



September 2010
www.wao.gov.uk

WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Sustaining value for money in the police service in Wales

Key messages from the joint Audit Commission, Her Majesty's Inspectorate of Constabulary and Wales Audit Office report for England and Wales

Briefing paper for the Public Accounts Committee



I have produced this briefing paper under paragraph 21 of Schedule 8 to the Government of Wales Act 2006.

Gillian Body
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Summary	5
Force planning must improve	9
The police can make savings from better workforce deployment	9
Changing the workforce mix and reducing management costs	9
Reducing overtime	10
Welsh forces are making good use of collaborative contracts but further procurement savings are possible	10
Welsh forces have made savings in back-office costs but there is still scope for greater centralisation of resources	11

Summary

- 1 In July 2010 the Audit Commission, Her Majesty's Inspectorate of Constabulary (HMIC) and the Wales Audit Office published a joint report on *Sustaining Value for Money in the Police Service*¹. The Wales Audit Office also worked with the Audit Commission and the Association of Police Authorities to produce a range of self-assessment tools designed to help police services to improve value for money without adversely affecting public safety². Covering England and Wales, the report sought to identify opportunities for police forces to make financial savings. It emphasised the importance of a transformational, long-term, planned approach that links force priorities and whole systems change. The report also pointed to examples where a justified reduction in response had led to reduced spending. For example, Gwent police saved £7.5 million in 2008-09 by changing its policing model and redirecting resources into protective services and neighbourhood policing³.
- 2 The messages within the joint England and Wales report apply as much to Welsh forces as they do to those in England. This paper does not seek to repeat those messages. Its purpose is to provide some further detail, as part of our briefing for the Public Accounts Committee, about the Wales specific data that supported the joint England and Wales report.
- 3 The England and Wales report noted the economic climate of greater austerity and that, after a decade of increases, the police will now have to cope with less money while also seeking to maintain public confidence. But the report emphasised that this was possible. No correlation could be found between overall force spending, or the level of savings reported in 2008-09, and public confidence.
- 4 Here in Wales, the police spent £697 million in 2008-09, some 51 per cent more in real terms than in 1997-98, compared with the 47 per cent increase in spending across England and Wales (Figure 1). However, three of the four Welsh forces spent less in real terms in 2008-09 than in 2007-08, the exception being Dyfed Powys although its gross expenditure reduced in 2009-10.
- 5 Salaries and expenses – for police officers, police community support officers and other staff – accounted for 79 per cent of the total expenditure in 2008-09. Between 1997-98 and 2008-09, the number of police officers in Wales increased by 11 per cent and civilian support staff by 86 per cent (Figure 2). However, South Wales and Gwent police both reduced their police officer numbers between March 2008 and March 2009⁴.
- 6 Across England and Wales, a greater proportion of police funding now comes from council tax than in 1997-98. Total council tax funding increased by 148 per cent between 1997-98 and 2008-09. In Wales, the increase in council tax funding has been significantly higher over the same period; up by 194 per cent in real terms (Figure 3).

1 <http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/20100720policevfmreportfull.pdf>

