



House of Commons
Home Affairs Committee

Police Funding

Fourth Report of Session 2006–07

Report, together with formal minutes, oral and written evidence

*Ordered by The House of Commons
to be printed 10 July 2007*

HC 553
Published on 19 July 2007
by authority of the House of Commons
London: The Stationery Office Limited
£15.50

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).

Current membership

Mr Richard Benyon MP (*Conservative, Newbury*)
Mr Jeremy Browne MP (*Liberal Democrat, Taunton*)
Ms Karen Buck MP (*Labour, Regent's Park and Kensington North*)
Mr James Clappison MP (*Conservative, Hertsmere*)
Mrs Ann Cryer MP (*Labour, Keighley*)
Mrs Janet Dean MP (*Labour, Burton*)
Patrick Mercer MP (*Conservative, Newark*)
Margaret Moran MP (*Labour, Luton South*)
Gwyn Prosser MP (*Labour, Dover*)
Bob Russell MP (*Liberal Democrat, Colchester*)
Martin Salter MP (*Labour, Reading West*)
Mr Gary Streeter MP (*Conservative, South West Devon*)
Mr David Winnick MP (*Labour, Walsall North*)

The following Members were also members of the Committee during the inquiry:

Mr John Denham MP (*Labour, Southampton, Itchen*) (former Chairman)
Mr Richard Spring MP (*Conservative, West Suffolk*)

Powers

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

Publication

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/homeaffairscom A list of Reports of the Committee since Session 2003–04 is at the back of this volume.

Committee staff

The current staff of the Committee are Dr Robin James (Clerk), Miss Jenny McCullough (Second Clerk), Elisabeth Bates (Committee Specialist), Mr Tony Catinella (Committee Assistant), Ms Jenny Nelson (Secretary), Mr Fred Johnson-Esiri (Senior Office Clerk (Temporary)) and Ms Jessica Bridges-Palmer (Select Committee Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Home Affairs Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 3276; the Committee's email address is homeaffcom@parliament.uk

Footnotes

In the footnotes of this Report, references to oral evidence are indicated by 'Q' followed by the question number. References to written evidence are indicated by the page number as in 'Ev 12'.

Contents

Report	<i>Page</i>
Summary	3
Introduction	5
1 Funding levels and value for money	6
Resources	6
Crime trends	9
The offences brought to justice target	11
The relationship between investment and crime reduction	13
Police use of resources	14
Conclusions: Funding levels and value for money	15
2 Nature and implications of a tighter financial settlement in the Comprehensive Spending Review 2007	18
Police funding projections	18
Police precept	21
Implications of any shortfall	22
Conclusions: A funding shortfall?	24
3 Managing a tighter settlement	25
Financial efficiency savings and operational efficiencies	26
Funding flexibility	29
Workforce mix	30
Police bureaucracy	31
Police authorities	33
Conclusions: Managing a tighter settlement	34
Conclusions and recommendations	36
Formal minutes	40
Witnesses	41
List of written evidence	41
Reports from the Home Affairs Committee	42

Summary

The results of the Comprehensive Spending Review (CSR) 2007 are due to be announced later this year. The review will determine the funding allocated to the police service for the years 2008–09 to 2010–11.

There has been significant investment in the police service in recent years. Our short inquiry into police funding considered how this investment has been reflected in police performance and crime reduction, and the scale and implications of a possible tighter funding settlement for the CSR period.

A significant drop in overall crime as measured by the British Crime Survey (BCS) occurred between 1995 and 2001 but the downward trend has levelled off since then. In contrast, the bulk of additional police funding was provided during the second half of the last decade, from 2000–01 to 2004–05. It follows that the significant decrease in overall BCS-measured crime occurred before any significant increase in police funding or 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.

Recent assessments by HM Treasury and the Audit Commission confirm that there is scope for significant further improvement in police use of resources. We consider it unacceptable that the significant recent investment in the police is not being used to maximum effect. We recommend that senior police leadership must demonstrate that they are making concerted and sustained efforts to target their resources effectively so as to achieve the Audit Commission's level 4 'strong performance' rating—which to date has not been achieved by any of the forces in England and Wales.

The Association of Chief Police Officers (ACPO) and the Association of Police Authorities identify a funding shortfall for the CSR years, which, they argue, will be substantial. Our police witnesses and the Government were in agreement that the settlement will, at 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 any related shortfall, remains unclear.

Over the last ten years the proportion of total police funding raised through precept on council tax has risen from 13.0% in 1997–98 to 21.5% in 2006–07. The Government has made clear that it expects council tax increases for 2007–08 onward not to exceed 5% per annum. 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. The Government should commission research into the reasons behind the considerable disparity in the amount of police precept raised by different forces, and what might be done to reduce this.

We conclude that 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. Any new initiatives from the centre should take full account of local funding implications.

The Government maintains that any shortfall in the funding settlement will need to be met by increased efficiencies, either cash-releasing or capacity-building. We conclude that the Government must be specific and realistic about the scale and nature of efficiencies it expects the police to make.

Shared services were identified in 2004 as a key element of the police efficiency agenda. Police witnesses recognised that in principle shared services can engender significant efficiencies, although they were cautious about whether savings could be released in the short term. The evidence suggests that the police are being sluggish in developing shared services. We recommend that the Home Office should keep under review its policy of not mandating police forces in this regard.

Effective delegation of resources management to Basic Command Unit level makes a significant contribution to the efficient use of resources. It is regrettable that many forces seem not to have fully implemented the recent Home Office guidance on delegation. We recommend that ACPO and Police Authorities exert pressure on individual forces to implement the guidance.

We heard from the Police Federation that significant numbers of Police Community Support Officers (PCSOs) are being deployed inside police stations rather than on front-line duties. We were concerned to hear this as the intended purpose of PCSOs was to provide a more visible public policing presence, which requires that they should be out on the street for the maximum possible time. We recommend that the Government commission independent research into how PCSOs are being used, as a matter of priority. We also welcome the offer of research on the same subject from the Police Federation.

We acknowledge that there is a minimum amount of paperwork required for police casework. However we consider that the proportion of police officer time spent on paperwork in each of the last three years, at about 20%, remains unacceptably high. There has been insufficient progress in introducing personal digital assistants, and we recommend that Chief Constables should ensure this technology is introduced in all forces as a matter of urgency.

Introduction

1. Our short inquiry into police funding has taken as its starting point the forthcoming funding settlement for the years of the Comprehensive Spending Review (2008–09 to 2010–11), with a particular focus on:

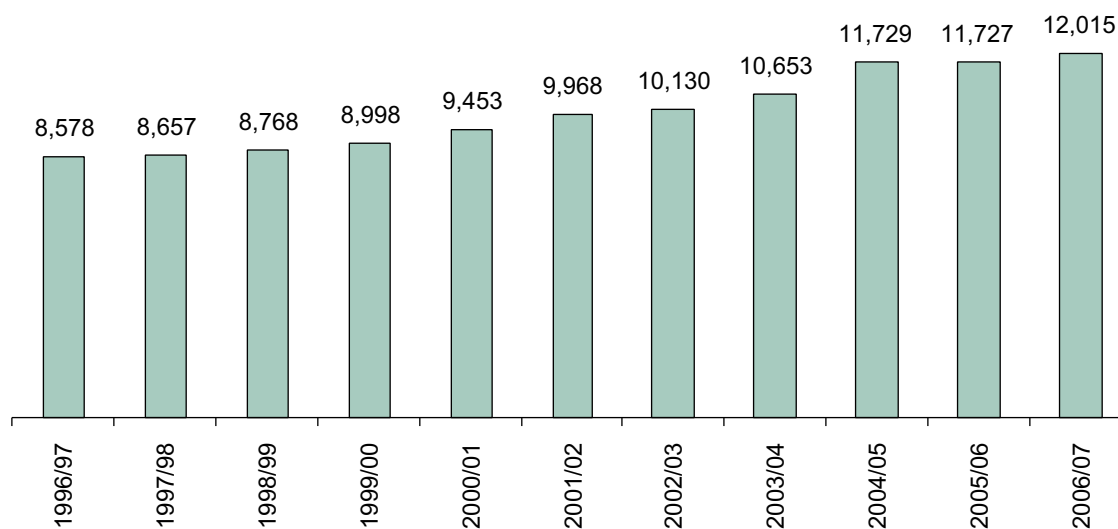
- How increased investment in policing over the past few years has been reflected in police performance and crime reduction, including numbers of front line police officers.
- The scale and implications of a possible tighter funding settlement for the years 2008–11.¹

2. We received 14 memoranda and took oral evidence on 22 May 2007 from Mr Tony McNulty MP, Minister of State for Security, Counter-Terrorism and Police at the Home Office, the Association of Chief Police Officers (ACPO), the Police Federation, the Police Superintendents' Association (PSA) and the Association of Police Authorities (APA).

1 Funding levels and value for money

3. There has been significant investment in the police service in recent years. In 1996–97 total gross police revenue expenditure amounted to £8,578 million. In 2006–07 the equivalent expenditure was £12,015 million, a real terms increase of 40% (£3,437 million) over that period (see figure 1).² Police representatives acknowledged and welcomed this additional investment. Chief Constable Dr Timothy Brain, ACPO spokesperson on finance and resources, told us that “as of 31 March this year, if we take a stock-take, police resources, especially when expressed in terms of people, have never been higher”.³

Figure 1: Police gross revenue expenditure, England and Wales 1996/97–2005/06 (£ million)



Source: CIPFA Police Statistics

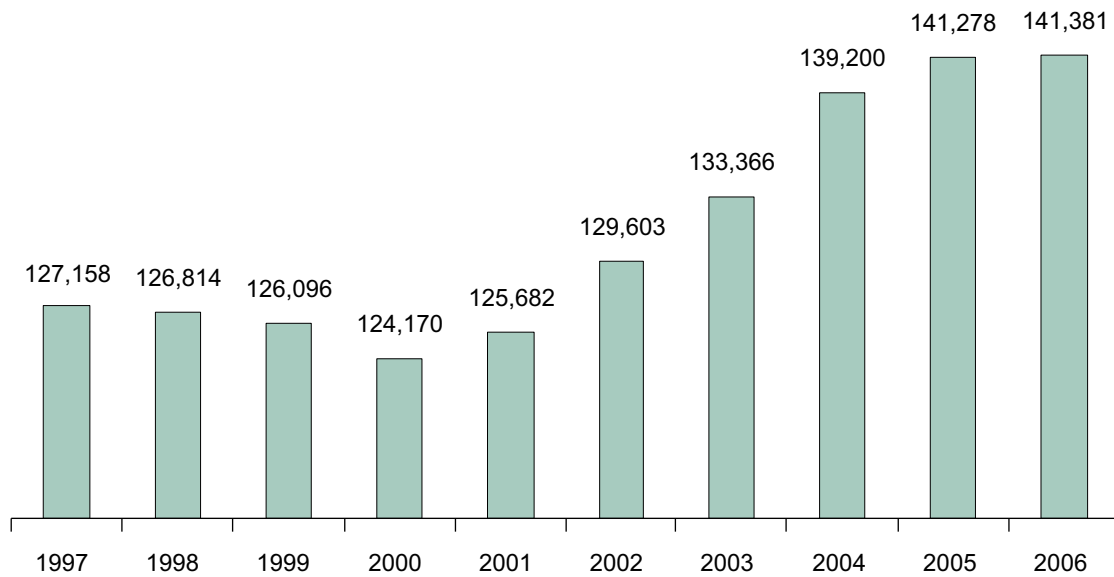
Resources

4. Police officer numbers increased by 11% from 1997 to 2006 (14,233 officers) (see figure 2). Police Community Support Officers were introduced in 2003, and by 2006 comprised almost 5% of the total police service strength (6,769 of 148,150 total individuals) (see figure 3).

² Data adjusted using December 2006 deflator

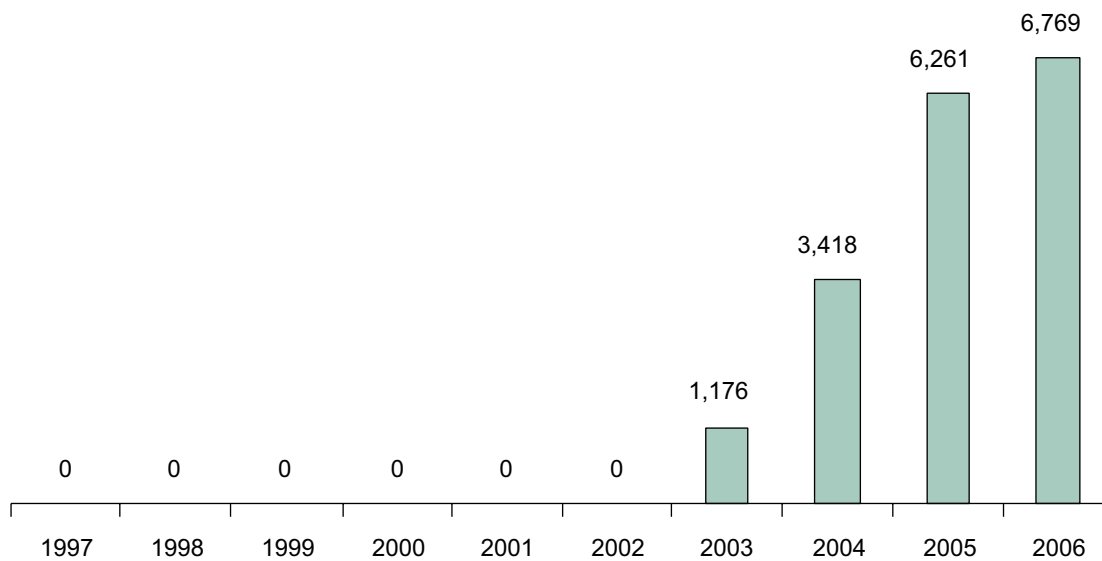
³ Q 39

Figure 2: Police Officer numbers 1997–2006 (total numbers)



Source: *Police Service Strength, England and Wales, Various Years*

Figure 3: PCSO numbers 1997–2006



Source: *Police Service Strength, England and Wales, Various Years*

5. We asked police representatives why the 40% increase in funding between 1997 and 2007 had only resulted in an 11% increase in police officers numbers over that same period. Bob Jones, Chair of the Association of Police Authorities (APA), told us that the investment had been deployed to recruit civilian and other staff as well as more police officers. Mr Jones said that the total number of police staff “went up from 180,000 to 227,000” between 1997 and 2007. He said the number of police officers had increased by 14,000, and the number of civilian staff “went up from 53,000 to 86,000”.⁴ Mr Jones said that the greater use of civilian staff in certain roles had represented good use of additional resources:

When I first joined the police authority the HR was being done by an Assistant Chief Constable, the IT was being done by a senior police officer, the chauffeur of the Chief Constable and the Assistant Chief Constable was a police officer, and those have all been replaced by specialist civilians who represent much better value for money, much better expertise and have actually freed up an immense number of police officers to be out on the street doing their core job.⁵

6. We asked the same question of ACPO. Dr Brain told us that additional investment had not been “blindly spent on additional officers but has been wisely invested across a range of initiatives so as to maximise the return in relation to service performance”.⁶ He cited as examples the introduction in PCSOs, support and specialist staff, outsourcing (for example, custody officers), and efficiency improvement through technology (e.g. Airwave radio system). Dr Brain told us that other commitments have attracted some of the additional resources, including “a range of new laws and centrally driven changes in procedures” and “support staff which have been used to police important additional services which the public value e.g. improved contact management support”.⁷

7. ACPO and APA described the additional tasks given to the police in recent years:

police authorities and chief officers have ... delivered impressive results. One way in which this can be seen is in the large number of new demands the service has been required to absorb without central funding, or only partial funding, such as the implementation of the recommendations of the Bichard and Lawrence inquiries, over fifty pieces of new legislation, supporting infrastructure for the neighbourhood policing programme and PCSOs, the Victims’ Code, the Quality of Service Commitment, chemical, biological and nuclear equipment and training, and numerous other requirements.⁸

8. We challenged the police as to whether the service had simply been slow to modernise, and had therefore wasted resources. For example, police officers still take statements in long hand. Mr Jones of APA rejected this: “I think we have quite a good record of introducing a whole range of technology—Airwave, a £1bn system...at the same time as we are implementing automatic number plate recognition, fingerprints, ID systems, a whole series of improvements in command and control and trying to join up with the rest of the criminal justice system”.⁹ Dr Brain agreed: “the reality of it is that the police service has been very adept at introducing new technology and new technology in its own right”.¹⁰

9. Police authorities have a statutory role to ensure the efficiency and effectiveness of police forces.¹¹ We asked the APA what police authorities have done to ensure that the additional funding has been used effectively. Mr Jones told us that the police have “had some

5 Q 5

6 Ev 48

7 Ev 48

8 *Sustainable Policing—an overview of the APA/ACPO approach to the Comprehensive Spending Review 2007* (November 2006), p5

9 Qq 36–37

10 Q 38

11 See www.apa.police.uk/APA/About+Police+Authorities/

extremely impressive outputs in terms of the investment that has been put in both nationally and locally”.¹² He said, “we have introduced a whole series of initiatives and clearly the big headline figure, of course, is in terms of the efficiency gain. The efficiency gain since 1999–2000 to date represents 1.76 billion, 4.1% of budgets”.¹³

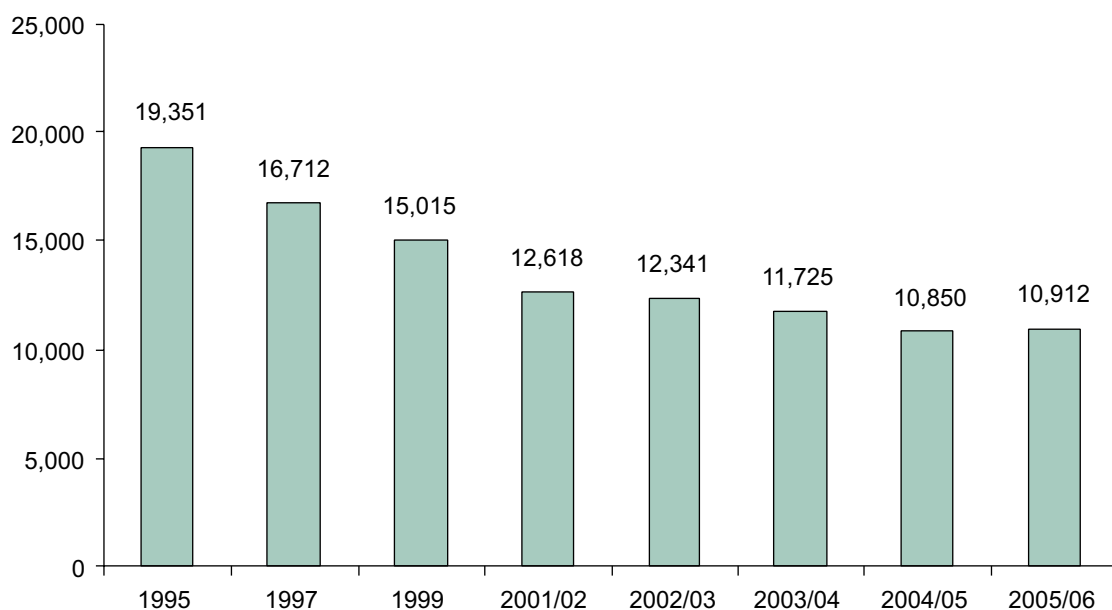
Crime trends

10. Total British Crime Survey-measured crime fell by 34.7% between 1997 and 2005–06 (see figure 4). A recent academic study conducted by the research group ‘The Centre for Crime and Justice Studies’ (CCJS), *Ten Years of Criminal Justice Under Labour: an independent audit*, concluded:

On the face of it, Labour’s record on crime is very good. The official crime rate has fallen by 35% since 1997. Although the downward trend has slowed more recently, the government is more or less on course to hit its target of a 15% reduction in British Crime Survey-measured crime in the five years to 2007–08.¹⁴

However, as the study goes on to indicate, the overall picture is more mixed.

Figure 4: Total BCS incidents of crime (thousands)¹⁵



Source: British Crime Survey

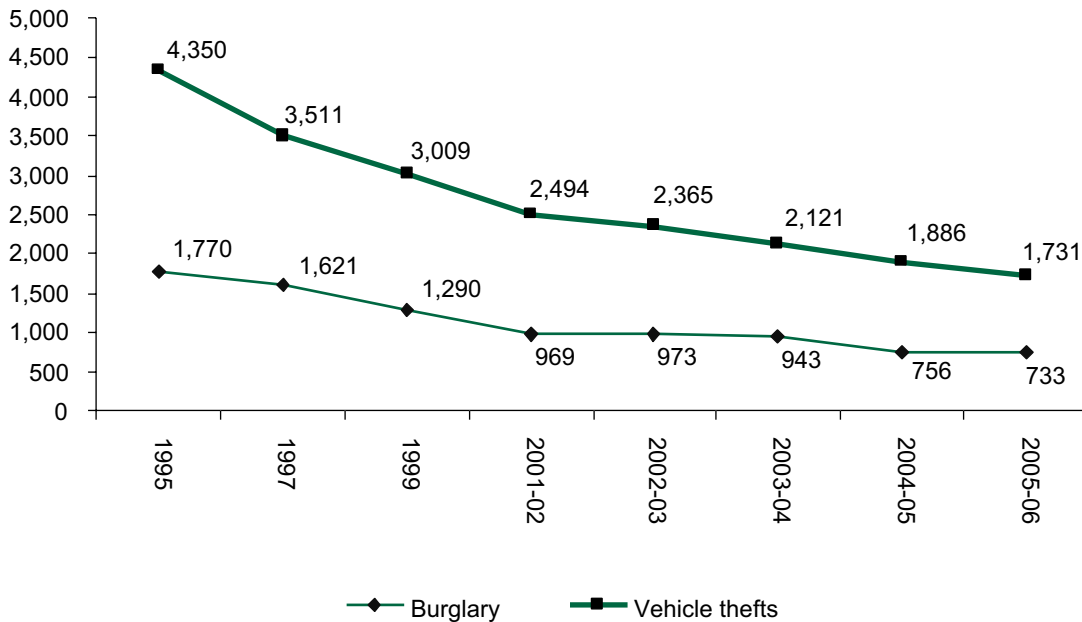
12 Q 5

13 Q 10

14 *Ten Years of Criminal Justice under Labour: an independent audit* (CCJS 2007), p 10

15 1996, 1998 and 2000 are omitted as there were no surveys conducted in these years.

Figure 5: Volume Crime (thousands) 1995 to 2005–06



Source: British Crime Survey

11. Since 1995 domestic burglary and vehicle thefts have fallen by 59% and 60% respectively (see figure 5). The Home Office Minister for Security, Counter-Terrorism and Policing, Tony McNulty MP, told us that “there have been significant decreases partly for technical reasons...on things like car crime and burglary”.¹⁶ The CCJS study concluded that these advances in technology, alongside successful police action, have contributed to these developments:

In the case of both vehicle crime and burglary, improvements in security—far more than any government action—have probably been a significant contributor to overall falls. As the Home Office’s most recent annual report *Crime in England and Wales* puts it, ‘households with no security measures were almost ten times more likely to have been victims of burglary than households where there were simple security measures such as deadlocks on doors and windows’.¹⁷

12. Excluding successes on burglary and vehicle theft, there has been a more mixed picture in tackling overall crime, particularly given the increase in resources available to the police. For example, between 2002–03 and 2005–06 violent crime as measured by the police recorded crime statistics showed a 21% increase,¹⁸ which contrasts strikingly with the 14% decrease in violent crime shown by the BCS figures.¹⁹ The best that can be said about the police record on combating violent crime over the past ten years is that it is a mixed picture, with contradictory indications from different sets of statistics.

16 Q 73

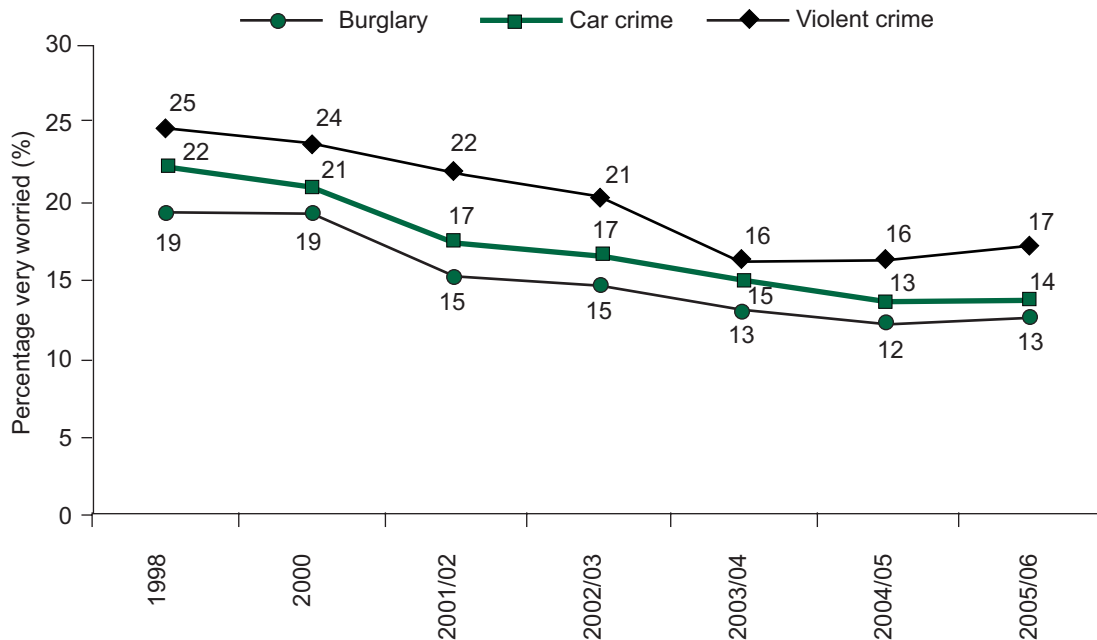
17 *Ten Years of Criminal Justice under Labour: an independent audit* (CCJS 2007), p32, citing Walker, A., Kershaw., C., and Nicholas, S (2006) *Crime in England and Wales 2005–06*, London: Home Office, p 85

18 A major change to the recording practices of police recorded crime occurred in 2002, making it impossible to make comparisons about trends before and after this date.

19 According to the British Crime Survey, total incidents of violent crime fell from 2,802 in 2002–03 to 2,420 in 2005–06, a decrease of 14%.

13. The percentage of people worried about these three crime types—car crime, burglary and violent crime—fell by approximately one third between 2000 and 2005–06 according to the BCS (see figure 6). This trend, at least, roughly correlates with the increase in police resources over the same period.

Figure 6: Worry about crime, 1998 to 2005–06 (BCS)



Source: *Crime in England and Wales 2005–06*, Home Office July 2006

14. The recent CCJS study quotes an internal analysis leaked from the Prime Minister’s Strategy Unit (PMSU) which looked at whether increased spending on the police has been well spent. The CCJS study quotes the PMSU analysis as saying that increases in spending on the police “appear unrelated to productivity” and as noting that “there is still little chance that a crime will be detected and result in a caution or conviction”.²⁰ It also quotes the survey as concluding that “80% of the reduction in the official crime rate since 1997 was the result of economic, not criminal justice, factors”.²¹

The offences brought to justice target

15. In reference to police achievements over the period of recent investment, ACPO told us that the numbers of offences brought to justice (OBTJ), the key government crime reduction target, “have increased by 20% (from 1998–99 to 2005–06)” and that there has been “an increase of 6% in the number of OBTJ per police officer over the same period”.²² However, Home Office figures for 2005–06 demonstrate that the OBTJ figures include a high number of Cautions and Penalty Notices for Disorder (see figure 7). In the 12 months to March 2006, 5% of offences were official warnings for cannabis possession, 8% were PNDs and 25% were Cautions. These figures demonstrate that the number of convictions

20 *Ten Years of Criminal Justice under Labour: an independent audit* (CCJS 2007), p 23

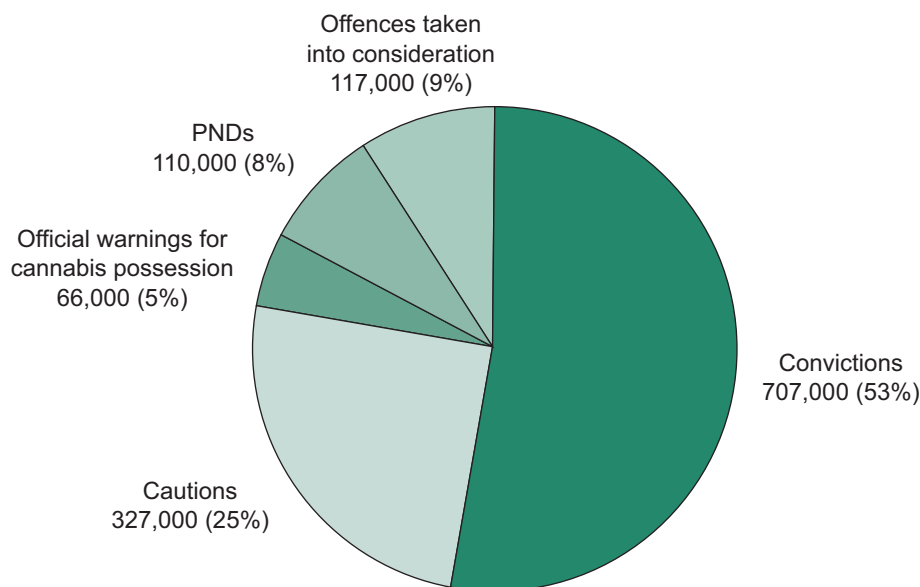
21 *Ten Years of Criminal Justice under Labour: an independent audit* (CCJS 2007), p 23, quoting a PMSU leaked document published in the *Sunday Times*, 26 December 2006

22 Ev 26

is low as a proportion of overall police disposals. Recent Home Office statistics support this conclusion, showing that in 2005 there were only three convictions for every 100 BCS estimated crimes.²³

16. We discussed with police representatives why, despite a huge increase in resources, such a large number of offences brought to justice seem to be made up of petty offences. Chief Superintendent Ian Johnston, President of the Police Superintendents Association (PSA), criticised the target itself, saying “in terms of offences brought to justice...the performance measurement, quite frankly, is in a mess in some parts of the country as to officers knowing exactly what they should be doing and what counts”.²⁴

Figure 7: Offences brought to justice (12 months to March 2006)



Source: Home Office (2006), *Criminal Statistics 2005, England and Wales*. Taken from CCJS study, *Ten years of criminal justice under Labour: an independent audit*

17. Dr Timothy Brain of ACPO commented that police success in reducing crime overall has reduced the number of offenders who can be “brought to justice”:

After allowing for other methods of addressing their criminality this means a reduction in the potential number of offenders who could be brought before the courts. The fact that the service has maintained the number of offenders brought to the courts, despite the reduced opportunities to do so, means that there is a greater chance of ‘being caught’ than ever before”.²⁵

Dr Brain further commented that: “it is important to note that forces are using centrally improved definitions, those approved and owned by the government. As such the force can hardly be criticised [for including PNDs, cannabis and other cautions]”.²⁶ He added that

23 Home Office (2006) *Criminal statistics England and Wales 2005* Table 1.1; Home Office (2006) *Crime in England and Wales 2005–06* Table 2.01

24 Q 9

25 Ev 48

26 Ev 48

“through a process of ‘natural selection’ those offenders still active tend to be smarter than their convicted contemporaries and consequently harder to successfully convict”.²⁷

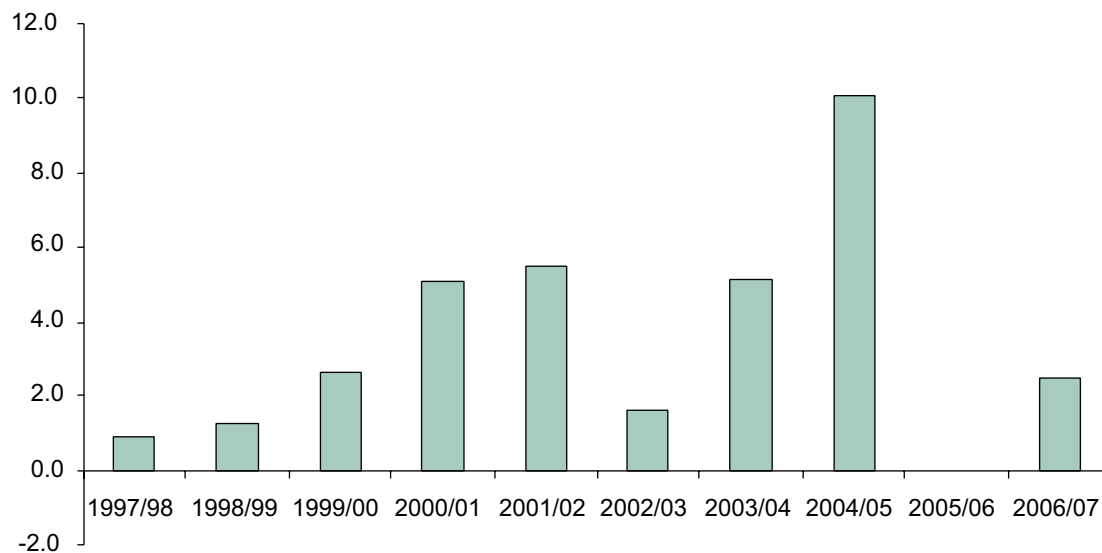
18. In the last few years the Government has focused on targeting individual offenders who commit multiple offences as well as tackling individual offences. Home Office research published in 2001 concluded that 10% of offenders on the offenders’ index in England and Wales were responsible for over half of all crime.²⁸ The Government has introduced a number of interventions aimed at ‘persistent offenders’, including the ‘Prolific and Priority Offender’ programmes which are led locally by Crime and Disorder Reduction Partnerships. In considering the value for money of the police service, the cost-effectiveness of tackling individuals who commit multiple offences should be recognised.

