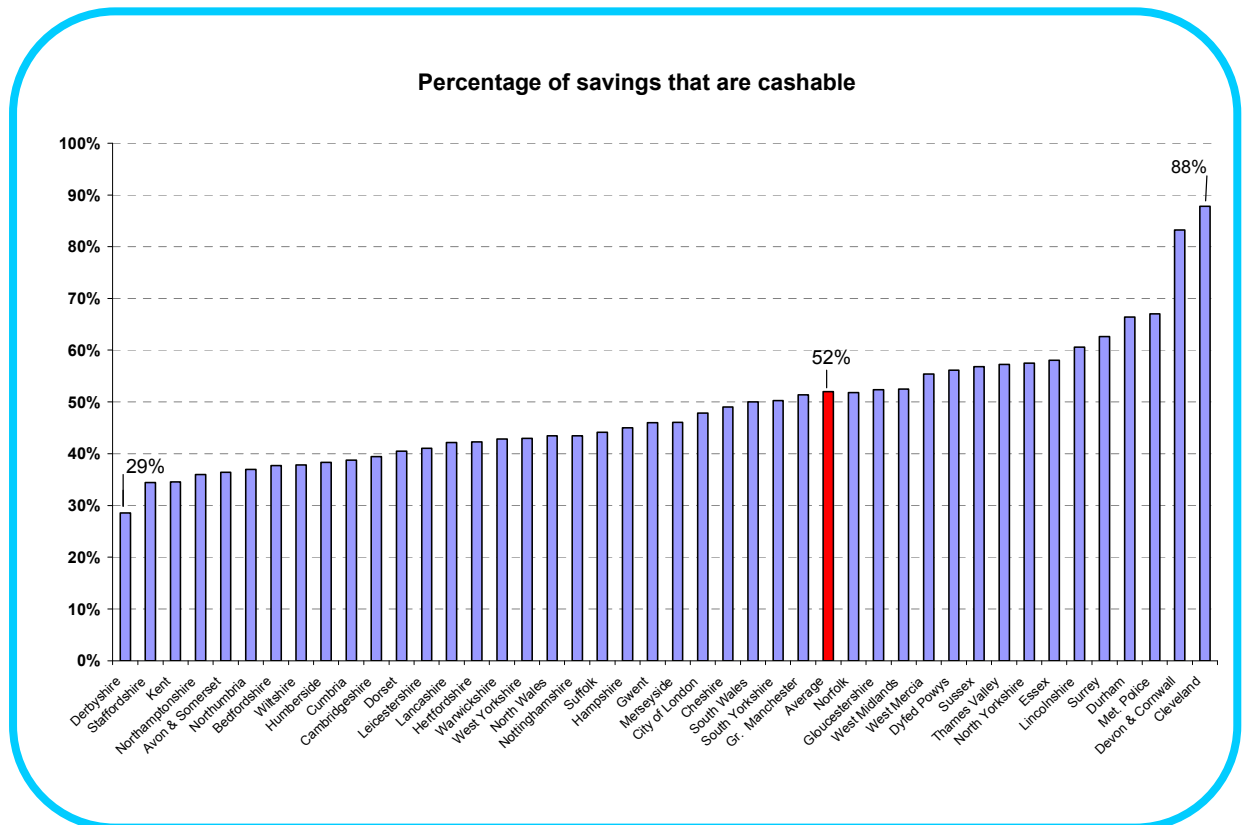


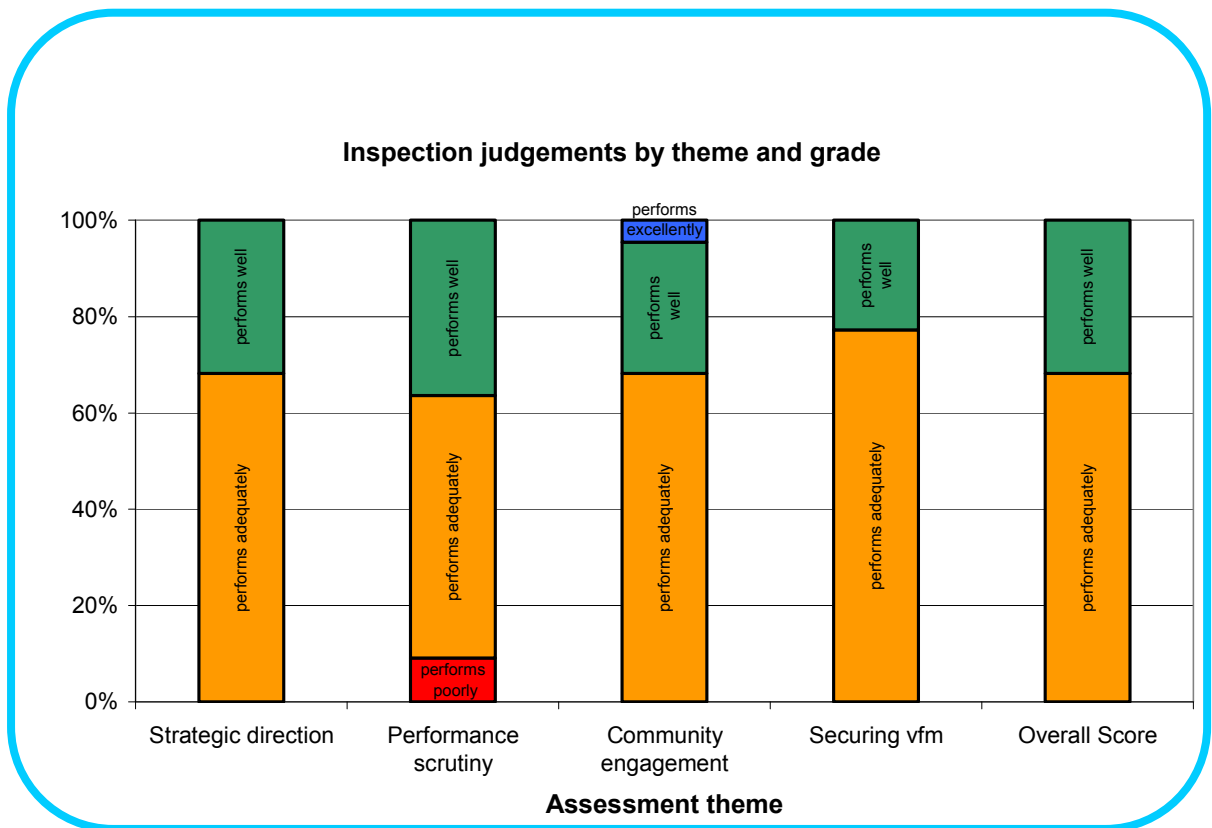
Figure 5 shows the significant variation in the proportion of savings declared as cashable, from 29% in Derbyshire (£8.2 million cashable savings, 2004 to 2008) to 88% in Cleveland, (£15.2 million cashable saving, 2004 to 2008).

Authorities and forces have demonstrated an ability to make efficiency improvements over recent years. However, these efficiency savings have been delivered against a background of growth. During the period 2004 to 2008, police authorities declared cashable savings equating to 2% of police budget. In this same period, overall police spend increased by 7.7%. The Comprehensive Spending Review confirmed that Central Government police funding will reduce by 20% in real terms over the next four years. Almost two thirds of this will be cut in the first two years. **The challenge ahead is therefore of a significantly different scale, requiring tangible savings, not just efficiencies.**

