

House of Commons: Written Statement made by: The Minister of State for Policing, Criminal Justice and Victims (Mike Penning) on 17 December 2015 on Police Grant Report England and Wales 2015/16

I have today placed in the Library my proposals for the aggregate amount of grant to Local Policing Bodies in England and Wales for 2016/17, for the approval of the House. Copies are also available in the Vote Office.

On 25 November, the Chancellor announced that police spending would be protected in real terms over the Spending Review period, when precept is taken into account. This is an increase of up to £900 million in cash terms by 2019/20.

The Chancellor's statement reinforces this Government's commitment to protect the public. That has been true over the last five years and remains the case for the coming Parliament. At the same time as protecting the overall spending envelope for the police, the Government committed to finishing the job of police reform.

Since 2010 we have seen some of the biggest changes to policing in a generation. Crime is down by over a quarter. There is significantly greater local accountability and transparency and police leaders have taken the opportunity to radically reform the way they deliver services to the public. Police officers have been taken out of back office roles and resources focused on front line delivery, putting officers back on the streets where the public expect them to be. Police forces are working more closely than ever before to reduce costs and duplication, and have started to work more closely with other emergency services through co-location and collaboration in areas such as fire and mental health.

But as Her Majesty's Inspectorate of Constabulary has set out, there remain further efficiencies to be made from improved and better use of IT, from greater collaboration between forces and with other public services, and from improving workforce productivity. Better, more collaborative procurement alone can save the police up to £350m in real terms by 2019/20. We trust that Police and Crime Commissioners (PCCs) and Chief Constables will do everything in their power to continue to drive those efficiencies, safeguard the quality of policing and continue to reduce crime.

The Department for Communities and Local Government (DCLG) will today publish proposals for the distribution of funding to English local authorities for 2016/17. A further £4.2m of Council Tax Freeze Grant funding, previously paid to Local Policing Bodies by DCLG, will be paid by the Home Office in 2016/17. This follows the permanent transfer of £500m of other Legacy Council Tax Grants and £3bn of 'formula funding' from DCLG to the Home Office in previous years, reflecting our ambition to simplify police funding arrangements over this Parliament.

The Welsh Government set out its proposals for the allocation of funding in 2016/17 for Local Policing Bodies in Wales.

The overall settlement will increase counter-terrorism police funding in real terms to £670m and includes extra investment to continue the job of police reform. It provides transformation funding to develop and deliver specialist capabilities such as those required to tackle cyber crime and other emerging changes in crime, and enable a major uplift in firearms capability and capacity so that we can respond quickly and forcefully to a firearms attack. By protecting overall police spending, we will

be able to deliver these changes and we will do so ensuring local identity and accountability is not lost in the process.

This settlement also includes within it the police share of the £1bn investment costs of the Emergency Services Network (ESN), demonstrating the importance the Government places on investing in ESN's future capability and confidence in the substantial financial savings it will deliver.

For 2016/17, direct resource funding for each PCC, including precept, will be protected at flat cash levels, assuming that precept income is increased to the maximum amount available. This means that no PCC will face a reduction in cash funding next year compared to this year, and the majority will see marginal increases in their spending power.

I have set out below how we propose to allocate the police funding settlement between the different funding streams and between police force areas for 2016/17.

	15/16* (£m)	16/17 (£m)	17/18 (£m)	18/19 £m)	19/20 (£m)	Change (£m)	Cash change (%)	Real change (%)
Government Funding (excl CT)	8,271	8,378	8,497	8,631	8,785	514	6.2%	-1.4%
<i>o/w Home Office</i>	<i>8,099</i>	<i>8,204</i>	<i>8,321</i>	<i>8,453</i>	<i>8,604</i>	<i>506</i>	<i>6.2%</i>	<i>-1.4%</i>
<i>o/w DCLG</i>	<i>37</i>	<i>37</i>	<i>37</i>	<i>37</i>	<i>37</i>	<i>0</i>	<i>0.0%</i>	<i>-7.2%</i>
<i>o/w Welsh Government</i>	<i>135</i>	<i>137</i>	<i>139</i>	<i>141</i>	<i>143</i>	<i>8</i>	<i>6.2%</i>	<i>-1.4%</i>
Precept	3,105	3,194	3,286	3,379	3,474	369	11.9%	3.8%
Total	11,376	11,572	11,783	12,010	12,259	883	7.8%	0.0%

*Central government funding includes Airwave which has been brought into the police settlement and council tax freeze grant amounts which were not known at the time of the 2015/16 annual police settlement.

