



House of Commons
Welsh Affairs Committee

Current Restructuring of the Police Forces in Wales

Fifth Report of Session 2005–06



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*Report, together with formal minutes, oral and
written evidence*

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The Welsh Affairs Committee

The Welsh Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Secretary of State for Wales (including relations with the National Assembly for Wales.)

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The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/welsh_affairs_committee.cfm. A list of Reports of the Committee in the present Parliament is at the back of this volume.

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The current staff of the Committee are James Davies (Clerk), Dr Rebecca Davies (Committee Specialist), Jane Trew (Committee Assistant), Sarah Colebrook (Secretary) and Jim Lawford (Senior Office Clerk).

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1 Police Force Restructuring in Wales

Background

1. In the previous Parliament, our predecessor Committee conducted an inquiry into the Police Service, Crime and Anti-Social Behaviour in Wales.¹ During that inquiry the issue of restructuring the Police Service in Wales was considered in response to the Government's intention to review the current configuration of Police Forces across England and Wales as set out in the Government White paper "Building Communities, Beating Crime: A Better Police Service for the 21st Century".² Hazel Blears MP, the then Minister of State for Policing, Security and Community Safety, assured us that although she would wait for the publication of the proposed HMIC review before making a decisions, she was not interested in "huge structural change for its own sake".³ Our predecessor Committee concluded that it saw "no case for the amalgamation of the Police Forces in Wales".⁴

2. In September 2005, the Home Office published the HMIC Report "Closing the Gap: Review of the 'Fitness for Purpose' of the Current Structure of Policing in England and Wales".⁵ That Report identified a "gap" in the provision of Level Two policing, or protective services throughout England and Wales. To close that gap, the HMIC suggested the creation of Strategic Forces of between 4,000 and 6,000 Officers.⁶ The Government accepted the recommendations of the Report.⁷

3. Between December 2005 and February 2006 we undertook a short inquiry into the effects of the HMIC Report on Wales, and the resulting proposal that the four Welsh police forces be merged to form an all Wales police force. In evidence to that inquiry, Hazel Blears MP reiterated the fact that she was not in favour of structural change for its own sake.⁸ However, she argued that the structural change proposed in the HMIC report:

"Has got a very clear purpose indeed, and that is to make sure that we can cope with the new threats and challenges that face us from serious and organised crime, from counter-terrorism and from major incidents; but at the same time [...] to be able to sustain in the long term the kind of neighbourhood policing".⁹

1 Fourth Report from the Welsh Affairs Committee, *Police, Crime and Anti-Social Behaviour in Wales*, HC 46 of Session 2004-05.

2 www.police.homeoffice.gov.uk/news-and-publications/publication/police-reform/wp04_complete.pdf

3 Fourth Report from the Welsh Affairs Committee, *Police, Crime and Anti-Social Behaviour in Wales*, HC 46 of Session 2004-05 para 37.

4 Fourth Report from the Welsh Affairs Committee, *Police, Crime and Anti-Social Behaviour in Wales*, HC 46 of Session 2004-05 para 40.

5 www.inspectorates.homeoffice.gov.uk/hmid/inspect_reports1/thematic-inspections/closinggap05.pdf

6 www.inspectorates.homeoffice.gov.uk/hmid/inspect_reports1/thematic-inspections/closinggap05.pdf

7 Second Report from the Welsh Affairs Committee, *Proposed Restructuring of the Police Forces in Wales*, HC751 of Session 2005-05, para 9

8 Second Report from the Welsh Affairs Committee, *Proposed Restructuring of the Police Forces in Wales*, HC751 of Session 2005-05, para 3

9 Q 84

She was convinced that the HMIC report had made the case for a major restructuring of police forces in England and Wales, including the creation of an all Wales police force.¹⁰

4. The creation of an all Wales police force was to be one of the first mergers in England and Wales; along with the merger of Cheshire and Lancashire police forces. On 19 December 2005, Rt. Hon. Charles Clarke, the then Home Secretary, told Parliament that implementation of the mergers of those police forces could start immediately, and would result in the creation of an all Wales police force by April 2007.¹¹

5. When we published our Report on 22 February 2006, we concluded that:

“We recognise that the creation of an all Wales strategic force may have the potential to address the ‘gap’ in the provision of protective services in Wales; but information we have received raises serious questions about the capacity of an all Wales police force to deliver Level 2 services in North Wales. We also share the serious concerns expressed to us that there is insufficient information upon which to base a considered opinion. Without that information it is not possible for us to conclude that an all Wales strategic force is the best way forward for Wales, and we regret the Home Secretary’s premature announcement of the 6 February 2006, that an all Wales force be established”.¹²

6. The concerns expressed in that report centered on the timetable for the process, the inadequacy of the proposed Government funding, and governance and accountability arrangements.¹³

The Current Position on Police Restructuring in Wales

7. Since the publication of our report on Police Restructuring in Wales, there have been a number of developments. The Government accepted several of the recommendations contained in that report, most notably:

- the creation of a Strategic Police Authority for Wales with 43 members; albeit only for the first two years;
- amending the Police Act 1996 in order make provision for the existence of more than one Deputy Chief Constable; and
- an undertaking to meet 100% of the net costs of restructuring.¹⁴

10 Second Report from the Welsh Affairs Committee, Proposed Restructuring of the Police Forces in Wales, HC751 of Session 2005-05, para 3

11 HC Deb, 19 December 2005, col1593.

12 Second Report from the Welsh Affairs Committee, Proposed Restructuring of the Police Forces in Wales, HC751 of Session 2005-05, para 47

13 See pp 28-30

14 Fourth Special Report of the Welsh Affairs Committee, Proposed Restructuring of the Police Forces in Wales: Government Response to the Committee’s Second Report of Session 2005-06, HC11431 of Session 2005-06,

8. However, we remained concerned about the timetable for the mergers; the financial arrangements underlying the creation; and running of an all Wales police force. Therefore, we decided to undertake a brief follow-up inquiry. We invited written evidence from the Welsh Chief Constables, the Police Authorities of Wales and the Secretary of State for Wales, the Rt. Hon. Peter Hain MP. We also held one evidence session with Mr Tony McNulty MP, the new Minister of State for Policing, Security and Community Safety at the Home Office.¹⁵

Timetable for the creation of an all Wales police force

9. On 19 June 2006, the Home Secretary, Rt. Hon. Dr John Reid MP, announced that while he considered strategic forces as the way forward, he did not intend to lay the necessary Orders before Parliament to enforce police mergers before the summer recess, which was the intention of the previous Home Secretary. The statutory consultation period for the laying of formal objections, originally due to end on the 2 July 2006, was also to be extended. Tony McNulty MP, Minister of State for Policing, Security and Community Safety, confirmed that the Government had “come off the over-ambitious timetable”.¹⁶ He explained the Government’s thinking behind that decision:

“In essence, we have listened to what people have said about there being a number of issues that remain outstanding, and the overwhelming issue from all quarters, whatever side of the argument people were on, was that the timetable was overly ambitious.[...] Having reflected on that, we thought it was worth taking stock, reflecting and having a further look at all matters”.¹⁷

10. Tony McNulty MP also inferred that a wider reappraisal of the restructuring in Wales could be a possibility. He stated that “if there are alternatives [to an all Wales police force] let's talk about them. It may well be that the destination is right but that some kind of federation or confederation on the way to an all Wales force is the right one. I simply do not know”.¹⁸

11. When asked to provide some clarity on his position, he told us that although an all Wales force was the ultimate destination, “it may well be that rather than go from the four forces as now straight to [...] the unified force, there may be steps along the way”.¹⁹ He added that he was open to suggestions, and would consider arguments in favour of other options.²⁰

15 Mr McNulty was appointed Minister of State at the Home Office on 9 May 2005.

16 Q3

17 Q2

18 www.icnorthwales.icnetwork.co.uk/news/regionalnews

19 Q 8

20 Q 8

Funding Issues

12. As we mentioned earlier in this report, a number of funding issues remained unresolved, and we pursued these issues with the Police Minister when he came before us.

Annual costs

13. A central concern of the Welsh Chief Constables was funding for the proposed all Wales police force. They told us that, in their opinion, there was a “real doubt that an all Wales force, created as things stand, would be financially viable”.²¹ In particular, they highlighted a difference of roughly £33 million between their projected recurring annual costs and those of the Home Office.²² The Chief Constables spelt out the importance of adequate and appropriate funding arrangements for the continued delivery of Police services in Wales:

“If a single police service in Wales does not receive sufficient support from the outset it will inevitably lead to a situation where the requirement to apply the lowest common denominator as the service standard will create a situation where the public of Wales receive a less effective service than they current enjoy – in both the protective services and local neighbourhood policing - in some communities for an increase in cost above what they are paying now. Having regard to the high levels of performance consistently provided by the existing four forces over recent years this would clearly represent a retrograde step”.²³

Financial Forecasts

14. The Chief Constables of Wales also prepared a medium term financial forecast for the proposed new force. That forecast indicated “an annual deficit of £29.2 million in 2009/2010 rising to a deficit of £51.1 million by 2012/2013”.²⁴

15. Tony McNulty MP challenged the assumptions underlying those figures but did not provide an alternative forecast. Furthermore, he neither confirmed nor denied whether Home Office figures were predicting a deficit. He argued that he did not recognise “many of the starting assumptions [the Chief Constables] make, quite properly because they do not have all the facts and figures in front of them. I do not say that we are programming a deficit or otherwise by 2012/2013 [...] but that, now we have the time and space, those matters need to be discussed”.²⁵

21 Ev 9

22 Ev 8

23 Ev 11

24 Ev 9

25 Q 27

The Funding Formula

16. Both the Welsh Chief Constables and the Police Authorities of Wales reminded us that the Police funding formula also was due to be reviewed in 2007, for implementation in 2008. The Chief Constables warned that it was “feasible therefore that the new funding formula will come into being at the same time as the new force comes into being”,²⁶ and that “for those charged with the creation of an all Wales force, not knowing the future funding position at the design stage represents a real headache”.²⁷

17. Furthermore, the Chief Constables asserted that the revised police funding formula would be to the advantage of metropolitan areas and would disadvantage sparsely populated areas.²⁸ In the event of force amalgamations throughout England and Wales, it was considered highly likely that an all Wales force would be the most sparsely populated of the strategic forces.²⁹

18. Tony McNulty MP tried to reassure us by stating that there would be “Welsh” representation at any decision-making process for the police funding formula review.³⁰ However, when asked how he thought the restructuring process would impact upon the review of the funding formula, the Minister responded that “sparsity and all the other elements that go to make up the police funding formula will be done in base terms of the population of the new force covered”.³¹ In response to whether he could give the assurance that the budget of an all Wales force would not be less than the sum of the budget of four separate forces, he stated that:

“I probably can give that assurance and the assurance, and this might sound sleight of hand, that sparsity will remain a key issue for those involved in the formula to look at”.³²

Council Tax Precept Equalisation

19. Our previous report on police restructuring outlined the different levels of council tax precept currently operating in the four force areas, with north Wales paying the highest precept, and south Wales the lowest.³³ In the event of any amalgamation of forces, this precept would have to be equalised. The Secretary of State for Wales believed that “a satisfactory outcome to the issue of police precept equalisation [was] key” and that he did not wish to see “an unfair burden being placed on the council tax payers of Wales”.³⁴

26 Ev 10

27 Ev 9

28 Ev 10

29 Ev 13

30 Q 31

31 Q31

32 Q 32

33 Second Report from the Welsh Affairs Committee, *Proposed Restructuring of the Police Forces in Wales*, HC 751 of Session 2005-06, paras 70-74.

34 Ev 2

20. The Police Authorities of Wales were of the view that the Welsh project team's current assumption was that "precepts will be smoothed over 5 years, with an increase of 5% per annum in south Wales, and a smaller increase in the other three areas in order to reach convergence by 2012/13".³⁵ The Welsh Chief Constables claimed that when Council Tax capping was taken into account, there could be an annual loss of income of £10.2 million in 2009, rising to an annual deficit of £27.8 million by 2012.³⁶

21. While the Minister rejected the assumptions upon which those figures were based,³⁷ he acknowledged that council tax precept equalisation was an issue that needed to be resolved. He stated that:

"There are all sorts of variations there in terms of how you do it, over what time, at what speed, and within what capping regime or otherwise. Any one of those assumptions can lead you to all sorts of lines in terms of financing in the future, let alone a combination of all of them. So those are all in the pot now and are matters for discussion".³⁸

That said, the Minister was not forthcoming with any detailed proposals. He confirmed his belief in the broad principle that it was "right and appropriate to equalise" the precept.³⁹

22. There remain a number of serious concerns over the financial arrangements for any new all Wales police force. The financial forecasts drawn up by the Chief Constables, and the inability of the Police Minister to fully allay their fears does not fill us with confidence in the financial viability of any all Wales police force. Until the Minister demonstrates beyond any doubt that an all Wales police force will be financially viable, in the medium to long term, we will not be able to support the proposals.