Strengths and weaknesses

Inspection of 22 police authorities confirmed the emerging findings from the first 10 inspections published in the HMIC and Audit Commission report *Learning Lessons*³⁴, March 2010. We found that the performance of most police authorities is 'adequate', meaning that they meet most of the minimum requirements with some exceptions and areas of concern (see **Figure 6** below and **Appendix A**).

Figure 6: Performance of the 22 police authorities inspected, by function



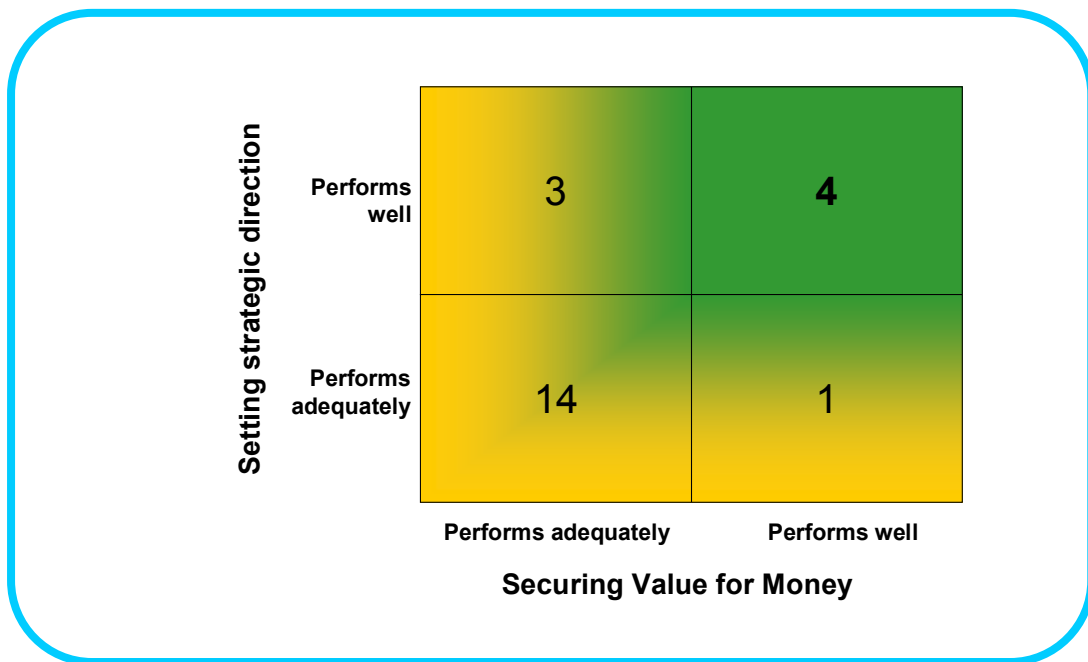
Seven of the 22 police authorities inspected perform well overall against the tests applied. They manage to work within the existing complexity, constraints and uncertainties to do a good job, as judged by our criteria. Overall, there is relatively stronger performance in the area of performance scrutiny, where more than one in

