

## **Consultation on reform of police funding arrangements in England and Wales**

### **Joint Response from the Police and Crime Commissioner for Devon and Cornwall and the Isles of Scilly and the Chief Constable of Devon and Cornwall Constabulary**

#### **SECTION 1 – INTRODUCTION AND GENERAL COMMENTS**

We wholeheartedly welcome the Government's intention to review the formula and make the funding mechanism fit for purpose. The current funding model does not work. It has failed to keep pace with the shifting demographics, societal changes and recent changes in the nature of demand, including the rise in cyber crime and wider safeguarding responsibilities of the police. The current formula is also overly complex and opaque and underfunds rural forces such as Devon and Cornwall.

We also agree that any new formula must be transparent and straightforward. But most of all it should be fair – removing the inherent 'metropolitan bias' that exists within the current formula and ensuring that areas receive the levels of funding they require in order to deliver appropriate services to the local community. The importance of fairness in the division of police funding cannot be overstated. Over 8000 members of the public have signed our fair funding petition in recent weeks – which seeks a clearer recognition in the funding allocation of the impacts felt by rural and tourist areas like ours.

In view of the importance of this piece of work, it is disappointing that so little time has been allowed for consultation. We note that it is the Government's preference to introduce these new arrangements in time for the 2016/17 funding allocations and while we share their desire to end the inequitable funding arrangements as soon as possible we must make sure that what is put in its place is well thought out and fair. There are significant concerns being raised across the country about the proposals and it is vital that sufficient time is allowed to work through these issues and concerns and to correct flaws in the proposed formula. With this in mind we must also register our concern about the lack of information provided in the consultation paper on how the formula will operate and its impact on individual forces.

Turning to the detail of the consultation we would like to make three broad comments before addressing the key issues in detail in section 2 of this response. We have answered all of the detailed questions that were set out in the consultation paper and a full list of our answers is included in Section 3 of this response.

*Weighting:* The consultation paper sets out proposed weighting for the five factors but does not provide any clear or objective justification as to why particular factors should receive that level of weighting. We disagree with the level of weighting attributed to population and believe that it should be significantly higher than the proposed 24% to reflect the wide range of demands placed upon the police force which arise from all socio-demographics. We also believe that that the Consultation on Reform of Police Funding Arrangements in England and Wales

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allocation of 16% of total funding on the basis of Council Tax Band D equivalency is too high. The Government's policy on restricting council tax increases unless enabled through a referendum means that PCCs are not at liberty to increase their funding in any meaningful way via local taxation.

*Rurality:* We are frustrated by the failure of the Government to recognise the challenges faced by rural forces in providing a coherent policing service across a large geographic area and the costs that inevitably associated with such delivery. As the second largest policing area in England and Wales we are only too well aware of the costs entailed in providing such a service. The impact on rural forces has been cited as one of the issues that this new formula was supposed to address and so we are somewhat surprised that there is no recognition of sparsity in the proposals.

*Implementation:* we firmly believe that the only viable option here is Option 1 – Gradual. The Enabled Model set out in Option 3 is wholly inappropriate and is inconsistent with the duties of a PCC and a Chief Constable under the Police Reform and Social Responsibility Act. Under Option 1 we consider that local policing bodies should be asked to provide their own plans for how to manage the transition at the earliest effective date clearly highlighting local and national constraining factors that need be taken into account (full details of this approach are set out in our answer to Questions 21 to 23 in Section 3 of this response.

## SECTION 2 – KEY ISSUES

While we agree that the current police funding formula is outdated and needs to be reformed, the proposals set out by the Government in the consultation require significant adjustment before implementation. The proposals are unfair and fundamentally flawed. They fail to recognise the impact that tourism places on the police, use a narrow definition of deprivation that is overly biased towards urban areas, ignore the significant demands felt in rural areas and give no weight to the huge volume of police work that is not directly related to a crime.

From the limited available information we calculate that the effect of the current proposals is to reduce Devon and Cornwall's funding allocation by as much as £24 million, making us the 5<sup>th</sup> lowest rate of funding per head in the country and half the level of funding of the highest grant recipient forces in the north of England. This is a catastrophic loss of funding and equates to an estimated further reduction of 480 officers and staff, on top of any reductions that may emerge as part of CSR 2015 in the autumn.

In this Section we seek to address the key problems with the proposed formula and, where appropriate, make alternative proposals that still meet the general principles of the broader proposal.

### 1. POPULATION

***While we support the inclusion of population as a key factor in the funding formula we do not agree with the proposal to allocate only 24% of the total funding on this measure. In particular we feel that greater weighting needs to be attributed to population to reflect the wider demands faced by policing which do not correlate so closely with deprivation – such as cyber crime, roads policing and public safety (including missing persons and concern for welfare). We also consider that the impact of tourism must be reflected within overall population figures in order to provide a true***

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***measure of demand. We make specific proposals for how tourism can be included within the wider population figures.***

We support the Home Office's intention to allocate a proportion of police funding based on population figures under the new formula. Population levels vary considerably across policing areas – ranging from 1.03% of the total population in Cumbria to 5.74% of the total population of England and Wales residing in West Midlands and it is right that a significant proportion of total funding should be allocated in a way that reflects this differential.

The inclusion of a population factor recognises that the demands placed on the police service are directly affected by how many people there are in an area and seeks to reflect that in the allocation. In fact we consider that of all the factors proposed in the consultation it has the strongest links to police calls for service, both crime and non-crime. It is the population of an area that, at a point in time, are the set within which victims and offenders of crime are from, and also where the demand for calls for service (public safety, missing persons, road collision victims etc) are received.

The consultation proposes that this factor should be calculated on the basis of mid year resident population – which is published annually by the Office of National Statistics. The total population for each force area is calculated and is then considered as a % of the England and Wales population to determine each policing area's share of the funding pot for this factor. The consultation proposes that 24% of the total funding pot should be allocated in this manner.

However there are two main problems with the approach outlined in the consultation paper

- The population figures should be adjusted to reflect tourism
- The weighting attributed to population is too low

**The impact of tourism/visitors**

It is widely accepted that population levels have an impact on demand for policing, which we support. However for this to be robust, as required by the Home Office's own stated principles, this needs to be a true reflection of population. By looking only at resident mid-year population based on ONS statistics the proposed formula will fail to take account of the significant impact that tourism has on population figures – and the knock-on impact this has on demand for policing.

Tourism has a significant impact on population levels in a number of policing areas. Forces which have large numbers of visitors, often with an extended peak across the summer months, face considerable additional demands which will not be recognised in the new formula. For example, Devon and Cornwall has the highest visitor numbers in England and Wales – with over 11% of all overnight stays taking place in the two counties. In addition there are over 50 million day visits to the two counties across the year. With visitor numbers this high, the standing population of Devon and Cornwall swells from 1.6 million by 21% over the summer months. Looking at overnight and day visitors this equates to 16% when averaged across the year as a whole. The additional demand on policing is substantial:

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- **Impact on our roads:** Department for Transport traffic count data for the South West indicate an increase of 10% for the months May to August – with a 10% rise in reported accidents between May and July.
- **Overall police demand:** Police demand analysis indicates that overall demand on policing resources increases by up to 18% between May and August
  - Overall recorded crime increases by 4-6% in May and June and by 10% in July and August.
  - The monthly average number of incidents recorded over the last 3 years increases by 6-9% in May and June and more than 11% in July and August.
  - Demand on custody suites increases by 5-7% in July and August.

Looking more specifically at links with non-resident population, we estimate that around 6% of victims of crime in Devon and Cornwall in July and August are non residents based on analysis of crime data from August 2014 to July 2015. When we look at the whole year we see almost 2400 offences where the victim was a non-resident, over 4% of the total, including a large number of serious crimes which are likely to require detailed investigation and ongoing interaction with the victim. For example, in that one year 30 cases of rape, 60 cases of other sexual offences, 391 cases of violence with injury and 555 cases of domestic abuse the victims are non-resident visitors almost exclusively associated with our tourist trade.

With regard to offenders similar analysis reinforces our view that the additional demand placed upon police forces in tourist areas should be properly recognised. For example, in August 2014, 9.1% of all offenders were non-residents. Across the year to July 2015 we have again seen a significant number of offenders who are non-resident (almost 6% overall) for a number of serious offences, including 58 burglaries, 4 rapes, 188 incidents of violence with injury and 130 cases of domestic abuse.

Failure to reflect tourist numbers in the overall population measure discriminates against areas like Devon and Cornwall. Our evidence and analysis shows the additional demands placed on policing by tourism are real – and they should be accounted for in the formula. The most appropriate way to do this would be to adjust the population data to reflect the annual impact of overnight stays (tourism and non tourist stays) – as opposed to day visits. Robust national data sets are available to support such a measure.

