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To: All Cleveland Members of Parliament

25 October, 2018

Dear Simon, Alex, Mike, Andy, Anna and Paul

Cleveland Police Funding – Financial History and Future Challenges

Thank you for your continued support, and any possible work to come to provide better financial support for Policing and Crime in Cleveland from the Government. With that in mind I thought it would be useful, prior to the National Budget later this month, to bring to your attention the significant financial cuts and challenges we have had to face over the last 8 years of austerity.

It is also vital to understand what the impact current Government policy, which continues to reduce Government funding for local Policing, is having right now and will continue to have in the future for all of the communities across Cleveland.

Government Grant Cuts

Over the last 8 years Government Grant for Policing and Crime in Cleveland has been cut by £25.4m, these cuts equate to reductions of 24% in cash terms and have occurred as follows: 2011/12 - £6.7m; 2012/13 - £6.6m; 2013/14 - £1.5m; 2014/15 - £4.5m; 2015/16 - £4.6m; 2016/17 - £0.5m; 2017/18 - £1.2m; 2018/19 – grant frozen so a further reduction in real terms

We have moved from a Budget of £148.5m to pay for Policing, to £134.6m to pay for Policing, Community Safety and Victims & Witnesses Services.

We therefore have £14m (or 10%) less in cash terms but more responsibilities. In addition to this, what we can buy with our money now is less than we would have been able to in 2010/11, because of the impact of inflation, pay awards and numerous government policies/decisions - such as National Insurance Increases, the Apprenticeship Levy, unfunded pay awards, and a very significant risk in relation to Employer's contribution costs that are forecast to materialise in 2019/20.



The Police & Crime Commissioner for Cleveland is an accredited Living Wage Employer with the Living Wage Foundation.

In real terms Policing in Cleveland is £39m worse off in 2018/19 than it was in 2010/11.

Hasn't this been the same everywhere?

The simple answer to this is No.

Appendix A to this letter shows the varied position across England and Wales in terms of the 'cash' reductions in Total Funding experienced by each Police Force area between 2010/11 and 2018/19. You can see from this appendix, Cleveland has been significantly harder hit than most areas.

This appendix also shows the levels of Victim-based crime per 1000 population. It therefore becomes very apparent that those areas with the highest levels of Victim Based crimes per head of population, have also been the hardest hit in terms of funding reductions.

Appendix B sorts this information by levels of Crime per head of population.

In terms of overall funding Surrey have been the least impacted and have actually seen their overall funding increase by 1% (in cash terms) since 2010-11. If Cleveland had experienced a similar 1% increase we would now have **£15m per year extra** to spend on Policing Cleveland, which has a Police Recorded Crime level, per head of Population that is nearly 60% higher than Surrey's.

What do the National Audit Office (NAO) make of this?

In 2015, the NAO had previously reported on financial sustainability for police forces and concluded that *'there were significant gaps in the Department's (Home Office's) understanding of demand and of pressures on the service, and it needed to be better informed to discharge its duties of overseeing the police and distributing funding'*

This review of financial sustainability has been undertaken again in 2018 with the report concluding: **'that the Home Office's hands off approach for police forces means it is unable to be sure whether the system is financially sustainable. Additionally, it lacks a long-term plan for policing and there is a significant gap in information regarding the demand on policing services and the associated costs. The way that the Home Office distributed funding has been too detached from the nature of policing for too long, particularly with the delay of the formula review. The NAO, therefore, concludes that the HO's oversight of the police system is not assuring good value for money.'**

Hasn't the Precept Flexibility, that was provided in 2018/19 helped?

In 2018/19 the Government allowed PCC's to increase the Policing element of the Local Council Tax bill by £12 for a Band D property, while freezing Government Grants – what this in effect does is continue to penalise those areas, such as Cleveland, who are more reliant on Government Grant – which is/should be allocated based on the Needs of the Population it is Policing – in comparison to those areas that receive a greater percentage of their funding from the Local Council Tax.