³⁴ HMIC and the Audit Commission, *Learning Lessons* (March 2010). Available from www.audit-commission.gov.uk.

three police authorities perform well (8 police authorities), and relatively weaker performance in the area of securing value for money, where this falls to under one in four performing well (5 police authorities).

Critically, only four police authorities from the 22 inspected perform effectively in both setting strategic direction and securing value for money (see **Figure 7**). Inspection found that those four authorities act as a pilot, setting a clear direction for policing, as well as a public interest watchdog, closely scrutinising spend, and can switch as circumstances demand.

Figure 7: Number of police authorities performing adequately and well in setting strategic direction and securing value for money



Inspection found that many authorities dilute their effect by spreading their effort too thinly across the broad range of duties, without clinically considering what they are trying to achieve in the limited time available. On average, police authority members without special responsibilities commit 10 hours a week and chairs work around 32

hours a week³⁵. Greater role clarity and focus will be critical if police authorities are to respond effectively to the economic challenges ahead.

Analysis of the evidence collated during the 22 inspections has highlighted the relative strength of police authorities in some key areas of activity. Generally, authorities ensure that the force is well led and make effective senior officer appointments. There was evidence of strength in setting challenging targets for performance; police authorities tend to work effectively in partnership with other local bodies and balance local and wider issues.

Common areas for improvement can be identified and include police authorities not planning effectively for longer term strategic challenges at local, regional and national levels; a lack of oversight of protective services (terrorism, serious crime and other major challenges to public safety); a lack of comprehensive assessment of threat and risk and insufficient control of the allocation of resources. Given the current economic climate, a long-term view is critical, in order to cut costs in a planned way and to protect public-facing services.

These strengths and weaknesses are consistent with the emerging findings from the first 10 inspections. Within the second group of police authorities inspected, we were able to identify some evidence of recent improvement, in the areas highlighted within the first thematic report. Overall, police authorities were judged to be improving.

Emerging findings confirmed

The March 2010 police authority inspection thematic presented emerging findings from the first 10 inspections against four assessment themes:

- Setting strategic direction and priorities;
- Performance scrutiny;
- Community engagement; and
- Ensuring value for money.

³⁵ *Report of the Independent Panel on Police Authority Members' Allowances* (June 2008), p8.

The following section quantifies these judgements in light of findings from all 22 inspections. Inspection identified notable practice across all four themes. Examples are provided in **Appendix B**.

Setting strategic direction and priorities

Key finding from first ten inspections

Most of the police authorities inspected are not taking a sufficiently strategic lead in deciding the longer term shape of policing for their area. Police authorities need a better understanding of the risks and threats to policing to make informed decisions about the long-term direction of the force and priorities that reflect community concerns. This needs to be linked to a clear and sustained focus on value for money.

(HMIC and Audit Commission, Learning Lessons (March 2010), paragraph 23)

Summary judgements from all 22 inspections

Seven of the 22 police authorities inspected set strategic direction and priorities well overall. In 15 out of the 22 inspections we found that police authorities are not taking a sufficiently strategic lead in deciding the longer term shape of policing for their area. They are not adequately engaged in defining the medium and longer term strategic direction for their forces and the contribution of regional collaboration is not adequately addressed. Without a clear long-term vision and plan, police authorities cannot demonstrate that they and their forces have the leadership, capability and capacity needed to deliver good quality policing outcomes on behalf of the public.

Risk management is well developed in only eight of the 22 police authorities inspected. These authorities, to differing degrees of effectiveness, understand the risks and threats to policing and identify the information they need in order to make informed decisions about the long-term direction of the force.

In just over half of the police authorities inspected (12 police authorities) there is little or no assessment made of the delivery of efficiencies or workforce modernisation by forces.

Performance scrutiny

Key finding from first ten inspections

Most of the police authorities inspected are effective in scrutinising everyday police performance and holding their police forces to account in delivering policing priorities. In many cases this relies upon the strength of character and personal determination of chairs and other committed members. This cannot be an enduring mechanism for securing effective governance. Police authorities need better information that is up to date so they can scrutinise performance more effectively.

(HMIC and Audit Commission, Learning Lessons (March 2010), paragraph 32)

Summary judgements from 22 inspections

Eight of the 22 police authorities inspected perform performance scrutiny well overall. They demonstrate a sound understanding of the context in which the force is operating, including likely future funding scenarios, risk and threat. Respective roles of the chair and chief constable are understood and respected. As a result, partnerships that are both consensual and appropriately challenging have been established. In 17 out of the 22 police authorities inspected, inspectors commented on the highly committed and visible leadership by chairs and other committed members.

