

PEEL: Police efficiency 2015

An inspection of Derbyshire Constabulary



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

Overall judgment¹



Good

HMIC found that Derbyshire Constabulary is well prepared to face its future financial challenges. It has balanced the budget and has a good track record of achieving savings. The constabulary has plans in place to deliver anticipated savings through to 2016/17 and is starting to plan through to 2020. The constabulary has a good understanding of the demand on its services and is developing its understanding of how it can continue to provide an effective policing service at lower cost. In last year's value for money inspection programme, which considered how forces had met the challenge of the first spending review period, Derbyshire Constabulary was judged to be good.

Summary




HMIC judges Derbyshire Constabulary to be good. It has achieved its required savings of £24.2m over the spending review period and has well-defined plans to achieve its savings up to 2016/17. Financial management is effective with good controls in place over expenditure.

The constabulary is looking beyond this period and through the work of its change programme, called Moving Forward, is designing a new way of providing policing services which is affordable and sustainable, while retaining the principle of locally-based neighbourhood policing teams.

The constabulary understands well the demands on its services. Its priority-based budgeting analysis enables the constabulary to understand how it can provide better policing services at lower cost so that it can continue to reduce crime, keep its communities safe, and maintain high levels of victim satisfaction with reduced resources. It plans, for example, to increase investment in public protection and to change a number of police officer posts where police powers are not required, to staff posts. The constabulary understands the range of skills, experience and capability across the organisation. Extensive work has been conducted within investigations, on understanding the skills it needs for the future and succession planning, and there are plans to improve investigation skills throughout the organisation.

¹ Outstanding, Good, Requires improvement or Inadequate – see last page of report for definitions.

The constabulary works closely with other public sector organisations to develop effective ways of managing and further reducing demand.

<p>How well does the force use its resources to meet its demand?</p>	<p>How sustainable and affordable is the workforce model?</p>	<p>How sustainable is the force's financial position for the short and long term?</p>
<p> Good</p>	<p> Good</p>	<p> Good</p>
<p>The constabulary has a good understanding of the demands on its services. It continues to improve its management of demand by looking at effective practice and analysing areas of high demand through its demand management board. The constabulary made an early start on understanding new areas of demand, such as cyber-crime and online child sexual exploitation, and is allocating increased police resources to public protection.</p> <p>A priority-based budgeting exercise has helped the constabulary to align expenditure more closely with identified priorities. The constabulary now plans to make changes in the coming years to ensure that resources are still better matched to demand</p>	<p>Derbyshire maintains its policing structure with locally recognised neighbourhood teams to provide local services. This structure has successfully supported achieving the constabulary's savings for the spending review period.</p> <p>The priority-based budgeting exercise has helped inform a sustainable and affordable approach to the constabulary's operating model. More officers are being assigned to public protection work while a number of officer posts where police powers are not needed will be converted into staff posts. The constabulary has also recognised it must ensure that, when making future staff reductions, the Information Services department can still deliver critical aspects of</p>	<p>Derbyshire has made all the savings it needed up to 2014/15. It has plans in place to achieve the £7.2m savings required in 2015/16. The £7.5m estimated target in 2016/17 will be achieved by a combination of additional planned savings and planned use of reserves.</p> <p>The constabulary ensures effective financial control by identifying and managing short-term and unplanned financial pressures. Good working relationships between its finance and HR teams ensure that workforce numbers and costs are reconciled.</p> <p>Derbyshire collaborates with other East Midlands forces where it sees a benefit in doing so. The constabulary is also establishing a shared headquarters with</p>

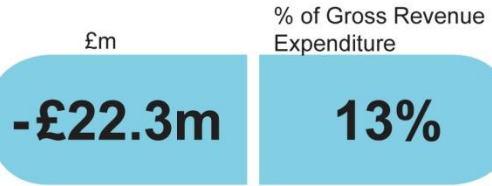
<p>based on an assessment of threat, harm and risk.</p> <p>Well-managed, centralised budgets together with priority based budgeting have given the constabulary a good understanding of the cost of delivering its services.</p> <p>The constabulary has a measured approach to reducing demand, working with partners to ensure the most appropriate agency is responding.</p> <p>Police recorded crime has reduced over the period of the spending review and victim satisfaction is similar to that in most forces in England and Wales.</p> <p>Progress to improve and update technology, including mobile technology, has been slow. However, the constabulary is now addressing this issue by investing in updated IT systems.</p>	<p>technological change.</p> <p>The constabulary is developing new ways of working, for example by reducing demand on frontline officers, but this will still mean fewer officers and staff in the future. It understands the range of skills, experience and capability within the organisation. The constabulary has a greater understanding of skills gaps and workforce mix investigations where extensive work has been conducted to improve investigation skills throughout the organisation.</p>	<p>Derbyshire Fire and Rescue Service.</p> <p>The future beyond for 2016 is positive and the constabulary plans ahead to 2020. It has completed a priority-based budgeting analysis which has enabled it to identify where investment is needed to meet the police and crime plan priorities.</p> <p>The police and crime commissioner exercises effective oversight of constabulary expenditure through regular reports from the finance director to the strategic governance board.</p> <p>Flexibility within the Moving Forward programme enables the constabulary to alter the level of service provision which will increase savings (depending on the future financial climate).</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)

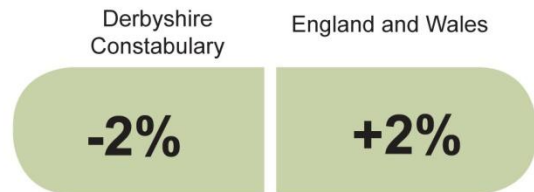


Workforce cost per head of population compared to England & Wales (2014/15)