Announcements by Members of the Government

23. On 12 July 2006, a number of statements were made by Members of the Government. Speaking on police mergers at a local government conference in London, Tony McNulty was reported as stating:

"Are mergers going to go through one way or another? I think the definitive answer at the moment is no".⁴⁰

During Prime Minister's Questions, however, the Prime Minister declared that police mergers "were not off the agenda", but that it was:

"important to proceed with mergers where we find the consent to do so".⁴¹

35 Ev 13

36 Ev 10

37 Q 26

38 Q 28

39 Q 33

40 The Times, 13 July 2006, p16.

41 HC Deb, 12 July 2006, Col 1383

Subsequently, Rt. Hon. Dr John Reid, Home Secretary, reconfirmed that he was:

“no longer proceeding with a situation in which we would be laying orders against the wishes of the forces involved. That is what has changed, not our desire to bring together police forces in new configurations”.⁴²

24. Those announcements have effectively killed off proposals for an all Wales police force. While it appears to be the case that voluntary mergers could proceed, the only voluntary merger currently under consideration – between Cumbria and Lancashire police forces – has been called off because the Home Office could not guarantee the necessary levels of funding.⁴³ As we mention earlier in our report, funding issues remain a major barrier to any merger of the four police forces in Wales. **We conclude that an all Wales police force is no longer a credible option.**

25. **Nonetheless, last year the four Welsh police forces were presented with a *fait accompli* to plan and organise for an all Wales force. Despite their concerns, they worked towards that end. Those efforts, and the resources committed to achieve that goal, appear to have been wasted. It would be wholly unacceptable for the four Welsh forces to suffer financially as a result of that wasted expenditure. We recommend that the Home Office ensures that the resources expended by the four Welsh forces on this failed policy in no way affects their financial planning for the current financial year. We expect a clear commitment to that effect from the Home Office in its response to this report.**

42 HC Deb, 12 July 2006 col 1393

43 The Times, 11 July 2006, p1-2

Conclusions and recommendations

1. There remain a number of serious concerns over the financial arrangements for any new all Wales police force. The financial forecasts drawn up by the Chief Constables, and the inability of the Police Minister to fully allay their fears does not fill us with confidence in the financial viability of any all Wales police force. Until the Minister demonstrates beyond any doubt that an all Wales police force will be financially viable, in the medium to long term, we will not be able to support the proposals. (Paragraph 22)
2. We conclude that an all Wales police force is no longer a credible option. (Paragraph 24)
3. Nonetheless, last year the four Welsh police forces were presented with a *fait accompli* to plan and organise for an all Wales force. Despite their concerns, they worked towards that end. Those efforts, and the resources committed to achieve that goal, appear to have been wasted. It would be wholly unacceptable for the four Welsh forces to suffer financially as a result of that wasted expenditure. We recommend that the Home Office ensures that the resources expended by the four Welsh forces on this failed policy in no way affects their financial planning for the current financial year. We expect a clear commitment to that effect from the Home Office in its response to this report. (Paragraph 25)

Formal Minutes

Wednesday 19 July 2006

Members present:

Dr Hywel Francis, in the Chair

Siân James
Jessica Morden
Albert Owen

Hywel Williams
Mark Williams

Draft Report (Current Restructuring of the Police Forces in Wales), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 25 read and agreed to.

Resolved, That the Report be the Fifth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (reports)) be applied to the Report.

Several papers were ordered to be appended to the Minutes of Evidence.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.

[Adjourned till a time and date to be fixed by the Chairman.]

List of witnesses

Tuesday 4 July 2006

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Tony McNulty MP, Minister of State for Policing, Security and Community Safety, and **Louise Dominian**, Regional Lead for Wales on Police Restructuring, Home Office

Ev 15

List of written evidence

- | | | |
|---|--|-------|
| 1 | Rt Hon Peter Hain, Secretary of State for Wales | Ev 1 |
| 2 | The Police Service in Wales: Dyfed-Powys Police, Gwent Police, North Wales Police, | Ev 2 |
| 3 | Police Authorities of Wales | Ev 11 |

Reports from the Welsh Affairs Committee since 2005

The following reports have been produced by the Committee in the 2005 Parliament

Session 2005-06

First Report	Government White Paper: Better Governance for Wales	HC 551
Second Report	Proposed Restructuring of the Police Forces in Wales	HC 751
Third Report	Energy in Wales	HC 876
Fourth Report	Future of RAF St Athan	HC 1129
First Special Report	Manufacturing and Trade in Wales and The Public Services Ombudsman in Wales Bill [HL]: Government Responses to the Second and Third Reports of Session 2004-05	HC 433
Second Special Report	Police Service, Crime and Anti-Social Behaviour in Wales: Government Response to the Committee's Fourth Report of Session 2004-05	HC 514
Third Special Report	Government White Paper: Better Governance for Wales: Government Response to the Committee's First Report of Session 2005-06	HC 839
Fourth Special Report	Proposed Restructuring of the Police Forces in Wales: Government Responses to the Second Report of 2005-06	HC 1431

Oral evidence

Taken before the Welsh Affairs Committee

on Tuesday 4 July 2006

Members present:

Dr Hywel Francis, in the Chair

Mr Stephen Crabb
Nia Griffith
Mr Martyn Jones

Jessica Morden
Hywel Williams
Mark Williams

Written Evidence from Rt Hon Peter Hain MP, Secretary of State for Wales

1. INTRODUCTION

The Welsh Affairs Select Committee have asked for a paper from my Department in order to assist them with their current inquiry into police restructuring in Wales. I welcome this opportunity to share with the Committee my views on this very important issue for Wales.

2. CURRENT POSITION

I am convinced that a single police force for Wales remains the best way of ensuring we are able to both respond to the emerging threats of serious organised crime, drug trafficking and terrorism, and improve the provision of neighbourhood policing. Our police service at present is not able to meet these demands. However, I welcome the Home Secretary's announcement on 19 June. He explained that he does not propose to lay any Orders for enforced amalgamation of Wales's four police forces before the summer recess. As a consequence of this, the proposed merger cannot take place on 1 April 2007, and the objection period has been extended.

I recognise that the Chief Constables and the police authorities have raised very real concerns about issues of cost, precepts and accountability. It is therefore imperative that these issues are resolved as soon as possible. I welcome the opportunity to engage in constructive dialogue with police forces, police authorities, local authorities and others on the question of police restructuring.

3. ROLE OF THE SECRETARY OF STATE FOR WALES AND WALES OFFICE

As Secretary of State for Wales, I am Wales' voice in the Cabinet and in Parliament. I am responsible for ensuring the interests of Wales are fully considered when Government policy is developed at Westminster. The current police restructuring debate is an excellent example of these arrangements working well in the interests of the people of Wales. The Home Secretary and I have met regularly with the key stakeholders, and engaged with the public in the wider debate. My primary objective throughout this process has been to secure the best outcome for Wales.

My officials have been in constant liaison with Home Office officials since the start of the process, reflecting and emphasising the particular challenges faced in Wales. My officials have also met regularly with representatives from the Welsh police forces and authorities working group.

4. TIMING

I warmly welcome his announcement that we will now have more time to resolve these important issues. It is vital however, that this period is not wasted, and is used constructively. Both the Home Secretary and I will be engaging in discussion with the forces, authorities and others to see how we best we can achieve the creation of a strategic police force and on what the timing should be. While those discussions are continuing I do not feel it would be helpful to make any predictions about timing. The Welsh forces and authorities made a strong case that the process needed more time to be concluded satisfactorily and the Home Secretary and I have listened to this. We want to continue to work closely with, and listen to, the Welsh forces and authorities.

5. FINANCE

Police restructuring is one of the most significant issues facing Wales at present. I am certain of the need for change and that we cannot continue with the existing structure. I remain convinced that a single strategic force is the best option for Wales. A single force without adequate financing arrangements, however, is not acceptable and one that I will not support. A satisfactory outcome to the issue of police precept equalisation is also key, I do not want to see an unfair burden being placed on the council tax payers of Wales. The finance arrangements have to be right. This is a view shared by the Home Secretary.

It is for this reason that the Government is working closely with the Chief Constables, police authorities, as well as the Welsh Assembly Government to clarify finance issues for Wales. I am hopeful that we can achieve a solution that will result in a long lasting settlement for policing in Wales.

6. REGIONAL IDENTITY

Amendments have been made to the Police and Justice Bill that will enable a police authority to delegate functions to regional committees and to appoint additional Deputy Chief Constables, who could provide strategic leadership at a regional level.

7. THE WAY FORWARD

This is a complex process, no one will deny that, but the Government is committed to making the process work. As I have previously stated we are listening to people's concerns, and wherever possible, act to allay those concerns. The amendments made to the Police and Justice Bill indicate this willingness, as does the decision of the Home Secretary to extend the objection period.

There is a great deal more work to be done before we can move forward with this issue. The Government will use this extended period for consultation and engaging with key stakeholders. The police forces and authorities have raised very real concerns about issues of cost, precepts and accountability and they have my full support in seeking to resolve those issues, which I see as being key to the future success of this project.

8. RELATIONSHIP BETWEEN WALES OFFICE AND HOME OFFICE

The relationship between my Department and the Home Office has been productive throughout this process. I have regular discussions with the Home Secretary, as do our junior Ministers. There has been a great deal of work done at official level with my officials being on hand to advise on Welsh issues.

My Hon. Friend the Parliamentary Under Secretary will host a meeting between the four Welsh police authority Chairs and the Minister for Policing in Cardiff on 13 July. An invitation has also been extended to the Welsh Assembly Government's Minister for Social Justice and Regeneration. This follows from a meeting between the Minister for Policing and the four Welsh Chief Constables, at which my Department was also represented. I would envisage similar meetings taking place over the coming months.

3 July 2006

Written Evidence from the Police Service in Wales: Dyfed-Powys Police, Gwent Police, North Wales Police, and South Wales Police

1. INTRODUCTION

1.1 The Police Service in Wales welcomes the opportunity to submit additional evidence to the Welsh Affairs Committee on the Government proposal to reorganise the structure of police forces in Wales.

1.2 This paper is the joint response of the chief constables of the four existing police forces in Wales who have worked together on this endeavour from the outset and continue to do so. It sets out to offer the general perspective of the Service in a number of areas that are pertinent to the creation of a single police service to serve the people of Wales and comment upon specific issues that relate to the impact such a development would have in its first few years based on the latest information to hand.

1.3 Committee members will be aware of the announcement made by the Home Secretary on 19th June 2006 that he did not intend to proceed with the laying of orders before the summer recess in relation to the forced amalgamation of forces. The period allowed for consultation—within which forces may lodge a formal objection to the process—was also extended.

1.4 The Police Service welcomes the Home Secretary's announcement, which it hopes will allow the opportunity for improved engagement between the Service and the Home Office on the resolution of a number of issues that are believed within the Service to represent, as things stand, a barrier to the creation of a viable merger of forces and an unacceptably high threat to the standard of policing services a single force would be able to deliver.

1.5 These issues are described in more detail in the remainder of this document.

2. AMALGAMATION: THE POLICE SERVICE PERSPECTIVE

2.1 *Key Background Considerations*

2.1.1 Designing a new police force to serve the whole of Wales presents a number of challenges. Clearly the structure of the force will need to take into account a number of important factors to ensure that the new organisation is fit for purpose.

2.1.2 In the context of delivering effective services to the public it is the shared and firmly held belief of the four Chief Constables that the particular circumstances pertaining in Wales require recognition by all concerned that "Wales is different". This difference is profound: it arises from the geography and infrastructure of Wales which have had a major direct impact on the history, culture, politics, demographics and now the policing of Wales. It will manifest itself in a number of ways during any reorganisation process, some of which are described further in this paper.

2.1.3 Other design influences on the force structure include:

- 2.1.3.1 The reorganisation is not commencing either with a blank sheet of paper or the anticipated injection of large amounts of additional funding. The new force must as a result be built to a great degree with whatever assets are already in place.
- 2.1.3.2 Moving large numbers of staff to effect change is neither desirable nor affordable: nor would it be easy in an area that has the geography and poor current transport infrastructure of Wales.
- 2.1.3.3 There is a need to ensure the effective alignment of the strategic direction of policing set at national level and the service delivery aims set in Basic Command Units (BCU) and Community Safety Partnerships (CSP) to reflect local priorities.
- 2.1.3.4 A much bigger organisation will also want to be certain that its structure provides leadership that is both visible and resilient at all levels of the operational command function. This is dealt with in more detail below.

2.2 *Culture*

2.2.1 The Police Service believes that the growing national identity within Wales is a positive influence. It would provide a strong focus for the identity of the new force that could not be matched in any of the regions of England.

2.2.2 However, policing is a business still largely conducted locally and in response to local concerns. These differ in emphasis from one part of Wales to another in part a reflection of cultural differences across the country. It is therefore important that the new arrangements take advantage of a Welsh identity without compromising the strong local affiliation that is a strong feature of police-public relations across much of Wales.

2.2.3 Given Wales' relatively poor transport infrastructure it seems likely that regional differences will persist. The Police Service must remain flexible enough to successfully reflect this.

2.3 *Partnership Working*

2.3.1 At the local level coterminous boundaries between partner agencies are now the norm and any restructuring process will not disturb this.

2.3.2 Above that, no doubt driven to a great degree by the practical consequences of the factors outlined above, it seems that Wales is increasingly becoming a country of regions. The Spatial Plan picks up on this and seeks to coordinate activity across the length and breadth of Wales in ways that make the most of this diversity.

2.3.3 The Police view is that more emphasis needs to be put on the recognition and development of regional identity because in Wales it has the potential to become a key component in the delivery of effective public services. The Spatial Plan, for instance, currently describes a regional set-up with six parts. The Police Service (and our partner agencies on the Local Criminal Justice Boards who not long ago reorganised themselves to reflect police boundaries), however, currently divides Wales into four. The Fire and Rescue Services divide Wales into three, as does the Ambulance Trust and health services. This lack of consistency is becoming a real barrier to progress.

