

Public Accounts Committee

Oral evidence: Financial sustainability of police forces in England and Wales, HC 288

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Members present: Meg Hillier (Chair); Mr Richard Bacon; Deidre Brock; Kevin Foster; Mr Stewart Jackson; Nigel Mills; David Mowat; Teresa Pearce; Stephen Phillips; John Pugh; Karin Smyth; Mrs Anne-Marie Trevelyan

Sir Amyas Morse, Comptroller and Auditor General; Richard Brown, Treasury Officer of Accounts; Louise Bladen, Director, National Audit Office; and Adrian Jenner, Director of Parliamentary Relations, National Audit Office, were in attendance.

Witnesses Mark Sedwill, Permanent Secretary, Home Office; Sir Thomas Winsor, HM Chief Inspector of Constabulary; and Alex Marshall, Chief Executive, College of Policing, gave evidence.

Chair: Good afternoon, everyone. I warmly welcome any visitors to the Public Accounts Committee. It is a real pleasure to chair this hearing on the financial sustainability of police funding.

I cannot start the formal proceedings without paying enormous tribute to my predecessor as Chair, who, if I get her title right, is the right hon. Professor Lady Margaret Hodge MBE MP. That demonstrates the big shoes I have to fill. I congratulate her on recently becoming a professor at King's College London; some members of the Committee might not know that. Margaret was a champion of the taxpayer and, most notably, led this Committee to expose tax practices that, frankly, shocked ordinary taxpayers and most of us around this Committee table. I am delighted that she is going to continue her focus on that work. In fact, just a few weeks ago I was at a session of the European Scrutiny Committee on this, and the Committee heralded her as a rock star of the tax world. That reputation will go with her for much longer yet. I am really pleased to step into her shoes. We have a lot of work still to do in that area as well as in others. I thank her for the work she has done over the past five years to get this Committee to where it is today.

I would also like to welcome the new members of the Committee and some more experienced members—particularly Richard Bacon, who is now vice-chair of the Committee under the Chair’s prerogative. Richard has been what we call in American terms the “ranking member” of the Committee for 15 years.

Mr Bacon: Fourteen.

Q1 Chair: Fourteen, sorry—I always add a year.

At today’s hearing, we have the permanent secretary at the Home Office, Mark Sedwill. We have Her Majesty’s chief inspector of constabulary, Sir Thomas Winsor; congratulations on your knighthood, Sir Thomas. We also have Alex Marshall, chief executive of the College of Policing. The hearing is based on the National Audit Office’s excellent Report on this issue, and we welcome the NAO representatives too.

If I may, I want to kick off with you, permanent secretary. The Home Secretary made a speech back in March in which she talked about the police crying wolf. As permanent secretary, how do you know whether the police are crying wolf if the data available do not show you what is actually happening in policing?

Mark Sedwill: Madam Chair, may I first briefly congratulate you on your election? Welcome back to members of the Committee who have been here before, and welcome to the new members of the Committee. I look forward, I think, to working with you over the course of this Parliament. Congratulations to you.

I think the speech you referred to was the one that the Home Secretary gave to the Police Federation.

Chair: Yes.

Mark Sedwill: What she was really talking about there, of course, was the federation itself, which had a long history under Home Secretaries from different parties of essentially saying that the police force was in crisis, so there was a particular point that she was making.

On your point about the data, as the Report says, we do need better data on police financial sustainability—and, indeed, on police performance more generally. The police forces themselves need better data on demand, and I guess those two issues are the ones you will want to focus on. That is why we have given, particularly at a time of austerity, an unprecedented funding surge to HMIC in order to produce the PEEL programme of inspections to give us those data. We have considerable data on which we can base judgments but, of course, if one is presiding over a system of this complexity, one will always want more and more reliable data. I believe the PEEL programme will give us a lot of that, but I recognise that it is early days.

Q2 Chair: I should say that the PEEL programme is the new inspection regime, measuring efficiency and effectiveness. You are having a review of police funding, which, it seems from our discussions with various forces, people are awaiting with bated breath. The

review has been going for a year now. Can you give us any information about when it will be complete?

Mark Sedwill: We have been working on it over the past year— consulting police forces and informally looking at it—and I am happy to talk about it in more detail. It was always the intention that the work would be presented to the incoming Government; the election is the reason for the current timing. As the Policing Minister, Mike Penning, said the other day, the review has gone to Ministers and is into ministerial clearance. The intention is to put that out to consultation before the recess. We are currently trying to agree the exact date with the grid—

Q3 Chair: That is fine. Does all of the consultation procedure and the pledge that Mike Penning made that it was going to be substantially different and more equal give us a hint of what is going to be in there? What is the timetable of when it could first be implemented?

Mark Sedwill: The plan is to consult over the summer. Depending on that consultation, if possible, we would like to have it in place for the 2016-17 financial year. That is quite tight. We would normally announce the police grant in December this year. Conditional on the consultation, the intention is to try to roll it out for 2016-17, if possible.

Q4 Chair: That would mean that you would unveil it by December.

Mark Sedwill: The consultation will happen over the summer. After the consultation, the decisions—the actual allocations by force—will be done, as normal, by December, for 2016-17.

Q5 Chair: Right. By December this year the police review will be complete.

Mark Sedwill: Obviously, that is contingent on the consultation.

Q6 Chair: I do not want to be rude in my first session with you, permanent secretary, but we could have got to that answer a bit quicker. We can understand the issues with the consultation without necessarily having to go into all that. We are trying to keep our hearings brisk and to the point. Are you taking account of cost-shunting between Government Departments in the review of funding?

Mark Sedwill: Again, I do not want to pre-empt the consultation. Broadly speaking, we are looking at a basket of different drivers that are appropriate for the formula. First, we are looking at a series of criteria, or data, based on population size, density, social factors and so on.

Secondly, we are looking at a basket around environmental issues—the circumstances in which police forces find themselves—including, for example, things as prosaic as the density of licensed premises, which is closely correlated with antisocial behaviour and so on. Thirdly, we are looking at the local tax base. The detail will be set out imminently, when we launch the consultation. Those are the kinds of criteria that we should be looking at for police funding. It is not our intention to try to compensate in the police funding formula, from central Government at least, for changes in other allocations.

Q7 Chair: Absolutely. I think that would have sympathy from most taxpayers but the fact is that, in many cases, the police are saying that they are taking on issues that other public services are not providing. That is, therefore, a cost to them. What conversations are you having in Whitehall with other Departments to ensure that there is a proper, sensible discussion about one public service picking up cost cuts from another? It is still not a saving for the taxpayer if someone else has to pick it up.

Mark Sedwill: I agree—you are absolutely right. In the Home Office and in policing, a general concern is that policing does not become the social service of first resort after 5 o'clock on a Friday. There is a real risk of that as other services shrink.

Q8 Chair: You are concerned, so what are you doing about it?

Mark Sedwill: I can give you a specific example; I will be brief. You will be aware of what the Home Secretary set out in the previous Parliament about mental health issues. We were very concerned that the police were picking up a disproportionate burden of mental health cases, which were spilling into policing because they were not being dealt with adequately elsewhere, particularly in out-of-hours. I can talk in more detail about some good examples of how that is being dealt with.

In terms of the strategic question, it is really a matter for the spending review. We are trying to look across Whitehall, or across Government—for us, particularly with DCLG and the Ministry of Justice in this areas but, in others, with national security—at exactly that sort of issue.

Chair: Okay. We will certainly come back to that and we will hold you to that in any future appearances before us. I will hand over to Kevin Foster, one of our new Members, who is rapporteuring for this hearing.

Q9 Kevin Foster: I have been interested in the comments so far. For me, three issues came out of the Report and the evidence gathering that we did with Devon and Cornwall police on Friday: information on demand and, in particular, projections of future demand; how that then falls into looking at funding and making informed decisions about that—it is safe to say that every force is going to say it needs more; and looking at reserves and how they are being planned for the future, and how that falls into issues such as procurement, best practice and planning and transformation of service. In particular, the issue is being able to

plan for funding for the future rather than perhaps things being short-term and having short notice of funding changes, so that forces can actually deliver.

My first question is about looking at demand. As has just been touched on, the Report says that 10 out of 43 forces have a clear idea of their demand. I am wondering how all three of you see your role in terms of working with the other 33 to get a better understanding of demand, and what challenges you see that bringing up. Clearly, there is not a clear information picture of the demands that forces face.

For Devon and Cornwall, for example, 65% is not spent on actual crime but on other issues. How do you see yourselves working to get better understanding so that more informed decisions are made on funding, particularly if December is when we are going to see the announcement of the structure? Mark, can you start on that?

Mark Sedwill: I am sure that both Alex and Tom will want to come in, Mr Foster. Welcome to the Committee. You are absolutely right—one in four forces having a good appreciation of their demand is not where we want to be. All forces need to understand their demand. From my perspective, it needs to be done bottom up. One thing we have learned over the years is that geography really does vary here. You will know from Cornwall, for example, that one element of demand there is almost unique, in that the population of Cornwall goes from about 1 million to approaching 10 million every summer, and back again.

Kevin Foster: It is the same with Torbay, although not quite that dramatic.

Mark Sedwill: Sometimes when they are bidding for funding they say 10 million. Anyway, there is a big spike in the summer in Cornwall. Kent and Essex will talk about the impact of having the east coast ports.

Q10 Kevin Foster: Could you see us getting better information systems—not more standard forms of information, but information on funding that can more easily be brought together at the centre?

Mark Sedwill: The Home Office position—I will let the other two come in because the College has done some work on demand country-wide—is that to get a really close understanding of demand it has to be done bottom up, because the circumstances of each force vary considerably. I have just quoted a couple of examples. I do not know whether Alex would like to say something about that.

Alex Marshall: We felt that this was a really important aspect, looking ahead—what has happened in policing over recent years and what the nature of demand is likely to be over the next few years, during clearly a very difficult period. We produced a 17-page narrative describing the shift in demand within policing. To simplify it, we put it into an infographic, which demonstrates where the nature of policing has moved in recent months and years and therefore gives a pretty good indication of where the focus of resources is likely to be in the future. Really, the crux of the story is that there has been a big movement in policing towards more around public protection—looking after the most vulnerable people in society and

protecting them, and pursuing and managing the most dangerous and violent offenders and sex offenders in society.

That is a national picture. To simplify it, we created a typical force on a typical day. This autumn, we will make a template available to every force in the country so they can populate it for their own circumstances.

