

Response to Individual Questions

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

Agree.

The opaqueness and complexity of the four block model results in allocations that are almost impossible to explain to those both within and without the police service. The unfair treatment of resources and effects of ministerial decisions on block sizes result in allocations from the underlying need formulae (the PAF) being overridden.

With regard to the PAF, there are concerns about the continued use of regressions. The old ABC data has become increasingly out-of-date. Crime and spend data is too intrinsically linked to past decisions on funding.

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?

Following the Home Office workshop it was confirmed that further discussions had been undertaken with the Treasury and it had been agreed that legacy grants would not be consolidated with the Police Main Grant. If this is not the case then we are not supportive of consolidation.

However we are not supportive of the legacy Grant being subsequently added to the police grant prior to the application of Spending Review (SR) cuts, thereby exposing it to the swing in grant allocation.

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

Other than the principle which seeks to incentivise Government objectives, the principles proposed seem reasonable.

However, two of the measures proposed further in the consultation document do not appear to pass the test which these principles set, in particular the principle of robustness.

Firstly, the households with no adults employed and dependent children is a census measure and is only updated every ten years. Whilst the reason given at the Home Office Formula Funding Consultation event was that this measure does not tend to change, this is counter to the very nature of the Public Service Reform work which we are progressing in Greater Manchester. Our collective efforts and resources are focussed upon achieving a reduction in the number of residents who sadly fall within this category. To assume that there will be no change in this factor over the next ten years is not only ill-informed, but would also act as a perverse incentive to keep people in this category unless the formula is to be reviewed again in ten years to allow for recognition of work done to support residents in to work.

Secondly, not only does the Hard Pressed measure not exist anymore in the current CACI classification, but it is not a national dataset i.e. it is only available on a commercial basis in the localities.

Finally, the measures proposed are neither robust nor future proof; they do not reflect the drivers/ characteristics of crime or vulnerability, nor do they provide any incentives for prevention. This will be commented upon in further detail later in this response.

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

The most obvious omission is that of 'fairness'. The quoted swings of up to 20% as a result of the proposed formula do not represent fairness and indicate that either the current or the proposed formula is seriously flawed. No area can deal with changes of this magnitude no matter what transitional arrangements are implemented.

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?

Agree. The current flat rate reductions in funding not only pay no regard to up-to-date demand measures, but they are also based on a flawed and widely discredited system (the four block model), which further manipulates these allocations to create a highly opaque and complex machine. This flat rate reduction is also unfair to those areas which are more dependent on Government funding, as they are adversely impacted by percentage grant cuts.

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

Not applicable

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?

The upgraded PAF option is accompanied by a complete lack of information on method, data, exemplifications and statistical robustness. It is for this reason that we are unable to answer this question.

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.

Please see answer to question 7.

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

The accompanying explanation of the Principal Component Analysis does not explain how variables have been selected or excluded or the degree of variation explained by the published model. It is for this reason that I do not feel able to give an informed answer to this question.

I would also question the ability of the PCA model to handle lower volume measures. The consultation indicates that including 'non-crime' indicators gave zero/negligible weightings, this is of course true as the PCA model is unable to handle lower volume data sets. On this basis I would question the use of this particular statistical model.

On the subject of a simplified model, whilst being unable to comment on the methodology, I have concerns over this model's possible simplicity. There are no measures which have been included to reflect the complexity of crime, demand from non-crime (e.g. prevention, reassurance etc.) and the chosen indicators outside population could imply perverse incentives. For these reasons, in its present form, the proposed model is in danger of being simplistic as opposed to simplified.

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

Using the limited data available in the consultation document we have been able to draw the following conclusions against each proposed measure:

Population

This measure is a valid and reasonable measure to be included in the funding formula. This measure does not however take in to account population swell, both travel to work and for leisure/tourism. Greater Manchester for example has a daily net inflow of 27,000 individuals for those who travel to work (155,000 inflow and 128,000 outflow). In addition there are over 4 million people who visit the area every year, which equates to 150% of the resident population. Whilst the two categories of people represent different demands on policing services, they both have an impact and need to be recognised in a reflective formula.

Band D Equivalent

I have also had sight of the Devon and Cornwall response to this particular measure and to avoid increasing the length of this response I wish it be noted that I endorse their assessment and request that this measure is withdrawn from the proposed formula, or at the very least that the calculation also reflects the relative size of the Force area, using Force population.

However there are a few critical findings which I would like to draw upon in my response.

My understanding is that this measure is a DCLG measure which seeks to reflect the relative ability of an area to collect/raise local taxes, however the proposed model of implementation of this measure appears to do the exact opposite and unfairly penalises areas of high population by distributing the share of police funding across different authorities too evenly. Though the 'inversion' method does account fairly for the size of a tax base in each authority, in doing so it applies a methodology which drastically misrepresents the scale and need of larger force areas.

The effect of the proposed approach is to discriminate against areas purely on the basis of size, without any regard to the quality of the housing stock and offers no recognition of the importance of ability to pay. Particularly, the value of a property does not necessarily relate to an individual's wealth and in the proposed model the impact of levels of people claiming council tax benefit on available revenue levels is ignored.

Bar Density

The component of the proposed new formula also applies a methodology which disadvantages larger metropolitan areas which are likely to have areas with extremely dense concentrations of bars alongside large areas with low bar density.

The methodology for bar density is based on calculating the number of beverage-serving businesses per hectare in a given area. This particular measure and its methodology calls in to question the level of granularity of data being used, however this is a significant discussion point which will require further consideration when a revised set of measures are presented. The use of data at a Force level dilutes the impact of areas where bar density and the associated demand on Police services are felt, in particular Manchester city centre.

