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## **Home Affairs Committee Inquiry into Police Funding**

I am responding on behalf of the PCC for Thames Valley Police. The Committee has invited evidence on the following eight questions. Our answers to each are set out below:

**1. Does the proposed new funding model meet the ambition of being simple and transparent while also ensuring that funding is disbursed equitably?**

1.1 No, the new funding formula is simple but is not transparent and does not equitably disburse funding across local forces. Policing is a very complex business and hence it is not possible to disburse funding fairly and equitably to 43 separate forces in England & Wales without having some understanding of the complexity of the demand facing policing. In our opinion the formula has been overly simplified by only using 4 different factors, two of which relate to measures of deprivation.

1.2 The proposed funding formula does not address the current funding inequalities created by the significant variances across the service of the balance of grant and precept funding; these inequalities have been particularly noticeable during the current round of cuts.

1.3 The Home Office have not provided any evidence to support the application and weightings given to the individual indicators. Nor have they proposed any review mechanism to ensure that the formula is regularly reviewed to ensure it is meeting its overriding principles.

**2. Do Police Forces have sufficient understanding of the demand for their services?**

2.1 No, not at the present time although a lot of work is currently being undertaken by individual forces and nationally by the NPCC, following the initial work undertaken by College of Policing, to better understand the demand for services. The results of the NPCC project will start to deliver findings in the last quarter of 2015/16.

- 2.2 Locally, Thames Valley Police has undertaken a lot of work through its Priority Based Budgeting process and in-depth thematic reviews (e.g. neighbourhood policing, patrol) to better understand the demand for local services. This work is critical to ensure that limited resources are used in the most effective and efficient manner possible and that action is taken, often working with partners, to reduce the demand for policing services e.g. by ensuring that individuals with a mental health problem are taken to an appropriate place of safety rather than being held in police custody cells. Similar work is being undertaken in a number of forces so in 6 months time the quantity and availability of information will have significantly improved.

**3. Do you agree with the Home Office's assessment of the six key drivers of crime indicated in the consultation?**

- 3.1 It is probably an accurate assessment of the key drivers behind volume crime (e.g. burglary and robbery) but the key drivers behind the new & emerging crime types e.g. cyber crime, CSE, modern slavery, mental health, drugs, trafficking/people smuggling, domestic violence, and sexual violence) and non-crime activity (fear for personal welfare, disorder/dispute/disturbance, and requests for assistance) may well be very different.

**4. In the proposed new funding model, are the five proposed sources of indicator data sufficient to capture the drivers of police demand?**

- 4.1 No. Moreover the Home Office has recently issued an updated formula for consultation and the number of indicator data has dropped from five to four which further exasperates the problem of over simplification. The indicators being used may well be a good proxy for volume crimes but they are not an adequate representation of new & emerging crime types or non-crime activity nor do they represent the complexity of the various crime types and hence the demands placed on the police.
- 4.2 In the absence of clear, objective and proven evidence for the demand for policing services, population is almost certainly the best proxy for both crime and non-crime activity. However, this only accounts for 30% within the updated formula, which is less than half the 61% weighting now applied to the two "deprivation" factors.

**5. Should the proposed new funding model include indicators of "non-crime demand"? (The Government's consultation document refers to incidents involving people with mental health issues and child protection as demands on policing have not previously been captured in any funding formula)**

- 5.1 Yes, research indicates that 70-80% of police demand relates to non-crime activities.
- 5.2 We accept that work is still ongoing to fully understand and measure the demand for all policing services and that this will be an evolving picture over the next few months and years. However, there is no evidence to suggest that the Home Office's proposed indicators will bear any

resemblance to the demand for non-crime activity. Nor have the Home Office explained how this new, evidence backed information will be used in a couple of years time to update the funding formula to ensure that resources are allocated according to the demand for services in individual force areas.

## **6. Is the proposed new funding model consistent with the guiding principles**

- 6.1 No, the first principle is robust. The statistical technique used is Principle Components Analysis (PCA) which, according to our research, is only used in one other country to allocate national funding to a regional level. The funding model has recently been updated because PCA does not work effectively with a combination of ratios and volume measurements, as the Home office has tried to do. PCA has been used by the Home Office to identify the key characteristics and measurements of crime but trying to identify the key characteristics and measurements of non-crime activity within the same dataset will not work. As stated above we believe the funding model has been over simplified and by using only 4 different indicators cannot represent the very complex mix of demand for both crime and non-crime policing services.
- 6.2 The second principle is stable. The Home Office consulted on 3 separate options for transition but has given no clear indication at this stage as to which one will be chosen.
- 6.3 The third principle is transparent. The Home Office has produced a very simplified formula but has not shared the data upon which the calculations are being based. Nor have they explained the rationale behind the individual weights applied within the model or why some components have been chosen (e.g. bar density) but others (RTA or road lengths) have been ignored.
- 6.3 The fourth principle is incentivising government objectives. The Home Office is trying to achieve this objective through its third option (enabled) for transition which provides Ministers with subjectivity when considering how transition should be applied. We do not support this option since it could introduce uncertainty into the funding process and potentially introduce perverse incentives, which should be avoided at all costs.
- 6.4 The fifth and final principle is future proof. As explained above the home Office has not stated when and how the model will be updated in coming years to ensure it remains timely and fit for purpose. We are particularly concerned that the model does not include appropriate indicators for the 70-80% of police demand that is not linked to volume crime and does not appear to have a formal process in place to use the evidence the NPCC is currently collecting in terms of demand and non-crime activity.

**7. Principle 4 of the proposed new funding model seeks to promote improved efficiency. Is it possible for the model to take into account efficiencies achieved in previous years?**

7.1 No, and it should not do so. HMIC already report publicly on each forces' ability to deliver efficient and effective policing services through its PEEL process and external audit provides a value for conclusion each year as part of their final accounts work. We do not believe that these processes should be replicated in the funding formula. Each PCC/Police Force should be provided with adequate financial resources to provide an efficient and effective police and crime service in their local area and then should be held to account, through the public ballot box, for effectively they discharge that public duty.

**8. What criteria should be used to determine whether the proposed new funding model is introduced in time to determine 2016/17 funding allocations and what are the implications of delaying its implementation?**

8.1 The funding model should be technically correct and allocate financial resources according to the quantity and complexity of demand (both crime and non-crime) placed on policing services in all force areas. It should also receive widespread support from all areas of the wider policing family, particularly the main representative bodies such as the APCC, NPCC, PACCTs and FRB.

8.2 Delaying implementation until, say 2017/18, will mean that the Home Office cannot announce individual PCC grant allocations for all 4 years of the spending review i.e. 2016/17 through to 2019/20 but they can provide the totality of funding which will be available to local forces after top slicing etc.

Yours faithfully

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CFO and Deputy Chief Executive