In around one in four police authorities inspected (5 police authorities) their ability to hold the force to account is limited by not having clear enough information and data on how the force is performing. Police authorities cannot be expected to 'out-know' their chief constables about force activity and performance, yet must have sufficient information to challenge and test the police. Too much performance information can limit effective scrutiny as much as too little information. Typically, effective authorities make clear to their forces the specific performance data they require, and in what format it should be provided.

Vetting and protective services

In 21 out of the 22 police authorities inspected at least one member was vetted to allow open and transparent discussion with the police on sensitive policing operations and engagement with networks, such as tackling terrorism, serious crime and other major challenges to public safety (protective services). On average, police

authorities have three members vetted, which typically includes the chair. However, in half of the police authorities inspected (11 police authorities) there is insufficient understanding and scrutiny of protective services.

Community engagement

Key finding from first ten inspections

All of the police authorities inspected can do more to secure improved outcomes for the public through effective partnerships and community engagement.

Partnership working has significant potential to deliver improved outcomes for the public and better value for money. However, many police authorities are unable to demonstrate the benefit and impact of partnership working. When faced with tough choices and limited resources, authorities will increasingly need to demonstrate that activity in this area is an effective use of their time and prioritise their involvement accordingly.

(HMIC and Audit Commission, Learning Lessons (March 2010), paragraph 39)

Summary judgements from 22 inspections

Seven of the 22 police authorities inspected engage well with communities overall. In these authorities there is a clear understanding of their 'listening, answering and explaining' role and evident links to the setting of priorities. In other authorities the links between consultation and the setting of policing priorities are not always clearly defined. In half of all police authorities inspected (11 out of 22 police authorities) feedback from consultation and community engagement is not routinely being used to shape policing priorities.

In the majority of inspections (19 out of 22 police authorities) there are good individual examples of particular members engaging well in their communities and acting on specific priorities identified locally. There is a strong commitment to finding out what communities need and want from the police service, with some authorities using innovative approaches to achieve this. However, there is a lack of clear rationale for activity undertaken in half of the police authorities inspected (11 police authorities). These authorities demonstrate a limited strategic approach to community engagement and it is unclear how marginalised groups are identified and engaged. Most police authorities are exploring opportunities to work with local strategic partnerships, business and voluntary organisations (16 out of 22 police authorities). It

was found to be increasingly the case, as the inspection programme progressed, that police authorities were able to more clearly describe how this activity contributed to community safety outcomes in their area.

Ensuring value for money

Key findings from first ten inspections

Most of the police authorities inspected are not doing enough to ensure a clear and sustained focus on value for money and collaboration. With the tighter economic climate, police authorities will need to ensure their forces deliver more for less as well as achieving ambitious targets on efficiency and productivity.

(HMIC and Audit Commission, Learning Lessons (March 2010), paragraph 45)

*Police authorities lack a comprehensive understanding of the resources available to deliver sustainable policing and are not setting sufficiently challenging targets for improved efficiency and productivity to respond to the economic climate in front of us. **Benchmarking of costs ought to be the order of the day. It is not.** Little or no assessment is made of efficiencies that can be achieved from workforce deployment, redesigning business processes, streamlining support services, collaborative and partnership working.*

(HMIC and Audit Commission, Learning Lessons (March 2010), paragraph 53)

Summary judgements from 22 inspections

Five out of the 22 police authorities inspected perform well overall in ensuring value for money.

In more than half of the authorities inspected (14 out of 22 police authorities) benchmarking is not routinely used to understand the costs of policing, inform priorities or secure efficiencies. Comparison with top performing forces enables a police authority to assess their force performance against the best in the country and increases the potential for challenge.

The 22 inspections confirmed that police authorities work effectively with their force when setting annual budgets, albeit to differing degrees. In all of the authorities inspected efficiency targets had been exceeded (see **Figure 4**). Inspection reports

recognised the ability to make efficiency improvements but also noted that the scale of savings required going forward will be of a significantly different order.

Inspectors reported a very mixed picture of how collaboration and partnership working is promoted by police authorities and used to deliver efficiencies. Inspectors highlighted this to be an area for improvement in nine out of 22 police authorities sampled.

Characteristics associated with good governance

We looked at those police authorities that set clear strategic direction and perform well in ensuring value for money. Expertise and effectiveness in these two key functions is critical given the financial challenge going forward.