2 http://www.wao.gov.uk/news/news_3382.asp

3 See Case Study 5 on page 28 of the England and Wales report.

4 See Figure 13 on page 47 of the England and Wales report.

Figure 1 – Police spending in Wales, 1997-98 and 2008-09



Source: Audit Commission, HMIC and Wales Audit Office, 2010

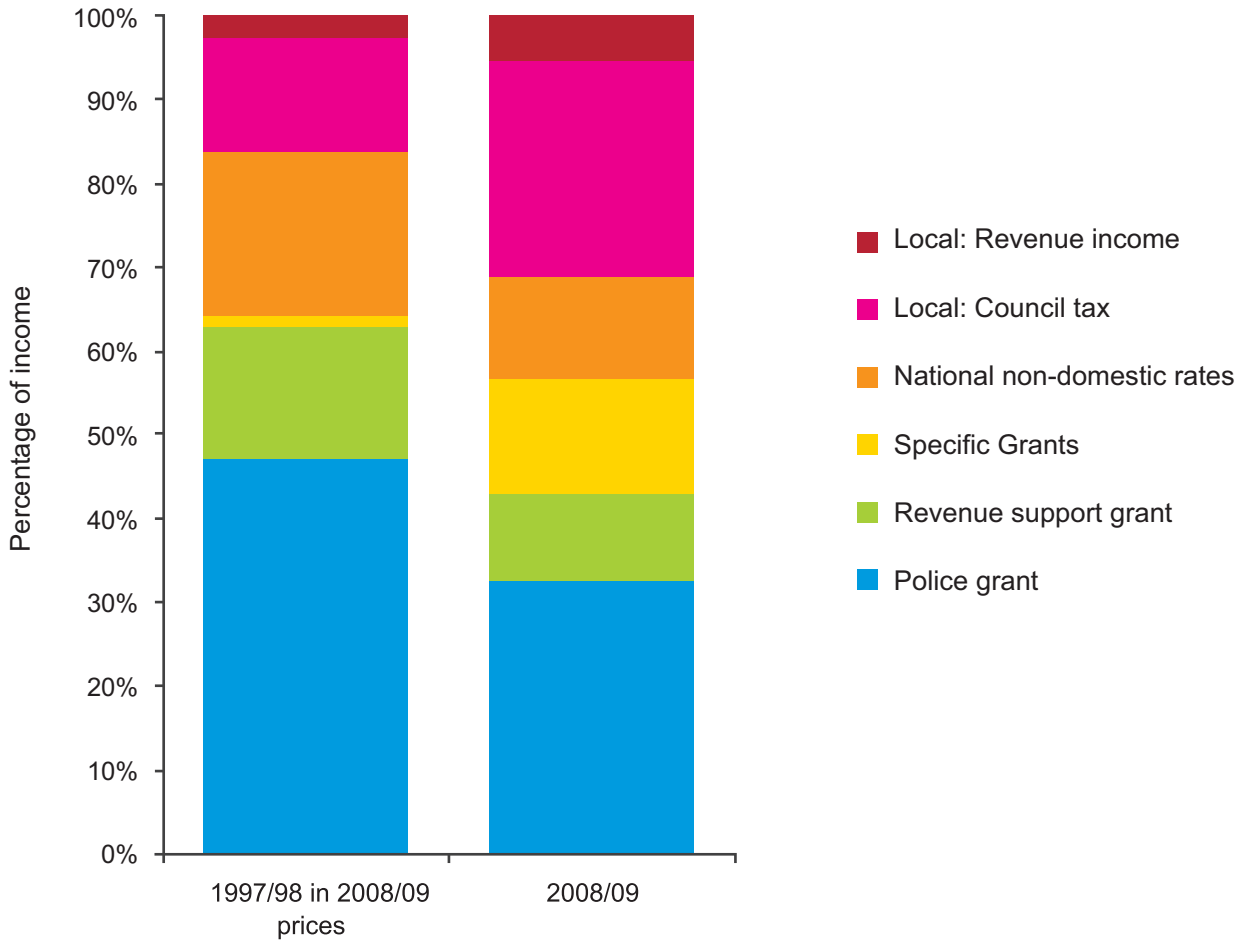
Figure 2 – Police officer and other staff numbers, March 1998 and March 2009

Authority Name	Police officers – 31 March 1998	Police officers – 31 March 2009	Police officers change March 1998 to March 2009 (FTE)	Police officers change March 1998 to March 2009 (%)	Police staff – 31 March 1998	Police staff – 31 March 2009	Police staff change March 1998 to March 2009 (FTE)	Police staff change March 1998 to March 2009 (%)
Dyfed-Powys Police Authority	1,002	1,198	196	20	360	726	366	102
Gwent Police Authority	1,233	1,438	205	17	510	1,013	503	99
North Wales Police Authority	1,396	1,586	190	14	495	983	488	99
South Wales Police Authority	2,986	3,145	159	5	1,241	2,113	872	70
Welsh total Wales	6,617	7,367	750	11	2,606	4,835	2,229	86

Note: Police staff numbers for 2008-09 include police community support officers. This role did not exist in 1997-98

Source: Audit Commission, HMIC and Wales Audit Office, 2010

Figure 3 – Police spending in Wales, 1997-98 and 2008-09



Source: Audit Commission, HMIC and Wales Audit Office, 2010.