19. Mr McNulty accepted that the question of whether the police have provided value for money “is an entirely fair question”, and that, particularly in the context of the upcoming Comprehensive Spending Review, the time was right for a stock-take of how the OBTJ target was working:

It is my job, with colleagues, to get to a stage where we do take stock of the use of PNDs, fixed penalty notices, et cetera, and how they fit, how the offences brought to justice target fits and how much of what we are doing in terms of targets of performance actually measure what they purport to measure.²⁹

The relationship between investment and crime reduction

Figure 8: Percentage change in Police Gross Total Revenue Expenditure 1997–98 to 2006–07



Source: CIPFA Police Statistics

20. It can be seen from figure 4 above that the significant drop in overall BCS-measured crime occurred between 1995 and 2001, with crime levels remaining roughly stable, or only

27 Ev 49

28 <http://police.homeoffice.gov.uk/operational-policing/crime-disorder/persistent-offenders.html>

29 Q 72

slightly decreasing, between 2001 and 2006. The Home Office Departmental Report 2007 states that “we have more recently seen a slowdown in the rate of crime reduction”.³⁰ In contrast, the bulk of additional police funding has been provided during the second half of the last decade, from 2000–01 to 2004–05 (see figures 1 and 8). Increases in police officer numbers have broadly reflected the increase in overall funding, with numbers rising between 2002 and 2006. So too has the reduction in rates of worry about crime, which declined between 2000 and 2005–06. Nonetheless, it is striking that much of the decrease in overall crime rates over the past ten years occurred before the major increase in investment during that period.

21. Currently there does not seem to be any comprehensive collection or analysis of data at national level to assess police productivity and cost effectiveness. An analysis of police productivity by HM Treasury in 2006 called for “more detailed evidence of what works, and tighter productivity measures”. It concluded that “forces are typically short of people with the experience or appetite to ask the most incisive questions about where resource is deployed and what productivity is it delivering”.³¹ There has been some recent progress towards measuring productivity. Activity-based costing, which calculates the costs of different police activities at BCU level, became a mandatory requirement of the National Policing Plan in 2003–04. In December 2003 Sir Tony Atkinson was asked to conduct a review of the measurement of government output and productivity. Following the reporting of this review in 2004, a paper by the Home Office in 2005 set out a “conceptual framework” for measuring the output and productivity of the criminal justice system.³² Whilst this initiative is to be welcomed, it has not yet been implemented, nor is it yet clear how the output and productivity of the police will specifically be measured.³³

Police use of resources

22. A number of recent assessments have concluded that police are not as effective as they might be at utilising resources. A report by HM Treasury in 2006 stated that “the way that police forces manage both budgets and people remains short of best current practice in both private and public sectors. Although there are well-established improvement work streams, progress is slow and patchy”. It added “the relationship between value for money and operational performance as two sides of the same coin is too often not understood”.³⁴

23. The Audit Commission told us that in 2005–06, for the first time, it appointed auditors to assess Police Use of Resources (PURE).³⁵ Whilst the assessment, published in March 2007, found that “the majority of police authorities and forces are using their resources effectively”,³⁶ it also concluded that “the ability of police authorities and forces to assess and

30 *Home Office Departmental Report 2007*, p 22

31 *Delivering a Step Change in Police Productivity*, HM Treasury 2006, p1–2

32 *Measurement of output and productivity for the criminal justice system and wider public order and safety—a conceptual framework for the national accounts*, Home Office (2005)

33 *Ibid.*, p 23

34 *Delivering a Step Change in Police Productivity*, HM Treasury 2006, p 6

35 Ev 34

36 *Ibid.*

improve value for money at a local and neighbourhood level remains underdeveloped”.³⁷ The Audit Commission identified key areas through which value for money could be improved:

- better use of activity data, such as information on police officer time, to assess how resources are being applied to activities within local areas;
- work with partners to improve data and financial performance management systems; to understand value for money at a local level; and to direct resources to priority areas in the best way;
- use benchmarking and performance data to review resource use and determine the best method for provision of services; and
- develop mechanisms to assess any savings to be made and to ensure value for money from partnerships and collaborative working.³⁸

24. The PURE assessment scored police forces on four levels according to how well they deployed resources. It found that 33% of police forces were performing ‘adequately’ (Level 2) and 65% were performing ‘well’ (Level 3). However, no police force scored ‘strong performance’ (Level 4), and one force’s performance was ‘inadequate’ (Level 1).³⁹ Dr Brain of ACPO argued that the Audit Commission scale was not strictly reflective of police performance on resource use:

‘good’ does not mean average, it is better than average, better than acceptable and as such the service as a whole consistently performed above the minimum requirements.⁴⁰

25. Dr Brain also queried whether a level 4 (‘strong performance’) would be worthwhile for the police to strive for: “it must be seriously questioned whether the additional practices that would have to be introduced to deliver an excellent rating would actually represent value for money in terms of the public purse”.⁴¹

Conclusions: Funding levels and value for money

26. **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.**

37 Ev 34

38 Ev 35

39 This was Cambridgeshire Police.

40 Ev 47

41 Q 43

27. 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.

28. 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.

29. 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. We address the likelihood of such a shortfall in the next section of this report.

30. 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.

31. 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.

32. 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.

33. 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.

2 Nature and implications of a tighter financial settlement in the Comprehensive Spending Review 2007

Police funding projections

34. In this section of our report we examine the police service's projections of the resources it is likely to need and likely to receive over the three years (2008–09 to 2010–11) of the Comprehensive Spending Review 2007 (CSR 07). We then consider some of the implications of a possible funding shortfall.

35. As part of the negotiation process for the CSR settlement, in November 2006 ACPO and APA produced a joint submission entitled *Sustainable Policing*. In it they state that there is likely to be a tighter funding settlement:

Previous reviews have been used to lobby for additional resources. We acknowledge that this time the situation is different. Ministers have been clear that the financial outlook is very tight, and it is unlikely that police will receive additional funding during this period.⁴²

36. The submission identified a funding shortfall for the CSR years, which, it argued, would be substantial. The calculations, based on returns from police authorities, are set out in figure 9 below.⁴³ These figures were arrived at by taking away the total projected funding anticipated by the police from the total funding requirement identified by the police, as shown in figure 10 below.

Figure 9: ACPO/APA projected funding shortfall 2007–08 to 2010–11⁴⁴

Year	Projected shortfall (£m)
2007/08	391
2008/09	656
2009/10	831
2010/11	966

Source: *Sustainable Policing: the case for resourcing the police service 2008–09 to 2010–11* (2006)

42 *Sustainable Policing—an overview of the APA/ACPO approach to the Comprehensive Spending Review 2007* (November 2006), p 3

43 *Sustainable Policing: the case for resourcing the police service 2008–09 to 2010–11* (November 2006), p 32

44 The projected shortfall takes into account the 3% uniformed pay settlement made in September 2006 and is based on inflation at 3% and net growth pressures at 2%.

Figure 10: Police projected budget requirement increase 2007–08 to 2010–11⁴⁵

	2007–08	2008–09	2009–10	2010–11
Total funding requirement	10,880	11,454	11,951	12,419
% increase year on year	8.0	5.3	4.3	3.9
Total anticipated funding	10,489	10,799	11,120	11,453
% increase year on year	4.1	3.0	3.0	3.0
Annual Shortfall	-391	-655	-831	-966

Source: Adapted from *Sustainable Policing: the case for resourcing the police service 2008–09 to 2010–11* (2006)

The *Sustainable Policing* submission stated that “analysis of police budgets has consistently shown that the police service needs annual net resource increases of at least 5% in order to stand still”.⁴⁶ The APA told us that the estimation of between 5% and 7% is “a realistic assessment of what forces need”. They explained the calculation behind the 5% figure:

Surveys of police authorities confirm that the average 2007–08 budget requirement increase was 4.69%. This figure is after Authorities have taken measures to reduce future commitments, and confirms the yardstick of at least 5% per annum for standstill.⁴⁷

37. The police projections set out in figure 10 above predict that percentage increase requirements for each of the CSR years will be 5.3% in 2008–09, 4.3% in 2009–10, and 3.9% in 2010–11. In only one of these years, 2008–09, is the projected increase actually over 5% per annum, and on this trajectory the year-on-year increase requirement decreases over the three CSR years. The police’s own figures, therefore, did not seem to bear out their claim that the service needs annual net resource increases of 5% minimum in order to “stand still”. When challenged on this point, Bob Jones of the APA responded that:

It is important to put the +5% references in context. I don’t think *Sustainable Policing* actually says that 5% p.a. is needed across the CSR years (although I acknowledge that we have often made statements that imply this). The reason why the year on year increase in the model tends to fall away in years three and four is the slightly optimistic assumption on net growth (extra demands less cash efficiencies) which magnifies itself the longer ahead it is projected.⁴⁸

45 Adapted from *Sustainable Policing: the case for resourcing the police service 2008–09 to 2010–11* (November 2006), p 34

46 *Ibid.*, p 15

47 Ev 44

48 Ev 51

Notwithstanding Mr Jones's comment, the language used in the *Sustainable Policing* submission ("the police service *needs*" [our italics]) strongly implies that the 5% figure is the minimum required by police now as well as in the past.

38. We asked the Government if it accepted the police contention that there would be a funding gap over the CSR years. The Minister, Mr McNulty, responded:

I accept the contention that we are at least plateauing in resource terms rather than constant growth as there has been for the last six, seven or eight years...but I do not accept many of the presumptions and assumptions made behind what is going to happen over the next couple of years in terms of inflation, police pay and others that get to this huge gap.⁴⁹

Mr McNulty told us that the financial assumptions behind the police calculations are "actually perfectly fair, they are not wild assumptions, but they are not the assumptions that I would necessarily agree with".⁵⁰ He declined to spell out the specific assumptions the Government was making, on the grounds that this was a confidential part of the CSR negotiations.⁵¹ He did however acknowledge that "there will be tight years ahead in terms of the CSR settlement".⁵²

39. The APA claimed to us that the police service is already coping with a shortfall. In the *Sustainable Policing* submission the police service projected that it needed an 8% total funding requirement increase to be able to meet its commitments in 2007–08 (see figure 10 above). The final settlement for 2007–08 provided for a 4.69% increase. The APA told us that the final total funding requirement for the police service in 2007–08 was in the end less than the projected 8% figure, as the subsequent decision to scale back the number of PCSOs being recruited "removed a significant block of demand from the 'funding requirement' increase".⁵³

40. Despite this reduction in the total sum needed in 2007–08, police representatives told us that there was still a significant shortfall between the funding settlement of 4.69% and the required 8%. The APA stated us that police authorities have covered the gap by "use of reserves; deferring and rescheduling plans; holding posts vacant; temporary reductions in service; applying cash limits from the centre; not supporting partnerships; accepting lower quality at the margin".⁵⁴ It added that these actions enable "the service to squeeze a 'quart out of a pint pot'"⁵⁵ but warned that "without those use of reserves, without those reductions, without, in some cases, very substantial increases in council tax precept that gap would have been wholly in terms of service reduction".⁵⁶

49 Q 56

50 Q 58

51 Q 61

52 Q 58

53 Ev 51

54 *Ibid.*

55 *Ibid.*

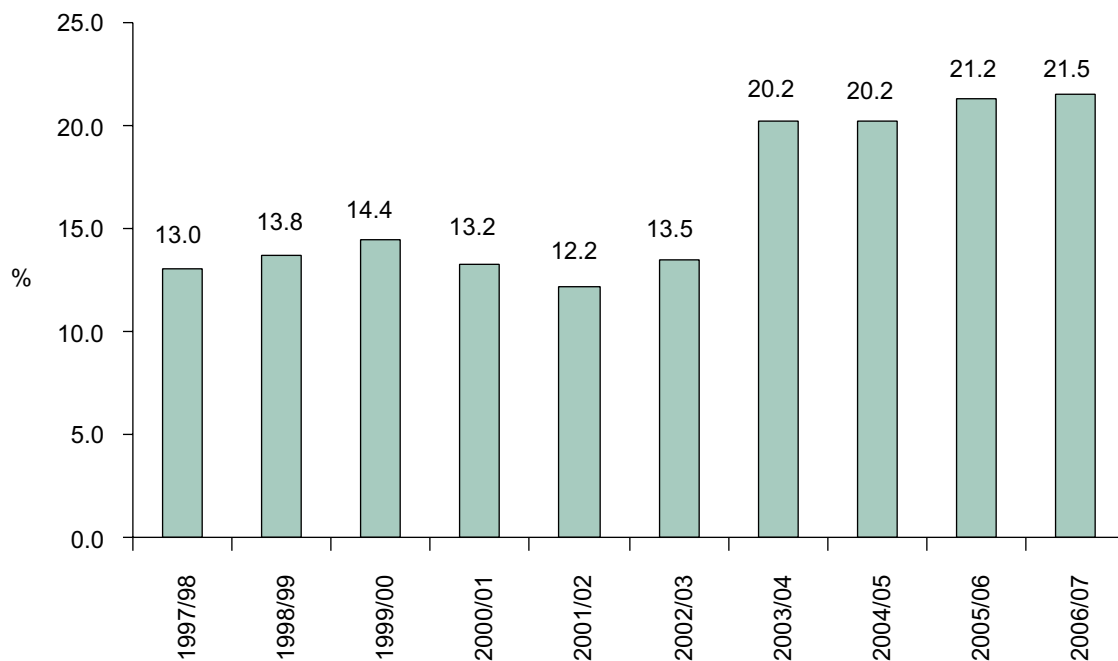
56 Q 13

Police precept

41. Over the last ten years the proportion of total police funding raised through precept on Council Tax has risen from 13.0% in 1997–98 to 21.5% in 2006–07 (see figure 11 below). The Government has made clear that it expects council tax increases for 2007–08 onward not to exceed 5% increase per annum. Guidance from the Department for Communities and Local Government on the Local Government Finance Settlement states that:

The Government has reserve powers to cap local authority budget requirements where it judges authorities to have set excessive increases ... For 2007–08, the Government has made clear to all authorities that it expects the average council tax increase in England to be less than 5%, and that it will not hesitate to use its powers to cap excessive increases if that proves necessary.⁵⁷

Figure 11: Proportion of police expenditure financed through Council Tax precept 1997–98 to 2006–07



Source: CIPFA Police Statistics, Various Years

42. There is not a specific cap on police precept increases, but on an authority's overall budget. The criteria used to decide which councils might be capped are the responsibility of the Secretary of State under the Local Government Act 1999. For 2006–07 the Government deemed that budgets were excessive if, compared to 2005–06, budget requirement had increased by more than 6% and council tax had increased by over 5%. We asked the Government whether the political commitment to a 5% cap on Council Tax increases risked under-funding public services. The Minister told us that “we remain committed to 5% overall for council tax”. However, although he noted that “much of the substantial increase in council tax has come from the broader, general council tax than the police precept side”, he conceded that “I think it is appropriate, when looking at finance, to look at not overall council tax and capping, but to look at the issue of the police precept and

57 Department for Communities and Local Government *A guide to the Local Government Finance Settlement* p 11

whether it remains appropriate for that to be capped”.⁵⁸ He gave examples of where there has already been flexibility on capping in the system:

We have in exceptional circumstances looked on a case-by-case basis at the increases year on year. ... Unusually in the last year there were any number that went fairly significantly, and very significantly in one place, over budget, but the cases were well met and I would happily defend each of those increases, from Durham’s 34.9% down to Norfolk’s 7%.⁵⁹

43. There is wide variation in police precept across forces. The Minister referred to: “the disparity in terms of police precept locally...the figures range from £88, to some £230 in the Met”. He asked the question “why over the years, as there has been an ebb and flow of national funding and local funding ... has that disparity occurred?” He added “I am not clear myself in public policy terms what would be an appropriate cut-off point for local contribution versus national contribution, but I think that is a really interesting debate”.⁶⁰

Implications of any shortfall

44. The *Sustainable Policing* submission surveyed Chief Constables from 17 forces as to the impact of a funding shortfall on the service. Respondents agreed that:

the potential funding gap will have an adverse impact on both police numbers (mentioned by 82% of responding forces) and police staff numbers (77% with 41% specifically mentioning PCSOs). Four of the 17 forces are already in a position to quantify the potential impact, referring to police officer cuts averaging 73.75; two specifically mention police staff numbers averaging 29.5.⁶¹

45. Police representatives agreed that any shortfall would impact on staff. Mr Jones of APA told us:

clearly if we do not have sufficient resources we are in a dilemma in terms of where the savings have to come from, given that 80% is staff related ... clearly it is very difficult to make reductions of this size without looking at the position of the police officers.⁶²

When asked to quantify these observations, Mr Jones said “it is difficult to calculate, depending on how you actually choose that mix but clearly you could be talking about a move [from the current number of 141,000 police officers] down to 135,000–136,000”.⁶³ Mr Jones emphasised that this projected figure of about 5,000 police officer job cuts would be “an absolute worst case scenario and clearly all police authorities will be committed to avoiding that”.⁶⁴

58 Q 55

59 Q 55

60 Q 54

61 *Sustainable Policing: the case for resourcing the police service 2008–09 to 2010–11* (November 2006), p 30

62 Q 14

63 Q 15

64 Q 18

46. On 16 November 2006 the Minister instigated a review of police pay, to be undertaken by the former civil servant Sir Clive Booth. The review was in two stages, the first of which reported in February 2007, and the second of which is due to report later this year. The terms of reference of the two parts were: 1) to consider the options for replacing the current arrangements for determining changes to police officer pay for 2007; and 2) to review the effectiveness of the negotiating machinery for the police, and make recommendations for how police pay and other conditions of service should be determined.⁶⁵

47. ACPO told us that “successfully constraining budget increases to the lower level of funding expected under CSR07 will depend almost entirely on restraining pay”.⁶⁶ However, they also warned of the dangers of reducing pay for staff recruitment and retention.⁶⁷ Ms Berry of the Police Federation claimed that there is a good deal of unrest within the police service about the possible outcomes of the Booth pay review:

Police officers are feeling extremely frustrated at the way that they see they are being treated at the moment in the terms of their pay and conditions. The conditions that are placed on them to be on duty 24/7 ... that they are personally responsible for their actions both on and off duty ... and the fact that at this stage they do not have the right to take industrial action.⁶⁸

48. Ms Berry added that the Booth review “seeks to remove any negotiation from police officers; it seeks to suppress police pay over a period of time”.⁶⁹ She denied press reports that she had said that changes to the basis on which police pay is negotiated could result in industrial action. She informed us that her actual comments, at the Police Federation Annual Conference, had been “I believe it would be a tragedy for policing if police officers were ever forced to go on strike ... it’s the last thing police officers want ... but push them any further, and the last thing they want might just become their only option”.⁷⁰

49. The Minister, Mr McNulty, recognised that any shortfall would impact on police officer numbers. He said that “I do accept the basic premise that, if there is a decline, then there is not a whole lot that can happen without bodies being involved in the end”. However, he argued that staff cuts were not inevitable.⁷¹ The Minister told us that, although “this year’s round of negotiations in terms of pay will be very, very delicate and very, very interesting”, police pay “must figure in the equation”⁷² of the CSR settlement.

65 www.policipayreview.org

66 Ev 30

67 Ev 30

68 Q 25

69 Q 25

70 Jan Berry, Chair of the Police Federation: Speech to the Police Federation Annual Conference, May 2007

71 Q 60

72 Q 99

Conclusions: A funding shortfall?

50. 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.

51. 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.

52. 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.

53. 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 that the Government should commission research into the reasons behind the variations and what might be done to reduce disparity between forces.

54. 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.

3 Managing a tighter settlement

55. In this chapter we consider some of the actions which will be needed from the police service and the Government to mitigate the effects of any tighter financial settlement.

56. ACPO and the APA argue in their *Sustainable Policing* submission that “in setting out their resource projections for the next four years, the Home Office should acknowledge that within the reduced guidelines it will not be possible to achieve everything that has been planned”.⁷³ ACPO and APA explicitly recognise that “CSR07 will be about choices and compromises”,⁷⁴ and identify the following four priorities for the CSR years:

- **Maintaining the current resource base:** We have highlighted what we have been able to achieve with the current level of investment, even though this does not currently address all needs. We wish to ensure we can at least maintain this, and the performance and services to communities that rely on it, into the future;
- **Investing to save:** There are a number of areas, such as workforce modernisation and other efficiency measures, where an injection of funding from the centre will enable the faster realisation of downstream savings. The Government should consider pump-priming these initiatives;
- **Implementing neighbourhood policing:** We are rolling out the local policing service that communities want, and beginning to see the benefits in crime reduction and public confidence that come with it. We believe that neighbourhood policing must be sustainable as an integrated part of overall policing; and
- **Closing the protective services gap:** In 2005 HMIC identified that the service did not have sufficient capacity in key protective services. We must strengthen our capacity to deal with serious and organised crime, critical incidents, and major investigations in order to better protect our communities. In particular, significant new investment is required to develop a counterterrorist capability to tackle the 21st century terrorist threat. However, it is critical that this is not resourced by diverting funding from other areas of policing, which would place the maintenance of performance in these areas at risk.⁷⁵

57. We asked police representatives what specific “choices and compromises” will need to be made in the event of a funding shortfall. Our witnesses were reluctant to identify specific programmes or projects which might need to be cut back. Dr Brain of ACPO noted that a squeeze on resources will mean “a series of cutbacks that we will not see the full effect of until three to four years from now”.⁷⁶ Mr Jones of the APA told us that the police were in dialogue with the Home Office about dropping or reprioritising some activities. Mr Jones cited as examples “a whole series of national IT programmes that are going to have to be

73 *Sustainable Policing: the case for resourcing the police service 2008–09 to 2010–11* (November 2006), p 37

74 *Ibid.*, p 4

75 *Sustainable Policing: an overview of the APA/ACPO approach to the Comprehensive Spending Review 2007* (November 2006), p 8–9

76 Q 39

looked at to see whether they do have a proper business case that can actually deliver in these particular areas”.⁷⁷

58. A distinction needs to be drawn between centrally-run and funded programmes, such as police IT, and centrally-driven but locally funded priorities set by Government, such as the offences brought to justice target. For the latter group, police are effectively required to devote resources to the issue even though there is either no central budget or the funding is only partial (as with neighbourhood policing). A large number of centrally-driven priorities of the latter type commits police resources at a force level and removes a degree of flexibility from the police to manage their own resources.

59. The Minister acknowledged that the CSR settlement will limit the scope for radical changes: “I think we are not set fair, unless the new Home Secretary tells me otherwise, for a whole round of brand-new initiatives and reforms”.⁷⁸ He emphasised the need for consolidation:

public services do need some periods of consolidation to draw breath and then move on ... I think we are at a stage now where 80% is consolidation and ... there is still 20% to carry out in terms of reform.⁷⁹

Financial efficiency savings and operational efficiencies

60. The Home Office defines the two different types of efficiency saving as follows:

A cashable gain is where resources, equivalent in magnitude to the level of the improvement, could be extracted and redeployed elsewhere. Non-cashable improvements are those where it would be more difficult to extract resources but where improved efficiency and effectiveness can be measured in terms of their cash equivalent cost.⁸⁰

Police forces and authorities are required to identify efficiency gains in advance in their Annual Efficiency Plan. The National Audit Office states that “non cashable gains do not ... affect the budgets” but that cashable gains are “removed directly from their [the forces] base budget at the beginning of the year”.⁸¹

61. In 1999 the Home Office introduced an efficiency saving target for all police authorities set at 2% of Net Revenue Expenditure (NRE). This target was subsequently increased and is now set at 3% per year until 2007–08, of which at least 1.5% must be cashable. The police service has a good record in making efficiency savings. The ACPO/APA submission *Sustainable Policing* stated that “from 1999–00 to 2004–05 all police forces had an

77 Q 4

78 Q 88

79 Q 91

80 Home Office Efficiency Technical Note (updated 2005), p 1

81 *The Efficiency Programme: A second review of progress*, National Audit Office, February 2007, paragraph 2.27

efficiency gain target of 2% of net expenditure. The average gain was 2.7%, of which 1.1% was cashable”.⁸²

62. The Government maintains that any shortfall in the CSR funding settlement “will have to be bridged by efficiencies that release cash or increase capacity from which additional demand can be met”.⁸³ The Minister acknowledged that “the Police Service has done a huge job in terms of gaining some efficiencies over the last eight to ten years”,⁸⁴ and that “success begets success and people very, very quickly pocket that success and demand to move on”.⁸⁵ However he added that “I do not accept the assumptions they make about that process slowing down and I think there are still efficiencies and productivities that can be made”.⁸⁶

63. Police representatives, however, argued against ever greater efficiency targets, warning that the police have already exceeded Home Office efficiency targets, and that further efficiencies are unrealistic and will impact on services:

There is a danger that efficiency savings will be double counted, being seen as the answer to both the continuity budget funding gap and the means of financing development ... If this is done it will lead to cuts rather than efficiencies and will undermine all the positive work achieved in recent years, put at risk neighbourhood policing, and run the risk of de-civilianisation.⁸⁷

64. Some of our witnesses argued that, in the long term, significant savings can be made through shared services programmes—that is, forces pooling back-office functions, such as payroll and pensions. Savings can also be made by rationalising police equipment—for example, a number of police forces currently share police helicopters in order to maximise the cost efficiency of running an air support unit. The APA told us that “collaborative ventures are being developed in several areas of the country (examples include 14 forces collaborating on forensic analysis; level 2 collaboration in East Midlands and Yorkshire; joint provision of internal audit/legal services)”.⁸⁸ Mr Bill Wilkinson, Treasurer of the APA, agreed that, in principle at least, shared services can engender significant efficiencies: “the shared services project is quite well advanced and I think substantial savings are projected ... It is in the tens of millions”.⁸⁹

65. Police representatives were cautious about whether savings from shared services could be released in the short term. Mr Wilkinson of APA told us that “the problem with it is that it will need some fairly substantial investment to get it going in systems and starting costs”.⁹⁰ Dr Brain of ACPO agreed: “caution needs to be exercised around expectations that

82 *Sustainable Policing: an overview of the APA/ACPO approach to the Comprehensive Spending Review 2007* (November 2006), p 4

83 Ev 23

84 Q 58

85 Q 92

86 Q 58

87 Ev 30, see also Q 40

88 Ev 45

89 Q 33

90 Q 34

Workforce Modernisation, Shared Services and Collaboration can deliver significant cash efficiencies. They will require significant investment and time to release benefits and relying on them to fund programmes and budgets for CSR07 is unrealistic”.⁹¹

66. These comments from police witnesses indicate a certain reluctance to commit to greater use of shared services, despite recognition of the very substantial savings which they can generate. Shared services programmes in other areas of the public sector have the potential to be very effective in reducing running costs. For example, the NHS shared business services programme undertakes to reduce the baseline costs of participating NHS business areas by 20%.⁹² It is certainly true that, as police witnesses argued, there can be a timelag before shared services programmes begin to release benefits. However, the example of the ‘Phoenix Programme’ in the prison service shows that such programmes can be launched within a realistic timescale: in that case the total planned time from the pilot (October 2006) to full roll-out (March 2008) is only 17 months. A similar timetable for the police service would generate results well within the timescale of the CSR period.

67. Shared services were identified as a priority for the police service in 2004. The National Policing Plan 2004–09, drawn up in that year, states that key elements of the efficiency agenda include “increasing collaboration, or sharing, to deliver such corporate services as financial and human resource management”.⁹³ Some police forces are making more progress than others. A number have signed up to a pilot shared services project. Although the Home Office has the power to mandate forces to introduce shared services, for reasons of maintaining a positive working relationship with forces, it does not consider it desirable to exercise this power. This places the onus on police forces themselves to make greater progress in introducing shared services.

68. The Police Superintendents’ Association (PSA) stated that “full delegation to Basic Command Units (BCUs) and Departmental Heads will bring about more effective delivery of local policing and prove to be extremely cost effective”.⁹⁴ We asked the PSA for examples of how local accountability can drive efficiency. Their President, Chief Superintendent Ian Johnston, told us that:

where we have delegation working in certain parts of the country, it means that our members can actually decide the workforce mix they want ... they are empowered to commit funds to crime and disorder partnerships which means that they can address matters that are brought to them by the local community and not imposed on them.⁹⁵

69. In 2006 the Home Office produced a guide to better delegation, which gave detailed guidance to police forces to encourage effective delegation to both BCUs and departments. The guidance identified a range of operational gains which can flow from delegation, including more effective partnership working, less force bureaucracy, greater scrutiny of

91 Ev 30

92 www.sbs.nhs.uk/benefits

93 National Policing Plan 2004–09, p 27

94 Ev 33

95 Q 45

expenditure, and a greater impact at BCU level. It also stated that the effect of non-delegation can be that “budgets and resources are divorced from the reality of policing on the ground”.⁹⁶

70. The Minister agreed that greater devolution of resources to BCU level would engender more effective policing and use of resources. He said that many BCUs in London already had:

a significant degree of devolution of resources and responsibilities, and I think that model is replicated up and down the country, but not yet in all forces. What I would resist is legislation that tells Chief Constables to do that because I do not think that would be appropriate.⁹⁷

The Minister’s comments require to be qualified by noting that a London BCU is bigger than many non-metropolitan forces and consequently that the model in London cannot necessarily be easily transferred. Nonetheless, police representatives argued that there continues to be, countrywide, too little delegation to BCU level. Mr Johnston of the PSA expressed regret that the Home Office guidance “had not been acted upon in large areas of the Police Service and in fact our members, BCU commanders in particular, have seen less devolved budgets and not more”.⁹⁸ Thus the picture painted by the Minister, of better delegation “up and down the country”, does not seem to be reflected in the experience of the police.

Funding flexibility

The Crime Fighting Fund and Neighbourhood Policing Fund

The Crime Fighting Fund was established in 2000 to provide additional funding to enable police forces to employ additional police officers. The fund had penalties attached by which police forces were penalised if their police officer numbers fell below a specified point. These penalties were suspended by the Government in December 2006 in response to requests from ACPO and the APA.

The Neighbourhood Policing Fund was established to support an increase in PCSO numbers. It provides 75% of the funding for capped PCSO salary costs for most PCSOs, the remainder of which are funded through a variety of arrangements.

71. The ACPO/APA *Sustainable Policing* submission calls on the Government to “give police authorities and chief officers the flexibility and freedom they need to better manage their resources and achieve real outcomes for their communities”. It argues that this should

96 *Making delegation work: Guidance for the police service on delegation to Basic Command Units and support departments* (Home Office, September 2006), p 7

97 Q 93

98 Q 44

include a “focus on outcomes and performance rather than inputs” and the relaxation of restrictions on funds earmarked for specific projects.⁹⁹

72. The Government told us that:

On 21 December 2006, in response to ACPO/APA requests to focus on outcomes rather than inputs, the Government announced that the penalties that had previously been attached to the Crime Fighting Fund would be suspended. This will give police authorities and police forces greater flexibility to modernise their workforce mix and ensure that resources are used in the most cost effective and efficient way possible.¹⁰⁰

73. We asked the Minister why he continued to ring-fence funds for specific purposes, despite pressure from police forces to have greater autonomy. He responded that there are very few remaining ring-fenced funds: “if there are any other elements that remain ring-fenced without good reason, we will look at them, but I do not think there is a whole lot left.” The Minister argued for the retention of specific funding for diplomatic security posts, counter-terrorism and the Neighbourhood Policing Fund, but indicated his willingness to consider similar relaxations on other funds: “if there are any others that I have not come across yet that I can unpick and just throw into a flexible local pot, I think that would be more than appropriate to do”.¹⁰¹

74. The Neighbourhood Policing Fund (NPF) was the only remaining ring-fenced fund in respect of which our police witnesses specifically wished to see greater flexibility. Dr Brain of ACPO told us that:

It is disappointing that the Home Office still feel the need to apply strings to the NPF grant. The Service feel that the mix of Officers, PSCO, Specials, Support Staff and IT needed to provide neighbourhood policing is best left to local discretion based on local need and that earmarking funds for one part of this complex jigsaw is not an effective way to provide this service.¹⁰²

75. The Police Federation disagreed with this argument, stating that they were “against the relaxation of the CFF. The CFF was introduced to protect and preserve police numbers. In this instance, some funding inflexibility is vital to preserve flexibility in policing”.¹⁰³

Workforce mix

76. We asked police representatives about the scope for savings from a more flexible workforce mix, possibly including greater use of Police Community Support Officers (PCSOs). Mr Jones of the APA said that workforce mix was a decision for the local police

99 *Sustainable Policing—an overview of the APA/ACPO approach to the Comprehensive Spending Review 2007* (November 2006), p 9–10

100 Ev 22

101 Q 80

102 Ev 50

103 Q 80

commander, but noted that PCSOs and police officers perform quite different functions, with the great advantage of PCSOs being their visible street presence.¹⁰⁴

77. Ms Berry of the Police Federation expressed concern about whether PCSOs were currently being used in the way that had been intended:

What functions are PCSOs undertaking in forces? In the force very close to where we are sitting at the moment many of the PCSOs are not out on the streets, they are actually inside police stations acting as front office assistants; they are actually in police stations telephoning the victims of crime; they are actually in police stations recording people's particulars. That is not the intention of the Police Community Support Officer.¹⁰⁵

78. We were surprised to hear that PCSOs are being used in this way. The intended purpose of PCSOs was to provide a more visible public policing presence, which requires that they should be out on the street for the maximum possible time. We asked the Police Federation for any examples of the use of PCSOs in back-office roles. Ms Berry subsequently wrote to us to say that "the Metropolitan Police Service have used CSOs in this role. Kent Police have used them as missing person co-ordinators."¹⁰⁶ We asked the Minister if he was concerned about the use of some PCSOs in administrative roles. He commented "if it is the case that they are being used systematically across the 43 forces simply to plug gaps...that would be a matter of concern". The Minister said that, given that the target of recruiting 16,000 PCSOs by April 2007 had been reached, "I do want to ensure that a piece of work is done to see exactly what they are being used for".¹⁰⁷

79. The Police Federation has offered to conduct research into the deployment of PCSOs across different forces, and to submit the results to us. We welcome this offer and look forward with interest to the conclusions of the research.

