



Home Affairs Committee

Oral evidence: Reform of the Police Funding Formula, HC 476

Tuesday 3 November 2015

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Members present: Keith Vaz (Chair); Victoria Atkins, James Berry, Mr David Burrowes, Nusrat Ghani, Mr Ranil Jayawardena, Tim Loughton, Stuart C. McDonald, Naz Shah, Mr Chuka Umunna, Mr David Winnick

Questions 1 – 184

Examination of Witnesses

Witnesses: **Chief Constable Simon Cole QPM**, Leicestershire Police, **Chief Constable Steve Finnigan QPM, CBE**, Lancashire Constabulary, **Chief Constable Lynne Owens QPM, CBE**, Surrey Police, gave evidence.

Q1 Chair: Could I call the Committee to order and refer all those present to the register of Members' interests where the interests of members of this Committee are noted? Can I add a personal declaration? I have written a letter as a constituency MP on behalf of the Leicestershire Constabulary concerning the formula that the Government has adopted as far as funding is concerned and other members of the Committee may have done the same.

Mr Jayawardena: Yes, Chairman, in the interests of transparency I have done the same.

James Berry: In my capacity as an independent barrister I have represented a number of the forces and organisations who are giving evidence today prior to my election.

Q2 Chair: Chief Constable Cole, Chief Constable Owens, Chief Constable Finnigan, thank you very much for coming in. This morning the Committee received a copy of a letter that has been signed by six police and crime commissioners, one of whom represents Lancashire. In that letter, they describe the Government's funding formula as unjustified, unfair and deeply flawed. Do you agree with that assessment, Mr Cole?

Chief Constable Cole: Thank you, Chairman. We have some concerns about the funding formula. There is a part of this also that is around the subsequent CSR review, but the

funding formula itself from Leicestershire's point of view we would question its robustness. We are a bit confused by the outcome that it leaves us with. Within the East Midlands, which under the present formula—which we are not keen on, to be really clear—all of the East Midlands forces suffer detriment; under the new formula only Leicestershire suffers a detriment. We are at a bit of a loss why the largest and most diverse city in the East Midlands would suffer a detriment when that brings a certain policing complexity. While the Police and Crime Commissioner, Sir Clive Loader, has not signed the letter—he and I have jointly responded to the consultation this morning at the Home Office because the deadline for the consultation is Friday and we will make sure that this Committee gets a copy of that—but we are concerned and we do not completely understand how it arrives at the outcome that it arrives at.

Q3 Chair: Yes. Mr Finnigan, you have been outspoken in your criticisms of the funding formula. The letter today that has been signed by Lancashire is less a threat for judicial proceedings, more a last will and testament on behalf of the six, because you are on record as saying that by 2020 your force will be unrecognisable. Why is that the case?

Chief Constable Finnigan: Unviable is the word I used. I share the confusion that Simon has mentioned. I have a real sense of unfairness, of injustice. I think I can see where we have been badly hit by the latest iteration of this, but essentially it is about the scale. It is about the quantum. You will be aware that we in Lancashire Constabulary would be hit to the tune of £24.5 million on this funding formula review. There is only the Met at £184 million who have been hit even harder. When I work through the numbers and when I look at what that means particularly about people numbers—because what we are trying, all of us, to get some equilibrium about here is three things: money, people and performance.

Q4 Chair: Yes, we will come on to individual examples but your overall statement: I think you used the word “madness” in respect of the proposed cuts. Normally, we do not expect chief constables to be using words of that kind. You seem to be very upset about what the proposals are to use such a word.

Chief Constable Finnigan: I am. I am very upset. I am outraged, I really am.

Q5 Chair: In your letter to me, I think you said that there are serious and significant consequences. There is significant financial turbulence and a risk to forces. Do you stand by those statements that you have made?

Chief Constable Finnigan: Yes, I do. I do. I think the process is fundamentally flawed and needs to be revisited.

Q6 Chair: Lynne Owens, you are one of the winners. Unlike Simon Cole and Steve Finnigan, you are going to get more money out of this formula so you must be very much in favour of it?