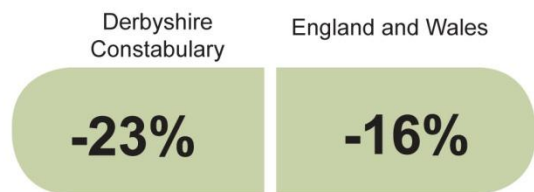


Key statistics

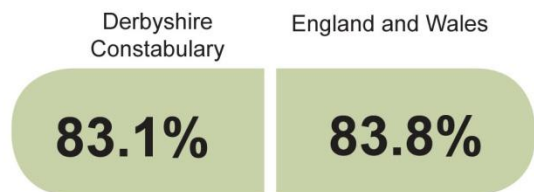
Changes in recorded crime (excluding fraud) 12 months to 31 March 2014 to 12 months to 31 March 2015



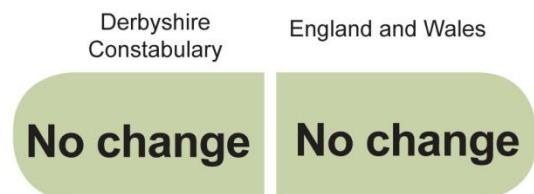
Changes in recorded crime (excluding fraud) 12 months to 31 March 2010 to 12 months to 31 March 2015



Victim satisfaction 12 months to 31 March 2015



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



This force did not provide data to 2018.

Victim satisfaction: Derbyshire confidence interval +/- 1.6 percent. England and Wales confidence interval +/- 0.2 percent.

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

Introduction

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

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

To answer this question we looked at three areas:

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

During our inspection we collected data and plans from forces, surveyed the public to see if they had noticed any changes in the service they received and conducted in-force inspections. 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 Derbyshire Constabulary.

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

HMIC examined how the constabulary understands the demands on its services, and how it allocates its staff and financial resources to meet these 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?

The constabulary has a good understanding of the demand it faces. Nationally, it is one of seven forces supporting research into demand management being conducted by the College of Policing. The constabulary also uses HMIC's value for money profiles (which provide comparative data on a wide range of policing activities) to help it fully understand how it compares with other forces. The constabulary is also assessing areas of emerging demand, for example incidents of human slavery, cyber-crime and on-line child sexual exploitation. Following a review of public protection the constabulary has now increased staff and expertise in these teams.

Regionally through the East Midlands Special Operations Unit (EMSOU), there is extensive work to understand the activity of organised crime groups. In addition to the EMSOU, the constabulary also maintains its own serious and organised crime team. This team ensures that local intelligence is added to regional intelligence to provide as full a picture as possible to help fight serious crime in Derbyshire.

At force level, a demand management board meets regularly, and is chaired by the assistant chief constable. The board analyses a number of areas of demand including calls received from the public into its contact centre, as well as information from partners relating to issues such as child abuse and domestic abuse. The board's aim is to understand the source of demand, and to then manage better and reduce this demand while still providing a high quality service. The constabulary continues to more fully assess and understand these areas, with its analysts assisted by the University of Derby.

The constabulary seeks to understand concerns and assess needs of communities through a range of local engagement activities. This means that it can design better services to address local concerns and needs. The constabulary's independent advisory group also provides advice on community views. This is important as the constabulary reduces the number of police buildings and front counters open to the public.

The constabulary works well with other agencies to pool intelligence about local issues and concerns. From interviews with partner agencies, including those representing the local authority, health, criminal justice and children's services, it is clear that there is effective information sharing. The safer partnerships team, co-located with the local authority, further facilitates this information exchange and enables a better understanding of overall demand.

How well does the force match resources to demand?

The constabulary is structured into three geographical policing divisions with divisional headquarters at Buxton, Chesterfield and Derby. It is committed to neighbourhood policing. Local response and investigative functions are led by an inspector. There are good links with community safety partners. Most neighbourhood policing teams share boundaries with local authorities and some are co-located, with the police working alongside partners in public sector buildings. This means that police and local authority staff can work more closely together to understand local demand and providing a coordinated response.

A joint assessment of strategic threats and risks is conducted to translate the priorities from the police and crime commissioner's (PCC's) police and crime plan into a set of annual police priorities. A seminar brings together partners, including the office of the (OPCC), local authorities, probation service, health partners and voluntary sector organisations. The seminar uses different data sources to inform a collective agreement on crime and community safety priorities for the year ahead. This then provides the constabulary's basis for allocating its resources.

Analysts prepare monthly management information reports to an action planning meeting so that resources can be matched against demand. On a daily basis, there is a process whereby good support is provided to divisions to help them manage incidents and crime investigations. However, due to reductions in police officer and staff numbers the constabulary sometimes finds it difficult to move staff around as much as it would like to meet new or changing demand.

Over the last year the constabulary has conducted a priority-based budgeting exercise. This process is designed to ensure that spending is targeted at the areas of highest priority, enabling constabulary decisions on future service provision to be aligned with savings requirements. This work includes identifying areas of external and internal demand, for example re-aligning responsibilities in business support functions or examining efficiencies in building prosecution case files. Over the next few years the constabulary plans to increase or decrease staffing levels in different policing functions in response to an assessment of threat, harm and risk in order to better align resources with policing demand.

The response to similar types of incidents varies across the three policing divisions. As the constabulary develops its understanding of demand, it is changing its

approach to deploying officers to crimes and incidents. Until recently, an officer had been sent to every report of crime. However the constabulary is now introducing a new way of determining which incidents are attended and how quickly, by using an assessment of risk, threat, vulnerability and repeat victimisation. The constabulary anticipates that significant savings will be made in officer time with only a small increase in the number of call takers in the contact centre. The University of Derby is working with the constabulary to establish how officer time saved can be used more effectively in priority activities. This new way of working will be introduced gradually over the current year and is being phased in with the full knowledge and co-operation of partners. For example, the first area to be examined will be calls about an individual's health or welfare. The constabulary receives over 70 such calls each day. Leaders in health care services are supportive of the approach taken. They have been briefed how the constabulary proposes to deal with these calls and made aware that some may not now be attended by police.

