



THE GOVERNMENT RESPONSE TO THE SIXTH
REPORT FROM THE HOME AFFAIRS COMMITTEE
SESSION 2010-11 HC 695

Police Finances

**Presented to Parliament
by the Secretary of State for the Home Department
by Command of Her Majesty**

June 2011

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INTRODUCTION

We are grateful to the House of Commons Home Affairs Committee (HAC) for its report on Police Finances published on 23 February 2011.

The inquiry considered the policing settlement for 2011/12 focusing in particular on the following issues: the impact on the police workforce; other sources of savings; the timetable for the savings; and the impact on different Forces.

This Command Paper sets out the Government response to the Committee's report and addresses the conclusions and recommendations in turn. It also sets out the Government's position, more generally, on the topics raised by the Committee.

POLICE SETTLEMENT

We have inherited the largest peace time deficit in Britain's history. We have had no option but to take urgent action. The Police Service cannot be exempt from the requirement to save public money. The challenging financial climate demands urgent actions to drive out wasteful spending, reduce bureaucracy and increase efficiency.

A 20 per cent real terms reduction in core Government funding for the police over the Spending Review period 2011/12 to 2014/15 is a challenging, but fair and manageable settlement for the police. It reflects the essential nature of the service the police provide but also recognises that substantial savings can be made.

The Police Service gets a quarter of its funding from the police precept component of council tax. If this rises in line with the Office for Budget Responsibility's forecasts, police funding overall (including precept) would reduce by 14%. In cash terms the reductions equate to a 12% reduction in core Government funding to the police and a 6% reduction in funding overall (including precept).

That is not to downplay the scale of the reductions which are necessary. However, they will only be achieved if our Police Forces reform and modernise.

The broad strategy that underpins the delivery of savings over the Spending Review period is: -

- Improving frontline services;
- Spending the minimum on other functions;
- Transformation and long-term change, not just cost reduction.

IMPACT ON NUMBERS AND CRIME LEVELS

We welcome the Committee's conclusion that the relationship between numbers of officers and crime levels is not a straightforward one. As the Committee notes, any reductions in the police workforce need not lead to a rise in crime.

Indeed, we have been clear that there is no reason why the reductions in central Government police funding should necessarily lead to a reduction in the service provided to the public, or police officers being available and visible on the streets, or that crime should increase in any part of England and Wales. We know that there are steps Forces can take to improve their use of resources: better deployment of officers; better shift patterns to reflect demand for services from the public; increasing the scope for officers to use their professional judgement. These will be a key part of the work Police Forces will do to improve the visibility and availability of officers to the public.

We note the Committee's conclusion that it is reasonable that the Home Office should specify what it means by frontline policing services. The Government has previously set out in response to questions in Parliament a broad description, namely that frontline officers and staff are generally those involved in the crime fighting face of the force. This includes neighbourhood policing, response policing and criminal investigation. In line with the Committee's recommendation, Her Majesty's Inspectorate of Constabulary has now published a working definition of the frontline in their report *Demanding Times* and the Government welcomes the results of that work.

We believe that it is possible to make significant savings in the back and middle office to protect and improve frontline services. However we remain clear that it is not for Ministers to make decisions about the size and mix of local workforces, but for Chief Constables and Police Authorities (and from 2012 Police and Crime Commissioners).

Pay restraint and pay reform must also form part of the reform package. Police officers should be rewarded fairly and reasonably for what they do. That is why Tom Winsor was asked to undertake the most comprehensive review of police pay for more than thirty years and make recommendations that are fair both to the taxpayer and police officers and staff. Tom Winsor recently published his first report and we will consider his recommendations very carefully. Any changes would be subject to consideration by the Police negotiating machinery. This is not just about money, it is about reform of our Police Service. To fight crime, we need a modern and flexible workforce that helps chief constables manage their resources, maximise officer time and improve the service to the public.

BUREAUCRACY

We are pleased to note the Committee's endorsement of the action we have taken to reduce unnecessary bureaucracy and to support continuing reform.

In taking forward a comprehensive programme of police reforms, we have been clear that changes are reliant on the Government and Police Service working together to execute them. For too long there has been too much box-ticking and not enough local discretion. The Service is wasting time on excessive amounts of paperwork rather than being out on the streets fighting crime. We are getting rid of targets, initiatives, ring-fenced spending and scrapping unnecessary forms that hamper police operations. The result of all these reforms will be a Police Service with its powers enhanced, its discretion restored, its professionalism respected, flexible to deliver on the frontline – and free to cut crime.