Chief Constable Owens: I think funding is a matter for politicians, whether that be police and crime commissioners or, indeed, those that operate at a national level. My role is to point out the operational consequences of decisions that might be made. The Surrey position for a number of years has been that we think the formula has been flawed. When you talk about the formula, of course, that is only part of the picture. We have a funding

formula review and then we have a CSR and it is important, I think, probably not to conflate the two. When you look at the funding formula, that is about one pot of money and how that pot of money is shared across the forces so, of course, there are going to be winners and losers in that. Surrey traditionally has been the second lowest grant-funded force in the country and that has left the Surrey taxpayers having to pick up a considerable amount of our funding through the local council tax precept. That is where we stand apart in that we get a higher proportion of our funding from the local taxpayer than any other force in the country. Personally, I am not sure that position is sustainable.

Q7 Chair: Even though you are getting more under the proposals, you are very worried about the way in which the formula has been arrived at?

Chief Constable Owens: As I say, Chair, I do not think the detail of the formula is a matter for police officers. There are some operational issues from within the formula—like it takes no account of the policing of the M25, our proximity to the airports—that we think should be considered in the formula but, as I say, the matter of the formula is something that the police and crime commissioner and I will be responding on in the timescale set out by Mr Cole.

Chair: Simon Cole?

Chief Constable Cole: Yes, Chairman, it may just help the Committee to understand the scale of what Lynne has just described. For me, the funding formula provides me 65% of my funding. For Steven it is—?

Chief Constable Finnigan: 73%.

Chief Constable Cole: And for Lynne it is—?

Chief Constable Owens: Just over half.

Chief Constable Cole: It is about 50%.

Chief Constable Owens: Fifty-four per cent of my money comes from the taxpayer.

Chief Constable Cole: What that means is when we are talking about the funding formula it has a very different impact on different forces because the funding formula and then what we get from local precept, the council tax, are different. If you cut my budget by 5% of the grant you cut me 5% of 65%. Steve is being cut more because it is 5% of 75% and Lynne is being cut less, in effect, but then the local taxpayer has a different burden. It is straight into a world of complexity about who is paying for what and what is coming from national and what is coming from local.

Q8 Chair: Yes. Let us look at practicalities. You are saying you are going to lose £700,000 in Leicestershire?

Chief Constable Cole: Yes.

Chair: What does that mean practically to the people of that county? What will have to go?

Chief Constable Cole: Well, broadly speaking, if you do it in police officer numbers alone, it means we will lose about 15 police officers. That is not the hugest number. The huge number is around the CSR, which perhaps we will come on to later. I think the challenge is compared to areas that we work with regularly—we are doing massive collaboration with the other East Midlands forces—it completely changes the relationship within that because they are gaining amounts that are quite significant, £17 million and £20 million.

Q9 Chair: Yes, we will come on to that collaboration later, but tell us practically: 15 police officers does not really seem like a lot of a reduction.

Chief Constable Cole: It is not a huge reduction compared to what Steve is facing through this funding formula. It is trying to understand the logic of it. I have grave concerns about the lack of any apparent diversity factor within this and I struggle to understand. There are only four factors. Quite what they tell us about cybercrime or radicalisation or child sexual exploitation I am not entirely clear, and those are the things that are occupying a lot of our time because that is where risk sits.

Q10 Chair: Mr Finnigan, what will be the impact on Lancashire if this formula goes through and cuts are made? How much will you lose in terms of money? We have heard Leicestershire is going to lose £700,000. What will you lose and what does that mean practically to the people of Lancashire?

Chief Constable Finnigan: £24.5 million and, of course, we have to link it to the comprehensive spending review as well. In terms of money and people, at the moment over the last five years I have lost £74 million off a budget that in 2010 was £301 million. That means I have lost 900 police officers and I have lost 500 police staff over the last five years. If I look at this almost £25 million and lay it alongside the CSR, where Mr Osborne is asking us to look at cuts of between 25% and 40%, at the lower end if it ended up with the CSR on top of this funding formula review being 25%, I would lose £52 million on top of the £74 million I have already lost. That would be a further 730 police officers and 540 police staff. If it is at the upper end of 40%, then I would lose £77 million. That would be 1,072 police officers and 794 police staff. My workforce will have gone from 6,120 in 2010 down to 2,853. I would have lost 3,266 people; 53% of my workforce. That is where the operational impact kicks in.