Although HMIC examined ongoing work across the constabulary to identify and manage demand better, we found limited evidence of a significant reduction in demand coming into the contact centre. However, the constabulary anticipates that demand will reduce over the current year as these new ways of working are phased in.

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

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

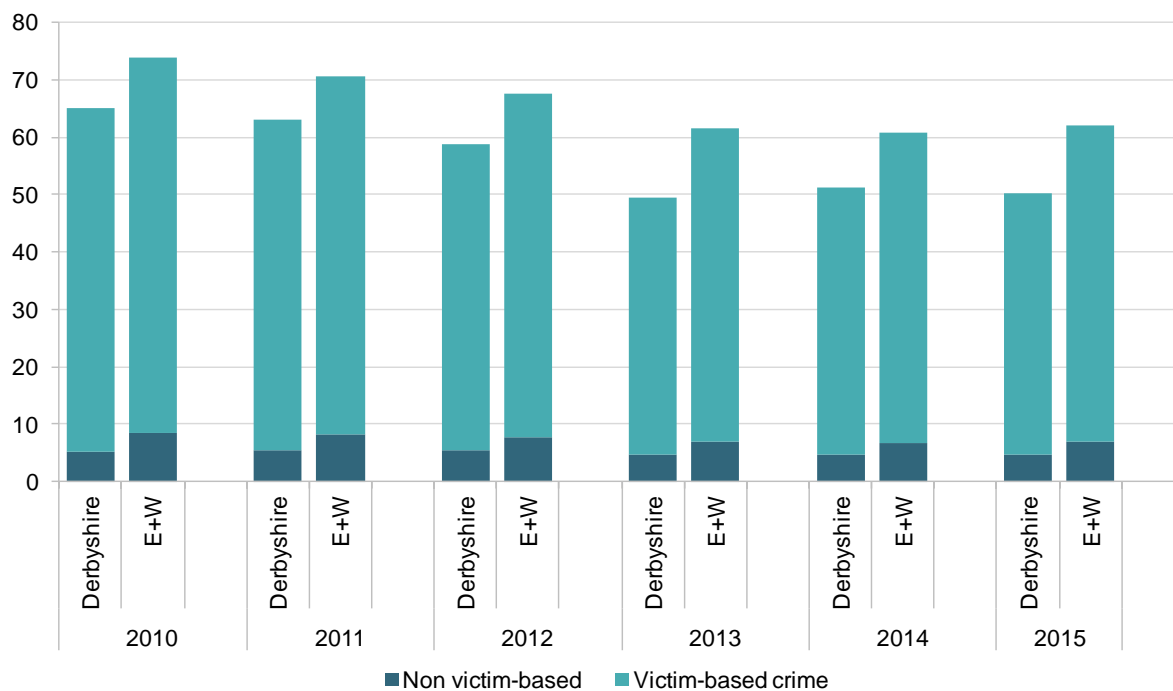
Although police recorded crime is by no means a complete measure of the totality of demand a force faces, it does provide a comparable performance indicator across all forces. Crime rates are reported as a number of crimes per 1000 population in each force area to enable comparison between areas. Total 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 Derbyshire had a victim-based crime rate of 45.5 and a non-victim-based crime rate of 4.8 per 1,000 population. This represents a decrease (24 percent) in the victim-based crime rate and a decrease (7 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.

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



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

Of those who have been the victim of a crime in Derbyshire, 83.1 percent² were satisfied with their whole experience with the police in the 12 months to 31 March 2015. This is similar to the national victim satisfaction rate of 83.8 percent³ over the same time period. 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 Derbyshire.

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

² Derbyshire, confidence interval +/- 1.6 percent.

³ England and Wales, confidence interval +/- 0.2 percent.

Figure 2: Methods of public engagement used by Derbyshire Constabulary in the 12 months to 31 December 2014

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

Source: HMIC Efficiency data collection

The constabulary researched how the public contact the police and seek information. It found a changing picture of the ways in which the public prefer to contact the police and other public services. Those partners also involved in providing public services were consulted. The constabulary's external website now directs the public to the best agency to deal with their concerns. In the last ten months to March 2015, the website has received over 200,000 hits, contributing to a reduction in unnecessary demand and providing a better opportunity to resolve problems at an earlier stage. Victims and witnesses can now contact officers directly through email rather than using the 101 telephone number.

How well is the force managing demand?

The constabulary's performance team analyses available data sources thoroughly. It examines data from the call centre, referrals and a number of third parties, sharing its analysis with a range of partners including the local authority, health and social services. Armed with this better understanding of demands, the constabulary has been able to identify those areas where a police response is not always needed. It has been able to show other public services where they need to manage their response differently to ensure the most appropriate service is provided in the first instance.

There are strong professional relationships between police and local authority partners undertaking longer-term prevention and engagement activity. These enable closer partnership working to resolve community issues and are pivotal to preventing problems being passed between agencies without any resolution. The constabulary's

safer neighbourhood teams work to prevent crime and anti-social behaviour before this becomes a problem. They work jointly with local partner agencies to identify potential problems and intervene early enough to stop issues such as public nuisance becoming more serious concerns for neighbourhoods.

The constabulary uses some evidence-led approaches, such as using historical data to predict where crime will happen to then direct officers to these areas. The constabulary intranet site now has a 'what works' page where good practice is shared. However, the effectiveness of this information sharing is yet to be tested.