Through identification of characteristics common to those that performed well we have drawn out the key facets that constitute better governance. High performing police authorities are more likely to achieve in whole or part the following:

- **Greater role clarity** – authorities that performed well are clear on their role. They act as a pilot as well as a watchdog where necessary and switch as circumstances demand. They perform well in both setting strategic direction and closely scrutinising spend. They demonstrate a clear sense of purpose in developing strategy beyond the short-term but expected chief officers to propose smart ways of realising an agreed direction, an ‘anticipatory’ professionalism: well-grounded chief officers who are looking at future needs.
- **Clearer division of responsibilities with the chief constable** – authorities that performed well can demonstrate a clear division between oversight and independence of operations. Respective roles of the chair and chief constable were understood and respected. As a result, consensual but appropriately challenging partnerships have been established.
- **Distinctive value for money challenge** – this starts with police authorities making full use of benchmarking information on costs and outcomes, but goes further; with better performing authorities focusing clearly on what the police are doing with the money across the full spectrum of policing activity. Those authorities that perform well show a willingness and persistence to follow the

money, focusing on cost control and productivity in the short to long-term. Collaboration is actively enabled by some of the better performing police authorities.

- **Balanced performance** – stronger performing police authorities demonstrate a willingness to balance responsibility for both local and national duties, ie local policing balanced with high risk and collaborative issues, such as tackling terrorism, serious crime and other major challenges to public safety (protective services). They ensure members with responsibilities in relation to protective services are vetted to allow open and transparent discussion with police on sensitive policing operations.

Characteristics associated with poorer performance

In those authorities that are not performing well against the tests applied, the following characteristics are more likely to be observed:

- **'Traditional' interpretation of role** – Police authorities were established as a relatively understated, light-touch part of the checks and balances around policing. They were primarily focused on observing performance and events and only acting if something were amiss (the 'watchdog' function). Some still see themselves on that basis and behave accordingly. Arguably, this approach has served authorities well in the past. Going forward, this is unlikely to be enough on its own and there is a need for increased pro-activity in setting direction in the longer term.
- **Confusion over the chief constable's remit** – Some police authorities raised the issue of chief constable independence as a reason for not being able to move beyond a light touch 'watchdog' style of governance. It is vitally important that this independence and the constraints upon it are understood, given the financial pressures that forces and authorities now face. Both police authority and chief constable can operate legitimately as long as they both understand the legal basis and delineation of their respective roles.
- **Lack of focus on key priorities** – As demonstrated in **Figure 1** the framework for authority oversight is broad, and it has been extended with a cumulative build-up of responsibilities. Arguably, this can be seen as a reflection of the pluralism of

our society – an attempt to ensure fairness and equity for all. However, the time involved in attending all of these responsibilities means some authorities have diluted their impact on setting direction and securing good comparative value for local people.

Overall, the more successful have a good focus on strategic direction and value for money, the wisdom to select chief officers who were thinking ahead, and clarity about the chief officers' responsibility to lead, manage and direct the force.

The personal impact of the chair of the police authority is a significant contributor to how effectively these issues were tackled. Those performing well have been supported effectively by individual members, providing a diverse range of views that helped to legitimise the decisions made and to self-moderate. In those performing less well, there is uneven engagement from the full membership, with responsibility falling predominantly on a few committed individuals.

Meeting future challenges

The size of the challenge

The Spending Review announcement on 20 October 2010 confirmed that Central Government police funding will reduce by 20% in real terms by 2014/15. Almost two thirds of this will be cut in the first two years. This reduction will not fall evenly across all authorities and the impact on individual forces and authorities will not be confirmed until December 2010.

Police authorities will be responsible for making the difficult decisions on where cuts should fall in these first two years. The actions taken by police authorities and forces now could set the scene for policing for the next decade. This means that for the next two years police authorities will have real and significant responsibilities: to set the agenda for policing, and to determine where to cut and how deep, whilst considering service implications for the police.

The immediate response required of authorities

Over the next 18 months police authorities should focus on setting an affordable direction for policing (not simply an annual policing plan) and probing costs and alternatives that offer better value for money.

To succeed, action has to be taken now. Yet few authorities are well positioned, or well prepared, to do what is needed to provide effective direction and ensure value for money. Police authorities should consider where they stand in relation to the characteristics demonstrated by those police authorities that perform well. The following section considers each characteristic in turn and presents critical questions for police authorities to consider and take action to address where necessary.

Greater role clarity

Police authorities are required to undertake an annual planning process. The scale of the challenge ahead means that they now need to take a longer term view. A long-term approach to cost reduction is essential to avoid an over-reliance on unsustainable short-term savings and financial reserves. HMIC's *Valuing the Police*³⁶ report recognised that:

Incremental cost savings driven by an annualised planning cycle will not be enough. Transformation of police forces and the wider system surrounding them is essential in order to deliver public expectations for policing in the years ahead.

To ensure that a convincing and affordable long-term direction is set, many authorities will need to shift their position and take a more 'pilot'-like stance on strategic direction and value for money. For some, this may mean re-evaluating the nature of the relationship with the force: specifically, the balance of responsibility between chair and chief constable, in relation to planning and budgeting at different stages in making decisions. This needs careful thought to avoid mixing governance and management responsibilities.

