

ANNEXE 2

MINISTERIAL STATEMENT ON PROVISIONAL POLICE FUNDING ANNOUNCEMENT

Allocations of grant for police authorities in England for 2003/2004

Mr Denham

I have today placed in the Library a copy of the Home Secretary's proposals for allocation of police grant for England in 2003/2004. The Home Secretary and I intend to implement the proposals subject to consideration of any representations we receive about them, and to the approval of the House.

Funding the police service properly is a top priority for this government. The settlement I am announcing today continues that commitment. The total provision for policing, to be supported by grant in 2003/04 is £9,243 million. This is a cash rise of £543 million or 6.2% over the provision for 2002/03. This includes principal formula police grant, direct Home Office spending, the standard spending on which revenue support grant is based.

We launched the first National Policing Plan last month. It outlined four policing priorities: tackling anti-social behaviour and disorder; reducing volume, street, drug related and violent and gun crime; combating serious and organised crime; and, increasing the number of offences brought to justice. This settlement underpins delivery of those priorities and reinforces our commitment to police reform. There is funding to enable English forces to increase police strength and contribute towards the target of 132,500 police officers in 2004. This will be made available through continuation of the highly successful Crime Fighting Fund which we plan to fund for another three years. Better use will be made of those officers. They will benefit from a pay system that rewards the most experienced officers who can demonstrate a high level of professional competence and those in the most difficult and demanding posts. They will be supported by Community Support Officers (CSOs) and civilian custody staff and investigators, reducing bureaucracy and freeing police officers for operational duties. As part of this, resources will be available to recruit further CSOs across the next three years, allowing English forces to employ their share of the 4,000 we believe should be in place by 2005. Better use of technology will help police officers still further. We are investing in IT with further funding for authorities taking up the Airwave radio communication service and for the Metropolitan Police Authority's' Command Control and Communications Information (C3i) System. Funds will be available for roll-out of the custody and case preparation system which will enable data on those in custody to be collated by the police and used across the Criminal Justice System.

We are taking the opportunity to outline the wider provision for support for the police service in England. This includes police grant and revenue support grant, a range of specific grants to be paid directly to police authorities for particular initiatives, capital grants and borrowing approvals, and operational and central spending in support of policing provided directly by the Home Office.

The settlement

We propose to distribute the settlement as follows:

Table 1: Police funding settlement for 2003/04 compared to 2002/03

£m (1)	Provision		Variance	
	2002/03	2003/04	£m	%
1. Direct funding for police authorities:				
Total standard spending ⁽²⁾	7384	7659	+275	+3.7
Specific grants for police authorities	431 ⁽³⁾	586 ⁽³⁾	+155	+36.0
	7815	8245	+430	+5.5
2. Capital	292	312 ⁽³⁾	+20	+6.8
3. Central spending on policing ⁽⁴⁾	593	686	+93	+15.7
Grand total	8700	9243	+543	+6.2

(1) Rounded to £m

(2) Includes police and RSG/NNDR grants and product of standard council tax precept. 2003/04 figures excludes technical adjustment for resource equalisation

(3) Estimated figures shown in italics

(4) Includes provision for NCS/NCIS & Airwave core service charges. Benefits both England and Wales.

Police funding proposals within the Local Government finance system are being announced today by my Rt Hon Friend the member for Greenwich and Woolwich. These proposals together would provide Total Standard Spending (TSS) on the police in England of £7,659 million, on a like-for-like basis with 2002/03, an increase of £275 million or 3.7%.

Provisional grants (i.e. Home Office Police Grant, Revenue Support Grant and National Non Domestic Rates) for English police authorities in 2003/04 compared with 2002/03 are given in Table 2. Protection has once again been given to authorities that would otherwise have received a grant increase below inflation, by applying a 'floor' or minimum increase of 3%. This 'floor' will be accompanied by a ceiling of 4.9 %. Grant increases for individual authorities vary. Differences between authorities reflect funding formula changes resulting from the recent consultation process over formula changes and year-to-year data changes.

Changes to the police funding formula

The police funding formula that distributes both Home Office Police Grant and Revenue Support Grant to police authorities has been reviewed as part of an overall review of local authority funding formulae.

We consulted on proposals for the police funding formula that would make the policing formula more responsive to current policing needs. The six options for change relating specifically to the police funding formula published in the consultation paper were to:

- update the activity analysis data on which over 70% of the formula allocation is based;
- incorporate the £30m Rural Policing Fund into the main grant formula;
- remove the remaining component that was still based on police establishments;
- increase the personal crime component by 5%;
- increase the public order component by 5%;

- introduce a deprivation component at 2%.

Consultation on the proposals was wide ranging. In the light of comments received, the Home Secretary has decided that two changes will be made to the police funding formula. These changes were widely supported by the policing community during the consultation process.