Q11 Kevin Foster: So although not totally uniform, that would give a reasonable guide that you could compare across the 43. That is another issue for me. I appreciate the point about it being bottom up—we do not want to go back to the days of nationally driven questionnaires and everything else—but again we should have something that gives a reasonable comparator for it.

Mark Sedwill: I will add one point—I do not know whether Tom Winsor wants to come in on this. In the Home Office, we have established a crime analysis hub to look at trends in crime. They have been projecting the current trends in crime, interacting with academics and so on, to look at what we think the crime mix is going to be in the 2020s and beyond, in order to understand the challenges that crime will impose on the police.

We recognise that crime is not the only source of demand, but from the point of view of public protection we need to understand varying crime types and the impact they will have on police capabilities. We think some substantial shifts in crime types are likely over the next few years. I can talk about that in more detail if you are interested.

Sir Thomas Winsor: As has been said, not all demand on the police is crime related—in fact, that is a relatively small proportion. The first principle of the police is to keep people safe and prevent crime and public disorder. That is the first thing to say.

The other thing is that, in relation to demand, the police need to consider not only patent demand, but latent demand. People who are too afraid or in some other way inhibited or fearful of coming to the police and asking for help are likely to be in considerable distress. We are carrying out an inspection into so-called honour-based violence, for example, which is important.

The third thing I would mention—I expect we will develop this in the course of this session—is the need for a much more consistent presentation not only of the demand that police forces face, but of their resources and the condition, capacity, capability, serviceability, performance and security of supply of their assets—the assets they use in order to meet demand with the resources that they have. Those are going to be the subject of something new—you might say a revolution in police data called force management statements. They are referred to in the NAO Report. They have not been fully developed yet; they are being developed in close consultation with everybody who has an interest.

Q12 Kevin Foster: While we are talking about resources and looking at the reserves, I should say that a headline in the Report is about a 35% real-terms increase. Can you say what work has been done to drill into what that 35% actually is—and, for example, apart from HMIC, the College of Policing and the Home Office, what is an appropriate level of

reserve to be keeping? That is obviously a headline. It could be being set aside for really transformative projects; it could just be building up for the future because they do not yet know the future funding. What work can we see by your three organisations in terms of the extent to which that funding is being appropriately kept?

Mark Sedwill: The NAO Report sets this out well. It is not necessarily a sign of financial health or good practice to have those reserves building up. Again, there is very wide variation across the 43 forces. There are more set out in the Report, but from my perspective there are two key reasons why it is appropriate for police forces to run reserves.

The first is essentially the “rainy day” element. They are not allowed to run a deficit in a year. Therefore, it makes sense for them to hold some resources back to be able to smooth their expenditure against—

Q13 Kevin Foster: I appreciate that, but the funding has gone down and—

Mark Sedwill: You’re right. That’s the first one. The second is essentially in order to provide a fund for transformation investment. That is a component of the second set, but not all of it. Again, I don’t think it is right for the Home Office to say what is an appropriate level of reserves for each force, but those would be the appropriate reasons, broadly speaking, for the forces holding reserves.

Q14 Chair: Can I just chip in there? You say it is not for them to say what is an appropriate level of funding for each force, but does the Home Office have any way of monitoring whether a force is just ratcheting it up, for bad reasons, and measuring that against someone who, as Kevin rightly said, has a very good business plan for having that reserve because they have a transformational approach to their policing?

Mark Sedwill: We have the financial data on reserves, but I don’t think our Ministers would take the view that it is up to us to second-guess the PCC about what is the appropriate level of reserves, as long as that data is available to the public and they can hold the PCC to account.

Q15 Chair: So you are saying it is all down to the PCC; it is down to the PCC to be responsible for that.

Mark Sedwill: Yes. Well, there’s a—

Q16 Chair: This is taxpayers’ money that has come from the Home Office in the first place.

Mark Sedwill: It is, but in the end PCCs are accountable for—we grant-fund PCCs. They top up with precept. They are accountable to the public for the way they spend that money. There are fiduciary requirements on the chief financial officer. If they think that they are breaching the principles of managing public money properly, they would report that, but

that would only be where there was actually something inappropriate about the management of the reserves. But in terms of the judgment, it's a judgment for the PCC.

Q17 Chair: I need to bring in the Comptroller and Auditor General. Then Stephen Phillips wants to come in briefly and then we'll go back to Kevin so he can continue. Sorry, Kevin.

Sir Amyas Morse: I just want to make sure I understand that last bit of testimony, permanent secretary. Did I understand you to say that when you are setting funding centrally for the police, you do not take account of the level of reserves they are holding because you think those are justly decided locally? Or do you pay attention to that in deciding the level of funding?

Mark Sedwill: As you know, the funding formula does not take account of the level of reserves or of other factors of that kind. The level of reserves is fundamentally a matter for the local policing bodies.

Sir Amyas Morse: Sorry, but I just want to be clear. That is the funding formula, and dampening and all sorts of other things affect that formula. I am just trying to ask you a direct question. When you look at police forces across the piece and at their level of reserving, don't you take that into account at all in thinking about the funding that you are going to give them? That's not the same as, "Is it in the formula?"

Mark Sedwill: Well, the grant funding to an individual force is determined by the formula, and the formula does not include an assessment of the reserves, so the answer in that sense is no.

Q18 Stephen Phillips: We will come back to funding in due course, Permanent Secretary. Following on from the Chair's question and Mr Foster's question: the Home Office would not be concerned at any level of reserve being carried by a force, because that is purely a matter between the police commissioner and his electorate; is that your evidence?

Mark Sedwill: That is not quite what I said, Mr Phillips. What I said was that I do not think that it is for us to determine the appropriate level, but—

Q19 Stephen Phillips: Fine. Let me interrupt you and put an extreme case to you. What if a police commissioner was running a surplus so as to ensure that he was carrying reserves of 200% of his annual budget. Is that something that would concern the Home Office or not?

Mark Sedwill: Yes, it would concern the Home Office. Yes.

Q20 Stephen Phillips: Right, so in fact the Home Office would be concerned about excessive levels of reserves being carried by a police force.

Mark Sedwill: Mr Phillips, exactly, but that is different from suggesting that it is for the Home Office to set an appropriate level of reserves. If the chief financial officer, who has a fiduciary duty as a professional, said that he felt, for example, that that was in breach of the principles of managing public money, then that would potentially trigger a series of interventions, including from the Home Office.

Stephen Phillips: Forgive me, but you are answering a different question from the one I asked, so we'll go back to Mr Foster.

Q21 Kevin Foster: To me, the point is not that a police commissioner should set it at 1.1% or 1.2% of their revenue budget, but that the Home Office should be interested in knowing where the money it has given the force to spend has gone. If it ends up in a reserve account for no particular policy reason, surely that is a matter on which you would want to reflect both in future funding and in ensuring that the service is being delivered?

Mark Sedwill: We allocate grant funding according to a formula that is established and agreed. The level of reserves is not part of that formula.

Q22 Kevin Foster: Reserves might give you an indication that perhaps the formula had not worked.

Mark Sedwill: It might well be that if a force was accumulating lots of reserves and if there were other factors, in terms of, for example, the effectiveness of the force, its impact on crime figures, complaints against it and so on, that suggested that there was a problem in that force, obviously, in extremis, there are reserve powers, but in most circumstances, we would expect it to be revealed through the PEEL process that that force had somehow skewed the decisions it was taking. Primarily, these are decisions for police and crime commissioners and they are accountable to the public.

Q23 Chair: Permanent Secretary, you just highlighted the PEEL process, but the reports that the inspectorate has done have not even been published; it is a very new process. You have been Permanent Secretary for two years now. This has been an approach on funding through the last Government. It seems that you are saying that there is no point at which the Home Office would call in a chief constable and challenge the force's approach to spending the money that you give it in block grant.

Mark Sedwill: You are putting extreme cases to me. There has been no case where we have felt the need to do so.

Q24 Chair: Not necessarily extreme cases, but is not good stewardship of taxpayers' money important wherever that happens?

Mark Sedwill: In terms of good stewardship of taxpayers' money, police and crime commissioners, not the chief constable of police, are the people who are there to hold the force to account for that. They have a chief financial officer; they have duties set out in

legislation and in the accountability system statement; and if they believe those principles are being breached, it is their job and the local auditor's job to raise that issue. Were they to do so, either the police and crime commissioner should intervene to do something about it, or in extremis the Home Office could do so, but the model of policing now is that those decisions are decisions for the police and crime commissioner, not for the Home Office, except in extremis.

Chair: Kevin, do you want to continue along this line? I am thinking about the devolution aspect.

Q25 Kevin Foster: It is interesting to hear the comments being made around involvement. I accept that certain decisions are out there, but obviously we want to see that the money coming from this Parliament, via the Home Office, to individual forces is being well used and well spent. That brings me to procurement, best practice and the transformation of services, because once we have gone through information and funding, we move on to what we want to see people doing with them. What work do you see around making sure we get the most bang for the buck when people are looking to go for transformation, so that, for example, if it is all devolved, we do not have 43 police forces looking at 43 separate contracts for the same piece of equipment with the same private sector contractor. Perhaps we could have some comments, particularly from the College of Policing and HMIC, about the role you see for yourselves in helping to bring about that sort of transformation?

Alex Marshall: We have no direct involvement in procurement, but we do recognise that it is an aspect of business skills that all leaders in policing need to understand, and we will all need to raise our game as money gets tighter in future. As an example of what we have done, for anyone to become a chief officer, they have to complete a strategic command course, and we have made one of the three modules a business model, with the Cass Business School working with the College of Policing to make sure that that element of the course is passed by people who successfully go on to be chief officers.

Q26 Kevin Foster: I accept there is no direct role in procurement, but I would be interested to hear how you build up that specification, or perhaps a model of what can be provided. Ultimately, the investment in the College of Policing was quite significant. How is that helping to build the skills to ensure that the model I described does not happen, with all 43 forces having mildly different specifications and increasing the cost to the taxpayer?

Alex Marshall: We have no direct involvement in procurement standards, but we make available a community where all the people who work in that environment in different forces can talk to each other, pose questions and learn from each other. We have an online community of over 2,200 people based around organisational development and sharing best practice, and we have peer review teams who visit different forces in the country to look at the best examples and share them elsewhere. I should say that, over the last eight months, the peer review teams have been focusing heavily on child sexual exploitation, so it has been about nine to 12 months since we were in this particular territory with our peer review team.