2.3.4 It seems likely at this point that if the reorganisation of the Police Service proceeds, it will lead to a single all-Wales Force which will further sub-divide itself internally into two or three regions to facilitate day-to-day leadership, management and service delivery. The Chief Constables note that the current proposals for the reorganisation of the Police Service are coincident with the Beecham Review of public services in Wales and believe that this fortuitous timing generates an excellent opportunity for further debate across the public services in Wales on how a network of regions across Wales should look. The view in the Police Service is that the adoption of common regional boundaries across the public services in Wales is essential if agencies are to develop the structures that fit best with those of key partners in other services (and the National Assembly for Wales) to provide the most effective platform for collaborative working and the delivery of joined-up services to the public.

2.4 *Operational Service Delivery*

2.4.1 The structure of an all-Wales Force must enable—and not frustrate—the swift and effective deployment of resources (either routinely or urgently as in cases of critical incidents or other major emergency) across the force area.

2.4.2 In so doing, the structure must take account of the fact that Wales is about 200 miles in length from south coast to north and its extremities are significantly further flung. The Committee will clearly be aware that the population is mainly concentrated in two groups, on the north and south coasts in an east-west pattern. In between is a very large expanse of extremely sparsely populated land, much of it mountainous. This has resulted in a number of distinct communities developing, all clearly and passionately Welsh but historically with little real day-to-day contact having taken place between them. This separation of the population into such distinct communities is quite unlike anything in England, and it is quite literally impossible to change even in the long term: the geography is here to stay.

2.4.3 The situation is exacerbated by the fact that in Wales the fast road and rail links, following the population, also run east-west in both South Wales and North Wales. A fast road or rail connection between the south and north simply does not exist. Nor is there an air link. The result of this is that a car journey between Cardiff in the south and Colwyn Bay in the north takes between four and five hours on narrow winding single carriageway roads. To reach Holyhead from Cardiff or Milford Haven from Colwyn Bay takes a further hour. This has obvious implications in relation to the deployment of resources, in particular for an emergency service.

2.4.4 For any all-Wales agency, beyond organising itself in ways designed to minimise the impact of difficult geography and poor transport infrastructure it can do nothing further about this in the foreseeable future. It is an issue with which an all-Wales Force will have to cope.

2.4.5 Whilst the recent emergence of Wales as a political unit for the first time in several hundred years is fast becoming a strong and benign unifying influence, our use of the National Intelligence Model has demonstrated that there are two quite separate criminal markets operating in Wales—one in the north and one in the south, with effectively no contact at all between them. The structure of a new Force must reflect the criminal markets as they exist and provide a platform for activity directed against organised criminality, including meaningful joint cross-border collaboration with those forces in England (probably three as things stand) with which a new Force would share a boundary.

2.5 *Command*

2.5.1 In very simple terms Chief Officers of police have two separate roles: visible strategic leadership of the force (see below) and a personal command responsibility for the most serious incidents—which is a critical part of effective protective services in the shared opinion of both ACPO and HMIC. In any critical operational situation there must clearly be sufficient resilience and mix of skills at Chief Officer to deal with it. The recent Civil Contingencies Act is rightly causing a much needed revolution in thinking and organisation in this regard.

2.5.2 In Wales there is an additional factor—the difficulty posed by the topography and totally inadequate transport infrastructure.

2.5.3 Best practice and emerging national doctrine requires Chief Officers to take personal command on occasion and while many incidents and operations can be commanded remotely others simply cannot. Some examples from the emergency planning field will suffice to illustrate this point:

2.5.3.1 There are two nuclear power stations in Wales. Both are in the north and for obvious reasons in remote locations. It is not unreasonable to speculate that a third may be built at Wylfa on Ynys Môn if the Government's renewed interest in nuclear power persists and that conviction is translated into activity. Nuclear power requires a significant degree of specialist training for Chief Officers and, of course, regular exercising of the commanders. It requires on-site personal command at pre-planned locations into which literally millions of pounds have been invested. The whole cross-governmental plan to deal with a nuclear incident requires police command and leadership, immediately available. Such command

will inevitably fail, catastrophically and publicly, if trained and competent police commanders cannot be deployed swiftly. The view of the Police Service is that to attempt to this from several hours travelling distance away is just not viable.

- 2.5.3.2 The Civil Contingencies Act requires a “Local Resilience Forum”, chaired by the local Chief Constable, and a “Local Risk Register”. By way of example, in Wales the second highest risk is of sea flooding on the coastal plains in the north and south where in the worst case scenario the risk of loss of life is very high. Robust local plans are required, for which key staff must be trained and exercised. Experience has demonstrated to the Service beyond any possible doubt that joint training is absolutely vital, so that key personnel don’t merely know what they are doing, but also know their opposite numbers in other services as people and colleagues.
- 2.5.3.3 This was very effectively demonstrated by the London emergency services in July last year. The response was textbook, and television screens at the time were full of clearly competent emergency service chiefs saying that they knew what they were doing and it was “just like an exercise”. This whole process is predicated on local commanders, fully trained, who know how each other will behave. Perversely perhaps, it is also highly likely that any flooding disaster will take place in weather conditions which inhibit or prohibit long distance travel and the view of the Police Service is that placing key commanders 200 miles from the scene is not sensible.
- 2.5.3.4 Exactly the same considerations apply to the oil storage depot at Milford Haven in the far west of Wales, the Millennium Stadium in Cardiff, the two Severn crossings and indeed to anything else on our now extensively developed (and published) Local Risk Registers.

2.5.4 This goes right to the heart of the entire reorganisation agenda—the need to provide better protective services. The government has in the view of the Service got emergency planning right, but the effectiveness of the arrangements depends entirely on the resilience and accessibility of the command function. The consequence of that is that for command reasons alone the Welsh ACPO team must be dispersed across the country—in a way which is not thought necessary across most, if not all, of England—to ensure a 24-hour geographical command resilience.

2.6 Strategic Leadership

2.6.1 The Service would argue strongly that Chief Officers are not merely a necessary overhead. Performance management in particular requires active and personal ongoing engagement by Chief Officers—“eyeball leadership” in the vernacular. This cannot be achieved just by memo or video conference. Chief Officers of Police are expected to have a high public profile, and to be accessible. In larger forces this will be more difficult per se, but in Wales, because of our geography, it is an order of magnitude worse. BCU Commanders need, demand and deserve close support, leadership and challenge from Chief Officers.

2.6.2 It has been argued above that Wales is now very much a country of regions. The imminent emergence from the Wales Spatial Plan and the Beecham Review of a number of regional service delivery “hubs” for the entirety of our partner agencies in Wales (almost all of which are now devolved) creates an amount of work that just cannot be serviced by a single “local top cop”. A small team at Chief Officer level will be required in each regional area. There are implications for the rank structure that arise from this and they are discussed in more depth below.

3. OPERATING PRINCIPLES

3.1 The initial operational and organisational principles for a new Force have been agreed by the four existing Chief Constables in Wales.

3.2 The principles include the following on structure and accountability:

- 3.2.1 There will be local accountability with local command at the BCU level. Services should be devolved as far as is rational to achieve optimum service delivery. Empowerment and local delivery are tenets of this approach;
- 3.2.2 Above that the command structure at force level will be dispersed—for reasons outlined below. There will be regional command hubs that will each have direct responsibility for a cluster of BCU. The responsibilities of these command hubs will include performance management and overarching responsibility for service delivery at the BCU level;
- 3.2.3 The regional commander would be at ACPO rank and should be above the current rank of Assistant Chief Constable (ACC). He/she would be the named accountable person for that territorial area—and also a key member of the force Chief Officer strategic team;
- 3.2.4 The optimum number of regional commands will need to be decided and is currently subject to further research and analysis;
- 3.2.5 Strategy and policy will be determined and set at the national tier which will include the head of the police service, the deputy head of service and policy heads. These responsibilities will be at ACC or ACO (Assistant Chief Officer, the non-sworn equivalent of an ACC) level;
- 3.2.6 Specialist Operational Services will form part of the national level structure and will be managed at the centre and delivered regionally/locally in accordance with demand;

- 3.2.7 The office of the head of the police service and dedicated corporate support team would need to be peripatetic and maximise the use of technology to achieve desired outcomes. There would need to be more than one base, rather than a HQ in the traditional sense;
- 3.2.8 Specialist back office support functions such as HR, Finance, Corporate/Business Development and ICT should be dispersed around the country as a whole. Strong consideration should be given to locating these in areas of high unemployment and deprivation with the provision that the prerequisite skills base is available in the locality.

4. MANAGEMENT STRUCTURES

4.1 This paper has argued that “Wales is different” and has sought to set out why that is so. The conviction of the Police Service in Wales is that this difference will have to be recognised in the structural design of an all-Wales police service and will in turn no doubt impact upon the shape and structure of an all-Wales strategic police authority.

4.2 The Chief Constables in Wales believe that taken together the two issues of critical incident command and visible strategic leadership create an overwhelming case for a dispersed command team, rather than one concentrated in one place in the traditional manner.

4.3 It is clearly equally important that at the same time there is a single-tier powerful strategic direction set by the new Chief Constable if the benefits of reorganisation are to be swiftly and effectively realised.

4.4 In terms of structure this leads to:

- BCUs clustered into either two or three regions, in consultation with Welsh Assembly Government. Some protective services and organisational support services will be delivered from regional platforms, with the organised dispersal of many traditional HQ functions around the country.
- Chief Officers also dispersed around the country, with sufficient regional resilience to both lead and command on a 24/7 basis and a local chief of police in each area at a rank above that of Assistant Chief Constable.

4.5 This is illustrated in more detail in the table below, which also sets out very briefly the functions performed at each level.

<i>Level</i>	<i>Functions</i>	
National	Strategic command Force Policy Performance Review	Strategic Planning Resource Allocation Links to Strategic Police Authority
	Link to National Assembly for Wales and other key agencies that have an all-Wales focus or, such as with Her Majesty’s Inspectorate of Constabulary, a remit that spans the Police Service as a whole.	
Regional	Command Performance	Planning Service delivery platform for protective services and support functions
	Link to other key agencies—such as the other emergency services—that have a regional remit or operate internal regional management structures.	
Local (BCU)	Local Command Neighbourhood Policing	Local Policing Plan
	Link to Community Safety Partnership and other key partner agencies that are organised around or within local authority boundaries.	

4.6 All four Chief Constables in Wales are confident that this structure is both necessary and capable of delivering. It can be achieved with fewer chief officers than is currently the case in the existing four forces and at lower cost. The view of the Chief Constables is that Wales cannot be sensibly commanded any other way.

4.7 The Service believes that the structure outlined above will allow the challenges set out previously in this document to be met and effectively circumvent any gap that may otherwise open up between the strategic direction for policing set at national level and the requirement for divisional commanders in BCU to provide services that reflect local differences and priorities.

4.8 At the time of writing whether a two-region or three-region structure for the Force will best deliver the desired outcomes is still being considered.

4.9 The adoption of a regional set-up is, however, problematic for the rank structure in its current form at Chief Officer level but the Service believes that this can be addressed through minor changes to the Police Act 1996.

4.10 There are two basic options for change:

4.10.1 enable the force to have more than one Deputy Chief;

4.10.2 insert an additional rank, between the current ranks of Assistant and Deputy Chief Constable, creating a four-rank structure such as exists currently in the Metropolitan Police.

4.11 Representations were made to the Home Secretary on this issue and he has agreed that the circumstances in Wales are different and to use the current Police and Justice Bill as a vehicle to confer upon a strategic police authority in Wales the flexibility to appoint more than one Deputy Chief Constable. However, as we receive more detail on how the Home Office proposes to implement this, it would seem that the Home Secretary will reserve the power to approve such arrangements and the detail of how the additional DCCs may be organised. This is important as the command structures need to be linked to the governance framework agreed by any new Police Authority.

5. ACCOUNTABILITY

5.1 The view within the Service is that in addition to having to take account of emerging legal constraints in this area a new police authority would require a structure that reflected the structure and operating principles of the force itself to provide for effective engagement between the two.

5.2 At national level, clearly the Chief Constable of a new force would enjoy a regular dialogue with the members of a strategic police authority. At local level, accepting the concurrent Home Office drive towards greater scrutiny of BCU performance, in a broad sense the restructuring process will leave much unchanged, with Force and Authority continuing to engage formally through the enhanced Community Safety Partnerships (the Police and Justice Bill will bring) and Police Community Consultative Groups and informally in a host of other ways.

5.3 It is at regional level that perhaps the relationship between Force and Authority would need further development.

5.4 It is important to note that the existence of regional command hubs in an all-Wales force would not simply add another tier of bureaucracy and that the role of regional commander would neither confuse nor cut across that of the BCU. The regional element of Force command has its own clear purpose and objectives.

5.5 The regional hubs would provide an opportunity for the most senior elements of the Force command structure to remain highly visible across Wales in spite of the vast geography and poor transport infrastructure. They would provide the means whereby in different parts of Wales the Force could maintain a corporate approach whilst continuing to reflect regional/local cultural diversity in neighbourhood policing. They would provide reassurance to the public that the leaders of the Police Service remain in touch with the public.

5.6 The regional hubs also provide the platform from which protective services and organisational support services can be delivered in an effective and economical way. A regional commander would be responsible for the performance of the cluster of BCU within that part of the Force and would provide a day-to-day link between neighbourhood policing and those engaged in the delivery of protective services.