### **Devon and Cornwall's Proposed Alternative Measures**

We propose a revised metric which would add a measure of non resident population demand to the overall population figure, providing a more accurate measure of the base from which calls for service are being received by police forces. There is a recently produced source of nationally available information which could be used to supplement the basic population data in order to reflect tourism. The Office of National Statistics Tourism Atlas for England and Wales<sup>1</sup> has been developed with the

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<sup>1</sup> The Tourism Atlas includes official statistics from a variety of different sources relating to tourism to provide a range of information at the county and unitary authority level. These sources are:

- The International Passenger Survey (Tourism visits from non-UK residents)
- The Annual Population Survey (Tourism employment data)

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aim of providing a range of official statistics at the local level to assist in understanding the impact of tourism within localities – the very purpose for its use in the funding formula. The atlas, which includes county and unitary authority level information is publicly available at <http://www.ons.gov.uk/ons/rel/tourism/sub-national-tourism/a-tourism-atlas-for-england-and-wales--2015/index.html>. The specific variables we are proposing to use from this data set<sup>2</sup> are:

- Domestic overnight visits data download – Total number of nights – all overnight trips
- Inbound tourism data download – Total nights stayed by all visitors for all purposes

Taking these variables (indicating the additional number of people in an area), averaging over the year, and adding to the overall force population, the “total population” including the tourism element. This can be easily replicated for each force.

### Weighting of the population factor

The current proposal from the Home Office is that 24% of the total funding pot will be distributed based upon the population factor. We do not consider that this is sufficient. It does not reflect the true population based demand that is faced by police forces across the country, in responding to crimes and non crime incidents.

The Home Office are seeking views through the consultation on how to take account of non-crime demand. We propose that a much higher weighting is given to the population factor, on the basis that many of these additional demands on policing are generated as a result of population levels. We understand that the Home Office considers that the deprivation factors act as a good proxy for determining the division of funding for non-crime activities. We fundamentally disagree with such an approach. A focus on deprivation would completely ignore huge swathes of police activity which are not recorded as crimes, such as road traffic accidents, public safety, licensing and matters like attendance at non-suspicious deaths. For example, in the last 12 months Devon and Cornwall Police have dealt with:

- 120,000 public safety incidents which did not result in a crime – predominantly these are related to welfare such as missing persons, mental health etc, with Devon and Cornwall experiencing twice as many missing persons each day than the average force (reference the College of Policing demand profiles)
- 47,000 traffic incidents

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- The Inter-Departmental Business Register (Data on tourism businesses)
  - The Great Britain Tourism Survey (Domestic overnight visits)
  - The Great Britain Day Visits Survey (Domestic tourism day visits)
  - Contextual data from the UK Census 2011 and Council Taxbase statistics (for second home data)
  - Ad-hoc analysis from the Tourism Intelligence Unit at the Office for National Statistics

<sup>2</sup> Available on ONS website at <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-397816>

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Such incidents create a clear, significant and immediate demand on our police service, with 58,000 dealt with as immediate deployments and a further 57,000 as prompt deployments. The College of Policing's own research on police demand highlights some of the pressures we face in this area, recognising the higher than average instances of missing persons faced everyday in the two counties (22 per day compared to a national average of 12 per day), it is worth noting that each such incident will take an average of 18 hours of police time to resolve. It is vital that such demands are recognised in the funding formula.

There is a lack of evidence from the Home Office to support any contention that such incidents link more closely with deprivation and as such we believe that a higher proportion of total funding should be distributed based on population levels to ensure adequate funding to enable all policing areas to keep their communities safe.

## **2. COUNCIL TAX BAND D**

***We are fundamentally opposed to this measure which we consider is potentially at odds with the Government's longstanding policy of restricting council tax and police precept increase through the requirement to hold a referendum. We also believe that the measure has a major calculation flaw – in that it disadvantages areas that are large even if they have low value housing stock and thus are less likely to be able to generate local funds even if the precept cap was removed. This discrimination against larger areas will also serve to financially penalise any forces that agree to merge or are merged because of their inclusion in devolved combined authorities. Any merger will lose the two forces almost 50% of the receipt from this element of the formula. We do not believe that it is the Government's intention to disincentivise voluntary mergers or undermine the Chancellor's policy for creating devolved combined authorities. We believe that this measure should be abandoned – but if it is to be retained we propose an alternative measure that will remove the perverse distortions.***

The consultation proposes that the funding formula should factor in the tax base by using the number of Council Tax Band D equivalent properties within a force area inverted by the population. The rationale behind this factor appears to be that those areas where the PCC is more likely to be able to collect funds via local taxation should receive less funding while those areas which have less opportunity to raise funds through taxation are compensated via the formula.

The proposed funding formula uses within its calculation Tax Band D as one of the core metrics. The metric has been calculated by dividing the number of Band D equivalent properties within a force area by the population to provide the tax base per head of population. This has then been inverted by dividing it into 1. The aim of this variable is to reflect Forces' ability to raise precept (and is part of the model described as an underlying characteristic of the local population).

While we recognise the Home Office's desire to reflect relative ability to 'collect' within the formula we cannot support the proposed measure set out in the consultation paper which completely ignores three fundamental facts:

1. *That all PCCs are severely constrained in their ability to raise local taxation rates as a result of Government policy to place a low precept cap on council tax.* It is simply not acceptable to

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distribute such a significant proportion of funding (16%) on the basis of a measure where the ability of policing areas to raise this additional revenue is largely not within their control. Levels of Council Tax vary widely generated the difference between the lowest and highest Band D precept levels are a product of previous decisions. The scope for a PCC to raise additional funds through local taxation is heavily dependent on Government policy on precept caps before a referendum is required. With precept caps set at 2% under the last government – there is simply not the scope for PCCs to exercise this supposed ‘freedom’. Furthermore, there is little prospect of a local population agreeing to pay more locally for policing because their central government grant has been restricted to reflect the local areas supposed affluence.

2. *The effect of the proposed approach is to discriminate against areas purely on the basis of size, without any regard to the value of the housing stock.* The inversion of the tax base produces distortions especially around those local policing bodies that have a low population and low tax base. It is supposed to compensate for the differing ability of PCCs to generate local precept income. In fact the way the formula has been set up (by inverting the tax base) means that it provides a huge windfall for policing areas that have fewer council tax payers and smaller population levels. Under this approach large areas with low value housing stock still do very badly from the measure, while very small areas, even those with high value housing stock will benefit considerably. This cannot be the Government’s true intention.
3. *There is no recognition of the importance of ability to pay.* Considering the potential tax base in isolation will not provide a proper reflection of the ability to raise revenue locally – to do this there needs to be some recognition of wider ability to pay. The value of a property does not necessarily relate to an individual’s wealth or that of the population as a whole. In addition, the impact of levels of people claiming council tax benefit on available revenue levels is ignored.

Not only does the proposed measure fail to deliver against its stated aim, it is also wholly inconsistent with the principles set out by the Home Office in Chapter 3 of the consultation document.

**Robust** - the proposed approach is not analytically sound and does not allocate funding on the basis of need as a result of the issues set out above regarding its failure to consider the value of the housing stock and ability to pay.

**Stable** – the proposed measure may be relatively stable but any revaluation of council tax bands could lead to significant fluctuations. More fundamentally, our analysis has shown that any future merger of policing areas through police force voluntary mergers or as a result of the Government’s approach to devolution and combined authorities will have a huge impact on the division of funding under this measure.

**Transparent** – this measure is highly complex and it is hard to understand its true impact without detailed and complex analysis. We do not believe that partners will support the distorting effects that are delivered by this method, which are set out above.

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**Incentivising Government objectives** – this proposed measure is in direct conflict with the Government’s policy of local devolution through the creation of combined authorities. Because this approach penalises areas purely for being large (without considering the relative increased costs they face as a result of that size) the inclusion of policing within such combined authorities will result in a significant drop in funding which will deter areas in moving forward. Our own analysis shows the following impact based on the Government’s plans to distribute 16% of its total funding in this manner:

Forces	Total Band D element of funding as 2 forces	Total Band D element of funding if merged
Warwickshire, West Mercia	£39,069,906	£20,122,354
Devon & Cornwall, Dorset	£37,798,041	£19,622,948
Essex, Kent	£39,336,525	£20,120,989
Bedfordshire, Hertfordshire & Cambridgeshire	£60,118,910	£20,435,020
Northumbria, Durham & Cleveland	£75,461,838	£26,371,269
North Yorkshire, West Yorkshire	£43,277,043	£23,228,340
Derbyshire & Nottinghamshire	£47,303,193	£24,311,056

**Future proof** – the stated requirement here is that the model enables delivery of policing structures that drive efficiency and best respond to future demands and challenges. The proposed model fails to do this. In fact, as described above, it will work in direct opposition to that principle – effectively killing dead the prospect of police mergers or the inclusion of policing in combined authorities due to the scale of funding losses that will result from such steps.

### **Devon and Cornwall’s Proposed Alternative Measures**

We consider that this factor should either be removed in its entirety or its weighting should be significantly reduced in favour of other factors. If it is to be retained we need to be clear on its purpose and ensure that the methodology delivers against that purpose. If the purpose of this factor is to demonstrate the relative wealth of an area through its ability to raise tax then there are other metrics that could be used. What we require is a measure that properly considers ability to collect funds (including ability to pay) and then supports those areas in a proportionate way, whether they have large or small populations.

The current calculation does not distribute across forces with any great discrimination or sophistication – generating a relatively narrow range of values (between 1.81% and 3.28% of the total). Specifically it does not reflect the relative size of the force area.

