



House of Commons
Home Affairs Committee

Government Response to the Committee's Fourth Report of Session 2006–07: Police Funding

**Second Special Report of Session
2006–07**

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The Home Affairs Committee

The Home Affairs Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Home Office and its associated public bodies; and the administration and expenditure of the Attorney General's Office, the Treasury Solicitor's Department, the Crown Prosecution Service and the Serious Fraud Office (but excluding individual cases and appointments and advice given within government by Law Officers).

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Second Special Report

On 19 July 2007 the Home Affairs Committee published its Fourth Report of Session 2006–07, *Police Funding*, HC 553. The Government's response to the Report was received on 19 October 2007, in the form of a memorandum.

We publish this document as an Appendix to this Special Report. In the Government Response, our original conclusions and recommendations are in bold text, the Government's response is in plain text.

Appendix: Government response

1. Despite a headline BCS-measured crime reduction figure of 35% since 1997, the overall picture with regard to crime reduction has been more mixed. Over the last ten years the greatest reductions in crime have been achieved in volume crime, namely burglary and vehicle theft. Meanwhile, similar reductions have not been achieved in other crimes. Whilst the police have been successful in reducing volume crime, other non-police factors have also contributed to the reduction. (Paragraph 26)

2. Crime levels are affected by a range of factors other than police resources, including sentencing policy and the number of individuals in prison at any given time. Notwithstanding this, we would still have expected the recent significant extra investment in the police service to have had a measurable impact on crime levels. It is puzzling to us that the significant decrease in overall BCS-measured crime occurred before any significant increase in police funding or in police officer numbers. Although it is difficult to draw firm conclusions from high-level data on overall crime and funding levels, the reduction in overall crime levels does not seem to have been directly related to additional resources. (Paragraph 27)

As the Committee notes, crime is affected by a range of factors and it is therefore too crude simply to compare increases in police funding with changes in crime and then draw firm conclusions about the effectiveness of the police in reducing crime—not least because increases in policing and their visibility can in fact provide the public with more confidence to report more crime incidents. Current Home Office research shows that, when controlling for some of these factors—for example changes in the economy, demography and social factors—increases in police strength, visibility and focus have had a significant impact on reducing crime.

3. On the basis of the data currently available, it is difficult to assess how effectively the increased spending on the police in recent years has been deployed. The Home Office, ACPO and APA have not yet developed mechanisms to collect or analyse information in any comprehensive way to assess the productivity and cost-effectiveness of the police service. Although we welcome the work being done to introduce activity-based costing of police activities, there remains no precise or implemented framework of overall productivity, which we consider to be a matter of some concern. It is hard to assess the

case made by the service and police authorities for more funding when there is no comprehensive measure of how well they have spent the money they have already received. We recommend that the Government, in partnership with the service and police authorities, should place renewed effort into agreeing a comprehensive framework for assessing police productivity, allowing a clearer link to be drawn between investment and outcomes. (Paragraph 28)

As the Committee has acknowledged, there has been a significant increase in funding for the police—Government grants have increased by 51% since 1997–98—and it is very important that we are able to ensure that resources are used to best effect.

It is generally accepted that no single measure of productivity will ever be a definitive source of the relationship between outputs, outcomes and inputs for a complex public service. Any measure of productivity must be supplemented with other sources of information, for example, performance data, core research evidence, and wider sensitivity analysis of key assumptions.

The Policing Performance Assessment Framework (PPAF) has been developed to assess ‘policing’ as a whole and is designed to reflect the breadth of modern policing. It is about the contribution of local communities and other organisations, as well as the police service itself. In addition to focusing on operational effectiveness, the Policing Performance Assessment Framework provides measures of satisfaction plus overall trust and confidence in the police, as well as measures that put performance into context in terms of progress against efficiency targets and organisational capability. In line with the Government’s desire to enhance policing accountability at a local level, performance against local priorities is also assessed.

This approach will continue with the development of the Assessments of Policing and Community Safety, (APACS), to be introduced in April 2008. In particular it is proposed to develop for APACS additional indicators of police efficiency, which will contribute to the overall APACS assessment. A consultation with the police service about efficiency indicators is presently underway. It is envisaged that the additional efficiency indicators would be initially introduced as Diagnostic Indicators from 2008–09. The indicators would be recommended for adoption as Performance Indicators once we are satisfied with the reliability and robustness of data.