Police funding	16/17	
	£m	
Central Government funding*	8,995	
<i>o/w CT Police Grant**</i>	<i>640</i>	
<i>o/w Airwave</i>	<i>204</i>	

o/w Police Private Finance Initiatives	73	
o/w Legacy Council Tax Grants	545	
Overall core Government settlement funding	7,534	
Reallocations	218	
o/w Direct Entry	4.6	
o/w Emergency Services Network	80	
o/w Independent Police Complaints Commission (for the transfer of integrity functions)	32	
o/w Innovation Fund	55	
o/w Major Programmes (HOB and NPDP)	21.8	
o/w Special Grant	25	
Transformation Fund	76	
Total direct government funding	7,239	
Government formula funding	7,061	
<i>cash change</i>	<i>-41</i>	
<i>cash change percentage from 15/16</i>	<i>-0.6%</i>	
<i>real change percentage</i>	<i>-2.3%</i>	
National & International Capital City Grants	178	
o/w City of London Police	4.5	
o/w Metropolitan Police	173.6	
Precept	3,194	
Overall resource funding***	10,978	

<i>cash change</i>	51	
<i>cash change percentage</i>	0.5%	
<i>real cut</i>	-1.2%	
	*Includes £14m baseline adjustment for NCA in 2016/17. A separate baseline transfer has been applied for HMIC.	
	** Additional capital of £30m will be provided for CT policing.	
	***Comprises formula funding, NICC grants, Legacy Council Tax Grants and Precept	
Transformation Fund	76.4	
o/w New Transformation Funding	37.8	
o/w Firearms	34	
o/w Digital justice (CJS)/digital investigations (DII)	4.6	

Provisional force-level allocations of these grants (excluding Counter-Terrorism Police Grant) for each force area in England and Wales for 2016/17 are set out in Table 4. Further detail is set out below.

Counter-terrorism police funding

I will continue to allocate specific funding for counter-terrorism policing over the course of the Spending Review period to ensure that the police have the capabilities to deal with the terrorist threats that we face. The settlement will increase counter-terrorism police funding in real terms to £640m revenue. Additional capital of £30m will be provided.

Police and Crime Commissioners will receive full counter-terrorism funding allocations in the New Year. For security reasons these allocations will not be available in the public domain.

Baseline adjustments

Her Majesty's Inspectorate of Constabulary (HMIC)

We will provide £9.2m to HMIC to continue its programme of thematic inspections and more wide-ranging PEEL inspections. The PEEL assessments are strong evidence of how HMIC 'shines a light' on policing outcomes and value for money. They give the public a clear, independent view of the quality of policing in their local area. The public can use this information to challenge their local force and

through their Police and Crime Commissioner, hold it to account. From 2016/17 this funding will form a permanent baseline transfer to HMIC.

In addition to ensuring that no force area will face a cash reduction in direct resource funding, I have also made funding available for a number of key priorities, set out below.

Reallocations

Emergency Services Network (ESN)

£80m will be reallocated for ESN which will give all officers priority access to 4G mobile broadband data on a single network, including in some areas where it is currently not available at all, allowing them to get even more benefits from mobile working than many forces are already achieving. This investment will bring productivity and operational benefits as well as substantial savings to the taxpayer of around £400m per year, with the police accounting for around £260m of that saving.

Major Programmes

This year we will provide £21.8m from the police settlement to support the continuing development of Home Office Biometrics, a transformation programme looking to provide a single platform for all users (police, immigration and border, Counter Terrorism and Her Majesty's Passport Office) for all three biometric platforms (fingerprint, DNA and face), and the National Police Database Programme that will develop a new national platform whose scope is likely to include that of the current Police National Computer, Police National Database and Automatic Number Plate Recognition systems.

Independent Police Complaints Commission (IPCC)

This is the third year of funding for the expansion of the IPCC to investigate all serious and sensitive allegations involving the police. At the midway point in 2015/16 the IPCC have opened more independent investigations than it delivered in the whole of 2014/15. In 2016/17 I am providing £32m from the police settlement to allow the IPCC to expand and focus on investigating the most serious and sensitive cases.

College of Policing

£4.6m will be given to the College of Policing to deliver direct entry schemes. These schemes aim to attract, select and train exceptional people who have the potential to become senior leaders in policing. This will widen the talent pool from which police leaders can be drawn, open up police culture to new influences and foster an environment where challenge and innovation are welcome. Next year the College of Policing will be opening a new direct entry route in to policing at the rank of inspector to further open up policing ranks and encourage people from different stages in their careers to consider policing.

Police Special Grant

This is the second year we have decided to provide funding from the police settlement for the discretionary Police Special Grant contingency fund, which supports police force areas facing significant and exceptional events which might otherwise place them at financial risk. In 2016/17 I am providing £25m from the police settlement for Police Special Grant.

