



**Police and Crime Panel
23 November 2015**

Police Funding: Panel Update 2016/17

PURPOSE

1. The purpose of this report is to update the Police and Crime Panel on the latest position in relation to the police funding settlement for 2016/17 and beyond.

BACKGROUND

2. The Home Office has undertaken a review of the police funding formula, with the intention to implement a revised funding formula that would affect police funding allocations from April 2016.
3. In July 2015 the Home Office published a consultation document detailing the department's thinking and proposed preferred options for the funding formula. The information published was not sufficient to enable forces to form a view on their likely levels of funding under the proposals. This was because there was very limited data provided by the Home Office and some of the proposed formula components required to be purchased from a supplier at a cost to each force.
4. Given the vital importance the outcome of any formula review to the Police and Crime Commissioner, PwC were commissioned to complete a detailed review of the Home Office proposals on the behalf of metropolitan police forces.

PWC REVIEW FINDINGS

5. The findings of the PwC review of the proposed formula showed that there would be major changes in police funding levels across forces with the West Midlands funding potentially reducing by in excess of £40m. The PwC review also highlighted clear weaknesses in the proposed funding formula both with the methodology and the variables it includes (and excludes) that created significant risks that the formula will not help the Home Office deliver its objectives of a fair, transparent, and stable allocation of funding between forces.

HOME OFFICE OCTOBER 2015 – REFINED PROPOSALS

6. Following the completion of the initial consultation period the Home Office issued refined proposals for the police funding formula. These refined proposals were detailed in a letter from the Minister for Policing. The refined proposals included the percentage each force would receive of the national total of police funding if the refined proposals were implemented. These proposals detailed that West Midlands Police would potentially

receive around £37m in additional funding based on the 2015/16 funding allocation. During October 2015 the Home Office also attended Chief Finance Officer group meetings for Police and Crime Commissioners across the country where the representatives from the Home Office who attended the meetings were fairly confident the refined proposals would be implemented from April 2016.

POLICE MINISTER DECISION TO POSTPONE FUNDING CHANGES

- 7 The Minister for Policing announced on the 9th November 2015 the decision to postpone the implementation of the revised funding formula when it emerged there were serious errors in the refined proposals issued in October 2015. The errors related to the indicators used around the 'Urban Adversity' measure. On figures produced by Devon and Cornwall PCC the error would result in force allocations reducing significantly from the amounts detailed in the Home Office refined proposals of October 2015. For example, the West Midlands rather than gaining £37m would only gain a potential £6m.

COMPREHENSIVE SPENDING REVIEW 2015

- 8 Now it is known the formula review will not be implemented from April 2016 the biggest impact on police funding is the outcome of the Comprehensive Spending Review (CSR) 2015 which is due to be announced on the 25 November 2015. This will not provide specific force allocations but provide an overall level of funding for policing across the country. The panel will be aware Government Departments have been asked to provide a range of funding reductions of between 25% to 40%. Until the outcome of the CSR is known it is difficult to provide an accurate projection of the level police funding for 2016/17 onwards. Even then it will be difficult at force level to definitely know the level of resources available until the Government provides force allocations for 2016/17 in December 2015.
- 9 The debate on the future police funding model has also raised the issue about council tax precept levels across police forces. The panel will be aware there are major variances across forces in relation to precept levels with the West Midlands being the second lowest in the country. During the Westminster debate on West Midlands Police funding in September 2015 the level of police precept was discussed. A government member of parliament expressed the view that West Midlands Police should be allowed to show clearly how it will redress the balance between precept and central Government funding. This view was also supported by other members of parliament.
- 10 It is understood the ability to raise precept levels before a referendum has to take place is being considered as part of the police funding settlement for 2016/17. Before these are announced it would be helpful for the panel to express their views around future police precept increases. This will allow these views to be considered when the draft budget proposals are developed for 2016/17.

DRAFT BUDGET AND PRECEPT PROPOSAL

- 10 The panel will receive a draft budget and a precept proposal from the Commissioner at its January 2016 meeting with the final proposals submitted to the panel for review in February 2016.

RECOMMENDATION

- 11 The Police and Crime Panel is asked to note the content of this report and consider the levels of future precept increases.