We propose an alternative which will also ensure that the calculation also reflects the relative size of the force area. One way to achieve this is to multiply the Tax Band D Equivalent Allocation rate by the Consultation on Reform of Police Funding Arrangements in England and Wales

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size of the force population. The overall calculation for this is  $[1 / (\text{tax base}/\text{population})] \times \text{population}$ . Taking this approach and applying it across England and Wales (and excluding the Met and City of London) would provide the results set out in Figure 2.1 below.

We also favour taking account of the impact of relative living costs and we would propose that a further option is adopted. Our proposal here would be to adjust the tax base calculation to account for differences in average income levels and population data to provide a clear linkage to ability to raise revenue locally and local ability to pay. To do this we could utilise readily available ONS data on average income of an area and apply this to population. :

<http://www.ons.gov.uk/ons/rel/ness/small-area-model-based-income-estimates/2007-08/index.html>

While this data is slightly historic, we still consider that it is a preferable measure and will provide a strong, simple and publicly available national dataset which can be used to compare incomes of an area.

## Figure 2.1

Force area	Taxbase/Popn	1/Taxbase x Popn	Multiplied by force popn	%age of total
Avon & Somerset Police	0.316514213	3.159415783	5,152,691.20	3.17%
Bedfordshire Police	0.296132355	3.376868425	2,140,596.89	1.32%
Cambridgeshire Police	0.317144424	3.153137574	2,587,149.38	1.59%
Cheshire Police	0.330868313	3.022350469	3,127,528.26	1.93%
Cleveland Police	0.249462391	4.008620288	2,243,624.78	1.38%
Cumbria Police	0.321115017	3.114148971	1,551,157.60	0.95%
Derbyshire Police	0.285494745	3.502691441	3,599,365.73	2.22%
Devon & Cornwall Police	0.327642587	3.052106287	5,167,215.94	3.18%
Dorset Police	0.359886731	2.778652041	2,096,215.10	1.29%
Durham Police	0.256446411	3.899450161	2,423,118.33	1.49%
Dyfed-Powys Police	0.412492742	2.424285078	1,252,628.10	0.77%
Essex Police	0.334293354	2.991384625	5,243,897.25	3.23%
Gloucestershire Police	0.343874195	2.908040249	1,761,399.98	1.08%
Greater Manchester	0.249492799	4.008131714	10,881,676.79	6.70%
Gwent Police	0.362121119	2.761506986	1,599,188.70	0.98%
Hampshire Police	0.330365789	3.026947805	5,828,993.39	3.59%
Hertfordshire Police	0.36443298	2.743988759	3,130,067.98	1.93%
Humberside Police	0.265375081	3.768251318	3,475,081.37	2.14%
Kent Police	0.325023399	3.076701563	5,429,147.58	3.34%
Lancashire Police	0.273790496	3.652427727	5,365,051.09	3.30%
Leicestershire Police	0.280205634	3.568807613	3,686,578.26	2.27%
Lincolnshire Police	0.291154175	3.434606421	2,488,372.35	1.53%
Merseyside Police	0.241155128	4.146708427	5,749,825.90	3.54%
Norfolk Police	0.306198598	3.265854276	2,841,619.81	1.75%
North Wales Police	0.40704226	2.456747363	1,699,823.50	1.05%
North Yorkshire Police	0.34506434	2.898010268	2,333,188.07	1.44%
Northamptonshire Police	0.305890943	3.269138967	2,309,973.59	1.42%
Northumbria Police	0.26789989	3.732737634	5,069,804.25	3.12%
Nottinghamshire Police	0.263550461	3.794339791	4,200,334.15	2.59%
South Wales Police	0.362138874	2.761371596	3,575,147.80	2.20%
South Yorkshire Police	0.227607381	4.393530635	6,280,112.69	3.87%
Staffordshire Police	0.28881465	3.462428244	3,833,600.55	2.36%
Suffolk Police	0.315041188	3.174188135	2,335,885.05	1.44%
Surrey Police	0.409367156	2.4427949	2,814,344.00	1.73%
Sussex Police	0.349871706	2.858190541	4,669,997.53	2.87%
Thames Valley Police	0.356856409	2.802247557	6,490,846.02	4.00%
Warwickshire Police	0.338330417	2.955690499	1,621,787.38	1.00%
West Mercia Police	0.325598551	3.071266738	3,794,242.93	2.34%
West Midlands Police	0.231498976	4.319673533	12,023,811.28	7.40%
West Yorkshire Police	0.264694268	3.777943539	8,509,062.23	5.24%
Wiltshire Police	0.336765095	2.969428882	2,059,595.87	1.27%

### 3. DEPRIVATION

***While we support the inclusion of deprivation as a key factor in the funding formula we fundamentally object to the inclusion of the ‘hard pressed families’ metric as one of the factors. This is a ‘private sector’ artificial construct which is outdated and is not publicly available – in fact we had to pay £750 to purchase the data set. In addition the proposal to allocate 25% of the total funding based on families with no adults in employment is questionable. We believe that a more appropriate approach would be to focus on ‘households with no employment with/without children’ to ensure adequate funding is given to those areas which have high levels of deprivation amongst their adult population but where the proportion of such adults with children is relatively low. We have proposed an alternative measure that would deliver this and can show high correlation between this wider category and crime levels.***

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The Home Office proposals include two deprivation factors – which together will determine the allocation of over 50% of the entire funding available to policing.

- Households with no adults in employment and dependent children
- Hard pressed households

These deprivation factors have been included to act as a proxy for crime - in line with the stated rationale adopted by the previous funding formula that crime is more likely to occur in areas of significant deprivation.

There are a number of problems with this proposal. Even if we accept that deprivation is a suitable proxy for crime, it is not appropriate to allocate over 50% of total police funding on this basis given that the College of Policing's own research shows that direct crime accounts for around 25% of police workloads. There is no evidence to suggest that non crime calls for service, for example in areas such as safeguarding, mental health, missing persons and road traffic incidents are closely correlated to levels of deprivation. On this basis it is hugely unfair to allocate so much funding on the basis of such measures and it would be sensible to allocate a greater proportion of funding via population metrics – recognising that demand for such services is spread much more broadly across the population as a whole.

The two deprivation measures are highly correlated with each other and therefore there is an element of duplication within the allocation of funds. Areas with a high proportion of households with no employment and dependent children will also be significant beneficiaries under the hard pressed measure. This raises the question as to the need for both to be included in the proposed funding formula.

In addition, the use of a construct measure “hard pressed population” does not meet with the principles of the proposal, namely being “transparent” nor “robust”. This data is not publicly available and has to be purchased and used on a licence basis. The use of information collected by a private sector organisation that is not subject to the rigour and parliamentary scrutiny that ONS and other government statistics are held, is not acceptable. As well as the reasons stated previously, the hard pressed population factor is outdated and should no longer be considered valid as a proxy. It is drawn from a now obsolete categorisation of the population.

We agree that a proportion of funding should be allocated based on deprivation but the current approach is biased due to the fact that the two factors duplicate each other. Given the significant flaws in the ‘hard pressed households’ measures we propose that a single measure for deprivation is used.

While the number of households with no adults in employment with dependent children is highly correlated with recorded crime, this relationship is positively skewed by the London forces which are obvious outliers. Removing the London forces from the dataset shows a weaker relationship between the two variables. In fact, the strongest relationship can be seen when analysing the correlation between the number of households with no adults in employment with/without dependent children vs. recorded crime. This is an ONS dataset which will deliver a fairer allocation

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across the country taking account of true deprivation instead of drawing an arbitrary and unproven line between households with/without dependent children.

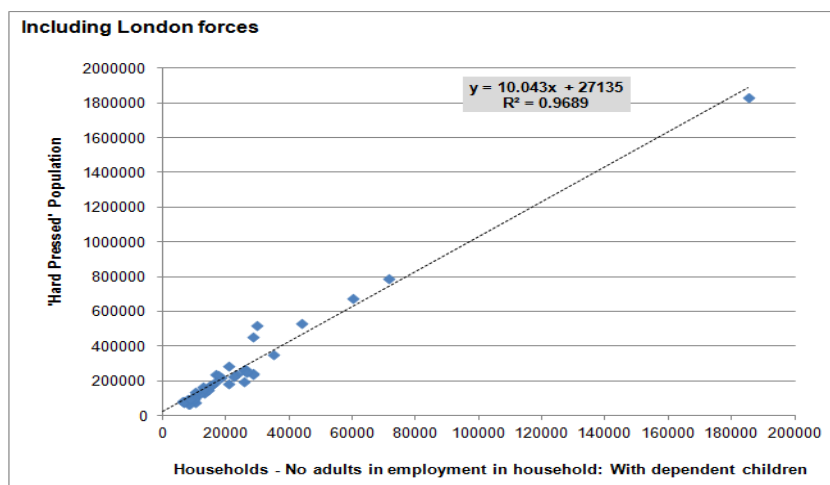
### **Devon and Cornwall's Proposed Alternative Measures**