The constabulary is assessing the benefits of the mental health triage car, which is a joint response with the National Health Service (NHS). A police officer and a mental health nurse are available in a car to attend incidents involving people with mental health problems. It not only saves police time, but also provides a much better service. For example, fewer people now need to be detained in police cells as a place of safety, and those who do need to be detained are more appropriately dealt with.

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

The constabulary moved away some time ago from a target-driven culture, and instilled one of providing a high quality victim-focused service. It has clear accountability and governance to monitor and improve performance with one of the most important performance indicators being user satisfaction. Officers and staff support this culture. They feel the focus is more realistic, that it ensures victims' expectations are met and they are kept informed and updated with the progress of the investigation.

The constabulary embarked on a challenging priority-based budgeting (PBB) analysis last year. Learning from the experience of other change programmes, staff were closely involved throughout the process. The constabulary now fully understands all business support requirements and these are aligned better in support of effective operational activity.

There is now a good assessment of what different service areas cost, and whether or not they provide value for money. As part of the constabulary's wider change programme, called 'Moving Forward', business cases identify costs and savings for different levels of service provision. There is a good understanding of the cost of providing these services, because budgets are centralised and well managed. PBB is also used to ensure that existing and future budgets are focused on the constabulary's strategic priorities and emerging threats. For example, the constabulary plans to improve IT provision to support more efficient working for frontline staff, and also to meet victims' needs in an increasingly digital policing environment.

Officers will be able to work online, using mobile devices without having to return to police stations, and so will spend more time out on patrol and in communities.

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

Staff in focus groups and those spoken to during reality testing are well informed about the Moving Forward programme and are able to make suggestions. Many of the staff we spoke with had been involved in the PBB work. Regular briefings take place and messages are disseminated using the intranet. The constabulary also uses virtual surgeries where staff can ask questions and receive answers in live-time from a member of the human resources (HR), communications or Moving Forward teams.

HMIC is concerned, however, that the constabulary has been slow to adopt the use of new technology and to keep its IT infrastructure up to date. Overall, the current lack of mobile data technology and outdated IT infrastructure is reducing its efficiency. During reality testing and focus groups, staff explained that they often had to return to the police station to write reports in between calls and reducing visible patrol time in communities. Even basic database searches could take up to ten minutes as there is a lack of interface between different police databases and the constabulary's custody computer system is outdated and slow. The constabulary recognises that ICT is an important enabler for many of its future savings plans beyond 2017, as well as for ensuring that victims and witnesses are provided the highest quality service. It is now investing in and developing a better approach to using new technology, for example its existing command and control system is due to be replaced in 2016. It has an updated ICT plan to deliver the necessary technology across its main functions. The constabulary takes a measured approach to collaboration, proceeding only if there is a net benefit to Derbyshire communities. It has considered the opportunities of ICT compatibility with other forces in the East Midlands region and will be a part of a collaboration agreement to transform its current crime and intelligence system and the sharing of forensic data. The constabulary is also building a joint headquarters with Derbyshire Fire and Rescue Service which is due to be completed in 2017, and there may be opportunities to share other costs in the future.

Summary of findings



Good

The constabulary has a good understanding of the demands on its services. It continues to improve its management of demand by looking at effective practice and analysing areas of high demand through its demand management board. The constabulary made an early start on understanding new areas of demand, such as cyber-crime and online child sexual exploitation, and is allocating increased police resources to public protection.

A priority-based budgeting exercise has helped the constabulary to align expenditure more closely with identified priorities. The constabulary now plans to make changes in the coming years to ensure that resources are still better matched to demand based on an assessment of threat, harm and risk.

Well-managed, centralised budgets together with priority based budgeting have given the constabulary a good understanding of the cost of delivering its services.

The constabulary has a measured approach to reducing demand, working with partners to ensure the most appropriate agency is responding.

Police recorded crime has reduced over the period of the spending review and victim satisfaction is similar to that in most forces in England and Wales.

Progress to improve and update technology, including mobile technology, has been slow. However, the constabulary is now addressing this issue by investing in updated IT systems.

How sustainable and affordable is the workforce model?

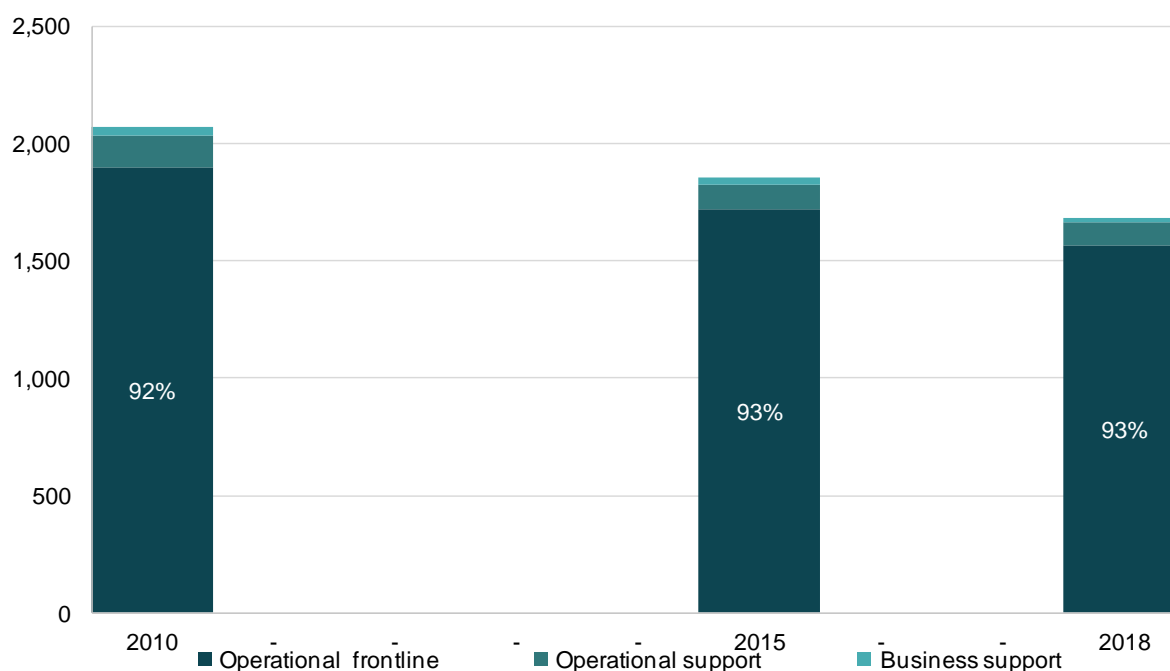
HMIC examined how Derbyshire Constabulary has structured its workforce (i.e. its mix of police officers, staff and PCSOs, and the proportion of all these groups working in frontline positions), and assessed whether this was affordable and sustainable as the constabulary responds to its financial challenge.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