Police Innovation Fund

I will continue to promote innovation, collaboration and improved efficiency by allocating £55m to the Police Innovation Fund for 2016/17. This year, we want to reward more breakthrough ideas than ever before. We will continue to fund high-quality, large-scale, 'Implementation-Ready' bids to bring innovation to life more quickly. But we are also looking for ideas for smaller-scale, early-stage, 'Proof-of-Concept' bids to make ideas a reality, at scale and pace.

Police Transformation Fund

New Transformation Funding

After consideration, we are allocating £38m New Transformation Funding to incentivise and facilitate transformation in policing to invest in cross-force specialist capabilities, to exploit new technology and to improve how we respond to changing threats. Further details will be provided in the New Year.

Firearms capability and capacity

We will provide £34m to enable a national uplift in armed policing capability and capacity to respond more quickly and effectively to a firearms attack. This will be distributed via the Counter Terrorism Policing Grant.

Digital justice and digital investigations

I have decided to provide £4.6m for policing to begin the critical work of setting up a comprehensive, joined up programme of digital transformation. My priorities for digital policing reform can be divided into three component parts: public contact, digital investigation and intelligence and digital first. This reallocation will ensure these are established as funded programmes that can begin to deliver tangible results in 2016. Joining these together will not only ensure a consistent approach, but will also provide better value for money through economies of scale.

Other funding

National and International Capital City Grant

The Metropolitan Police, through the Greater London Authority, will receive National and International City (NICC) funding worth £174m, and the City of London Police will also receive increased NICC funding worth £4.5m. This is in recognition of the unique and additional demands of policing the capital city, and also ensures that total direct resource funding to both forces is similarly protected.

Council tax referendum principles

As announced as part of the Spending Review, additional flexibility will be given to the 10 PCCs in England with the lowest precept levels each year (the lower quartile), so that they can raise their precept by up to £5 per year per band D household. Other PCCs in England will face a 2.0% referendum threshold each year.

The PCCs to receive this £5 flexibility in 2016/17 are Northumbria, West Midlands, West Yorkshire, Sussex, Essex, Kent, Hertfordshire, South Yorkshire, Greater Manchester and Cheshire.

The Communities Secretary will announce the council tax referendum principles for local authorities in England in 2016/17 shortly. After considering any representations, he will set out the final principles in a report to the House and seek approval for these in parallel with the Final Local Government Finance Report. Council tax in Wales is the responsibility of Welsh Ministers.

Legacy Council Tax Grants

In 2016/17 we will provide Council Tax Freeze Grant to PCCs in England relating to the 2011/12, 2013/14, 2014/15 and 2015/16 council tax freeze schemes and Local Council Tax Support (LCTS) funding previously paid to PCCs in England by DCLG. This will total £507m in 2016/17.

The Common Council of the City of London (on behalf of the City of London Police) and the Greater London Authority (on behalf of the Mayor's Office for Policing and Crime) will also receive Council Tax Freeze Grant relating to the 2011/12 freeze grant scheme. The Greater London Authority will also receive an amount for the 2013/14, 2014/15 and 2015/16 schemes. These sums will continue to be paid from outside of the police funding settlement by DCLG. There will be no new freeze grant schemes in 2016/17.

Police Capital

I still intend to allocate the majority of capital funding directly to Local Policing Bodies. Like last year all Local Policing Bodies will receive the same percentage change in Capital Grant. I will continue to maintain a capital contingency. Indicative figures are set out in Table 3, and I will consider whether further reallocations are required.

Table 3: Police Capital	
2015/16 Police Capital	£m
Police Capital Grant	64.5
Police Special Grant Capital	1
NPAS	16.5
Total	82

Local Policing Body	2016/17				
	HO Core (incl Rule 1)	Welsh Top-up	WG	Ex-DCLG Formula Funding	Legacy Council Tax Grants (total from HO)
	£m				
Avon & Somerset	105.0	-	-	56.5	14.7
Bedfordshire	40.3	-	-	23.3	4.6
Cambridgeshire	48.5	-	-	24.4	6.5
Cheshire	61.5	-	-	44.8	8.3
City of London	18.4	-	-	33.6	0.1
Cleveland	46.2	-	-	38.5	7.7
Cumbria	28.7	-	-	30.8	4.8
Derbyshire	62.1	-	-	37.7	8.7
Devon & Cornwall	102.7	-	-	63.1	15.5
Dorset	41.2	-	-	17.3	7.9
Durham	42.7	-	-	37.0	6.1
Dyfed-Powys	32.1	5.1	12.9	-	-