4. It follows that it is equally difficult to assess the implications of any future shortfall in police funding of the kind predicted by police representatives during the forthcoming CSR period. (Paragraph 29)

The Government notes the Committee’s views.

5. The Government’s key crime reduction target, ‘offences brought to justice’, is not a good indicator of success in relation to the types of crime which the public fear most. Performance against the target improved by 20% between 1998–99 and 2005–06. However, in the twelve months to March 2006 a large proportion (38%) of offences brought to justice were made up of petty offences in the form of warnings, Cautions and Penalty Notices for Disorder, and only 53% comprised convictions. There is a strong case for excluding summary justice measures from this target. Given that the rate of conviction remains low as a proportion of all estimated BCS crime, it is

important that any revision of the target should place an increased emphasis on convictions. We also encourage the Government to maintain a focus on tackling prolific offenders. (Paragraph 30)

The criminal justice system has achieved significant improvements in recent years in the number of offences brought to justice. There were 1.416 million offences brought to justice in 2006–07—an increase of 41% on 2001–02.

The Government recognises that much of this increase is attributable to the growth in use of cautions, penalty notices for disorder and cannabis warnings. Out-of-court disposals allow the police to deal quickly and efficiently with low-level offending, as well as providing practical and proportionate means to address, in a way that a conviction at court may not, criminal behaviour that could escalate or persist. As a result of the increased use of out-of-court disposals, the proportion of all offences brought to justice by conviction has reduced, although the number of convictions has remained broadly stable at a time when recorded crime has been falling.

We believe it is desirable to retain out-of-court disposals within an offences brought to justice measure. Although the public undoubtedly fear the most serious crimes, we also know that tackling low-level offending and anti-social behaviour are often key priorities for communities, and measuring the use of these disposals allows us to recognise efforts to address such local priorities. However, we acknowledge that the current target has not provided a clear focus on improving the efficiency of the criminal justice system, particularly for those more serious cases which are prosecuted at court. It is for this reason that the criminal justice public service agreement for the period 2008–11 includes a commitment to improve the effectiveness and efficiency of the criminal justice system in bringing offences to justice, rather than increase the volume of offences brought to justice.

The Prolific and other Priority Offender (PPO) programme continues to tackle a relatively small group of offenders who commit a disproportionate amount of crime and cause disproportionate damage to their communities. The full evaluation of this programme published in February 2007 shows that it has had a positive effect on offending rates of the first cohort of PPOs on the programme, with a 62% reduction in recorded reconvictions over 17 months. The PPO programme has recently been aligned with the Drug Interventions Programme to ensure that the highest crime causing drug-users are identified and targeted.

6. In drawing up the next round of PSA targets relating to the police, the Government should aim for a better balance between clearly measurable targets and the less easily measurable aspects of police performance which are important to the public—such as reassurance policing. We expect to be consulted in due course about the Home Office's contribution to the new target-setting round in the Comprehensive Spending Review 2007. (Paragraph 31)

Significant consultation has been undertaken with a wide range of partners on the development of the new 'Make Communities Safer' PSA that will come into effect from April 2008, details of which were published in the Comprehensive Spending Review 2007. Feed-back from this consultation echoed the recommendation of the Committee, and the PSA seeks to address this by including a focus on increasing public confidence in the police

and other agencies dealing with community safety, as a proxy for things like reassurance policing and tackling local issues. Research (from the national reassurance policing programme) has shown that working successfully with the local community to identify and address the crime and community safety issues of greatest concern across the full spectrum of crime and anti-social behaviour results in higher levels of public confidence. This focus on the 'less easily measurable' aspects of policing is balanced in the PSA with more specific objectives on the most harmful violent and acquisitive crimes, to ensure continued focus on these important issues. More detailed information is set out in the PSA Delivery Agreement on the CSR section of the Treasury website (PSA 23).

The PSAs will not, however, represent the entirety of the performance overview for policing and community safety. The new performance assessment framework APACS will provide a more comprehensive and balanced overview of performance for practitioners and the public. This framework will include an enhanced focus on confidence and satisfaction, and will cover the full spectrum of the work of the police, from anti-social behaviour and quality of life issues through to the most serious and harmful crimes. A formal consultation on the APACS framework and wider approach to performance on policing and community safety will be launched in November.