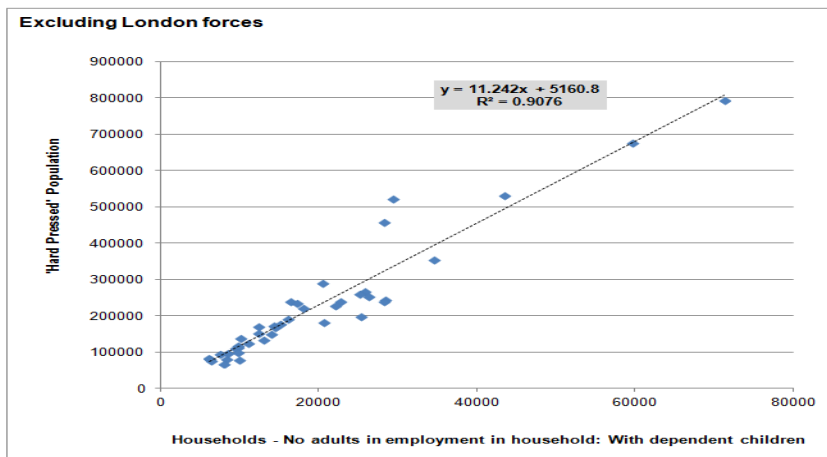
We propose that a single measure for deprivation is used instead of the two proposed – namely the proportion of 'households with no adult in employment' compared to England & Wales. In England & Wales, 4.2% of all households are categorised as 'No adults in employment in household: With dependent children'. 29.4% are categorised as 'No adults in employment in household: No dependent children'. Combined, the proportion equates to 33.6%. The use of a variable that is based on a third of all households would be more robust than one that is based on 4.2% of households.

The data source for this variable is the census – carried out every 10 years. There are a number of variables that could, in that time frame, become out of date i.e. Adults living in a house hold within the force area, the employment status of those adults, having children of dependent age in the household. Whilst it is appreciated that a household could move from this category at any time between censuses and new households would move into the category – by limiting the number of variables by removing the line between households with or without dependent children would ensure greater consistency and stability.

**Figure 3.1**

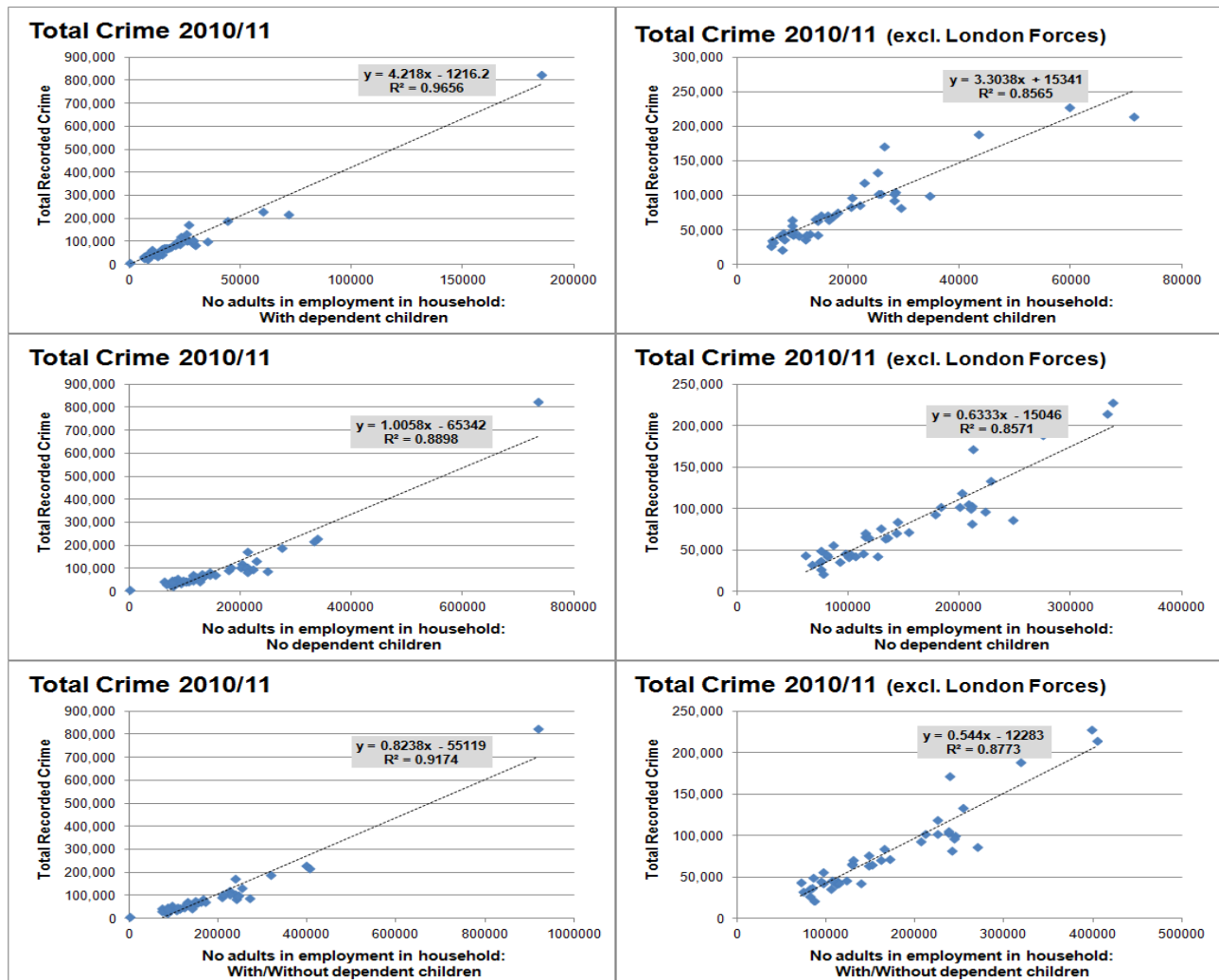
The charts below show the relationship between the two deprivation measures used in the proposed funding formula.





**Figure 3.2**

Shows the relationship between the deprivation measures relating to Households with no adults in employment with/without dependent children and total crime (based on ONS release of crime figures at the time the census was conducted).



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#### 4. BAR DENSITY

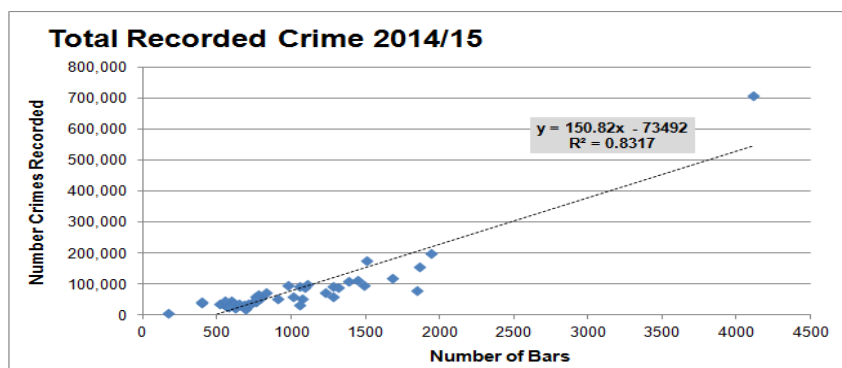
*We are broadly supportive of this measure but it must be adjusted to remove the current discrimination against areas which have a high urban/rural mix. The current proposal operates in a perverse way and awards huge windfall gains to some small geographical policing areas while diluting the true picture of density in areas like Devon and Thames Valley which have significant, large ENTEs but also have wide rural areas – leaving them significantly under-funded. We propose that a small amendment is made to the proposed methodology to correct this anomaly – by calculating density at local authority levels and then combining it to deliver an accurate picture for the policing area.*

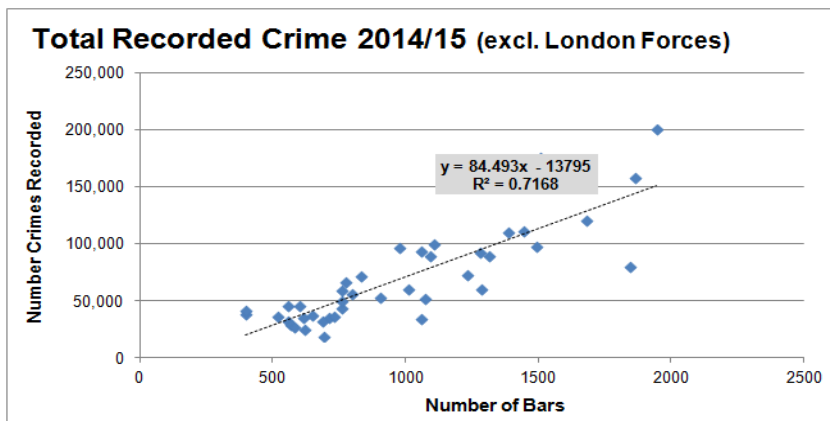
We support the Home Office's intention to allocate a proportion of police funding with reference to the impact that alcohol has on policing. The inclusion of an alcohol factor is important, not only because alcohol is one of the key drivers of crime but also because it is a notable factor in non-crime demand, for example through ENTE policing requirements, road traffic incidents and alcohol licensing. The proposed measure set out in the consultation is based on NOMIS data held by the ONS, using the Standard Industries Classification 2007 (56.30) Beverage Serving Activities. This is combined with hectare data drawn from the ONS population density data to calculate the number of bars per hectare. The consultation proposes that 10% of total funding should be allocated this way.