Activity analysis data has been updated to make the formula more responsive to current policing needs. Up to this year, the pattern of resources across policing functions has been calculated using data collected in 1995. It is important to bring it up to date to reflect contemporary pressures on the police service.

The Home Secretary has agreed to reduction of the 'establishment component' in the formula from 10% to zero. This change finally removes the old damping mechanism that cushioned police authorities from the full impact of change when the present formula was introduced in 1995. The component had been reduced from 50% to 10% before the moratorium on formula change was introduced in 1999. The change will complete the process of phasing out the damping. Other damping mechanisms, in the form of floors and ceilings on grant change, are now in place.

The Home Secretary has announced already that the Rural Policing Fund will remain unchanged as a separate £30m fund. A proportion of this will be available to police forces in Wales.

My Rt Hon Friend the member for Greenwich and Woolwich has today announced wider ranging changes to funding formulae that affect all local authorities in England, including police authorities. These will change the area cost adjustment and resource equalisation used. Both impact on the distribution of police funding.

Metropolitan Police funding

Grant for the GLA (all functions), of which the vast majority is for the MPA, will increase from £1,927 million to £2,022 million; a cash increase of 4.9%. We propose that the Metropolitan Police Authority should continue to receive additional funding in recognition of its distinct national and capital city functions. The principal police formula is not sufficiently flexible to take account of these special circumstances. As in previous years a special payment of grant will be made to the MPA above that given through the principal grant formula. The amount has been set at £202 million and is included in the total provision. This is an increase in special payment of £5 million from 2002/03. The MPA will receive £47m for counter-terrorism, continuing funding made available in this year's budget and a further £15 million to fund CSOs recruited this year. The MPA will be eligible for specific grants in addition to this.

Specific grants for police authorities

As well as general grant, police authorities will receive additional funding through several specific grants for particular schemes. Some of these grants will be available to all forces in England and Wales, others to specific forces to help meet their particular requirements. Funding for some of these initiatives will be available on a matched funding basis.

The main specific grants are:

- Crime Fighting Fund: this will continue for the three years 2003/04 to 2005/06. Police officers recruited between April 2000 and March 2003 through the CFF will continue to be funded at

100%. There will be funds for the recruitment of a further 600 officers in 2003/04 and more in the subsequent two years. Officers recruited in 2003/04 and future years will be funded at 75%;

- Airwave: further funds will be available for the start-up operational costs of authorities taking Airwave in 2003/04 and to enable those forces who have the Airwave service to purchase additional menu services. The Home Office will continue to meet the core charges for the service provider. Additional capital will be available to police authorities.
- Counter Terrorism: In addition to the £47 million for the MPA, counter terrorist funding for the police forces in England announced in this year's budget will be maintained. This will ensure that the police service will continue to be effectively resourced to meet its counter terrorist commitments. This complements existing funding streams for security and counter terrorism;
- Basic Command Unit (BCU) funds: £50m for BCU's, that are at the forefront of local policing. Grants will be targeted towards forces with BCU's in high crime areas to help reduce crime in partnership with Crime and Disorder Reduction Partnerships;
- Police Negotiating Board (PNB): the pay and conditions package agreed by PNB is fully provided for in the settlement. The package introduces new elements into police pay such as payments for the most experienced officers who can demonstrate a high level of professional competence and extra rewards for officers in the most difficult and demanding posts. A separate special grant is available to underpin the PNB proposals for special priority payments.
- Community Support Officers (CSOs): funding will be available to support the costs of CSOs who will free up police officer time, will play a crucial role in providing reassurance and who will have some powers to deal with low level crime and anti-social behaviour. The provision will fund in full CSOs recruited in 2002/03 and fund those recruited in 2003/04 at 50%.
- Rural Policing Fund: £30 million is again provided for the particular needs of forces with the most widespread populations. There has been no change to the method of allocation. Data changes have been applied as usual which accounts for the year-on-year variations in allocations for authorities.
- Street Crime Initiative: £25 million of additional funding is being made available to support continued police operations against street crime. Of this, just over £18.7 million will be allocated between the ten street crime forces: Avon & Somerset, Greater Manchester, Lancashire, Merseyside, Metropolitan Police Service, Nottingham, South Yorkshire, Thames Valley, West Midlands and West Yorkshire. Allocations are set out in Table 3. Some £6.3 million will be held in reserve. Its distribution will be determined by February 2002.

Police authority capital

The Home Secretary and I intend to allocate provision of capital grant and supplementary credit approvals of approximately £180 million in 2003/04. Within this allocation funds will be set aside for a second Premises Improvement Fund to which forces may bid for funds specifically to improve the working conditions of police officers.

