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Rt Hon Mike Penning MP
Via email

15 September 2015

Dear Mike,

I am writing in response to the recently issued 'Consultation on reform of police funding'. The outcome of this consultation is critical for the sustainability of the modern police service and one which we must get right. I did write to the Home Secretary on 24 July requesting further information and was disappointed not to receive a response or the requested exemplifications. This lack of information coupled with the short consultation time scales and the timing of the release over the summer, while Parliament is in recess, has prevented me from making an informed response thus undermining the consultation process. I would be grateful if you would consider issuing the exemplifications requested and re-starting the consultation process to allow for an informed and transparent exchange with those in the police service to take place.

In the absence of exemplifications I have asked my office to calculate the potential impact of the proposed model on Greater Manchester Police using the data sources quoted in the consultation document. Our best estimates show that Greater Manchester Police would lose £52m (12.7%) per annum under the proposed model. Other police areas have estimated losses of up to 20% and, when coupled with the impact of the impending Spending Review, cuts at these levels could call in to question the viability of a sustainable policing service in Greater Manchester and other areas.

Furthermore, I note that the combined impact of cuts that will impact on demand on policing from the Spending Review to the Home Office and other Government departments has not been addressed in these proposals. It seems clear that the proposals for a new formula should not be considered in isolation from the Spending Review. I would be grateful for your comments on how the Home Office intends to assess the impact of these interdependencies which will impact disproportionately in Greater Manchester. According to the National Audit Office, nationally 68% of funding for police services is centrally funded. Greater Manchester Police receives 77% of funding from central government whilst Surrey Police, for example, receives 43% meaning any changes to the central government grant have a higher impact on areas, such as Greater Manchester, which are more reliant on central government funding.

It would further be helpful to receive an indication of your view on future devolution of decision making on locally-raised income, both council tax precept and section 25 charges for policing services. Whilst I

acknowledge that the existing legislation allows for precept increases, the referendum process and costs involved are prohibitive. The limitations on Police and Crime Commissioners to raise taxes locally ought to be removed. Whilst this would be a helpful change the Home Office cannot now or in the future regard such a change as a panacea. It must be noted that even with precept freedoms the anticipated level of cuts cannot be recovered locally through a precept increase, an increase of 53% would be required to replace the monies estimated to be lost as a result of this proposed formula before any further Spending Review cuts in funding.

On the subject of income generation I also advocate that the section 25 charging regime is relaxed to allow greater flexibility for the police to recover costs from what are, in the main, profit-making organisations.

I am disappointed by the failure to include in the proposed funding formula measures which reflect the drivers of demand, both crime and non-crime, the changing nature of crime and its complexity, and measures which reflect vulnerability and reassurance. I would also be grateful for your comments on how the Home Office intends to ensure national ability to comply with the requirements of the Strategic Policing Requirement in light of the proposed changes and following on from the next round of cuts at the SR. As you know police services in large metropolitan areas like Greater Manchester maintain capabilities that are drawn on in times of national need such as horses, TAU and specialist firearms officers for which no specific national funding is provided. A number of areas have already ceased to provide these services and your thoughts on how funding can be guaranteed for these critical services going forward would be welcome.

Notwithstanding my concerns, I remain committed to engaging as positively as possible and attach detailed technical responses to the questions posed in the consultation documents.

Yours sincerely

Tony Lloyd
Police and Crime Commissioner