TIMINGS

The Committee's report and a number of witnesses to the inquiry raised concerns about the profile of reductions in Government funding over the settlement period. The Government is confident that the profile of the settlement is manageable.

Concerns were also raised about the impact of the 2012 Olympic Games on police resources. The Olympic safety and security funding envelope of £475 million is protected to ensure the safety of all those participating, watching and visiting the Games (though the original funding envelope of £600 million remains available, if required). These sums are in addition to the police Spending Review settlement. The recent review of the Olympic safety and security programme showed that the right plans are in place to deliver a safe and secure Olympic Games within this budget.

The report also mentioned the timing of changes in the policing landscape coupled with the reductions. A tight financial climate is about making decisions on priorities and a person with a direct mandate from the public will be in a much better position to ensure those decisions reflect the will of the people they represent. In moving from Police Authorities to Police and Crime Commissioners we are making the police accountable to the communities they serve, not to civil servants in Whitehall. Replacing weak and invisible Police Authorities with democratically accountable Police and Crime Commissioners is long overdue. The Home Office has taken the necessary steps to ensure this transition is properly managed.

GOVERNMENT'S RESPONSE TO THE COMMITTEE'S RECOMMENDATIONS

The Committee reached a number of conclusions and highlighted recommendations for action by the Government. In this response the recommendations are identified according to the paragraphs in which they appear in the report.

Recommendation 1: *The current conclusion about what constitutes the front line in the police service is unhelpful, especially given the frequency with which this term is used by those involved in the debate about the service's future. Police forces are being asked to prioritise the front line; it is only reasonable that the Home Office specifies what it means by this term. We urge the Home Office to work with the police service to produce an agreed definition of front line, middle office and back office police roles as soon as possible. (Paragraph 11)*

We agree with the Committee's recommendation. In response to questions in Parliament, including the one quoted in the Committee's report, the Government said that it was considering with the Police Service the establishment of a common definition.

We asked Her Majesty's Inspectorate of Constabulary (HMIC) to develop a definition and the result of this work was published [on 30 March 2011] in the report [Demanding Times](http://www.hmic.gov.uk/sitecollectiondocuments/thematics/THM_20110330.pdf)

The approach taken is to develop a workforce model, mapping out officers, PCSOs and police staff according to their role and then grouping these roles into four categories¹. The roles identified by HMIC and the kind of work carried out are summarised below:

- Visible – responding to 999 calls, attending traffic accidents, patrolling neighbourhoods;
- Specialist – investigating crime, bringing criminals to justice, crime scene examinations;
- Middle office – roles that manage or support those in visible and specialist roles, running police specific processes such as answering emergency calls from the public, holding prisoners in custody and processing intelligence;
- Back office – support services such as finance, information technology, human resources

Full details of the workforce model and categorisation of workforce roles are provided in the report.

¹ The roles are based on categorisations provided in data submitted to the Home Office in the Annual Data Requirement

In developing the definition of frontline policing, HMIC consulted police representatives and undertook a small public survey. The conclusion is that around two-thirds of the total police workforce is frontline and one third is not. It also found that approximately 20% of officers and PCSOs are in the back and middle office.

The limitations of the definition are set out in the report. For example, although it provides detail around the proportions of the police workforce deployed in particular roles, the definition does not shed light on the issue of workforce productivity. That is, for example, how much time is wasted by bureaucracy, how effective officers and staff are in their jobs, and whether they are deployed in appropriate numbers at the right times and in the right places. Nor does it take account of duties taking individuals away from the frontline, such as training or other abstractions.

Taken together with the analysis of officer visibility and availability in the remainder of Demanding Times, the conclusions show there is more Forces can do to improve frontline services whilst at the same time making savings. A survey of all Police Forces in England and Wales at three key times of the week and included in the report shows that, on average, 12% of the total number of officers and PCSOs are visible and available to the public at these times. As HMIC point out, the nature of policing as a 24/7 emergency service means that it generally takes between five and six officers to cover a 24 hour period (because of shift working, leave, training and time in court) so there could never be 100% availability. Nonetheless, the report finds significant variations between Forces in terms of visible and available officers and staff, ranging from 9% to 17%. Together with the finding that more officers and PCSOs are available on a Monday morning than on much busier Friday and Saturday nights, this suggests there is scope for Forces to make the frontline service more efficient and productive at the same time as the workforce is reduced.