5.7 A regional commander would also be well placed to provide the focus for dialogue between the Force and the regional sub-structure it would appear likely that a strategic police authority would find it necessary and desirable to put in place. Such an arrangement would enable a strategic police authority to engage effectively with the Force not only at the strategic level but also in relation to the scrutiny of services being delivered at regional and local levels and gauge their impact upon local neighbourhoods.

5.8 The Service believes that complementary regional sub-structures within an all-Wales force and its police authority would provide the necessary clarity in the relationship between the two bodies and that effective engagement in this way would be a vitally important component of future success.

6. AN UPDATE ON PROGRESS

6.1 *General*

6.1.1 As the four forces in Wales continue to work towards a possible reconfiguration and the creation of an all-Wales constabulary the primary issues requiring resolution remain those connected with funding, command and governance and this paper has set out to describe the Service perspective on these in some detail.

6.1.2 Given the importance of these issues both to a smooth transitional period and the longer term effectiveness of an all-Wales force it is therefore with some regret that the Chief Constables must still, despite the Home Secretary's announcement that reorganisation journey may well take longer than originally set out, voice their disquiet over the way the restructuring process has been conducted through the first half of this year and the impact of this upon overall progress.

6.1.3 Put simply, there are a small number of core issues that the Service believes to be critical to the success of an amalgamation of police forces in Wales in relation to which to date, despite the best efforts of the Service, there has been no effective debate with the Home Office on how a resolution might be arrived at—let alone the resolution of the issues themselves. It is the earnest hope of the four Chief Constables that the removal of the original timescale for the restructuring process will allow for this problem to be overcome. The issues themselves are discussed in more detail in the following paragraphs.

6.1.4 Hitherto, all four Chief Constables in Wales have said publicly from the beginning of the current process that in broad terms they would support the creation of a strategic force in Wales in line with the Home Secretary's stated intention and the four forces have been working closely together from the outset to that end. That support, however, has always been conditional upon the new strategic force being properly funded, the issues of governance and command being satisfactorily resolved and a realistic period of time being allowed for implementation.

6.1.5 These vital considerations were flagged up in the written responses submitted to the Home Secretary in the period leading up to Christmas last year and whilst it is fair to say that the Service perceives there to have been some positive movement on the command, governance and timing issues (as described previously in this document) the same cannot be said in respect of the funding question. In this area, whilst there has been some progress on the costs associated with the setting up of a new all-Wales force in a number of critically important areas concerns connected with future-proofing annually recurring costs remain unresolved. These are discussed further below.

6.1.6 The Committee will be aware that the four forces submitted their final Option Appraisal to the Home Office on 23 December 2005 as requested. No formal response to the document was received for three months until the 22 March 2006. A delay of this length, given the timescales this process is scheduled to work to, was in itself considered to be unhelpful.

6.1.7 Included with the letter of response from the Home Office was a detailed (and helpful) assessment of the Option Appraisal submitted upon which it was common ground that more work was needed to transform it into a formal business case for amalgamation. This included a summary of the costings as perceived by the Home Office.

6.1.8 In a general sense the comprehensiveness of the response was very welcome, but in one crucial regard it was both a surprise and disappointment: in the Home Office assessment, with little or no explanation at all, the sum of money put forward by the forces as their realistic estimate of the recurring annual cost of improving protective services capacity to meet national standards across the whole of Wales had been cut by seventy-five per cent. In terms of hard cash the difference between the two figures was no less than £33 million.

6.2 *National Standards*

6.2.1 Improving the protective services to accepted national standards—standards developed and enforced by Her Majesty's Inspectorate of Constabulary (HMIC)—was the publicly stated intention of the previous Home Secretary. Their achievement has been cited as the primary rationale for change on this scale and is the *raison d'être* for the current restructuring process. The Option Appraisal submitted by the four forces—a comprehensive process that the Committee will recall took three months to complete—reflected this and was predicated entirely upon creating the additional capacity to meet the national standards for the protective services whilst at the same time protecting the standard of local neighbourhood policing delivered by BCU.

6.2.2 The Appraisal received an “Adequate” rating and this was understandably taken by the Chief Constables to be broad acceptance within the Home Office of the professional judgements expressed within it.

6.2.3 But such was the difference between the two assessments of need that the question was raised with HMIC of whether or not they were based on a common understanding between the Service and Inspectorate of what constituted “national standards” in relation to the provision of protective services. This prompted a challenging dialogue between the all-Wales Project Team and HMIC on the development of a shared understanding on standards in the protective services and the level of additional investment required to achieve them in a country with the peculiar features of Wales to which this document has previously referred.

6.2.4 Clearly the Service could not accept any suggestion that the standards of service acceptable in Wales can in any way be lower than elsewhere but the further dialogue with HMIC was highly productive and led to the development of a risk-based assessment of need in relation to the protective services that HMIC felt able to endorse. Whilst this second assessment incorporated agreed compromises in relation to some of the service standards set out in the original “Closing the Gap” report both Service and HMIC representatives

felt if offered a realistic basis on which to proceed. This second assessment in turn allowed a revision of the original costings—to a figure that was lower than that in the original option appraisal but still above that contained in the Home Office response—and preparation of a supplementary report.

6.2.5 The supplementary report, a copy of which can be found at Annex A, was submitted to the Home Office on 22 May 2006 but to date there has been no response, which creates at the time of writing a situation where the Service does not know how its revised assessment has been received nor whether any additional funding will be made available by the Home Office to meet the annually recurring costs of improved protective services.

6.2.6 However, the Service recognises that there is a new leadership team at the Home Office and hopes that this will lead to more effective engagement. The Chief Constables with Ms Edwina Hart A. M., Minister for Social Justice met with Tony McNulty MP, Minister of State at the Home Office on 1 June 2006 shortly after the changes and were given assurances that the Home Secretary anticipated that this would be the case. The Home Secretary's intervention to remove the original deadlines for consultation and possible early implementation are seen as hopeful early signs.

6.3 *Working Assumptions*

6.3.1 A main thrust of the Option Appraisal was that in Wales, despite the generally accepted wisdom that bigger organizations lead to economies of scale in service provision, the circumstances are such that additional investment (above any savings that could be achieved through gains in efficiency) would be required to achieve protective services that met national standards without adversely affecting local neighbourhood policing. The thrust of messages received from the Home Office since the submission of the Option Appraisal imply non-acceptance of this assertion and a belief that enhanced protective services and improved neighbourhood policing can both be put in place and sustained without the injection of additional resources. The Service does not believe that this is a realistic position.

6.3.2 Certainly as things stand no additional money is on offer to fund the recurring costs of improved protective services and what does seem clear is that the assumptions upon which the Service's Option Appraisal document was predicated were greatly different from those originally being applied by the Home Office and HMIC. Whilst subsequent dialogue with HMIC led to the development of a shared understanding on how the delivery of protective services could be organised successfully to agreed standards in Wales, the continuing lack of detailed response from the Home Office to date leaves the Service unclear at the time of writing on the Home Office position. As stated previously, it is hoped that the lifting of the original punishing timescale will now allow for effective dialogue to begin.

6.4 *Funding*

6.4.1 This section sets out the areas in which unanswered questions that relate to the funding of a new all-Wales police service are causing uncertainty and grave concern, so much so that there is a real doubt that an all-Wales force created as things stand would be financially viable:

6.4.1.1 *General Financial Background*

6.4.1.1.1 The Service has analysed the various announcements and documents that followed the Chancellor's budget statement and has prepared a medium term financial forecast for the proposed new force. This work has been independently evaluated by PricewaterhouseCoopers at the request of the Chief Constables and reviewed and challenged by an independent consultant engaged by the Home Office. The view within the Service is that as a result the work stands scrutiny. The forecast indicates an annual deficit of £29.2 million in 2009–10 rising to a deficit of 51.1 million by 2012–13.

6.4.1.1.2 There is the real risk of understatement attached to saying that this is clearly a significant amount of money, yet this deficit will rise considerably if savings predicted to take place from workforce modernisation are not actually realized—a not wholly improbable scenario and one that has caused the ACPO lead in this area to caution the Home Office that the figures upon which the projected workforce modernisation savings are based are insufficiently robust to be used in the restructuring exercise. For one thing the projections are dependent upon the Government changing its stance on the maintenance of police officer numbers.

6.4.1.2 *Funding Formula*

6.4.1.2.1 The formula used by the Home Secretary to apportion Police Grant between forces is to change. The Service anticipates that the formula change will be to the advantage of metropolitan areas and disadvantage those areas where the population is sparse. An all-Wales force would be the most sparsely populated force in England and Wales and there is a fear that as a consequence the budget of an all-Wales force could be substantially less than the sum of those for its existing constituent parts.

6.4.1.2.2 To add to the uncertainty it has been confirmed by the Home Office that the revision of the funding formula will be carried out this summer, for implementation in 2008. Implementation of the new funding regime may therefore occur as the proposed new force actually comes into being. For those charged with the creation of an all-Wales force not knowing the future funding position at the design stage represents a real headache.

6.4.1.3 Council Tax Equalisation

6.4.1.3.1 The Committee will be aware that currently each existing Authority sets its own precept and that there is significant variation in the level of precept across Wales. The creation of one force would lead to the setting of a common precept across Wales. This would lead to an increase of the Council Tax in South Wales, which currently has by some margin much the lowest rate and a corresponding drop in the Council Tax in Dyfed Powys, Gwent and North Wales areas.

6.4.1.3.2 There has been suggestion that this equalisation should be phased in over a number of years to ease the pressure on those who live in the current South Wales Police area, but whilst this may on the face of it sound a reasonable way to proceed it is not without practical difficulty. Presumably limits would need to be put in place on how much Council Tax could vary each year. Then, a decision would need to be made on whether a rise agreed for equalisation purposes included or was separate to any precept rise caused by inflation or other new demand. The latter scenario could lead to sharp rises in Council Tax in the South Wales area whilst the former could lead to an equalisation process that created a very substantial drop in the amount of funding raised in this way.

6.4.1.3.3 At the time of writing, it is still no clearer than it was in December how this matter is to be resolved. The projections made within the Service, based on the draft amalgamation order and likely constraints in terms of council tax capping, indicate an annual loss of income of £10.2 million in 2009 rising to an annual deficit of £27.8 million by 2012.

6.4.1.4 Protective Services

6.4.1.4.1 The recurring annual cost of providing additional services in this area is currently estimated at £26 million. As stated above there is currently no offer of additional funding from central government in place to meet this.

6.4.1.5 Neighbourhood Policing

6.4.1.5.1 All forces are currently pursuing the implementation of the national Neighbourhood Policing Project which will see the introduction of neighbourhood policing teams into communities across the country. The Government has set deadlines for implementation of the Project and has made significant grant funding available, mainly to fund the great majority (up to 75%) of the cost of the introduction of large numbers of Police Community Support Officers (PCSO).

6.4.1.5.2 This process started last year and at the time of writing the four current forces in Wales expect to have recruited in excess of one thousand PCSO by the time the grant funding ceases in 2008. The Home Office has confirmed that at this time the grant funding will be consolidated into the base budget of the Force(s) but in all probability at a rate that absorbs no more than 66% of the overall cost. This will leave a major shortfall—in the order of £10 million—to be found from elsewhere in force budgets.

6.4.1.6 Efficiency Targets

6.4.1.6.1 The four forces have always accepted that the creation of a single force offers opportunities to deliver efficiency savings and these were included in the Option Appraisal submitted to the Home Secretary in December. It is of great concern that the Home Office anticipates that forces should also deliver significant efficiency savings over and above this as this may represent double counting between the restructuring process and other sources of efficiency gain.

6.5 Consistency

6.5.1 A review of the reorganisation process outside Wales has raised questions in relation to consistency of approach. In the East Midlands region, for instance, the cost of computer desk-top replacement as part of a programme of IT harmonization has been allowed in full: in Wales it has not.

6.5.2 Of all the proposed reorganisations Wales has been assessed by the Home Office to have the lowest net set-up costs of any comparable merger, but at the same time has been allocated what is believed to be the highest savings target. The rationale behind this decision-making has as yet not been made available and is not understood within the Service.

6.6 Closing Comments

6.6.1 The examples given above are not an exhaustive list. They describe only briefly the major concerns of the Service in each of the areas referred to and more detail can be made available to the Committee should it be required. Each point described is, however, considered within the Service to be an issue of serious concern in its own right and in financial terms, when taken together, it can be seen from the foregoing that the sums involved add up to a potential funding gap for an all-Wales force that would at the very least inevitably lead to cuts in front line policing.

6.6.2 In his latest budget statement the Chancellor of the Exchequer announced that the Home Office would receive only flat rate increases during the currency of the next Comprehensive Spending Review period. Against this background the fear of the Chief Constables in Wales is that the factors listed above would actually combine to create a general financial outlook for a new all-Wales force so poor as to present a real threat that the Service would not be viable financially.

6.6.3 In an effort to resolve the situation dialogue continues with the Home Office and HMIC but before the reorganisation process can proceed further the Service really does need clear and unambiguous answers to what it considers to be fundamental questions. The detailed planning required to deliver a single effective police service within Wales cannot realistically be taken further without certainty that sufficient funding is in place to deliver it.

6.6.4 The very short timescales to which the Service has been working to date have served only to exacerbate the problem: to implement such large scale change would be challenging enough within the time frame envisaged where the answers to all the questions were known. In Wales the Service is far from that happy situation and in a nutshell it is felt that there need to be put in place urgently clear “rules of engagement” and the necessary finance to support them. It seems absolutely inevitable to those charged with creating a new Service that there would have to be substantially more money placed on the table for Wales if this process is to succeed in its aim to deliver a more effective Police Service.