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

Derbyshire Constabulary forecasted a total savings requirement over the first four years of the spending review as part of the value for money inspection programme (2011/12 to 2014/15) of £24.25m, the equivalent of 13 percent of the 2010/11 gross revenue expenditure for the constabulary. Savings were made in both the pay and non-pay budgets. Since 2010, Derbyshire Constabulary has reduced its workforce by 211 police officers, 145 staff and 17 PCSOs.

In Derbyshire, the total number of police officers FTE over the period 2010 to 2015 has fallen, as shown in figure 3. During this period the proportion in frontline roles has increased from 92 percent in 2010 to 93 percent in 2015. The constabulary expects to maintain this proportion looking forward to 2018.

Figure 3: Actual and planned changes to police officer full time equivalents (FTE) in operational frontline, operational support and business support roles in Derbyshire Constabulary, 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

Derbyshire Constabulary has developed a sustainable and affordable workforce model using the Moving Forward programme. Prior to the spending review period, which started in 2010/11, workforce modelling commenced. This modelling assisted the constabulary's planning for future funding reductions. The constabulary recognised early the changes in demand and moved police officers into areas such as protecting vulnerable people. This approach has enabled it to respond effectively to new and emerging areas of demand over the period of austerity. During the spending review period the constabulary saved £24.2m which included a freeze on police officer recruitment and a reduction in police officers and staff posts.

The 2015/16 budget is based on a net reduction in police officer numbers. The constabulary estimates that 96 officers will leave this year and plans to recruit 32 officers in 2015/16.

Overall, the constabulary expects that its police numbers will continue to fall over the next five years and its workforce plan is to move extra resources into public protection. Police officer movements are closely managed by the police officer deployment panel, with an HR analyst actively monitoring officer moves and changes against actual and predicted establishment. The workforce is becoming older as recruitment slows.

Derbyshire has chosen not to take part in the direct entry scheme. The constabulary recruits officers, PCSOs and special constables on a “batch” basis to ensure student courses are full. This means that vacancies are only filled when a recruitment exercise is held, which is a more cost-effective recruitment process.

Vacancy management for police staff is managed separately from police officers, through a staff vacancy control panel. This reviews any new posts to be filled against those staff currently “at risk” of redundancy and, where appropriate, a short-term decision is taken to fill posts on temporary contracts. The redundancy scheme has enabled 47 redundancies. Compulsory redundancy is a last resort. Any staff at risk of redundancy are carefully assessed and matched to vacancies only if they demonstrate the required skills and competencies. The constabulary is taking a sensible approach to ensuring that the organisation will have the right people in the right posts.

The constabulary understands the range of skills, experience and capability within the organisation. Skill gaps and workforce mix is understood better in investigations, where the constabulary has worked extensively on career pathways for detectives, understanding what skills it needs for the future and succession planning. The constabulary recognises that it needs to improve investigation skills throughout the organisation, and provides refresher training for those officers who have been in the service for a number of years.

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

Figure 4: Actual and planned changes in workforce FTE from 31 March 2010 to 31 March 2018 for Derbyshire Constabulary 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	2,074	-10%	-12%	1,863	-8%	-6%	1,712
Police Staff	1,359	-11%	-19%	1,213	*	-6%	*
PCSOs	181	-10%	-27%	163	1%	-11%	165
Workforce total	3,614	-10%	-15%	3,240	*	-6%	*

*Detailed planning on the number of police staff posts is yet to be finalised and is subject to staff consultation

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

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

There is a good model in place to meet longer-term changes in demand and the changing organisational and financial requirements in a sustainable way. The PBB analysis means that the plan is flexible enough to enable the constabulary to take some savings earlier and others later depending on its assessment of risks. There are plans for further workforce modernisation over the next five years involving a number of police officer posts that have been assessed as not requiring police powers being converted to staff posts.

The PBB process has enabled the constabulary to understand much better how each element of its operation contributes to providing those services that matter most. It can also use this understanding to assess what each service costs, how these costs may change in the future as demand and risks change, and what the impact of service reductions might be. The activity breakdown work which each police functional area undertook previously means the constabulary understands well what officers do, what they could do differently and what they could stop doing.

The plans for future years beyond 2018 remain flexible given current assumptions in the medium term financial plan. However, the constabulary recognises the risk in relation to some of the changes to officer numbers within the overall Moving Forward programme. Importantly, the replacement of ageing IT systems, such as in crime and intelligence, and the provision of a mobile technology solution will expedite these

changes. Many workforce reductions beyond 2017 are reliant on this to be able to achieve the projected efficiencies. The constabulary recognises that the information services department must have sufficient capacity to deliver the ICT services required to support the future capability of its workforce; and that short-term investment will enable this critical work to take place.

Summary of findings



Good

Derbyshire maintains its policing structure with locally recognised neighbourhood teams to provide local services. This structure has successfully supported achieving the constabulary's savings for the spending review period.

