

PEEL: Police efficiency 2015

An inspection of South Wales Police



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

Overall judgment¹



Good

HMIC found that South Wales Police is very well prepared to face its future financial challenges. Through robust financial management and a commitment to continuous improvement, it has successfully reduced its spending over the last spending review period, and is effectively planning for future financial challenges. In last year's value for money inspection programme, which considered how forces had met the challenge of the first spending review period, South Wales Police was judged to be good.

Summary

HMIC judges South Wales Police to be good. South Wales Police has an extensive understanding of both its current demand and projected demand on its services. The force recognises that maintaining the current operating model with 2,800 police officers poses financial risks if expected savings are not realised, but it has undertaken scenario planning and has plans in place to alleviate these risks.

South Wales Police's arrangements for matching resources to demand are impressive, and the force has made a significant investment in assessing the demands placed upon it. This has allowed the force to reduce costs whilst improving the service it delivers to the public, as evidenced by its excellent victim satisfaction results.




The force's current operating model, implemented in 2010, has worked very well. Investments in new technology allowed it to reduce the numbers of basic command units (BCUs) from six to four, and neighbourhood teams from 30 to 19. These efficiency gains have allowed the force to reduce police officer numbers from 3,148 to 2,864. This was achieved against savings of £33m, or about 11 percent of the 2010/11 annual gross revenue budget, in the four years to 2014/15.

The force has a strong track record in financial management and is well positioned to tackle both the current and future financial demands placed upon it. The force has set balanced budgets and achieved its savings target for the four years up to 2014/15. It has balanced the budget for 2015/16, based on prudent assumptions

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

which do not rely on reducing its reserves. Savings have already been realised and plans for delivering the remainder of these savings are well developed.

South Wales Police is vigorously pursuing all opportunities for additional funding, and has been highly successful in doing so. For example, for the years 2014/15 and 2015/16 the force has made successful Police Innovation Fund bids totalling nearly £5m.

<p>How well does the force use its resources to meet its demand?</p>	<p>How sustainable and affordable is the workforce model?</p>	<p>How sustainable is the force's financial position for the short and long term?</p>
<p> Outstanding</p>	<p> Good</p>	<p> Good</p>
<p>South Wales Police has an extensive understanding of the scale and nature of the demand it is facing, and is undertaking further work with partners to better identify newly emerging or hidden demands.</p> <p>The force has robust tasking and demand management arrangements in place for matching resources to demand, and recognises the need to continue to align resources to changing demands.</p> <p>The force has an 88.3 percent victim satisfaction rating, one of the highest in the country. This demonstrates a PCC and South Wales Police commitment to put the</p>	<p>The force's current operating model, implemented in 2010, has worked very well. There has been a reduction in crime, increase in detections, and improved public confidence and satisfaction.</p> <p>The force has invested in new technology which has allowed it to reduce the number of BCUs and neighbourhood teams. These efficiency gains have allowed the force to reduce police officer numbers from 3,148 to 2,864.</p> <p>South Wales Police is well positioned to continue to meet its projected demand, organisational and financial requirements with its</p>	<p>South Wales Police has a strong track record in monitoring expenditure and delivering efficiency savings. The force has set balanced budgets and achieved its savings target for the four years to 2014/15. Savings over this period totalled £33m, or about 11 percent of its 2010/11 gross annual revenue spend.</p> <p>The force budget for 2015/16 is based on prudent assumptions. The force is well placed to achieve the £7.4m savings through its change programme and without the need to use reserves. The force is vigorously pursuing all opportunities for additional funding, and has</p>

<p>victim at the centre of everything the force does.</p> <p>The force's management of demand is already good, but is being further enhanced as it continues to apply the ongoing learning from its analysis of demand, with data shared across partner agencies.</p> <p>The force has an excellent understanding of outputs, outcomes and costs through monthly budget and performance meetings, underpinned by strong financial governance.</p> <p>South Wales Police is a forward-looking force that is committed, through the chief constable, to improving its working methods to deliver improved services for the public.</p>	<p>enhanced current operating model.</p> <p>The force believes that it will require about 2,864 police officers to meet continuing and projected demand. It also recognises that its projected operating model needs to be aligned to available funding, which currently shows a gap of £23.4m at March 2019. The force has concluded that the current operating model can be sustained through further investment in new technology, reduction in demand, and increasing the skills of its police officers, and it believes that this may produce savings of 10 percent on demand (or about £25m per annum).</p> <p>South Wales Police recognises that maintaining the current operating model with 2,864 police officers poses financial risks if expected savings are not realised, but it has undertaken scenario planning and has plans in place to mitigate against these risks.</p>	<p>been very successful.</p> <p>The police and crime commissioner's (PCC's) and the chief constable's plans are closely aligned. The PCC and chief constable receive regular financial performance information, with reports produced on a quarterly basis.</p> <p>The force has identified further savings of £8.1m for the three years to 2018/19. However, plans are still being developed to deliver the remaining budget gap of £23.4m for 2018/19. The force recognises the significant scale of the financial challenge and is confident that its change programme should enable it to release the savings required. It has completed scenario planning to assess risks and options and is developing contingency plans, including changes to the current workforce model. Early consideration of these risks and possible mitigations demonstrate the forward-thinking outlook of the force.</p>
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Force in numbers



Financial position

Forecasted change in expenditure 2015/16 to 2018/19



It is important to note that some forces only provided figures for savings they had formally signed off at that point, while others provided estimates for the whole period. As a result, the savings figure above might not reflect the full saving which the force might have to make. 2014/15 GRE has been used here as a baseline.



Providing policing

Planned change in police officer numbers 31 March 2015 - 31 March 2018



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



Proportion of police officers on the operational frontline 31 March 2010



Proportion of police officers on the operational frontline 31 March 2015



Planned proportion of police officers on the operational frontline 31 March 2018





Organisation

Police officer cost per head of population compared to England & Wales (2014/15)

South Wales Police England and Wales

£115

£115

Workforce cost per head of population compared to England & Wales (2014/15)

South Wales Police England and Wales

£170

£165



Key statistics

Changes in recorded crime (excluding fraud) 12 months to 31 March 2014 to 12 months to 31 March 2015

South Wales Police England and Wales

+9%

+2%

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

South Wales Police England and Wales

-13%

-16%

Victim satisfaction 12 months to 31 March 2015

South Wales Police England and Wales

88.3%

83.8%

Changes in victim satisfaction 12 months to 31 March 2011 to 12 months to 31 March 2015

South Wales Police England and Wales

No change

No change

This force did not provide data to 2018.

Victim satisfaction: South Wales, confidence interval +/- 0.9 percent. England and Wales, confidence interval +/- 0.2 percent.

