

**Police Grant Distribution Review 2017: The Major Issues**



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Foreword from Ron Hogg



The British model of policing is envied across the globe. The historic and continuing link with communities and the public is central to our ability to protect and serve.

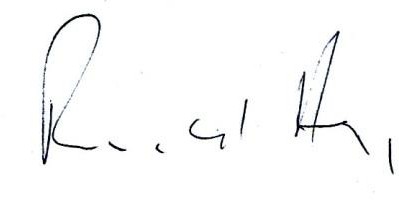
But the role of the police is also changing and adapting to new threats. The police are faced with increasingly complex challenges resulting from technological advances and capabilities which enable crime to be conducted in new and innovative ways. Increasingly it is the role of the police to protect the vulnerable and safeguard people from harm. And underlying causes of crime and anti-social behaviour, such as alcohol and drugs, are still major factors causing harm in our society.

The role of the police is not just to tackle crime, but to prevent it from happening in the first place. Increasingly, we are looking to solve problems and intervene early. We need to break the cycle of offending as quickly and thoroughly as possible, and in particular work with young people to ensure that they are prevented from making poor choices early on which then affect their futures.

But we cannot do that alone. We also need a range of partners, from local authorities and the health service to the other emergency services and the voluntary sector – and most importantly communities themselves – to help tackle the underlying causes of crime and reduce demand in the longer term.

Austerity since 2010 has put that work under threat. In addition to cuts to police services, cuts across the public sector have helped to place increased demands on the police and other services.

So whilst I welcome the Government’s commitment to reviewing the funding formula for policing, it is absolutely crucial that they listen to all sides to reach sensible conclusions. I remain deeply concerned that the needs of an area like County Durham and Darlington might not be recognised, and this document sets out some fundamental issues which the Government must take into account.



**Ron Hogg**

**Police, Crime and Victims’ Commissioner for County Durham and Darlington**

Summary

For some time, the Government has been considering reform of police funding. Following a review and consultation on a new formula during 2015, on 9th November of that year the Policing Minister Mike Penning MP announced to Parliament that the Home Office had made mistakes in its calculations, and that the review would be delayed. The Home Office are now undertaking a fresh review, involving police leaders and others, and we are expecting a further consultation later this year, with the new formula possibly being introduced in 2018.

In advance of that, this briefing paper sets out the position of Durham’s Police, Crime and Victims’ Commissioner. In particular it draws attention to the key issues that in his opinion the Government must recognise in order to ensure the formula is fair. These include:

* The need to take into account the ability of a PCC to raise money through the local policing element of council tax;
* The need to recognise a wide range of indicators of socio-economic deprivation;
* The need to take into account demand on the police other than crime;
* The need to take into account the impact of cuts to other public services.

Durham Constabulary has been rated by Her Majesty’s Inspector of Constabulary as Outstanding for both efficiency (twice) and effectiveness. The communities of County Durham and Darlington need that to continue, and fair funding is crucial to ensure that they have the police service they have come to expect and deserve.

This is the first publication of this document. We will provide updates to it as necessary and when further information is publicly available.

# Background

Durham Constabulary is one of the forces most impacted by austerity, as identified by the National Audit Officei. It has lost 375 police officers, 16 PCSOs and 82 police staff since 2010ii. Between March 2010 and March 2015, it lost more police officers as a proportion of its total (22%) than any force in the country other than Cleveland. The national average was 12%, and Surrey lost only 1%iii. Now, at the start of 2017, it has 25% fewer officers than it did in March 2010 (1132 against 1507). And despite those cuts it has been rated by HMIC as the best police force in the country.

Like other forces, Durham receives its funding from two sources: central government grant and local precept. In 2017-18, the total amount of grant the PCVC will receive for the police will be £84.7m. This is down from £100m in 2010-11.

He expects to raise £28.6m through the local precept, providing him with a total budget of

£113.3m, which is £0.7m less than the 2016-17 budget and £16m less than the total budget for the force in 2010-11.

So Durham currently receives 75% of its funding from government, and 25% from precept. Because the grant element from Government falls every year, total funding falls even though the precept rises. Other forces have a different balance, which makes them less vulnerable to cuts in Government grant. For instance, Surrey receives less than half its budget (46%) from the Government, blunting the effect of Government cuts on that force.

The Government is currently considering changing the way in which it distributes money for policing. If it decides to go ahead, then the grant to some forces will go up, and the grant to others will fall.

Potential impact of cuts

It is unclear how much Durham’s budgets could go up or down in the future. Different changes will have different impacts on the force. However, in order to give people an idea of the scale of the potential impact, we can make some basic calculations based on the cost of employing police officers.

We work on a simple basis that we need approximately £50,000 to maintain each individual police officer. This is not the salary for the vast majority of police officers, but is an average allowing for additional costs associated with employment, length of service and progression.