Police bureaucracy

80. There has been a drive in recent years to cut police bureaucracy. Sir David O'Dowd's Policing Bureaucracy Taskforce report in September 2002 contained 52 recommendations to help officers spend more time on frontline policing work. A steering group, chaired jointly by ACPO and the Home Office, has been set up to take forward these recommendations and other proposals to reduce police bureaucracy. Time spent on front-line policing is now a key performance measure for the police,¹⁰⁸ and the Home Office has a dedicated Bureaucracy Taskforce.

81. Our predecessors in the last Parliament considered the problem of excessive bureaucracy in the police service in their 2005 report on Police Reform.¹⁰⁹ They concluded:

104 Q 19

105 Q 21

106 Q 21

107 Q 79

108 Ev 35

109 Home Affairs Committee, Fourth Report of Session 2004–05, *Police Reform*, HC 370-I

we are worried by the Minister's definition of 'front-line' policing as including work in the police station of case files and report preparation ... their inclusion skews the statistics and gives an exaggerated impression of the Government's success in returning police officers to street duties.¹¹⁰

The Government's response to the report stated "we are prepared to look at suggestions for revision of the definition of front line policing".¹¹¹

82. The same category of 'paperwork/case file preparation' has been included in the 'front-line policing' measure each year since our predecessors' report, suggesting that no change had been made to the definition in line with their recommendations. We asked the Minister why the definition had not been changed. He responded:

The definition of 'front line duties' includes 'incident-related paperwork', but not 'non-incident-related paperwork'. We do not propose to remove incident-related paperwork from the definition of 'front-line duties'. Incident-related paperwork is defined as time spent preparing and updating reports, files, tape summaries etc in connected with a specific incident, including computer-based paperwork, word-processing and clerical duties. Successful policing cannot be achieved without a degree of paperwork. Proper record keeping and case file preparation is crucial if the service is to manage successful prosecutions, secure convictions and gather and disseminate intelligence.¹¹²

83. The Minister supplied us with statistics for the amount of time spent on incident-related and other paperwork between 2003–04 and 2005–06 (see figure 12 below).

Figure 12: Police officer time spent on paperwork 2003–04 to 2005–06¹¹³

Year	Time spent on incident-related paperwork	Time spent on other paperwork	Total time spent on paperwork
2003–04	10.3%	9.8%	20.1%
2004–05	9.9%	8.5%	18.4%
2005–06	10.8%	8.5%	19.3%

Source: Home Office submission to HAC police funding inquiry (2007), Ev 36

84. As these statistics indicate, every police officer has spent around 20% of their time over each of the last three years dealing with paperwork. There is clearly a degree of necessary paperwork, such as case file preparation, involved in successfully catching and convicting criminals. However, this necessary bureaucracy is classified as 'incident-related paperwork' and only accounts for about half of the total time spent on paperwork. The other half—

110 *Ibid.*, paragraph 127

111 Home Office, *The Government Reply to the Fourth Report from the Home Affairs Committee Session 2004–05 HC 370: Police Reform*, Cm 6600, June 2005 p 16

112 Ev 36

113 Ev 36

around 9% of all police officer time—was spent on non-incident related paperwork. This expenditure of time is unacceptably high.

85. The Minister also informed us that personal digital assistants (PDAs), such as handheld or palmtop computers, are being used or tested in many police forces. He stated that over 400 British Transport Police (BTP) officers are already using PDAs, which are “saving 10-15% of officer time”, and their use was being rolled out to all BTP officers.¹¹⁴ It is clear that use of handheld or palmtop computers by police officers can have a major impact in reducing the time spent on bureaucracy.

86. The latest Police Performance Data shows that the amount of time spent on front-line policing increased from 62.3% in 2004–05 to 63.5% in 2005–06.¹¹⁵ In giving evidence to our predecessors in 2005, the then Minister of State for Policing, Ms Hazel Blears MP, stated that she believed the nationwide average [for percentage of police officer time spent on front line duties] could be driven up to about 73% by cutting further bureaucracy.¹¹⁶ We asked the current Minister when he expected to hit the 73% mark. He responded “as soon as we possibly can, is the short answer. It is not as simple as turning the tap on and off. ... but it is absolutely central to what I am trying to do with policing, to get rid of inappropriate bureaucracy”.¹¹⁷

87. The Minister expanded on the 73% target in writing:

Following adjustments to the way the measure is calculated [in order to take into account concerns raised by police forces], the 2003–04 baseline changed and the 2007–08 target was revised from 72.5% to 70.8%. Whilst we are still some way from achieving the national target for 2007–08, it should be acknowledged that a number of forces are on track to meet their local targets.¹¹⁸

Police authorities

88. Police authorities have a vital role to play in holding police forces and Chief Constables to account for their management of resources. The statutory requirement on a police authority is “to secure the maintenance of an efficient and effective police force for its area”. Police authorities are indirectly assessed as part of force inspections by HMIC, and clearly poor performance by a police force reflects badly on its police authority. However there is currently no objective measure of police authorities’ performance, and consequently wide scope for variation between 43 different authorities.

89. A Home Office white paper on policing in 2004 concluded that “police authorities, like police forces, should be subject to independent inspection in order to ensure public confidence”.¹¹⁹ There has been some recent progress towards such greater scrutiny and standard setting for police authorities. The APA has made efforts to encourage common

114 Ev 36

115 *Police Performance Assessments 2005–06* p 61

116 Home Affairs Committee, Fourth Report of Session 2004–05, *Police Reform*, HC 370-I, paragraph 117

117 Q 97

118 Ev 37

119 *Building communities, Beating crime (2004)*, p 143

standards between authorities by introducing guidance for authorities on performance management: *Police Performance Management: Practical Guidance for Police Authorities* (2006). The Audit Commission and HMIC are also in the process of drawing up a formal inspection framework for police authorities, based on a self-assessment framework devised by the APA. This formal inspection of police authorities is due to be introduced in 2008 and will report publicly.

Conclusions: Managing a tighter settlement

90. 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.

91. 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.

92. 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.

93. 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.

94. 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.

95. 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.

96. 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.

97. 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.

98. 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.

Conclusions and recommendations

Funding levels and value for money

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)
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)
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)
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)

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)
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)
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)

Nature and implications of a tighter financial settlement in the Comprehensive Spending Review 2007

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)
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)

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 that the Government should commission research into the reasons behind the variations and what might be done to reduce disparity between forces. (Paragraph 53)
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)

Managing a tighter settlement

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)
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)
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)

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)
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)
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)
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)
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)

Formal minutes

Tuesday 10 July 2007

Members present:

Ms Karen Buck

Mr James Clappison

Mrs Janet Dean

Patrick Mercer

Gwyn Prosser

Bob Russell

Martin Salter

Mr Gary Streeter

Mr David Winnick

Resolved, That at this day's sitting, Mr David Winnick do take the Chair of the Committee.—(*Gwyn Prosser*)

Draft Report (Police Funding), 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 98 read and agreed to.

Summary agreed to.

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

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

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Several Memoranda were ordered to be reported to the House for printing with the Report.

[Adjourned till Tuesday 24 July at a quarter to Two o'clock.]

Witnesses

Tuesday 22 May 2007

Page

Chief Constable Dr Tim Brain, Association of Chief Police Officers; **Chief Inspector Jan Berry**, Chairman, Police Federation of England and Wales; **Chief Superintendent Ian Johnston**, President, Police Superintendent's Association of England and Wales; **Mr Bob Jones**, Chairman, and **Mr Bill Wilkinson**, Financial Adviser, Association of Police Authorities Ev 1

Mr Tony McNulty MP, Minister for Security, Counter-Terrorism and Police, **Mr David Burge**, Head, Police Finance Unit, and **Mr Paul Regan**, Police Finance Unit, Home Office Ev 12

List of written evidence

1	Home Office	Ev 22: Ev 35
2	Research in Motion	Ev 24
3	Association of Chief Police Officers of England, Wales and Northern Ireland	Ev 25: Ev 46: Ev 47
4	Police Superintendents' Association of England and Wales	Ev 32
5	Audit Commission	Ev 34
6	Metropolitan Police Service and the Metropolitan Police Authority	Ev 37
7	Institute of Chartered Accountants in England and Wales	Ev 39
8	East Midland Police Authority	Ev 40
9	Association of Police Authorities	Ev 44: Ev 50
10	Fraud Advisory Panel	Ev 46

Reports from the Home Affairs Committee

The following reports have been produced by the Committee since the start of the 2003–04 Session. Government Responses to the Committee's reports are published as Special Reports from the Committee or as Command Papers by the Government. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2006–07

First Report	Work of the Committee in 2005–06	HC 296
Second Report	Young Black People and the Criminal Justice System	HC 181
Third Report	Justice and Home Affairs Issues at European Union Level	HC 76

Session 2005–06

First Report	Draft Corporate Manslaughter Bill (First Joint Report with Work and Pensions Committee)	HC 540 (Cm 6755)
Second Report	Draft Sentencing Guideline: Robbery	HC 947
Third Report	Draft Sentencing Guidelines— <i>Overarching Principles: Domestic Violence and Breach of a Protective Order</i>	HC 1231
Fourth Report	Terrorism Detention Powers	HC 910 (Cm 6906)
Fifth Report	Immigration Control	HC 947 (Cm 6910)
Sixth Report	Draft Sentencing Guideline: Sexual Offences Act 2003	HC 1582
First Special Report	Memorandum from the Home Office: Progress in implementing accepted Committee recommendations 2001–05	HC 1007

The following reports were produced by the Committee in the previous Parliament.

Session 2004–05

First Report	Rehabilitation of Prisoners	HC 193 (Cm 6486)
Second Report	Work of the Committee in 2004	HC 280
Third Report	Home Office Target-Setting 2004	HC 320 (Cm 6592)
Fourth Report	Police Reform	HC 370 (Cm 6600)
Fifth Report	Anti-Social Behaviour	HC 80 (Cm 6588)
Sixth Report	Terrorism and Community Relations	HC 165 (Cm 6593)

Session 2003–04

First Report	Asylum and Immigration (Treatment of Claimants, etc.) Bill	HC 109 (Cm 6132)
Second Report	Asylum Applications	HC 218 (Cm 6166)
Third Report	The Work of the Home Affairs Committee in 2003	HC 345
Fourth Report	Identity Cards	HC 130 (Cm 6359)
Fifth Report	Draft Sentencing Guidelines 1 and 2	HC 1207 (HC 371)

Oral evidence

Taken before the Home Affairs Committee

on Tuesday 22 May 2007

Present:

Mr John Denham, in the Chair

Mr Richard Benyon
Mr Jeremy Browne
Ms Karen Buck
Mrs Ann Cryer
Mrs Janet Dean

Margaret Moran
Gwyn Prosser
Mr Gary Streeeter
Mr David Winnick

Witnesses: **Chief Constable Dr Tim Brain**, Association of Chief Police Officers, **Chief Inspector Jan Berry**, Chairman, Police Federation of England and Wales, **Chief Superintendent Ian Johnston**, President, Police Superintendents' Association of England and Wales, **Mr Bob Jones**, Chairman, and **Mr Bill Wilkinson**, Financial Adviser, Association of Police Authorities, gave evidence.

Q1 Chairman: Good morning. Thank you very much indeed for coming. We are aware that Dr Brain is unable to be here for the beginning of this session but because we also have the Minister coming later on this morning I am afraid it is just not possible for us to delay the start until he gets here, so we will have to press on and do the best that we can, and hopefully he will join us before too long. Can I thank you very much for coming? Just to explain, for the record, the background to this inquiry, as individual Members and also as the Chairman of the Committee, we have received representations from a number of people, including the APA about the level of the Home Office settlement and allocations for the police for the next three years. We thought it would be useful to have a hearing about that settlement. We intend to draw on today's evidence session and the written evidence that we have received to produce a brief report, so there will be some conclusions from the Committee as a result of today. Can I ask you to introduce yourselves for the record and then we will get underway.

Chief Inspector Berry: My name is Jan Berry and I am the Chairman of the Police Federation.

Chief Superintendent Johnston: I am Ian Johnston; I am President of the Police Superintendents' Association.

Mr Wilkinson: I am Bill Wilkinson; I am Clerk and Treasurer of South Yorkshire Police Authority and I act as an adviser to the APA.

Mr Jones: My name is Bob Jones and I chair the Association of Police Authorities.

Q2 Chairman: I am going to say from the Chair that we are not going to have all witnesses answer all questions, so do indicate if you are absolutely bursting to add an additional point to one that has been made, but as far as we can we will direct them to individuals. Mr Jones, can I start with you? Do you agree with the Home Office that the 2007–08 settlement is a fair settlement? On the face of it it is a 3.6% increase and it is up from the previous year of 3.1% increase?

Mr Jones: Clearly it was welcome in respect of the fact it showed a continuation of the three-year settlement; it was welcome on the basis that it was, in terms of general inflation, slightly above that level of inflation. However, it did continue to cause us problems because the pressures that we were under outstrip the level of general inflation and our calculation is that it meets the difference between the amount the settlement supported and actual local expenditure. We had to put £100 million worth of reserves into the 2007–08 budget, and on top of that a number of individual police authorities had to make a number of efficiencies, some of which were genuine efficiencies and some of which were potential reductions in service.

Q3 Chairman: Do you anticipate having to prioritise some programmes over others to next year, or dropping some activities?

Mr Jones: I think that is certainly the case. It is already happening in a number of areas and we are clearly in dialogue with the Home Office about some of the national programmes, and we are getting reasonable responses in some areas. The single non-emergency number is a case in point, which obviously costs to implement, but as well as costing a lot in terms of capital and revenue to actually implement also the pilot areas, including Hampshire, I understand, indicate that it sucks in a considerable amount of demand for further resource. So there do seem to be areas like that where we are spending a lot of money to cost us a lot of money, and I think the Home Office takes the view that we will continue to evaluate the original pilot—it is a very welcome one, and I think it is hopefully the start of a number of areas where we will have to prioritise a number of areas to ensure that they are affordable.

Q4 Chairman: So the single non-emergency number is one possible victim of the funding situation. Can you name any other areas that are actively under consideration like that at the moment?

22 May 2007 Chief Constable Dr Tim Brain, Chief Inspector Jan Berry, Chief Superintendent Ian Johnston,
Mr Bob Jones and Mr Bill Wilkinson

Mr Jones: Clearly there are discussions and these are dialogue between all of the police partners and often with contractual partners, but clearly with the exception of the National Police Improvement Agency there are a whole series of national IT programmes that are going to have to be looked at to see whether they do have a proper business case that can actually deliver in these particular areas. So I think the large number of IT programmes will have to be rationalised in terms of ensuring that we do get value for money and we do get affordability. The problem we always have of course is that 80% plus of our expenditure is related to staff costs and the problem is that, whilst seeking to have maximum efficiency of resource for the remaining 20%, there does get to a point where police authorities will be faced with the fact that they do need to make cuts or efficiencies in that 80% as clearly there is not anywhere else to go.

Q5 Chairman: Let us look at the use of money. Total police revenue expenditure increased by 39% after inflation over the last 10 years; police officer numbers only increased by 11% over the same period of time. Can the police authorities explain why it does not look as though a particularly large proportion of the extra resources actually reached the frontline?

Mr Jones: In terms of the total numbers of staff clearly the total figure between 1997 and 2007 went up from 180,000 to 227,000. 127,000 to 141,000, an extra 14,000 were police officers. In terms of civilians it went up from 53,000 to 86,000. Obviously some people would suggest that that is additional bureaucracy. I do feel that it enables us to release police officers for frontline duties. Obviously some of those are PCSOs but clearly across the whole of the service—custody assistance, forensics, scenes of crime, examiners, control rooms, we have seen the position where we have been able to put in specialist police staff which has released police officers to do their mainline business, and I do think that is part of the efficiency and one of the reasons why we have had some extremely impressive outputs in terms of the return of the investment that has been put in both nationally and locally. For instance, the top level, when I first joined the Police Authority the HR was being done by an Assistant Chief Constable; the IT was being done by a senior police officer; the chauffeur of the Chief Constable and Assistant Chief Constable was a police officer, and those have all been replaced by specialist civilians who represent much better value for money, much better expertise and have actually freed up an immense number of police officers to be out on the street doing their core job.

Q6 Chairman: Mr Johnston, I will come to you in the absence of Dr Brain. There is no doubt, of course, that crime levels overall have fallen substantially over the past ten years, but the public, none the less, think that crime levels are too high and that the primary job of the service is to bring criminals to justice. We look at this big increase in civilian staff,

we look at the big increase in police numbers and yet the recent increase in what the government call “offences brought to justice” is almost entirely made up of warnings for cannabis, fixed penalty notices and cautions for trivial offences. The police have this huge increase in resources but we do not seem to have more criminals brought to court, which, by and large, is what our constituents think that the police service should be doing. So how is it that the police have had this huge increase in resources and staffing that Mr Jones has talked about and actually had what seems to be a disappointing result in bringing criminals to book?

Chief Superintendent Johnston: You are absolutely, right, it is fairly complex. A number of things. First of all, we do not seem to get much credit nowadays for the 34% reduction.

Q7 Chairman: I did at least try to acknowledge it!

Chief Superintendent Johnston: The credit for that is sometimes claimed by others. We do not hear too much nowadays about the huge reduction in burglaries and auto crime that blighted us some years ago. Nevertheless, you are right, we have had an increase in numbers. The difficulty for us, from our association, is about delivery now. You talked earlier to Bob Jones about priorities. Neighbourhood policing models, yes, we are very much in support; addressing protective services and the gap as identified with the HMIC, we are very much in support; but it is becoming more and more apparent that the missing element and why the public is dissatisfied and we do not have the public confidence at the moment is the response policing part of the delivery, and where we are seeing some quite ridiculous tales about the use of police resources is linked to performance—and we will perhaps come on to that in a minute. What I want to stress this morning is that we cannot forget both the role of the response policing—that is our first response—and it is all very well to put neighbourhood policing in place and addressing protective services, we need those, but not at the expense and to the exclusion of response policing.

Q8 Chairman: The question that is in my mind—because you all wrote to us saying that you do not have enough money—is that if we look at the statistics the sharpest fall in things like burglary and car crime occurred in the first half of the last 10 years or the first six years or so of the last 10 years, since when the government usually says that the BCUS say that crime is stable—sometimes it has come down but generally it has been stable. The big increase in police staffing has happened in the second half of the past ten years. How can we be confident that the police service, whether we are talking about the police authorities or the police service in terms of professional police officers, are actually using the money they have had, particularly over the last five years, with the efficiency and effectiveness that you are statutorily bound to provide, because they prove that the statistics—and I suggest it is that—is that actually you cannot relate the fall in crime to the

22 May 2007 Chief Constable Dr Tim Brain, Chief Inspector Jan Berry, Chief Superintendent Ian Johnston, Mr Bob Jones and Mr Bill Wilkinson

sharp increase in police staffing and police resources in any direct way. What we might have expected is more criminals taken to court, given that we have far more police officers, and why has that not happened?

Chief Superintendent Johnston: I think there is a difference between criminals taken to court and offences brought to justice.

Q9 Chairman: There is, but I have tried to highlight that some of us are slightly sceptical that having an explosion of cannabis cautions and fixed penalty notices—and I am in favour of fixed penalty notices because the drunks who get them used not to have anything done to them at all, so it is a good thing—but it is not comparing like with like and in terms of the core of criminals we are not bringing more of them to court.

Chief Superintendent Johnston: We in the police—and this is going to sound defensive—are sometimes on the end of mixed messages as well. Is it that we need to send more people to prison or is it we send less people to prison? It changes every week. That is not being facetious but we are getting mixed messages. In terms of offences brought to justice I think that this is an opportunity for us to say here and now today that the performance measurement, quite frankly, is in a mess in some parts of the country as to officers knowing exactly what they should be doing and what counts. That is why we have arrived at some of the situations we have. I know that the performance framework has been re-examined and ready for next April but we still need to look at things like sanction detections, the Home Office counting rules and the performance framework so that officers on the frontline know exactly what it is that counts.

Q10 Chairman: We will come back to this. Mr Jones, can I come back to you? Police authorities are charged with ensuring the efficiency and effectiveness of the police service; I think that is still a statutory role. You have had this big increase in resources and you know that across the country, in the forces for which you are responsible, we have not seen more criminals brought to court. Police authorities have written to us saying, “We need more money” but what have you done as police authorities to make sure that the money you have had is being used effectively?

Mr Jones: We have introduced a whole series of initiatives and clearly the big headline figure, of course, is in terms of the efficiency gain. The efficiency gain since 1999–2000 to date represents 1.76 billion, 4.1% of budgets, as endorsed by Her Majesty’s Inspector of Constabulary. So we believe we are at the forefront of both the public sector but, arguably the private sector, in terms of driving out that sort of efficiency. In terms of its impact on crime—and of course one of the other statistics is that the risk of being a victim has fallen from 40% to 24%, and the fact that we are just about filling up prisons and to what degree we are deterring crime and in particular a lot of the work in terms of partnerships, with crime and disorder partnerships,

which obviously also is extremely effective but was still introduced without any additional resources whatsoever, as were youth offending teams and steering young people away from that. All those areas, where we hope that it is not just a question of enforcement and putting people before a court but actually steering people away from lives of crime also costs money as well.

Chairman: Richard Benyon.

Q11 Mr Benyon: To Mr Jones and Mr Wilkinson, in the joint submission of ACPO and the Association of Police Authorities for the CSR bid the submission says that, “Analysis of police budgets has consistently shown that the police service needs annual net resource increases of at least 5% in order to stand still.” However, confirmed average budget requirement increase in 2007–08 was only 4.69% and your projected year on year required increase is under 5% in both the following two years. Where did this 5% minimum requirement come from if your projected requirement is in fact barely over this in the next financial year and under it in the following two years?

Mr Wilkinson: The 5% calculation, each year we approach all the 43 forces and ask them for their assessment of what it will cost to stand still and to meet new commitments, taking account of inflation and everything else that is happening. That calculation comes out anywhere between 5% and 7% and has done for many years. The reason for that is that it is not just inflation which is affecting costs but there is a long, long list of other things which add to the budget of any service—I do not think the police is alone in this but I think it is affected more than most. For instance, the latest returns include about 3% for inflation, which is probably what you would have expected it needed to be, but on top of that there were substantial provisions in forces for the full year effect of growth that had happened in the previous year, for the revenue consequences of capital investment, additional debt charges and additional charges for running costs—things like airwave and number plate recognition systems. New systems come in but they always cost more to run than previous ones—modernisation does have a cost to it. Minor items like staff pensions costs—the cost of pensions as we all know and it is adding to the cost of police budgets. Add all those together and in actual fact it came out at something like 6.5% and that was after allowing for some cash efficiency savings. So that is the realistic assessment of what forces need.

Q12 Mr Benyon: So the 4.69% was not accurate?

Mr Wilkinson: No, it is not; the 4.69 was the actuality. We collected the figures on the cost of standing still probably last autumn when authorities were preparing their budgets. When the settlement came out it was obviously at a lower level and authorities could only afford to increase budgets by 4.69%, as you say. The way they covered that gap was from drawing on reserves, by cutting back at the margin, by not investing as much as they would like

22 May 2007 Chief Constable Dr Tim Brain, Chief Inspector Jan Berry, Chief Superintendent Ian Johnston,
Mr Bob Jones and Mr Bill Wilkinson

to do, by deferring things, and a whole range of short-term measures like that, and that is how the two figures are brought into line.

Q13 Mr Benyon: I understand that, but do you also understand the importance of getting that projection figure in your CSR submission right, because we as MPs are constantly contacted by our police authority to put pressure on ministers about their requirements in forthcoming years, and then if ministers are able to come back and say that your CSR projected increase for 2007–08 was 8%, and in fact the outcome, as you have just said, was 4.69%, are you satisfied that your systems are right and that all your local authorities are providing you with as detailed evidence as they can to back up your submission?

Mr Jones: Could I jump in? We are still confident that the projection was a correct one and the ACPO business area forecasts the 1.2 billion committed growth over the five years just in terms of pressure. The gap between the 4.69% we actually got and the amount that we actually projected is explained by the use of reserves, £100 million, reduce of efficiencies, et cetera, so we understand that the gap is very much a reality. Without those use of reserves, without those reductions, without, in some cases, very substantial increases in council tax precept that gap would have been wholly in terms of service reductions.

Chairman: Jeremy Browne.

Q14 Mr Browne: This is directed mainly at Mr Jones and Mr Wilkinson. Reading the background briefing we had the figure we have been given is that 82% of Chief Constables surveyed state that “cuts will impact on police officer numbers”. To be fair on the government there has been a substantial increase in police officer numbers over the ten years since 1997, but it has begun to taper off, in fact slightly drift down, but is it your calculation that we will see further and more dramatic falls in the overall number of police officers across the 43 forces?

Mr Jones: Clearly it is our intention to avoid that if at all possible. We would wish to maintain the number of police officers if at all possible, but clearly if we do not have sufficient resources we are in a dilemma in terms of where the savings have to come from, given that 80% is staff related. Clearly there are some areas where there may be some scope for continued civilianisation workforce mix, which may enable us to release police officers, which in fact puts more police officers on the streets but might have a negative impact on the total number of police officers, and clearly that may be looked at by some of my members up and down the country. But I think they are very much committed. Our key frontline person is a police officer and we need them out there and apart from areas where we can change the workforce mix to use them more efficiently, get them out on the streets more, I would think that we would very much wish to resist any attempts to reduce them. But because they are such an

absolutely crucial part of the total budget clearly it is very difficult to make reductions of this size without looking at the position of the police officers.

Q15 Mr Browne: You sound reluctant to do so, but over the three years of the CSR, if you would take, let us say, the reductions that you talk about fall proportionately across the board and not weighted in one area rather than another, can you give any indication of what that would imply for overall police numbers in England and Wales over the next three years?

Mr Jones: It is difficult to calculate, depending on how you actually chose that mix but clearly you could be talking about a move down to the 135,000–136,000.

Q16 Mr Browne: What is it now, 141,000?

Mr Jones: 141,000.

Q17 Mr Browne: So 5,000 fewer police officers in three years’ time, compared to now?

Mr Jones: If it was all concentrated on police officers. I do not think many police authorities would take that particular concept.

Q18 Mr Browne: But the worse case scenario would be 5,000?

Mr Jones: That is an absolute worse case scenario and clearly all police authorities will be committed to avoiding that.

Q19 Mr Browne: I come to a related question. In some sections of the police service there is quite a lot of antipathy towards Community Support Officers, although in others I get a sense that the view is a bit more positive about the role they can play. I have had some police officers in my own area that have said that they quite envy PCSOs because they regard PCSOs as doing the type of traditional policing that brought them into the force in the first place 15 to 20 years ago in terms of community relations and so forth. I know this is a sensitive area but do you think there is any scope for putting a greater amount of money, a greater amount of emphasis into the role of PCSOs, even if it means that it is to the detriment of the overall full time policing numbers?

Mr Jones: Clearly we think that decisions about how you deploy combinations of police in terms between police officers, PCSOs and police support staff should be made by local Chief Constables in consultation with their local communities in terms of the needs of particular local policing, and clearly it is a strategy that may be pursued in some areas. But clearly the role of the PCSO is different and is meant to supplement that of police officers, who are meant to be the eyes and ears and visible presence of police officers on the ground, and there is a limited amount where you can substitute a PCSO for a fully trained police officer with powers. I think the advantage of the PCSOs is the fact that because they have not been involved in that degree of training and they are not involved in issues like arrests, et cetera, they are able to stay out on the streets and not be involved in

22 May 2007 Chief Constable Dr Tim Brain, Chief Inspector Jan Berry, Chief Superintendent Ian Johnston,
Mr Bob Jones and Mr Bill Wilkinson

extensive paperwork, court cases, et cetera, so clearly substituting PCSOs for the role of police officers would actually undermine their greatest advantage.

Q20 Mr Browne: I understand your point. The final question really relates to your point where you said the worse case scenario is you could shed about 5,000 police officers. What are the potential implications of PCSOs because we have seen dramatic increases in their numbers—and I think most people welcome that—and then there was the controversy about the 24,000 figure going down to a 16,000 figure. Do you see that their numbers may even potentially fall or that police authorities that have planned on the basis of having larger numbers of PCSOs are now going to have to scale back their plans as a result of the cash settlement from the Home Office.

Mr Jones: Clearly pressure is going to come on all forms of staff, whether it is police officers, PCSOs or others. I think different police authorities will look at the needs of their area and deploy teams of the combination of police officers and PCSOs in other ways. I can see it happening in some areas that they may seek to change the balance slightly favour of PCSOs and in other areas they may seek to change it the other way around and have less PCSOs and more police officers. But it will be a question of effective operational teams that meet the needs of their area.

Q21 Chairman: Can I ask if Jan Berry has a view on the idea of police forces tipping the balance towards PCSOs?

Chief Inspector Berry: I think I identify with the comments made earlier with regard to some police officers seeing the role now being undertaken by PCSOs as the one that they joined the job to do, and I am aware that some police officers are leaving the service and becoming PCSOs and also the other way around—some are becoming PCSOs as their method of joining the police service. I think one of the questions that we all need to ask ourselves is how we are going to judge whether this workforce mix is actually a success because there is something about a feel good factor here which should not be ignored, but there is very little evidence to either demonstrate that a PCSO is providing value for money—that is if we know how it is going to be demonstrated—or whether the patrolling police officer delivers value for money. I think we need to get to some of those questions to answer. What I do know is that the police officer is a far more flexible resource than a PCSO because a PCSO is only supposed to perform one function. What would be an interesting question maybe for people to ask at the moment is what functions are PCSOs undertaking in forces? In the force very close to where we are sitting at the moment many of the PCSOs are not out on the streets, they are actually inside police stations acting as front office assistants; they are actually in police stations telephoning the victims of crime; they are actually in police stations recording people's particulars. That is not the intention of the Police Community Support Officer, the intention was for

them to be the eyes and ears on the streets, and so some of the 16,000 PCSOs—which I think the target has now been met—are actually not out on the streets being the eyes and ears but are actually inside police stations doing some of the bureaucratic stuff, which, admittedly, my members do not want to do.¹

Q22 Bob Russell: Could I follow on with the Chairman's question and your last answer. Does the Police Federation regard PCSOs as part of the police family and are PCSOs allowed to join the Police Federation?

Chief Inspector Berry: No, they are not police officers, they are not sworn constables; the only people who can become members of the Police Federation are sworn constables. That is by statute. Are they regarded as being members of the police family? There are mixed views. An increasing number of police officers do see them as being part of the police family, but, more importantly, every police officer recognises the function that they undertake. Whether that function should be undertaken by a sworn police officer or an un-sworn police officer, the visible professional police presence on the street is absolutely imperative—not only does it deliver reassurance; it is also there to nip problems in the bud before they get out of hand. It is also a really good source from a community point of view of information being gathered and also being disseminated as well.

Q23 Bob Russell: So who provides the collective voice of PCSOs?

Chief Inspector Berry: Different organisations. They are not constables, they are unionised—Unison certain for forces outside London and PCS for London.

Chairman: David Winnick.

Q24 Mr Winnick: I think all your responses are being closely monitored by a senior official in the Home Office, but since we live in a free country there is no reason why it should not be. Coming to the question of police pay and the effect it will have—and I think the Association of Police Authorities would be the best people to ask—I want to come to you Ms Berry, first of all. At Blackpool you said that changes to the basis in which police pay is negotiated could result in industrial strike action. You are a very responsible officer of a very responsible organisation and you know better than anyone else that in 1919 legislation was passed, for reasons we all know, to prevent industrial strike action by the police. Are you telling your organisation and are you telling this Home Affairs Committee that the situation has now reached a point where you actually want a change in the law which would allow police officers to take strike action?

¹ Chief Inspector Jan Berry, Chair of the Police Federation, subsequently wrote to the Committee to say "The Metropolitan Police Service have used CSOs in this role. Kent Police have used them as missing person coordinators."

22 May 2007 Chief Constable Dr Tim Brain, Chief Inspector Jan Berry, Chief Superintendent Ian Johnston,
Mr Bob Jones and Mr Bill Wilkinson

Chief Inspector Berry: No, I am not and I hope that we never ever reach that position.

Q25 Mr Winnick: So what was the purpose of your remark?

Chief Inspector Berry: I think what I was telling both our conference and what I will say to you today is that police officers are feeling extremely frustrated at the way that they see they are being treated at the moment in the terms of their pay and conditions. The conditions that are placed upon them to be on duty 24/7, both on duty and off duty; that they are personally responsible for their actions both on and off duty; and also their inaction—if they do not take action they are responsible; and the fact that at this stage they do not have the right to take industrial action. What they see is the balance being taken away from them at the moment. The Booth Report, which is half way through at the moment, seeks to remove any negotiation from police officers; it seeks to suppress police pay over a period of time; it seeks to distribute that police pay in a divisive way, according to us. So they see that many of the protections that they have had in the past—and that is not to say that they have deserved protections over and above others—are slowly but surely being removed and more and more is being expected but without the protections. If you remove all of those protections and police officers see that they are giving the whole time and not being treated fairly—and that is the important word—then they will be the people demanding to have exactly the same rights as other workers.

Q26 Mr Winnick: Ms Berry we all know the absolutely essential work that police officers do and, moreover, we know that in some tragic cases their lives are sacrificed, and anyone on this side of the table who does not recognise that obviously is not fit to be a Member of Parliament, and we do recognise it as our predecessors and our successors do, but it does not alter the fact regarding your remarks because you actually did say—unless the quote is such that it is not accurate—that changes to the basis on which police pay is negotiated could result in industrial strike action. So I come back to the point.

Chief Inspector Berry: I do not have my words with me but my words were very, very carefully scripted.

Q27 Mr Winnick: I am sure.

Chief Inspector Berry: I am not convinced that is a true reflection. What I will do is share that section of my speech with the Committee because it was scripted and I read from autocue and I did not ad lib during that part of the speech, for very obvious reasons, and I will share that with you.

Q28 Mr Winnick: I will not pursue it except to say that, as I understand it from your answer, the situation, wishing a change in the law regarding industrial action, is not what your organisation is asking, am I right?