Q27 David Mowat: Your answer intrigued me a little bit. At the moment, there are 43 entities. As far as you are concerned, if they all run entirely separate procurement operations, that is for them to decide. There is no pressure on them to share.

Alex Marshall: In the College of Policing, we are very interested in them sharing best practice, so we make available the online community—

Q28 David Mowat: You are interested in them doing it, but if they do not do it—there is a huge difference in sizes, for example. Do they have 43 IT systems for procurement, or is there some sort of ad hoc arrangement by which they share things? Also, do they let joint contracts?

Alex Marshall: We have no direct involvement in the letting of contracts or procurement. They do not have 43 IT systems, because several forces have combined their IT systems, but there are several IT systems across the country.

Q29 David Mowat: Say that force A, force B and force C were to come together and decide to procure uniforms together. Presumably that is something that people are encouraged to do. How formal is that? Is it bottom-up or top-down?

Alex Marshall: In some specific areas, the Home Office has taken responsibility.

Mark Sedwill: We have a national police procurement hub, through which two thirds to three quarters of the relevant expenditure now goes. That sets a national framework so that forces can determine, for example, which is the best value uniform out there among a group of suppliers. We established that during the last Parliament. There are some areas where we will mandate: we did that with the National Police Air Service, for example—a major area of expenditure. Several forces had their own helicopters and so on. That has now been put together into a single service, which has been mandated countrywide, and it is designed to deliver that service in a more efficient way. There is a constant question about what we mandate and what they do.

Q30 David Mowat: I was going to ask about that, because that is the crux of it. How do you decide what to mandate? Presumably, you could mandate everything and have one procurement operation.

Mark Sedwill: The Home Secretary has the legislative authority to do that. Ministers have taken the clear view that this should be largely driven from the bottom up, except where there is a good case to mandate something at either multi-force or national level. To answer your point, if two or three forces wanted to come together, we have, through the innovation fund, been offering start-up funding for forces that want to try and improve collaboration to deliver either greater operational effectiveness or greater efficiency, so they might in those circumstances—I do not know whether there is a particular case—bid into the innovation fund to set up a common collaborative arrangement.

David Mowat: Right.

Chair: We will go back to Kevin, who was interrupted and has been waiting patiently.

Q31 Kevin Foster: I am quite happy to be on that front, Chair. I wanted to look at changing demands, which links to the point made earlier around the graph, and how the model of policing is different in terms of transformation. Certain types of skills are needed for public order situations or for traditional acquisitive crime, but online crime is now becoming predominant. The traditional PCSO or PC back-office model almost comes together in terms of dealing with that type of crime efficiently. How can we manage that and what support can be provided by the College of Policing, the Home Office and HMIC given some of the restrictions around investment decisions? How do you see that demand challenge being met in a manner that is efficient for the taxpayer?

Alex Marshall: The first base is to ensure that we have a consistent understanding of the nature of demand, how it has shifted and how it is likely to be different in the future. That then leads on to how to resource it and what type of workforce we need in the future. Since the NAO Report was published, we have completed a review of police leadership that looks 10 to 15 years ahead and discusses the type of workforce that will be needed, and it touches exactly on those points.

The first paragraph talks about the economic difficulty of future leadership, movement in populations, different types of technology and different types of crime. We propose quite a different workforce in the future—different ways of joining the police, different ways of going out of the police to gain new skills and coming back in, and a different way of looking at people who are in roles with powers, such as a cyber-investigator, a financial expert or a child abuse investigator, but who are not in the traditional police career, along with the many people who follow the traditional career in policing.

Q32 Kevin Foster: I see the Permanent Secretary nodding. Do you have any particular comments?

Mark Sedwill: I agree with that, of course. The growth in online crime—cybercrime and cyber-enabled crime—and the greater understanding we now have of personal crimes and violent crimes against the vulnerable, such as domestic violence, child abuse, child sex abuse and FGM, are the two biggest factors that we will see in the shifting crime types that police need to deal with over the next five to 10 years. That means we need different capabilities and techniques. In cyber and cyber-enabled crime in particular, it will often be the case that the perpetrator is overseas and therefore the traditional prosecutorial process—complaint, investigate, identify the culprit and so on—will have to change and there will have to be a greater focus on the victim. We are wrestling with those sorts of things through the What Works centre at the college, but they will also play into the discussions about capability and the investment we need to develop that capability as we go into the spending review.

Q33 Kevin Foster: Some of these things will go across agencies. A traditional crime might involve something being stolen, followed by a police investigation and then the case

going before the courts. The growth of domestic crimes and other forms of crime will mean other agencies being involved. What role do you see for joint HMIC inspections? One thing that we see a bit of evidence for is that the police can be the last to catch a ball that has already been through several hoops in terms of social services and other agencies. How can we ensure that such crimes are tackled effectively at the root?

Sir Thomas Winsor: As I mentioned, the police's primary purpose is to keep people safe, but they are not the only agency. It may be that the best agency to keep people safe is mental health, social services, education and so on. Prevention is the No. 1 purpose of the police, as well as of other agencies. Joint inspections were formalised under legislation about 10 years ago. I am now the chair of the Criminal Justice Chief Inspectors' Group, which is made up of the chief inspectors for police, probation, prisons and prosecution. We regularly carry out joint inspections in relation to common matters; we also do joint inspections with Ofsted and the Care Quality Commission, depending on the nature of the work. Joint inspection is part of our mainstream. As HMIC stands at the moment, joint inspection is about 40% of our workload, so it is not trivial or an afterthought.

In terms of demand, it is essential that the police have more sophisticated demand modelling techniques. It is sometimes quite startling how little police forces truly understand the nature and volume of the demand that they face, both latent and patent. When they have that and only when they have that understanding, not only of demand today, but of demand tomorrow—it is not the policing of yesterday but the policing of today and tomorrow that matters—they will need to ensure they have the skills in their workforce to meet that demand.

It may be that the traditional model of policing will no longer be sustainable, because of the kinds of skills that are needed, for example, in terms of cyber and cyber-enabled crime and, of course, this unknown quantity—we have seen the tip of the iceberg—of child sexual exploitation, child abuse and child neglect. To deal with those things, we need different specialties from what we had in the past. We and HMIC, through force management statements and the PEEL—police efficiency, effectiveness and legitimacy—programme, will always look at how the forces are today and tomorrow coping with these new forms of demand.

Q34 Chair: Can I pick up on the point about joint inspection? Kevin and I were visiting Devon and Cornwall last week. I know we touched on this in our hearing in February, but have you done any joint inspections with mental health teams, with any of the social services or Care Quality Commission inspectorates, on the particular issue of people with mental health problems being detained by the police?

Sir Thomas Winsor: Yes. On mental health, we did an inspection a couple of years ago on the use of section 136 of the Mental Health Act 1983, in relation to police cells being used as a place of safety for people who are suffering mental health problems and have to be taken into custody for their own protection and the protection of other people.

Q35 Chair: Is there any likelihood that you are going to do any future work on this? A number of us have spoken to chief constables around the country, and according to them it is quite a big issue.

Sir Thomas Winsor: Yes, it is. Indeed, mental health is such a common feature of demand on the police that it seems to me inappropriate to do it on a thematic inspection basis—a deep dive into a particular problem, which we might do once every five or 10 years. We should make it part of the base-load inspection in the PEEL programme—the all-force inspection programme—for every force, every year, and for core policing.

Q36 Chair: You are doing that under PEEL now, or you will be doing it?

Sir Thomas Winsor: Yes, we will be.

Q37 Chair: You will be. So not the ones you have just done, but the ones you will be doing.

Sir Thomas Winsor: Not the one we've just done.

Chair: Okay, that is very helpful. Kevin, do you want to finish off?

Q38 Kevin Foster: That pretty much brings me to the final point about the future of forces themselves and the comments about the viability of some of the very small forces. If it is all locally delegated, clearly very few forces are likely to want to take themselves out of existence by merging with the force next door. On the opportunities to remove some of the barriers, we heard that some of the legislation makes very clear that certain roles have to have someone reporting into them—chief constable is the obvious one. What opportunities do you see, say, to allow joint sharing of roles or to merge more functions at a senior level, regardless of whatever policy decision is taken on keeping a certain number of forces?

Mark Sedwill: We are seeing already, in a somewhat piecemeal way, exactly the kind of thing you referred to, Mr Foster. For example, Norfolk—Mr Bacon's force—and Suffolk have pretty much integrated two thirds or three quarters of their functions. Warwickshire and West Mercia are trying to do the same. The view we have taken—we have tested this a lot with Ministers—is that formal mergers should be driven from the bottom up. We have tried before to do it top-down, and it hasn't worked. Therefore, they have set conditions: first, it needs to be agreed between the two police and crime commissioners; secondly, there needs to be a business case; and thirdly, they need to win local consent for formal mergers. There are significant costs to formal mergers, as there are with any merger, but very significant savings, and indeed improvements in effectiveness, can come from collaboration—both the integration of specialist services within law enforcement and partnership, which various questions have referred to, with other services.

Q39 Kevin Foster: Have you done any benchmarking against, for example, the situation in Scotland, which was a nationally driven force merger? Has there been any benchmarking of our forces against what happened there following the mergers?

Mark Sedwill: We have looked at some of the lessons learned there. I have talked to Stephen House several times about this and about how they pursued it. There are numbers in

the Report about the cost of the merger, which I think was just under £150 million, and the expected return, which I think was over £100 million a year. I think that was the business case. Is that right? Anyway, it was of that order.

One of the interesting things about the Police Scotland model is that they went up and down. They went up to one, in terms of command and control, but they actually organised their command units at a more disaggregated level than before. They had regional forces in Scotland beforehand, so they went from, I think, eight to 17—I can correct those numbers if I have them wrong—and they have more than 200 local policing plans. There are some very interesting lessons to be learned there about how to create critical mass in certain functions and how to ensure that other functions are done at local level.

As you may be aware, HMIC has just convened—I think that that is probably the right way to describe it, Tom—a report on reshaping policing in England and Wales that has looked at precisely this question. It is looking through the lens of capabilities and asking: at what level—the individual force, multi-force or national—is it appropriate to organise certain capabilities? That has kicked off a debate that will play out through the spending review and beyond.

Chair: Thank you for getting us off to a good start, Kevin, but we must be aware of the time. If we can have brisk questioning and brisk answers, Permanent Secretary, that would be good. Thanks for all that work, Kevin.

Q40 Karin Smyth: I think you have largely answered my question, which was about the tipping point for possible savings from strategic alliances and mergers, unless there is anything else you want to add. Have we reached a tipping point for efficiencies from the strategic alliances currently under way?