7. In considering the use made by the police service of increased resources, we recognise there is some force in the argument made by the Police Superintendents' Association that resources have been diverted to the new tasks the service has been asked to carry out over recent years. However, we have seen no hard evidence to convince us that these additional responsibilities have absorbed all the new resources. We do not therefore believe that new demands alone explain the failure to improve conviction rates. (Paragraph 32)

The Government has sought to ensure that new burdens which are placed on the police service are fully funded.

8. The recent assessments by HM Treasury and the Audit Commission confirm that there is scope for more efficient use of police resources. We acknowledge that progress is being made, and that 42 out of 43 forces performed 'adequately' or 'well' in the Audit Commission's assessment of use of resources, which is to be welcomed. However, the fact that none out of the 43 forces achieved a level 4 'strong performance' rating in the assessment, and the conclusion of HM Treasury that "progress is slow and patchy", indicates that there is room for significant further improvement. It is unacceptable that the significant recent increase in investment in the police is not being used to maximum effect. In this context we find the comment by Dr Brain of ACPO that it might not be "value for money" for police forces to seek to raise their performance to the top level deeply unpersuasive, and we reject his conclusion. The senior leadership of the police must demonstrate that they are making concerted and sustained efforts to target their resources effectively so as to achieve the Audit Commission's 'strong performance' rating. (Paragraph 33)

The Government also welcomes the fact that 42 out of 43 police forces performed "adequately" or "well" in the Audit Commission's assessment of police use of resources. The Government would expect the pursuit of improved resource management by police

forces and their authorities to lead to a number of forces achieving a “strong” performance rating.

9. There is agreement that the Comprehensive Spending Review financial settlement will be tight for the police service. Our police witnesses and the Government were in agreement that the settlement will, at the least, see a lower rate of increase in the investment the police have enjoyed over the last few years. The precise scale of the settlement, and of any related shortfall, remains unclear. (Paragraph 50)

10. We recommend that when the results of the Comprehensive Spending Review are announced later this year, the Government should publish at the same time the full assumptions which underpin the police funding settlement. (Paragraph 51)

The funding settlements for the police for the three years of the Comprehensive Spending Review are due to be published later this year. Final decisions have yet to be taken but the financial climate is likely to be tighter than it has been in recent years. The Government will consider whether it is possible to publish any additional supporting material at the time of the settlement announcement.

11. We note that the Government retains the power to place capping limits on council tax increases, and we acknowledge that the issue of capping is looked at on a case by case basis. However, we recommend that the Government should look again at the specific question of whether it is appropriate for police precept to remain effectively capped at 5% in line with other local authority budget increase limits. (Paragraph 52)

The Government notes the Committee’s recommendation. Guidelines on capping for all local authorities, including police authorities, will be announced later this year.

12. We share the concern expressed by the Minister about the considerable disparities in the amount of police precept raised by different forces. This is a matter of significance, particularly where the disparity cannot be adequately explained by locally made decisions as to the level of service provided by the police. It is far harder to justify local autonomy and delegation when not everyone begins at the same starting point. We recommend will consider whether it is appropriate to take steps Government should commission research into the reasons behind the variations and what might be done to reduce disparity between forces. (Paragraph 53)

The grant distribution contains an element of equalisation to take account of the different abilities’ of areas to raise funds locally through the police precept. However, the main factor which explains the disparity in the levels of police authority precepts is decisions that have been taken locally. In 1997–98 the lowest band D police precept was 63% of the highest. By 2007–08 that figure had fallen to 33% reflecting different approaches to precept taken by police authorities. The Government will consider whether it is appropriate to seek to narrow the range.

13. Police pay settlements over the CSR period will probably be tight. We have seen no short-term evidence of recruitment and retention problems in the police service. Indeed, recruitment of both police officers and civilian staff has been boosted in correlation with the increased resources allocated to police. However, this issue should

be kept under review to guard against the possibility of problems developing in the longer term. (Paragraph 54)

The Government agrees with the Committee's assessment of the recruitment and retention position and supports the recommendation that this issue be kept under review. This is in line with Recommendation 11 of Sir Clive Booth's Report "Fair Pay for Police Officers" which we are seeking to progress through the Police Negotiating Board.