Clearer division of responsibilities with the chief constable

It is critical that police authorities maintain clear division between their governance responsibility and the chief constable's responsibility to lead and manage the organisation (distinguishing between what direction the police take and how they do it) to ensure that decisions taken on where to cut costs do not unduly restrict tactical options available to chief officers (i.e. determining operational response to incidents by effectively eliminating all other tactical options). The accountability role cannot be discharged effectively if those charged with governance become immersed in the tactics employed by chief officers to achieve shared objectives.

³⁶ Available from www.hmic.gov.uk.

Clarity over their role will enable police authorities and their successors (in whatever form) to hold the professionals properly accountable, and will underpin the legitimacy of independence for those in chief officer and governance roles. These roles must be distinct and independent from one another – this is key to the respective legitimacy of both.

Communicating hard choices to the public

This is a time of hard choices and these choices need explaining to the public. Some police authorities have missed opportunities to raise public awareness as to how the public can contribute to debate about future policing priorities.

Police authority effectiveness and accessibility can be increased by:

- **being clear and confident about the focus of their role** – this involves a conscious decision as to their character (pilot or watchdog) and communicating this consistently and repeatedly;
- **having a view and something worth saying publicly** – via local media that appropriately complements their oversight role when the force get something right or wrong; and
- **taking opportunities to improve transparency and accessibility** - through better use of information (for example, web-casting questions to the chief constable on the internet, in areas of policing that matter most to local people).

To ensure greater role clarity and clearer division of responsibilities with the chief constable, police authorities should urgently consider:

- Is the police authority ensuring that a convincing and affordable strategy is set to meet the future funding gap?
- Is the police authority prepared to make hard choices and can it reassure the public that the right approach is being taken?
- Is the police authority clear on the impact its strategic decisions will have on the quality of policing services in the short, medium and long-term? And has the police authority properly assessed the implications for the public?
- Can the police authority review and monitor the impact of the cost reduction on policing performance effectively?
- When taking tough decisions on the future shape of policing and savings, how will the police authority maintain a clear division of responsibility in terms of their own governance function and the chief constable's responsibility to manage the organisation (distinguishing between what the police do and how they do it).
- How will the police authority visibly communicate their approach to the public?

Distinctive value for money challenge

Around 80% of police budget goes on workforce costs. The ability of forces and authorities to restructure the workforce in a timely way will be important if they are to bridge the funding gap. Police authorities will need to make difficult decisions, rarely made before, to improve productivity while reducing costs. This will involve addressing, amongst other issues, levels of overtime and shift patterns. Police authorities will need to be confident that decisions that have an impact on the visibility and availability of the police to the public are based on a clear rationale.

Police authorities will need to use the comparative benchmarking information available now, such as HMIC's value for money profiles, to provide a degree of focus on value for money in forces that at present does not routinely exist. There is significant variation in cost between forces and the potential for large savings.

To provide a distinctive value for money challenge, police authorities should urgently consider:

- Does the police authority have a clear understanding of the scale of the challenge ahead?
- Has the police authority considered a full range of options in dealing with the funding reductions, including business re-engineering, cost control and outsourcing?
- Is the police authority maximising the benefits from collaboration both regionally and through preferred partnership approaches?
- To what extent do the police authority's proposals maximise police availability to the public?
- To what extent are the police authority's medium and long-term plans based on an effective assessment of demand, threats and risk – with resources aligned accordingly?
- Has the police authority made use of benchmarking information, for example HMIC's VfM profiles, to identify and address outliers?
- Does the police authority have the information needed to inform its decision making?
- How effective is the police authority in using information to support or challenge the force on deployment decisions?

Balanced performance

There has been little incentive to date to pursue collective interests against pressing local concerns. Short-term consideration of the local need to balance budgets has not always been tempered by a sense of shared national obligations (unless funded by Government, for example as in the Counter Terrorism Network). This needs to change. Police authorities will need to ensure that there is a sound strategic plan that facilitates effective working between the authority, force and local partners, and between forces, to support increased collaboration where appropriate.

Vetting and protective services

In half of the authorities inspected there is insufficient understanding and scrutiny of the more serious and less visible aspects of policing, such as tackling terrorism, serious crime and other major challenges to public safety (protective services). Many

police authorities are increasing the number of members vetted to allow open and transparent discussion on issues relating to protective services, in recognition of the complexity of this area and the previous over-reliance on the chair to deal with these issues in isolation. This element of oversight responsibility has grown in significance since the 07 July London bombings and the development of the Counter Terrorist Network, which is directly supported by eight forces. Some authorities are dividing protective services into bite-sized chunks with specific lead members attached to each area, and are taking pragmatic decisions with forces over what is sensitive and what can be shared with the wider authority. Vetting to enable oversight on counter terrorism and serious and organised crime will be an enduring issue.