Mark Sedwill: I do not want to speak for my two colleagues, but I think that the general view is that it was possible to achieve savings in the 2010-15 Parliament largely through squeezing money out of the existing system. There were collaborations, but there is still not really a strategic solution across the whole of policing in England and Wales. The Report sets out the wide variety of responses to that.

Most of us, including the chief constables, would take the view that, depending on the savings that are identified—I am not going to lead with my chin with the Treasury on the spending review just yet—and if we are looking at very significant savings this time, we are going to have to look more thoroughly at structural reform, so the integration of specialist capabilities and partnership working, as well as all the traditional efficiencies in procurement, are going to have to be part of the answer.

Q41 Mr Bacon: I would like to question Mr Sedwill a bit more on that and on something the Chair said a moment ago about Police Scotland, which is obviously a very good counterfactual, and I am sure that there are still lots of lessons to be learned. You said something that I heard and something that I did not hear. You said that they had gone up and down: some stuff was at the strategic level—they had gone from seven or eight to 17 forces—and you said 200 something, but I did not catch it.

Mark Sedwill: I think the description for them is local policing plans. Again, if I have the terminology wrong, I will clarify in writing.

Q42 Mr Bacon: Okay. You mentioned Norfolk and Suffolk earlier. On page 26 of the Report, the chart in figure 7 shows the planned savings arising from collaboration. It is very striking that Norfolk and Suffolk are very much at the top end of that chart, with the percentage of planned savings that will come from collaboration being 34% for Norfolk and 44% for Suffolk. That is much higher than the bulk of the other forces in the chart. Are we to take it from that that the Home Office will expect and put pressure on forces to have much greater collaboration, short of merger, to achieve the kinds of savings that have been demonstrated by the forces at the top of the chart?

Mark Sedwill: I think the short answer is yes. In a sense, the funding mechanism and fiscal pressure will drive a lot of it. We incentivise collaboration—we are offering the carrot, if you like—through the innovation fund in order to try to kick-start some of the collaborative projects. Obviously it is not one size fits all. Big metropolitan forces have the critical mass to drive a lot of efficiencies themselves. The issue there is their relationships with the neighbouring forces that might need their support. It is going to vary a bit around the country, but the short answer is that it has to be a big part of responding to the fiscal challenge over the next five years.

Q43 David Mowat: On figure 7, it depends a little on their starting point. What I find interesting about the answers you have all given is that you are assuming that the required collaboration is going to be bottom-up, whereas in Scotland, whatever else happened, it was top-down, wasn't it? A decision was made to have one police force. Is it really possible to do it bottom-up and just hope that it works out and that they decide to do the right business function with the right business function?

Mark Sedwill: There is an issue, yet to be resolved by Ministers, about the degree to which the Home Office should play a facilitating role and how executive a role it might play. So far, the clear policy view has been that it needs to be bottom-up. If you look across policing, it has been clear: Norfolk and Suffolk, or West Mercia and Warwickshire, are good examples. Where it is two forces, it is possible to see them merge two thirds or more of their capabilities; when you get to three or four forces, that proportion shrinks quite significantly. So there is a question, but this would have to be done—anything would have to be done—with the consent of the police and crime commissioners for a particular area.

Q44 David Mowat: If it was the back office that we were talking about, you would not expect it to be particularly controversial.

Mark Sedwill: No, so I think in Mr Phillips's area there are five forces that have pushed a lot of their back office functions together—I think it is five, Mr Phillips, isn't it? In

Hampshire, where Alex was chief constable, they have merged the back office function with the fire and local council within Hampshire. So there are different models for this.

Q45 Chair: Exactly. It seems very ad hoc, and one of the things we heard quite clear evidence about, on our visits and so on, is that there are legal constraints to full merger that would require a decision in the Home Office, so the idea of this ad hoc bottom-up approach is stopped at a certain point if forces want to do it.

Mark Sedwill: I think it would require an amendment to the Police Act 1996, but that can be done by order. The conditions are the ones I set out. Ministers set out what those conditions would be. They say they are open to formal mergers, but they are not going to do it top down. That would be a proposal from the two forces—obviously the two PCCs; a business case that suggests that it is beneficial; and local consent.

Q46 Chair: Local consent—what, through a referendum?

Mark Sedwill: So far nobody has come back with a specific proposal on that.

Q47 David Mowat: You would not need a referendum to merge back office stuff, surely.

Chair: No, a full merger.

David Mowat: All I am saying is we are talking about different things.

Mark Sedwill: Yes, absolutely.

Q48 David Mowat: It just seems to me to be surprising if we can maximise our back office benefits by a bottom-up approach; but maybe we can.

Mark Sedwill: I think forces have delivered a lot of those efficiencies through back office shared services. Again, we have taken the view that it is right for PCCs to determine for themselves whether they want to do shared services as they did in Hampshire, with the local council and fire. I think the PCC in Suffolk, for example, has said—I have heard him say—“I am a Suffolk man; I want to maximise the impact within Suffolk of what policing is doing, of back office services.” So there are decisions for PCCs to make, and in the end they have got to justify those decisions to the electorate depending on the benefits they can deliver.

Q49 Stephen Phillips: Welcome back, Mr Sedwill; it is nice to see you again.

Mark Sedwill: Thanks, Mr Phillips.

Q50 Stephen Phillips: I am sure we will be crossing swords at some point over the next five years, but perhaps I could ask you about funding. You have referred to the funding formula already. Let us see if we can agree on this. Different forces are in different positions. They have different requirements as regards the threat that they face and that their residents face, and so on and so forth. The funding formula ought to take that into account: correct?

Mark Sedwill: Yes.

Q51 Stephen Phillips: The funding formula that has previously been applied—obviously, we are interested in looking at past value for money as well—took into account, among other things, according to paragraph 1.11 of the NAO Report, “fear of crime, population and the policing of special events” and so on. That funding formula presumably was designed by the Home Office. Is that right?

Mark Sedwill: Yes.

Q52 Stephen Phillips: Why, having designed that funding formula, did you not then apply it?

Mark Sedwill: It was applied and then simply fixed in 2010 and some elements of it are becoming obsolete anyway. Some of the data on which it is based are becoming obsolete anyway, so even if we stuck with that formula we would need to try and update it, and not all the data is available. This was just a straightforward policy decision that—

Q53 Stephen Phillips: I do not want to go into policy; I want to look at value for money. You had a funding formula: correct?

Mark Sedwill: Yes; let me just say half a sentence to finish the point. Ministers decided that we should apply damping so that same percentage cut was taken by all forces from the position in 2010. That is why the outcome now is out of kilter with the original funding formula.

Q54 Stephen Phillips: Indeed—so what essentially happened was that equal percentage reductions were applied to every force in England and Wales. Correct?

Mark Sedwill: Yes.

Q55 Stephen Phillips: How on earth is that fair to those forces who had already made efficiency savings and already got their back offices in order, like Lincolnshire police: that they should receive the same percentage cut as a force which had been profligate and had not gone through those efficiency savings?

Mark Sedwill: Mr Phillips, I am not saying that it is. The funding formula itself—I think—had flaws. The outcomes clearly moved further and further from the funding formula,

and the old funding formula has become more and more detached from the real demands on policing. That is why we are proposing to revise it.

Stephen Phillips: The consequences of that for this Committee, and for value for money for the taxpayer, are effectively that profligacy has been rewarded, efficiency has been punished and taxpayer money has been wasted. There has been a uniform cut to all police forces, when in fact some police forces should have had their funding cut by more than others. So taxpayer money has been wasted.

Mark Sedwill: Well, there are other factors in this as well that have changed, which mean that the 2010 funding formula has become more detached from the pressures that forces face. I absolutely accept your point that they did not all start from the same position, but in the round Ministers in the last Parliament took the view that, rather than revising the funding formula—and addressing that and all the other issues with it—at the time, they should apply damping through a percentage cut, so that there was an even percentage cut across—

Stephen Phillips: Mr Sedwill, as in the last Parliament, we will get on a lot better if you answer the question that I am asking. There was a uniform cut to all police forces, in terms of percentage, for each of the last five years. Correct?

Mark Sedwill: Yes.

Stephen Phillips: Right. The effect of that has been to reward those forces that are profligate and to punish those that were efficient. The effect of that is that taxpayer money has been wasted, by ignoring the funding formula and just applying a uniform cut to all police forces in England and Wales. That is right, isn't it?

Mark Sedwill: I don't think I can draw that conclusion, Mr Phillips, because I do not have the data that would allow me to know accurately whether that is right.

Q56 Stephen Phillips: But we can at least go this far. This is an agreed report. Correct?

Mark Sedwill: Yes. The factual basis of the report is—

Stephen Phillips: Let us look at paragraph 1.12. Here is the NAO's conclusion on the agreed facts: "The system does not incentivise value for money or strong financial management as all forces have faced the same percentage reduction in their funding from central government". That conclusion could have been reached, I suspect, at the very latest, midway through the application during the past five years of these equal funding cuts. So why have you continued, within the Home Office, to apply equal percentage cuts, year on year, to police forces in England and Wales?

Mark Sedwill: Because, Mr Phillips, that was the ministerial decision.

Q57 Stephen Phillips: Right.

From the perspective of the Department and delivering value for money for the taxpayer, do you, as the Permanent Secretary, now accept not only that that was unfair, but also that it has led to a loss of taxpayer value for money?

Mark Sedwill: I do not think I have the data from which to draw exactly that conclusion, Mr Phillips, but the reason why we are reviewing the funding formula and seeking a new one is to address all of the ineffectiveness in the old formula and the way it was applied.

Stephen Phillips: Which is another way of saying, “We realise that there is a problem and now we are going to get it right, because we have wasted a load of taxpayer money”, Mr Sedwill.

Mark Sedwill: That is not the way I would express it, Mr Phillips. We are reviewing the funding formula now, to try to ensure that police funding from the centre reflects the demands on policing—it is not just about the efficiencies in certain forces—and incentivises. I accept the NAO’s critique in paragraph 1.12, but that is why we are reviewing the funding mechanism.

Q58 Stephen Phillips: Perhaps Sir Thomas can confirm and help me with paragraph 2.25: “In 2014, HMIC considered that only 10 of the 43 forces had a sophisticated understanding of the demand for police services, despite forces having had to reduce their costs for 5 years.” That is the view of HMIC, is it?

Sir Thomas Winsor: Yes.