In addition capital grants for the introduction of Airwave will be made available to those authorities taking up the radio communications service in 2003/04. Similar arrangements were made for 2002/03.

There will be capital provision for the case and custody project of the Criminal Justice IT system. This will be supported by resource funding as well.

Up to £40m is being made available to support the capital costs of developing the Metropolitan Police Authority's Command Control and Communications Information (C3i) System.

Central spending on policing

The main specific items are the DNA expansion programme, the National Strategy for Police Information Systems and the Airwave contractor's core charges. In addition, provision is made for the costs of organisations supporting policing, mainly the Police Information Technology Organisation (PITO), Centrex (the Central Police Training and Development Authority) and scientific and technical facilities.

Efficiency

The settlement continues to take account of the Home Secretary's commitment to improve efficiency and effectiveness in the police service. Future police grant allocations will be considered in the light of police authorities meeting the 2% efficiency improvements. The PNB agreement includes a service-wide target to secure a 15% reduction in overtime expenditure over the three years from 2003/04. Implementation of activity based costing in forces will be another factor considered when assessing the efficiency target.

Conclusion

We are keeping our promise to the police and public to match reform with investment. A fortnight ago we published the first National Policing Plan which sets out strategic national priorities for the police service. With this settlement we are delivering our investment in the police service by providing the resources to help the police do their job more effectively. The police service is receiving the resources to benefit from an historic pay and conditions deal and an action plan to cut bureaucracy. At the same time both the police service and the public will continue to benefit from record police numbers that are helping to deliver on high visibility policing targets and to reduce the fear of crime.

Table 2: Police grant allocations by English police authority (minimum funding before specific grants)

Police Authority	2002/03	2003/04	% Change
	Allocation ^{1,4}	Allocation ¹	
	£m	£m	
<i>English Shire forces</i>			
Avon & Somerset	152.4	157.0	3.0%
Bedfordshire	57.5	60.3	4.9%
Cambridgeshire	67.7	71.1	4.9%
Cheshire	99.0	103.9	4.9%
Cleveland	80.1	84.0	4.9%
Cumbria	55.8	57.8	3.5%
Derbyshire	95.0	97.9	3.0%
Devon & Cornwall	156.7	161.4	3.0%
Dorset	59.7	61.5	3.0%
Durham	77.8	81.6	4.9%
Essex	151.3	155.8	3.0%
Gloucestershire	55.3	57.0	3.0%
Hampshire	179.0	184.5	3.0%
Hertfordshire ³	98.6	101.5	3.0%
Humberside	106.0	111.1	4.8%
Kent	171.6	176.8	3.0%
Lancashire	168.8	177.1	4.9%
Leicestershire	94.5	98.9	4.6%
Lincolnshire	57.0	58.7	3.0%
Norfolk	76.7	79.7	3.8%
North Yorkshire	68.3	70.4	3.0%
Northamptonshire	59.3	62.2	4.9%
Nottinghamshire	118.5	123.7	4.3%
Staffordshire	102.7	105.7	3.0%
Suffolk	62.0	63.9	3.0%
Surrey ³	82.9	85.4	3.0%
Sussex	148.6	153.1	3.0%
Thames Valley	199.8	205.9	3.0%
Warwickshire	46.8	48.2	3.0%
West Mercia	101.3	104.4	3.0%
Wiltshire	56.8	58.5	3.0%
<i>English Metropolitan forces</i>			
Greater Manchester	362.8	380.7	4.9%
Merseyside	229.1	240.5	4.9%

Northumbria		204.2	214.3	4.9%
South Yorkshire		164.2	172.2	4.9%
West Midlands		368.3	386.4	4.9%
West Yorkshire		275.8	289.4	4.9%
<i>London forces</i>				
GLA - all functions	⁴	1926.8	2021.7	4.9%
City of London	²			
Total		6638.9	6924.0	4.3%

Notes

1. Rounded to the nearest £100,000. Grant as calculated under the Local Government Finance Report (England). This includes the Metropolitan Police special payment, and the effects of floors and ceilings.
2. Figures for the City are excluded because these are allocated to the Common Council of the City of London as a whole in respect of all its functions. GLA is included but it includes all functions (e.g. fire).
3. The figures above do not include the special payments in 2002/03 for transitional costs associated with changes to the boundaries of the Metropolitan Police District from 1 April 2000.
4. The adjustment is because GLA has lost Highways and EPCS FSS.

Table 3: Provisional allocation of Street Crime Initiative funding

Force	Resource allocation 2003/04
Avon and Somerset	1,199,000
GMP	2,090,000
Lancashire	442,200
Merseyside	781,000
Met	8,008,000
Nottinghamshire	847,000
South Yorkshire	759,000
TVP	1,347,500
West Midlands	1,804,000
West Yorkshire	1,369,500
TOTAL	18,647,200