

POLICE GRANT REPORT ENGLAND AND WALES 2018/19.

The Minister for Policing and the Fire Service (Nick Hurd):

I have today placed in the Library my proposals for the aggregate amount of grant to Local Policing Bodies in England and Wales for 2018/19, for the approval of the House. Copies are also available in the Vote Office. The Welsh Government is also setting out today its proposals for the allocation of funding in 2018/19 for Local Policing Bodies in Wales.

The Government is committed to protecting the public and providing the resources necessary for the police to do their critical work. That is why I have visited or spoken with every police force in England and Wales to better understand the demands they face and how these can best be managed. I have met with many rank and file officers, as well as Chief Constables and Police & Crime Commissioners (PCCs). I pay tribute to the hard work of police officers up and down the country who put the safety of others before their own and help make our communities more secure.

We in Government and the police leadership must support frontline police officers and staff to ensure they have the resources, modern equipment and skills they need to deliver their responsibility to the public. To achieve this, the police funding settlement has four objectives:

1. Greater public investment in both local and CT, to help the police respond to shifts in both crime and the terrorist threat.
2. Empowering locally accountable PCCs to have greater flexibility to set their own local funding.
3. Challenging and supporting police leaders to be more efficient, more productive with officers' time and transparent in their use of public money.
4. Maintaining substantial Government investment in national programmes that will upgrade police capabilities and help them be more effective in managing extra demand.

The background to this settlement is one of a shift in the pattern of demand on police time and resources. It remains true that crime as traditionally measured by the Independent Crime Survey for England and Wales – widely regarded as the best long-term measure of the crime people experience – is down by more than a third since 2010 and 70% since its peak in 1995.

However, we need to recognise that there have been material changes in the demands on policing since the 2015 Spending Review. Demand on the police from crimes reported to them has grown and shifted to more complex and resource intensive work such as investigating child sexual exploitation and modern slavery. At the same time the terrorist threat has changed. The 24% growth in recorded crime since 2014/15 comes from more victims having the confidence to come forward and report previously hidden crimes, better recording practices by the police – both of which are to be welcomed – but also includes some concerning increases in violent crime.

The Government has listened to the police and recognised the demands they face. Between 2015/16 and 2017/18, total police funding has increased by over half a billion pounds including increased investment in transformation and technology. In

this settlement, we propose to increase total investment in the police system by up to £450m year on year in 2018/19.

In 2018/19, we will provide each PCC with the same amount of core Government grant funding as in 2017/18. Protecting police grant means PCCs retain the full benefit from any additional local Council Tax income. Alongside this, we are providing further flexibility to PCCs in England to increase their Band D precept by up to £12 in 2018/19 without the need to call a local referendum. This is equivalent to up to £1 per month for a typical Band D household.

These changes to referendum principles give PCCs the flexibility to make the right choices for their local area, and will enable an increase in funding to PCCs of up to around £270m next year. It means that each PCC who uses this flexibility will be able to increase their direct resource funding by at least an estimated 1.6% (which maintains funding in real terms). The overall force level impact is set out at the accompanying Table 1, and Home Office grant levels are set out at Table 3.

The Chancellor and the Home Secretary have agreed additional Government funding for counter-terrorism policing with a £50m (7%) increase in like for like funding when compared to 2017/18. This will enable the counter-terrorism budget to increase to at least £757m, including £29m for an uplift in armed policing from the Police Transformation Fund. This is a significant additional investment in the vital work of counter-terrorism police officers across the country. PCCs will be notified of force level allocations separately. These will not be made public for security reasons.

We will also increase investment in national policing priorities such as police technology and Special Grant by around £130m compared to 2017/18.

The funding the Government provides for national police priorities, known as reallocations, supports crucial police reform. For example, since the launch of the transformation fund last year over £200m of funding has been awarded for modernising policing and building capability, in addition to over £200m awarded between 2013 and 2016 for the Innovation Fund. For example, we are investing over £40m in Regional Organised Crime Unit capacity to uplift serious organised crime capability including undercover online capability to tackle Child Sexual Abuse, and £8.5m for tackling modern slavery, to drive nationally co-ordinated action, training and assessment.

We will continue to work in partnership with the police to help build the capabilities and skills they need to meet new challenges. To support these objectives, we are providing reallocations for the following national priorities in 2018/19 (as set out at Table 2):

- We will maintain the size of the Police Transformation Fund at £175 million, which we expect to support an improvement in the leadership and culture of policing, the diversity of its workforce, protection of vulnerable people, cross-force specialist capabilities, exploitation of new technology and how we respond to changing threats.
- We are also increasing funding for police technology to £495m to support the new Emergency Services Network (ESN), Home Office Biometrics, the National Law Enforcement Data Service and the new national automatic

number plate recognition service. These technology programmes will provide the national infrastructure that the police need for the modern communications and data requirements, and will deliver substantial financial savings and productivity gains in future.