Whilst I can see that Bar Density is attempting to measure demand linked to the consumption of alcohol, this is a restrictive measure as it does not take in to account the dangerous levels of home drinking. I understand that the Home Office are in consultation with the National Police Chiefs' Council with regard to formalising a common means of recording the influence of alcohol on crime, in line with a new common definition. A measure reflecting these developments should therefore be considered for inclusion in a future funding formula as the recognised measure for alcohol related crime.

Finally, the classification codes currently used are narrow and do not take into account restaurants, sports venues and retail businesses which are ignored entirely in a way which misrepresents the role of alcohol in crime and therefore on demand on police services e.g. domestic abuse and anti social behaviour.

Households with no adults employed and dependent children

This is a census measure and is only updated every ten years. Whilst the reason given at the Home Office Formula Funding Consultation event was that this measure does not tend to change, this is counter to the very nature of the Public Service Reform work which we are progressing in Greater Manchester. Where our efforts and resources are focussed upon the reduction of residents who sadly fall within this category and to assume that there will be no change in this factor over the next ten years is not only ill-informed but also acts as a perverse incentive to keep people in this category.

Hard Pressed

This measure no longer exists and when it did was not a freely available measure, again this does not meet the Home Office proposed principle of robustness.

Weighting

Whilst there is no question regarding weighting of the measures this is a significant issue that needs further consideration however without the original exemplifications and the agreement of the final set of measures it is not possible to explore weightings in the detail they deserve.

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

Ideas to date include:

Index of Multiple Deprivation

Victim Satisfaction (source Home Office)

ASB perception levels (source: National Crime Survey)

Mental Health Learning and Disability Statistics (source: Health and Social Care Information Center)

Missing Persons Data (source: National Crime Agency)

Local Index of Child Wellbeing (LICW) (a measure used by the coalition government to calculate the number of troubled families, with the City of Manchester having the lowest levels of wellbeing for children out of all 354 authorities)

Alcohol-related incident reporting (source: Home Office / ACPO pending)

These however do not reflect areas of growing demand e.g. Fraud, Domestic Violence, Child Sex Exploitation and Human Trafficking. Work needs to continue in these areas to develop appropriate measures.

If new indicators were offered they would need to be caveated as, without better understanding of the underlying statistics, it is not clear what impact they would have on the overall results. For example, if one argued for the inclusion of some indicator around mental health drivers of policing activity it is not clear how that would interplay with the other proposed elements and the impact overall.

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

Agree. It is unacceptable to only model part of the demand on the policing service. The consultation references the College of Policing analysis: Estimating demand on public services, however the consultation is selective in the areas which it highlights and completely ignores the increases in Child Sex Exploitation and that of Modern Slavery.

It is disappointing that only one of the proposed measures links to the drivers of crime detailed in chapter 5. Equally disappointing is the lack of measures relating to vulnerability.

Interestingly the consultation does not ask for comment upon measures which reflect the drivers of crime, the changing nature of crime and the complexity of crime.

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

Please see answer to question 11.

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?

Given that the consultation paper contains no statistical information or exemplifications, and hence no information on the robustness or magnitude of the proposed changes, early implementation would raise fundamental questions about the meaningfulness and legality of the consultation process.

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

Please see answer to question 14.

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?

Without exemplifications and statistical information it is not clear what the measure of “population per band D equivalent property” is attempting to measure. I have assumed that is it intending to measure the ability to collect and I refer you to the submission made by Devon and Cornwall on this issue and also my comments made in question 10.

I have also had sight of the PACCTS response and I am particularly concerned that the consultation has not taken adequate consideration of the position in Wales. The references in Chapter 7 are all to the DCLG four block model. The four Welsh forces will continue to receive a significant proportion of their funding through Welsh Government. The Welsh Government distribution formula includes Council Tax at Standard Spending. It is not clear that the consultation has considered the impact of two grant distribution mechanisms with different proxy indicators for the ability to raise tax.

Welsh dwellings were revalued in 2003 so there are in existence two tax bases valued at different points in time. The consultation provides no evidence that the difference in band D between Wales and England has been considered.

The consultation does not address the point of loosening the cap on Council Tax precepts and therefore does not adequately consider the true ability to generate precept income.

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?

This really depends upon the removal of the current referendum rules and restraints on the level of precept rises. There is a need to recognise the inequalities the current gearing of national and local funding.

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

The consultation paper contains almost no details on the current arrangements and none whatsoever on the proposed new and enhanced process. Given this lack of information, I again am unable to give an informed answer to this question.

However the inclusion of NICC in the consultation document raises the additionality question, although accepting that London has unique features, there are clearly areas of commonality with the Metropolitan

Forces which ought to be recognised as part of a new formula e.g. deprivation, major events, demographics and transient population figures (both commuters and tourists).

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.

Ordinarily we would support the use of transitional arrangements; however, given the lack of detail with regard to the magnitude of the proposed changes we again are unable to express an informed preference.

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

Please see answer to question 19.

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

Please see answer to question 19. In addition to this, I agree with PACCTS and feel that where changes are significant the Home Office should seek to negotiate additional funding from the Treasury.

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 question implies a support of option 3, which is not given.

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

Again, this question implies a support of the enabled option, which as highlighted in my answer to question 19 we are not able to endorse in absence of key data.

However, if the Home Office wish to take a measure of resilience in each force area I agree with the PACCTS suggestion that an opinion can only be reached after careful examination of the whole balance sheet, the medium term financial plans, the capital plans, the risk register and contingent liabilities. It also goes without saying that this judgement on resilience must be free of subjectivity.