Recommendation 2: Although data collection from all 43 police forces in England and Wales is not yet complete and there is still uncertainty about the precise figures involved, it is expected that there will be significantly fewer police officers, police community support officers and police staff as a result of the savings being required of police forces over the next four years. We accept that there is no simple relationship between numbers of police officers and levels of crime. The reduction in the police workforce need not inevitably lead to a rise in crime. However, the loss of posts will have an impact on the range of services that the police provide and the way in which they are provided. The primary mission of the police is to prevent crime and disorder. In order to fulfil this mission in the immediate future, police forces will have to cut back on some of the activities that they currently undertake. In the context of reducing police numbers, it will clearly be crucial that police forces manage the time of police officers and police staff in the most efficient and effective way possible, in particular, we would like to see an end to unnecessary bureaucracy and encourage the Government to continue taking urgent steps to achieve this.

We agree with the points made by the Committee and remain committed to reducing unnecessary bureaucracy in policing as part of our broader objective of freeing up the Police Service from central control, building professional responsibility and returning accountability to the public. This is closely linked to the need to achieve genuine cost savings by eliminating waste in policing.

The Government's plan for reducing bureaucracy was set out in the *Policing in the 21st Century* consultation paper, published in July 2010. It has three elements: ending Whitehall interference in policing; reducing bureaucracy and promoting judgement; and ensuring that the leaders of the Service take responsibility for keeping bureaucracy to a minimum. The Police Service must play its part in making sure that we get the best possible value from every pound that is spent.

In October 2010, we set up a Reducing Bureaucracy Programme Board to drive work on reducing unnecessary police bureaucracy. This Board is chaired by the Association of Chief Police Officers lead for bureaucracy and has a membership of key policing partners, including Her Majesty's Inspectorate of Constabulary, the National Policing Improvement Agency, and the Association of Police Authorities. This has provided a service-led approach to this issue that had been lacking previously, drawing on the knowledge and experience of officers and staff in individual Forces.

We have already made progress on this programme of work. On ending Whitehall interference, we have scrapped the Policing Pledge and the central public confidence target, and we have removed excessive central performance management, such as the abolition of the Assessment of Policing and Community Safety. On reducing unnecessary bureaucracy, we have scrapped the national requirement for the Stop and Account form and reduced the burden of the Stop and Search procedures, which could save up to 800,000 man hours per year. On promoting judgement, we are currently rolling out the return of charging decisions to police officers for certain offences, which could save up to 50,000 man hours per year.

We are also streamlining processes elsewhere in the Criminal Justice System that generate bureaucracy for police officers; we are currently reviewing crime recording rules to minimise the burdens on Forces whilst ensuring that comparable data is available to the public; and we are reviewing health and safety rules to support officers that do the right things through a common sense application of the rules.

We will continue to take this work forward in all areas of policing, including legal powers, partnership engagement, and management of information.

Recommendation 3: Given that the vast majority of the police budget is spent on the workforce, the proportion of savings that can be made through better procurement will necessarily be relatively modest. However, even a modest contribution is better than none and we remain interested in the idea that more co-ordinated procurement offers scope for forces to save money. We are disappointed that the National Policing

Improvement Agency, which has as one of its statutory objectives the provision of support to forces on procurement, has not already got to grips with the issue of procurement, although we accept that in some important areas, such as the procurement of IT systems, it is as important to achieve integration of systems and consistency of approach as it is to cut the direct costs of equipment. We will return to this in detail when we look at the new landscape of policing. As the National Policing Improvement Agency is due to be phased out by Spring 2012, we urge the Home Office to clarify as soon as possible who will be responsible for driving better procurement in its absence. (paragraph 16)

We believe that £200 million of savings can be achieved from better procurement of equipment and services and a further £180 million by joining up police IT (some of which will be achieved by better procurement of IT). This will be a significant contribution to the savings the Police Service must make by 2014/15. The Government intends to end the practice of the Police Service buying things in 43 different ways. Regulations that came into force on 4 March are an important step in that process. Through the use of national framework arrangements to buy certain body armour, IT and vehicles the Police Service can save up to £27 million per year by 2014/15 from the better prices available through the frameworks and from the reduction in wastefully duplicated procurement activity. The new regulations will ensure that all Forces move to these national frameworks.