Essex	102.8	-	-	55.9	13.1
Gloucestershire	34.4	-	-	19.5	6.1
Greater London Authority	861.5	-	-	749.8	119.7
Greater Manchester	226.6	-	-	181.4	25.7
Gwent	42.4	-	30.1	-	-
Hampshire	120.0	-	-	63.1	12.9
Hertfordshire	71.4	-	-	36.4	10.2
Humberside	67.2	-	-	46.6	10.0
Kent	106.3	-	-	66.6	13.3
Lancashire	100.6	-	-	79.2	12.8
Leicestershire	65.3	-	-	39.6	8.9
Lincolnshire	38.4	-	-	20.3	6.8
Merseyside	122.5	-	-	112.8	15.6
Norfolk	50.2	-	-	28.8	9.3
North Wales	46.3	4.9	21.6	-	-
North Yorkshire	41.7	-	-	27.0	7.9
Northamptonshire	43.2	-	-	24.2	6.6
Northumbria	110.1	-	-	107.4	8.2
Nottinghamshire	77.9	-	-	48.1	9.7
South Wales	87.5	-	72.2	-	-
South Yorkshire	100.6	-	-	77.5	10.9
Staffordshire	66.5	-	-	39.9	12.0

Suffolk	40.7	-	-	22.9	6.8
Surrey	62.2	-	-	29.2	9.2
Sussex	97.8	-	-	53.9	13.2
Thames Valley	141.2	-	-	73.9	15.3
Warwickshire	31.0	-	-	17.4	5.2
West Mercia	66.3	-	-	43.4	12.0
West Midlands	250.8	-	-	180.3	19.0
West Yorkshire	171.5	-	-	129.3	16.7
Wiltshire	37.5	-	-	20.7	5.2
Total England & Wales	4112.0	9.9	136.8	2802.2	507.4

Force area	2015/16	2016/17	Cash change		£m	£m	£m	%
	Avon & Somerset	269.3	270.7	1.4	0.5%			
Bedfordshire	99.6	100.0	0.4	0.4%				
Cambridgeshire	128.1	128.9	0.8	0.6%				
Cheshire	169.5	170.9	1.4	0.8%				
City of London	55.4	56.8	1.4	2.5%				
Cleveland	122.3	122.5	0.3	0.2%				
Cumbria	99.2	99.7	0.5	0.5%				
Derbyshire	160.7	161.4	0.7	0.4%				
Devon & Cornwall	278.0	279.5	1.5	0.5%				
Dorset	118.4	119.3	1.0	0.8%				
Durham	112.5	112.7	0.2	0.2%				

Dyfed-Powys	93.3	94.1	0.8	0.8%
Essex	260.8	263.4	2.5	1.0%
Gloucestershire	104.3	105.1	0.8	0.8%
Greater London Authority	2,517.4	2,522.4	5.0	0.2%
Greater Manchester	541.2	542.9	1.7	0.3%
Gwent	117.8	118.5	0.7	0.6%
Hampshire	299.1	300.6	1.5	0.5%
Hertfordshire	181.1	182.9	1.8	1.0%
Humberside	169.4	169.8	0.5	0.3%
Kent	273.1	275.5	2.4	0.9%
Lancashire	258.9	259.5	0.6	0.2%
Leicestershire	167.7	168.5	0.7	0.4%
Lincolnshire	108.4	109.1	0.7	0.7%
Merseyside	307.0	307.0	0.0	0.0%
Norfolk	145.5	146.5	1.0	0.7%
North Wales	139.8	141.1	1.3	0.9%
North Yorkshire	137.1	138.2	1.1	0.8%
Northamptonshire	119.2	119.9	0.7	0.6%
Northumbria	259.5	260.3	0.8	0.3%
Nottinghamshire	188.9	189.5	0.6	0.3%
South Wales	255.1	256.5	1.5	0.6%
South Yorkshire	239.1	240.0	0.9	0.4%
Staffordshire	176.7	177.6	0.8	0.5%

Suffolk	110.9	111.6	0.6	0.6%
Surrey	205.0	207.1	2.1	1.0%
Sussex	249.7	252.1	2.5	1.0%
Thames Valley	369.7	371.9	2.2	0.6%
Warwickshire	89.5	90.1	0.6	0.7%
West Mercia	198.5	199.8	1.3	0.6%
West Midlands	522.8	524.0	1.2	0.2%
West Yorkshire	404.6	406.3	1.7	0.4%
Wiltshire	102.8	103.5	0.6	0.6%
TOTAL	10,927.0	10,977.8	50.8	0.5%

*This includes all formula grant, NICC grants and Legacy Council Tax Grants and police precept. This assumes that PCCs in England increase their precept to the maximum referendum limit in 2016/17, PCCs in Wales raise council tax by 2% and tax base growth of 0.5% across England and Wales.