Chief Inspector Berry: We are not seeking that at this time.

Q29 Mr Winnick: That answers my question; thank you very much indeed. In the absence of Tim Brain, if I can come to the Association of Police Authorities? It is argued that the budget increase to the lower level of funding, which is expected under the Comprehensive Spending Review, so we are told, will depend entirely on restraining pay. Is it the case that you say as the Association of Police Authorities that such pay restraints will have serious consequences for recruitment and retention?

Mr Jones: We are extremely proud of the levels of recruitment and retention we have at the moment and wish to see that sustained, as I think we outstrip again the public sector and the private sector both on recruitment and retention of police officers, but clearly we wish to see that continue in the future. But because police pay is such a crucial component of our total budget it is one of those that it cannot be entirely not looked at if we are facing a significant gap, and clearly we have to look at all elements. We very much support the unique position of the Office of Constable and we very much support the fact, both in terms of the Act in 1918 which barred the right to strike gave us statutory negotiating machinery, and we very much support, from the Association of Police Authorities' point of view the concept set up by Edmund Davis in 1979, set up by the Callaghan Labour Government to actually have an indexation. However, the current indexation is not based on Edmund Davis, it is based on the Sheehy Report of the mid 1990s where I think almost every other aspect of Sheehy was rejected; but many of those aspects of Sheehy were the ones that would actually save police authorities money and part of the concept of the higher index was to compensate police officers for those other reductions. We ended up in this position where we did not get any of those things which would cost us money and we are not particularly arguing about that—many of them were ones which we did not think would be affected, even if they would save money; but we did end up with the higher index. We do believe it is possible to produce an index that is more affordable, that does need the requirements of the special nature of the Office of Constable but are ones which will not put the pressure on police budgets because the reality is that because it is such a massive component of our total budget extra pressures on that one can only be met at the cost of support to police officers or total number of police officers.

Q30 Mr Winnick: Do we take it that there are ongoing talks with the Home Office regarding this aspect of the Comprehensive Spending Review or is it now in a situation where it is all finished? We are having the Minister very shortly, as the Chair has said, and I was wondering if the whole matter has been totally finalised?

Mr Jones: Clearly we have not had a formal announcement of what the CSR round is and how it impacts on both the Home Office and on the Police Authorities. To my understanding it is pretty well finalised but we have not heard the final headlines of

22 May 2007 Chief Constable Dr Tim Brain, Chief Inspector Jan Berry, Chief Superintendent Ian Johnston,
Mr Bob Jones and Mr Bill Wilkinson

that. Again, as you indicate, Mr Winnick, it would probably be best that to the Police Minister who may be in a better position to give you an update.

Mr Winnick: Thank you very much.

Q31 Chairman: Mr Johnston, could I just bring you in about pay? We see that nurses have had a staged pay award, doctors have had a staged pay award—and we know that public spending is going to increase much more slowly—is there really a special case that can be made for the police?

Chief Superintendent Johnston: I think there is, and in support of what Jan Berry has said, it is not only the detail of the pay negotiations we are in, it is the way that officers feel that the negotiations have gone thus far. We are not terribly sensitive, as you know, Mr Denham, but we really feel at the moment that this has been imposed and there is not an awful lot of negotiation going on and, as you will know, stage payments will in fact mean less of an increase. Can I just say that each time we debate this we are told that recruitment and retention currently is not an issue. I am old enough to remember when it was and we do not want to go back there, where recruitment and retention really was an issue and that is why we arrived where we did with Edmund Davis. So things are not going terribly well with the pay negotiations but, having said that, I am sure that through sensible negotiations there is a deal that can be struck.

Chairman: Ann Cryer.

Q32 Mrs Cryer: My questions are based mainly on the comments of ACPO but since the ACPO person is not here perhaps Mr Johnston could respond? I want to ask about the use of police financial reserves and the long term planning and investment impact that that will have. Would you like to comment on the investment in key infrastructure and systems, how it will suffer as a result of using reserves now?

Chief Superintendent Johnston: I am allowed to pass, apparently; I am not in a very familiar position in speaking about this. I think Mr Wilkinson is happy to take that.

Mr Wilkinson: I will have a crack. Reserves have come under pressure in the last few years as a means of balancing the budget gaps and a number of authorities are now running with reserve levels which are on the low side, below the levels that their treasurers would advise and that were adequate. So that is the first problem. But it is not evenly spread—some authorities are quite well provided for with reserves. Those reserves do have a purpose not just in covering funding gaps, they are there to cover unforeseen circumstances and, as you say, for investment, and to the extent that they are cut back I think the future plans are going to come under more pressure than they would do, and there is a massive programme of developments that would be looking for contributions from reserves properly, particularly on the technology side. The ACPO business areas have estimated that something like £1.5 billion of projects were on the stocks being worked on somewhere in the 43 forces. They are not all going to hit us in the next few years but they are

there somewhere; so there is a built-up demand to the extent that as funding gets tighter it is going to commit more reserves to provide the backstops on the mainstream budget and therefore correspondingly less for investment.

Q33 Mrs Cryer: Are you able to comment specifically on delivering workforce modernisation and shared services programmes? Do you know anything about that?

Mr Wilkinson: I am not an expert on it; I know broadly what is going on. It is a pity that Tim is not here at the moment. The shared services project is quite well advanced and I think substantial savings are projected if it can be operated in the way that people would like it to be operated. It is in the tens of millions.

Q34 Chairman: It is presumably things like payroll?

Mr Wilkinson: It is back office functions—payroll, debtors, creditors, and pensions, setting up probably three or four service centres around the country. The problem with it is that it will need some fairly substantial investment to get it going in systems and start up costs, and I think that is probably the stumbling block at the moment in the service. If that money was available on an invest to save basis then I think there are some substantial savings achievable.

Chief Inspector Berry: Could I add to that while Dr Brain takes his seat? There are some really good examples around the country of collaborative arrangements, particularly around back office responsibilities, and some real creative thinking around that area at the moment. For many years we have talked about the fact that we could make savings in this area. In addition to that there are some really good procurement arrangements for equipment and IT and things like that, but there will come a point when some of the collaborative arrangements will need specific governance arrangements that are not catered for in our arrangements at the moment. When you move from back office, payroll, maybe control centres and things like that you are then moving into some operational areas where there are some really creative collaboration arrangements, and we will need to be very clear about where primacy rests in operational matters, and that is a piece of work which I am not sure is particularly clear at the moment but will need to be developed.

Q35 Chairman: We will bring in Dr Brain on the next question. Dr Brain, can I welcome you?

Dr Brain: Thank you very much. I do apologise for being late—very heavy traffic on the M40.

Chairman: We obviously had to start because we had the Minister booked in for quarter past 11 and we needed to make progress, but I am sure you will catch up the threads. Gary Streeter.

Q36 Mr Streeter: Chairman, I would like to ask Mr Jones and Dr Brain a question about specific choices and compromises that need to be made in managing a tighter settlement, but can I put it to you first that

22 May 2007 Chief Constable Dr Tim Brain, Chief Inspector Jan Berry, Chief Superintendent Ian Johnston, Mr Bob Jones and Mr Bill Wilkinson

the financial difficulty you say you are now in as police authorities and police forces is largely of your own making. Is it not the case that over the last 10 years you have been very slow to modernise, to make maximum use of modern technology, to streamline yourselves—which is why people like myself, a tremendous supporter of the police, I find that police forces up and down the country are bureaucratic, risk averse and technologically illiterate. Do you not have yourselves to blame? Why is it that I, at 51 years of age, have been using my own computer for the last 10 years—whereas 20 years before that I was dictating to a secretary—and why is it that police officers are still taking statements in laborious longhand—it is like watching paint dry. Do you not have yourselves to blame?

Mr Jones: I will obviously say no. I think we have quite a good record of introducing a whole range of technology—the airwave, a £1 billion system, which is not just radio communications, but is enabling people to use local data information to cut out a lot of the paperwork.

Q37 Mr Streeter: How many years did it take to introduce that?

Mr Jones: It took a few years to introduce but clearly a £1.2 billion project of that particular size does actually need managing, at the same time as we are implementing automatic number plate recognition, fingerprints, ID systems, a whole series of improvements in command and control and trying to join up with the rest of the criminal justice system, and one of our biggest problems has been the problem of the fact that much of our information needs to go into the criminal justice system, and having a meaningful effective interface in terms of IT and meeting the requirements of the criminal justice system has been probably the biggest delay factor in the areas, particularly as many of their programmes which we need to join up with, like Libra, are running several years behind. So I think we have an extremely good record in terms of bringing on IT but clearly these do need to be managed. If you do not manage major projects like that and you do not introduce them effectively and you do not ensure that people are properly trained up to get maximum benefit from them then I think we have gone at the right place to make sure that once they are implemented police officers on the ground are able to get maximum use for them, and that is a continuing programme and we have a whole series of other IT items coming along.

Q38 Mr Streeter: Dr Brain?

Dr Brain: It is easy to most emphatically refute such a really rather extreme set of suggestions there. The reality of it is that the police service has been very adept at introducing new technology and new technology in its own right. If I can just ask the Committee to revert to the mid 1990s when it was the police service under the leadership of John Hoddinott, then Chief Constable of Hampshire, who took the ball from the office and introduced probably five to six years' earlier the automatic

fingerprint recognition system upon which the country now has its own system based, and that was a consortium of police forces that introduced that, largely in opposition, I have to say, to the view of the Home Office. In terms of business efficiencies the police services are amongst the most outstanding of public sector organisations in terms of delivery; it has met all the efficiency targets it has been given over the years against a really difficult background of rising demand and expectations. It has delivered in terms of more offences brought to justice and it has delivered in terms of lower crime. At the same time it has had a whole plethora of new legislation that has to be introduced and that all requires adaptation in terms of training, new technology, polices and procedures. I think that is not a very helpful statement to make; the reality of it is that demands are growing, expectations are growing and the police service has done its absolute utmost to meet those requirements.

Q39 Chairman: That is good to know. What specific choices and compromises have you made in terms of police activity as you face this shortfall in your budget, and what would the impact on crime and community safety of these choices be?

Dr Brain: I think it is important to recognise that the shortfall in the budget has not occurred yet. As of 31 March this year, if we take a stock-take, police resources, particularly when expressed in terms of people, have never been higher. There are about 140,000 police officers, there are over 70,000 police staff and there are approaching 16,000 PCSOs, so, at this point in time, we are not facing a crisis in terms of the resources; it is what is likely to occur in the years ahead, looking ahead to the end of the CSR 2007 cycle. The problem about the squeeze on resources that is inevitably going to occur over the next three to four years with spending projections as they currently are is that we will see the effect cumulatively. It will be a series of cutbacks that we will not see the full effect of until three to four years from now and then I guess the whirligig of time will turn, resources will be put back into the Service and we will see them build up again, but there will be a lag effect in terms of seeing the benefit of that as well, so, at the moment, there is not a crisis in terms of resources. There are other problems which the Service face in terms of rising demands and expectations and increased workload because, whilst there have been savings in terms of bureaucracy, equally there have been new demands in terms of bureaucracy in terms of the requirement of the criminal justice system. Indeed, we have seen some very significant pieces of legislation over the last few years, all of which have had their own powerhouse in terms of bureaucracy, RIPA being a very clear example, but, if we actually take it back to the Police and Criminal Evidence Act itself, that was a huge impetus in terms of added procedures. They were there deliberately, it was not an unintended consequence, but they were there deliberately in order to build in new safeguards and improve the quality of police evidence, but we should not be

22 May 2007 Chief Constable Dr Tim Brain, Chief Inspector Jan Berry, Chief Superintendent Ian Johnston,
Mr Bob Jones and Mr Bill Wilkinson

under any illusion that those legislative initiatives increased the bureaucracy, not lessened it. What the Service will have to do over the next few years is continue to search for improved business processes, but that is not an easy thing to do against the background of rising demands and expectations.

Q40 Ms Buck: Can I ask you a little bit about the issue of efficiency savings, and I know there has been an expressed concern that a limit has been reached on what you can achieve in terms of that future efficiency saving. I wonder if you can tell us why you believe that is the case because clearly efficiency savings apply across the public sector and for many years people have said they have reached their limits and actually they have not, but very specifically as well the Audit Commission have indicated that, whilst performance is satisfactory across the board and fairly consistent, there are no police forces which are actually achieving a strong performance rating, and I wonder if you can tell us why you think that is.

Mr Jones: Perhaps if I can start the ball rolling, *Sustainable Policing* actually does indicate that we will continue to make further efficiencies, but clearly we are not convinced we can make them at the total scale that we have had in the past, and obviously the figure that we are quoting in terms of efficiencies of £1.76 billion, we are not sure that we can achieve that rate continually into the future because many of the low-hanging fruits have been picked and many of the efficiencies, the easy ones, have been taken up during that particular period. Therefore, we are not convinced that the rate of maintenance of those efficiency growths will be achievable in the future, but that is built into the figures, so the figures, in terms of the gap, anticipate targets continuing to be met in respect of the Government's efficiency proposals. The problem we will also have with efficiencies is the change in the nature of efficiencies. Previously, effectively it was a mixture between cashable efficiencies and efficiencies in terms of improvement of service and now it looks like one of the prospects of the CSR Round is that we will move to just the total higher amount of cashable efficiencies which is much more difficult to achieve than improvements in the efficiency of the Service.

Dr Brain: It is always easy to say that there are more efficiencies to be gained and that the fault lies in practices and procedures and in bureaucracy. Of course, if you keep saying that long enough, it acquires its own weight and also of course it is much easier to agree with that than it is to agree that the Police Service is rather good at delivering efficiencies and it does need resources to be sustained and possibly increased over the next few years. The reality of it is, as Mr Jones has said, that the Police Service has been quite good at delivering efficiencies and, if we look at some of the Audit Commission's figures, the majority of forces received good ratings or one or two were fair, that is true, and one was poor, but most forces received good ratings. All the services have contributed to delivering efficiencies over the last few years. What we do have to look at is

what is happening in the current financial year and, whilst I said a moment ago that resources have never been higher and we have not started seeing a significant decrease, we are seeing the use of financial reserves this year and we are seeing forces deliberately holding vacancies principally in the police staff line, about 3,100 vacancies currently out of a workforce of just over 70,000. What that means is that already authorities and forces are making cash savings which gives them less room for manoeuvre in the next three to four years, and again, to re-emphasise what Mr Jones has said, all of the spending projections assume 3% efficiency savings year on year, and these are built into the calculations.

Q41 Ms Buck: I certainly accept the fact, and I think you should be congratulated, that the performance generally is a satisfactory one and really across the board, but no authority received a strong rating. Now, why is that because really, if everybody was working at the top of their game, you would expect a mixed performance and you would certainly expect some authorities to be performing strongly. It concerns me that none is because it implies that nobody is out there actually being particularly innovative and we are, with respect, at a stage where communications and information technology are revolutionising and it is not, therefore, as I think you are implying, Dr Brain, a critique of police practice to say that we would expect a capacity to constantly reinvent the way you work.

Dr Brain: I think we are going to disagree about the interpretations of the Audit Commission figures. The return was principally on the way forces and authorities manage their financial accounts. My recollection of the police-use-of-resources figures is that many forces received a good rating, "excellent" being a very high standard indeed and—

Q42 Chairman: I think it was adequate, that 98% of forces were performing adequately.

Dr Brain: My recollection is three, and certainly my force received a three and three is good.

Ms Buck: It is 98% performing adequately at three.

Q43 Chairman: Adequately or well, sorry, but none received level four.

Dr Brain: Yes, indeed, but that is a very high standard indeed and it must be seriously questioned whether the additional practices that would have to be introduced to deliver an excellent rating would actually represent value for money in terms of the public purse, and we have to, I think, look at the interpretation of those figures quite carefully. To imply that no forces are performing strongly is going a stage too far. This is the police use of resources and that has to be measured also against what forces are achieving in terms of increased visibility, lower levels of crime and more offences brought to justice.

Q44 Margaret Moran: Mr Johnston, we are told that your Association has argued that greater efficiency can only be achieved through better delegation to

22 May 2007 Chief Constable Dr Tim Brain, Chief Inspector Jan Berry, Chief Superintendent Ian Johnston,
Mr Bob Jones and Mr Bill Wilkinson

BCUs, targets better bedded in at the local level and through local partnerships, and that that measure and “greater local accountability will drive down crime”. Now, that is something dear to my own heart, but could you perhaps give us some specific examples of how you feel that could be delivered, how you could drive down crime and be more cost-effective in that way?

Chief Superintendent Johnston: You will have seen from our submission that we refer to a Home Office document that was published two years ago now related to a guide to better delegation. It is sad to say that our Association believed that that document had not been acted upon in large areas of the Police Service and in fact our members, BCU commanders in particular, have seen less devolved budgets and not more. We believe, 70% of our members believe, according to a recent survey, that centrally imposed targets actually have a negative effect on the quality of local policing that they are able to deliver, and I emphasise the words, and the top-down approach that we have had now for several years in terms of delivering local policing quite simply, in the view of our members, is not working. We believe that the greater devolved budgets, particularly around police pay because we have got certain parts of the budget devolved, will result in greater innovation, a better workforce mix and allow our members to deliver locally the policing that the public want.

Q45 Margaret Moran: You are not really giving me any specific examples, but perhaps you can come back to that.

Chief Superintendent Johnston: Well, if you want some examples, where we have delegation working in certain parts of the country, it means that our members can actually decide the workforce mix they want to address crime and disorder problems and the like, they are empowered to commit funds to crime and disorder partnerships which means that they can address matters that are brought to them by the local community and not imposed on them, and we believe that it will empower BCU commanders and it will give them greater freedom to work in consultation with local people to address local issues.

Q46 Margaret Moran: How would you see that working in practice? For example, do we need a formula to devolve resources down to BCU level? I will quote the specific example in my own constituency within the Bedfordshire Police Authority which, I hasten to say, the Chief Constable always says is under-funded, yet the highest level of crime and, comparative to our performance family, the lowest level of resources are within my constituency of Luton. Surely, we need some sort of formula that reflects the level of crime and need as against resources, whereas at the moment the argument is that it should reflect the level of council tax contribution.

Chief Superintendent Johnston: We recognise that there are some dangers in full delegation to BCUs and, perhaps with more time, we could go through

some of those, but it is proved already with some BCUs that have full delegation in certain forces in the country that there is greater and better morale within the division, there is better performance in the division and BCU commanders are allowed to be innovative about the way they deliver local policing, and I keep emphasising that it has been decided by the BCU commanders in consultation with the CDRP and the public about local issues that need addressing as well as centrally imposed targets.

Q47 Gwyn Prosser: Jan Berry, the Police Federation has been critical of the way the Home Office concentrate on targets and we have seen some recent examples which you have brought into the public arena, the ridiculous and trivial issue of the man from Cheshire who was cautioned for being in possession of an egg with intent to throw it, and there are two issues here. First of all, is it not an issue of common sense at grassroots level, at PC level, at your members’ level to not pursue such arrantly trivial cases or is it a matter of a lack of leadership?

Chief Inspector Berry: I think probably a combination of both of those things. It certainly is about common sense and I think some of my colleagues do not feel they are able to use their common sense at the moment because of the drive to make the figures look good on paper. What gets counted gets done and there is no relevance at the moment for the quality of what is getting counted, and one theft is the same as one serious assault on paper. When you look at the overall offences-brought-to-justice figures, there is no qualitative assessment within that which has any relevance, therefore, really what gets counted gets done. Targets are important and I do not think I can sit here and say that we should not have targets, and clearly police officers need to demonstrate that they are providing value for money, but I think we have to be very clear about what will demonstrate that and that the performance culture has to have qualitative assessment as well as quantitative assessment, so slash targets, but do not scrap them, I suppose, is the thing. Many of my colleagues feel they are failing the public and some of it is down to poor supervision and some of it is down to leadership because people become so focused on the numbers and not what we are seeking to do. Now, I hear lots of people talk about outcomes and not about inputs, but we need to be very clear about what those outcomes need to be and that those are outcomes that are going to mean something to the safety, the security and the reassurance of the public. I do not think my members believe it is at the moment.

Q48 Gwyn Prosser: Can you give us some suggestions? You believe in targets, we all believe in targets for all the obvious reasons, but can you give us some suggestions, your opinion, of the way that target-setting can be drafted to focus on outcomes and rigorous performance, but at the same time not cause this apparent distortion?

22 May 2007 Chief Constable Dr Tim Brain, Chief Inspector Jan Berry, Chief Superintendent Ian Johnston,
Mr Bob Jones and Mr Bill Wilkinson

Chief Inspector Berry: It has got to have a quality assessment in there, that is imperative, and I take the point that Ian Johnston has just made, that what is a problem in one town in this country may not be a problem in another and, if you have got a centrally imposed target where there has been a tendency for the Home Office to micro-manage the Police Service, if you have a centrally set target, every BCU in the country will be expected to deliver on that target percentage-wise. That may not be an issue, but you have got to make the figures look as if it is an issue in your force and that is why you have to look at what the issues are in your particular town or your particular city and put your targets that relate to that rather than a centrally imposed target from the Home Office.

Q49 Gwyn Prosser: Dr Brain, do you have an opinion?

Dr Brain: Yes, I think it is very dangerous to second-guess the circumstances of offences in local areas which we do not know the details about, and there has been quite a lot of that that has been going on in the last fortnight and I am not in a position to comment on the detail of the circumstances in which local officers felt they needed to use their powers in a particular way. I think it is important to note that, in particular, the offences-brought-to-justice target do lack a lot of subtlety and there is a huge ratcheting-up effect which is going on all of the time. If you do well and you hit your targets one year, you can be guaranteed that they will be ratcheted up by a certain percentage next year without any particular regard to the kind of circumstances Jan Berry has been talking about, so they do lack subtlety and they do need radical revision and overhaul, but what I would say is we have to look at what Parliament has required forces to do in this context. At the end of the 1990s, there was a significant piece of legislation passed, the Prevention of Harassment Act, that criminalised many of the acts we are hearing talked about at the moment. That does put officers in an invidious position: do they ignore what has been manifestly occurring as a criminal offence or do they exercise their powers and process things in a very intensive, bureaucratic way through the criminal justice system? Even if it does not go to a full trial hearing, you have to take into account that there is going to be a process, so I think it is time to look at those offences-brought-to-justice targets in a fairly root-and-branch way.

Q50 Chairman: Dr Brain, in fairness, because you missed the earlier question, I want to put to you a question I put right at the beginning to your

colleagues, and it was about offences brought to justice. There has been an increase and it is almost entirely made up of fixed penalty notices, cautions for cannabis and cautions for trivial offences. As a senior police officer who has enjoyed this huge increase in resources, can you explain to the Committee why it has not led to more criminals actually being brought to justice in the courts which most of us suspect is what the public mean by "brought to justice"?

Dr Brain: You do have to ask the Crown Prosecution Service that question as well because we are only part of an extended chain of process, but it is not true to say that is the case in all forces, and I will plug Gloucestershire at this point because Gloucestershire has seen an increase in offences taken into consideration which is a particularly efficient way of clearing up crime that involves prolific criminals. There are other initiatives that are in place. The Prolific and Priority Offenders Scheme is a very good way of targeting prolific offenders and reducing the amount of crime that they are committing, and I think we are now seeing reductions, genuine reductions, in the kind of property-related crime that has plagued our society for 20 to 25 years, particularly around burglary and car crime, because of those kinds of initiatives. There is undoubtedly an increase in the number of offences that relate to violent crime and anti-social behaviour because the legislation has pushed us that way, so I think people are exercising the other methods of disposal quite judiciously, in a very precise sense of the use of that word, and the penalty notices disorder was introduced for the very reason to reduce bureaucracy and we are making maximum use of them.

Mr Jones: But should we be concerned that we are not actually taking more criminals to court for all sorts of offences that most worry the public and where a caution or another less bureaucratic disposal is clearly not adequate?

Dr Brain: I think we must be cautious about drawing straight-line conclusions on this matter. The reality of it is that, if you take more, for example, young people through the courts because they have behaved in extreme forms of anti-social behaviour, you run the risk of criminalising them at an early age. It is important to use the full range of disposals that are open to officers and the CPS.

Chairman: Thank you very much indeed. Can I thank you all, lady and gentlemen, for your evidence this morning and, as I say, we will be producing, we hope, a brief report based on what you have told us this morning and the written evidence that you have recently supplied, so thank you very much indeed.

22 May 2007 Mr Tony McNulty MP, Mr David Burge and Mr Paul Regan

Witnesses: **Mr Tony McNulty MP**, Minister for Security, Counter-Terrorism and Police, **Mr David Burge**, Head, Police Finance Unit, and **Mr Paul Regan**, Police Finance Unit, Home Office, gave evidence.

Q51 Chairman: Minister, thank you very much, we are very grateful to you. As you know, we have had this short inquiry, just one evidence session, and written evidence because we received a number of representations from ACPO, APA and other bodies about the likely CSR settlements, and it is our intention to produce a brief report based on the evidence we have had today and the written evidence as a result, and thank you for coming. Possibly you could introduce your officials to us for the record.

Mr McNulty: I should think they could manage that themselves.

Mr Burge: I am David Burge, Head of the Police Finance Unit and I work to the Minister here.

Mr Regan: I am Paul Regan, also in the Police Finance Unit.

Q52 Chairman: Minister, can I start by asking you a question that we have just put, I hope reasonably robustly, to ACPO and the APA. There has been clearly a big overall fall in the level of crime over the past 10 years and there has also more recently been a very big increase in police resources out there in terms of police officers, police staff and PCSOs, but, if we look at the recent data about the number of offences brought to justice, the increase is almost entirely explained by fixed penalty notices, cannabis cautions and increases in other cautions for presumably more minor offences. There has not been what we in the public might have expected, a significant increase in the number of offences actually being brought to court, indicating they are more serious. Have we really got real value for money out of the resources that the Police Service just had over the last four or five years?

Mr McNulty: I think we have, but I take the nuance behind the question and I would just indicate that it is a whole series of meetings around every aspect that goes to make up what stands behind those figures in terms of, as you say, the offences brought to justice, the use of fixed penalty notices and penalty disorder notices back to the counting rules that the police employed in terms of crime and including, as a prelude to the CSR, a really fundamental review of the PSAs and the overall target regime as well as, in a couple of weeks I think, we will introduce a new crime strategy. I think both the timing of this session and the advent of the new CSR does afford us collectively across the policing family, if I can use that term, a real opportunity to ask ourselves very strongly the same question that you have just asked, and I think that is an entirely fair question.

Q53 Chairman: So actually it is a fair question to ask whether at the moment we are getting the fullest value for money?

Mr McNulty: Well, I think it is, not least in the wake of some eight to 10 years of, as you say, continuous investment and growth, albeit from local and national sources, I fully accept that, and the changing nature of the crime profile, the changing use of summary justice, restorative justice and the

criminal justice system, so I think it is more than appropriate now to take stock in approaching the CSR, but overall I would say, I think, value for money certainly.

Q54 Mrs Dean: Minister, you mentioned the use of local resources. The proportion of total police expenditure funded by council tax has increased from 13% of gross revenue expenditure in 1997–98 to 21.5% in 2006–07. Could you tell us why the burden of police funding is falling increasingly and more heavily on the local taxpayer?

Mr McNulty: Well, I think, to be fair, the burden is not falling more heavily on local taxpayers. The balance between what is raised locally and what comes from the centre has shifted certainly, but still overwhelmingly much of the money, quite rightly, comes from government, but I do accept the figures roughly that you say, 13% to 26%, that sort of territory. I think the more interesting point underlying that is that, if you look at the 1996–97 figures, they were all, in numerical terms, roughly the same, £50-odd a year, maybe some deviation of £4 or £5 either way. More interesting to me is the disparity in terms of police precept locally now, and I think the figures range from £88 to some £230 in the Met, but equally the disparity within that of contribution to overall budget, which again ranges, I think, from something like 18% through to 46%. I think the question that I want to ask without pre-empting an answer necessarily is: this is essentially, central functions aside, a universal service and of course there will be differences from Suffolk to Devon and up to Northumbria, but essentially it is a universal service, so why over the years, as there has been an ebb and flow of national funding and local funding, but all broadly in the right direction, to go back to your point about investment, has that disparity occurred and is that something which should continue or is that something we should look at? I said at the police settlement debate that it really is an area that we should look at. I am not clear myself in public policy terms what would be an appropriate cut-off point for local contribution versus national contribution, but I think that is a really interesting debate.

Q55 Mrs Dean: The 5% cap on council tax over the next year is a political commitment. Is it right to risk under-funding vital local public services in order to make a political win in that way?

Mr McNulty: I think the other half of the question I have just given which prompts an answer is: can you have that proper debate about the balance between local and national funding in the curtilage of the overall funding for policing without looking at the issue of capping? I think that is a fair point which I know probably APA, ACPO and others will have discussed with you. We have said that we remain committed to 5% overall for council tax. To be perfectly fair to those on the police precept side of that argument, much of the substantial increase in

 22 May 2007 Mr Tony McNulty MP, Mr David Burge and Mr Paul Regan

council tax has come from the broader, general council tax than the police precept side, but I take it as my role, and this is not a public policy pronouncement—God knows, I would not make that, not in these difficult and changing times—but I think it is appropriate, when looking at finance, to look at not overall council tax and capping, but to look at the issue of the police precept and whether it remains appropriate for that to be capped. We have in exceptional circumstances looked on a case-by-case basis at the increases year on year. When they have been over 5%, sometimes the criterion has been that, with less than a 6% increase in budget, capping does not prevail. Unusually in this last year there were any number that went fairly significantly, and very significantly in one place, over budget, but the cases were well met and I would happily defend each of those increases from Durham's 34.9% down to Norfolk's 7% or so, and there is a sufficient justifiable back-story, if you will, in each case. So long as there is flexibility and an overall commitment to trying to keep council tax levels down, I think the balance is about right, but you are absolutely right, you cannot have that serious debate about the finance of police and the balance between local and national without including capping in the process.

Q56 Ms Buck: We have been hearing from representatives of the police, as you know, this morning and one of the issues that has been raised with us is the question of the funding gap which arises from the CSR, and I just want to ask you most straightforwardly: do you accept the contention that there is a funding gap?

Mr McNulty: I accept the contention that we are at least plateauing in resource terms rather than constant growth as there has been for the last six, seven or eight years because I have read the same submissions and actually I broadly agree with the thrust of the *Sustainable Policing* document, but I do not accept many of the presumptions and assumptions made behind what is going to happen over the next couple of years in terms of inflation, police pay and others that get to this huge gap.

Q57 Ms Buck: Does that mean that you do not recognise the figures that are put forward?

Mr McNulty: No, I recognise the figures. Some of the presumptions in terms of the level of police grant within the accepted or starting premise of the Home Office's CSR settlement, some of the assumptions about pay, some of the assumptions about inflation, some of the assumptions about efficiency savings and natural growth in policing, I think, are entirely fair, but they are not the figures I would throw into the equation when speculating about the next couple of years.

Q58 Ms Buck: So the figure that you will have seen is that funding is estimated at £656 million in 2008–09 rising to £966 million. Now, are you saying that you accept that cash figure as a shortfall?

Mr McNulty: No, I am saying I do not because of all of that range of four or five different assumptions that go into them which are actually perfectly fair,

they are not wild assumptions, but they are not the assumptions that I would necessarily agree with. We have this perennial in the public service where people suggest a service-based inflation rate above and beyond CPI. Now, that is always going to be a point of dispute between the Government and the policing family, but, given that 80%-plus of those resources are used on pay and we know roughly what pay may or may not be, I do not accept some of the 5%-plus figures they put in for inflation. I know that the Police Service has done a huge job in terms of gaining some efficiencies over the last eight to 10 years, but I do not accept the assumptions they make about that process slowing down and I think there are still efficiencies and productivities that can be made. They are very, very pessimistic, and I would not blame them, on the settlement figure. They say it is more like, or closer to, 3, 2.7 or 3, and that is a fair assumption, but not one which I would absolutely accept as a given, and they make assumptions about pay that I do not necessarily follow, although pay is a huge issue, so I understand how they get there and, having understood that, recognise the figures, but I do not accept the presumptions and would say that there will be tight years ahead in terms of the CSR settlement, and that is beyond doubt, but I think there are ways across the whole piece that the policing family are dealing with that.

Q59 Ms Buck: I think some of those points will be probed by other people's questions, but one of the other assumptions is that each £100 million shortfall that may arise equates to between 2,000 and 3,000 jobs and I think we would probably all agree that, with 80% of the budget being accounted for by staff costs, it does imply that, whatever that shortfall may be, it is likely to have an impact on staffing costs. Would you accept that estimate of 2,000 to 3,000 jobs with a £100 million shortfall?

Mr McNulty: Well, we could argue that, but, for the sake of debate, I think that is a reasonable assumption to make. We can argue around the edges of it, but, as you say, given that 80%-plus is police staff, police officers, PCSOs, then of course, if there are not quite the efficiencies or the settlement figures go wrong or pay comes in at an unaffordable level and, therefore, the gap increases, then clearly bodies of individuals is one key area that they have to look at, but it is my job to try and make sure that the assumptions I have in my head prevail rather than the ones fairly arrived at which they put in their pessimistic view.

Q60 Ms Buck: So would you say that there is an inevitability of there being staff reductions behind that?

Mr McNulty: No, I do not think so in the sense that I think what is happening in terms of efficiencies and productivities will mean the picture is better than the broad figures that they lay out. It is very early days, but what is happening in terms of protective services' collaborations both in terms of back-office functions and operational functions may accrue savings that can be ploughed back in to obviate those sorts of cuts, so I think there is a whole range of things going

22 May 2007 Mr Tony McNulty MP, Mr David Burge and Mr Paul Regan

on in a whole series of areas that can get us to absolutely not a rosy picture which shows the same sort of growth as there has been in the last six or eight years, but at least means we are into a period of consolidation over the next years rather than a decline because I do accept the basic premise that, if there is a decline, then there is not a whole lot that can happen without bodies being involved in the end, whether staff, PCSOs or police, given, as you say, the 80%-plus figure.