6.6.5 All four Chief Constables hold the conviction that if a single police service in Wales does not receive sufficient support from the outset it will inevitably lead to a situation where the requirement to apply the lowest common denominator as the service standard will create a situation where the public of Wales receive a less effective service than they current enjoy—in both the protective services and local neighbourhood policing—in some communities for an increase in cost above what they are paying now. Having regard to the high levels of performance consistently provided by the existing four forces over recent years this would clearly represent a retrograde step.

6.6.6 For this reason the Chief Constables feel unable as things stand to offer their unqualified operational support to the creation of a single force in Wales. They remain unanimously supportive in principle of a single Welsh force which is properly funded to undertake the tasks required of it and which has been created during a lead-in time that has allowed for proper planning to take place in circumstances where all unnecessary uncertainty has been removed. They do not feel that those circumstances have yet been achieved and look to the new leadership team in the Home Office to work with them to remove the obstacles to progress. It is the view of the Chief Constables that the financial considerations in particular are so fundamental to success or failure that they must be resolved quickly and with certainty before they can offer the unqualified support that is a prerequisite for the process to go forward effectively to a successful conclusion.

6.6.7 It may be helpful to Members if it could be emphasized that these submissions are being made against a constantly changing landscape and, whilst they capture some of the views about the way forward, inevitably they cannot represent a definitive picture. For instance there are differing views on regional command and management structures and there will be differences in philosophy between those who lead the police service. Ultimately, a new Chief Constable and Strategic Police Authority will decide how the force will be run, managed etc based upon the operational needs and resources available at the time.

June 2006

Written Evidence from the Police Authorities of Wales

INTRODUCTION

1. The Police Authorities of Wales (PAW) welcomes the opportunity to submit additional evidence to update the Welsh Affairs Committee on the Government’s proposals to restructure the Police Forces and Authorities in Wales.

2. The Police Authorities of Wales (PAW) is a representative body of the four Police Authorities in Wales: Gwent Police Authority, Dyfed-Powys Police Authority, North Wales Police Authority and South Wales Police Authority. The main aims of PAW are to:

- Consider and act upon issues affecting policing in Wales, particularly those that are under the control of the National Assembly for Wales.

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- Maintain a broad Welsh prospectus on police matters.
 - Promote and protect the interests of member Authorities.
 - Seek to influence the policing agenda at a national level on behalf of Police Authorities and local communities in Wales.
 - Support Police Authorities in securing efficient and effective policing services across Wales.
 - Enable Police Authorities to improve.
 - Promote awareness of policing needs and the role and achievements of Police Authorities.
 - Uphold and champion the principles of local accountability and policing by consent.
3. The Statutory responsibilities of Police Authorities are attached at Annex A (Annex A not printed).
As an overview, however, Police Authorities are responsible for:
- Setting the budget for their police force, including the levels of council tax.
 - Determining the strategic direction for local policing through 3 year and annual plans.
 - Consulting local people about what they think are the most important things the police should be doing and setting local and policing priorities in light of that consultation.
 - Setting their force challenging targets to drive performance higher.
 - Continuously monitoring force performance against those targets and regularly reporting to local people on how well the force is doing.
 - Appointing Chief Constables and the senior management team and dealing with complaints against senior officers.

BACKGROUND

4. In September 2005 HMIC published its report, “Closing the Gap: A Review of the ‘Fitness for Purpose’ of the Current Structure of Policing in England and Wales”, which recommended the establishment of Strategic Police Forces in England and Wales. Following the Home Secretary’s endorsement of the report, Police Forces and Authorities were asked to consider options for change in light of HMIC’s findings.

5. Despite a great deal of work by an all Wales Project Team on behalf of an all Wales Programme Board, (made up of the Police Authority Chairs and Chief Constables in Wales) the Board was unable to submit a preferred option for change in its December submission to the Home Office, as had been requested. This decision was principally due to a lack of necessary information from the Home Office, mainly on issues of funding, Council Tax, precept equalisation, governance and accountability.

6. On 6 February 2006, the Home Secretary announced that having carefully examined the final report on Police Force Structures submitted by the Wales Programme Board and the Chief HMI’s assessment of the submission, a single force for Wales was “the only one acceptable option”. Police Authorities were given until 24 February to decide if they could agree to a voluntary merger. None of the four Police Authorities in Wales were able to agree to this. This decision was largely due to a lack of necessary information particularly on issues of funding and precept equalisation.

7. On 3 March 2006 the Home Secretary wrote to the four Police Forces and Authorities in Wales announcing his intention to amalgamate the four forces into a single Strategic Force. The police authorities, Local Authorities, Chief Constables and the Welsh Assembly Government were given until 2 July to submit any objections to the proposed merger. If after that period, having considered the objections, the Home Secretary was still of the same view, he would place an Order before Parliament prior to Summer Recess in July requiring the amalgamation of the Welsh forces. This timetable would see an All Wales Police Force and Authority being established on 1 April 2007.

CURRENT POSITION—HOME SECRETARY’S ANNOUNCEMENT 19 JUNE 2006

8. On 19 June 2006, the Home Secretary announced that while he considered strategic forces as the way forward, he did not intend to lay Orders before Parliament enforcing mergers before the summer recess. The statutory consultation period, originally due to end on 2 July, has also been extended.

9. The Home Secretary’s announcement is welcomed by PAW as we have previously argued that the original timetable was unduly hasty, giving rise to increased risks which prevented the effective and measured implementation of the changes necessary to safeguard frontline policing. PAW believes that more time is needed to discuss the key issues of concern that PAW has held since the beginning of the restructuring process.

10. However, neither the announcement nor the correspondence that has followed from the Home Secretary gives any clear steer over the process that is now to be adopted, the timescales involved or what is expected from police authorities. We need early clarity from the Home Office so that no further unnecessary expense or energy is wasted.

CURRENT POSITION—OUTSTANDING ISSUES OF CONCERN

11. All four Police Authorities in Wales have resolved to formally object to the proposed merger, principally due to lack of information and certainty on a number of key concerns around funding, timescales for restructure and governance issues. It is these issues that will need to be discussed and addressed by the Home Office during the extended consultation period.

12. PAW has held a number of concerns regarding the proposed restructure of forces and the creation of a Single Police Force and Strategic Police Authority (SPA) in Wales, and has been seeking further information and clarity from the Home Office on these issues since the beginning of the restructuring process. Unfortunately, however, to date information and certainty in a number of key areas has not been forthcoming from the Home Office.

13. In April, PAW had become so frustrated and disillusioned with the process and with the lack of engagement by senior Home Office Officials that PAW wrote to Mr Charles Clarke MP, the then Home Secretary, seeking an urgent meeting with the four Police Authority Chairs in order to seek a way forward. Following the appointment of Dr John Reid MP, as the new Home Secretary in May, a second request was made by PAW for a meeting to discuss the concerns of Police Authorities. A meeting has now been scheduled with the Policing Minister, Mr Tony McNulty, for 13 July. Mr McNulty has recently met with the Chief Constables in Wales and the Minister for Social Justice and Regeneration, Mrs Edwina Hart AM. PAW was pleased to hear of Mr McNulty's assurances at that meeting that he will be reviewing the situation and is open to discussions as to the best way forward. In light of this and the Home Secretary's announcement, PAW very much hopes that its meeting with the Minister in July will be positive and productive and a clear way forward can now be agreed.

14. The issues of concern for PAW, and where further information and certainty is required are as follows:

Council Tax Equalisation

15. The issue of equalising the police precept in Wales, which currently differs quite significantly, has yet to be resolved. Current assumptions by the Wales Project Team are that precepts will be smoothed over five years, with an increase of 5% per annum in South Wales (which currently has the lowest precept level), and a smaller increase in the other three areas in order to reach convergence by 2012–13. The financial consequences of this phased equalisation, is a loss of income of approximately £28 million per annum by 2012–13. There is an urgent need for clear guidance from the Home Office on the key issue of precept equalisation.

Future Funding

16. The medium term financial assessments prepared by the Wales Project Team, which have been independently validated, show an annual income deficit of £29.2 million in 2009–10 rising to £51.1 million by 2012–13. This is the minimum deficit and will rise significantly if the projected savings from workforce modernisation are not realised. The figures are also dependent on cash releasing efficiency savings being realised (in addition to the required savings from the restructuring) and the Government reconsidering its policy on police officer numbers. The four Police Authorities of Wales, as the bridge between the respective communities and the Four Forces cannot support a proposal that will result in a diminution of service to the people of Wales.

Formula Funding

17. A review of the Police Grant Funding Formula is due to commence in the summer. A Single Welsh Force will be, by far the most sparsely populated police authority area in England and Wales which will undoubtedly result in a significant drop in grant. If the four Police Authorities remain, they are likely to fare much better. To date PAW can only estimate the devastating effect this may have on the ability of the single force in Wales to deliver a quality service to the people of Wales.

Governance

18. The Home Office has agreed to a membership of 43 (22 Councillors, 7 Magistrates and 14 Independents) to the SPA, allowing all 22 Local Authorities in Wales to be represented. The Home Office has stated, however, that this arrangement would be for a transitional two year period only and that membership would decrease to 33 (22 Councillors and 11 Independents) following enactment of the Police and Justice Bill. PAW would argue that a reduction in numbers of Members at this stage is premature and evidences a substantial element of predetermination, which has occurred elsewhere on other particular issues. A review of the effectiveness of the SPA should be undertaken after it has been given a reasonable chance to bed-in and its effectiveness can be properly evaluated—not before it has even been formed.

19. The Home Office has also agreed to repeal Section 107(4) of the Local Government Act 1972 which would allow for the delegation of functions of a Police Authority to committees for parts of its area. PAW welcomes this, having stressed hard the need for a regional element underpinning any SPA in Wales. However, it is not a totally unfettered power and the Home Secretary, under regulations can decide what can and cannot be delegated. While PAW is pleased with the proposed repeal of the 1972 legislation, (via the Police and Justice Bill currently in Parliament), we have the following concerns:

- The proposals seem bureaucratic with unnecessary central control. We would seek parity with Councils which are able to use local government provisions to devolve decision making to cabinet or area committees. The legislation already limits what can be devolved and that should provide a sufficient safeguard. If the role of the Police Authority in future is to hold the Chief Constable to account, the proposed restrictions on delegation could undermine that role and responsibility.
- It should be up to the SPA to determine how they undertake their duties and responsibilities within an overall constitutional framework delegating if they wish and not doing it if they do not wish. The key is to have the ability to act flexibly to tie in with key operational development and with Local Services across the public sector family. We must be allowed to discharge functions as effectively and efficiently as possible as we see fit.
- The legislation which would repeal Section 107(4) has not yet been enacted.

20. PAW set out its views on the possible governance arrangements for any SPA in Wales, and the impediments to establishing effective arrangements, in its evidence to the National Assembly's Social Justice and Regeneration Committee, which has been considering the Democratic Structures underpinning any SPA in Wales. A copy of this evidence is attached at Annex B (Annex B not printed).

Command

21. Because of the geography of Wales, PAW believes that it would be necessary to have a senior Police Officer in each of the regions to act both as a Commander in case of serious emergency and as a focus for local policing in the region. Such a senior officer would be "answerable" to the Regional Committee. A provision in the Police and Justice Bill provides for the amendment of the Police Act 1996 to allow the appointment of more than one Deputy Chief Constable. However, as with the proposed amendment of the Local Government Act 1972, this provision would be subject to the approval of the Home Secretary and has not yet been enacted.

PUBLIC CONSULTATION

22. Over the past weeks, the four Police Authorities of Wales have been engaging with local communities on the restructure proposal and have been seeking the public's views. In each Police Authority area, a majority of respondents did not support the proposed merger of the four police forces in Wales. The results of these consultation exercises have contributed to each Authority's decision to object to the Government's proposal.

NORTH WALES

23. Dyfed Powys, Gwent and South Wales Police Authorities have objected to the proposal to merge the four forces in Wales due to a lack of necessary information on key issues, the substantial funding difficulties and the proposed timetable. North Wales Police Authority, however, have objected to the proposal in principle for the reasons outlined above and also because it does not believe that the proposal is in the interests of efficiency and effectiveness of policing in North Wales.

CONCLUSION

24. As has been detailed above, PAW holds a number of concerns on a range of key issues which need to be fully debated and resolved. A number of these concerns have also been expressed by the WLGA and the Welsh Assembly Government. PAW welcomes the extended period of consultation which is wholly necessary in order to address these concerns in a meaningful and inclusive way and in order to ensure that the communities of Wales have a police service that is truly fit for purpose.

25. The Police Authorities of Wales are grateful for the opportunity to submit additional evidence to update the Welsh Affairs Committee and hopes that the above is helpful. PAW would be happy, however, to elaborate or provide further information which may be of benefit.

June 2006

Witnesses: **Mr Tony McNulty**, a Member of the House, Minister of State for Policing, Security and Community Safety, and **Ms Louise Dominian**, Regional Lead for Wales on Police Restructuring, gave evidence.

Q1 Chairman: Good morning and welcome to the Welsh Affairs Committee. Minister, for the record, could you introduce yourself and your colleague, please?

Mr McNulty: Tony McNulty MP, Minister of State for Policing, Security and Community Safety at the Home Office. This is Louise Dominian, Regional Lead for Wales on Police Restructuring.