Q59 Stephen Phillips: Right. So there is an absence of data in relation to 33 out of 43 forces insofar as they understand the demand. Is that correct?

Sir Thomas Winsor: Their understanding of demand varies, but it is our view that in only 10 cases could you regard that understanding of demand as sophisticated.

Q60 Stephen Phillips: Right. That brings me back to you, Mr Sedwill, because if there is no proper understanding of demand on the part of the majority of forces, how on earth are you going to get the funding formula right this time?

Mark Sedwill: That is exactly what the consultation will be about, Mr Phillips, so—

Stephen Phillips: I am going to interrupt you, I am afraid. That may be what the consultation is about, but how is anyone properly going to respond to it, if the majority of the forces themselves do not have the data to know what demands they face?

Mark Sedwill: The forces themselves will have to respond to the consultation. We have 10 forces with a good understanding, and there is a lot of analysis behind the work that we have done—

Stephen Phillips: It follows that you also have 33 that do not have an understanding.

Mark Sedwill: Thirty-three do not have a sophisticated enough understanding, and that is partly why it is extremely difficult to draw the kind of “winners and losers” conclusions that most forces make, because we do not really know exactly who really are winners and losers against the demand, as opposed to against their view of the old funding formula. That is one of the problems.

Sir Thomas Winsor: That is not to say that they do not have any understanding—I think that is common between us; it is that it is not a sophisticated understanding.

Q61 Chair: I will bring in Anne-Marie, who has similar issues, then we will come back to Stephen, but I wanted to ask something of Chief Constable Alex Marshall, chief executive of the College of Policing. If 10 forces do a good job with this, what do you see as your role in terms of cascading that best practice? You have been going since 2012, so how much have you done to make sure that that is improved?

Alex Marshall: I see our role as achieving some consistency in the way that demand is looked at across forces, so that at least we can compare it using the same ways—

Q62 Chair: So how successful have you been?

Alex Marshall: We produced a detailed report showing the nature of demand—for the last time, Chair, I will wave an infographic at you—

Chair: It is a lovely coloured picture, for those who cannot see it.

Alex Marshall: I am happy to circulate it.

Q63 Chair: I am sure you are saying that there is a lot more work behind that, but seriously, there are 10 that do a good job, 33 or three quarters that do not. What are you doing to make sure that those 33 play catch-up? Have things been instituted since 2012?

Alex Marshall: All chief constables and all forces will have looked at the demand that they face in their own areas, but they have done it in different ways. They should be given credit for the way in which they have adjusted their resources over the past few years, while making cuts and keeping crime at a relatively low level historically. What we have done is to produce some detailed analysis of the nature of demand, and this autumn we will provide every force in the country with a template that they can populate to have a better and clearer understanding of the demand that they face.

Chair: Okay. I will hand over to Anne-Marie at this point, then perhaps come back.

Q64 Mrs Trevelyan: One of the drivers that you are saying you will use in the new funding model is working on the local tax base. I am based within the Northumbria police,

85% of whose funding is national, compared with Surrey, where the figure is down near 50%. That is a key differential. The Northumbria police consultation response is unlikely to say, “Yes, we are going to go for a huge shift in how we build our demand relationship with our local population, and therefore make them understand that putting up the precept will be a good thing.”

Do you think you can do that and see that real money coming through and improving the actual connectivity between the police force and the local population that it serves, so that people understand why they pay a precept and are then more willing to support it?

Mark Sedwill: There is probably a very long answer to that, but I will try the short one. Part of the answer is in providing the kind of data that is available from HMIC and on police.uk in a way that is accessible to voters. We have good crime maps now, where people can look at what happens in their local area and connect with their local policing team, etc. We have not, however, had accessible data on their efficiency, effectiveness and legitimacy. That is now published in a form with familiar weightings—“outstanding”, “good”, “needs improvement”, etc.—that people are used to from thinking about schools and so on. So when people are making a judgment, whether a referendum or an election one, this time next year about the PCC and the way in which they have run the force, they will have that assessment on which to make that kind of judgment.

The point about the local tax base in the funding formula, in terms of central funding, is that we need to account for the fact that different areas of the country have a broader, while others have a narrower, local tax base, and therefore their ability to raise local taxes is inevitably differentiated. It is a function of central Government to try and even that out. That is essentially the reason for considering that element of the funding formula.

Q65 Chair: May I dig in there? You talk about this wonderful data so that everyone can look up the cost. We did a mystery shopping exercise with the support of the NAO. Someone highly qualified, but not an expert, was asked to look up certain information—a basic set of costs for local policing, which PCCs are required to put on websites—but it was impossible to find out anything in any reasonable period of time. It would take quite a lot of work; we have auditors here who do this for us, but we are very lucky and we are doing this on behalf of the taxpayer. But if you are an ordinary taxpayer, or indeed an ordinary MP, it is quite hard to find that out.

Mark Sedwill: I agree. We went through that issue at a previous hearing, and it is part of the reason why we support the PEEL programme. The PEEL programme gives a qualitative assessment in an accessible way, rather than asking people to burrow their way through.

Q66 Chair: What will it look like for my constituents in future if they want to look up the cost of a Met officer, or if Anne-Marie Trevelyan’s constituents want to look up the cost of an officer or an operation in Northumberland? It costs about £250 to deploy a police vehicle with officers in it to an offence, apparently. How can a member of the public find that out? If they cannot now, when will they be able to? How easy will it be?

Sir Thomas Winsor: On 27 November last year, we published the first PEEL assessment, and we will do the next one in February. We published principal data about the costs of the police—their efficiency, effectiveness and legitimacy—force by force in not only the published document I have in front of me but also on our website, where there is far more below-the-water iceberg information. You can go on to our website, click on “Your force” and go as deep as you like to see the evidence base on which we made the judgments as to whether or not forces were outstanding, good, require improvement or inadequate in terms of efficiency, effectiveness and legitimacy.

Through force management statements, which are a development of the PEEL programme, you will also be able to see the connections between the force’s understanding of demand and its efficiency and effectiveness in the future.

Sir Amyas Morse: I think what you are doing with the PEEL programme is very good news and we are very supportive of it, but it is important to be clear—certainly for what we are concerned about. It is great that you are producing a template for the forces. We are talking about vital information about understanding demand not just in each police force but across the whole country, in order to shape your response, your funding formula and a number of other things.

To generate good-quality information, you need two things. The first is a standard method of describing the same things in different places. I am not suggesting that they are all the same in each place, by the way; I understand that. The second is a reasonably consistent level of skill among the forces that are trying to carry this out.

It requires—I am sorry; it cannot be avoided—some degree of national standard setting to get that done. Otherwise, you will just not have usable central information. This is not trying to undermine localism or anything of the sort; there is just not another way of doing it. You can keep on asserting that it can just be done bottom-up. Of course, most of it is bottom-up, but it must be carried out in a consistent way and to consistent standards. There is not another way to do this successfully, guys.

Louise Bladen: When we went to the West Midlands—a force that we thought had done this rather well on demand—it was a long process. They started this back in 2009-10 and really had to invest to get to that point of understanding their demand. It did not strike us as something that you could do terribly quickly if it is going to be done properly. Some of the forces that have not yet got to that point will be behind the curve on this.

Sir Thomas Winsor: One of the criticisms is that there is not a national standard—they do not all do it the same way. Comparability in both inspection and regulation is absolutely invaluable. I know that from my days as rail regulator. I had no comparability with Railtrack and Network Rail, but with the police we have a lot of comparability—if only the data were all there and were consistently presented to a single national standard. That is what the PEEL programme and the force management statements I described are designed to do.

There will be a certain amount of pushback from forces, and perhaps even from police and crime commissioners, saying, “That’s not the way we do things here.” But until we can establish a national template for this with very clear guidance and examples as to how it needs to be done—we do have the power to require it—we will not get the comparability.

Information about police efficiency, effectiveness and legitimacy and about operations is the oxygen of accountability. It is the oxygen of effectiveness and efficiency, and that is why the force management statements, as part of the PEEL programme, are so important.

Q67 Stephen Phillips: We heard from the NAO that it takes a long time to get a system in place and to get the data up and running. Mr Sedwill, you said that the new formula will apply for 2016-17. The Minister said to me in the House last week that there were tight timescales. Given the absence of that data, can you assure the Committee that, notwithstanding any problems with data and returning responses to the consultation, the new fairer funding formula will go ahead for 2016-17?

Mark Sedwill: This is a really important point. To generate the formula to allocate a fixed pot across policing, we do not need, at the centre, to understand demand in every single force. We need to understand the drivers of demand. Therefore, in my view, a sample of 10 forces—a cross-cutting sample of typical forces—is adequate to enable us, Parliament and others to make a judgment about the appropriate means of allocating funding. Individual forces then need to understand the impact of that on their demand and what that means for the precept. It should be possible and it is our intent—I cannot pre-empt the consultation or ministerial decisions—to try to get this done for 2016-17.

Q68 Stephen Phillips: Given that we have had five years with forces such as Lincolnshire, which was very efficient, being punished for that efficiency by having its budget cut equally with forces that were not efficient, can you assure the Committee and my constituents in Lincolnshire that that punishment will not be carried forward, and that the fact that the force's budget is lower now than it should have been will not be used to reduce its funding from 2016-17?

Mark Sedwill: I do not make the decision on the funding formula, Mr Phillips. I think we have to let the—

Q69 Stephen Phillips: Will the funding formula reflect the fact that unfair cuts have been made in the past to forces such as Lincolnshire or will it simply look to demand in the future?

Mark Sedwill: I think I have said as much as I can say. I do not want to pre-empt a written ministerial statement and the release of the consultation.

Q70 Stephen Phillips: I don't want to get into policy so that it absolutely fine. Let me be very clear because I know that you are going back to the Department later: it had better not.

Chair: Mr Phillips has made his point for Lincolnshire loud and clear.

Q71 Nigel Mills: I join the East Midlands lobbying on that point. We have pushed you on collaboration and procurement. Can we now go for the slightly tricky point of outsourcing? I imagine forces could make savings from outsourcing certain functions. Are there any plans or efforts to try to encourage or explain that outsourcing can work, rather than it being scary and something not to touch, as I think some police and crime commissioners have said they will never do?

Mark Sedwill: There is a blend of means for driving efficiency. Outsourcing is one. At the risk of Mr Phillips having another go at me, Lincolnshire, with its G4S collaboration, has done a great deal on that. Others have done things differently. I do not know whether Alex, with his own knowledge, might be able to talk in a bit more detail about the picture across policing.