7 The England and Wales report identified that police forces had recorded £1.5 billion in efficiency savings between 2004-05 and 2007-08. Just over half of these savings were cashable, funding new priorities or reduced budgets. The four Welsh forces recorded £67 million of efficiency savings over this period, 57 per cent of which were cashable. But the variation in cashable savings across England and Wales suggested that some forces could do more. Only six forces, one of which was North Wales, reported cashable savings of 10 per cent or more of net revenue

expenditure over this period⁵. The other three Welsh forces reported cashable savings of between 6.0 and 8.4 per cent of net revenue expenditure.

8 The England and Wales report challenged the police service to make further savings of up to £1 billion per year, taking into account the level of cost variation that exists between forces. The same analysis indicates that the four police forces and authorities in Wales could save between £24 million and £35 million per year (Figure 4).

Figure 4 – Scope for savings across the four police forces and authorities in Wales

Area of spending		Potential for saving (millions)	Timescale for delivery
Procurement	<i>Telecommunications Energy Forensics Fleet</i>	£1 £0.43 Unknown Unknown	Immediate
Back office		£6 - £11.5	Immediate
Shift patterns	<i>Reducing overtime</i>	£0.3	Immediate
Workforce modernisation	<i>CID Criminal justice units and custody Control room Training Crime and incident management Corporate development Other functions</i>	£0.2 - £0.4 £2.4 - £3.1 £1.3 - £1.8 £0.2 - £0.8 £0.1 - £0.5 £0.2 - £0.3 £4.0 - £6.7	Medium-term
Reducing management overheads	<i>Chief inspector and above Inspectors</i>	£2.7 £0.54	Medium-term
Productivity		Unknown	Medium-term
Collaboration	<i>Case study examples Total savings</i>	£4.7 Unknown	Short-term
Total		£24 - £35	

Source: Audit Commission, HMIC and Wales Audit Office, 2010.

5 See Figure 3 on Page 19 of the England and Wales report.

Force planning must improve

- 9 The England and Wales report emphasises that uncertainty over the details of future funding decisions should not be a barrier to good planning. While all 43 forces in England and Wales had a medium-term financial plan (looking three years ahead) nearly half did not have a longer-term plan. In Wales, only North Wales Police had a long-term plan.
- 10 The England and Wales report also noted that police authorities had not been setting sufficiently challenging and ambitious efficiency targets. The average cumulative savings target set over the three years 2009-10 to 2011-12 was just 9.3 per cent of spending.

The police can make savings from better workforce deployment

Changing the workforce mix and reducing management costs

- 11 Many policing tasks do not require warranted police officers. However, the England and Wales report also criticised the fact that too many officers with full warranted powers were working in back-office roles, with 200 warranted officers working in human resource departments (of which 11 were in Wales).
- 12 If Welsh forces above the median ratio of police officers to other civilian staff replaced those officers with other staff they could realise £8 million of savings. If the forces went further and achieved the lower quartile ratio of police officers to staff they could realise £14 million of savings (Figure 5).

Figure 5 – A better workforce mix could save £14 million

Police Function	Median savings £ millions	Lower quartile savings £ millions
Criminal justice units and custody	2.4	3.1
CID	0.2	0.4
Control room (call handlers)	1.3	1.8
Training	0.2	0.8
Crime and incident management	0.1	0.5
Neighbourhoods	< 0.05	0.6
Corporate development	0.2	0.3
Other functions of which:	4.0	6.7
Traffic	0.1	0.5
Complaints and discipline	< 0.05	0.2
Scenes of crime	0.9	0.9
Fraud	0.1	0.2
Communications/IT/Audio	0.5	0.6
Total savings	8.4	14.2