Q2 Chairman: Minister, could I begin by asking you why the original timetable has been extended?

Mr McNulty: Let me say, first of all, Dr Francis, that it is a huge pleasure to be here. I think it is very interesting that what the Home Secretary said at the last Home Office Questions about a change in the timetable was said, I thought, in very straightforward language and interpreted in about 10 different ways. In essence, we have listened to what people have said about there being a number of issues that remain outstanding, and the overwhelming issue from all quarters, whatever side of the argument people were on, was that the timetable was overly ambitious, not least for the first tier 1 authorities that were effectively going to be merged and replaced by 1 April 2007. Having reflected on that, we thought it was worth taking stock, reflecting and having a further look at all matters. That I am sure will be a focus of much of what we will deliberate on today. Secondly, from my own perspective of having met any number of people on the matter before and after his announcement, I think there was a general feeling that perhaps, certainly for the last couple of months, there had not been the engagement, discourse and two-way flow in terms of discussion on such an important issue that should have been. In that context, it was right and proper to adjust the timetable and slow things down, but from the starting perspective that the direction, destination and the places that we want to get to in terms of strategic forces, but that it is right and proper, given such an important public policy initiative, that we slow things down, reflect and take on board very seriously people's concerns about dialogue and a whole range of issues that I am sure we will discuss today.

Q3 Chairman: I am sure you will want to put on record a response to a statement made by representatives of police authorities when they gave evidence to us that they had a strong feeling that it was a "done deal". Would you like to say something about that and would you wish to reassure us and the public in Wales that it is not a "done deal"?

Mr McNulty: If "done deal" means is it still the prevailing view of the Government that one force for Wales is the direction we should go in, then that is where we start from, and I need to make that very clear. It is not a "done deal" in the sense that now that we have slowed things down, now that we have come off the over-ambitious timetable, it is appropriate to talk and engage with people on their concerns and other options that they might look to put forward. I think it is not a "done deal" in that

sense. I just do not think it is appropriate for Government to say, "We quite like the notion of a strategic police authority". We start from the premise that there are gaps at level 2 in protective services and they need filling, on which I think everyone broadly agrees, rather than say on the over-ambitious timetable, "Here is how we are going to fill it. Now let us talk about the details of that". The position we are at now is: here is how we think, with all our professional advice, the gaps should be filled. Here is what we think the way forward is for a 21st century police force in Wales. If people disagree with that, now that we are off the other timetable, let us talk and talk seriously about it.

Q4 Jessica Morden: Leading on from that, the Welsh Chief Constables, when they came to see us, said that they did not think there had been much effective debate within the Home Office, particularly on the issues of funding, command and governance. How would you respond to those issues?

Mr McNulty: I think there had been that level of debate on those issues but I do not think, to be perfectly fair, that they were bottomed out to the extent that they should have been in the context of a 1 April 2007 timetable. We do not take a "let us just hope it goes away" type attitude just because it is all too difficult and people are making too much noise, but we take very seriously from police authorities and others all the concerns about governance, accountability, finance, council tax percept equalisation and the balance between urban and rural. All the issues that people have raised are very genuine issues that we think as Government we need to talk about more with the key stakeholders involved and could not, to be perfectly frank, in the context of 1 April 2007 timetable. They are right and they are wrong in the sense that there was that degree of debate, but I think too constrained by that initial timetable, which was why we have got off the hook of that ambitious timetable and now have real time to reflect and think about these issues, other alternatives and those sorts of elements. I do say that in the context not of a done deal but of our starting premise, we still think that one force is really the way to go.

Q5 Jessica Morden: On the timetable, the police authorities obviously welcomed the extension to the deadline but they feel they have not a clear steer on the new process and the timetables and what is expected of them. Could you explain a bit more about the new timetable and the date that you would come up with a final decision?

Mr McNulty: I think that is an entirely fair point. It was our job really at the earliest opportunity, having reflected on it, to say that Dr Reid might be in a position on the initial task force to say: is this now still a realistic timetable? Well, no, it was not, so let us get on. What he resisted at Home Office Questions, and I have done since, is to create some other timetable. Because we might not have reflected properly and we might not have talked to people

sufficiently, so in six months' time, we might have to get it off again. I have said very clearly that if we could say, "Here is the new timetable; here are the new time lines and the new deadlines and everything else by the summer", all well and good because I do appreciate there are a lot of things going on out there underneath the merger process in terms of project teams and everything else. I would far rather take the time and if it means September/October, then so be it, to let people know that here is the timetable, here are the processes, and here is how things are going forward in terms of Wales and in terms of the other forces. I think, if we are taking time to reflect, that is a better approach than getting immediately locked into another timetable where we have not engaged sufficiently with people on all these issues we were talking about earlier.

Q6 Jessica Morden: How do you feel you can make this period of consultation a bit different; i.e. more satisfactory to the one we had previously?

Mr McNulty: Certainly we can do it at ministerial level—and I know it is going on at official level anyway—by engaging and being seen to engage and taking very seriously not only people's concerns about the outstanding issues but also their options in terms of going in some other direction. If it is a one-way dialogue, for whatever reason, it is not terribly helpful for anybody. I have already seen the Chief Constables and someone from the Wales Office and the Welsh Assembly Government Minister concerned. I have the great pleasure of going down next Thursday to see the Chairs of the police authorities and others. We do want that serious engagement in Wales and elsewhere to put the case as we see it and to listen very seriously, and be seen to listen very seriously, to concerns that people have over a whole range of issues.

Q7 Mr Crabb: In terms of resolving the detailed issues of structure, governance and finance, about four months ago the Secretary of State for Wales announced that he was setting up a cross-government working group, which involved representation from the Assembly, to resolve issues. Could you update us on the progress of the group? How many times has it met and who from the Assembly site on that?

Mr McNulty: I do not have to hand those exact details but I have met them, engaged with them, and there is a close working relationship with the Wales Office and the Home Office. The problem in part, if I can say it in this way as I think I said at the Adjournment Debate that you had, is that it was at the ministerial and political level that engagement has been lacking, for very good reasons in terms of the ambitious timetable, and it is at that level I think the engagement needs to be far more now than it has been in the past, and be seen to be. I think in part at least that we have not argued or put the case as fully as we can in terms of how restructuring and how the merger fits in with our vision of policing. For whatever reason, it has got lost in the structural process debate that was not terribly helpful. I have been given the answer. The Finance Working Group

has representatives from the Welsh Assembly Government, ACPO, APA, Department of Communities and Local Government, Local Government Association, Metropolitan Police, Metropolitan Police Authority and the Home Office. It last met on 27 April and it has met three times thus far this year. As part of the ongoing dialogue with the service, we will be arranging further meetings of the Finance Working Group as required. That gives part of an answer. In terms of more substantial bits about composition and who from the Welsh Assembly Government, official or otherwise, is on that, I will certainly you know.

Q8 Hywel Williams: Can I discuss something that you said in the House last week, which was reported early on in the Welsh press? You said: "It may well be that the destination is right but that some kind of federation or confederation on the way to an all-Wales force is the right one." You seem to be saying two or perhaps even three things in that sentence. You say it may be that the destination is right. Presumably it may be that the destination is not the right one either. Is there some ambiguity there?

Mr McNulty: If I am saying two or three things, that probably is not one of them. I emphasise that we start from thinking that is the destination. What I meant, and I obviously did not say it articulately as I meant to, was that it may well be that rather than go from the four forces as now straight to—in the ambitious timetable or otherwise—the unified force, there may be steps along the way. What I emphasise, as I said to others, is that it really is now for those who would suggest either alternatives to the single force or alternatives and phasing in terms of the timetable that gets us to the single force to put up those arguments now. I am open to listen to and engage with people on those options. That is how I think the *Western Mail* and others interpreted that collaboration and confederation might still be on the agenda. It may well be the case, and it is not for me to speculate and it is a rather silly thing for a minister and a politician to do generally but let me do it anyway, that if not merger in 2007, we can work to 2008 or 2009 and do it in stages. There may well be a compelling case to say, "Let us get the back office rationalisation done because that can be done within the context of four forces. Let us have a look at how things are then and later push things on and see how that fills the gaps in terms of level 2 protective services". Then, at the end of the day it may be the one force at the end, with all the incumbent issues about governance, reflecting Welsh geography and all the other evidence; the merged force will come down the line some. I think if the compelling point is filling in the gaps and making sure that protective services are covered, then that is a model worth looking at. I still say, and I am sorry to repeat it, that we start from the premise that we think a strategic force uniting the four forces as quickly as possible, with all the attendant difficulties still to be discussed, is the way forward. I am sorry if that sounds like two or three different things but it is fairly clear to me that that is where we are going. I do want to say that I want people to be as inventive and as imaginative

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as they want to be in terms of alternative models. I am happy to engage and discuss those but that is where we start from. It is only honest and fair to say that is where we start from rather than suggesting that the delay or the slowing down of the timetable suddenly means everything is up for grabs again. I am happy to have that dialogue but it is within the context of us thinking that the one force is the way forward.

Q9 Hywel Williams: It is matter of people coming to you with models rather than you looking at anything fundamental again. I accept that. Will you be taking any active steps yourself to look for example at building on the cooperation between the three South Wales and the West Wales forces, or perhaps even looking at the model they have in Scotland for dealing with drugs and some aspects of serious crime? Will you be looking at those sorts of issues again or just waiting for people to come at you with their preferred alternatives?

Mr McNulty: I will, given that we have made clear the timetable aside it remains the case that we think one strategic force is the way to go forward. I understand perfectly why up till now, not least in the context of that timetable, people's principal position has been, "We do not like the end result of one strategic force", for all the reasons why they are against it, which is perfectly fair in terms of the political discourse. All I am saying now is that now we have the time and space to reflect on these matters, it is incumbent on those people to move away from "Here is why we are against that model" and tell me what the alternative is. Certainly in the Adjournment Debate we had the other day, everybody started from the point perhaps that there are gaps in terms of protective services at level 2 provision throughout Wales, and they need resolving. I am saying that I think that the discourse is changed from "here is what we want and everyone else saying why they are against it" to "here is still what we want, albeit not at the same timetable; now, please, it is incumbent on those who do not like that as a destination to tell us why in substance other ways can be found to fill those gaps with the federal model or whatever". I do not think that is the Government is saying, "No, you do all the work rather than us". I think it is a reasonable way to have the argument and debate about what is, we all agree, a serious public policy issue in terms of future policing in Wales.

Q10 Hywel Williams: How do you see the remaining issues to be resolved before the four forces in Wales can be merged into one force? What are the main issues before we get to that position?

Mr McNulty: I think there is still debate and discussion, although we think we are pretty sure where we start from, in terms of finance and the commitment that we have made to cover 100% of reasonable start-up costs. I think there is still an issue over council tax precept equalisation. There must be a nicer and less clumsy way of saying that that is what it is, and that remains an issue for discussion. There is the broad issue, which is

particularly acute in Wales but is an issue in other forces too, of the whole urban/rural split in general before you get to the specifics of Welsh geography, which we have tried to recognise with some of the things we are doing in Police and Justice Bill. Then there is a broad issue of accountability and governance, again reflecting the peculiarities, if I can say it in that way, of the way things are currently configured in Wales. I think it is probably unfair for people to have said in the past that we were trying to ram a one-size-fits-all model on forces throughout England and Wales. I think we are trying, as much as we can, through the Government's initiatives, to reflect what are peculiar local circumstances. Those, I would guess, are the main issues, and aside from a discourse about people wanting other models rather than the model we would prefer and have made clear we prefer, those issues all need to be subject to very real and serious discussion with the appropriate authorities: police authorities, chief constables and politicians from Welsh Assembly Government as well as the UK Parliament.

Q11 Mr Jones: Minister, I have been trying to keep count of the amount of times you have said that an All-Wales police force is what you are really aiming for. I think I am round about six or seven now. It does not give us a lot of confidence that what you are really looking at is tackling the problem which was identified in the report *Bridging the Gap*. I am going to speak from a North Wales perspective, naturally enough, as that is where I am from. That is what I am paid to do; that is what we are all paid to do. The *Closing the Gap* proposals are talking about police forces of between 4,000 and 6,000 police officers in order to free up staff, as I took it. Correct me if I am wrong, but the idea is that if you have a police force of 4,000 to 6,000, then you have the ability to free up police officers. An all-Wales police force would have around about 7,500 to 8,000 police officers. Unfortunately, from the point of freeing up officers, something like 6,500 of them are going to be south of Brecon. I am considerably north of Brecon as a lot of my colleagues are. Our level 2 policing, as I know you are aware, comes from the problems associated with cross-border issues and Merseyside, Manchester and so on. There is also a problem with our protective services. Can you tell this committee in words of one syllable precisely how creating an all-Wales police force is going to free up officers in North Wales, given that is where they live and the South Wales police officers live south of Brecon, in order in some way that we are going to be able to tackle the issues that this has all been driven by?