Alex Marshall: Very mixed. There are some examples of outsourcing, some of sharing with neighbours and some of sharing with other public services such as local authorities and fire. We make those examples available for others to look at and demystify it where necessary.

Q72 Nigel Mills: Does your business module, which you talked about earlier, explain to senior officers how outsourcing would work, how they would go about negotiating to get a good deal, and where it can help? I sense that a lot of chief constables will never have had to worry about outsourcing, dealing with private sector contracts or that kind of negotiation. Is that something that you try to teach?

Alex Marshall: Yes. It is contained in the business element. Working outside your area of responsibility and working in a commercial environment are covered in the business module. Of course, the ultimate decision-making also includes the police and crime commissioners.

Sir Thomas Winsor: It is worth adding that the degree of sophistication among police officers is pretty slight regarding the commercially sophisticated legal and economic designs of complex commercial contracts that have a long life. It is just not something that they have had to do. They really should have bought that expertise somewhere else—it would have been enormously cheap—so that when they are dealing with the private sector, whether they are buying ICT or something else, they have a sophisticated contract design toolkit. In too many respects, it seems to me, chief officers have been terribly afraid of the private sector because they just do not have the confidence that their own commercial negotiation skills and economic and legal design skills are up to it.

Q73 Chair: The precedent in Whitehall has not been great on that, has it? So I'm not surprised they are a bit nervous about it.

Sir Thomas Winsor: We are not suggesting they use that as a case example.

Q74 Chair: There is a serious point, though, about the cost of outsourcing and then the inability to make further savings. This picks up on what Mr Phillips was saying.

Lincolnshire outsourced things at an earlier stage and then were unable to take further reductions in costs out of the outsourced programme. Avon and Somerset have had a similar issue with IBM; they are tied into a contract. Is that something that concerns you, Alex Marshall, as chief executive of the College of Policing, and you, permanent secretary, and are you doing anything about it?

Alex Marshall: What we are concerned about is that people making those decisions are prepared to make them and have the right training and leadership development that will equip them to do it. We have introduced that for people going to the executive level in policing, to a degree. We recognise in the leadership review that these are the sorts of skills that the police service will need a lot more of in the future and we are redesigning our leadership development programmes to include some of those aspects.

Q75 Chair: You have been in existence since 2012. How many people have you helped to train in that sort of procurement process in that time?

Alex Marshall: In terms of the business skills element, the last two strategic command courses—there are about 50 people on each course and all of them have to complete that to become a chief officer, so about 100 people either have become chief officers or will become chief officers over the next two or three years.

Sir Thomas Winsor: Force management statements in terms of the capability of the workforce will include statements and assurances in relation to the capabilities of the police force—this will be at senior officer level and equivalent police staff level—in management and supervision, including business planning and financial and commercial acuity.

Mark Sedwill: In this area and particularly in the area of shared services and back-office services, policing is of course not unique. If we are talking about HR and financial services, procurement and so on, it is not necessarily from other police forces that they need to learn; it's from other institutions that do the same in the public and the private sectors. So this is where that slightly different vector on collaboration and best practice is relevant.

Q76 David Mowat: Do you ever say to a police force, “Lincolnshire has done this, Warwickshire has done this and Bedfordshire has done this and it has worked really well. They have all outsourced; why haven't you?”? Does that dialogue ever take place?

Mark Sedwill: Yes—informally, the whole time.

Q77 David Mowat: Who would drive that?

Mark Sedwill: It will happen within policing itself. They have mechanisms to share best practice. The college is the—

Q78 David Mowat: A mechanism to share best practice is not quite the same as saying to somebody, “Why aren't you doing that?”

Mark Sedwill: When I visit a police force, I will do precisely that, but that's also an informal mechanism. I will go and say, "I've seen this great example of collaboration. I've seen this great example of outsourcing or whatever elsewhere. Is that appropriate to your force?"

Sir Thomas Winsor: That is what we do in the PEEL programme. We will measure the forces according to what they could have done, and one of the critical pieces of information that we have in order to make that judgment is, "And is it being done well somewhere else?" If it is being done well somewhere else and there is no appreciable material reason why they should not be doing it, we will mark them down in the ratings that we give them if they are not doing it. They will be very sensitive to that, because of course that information is available not only to the police and crime commissioner in making his or her decisions in relation to efficiency and effectiveness—they have a duty to secure that—but, critically, to the public, because we publish it. It is information available to the public as to "Why is my police force not doing what it could do?" It may be a comparison between Kent and Cumbria, not just with the force next door: "If it can be done there, why can't it be done here?"

Chair: I want to bring Richard in, particularly to talk to Alex Marshall about the College of Policing.

Q79 Mr Bacon: Before I do, I just want to ask Sir Tom a quick question. I think you referred a moment ago to commercial and financial acuity. What were you reading from?

Sir Thomas Winsor: I wrote to all chief constables about force management statements last week and I explained what their essentials are. I am happy to make the letter available to the Committee if it wishes.

Mr Bacon: Yes.

Sir Thomas Winsor: It was in relation to the capability of the assets of the force. The vast majority of the assets of a police force are people, who of course are the most complex assets of all. They are also very flexible. Although in terms of front-line policing you want skills in relation to response, roads policing, public order, firearms and child protection, at the top level you want people with very sophisticated business and financial planning skills. It is not just a question of chief officers putting in the force management statements saying, "We have plenty of public service officers and firearms officers who can shoot straight"—that sort of thing—but a question of how good we are at doing what we do at the top level. Top level policing is very different from front-line policing.

Q80 Mr Bacon: So if you were to have a complete description of what it is to be a professional police force, you would expect it to include at the one end the ability to manage and train firearms officers—to make sure that they could shoot straight, to use your example, knew how to handle weapons and keep them safe, and had protocols for when they were used. At the other end, in terms of professionalism in policing, you would expect them to have the ability to manage a range of resources to achieve specific ends, whether those resources are people, who, as you say, are the biggest asset, or IT, or finance, or time. That

would be part of professionalism in policing at a top level just as learning how to shoot straight is part of professionalism in policing for a firearms officer. Would that be a fair summary?

Sir Thomas Winsor: A very fair summary. If I may give you one example. Before I did this job I did a review into police pay and conditions. I met a recently promoted superintendent who was given a very substantial range of responsibilities. She said to me, “I have a budget of £53 million a year and 800 officers and staff. No one has taught me how to do this job and I don’t know what I’m doing when it comes to business planning, people management and financial management on that scale.”

Now, that was a number of years ago, and I believe things have got a lot better since then. But it is very important that command and leadership are merged at top level with the business planning and financial skills that we have just been discussing. This is a generalisation, but 95% of being a chief constable is not being a police officer. It is being the chief executive of a very large, complex, safety-critical essential monopoly and asset-intensive public service. It’s just that you still want it to be a chief constable for that 5% of the time, because that is when things have gone really badly wrong. But 95% of it is a skillset that you do not have at the much lower ranks.

Q81 Mr Bacon: That is a very helpful summary. If it were not going to take too much time I would digress to point out that what you have just described is also true of most permanent secretaries. They end up in their post without any training on how they are supposed to manage large budgets. I hope that is something that we are going to change. Mr Sedwill, you of course are an honourable exception, I am sure.

Mark Sedwill: I am a diplomat. I think I prove the point.

Q82 Mr Bacon: Yes, quite. Mr Marshall, I want to come to you. Sir Tom described that as a very fair summary, yet in two different places the Report talks about things that the college is not going to do. One is in paragraph 2.12, where it states: “The College considers that it is not sufficiently funded to support business skills (such as finance, demand, performance, contract and change management) and that to do so would be out of its remit.” The second is at the other end of the Report, on page 44, where it states that the college “does not consider that it is sufficiently funded, or that it is within its powers, to share good practice and learning in non-operational areas.”

That is summarised in paragraph 16: “Organisations in the accountability system are not yet supporting forces to improve their capacity and capability around business skills.” Further down in that paragraph it says: “The College does not consider it is sufficiently funded, or that it is within its remit, to support and develop business skills or to share good practice and learning in non-operational areas.” Yet for the top-end of policing this is central—this is meat and drink.

Alex Marshall: Yes, I would agree with that. That is why we have introduced it into the strategic command course that all future chief officers have to complete and at other levels of leadership development. Our leadership review, which was published after the Report, identifies that management and business skills, and the ability to cope with future financial restrictions, are all a very important part of future leadership development in policing.

Q83 Mr Bacon: This Report came out in June 2015. You seem to have told the NAO the exact opposite. You were founded in December 2012, but in November 2014 you outlined a five-year strategy.

Alex Marshall: Correct.

Q84 Mr Bacon: Are you saying that in your five-year strategy you did not include all those things?

Alex Marshall: The development of very senior leaders included the business skills element from two years ago—so two years ago and last year, and it will be enhanced again this year. We focused our five-year strategy on the high-priority areas for members of the public—particularly child sexual exploitation, domestic abuse, cybercrime, mental health, and stop and search—and on developing the professionals within policing. It has been said today that the most important asset in policing is people, and we think the professional development of the people who work in policing is one of the best ways of managing against austerity in the future. We need to raise the skill levels of people in policing and allow them to make decisions with less supervision and less bureaucracy.

Q85 Mr Bacon: All the things you listed—child sexual exploitation and so on—are important front-line areas, but it does not sound to me like a rounded description of what it is to be a professional body, which is what you are. Indeed, the “About Us” page on your website, which I was looking at a moment ago, says: “Welcome to the professional body for policing. We’re working to find the best ways to deliver policing in an age of austerity”—that is the second sentence of “About Us”. One might hope that the management of resources is front and centre of what you are about as a professional body, yet you have been talking about these things to the NAO—it is in this Report, which was published only last month—and saying that you are not sufficiently funded and that it is not even within your powers to share good practice and learning in what the NAO Report calls “non-operational areas”. Well, managing resources might not be operational for the man in the rifle range practising his shooting skills, but it is still an operational area for the police.

Alex Marshall: It is a very important area for people who make decisions in more senior roles in policing. In those limited areas, around senior leadership development, we have focused resources in this area.

Q86 Mr Bacon: But you told the NAO that you are not sufficiently funded and that it is not within your powers—

Alex Marshall: To take on a much broader role in raising those business skills, particularly around procurement, finance or HR. We do not have the ability to bring that in generally across the work force. Of course, there are other professional bodies that service the needs of the HR and finance professionals who work in—

Q87 Mr Bacon: I am going to ask Louise Bladen to comment on this in a second. Can you just remind us what your annual budget is?