The priority-based budgeting exercise has helped inform a sustainable and affordable approach to the constabulary's operating model. More officers are being assigned to public protection work while a number of officer posts where police powers are not needed will be converted into staff posts. The constabulary has also recognised it must ensure that, when making future staff reductions, the Information Services department can still deliver critical aspects of technological change.

The constabulary is developing new ways of working, for example by reducing demand on frontline officers, but this will still mean fewer officers and staff in the future. It understands the range of skills, experience and capability within the organisation. The constabulary has a greater understanding of skills gaps and workforce mix investigations where extensive work has been conducted to improve investigation skills throughout the organisation.

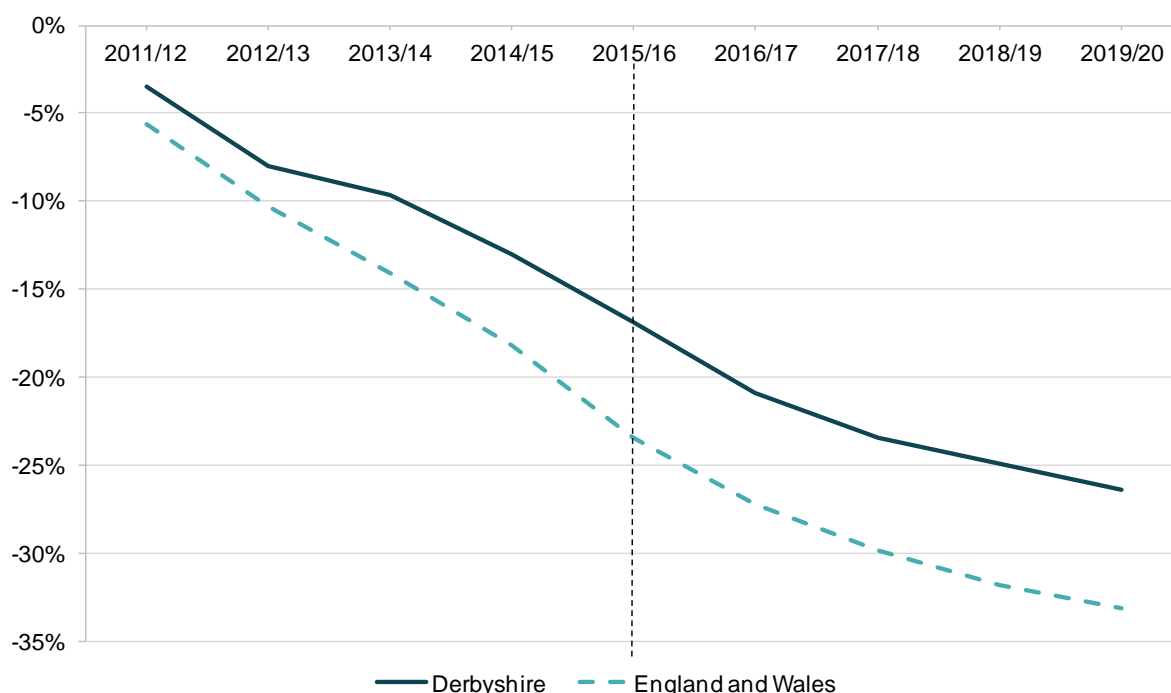
How sustainable is the force's financial position for the short and long term?

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?

Derbyshire Constabulary forecasted savings of £24.25m over the first four years of the spending review (2011/12 to 2014/15), the equivalent of 13 percent of the 2010/11 gross revenue expenditure for the constabulary. 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 2019/20, against the 2010 gross revenue expenditure baseline for Derbyshire 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 constabulary has an excellent track record of robust financial management, accurate budgeting and delivering planned savings. The savings requirement for the spending review period is met and there is a balanced budget for 2015/16.

Work started early to take costs out of support functions by streamlining procedures prior to the spending review (SR) period. This brought the overall cost base down and enabled reserves to be built up. Under-spending throughout the SR period also contributed to a healthy level of reserves. The constabulary’s main budget areas are centrally managed which provides better control and financial management.

The Moving Forward programme, of which PBB is an important element, is already starting to deliver savings and these are closely monitored and checked against the anticipated savings identified in business cases. As the mechanisms for online public contact are developing to include signposting and call back facilities, there is a planned reduction in the number of police buildings. For example the number of enquiry offices will reduce from 16 locations to four locations across the three divisions over the next five years. This will further reduce reliance on maintaining an expensive and ageing police estate.

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

Derbyshire Constabulary has planned a balanced budget of £165.9m for 2015/16, which includes a cut in spending of £7.2m. It is forecast that the reduction will be split between £6.3m (88 percent) from the pay budget and £0.8m (11 percent) from the non-pay budget in this year's savings. The remainder of the spending reductions are being met by a use of reserves. Collectively the forecast reductions since the 2010 baseline (at the start of the spending review) to 2015/16 represents savings of 17 percent.

Projected total savings requirement for the next four year period of £22.3m, which equates to 13 percent of their estimated 2014/15 gross revenue expenditure.