14. Both the police service and the Government recognise the need for prioritisation and a period of consolidation to coincide with the CSR years. If the CSR settlement is as tight as seems likely, police authorities will need to work closely with forces to identify where there are less urgent programmes or activities which could be scaled back or postponed if need be. The Government must play its part by allowing the service—in the Minister's own words—to "draw breath". Any new initiatives from the centre should take full account of local funding implications. (Paragraph 90)

15. A distinction must be drawn between centrally-run and funded programmes within the police service, such as those relating to IT, and centrally-driven but locally funded priorities set by Government, such as the offences brought to justice target. The Government should ensure that, so far as possible, no additional non-essential priorities are set centrally to be funded at force level. It should review the business cases for all centrally-run and centrally-funded programmes to see whether they all fully justify the resources devoted to them in a tight financial climate. (Paragraph 91)

The Government shares the Committee's view. The Government does not intend to impose new, unfunded burdens on the police service in the CSR years. All centrally run and funded programmes are kept under regular review and the National Policing Board allows for discussion of priorities on a tripartite basis.

16. If the Government is to argue that the police can meet any funding shortfall from greater financial efficiency savings, it must be specific and realistic about the scale and nature of efficiencies it expects the police to make. (Paragraph 92)

The Home Office is working in partnership with police authorities and chief officers through the Police Efficiency Group to develop an efficiency strategy and programme for the CSR 07 years. We expect this to clearly identify a number of areas in which there are significant opportunities for the police service to increase efficiency. However the detailed planning for increasing efficiency in each force will rightly remain a matter for that force and its police authority. Forces and authorities will be best placed to judge the appropriate set of initiatives and to plan their implementation, so as to achieve optimal increases in efficiency, taking into account the particular circumstances of each force.

17. Shared services were identified as a key element in improving police efficiency in 2004. The evidence suggests that the police are being sluggish in developing shared services, which then enables them to argue that use of such services cannot release savings in time for the CSR period. The current Home Office policy of not exercising its powers to mandate forces to share services, but of encouraging them to do so on a voluntary basis, is understandable given the wish to maintain positive relationships between Government and police. However, as we noted in paragraph 67 above, this means the onus is very much on the police themselves to demonstrate that they are

genuinely committed to making progress in this area and to releasing the potential benefits of shared services programmes. We recommend that the Home Office should keep under review its policy of not mandating police forces in this regard. (Paragraph 93)

The Government welcomes this recommendation, but remains of the view that mandation would not be appropriate at present. An outline business case (OBC) for national shared services for finance and human resources has been developed and published to the service on behalf of the Police Efficiency Group through a programme led by a senior police officer. The service is considering whether and how to take this forward. The Government expects that the police service will seize the opportunities identified in the OBC to drive substantial improvements in the efficiency of finance and HR processes, whether or not this leads ultimately to a police specific shared service programme.

18. Police authorities have a significant role to play in holding the police service to account and working to ensure that individual forces perform effectively and efficiently. We therefore welcome the inspection framework for police authorities being drawn up by HMIC and the Audit Commission and support its speedy implementation. (Paragraph 94)

The Government agrees with the Select Committee's view of the critical role police authorities play in holding chief officers to account. Inspection of police authorities' activities will provide an objective and evidenced basis for the assessment and comparison of performance and for driving further performance improvement. It will also facilitate targeted support where this is needed.

Provisions in the Criminal Justice and Immigration Bill, published in July 2007, will give HMIC powers to carry out general inspections of the performance of any aspect of police authority activity and enable joint inspections with the Audit Commission, which is gaining enhanced inspection powers through the Local Government and Public Involvement in Health Bill.

A unified inspection regime involving HMIC and the Audit Commission acting together will provide consistent assessments which draw on the expertise and knowledge of both bodies and minimise the inspection burden on authorities. We are working with HMIC, the Commission and the Association of Police Authorities to develop a joint protocol which will underpin this inspection process and set out principles for how it will be managed.

We hope that the Criminal Justice and Immigration Bill will receive Royal Assent in the summer of 2008. Once the legislation is in place and HMIC and the Audit Commission have the necessary powers to carry out inspections we will work with stakeholders to implement inspection arrangements which meet the Government's principles of public service inspection.

19. Effective delegation of resources management to BCU level makes a significant contribution to the efficient use of resources. There are examples of good practice with regard to the effective delegation of resource management to a local level. However, it is regrettable that many forces seem not to have fully implemented the recent Home Office guidance. We were dismayed to hear of the PSA's concerns in this regard. We

recommend that ACPO and police authorities exert pressure on individual forces to implement the guidance. (Paragraph 95)

The Government remains committed to delegation of resources to BCU level and is pleased that the Committee has received evidence of good practice. The Government expect the Home Office guidance to be complied with and welcomes the suggestion that ACPO and police authorities should seek to ensure this.

