



Police & Crime Commissioner for Cleveland
Cleveland Police Headquarters
Ladgate Lane
Middlesbrough
TS8 9EH

Email: pcc@cleveland.pnn.police.uk
Website: www.cleveland.pcc.police.uk

Police and Crime Commissioner:
Chief of Staff (Chief Executive & Monitoring Officer):
Chief Constable:

Barry Coppinger
Simon Dennis BA, Solicitor
Jacqui Cheer QPM

Tel: 01642 301653
Tel: 01642 301653
Tel: 01642 301215

Report of the Police and Crime Commissioner to the Chair and Members of the Police and Crime Panel

10 December 2015

Financial Overview and the Comprehensive Spending Review

1. Purpose of Report

- 1.1 The purpose of this report is to provide Members of the Cleveland Police and Crime Panel (PCP) with a brief update in relation to the finances of the PCC and an initial overview of the likely impact of the Comprehensive Spending Review on the finances for Policing in Cleveland over the next 4 years.

2. Background

2.1 Government Grant

The PCC is working to a budget of £132m in 2015/16, with over 70% of this funding coming from the Government as opposed to being raised through the local council tax. With over 70% funded by the Government this is the 10th highest in the country out of the 43 Police Force Areas. Therefore when Government funding is cut by the same percentage for all Police Force Areas this has a bigger impact on those that receive a higher proportion of their funding from the Government Grant (such as Cleveland).

- 2.2 Since 2010/11 the Government Grant for Cleveland has seen the following CASH reductions:

- 2011/12 – £5.3m reduction (5.1%)
- 2012/13 – £6.5m reduction (6.7%)
- 2013/14 – £1.5m reduction (1.6%)
- 2014/15 - £4.5m reduction (4.8%)
- 2015/16 - £4.6m reduction (5.1%)

- 2.3 Therefore over the 5 years detailed above the Main Government Grant(s) received for policing in Cleveland have reduced by £22.4m in total. In addition to this, other government grants have been reduced by £1.4m, which brings the total cash reduction in Government Funding for Cleveland, over the 5 year period, to £23.8m. **In real terms, given the effects of inflation this equates to around a £35m reduction in spending power on the Police Service within Cleveland over just 5 years.**
- 2.4 This reduction over 5 years equates to a 22% cash reduction in funding from the government which in real terms equates to a 32% reduction.

3. Comprehensive Spending Review 2016/17 to 2019/20

- 3.1 Overall police funding, including funding for Counter Terrorism, has been cut by 1.3% in real terms over the next four years. In a letter to PCCs and Chief Constables the Home Secretary and Policing Minister say that “taking into account the scope that you have to raise local council tax, this means a flat real settlement for **policing as a whole.**” It is important to realise that this doesn’t necessarily mean individual Police Force Areas will have more money going forward that they had in 2015/16.
- 3.2 The Spending Review document added that police force budgets will be maintained at current cash levels. However a number of top slices are expected to fund additional schemes outlined by the Chancellor and detailed below. The size of these top-slices could have a significant impact on the amount of money available locally to deliver policing in Cleveland.
- 3.3 **How exactly this affects individual settlements will not become clear until the provisional police funding settlement for 2016-17, expected on 17 December.**
- 3.4 The table below sets out the Home Office revenue and capital spending totals. Unlike previous years the Home Office spending totals contained in the Spending Review did not separate out police funding. At this stage it is therefore not possible to set out the profile of the year on year changes. It is important to realise that of the £10.3bn overall Home Office (resource) budget for 2015/16 around £8.2bn (or 80%) of this is allocated to ‘Policing’ and of this around £7.0bn (or 85%) is actually allocated to PCC’s. Therefore around 68% of the Home Office budget is actually allocated to PCC’s directly.

Home Office	£ billion					Real growth
	2015-16	2016-17	2017-18	2018-19	2019-20	
Resource DEL (excl depreciation)	10.3	10.7	10.6	10.6	10.6	-4.80%
Capital DEL	0.4	0.5	0.5	0.4	0.4	-
Total Managed Expenditure	10.7	11.2	11.1	11.0	11.0	

3.5 **Key Headlines**

The main announcements from the Spending Review which have an impact on police are summarised below.

3.6 **Police**

- £1 billion will be invested to link up the emergency services and up to £1.65 billion of new funding to drive closer collaboration between police forces on specialist capabilities like firearms, cyber-crime and child sexual exploitation
- Police efficiency will be improved by taking steps to drive down the cost of police procurement by up to £350 million and encouraging greater collaboration between police forces and with other public and emergency services.
- Additional transformational funding will be allocated to forces which have “strong proposals to support efficiency and reform and to help transition to new funding arrangements in future”. This funding will also allow forces to train more firearms officers to ensure the country extends its capability to protect its citizens from terrorist threats.

3.7 **Home Office**

- The Home Office administration budget will be reduced by 30% between 2015-16 and 2019-20.
- The National Crime Agency’s budget will be protected.
- Over £200m of capital investment to fund new digital and investigative capabilities for the National Crime Agency.

3.8 **Counter-Terrorism**

- Counter terrorism funding will be increased by £500m, equivalent to a 30% rise.
- The number of police armed response vehicles available to respond rapidly to critical incidents will be increased by up to 50% and new funding will be made available to increase the number of specialist counter terrorism fire arms officers and to train existing officers.

3.9 Given the values involved in the above commitments (i.e. the £1bn, the £1.65bn and the £500m) it is almost impossible for these to be delivered without it impacting negatively on the level of funding directly available to me to deliver Policing within Cleveland.

3.10 Council Tax

- In England it is the intention that the overall referendum limit for police precept will be maintained at 2% over the Spending Review period.
- Additional flexibility will be made available for the ten PCCs in England with the lowest precept levels each year (lower quartile), so that they can raise their precept by up to £5 per year over the Spending Review period. Cleveland is not one of these areas.
- All other PCCs can expect to be subject to the usual 2% referendum limit.

3.11 The Government and Home Office have therefore factored in 2% increases in Local Precepts for policing into their announcements and plans for the next 4 years.

4. Conclusion

- 4.1 While the Spending Review indicates a welcome end to the reductions to the overall funding available to Policing it is vital for our staff, the public and our partners to realise that this sadly **doesn't** automatically mean that there will be more funding available locally for Policing in Cleveland. It also **doesn't** mean that further reductions in both real and cash terms will not be made in the coming 4 years to the funding available to me for Policing in Cleveland.
- 4.2 It is also vitally important to realise that even in the best case scenario, where there are no further cash cuts to the funding available to me locally, this still means that the spending available for Policing in Cleveland is still over £35m worse off than it was in 2010/11, in real terms, given what has happened in the 5 year to 2015/16. It therefore **doesn't** mean that all of the savings and changes that have already been made can be reversed, and it **doesn't** mean that those changes and savings that we have planned and need to make in the future are no longer required.

Barry Coppinger
Police and Crime Commissioner for Cleveland