Planning is now under way for the transfer to the Home Office Commercial Directorate of the non-IT related procurement work presently carried out for the Police Service by the National Policing Improvement Agency. The Government is committed to maintaining the momentum of savings delivery during this transfer. Consideration of the future arrangements for the procurement of police IT is being taken forward as part of wider work on the future management of police IT services.

Recommendation 4: It is clear that some witnesses were concerned that reductions in the police budget are being front-loaded in the first two years. The greatest savings are being required when the transition from Police Authorities to Police and Crime Commissioners is scheduled to take place and when police forces nationwide will be under the additional pressure of policing the Olympics. We urge the Home Office to acknowledge that there are risks involved in this transition. Police and Crime Commissioners will have to deal with budgetary decisions that they have inherited rather than made. The Home Office should, as soon as possible, set out how the transition should be managed (Paragraph 21)

This Government inherited the largest peace time deficit in Britain's history. We have had no option but to take urgent action and the Police Service cannot be exempt from the requirement to save public money. This urgency has been reflected in the profile of reductions agreed with Her Majesty's Treasury as part of the Spending Review through higher levels of savings being required over the first two years of the period. This Government will work closely with Police Forces to ensure that these savings are achieved.

The Home Office is committed to managing well the transition over the next year from Police Authorities to Police and Crime Commissioners. It has established the Police and Crime Commissioners transition programme to involve key partners in this process. The Minister of State for Policing and Criminal Justice chairs the Police and Crime Commissioners Transition Sponsorship Board. This Board has commissioned 12 projects that will deliver the transition programme at a practical level, and identify and mitigate the relevant risks. Within this we are working closely with individual Police Authorities and supporting them to meet their financial challenges. We will also be looking to support prospective incoming Police and Crime Commissioners in terms of their induction and capability.

As with Police Authorities, Police and Crime Commissioners will have the same powers and responsibilities as Police Authorities in financial and budgeting matters.

In terms of the Committee's comments on the pressures of policing the Olympics, the provisional settlement announcement on 13 December 2010 also included details of funding for Olympic safety and security. The focus of the Government and everyone involved is to deliver a safe and secure Olympic and Paralympic Games that everyone can enjoy. We announced that total funding for the Olympic safety and security programme would be £475 million (though the original funding envelope of £600 million remains available, if required). This funding should be sufficient to deliver the programme in full and is in addition to core police funding.

Recommendation 5: The complexity of the formula leads to fragility which in turn makes the outcome unpredictable. Ministers and successive Administrations have sought to improve the formula, but with limited success. Each year there are cries of pain from the losers while, unsurprisingly, little is heard from the winners. Police forces need a system that offers long-term predictability in order to be able to plan more effectively, especially at a time of reduced income.

The Police Allocation Formula funds Forces on the basis of their relative estimated workload. This estimation may be complex but this is the basis for the PAF's accuracy and is therefore a strength rather than a weakness. The Formula is regarded by many policing partners as a robust and credible tool for allocating funding. We have worked to make the formula clearer to improve transparency and have written a Plain English Guide <http://www.homeoffice.gov.uk/police/pe-guide-police-alloc-formula>

Furthermore, the Police Allocation Formula has been reviewed several times by independent consultancy firms and by the Police Allocation Formula Working Group, made up of a wide range of policing partners including representatives from Police Forces, the Association of Police Authorities and the Association of Chief Police Officers. Notwithstanding this, we will continue to consider suggestions on improvements to the Police Allocation Formula.

We do not accept the Committee's assertion that successive administrations have tried and failed to improve the Police Allocation Formula. It is constantly under review and areas for improvement are frequently discussed with policing partners. The most recent review was undertaken from 2008-2010 by the Police Allocation Formula Working Group. Recommendations from this review formed the basis of the 2010 consultation after which three technical improvements were made to the Formula.

We are also of the view that long term predictability and stability is essential, especially in these tougher economic times. We ensure this through multi year settlements and the damping mechanism which smoothes funding between years. The Home Secretary's decision to set damping at the level of the average cut in 2011/12 and 2012/13 has also helped to ensure predictability and continuity. On 13 December we provided as much funding clarity as possible over by publishing indicative and provisional force-level allocations over the four years of the Spending Review period to help forces with their financial planning. Allocations for 2011/12 were subsequently approved by Parliament on 9 February.



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