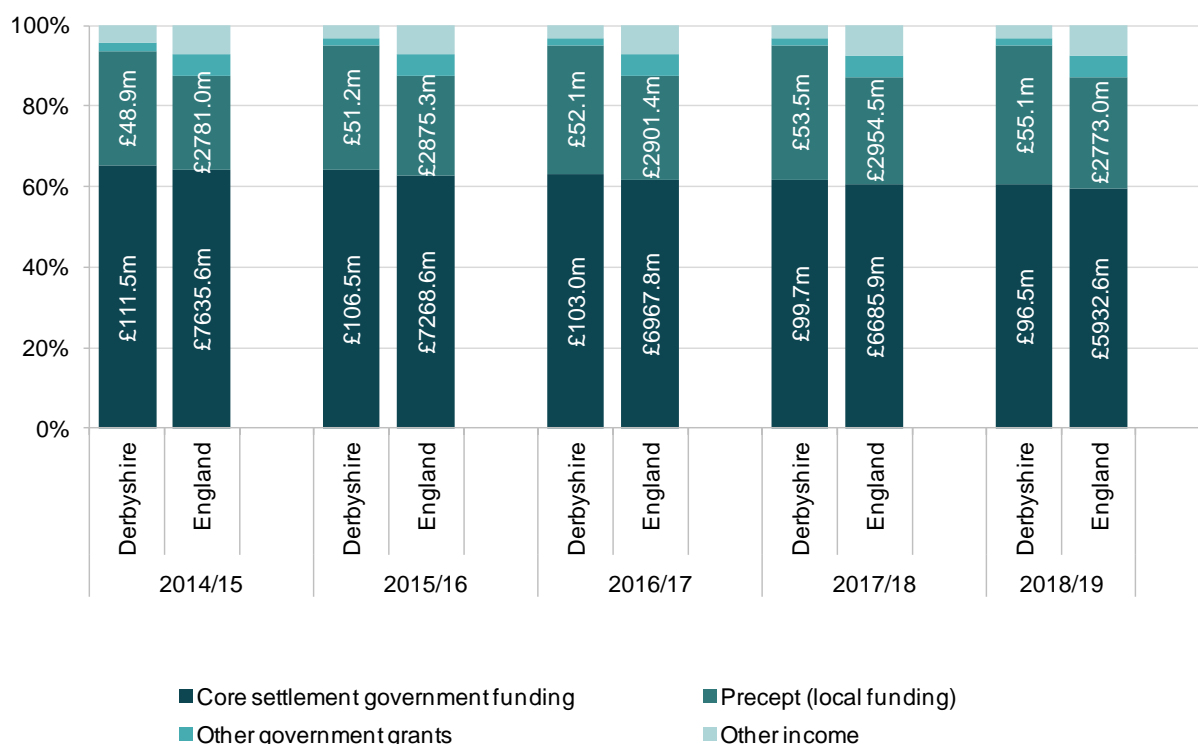
The savings requirement for 2015/16 is £7.2m and the constabulary has clear plans in place for achieving these savings with a small use of reserves (£128k) as a contingency. It anticipates that as the Moving Forward programme progresses that some of the savings for future years may be able to be achieved early. The PBB programme identifies the potential for £19m savings up to 2019/20. There is flexibility within the business cases to enable the constabulary to reduce the level of service provision should even more savings be required in the future.

The financial management plan sets clear principles for the use of reserves. Reserves are used in a sensible and sustainable way to both cushion the impact of cuts as well as to invest for the future, for example in ICT infrastructure and mobile technology.

How well has the force maximised other funding opportunities?

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

Figure 6: Forecast mix of funding for Derbyshire Constabulary in the 12 months to 31 March 2015 to the 12 months to 31 March 2019, compared to English forces



Source: HMIC efficiency data collection

The joint headquarters that is being built with Derbyshire Fire and Rescue will provide shared resources, for example training facilities, and may lead to further opportunities to streamline working practices. Co-location at other local authority buildings ensures closer working relationships with partners, which is in turn enabling better joint decision-making. The PCC has also committed to funding community-based projects over the next two years.

An integral part of the PBB analysis requires budget owners to explore other funding sources or collaborative options as part of the service provision options, although the constabulary has not yet identified any.

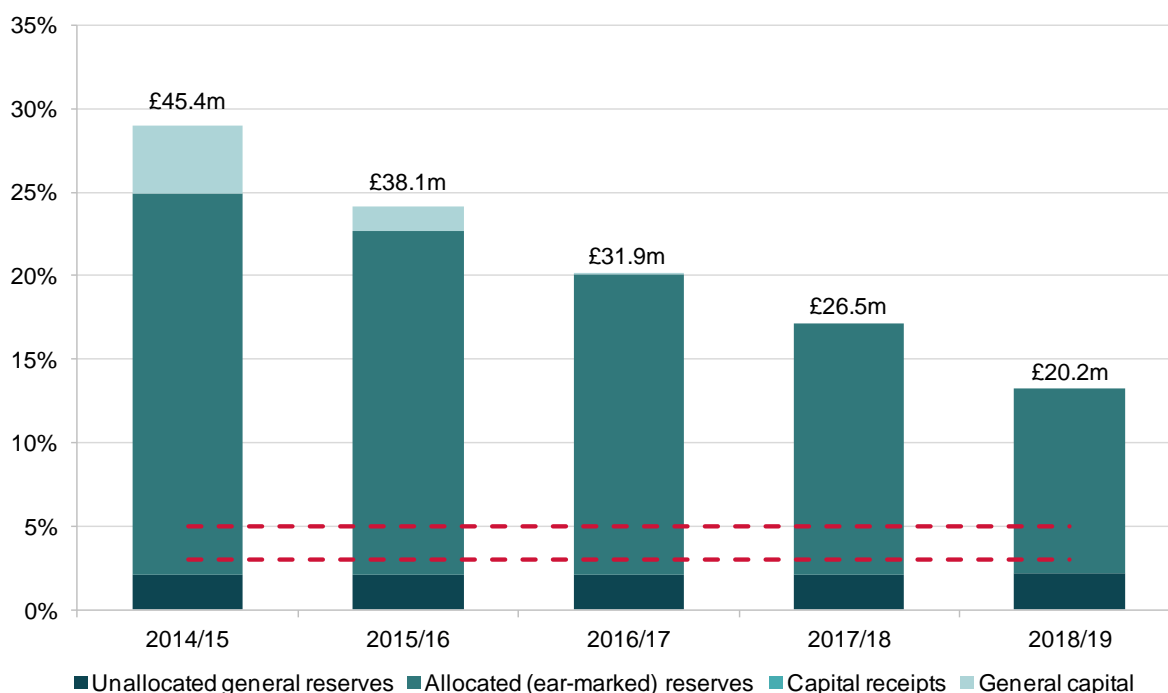
Derbyshire Constabulary is actively engaged in collaboration with other forces in the East Midlands region on a number of policing activities, for example major crime, forensic services and counter-terrorism. It takes a measured approach to collaboration by basing this decision on the threat, harm and risk to Derbyshire communities rather than on cost savings alone. However, the constabulary is part of a successful bid for the use of body-worn video and will be part of a wider ICT collaboration in the region.

