

New Police Funding Formula Consultation Questions

General Comments

The review of the funding formula has been promised for some years and is welcomed. However for such a fundamental change to the funding of a protective service that will be in place for many years the level of consultation has been limited. The HM Government code of practice on Consultation specifies criteria, quote; Criterion 2 Duration of consultation exercises – consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible. For such a major change following best practice by the Home Office is expected.

The Surrey PCC submitted proposals developed by Oxford Economics which identified stronger relationships between factors than the current Police Allocation Formula which have not been employed in the proposed formula. There has been no explanation of the factors employed in the new formula and how they better reflect the demands on policing.

There is concern that with the unknowns around the forthcoming SR and the uncertainty of the proposed funding formula the Home Office have created an environment of uncertainty which is not conducive to generating a holistic corporate response. The lack of exemplifications also hinders understanding of the proposal and limits our ability to respond to the proposal.

Chapter 2

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

The current formula is flawed and not transparent with data that is out of date and not reflective of today.

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 with Police Main Grant?

(iii) Disagree

It would be simpler to put all the funding through a fair formula however the history of these funding streams cannot be forgotten or ignored. The council tax freeze is based upon decisions that were made to meet a government objective; to potentially lose that funding would appear to be unfair. The funding for the tax base adjustment, following the transfer of the council tax

support to local boroughs, is specific to each Force and therefore that allocation has to remain with the respective Force.

Chapter 3

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

(ii) Agree

The principles are generally sound except “the incentivising government objectives” which does not sit well with localism and may allow political distortions to the allocations. The principle of being robust is not carried through when one of the data sources is not updated regularly, that is every 10 years. Also the formula should be independent of any external influences, which is acknowledged in the consultation document by excluding any factor relating to crime recording. A favoured approach is to take the control of the funding formula away from the Home Office to an independent body to manage.

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

Chapter 4

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?

(ii) Agree

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

(iii) Disagree

There is not enough justification to understand why an upgraded PAF would not meet a fair and transparent allocation method.

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 support this.

As stated earlier the Surrey PCC commissioned a piece of work Oxford Economics to examine the funding formula and make recommendations on improving the current PAF.

The Oxford Economics report came to the conclusion that the PAF was capable of being amended and could work properly. To this end Oxford Economics identified better correlations for the following;
Burglary – gross commuting flows per resident

Criminal Damage – child well-being index education score
Sexual Offences – child well-being index average score
Road Accidents – length of A roads per hectare

To better reflect crime the report recommended to use the gross population flows also consider the population within 20 minutes of a county border as this becomes a stronger predictor of burglary. In Surrey we did some work a few years ago that showed approximately 50% of burglaries committed in the county are by persons from outside the county and under the new funding formula proposals the funding would not go to the PCC whose force was dealing with these crimes, but would in practice be largely given to the PCC in whose area those committing these crimes were resident.

Chapter 6

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

(iii) Neither agree or disagree

There has not been enough explanation of why each of the factors have been employed and the use of the Principal Component Analysis has been heavily criticised as its use in this context is very rare and we have been unable to identify any similar organisation in the world who has used PCA to distribute total state funding in this way. . If the bars per hectare correlates well to crime which is only part of the demand on the police so how is the remainder of the demand accounted for? Clearly this could be derived from the population and the two population factors but no evidence has been put forward to support this assertion.

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

(iii) Disagree

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

We refer you to the Oxford Economics report that provided a range of indicators that could be employed.

The environmental factor used is a relevant indicator, however it does not fully reflect the demand Forces face. The use of independent data is vital to meet the principles of the funding formula and there is a small risk that licensing decisions could be influenced to maximise funding allocations.

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

(ii) Agree

Unless the indicators already included in the proposal can be shown to apportion non crime fairly it would be an omission to not have a relative non crime demand factor.

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

See previous answers in respect of the Oxford Economics report.

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?

(iv) Disagree

The information and understanding void at this time would lead us to suggest that implementing the new formula for 2016/17 is not recommended.

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

When the Home Office have satisfactorily considered the consultation response to the proposal and raised the level of understanding and clarity about the proposal to such an extent that a greater level of confidence is achieved.

Chapter 7

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?

(iii) Disagree

The inclusion of the ability to raise council tax is only viable if the current restrictions on precept level increases are relaxed. To limit a PCC's funding because they have a large tax base and then impose controls that prevent that tax base being accessed is a totally unjustified position to take.

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

Chapter 8

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

(iii) Neither agree or disagree

The consultation document is vague on how this will operate and therefore it is not possible to respond on the appropriateness of the proposal.

Chapter 9

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.

(ii) Agree

A change in the allocation formula will create variances from current allocations and so it will be necessary to have some form of transitional mechanism. Without fully understanding the potential size of those variances and in conjunction with the anticipated reductions from the SR the precise mechanism cannot be determined.

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

As per the previous question it will depend on the size of the variation the period of transition that will be required. Any transition mechanism needs to be considered alongside the level of grant reductions and how they are applied. If the grant reductions are front loaded then the transitional changes should be back loaded to give Forces the opportunity to plan and respond to the financial challenge.

21. Which of the transitional options should be applied?

- (i) Option 1 - Gradual
- (ii) Option 2 - Required
- (iii) Option 3 – Enabled
- (iv) Other – please specify

As per the answers to the last two questions it is not possible to specify a mechanism. The “Enabled” approach causes concern as this would appear to be extremely complex and relies on the Home Office understanding the context in each Force which is not credible.

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

- (i) Total reserve levels (earmarked and unallocated)
- (ii) Percentage of total funding from precept
- (iii) Total funding per head of population in force area
- (iv) HMIC Peel efficiency assessments
- (v) All of the above
- (vi) None of the above

This is not the preferred method so none of the above.

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

As per 21 and 22.