Q11 Chair: That sounds like a very serious impact. Lynne Owens, finally from me, you wrote to me on 21 August and you said you now have to prioritise. Even though you are a winner and you will get extra money as opposed to the other two chief constables, you have said that you have to look again at prioritisation of crimes. You talked about the fact that choices had to be made with your partners. In particular, you gave an example of one of the offences that you would not be pursuing would be people who made off without payment. Are these people who fill up their car with petrol and then rush off without paying? You will not be pursuing these people in Surrey?

Chief Constable Owens: Perhaps if I could give you the operational context? While we are extremely proud of our ability to reduce serious acquisitive crime and that has continued to go down across the country, the reality is that we are seeing a very different

type of crime now, some of which is harder to investigate. Serious sexual offences have gone up in Surrey over the past four years by 122%. Of those that have been reported to us this year, 50% of them occurred in history. Domestic abuse has gone up by 33% over the past four years and in year it has already gone up by 38%. Now, of course, we are really pleased that victims have the confidence to come forward, but what that means is we are having to reconfigure our workforce so that we can respond to those very serious risks that are presented against threat, risk and harm.

Q12 Chair: Tell this Committee the crimes you will not be pursuing. You specifically said making off without payment.

Chief Constable Owens: That is an example. As a result of the demand work that we have done in Surrey we know that our crime is getting more complex but we also know that incidents involving the vulnerable are trickier. So 44% of the people who come into custody in Surrey have a mental health issue; 6% of those people that come into custody need us to keep an eye on them for the whole time they are with us. That does mean, Chair, that we are having to make choices. Now, other forces—

Q13 Chair: You are not going back to the point I am making. Isn't this a green light to the criminals that you can come to Surrey, fill up your car with petrol and you can make off and not be pursued?

Chief Constable Owens: No, of course there is an absolute responsibility on us when we are making risk, threat and harm judgments to understand what we need to do about the offences. If we have a repeat vehicle or a repeat person or a repeat location, there is always going to be a requirement on policing to respond, but we are not a civil debt recovery agency and there are too many examples where policing has moved into gaps caused by others and it is those gaps that need to be filled.

Q14 Victoria Atkins: Chief Constable Finnigan, how much money is in your reserves?

Chief Constable Finnigan: At the moment, the office of the PCC has £45 million in the reserves as at 31 March. General reserves are £12 million and I think that is in the range that one would expect. It is 4.8% of our budget, prudent again I would suggest, and I suspect external auditors would say that and have said that. The rest of the reserves, £37 million is earmarked, a lot of it around the cost of change, which is around our programme of change to get through these times of austerity.

Q15 Victoria Atkins: Sorry, can you just explain that?

Chief Constable Finnigan: Yes, sure. So £37 million left after the £12 million general reserves, and the general reserve is about day-to-day risk that we might encounter. The cost of change, transition, round about £20 million; £8 million that we have earmarked for things like compulsory redundancy, voluntary redundancy, voluntary exit, which is now available to us for police officers for the first time; about £12 million has been earmarked for visibility, productivity, things like—

Q16 Victoria Atkins: Sorry, just pausing there, let's try to see what this means in plain English. What do you mean by visibility and productivity?

Chief Constable Finnigan: A lot of that is around IT, around mobile technology. We have invested just recently over £5 million in Samsung handheld phones, which give our staff the opportunity to be out there on the ground, visible.

Q17 Victoria Atkins: Therefore, using police officers' time more efficiently?

Chief Constable Finnigan: Much more productively, yes, absolutely. Digital engagement: we have invested in the constabulary's approach to that so that we are offering a lot more now to the people of Lancashire to allow them to engage with us digitally, which many of them are very happy to do. Then things like our systems: our case in custody, our intelligence and our briefing system, our HR system; they are all at that stage now, because they have been previously developed in-house, where we need to take it up to another level.

Q18 Victoria Atkins: Is that money spent? Are you saying the £37 million in reserves is already spent?

Chief Constable Finnigan: No, it is not, it is earmarked. It is all earmarked and it will be spent. Some of it has been spent; the Samsung telephones that I have just mentioned.

Q19 Victoria Atkins: Have you taken that out of the £37 million?

Chief Constable Finnigan: That has only been deployed in the last two months so it is still in that figure.

Q20 Victoria Atkins: Right, because your reserves increased by 38% last year, didn't they, or £15 million?

Chief Constable Finnigan: I am not familiar with that figure.

Q21 Victoria Atkins: That is the figure I have been given. My point is that £15 million, given that is a rise from previously, would pay for a lot of PCSOs and police officers.