- We are providing £93m for the discretionary Police Special Grant contingency fund, which supports forces facing significant and exceptional events which might otherwise place them at significant financial risk (for example, helping forces respond to terrorist attacks). We are increasing funding in 2018/19 to reflect both an assessment of potential need after heavy demand for Special Grant this year, and the specific costs likely to be incurred for the policing operation at the Commonwealth Summit.
- Existing Arms Length Bodies (Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services, the College of Policing, the Independent Police Complaints Commission as it becomes the Independent Office for Police Conduct, and the Gangmasters and Labour Abuse Authority) will receive broadly the same level of funding as in 2017/18. Additional Arms Length Body funding reflects the need to set up a new Office for Communications Data Authorisations following clarification by the courts of the legal requirements for independent scrutiny of requests for communications intercepts.
- We will also continue to pay our Private Finance Initiative obligations, support police bail reforms, and top up National Crime Agency funding and Regional Organised Crime Unit grants to ensure these are maintained at flat cash, in line with police grant.

As part of the settlement for Police & Crime Commissioners and in addition to core Government funding, we will fund the following:

- PCCs in England will continue to receive grants relating to the 2011/12, 2013/14, 2014/15 and 2015/16 council tax freeze schemes. We will also provide Local Council Tax Support grant funding to PCCs in England. These will total £507m in 2018/19. 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 equivalent funding from the Department of Communities and Local Government (DCLG).
- The Metropolitan Police Service, through the Greater London Authority, will continue to receive National and International Capital City (NICC) grant funding worth £173.6m, and the City of London Police will also continue to receive NICC grant funding worth £4.5m. This is in recognition of the unique and additional demands of policing the capital city. An additional grant of £0.9m will be made to the Common Council of the City of London (on behalf of the City of London Police) to protect their direct resource funding in real terms as they do not raise a police precept.
- PCCs will also receive capital grant of £45.9m, which is the same amount as in 2017/18. Tables 4 and 5 set out the Capital settlement.

The increase in 2018/19 funding to PCCs must be matched by a serious commitment from PCCs and chief constables to reform by improving productivity and efficiency to deliver a better, more transparent service to the public. Following my discussions with forces and Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) efficiency findings, I have three clear priorities:

- A. Seek and deliver further cost efficiencies. I welcome the progress forces have made against the £350m procurement savings target set at Spending Review 2015. However, there is a lot more to do. We have helped to identify £100m of potential savings in areas such as fleet, professional services and construction. Forces will need to make greater use of national procurement through lead forces to make these savings. We are providing support through the Police Transformation Fund and we will also help establish a force-led National Centre of Excellence to drive down back-office costs, and make best use of estates.
- B. A modern digitally enabled workforce that allows frontline officers to spend less time dealing with bureaucracy and more time preventing and fighting crime and protecting the public. If all forces could deliver the same one hour per officer per day of productivity benefits from mobile working as the best in a recent sample with eight forces, this has the potential to free up the equivalent of 11,000 extra officers nationally to provide the proactive policing that committed police officers want to deliver. We will work with policing to set up a specialist team to make sure all police forces have access to, and make use of, the best mobile working apps to enable forces to free up extra hours to spend at the frontline.
- C. Greater transparency in how public money is used locally. It is necessary for police to hold financial reserves, including primarily for contingencies, emergencies and major change costs. As at March 2017 police forces held usable resource reserves of over £1.6bn. This compares to £1.4bn in 2011. Current reserves held represent 15% of annual police funding to PCCs. There are wide variations between forces with Gwent for example holding 42% and Northumbria holding 6%. This is public money and the public are entitled to more information around police plans for reserves and how those plans will support more effective policing. So we will be improving transparency around reserves in the new year through enhanced guidance and through national publication of comparable reserves data. HMICFRS are also consulting on plans for Force Management Statements, which could make more information on police forces available to the public.

We will be entering into discussions with police leadership to agree milestones against these priorities that need to be achieved over 2018.

I have listened to the views of PCCs and Chief Constables, who have requested greater certainty about future funding to help more efficient financial planning. If the police deliver clear and substantial progress against the agreed milestones on productivity and efficiency in 2018, then the Government intends to maintain the protection of a broadly flat police grant in 2019/20 and repeat the same flexibility of the precept, i.e. allowing PCCs to increase their Band D precept by a further up to £12 in 2019/20.

I am grateful for the work of the Core Grant Distribution Review, earlier this year, which considered potential changes to the police funding formula. In the context of changing demand and following my engagement with police leaders, providing funding certainty for 2019/20 is my immediate priority. It is intended that the funding formula will be revisited at the next Spending Review.

Not only are we supporting the police by making sure they have enough resources but in other ways too, such as ensuring police have the full protection of the law when carrying out their duties. That is why we are supporting the Assaults on Emergency Workers Bill which will increase penalties available to those who attack emergency service workers. We are also helping frontline officers to tackle crime by making sure that officers feel able to pursue suspected criminals where it is appropriate to do so by reviewing the legislation, guidance and practice around police pursuits.

The Communities Secretary is announcing the council tax referendum principles for all local authorities in England in 2018/19, including those applicable to PCCs. 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.

I have set out in a separate document the tables illustrating how we propose to allocate the police funding settlement between the different funding streams and between PCCs for 2018/19. These documents are intended to be read together.