The below table therefore sets out how different sizes of budget reduction might impact on the number of officers that we have:

|  |  |  |  |
| --- | --- | --- | --- |
| Size of grant loss… | …potential number of officers lost | Percentage of total officers which could be lost compared with current levels  (1132) | Percentage of total officers which could be lost compared with 2010 levels  (1507) |
| £1,000,000 | 20 | 1.8 | 26.2 |
| £2,000,000 | 40 | 3.5 | 27.5 |
| £3,000,000 | 60 | 5.3 | 28.9 |
| £5,000,000 | 100 | 8.8 | 31.5 |
| £10,000,000 | 200 | 17.7 | 38.2 |
| £15,000,000 | 300 | 26.5 | 44.8 |

Of course, the aim of Durham Constabulary would be to try and maintain as many officers and staff as possible. Indeed it has already been rated as the most efficient police force in the country. It has solid foundations: an outstanding workforce, positive culture, resilient financial management, strong collaboration and leadership. It is getting better and better at understanding demand, and it is investing in IT so that its officers and staff are supported with leading technology. But it would be wrong to claim that cuts will have no impact; they will. Fewer police officers and staff will mean that it will be harder to tackle criminals, prevent and solve crime, support victims and keep communities safe.

# Key issues

There are many facets to a funding formula, but we would hope that any formula which is proposed considers the following:

The formula must take into account the ability of a PCC to raise money through the local policing element of council tax

All Police and Crime Commissioners raise money locally through the policing element of Council Tax to support the budget of their force. Nationally, the level of the precept per Band D (assumed to be the average) property varies from £93.33 (Northumbria) to £240.15 (North Wales). In Durham it is £166. What level to set it at is a matter for Police and Crime Commissioners, although there are restrictions on how much it can be increased by in any one year. Currently, it can only be increased by under 2%.

However, the amount of money that is raised locally through the precept is not determined simply by the level at which it is set. The difference in how much is paid by a Band A property compared with a Band H is very wide – in Durham it goes from £111 to £332. Therefore the number of properties in a given band will have a large impact on the amount of money that is raised. An area which has lots of Band D-H properties proportionately will raise substantially more income than an area which has proportionately more Band A-D properties.

Durham has a Band D precept of approx. £166, which is approx. £12 below the national average. However, a very large number of dwelling properties (approx. 55%) in the area are Band A, which means that the yield from that precept is very low – accounting for only about 25% of the total budget. The PCVC has used maximum flexibility to raise the precept every year since coming into office, but this raises each time only an additional £260,000 for every 1% increase. This contrasts sharply with areas in other parts of the country where the same level of precept would deliver a higher yield because of a higher proportion of properties in more expensive Bands. This places Durham at a severe disadvantage and makes it much more reliant on Government grant than most other forces. In turn, this makes the impact of Government cuts greater, because when the grant is cut it affects a larger proportion of our budget than most other forces.

The solution is not simply to allow PCCs greater freedom to increase the precept. Such a move should be considered, but it would not achieve a fair settlement because areas of greater wealth would be able to increase their own funding more than others.

Any formula should take into account the ability to raise local income through the precept. If it does not, then areas with high tax yields will see large increases in their budgets, and areas with low tax yields will see decreases. It is important to note that this is not a proposal for the actual level of precept to be taken into account; that would not be fair. But it does need a credible method of taking the tax base into account, for instance by taking into account the

differences in income which police forces would receive per household if all PCCs set the precept at the same level.

The formula must take into account the need to recognise a wide range of indicators of socio-economic deprivation

One of the major factors which can predict police demand is deprivation. The consequences of social and economic deprivation include increased vulnerability and poor health, both of which play a significant part in driving demand. It is essential that the formula recognises different types of deprivation, including the severe deprivation which exists in places like County Durham. Durham’s rural post-industrial deprivation is of a different nature to the deprivation factors contained in the 2015 formula proposal, and is a significant driver of demand on the police service. Unlike many other areas, the Durham Constabulary area contains post-industrial rural communities which suffer from deep-seated socio-economic deprivation, characterised by low incomes, child poverty and high unemployment rates. This deprivation leads to many very vulnerable people suffering from poor mental health, isolation, and dependence on alcohol and drugs, and consequential demand on the police and other services.

The Government will want to recognise other forms of deprivation as well – for instance the urban adversity found in some of the major cities of England and Wales. But they must not choose an indicator or indicators, which is overly weighted towards this type of deprivation, and instead choose factors which are mixed and reflect the type of deprivation found in areas like County Durham as well.

Alcohol also plays a major role in driving our demand – including but not limited to domestic abuse, violence, shoplifting, anti-social behaviour, and dangerous driving. We estimate that 80% of our demand has alcohol as an underlying factor. A survey of Durham Police Officers carried out by Balance in 2011-12 reported that 60% of Officers said at least 50% of their time was spent on alcohol related issues.

Alcohol driven demand should feature in some form in the formula. However, in last year’s review the Government proposed using bar density. Bar density is an inadequate measure because it fails to recognise alcohol which is purchased and consumed anywhere other than in a pub or bar. Demand created by, for instance, the purchase of large bottles of very cheap and strong cider in off licences and small independent local stores on estates would be missed. The North East has the highest proportion of alcohol-related deaths in the country. We know that young people are drinking alcohol earlier, and drinking greater quantities of alcohol, and this results in them engaging in risky behaviour which increases demand on the police (and other services) in the short, medium and long term.