Managing transfer to new governance arrangements

Police authority members and officers will increasingly need to manage the additional risks associated with transfer to new governance arrangements for policing, but this should not distract authorities from dealing with the financial challenges ahead. Turnover of members and key staff in the run-up to transfer of responsibilities may weaken the overall effectiveness of corporate governance, financial management and internal controls. As future governance arrangements become clearer, authorities will need to plan for effective transfer of power to the PCC and manage the difficult balancing act of maintaining focus on what is important whilst simultaneously preparing handover of responsibilities.

To balance local and national responsibilities, weighing longer term collective interests against local short-termism, police authorities should urgently consider:

- Does the police authority's long-term strategic plan balance local and national policing priorities?
- Does the police authority properly scrutinise the more complex aspects of policing (protective services) to ensure that the policing service is effective in these less visible areas?
- Is the police authority holding the force to account effectively across the broad range of policing services, on behalf of the public?
- How is the police authority planning to ensure smooth handover to new governance structures and maintain a 'business as usual approach' during the transfer to new governance arrangements for policing?
- What further steps can the police authority take to actively promote and support collaboration and joint working between forces and local public services to secure the best outcomes for the public?

Information, incentives and support

Over the next 18 months all police authorities will need to respond to the challenges outlined in this report in order to effectively respond to the financial situation by setting clear direction and bearing down on costs. The financial challenge is likely to vary significantly between forces, as will existing performance and the scale and complexity of police operations in different force areas. HMIC intends to work closely with police authorities and forces during this period, to maintain a clear focus on direction, cost and public-facing services, identifying what works where, and providing an incentive to others to act on lessons learnt.

Value for Money profiles

The second iteration of Value for Money profiles will be published shortly,³⁷ and will expose differences in cost and 'big ticket issues'³⁸ for authorities to consider.

³⁷ Available from www.hmic.gov.uk.

³⁸ A 'big ticket' is defined as those areas that are both high cost and where there is a large variation across Forces.

HMIC's *Valuing the Police* report, published in July this year, presented evidence to suggest that savings of around £1.15 billion (equating to 12% of Central Government funding) may be achievable by improving productivity and cutting costs.³⁹ It demonstrated how benchmarking of costs, using the first iteration of the Value for Money profiles and police objective analysis⁴⁰ data, identified high variation in spend per force across a range of functions and services, that could translate into savings through business change. Public access to this information will increasingly make the decisions taken by authorities and forces more transparent and more readily available for local scrutiny.

Valuing the Police inspection

As part of HMIC's value for money inspections (Valuing the Police), HMIs will meet individually with all police authority chairs in England and Wales, from December 2010, to discuss:

- the scale of the challenge that the force and authority are facing;
- how they are probing costs and alternatives that may provide better value for money;
- how policing services may change as a result; and
- how this will be communicated to the public.

The Valuing the Police inspection will look at force and authority preparedness to reduce costs. As part of this work we will maintain an overview of the effectiveness of police authorities in taking the difficult decisions outlined here and their preparation for smooth transfer to the new governance arrangements for policing.

Improvement programme?

The National Policing Improvement Agency (NPIA) and the APA have developed a programme of improvement for police authorities and, in partnership with the National College of Police Leadership, a future leaders course for senior police authority members and staff. Further courses in development will cover risk management,

³⁹ *Valuing the Police* is available from www.hmic.gov.uk.

⁴⁰ Police objective analysis (POA) - comparative survey based data, ACPO.

protective services and improvement planning. However, whilst funding is confirmed for this financial year it is uncertain after March 2011, and is dependent on decisions taken over the next few months about NPIA funding, business plan and priorities.

The reality remains that few authorities are well positioned, or well prepared, to do what is needed to ensure smart direction and value for money. And the current range of incentives and support for police authorities may be insufficient. There is uncertainty as to whether police authorities will be able to meet the combined challenges of making tough decisions on spending reductions, while at the same time preparing for the smooth handover to the new governance arrangements.

As a consequence there is a real concern that police authorities will not find alternative approaches that offer better value for money and they will not be able to protect the public facing policing services that the public rely upon 24/7. We hope, in the interest of the public, this will not be the case.

Longer term governance challenges

Looking forward we cannot, at this point, consider all of the issues that might arise from replacing police authorities with Police and Crime Commissioners, because the detail of how PCCs and Police and Crime Panels will operate is still being formulated. Nevertheless, the issues for police authorities identified within this report are likely to remain pertinent in considering future governance arrangements.

The operational independence of chief officers is an enduring issue, and the importance of this has been acknowledged in the Government consultation paper, *Policing in the 21st Century: Reconnecting police and the people*.⁴¹ Clarification of the current position in law has been set out here. Should the law change, this will need to be re-considered.

It is unlikely that the cost of PCCs will be less than the cost of police authorities, and there will be costs associated with the need for PCCs to be increasingly visible. For this role to succeed PCCs will need, amongst other things, an efficient communication machine. The extent to which this need, and others, could be derived from existing resources will need further consideration. The cost of administering

⁴¹ Government consultation document (July 2010).

elections, over and above what is currently spent through local elections, has yet to be calculated and will be dependent upon how the Government decides to organise them. Clearly, in austere times, cost will be a factor in determining the approach.