It is important to recognise that this isn't about how much someone in a Band D property pays for Policing in comparison to other areas of the country – Cleveland has the 8th highest Band D level for Policing in England and Wales and the 5th highest in England – this is about the proportion of the funding

that a Police Force area receives from its Direct Funding sources – which is from the Government and the Local Council Tax.

Appendix C shows how much the Direct Funding (so Government Grant + Precept) that each Force Area received increased, between 2017/18 and 2018/19, as a result of the Precept flexibility. Again what you can see is that Cleveland experienced a very low increase in comparison to the rest of the country, the 4th lowest nationally and about half of the increase that the highest increase in the country received despite increasing the Band D precept by £12 – which was the same as almost all other areas of the country.

This increase of 1.8% is less than inflation and less than pay increases and therefore Cleveland continues to have to make savings and cuts to balance the budget whereas others don't.

If Cleveland had received the 3.56% increase that Surrey achieved then this would have provided a further £2.1m to spend on Policing in 2018/19 – and, just as importantly, in the coming years.

This is a picture that will repeat itself in 2019/20, unless there is a change to the current Government funding of Policing in England and Wales, because we believe the Government intends to Freeze the Government Grant in 2019/20 (again) – so another cut in real terms - and 'allow' PCC's to increase the Local Policing element of the Council Tax by a further £12 for a Band D property.

Not only is the approach to funding Police Force Areas inequitable across the country, and has been for the last 8 years, as I have shown in this letter, but it also takes no account of demand.

Those areas with more Victims are progressively getting less funding year on year than other areas in the country, which in turn makes it more and more difficult to manage demand, let alone reduce it. We therefore continue to see increasing demands placed on the service, from a population in Cleveland that needs more and more support and help year on year, but with less and less resources to do this.

Additional Financial Pressures Going Forward that are being passed on to the Forces

As part of the 2016 Pension Valuation HM Treasury have announced Public Sector Pension Valuation 'Directions' which serves to increase the Employer's Contribution rate from 2019/20 for Public Sector Pension Schemes, impacting on the Police Pension Scheme.

The main change is the reduction to the Discount Rate, which is used to convert future pension payments into present day value. This rate reflects the OBR view on the current national economic outlook, which in turn reflects a particularly uncertain period prior to BREXIT.

The Discount Rate has been reduced from 3.0% to 2.4%, though a reduction to 2.8% was contained in the 2016 Budget. The Home Office have signalled forces will need to budget for costs, which they value at circa £165m, in 2019/20 – with the Treasury committing to support additional or 'unforeseen' pension costs in next year only. The ongoing funding of the full Discount Rate reduction will be considered as part of the overall Spending Review.

The real world consequence of dealing with a notional pension deficit is that Forces are being asked to find £165m nationally in 2019/20 and potentially £417m in 2020/21 to plug this hole. This could mean circa 4,000 less officers next year and ultimately circa 10,000 less from 2020/21.

The impact on Cleveland of this would be additional unfunded costs of circa £1.7m in 2019/20 – the equivalent of around 35-40 less Police Officers and £4.2m of additional unfunded costs from 2020/21 onwards – the equivalent of circa 100 less Police Officers per year.

While the Financial Challenges are significant what about the Operational context?

Cleveland experiences a complex – if not unique – challenge in respect of demand. With high rates of unemployment, low levels of academic achievement and health related issues such as drug & alcohol dependency, it experiences higher levels of victimisation and criminality. In addition to high level of demand, the changing nature and increasing complexity of work involved presents an ever increasing challenge.