For full details on the data used in this graphic see annex A in the efficiency national report.

Introduction

In October 2010, the Government announced that central funding to the police service in England and Wales would reduce by 20 percent in the four years between March 2011 and March 2015. Now, in a period of sustained budget reductions, forces need to continue to make efficiencies while focusing on reducing crime and keeping communities safe.

As part of its annual inspections into police effectiveness, efficiency and legitimacy (PEEL), HMIC's Efficiency programme assessed how a force maximises the outcomes from its available resources. We reviewed both the financial and workforce planning of police forces whilst examining wider questions of cost, capability and productivity. Our inspection focused on the overall question, 'How efficient is the force at keeping people safe and reducing crime?'

To answer this question we looked at three areas:

- How well does the force use its resources to meet demand?
- How sustainable and affordable is the operating model?
- How sustainable is the force's financial position for the short and long term?

During our inspection we collected data and plans from forces, surveyed the public to see if they had noticed any changes in the service they received and conducted in-force inspections. We interviewed chief constables and the chief officers responsible for finance, organisational change, human resources and performance in each force and held focus groups of officers and staff at different grades and ranks, and made unannounced visits to police stations.

This report sets out the findings from this wide-ranging inspection of South Wales Police.

How well does the force use its resources to meet its demand?

HMIC examined how the force understands the demands for its services, and how it allocates its staff and financial resources to meet that demands. We then assessed whether these decisions are leading to good results for the public – that the police are visible and that they attend promptly when called, that they are fighting crime and keeping communities safe, and that victims are satisfied with the service they receive.

How well does the force understand its demand?

South Wales Police has an excellent understanding of the scale and nature of the demand it is facing, and is undertaking further work with partners to better identify newly emerging or hidden demands.

For instance, the force has undertaken a detailed analysis of calls received in its public services centre² (PSC) over the last five years, and through a one-day snapshot taken on 13 March 2015. As a result, it has established that only nine percent of calls received are from the public wanting to report crimes; the remainder are mostly calls for advice from victims, the public, internal departments and partners. The force now has a clearer picture of the number of emergency and non-emergency calls and the pattern of demand throughout the day, and resources the PSC accordingly.

This analysis has been further supplemented through neighbourhood surveys by police community support officers (PCSOs), and academic research into new areas of crime such as digital crime and child sexual exploitation. As a result, South Wales Police has realigned resources to provide additional support to the public protection department, offering greater protection to the public. The force also has arrangements to receive feedback from PCSOs and the public on issues emerging at the local level.

The force is working closely with partners to better understand demands coming from them (for example, the NHS through mental health and accident & emergency hospital cases, and cases in the Troubled Families programme). South Wales Police has also reviewed demand through its front desk service and reduced opening hours at those locations where there is falling demand. It has ensured that the public can still contact the police by alternative means such as remote telephone and better social media access.

² Facility in which call-handlers answer telephone calls from the public, determine the circumstances of the incident, decide what needs to be done, and initiate the initial response.

The force intends to continue to build on the understanding gained and lessons learnt about demands in its March 2015 analysis through another planned snapshot survey in June 2015.

How well does the force match resources to demand?

The force successfully matches resources to demand and makes the people of South Wales feel safer. The force has robust tasking and demand management arrangements in place for matching resources to demand, and recognises the need to continue to align resources to changing demands on its services.

South Wales Police operates a fully integrated resource management system (FIRMS), which allows the force to review its resource deployment on a daily basis using GPS technology. Call handlers in the PSC can identify which staff are available, what skills they possess, and whether or not they are deployable. Deployment is based on need across the force, rather than being restricted by borough command unit boundaries. Call handlers undertake this function on a 'Task not Ask' principle, whereby the nearest, most appropriate resource to the incident is dispatched. Police officers are very aware that they are force-wide resources and so that depending on priorities, they may be allocated where the needs are greatest.

Predictive modelling from the database, taking into account peak demand periods and annual leave, complements deployment arrangements and ensures that available resources are proactively managed throughout the year. This includes the deployment of resources to meet demands arising from Cardiff's capital city status and major events. This has allowed South Wales Police to efficiently manage the Olympics, NATO summit, and 6 Nations Rugby tournaments.

The force and the police and crime commissioner (PCC) have invested in joint working with other organisations; this has led to a considerable reduction in anti-social behaviour (ASB) incidents. Another example of the force's joint working is the establishment of the Swansea multi-agency 'Help Point' hub, which the force estimates has supported over 400 vulnerable people in the night-time economy.

In October 2014, South Wales Police worked with other public sector organisations to establish a multi-agency safeguarding hub (MASH) in its Northern borough command unit. This has provided an environment in which a range of organisations, including the police, work together and share information to safeguard vulnerable people.

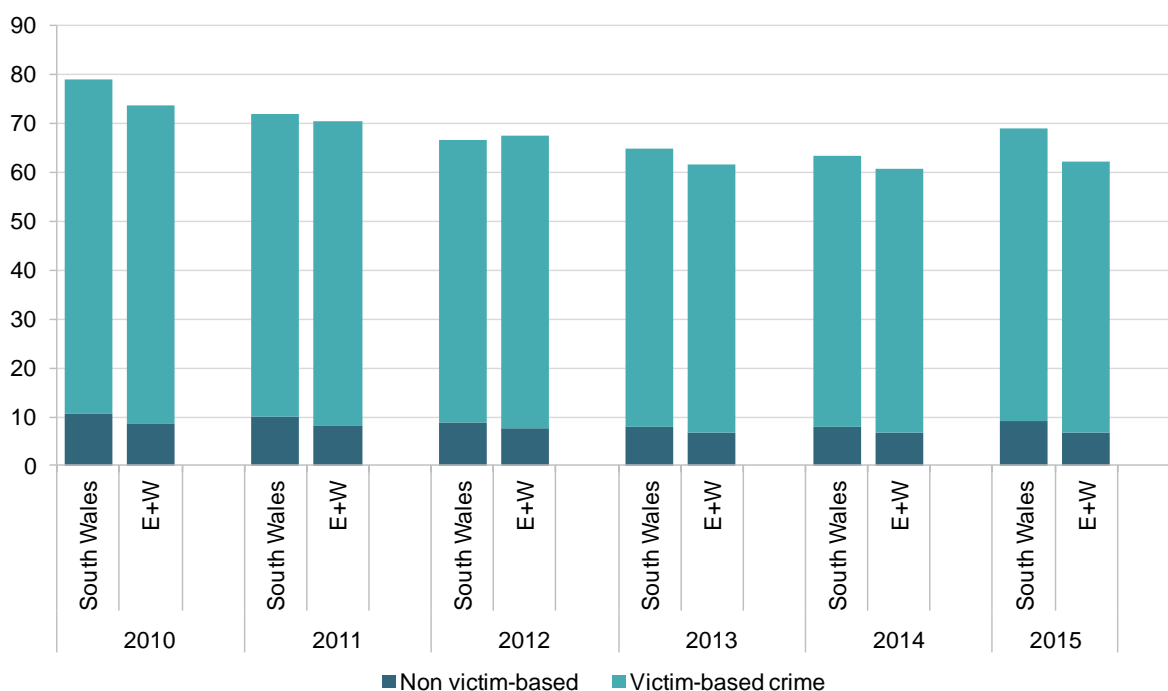
How well are the force's services meeting the demand from the public?