Q61 Chairman: Minister, as you know, we are going to produce a short report after this inquiry. Could I invite you to share with us, before we do that, the assumptions that are currently in your head.

Mr McNulty: Well, you could invite me certainly and they form part of what we are going to put in, or have put in, for our CSR Round, so I suspect, and I am not trying to tease the Committee, it would probably be more appropriate if I did not, Chair.

Q62 Chairman: In which case, Minister, can I ask you, because of the Committee's responsibilities obviously for scrutinising public finance in this area, when the CSR is published, will the assumptions that you have made about the police use of resources be made explicit? I think we can all understand that at the moment all sorts of negotiations and discussions are taking place and you cannot necessarily share the assumptions there, but it is important, is it not, that, when the CSR is published, it is very clear to the Police Service and to the Association of Police Authorities what assumptions you have made which may be different from the ones that have been put to us in their evidence?

Mr McNulty: I think that is a fair point and, if that can happen in the practical sense, then it should. I suspect though more likely is that the assumptions will be published as and when we in the Home Office determine how to divvy up the CSR, but to the extent that they can be when the CSR is published, I think that is a perfectly fair point.

Q63 Mr Streeter: Minister, just one more question on this shortfall or possible shortfall. Whatever the extent of it, one of the reactions and some of the evidence we have had this morning is that the authorities will be using reserves to try and meet that gap, and obviously one of the issues there is that that cannot go on for ever and that has a finite life attached to it. I think really the point I wanted to put to you, and you sort of half-touched on it yourself, is that we have all seen instances in the past of short-term gain, if you like, for the Exchequer, but long-term pain for, in this case, the police forces and law-abiding citizens. Are you satisfied that the sort of three years you anticipate will not create those long-term problems just to save a bit of cash at the centre?

Mr McNulty: I am fairly satisfied, without preempting what the final view will be on the CSR, although you will know that the Home Office's has largely been preset, but, within that, I am very, very serious about having the debate about police finance both internally in terms of priorities within the

Home Office and Mrs Dean's point about the balance between local and national and the capping regime because I think you are perfectly right that, if you do look at detailed graphs over the last 10 years, yes, there has been sustainable growth from a local or national source, but sometimes it has been slightly erratic and I think all that our communities would ask of us is for some degree of sustainability and predictability into the future, so I think that is a fair point.

Q64 Mrs Cryer: Minister, the various police organisations that came in before you were saying that there is the danger of them having to go into their reserves because of lack of funding in the next year. However, I understand the Government has said that the police are unlikely to receive above-inflation funding increases, but we are told that over the period 1995 to 2006, 11 years, it can be seen that the increase in general inflation, using CPI, has been 19%, whereas the inflation pressures on the Police Service have been 44%. Therefore, funding increases based on CPI, do you think they will be insufficient?

Mr McNulty: No, I do not and I do accept the point about the history, but, because a whole range of things are happening, we really do need to look at the funding gap and any monies that flow from that in the wider context, whereas 10 years or so ago the whole relative position in terms of IT in the police was all over the place, and I would suspect, if we had the time and space to do a review of IT expenditure in the police over the last 20 years, you would find quite a lot of cul-de-sacs and quite a lot of things that might have been quick fixes for a particular force at a particular time, but in terms of the national picture were not terribly helpful. Airwave has been funded from the centre and I think actually has transformed police and the contact between police and is a prelude to even more transformation in terms of the ability to download data on to PDAs and all that sort of thing, so we are in the advent of even better things in terms of IT. Those are outside of a rather straightforward analysis of CPI versus pressures over the last 10 years. One of the huge growths there has been in terms of police activity has sadly been on the counter-terrorism side. We have hugely improved the funding and the investment base for that, quite properly, from the centre rather than imposed it on forces, so I think what I am trying to say is that many of the prevailing pressures that were there and counted in at the start of that process over that 10 to 12-year period have now been, quite rightly, I would say, taken into the centre and funded more properly from the centre, thus taking, I think, some relief off the forces in terms of their day-to-day business, so I think some which is CPI-related will be appropriate. It will be tight, do not get me wrong, but I think far less tight in a regime where there has been significant funding over the last six or eight years or so than it would have been had we been having this discussion at the start of that period rather than now. It is quite proper, although temporary and I do take that point, for authorities to use reserves to get over a temporary blip so long as it is only a temporary blip because that very soon

22 May 2007 Mr Tony McNulty MP, Mr David Burge and Mr Paul Regan

becomes, as you quite rightly imply, an utterly unsustainable way of providing policing into the future, so I do take that point, but I think, so long as we work together on all the other issues from bureaucracy through IT through targets and all those elements to make for as productive and as efficient a realm as possible in policing, then CPI or something like that should be workable.

Q65 Mr Winnick: I have been looking at your memorandum, Minister, about police funding allocations, which is interesting, but it does not seem to mention the change in the machinery of government, and the question I want to ask you now is: since in fact the Home Office will no longer be dealing with prisons and probation, will you be in a position, the Home Office that is, to devote more of the budget to the police?

Mr McNulty: It does not mention the machinery of government changes simply because it was dated 29 January and we did not make the announcement until after that date.

Q66 Mr Winnick: Well, you could have sent us a more recent one, but not to worry!

Mr McNulty: Well, had I been asked, I would have done of course.

Q67 Mr Winnick: You should not need to be asked, but I am not going to dwell on that!

Mr McNulty: The points made about resources and the resource split between the Ministry of Justice and the police have been done on a fair and equitable basis, so it does not leave a huge pot of gold in the Home Office to redirect towards policing. Much of the resources that were in the Home Office that went to NOMS and the criminal justice elements that went out to the Ministry of Justice went with them.

Q68 Mr Winnick: So we cannot work on the assumption that the change which has been so well publicised will lead to a situation where more will be spent on police?

Mr McNulty: No, I am not sure why that assumption would be in anybody's head, save for the points I made earlier about the increasing spend on counter-terrorism and the increasing capacity build-up on counter-terrorism across government, but rooted in the Home Office, and it was to afford the new Home Office that space with that additional element in terms of the span of the activities the Home Office was engaged in and that was part of the prelude to the split. It was never about finding more resources within the Home Office for either borders of immigration, policing, criminal and crime reduction and all the elements that remain in the Home Office.

Q69 Mr Winnick: This will not be the first Government or the first Home Secretary to be faced with a good deal of criticism from the police over what is considered to be inadequate funding; indeed, I suppose it is part of a pattern. How far are you concerned, given your ministerial responsibilities for

the police, over the level of dissatisfaction which was clearly expressed at the police conference by the Police Federation?

Mr McNulty: Well, that was my first Federation conference and it was a very interesting experience.

Q70 Mr Winnick: I am sure it was!

Mr McNulty: But the broader point about there being dissatisfaction across the whole policing world with the level of resource afforded policing by the Government, I do not accept. I am sure that the people who were here before me were very articulate in their concerns about the next three years, but even Dr Brain's paper talks about the huge increases there have been in resources over the last number of years and accepts as a starting point that we have had significant investment and it is for us to work together to ensure that the tighter times do not mean the sort of lack of sustainability in terms of how we resource our communities. That is a very genuine fear that I accept and it is my job, along with others, to make sure that does not happen. The one thing I would say, and hooked on your question, that I think is a matter of regret is that in any number of very recent Federation forums that I have been to, including last week in Blackpool and including a national meeting of their constables and secondaries in Norwich, there is still real disquiet amongst the Federation that I think has missed the boat somehow about PCSOs, their role and how they fit into the overall family, and I think that is a matter of regret.

Q71 Mr Winnick: I asked the previous witnesses, so I ask you, is the whole matter now settled completely about the Comprehensive Spending Review or is there any room for manoeuvre for negotiations?

Mr McNulty: I think it is at least in part, if I am called to continue this task with the new Home Secretary, to at least try and nudge and see if there is space and room for a little further negotiation.

Mr Winnick: Interesting. Thank you very much.

Q72 Gwyn Prosser: Minister, you say, and I think it is generally acknowledged, that you have provided a substantial and sustained increase in funding of the police in recent years, but would you say that the police performance in bringing down crime and raising confidence is reflected adequately by that increase in resource?

Mr McNulty: I think it has overall across the broad 10 years, and I think that is reflected in the British Crime Survey, it is reflected in the Performance Framework and many of the other indicators, but a lot more can, and should, be done. As I said earlier, at least in part it is my role to ensure that the Performance Framework, the targets, the bureaucracy are such that they do what they are supposed to do, but do not encumber and get in the way. Equally, it is my job, with colleagues, to get to a stage where we do take stock of the use of PNDs, fixed penalty notices, et cetera, and how they fit, how the offences-brought-to-justice target fits and how much of what we are doing in terms of targets of performance actually measure what they purport to

 22 May 2007 Mr Tony McNulty MP, Mr David Burge and Mr Paul Regan

measure, but overall, on any indicator of both performance efficiency by forces and the BCUs of recorded crimes, I think things are going broadly in the right direction. It can go a lot, lot further and there is the hoary old chestnut of the relationship between those figures and people's perceptions of crime and how safe they are in their communities. Neighbourhood policing is addressing that, I think, and some of the figures are very, very encouraging, but there is much, much more to go. Sadly, society never stands still, so almost the policing today will be different from the policing at the start of that 10-year period, so the police are always having to reinvent, innovate and keep up with that dynamic rather than simply stand still, so I think it is a moving picture as well.

Q73 Gwyn Prosser: In these interesting and changing times, do you want to venture to tell us some areas where the police have failed to meet that performance with the increased resource?

Mr McNulty: I am not sure it is about success or failure. I think it is more about building on successes already achieved. I think in part, if you look inside some of the actual data, there have been significant decreases partly for technical reasons, which I think everyone is happy to acknowledge, on things like car crime and burglary. I think there have been, whatever people's position on ASBOs and the respect agenda, huge advances on that low-level, high-volume area, but not, I think, at the expense of more low-volume, but high-risk crimes. I think the perennial is that there could always be significant advances on detection rates and I think they are going in the right direction, but could always be much, much better, so I do not think I would look at it in the context of success or failure, but just where there has been perhaps less success than one would have anticipated. There are huge areas too that we need to understand more and do more on, business crime, e-crime and all those sorts of areas that the police are only starting to grapple with, but part of it is also about, which I think has increased and improved over the last number of years, how the police work better with others on one level through crime and reduction disorder partnerships and all that sort of thing at the local level, but equally with car manufacturers, with mobile phone manufacturers, potentially with i-Pod and MP3 manufacturers to almost do away with the source of the crime. Can we get to a stage, through digital access, where i-Pods are utterly redundant if you do not have the key password, whatever, to get into them? I am no Luddite, but I am no sort of IT nerd either. Mobile phones, there have been huge advances in making the handsets virtually redundant and that helps, so it is about how you work and draw others in. It is not just about policing and what the police do separate from everyone else in society, retailers of alcohol and all those sorts of things, so there is a whole array of things going on, all of which could be done better, but I would look at, which I do not think is perverse, varying levels of success rather than, "That was a success, that was a failure, that was terrible" in those terms.

Q74 Bob Russell: Minister, you have touched on neighbourhood policing and, if I understood you correctly, you expressed concerns that in some quarters perhaps police community support officers are not regarded as part of the wider police family. Did I understand that correctly?

Mr McNulty: My concern, which I cheekily or otherwise sought to hook on to Mr Winnick's question, was that in officialdom, I think, rather than rank-and-file policemen and women, they are still fighting the battle over the actual existence of PCSOs and whether they have a supplementary or complementary role to play. As I go up and down the country, I go out with neighbourhood teams and look at, and discuss, neighbourhood policing plans. I am not getting that from the policemen and women on the ground, but there is this sort of still official resistance to them which I think is a shame.

Q75 Bob Russell: Well, I welcome that informed clarification because one of the questions I put to the Police Federation was broadly on those lines. There is an element of confusion here and I wonder if you or your colleagues could clarify this: that the evidence we have had from both the police and from the Home Office says that the new figure for the PCSO Programme 2007–08 is £315 million, but the police are saying this is a reduction of £70 million, whereas the Home Office are saying that this is an increase of 41% over 2006–07, so there is agreement on the figure, but is it an increase or is it a decrease?

Mr McNulty: It is an increase on the £221 million figure which was available for the neighbourhood policing fund last year. It is, I will tell you quite freely, a decrease of £70 million on the 24,000 target which was originally set out in our manifesto that was reviewed at the end of last December and became 16,000. Either way, it is a year-on-year 41% increase on the amount available last year. They, quite fairly, put the other £70 million in as part of the 24,000.

Q76 Bob Russell: So it is different interpretations of the same figure which is £315 million.

Mr McNulty: Well, the Government, for all its spin, managed to start from the premise of there being no PCSOs, promised 24,000, delivered 16,000 and said, "We'll stop there", so it was all seen as a cut.

Q77 Bob Russell: That being the case, have you met your target for neighbourhood policing to reach every community in England and Wales by 30 April 2007, which I make as being three weeks and one day ago?

Mr McNulty: Perhaps I am confusing you further. The target for 31 March 2007 was 16,000 PCSOs employed. The other half of the target of 24,000 by 1 April 2008 was neighbourhood policing teams in every community, so we are a year off the a-presence-in-every-community element of it. Happily, ACPO have said quite recently that they have met the 16,000 target for 1 April 2007, which I absolutely applaud them for, and now it is about

 22 May 2007 Mr Tony McNulty MP, Mr David Burge and Mr Paul Regan

consolidating those and working out how those teams are rolled out to support and complement the police in terms of neighbourhood policing.

Q78 Bob Russell: Looking ahead then to April 2008 and picking up on your word “consolidating”, is there a danger that the PCSO target will have to reduce further due to under-funding in the CSR years?

Mr McNulty: Well, I hope not and it is my job to make sure that that funding stream for PCSOs is consolidated in terms of the divvy-up of the CSR spend within the Home Office, and actually I think there is such a political will to achieving and sustaining those neighbourhood policing targets that that will be successful, but I cannot prejudge it, so I think the answer is no. Happily, in some circumstances, despite the readjustment, shall we say, of the 24,000 target to 16,000, this year many authorities, having worked on the premise that they were getting a portion of 24,000, have, under their own steam and with their own resources, sought to still roll out at the 24,000 increment—sorry, I hate the term “roll out”—implement at the 24,000 level. That is part of the reason why forces like Norfolk, which sought to impose a precept of 7% rather than 5%, come to me and say, “Look, the 2% is for the additional PCSOs that we wanted as part of our portion of 24,000”, and I think that is entirely appropriate. I think both the target of the neighbourhood policing in all communities by April 2008 and the consolidation of the 16,000 I am quite confident about.

Q79 Chairman: I do not think I was the only member of the Committee to be surprised to be told by the Police Federation that some police forces are using PCSOs in desk jobs, administrative jobs and telephone work with members of the public rather than being primarily committed to reassurance activities and PCSO activities on the street. Does that surprise you, Minister, and are you concerned that some forces may not be using PCSOs in the way they were originally envisaged?

Mr McNulty: I think I have heard the Fed say the same to me and I am not over-concerned, but on the basis of complete ignorance, so what I mean is that now we have got to 16,000 and want to consolidate that, I do want to ensure that a piece of work is done to see exactly what they are being used for. I think I would eschew the notion that they are either out on the streets as part of neighbourhood teams or they are not doing the job properly, and I think there needs to be a bit of scope for them to be employed beyond that, but, if it is the case that they are being used systematically across the 43 forces simply to plug gaps, which is the Fed’s fear, policing on the cheap and used instead of warranted officers on the cheap, I think that would be a matter of concern. Therefore, having got to 16,000, I think it is now useful to do an exercise to see whether they are doing exactly what broadly everyone around the Committee would think they are doing.

Q80 Mr Benyon: Minister, you will be very familiar with the joint ACPO/APA approach to the CSR. In it, they have some very strong words for centrally controlled ring-fencing of funds and, in particular, they say, “we seek relief from the Crime Fighting Fund and Neighbourhood Policing Fund restrictions”², and they go on to say, “Police authorities and chief officers want to maintain force resources and front-line policing services, but where there are pressures, authorities and chief officers must be able to manage their resources in the most appropriate fashion to maximise efficiency and effectiveness”. Why do you continue to ring-fence funds for a number of specific purposes, PCSO funds, neighbourhood policing funds, when there is this pressure from local police forces to have more autonomy over such funds?

Mr McNulty: We had this discussion with the APA and ACPO both before and at about the time this came out actually and I did take to heart the point made about those two huge chunks of their spend, CFF and the neighbourhood policing fund, and flexibility. I think it is right, given that they have only just got to the 16,000 and all the points we made about trying to bed in neighbourhood policing, that we keep that neighbourhood police fund ring-fenced for PCSOs, but I have heard, and listened to, their arguments on the crime fighting fund and we did decide in December to suspend that to afford them that degree of flexibility so that they would determine how best to utilise those local resources rather than, which would have been I do not think terribly useful for anyone, getting to a stage where, however efficient they were being, police forces somehow dipped below their CFF target, but in all other respects were using their resources as efficiently as possible until we come along and fine them or take money away from them because they have slipped below their CFF numbers, so I think affording them flexibility on that was appropriate. Be assured too that I am looking at as much, and there is not a whole lot left actually and I know those are two big chunks of expenditure, but, if there are any other elements that remain ring-fenced without good reason, we will look at them, but I do not think there is a whole lot left. Diplomatic security posts is ring-fenced and I think that is right and proper because that is asking national and local forces to do a national duty. Counter-terrorism was taken out of the equation totally. There are some smallish funds, the BCU fund and our contribution to local area authority funds, but specific, targeted reasons for being ring-fenced should properly remain. If there are any others that I have not come across yet that I can unpick and just throw into a flexible local pot, I think that would be more than appropriate to do, but, for now at least, not the neighbourhood policing fund, I think that is fair, and I do want to see the consolidation of those resources being utilised for PCSOs and neighbourhood policing.

² Chief Inspector Jan Berry, Chair of the Police Federation, subsequently wrote to the Committee noting “The Police Federation is against the relaxation of the Crime Fighting Fund. The CCF was introduced to protect and preserve police numbers. In this instance, some funding inflexibility is vital to preserve flexibility in policing.”

 22 May 2007 Mr Tony McNulty MP, Mr David Burge and Mr Paul Regan

Q81 Mr Benyon: Do you share ACPO's concerns about the amount of funding that is top-sliced away from, if you like, front-line policing? For example, they have said that, in the last five years, a proportion of the total police funding top-sliced for central services has increased by 75%, so this suggests that funding increases directed towards front-line services are small as a proportion of that.

Mr McNulty: I think actually that is a bit unfair if you are taking just the global policing pot, some of which was always going to be determined as spent centrally, and then somehow saying that is a top slice of policing funds. They are right, over the last four or five years much of that increase has been the establishment of NPJA, the National Policing Improvement Agency, and the consolidation of what the Police Information Technology Organisation and Centrex were doing before, a substantial portion of it is SOCA and, quite rightly, the centralisation of elements of national concern in terms of serious and organised crime, and some of the elements were the early elements of counter-terrorism spend. I do not think there is anything in terms of that central pot, if you like, and funding that should not ought to be at the centre rather than with the forces, so I take it in part, but not the whole of it.

Q82 Mr Benyon: Are you happy in the way that organisations like the NPJA operate? Is there not a fear that they are taking away and that some local priorities, local projects are going to the bottom of the funding priority file because this is a central organisation?

Mr McNulty: No, and, firstly, it is about seven weeks' old and it was clearly in shadow form before that, but I think the balance between what it does on behalf of either individual forces or nationally across the forces needs to be right. I would be concerned if, a year on or so, it was slowly taking in and putting at the bottom of lists things that could be, and should be, done locally. "Subsidiarity" is a horrible word, but that is kind of what would drive me in terms of what the centre should properly do and keep funds for and what should be done either at the local force level or increasingly, because I think the green shoots—if I can use that phrase, although God knows why I should, given what happened to the last fellow who did—of protective services, collaborations and forces working together far, far more, it may well be appropriate that some of these things are better done at that regional level without going back to your street enforcers and that debate, so I am fairly comfortable with the split at the moment. What I do not want, and I do not think this is happening, is monies to be kept at the centre to ostensibly do things that, by default otherwise, are not happening and of course trickle down and the police force has to do them without getting the due resources to do it. That is a fear, but I think over the coming years we can get the balance right between what is appropriately done locally, at a regional level and at the centre with appropriate revenue or resource at each level. Interestingly, I think with the development of BCUs and the pushing down of both

responsibility and resources, there is the vexed question of the relationship between the BCU and the community it serves and the BCU and the overall constabulary it sits within.

Q83 Chairman: I am going to say, Minister, in the nicest way possible that this is largely your time because I am sure the Committee will stay here, but perhaps I could ask you to make your answers a little shorter. On the other hand, if you wish to stay for a long time, we have quite a lot of questions to get through.

Mr McNulty: Well, I have the great pleasure of the National Criminal Justice Board's Criminal Justice System IT Sub-Group to go to, so I will stay here!

Chairman: In which case, I can understand the length of your answers!

Q84 Mr Benyon: I have a very quick question about targets. We heard last week a case where somebody is sponsored by 200 people to do a sponsored walk and runs off with the money, an inappropriate use of police time where visiting all those 200 people equals 200 crimes solved and a distorted target. The Federation criticised the Home Office for being only focused on targets and quoted a number of these, what they call, "ludicrous" cases. Are you too target-driven and is there enough work being done to see that the outcomes are actually what the public want rather than what the headline-grabbing police authority might like to try and achieve?

Mr McNulty: I do not think we are too target-driven, but, if we concentrate too much on targets that were set four or five years ago and regimes which were set four or five years ago as still appropriate for today, then I think we are in trouble. They do need to be flexible and they do need to respond to improvements in policing, which is why I do want to look at them all and look at them very, very seriously, although in part there is no edict or target from the top about two 12-year-olds who throw cream buns at each other, although the one they quoted was a 12-year-old throwing a cream bun at a bus, and giving the impression at least that there is some government target somewhere that says, "You'd better nick him and there had better be a detection of some sort". I understand what they are saying and there are some distortions and perversities in the system that I want rid of and that is why we are doing a full review of everything, but I do not accept that it is all targets, it is all bureaucracy and, in the space of filling out forms and everything else, they might do a little bit of policing. That is just not the reality I see on the ground, but you had better understand, as the Government, that, if targets do not work and if they are an encumbrance, get rid of them, and I am very happy to start from that premise.

Q85 Mr Benyon: Do you disagree with the Federation last week?

Mr McNulty: I disagree with their notion that those distortions, which there are in the system, are the norm and crowd out the notion of policing at all. I think they over-egg the pudding in terms of the

22 May 2007 Mr Tony McNulty MP, Mr David Burge and Mr Paul Regan

inability, in their terms, of police to do the job, which I do not think is the experience people get on the ground, but I think there are around the edges distortions about sanction detections, about the offences-brought-to-justice target and others that do get in the way and I want rid of them.

Q86 Mr Benyon: Can you provide the Committee with what the PSA targets are likely to be in the next CSR?

Mr McNulty: When I am able to, certainly. I say that because I am not sure, in terms of the internal government process, when they will be available, but, as and when they are, surely of course.

Q87 Mr Winnick: Your constituents, I am sure like mine, are concerned about front-line policing. They want to see the police presence constantly and there are complaints that they do not see enough of the police on patrol or what-have-you. What I want to ask you is simply this: that the police authorities say in effect that, because of multiple layers of inspection and constant assessment, it drains police resources and distracts attention from what I have just mentioned, front-line policing. Now, recognising there are certain standards that must be, whether the police authorities accept it and I am sure they do, do you think there is too much of this constant drain, taking up police time?

Mr McNulty: I have said a number of times that I would like to move to a position rather like, but not exactly, what now prevails in local government and that is that, on the back of good or excellent performance by a force, there is light-touch regulation, less inspection, less control and less targets, and that has got to be the *quid pro quo*, I think. As we move to a new Performance Framework next year, we are just in transition from the previous one, I want that bedded and rooted in there. I do not want little stand-in armies of people using up vital police resource just in case some of the 30-odd organisations, I think it is, pop down and inspect them any time they choose, so I think there is a role for inspection and performance, but equally, if there is good performance, that should be rewarded with a lighter touch and the strategic centre concentrating on the strategic role of the micro-management, I agree.

Q88 Bob Russell: Minister, the Home Office has introduced a large number of new initiatives and reforms into policing, and we have already referred to neighbourhood policing and ambitious reform programmes, and thank you for not pursuing the merger of the 43 police forces, that is greatly appreciated, but workforce modernisation, Airwave, et cetera, is it not the case that the Home Office, when it comes to policing in particular, is suffering from “initiative-itis”?

Mr McNulty: No, I do not think so and I think central to the next three or four years will be, I think, consolidation around where we are already at rather than huge, new initiatives much because of the new initiatives that are now in place. If you were to ask me in what sort of areas, I think there is a vexed issue

around local accountability and how the BCU and neighbourhood policing are both elements dovetailed with their local councils as a subset of the overall constabulary force. I think more and more collaboration between forces around protective services and others is still unfinished business, and we have not gone the strategic force route. Happily, I have said in the first instance that, unless people tell me otherwise, there should not be an undue concern about government office boundaries, so you will know that Essex and Kent are doing huge collaborative work now around the Thames Estuary and good luck to them with that. Therefore, I think there are still some strands that we need to take forward, much of it being where we have come from, so the police reform package has not finished, but I think we are not set fair, unless the new Home Secretary tells me otherwise, for a whole round of brand-new initiatives and reforms that are different and distinctive and do not build on where we have come from.

Q89 Bob Russell: Well, we hope that the Essex police and the other police forces remain. Minister, in the last 10 years there has been an increase in the number of police officers, there is no question about that, but you will also be aware that, when it comes to roads policing, the number of police officers dedicated to roads policing has gone down by, I think, about 1,500 if I remember a parliamentary answer I had a few days ago correctly, so there is that issue, that roads policing has gone down. Also, your colleagues in the Ministry of Defence have been reducing the number of MoD police officers across the country which has obviously had an impact on the civilian police. Would you like to comment on those two areas please.

Mr McNulty: I think it is a slightly mixed picture in terms of roads policing. Much of it is done more and more by local forces, but not dedicated road police officers. There is an issue around protective services where most people dwelt on counter-terrorism, murder and things, but strategic roads policing was part of that. Ned Hughes from South Yorkshire was the ACPO lead and we have discussed it with him. We put, for the first time, I think, last November, roads policing back into the National Community Safety Plan as a key issue and it is, in keeping with other elements of protective services, an area for debate and discussion across forces. The minor roads issue, where there were never road traffic police doing it, is more and more being done by local police, but you are right, there is still a huge issue around the trunk road network, how our forces collaborate, an increasing use perhaps of automatic number plate recognition and those sorts of elements. On the second point, without blaming the Committee, had we got to, which I was very anxious to do, your question at the last Home Office questions, I was going to say that I am very happy for yourself and others who have that MoDP concern in garrison towns and things like that to come and see me to talk about it rather than deliberate on it now because I do not think there is

 22 May 2007 Mr Tony McNulty MP, Mr David Burge and Mr Paul Regan

an issue there from our perspective, but, if it is one that we need to explore in terms of MoD and regular forces, I am very happy to have that meeting.

Bob Russell: I will move quickly on and thank the Minister for that offer.

Q90 Chairman: That is what is normally described as a “result” there, I think!

Mr McNulty: We have not had the meeting yet!

Q91 Gwyn Prosser: Minister, what do you consider to be the most important, the political risk of paring down on all of these initiatives and perhaps not introducing any new ones or the operational risks of failing to deliver on programmes and the possible reduction in police officers across the country?

Mr McNulty: I think, if I can turn that around slightly, that the strongest thing for me to do for as long as I am in this particular role is to consolidate the investment, the resources and all the initiatives there have been thus far. I think that means there will not be a failure either in operational terms of the risk you talk about or indeed a political failure in terms of just inventing a whole bunch of new initiatives for the sake of it. I sort of skirted over the point about “initiative-itis”, whatever the word is, but public services do need some periods of consolidation to draw breath and then move on, so, if you are asking me if I am a consolidator or a perpetual reformer in the particular part of the public service I am involved in, I think we are at a stage now where 80% is consolidation and in the areas I suggested there is still 20% to carry out in terms of reform, and I would resist, to the limited extent that I can, those above me who would seek to impose more reform, more initiatives not quite just for the hell of it, but without good reason, which I am sure they are not doing anyway.

Q92 Margaret Moran: We have heard from ACPO that they are concerned about the double-counting of efficiency savings, that efficiency savings have been used for continuity budget funding as well as for financing development. They also feel that their success is a double-edged sword, that the more successful they are, the more expectations of them are made in terms of creating greater efficiencies at a time when public expectations are growing. What would your response be to that?

Mr McNulty: I have said very clearly to ACPO and others that over the next couple of years, as and when greater efficiencies and productivities are made, it is the role of the police to ensure that they are reinvested back into, the respective forces, rather than suddenly sliced off from the top to say, “Well, you don’t need that anymore” because there is still a requirement for the localised dimension, protective services and others, but to be done from, as I said, a plateauing level of resource, so it is more about being smarter and more efficient with a given level of resource rather than it continually growing and growing. I do take that point too that it is an area where success begets success and people very, very quickly pocket the success and demand to move on.

Q93 Margaret Moran: One suggestion we have had from the PSA, and you touched on it as being one of the vexed questions, is that greater efficiencies could be introduced if we had greater devolution of resources to BCUs. It is an issue dear to my heart and I think I have written to you on several occasions of my own area, Luton, where, despite high levels of need with high levels of crime, we are disproportionately under-resourced compared to our performance family and the surrounding police authority. I gather there was a Home Office report on this two years ago, suggesting greater devolution of resource, so can I tempt you down that route? Would that not be one of the ways in which we could see more effective policing and effective use of resources?

Mr McNulty: I think I absolutely agree with that and I think that is right. In my current position, I can only exhort rather than enforce, but certainly my constituency experience is that the London Borough of Harrow, rather like the 32 other BCUs in London, has a significant degree of devolution of resources and responsibilities, and I think that model is replicated up and down the country, but not yet in all forces. As we do get to, which I think is a big issue, local accountability at that CDRP level at the very localised level, I think it is an issue which will become even more vexed for more forces. I think actually, on balance, most forces get it and do see that that is the way to go for not just neighbourhood policing, but, once it is very localised around the BCU and they themselves are dealing with issues around what should stay on a constabulary basis, what should actually go up to a more regional basis—and the East Midlands is a very, very good example with huge collaborative progress between the forces in the East Midlands—what should be at the centre and what more readily should be not only devolved down to, but tested, accounted for and everything else at the BCU level, so most, I think, are going in that direction anyway. What I would resist is legislation that tells chief constables to do that because I do not think that would be appropriate.

Q94 Ms Buck: Back in 2004, paperwork and file preparation were included in the definition of “front-line policing” and, in a government response to this Committee’s report on police reform, the Government said that they would be looking at the definition of “front-line policing”, and we think it probably was not the Chairman who was in the role at the time. That definition was the same in 2005–06 and the same in 2006–07 and I wondered what the definition of “soon” might be.

Mr McNulty: I shall have a look at that and get back to the Committee as soon as I can. I do not know, to be honest. I have answered a whole range of PQs on assorted definitions of “patrolling”, “front-line policing” and “paperwork”, so I do not know if we have redefined and not told the Committee, but let me explore that and come back.

Q95 Ms Buck: The more serious point is: do you accept that there is a concern that tasks, rather like file preparation and paperwork, would be defined as

22 May 2007 Mr Tony McNulty MP, Mr David Burge and Mr Paul Regan

front-line policing and do you think there is a strong case for reviewing that and that actually having that included in the definition of “front-line policing” is the kind of thing that tends to bring the public perception of front-line policing into a degree of question?

Mr McNulty: It is a concern and my own hesitation is that I think, in the most recent PQs I answered, paperwork and file preparation most definitely were not, but that might just be my recollection, so let me look at that and get back to the Committee as soon as I can to see if there has been a change or what “soon” means because I do accept the starting premise.

Q96 Chairman: Our understanding is certainly in the latest guidance it has not been changed.

Mr McNulty: Okay. I will double-check and, if it has not, I will find out when it will be.

Q97 Mrs Dean: Looking at another issue of your predecessor’s, your predecessor told us that cutting police bureaucracy could drive up police officer time spent on the front line to 73%, yet in the latest figures for 2005–06 it was 63.5%, so that is an increase of only 1.2%. When do you expect to hit the 73% target?

Mr McNulty: As soon as we possibly can, is the short answer. It is not as simple as turning the tap on and off, is my point. It goes to the greater use of IT, it goes too to the greater use in some cases of non-warranted staff doing things that warranted officers should not be doing which runs into trouble sometimes with the Fed and others, so it is across the piece, but it is absolutely central to what I am trying to do with policing, to get rid of inappropriate bureaucracy. Everyone accepts that there should be, perfectly properly, accountability trails, audit trails and stuff about what is being done, but I do not think we have explored entirely the use of digital transference of data and incident record-keeping, I do not think we have explored sufficiently the whole issue of custody, where the warranted officer’s role needs to go to and where it needs to stop and move into other areas. I have seen experiments with custody up and down the country where yes, the case sergeant is still there, but effectively everyone else in the custody suite is civilian staff. Even those who object to it, most would now say that it works and it works quite well actually rather than keeping people in a position where they are locked up in the custody suite when they should not be, they should be out on the streets. Some of the bureaucracy, I think, goes to,

and works for, other agendas. We all know we have any number of trigger offences now which mean an instant drugs test. Now, quite where the role of the officer bringing that individual in should start and stop and when it becomes a process handed over to non-warranted people who still have the bureaucracy, but at least the front-line officer does not, these are real issues that we need to look at, but it is not as simple as “Get rid of the bureaucracy”, but, as and when we can in all areas, I want to and I want to get way beyond 73%.

Q98 Mrs Dean: Is there some delay in rolling out the hand-held computers? There have been trials for a number of years.