Source: Audit Commission, HMIC and Wales Audit Office, 2010

- 13** An average police community support officer costs £26,000 a year compared with police officer costs of £54,500. In 2008-09 around 700 community support officers were employed in Wales, compared with 7,367 police officers. Which is broadly similar to the ratio in England.
- 14** The England and Wales report focuses particular attention on the use of mixed teams in CID, that is teams that combine police officers and other staff. Few forces had taken much advantage of a mixed team approach⁶. Across the 43 forces in England and Wales, Gwent police demonstrated the fourth highest ratio of other police staff as a percentage of the total CID workforce in 2008-09. But North Wales police had one of the lowest ratios.
- 15** Police forces, like all public services, must review and reduce unnecessary management costs. Welsh forces could save over £540,000 by increasing the number of sergeants in relation to inspectors and some £2.7 million by reducing the numbers of police officers at Chief Inspector level or above.

Reducing overtime

- 16** A better workforce mix and shift patterns that are aligned well to demand can help to reduce overtime costs. For example, Dyfed-Powys police saved £100,000 on overtime in 2008-09 by changing shift patterns.
- 17** The England and Wales report showed that, across 42 of the 43 forces, some £90 million could be saved by reducing overtime costs to four per cent or less of the total salary bill⁷. Overtime costs for Dyfed Powys, North Wales and South Wales police were already below this level in 2008-09, but Gwent police could save £295,000.

Welsh forces are making good use of collaborative contracts but further procurement savings are possible

- 18** Welsh police forces spent £59 million of revenue in 2008-09 on supplies and services. But forces have already taken advantage of many of the obvious procurement savings. Procurement accounted for 6.8 per cent of the savings reported by Welsh forces in 2007-08.
- 19** Most big spending items are now procured through collaborative contracts. For example, all Welsh forces buy vehicles, utilities and mobile Information and Communications Technology (ICT) through national framework contracts and uniforms through regional arrangements. Three Welsh forces also buy ICT and stationery through a national framework. Two Welsh forces use the national uniforms framework, two also buy uniforms with local partners.
- 20** Nevertheless, there are still potential savings in other high spending areas, and police forces need to consider the volumes they buy as well as their unit costs:
- a** reducing the variation on telecommunications spending could save Welsh forces £1.1 million (across England and Wales, a quarter of all forces spent less than £329 per employee in 2008-09 while a quarter spent more than £548 per employee).
 - b** reducing the variation in energy spending could save Welsh forces £430,000 (across England and Wales, a quarter of all forces spent less than £315 per employee in 2008-09 while a quarter spent more than £409 per employee).

⁶ See Figure 8 on Page 36 of the England and Wales report.

⁷ See Figure 10 on Page 43 of the England and Wales report.

Welsh forces have made savings in back-office costs but there is still scope for greater centralisation of resources

- 21 Of the £14 million cashable savings identified by Welsh forces in 2007-08, 12 per cent were realised in the back office (for example in human resources, ICT and finance functions). Across England and Wales, 25 per cent of the total cashable savings in 2007-08 were in the back office.
- 22 In 2008-09 the Welsh forces employed 1,250 staff in back-office jobs. However, there are wide variations in support staff levels and back-office spending in general across the 43 forces in England and Wales. The Welsh forces could collectively save £6 million from back-office services if no force spent more than the current median level of expenditure. If they spent no more than the lower quartile of expenditure they could save £11.5 million.
- 23 None of the Welsh forces had centralised all back-office functions, compared with one third of forces in England. Three of the four Welsh forces still had finance and HR staff operating at the Basic Command Unit level as well as at the force level. However, three Welsh forces already share at least one back-office function with other forces or partners, with the sharing of legal services being the most common.
- 24 Only one force in Wales (North Wales) contracts out any of its back-office functions, in this case ICT services. Across England and Wales 15 forces contracted out payroll, eight legal services and four ICT.

- 25 Since the debate about police force mergers in 2006, the four forces in Wales have increased their collaboration, supported by a formal joint committee – Police Authorities of Wales. Joint business support services through Police Authorities of Wales saved £1.3 million between 2005 and 2009. This arrangement also realised savings of over £3 million on procurement in 2008-09 and £136,000 by creating a single regional trace evidence laboratory⁸.

⁸ See Case Study 19 on page 61 of the England and Wales report.