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

Although police recorded crime is by no means a complete measure of the totality of demand a force faces, it does provide a comparable performance indicator across all forces. Crime rates are reported as a number of crimes per 1000 population in each force area to enable comparison between areas. Total police recorded crime is made up of victim-based crime (e.g. theft) and non victim-based crime (e.g. possession of drugs.) Two thirds of forces showed an annual increase in total police recorded crime in the year ending 31 March 2015. This increase in police recorded crime may have been affected by the renewed focus on the quality and compliance of crime recording since HMIC carried out a national inspection of crime data integrity in 2014.

In the 12 months to 31 March 2015, South Wales had a victim-based crime rate of 60.0 and a non-victim-based crime rate of 9.1 per 1,000 population. This represents a decrease (12 percent) in the victim-based crime rate and a decrease (14 percent) in the non-victim based crime rate since the start of the spending review in 2010. During the same time period, England and Wales had a victim-based and non victim-based crime rate of 55.2 and 6.9 per 1,000 population respectively. This represents a decrease in both crime rates by 15 percent and 19 percent respectively since the start of the spending review. The scale of the change in crime rate can be seen in Figure 1 on the following page.

Figure 1: Police recorded crimes per 1,000 population in South Wales in the 12 months to 31 March 2010 to the 12 months to 31 March 2015, compared to England and Wales



Source: Home Office crime statistics and ONS mid-2013 population estimates (2013 population data are used across multiple years to reveal actual change in police recorded crimes, rather than changes due to population change)

Of those who have been the victim of a crime in South Wales, 88.3 percent were satisfied with their whole experience with the police in the 12 months to 31 March 2015.³ This is higher than the national victim satisfaction rate of 83.8 percent over the same time period.⁴ There has been no significant change in victim satisfaction between the 12 months to 31 March 2011 and the 12 months to 31 March 2015 in South Wales.

The force’s victim satisfaction rating is one of the highest in the country, and has remained high since 2011. There was an improvement in performance in March 2011, when the victim satisfaction rate for whole experience was 81.7%. The force has maintained performance throughout the period 2011 to 2015, demonstrating its commitment to put the victim at the centre of everything it does. The ease with which the force can be contacted is particularly impressive, with investments in technology helping make the police more approachable in a variety of ways.

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

³ South Wales, confidence interval +/- 0.9 percent.

⁴ England and Wales, confidence interval +/- 0.2 percent.

Figure 2: Methods of public engagement used by South Wales Police in the 12 months to 31 December 2014

Are the following communication channels being used by the Force?	
Facebook	Yes
Twitter	Yes
Email	Yes
Text message	No
Web forum	Yes
Instagram	No
Local phone (not 999 or 101)	Yes

Source: HMIC Efficiency data collection

South Wales Police undertakes a perception survey (COMPASS) in which communities are invited to provide their feelings and perceptions of crime and anti-social behaviour, local issues and how good a service the police provide. The force also uses this information to ascertain public interest in knowing about their neighbourhood and how they would like to receive this information.

The high feelings of safety within the community reflects the clear commitment of the police to serve the people of South Wales and victims of crime. There is strong evidence that the public has confidence in the policing service it is receiving.

How well is the force managing demand?

The force's management of demand for its services is being further enhanced as it continues to apply the ongoing learning from its analysis in this area, with data shared across public sector organisations. For instance, the local health boards and ambulance service are working with South Wales Police to develop a collaborative approach to better understand and manage demand.

The force is also taking action to improve its online information and support systems for the public, other public sector organisations and its own staff:

- for the public, the force intends to offer the option to report crime electronically, and to track progress on reported crime through a service known as 'Track my Crime'. It has also improved its voicemail system to enable better directing of callers to support systems, and to reduce demands on police officers;

- for public sector organisations, it is making efforts to share data where possible to minimise inappropriate or duplicated call-outs. For example, the force is working closely with the ambulance service at weekends in the Cardiff and Swansea night-time economy areas. This has reduced accident and emergency admissions, through the triaging of victims. South Wales Police is also working closely with mental health trusts to locate and support missing persons with mental health disabilities; and
- for its own staff, it is reducing demand through more and easily accessible information on its intranet, which supports individuals to provide policing services for the public.

The force is confident that it can reduce demand significantly through proactive early interventions. Progress in better demand management should enable the force to deploy available resources appropriately and reduce costs further.

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

The force has an excellent understanding of its service provision and costs through monthly budget and performance meetings, underpinned by strong financial governance.

This understanding is further enhanced by the lean process improvement (an approach used to enhance existing business performance by improving systems and eliminating waste), which has been applied in a detailed review of value for money opportunities identified in the change programme. The force has confidence in this methodology and is using it to revisit some areas again, as part of its continuous improvement plans. Teams consisting of police officers, finance and human resources (HR) staff undertook these reviews to ensure that they were achievable and would not impact on service quality. The reviews have been supplemented by peer reviews and equality impact assessments.

A strong governance structure that includes the office of the police and crime commissioner (OPCC) has facilitated a better understanding of outputs, outcomes and costs. Force performance is monitored through a structure of bronze (operational), silver (tactical) and gold (strategic) review meetings, that integrate demand management, resource deployment, and management and performance information. The PCC holds the chief constable to account for the performance of the force through bi-monthly strategic board meetings.

During the last spending review period (between 2011/12 and 2014/15), the force achieved savings of £32m. At the same time, the quality of service improved, as evidenced by victim satisfaction surveys.

Resourcing across the force is discussed and acted upon at the force resource management board, which is chaired at assistant chief constable level and attended by all departmental heads and BCU commanders.

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

South Wales Police is a very forward-looking force, which is committed, through the chief constable, to improving its working methods in order to provide improved services for the public.

The force concluded during the spending review period from 2010/11 to 2014/15 that it needed to invest in new technology if it were to make savings and improve service quality. As an early priority, it centralised the control room function from seven centres into one Public Service Centre, and reduced its basic command units from six to four.