How well does the force control expenditure?

The level of reserves, and how this is forecast to change over time, is shown in figure 7. Derbyshire Constabulary reported that total reserves were £45.4m 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 constabulary has effective financial control and monitoring of expenditure. Its budgets are mostly centralised with some limited devolvement to divisional commanders and heads of departments. Short-term and unplanned financial pressures are managed and it has a process to identify risks and take swift mitigating action. This is overseen by the joint audit and risk committee on which the PCC is represented.

The constabulary's commitment to effective financial management is demonstrated by the fact that financial professionals are embedded in the senior leadership team, and by the positive relationship between finance, HR and corporate services departments. This means that workforce numbers are reconciled between finance, payroll and HR systems and the constabulary has a good understanding of all pay and non-pay costs. Control of expenditure is monitored by finance staff and monthly meetings take place between budget holders and finance in addition to routine monitoring.

The Moving Forward programme is well managed. Effective checks and balances are in place and risks and interdependencies between projects are understood. An effective validation and challenge process is established to consider the impact of change across the organisation. Learning from previous change programmes enables a consistent approach which helps to retain essential skills in relation to change and transformation.

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

The PCC is involved in developing the joint strategic assessment and in providing effective oversight and governance of the constabulary. The PCC chairs a monthly strategic governance board where he holds the chief officer team to account for the delivery of performance and ensures budgets are monitored and managed appropriately. The recently completed PBB process ensures that there is a good understanding of how services are delivered and how much they cost to prioritise the areas which need investment to help meet the PCC's police and crime plan priorities. This means that the constabulary is in a strong position to target its resources on the priorities set by the PCC and to match resources to current and future demand.

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?

The PCC exercises effective oversight of the financial budgets. This includes the monthly strategic governance board where the finance director reports on the current and projected financial position. The position includes projections through to 2019/20. The PCC is kept informed of progress on the Moving Forward programme as he is part of the strategic programme board. In addition, the deputy PCC is a member of the operational implementation group which oversees the current and future portfolio of projects.

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

The constabulary forecast potential savings in 2016/17 of £7.5m and then in subsequent years of £4.7m in 2017/18 and £2.8m in 2018/19. As with other forces, savings mostly come from reducing the workforce. Derbyshire plans to make 92 percent of its 2015/16 spending review savings from its pay budget. This is a higher proportion than the average for forces in England & Wales.

The constabulary has a good financial plan to meet future challenges, with projected budgets to the financial year 2019/2020 which include capital expenditure. The constabulary understands the likely financial challenges beyond the current spending review and it is making plans on relatively robust, realistic and prudent assumptions. These capture most of the wider external environment as well as some scenario planning for future spending reductions. The constabulary has considered known areas of funding risk and has developed contingencies to manage these risks.

The PBB analysis has placed the constabulary in a strong position and it has well-defined plans to deliver savings up to 2017/18. The Moving Forward programme includes a robust scrutiny process to track progress and measure savings. The savings are identified and implemented by the people who do the work and who are best placed to understand the inefficiencies, potential risks and improvements. This means the constabulary has a good track record of delivering these savings.

From 2017/18 onwards the constabulary has a flexible approach to savings as it acknowledges that the financial context may change significantly. However, the PBB analysis means that there are other areas which are assessed as a lower priority or higher risk level and these could be revisited if the funding picture changed significantly to require additional savings to be found.

Summary of findings



Derbyshire has made all the savings it needed up to 2014/15. It has plans in place to achieve the £7.2m savings required in 2015/16. The £7.5m estimated target in 2016/17 will be achieved by a combination of additional planned savings and planned use of reserves.

The constabulary ensures effective financial control by identifying and managing short-term and unplanned financial pressures. Good working relationships between its finance and HR teams ensure that workforce numbers and costs are reconciled.

Derbyshire collaborates with other East Midlands forces where it sees a benefit in doing so. The constabulary is also establishing a shared headquarters with Derbyshire Fire and Rescue Service.

The future beyond for 2016 is positive and the constabulary plans ahead to 2020. It has completed a priority-based budgeting analysis which has enabled it to identify where investment is needed to meet the police and crime plan priorities.

The police and crime commissioner exercises effective oversight of constabulary expenditure through regular reports from the finance director to the strategic governance board.

Flexibility within the Moving Forward programme enables the constabulary to alter the level of service provision which will increase savings (depending on the future financial climate).

Annex A – HMIC judgments

The categories are:

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

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

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

Annex B – Further information about the data

Figure 3

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

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

Figure 4

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

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

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

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

Figure 5

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

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

Figure 7

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

According to a survey of financial directors conducted by the Audit Commission,⁴ it is commonly considered that three percent to five percent of net revenue expenditure is a prudent level of unallocated general reserves for risk-based planning purposes. This range is shown on the graph by the two horizontal red dotted lines.

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

⁴*Striking a balance: Improving councils' decision making on reserves*, Audit Commission, December 2012. Available from <http://webarchive.nationalarchives.gov.uk>