Alex Marshall: It is £67 million.

Q88 Mr Bacon: Presumably a lot of that goes on staff.

Alex Marshall: Yes.

Q89 Mr Bacon: How much of the £67 million goes on staff?

Alex Marshall: About 60% of the budget.

Q90 Mr Bacon: And the remaining 40%? In your annual report, it says “running costs”, but that could cover a multitude of things. What does the remaining 40% go on?

Alex Marshall: We operate on a number of sites across England, from Durham in the north and Harrogate—

Q91 Mr Bacon: How many sites do you have?

Alex Marshall: Six.

Q92 Mr Bacon: So they are property costs, are they?

Alex Marshall: Some of the costs are property, technology—

Q93 Mr Bacon: You have six sites?

Alex Marshall: Yes.

Q94 Mr Bacon: And that is for what? Why do you need six sites?

Alex Marshall: Three of the sites are delivering training. They service the local geographical area—the midlands, the north and the south. We have an office space in London and we have a centre in Harrogate that deals with exams and assessments.

Stephen Phillips: That's five.

Alex Marshall: We share accommodation with the Metropolitan police at Hendon for our digital and online learning.

Q95 Mr Bacon: By the standards of public sector organisations, you are not one of the largest ones; still, £67 million is quite a lot of money. In three years, you are talking £180 million to £190 million. Can you explain to us, Louise Bladen, how you came to write in this Report that the College of Policing said it did not consider it within its remit to do some of the things that Mr Marshall is now saying are very important?

Louise Bladen: We started by identifying what we saw as a gap in the overall system. We felt that someone centrally should be doing that role of supporting forces in those financial skills and spreading best practice. We could not clearly see a body doing that in the way that we felt it needed to be done. We had a conversation with the College of Policing about whether that was their role. Our understanding was that although there were clearly some elements of the leadership training that were happening, the college did not feel it was funded for that broader role. It made a clear distinction between what it was prepared to do on operational policing and what it felt it could not do on non-operational policing. That is the position, having had those discussions, that we reflected in the Report at the time we published.

Q96 Stephen Phillips: It may be that there was a misunderstanding between the College of Policing and the NAO. I was not party to the conversation.

Mr Marshall, what is it that you actually teach? What is it that you do to spread best practice for, essentially, the chief executive officers of each of these forces and their senior management teams?

Alex Marshall: We provide them with business elements of their leadership development. We make available to them best practice from across the country and we run an online community of over 2,000 people—

Q97 Stephen Phillips: Are they the same thing? Do you make it available online?

Mr Bacon: Do you have a chatroom?

Alex Marshall: We have an online community; an online police knowledge area.

Q98 Stephen Phillips: What actual training do you give to senior officers in management skills?

Alex Marshall: As part of the strategic command course, which is a requirement before you can enter an executive role, one module of six and a half days is operated by the Cass Business School.

Q99 Stephen Phillips: How many days is the entire course?

Alex Marshall: There are three modules. Each one is around two weeks long.

Q100 Stephen Phillips: A third of it is on management skills, and then two thirds is on what one might call operational skills

Alex Marshall: Leadership development and operational skills.

Q101 Stephen Phillips: That's it? You get six and a half days' training to be in charge of—as we heard from Sir Thomas—a multimillion pound budget?

Alex Marshall: That is the very high level training. There are other leadership development programmes that we run, including working in partnership, which looks at working with other authorities outside your own area, and working in a more commercial environment, but the leadership review recognises our view that there is not sufficient management and business development in the leadership programme for leaders in policing. We will aim to address that through delivering the leadership review.

Q102 Stephen Phillips: I wonder if, in order to deliver value for money for the taxpayer—it is obviously important that we have chief constables as chief executive officers who have the right skill sets and that their senior management teams do—there ought to be a conversation between you and the Home Office and possibly HMIC as well about what training is being delivered in this area. Do you think that would be useful?

Alex Marshall: I am very happy to do that.

Madam Chair, if I could clarify a point on our funding, I talked about the cost of running the College of Policing. The public funding is about £42 million a year. Of that figure, we generate the rest through income.

Q103 Chair: Through income from police officers' training?

Alex Marshall: From police forces and from events and publications.

Chair: So taxpayers are paying for—

Alex Marshall: And international work.

Q104 Chair: So what percentage is not paid for by the British taxpayer? If police officers are coming for training, it is still taxpayers who are funding that.

Alex Marshall: I am happy to provide that information.

Chair: That would be helpful.

Stephen Phillips: Mr Sedwill, you heard my questions to Mr Marshall, so no doubt that conversation can take place over the next few months.

Q105 Mr Bacon: I want to come back to Mr Marshall for one further question, but, Mr Sedwill, just so we are clear, the NAO Report clearly says that the college thinks that various things such as finance, demand, performance, contract and change management would be out of its remit. Are you satisfied that the College of Policing has the remit that it needs under its existing mem and arts to do the things that it needs to do, or do they need to be tweaked?

Mark Sedwill: It will have to come out of the conversation that Mr Phillips referred to. In general, I think it does. It is worth keeping in mind that there are a lot of other professionals in policing. There are chief financial officers—the chief executives in the civil service sense; I know Mr Phillips was referring to it in a slightly different way—and procurement officers and so on who have to have professional qualifications to do those jobs; and there are other bodies, like the London Business School and others, that can provide a lot of the business skills both to them and indeed to senior officers. I would not want to suggest the college should have a monopoly in this area. There is an argument that the college should focus on the things that are unique to policing and that other more general skills could be acquired elsewhere, but clearly the college needs to set the overall framework, even if it does not deliver all the training itself.

Q106 Mr Bacon: Mr Marshall, you said that before you can become a chief officer, you have to have done the command module, which includes five or six days on finance. Plainly, as Mr Sedwill said, there will be chief financial officers who are, in effect, full-time finance directors for constabularies. Do you think that six days is enough? I am looking at a chart of budgets for different constabularies. The gross revenue expenditure varies from the Met at £3.2 billion and Manchester at £647 million down to Warwickshire at £96 million, but a significant number of them are £100 million, £200 million, £300 million, or somewhere in that range. Do you think that six days training before you become a chief officer is adequate?

Alex Marshall: It is important to recognise that people in executive roles in policing work in a team. So they are alongside people who come from other backgrounds, not from policing, who will have those finance and HR and procurement skills—people from that professional background. I do not think that is enough; and of course there are other areas where, throughout people's leadership development earlier in their career, they would have had other training, but I also think it is important that we have continuing professional development for everyone who works in policing—and we have not had that uniformly

across policing. That is where we want to make sure that all the senior leaders in policing get that ongoing input to keep up with the rapid changes and to make sure they have those skills.

Q107 Mr Bacon: So you expect that the things that I referred to in this Report, where the College of Policing has said it is out of your remit, such as in paragraph 2.12 about “finance, demand, performance, contract and change management”, are going soon to be within your remit, and that you are going to address them, at least for the senior officers that you are training?

Alex Marshall: For senior officers, they are within our remit now. We include them in the leadership development programmes. What we do not do is develop those skills at the lower levels in policing. People are coming in with those professional backgrounds and we are not part of that early development.

Q108 Chair: Okay. I know that the National Audit Office want to come in. Do you both want to come in?

Louise Bladen: I was just going to make a quick point, because I think on paragraph 2.9 it is important to note that when we looked at the change in the workforce mix, staff working in finance functions across forces had reduced by 38%, so getting that skill set right at all levels in the organisation does seem to us to be something that is important.

Sir Amyas Morse: In a similar spirit, because this is really important, actually the view of the college, as I understand it, is they do not want to be deflected from their core responsibilities, which are not these areas. I understand that and I want to give it fair reflection, but that means that if you are going to get someone setting standards it is not good enough just to say, even if you had the right number of financial people—they do not necessarily understand how to measure police need.

That is what we are really talking about, at the centre of this discussion—the needs for policing. What I would really say is, if you are saying that you believe this really is not core to your mission— I am not trying to say anything unfair about you— then you have to have a pretty profound discussion to change that. If that is going to change and you are going to become a custodian of key skills and setting standards for what people need to understand in finance and accounting, that is a big change in your mission from where it is now. Is that right?

Alex Marshall: That would be.

Sir Amyas Morse: If that was to happen. So all I am saying to the Home Office is this is a quite deep conversation we need. It is not just a casual conversation, by any means.

Sir Thomas Winsor: It is worth mentioning, albeit on a very small scale, that we have now got a system of direct entry to the police at higher ranks. There is direct entry at inspector rank, of course, which is going to be the greatest change to the culture of the police over time, but also direct entry at superintendent rank. One of the direct entry superintendents who is going through his training course at the moment is, I believe, a senior economist—

certainly a senior person—from the Bank of England. He is at the moment going through, and going through rather well, the process of becoming a fully fledged superintendent. The superintendents direct entry scheme has the presumption and the expectation—certainly the objective—that those who come in at that rank will proceed rapidly to chief officer rank, and that will very significantly enhance the mix of skills, including the skills we are talking about, at chief officer level, quite soon.

Chair: Okay, I think we are going to move on to John Pugh, who has been patiently waiting.

Q109 John Pugh: Right, I have got some questions about inspections. We have talked a lot about demand, and one thing hard-pressed chief constables who are fighting crime are not demanding at the moment is ever more inspections. The budget for the PEEL enterprise has been given an added £9.25 million. As the Comptroller and Auditor General said, it could be a good thing, but it is not necessarily a good thing. I am reminded of comprehensive performance assessments for local authorities, which were instituted with similar ballyhoo and then abandoned, and then the body actually administering them was abolished as well. As I am familiar with HMIC from the past, when I was on a police authority, I know them not to be light-touch. Could I ask you, Sir Tom, what is it you are going to be asking of forces in terms of data or in terms of time that they are not giving you at the moment, or not providing at the moment?

Sir Thomas Winsor: We are getting a lot of information from them. It is a common complaint—often unjustified—that we ask for too much information, but it is important to bear in mind that inspection in the public interest was established by Parliament in 1856.

Q110 John Pugh: I am not disputing that; I am asking what you are doing at HMIC and what was done previously. I have seen some of the reports and they are pretty rigorous, instructive and helpful—and they were probably cheaper than the ones that you are going to do. What added value are you bringing to the piece here?