Mr McNulty: There have been trials across a range of forces and some are starting to roll them out, but it is entirely, without being funny, a matter for each force rather than an edict on high from me. Happily, Airwave and the capacity of Airwave has, as far as I know, digital transfer of data as part of its capacity and IT brief, which I think is a good platform to start from.

Q99 Chairman: Minister, it was clear in our earlier session that there is a great deal of concern, particularly amongst the Federation and the Superintendents’ Association, that it is actually pay that is going to take the burden of closing any gap in the CSR settlement. The Federation particularly suggested that they felt that the level of police pay had already drawn conclusions about, quite severely, constrained levels of police pay in the future. To what extent do you actually in your assumptions in your head assume that it is pay that is going to take the burden?

Mr McNulty: Pay, as everyone has said, forms a critical part of the resource base for policing. Booth has reported and reported in the context set by the Chancellor of quite tight times across the public sector. We have said at this stage in effect that Booth will, not surprisingly, form the starting premise of our negotiations with them, not in terms of statutory direction, but just in terms of that is what we asked Booth to do in the first place, and I think this year’s round of negotiations in terms of pay will be very, very delicate and very, very interesting. In the context where 80% of the resource is pay and we are entering tighter times, pay must figure in the equation.

Chairman: Minister, I am afraid we must let you go to the Criminal Justice Board IT Sub-Group, but you have done your very best! Can I thank you very much indeed for your evidence today.

Written evidence

Memorandum submitted by the Home Office

INTRODUCTION

The Government is committed to a well-resourced and efficient police force which is able to provide community based neighbourhood policing across the country as well as having the capability to deal with more serious crimes.

To achieve this, the Government has provided a substantial and sustained increase in funding for the police in recent years. Under the terms of the settlement for 2007–08 agreed by Parliament on 31 January 2007, Government funding for the police will have increased by 77% in cash terms and by 39% in real terms between 1997–98 and 2007–08.

The settlement for 2007–08 provides that general police grant will increase by 3.6%—as compared to a 3.1% increase in 2006–07—and overall Government spending on the police will increase by 3.1%.

BACKGROUND

The vast majority of funding for the police takes the form of police formula grant which is provided jointly by the Home Office and the Department for Communities and Local Government (and by the Welsh Assembly Government for Welsh police forces). In 2007–08 police formula grant will amount to £7.6 billion which represents about 70% of total central Government funding for the police and 55% of total police expenditure.

Police formula grant is unhypothecated. The money is distributed using a formula based on relative needs though application of the formula has been subjected to a damping mechanism to promote stability and planning by ensuring that each police authority receives a minimum percentage increase over the previous year. The formula was drawn up jointly with the Association of Chief Police Officers (ACPO), the Association of Police Authorities (APA) and the Welsh Assembly Government.

In addition, in 2007–08 police authorities and police forces will receive approximately £1.7 billion in specific grants, special formula grant and funding for pensions and security. Specific grants may be subject to conditions as to how they are used though some are no longer ring fenced.

NEIGHBOURHOOD POLICING

The Government is committed to the roll-out of neighbourhood policing across England and Wales. Funding for police community support officers (PCSOs) began in 2002–03. In the main, it has provided a percentage (varying from 50% to 100%) of the costs to police authorities of employing a set number of PCSOs. This number followed a bidding process until 2005. Since then the bulk of the funding has been allocated in the same proportions as the main formula grant.

Current targets are for Neighbourhood Policing to reach every community in England and Wales by 30 April 2007 — this includes a target of 16,000 PCSOs—and a neighbourhood policing team in every area by April 2008. Following advice from the police service that neighbourhood policing coverage could be completed with fewer PCSOs than anticipated, the settlement for 2007–08 no longer provides for additional recruitment. The ACPO-led Neighbourhood Policing Programme Team are monitoring progress and assess that POSO numbers exceeded 10,000 in December 2006 (though this number has not yet been validated by the Home Office).

Overall funding for neighbourhood policing in 2007–08 will be £31.5 million, an increase of 41% over 2006–07.

FLEXIBILITY

As noted above, the vast majority of central Government funding for the police takes the form of unhypothecated grant.

The Crime Fighting Fund was established in 2000 to provide additional funding to enable police forces to employ additional police officers. On 21 December 2006, in response to ACPO/APA requests to focus on outcomes rather than inputs, the Government announced that the penalties that had previously been attached to the Crime Fighting Fund (by which forces were penalised if their police officer numbers fell below a specified point) would be suspended.

This will give police authorities and police forces greater flexibility to modernise their workforce mix and ensure that resources are used in the most cost effective and efficient way possible. The Government has reserved the right to re-impose penalties if performance drops and this can be linked to a drop in officer numbers.

PROTECTIVE SERVICES

The Home Office is working closely with police forces and authorities to explore new ways to address the gap in protective services identified by HMIC's 2005 report *Closing the Gap*. The Government is committed to improving protective services through more efficient, collaborative ways of working and forces are developing proposals for doing so.

The strategy will focus on collaborative solutions, based on proposals put forward by forces. It will concentrate attention in the first instance on the areas and services where there is the greatest need for improvement, with targets to bring the remaining areas and services up to a minimum standard on a more gradual timescale.

COUNTER TERRORISM

The Government is committed to ensuring that the Police Service is adequately resourced to meet its Counter Terrorism Commitments. In 2006–07 the provision for Counter Terrorism Funding was removed from the General Police grant and allocated to the police as a Counter Terrorism Specific grant. Previous funding streams for counter terrorism and other national priorities such as domestic extremism were a confusing mix of specific grants and general grant. This blurred accountability and made it difficult to measure the financial effort put into Counter Terrorism and other key national priorities and the outcomes delivered.

In 2006 the provision for Counter Terrorism funding to the police was increased by £93 million taking it to more than £460 million. This provision will increase further to £507 million in 2007–08 and will help the police to increase intelligence gathering and investigative capability.

POLICE FUNDING—THE FUTURE

The decision to move to a two year settlement for the years 2006–07 and 2007–08 was widely welcomed by the police service as providing greater certainty and facilitating medium term planning. The Government intends to operate a three year settlement to cover the period of the next comprehensive spending review (CSR)—2008–09/2010–11.

No decisions have been taken on funding of the police for the three CSR years. The Home Office as a whole will receive no increase in real terms over the period but it has not yet been decided how the money will be allocated between the various services which the Home Office supports.

Decisions will be taken in the light of information from ACPO and APA. The Government welcomes the document *Sustainable Policing* which has been produced jointly by ACPO and APA which represents a useful starting point. The Government looks forward to discussing with ACPO and APA their funding needs for the years ahead and priorities, The National Policing Board, which was established in Autumn 2006, is chaired by the Home Secretary and has ACPO and APA representatives on it and provides the ideal forum for such discussions.

Given the overall Home Office funding position, the Government has told the police that it is unlikely that they can continue to receive above inflation funding increases. The financial climate has become tighter and the provision that has been made for the police in recent years has laid a firm foundation on which the service can build.

EFFICIENCY

The police service has a record of exceeding efficiency targets in recent years but there is scope to do more, particularly through more flexible workforce practices.

The Home Office as a whole will be expected to make 3% cashable efficiency savings and the police service will need to play its part in this. Any funding gap will have to be bridged by efficiencies that release cash or increase capacity from which additional demand can be met.

POLICE PRECEPT

Besides funding from central Government, the other major source of police funding is the police precept which is levied by police authorities through the council tax. In 2006–07, the police precept raised £2.6 billion, which equates to 26% of police authority expenditure.

The level of council tax police precepts for 2007–08 is a matter for Police Authorities though the Government has made it clear to police authorities in England that it expects to see average increases of less than 5% and that it will be prepared to use capping powers if that becomes necessary. As noted above, the Government have provided police authorities with a very good, above inflation, settlement for next year and it sees no reason why there should be any need for excessive increases in council tax. Council tax policy in Wales is a matter for the Welsh Assembly Government.

Memorandum submitted by Research In Motion

1. EXECUTIVE SUMMARY

1.1 Research in Motion (RIM), the makers of BlackBerry devices, are delighted to respond to the call for evidence by the Home Affairs Select Committee as part of its inquiry into police funding.

1.2 As a leading designer, manufacturer and marketer of innovative wireless solutions, we hope to provide an insight into how information technologies are improving communications across the UK's police authorities.

1.3 The 2001 Home Office research report *Diary of a Police Officer* highlighted the need to implement mobile solutions which would allow police officers to spend more time in their communities. The current Transformational Government Strategy reaffirms this need.

1.4 We believe that information technologies underpin the move towards this Strategy, and are making a tangible difference to providers of public services from the police to local government workers and council officials.

1.5 We have set out below a summary of our experience and past work in areas that may be of relevance to your inquiry. In particular we have focused on the following two areas:

- How mobile devices are helping police officers to spend more time in their communities.
- How information technologies are providing real cashable savings for police forces across the UK.

2. WORKING WITH POLICE AUTHORITIES ACROSS THE UK

2.1 RIM is currently working with over half the police forces in the UK, and to date has deployed 7,000 devices nationwide.

2.2 We believe these devices are making a real difference to policing in the UK, and are providing frontline officers with secure information, allowing them to make timely and informed decisions whilst out on the beat.

2.3 The BlackBerry solution frees up officers' time so that they can perform more visible and reassuring policing. Officers can begin active duty sooner, and have less need to return to the police station.

2.4 Major deployments of the BlackBerry solution have been made across North Wales, West Yorkshire, Bedfordshire and Cambridgeshire police forces providing a high proportion of frontline officers with secure, mobile access to the:

- Police National Computer (PNC) (including firearms licences and the Schengen Visas databases).
- NICHE Records Management System (RMS).
- Warrants database.
- Electoral Roll.
- Command and control.
- Case and custody records.
- Intelligence briefings.
- DVLA database.

2.5 In North Wales we have also been working to implement a system which connects BlackBerry devices directly to Automated Number Plate Recognition (ANPR) cameras. This system is the first of its kind, and allows officers direct access to ANPR information as it is collected, allowing a fast response to illegal activity.

2.6 We are committed to developing systems which meet the needs of the individual police force, and allow frontline officers to spend more time in their communities providing a more effective and reassuring presence. To date we have developed over 650 independent software alliances developing applications to aid this work and other partnerships across the public sector.

2.7 West Yorkshire Police Force has seen the largest deployment to date with 2,700 devices being deployed to frontline officers. Following the implementation of this solution, West Yorkshire Police estimates that it can perform around five times as many national computer checks per officer, freeing up the time of operational staff in central command.

2.8 We have also worked with West Yorkshire Police to mobilise the forces' custom-built local intelligence application "StreetWYSE". Accessed through the BlackBerry device, this system provides officers with intelligence while they are on the move. It enables them to challenge suspects who give false details, as the system provides positive identification, photographs and allows the officer to act immediately if there are grounds for arrest.

2.9 The University of Leeds is currently conducting a return-on-investment (ROI) study into the implementation of the BlackBerry solution by the West Yorkshire Police Force. To date, the study has estimated that the solution has saved more than one hour per officer, per shift, and an estimated non-cashable efficiency saving of £8.8 million a year.

2.10 Once completed later this year, the University of Leeds hopes to extend its research in order to create a template for assessing the likely ROI which would be provided by the future implementation of information technologies by public sector organisations.

3. SECURITY

3.1 Security is a vital part of effective operational information technology systems, and we aim to put security at the heart of all our technologies.

3.2 To this end, RIM has been working with the Government's Communications and Electronics Security Group (CESG), and has secured approval for government employees to use BlackBerry devices to handle "Restricted" level information.

3.3 The BlackBerry Solution has also been approved for storing and transmitting sensitive data by the North Atlantic Treaty Organization (NATO) as well as government organisations in the United States, Canada, Austria, Australia and New Zealand.

4. CONCLUSION

4.1 We hope that this outline of our experience in supporting police authorities in the UK is useful to the Committee.

4.2 Alongside this submission, we would also like to draw your attention to the document we submitted to the Greater London Authority's 7 July Committee Review. This document contains information on how the BlackBerry solution has been used by police forces abroad. The document is available to read online here and is attached separately [*not printed*].

4.3 We firmly believe that the Transformational Government Strategy is making a real difference to the delivery of services on the frontline, and that with continued investment by the Government we will continue to see improved productivity and efficiency across the public sector. We look forward to continuing our work alongside police forces across the UK as they seek to deliver real savings and increased productivity, and as the Government takes forward the Transformational Government Strategy following the Comprehensive Spending Review.

4.4 We hope that this submission is of use to the Committee, and we would be very happy to meet with you, or facilitate meetings with our partners to share direct experience of these issues, and our experiences of supporting and working with police in the UK.

9 May 2007

Memorandum submitted by the Association of Chief Police Officers of England, Wales and Northern Ireland

1. INTRODUCTION

1.1 The aim of this paper is to provide evidence on behalf of the Association of Chief Police Officers to the Home Officer Select Committee regarding police service funding.

1.2 The paper will be presented by Dr Timothy Brain, Chief Constable of Gloucestershire, in his capacity as Chair of the ACPO Finance and Resource Business Area.

1.3 The paper will highlight the concerns of the police service in relation to the gap in police funding from 2008–09.

2. BACKGROUND

2.1 A letter from the Home Office¹ entitled *The Budget* set out growth for the police service up to 2011: 3.1% in 2006; 3.6% in 2007 and 2.7% thereafter. The letter also stated that the police service had seen 33% growth in real term funding from 1997 to 2005–06.

2.2 The statement from the Minister for Policing² regarding the one year settlement for 2007–08 stated that the 3.6% growth for the police service built on unprecedented levels of investment in the police service and that spending on the police service had increased by over 62% between 2001–02 and 2007–08. This

¹ Letter to all Chief Constables on 31 March 2006.

² Home Office statement by The Minister for Policing, Security and Community Safety November 2006.

additional funding had enabled the expansion of local policing, reduced crime with BCS crime falling 44%, and enabled the Government to work with the police service to ensure the service had the right tools without being burdened by any unnecessary rules and paperwork.

2.3 The police reform programme continues to bring new demands for the police service and is seen as enabling improvements in efficiency, effectiveness and enhance performance. To provide the capability and capacity for such reform and also to close the protective services gap the Home Office maintains the view that efficiencies can be used to meet these demands as well as cover shortfalls in the budget.

2.4 Resources have never been higher. However, the Government is planning for a reduction in public spending as a proportion of GDP for the CSR2007 years. Public Sector growth is estimated to be 1.9%, however the Home Office as a whole is not expecting any real growth in terms of cash with an anticipated increase of 2.7% per annum for the CSR2007 period. The service is, therefore, planning for a period where the rate of funding is half of that to which it has been accustomed.

2.5 With a projected reduction of 25% in the annual increase for police funding for 2008 (compared to 2007–08) it will be difficult for the police service to curtail expenditure and to simultaneously meet additional pressures eg Neighbourhood Policing (NHP), Protective Services and Counter Terrorism.

2.6 How has the projected funding gap arisen? Whilst there has been welcome investment from Government and Local Police Authorities, much of the increase has often been ring fenced for particular initiatives and has been offset by demand and cost pressures. Consequently, despite real term investment from the Government in overall police service funding, the increase in general grant funding to forces has shown a real term decrease.

2.7 The paper will therefore provide factual information regarding:

- Investment in Policing—Achievements and Caveats.
- Cost pressures.
- CSR2007 and Sustainable Policing.
- Efficiencies.
- Three Year Cycle.

3. INVESTMENT IN POLICING

3.1 *Achievements*

It is recognised that there has been real growth in funding for the police service from the Government. This has seen:

1. Resources

- A 40% increase in staff resources since 1995–96—Staff resources within the police service have never been higher:
 - Police Officers 141,000.
 - PCSOs 16,000 (target).
 - Police Staff 76,000.

This has been achieved predominantly through the Crime Fighting Fund (CFF) and the Neighbourhood Policing Fund (NPF) together with council tax support from police authorities.

- The introduction of 16,000 PCSOs to enhance Neighbourhood Policing (NHP).
- The introduction of SOCA and the NPIA providing central support to Forces.
- The introduction of Airwave (a secure digital radio system).

2. Performance

- British Crime Survey shows a 44% reduction in crime between 1995–96 and 2005–06.
- Offenders Brought to Justice (OBTJ) have increased by 20% (from 1998–99 to 2005–06).
- An improvement in productivity with an increase of 6% in the number of OBTJ per police officer over the same period.
- The number of Police Performance Assessment Framework (PPAF) performance areas assessed by HIMC as good or excellent has increased by 12% between 2004–05 and 2005–06.

3. Public Reassurance

- The British Crime Survey 2005 shows that public confidence has increased with only one in six being particularly worried about violent crime, compared to one in four in 1998—a reduction of a third.³

4. Bureaucracy

- The introduction of the Airwave (digital radio) system and capacity for mobile data transfer.
- PITO role out of national IT platforms.
- The introductions of Penalty Notices for Disorder (PND) resulting in greater efficiencies and productivity.
- Delivery of efficiency savings in excess of the target set by Government.

The above demonstrates that the police service has delivered on the increased investment provided by the centre.

3.2 Caveats

Whilst the investment from the Government has been welcome, necessary additional investment has been provided from police forces in the achievement of efficiencies and police authorities through increases in precept.

The latter has been essential to meet the funding gap between general grant and local requirements, and to underwrite the investment in CFF officers and PCSOs.

1. Resources

— Central v Local

There has been a real term increase in overall police service funding. However, Home Office figures show that between 2002–03 and 2007–08 the proportion of total police service funding top sliced for central services has increased by 75% or £0.6 billion. The increased top slicing of funding for central services further exemplifies the increased pressure placed on funding for front line policing.

Once funding for central services, and top slicing for specific grants has been removed, the general grant allocation to individual forces to support service continuity has shown a real term decrease.

— Cost Pressures

When quoting the real term increases in police funding the Home Office adjust grant funding by the level of general inflation (Consumer Price Index—CPI). Unfortunately whilst this is a useful indicator for the average household it is not an adequate measure of the inflationary pressures faced by the police service which are mainly based on police pay awards and increases in pension costs.

Over the period 1995 to 2006 it can be seen that the increase in general inflation (using CPI) has been 19% whereas the inflationary pressures on the police service have been 44%.

Using Cipfa statistics it has been identified that general grant has increased by 35% between 1995–96 and 2006–07, which being above general inflation could be interpreted as being real term growth. However, it is below the inflationary pressures faced by the police service (44%), and therefore actually represents a real term cut. Hitherto, the shortfall has been made up, in many cases, by increases in council tax by police authorities.

— General Grant and the Formula Fund

The general grant provision is apportioned using the police funding formula which allocates available funding between forces based on relative need. The strict application of the formula would, however, result in funding being removed from some forces even if their needs had not changed in order to meet higher relative need in other forces. The Home Office have applied a series of “floors and ceilings” to ensure a minimum increase in every force. Unfortunately the low level of increase in the overall amount of general grant has resulted in the “floor and ceiling” increases being almost identical and therefore not meeting the increasing relative needs of some forces.

The “real term” reduction in the general grant is further highlighted when it is compared to the national GDP (Gross Domestic Product (GDP)). In 1995–96 the general grant was equivalent to just under 0.8% of GDP. By 2006/07 this had fallen to just under 0.6% of GDP, a reduction of 25%.

³ Home Office Statistical report “*Crime in England and Wales 2005–06*”.

— Specific Grants

A significant element of the investment provided to individual forces has been ring fenced in the form of specific grants for new initiatives eg CFF, NPF and PCSOs. Of real concern over the last few years is that the specific grant provision has not covered actual costs and have simply been a contribution towards such costs.

As time has progressed some of these specific grants have become frozen, reduced or even deleted. For example the number of dedicated security posts (DSP) approved by the Home Office under the counter terrorism grant has, in recent years, increased at a faster rate than the specific security grant. This has resulted in a reducing per capita specific grant allocation for each approved DSP and an increasing necessity of subsidising security provision from the main budget.

This erosion in “real term” value has resulted in an ever increasing gap between costs and specific grants that has to be met from a combination of local funding (council tax increases), general grant, or cash releasing efficiency savings.

— Council Tax

The underlying funding gap faced by the police service has been created by general grant increases below police service inflationary pressures. However the funding gap faced by individual forces will be determined by their relative position on the “floor to ceiling” range of settlements and their dependence on specific grants. Whilst efficiencies have helped to close the funding gap there has also been a requirement to balance budgets using council tax.

In 1995–96 the proportion of the budget supported by council tax was 12% this had increased to 26% by 2006–07. With a government grant to council tax funding gearing ratio of about 3:1 any shortfall in the former has a disproportionate effect on the latter, eg to offset the cash equivalent of a 1% shortfall in government grant would require a 3% increase in council tax. As a result of the funding gap and gearing ratio the council tax has increased by 237% (1995–96 to 2006–07). This significant increase explains how the police service has maintained current service delivery, despite a real term reduction in general grant, thereby providing the foundations on which Government investment has been delivered.

Due to the variation in dependence on the general grant and specific grant the requirement for council tax increases to close the funding gap has varied between forces. This has manifested itself in a range of funding ratios eg in Durham only 18% of the budget is supported by council tax whereas in Surrey it is 46%.

The reintroduction of council tax capping in 2004–05 threatens to destroy the delicate funding balance between the Government and the localities which has made the above possible. It is essential that the current capping limit of 5% is not reduced and ideally should be removed if debilitating budget cuts are to be avoided.

2. Performance

- The number of recorded crimes incidents has increased by 10% compared to the BCS claim of a reduction in crime of 44% since 1995–96. Much of this increase can be attributed to the introduction of the National Crime Recording Standards (NCRS) and legislation such as the Harassment Act, which have extended the range of incidents that the police have to define as a crime. Such classification changes are not applicable to BCS categories.

Whilst NCRS shows an overall increase in recorded crime since 1995–06 the trend in recent years has seen a slight decrease of 8% since 2003–4 reflecting the impact of recent investment into PCSOs and record numbers of police officers.

Simple statistics do not, however, convey the complexity of what is happening in detail to crime trends and the consequent impact on the use of resources. This can best be seen within the following examples:

- (i) The introduction of RIPA placing surveillance on a statutory footing.
- (ii) Child protection investigations have become more labour intensive requiring a high level of investigation skills and intense investigation.
- (iii) The standardisation of Criminal Justice files since PACE and the national crime management system.

All are beneficial for the police service, Criminal Justice System and more importantly the public, and have provided efficiencies and effectiveness. They have, however, created increased workload and bureaucracy which has to some extent offset any increase in productivity efficiency and growth of resources.

3. Public Reassurance

- The NPF has been a key driver in improving public reassurance, however, the PCSO grant provision is only for 75% of salary costs. The balance of their salary plus ongoing costs in respect of training, equipment, supervision, accommodation, transport, etc, has been met through efficiencies, local funding (council tax), or general grant.

4. Bureaucracy

- Legislation—It must be recognised that the significant growth in legislation has seen increased workloads in the shape of policies, procedures, administration support, technology and training before successful implementation locally and nationally.

Unfortunately no impact assessment of new legislation and programmes of work is undertaken before implementation. For example whilst recognising the introduction of PND (Penalty Notices for Disorder) legislation has resulted in greater efficiencies and productivity of police officers, it has required cash investment in relation to the additional costs and resources for the required IT systems, training, administration etc.

- IT—Measures to address bureaucracy and productivity via the adoption of IT solutions have met with a mixed degree of success due to the inadequate level of funding provided to PITO, which has resulted in long development periods. This is being exasperated by the lack of subsidy to encourage adoption of these systems. A significant exception to the above was the introduction of the new Airwave (secure digital radio) system.

With PITO now being absorbed into NPIA, who have already announced funding difficulties resulting in a cut of budget of 30% and the deferral of some projects (eg Single Non Emergency Number), it is unlikely that well specified, common IT systems will be available for the police service at a realistic price in the foreseeable future.

4. CSR2007 (2008–09 to 2009–10)

4.1 Taking into account the top slicing for central initiatives such as Airwave, SOCA and NPIA, insufficient increases in general grant and frozen, reducing or deleted specific grants we are left with considerably less funding going to the 43 Forces than the published headline growth in police funding since 1997. We are in fact left with a funding gap that had to be bridged by police authorities.

4.2 Police authorities have responded in a number of ways to bridge the gap:

- Efficiency savings in excess of the Government set target.
- Use of reserves.
- Gapping posts.
- Cutting posts.
- Delaying replacement and maintenance schemes.

4.3 Not all of these methods, however, are viable long term solutions for the police service. This is particularly true in respect of reserves which are already being used to address the 2007–08 funding gap. Forces anticipate using £59 million of reserves to support the 2007–08 budget and a further £43 million to fund development. This shows that forces will be using a total of £100 million of reserves the equivalent of 1% of the national police budget. Use of reserves is a time limited solution and alternative funding will need to be found to replace reserve utilisation during CSR2007. The police service already has a funding gap going into CSR2007 period. This gap will only increase if grant settlements are below the inflationary pressures facing the police service.

4.4 ACPO and the APA have already outlined the requirement for CSR2007 in their report *Sustainable Policing*. If existing services are to be preserved it is necessary to ensure that the funding available to the police service is inline with cost pressures. As the cost pressures in the police service are mainly driven by nationally set pay awards this will require grant settlements inline with such pay awards.

4.5 With a grant settlement for the Home Office under CSR2007 of 2.7% per annum and indications that the general police grant settlement may be lower there is a concern, especially if specific grants continue to be frozen or reduced, that the overall increase in government grant to individual forces could be well below police inflationary pressures.

4.6 If the 2.7% indicated increase under CSR2007 was enough to maintain the previous nine years of development and finance the ambitious reform programme there would be no funding issue. However, analysis of police budgets by the Police Efficiency Group and the ACPO Finance and Resource Business Area has consistently shown that in order to fully meet its financial needs the police service requires an increase of 5% annually (net of efficiencies) in order to stand still.⁴ This takes into account inflation, index linked pay, and also the demands of expansion created by new legislation and ever increasing gap in specific

⁴ ACPO/APA Police Expenditure Group submission on the CRS 2007 process.

grant funding. Successfully constraining budget increases to the lower level of funding expected under CSR2007 will depend almost entirely on restraining pay. The effects are unlikely to be immediate but cumulative.

4.7 It will be recalled that in the early 1970s the police service faced severe recruitment and retention difficulties. Since the introduction of index linked pay by the Edmund Davies review, in 1978, the police service has overall not seen a reoccurrence of these difficulties. Therefore, whilst a low pay settlement will help balance budgets it is likely to have unwelcome consequences in relation to recruitment and retention if the salary is seen as uncompetitive in the labour market.

4.8 The police service is potentially facing a situation where annual increases in funding are only half those required to maintain current service levels. Traditionally the police service would have utilised council tax and efficiencies to close this gap. The former option has now been limited by the reintroduction of capping and future significant efficiencies are constrained by the increasing inability to utilise efficiency savings in invest to save initiatives due to the Government's assumption in recent years that such efficiencies should be used to balance budgets.

5. EFFICIENCIES

5.1 In 1999 the Home Office introduced an efficiency saving target for all forces set at 2% of NRE (Net Revenue Expenditure). This target was subsequently increased in 2005–06 and is currently set at 3% efficiencies, of which at least 1.5% must be cashable.

5.2 The police efficiency scheme was originally designed to improve effectiveness by recycling savings and gains into other areas of policing. Indeed the recycling of over £1.7 billion of resources over a period of seven years is outstanding. This has created funding for new or expanded demands which would not have otherwise been met. These savings have been reinvested into the police service to absorb the impact of unfunded legislation and development, eg NHP, Bichard, RIPA, FOI, Quality of Service, etc.

5.3 The police service has delivered 21.6% savings exceeding the set target of 16.5% (over the period 1999–2000 to 2006–07 (quarter 2)).

5.4 There remains some scope for the police service to redistribute resources to meet new priorities. However, the combination of increasing demands and reduction in cash budgets will take away the flexibility required by the police service to deliver these efficiencies. It must be recognised that if these efficiencies are being used to offset the funding gap, as they are, they will not be available for reinvestment. This in turn is contrary to the original premise for efficiency savings i.e. the reinvestment of efficiency savings to generate further efficiencies within the police service or meet new demands. Difficult decisions will therefore to be made around the prioritisation of existing services and work programmes.

5.5 The police service fully supports and recognises the need for efficiencies, effectiveness and economies and is working to support a national approach to delivering efficiencies. It is disappointing that despite significant success in delivering efficiencies to date, there is still an assumption that there remain considerable inefficiencies within the police service and there is a danger that efficiency savings will be double counted, being seen as the answer to both the continuity budget funding gap and the means of financing development.

5.6 If this is done it will lead to cuts rather than efficiencies and will undermine all the positive work achieved in recent years, put at risk neighbourhood policing, and run the risk of de-civilianisation. This danger is heightened if unrealistic levels of efficiencies are assumed eg the doubling of the existing 1.5% cashable to a 3% target in line with the revised Home Office target of 3% cashable for the CSR2007 period.

5.7 If the service can maintain existing service delivery via a realistic grant settlement and council tax cap it will be able to tackle the costs of new development using efficiency savings. If efficiency savings are utilised to maintain the status quo situation then no funding will be available for development, including new legislation, etc.

5.8 The police service alone cannot deliver such savings and the Government must look to rationalise with a clear understanding of the costs associated with audits and inspection regimes. One force has analysed the cost to them in supporting external inspections and assessments for 2005–06. If that cost were to be extrapolated across all forces this would see an additional burden of £4 million per annum supporting the inspection regime.

5.9 Caution needs to be exercised around expectations that Workforce Modernisation, Shared Services and Collaboration can deliver significant cash efficiencies. Whilst these may well deliver increased efficiencies ie higher levels of performance, they are currently aspiration even conceptual and will certainly not be available to assist during the CSR2007 years. In addition they will require significant investment and time to release benefits and relying on them to fund programmes and budgets for CSR2007 is unrealistic.

6. THREE YEAR CYCLE

6.1 There is broad correlation between the increase in policing resources, the trend in crimes and increased investment. Analysis of crime levels against police officer numbers shows a close relation with a three year time lag relating to change. The time lag is to be expected as it takes a considerable amount of time to advertise, recruit, and train new police officers and for them to then impact on the crime trends. We are therefore going through a period where the return on investment of the last few years (CFF Officers/PCSOs) is becoming more apparent.

6.2 Consequently if police officer recruitment were to reduce over the early part of CSR2007 the initial impact would be a gradual reduction of probationer constables in training. As these probationers are not available for front line duties there would be no loss of front line capacity and consequently no immediate impact on crime levels, which could even continue to fall. In the following year the probationers would normally take up operational duties but again the normal gradual release of probationers from training into operations means that no significant impact would be expected. The impact would be felt however in the third year when the loss of trained officers available to replace retiring officers would result in a reduction of front line resources and a consequential impact on performance and crime levels.

6.3 Therefore the impact of not recruiting or gapping posts in 2008–09 will be a potential loss of performance from 2010 onwards. There are early indications that whilst reserves are currently being used to support the 2007–08 budget, some forces may start to reduce recruitment towards the latter part of this financial year, in preparation for 2008–09, if the CSR2007 settlement is as poor as expected. This means the performance impact could be as early as 2009–10. Today's cut is tomorrow's problem.

7. CONCLUSION

7.1 History shows that CPI runs behind police inflationary cost pressures so pegging growth at that trajectory is the equivalent of a spending cut. The police service is already using various methods to plug the current gap in funding and it is of concern that the traditional measures of efficiencies and council tax increases are no longer sufficient to bridge this gap, as demonstrated by the recent utilisation of reserves and early survey results indicating reductions in police officer numbers.

7.2 Significant hope is being placed on the potential for savings from Workforce Modernisation, Shared Services, and Collaboration. These new projects may deliver efficiencies in the long run but are currently too uncertain and too distant to rely upon. These projects are at an early stage, the savings more often conceptual than proven, and even if the savings can be delivered the planned implementation dates are beyond CSR2007.

7.3 The police service is resilient with a dedicated workforce and “can do” culture. This has seen the police service deliver on the increased investment provided in terms of increased police numbers, increased performance and unprecedented efficiencies. However, unless a more realistic pace of change is adopted, or additional funding found, the police service will face a funding crisis over the next few years. There is a real danger that these achievements will be eroded, or even reversed, if funding provided over the CSR2007 period is not maintained in real terms.

7.4 In order to address this it is necessary to:

- Realistic grant settlements—both general and specific.
- Financial flexibility around grants and council tax strategy.
- Obtain genuine growth to fund requirements.
- Realistic assumptions around efficiencies.
- Guaranteed continuation of funding for current key programmes.
- Reconsider/prioritise major projects.
- Introduce impact assessment to provide realism to the affordability of legislation and policies, accurately identifying costs and savings.
- Reduce the burden of inspection and compliance.
- Macro rather than micro analysis, targets and inspection regimes.
- Undertake a realistic debate with all partners and agencies.

7.5 The police service understands the requirements of the macro-economic situation and can be relied upon to continue to strive to meet public needs and expectations within a narrowing funding base. The growth of recent years has been significant; however, its sustainability is very thinly based. Seemingly minor reductions in government grant, together with council tax restrictions, will have, to a greater or lesser extent, potentially destabilising effects on all Forces. Police resources have never been higher, but it is necessary to protect through investment for the future.

7.6 The police service has positively responded to the diverse challenges of recent years, and is now beginning to deliver a significant return on investment. The police service will work hard to continue to deliver efficiencies and find new, smarter ways of working, but these will be insufficient to make up all of the potential funding shortfall. If government grant and council tax increases are reduced compared to police

service price pressures efficiencies will not make up all of the shortfall. Cuts in these circumstances will become inevitable. Pay restraint is an alternative but one which has the potential to bring other disadvantages. Consequently ACPO supports further joint working with the Home Office and APA to arrive at a level of funding which is sustainable, and which will sustain the genuine progress of recent years.

4 May 2007

Memorandum submitted by the Police Superintendents' Association of England and Wales

THE ASSOCIATION

1.1 The Police Superintendents' Association of England and Wales (PSAEW) represent 1,600 officers holding the rank of Superintendent and Chief Superintendent.