The force is now moving into its next phase of stepped improvements. It has analysed the demand on its services and is making efforts to reduce it through a variety of initiatives, both through the public, partners and its own staff.

The force has analysed its demand data over the last five years, and is now able to deploy the right staff to the right place at the right time. Predictive modelling that enables the force to be more proactive is also utilised to target potential trouble spot areas, for example, night-time economy locations in Cardiff and Swansea at weekends. The force is also aligning opening hours at police stations to ensure services are available and accessible by members of the public, and is replacing some of these access points with helpdesks co-located with other organisations (for example, at the council offices in Swansea). It is also intends to update its web pages to enable the public to report crime, track the progress on reported crimes (with a crime reference number) and clear queries online, where possible.

The force is working jointly with local authorities, the NHS and the voluntary sector to deal with areas of shared responsibility, in order to reduce the demand for police action. This includes support, for example, for the vulnerable members of an 18-21 year-olds youth group, and working with hospitals to reduce demands resulting from incidents at weekends.

Collaboration with other police forces and partners is an important area of development. A review is currently in progress across Gwent Police, Dyfed Powys Police and South Wales Police to identify opportunities for shared back office services (for example, IT, finance and HR), to reduce costs.

The force is developing its FUSION IT innovations programme, as a result of a successful £5.5 million Police Innovation Fund bid. This programme will provide the force with increased mobility, wider accessibility, shared intelligence, integrated and digitalised processes, and improved efficiency and effectiveness.

The force plans to integrate Fusion with the operational information management system (NICHE), command and control systems, and the fully integrated resource management system (FIRMS). This should enable it to improve the day-to-day working practices of police officers, and increase productivity. The force is rolling out the use of mobile and digital technology and handheld tablets to all police officers in October 2015. The plan is that these developments should enable police officers to work remotely, so that they can spend more time out of police station. This should increase productivity while maintaining public visibility and confidence.

Improvements are being made to the force intranet to reduce the number of internal calls made by police officers to the PSC (asking for advice and information). Training is being given to staff to enable them to better handle queries from the public and to support victims of crime. This should enable the force to secure a better and quicker resolution of public concerns.

In 2014, the force completed its review of custody accommodation and reduced the numbers of custody facilities from sixteen to four, opening two new centres in Bridgend and Merthyr Tydfil. This reduction in custody suites, according to information provided by the force, enabled it to release 22 custody sergeants and to make savings of £1.3m per annum. The two new custody suites use technology (including CCTV cameras) to monitor persons held in custody.

In conclusion, the use of new working methods is making the force more efficient whilst improving services to the public.

Summary of findings



Outstanding

South Wales Police has an extensive understanding of the scale and nature of the demand it is facing, and is undertaking further work with partners to better identify newly emerging or hidden demands.

The force has robust tasking and demand management arrangements in place for matching resources to demand, and recognises the need to continue to align resources to changing demands.

The force has an 88.3 percent victim satisfaction rating, one of the highest in the country. This demonstrates a PCC and South Wales Police commitment to put the victim at the centre of everything the force does.

The force's management of demand is already good, but is being further enhanced as it continues to apply the ongoing learning from its analysis of demand, with data shared across partner agencies.

The force has an excellent understanding of outputs, outcomes and costs through monthly budget and performance meetings, underpinned by strong financial governance.

South Wales Police is a forward-looking force that is committed, through the chief constable, to improving its working methods to deliver improved services for the public.

How sustainable and affordable is the workforce model?

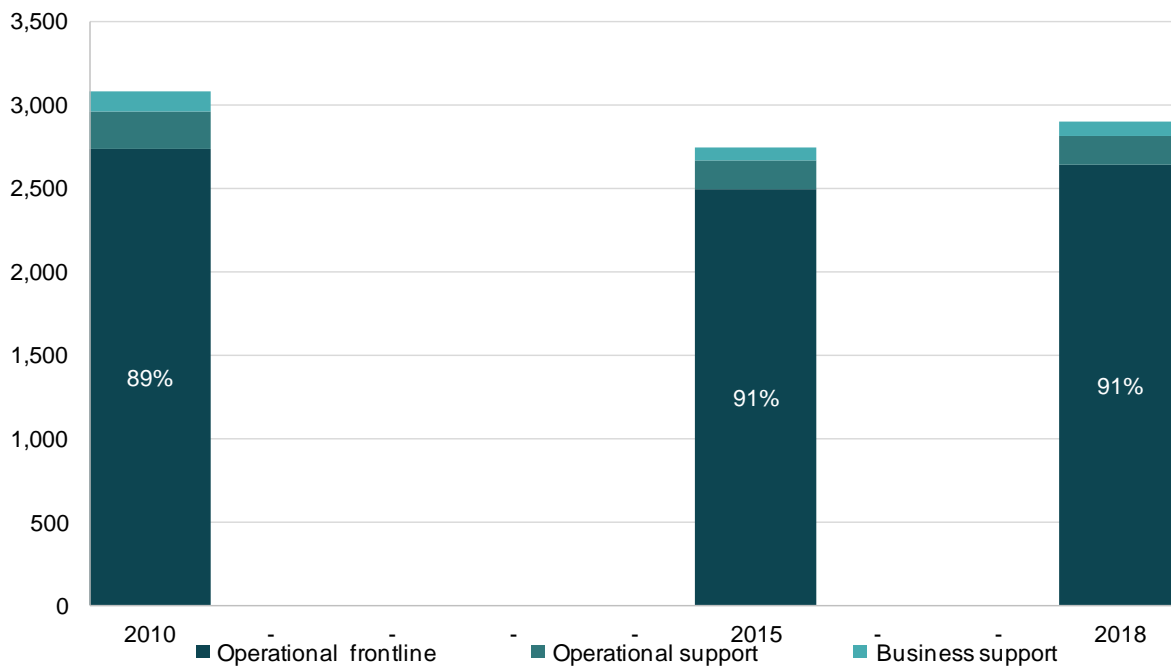
HMIC examined how South Wales Police has structured its workforce (i.e. its mix of police officers, staff and PCSOs, and the proportion of all these groups working in frontline positions), and assessed whether this was affordable and sustainable as the force responds to its financial challenge. We also considered what the force is doing to ensure the workforce has the right skills and capacity to fight crime and keep communities safe now and in the future.

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

South Wales Police forecasted a total savings requirement of £32.98m over the four years of the spending review (2011/12 to 2014/15), the equivalent of 11 percent of the 2010/11 gross revenue expenditure for the force. Savings were made in both the pay and non-pay budgets. Since 2010, South Wales Police has seen a reduction of 283 police officers, and an increase of 2 staff and 76 PCSOs full time equivalent (FTE). The increase in PCSO numbers was due to Welsh Government funding.