Mr McNulty: With apologies for words of more than one syllable, I think the starting premise of the HMI report was not simply about merging forces, getting to some magic number and thereby freeing up forces and being able to do the job in terms of protective services. It was far more about saying that there was a nominal size for a police force, as you say between 4,000 or 6,000, and that you had then got to a stage where, with economies of scale and the wider focus, a police force could seriously look at filling the gaps that cover all its area in terms of level 2 and

protective services. I do not think it is as simple as the merger somehow magically meaning that there is scope then to free up police from North Wales and go and do whatever they need to do in terms of level 2 protective services down in the south. I do not think it was as straightforward as that. I would happily say that in the main people know what the small weaknesses are, and there are small weaknesses, in terms of four forces. The four forces work and work well, but we just think that together, with all the economies of scale that would bring, with all it would bring in terms of back office staff and getting a quantum so that you can get a body of expertise that will deal with level 2 and protective services, it will work better, but it is not just about getting some magic number to remove people. Your point about cross-border is a fair one and it is recognised by the report in terms of criminal markets. An all-Wales force does not preclude and should not preclude all the very good cross-border cooperation there is up and along the border with Avon and Somerset at one end through to Cheshire and Merseyside at the other; that should still prevail. It will still be the case that if something substantial happens in the North Wales, Cheshire and Merseyside will help.

Q12 Mr Jones: I knew you were going to say that. That is happening now. What is the difference in an all-Wales police force? You have said it is not solely about freeing up officers, which is fair enough. You are also talking about freeing up resources. We know that in any kind of major change of this magnitude we are not going to free up financial or regional resources to any great extent for a considerable number of years. You are nodding and so I take it you agree with me on that. We are realistically talking about freeing up officers if that is going to be any kind of reason for doing this at all. It may be that in certain parts of the country that will be the case. What I am saying is that for our level 2 policing, our protective service problems, it is not going to work. I want you to tell me that you have got a plan that is going to get some kind of extra policing to tackle our cross-border issues from South Wales into North Wales where you have a 200 mile gap and some very big mountains in the way.

Mr McNulty: I would say, with the greatest respect, that you are looking at the wrong end of the telescope. There are significant strategic policing issues that go beyond simply the cross-border matters that you refer to on protective services and level 2 that we think very seriously cannot be sustained and developed over the next period of time simply by the North Wales Force, other than in conjunction with the other forces. The point about cross-border is just as marked in some other areas. I can develop a really rather strange map of the Metropolitan Police area, that is my area, if it included every single criminal market that impacted on the Met Police and what they do. The French might have some issues with that because probably much of the northern provinces of Calais would be part of that. Yes, criminal markets are part of the equation and criteria but not the only one. The

cross-border stuff must continue, of course, and there has been some very good work in that regard, but I do not think there is a sustainable case—and I know you have not said this—for a merger of North Wales and Cheshire and Merseyside. That cross-border cooperation must continue but we think it is the case that there are strategic policing issues around protective services at level 2 that are best dealt with in an all-Wales capacity. At least in part, as in some other areas, that is bringing some of the expertise from some forces to help with other forces. The starting premise of the Wales Office, Government and everybody is that those strategic policing issues are best dealt with in an all-Wales police force. The bit that we have missed in terms of engagement in the past in the broad debate is how those strategic policing matters relate to basic command unit structure, neighbourhood policing and all the other elements that go to a vision of policing rather than being lost in some sterile structural debate as though it floats above all these other concerns in terms of policing. I would argue very strongly that it does not. I would argue very strongly that if you do close the gap throughout Wales in terms of level 2 and protective services, then it will do precisely not what you fear it will do in terms of ripping out at any given moment when needed all the very good work done in the North Wales in terms of neighbourhood policing; it will actually get us to a stage where the provision of that strategic policing is done elsewhere and will preserve rather than abstract every single time the neighbourhood policing in North Wales or anywhere else.

Q13 Mr Jones: In one word—how?

Mr McNulty: By filling those gaps.

Q14 Mr Jones: How?

Mr McNulty: The absolute how is a matter of substance operationally for chief constables to sort out.

Q15 Mr Jones: You do not know, Minister?

Mr McNulty: It is not that I do not know but it is not right for me to dictate. This is not about one-size-fits-all. This is not about me dictating from Whitehall how the new Chief Constable in a merged force should implement policing in Wales, any more than it is at the moment my job to tell the North Wales Chief Constable operationally how to do policing in North Wales. We can provide a strategic framework; we can provide the resources in terms of neighbourhood policing. I am not about to tell your Chief Constable whether neighbourhood police teams should go, any more than I am about to tell the Chief Constable of the North Wales force how those gaps are to be filled. They are recognised by all in terms of level 2—serious and organised crime, protective services and all the other elements. We are saying they can be filled, as HMI says, and that that job can be better done by a united force of the sort of numbers between 4,000 and 6,000 plus that you

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suggest, and that that sort of quantum is needed to start seriously to address the specific issues that everyone agrees are gaps in policing in Wales.

Q16 Mr Jones: Minister, I fail to see how you can say that without being able to give some kind of design, guidance and idea of how that is done. It is all very well saying you do not want to interfere in operational policing, which is fair enough. If you are going to make a huge change like this and you are saying that it has to be done to bridge a gap, if you cannot give us any idea of how that is done specifically in North Wales, because of the specific problems we have with the North Wales Police Force, then to me this seems like one-size-fits-all. I cannot understand how this is going to work.

Mr McNulty: Actually, it is not one-size-fits-all. I have stressed that. I do understand entirely that it is right and proper for you to have a North Wales focus, but we seriously think that the four individual forces and what they can or cannot do to fit the gap in terms of protective services and level 2 services will be insufficient for Wales in the context of the HMI report, for the reasons laid out in that report. It is not simply a nuclear option somehow to tell Wales how to do its policing at the basic command unit level or at the neighbourhood policing level. Everyone agrees that there are gaps at level 2 and protective services. We are saying now, after adjusting the timetable, that we still think the strategic force is the way to go, the way to fill those gaps that everyone agrees exist, and that it is for those who detract from that not simply to say “Don’t want it, don’t like it; we would far rather just keep the force” but to say how we will fill those gaps, which is the starting point that we all share. Those gaps are there and need to be filled.

Q17 Hywel Williams: Can I just look at the very practical example, one offered by your predecessor. She told us that if there was a typical murder, a larger force would be able to deal with it more effectively. It is the example offered by your department. Can I ask you: if there was a triple murder in Holyhead, would you envisage officers travelling up from Cardiff to deal with it?

Mr McNulty: Again, that would be a matter for the new Chief Constable or the new senior appointments. I suspect no. As I have said I think on a number of occasions, if there was a significant public disorder or serious crime in Prestatyn, then I would guess that the most immediate response, were one to be needed, would come from the neighbouring force in England. I think that is right and proper but it is not the case, as I said earlier, that all serious crime or organised crime, high level violent crime and counter-terrorism are about rapid responses to specific events all the time.

Q18 Hywel Williams: With respect, Minister, it was an example offered by your predecessor as being the case, which would be more effectively dealt with by a merged police office in Wales. You seem to be saying now that that is not the case.

Mr McNulty: No. There are degrees, are there not, of murder inquiries, as we all know. In a major, major case, it may well be that the strategic force could do it better if it had that central pooled expertise that currently exists between the four forces. I do take the point. I was almost going back to the previous question and saying that other objections have related to incidents where a rapid response is required where it would still be the case that you go to, as any police force would, the closest point for help and assist. It does not follow that you wait until people get up from South Wales or wherever else. Much of serious and organised crime, counter-terrorism and the upper elements, the gaps we are seeking to fill, by definition require rather long and tedious processes in intelligence service and detection terms. We are saying that all of that expertise to fill the gaps that we all understand are there would be better done, more expertly done, by one force than otherwise. I put down the challenge, if you like, to those who detract from that to say: you tell me how, in a Welsh context, those gaps can very seriously be met by collaboration, federation or some degree of regionalisation and pooling of particular expertise rather than merging. I would say, in passing, that one of the first questions I asked was: what was so bad about the Regional Crime Squad type model that you could not do that? They did not work and they did not work for any number of reasons, not all associated with policing, but turf wars and various other bits and pieces. If people are serious about moving towards collaboration and federation to fill these gaps and to pool that expertise, then I will listen. I say “serious” because I think I have read in at least one place—and I cannot remember the exact number but if I have misremembered, I do apologise—that there will need to be a standing force, in terms of a response unit, of some 279 officers just in case something went off in Wales in an all-Wales force, which is clearly ludicrous. Pooling that expertise to address what will be, sadly I think, increasingly serious organised crime, even if the level stays as it is the impact is still very serious, needs to be achieved. I am saying we think that would be better done in the one force than otherwise, but I do need to emphasise, and I keep repeating this rather than saying that one force fits all (if I have said that six or seven times that is probably sufficient for the committee’s purposes) that we are now in properly connected engaged mode and seriously want to talk about what people think the alternatives could be. It is just not enough, I think, to say: this is our model; it works fine for us. Yes, there are gaps but I am as concerned with BCU and neighbourhood policing as I am with filling those gaps.

Q19 Mark Williams: Turning now to specific issues related to Government, the Government has been working toward a Strategic Police Authority of 43 members to be reduced to 33 after the first two years. Concerns have been expressed that there is an element of pre-determination as to the success of that committee in reducing it after two years but police authorities have said that “a review of the

effectiveness of the SPA should be undertaken after it has been given a reasonable chance to be in and its effectiveness can be properly evaluated—not before it has even been formed.” What are your views on that or do you feel this particular issue is not in the melting pot of the dialogue that you have outlined you are going to undertake over the summer?

Mr McNulty: I think there are two or three things going on. Firstly, the 43 will reflect a police authority roughly reflective of the composition now in terms of local authorities and the majority—local authorities will have a majority. That is in statute, so that is fixed and rather clunky in terms of any flexibility. The Police and Justice Bill, you are quite right, going through the House now, puts that down to 33 in the first instance, reflected I think by magistrates and some other component parts of the existing police force. The Police and Justice Bill also affords us, through orders rather than primary legislation, the flexibility, working with each new force, to reflect the authority that they require rather than being locked into a statutory obligation of 14 or 43. Although it may seem like 43 down to 33, that casts all sorts of judgments on the new police authority straight away and makes assumptions about the direction in which it is going. Actually, I think that once the Police and Justice Bill has gone through the House, and I think by October/November that rather than before the summer recess, then it will afford us a greater degree of flexibility. That is a long-winded way of saying that I agree with your last point that it is then, with that flexibility, in the melting pot and we can discuss with each particular new force quite the direction they want to go in terms of policing.

Q20 Mark Williams: Just to reiterate, and you have more or less answered my second question, relegation to area committee should envisage that discussion taking place here when we return after the recess?

Mr McNulty: No doubt there will be some discussion on area committees, deputy chief constables and the whole composition of police authority issues when the Police and Justice Bill comes back. In substance, we have said that there will be area committee and we need to talk with each force about that. Quite how they work and relate to the authority and all those other elements I think are matters for discussion that probably goes beyond simply the Police and Justice Bill that gives us the ability to do these things. I do not think there will be a huge set-piece debate on a Welsh force or any other force in November but simply the tail end of the Police and Justice Bill debate.

Q21 Mr Jones: The Police Authorities of Wales, and I quote “seek parity with councils which are able to use local government provision to devolve decision making to cabinet or area committees”. How would you respond to that?

Mr McNulty: As I say, now that we have put in place the notion of area committees, then once we have got what the overall force will look like in each area, we have a degree of flexibility to look at what the relative devolution or power structure will be

between a force-wide police authority and the area committees. That really is a matter of serious debate and discussion, as I was saying.

Q22 Mr Crabb: Just thinking about regions within Wales, you may be aware of the broader Beecham Review of the reform of public service delivery in Wales. How do you think the current proposals for restructuring the police forces in Wales fits with that review, in particular local delivery of those services much more?

Mr McNulty: I think there is still a debate to be had on that within the context of policing specifically, but I do think we have understood the starting point in terms of the specifics of geography, which clearly has an impact on local service delivery by what we have done on area committees, by saying that an additional deputy chief constable may well be the way forward, and I think by continually working with the Wales Office and the Welsh Assembly Government on every aspect of public service delivery and not having the police stand outside of that whole debate because I think it is, as you imply, hugely important.

Q23 Nia Griffith: When the four Welsh Chief Constables were giving evidence to the committee, they told us that the “effectiveness of arrangements (in an all Wales Force) depends entirely on the resilience and accessibility of the command function”. They added that “for command reasons alone the Welsh ACPO team must be dispersed across the country ... to ensure a 24-hour geographical command resilience”. What will you do to ensure that this is in fact the case if an all-Wales force is created?

Mr McNulty: I do not want to hide behind the notion that that is an operational matter but it is, I do take the point. I know people have in their head in all these matters a model that says “everything sucked to one centre and everything on policing is dictated from that centre” and somehow that is where we have got to in terms of the whole restructuring debate, which I think is profoundly a wrong interpretation. Although it will be a matter for the overall force, that sounds entirely right to me, not least for the same reasons we suggest accountability in government needs to have a slightly different focus in Wales because of geography. Intuitively, I think that would be entirely the way I would expect them to go. It is not a mass urban sprawl. In a mass urban sprawl like London, there is not simply one command and control focus for resilience; that is dispersed too. It would make perfect sense in an operational matter, which as I am on a roll I will comment on anyway although I probably should not, that there should be the resilience centres across Wales as a nation to fill those gaps in terms of that key area. I agree with the thrust of what they are saying. It is a matter for them and nothing we do will work against them being able to design things in that way as a new force, rather than otherwise.

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Q24 Hywel Williams: We understand that the Government have agreed to amend the Police Act 1996 so that forces can have more than one deputy chief constable but also that the Home Secretary will reserve the power to approve such an arrangement. Can you tell us how that would work in practice?