20. The police service has argued for greater financial flexibility. The Government has responded to calls from the police for greater flexibility around funding streams by relaxing rules on the Crime Fighting Fund, and has indicated its willingness to do the same for other specific grants. The police now need to make the case for any remaining ring-fenced funds to be relaxed. (Paragraph 96)

The Government has made a concerted effort to move from ring-fenced to general funding for the police in recent years and will continue to do so where appropriate. The proportion of Government police funding that takes the form of ring-fenced grants is low.

21. The great advantage of Police Community Support Officers is their visible and reassuring presence on the streets, dealing with lower-level crime, disorder and anti-social behaviour. This enables police officers—including the Special Constabulary—to concentrate on tackling higher-level crime which is of most concern to the public. We were therefore concerned to hear that PCSOs are in some instances being deployed to perform office functions rather than front-line duties. The Minister offered to commission research into how PCSOs are being used, now that the target for recruitment has been met. We welcome this offer and recommend that independent research be commissioned as a matter of priority. We also welcome the offer of research on the same subject from the Police Federation. (Paragraph 97)

The Government is pleased that the Committee has acknowledged the valuable contribution Police Community Support Officers make to the delivery of Neighbourhood Policing. The Committee has clearly recognised that a significant part of the PCSO role is to provide a visible and reassuring presence on the streets and in other public places. However, we know from the evaluation of the National Reassurance Policing Programme, the precursor to Neighbourhood Policing, that if we are to address effectively the priorities and issues identified by local communities, then engagement and problem-solving are equally as important as increased visibility on patrol.

In recognition of this, PCSOs will rightly spend some of their time on duty engaging with the many and varied communities they serve and developing effective partnerships, both in their local community and with other local agencies, to problem-solve the priorities identified by the community. We believe that this is a legitimate and necessary use of a PCSOs time and accept that whilst most of this work will be very public facing and visible—with community meetings in schools, supermarkets and even in the street—PCSOs will also need to spend time in the office organising their community meetings, liaising with other local agencies to find solutions to problems identified by their local community, and being briefed themselves about particular issues to be aware of in their area. However, we would expect the majority of their time to be spent in the community.

We accept that after the successful introduction of 16,000 PCSOs it would be timely to look at how these officers are contributing to the overall Neighbourhood Policing picture. The Home Office is currently carrying out work in this area and we expect this to provide information which will help us to identify and understand the activities undertaken by PCSOs within different forces.

22. We acknowledge that there is a minimum amount of paperwork required to ensure accurate records and audit trails from police casework. However, the proportion of police officer time spent on paperwork in each of the last three years, at about 20% in total, of which half is non-incident-related, remains unacceptably high and is a source of real public concern. There has been insufficient progress in introducing personal digital assistants across all forces; this would save considerable amounts of police officer time. We recommend that Chief Constables should ensure this technology is introduced in all forces as a matter of urgency. (Paragraph 98)

The Government remains committed to tackling unnecessary bureaucracy. The key responsibility is for everyone involved in policing, including local managers and chief officers to keep processes as streamlined as possible, however policing is sometimes a coercive activity and it is appropriate for well kept and comprehensive records to be compiled.

We have already delivered considerable reductions in bureaucracy through innovations such as video identity parades, roll out of the airwave system, the implementation of 198 Livescan units (which record fingerprints electronically), the civilianisation of custody suites and the current review of PACE.

We recognise that more progress is needed, and this is why reducing unnecessary bureaucracy was included within Sir Ronnie Flanagan's Independent Review of Policing. Sir Ronnie's interim report was published on 12 September and set out 13 recommendations focussed on delivering further reductions to unnecessary bureaucracy. On mobile data Sir Ronnie has recommended that the Mobile Information Programme Board should urgently identify the costs and benefits of rolling out mobile data and recommend an appropriate way for doing so. The Government is currently considering its response to Sir Ronnie's interim report.

In the shorter term the Prime Minister announced on Monday 24 September that handheld computers would be made available—1,000 now, and 10,000 next year—to police officers across the country. In addition the Home Secretary announced on 27 September a £50million capital fund to give the police access to 21st century crime fighting technologies including handheld computers and mobile fingerprinting devices.