In South Wales, there have been falls in the total number of police officers FTE over the period 2010 to 2015, as shown in figure 3. During this time period the proportion in frontline roles has increased from 89 percent in 2010 to 91 percent in 2015. Looking forward to 2018, the force expects to maintain this proportion.

Figure 3: Planned changes to police officer full time equivalent (FTE) in operational frontline, operational support and business support roles in South Wales Police, from 31 March 2010 to 31 March 2018



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

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

The force's current operating model, which was implemented in 2010, has worked very well. The model has allowed South Wales Police to reduce crime, increase detections and improve public confidence and satisfaction, while delivering a balanced budget. The force intends to build on this success, rather than replace it.

The force has invested heavily in new technology, which has allowed it to reduce the numbers of basic command units from six to four, and neighbourhood teams from 30 to 19. These efficiency gains have allowed the force to reduce police officer numbers and achieve savings.

The current workforce model matches demand, organisational and financial requirements in the short- and medium-term. South Wales Police is well positioned in terms of its plans for the future.

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

Figure 4: Planned changes in workforce FTE from 31 March 2010 to 31 March 2018 for South Wales Police compared to England and Wales

	March 2010	Difference between 2010 and 2015		March 2015	Difference between 2015 and 2018		March 2018
		Force	England and Wales		Force	England and Wales	
Police Officers	3,148	-9%	-12%	2,864	1%	-6%	2,900
Police Staff	1,810	0%	-19%	1,812	*	-6%	*
PCSOs	335	23%	-27%	411	-1%	-11%	406
Workforce total	5,293	-4%	-15%	5,087	*	-6%	*

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

The force has not provided data for police staff numbers to 2018 as it reported the project numbers were still being scoped.

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

Based on its track record, South Wales Police is well positioned to continue to meet its projected demand, organisational and financial requirements with its enhanced current operating model.

The force believes that it will continue to require about 2,800 police officers to meet current and projected demand. It also recognises that its projected operating model needs to be aligned to available funding, which currently shows a gap of £23.4m at March 2019. The force has concluded that the current operating model can be sustained through further investment in new technology, reduction in demand, increasing the skills of its police officers. It believes that this may produce savings of 10 percent on demand (or about £25m per annum).

South Wales Police also recognises that the model will need to reflect changes in demand from the public (for example, increases arising through newer sources of crime such as digital and cyber crime). The force has detailed plans in hand to achieve these improvements through its 'target operating model' to 2020, and the supporting change programme.

Work continues across the force on change workstreams to enable South Wales Police to stay within budget. In each case this is producing new, more efficient workforce models in each area of activity. In some cases, individual workstream models have been revisited twice, or even three times, to identify further savings.

The aggregate of this activity is then compared to the force's savings objectives. The dynamic remodelling of the operating model informs the recruitment or job reduction plans.

The force recognises that maintaining the current operating model with 2,800 police officers poses financial risks if expected benefits are not realised; but it has undertaken scenario planning and has plans in place to mitigate these risks.

South Wales Police commented that, of the 2,864 police officer FTE as at 31 March 2015, just under 2,800 are funded as part of the establishment, whilst the remaining posts are funded externally.

Summary of findings



Good

The force's current operating model, implemented in 2010, has worked very well. There has been a reduction in crime, increase in detections, and improved public confidence and satisfaction.

The force has invested in new technology which has allowed it to reduce the number of BCUs and neighbourhood teams. These efficiency gains have allowed the force to reduce police officer numbers from 3,148 to 2,864.

South Wales Police is well positioned to continue to meet its projected demand, organisational and financial requirements with its enhanced current operating model.

The force believes that it will require about 2,864 police officers to meet continuing and projected demand. It also recognises that its projected operating model needs to be aligned to available funding, which currently shows a gap of £23.4m at March 2019. The force has concluded that the current operating model can be sustained through further investment in new technology, reduction in demand, and increasing the skills of its police officers, and it believes that this may produce savings of 10 percent on demand (or about £25m per annum).

South Wales Police recognises that maintaining the current operating model with 2,864 police officers poses financial risks if expected savings are not realised, but it has undertaken scenario planning and has plans in place to mitigate against these risks.

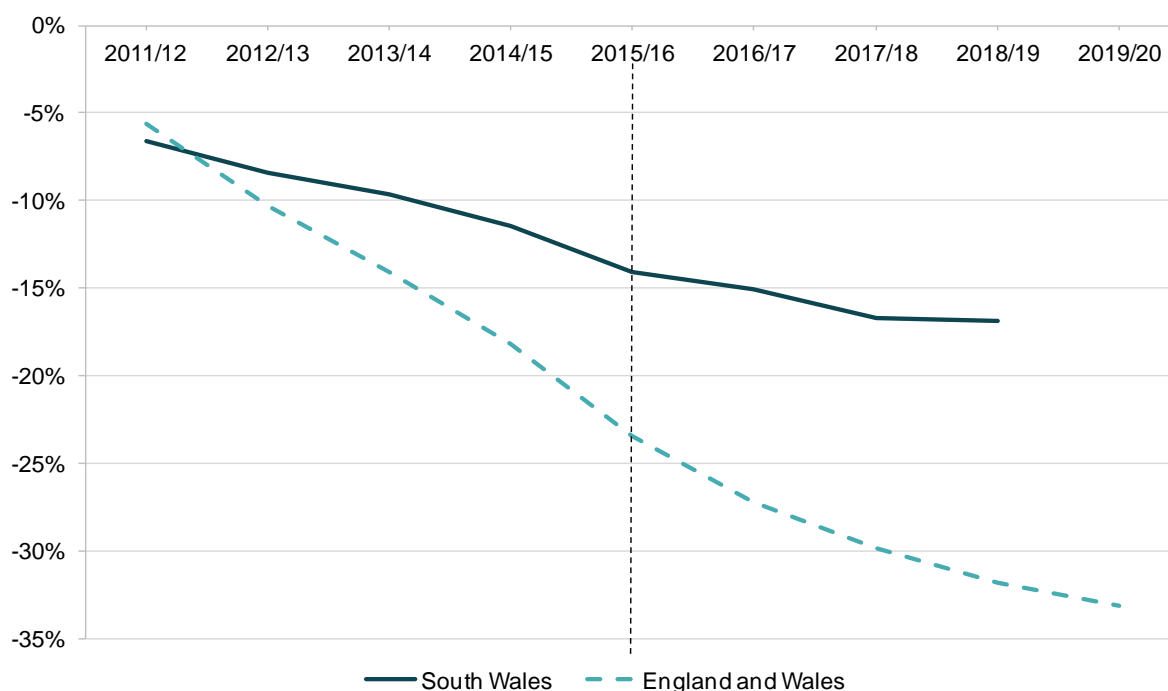
How sustainable is the force's financial position for the short and long term?