While we support the broad principle behind this factor, we have significant issues with the detailed methodology that has been adopted. We agree that there needs to be a clear linkage to bars as an indicator of alcohol related demand. Indeed our own analysis, as shown in Figure 4.1 below, has shown a strong correlation between the number of bars in a force area as a whole (not by area size) and total recorded crime, as well as for levels of recorded Violence against the person. However the detailed methodology that has been chosen is incorrect. The use of bars per hectare, has a major flaw that needs to be corrected prior to implementation. The use of hectares for the entire policing area in the calculation skews the allocation. It creates huge windfall gains for some forces at the expense of policing areas which have large expanses of rural land as well as significant conurbations.

**Figure 4.1**

The charts below show that there the relationship between the number of bars and the number of crimes recorded.





The distortions caused by this measure are striking and need to be corrected in the final formula. For example,

- Despite having almost identical number of licensed pubs and bars the difference between funding allocated to Devon and Cornwall as compared to West Yorkshire is expected to be over £24million, based on our calculations. This difference arises purely because alongside our significant conurbations (where most of the premises are concentrated) we have large expanses of rural land. Devon and Cornwall, which has 4.6% of all bars and pubs (1845), will receive just £5.9 million whilst West Yorkshire (which has 4.7% of all bars and pubs (1865)) will receive almost £30 million.
- Cleveland has just 1% of the bars in England & Wales (395), but, because it is the smallest geographical force in the country (exc. City of London) their Bar Density is the 6th highest. This means that Cleveland will receive 4% of the total funding available for this measure. Contrast this with Bedfordshire. They have the same number of local units which are classified as performing Beverage Serving Activities (395), but due to their relatively larger geographic size their allocation of funding in relation to this variable is less than half than that allocated to Cleveland.
- Thames Valley force area contains 1,680 bars and clubs – this is the 4th highest number of bars and clubs in a force area in England & Wales. However, due to the size of the force area, the bar density and therefore the funding allocation is on par with Leicestershire and Warwickshire which have just 760 and 580 bars and clubs respectively.
- Surrey, Leicestershire and Norfolk all have the same number of bars and clubs in their force areas (760). Surrey is the smallest geographical force which results in it being allocated more than a third more than Leicestershire and over three times the amount allocated to Norfolk.

In short, this is not a measure of bar density, it is not even a measure of the numbers of bars. It is simply a measure of geographic size.

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The inequity of this measure is highlighted further when you look at bar density at the local authority level. There are instances where, under the current proposal, where if the calculation was simply applied to one Local Authority within a force it would generate more funding than its respective force as a whole. This relates to the conurbations (which have a high bar density) within forces which contain large expanses of rural land. For example, Plymouth (79km<sup>2</sup>) has over 200 bars one of the highest city bar densities in the country. If the cities of Plymouth, Norwich and Worcester were calculated separately from their surrounding force they would also generate a higher grant outcome than the total for their respective forces. In the case of Devon and Cornwall this is all the more ridiculous when one considers that Plymouth houses less than 11% of the total number of bars across Devon and Cornwall.

The proposed measure must be amended before implementation, to remove this flaw. As we have said, we accept the general premise that bar density is a generator of significant crime, disorder and associated policing demand. A visit to any major town or city across the country on Friday or Saturday night will demonstrate this, with every force having more officers available for frontline duty at those times than at any other time of the week.

### **Devon and Cornwall's Proposed Alternative Measures**

To ensure that all areas with a high Bar Density receive the funding required to police them, we propose that density is calculated at Local Authority level and is then aggregated to force level. This methodology would significantly reduce, albeit not eliminate, the diluting effect of areas with large expanses of rural land and distribute funding more equitably across forces, in a way that truly reflects likely demand. It will avoid some smaller geographic forces receiving undeserved windfall gains and will ensure that those areas which have a significant volume of bars are able to deploy appropriate resources to deal with the challenges posed by alcohol within our communities. For example, based on our new proposed methodology, Thames Valley force area which has the 4th highest number of bars and clubs in a force area and large urban conurbations including Reading, Milton Keynes, Oxford and Slough. Allocating funding to a Local Authority level and aggregating up would result in Thames Valley receiving the 6th highest allocation of funding (rather than the 24th highest).

Our proposed new measure would be calculated using the same datasets as the original proposal set out by the Home Office, namely NOMIS Standard Industries Classification 2007 (56.30) Beverage Serving Activities data which is then combined with hectare data drawn from the Census and ONS population density data.

## **5. SPARSITY AND RURALITY**

We are deeply disappointed that the Government has failed to take any account of rurality in their proposed new police funding formula. Areas like Devon and Cornwall, Lincolnshire, North Yorkshire, Norfolk and Suffolk have substantial population numbers living in rural and isolated areas.

The existing formula did give some limited recognition to the pressures faced by highly rural areas by including an additional grant to reflect a measure of population sparsity. However, the Government's current proposal fails to recognise the added costs associated with policing a large and sparsely populated area. Consultation on Reform of Police Funding Arrangements in England and Wales

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populated area. In fact it proposes the adoption of a number of factors which actively operate against rural areas – skewing funding towards areas which are small, urban or densely populated. The proposed formula perversely favours metropolitan areas suggesting that being rural means you have less crime and therefore require fewer resources to police it. There is no evidence to suggest that real crime figures in rural areas are lower and that the geographic distances to investigate and prevent such crime requires greater resources than it would in a built up area.

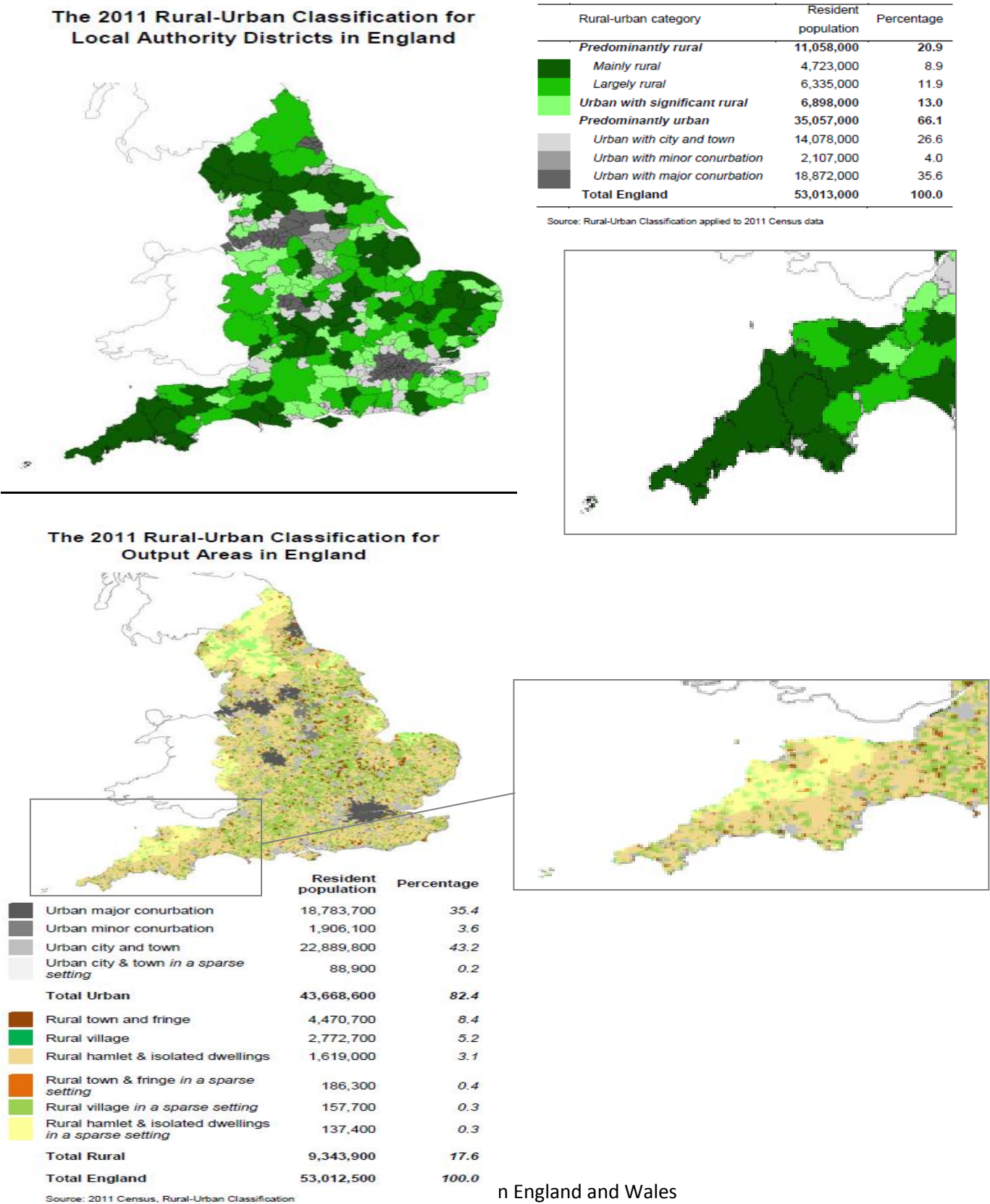
If implemented, this will have a substantial impact on areas like Devon and Cornwall, Lincolnshire, North Yorkshire, Norfolk and Suffolk which all have substantial population numbers living in rural and isolated areas. It will also further strengthen the view held by many people in rural areas that Whitehall does not acknowledge the different challenges faced by providing public services in rural areas. The challenges faced by rural forces, and the associated costs of meeting those challenges, must be properly reflected in the funding formula. In particular we need the government to recognise two main points:

- 1. Policing resources often need to travel considerable distances – to respond to incidents, carry out investigations or to access policing services such as custody suites*

Devon and Cornwall is a highly rural area. As highlighted in Figure 5.1 below, half of Devon and Cornwall's local authority areas, are categorised as 'Mainly Rural' with at least 80% of their resident populations living in rural areas (Mid Devon, West Devon, Torridge, Isles of Scilly all 100%, South Hams 93%, Cornwall 83%). A further 3 are categorised as 'Largely Rural' with between 50-79% of residents living in a rural location (East Devon 74%, Teignbridge 70%, North Devon 66%). In fact, 59% of the population of Devon and Cornwall (over 980,000 people) live in a rural area – this is the 6<sup>th</sup> highest rate in England. We also have a significant number of residents living on islands in the policing area. In total, 2,292 people live on our six inhabited islands (the Isles of Scilly and Lundy Island). We also have the second largest policing area with over 1 million hectares. All of these characteristics present challenges for policing.

Travelling across this policing area is a significant undertaking. Resources are placed strategically across the policing area to take account of this but officers and staff must still travel considerable distances to attend incidents, engage with the public and keep communities safe. Our landscape does not help us in this regard – a significant part of the Southern half of Devon contains Dartmoor National Park – covering 368 square miles- which has no major roads running through it, which affects travel times significantly, as does the lack of motorways and single carriage roads. In a typical year Devon and Cornwall Police travel 20 million miles per annum in order to deliver policing service across the two counties. The impact of such distances is not just financial – it affects response times and directly affects the proportion of time that a front line officer spends actively working on investigations/engagement/response as opposed to travelling. Figures 5.2 and 5.3 below highlight key distances and travel times within the policing area. Figure 5.4 shows the location of custody suites.

Figure 5.1 The 2011 Rural-Urban Classification for Local Authority Districts and Output Areas in England



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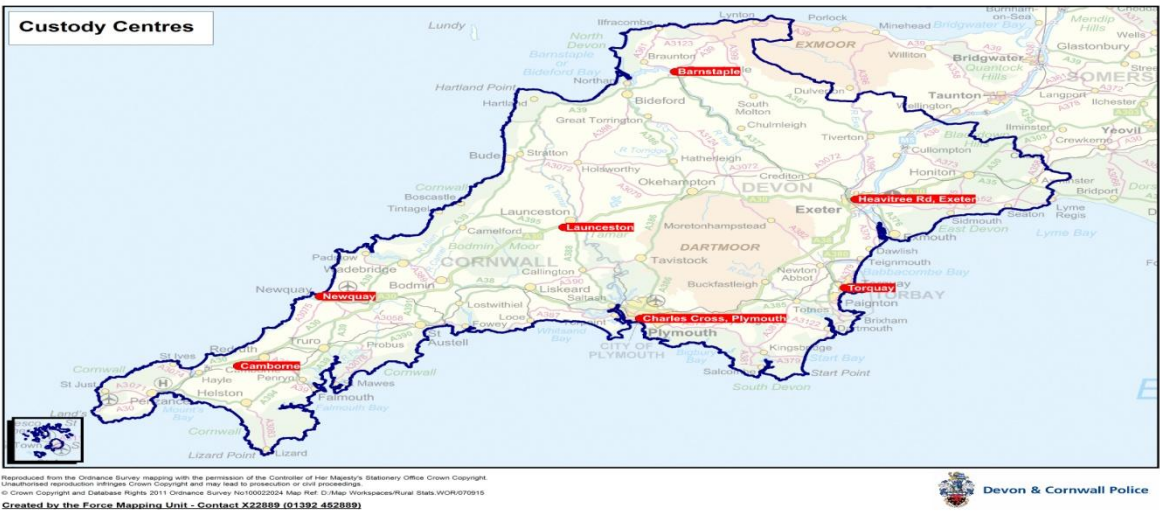
Figure 5.2 Typical travelling distances and times by car using most efficient routes<sup>3</sup>

Location	Distance	Time
North Devon (Lynton) to South Devon (Salcombe)	99 miles	2 hours 3 minutes
West Cornwall (Penzance) to East Devon (Hawkchurch)	152 miles	2 hours 32 minutes

Figure 5.3 Route distances and travelling times between main police stations (based on most efficient routes) – reference in footnote for Figure 5.2

From	To	Distance in Miles	Travel Time
Exeter	Torquay	22 miles	28 mins
Torquay	Plymouth	32 miles	39 mins
Plymouth	Camborne	65 miles	1hr 18 mins
Camborne	Newquay	20 miles	24 mins
Newquay	Launceston	40 miles	50 mins
Launceston	Barnstaple	53 miles	52 mins
Barnstaple	Exeter	42 miles	52 mins
Round Trip (see Figure 5.5)		263 miles	5hrs 23 mins

Figure 5.4 Map of custody locations in Devon and Cornwall



<sup>3</sup> All results were found using the Geographic Information System (GIS) MapInfo Professional. Routes, distances and measurements were calculated using RouteFinder for MapInfo. Roads were mapped using the Ordnance Survey Integrated Transport Network. The data was compiled using these average road speeds (All MPH): Motorway: 70, A Road: 50, B Road: 30, Minor Road: 20, Local Street: 20, Alley: 5. Average road speeds do not adjust for seasonal adjustments, environmental factors, closed roads or other changes that might happen to any given route at any specific time.



2001 census. In England and Wales they have a minimum size of 100 residents and 40 households. They are based on census day postcodes and fit within the boundaries of 2003 statistical wards (and parishes). It would be the sum of (i) and (ii), defined below.

**(i) Super Sparsity**

**Numerator:** Twice the resident population of those 2001 Census Output Areas within the area of the authority at the 2001 census with 0.5 or fewer residents per hectare. *Source:* 2001 Census, total resident counts at Output Area (OA) level from Key Statistics Table KS01 “Usual Resident Population” and the area of the local authority in hectares are derived from information from the 2001 Census, Univariate Table UV02, “Population Density”.

**Denominator:** The resident population. *Source:* 2001 Census, Key Statistics Table KS01 “Usual Resident Population”.

**(ii) Sparsity**

**Numerator:** The resident population of those 2001 Census Output Areas within the area of the authority at the 2001 census with more than 0.5 but less than or equal to 4 residents per hectare. *Source:* 2001 Census, total resident counts at Output Area (OA) level from Key Statistics Table KS01 “Usual Resident Population” and the area of the local authority in hectares is derived from information from the 2001 Census, Univariate Table UV02, “Population Density”.

**Denominator:** The resident population. *Source:* 2001 Census. Key Statistics Table KS01 “Usual Resident Population”.

**6. NON CRIME**

***It is essential that non-crime demand is suitably reflected in the police funding formula to reflect the wider role of the police service in society. The College of Policing work to highlight the broad spectrum of demand is insightful and we support their findings. That work shows there is a broad range of ‘non crime’ demands placed on the police – many of which, such as roads policing, public safety and public order, do not correlate with deprivation in the same way that links are typically drawn for crime. Even in those areas where some correlation exists – such as child protection and mental health – we must recognise that such demands are also experienced in other communities. We propose that significant additional weighting is given to the population Factor to take account of such wider non-crime demands on the police.***

The current proposal from the Home Office is that 24% of the total funding pot will be distributed based upon the population factor. We do not consider that this is sufficient. It does not reflect the true population based demand that is faced by police forces across the country, in responding to crimes and non crime incidents.

The Home Office are seeking views through the consultation on how to take account of non-crime demand. We propose that a much higher weighting is given to the population factor, on the basis that many of these additional demands on policing are generated as a result of population levels. We understand that the Home Office considers that the deprivation factors act as a good proxy for

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determining the division of funding for non-crime activities. We fundamentally disagree with such an approach. A focus on deprivation would completely ignore huge swathes of police activity which are not recorded as crimes, such as road traffic accidents, public safety, licensing and matters like attendance at non-suspicious deaths. For example, in the last 12 months Devon and Cornwall Police have dealt with:

- 120,000 public safety incidents which did not result in a crime – predominantly these are related to welfare such as missing persons, mental health etc, with Devon and Cornwall experiencing significantly more missing persons each day than the average force (reference the College of Policing demand profiles)
- 47,000 traffic incidents

Such incidents create a clear, significant and immediate demand on our police service, with 58,000 dealt with as immediate deployments and a further 57,000 as prompt deployments. The College of Policing's own research on police demand highlights some of the pressures we face in this area, recognising the higher than average instances of missing persons faced everyday in the two counties (22 per day compared to a national average of 12 per day), it is worth noting that each such incident will take an average of 18 hours of police time to resolve. It is vital that such demands are recognised in the funding formula.