Chief Constable Finnigan: Well, a lot of that, if it has accumulated to that amount, will be as a result of the change programme and specifically not recruiting police officers and so holding vacancies where you can accrue some of that money. Of course, the main thing with reserves and their ability to help us through this pretty difficult time is they are one-off. They are finite. Once they are spent they have gone. What we are talking about here predominantly is revenue recurring budget.

Q22 Victoria Atkins: I accept your point about the reserves, once they are spent they are spent, but that is a very big bank account of savings you have there. It might be said that historically to be able to make those savings into such a large reserve that perhaps you have been getting more money than you need operationally on the day. Because if you need that money why haven't you spent it?

Chief Constable Finnigan: I would point towards Her Majesty's Inspectorate of Constabulary, which only two weeks ago suggested in their inspection of the efficiency

pillar of the PEEL inspection—the police efficiency, effectiveness and legitimacy inspection—we are one of just five forces to be graded as outstanding around efficiency. I do not think there is any suggestion in recent years or, indeed, going back some time that we have ever been overfunded or inefficient, anything but.

Chair: Ms Atkins, do you want to ask Mr Cole and Lynne Owens the same question about reserves?

Q23 Victoria Atkins: I do, but just to Mr Finnigan this one question. Given the letter that has been sent today by the police and crime commissioners, including your PCC, how much money has he set aside for this legal fight?

Chief Constable Finnigan: I don't know. I spoke to him about two hours ago, but we have not had that conversation. I think, knowing Clive Grunshaw as I do, that would be, I am sure, a last resort but one he would certainly think would be worth paying for because of the £24.5 million that we are currently looking at losing.

Victoria Atkins: All right, but I think taxpayers deserve to know how much money Mr Grunshaw is proposing to pay on a legal fight rather than frontline police officers.

Chief Constable Finnigan: I am sure he would be very happy to reveal that and, of course, there are seven forces and seven PCCs that I think would probably be prepared to split the cost of that.

Q24 Chair: Simon Cole and Lynne Owens, would you like to respond to the reserves question of Vicki Atkins?

Chief Constable Cole: Yes, absolutely, Chairman. We have £6 million in the required reserve that we have to have for contingencies. The recommendation from the auditors is 3% to 5% and so that has £6 million in it. We have £21 million in an earmarked reserve, and £2 million of that is for the PCC to distribute; he has just distributed last week £1.2 million to increase the capabilities of ourselves and partners around CSE. There is £1 million invested by the PCC over three years around volunteering. There is £2.5 million to sustain our numbers of PCSOs until 2017. That money all has plans.

The issue that I think you are getting at, which is how does it go up when you are getting smaller, we spend typically 85% of what we get on people. What we have found is people have left more quickly than we would predict them to. We are trying to glide-path in so we know in 2017 we can afford to have 1,726 police officers. As I sit here now, I have 1,881 and I need them to leave along the way. If some of them leave a bit early, then we start to accrue some money.

I think your point about scrutiny is absolutely valid and, of course, this is scrutinised by the police and crime commissioner and in turn presented as part of the budget that goes to the police and crime panel. This is a debate that we have had with them in the past and as they voted to increase the precept last year I took it that they were satisfied that our earmarked plans—because we have done things like we have rolled out the body-worn video as personal issue to 1,200 frontline police officers for all the reasons you have just alluded to; a picture speaks a thousand words.

Q25 Chair: Thank you. What is the total? You have £45 million from Lancashire in your reserves?

Chief Constable Finnigan: Forty-nine.

Q26 Chair: £49 million. How much is Leicestershire's?

Chief Constable Cole: It is £21 million in the earmarked reserve, so that has a plan, and £6 million in the "just in case" because you have to have 3% to 5% to pass your audits.

Q27 Chair: So £27 million, yes. Lynne Owens, how much do you have squirreled away?

Chief Constable Owens: I am feeling like the poor relation. We only have £11.4 million in our reserves, with that reducing to £7 million by 2019-20.