Mr McNulty: As with all these reserve matters, the force will come up with a suggestion and a rationale behind the suggestion and more often than not I would say in practical terms, the Home Secretary would agree it. Rather than a power grab, I think that is more about providing a statutory hook where things are, for whatever reason, perverse or capricious, and so that nine times out of 10 or 99 times out of 100, after discussion, if the rationale is there and it makes perfect sense, then it will not be rubber stamped but it will be agreed, I would say, by the Home Secretary. Again, the people who think that is another centralising power and “you might want that but I will decide whether you get it or not” is the wrong way of looking at it. It is there as a kind of public policy escape clause, should there be perverse overtones, which of course in the Welsh context—four forces, one force or otherwise—would never be the case.

Q25 Mr Crabb: One of the most concerning bits of evidence that came before us in our inquiry from my point of view was the statement from the Welsh Chief Constables who said that “there is a real doubt that an all-Wales force created as things stand would be financially viable”. How do you propose the question of financing is going to be resolved?

Mr McNulty: Number one, by getting off the hook of the over-ambitious timetable, so there is time and space to think and discuss and take these concerns up more readily with people. To be fair, you will agree that that comment was made in the context of the timetable and the constraints that would follow in terms of negotiations and everything else. Because it is twin-track, I will seriously engage both on finance in terms of start-up costs that we are committed to and finance in terms of council tax precept equalisation, both of which are real issues, in Wales as elsewhere, and are matters that we are seriously considering now, as we were in the past, both across Government and with each of the assorted forces in England and Wales. This concern really was in that narrow focus of where they were at with the timetable. That does not mean that now we have elongated the timetable all of a sudden all finance matters have gone away and are no longer the concern of chief constables. There are still, and would have been even on the existing timetable, some concerns about finance in both those regards that, in the normal course of things, we would have discussed in a rather hurried fashion on the old timetable, but now we have the time and space to reflect on those while everyone is telling me the 100 ways we can get the level 2 protective services gap closed, without going for a full or merged force.

Q26 Mr Crabb: You will be aware of the medium-term financial forecast that the Chief Constables produced which indicated that by 2012–13 there will be a £51 million deficit. Do you still recognise those figures as robust?

Mr McNulty: I hesitate on the word “still” because I am not sure that we ever did recognise those as robustly as perhaps the authors intended, but again I would say that they were, within the constraints, quite properly and fairly assumptions about council tax precept equalisation and assumptions about reasonable start-up costs. You will know as well as I that you can build in all sort of assumptions and then extrapolate and get to those sorts of figures. I think, rather than dwell on those, there is scope and time now for discussions on both the start-up costs side and the council precept equalisation, and we need to have those discussions sooner rather than later, which is what we are doing.

Q27 Mr Crabb: They worked with one set of figures and they had their work evaluated by PricewaterhouseCoopers. You are saying you do not recognise those figures. You have an alternative set of figures in front of you. Are you still looking at a deficit for an all-Wales force within the timescale that they were looking at, by about 2012–13?

Mr McNulty: I am saying validated by Pricewaterhouse or whoever, which I am sure was a perfectly fair way to go, I do not recognise many of the starting assumptions they make, quite properly because they do not have all the facts and figures in front of them. I do not say that we are programming a deficit or otherwise by 2012–13 or otherwise but that, now we have the time and space, those matters need to be discussed, crucially I think, and we do need to address their presumptions about council tax precept equalisation that lead them in that direction. I am not challenging the validity of what they have done or how they have done it. I am just saying that some of their assumptions that may or may not have been appropriate in the rather constrained timetable we had are now, along with everything else, matters for debate and discourse. If you are asking me as a matter of policy if we are determined to make sure that by the turn of the next decade there will be a deficit for an all-Wales force, I think, to be fair, the answer is no.

Q28 Mr Crabb: I was not asking that. I was asking whether the figures that you have before you, which you might consider more appropriate than the ones the Chief Constables were working from, point to a deficit in 2012–13. Moving on, who do you think will pay for the increased financial commitment of an all-Wales police force?

Mr McNulty: Again that is a very short question with a huge amount of supposition in it. Firstly, for reasonable start-up costs, we have said the Government. Secondly, if people can persuade me that the model we are attached to, part of which I shall not repeat, is not the right one, what are the alternatives? Let us look at the financing resources of those alternatives. It may well be that I am suitably persuaded and we do not go for this model. Thirdly,

you will know, and this is part of the supposition behind the earlier figures, that we have said in the course of any of these mergers that over time there has to be equalisation of the precept, which is again perfectly reasonable. There are all sorts of variations there in terms of how you do it, over what time, at what speed, and within what capping regime or otherwise. Any one of those assumptions can lead you to all sorts of lines in terms of financing in the future, let alone a combination of all of them. So those are all in the pot now and are matters for discussion.

Q29 Mr Crabb: I can say that there is a massive fear back home in Wales that there will be a big financial hit recurring year-on-year with a new all-Wales force and that there are only two ways to pay for that, either by service cuts or by an increased burden on council taxpayers. That is the fear down in Wales at the moment. You have a huge task to dispel that.

Mr McNulty: I do doubt that fear is there, not least, as I think I said right at the beginning, for a three to six month lack of real engagement in terms of politics and details of this on behalf of Government. I do not think we did that very well and it did not do us any favours. I say that as candidly as I can. I recognise those fears. It is my job to challenge and overcome them.

Q30 Mr Jones: The written evidence from the Chief Constables in Wales states that the police funding formula will be reviewed next year for implementation in 2008. It is likely that it going to be coming into being at the same time as the new police force, if we go along that line, which it seems you are determined to do. If, as they claim, this happens, they say, and I am quoting from their evidence, “for those charged with the creation of an all-Wales force, not knowing the future funding position . . . at the design stage represents a real headache”. How do you propose to address that issue then, Minister?

Mr McNulty: I think the whole issue of the funding formula is reviewed on a regular basis and it will need to be reviewed in the context of when we get back on the restructuring timetable. I know that there are concerns too, and there always are, about issues such as sparsity and other elements and how they feed into performance. I think it is right and proper that the formula should be reviewed. There are inputs into that from all relevant stakeholders in Wales as elsewhere. It does need to be done in the context of where we are going on the restructuring process. It is an entirely fair point and one that does need very careful attention, as ever in local government terms, because that is the root of it, aside from simply in the context of restructuring.

Q31 Mr Jones: So that the change in the police force structure would have an effect on the funding formula rather than vice versa?

Mr McNulty: Only I think to the extent that issues such as sparsity and all the other elements that go to make up the police funding formula will be done in base terms of the population of the new force covered rather than otherwise. The relationship,

whether it is the police funding formula or more broadly local government funding, is always done in the context of what the population base is that those services are going to be serving. In that way, yes.

Q32 Nia Griffith: The Welsh Police Service tells us that the revised funding formula is advantageous to metropolitan areas but disadvantageous to the sparsely populated areas. Given that any proposal for an all-Wales police force is likely to be the most sparsely populated area of any police force in England or Wales, what assurances can you give us that the budget for an all-Wales force would not be any less than the sum of the four existing police forces?

Mr McNulty: Without rushing quickly for a crystal ball, I probably can give that assurance and the assurance, and this might sound sleight of hand, that sparsity will remain a key issue for those involved in the formula to look at. You will know as well as I do that sparsity is very important in terms of the actual spend on any number of services—road maintenance and a whole bunch of other things as well as just policing—and they do try to capture that within the wider context of local government funding and the formulae. The Welsh Association of Local Government, the Welsh Assembly and others all have inputs into the review process of the funding formulae and they all understand as readily as many of the English counties that have equal difficulties the importance of the sparsity factor. Without digressing, it is even more complex than you suggest. I have many colleagues in counties that are overwhelmingly rural but have this huge urban metropolitan lump in the middle and they think they are getting severely under-funded in the context of sparsity value because all the focus is on their urban bit but not on the rural bit. In a broad sense, we do need to get to a stage where, whatever happens in terms of structuring and mergers, that overall balance, not simply in terms of funding but more broadly between urban-based policing and rural-based policing, is taken into account. Sparsity tries to capture that in terms of the formula, principally through strategic and operational matters. Whatever this force ends up as, single force or otherwise, will have to take that into account as readily as other forces in England. It is a tension and real balance between the policing of rural communities and the policing of urban communities.

Q33 Nia Griffith: Can we turn now to council tax? Can you tell us what proposals there might be for the equalisation of the council tax contributions from the four force areas which presently do not all contribute the same amounts when a proposed force would be created?

Mr McNulty: At the risk of repetition, now that we are off the original timetable, that will have to be looked at in detail along with all the other matters. I think the broad principle that it is right and appropriate to equalise is the right start. In that

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context, you will know that, as you suggest, certainly South Wales needs to go up and others come down in terms of the starting point.

Q34 Nia Griffith: That is obviously a concern.

Mr McNulty: I say that for no other reason than to represent fact, but whatever discussion there is on that and how we move forward, I have not heard in the context of even those who object to merger models throughout England and Wales, any notion that there was somehow something wrong with the notion or concept that there should be equalisation, whatever the final area is.

Q35 Nia Griffith: If we can move then to the total budget, the Welsh chief constables claim that based on the draft amalgamation order and likely constraints in terms of council tax capping, they see that there will be an annual loss of income of £10.2 million in 2009, rising to an annual deficit of £27.8 million by 2012. How would you respond to their claim and how would you propose to solve this problem?

Mr McNulty: As I suggested earlier, there are assumptions made in there about the capital regime, there are assumptions made in there about how to equalise and how quickly to equalise, and I seriously say all those matters are now matters for negotiation and discussion. I do not decry what they say in the context of what events were and what the facts were at the time, but the Home Secretary have not slowed things down—as I said right at the beginning—because it is too hard so we are not going to do it all. There are compelling reasons why these gaps should be filled. Neither, at the other end, are we saying we will do it in three months or six months when no one is looking and they think it has all gone away. We are serious now about engaging with all stakeholders across all forces involved; yes, in terms of broad principles going ahead and what alternatives there might be, as I suggest, but equally in terms of the nuts and bolts of each of these areas: finance, accountability, council tax precept, equalisation and other elements, because it is important to do so while there is this reflection period. I am not just pushing the question away in the context of the new circumstances. I think the new circumstances give us a chance and an opportunity to continue to look, perhaps in more depth in the time afforded at all these matters than we could have under the more ambitious timetable that we have just come off.

Q36 Jessica Morden: The other financial worry that the chief constables have is about the funding of neighbourhood policing and they were saying that in 2008, given that the additional Home Office funding for PCSOs was going to be consolidated into their base budget, thereon it is going to in fact give about £10 million deficit. Talking of my own personal experience, given the success of neighbourhood policing in my patch, can you guarantee that it will not be put at risk in future because of financial issues?

Mr McNulty: I can guarantee that the Home Office will fight as manfully as it can in the next Comprehensive Spending Review round for such a success to endure in terms of being fully resourced, as it has this time round. It is really the three year bites in terms of the spending review that put that impact on it, but I do say as strongly as I can that whatever your politics neighbourhood policing is the way forward. How it relates to the basic funding and whatever else is above that is of course important, but that accountability and visibility of policemen and women out on the streets, although in some cases it is early days, has had a profound result that we do not want to challenge in any way or undermine.

Q37 Mr Crabb: Can you confirm whether after 2008 your department will be looking for the private sector in Wales to help shoulder some of the burden or finance the additional PCSOs that are coming on stream in the next 12 months?

Mr McNulty: We will welcome support from wherever it comes.

Q38 Mr Crabb: Will there be a targeted push to attract financial resources from businesses in Wales to help with the funding shortfall?

Mr McNulty: Firstly, that starts to go into the next CSR but, secondly, we have always said quite seriously—if I sounded flippant I apologise—that it is incumbent on the whole community to contribute to the policing of their neighbourhoods and communities and we will look to business to help in that regard generally, I do not think necessarily to fill any shortfall or any kind of pre-planned function. It has worked and worked well in some instances where businesses, especially in town centres, have contributed significantly, largely because they can see the results that go to quality of life, environment and all the other issues around their business. We will keep pressure in that regard to get contributions in that direction and work with local authorities in imaginative ways to ensure that that happens. I say local authorities because it has happened in some instances in terms of the street wardens and community wardens, that they have been a precursor—although that is not strictly the use as a historical matter—to the development of PCSOs.

Q39 Mr Jones: Minister, although a variable number of chief constables and police authorities at different times and in different places have said that they support the merger in principle, they claim that as things stand they cannot offer their “unqualified operational support”. What steps will you take to secure that support?

Mr McNulty: Meeting with them, engaging with them, explaining what the new process is as quickly as I can and explaining to them that whatever substantive concerns they have had that essentially—not all but half revolved around the timetable and the rush, as they would term it—now that we have the time and space I have to sit down and engage with them to try and allay those fears, without stepping into strategic operational matters

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and telling them what we think is the way forward. If I can allay those fears, hopefully they will skip up to the sunny uplands with me.

Mr Jones: The sunny uplands are the problem; we have too many sunny uplands in Wales. On that note I will leave it.

Q40 Chairman: That is a happy note on which to end. Thank you, Minister, for your very refreshing and open and frank way in which you answered the questions; I hope that in the same spirit you will

respond to our second report on this matter. In our first report I would like to place on record the fact that we were scrutinising the process and there were some unwarranted criticisms, not from the Home Office but from elsewhere, about the fact that we did not come forward with our own proposals. I hope that when we will compile our report this time we may well come forward with our own proposals and that you will respond in a positive and constructive way.

Mr McNulty: I look forward to being able to do so.