HMIC examined how forces have achieved savings over the spending review period, the saving plans that forces have developed for the future, and the assumptions forces have made in the understanding of the financial challenges ahead. We also assessed whether forces have good financial controls and governance, and if spending reflects the priorities outlined in the police and crime plan.

Has the force achieved its saving requirements and balanced the budget for the spending review period and 2014/15?

South Wales Police forecasted savings of £32.98m over the first four years of the spending review (2011/12 to 2014/15), the equivalent of 11 percent of the 2010/11 gross revenue expenditure for the force. Over the period savings were made in both the pay and non-pay budgets, so as to balance budgets by 2014/15. Over the same period all forces across England and Wales forecasted a total savings requirement of £2.53bn, the equivalent of 18.2 percent of the 2010/11 gross revenue expenditure for England and Wales.

Figure 5: Estimated change in expenditure from 2011/12 to 2014/15, and forecast planned savings for 2015/16 to 2018/19, against the 2010 gross revenue expenditure baseline for the South Wales Police and England and Wales



Source: HMIC policing in austerity data, HMIC efficiency data collection and The Chartered Institute of Public Finance & Accountancy (CIPFA) Police Objective Analysis data

For further information about the data for figure 5 please see Annex B

The force set balanced budgets and achieved its savings target for the four years up to 2014/15. In fact, in 2014/15, the force underspent on its budget by £150k, in line with forecasts midway through the year.

The force held total reserves of £19m at 31 March 2015, including £9m in general reserves. Earmarked reserves have been set aside for specific needs, in particular investment in new technology and estate improvements; but these are expected to be fully utilised over the next four years. The force’s reserves are continuing to fall (in line with other police forces), but remain at an adequate level. It is not envisaged that the general reserves will fall below the current prudent level of £9m.

South Wales Police has built up a strong track record in financial management, and is well positioned to tackle future financial demands.

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

South Wales Police has planned a balanced budget of £278.1m for 2015/16, which includes a cut in spending of £7.5m. It forecast that in this year's savings the reduction will be split between £3.9m from the pay budget (52 percent) and £3.6m (48 percent) from the non-pay budget. The force plans to meet their reduction in spend without using reserves as a bridge. Since the 2010 baseline at the start of the spending review, this represents savings of 14 percent.

The force has set a balanced budget for 2015/16, based on prudent assumptions about price rises. The budget forecast includes a 5 percent precept rise.⁵ Savings have already been realised and plans for delivering the remainder of these savings are well developed.

The force holds adequate reserves to meet its needs. At March 2015, total reserves stood at £19m including £9m in general reserves. The force expects its earmarked reserves to fall over the next three years, through investment in new technology and other priorities. It currently forecasts that for 2018/19 reserves will stand at £12m, including £9m in general reserves.

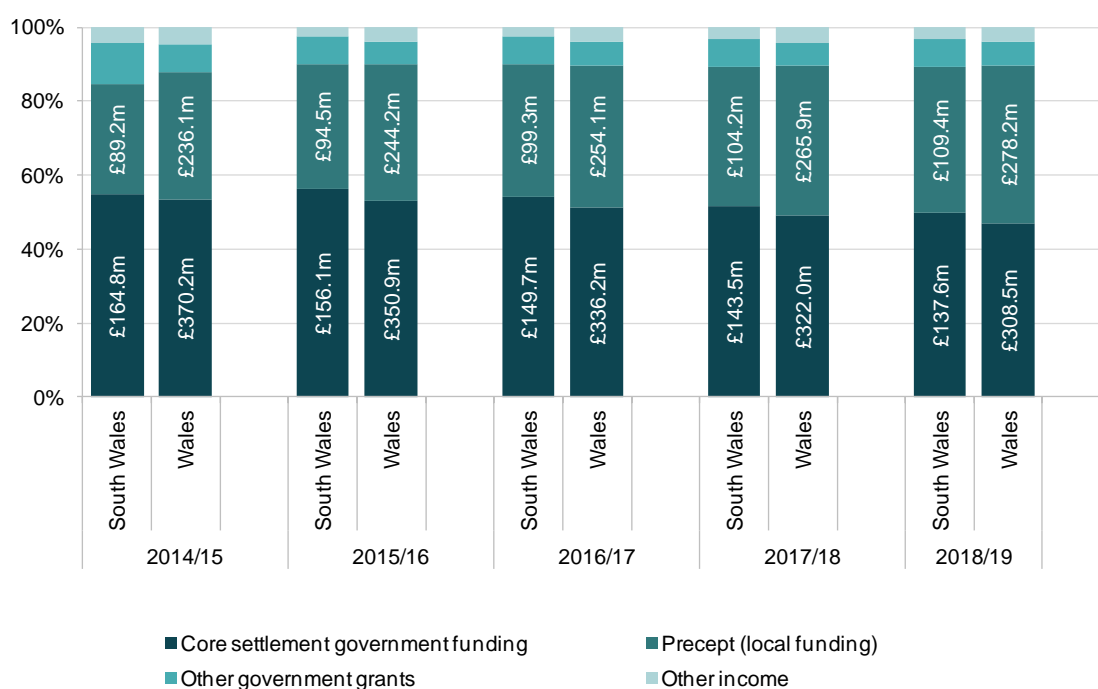
South Wales Police report a precept for 2015/16 of £199.86, an increase of £9.52 from the previous year, which should enable the force to sustain police officer numbers at the reduced level of 2,800.

How well has the force maximised other funding opportunities?

Figure 6, on the following page, demonstrates the amount of funding that the force received from a central government grant, as precept from local councils through council tax, and from other sources, such as Home Office special grants. South Wales Police is expecting the proportion of their funding that comes from core settlement government funding to decline over the coming years, whilst anticipating the proportion of their funding that comes from precept (council tax funding) to increase over the same time period. It should be noted that the core settlement government funding, both monetary values and proportions of total funding, detailed in figure 6, are from force estimates collected as part of HMIC's efficiency inspection data collection. These data should not be considered as an official projection. The Home Office is currently consulting on changes to the forces' funding formula and therefore any current projections may change over the time period highlighted.

⁵ Precept – funding raised through council tax, as opposed to central funding received from the Home Office in the form of an annual grant.