There is a lack of evidence from the Home Office to support any contention that such incidents link more closely with deprivation and as such we believe that a higher proportion of total funding should be distributed based on population levels to ensure adequate funding to enable all policing areas to keep their communities safe.

### **SECTION 3 - DETAILED CONSULTATION QUESTIONS**

This section provides a full list of answers to the questions set out in the consultation paper. This section should not be read without the wider context of the preceding two sections which represent our main response to this consultation.

#### **1. To what extent do you agree or disagree that the current funding arrangements for the police in England and Wales need to be reformed.**

##### **(i) Strongly agree**

It is very important that the funding mechanism used to distribute money to police forces in England and Wales is transparent, straightforward and based upon a series of factors that are credible and robust and that are accepted as reliable reflections of the needs of the service. The current funding model does none of these things and reform is long overdue.

The means by which the police forces of England and Wales are funded has failed to keep pace with the shifting demographics and societal changes plus the shifts in the demand placed on the police service. As a result, it delivers an inequitable split of funding across England and leaves rural forces significantly underfunded. The complexity of the current model, which has been

exacerbated by the piecemeal amendments over the years, has resulted in a highly confusing formula which needs to change.

**2. To what extent do you agree or disagree that as part of the simplification of funding arrangements, legacy council tax grants should be consolidated into the Police Main Grant?**

**(i) Strongly agree**

We welcome the proposal to combine legacy council tax grants as part of the Police Main Grant in order to simplify funding arrangements. However, whilst supporting this proposal, we make the following comments which must be clarified in order to aid transparency and make the Government's intentions clear.

The legacy council tax grants were provided as an incentive to PCCs (and formerly, police authorities) to enable a zero council tax increase to be set. PCCs have used this money to continue to finance base expenditure levels. This switch in resources from increasing the council tax levy to grant has made this funding more vulnerable to government policy changes around the treatment of grant income. We believe that it is not the government's intention to penalise those organisations that have followed government policy in keeping council tax rises at zero. By adding the grant to the baseline it is understood that these grants will continue at their current level at least for the next CSR. **We look for positive confirmation of this** otherwise it introduces a level of vulnerability into what constitutes the baseline. **We would seek confirmation of a locked down model using the defined baseline for at least the next four years.**

Page 11 of the consultation paper refers to the Local Council Tax Support Grant which, as part of the legacy grant funding, it is intended to include in the starting baseline for local policing bodies. This funding was provided on a fixed basis for three years from 2013/14 and was calculated to reflect the individual needs of local policing areas and was not intended as a general funding grant. We would expect that the initial basis for the calculation of this grant to be continued to be updated as a specific funding stream related to the objectives of benefit support and kept outside the formula baseline. **Clarification of this assumption would be welcomed.**

**3. To what extent do you agree or disagree with the principles of a good funding model that the Government has identified?**

**(ii) Agree**

We support the five principles for a funding formula as set out in Chapter 3 of the consultation paper but would strongly argue that a sixth and very important principle must be added: Fairness. This is a fundamental core principle that should be applied to the model. Fairness is central to the Seven Principles of Public Life (Nolan Principles) and is one of the nine policing principles set out in the Code of Ethics published by the College of Policing.

We believe the five principles set out in the consultation are not always reflected and supported in the subsequent arguments made elsewhere in the paper. For example in our response to



Question 16 we demonstrate that the measures if applied as proposed would be neither robust, stable, transparent nor incentivise Government policy objectives.

#### **4. What other principles for a good funding model, if any, should be considered?**

We strongly argue that a sixth and very important principle must be added: **Fairness**.

Over the summer the Police and Crime Commissioner has been leading the call for Fair Funding for Devon and Cornwall Police. This campaign is calling on the Government to recognise and correct the unfairness built into the current funding model in that it fails to reflect the needs of local people and policing because it

- Does not reflect the additional demand on policing by being the Force with the highest visitor numbers in England and Wales
- Does not reflect the rurality of an area such as Devon and Cornwall and the additional challenges this places on policing
- Does not take account of the vulnerability of the local population including the non-crime aspects of police work associated with this

The campaign has gained substantial local support with over 8,000 signatures to our petition, amplified by many letters and voices of support and backed by a dozen local MPs.

This considerable local support reflects the strong call from local people to see the needs of their area fairly reflected.

Fairness is a fundamental core principle that should be applied to the model. Fairness is central to the Seven Principles of Public Life (Nolan Principles) and is one of the nine policing principles set out in the Code of Ethics published by the College of Policing.

Whilst it is accepted that the nature of complex calculations such as these can result in some Forces being outliers for one reason or another, time and again through this response we demonstrate that many of the key elements of these proposals are fundamentally unfair and hold a metropolitan bias. Police forces like Devon and Cornwall – and other areas that have a large but not necessarily densely populated area are disadvantaged through no other reason than their geographic and demographic mix – this is unfair. The inbuilt unfairness of these proposals is most evident in the bar density factor – where we estimate we will receive around £24 million less than West Yorkshire despite having the same number of premises, purely because we have an urban/rural mix.

#### **5. To what extent do you agree or disagree that the existing funding method should not be used to allocate police funding in the future?**

##### **(i) Strongly agree**

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We are firmly of the view that the current Police Allocation Formula is no longer fit for purpose and should be replaced. However, we need to ensure that any new formula that is introduced is fair. We believe that more time is needed to consider the true impact of the proposals and to determine the appropriate factors. As such we do not believe that the new funding formula should be introduced for 2016/17 as further work and consultation is required.

**6. If you disagree, please state why. If applicable, please provide evidence and/or details of sources of data which may help support this.**

n/a

**7. To what extent do you agree or disagree with the Government's conclusion that an upgraded PAF should not be used to allocate police funding?**

**(i) Strongly agree**

We agree with the Government's conclusion that to upgrade the PAF will only serve to further complicate an already over-complex and outdated methodology. The opportunity and political will to embrace a wholly new approach to allocate police funding must be taken.

**8. If you disagree, please state why you think an upgraded PAF should be used. Please provide evidence and/or details of sources of data which may help to support this.**

n/a

**9. To what extent do you agree or disagree with the methodology behind the simplified model?**

**(v) Strongly disagree**

We strongly disagree with the proposed methodology behind the simplified model for the following reasons listed i to v below – and which are set out in greater detail in Section 2 of our overall response.

- i. The population measure fails to take account of the impact that tourism has on population levels in key tourist hotspots like Devon and Cornwall, Cumbria, North Wales, Dorset and North Yorkshire.
- ii. The Council Tax Band D measure unfairly penalises areas that are large and have a high population and ignores true ability to pay.
- iii. The adoption of a limited set of deprivation measures is perverse. It unduly favours large metropolitan areas and is not a fair reflection of deprivation.
- iv. The bar density measure delivers large (and unjustified) windfall gains to areas with a small geography and penalises policing areas like Devon and Cornwall, Avon and Somerset and Thames Valley which have an urban/rural mix. It cannot be acceptable that West

Yorkshire will receive £24million more in alcohol funding than Devon and Cornwall when both have the same number of bars and pubs.

- v. Allocating over 50% of available funding on deprivation measures is far too high given that only 25% of policing demand is directly linked to crime. A greater proportion of funding needs to be allocated on the basis of population to reflect the diversity of calls for service faced by a modern police force.

**10. To what extent do you agree or disagree with the indicators that the Government is proposing be included in the simplified model?**

**(v) Strongly disagree**

See our answer to question 9 above and our more detailed answers in Section 2 of our full response to this consultation.

**11. Are there any other indicators that you think should be included within the model?**

Yes. We have identified alternative measures for population, deprivation and bar density which will remove the inequity in the current proposals. These have been set out in Section 2 of our main response and should be included as new indicators, namely

**Population** – in addition to the use of ONS we propose a revised metric which would add a measure of non resident population demand to the overall population figure, providing a more accurate measure of the base from which calls for service are being received by police forces.

The Office of National Statistics has recently produced a Tourism Atlas for England and Wales<sup>4</sup>, which has been developed with the aim of providing a range of official statistics at the local level to assist in understanding the impact of tourism within localities. The atlas, which includes county and unitary authority level information is publicly available at <http://www.ons.gov.uk/ons/rel/tourism/sub-national-tourism/a-tourism-atlas-for-england-and-wales--2015/index.html>. The specific variables we are proposing to use from this data set<sup>5</sup> are:

- Domestic overnight visits data download – Total number of nights – all overnight trips

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<sup>4</sup> The Tourism Atlas includes official statistics from a variety of different sources relating to tourism to provide a range of information at the county and unitary authority level. These sources are:

- The International Passenger Survey (Tourism visits from non-UK residents)
- The Annual Population Survey (Tourism employment data)
- The Inter-Departmental Business Register (Data on tourism businesses)
- The Great Britain Tourism Survey (Domestic overnight visits)
- The Great Britain Day Visits Survey (Domestic tourism day visits)
- Contextual data from the UK Census 2011 and Council Taxbase statistics (for second home data)
- Ad-hoc analysis from the Tourism Intelligence Unit at the Office for National Statistics

<sup>5</sup> Available on ONS website at <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-397816>

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➤ Inbound tourism data download – Total nights stayed by all visitors for all purposes

Taking these variables (indicating the additional number of people in an area), averaging over the year, and adding to the overall force population, the “total population” including the tourism element. This can be easily replicated for each force.