The formula must take into account demand on the police other than crime

The funding formula needs to attempt to reflect demand on the police. Since it would be extremely difficult to use actual demand, proxy indicators need to be identified which can predict demand as closely as possible. Crime is not the only demand on the police. Other demands include safeguarding, preventative work, mental health and people missing from home. Durham is increasingly looking to invest more resources upstream to solve problems early and prevent escalation into larger and more complex issues which ultimately cost society and the taxpayer more to fix.

While we know and understand the links between crime and deprivation, it is less clear what proxy indicators could be used to predict the other work of the police and the benefits that work brings. The success of the police is indicated by the absence of crime and disorder and the presence of feelings of safety, so that the public can both be safe and feel safe. A proportion of the work the police do is preventative, for instance monitoring registered sex offenders, visible patrols at key areas, problem solving to ensure issues do not reoccur and looking at innovative and creative ways of reducing reoffending and preventing and reducing crime and disorder. Whilst some of these things may have the same proxy measures as those things we can count, for example the number of crimes, some may not. Nevertheless, these are some of the key activities which we believe have contributed to the outstanding service delivered to the public of County Durham and Darlington.

Any formula must allow for the capacity to continue to allow Durham Constabulary to be innovative and creative as well as reacting to and responding to calls for service from the public. It needs to acknowledge the impact that good preventative work and problem solving can have on crime and anti-social behaviour.

Furthermore, policing work is becoming increasingly complex, for instance with regard to safeguarding and cyber-enabled and cyber-dependent crime.

The formula must take into account the impact of cuts to other public services

The PCVC wrote to the then Home Secretary, in June 2016, to draw attention to the need to take into account the impact on an area of cuts to the range of public services. At the moment, decisions appear to be taken in isolation in central Government, without regard, for instance, to the impact that cuts to local authority or health budgets may have on the police and other services – and ultimately upon people and communities.

Government must be mindful of the impact of cuts to other public services. Durham Constabulary works effectively with a range of partners to keep communities safe, reduce reoffending and support victims. These include, for instance, local authorities including Directors of Public Health. Both Durham County Council and Darlington Borough Council have seen their budgets fall dramatically over the last few years, and are likely to be negatively

affected by the shift to business rates retention and further reductions in central government grant.

As budgets tighten, other organisations will have less available to invest in those services which support long term, cost effective community safety objectives, such as drug and alcohol treatment and the Youth Offending Service. These are services which prevent problems from escalating, and save money in the long run. Such reductions would result in increased demand on the police force, which could be considered remedial work and is less productive than solving problems early.

The Government needs to recognise the impact of funding reductions in one sector on the others, and take into account the impact on an area and the communities within it. Currently, decisions about the distribution of national funding to local areas are taken in isolation in individual Government departments in Whitehall. Due to the particular role that the police play and the impact which cuts to other services can have on the demand on them, the impact of local budget reductions and consequent demand increases should be recognised.

# Conclusion

This document has set out the key issues which, from Durham’s perspective, need to be taken into account in any revised funding formula.

In addition, the process which the Government undertakes to make decisions needs to be thorough and transparent. Consultation needs to be public, engaging the whole sector, and the Government must publish exemplifications prior to final decisions being taken.

It will also be important to have a smooth transition to any new formula, so that forces do not experience sudden shocks to their funding and have time to plan and adapt to the changes. In assessing the speed with which the formula is implemented, the Government needs to take into account cost pressures which are likely to be experienced by forces, and the desire to see the Policing Vision 2025 effectively delivered across the country.

Finally, the formula should not penalise those forces shown to be more efficient. Durham Constabulary has been graded as Outstanding for efficiency for two years running, not just overall but in both cases on each of the three individual sub-elements. It is the only force in the country to be in this position. It has worked hard to achieve this, and taken steps to invest effectively in areas such as IT, culture change, demand prediction and management, workforce planning, learning and development, leadership, and financial efficiency. Many forces have visited Durham Constabulary in order to find out about the things it does, which enable HMIC to assess it as Outstanding, and how and why it does them. Durham Constabulary also actively seeks insight from other forces, the wider public sector and the private sector so that it can continue to learn and improve.

In order to achieve the stated policy objective of encouraging efficiency, it will be important to check the proposed effects of the formula against the HMIC efficiency results, to see that those forces which are less efficient are not rewarded, and that those that are more efficient are not penalised.

i Financial Sustainability of Police Forces, National Audit Office Report, 4th June 2015, P19. https:[//w](http://www.nao.org.uk/wp-content/uploads/2015/06/Financial-sustainability-of-police-forces.pdf)w[w.nao.org.uk/wp-content/uploads/2015/06/Financial-sustainability-of-police-forces.pdf](http://www.nao.org.uk/wp-content/uploads/2015/06/Financial-sustainability-of-police-forces.pdf) ii Durham Constabulary figures, 2016

iii <http://researchbriefings.files.parliament.uk/documents/CBP-7279/CBP-7279.pdf>