Figure 6: Forecast mix of funding for South Wales Police in the 12 months to 31 March 2015 to the 12 months to 31 March 2020, compared to Welsh forces



Source: HMIC efficiency data collection

The force is vigorously pursuing all opportunities for additional funding and has been highly successful in finding them, in particular through a range of partners. Successful bids have been made to the Police Innovation Fund, as well as business cases to the Welsh Government, and collaboration funding with Gwent Police for key projects.

For 2014/15 and 2015/16 the force reports that it had successful innovation fund bids for:

- reducing offending and re-offending in the 18-25 age group, with seven local authorities in South Wales;
- Tri-Service Public Service & Joint Emergency Control Centre with the local area fire, rescue and ambulance service organisations;
- working with local government and health agencies to tackle violent crime, including domestic abuse and sexual violence;
- work around child and sexual exploitation with Barnardo's, the NSPCC, voluntary and the youth and community sector organisations;
- work to tackle violence against women and girls, with North Wales Police and Dyfed Powys Police; and

- Project FUSION, the overarching force integration programme.

Other income generation opportunities have included:

- seeking to reduce premises costs and to share premises with other organisations (the multiagency help point in Swansea, for example);
- the (AVALON) development with Home Office capital funding to create a centralised regional crime office;
- establishment of a speeding tickets centre with local authorities;
- Cardiff Airport policing funding from the Welsh Office;
- funding of 200 PCSOs by the Welsh Office; and
- drawdown on agreed schemes with partners from the PCC Community Safety Fund.

The force is planning on securing about £7m per annum from other income sources.

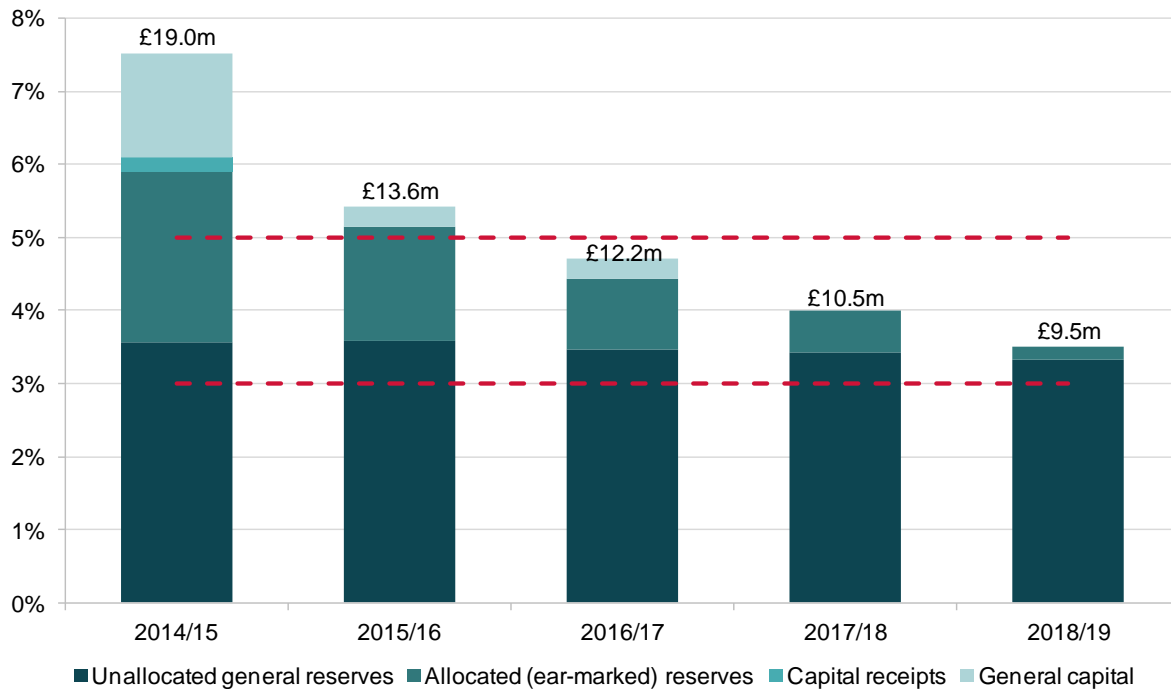
How well does the force control expenditure?

The force's level of reserves and how this is forecast to change over time is shown in figure 7 on the following page.

South Wales Police reported that its total reserves were £19.0m in 2014/15. These are broken down into several categories:

- unallocated general reserves – a sum to cushion the impact of unexpected events or smooth uneven cash flows;
- allocated (ear-marked) reserves – these are reserves set aside for specific capital purposes;
- capital receipts reserves – these are proceeds from the sale of assets which can only be used for specific capital purposes; and
- general capital to support future planned capital expenditure.

Figure 7: Breakdown of reserves remaining as a proportion of in-year net revenue expenditure, and total reserves remaining (£), for 2014/15 to 2018/19



Source: HMIC efficiency data collection

For further information about the data for figure 7 please see Annex B

The force has an excellent track record in monitoring expenditure and delivering year-on-year efficiency savings. This is borne out by the achievement of balanced budgets over the last spending review period, which has generated savings of £33m (in line with plans).

Budgets are centrally controlled and subject to close scrutiny by the finance department at budget-setting time, and then throughout the year. The finance team work very closely with the HR and change teams to ensure that budget objectives are achieved.

Some of the most significant efficiency savings have been in reducing overtime; workforce change; business support back office functions; rationalisation of the estate and fleet; the single public service centre; and reducing the number of custody facilities.

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

The PCC and the chief constable's plans are very closely aligned. They flow from the priorities set out in the PCC's police and crime reduction plan into the chief constable's delivery plan, and then into the annual budget.⁶

The PCC priorities are consolidated into four themes of policing, working together with other organisations, criminal justice and development.

The force's planning cycle runs over the term of the police and crime reduction plan. This promotes the effective use of resources, provides clarity, consistency and governance, and ensures common language and understanding.

The PCC and the chief constable have built strong working relationships, with the same priorities. The force's chief officers work together with the PCC through the joint change board and joint planning and performance board, which is underpinned by attending other main working groups together.

How well does the force provide timely and relevant financial information to the office of police and crime commissioner (OPCC), and are shared assumptions used to develop current and future plans?

There is a good history of providing relevant and timely management information to budget holders, the chief constable and the OPCC. The PCC and chief constable receive regular financial performance information, with reports produced on a quarterly basis and discussed at the PCC's strategic board and the chief constable's gold (strategic) meetings. There is also a finance sub-committee which reports to the joint planning and performance board. The chief constable (at monthly meetings) and the PCC (at bi-monthly meetings) consider budget reports.