Sir Thomas Winsor: It is reporting to the public on the most critical areas of policing: efficiency, effectiveness and legitimacy. Before I arrived in 2012—this is no criticism of my predecessors; the Home Secretary sets the inspection programme—HMIC was doing almost all its work on thematic inspections, which are deep dives into important problem areas, such as domestic abuse, undercover policing and much else besides. However, it did not have an overview as to the core policing functions in terms of their efficiency, effectiveness and legitimacy.

We therefore devised the PEEL programme as our baseload work, looking at core policing in every force every year to allow for comparability both over time and between similar forces. That information, being the baseload of our work, is a revolution in the kind of work that HMIC does: reporting directly to the public on the things that matter most to them. We did not do that before.

Q111 John Pugh: Individual forces put out stats from time to time, so my second question follows on from that. I am not entirely clear as to what the extra £9.25 million is buying that is not already out there. One thing that has cropped up throughout this hearing is that we want every police force to have a better understanding of the demands on it. There is a fatal ambiguity here, because demand, in one sense, is basically about the demands made on a police force on a day-to-day basis. Some police forces have obviously not looked carefully at what they are doing. However, demand can also mean other things. It can mean public expectation or expectation from the Government. When demand is assessed, I wonder what the meaning of demand is in each particular case.

Could you not reach a scenario where you feel as inspector that the demands made on a police force are not being adequately fielded or dealt with, but the police commissioner, who has a different perspective, takes a different view and feels that the demands that he or she is getting from the public are being met?

May I give an example? Merseyside police, which has been an outlier in terms of expenditure per head of population, spends a fair amount of time on community policing, which gives enormous assurance to the public but does not actually massively reduce crime. None the less, people like to be reassured and it is an important aspect of policing. One could imagine a scenario in which your inspection arrives and you say, “Demand is not that well met,” and a police commissioner says, “Well, the demands that I am getting from the public are being met.” Is there not a risk here that the police commissioner’s expectations could differ from those imposed by the inspection process?

Sir Thomas Winsor: Yes.

John Pugh: Good!

Sir Thomas Winsor: I can elaborate a little. The model of democratic accountability and inspection of the police is one established by Parliament. HMIC has soft power—the power of its voice and the power to go anywhere and get information—and the obligation to report to the public on efficiency and effectiveness. That core obligation has not changed in our statutory remit since the County and Borough Police Act 1856.

Police and crime commissioners were invented much more recently. They have hard power. They have the power to hold the chief constable to account. They have three principal powers: the power to set the budget and the priorities, to hire and fire the chief and, perhaps more potently, to decide whether the chief will get another term. But those powers can properly be exercised only in possession of sound information. The police and crime commissioner has the power to ask the chief constable anything as well, but most police and crime commissioners regard the work of HMIC as extremely valuable, expert, evidence-based information that informs the decisions that they make.

At the end of the day, the democratic system of accountability established by Parliament is that the police and crime commissioner will make the decision as to what local priorities are. Under section 8 of the Police Reform and Social Responsibility Act 2011, the chief constable must take into account the police and crime commissioner’s statement of

priorities in his police and crime plan. It is also important to bear in mind that the police and crime plan is not a set of orders to the chief constable.

Merseyside was mentioned. Sir Jon Murphy explained to me a little while ago that in the first round of police and crime commissioner elections there was a candidate—not elected, thankfully—who stated in his manifesto for police and crime commissioner for Merseyside that, if he were elected, domestic abuse would form no part of the work of the police because, he said, what happens between a man and his wife behind closed doors is nothing to do with the police. Now, had he been elected and put in his police and crime plan that the police will never go to domestic abuse incidents, the obligation on the chief constable would not have been to treat that as a set of orders; it would have been to ignore that, because he has an overriding obligation to keep everyone safe.

There is a tension between the police and crime commissioner and HMIC, although I don't regard it as unacceptable. We speak; they decide. But they don't decide everything. At the end of the day, the operational independence of the chief constable is essential. In certain circumstances, the chief constable may have a legal obligation to disregard what the PCC has said.

Q112 Chair: I wanted to ask you, permanent secretary, about your and the Home Office's ability to challenge a police and crime commissioner who, say that individual had been elected, acted in that way?

Mark Sedwill: Towards the back of the Report, there are various back-stop powers that the Secretary of State has. I would obviously advise her on whether or not to exercise them. Fortunately, we have never actually had to do that, but she has some directive powers, albeit limited and quite focused. The key point is that there is a legal obligation on the chief constable to provide a certain level of service to the public, and the chief constable has operational independence.

If I may make a quick point, Dr Pugh said at the beginning of his question that community policing essentially reassured the public but did not necessarily have an impact on crime; I do not think I am completely paraphrasing here. I suspect that if Jane Kennedy and Jon Murphy were here, they would not agree with that. They would be clear that, in their view, community policing is an important part of the radar screen that enables them to understand, detect, deal with and prevent crime.

John Pugh: I was trying to illustrate the competing demands.

Mark Sedwill: I just felt that it was worth putting that on the record.

Q113 Chair: I want to ask one last quick question about outsourcing and accountability, because it is a big issue. You know that the Committee is very concerned about accountability. If we are going to see more outsourcing through police forces, because of cost pressures, how are we going to hold these organisations properly to account? It is easy to say that it is done through the procurement process, but we have a lot of private companies—it looks like we might see more—that make a lot of money out of the taxpayer in

a very sensitive area. Does the Home Office have any thoughts about how to manage the risk and the oversight, and to ensure that there is accountability and transparency in this very important area?

Mark Sedwill: Some of that we are going to bring to Parliament in the new policing Bill, for precisely that reason.

Q114 Chair: That is good to hear. Well, it depends what's in it—

Mark Sedwill: Yes, exactly. I have to be slightly tentative about predicting that.

Q115 Chair: Will you remind us of the timetable?

Mark Sedwill: The policing Bill is due this year. It is one of the five Bills that the Home Office is putting through in the first Session—

Q116 Chair: Sorry, is that “this year” in civil service speak? **Mark Sedwill:** In the first Session.

Q117 Chair: So up to the next Queen's Speech.

Mark Sedwill: I think the plan is to introduce it this autumn, but we are always in the hands of the business managers.

Aside from the parliamentary procedure, on the substance of what you say, there are two categories. First, there is the outsourcing of the kind of functions that have been outsourced in lots of organisations, as Mr Mills referred to. With those back-office functions and so on, the accountabilities are largely around the value for money that you get from them and in ensuring that they are well run. We would run that as we would run any other set of accountabilities, largely through the transparency process that we have already described.

There is a second issue, which is more delicate. We outsource the forensic science service, for example. It is when outsourcing gets closer to the heart of policing, and inevitably that will be a matter of political debate both locally and nationally. I would expect, in those areas, if it is about professional policing, that the College would take a view on standards that had to be achieved. Of course, HMIC would want to be confident that the outcomes were delivering an effective and efficient service.

Q118 Chair: Would HMIC have the power to go in and inspect those private bodies spending taxpayers' money on a public service? If not, would you want that power?

Sir Thomas Winsor: If Parliament gives it to us, the answer will be yes. At the moment, we do not have the powers in question. It is important that we are able to form a

rounded view of the efficiency and effectiveness of the police. If the police are obtaining some services from outside, we need to go in and have a look at them.

Q119 Chair: Thank you. Can I make a few points? First, thank you for coming. Permanent secretary, thank you for giving us a little more certainty, at least about the timetable of the funding review. As you will appreciate, some colleagues are particularly concerned that we do not yet know what is in the review, so we look forward to seeing it.

One key concern that has come out of this is the issue of devolution versus central control. We may want to look at that when we make our report, but we will probably come back to you on it, because I think it will become a growing issue.

It is worth commenting on the issue of cost-shunting, which we touched on at the beginning and has come up a couple of times. Personally, I am not convinced that the Government are working to resolve it effectively enough. It will be a growing issue with devolution—a big part of the Government agenda—and with the austerity measures that the Chancellor unveiled the other day. In the meantime, it is the service user who loses out; in fact, the general public loses out twice. If a police service user does not get the police turning up to something because they are picking up something else that another public service picks up, it is a double loss that the taxpayer is effectively paying for.

The fact that only 22% of calls are crime-related, as highlighted in the NAO Report, is a real concern. Notwithstanding all the comments you have made about modernising policing, that is a real issue. I will say, on behalf of the Committee, that any traction in Whitehall to look at that, as the cuts are coming, is really important to our constituents, who would rather go to hospital in an ambulance than a police car.

Mark Sedwill: A conclusion of that kind from the Committee would be welcome, because it is an important point for all of us in public service. Being reminded that the PAC will be considering that, as all of the Whitehall Departments wrestle with the issues of the fiscal envelope for this Parliament, is valuable.

A second point is that there is some good practice in this area. We can perhaps talk about that in more detail on another occasion but, for example, there is a street triage pilot for mental health in the Isle of Wight. One thing to come out of that is, interestingly, that we are all more risk-averse in someone else's area of expertise. The police might pick up people who are displaying mental health issues on the street because they are considered a risk to themselves or to the public, but a mental health professional can make a finer judgment because they know the subject matter and can make a judgment that the person is safe in their own home. By doing that, you get the benefit of not incurring all the costs of taking someone to a police station and of the whole process. Usually, of course, the individual's mental health is protected.

There are some good examples of this. I am very conscious that, as one chief constable put it, services cannot shrink apart. We have to find ways of making sure that they shrink together, which is why the point about collaboration and partnership is so crucial at a local level.

Q120 Chair: They are good words, and we will be holding you to account on them. As you know, this will be a big issue for the Committee. Sadly, I need you to pick up on the fact that in the past, the Committee has made two recommendations relating to the safeguarding and independence of inspection. We heard from Sir Thomas Winsor today about plans for HMIC. We are disappointed that you rejected those and will be writing to you for a response.

Mark Sedwill: That is in the Treasury minute.

Chair: Yes. Before we finish the public session, I would like to say a big thank you to Martin Sinclair, a senior member of the National Audit Office who is retiring after more than 30 years of serving the taxpayer by following the tax pound and making sure it is being spent wisely. Thank you, Martin, for your efforts on behalf of our constituents. We hope you are looking forward to retirement. You will perhaps be able to hop on the website of HMIC and the Home Office and, as an expert amateur, check if the permanent secretary is accurate in what he was saying.

Mark Sedwill: I hope he is going to have a more fun retirement than that, Madam Chair.

Chair: Thank you very much for your efforts, Martin, and thank you to our witnesses. Could the Committee stay behind for five minutes to decide on our recommendation headlines?