This is evidenced via the increasing ‘crime severity score’, developed by the Office of National Statistics as a measure of relative harm to society and likely demand on police resources. Cleveland attracts a score which is similar to that of the large metropolitan forces such as Merseyside and is one of the highest in the country, ranked 10th out of 43 forces. The cost of crime to the police and criminal justice service in Cleveland is estimated to be around £93.3 million a year, rising to £345 million when the costs to the general public in anticipation of crime (e.g. insurance and burglar alarms) and as a consequence of it (e.g. value of stolen property and health service costs) are taken into account

In terms of **incoming demand** the following can be said of the past year:

Requests for assistance:

- Calls for service requiring further assistance have increased by 3%
- A rate of 340 incidents have been recorded per 1000 population
- Current demand levels are the 5th highest in England & Wales

Recorded crime:

- Cleveland has a recorded crime rate of 101 per 1000 population, which is 5th highest in the country.
- Recorded crime has increased 12% over the last year, attributable amongst other factors to:
 - A 21% increase in offences of violence;
 - A 69% increase in stalking and harassment
 - A 23% rise in knife crime, in respect of which Cleveland has 0.8 crimes per 1000 population – again, the 5th highest rate in England & Wales.

Anti-social behaviour:

- At 74 incidents per 1000 population, ASB in Cleveland is the highest recorded by any police force – and more than twice the national average.
- Public perception of ASB (as reflected in the Crime Survey for England & Wales) is high in Cleveland and in particular, perceptions of drug use and dealing is the 3rd highest nationally.

Vulnerability:

- Cleveland has the 2nd highest rate of domestic abuse, at 29 per 1000 population, it is almost twice the national average.

I have enclosed at **Appendix D** a full breakdown of the complex picture of demand within Cleveland.

By way of additional context, the current and most up to date position I have from Cleveland Police is that

- an average 163 crimes are recorded per day;
- the Force continues to experience rises in violent crime, and in particular is under particular pressure in respect of
 - murders and attempted murders (into double figures over the last 6 months).
 - increasing numbers of reported ‘missing from homes’, on average 15 per 24-hour period
- in respect of 999 calls to the control room, there has been a 4.5% increase (4522 more calls) on a rolling 12 month basis

Cleveland Police faces a policing challenge more in keeping with those faced by larger metropolitan forces. This, despite being the smallest geographical police area, and having amongst the highest levels of deprivation in the United Kingdom.

As Police & Crime Commissioner for Cleveland, under my *Your Force Your Voice* programme of engagement I have attended more than 600 public meetings since being elected. I know Cleveland’s communities place huge value upon the work done by our brave and dedicated officers, staff and volunteers of Cleveland Police. The problem is there aren’t enough of them. I am sure that you, too, receive these same messages from the public.

I hope you will be able to join with me to call upon the Government, during the course of the budget and funding settlement, to fairly fund Cleveland Police to serve the communities we all represent.

If you have any questions or comments, or I can otherwise assist, please get in touch.

Yours sincerely



Barry Coppinger

Police & Crime Commissioner for Cleveland

APPENDIX A

Police recorded crime by offence group and police force area, English regions and Wales, rate of offences, year ending December 2017.

Police Force Area	Victim-based crime per 1000 population	Cash cut in TOTAL FUNDING between 2010-11 and 2018-19
MOPAC	92	-19%
Northumbria	103	-15%
West Midlands	79	-15%
Merseyside	87	-14%
Greater Manchester	121	-12%
Durham	96	-12%
South Yorkshire	105	-11%
West Yorkshire	113	-11%
Lancashire	81	-10%
Cleveland	98	-10%
Humberside	92	-8%
Staffordshire	75	-8%
Nottinghamshire	83	-8%
Derbyshire	53	-8%
Hertfordshire	70	-7%
Cumbria	54	-7%
Kent	92	-6%
Cheshire	79	-6%
Leicestershire	74	-6%
Hampshire	82	-6%
West Mercia	68	-6%
Avon & Somerset	83	-6%
Sussex	67	-6%
Bedfordshire	70	-5%
Devon & Cornwall	58	-5%
Suffolk	70	-5%
Gwent	80	-5%
Thames Valley	62	-4%
Essex	72	-4%
Wiltshire	62	-4%
Cambridgeshire	79	-4%
Northamptonshire	75	-3%
Dorset	63	-3%
Lincolnshire	55	-3%
North Yorkshire	47	-3%
Warwickshire	75	-3%
Dyfed-Powys	49	-3%
Norfolk	62	-2%
Gloucestershire	55	-2%
North Wales	69	-2%
South Wales	80	0%
Surrey	62	1%

Total Funding = Government formula funding + council tax (including legacy freeze grant & council tax support & new Precept Grant)

APPENDIX B

Police recorded crime by offence group and police force area, English regions and Wales, rate of offences, year ending December 2017.