The force's chief finance officer and the OPCC's treasurer work very closely together, as budgets are being set and then throughout the year. There is common understanding of the priorities set by the PCC and of the assumptions for the short and medium term plans (for example, on levels of precepts, Welsh Office support for PCSOs, use of the community safety fund and bids from the Police Innovation Fund).

⁶ The police and crime reduction plan describes the vision and main priorities for policing and community safety. The chief constable's delivery plan supports this plan and outlines how South Wales Police plans to deliver the policing objectives and performance targets set.

The force is working towards further enhancing its FIRMS financial system to produce more detailed and tailored reports online, for both current and previous periods.

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

The force recognises that it may need to make savings of £15.6m to balance its budget for the period from 2015/16 to 2018/19. It has already set a balanced budget for 2015/16, and identified savings of £7.5m that should be realised during this financial year. During the remaining three years to 2018/19, the force has identified further value for money savings of £8.1m through its change programme. However, plans are still being developed to deliver the remaining budget gap of £23.4m for 2018/19.

The force has a very strong track record of achieving planned savings, and believes that the budget gap can be bridged through a 10 percent saving achieved by its plans to actively reduce demand and prevent crime, use more enhanced digital technology and increase the skills of its work force. The force is aware that it will need to make difficult choices about whether it wants to utilise the saving realised from better demand management to help balance its budgets to 2018/19, or put it towards new areas of crime demand. It has already carried out scenario planning and modelling to enable it to make more informed choices, if necessary, about the future of its neighbourhood policing model, the current numbers of basic command units, and the numbers of police officers.

While the force has yet to make detailed plans about how it might meet the expected budget gap of £23.4m for 2018/19, it is clear that it knows what might have to be done, and how. It also has an established governance structure through its change programme, and a proven track record through the lean methodology to enable it to achieve the required savings.

Summary of findings



Good

South Wales Police has a strong track record in monitoring expenditure and delivering efficiency savings. The force has set balanced budgets and achieved its savings target for the four years to 2014/15. Savings over this period totalled £33m, or about 11 percent of its 2010/11 gross annual revenue spend.

The force budget for 2015/16 is based on prudent assumptions. The force is well placed to achieve the £7.4m savings through its change programme and without the need to use reserves. The force is vigorously pursuing all opportunities for additional funding, and has been very successful.

The police and crime commissioner's (PCC's) and the chief constable's plans are closely aligned. The PCC and chief constable receive regular financial performance information, with reports produced on a quarterly basis.

The force has identified further savings of £8.1m for the three years to 2018/19. However, plans are still being developed to deliver the remaining budget gap of £23.4m for 2018/19. The force recognises the significant scale of the financial challenge and is confident that its change programme should enable it to release the savings required. It has completed scenario planning to assess risks and options and is developing contingency plans, including changes to the current workforce model. Early consideration of these risks and possible mitigations demonstrate the forward-thinking outlook of the force.

Annex A – HMIC judgments

The categories are:

- outstanding;
- good;
- requires improvement; and
- inadequate.

Judgment is made against how efficient the force is at keeping people safe and reducing crime. In applying the categories HMIC considers whether:

- the efficiency of the force is good, or exceeds this standard sufficiently to be judged as outstanding;
- the efficiency of the force requires improvement because it is not yet performing at a good level, and/or there are some weaknesses in the organisation; or
- the efficiency of the force is inadequate because it is considerably lower than might reasonably be expected.

Annex B – Further information about the data

Figure 3

Planned changes to police officer full time equivalents (FTE) in operational frontline, operational support and business support roles in the force/constabulary, 31 March 2010 to 31 March 2018.

The data used in figure 3, for March 2010 and March 2015 is taken from the Home Office annual data return 601 and does not include workforce allocated under category '62 other' whereas the data used in figure 4 for March 2010 and March 2015 is taken from the Home Office annual data return 502 and is inclusive of this category. Therefore totals data may not match exactly.

Figure 4

Planned changes in workforce FTE from 31 March 2010 to 31 March 2018 for the force/constabulary compared to England and Wales. The figures in table 4 are rounded to the nearest whole person, full time equivalents (FTEs), and therefore may differ slightly to the exact figures quoted within the report.

For data as at 31 March 2010 and 31 March 2015 we have used Home Office annual data return data which is an 'actual' FTE, whereas for projections for March 2018 are budget based projections and therefore are likely to take into account a vacancy rate depending on a force's/constabulary's planning strategy. In some instances therefore an increase in budgeted posts may not actually indicate the force/constabulary is planning to increase its workforce going forwards. In other cases, forces may be planning to reduce their workforce but have a current high vacancy rate which masks this change.

Due to the complex and continually evolving picture of workforce collaboration between neighbouring forces, not all changes in workforce figures are real in terms of the workforce available. Involvement in strategic alliances and/or regional organised crime units (ROCU) would be an example of where changes over time are likely to be skewed. Therefore sharp increases or decreases over time need to be considered with caution as they may simply represent accounting changes related to how staff are allocated to forces, not real changes in staffing levels.

At the time of the inspection, the future financial climate was uncertain. Several forces were in a position where they did not have confirmed/signed-off plans for workforce projections. It is important to note that figures provided are in many instances unconfirmed estimates provided to assist HMIC in its inspection programme and should not be seen as a concrete plan for the future landscape of policing. These comments apply to figure 3 and figure 4.

Figure 5

Estimated change in expenditure from 2011/12 to 2014/15, and forecast change in expenditure for 2015/16 to 2019/20, against the 2010 GRE baseline for the force and England and Wales

Figure 5 shows how force expenditure has changed over the period of the spending review, relative to the total change in expenditure for all forces across England and Wales. For 2015/16 onwards there has been a change in methodology in comparison to the Valuing the Police programme. The savings requirement is no longer inflated gross revenue expenditure (GRE) minus expenditure but the sum of planned savings and use of reserves to bridge an in-year funding gap. This change is indicated by the vertical dashed line on the chart. The chart shows planned savings (including use of reserves to bridge an in-year funding gap) in future years, calculated using the planned savings for pay and non-pay budgets provided to HMIC at the time of the data collection (February 2015). Some forces only provided figures for savings they had formally signed off at that point, while others provided estimates for the whole period. Therefore small savings requirements do not necessarily equate to a small savings challenge for the future.

Figure 7

Breakdown of reserves remaining as a proportion of in-year net revenue expenditure, and total reserves remaining (£), for 2014/15 to 2018/19

According to a survey of financial directors conducted by the Audit Commission,⁷ it is commonly considered that three percent to five percent of net revenue expenditure is a prudent level of unallocated general reserves for risk-based planning purposes.

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

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