The learning and characteristics of good police governance identified in this report might usefully inform the design of new governance structures. Addressing the issues at the outset may help make high levels of effectiveness the norm, not the exception, for police governance in the future.

Appendix A: Summary of inspection scores

Police Authority	Assessment theme				Overall score	Report publication date
	1 Strategic direction	2 Performance scrutiny	3 Engaging Communities	4 Value for money		
Lancashire	3	3	4	2	3	25/11/2009
Avon and Somerset	2	2	2	2	2	03/12/2009
Leicestershire	2	1	2	2	2	15/01/2010
Wiltshire	2	3	2	2	2	11/02/2010
Gwent	3	3	3	3	3	25/02/2010
Greater Manchester	2	1	2	2	2	25/02/2010
Cheshire	3	3	3	2	3	04/03/2010
Hampshire	2	3	2	2	2	04/03/2010
Northamptonshire	2	2	2	2	2	11/03/2010
Metropolitan	2	3	2	2	2	22/03/2010
South Wales	2	3	3	2	2	17/06/2010
Sussex	2	2	2	2	2	17/06/2010
Warwickshire	2	2	2	2	2	17/06/2010
Humberside	2	2	2	2	2	24/06/2010
Merseyside	2	2	3	2	2	24/06/2010
Hertfordshire	3	2	2	3	3	26/08/2010
Cleveland	3	2	3	2	3	02/09/2010
West Mercia	3	2	2	3	3	09/09/2010
Cumbria	2	2	2	2	2	09/09/2010
Surrey	3	3	3	3	3	16/09/2010
Gloucestershire	2	2	2	2	2	22/09/2010
Bedfordshire	2	2	2	3	2	22/09/2010

Appendix B: Notable practice

Across the twenty-two police authority inspections carried out we found the following examples of notable practice.

Setting strategic direction and priorities

Metropolitan Police Authority – setting strategic direction

In 2009 the Metropolitan Police Authority published *Met Forward*, which is a strategic document that sets out the direction and priorities for policing in London in a format that is easily accessible to the public. *Met Forward* contains eight work strands to develop and improve services, provide better value for money and fight crime to protect the public.

West Mercia Police Authority – risk management

The authority has a good approach to managing risk, and assesses longer term issues and risks beyond strategic assessments of threat and risk produced by the force. It monitors risks around its role in community engagement and ensuring the force has the capacity to deliver on priorities.

Surrey Police Authority – operational policing review

The authority is implementing the Operational Policing Review, a package of measures which includes reducing the number of senior posts, simplifying the policing structure and estate and reducing the overall cost of policing in Surrey. Recent external evaluations of workforce modernisation cite improvements in performance and customer satisfaction and substantial financial savings.

Performance scrutiny

Surrey Police Authority – achieving ambitious targets

The authority's challenge to the force to achieve ambitious targets for improving efficiency and productivity is effective. The authority and force have a good track record of exceeding Home Office efficiency targets. The authority has been instrumental in influencing and scrutinising strategic change programmes to achieve efficiencies and deliver more effective public facing policing.

South Wales Police Authority – oversight of protective services

The authority helps to build resilience and sustainability across protective services in Wales through its partnership with Police Authorities of Wales. The authority plays a major role in the provision of protective services projects such as the all-Wales taskforce for dealing with serious and drug crime, and the Joint Welsh Extremism and Counter Terrorism Unit.

Community engagement

Merseyside Police Authority – creative methods to engage the public

The authority is enthusiastic about engaging communities with the genuine aim of understanding the views of local people. It uses a wide range of often innovative methods to capture and take account of views, such as holding events in supermarkets and using 'speed dating' with partners and communities to decide spending. The authority uses the output from these events and gives feedback on the results to the community.

Cleveland Police Authority – partnership working

The authority has an effective and co-ordinated approach to partnership working. Members have a good profile in all four Crime and Safety Partnerships and Children's Trust Boards. Members receive problem solving skills training that they can apply to partnership working.

Lancashire Police Authority – engaging young people

The authority has developed an innovative and sustained programme of engagement, research and consultation which helps it understand the needs of Lancashire's diverse communities. The programme is clearly set out in the authority's Business Plan. The authority has been instrumental in developing a website which engages with young people and challenges stereotypical views of them.

Ensuring value for money

Hertfordshire Police Authority – use of benchmarking

The authority effectively uses performance benchmarking to identify what works well elsewhere. It recognises the value of most similar force information within a wide range of reports and has used this when exercising influence over resource application. It addressed quantitative and qualitative data from other forces and used the HMIC VfM profiles.

Gwent Police Authority - collaboration

The authority is an established user of collaborative arrangements provided by Value Wales. The authority continues to benefit from the work of the South West and Wales Regional Procurement Group. It has also collaborated with other partners including Newport Transport, Chepstow Town Council, the Forestry Commission and Coleg Gwent.