Police Force Area	Victim-based crime per 1000 population	Cash cut in TOTAL FUNDING between 2010-11 and 2018-19
Greater Manchester	121	-12%
West Yorkshire	113	-11%
South Yorkshire	105	-11%
Northumbria	103	-15%
Cleveland	98	-10%
Durham	96	-12%
MOPAC	92	-19%
Humberside	92	-8%
Kent	92	-6%
Merseyside	87	-14%
Avon & Somerset	83	-6%
Nottinghamshire	83	-8%
Hampshire	82	-6%
Lancashire	81	-10%
South Wales	80	0%
Gwent	80	-5%
West Midlands	79	-15%
Cambridgeshire	79	-4%
Cheshire	79	-6%
Northamptonshire	75	-3%
Warwickshire	75	-3%
Staffordshire	75	-8%
Leicestershire	74	-6%
Essex	72	-4%
Suffolk	70	-5%
Hertfordshire	70	-7%
Bedfordshire	70	-5%
North Wales	69	-2%
West Mercia	68	-6%
Sussex	67	-6%
Dorset	63	-3%
Norfolk	62	-2%
Thames Valley	62	-4%
Wiltshire	62	-4%
Surrey	62	1%
Devon & Cornwall	58	-5%
Gloucestershire	55	-2%
Lincolnshire	55	-3%
Cumbria	54	-7%
Derbyshire	53	-8%
Dyfed-Powys	49	-3%
North Yorkshire	47	-3%

Total Funding = Government formula funding + council tax (including legacy freeze grant & council tax support & new Precept Grant)

APPENDIX C

Changes in Direct Resource Funding (= Government + Precept) to Police Force Areas from 2017/18 to 2018/19 across England and Wales

Police Force Area	Victim-based crime per 1000 population	Cash cut in TOTAL FUNDING between 2010-11 and 2018-19	Change in Direct Resource Funding between 2017-18 and 2018/19
Merseyside	87	-14%	1.7%
MOPAC	92	-19%	1.7%
West Midlands	79	-15%	1.8%
Cleveland	98	-10%	1.8%
Greater Manchester	121	-12%	1.9%
Northumbria	103	-15%	2.0%
South Yorkshire	105	-11%	2.0%
Durham	96	-12%	2.1%
West Yorkshire	113	-11%	2.2%
Humberside	92	-8%	2.2%
Lancashire	81	-10%	2.3%
Nottinghamshire	83	-8%	2.4%
Gwent	80	-5%	2.5%
Cumbria	54	-7%	2.5%
South Wales	80	0%	2.5%
Leicestershire	74	-6%	2.7%
Derbyshire	53	-8%	2.8%
Staffordshire	75	-8%	2.8%
North Wales	69	-2%	2.8%
Northamptonshire	75	-3%	2.9%
Norfolk	62	-2%	2.9%
Bedfordshire	70	-5%	2.9%
Avon & Somerset	83	-6%	2.9%
Cheshire	79	-6%	3.0%
Lincolnshire	55	-3%	3.0%
Devon & Cornwall	58	-5%	3.0%
Kent	92	-6%	3.1%
Cambridgeshire	79	-4%	3.1%
Gloucestershire	55	-2%	3.1%
West Mercia	68	-6%	3.1%
Suffolk	70	-5%	3.2%
North Yorkshire	47	-3%	3.2%
Dyfed-Powys	49	-3%	3.2%
Hampshire	82	-6%	3.2%
Warwickshire	75	-3%	3.2%
Essex	72	-4%	3.3%
Thames Valley	62	-4%	3.4%
Sussex	67	-6%	3.4%
Hertfordshire	70	-7%	3.4%
Wiltshire	62	-4%	3.4%
Dorset	63	-3%	3.5%
Surrey	62	1%	3.6%