1.2 Our members lead Basic Command Unit (BCU) Command Teams and at Force Level, command Support Departments and are responsible for managing the provision of operational and specialist support to their BCU colleagues. In particular our members perform the critical role of Senior Investigating Officer for murder and other serious crime enquiries and silver/gold command for firearms incidents.

1.3 At a National Level our members are seconded to the Home Office and other National Agencies where their expertise and experience inform policy making and delivery of high level National Policing Services.

1.4 Chief Superintendents and Superintendents are integral to the delivery of policing at local, force and national levels.

OFFICER PRESENTING SUBMISSION

2.1 Chief Superintendent Ian Johnston is the President of the Superintendents' Association of England and Wales. He has been the full-time President of the Association since March 2007 and was the Vice President for the previous three years. He served with the Gwent Police for 33 years prior to taking up his full-time appointment with the Association in 2004.

EXECUTIVE SUMMARY

3.1

- Our Association does not fundamentally disagree with the APA/ACPO document *Sustaining Policing*.
- We believe that proper delegation to BCUs/Departments is vital to improved efficiency.
- Workforce Modernisation is the only way to get more for the same and is best done at the local level to meet local demands (hence the need for delegation).
- We need to decide what success looks like—the current performance framework doesn't assist because it does not prioritise. We need to acknowledge that the Police Service cannot have everything as a priority.
- The 43 Force structure is still unhelpful. Local means BCU and not Force. Collaboration may help in some very specific areas but is not ultimately the solution.

SUSTAINABLE POLICING DOCUMENT

4.1 Our Association is in broad agreement and supports the sentiments expressed in the APA/ACPO Document *Sustainable Policing—an overview of the APA/ACPO approach to the Comprehensive Spending Review 2007*.

4.2 We also acknowledge the current financial climate and that the Government will aim to restrain future public spending.

4.3 We support the view expressed that Police Performance has improved significantly and that the success is not always recognised by the public or indeed certain elements of the media and political commentators. Additionally, the Police Service has delivered significant efficiency gains.

4.4 The document refers to Policing Priorities and particularly identifies implementing and sustaining neighbourhood policing teams. It also refers to closing the Protective Services gap. Response Policing is not highlighted and the challenge for the Service will be to deliver all three elements simultaneously ie response policing, neighbourhood policing and protective services.

POLICE PERFORMANCE MANAGEMENT

5.1 The Police Service has come under greater scrutiny with the introduction of increasingly sophisticated “Police Performance Monitors”. The monitors established within the Police Performance Assessment Framework (PPAF) were set in place to enable Chief Officers and others to raise questions about Performance Variation between Forces and Basic Command Units. We welcome the changes made in respect of the new APACS Performance Framework as this better reflects the growing importance of crime reduction partnerships at BCU Level.

5.2 The Police Superintendents’ Association commissioned a survey of BCU Commanders in 2003 and found that “Performance” was seen to relate almost entirely to targets and the collection of data on crime statistics, complaints, sickness rates, charge and caution rates. The data required did not link to the quality of service delivery and the use of National indicators proved to be not sufficiently discriminating to allow for the impact on policing of the Local environment.

DELEGATION TO BASIC COMMAND UNITS AND DEPARTMENTS

6.1 A recent Home Office Publication from the Police Standards and Crime Directorate, detailed guidance was given to all Police Forces to encourage effective delegation to both BCUs and departments.

6.2 The Guidance stated that significant delegation within Forces had already been achieved and identified a range of benefits arising from full delegation.

6.3 The Guidance recognised the need for a balance to be struck between delegated and centralised functions and budgets in each Police Force. It highlights the fact that the effect on both motivation and innovation can be very positive. This is linked to the sense of empowerment experienced by BCU Command Teams and staff arising from full delegation.

6.4 It is also stated that a range of operational gains can come from delegation. These include more effective partnership work, less force bureaucracy, greater scrutiny of expenditure and the greater impact at the BCU Level. It is also stressed that the effect of non-delegation can mean that “budgets and resources are divorced from the reality of policing on the ground”.

6.5 The report draws attention to the need to counterbalance delegation with a commitment to what is described as “corporacy”. However, rather than encouraging delegation, corporacy has currently interpreted appears to justify a commitment to the *status quo*.

6.6 Yet the Guidance also refers to Public Sector Reform and acknowledges that delegation forms a central element of the Police Reform Programme. We are also aware that delegation also remains one of the Prime Minister’s four principles of Public Sector Reform. It reiterates the argument from the Office of Public Services Reform that B.C.U.’s should have the freedoms they need wherever possible to meet the demands of the public on the ground.

6.7 The Guidance encourages Chief Officers to:

“Show trust in Commanders and Departmental Heads and hold Commanders to account by introducing effective internal management inspection.”

6.8 The tenor of the guidance from the Home Office is one that encourages delegation of responsibility to BCU Level but also demonstrates a regard for Force Corporacy. This in effect reinforces the central responsibility and power base of the Chief Constable by requiring all BCU activity and decision making to reflect centrally determined management priorities. Corporacy requires conformity to decisions taken at the centre and works as a significant counterbalance to delegation. One question that remains unanswered is indeed whether delegation and a commitment to “corporacy” can be expected to successfully coexist when each represents a radically different interpretation of what constitutes an effective management system.

6.9 There appears to be a clear assumption within the Guidance that a great deal of delegation has already been achieved within many forces. Our Association believes that this is not the reality and that a more centralist approach is being adopted by the majority of Forces.

6.10 Full delegation to Basic Command Units and Departmental Heads will bring about more effective delivery of local policing and prove to be extremely cost effective.

6.11 We also believe that greater local accountability will drive down crime.

6.12 The Government’s 2004 White Paper stated that “the main thrust of our reforms is to pass power from the political centre to local citizens and communities etc etc.

6.13 Our Association believes that the word local refers to BCUs and not Force Level.

6.14 Our Association believes that the building block for Police Service Delivery is the Basic Command Unit. The introduction of BCUs was intended to help reduce the traditional police hierarchy as the “original” Basic Command Unit provided a span of control that could be exercised by one Senior Officer.

6.15 In recent years we have witnessed a reduction in the number of Basic Command Units from 319 to 244. BCUs have become much larger and many now question the original concept.

WORKFORCE MODERNISATION

7.1 Our Association continues to support the Workforce Modernisation Project. The introduction of Workforce Modernisation will produce a number of benefits and we would urge the Government and our colleagues within the Police Service to fully support a Workforce Modernisation project.

7.2 Our Association is on record as supporting the introduction of Police Community Support Officers. We believe that this initiative has proved to be hugely popular with the public in terms of visibility and reassurance. There is a desire within our Association to mix the workforce with sworn and un-sworn officers to best deliver policing utilising the skills of all members of the Police Service.

4 May 2007

Memorandum submitted by the Audit Commission

EXECUTIVE SUMMARY

1. The Audit Commission welcomes the Home Affairs Committee's focus on police funding and is pleased to submit evidence.

2. This submission explains the work undertaken by auditors appointed by the Commission to assess Police Use of Resources (PURE), which forms part of the statutory audit of police authorities. For the first time in 2005–06, PURE has been assessed at all police authorities in England by the Commission and in Wales by the Wales Audit Office.

3. When undertaking a PURE judgement, auditors consider five themes:

- financial reporting;
- financial management;
- financial standing;
- internal control; and
- value for money.

4. In March 2007, the Commission issued a national report entitled *Police use of resources 2005–06*, which provides the basis for this submission.

INTRODUCTION

5. More than £11 billion of central government funding was allocated to policing in 2006–07. This was an increase of £4.2 billion, or 65%, in cash terms over the last eight years. The increase in funding places an onus on police authorities and forces to assess the effectiveness of their use of resources and to consider whether the investment represents value for money for local people.

6. The police must work effectively with their local partners, for example through local area agreements, to share local intelligence and make joint decisions that shape communities and improve local services and quality of life. However, the Commission's report *Neighbourhood crime and anti-social behaviour*, published in May 2006, found that many community safety partnerships could not assess whether their activities represented good value for money. We identified the need for improvements in performance management and data capturing systems to enable police authorities, forces and local partners to understand local issues better and to manage and deploy their resources effectively.

PURE ASSESSMENT RESULTS

7. Our overall assessment of PURE scores across England and Wales indicates that the majority of police authorities and forces are using their resources effectively. It finds that:

- 65% of police authorities are performing well (Level 3);
- 33% are performing adequately (Level 2); and
- one police authority has demonstrated inadequate performance (Level 1).
- no police authority is demonstrating strong performance (Level 4).

8. The recent PURE exercise found that police authorities have robust financial management arrangements and are generally well placed to meet national and local priorities, while at the same time responding to the unplanned events faced by police services.

9. However, the ability of police authorities and forces to assess and improve value for money at a local and neighbourhood level remains underdeveloped. Our PURE judgement identified some key improvement areas for police authorities and forces to demonstrate that local people receive good value for money policing and significant community benefits. The key improvement areas are to:

- make better use of activity data, such as information on police officer time, to assess how resources are being applied to activities within local areas;
 - work with partners to improve data and financial performance management systems; to understand value for money at a local level; and to direct resources to priority areas in the best way;
 - use benchmarking and performance data to review resource use and determine the best method for provision of services; and
 - develop mechanisms to assess any savings to be made and to ensure value for money from partnerships and collaborative working.
10. We also recommended that police authorities should:
- improve their arrangements for managing the internal control environment, so that they could better support financial planning and assess value for money;
 - develop specific risk management policies that align with service and financial planning; and
 - strengthen the leadership skills of members to provide effective scrutiny and accountability to the police force on financial management and reporting matters.

FUTURE CHALLENGES

11. Police authorities and forces face a range of significant challenges. These include greater emphasis on collaborative and partnership working, modernisation of the workforce and a changing pattern of funding with no growth budgets anticipated for the next three years. Police authorities and forces will need to balance tackling national threats, such as serious and organised crime and counter-terrorism, with delivering high quality neighbourhood policing to all local areas.

12. If all of this is to be achieved, police authorities and forces will need to develop more innovative approaches to measuring and assessing value for money and identifying the best placed provider of services.

13. In accordance with our statutory remit, the Commission's appointed auditors will continue to assess how police authorities and forces are responding to the funding and modernisation challenges facing the service.

14. The PURE assessment contributes to continuous improvement in the use of resources by police authorities and forces. We intend to develop PURE further in anticipation of the new performance frameworks being developed for local government and in policing—namely the Comprehensive Area Assessments (CAA) set out in the Local Government White Paper, *Strong and Prosperous Communities*, and the Home Office's proposals for future Assessments of Policing and Community Safety (APACS).

15. Building safer and stronger communities requires effective collaborative working between the police and their local authority partners. The development of aligned performance frameworks across these key public sector areas presents the opportunity to pull together some of the currently disconnected strands of activity designed to improve police performance and use of resources elsewhere. Proper alignment of the frameworks should then support the delivery of more effective, value for money policing and community safety services to local people.

8 May 2007

Supplementary memorandum submitted by the Home Office

When I appeared before the Home Affairs Committee on 22 May, I undertook to write to you about the definition of "front-line policing".

The Frontline Policing Measure for 2005–06 indicated that officers in England and Wales spent 63.1% of their time on frontline duties.

The frontline policing measure was introduced in 2003–04 and is based on forces' activity analysis data and on HMIC function codes.

The FLP has been a useful indicator and helped police authorities in holding forces to account. It is not a measure of visibility. The headline measure provides a picture of time spent by police officers on core operational activity. The broader measure provides a picture of time spent by the whole workforce on core operational activity.

Full details of the formula used to calculate the measure and complete lists of frontline roles and activities are contained in the *Guidance on Statutory Performance Indicators for Policing 2006–07*, published by the Police Standards Unit and available at:

http://police.homeoffice.gov.uk/news-and-publications/publication/performance-and-measurement/SPI_Technical_Guidelines_2Q4.pdf?view=Binary

Copies of this guidance have also been placed in the House of Commons Library.

INCLUSION OF PAPERWORK IN THE DEFINITION OF “FRONTLINE DUTIES”

The definition of “front line duties” includes “incident-related paperwork”, but not “non-incident-related paperwork”. We do not propose to remove incident-related paperwork from the definition of “front line duties”. This definition was agreed jointly between the Home Office, the Association of Police Authorities, the Association of Chief Police Officers, No 10 and HM Treasury in 2003.

Incident-related paperwork is defined as time spent preparing and updating reports, files, tape summaries etc in connection with a specific incident, including computer-based paperwork, word-processing and clerical duties.

Successful policing cannot be achieved without a degree of paperwork. Proper record keeping and case file preparation is crucial if the service is to manage successful prosecutions, secure convictions, and gather and disseminate intelligence. Paperwork is also necessary to ensure accountability in the use of police powers, and to allow effective management of the workforce.

TIME SPENT ON PAPERWORK HAS DECREASED

The table below sets out officer time spent on incident-related and other paperwork. As you will see, time spent on paperwork has remained stable since collection began. Additionally, time spent on paperwork by beat officers decreased from 18.8% in 2003–4 to 16.5% in 2005–6.

<i>Year</i>	<i>Time spent on incident-related paperwork</i>	<i>Time spent on other paperwork</i>	<i>Total time spent on paperwork</i>
2003–04	10.3%	9.8%	20.1%
2004–05	9.9%	8.5%	18.4%
2005–06	10.8%	8.5%	19.3%

ACHIEVING FURTHER REDUCTIONS

Forces can reduce this still further through the deployment of new technology, workforce modernisation and the creation of new police staff roles:

1. *Reviewing workforce mix*

Police officers are a valuable and highly-trained resource, and should be deployed in positions that make best use of their skills, training and powers. Forces that have reviewed their workforce mix and created new roles for civilian staff have already seen improvements in performance and efficiency and freed officers from desk jobs and back-office functions.

This has been demonstrated in Northumbria through, amongst other things, the creation of civilian case management posts, which has improved both the timeliness and quality of files going to the CPS.

These concepts will be further tested in the ACPO workforce modernisation programme. Eleven demonstration site forces will re-engineer business processes and apply a different workforce mix across a range of policing activities. The programme will be subject to a rigorous evaluation process, funded by the Home Office.

2. *Use of mobile data solutions*

Many police forces are currently using or testing mobile data solutions, including PDAs (personal digital assistants—handheld, or palmtop computers such as Blackberry). Benefits include increased visibility and time on patrol, more arrests, improved contact with citizens, improved decision making, improved officer confidence and safety, and a reduction in back office peaks and troughs.

Thanks to the use of PDAs, over 400 British Transport Police officers are providing a more visible and effective police presence on the Underground. The PDAs enable instant criminal history and address checks, and allow officers to update the incident log and share intelligence without returning to the station; saving 10–15% of officer time. Stop and search and behaviour screening activities have increased by 50% and intelligence reporting has gone up 100%. Following a successful trial, the devices have now been rolled out to all officers.

SETTING THE TARGET

Before setting the target, the Home Office looked at performance in other sectors and range of achievement in the service and, as for many of our measures, set a target which aimed to close the gap between the lowest and the highest performance of forces. Local targets are agreed between the Chief Constable and the police authority. Increases in front line policing can be scored towards force efficiency targets.

Following adjustments to the way the measure is calculated, (in order to take into account concerns raised by police forces), the 2003–04 baseline changed and the 2007–08 target was revised from 72.5% to 70.8%. If achieved, this will deliver an increase in officer time spent on front line activity equivalent to 12,000 officers.

Whilst we are still some way from achieving the national target for 2007–08, it should be acknowledged that a number of forces are on track to meet their local targets. I commend these forces for their progress.

CHANGES TO THE MEASURE

The measure was introduced in 2003–04 and will run until 2007–08. However, the policing landscape has changed considerably since 2003–04 when the original measure was developed. Workforce modernisation has created a number of opportunities for police staff to carry out roles formerly performed by police officers. The headline FLP in its current incarnation does not take into account the increasing contribution made by police staff to frontline, operational roles. For instance, as I mentioned to the committee, a number of forces have introduced police staff to custody suites and other aspects of operational work, and 16,000 PCSOs are providing a visible presence and supporting the 58,000 officers deployed to patrol.

For this reason, we are currently reviewing the frontline policing measure.

OTHER MATTERS

You have also asked about when the new crime strategy to which I referred (question 52) is to be published. We hope to publish it in July though, obviously, the final decision will rest with the new Home Secretary.

The CSR will be published in the autumn. A separate letter is being sent to you on the issue of consultation on targets.

Finally, fear that I my reply to question 77 may have caused some confusion so I should like to take this opportunity to set out exactly the dates in question and, in doing so, expand on my reply.

The target, as set out in the Budget (2006), was to bring PCSO recruitment up to 16,000 by the end of April 2007 (and not March, as I said). This target has been met and is a considerable achievement by forces. But it is absolutely true that the delivery of 16,000 PCSOs is only one part of the wider Neighbourhood Policing Programme, which will ensure that every community has a neighbourhood policing team by 31 March 2008.

Ahead of that we have also said that by 30 April 2007 communities could expect to:

- see increased numbers of PCSOs patrolling their streets, addressing antisocial behaviour issues and building relationships with local people;
- have information about how their local force will be policing the local community, and have a point of contact for their neighbourhood team; and
- have had the opportunity to tell the police about the issues which are causing them concern and help shape the response to those issues.

This is exactly what PCSOs and neighbourhood policing teams are beginning to deliver. But it is not readily measurable on a numerical basis—it needs a much more subtle analysis. Progress against these three criteria will be assessed through various methods. In particular, these criteria are included in the current assessment of Neighbourhood Policing by Her Majesty's Inspectorate of Constabulary (HMIC).

18 June 2007

Memorandum submitted by the Metropolitan Police Service and the Metropolitan Police Authority

EXECUTIVE SUMMARY

London policing has received substantial investment in recent years. Staffing levels within the Metropolitan Police Service (MPS) have increased and real improvements made in tackling crime. But the forward financial and policing landscape is challenging. The MPS and the Metropolitan Police Authority (MPA) are addressing this strategic challenge but need to work with Government, the Mayor and other key partners to do so effectively.

INVESTMENT

1. The MPS and MPA recognise and welcome the substantial investment in London policing, including increases in funding from central Government grant and the GLA precept (the latter now standing at £649 million for 2007–08). Our budget now stands at £3.3 billion for 2007–08—up from £1.8 billion in 2000–01.

ACHIEVEMENTS

2. Set against this investment, we have made real gains in tackling crime. Overall crime in London has reduced by 9.2% over the past two years, a drop of nearly 100,000 offences. And the number of crimes being detected has risen for the fifth consecutive year, to just over 21%. Criminals are now seven times more likely to have their assets seized than five years ago. And public trust and confidence in the MPS is increasing. We are conscious that delivering national improvements in reducing crime is dependent on London's continuing success.

3. MPS staffing has increased. At the end of March 2007, police officer numbers had risen to 31,075; there were 3,682 police community support officers providing a visible presence across London; and 13,980 police staff playing vital roles including, for example, forensic and intelligence analysis. Our success in reducing crime is down to a collective effort by the whole workforce.

4. We have introduced Safer Neighbourhoods teams across London with a team in every ward now, and larger teams in 87 wards by July. We have also worked innovatively with our partners. With the help of funding from Transport for London for example, we are introducing new Safer Transport teams to 21 areas this year and have driven the Kickz Football Project, a national social inclusion and youth diversion programme, working jointly with the main football bodies.

5. Our improving performance has been driven not only by additional investment but by the integrated nature of the services the MPS provides. Londoners want safer neighbourhoods; they want their police service to deal with major crimes; and they want effective counter terrorist policing. So the way we operate—and the resources which underpin it—must reflect this “seamless” approach.

6. We fully recognise our responsibility of making the most efficient use possible of tax-payers money. In the last three years, we have made savings totalling some £203 million with plans to achieve a further £95 million in 2007–08.

CHALLENGES

7. Given the financial settlement for the Home Office for 2008–09 to 2010–11 and our anticipation of the likely GLA precept, current projections indicate that the MPS is facing a very significant strategic funding challenge for 2008–11.

8. Against this, we have several significant policing challenges including:

- further reducing crime, increasing people's satisfaction with the service we provide and bringing more offenders to justice (recognising particular challenges around combating robbery and violent crime—especially youth violence); continuing to combat the real and direct threat to London and the UK from international and home-based terrorism; and tackling the evolving threat from serious and organised crime in and around London (in the first four months of 2007 alone for example, we have dealt with 22 kidnaps). Our drive for a more “citizen focused” service is crucial to our approach in all this;
- addressing the significant financial/technical challenges new technologies pose for our covert policing and intelligence gathering capability;
- policing more large-scale public events in the capital given London's growing position as a world city and economic, financial and cultural hub (the re-opening of Wembley Stadium alone means an extra 30 large scale events per year). We are also, of course, preparing now to deliver safely the 2012 Olympic and Paralympic games;
- doing all the above whilst pursuing major reform programmes within the organisation—such as improving our intelligence and covert policing functions and revamping our 999 system—to give London a more efficient and accessible police service.

WHAT MPS/MPA ARE DOING

9. We are examining a range of options to address the strategic financial challenge of delivering a balanced budget in a very tight resource environment in 2008–09 and beyond whilst delivering sustainable improvements to the policing service Londoners receive. We have developed some new budget principles which stress: better alignment of resources with our strategic priorities; improving outcomes and minimising the unit cost of delivery; and the protection of public facing services. We will have to take some difficult decisions about where our money goes—particularly since some of our grant money is, effectively, “ring fenced” for specified uses over which we have little flexibility; and the fact that around 80% of our budget relates to workforce costs.

10. Productivity is central to our approach. Recognising the importance of strategic partnerships, we have brought together a group of senior figures from the MPS, MPA, Home Office, HM Treasury, HMIC and the National Policing Improvement Agency under the Chairmanship of the Deputy Commissioner to assist us. We are focusing on a wide range of process reviews; exploring what further savings can be made within our modernisation programme; undertaking a thorough review of our corporate overheads; considering opportunities for savings from outsourcing and in the area of sustainable development; and placing more focus on benefits realisation.

WHAT WE WOULD LIKE TO SEE FROM GOVERNMENT

11. All major political parties have now suggested that they accept policing should be measured by outcomes, rather than by a simple focus on officer numbers. We would like to see this approach embedded in the debate around policing so that the focus going forward is on performance, visibility and accessibility, not just staffing.

12. We are already fully engaged in contributing to the review of policing being carried out by Sir Ronnie Flanagan and welcome the stress on managing resources and reducing bureaucracy in a way which will really make a difference.

13. We would, however, like to see Government:

- look seriously at the definition and funding of the national, international and capital city dimensions of the MPS's responsibilities. We estimate that in 2005–06, the commitment of MPS resources to these functions appears to have exceeded income by some £156 million;
- look at further relaxing the strictures and rigidity around some funding—in terms of “ring fences” and specific grants—to provide local flexibility on how money is spent;
- transparently fund activities required by Government eg Dedicated Security Posts;
- really delivering on the stated ambition to rebalance the relationship between Government and delivery partners with genuine freedom for managers to manage and local flexibility for delivering improved outcomes;
- having an overall performance regime which has robust directional targets rather than rigid, over-prescriptive ones; and
- instituting a new PSA framework which reinforces the above positions.

8 May 2007

Memorandum submitted by the Institute of Chartered Accountants in England and Wales

INTRODUCTION

1. The Institute of Chartered Accountants in England and Wales (the “Institute”) is pleased to submit evidence to the Home Affairs Committee, on the issue of police funding.

2. The Institute operates under a Royal Charter, working in the public interest and has been a leading contributor in the policy debate over the fight against financial and economic crime over the last decade or longer. As an accounting professional body, we are particularly aware of the damaging social and economic effects that are caused by money laundering and other financial crime. As the largest accountancy body in Europe, the Institute's 128,000 members run and advise businesses of all sizes across virtually every economic sector.

POLICE FUNDING AND TARGETS FOR COMMUNITY SAFETY AND JUSTICE

3. We support the increase of appropriately targeted investment in policing, and are concerned over the implications of a possible tighter funding settlement for the years 2008–11. We are not convinced that the current effort put into the fight against economic and other very remunerative crime is sufficient to provide an appropriate disincentive to the growth of both organised and opportunistic crime. UK citizens are the victims of economic crime directly (as for example with identity theft) or indirectly, through increased costs, a damaged economic and social environment and in some cases through the bankrupting of their employer.

4. The Institute has been heartened by some recent initiatives taken by the Government in the fields of financial and economic crime. These include the continuing reform of the money laundering reporting system (including the improvements following the Lander Review); the reform of the law on fraud and the conclusions of the Fraud Review; and the recent Government initiatives on foreign corruption. These reforms have our full support and we commend their continuation and implementation. But they will not be fully effective, if they do not have sufficient funding or the undivided support of the rest of the criminal justice community.

5. In the criminal justice system it is vital, in our view, that there are no areas where it is believed that profitable crimes can be committed at low risk of detection; no areas of crime which if they are detected are at low risk of prosecution: and no areas of crime which if prosecuted are at low risk of a level of sentencing which matches the measure of the scale or profitability of the crime. To provide funding, or set targets, which are insufficient to cover large areas of profitable crime will inevitably tend to produce just such an effect. This will lead to persons who would not otherwise be tempted to commit crimes doing so, in the belief that the risks to themselves are insignificant. Organised criminals will build and grow their enterprises where there are highest returns for the lowest risk of punishment. The long term effects of inadequate funding or targets for the criminal justice system will therefore be likely to be cumulative and very serious.

6. We believe that the current targets for the criminal justice system are inadequate, in that:
- they lead to neglect of crimes against business, which are not measured by the British Crime Survey, and have no specific targets against which their crimes are recorded;
 - they lead to neglect of financial and economic crimes, since these tend to cause less fear than more physical crimes, though they still cause untold distress and hardship, besides the economic and social damage caused locally and nationally. Nor do they address the injustice of the fact that reparations for loss are rarely made; and
 - they lead to neglect of complex crimes, by setting the targets without allowance for the fact that some crimes are inevitably more costly than others to investigate and prosecute, but should still not be able to be committed with apparent impunity.

PRIORITIES IN POLICE AND OTHER FUNDING OF DETECTION AND INVESTIGATION

7. We understand the key importance in police funding of giving the highest priority to community safety. However, though economic and business crime is sometimes perceived as being of relatively low political importance, it has a very damaging effect, both socially and economically.

8. Our preference would be for a proportionate increase in the funding available to the police for the fight against economic crime, including through the use of the confiscated proceeds of crime. Indeed, we are strong supporters of the rigorous use of confiscation, together with the restitution of the proceeds of crime to its legitimate owners (where these exist) to help negate adverse economic effects, as well as for its punitive effect.

9. Government funding is not the only way in which the fight against economic crime can be effectively financed. Innovative means of furthering police commitment to the fight against all crime should be constantly under consideration and best practice should be disseminated generally. One such way is the use of a partnership approach. Effective partnerships have been set up between the Metropolitan Police and private sector trade bodies, in the fields of credit card fraud and insurance fraud, which enables private sector funds validly used in minimising commercial losses, to also be effective in reducing the potential funding of organised crime and terrorism. The City of London Police effectively harness private sector cooperation, in balancing the needs of commercial organisations in recovering the proceeds of fraud with the public sector priorities for its prosecution. The lessons learned from these approaches need to be better disseminated and followed.

10. The criminal justice system might also be targeted with working in partnership with other Government agencies. This might include, for example, with the DTI in instances of business closure where illegality is a factor or with the FSA or OFT in cases of illegal sales practices. More generally, however, the DTI (or its successors) should be better involved in working with the police, in the achievement of their general objectives of the creation of conditions for business success and helping the UK respond to the challenge of globalisation.

9 May 2007

Memorandum submitted by East Midland Police Authorities

JOINT COMMUNICATION FROM DERBYSHIRE, LEICESTERSHIRE, LINCOLNSHIRE, NORTHAMPTONSHIRE AND NOTTINGHAMSHIRE POLICE AUTHORITIES

POLICE FUNDING IN THE EAST MIDLANDS REGION

1. This submission from the five police authorities in the East Midlands, is intended to inform the Police Funding Inquiry by the Home Affairs Select Committee.

2. The five police authorities in the East Midlands are working together, and with the Home Office, to develop and implement models of joint working, to deliver improvements in protective services, alongside continuing improvements in policing in general across the region. The critical issue for the East Midlands police authorities is funding.

3. The financial situation facing the region remains stark, with all five East Midlands police authorities facing a significant budget shortfall in 2007–08 (Table 1).

Table 1

THE BUDGET SHORTFALL FACING EAST MIDLANDS POLICE AUTHORITIES IN 2007–08

<i>Police Authority</i>	<i>£ million Shortfall</i>
Derbyshire	3.2
Leicestershire	3.4
Lincolnshire	4.3
Northamptonshire	4.9
Nottinghamshire	4.5
Total for East Midlands	£20.3 million

4. The East Midlands contains some of the most underfunded police forces in the country, with all receiving less funding per capita than the national average. The region as a whole is on average in the bottom third of police authorities for expenditure per head of population. This situation has existed for at least a decade and has been a problem under successive governments. Medium term financial projections put the shortfall in the region of £129 million.

5. An independent study by Rita Hale OBE, an expert in local government policy and finance, was commissioned in 2005 by the East Midlands Police Authorities. This study shows that their combined income rose more slowly than inflation between 1995–96 and 2005–06 (in pounds per head terms, a rise of 23.8% compared to an inflation rate rise over the same period of 28.3%).

6. When assessing gross police spending in 2005–06, the study found the average for England was £174 per person. When spending in the region is expressed as a percentage of this average, as set out in Table 2, it is clear that all five police authorities suffer in comparison to the rest of the country.

Table 2

GROSS POLICE SPENDING ASSESSMENT 2005–06

<i>Police Authority</i>	<i>£/head</i>	<i>% of English Average</i>
Derbyshire	136	78%
Leicestershire	147	84%
Lincolnshire	126	72%
Northamptonshire	139	79%
Nottinghamshire	158	90%
East Midlands (average)	143	82%

7. The study also found that those Police Authorities whose populations are growing rapidly tend to receive lower *per capita* increases in Central Government support than those with similar characteristics, whose populations are growing more slowly. This is an important issue for the East Midlands Police Authorities because:

- The region's population has grown much faster than that of England as a whole over the period from mid-1993 to mid-2003, ie by 4.1% as compared with 2.7%.
- Two of the Region's Police Authorities—Lincolnshire and Northamptonshire—have some of the fastest growing populations in England as a whole.

8. For example, Lincolnshire's population grew by 10.6% over this period, the fourth fastest growth out of the 39 English police force areas. Consequently Lincolnshire's base funding position at 2005–06 is historically low. Indeed, for many years now, it has received the second or third lowest grant per head of population throughout the country.

9. With the Milton Keynes and South Midlands growth area certain to increase the region's population at an even faster rate, it will be vital for funding to be increased accordingly in order to meet future demographic demands.

10. The specific challenges and obstacles currently facing police authorities in the region can be identified in a number of key areas.

FLOOR FUNDING

11. The existing “floors and ceilings” arrangements operate to the disadvantage of the East Midlands region, and whilst there is a need to protect those police authorities whose combined income from central government sources would otherwise fall—or rise at a much slower rate than inflation—the cost of that protection should be met by the Exchequer and not by other police authorities. In aggregate, the East Midlands police authorities lost more than £13.8 million of their central support in 2006–07 as a result of the operation of the floors adjustments and will lose £14.8 million in 2007–08.

COUNCIL TAX CAPPING

12. The capping regime has been used since 2004–05 and unfairly restricts the abilities of Police Authorities to make adjustments to their local budgets that are necessary to maintain or improve local services, in the face of reduced national funding.

13. The police precept is typically one-tenth of the council tax bill and a 10% increase in police precept would add 1% to the overall council tax bill. There are therefore opportunities in many cases for a higher than 5% increase to be applied by the police authority, which would not necessarily lead to a 5% total increase in an individual council tax payer’s bill.

POLICE COMMUNITY SUPPORT OFFICERS

14. The region has fully embraced the concept of PCSOs, and local communities have seen the benefit these officers bring to supporting the work of the police. However, the funding basis is not sustainable and is predicated on efficiency savings (which are already inadequate to balance the books) and partnership funding (which is restricted by budget deficits in local government).

15. Current levels of funding provides for 16,000 PCSOs at 75% of their pay. This runs the risk of undermining the initiative, and will lead to a debilitation of local policing as a result of support not being at the anticipated levels. Uncertainty over the future of funding for this specific area could potentially lead to new posts not being filled while the risk of losing the funding at some point in the future remains.

EAST MIDLANDS SPECIAL OPERATIONS UNIT (EMSOU)

16. The region has been innovative in pooling resources to establish the EMSOU and has secured time limited national funding for two years in total of £8 million. Local police forces have seen a significant improvement in region-wide special operations work, and EMSOU is a step on the way to closing the protective services gap. It is one of the best examples in the country of successful operational collaboration across several force areas, and should in our view be used as an example of how to help close the gap in other parts of England and Wales.

17. However, as things stand, central funding for EMSOU runs out on 31 August 2008: should this funding be withdrawn, then clearly the unit is not sustainable in its current form. We would urge the Home Office to continue to support this valuable resource, and to indicate this support as soon as possible to ensure continuity of staff and service alike.

CRIME FIGHTING FUND

18. The government has now sensibly relaxed the rules around the crime fighting fund and this will be useful to some forces in improving efficient use of resources through workforce reconfiguration, however this must not be seen as the solution to the budgetary gap as the opportunities are not equal across the region.

MEDIUM TERM FINANCIAL PROJECTIONS

19. To better understand the level of underfunding in the region, the financial departments for each of the five forces has made financial projections for budgets up to and including 2010–11. The projections have been developed on a consistent set of resource assumptions as follows:

- Central Grant support increase at 2%—this is in itself an optimistic assumption, given that the Home Secretary has identified other policy areas such as immigration and probation services as particular priorities for the immediate future.
- Annual precept increase capped at 5%.
- General Price inflation of 2%.
- Pay inflation of 3%.
- Continuation of PCSO grant at 75%.