**Deprivation** – we propose that a single measure for deprivation is used namely the proportion of ‘households with no adult in employment’ compared to the England & Wales average.

In England & Wales, 4.2% of all households are categorised as ‘No adults in employment in household: With dependent children’. 29.4% are categorised as ‘No adults in employment in household: No dependent children’. Combined, the proportion equates to 33.6%. The use of a variable that is based on a third of all households would be more robust than one that is based on less than 5% of households.

**Bar Density** - we propose that density is calculated at Local Authority level and is then aggregated to force level. This methodology would significantly reduce, albeit not eliminate, the diluting effect of areas with large expanses of rural land and distribute funding more equitably across forces, in a way that truly reflects likely demand.

**Council Tax Band D** – we would prefer to see this factor deleted in its entirety as it is ill-conceived and fails to achieve its required aim. If it is to be retained, the indicators should be amended to remove the perverse impact on large forces.

**12. To what extent do you agree or disagree that specific non-crime demand should be included in the simplified model?**

**(i) Strongly agree**

Given the College of Policing’s own evidence about the volume of police demand that is not crime related, it is essential that police funding arrangements recognise the existence of these wider calls for service. The mechanism for distributing a proportion of funds to these wider demands must also be considered. In our view the most appropriate mechanism to do this is to allocate a greater percentage of the overall funding based on population figures as there is little evidence to suggest that non crime demand is closely linked to demographics. For example, in Devon and Cornwall, road traffic incidents make up a significant proportion of our policing demand fuelled by poor public transport, a large road network and high numbers of visitors. Please see Section 2 of our full response for further information.

**13. If specific non-crime demand were to be included in the simplified model, what indicators do you think should be considered?**

60% of the funding formula is allocated on the basis of proxy factors for recorded crime (households with no adults in employment and dependent children, hard pressed and bars per hectare). Such a correlation misses areas where under-reporting is more commonplace (such as

domestic violence) as well as the growing demand in areas such as cyber crime, CSE etc where the correlation with deprivation has not been proven.

In addition, modern day policing is about much more than crime. There is a significant body of evidence emerging (supported by the College of Policing) which recognises the changing nature of police work and a stronger focus on protecting the vulnerable within our society. This wider non-crime demand is recognised by the Home Office.

This growing base of non crime workload includes public safety, roads policing, missing persons, safeguarding activity through multi agency hubs, child protection plans, troubled families, mental health etc – many of which are preventative activity rather than being directly related to recorded crime. There is no evidence to suggest that huge swathes of these non crime calls for service are closely correlated to levels of deprivation. We propose that the Home Office either identify a series of robust metrics which can be used to differentiate demand levels for these kinds of services across the policing areas or decide to allocate a greater proportion of funding via population metrics – recognising that demand for such services is spread much more broadly across the population as a whole. The weighting attributed to this measure needs to be substantial – at least 25% of the total allocation. If the population measure is to be extended to cover non-crime demand, then at least 50% of the total funding pot will need to be allocated by population. Failure to do so will leave a large number of policing areas (including Devon and Cornwall) severely underfunded as money continues to be distorted towards urban deprivation.

**14. To what extent do you agree or disagree that a new funding model should be introduced in time to determine 2016/17 police force-level funding allocations?**

**(iii) Disagree**

**15. If you disagree, when do you think a new model should be introduced?**

We are not opposed in principle to changes being made for 2016/17 but only if the significant problems identified with the current proposal can be worked out in time. Realistically we believe that further work needs to take place and shared with Forces before implementation to allow them to assess its true impact. It is hard to see how this can happen in timescales that would allow implementation for 2016/17.

**16. To what extent do you agree or disagree that the proposed new funding model adequately captures the differences in the ability to generate precept income?**

**(v) Strongly disagree**

Please see Section 2 of our full response for our detailed comments on this issue.

While we recognise the Home Office's desire to reflect relative ability to 'collect' within the formula we cannot support the proposed measure set out in the consultation paper which completely ignores the following fundamental points:

- That all PCCs are severely constrained in their ability to raise local taxation rates as a result of Government policy to place a low precept cap on council tax.

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- The effect of the proposed approach is to discriminate against areas purely on the basis of size, without any regard to the value of the housing stock.
- There is no recognition of the importance of ability to pay.
- The proposal will effectively rule out police force involvement in mergers of combined authorities.

**17. To what extent do you agree or disagree that it is not appropriate for the proposed new funding model to take into account differences in actual precept levels which have resulted from local decision making?**

**(i) Strongly agree**

Past precept levels cannot be taken into account because of the significant variations that exist. Moreover we believe that this entire factor is erroneous and should be removed as PCCs are artificially constrained from making use of any such supposed freedoms to secure local funding at any significant new levels due to Government policy.

**18. To what extent do you agree or disagree that the Government should enhance the current NICC process?**

**(ii) Agree**

**19. To what extent do you agree or disagree that transitional funding arrangements are necessary to move police forces to their new funding allocations? If you disagree, please state why.**

**(i) Strongly agree**

Forces facing reductions under the new funding formula will not have spending strategies to deal with these additional reductions. As such, financial and operational effects will need to be carefully considered and a timescale for planned reductions followed.

**20. How long should the transitional period last? Please explain your answer.**

The answer to this question is dependent upon the outcome of CSR 15. If the eventual size of reduction through formula funding is 20% and the CSR reduction is also 20% over 4 years, then a reduction of 40% is not likely to be achievable for any force over 4 years. A number of years should not be specified but the period should be justified by the individual organisations.

**21. Which of the transitional options should be applied?**

**(i) Option 1 - Gradual**

This option would allow organisations to transition over time and adjust to new minimum base levels of operation. It allows a sufficient timeframe for those organisations that are severely affected by both CSR and formula changes to adjust and remains within the local control of PCCs. It would also have the time flexibility to benefit from any planned upturn in central funding in 2019/20 without having to cut too far only to bring service levels up in the future.

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**22. Which of the below factors should be taken into account when designing a process under option 3?**

**(vi) None of the above**

It should be noted that we have significant principle concerns to the 'Option 3 Enabled' approach. In answering this question we are not signalling our support for this approach – which we do not support. We would like to see Option 1 – Gradual.

We believe each of the factors would appear to give Home Office control over all funding decisions for a police force, including reserves. We think that this is incompatible with a PCC and Chief Constables' duties under the Police Reform and Social Responsibility Act.

With particular regard to reserves and PEEL efficiency we would make the following comments:

*Total reserve levels:* Over the coming years, levels of reserves held by PCCs are likely to be reduced substantially in order to manage the transition of already known central grant reductions. Reserves are not a substitute for savings. Their use is once only and simply serves to manage planned eventualities. For example, our current financial planning is that our overall level of reserves will reduce by more than half over the next four years. This money will be used to manage planned staffing reductions without incurring the additional costs of redundancies that would be required if staffing numbers had to drop at a faster rate. Our current level of reserves have not been developed by accident, they are a specific planning measure to prepare us for the future. To seek to punish a PCC for developing such a prudent plan would be perverse and anti-democratic.

*HMIC PEEL efficiency assessments:* The PEEL assessments predominantly assess efficiency and plans as of a particular date in the year, with at other points in time assessments on effectiveness and legitimacy. Until these are all put together into a final assessment of policing within an area, assessment of efficiency 'v' outcomes delivered is not possible. Thus basing any transition arrangements of funding should not be based on one element of PEEL in isolation to other parts. In addition, whilst PEEL efficiency will give an assessment of the Forces efficiency this is based on current assumptions on spend, funding arrangements and organisational plans. Changing these (in response to CSR, or any change in funding formula allocation) could influence the level of efficiency assessment of a Force (both positive and negative). We would not support the use of PEEL as the basis for any transition arrangements as a consequence.

**23. Are there any other factors that should be taken into consideration under Option 3?**

Under all options, local policing bodies should be asked to provide their own plans for how to manage the transition at the earliest effective date clearly highlighting local and national constraining factors that need be taken into account. These constraining factors would be, for example the number of officer reductions that can be achieved in any one year, the level of

mandated services, the level of increase in council tax, the availability of reserves and most importantly the level of operational risk.

To complement this, a maximum reduction in grant per annum should be set which would also have the effect of spreading the loss of grant over a number of future years, not just the CSR period. If the period of adjustment needs to be shortened then the policing body should also be able to apply for concessions that assist it in relaxing the identified constraining factors through, for example, the capitalisation of deficits or raising/ abolition of the council tax referendum limit to allow PCCs to adjust their overall income from council tax. Any assessment of VFM and effectiveness should be retained within those external bodies that are currently responsible for these areas e.g. HMIC and external auditors. VFM should be based upon thematic studies which are technically based rather than broad brush indicators and targets that do not have a specific technical relationship to force based services.

**9 September 2015**