Table 3 below, shows the budget deficit in each force including and excluding the impact of PCSO funding and the cumulative position to 2010–11:

Table 3

	<i>Total</i>	<i>Derbyshire</i>	<i>Lincolnshire</i>	<i>Leicestershire</i>	<i>Northamptonshire</i>	<i>Nottinghamshire</i>
Shortfall on Standstill Position (excluding impact of PCSO's)	£m	£m	£m	£m	£m	£m
2007–08	15.0	2.1	4.7	2.4	3.4	3.5
2008–09	24.4	2.5	8.2	2.4	3.9	7.4
2009–10	33.5	3.5	11.6	1.9	4.4	12.1
2010–11	40.0	4.4	14.9	1.4	5.4	13.9
Total Shortfall over the period	114.0	12.5	39.4	8.1	17.1	36.9
Shortfall on Standstill Position (including impact of PCSO's)						
2007–08	19.2	3.2	4.3	3.4	4.9	4.5
2008–09	29.1	4.4	7.0	3.4	4.3	10.0
2009–10	38.7	5.4	10.5	3.3	4.8	14.7
2010–11	45.7	6.2	14.1	3.1	5.8	16.5
Total Shortfall over the period	133.8	19.2	35.9	13.2	19.8	45.7

20. The headline figure of these financial projections was that the funding gap for the region by 2010–11, excluding the shortfall caused by PCSOs, is equivalent to the funding for 800 police officers per annum. This obviously has huge implications for service delivery.

21. The position is further exacerbated by the impact of the PCSO funding gap, which is a further shortfall of £20 million over the four-year period.

22. It is also important to understand that these figures represent the standstill budget requirements, and developmental needs, including those around protective services, are excluded.

23. The targets for efficiency savings, that commenced in 1999–2000, expect the police service to be 30% more efficient by 2010–11. To date, the East Midlands police forces have showed cashable savings of at least £53 million. However, given that more than 80% of the budgets are staff wages then scope for further savings will be limited, unless further redundancies are enforced.

24. Therefore the region will face stark choices when deciding its approach to policing services to achieve the cost reductions required (£129 million) to balance the books.

25. However, even if significant reductions in the cost base were achievable, it is unlikely that these would be sufficient to address the budget shortfall, and would leave the protective services gap unfilled.

Table 4

SHOWS THE CASHABLE EFFICIENCY SAVINGS PLANNED/DELIVERED IN THE REGION TO DATE

<i>Cashable Efficiency Savings</i>	<i>Total</i>	<i>Derbyshire</i>	<i>Lincolnshire</i>	<i>Leicestershire</i>	<i>Northamptonshire</i>	<i>Nottinghamshire</i>
	£m	£m	£m	£m	£m	£m
2006–07	12.6	2.4	2.5	2.2	2.0	3.5
2005–06	13.2	4.2	1.6	2.5	1.7	3.2
2004–05	7.7	0.3	1.3	1.7	1.2	3.2
2003–04	3.6	0.1	1.3	0.7	0.4	1.1
2002–03	2.8	0.1	1.2	0.2	0.1	1.2
2001–02	4.7	0.4	1.2	0.8	1.0	1.3
2000–01	4.0	0.4	1.2	–	1.0	1.4
1999–2000	4.6	0.9	0.6	–	1.2	1.9
Total Savings achieved	53.2	8.8	10.9	8.1	8.6	16.8

11 May 2007

Memorandum submitted by the Association of Police Authorities

The CSR submission was drafted over the period between May and November 2006. Events have moved on in the last six months and have either confirmed or extended some of the issues raised in the submission.

FINANCIAL FORECASTS

Formula grant increase for 2007–8 was set at 3.6%, and again applied effectively as a flat rate increase to all Authorities. There are now 24 Authorities at the grant floor, with £130 million being scaled back from the other 18 Authorities. Four of these Authorities have lost potential funding over £10 million.

Capping rules were retained, although in the final outcome, none of the Police Authorities which felt they had no option but to exceed the informal guidelines were capped.

Additional funding was made available for counter terrorism, which potentially eased some of the new pressures on the service. In the Chancellors budget, extra money was earmarked for security and intelligence services. This will indirectly benefit the Police Service. Recently the Home Secretary has floated a proposal for adjusting the Police funding formula to allocate money for Protective Services spending. This would be purely a redistributive measure, and would have no impact on the funding gap.

£25 million of the capital funding which was withdrawn to meet potential merger costs has been returned to Police Authorities.

The Chancellors Budget for 2007–08 did not change any of the main assumptions. It restated the Governments key policy priorities which for CSR07 do not explicitly include policing, and reiterated the commitment to public sector pay restraint. It remains the case that if pay increases over the CSR07 period can be held down to the Chancellor's target level, then other things equal there is reasonable prospect of bringing the potential funding gap under control. The final outcome of the investigation by Sir Clive Booth into Police Pay could be highly influential in this respect.

Surveys of Police Authorities confirm that the average 2007–08 budget requirement increase was 4.69%. This figure is after Authorities have taken measures to reduce future commitments, and confirms the yardstick of at least 5% per annum for standstill. Eight Police Authorities set budgets for 2007–08 requiring precept increases above 5%. The justifications included:

- Funding PCSOs above the revised target, to fulfil public commitments.
- To avoid reductions in service and/or police officer numbers.
- To invest in protective services.
- To reflect positive feedback from public consultation.

It is significant that Authorities are also beginning to feel the effect of constraints on Partnership funding, with reports of local authorities being unable to fund their share of additional PCSOs.

Funding for dedicated security posts has effectively been cut back. The overall funding was retained at £212 million although the number of posts has increased by over 4%. In real terms this represents a cut of 7%. This will add to pressures locally, significantly for some Authorities.

A number of other specific grants such as Rural Policing, Forensic support, special priority payments, and BCU support have been frozen in cash terms for several years, and this represents a further shortfall.

Recent announcements have delayed the release of the CSR07 guidelines, and the latest suggestion is that figures for 2008–09 may not be available until just before Christmas, with broad guidance for 2009–10 and 2010–11 not released until January (and possibly not on a service by service basis). This will defer some of the potential resource planning benefits for Police Authorities. The ability to look beyond the next financial year with confidence on the main funding assumptions enables Authorities to plan more effectively for reducing resource levels.

Latest unofficial guidance from the centre is that CSR07 guidelines are tightening and that the creation of the Justice Ministry could have an adverse impact on the funding available within the Home Office for policing. The service is now beginning to plan for year on year increase at the lower end of planning range (2%). While the CSR07 submission assumed increases at the low end of the range, there was a view within the service that this might be unduly pessimistic; that does not appear to be the case.

Police Authorities must ensure that they maintain access to new funding sources, and that where appropriate extra demands are reimbursed. This includes charging to third parties, including sports venues and most recently airports. Authorities also need full access to funding streams such as Planning Gain Supplement.

Lyons: there was very little of direct relevance to Police Authorities in the Lyons report. The position a relation to the five key points included in the APA submission in October 2006 is as follow:

The APAs position as agreed in October 2006 covered the following points:

- Without taking a view on individual proposals, the APA should support the intention to make council tax fairer. Lyons' proposals in relation to council tax benefit, revaluation and additional bands are all designed to improve fairness.

- The APA should press for measures to clarify police authorities' accountability for police council tax without having to administer costly separate billing arrangements. There is no suggestion in the Lyons Report of separating police taxation from mainstream council tax, which was the concern behind this statement. Although Lyons stressed the need for clear accountability there appears to be no specific reference to the particular circumstances of police authorities.
- The APA should continue to fully support the general local government case for the return of the business rate. Whilst not ruled out, the Lyons Report puts this into a very long timeframe. Sir Michael is clearly not convinced by the simple "balance of funding" argument. However the Association should take an active interest in the short term recommendation for a supplementary business rate.
- If Lyons proposes new taxes the Association would wish actively to explore whether the police service should benefit. The police service clearly has no locus in relation to charges for domestic waste collection. There remains the potential for tourist taxes and, although the Association had reservations about their significance for police, we should nevertheless monitor developments in this area.
- The APA should not support any extension of charging for normal policing services. There is nothing in the Lyons Report to suggest such a development.

Measures to release the pressures

In the CSR07 submission, the service argued for a relaxation in the Crime Fighting Fund rules, and for a lower target level for PCSO numbers. Shortly after the submission was given to Home Office, the Home Secretary announced relaxations on both measures. This will have a significant beneficial impact on Authorities over the next five years by removing a future pressure. (It is important to recognise that the PCSO change will not generate additional resources in the short term because Authorities had not been able to identify the required funding within their plans.)

Ministers announced the deferral of the single Non Emergency Number project beyond Wave 1. This will allow further time to reassess future costs and benefits.

Efficiency targets

Following a discussion paper originally promoted by the Treasury, (Delivering a step change in Police productivity) the service is working with Home Office to change the culture of efficiency planning. More emphasis will be placed on "cash-releasing" savings (as opposed to "cashable" savings). The aim in future will be to generate savings which will reduce the bottom line. Since 1999, the Police Service has concentrated on recycling of efficiencies. The new regime represents a totally different culture and will increase the risks for Police Authorities.

The focus will also shift more towards measures to increase capacity and output.

Work has proceeded over the last six months on developing proposals for national and regional shared services. Collaborative ventures are being developed in several areas of the country (examples including 14 forces collaborating on Forensic analysis; level two collaboration in East Midlands and Yorkshire; joint provision of internal audit/legal services). In some cases, benefits are only achievable with initial investment.

Workforce modernisation is being piloted in nine areas. If significant changes are deliverable, savings of up to 20% in some areas of the police budget have been claimed

The NPIA is now fully operational with a total 2007–08 budget of £600 million (£400 million revenue/£200 million capital). The new organisation faces severe challenges in its early years, as the majority of its funding is committed to programmes such as Airwave. Several of the other critical national programmes such as Impact and a number of IT related projects are already identifying funding gaps. Police Authorities face a number of uncertainties.

- Future continuity of projects.
- Impact of reprioritisation nationally.
- Prospects of top slicing, "crowding out" of local projects to fund NPIA, or additional charging.

11 May 2007

Memorandum submitted by the Fraud Advisory Panel

INTRODUCTION

1. The Fraud Advisory Panel (the “Panel”) is a registered charity which aims to raise awareness of the immense social and economic damage caused by fraud and to help both the public and private sectors, and the public at large, to develop effective remedies.

2. Members of the Panel are drawn from the law and accountancy professions, industry associations, financial institutions, government agencies, law enforcement, regulatory authorities and academia.

3. The Panel was established in 1998 through an initiative by the Institute of Chartered Accountants in England and Wales. Today, it works to encourage a truly multi-disciplinary perspective on fraud.

POLICE FUNDING

4. The Fraud Advisory Panel supports the submission made by the Institute of Chartered Accountants in England and Wales (the “Institute”) to the Home Affairs Committee on the issue of police funding.

5. The Government already invests significant funds in tackling violent and other forms of serious crime. The Panel recognises the need for this but would like to see more resourcing of the police’s fight against fraud.

6. The Interim Report of the Government’s recent Fraud Review noted that “*whether a fraud gets investigated can depend on whether the victim can organise and finance the investigation themselves . . . The decline of police resources to investigate fraud means that the chance of a low or medium value fraud against the private sector being investigated is very small*”.⁵ Many individual victims tell a similar story. The final report confirmed that because “*fraud is not a national police priority . . . even when reports are taken, little is done with them*”.⁶

7. A number of facts should lead to fraud being seen as a policing priority:

- The economic cost of fraud is significant and increasing. A recent ACPO study estimated minimum direct losses by private individuals at £2.75 billion in 2005. Public sector fraud losses were “conservatively” estimated at over £6 billion (a figure that takes no account of tax fraud). The total bill—again a bare minimum—was estimated at almost £20 billion.⁷
- There is growing evidence of a link between fraud and serious organised crime. Fraud is now a key priority for the Serious Organised Crime Agency (SOCA).⁸
- Fraud is part of the pattern of criminality. Research indicates that young fraud offenders are more likely to have committed a “core” offence such as robbery, assault, burglary, criminal damage, theft, and selling drugs and to be frequent and serious offenders.⁹
- Fraud has a devastating effect on individuals, businesses and communities. Individuals lose their life savings, businesses go bankrupt and the wider community is affected by increased prices and taxes to cover the cost.¹⁰

8. The very limited capability of the police to investigate fraud is unlikely to act as an effective deterrent for the vast majority of fraud offenders. Therefore the Panel welcomes the Government’s recent initiatives and its commitment to develop and implement an anti-fraud strategy. We believe, however, that these reforms must be fully supported by sufficient funding in order to be successful.

14 May 2007

Supplementary memorandum submitted by the Association of Chief Police Officers of England, Wales and Northern Ireland

I would like to take this opportunity for thanking the Home Affairs Committee for the time and attention it gave to the growing problem of police finances and use of resources. I would also like to take the opportunity to thank you and the committee for the understanding shown for the delay in my attendance due to an accident on the M40. Nevertheless, I hope I was able to be some assistance to the committee in its deliberations.

⁵ Fraud Review. (2006) *Fraud Review Team: Interim Report*. London: Fraud Review. Page 132.

⁶ Fraud Review. (2006) *Fraud Review: Final Report*. London: Fraud Review. Page 7.

⁷ Levi, M, Burrows, J, Fleming, M H and Hopkins, M (2007) *The Nature, Extent and Economic Impact of Fraud in the UK*. London: ACPO.

⁸ SOCA. (2006) *SOCA Annual Plan, 2006–07*. London: SOCA.

⁹ Wilson, D, Patterson, A, Powell, G and Hembury, R (2006) *Fraud and Technology Crimes: Findings from the 2003–04 British Crime Survey, the 2004 Offending, Crime and Justice Survey and administrative sources*. Home Office Online Report 09/06. London: Home Office.

¹⁰ Fraud Advisory Panel. (2005) *Seventh Annual Review 2004–05: The human cost of fraud*. London: Fraud Advisory Panel.

I have now received a full and accurate transcript of the evidence and an invitation to provide additional evidence in support of specified questions. I appreciate that it is not possible to add to that transcript, however, I would also, like to provide further information, which I feel, might be helpful to the committee. As chair of the ACPO Finance and Resource Business Area I have been cautious about utilising the number of officers that might be lost as a result of potential spending restrictions in the CSR2007 period. These are difficult to estimate and are susceptible to a wide range of variations which can significantly alter the final figures. Furthermore, because of the funding formula, and the wide ranging impact of council tax variations, the exact impact of spending restrictions can vary from force to force. Having said that, however, I believe that the 5,000 officers cited by Mr Jones is as good an estimate as can be currently made.

I thought it might be helpful if I gave you further details on the Audit Commission Use of Resources. In their final report the Audit Commission stated that police authorities and forces were responding well to the challenge of securing effective use of resources. The majority of police forces (98%) performed consistently above the minimum requirements set by the Audit Commission. This compares well against other parts of the public sector. The grading used was as follows:

- Grade 1—Below minimum requirements—inadequate performance.
- Grade 2—Only at minimum requirements—adequate performance.
- Grade 3—Consistently above minimum requirements—performing.
- Grade 4—Well above minimum requirements—performing strongly.

Many of the forces scored threes with only one force receiving a four. Therefore “good” does not mean average, it is better than average, better than acceptable and as such the service as a whole consistently performed above the minimum requirements.

Thank you once again for providing me with the opportunity to give evidence regarding the issues surrounding police funding. Should you wish me to clarify anything further then please do not hesitate to contact me.

12 June 2007

**Supplementary memorandum submitted by the Association of Chief Police Officers of
England, Wales and Northern Ireland**

RESPONSE TO ADDITIONAL QUESTIONS FROM THE HOME AFFAIRS SELECT COMMITTEE

1. *Do you agree with the Home Office that the 2007–08 settlement is a “fair” settlement? Why will you have to use reserves to boost the settlement, when it represents a 3.6% increase (£332 million) from the previous year compared to a 3.1% increase from 2005–06? Will you have to prioritise some programmes over other, or drop any activities? Other than SNEN, are there any other areas under active consideration which may be victims of the funding situation?*

The use of the word “fair” is subjective and depends on the basis of the comparison and one’s point of view. If the question is “was the settlement adequate to meet demands?” then the answer is no.

The quoted increase of 3.6% only applies to funding provided under the general funding formula, it does not take account of specific grants provided by the Home Office which were frozen, reduced, or deleted. Taking the three largest specific grants it will be noted that:

- CFF grant was frozen at the 2006–07 level leaving Forces to pick up the cost of pay awards and salary increments associated with these officers.
- NPF grant for PCSOs was reduced to 75% of costs leaving Forces to find the FYE effect from their general grant.
- The *per capita* funding under the Security grant was reduced due to the fact that the number of officers approved increased at a greater rate than the available grant leaving Forces to pick up the shortfall.

The impact on overall funding varies between Forces depending on their level of specific funding. For example in Gloucestershire, which has a high security grant allocation due their national Royal Household duties the overall increase in grant (both general and specific), after allowing for the above specific grant effects was only 1%, a significantly lower sum than the quoted 3.6%.

With an overall grant increase, after allowing for the FYE of PCSOs etc, below the increase in nationally set pay awards Forces were required to use efficiency savings, reserves, and in a few cases Council Tax increases above 5% to balance their budgets.

The unnecessary distraction of amalgamation and the recent establishment of NPIA have resulted in the service being distracted from their normal medium term planning processes as a result of which 2007–08 has become a transition period in which the service takes stock and decides what it can afford to take forward over CSR2007. One of the early casualties has been SNEN and the NPIA are currently reviewing their work

programmes to identify further reductions. Worryingly this appears to involve passing costs for new developments onto Forces. In particular the service has real concerns over the funding being made available for IMPACT and is currently in discussion with the Home Office over the funding required for this critical project.

Another victim of the funding shortfall has been the 8,000 reduction in the Government target for PCSOs (original target of 24,000 now reduced to 16,000).

The use of £100 million of reserves has masked the real funding shortfall for 2007–08 and Forces will need to identify where permanent savings and cuts will come from to replace this dependency on reserves. The early signs are that this will be at the expense of staff reductions with 3,100 support staff posts being reduced in 2007–08.

A final sign of funding difficulties is the number of Forces who felt unable to remain within a 5% Council Tax capping limit and sought, successfully, approval to exceed this limit including Durham who set a 34.9% increase.

2. *Why is it that total police revenue expenditure increased by 39% between 1997 and 2006 and yet police officer numbers only increased by 11% in the same period? Why does it not look as though a particularly large proportion of the extra resources actually reached the front line?*

The question appears to confuse police numbers and the “front line”. It is possible to increase the front line with no additional officers by releasing officers from back office and support roles. The evidence given at the hearing has already eluded to the overall increase in all staff numbers—PCSOs, support and specialist staff (see reply to question 5 by Mr Jones) and to this list can be added outsourcing (eg custody officers) and efficiency improvement through technology (eg Airwave radio system, ANPR, DNA). The investment has not been blindly spent on additional officers but has been wisely invested across a range of initiatives so as to maximise the return in relation to service performance. Furthermore, the service has by definition, met the precise requirements of the Government by fully implementing the Crime Fighting Fund (CFF)

The Service’s continued drive to divert investment to the front line, as opposed to the narrow issue of officer numbers, is reflected in the 2% improvement (to 2005–06) in the front line policing measure since its introduction in 2003–04.

It should also be taken into account that there have been a range of new laws and centrally driven changes in procedures which have generated extra work for officers, and which cumulatively have attracted some of the increases in resources.

Finally, some of the increases have been spent on support staff which have been used to police important additional services, which the public value eg improved contact management support.

3. *An independent study (CCJS, January 2007) demonstrated that in the 12 months to March 2006 5% of all “offences brought to justice” were accounted for by warnings for cannabis possession and 8% by PNDs. Why have you padded the offences brought to justice figures with cannabis cautions and PNDs? Why have the numbers of offenders and offences being brought to justice not increased?*

On the basis that the public would rather not be a victim of crime than see the perpetrator of such a crime be punished the service has successfully concentrated on crime reduction, prevention, and re-offending. This is set out in the evidence presented to the Committee in replies to:

- Question 10 where Mr Jones states “that the risk of being a victim [of crime] has fallen from 40% to 24%, and the fact that we are just about filling up prisons and to what degree we are deterring crime and in particular a lot of the work in terms of partnerships, with crime and disorder partnerships . . . All those areas, where we hope that it is not just a question of enforcement and putting people before a court but actually steering people away from lives of crime . . .”
- Question 50 where I state “if you take, for example, young people through the courts because they have behaved in extreme forms of anti-social behaviour, you run the risk of criminalising them at an early age”.
- Question 53 where the Minister refers to “the changing nature of the crime profile, the changing use of summary justice, restorative justice and the criminal justice system”.

With a reduction in crime comes a reduction in the number of offenders. After allowing for other methods of addressing their criminality this means a reduction in the potential number of offenders who could be brought before the courts. The fact that the service has maintained the number of offenders brought to the courts, despite the reduced opportunities to do so, means that there is a greater chance of ‘being caught’ than ever before.

It is important to note that forces are using centrally improved definitions, those approved and owned by the Government. As such the service can hardly be criticised in this manner. The object of PND’s and cautions was to achieve a positive outcome for criminal justice Processes without burdening the courts and CPS processes. This would have been costly and even more time consuming for officers taking them away from the front line.

It should be noted that the impact of recent development, such as NPF, has yet to be fully imbedded and rolled out and consequently the full benefits of recent investment has yet to be realised. Other investment, such as Protective Services and Counter Terrorism, whilst expensive is not related to high volumes of conviction rates and in a similar vein the visible presence of PCSOs is designed to provide reassurance and crime reduction & prevention rather than offenders brought before the courts.

It is also worth considering that though a process of “natural selection” those offenders still active tend to be smarter than their convicted contemporaries and consequently harder to successfully convict.

4. *Your CSR submission states that, if under-resourced, “services provided to communities will erode”, and 82% of Chief Constables surveyed stated that cuts will impact on police officer numbers. Are you saying that a tighter settlement over the CSR years will necessarily mean a cut in front line policing services? What is the scale of police officer cuts you calculate would be needed over the three CSR years?*

As the Minister stated in his reply to question 58 the predictions over the CSR07 period are based on a range of four or five different assumptions and that whilst he accepts that the assumptions made by the Service are perfectly fair, and are not wild assumptions, they are not the assumptions he would use. Consequently the outcome of the tighter settlement depends on the assumptions you use and whether they actually turn out to be correct.

In the Minister’s reply to question 62, in respect to the Home Office publishing its assumptions, the Minister replies that “if that can happen in the practical sense, then it should. I suspect though more likely is that the assumptions will be published as and when we in the Home Office determine how to divvy up the CSR”. The service looks forward to seeing, and comparing, the Home Office assumptions with our own.

The main area of difference between the Service and the Home Office appears to be in relation to pay awards. Whereas the Service has assumed, based on previous pay awards geared to the national average, a pay settlement in excess of grant increases the Home Office appear to be relying on the Booth report to deliver a pay settlement more inline with grant increases. With over 80% of police expenditure related to staff costs this assumption variation explains the difference between the Service’s view of the potential need to reduce posts and the Home Office view of an adequate funding level.

It is stated in the evidence that £100 million of reserves are being used to support the 2007–08 budget. It is also stated, and accepted by the Minister in his reply to question 59, that £100 million represents the loss of between 2,000 and 3,000 posts. Consequently if suitable savings are not identified to replace the current reliance on reserves a potentially significant reduction in staff posts will be required over the CSR07 period. The need to replace the reserves is acknowledged by the Minister in his reply to question 64 where he stated “It is quite proper, although temporary and I do take the point, for authorities to use reserves to get over a temporary blip so long as it is only a temporary blip because that very soon becomes, as you quite rightly imply, an utterly unsustainable way of policing into the future”. The Service awaits the CSR07 settlement and pay award to see if this year’s need for reserve support was a temporary blip or an unsustainable way of providing policing into the future.

It is possible that the Home Office could decide to introduce, as part of their assumptions, a 3% per annum cash releasing efficiency target. Over the three years of CSR07 this would require a cut of almost 50% to the non staff part of the budgets if posts are not to be effected. Clearly this cannot be achieved and consequently posts would have to be deleted. The question is how many of these posts will be officer as opposed to support staff.

A loss of around 5,000 posts (see answer to questions 15 to 18 by Mr Jones) is therefore a realistic projection but should any of the assumptions worsen then the numbers lost would be higher. An adverse change of only 1% of budget would mean a loss of another 3,000 officers or police staff.

5. *You have said that “successfully constraining budget increases to the lower levels of funding expected under CSR07 will depend almost entirely on restraining pay” and yet you argue that pay restraint may have serious consequences for recruitment and retention. Is there really a special case that can be made for the police, as compared to other public sector workers, against a staged pay award?*

The police have always been treated as a “special case” to reflect the fact that they cannot strike. As a result they have received an annual pay award set inline with the national average pay award a process introduced by Edmund Davies and continues by the Sheehy report.

The setting of “average” pay awards has ensured that the police salary remains competitive in the market place and has ensured reasonable retention and recruitment levels, the former being especially important in view of the time and cost required to train a new probationer constable.

The combined impact of the blue bulge (significant number of officers retiring who were recruited during the rapid expansion period of the mid 1970s) and the demographic dip (fewer school leavers) has resulted in every increasing recruitment pressures. If the police salary were to be seen as uncompetitive, falling below average pay awards, the service could be faced with significant recruitment issues and a consequential fall in officer numbers.

In relation to a staged payment this would only provide funding relief in the year of award, as the full baseline impact of any staged award would still impact on the following year. At best a staged award would provide temporary in year relief and at worse could damage employment relationships with officers who, as Mr Winnick MP states in his question 26, “we all know the absolutely essential work that police officers do, and moreover, we know that in some tragic cases their lives are sacrificed”.

6. *Sustainable policing argues for greater flexibility for police over use of resources, in particular restrictions or ring fences on particular funds. Mr McNulty told the Committee that he is happy to look at any funds which remain ring fenced without good reason and “throw [them] into a flexible local pot” (Q80). Can ACPO identify any funds which might fall into this category which the Government should make more flexible?*

Specific grant should be exactly that, grant for specific issues that are outside of normal policing. The obvious example of this is the security grant where the requirement is a national responsibility rather than a local one, eg royal household protection, major airports or docks.

In respect of the remaining specific grants it is not only important to provide flexibility but also transparency in overall police funding. At present this transparency is lost against a headline increase in general grant whilst specific grants are frozen or reduced leading to an overall funding increase that is below the headline figure. Therefore when adopting a more flexible approach to current specific grants it is not enough to put them into Rule 2 funding, they need to be moved to general grant funding to improve transparency and bring some much needed simplification to the funding regime. In order to ensure no individual force lost out as a result of this transference to general grant it would be necessary to apply the current system of floors to the current sum of general grant plus specific grants.

More flexibility is also required on Council tax to allow forces to access local taxable value to support genuine local prioritising.

The Minister’s comments in relation to the flexibility provided for the CFF grant is welcome but it is disappointing that the Home Office still feel the need to apply strings to the NPF grant. The Service feel that the mix of Officers, PCSO, Specials, Support staff and IT needed to provide neighbourhood policing is best left to local discretion based on local need and that earmarking funds for one part of this complex jigsaw is not an effective way to provide this service. If the Home Office wished to ensure effective provision of neighbourhood policing, or any other aspect of policing currently covered by specific grant, this can be done within the existing HMIC inspection process backed by the Police Standards Unit if Forces are found to be significantly underperforming.

The danger of micro management of funding is that some areas of policing are protected whilst other priority areas are neglected. For example comments have been made in the evidence provided in relation to the lack of IT for officers. Whilst the service is well aware of the benefits such systems bring there is inevitable a significant set up cost, and ongoing running cost, associated with such systems. The inability under CFF grant rules, and now NPF rules, to alter the numbers of staff to fund such systems, which in turn would make the remaining staff more flexible, efficient and productive, is a prime example of why micro management does not work.

However, it is not just specific grants that are holding up flexibility in respect of efficiencies as the current fixation on the FLP (front line policing) measure has compounded the situation where numbers of staff are deemed to be the important issue as opposed to the outcome and productivity of those staff. It may well be that the introduced of IT, funded by a reduction in staff and consequent drop in the FLP measure, could lead to better productivity and outcomes. However the current requirement to drive up FLP prohibits this approach and as a result the opportunities to release the set up investment required to introduce initiatives such as Biometrics, wider ANPR coverage, mobile data, shared service centres, and integrated systems are being unnecessary curtailed.

12 June 2007

Supplementary memorandum submitted by the Association of Police Authorities

SUSTAINABLE POLICING: SUPPLEMENTARY NOTES ON FORECAST ANNUAL FUNDING SHORTFALLS—JUNE 2007

1. The figures described as “Funding Requirement” in the table on page 34 represent what the Police Service calculates it needs to stand still under the assumptions set out in the report and summarised on page 35. The forecasts were prepared in Autumn 2006, based on the information available at that time in 2006–7 budgets and plans for future years.

The “total funding” line follows a similar approach; it makes assumptions about the governments plans for RSG and Police Grant Funding, and Council Tax capping, for 2007–08 and beyond.

2. As you note, this generates a net funding increase of 7.99% for 2007–08.

Again as you note, I reported subsequently that the actual budget increase for 2007–08 was 4.69%.

It is important to clarify the conceptual difference between these two figures. The net funding increase (7.99%) is putting a figure on the percentage increase in budgets needed to meet our assessment of the increase in costs and demands. The net budget requirement increase shows what Authorities were actually able to fund—so it takes into account the actual grant settlement, Council Tax capping, local funding strategies, and all the many other responses by local forces and Authorities which were needed to bring the figure into balance. This is essentially what happens every year—plans and aspirations are reduced to meet the financial realities once they are announced, but it doesn't alter the underlying needs. Reserves are a part of this equation, but they don't explain the whole of the variation between 7.99% and 4.69%.

Another very significant factor in reconciling these two figures for 2007–08 is the Home Secretary's decision to relax the rules on Crime Fighting Fund and his plans for the increase in PCSO numbers. The PCSO change—which was not announced until several months after the Sustainable Policing forecasts were completed—removed a significant block of demand from the “funding requirement” increase. We made reference to the change in rules in the final section of the report, but at that time it was too early to say how individual Authorities would react, and so it was not feasible to re-run the models. The actual budget figures show that Authorities did take advantage of the relaxation in PCSO targets, and this is one of the reasons why the +7.99% forecast was not borne out.

It is important that the service emphasises the impact of short-termism at both national and local levels. We are satisfied as a service that the initial assumptions on funding requirements are realistic and soundly based. Surveys tend to confirm that Authorities do not arbitrarily overstate the forecasts by assuming unrealistic demands and levels of service. The process of reconciling these potential requirements with what eventually emerges in the grant settlements is approached in different ways. In some cases it may be achieved by real cuts in the base (eg reductions in the range of services; permanent efficiency savings). For a significant part, however, it is achieved by:

- use of reserves;
- deferring and rescheduling plans;
- holding posts vacant;
- temporary reductions in service;
- applying cash limits from the centre;
- not supporting partnerships; and
- accepting lower quality at the margin.

This is what is happening locally. It enables the service to squeeze a “quart out of a pint pot”. The service is concerned that these short term measures are not sustainable and that eventually either services will fail or the reductions will have to be reinstated.

Recently these concerns have been compounded by some of the strategies adopted by Home Office to make the figures balance.

- Continued cash limiting of certain ring fenced grants.
- Funding for dedicated security posts has been cut in 2007–08 even though the numbers have expanded.
- Grants do not cover the full (and increasing) costs of PCSOs and their support.
- Current proposals to fund Protective Services by top slicing funds within the existing settlements.
- Under the new efficiency regime, there is an increasing tendency to assume that gains will still be available to fund new demands as previously, but at the same time be available to reduce the budget.

Some of these transactions represent disguised cuts—and mean that the headline increase in local grant funding is often not what it seems. Others risk using the same money twice.

All of the measures are valid approaches in order to bring things into balance in the short term, but the combination of what is happening nationally and locally could be more fundamental longer term imbalance.

3. The figures of 5.28%, 4.34%, 3.92% represent what the service was actually forecasting it needed for the period to 2010–11 (subject to the various provisos outlined above).

It is important to put the +5% references in context. I don't think “Sustainable Policing” actually says that 5% per annum is needed across the CSR years (although I acknowledge that we have often made statements that imply this). In paragraph 2.24, the references to +5% are related to past studies; and in para 4.4 we refer to “meeting the full impact of growing demand”. The reason why the year on year increase in the model tends to fall away in years three and four is the slightly optimistic assumption on net growth (extra demands less cash efficiencies) which magnifies itself the longer ahead it is projected. Also, it is important not to ignore the uncertainties at that time about future Pensions funding, which would potentially have put the figure above 5% in all four years (see note J on page 35)

4. Flexibilities

It may help in answering this question if I list some of the matters raised by Police Authorities in a recent survey which asked where they would like to see further flexibilities in order to release funding, enable a more co-ordinated approach, or reduce overheads. These included:

- Continuation of CFF relaxation.
- Workforce modernisation implementation.
- Civilianisation.
- CSO numbers and role.
- More flexibility on charging the full economic cost.
- Terms and Conditions.
- Audit/Inspections/Compliance.
- Data collection for national PIs.
- Capping.
- Carry over of special grants.
- Sharing of national efficiency gains.
- Protection of national grant level.
- London Allowance.
- DSP funding levels.
- Unfreezing of earmarked grants (Rule 2).
- Relax the restrictions on redeployment of restricted duty/recuperating officers.
- Capital/revenue rules.
- 3 year grant guideline.
- If efficiencies are to be built into the funding assumptions, do we still need efficiency plans?.
- Abandon the SPP scheme, or consolidate the payments.
- Amalgamation of forces to reduce duplication (*only mentioned once*).
- Disproportionate accountability requirements for small grants.
- PNB/PSC/PAB rules on negotiation and consultation (esp on shift patterns).
- South East Allowances.
- Formula ceilings.
- Funding for population growth.
- Procurement terms and contract conditions.

12 June 2007