The point that I wanted to make, and I think Simon has alluded to it, is that we put some more money into reserves last year but with the deliberate intent that looking at the Chancellor's financial plan we could see that the country looks like it is going to shrink and then looks like it is going to grow. One of the other differences for Surrey compared to the other forces is that my workforce mix is different. I have fewer police officers and more police staff. I could hold vacancies last year, put that money into reserves and it softens the blow over a three or four-year period and means that we can continue to serve the public of Surrey well. Sometimes you will save money early and that goes in the reserves to soften the blow for future years. You do need some reserves in case there is a big, significant event because there is no other way to get that money. You need at least 1% before you can even go to the Home Office and ask for any more. You need money for big technology programmes and, for all the reasons that you have heard my colleagues say, it is in that area that many of us are investing.

Q28 Mr Jayawardena: While we are talking about numbers, I wonder if each of you would be able to just very quickly outline the precept paid by each of your residents at a band D property, perhaps starting with Ms Owens.

Chief Constable Owens: I haven't got the exact number of per band D property with me, I am sorry. I can provide that to you afterwards. What I can say is that we are the highest precepting police authority, police and crime commissioner's office, countrywide. In Surrey, 54% of my money comes from local council taxpayers.

Q29 Mr Jayawardena: How about Mr Cole and Mr Finnigan?

Chief Constable Cole: Sorry, I am going to have to come back to you with the exact figure.

Chief Constable Finnigan: I am the same. I know what we will raise; 1% precept increase will raise about £700,000.

Q30 Mr Jayawardena: This is what local taxpayers in your police force areas pay as their contribution to the police. I believe taxpayers in Surrey pay around £200 and I believe

taxpayers in Lancashire pay around £150. There is a great disparity there and that is covered not only in your two areas but in many others. Why is it that there should be such a big disparity and shouldn't that be considered as part of any new settlement?

Chief Constable Owens: From my perspective, I absolutely agree that it should be. I am in an extremely fortunate position. Some wise decisions of previous chief constables and police authorities and then police and crime commissioners have put me in a relatively strong position compared with some other forces because of these cuts, but it does cause me some real operational challenges when I am looking at how to collaborate with other forces in the region and, indeed, my neighbouring force of Sussex. We share a lot of resources with Sussex police and yet only 38% of their money comes from the local taxpayer. I have been rightly challenged by the Surrey community and, indeed, my own officers and staff, about whether they as council taxpayers are subbing the service provided by another force. I do think there is a need to look at equalisation of precepts through this funding formula review.

Chief Constable Finnigan: Obviously, this was a really significant issue going back to 2005 when Lancashire Constabulary and Cumbria Constabulary came within a whisker of merging. It failed at that time for one reason and one reason only and that was because the harmonisation of council tax was not sanctioned. So, this is a big issue.

Q31 Mr Jayawardena: If I may, two quick points, Chairman. First, if that is the case, why is it that Lancashire Police should be able to say that it is for the Home Office to pay the tab when taxpayers in Surrey are covering the cost? Secondly, looking at the historical trend, isn't it true that in 2005-06 Lancashire paid per capita for policing £195? It then grew by £18 when other police force areas like Hampshire lost money between 2005-06 and 2010-11. Therefore, I am struggling to have sympathy with a point of view that says you are losing money now but you have had a lot of money in the past, a lot more than many others.

Chief Constable Finnigan: Well, again, that sort of demarcation between central government grant—

Mr Jayawardena: No, this is per capita. This is per capita expenditure, so this is the cost of your police force compared with others. I will just provide for the record the statistic, which is Lancashire had per head £195 spent on policing in 2005-06. This rose to £213 and, yes, there has been a cut in the last five years and that has brought it down to £189. But compare that with residents of my constituency, who have gone from £191 in 2005-06 to now £175. That is a significant cut.

Chair: Mr Finnigan, a quick answer from each of you.

Chief Constable Finnigan: Yes. The figures I have in front of me: the total cost of policing excluding national functions per head of population in Lancashire, £177.80, where the England and Wales average is slightly more than that, £179.50, so we are a little below the England and Wales average.

Mr Jayawardena: But you are much higher than many others.

Chief Constable Finnigan: We cost 49p per person per day, Lancashire Constabulary, and the cost nationally is 55p per day.

Chair: Thank you. Mr Cole, a quick answer?

Chief Constable Cole: Yes, just quickly if I may, I guess what that highlights is that there are 43 versions of this according to what precept was set and when. I was in Hampshire in that period. I then moved to Leicestershire. When I moved to Leicestershire, council tax had been increased by 15% in one of the previous years.

But I guess the answer to your overarching question is I think it is quite hard to just look at the funding formula part in isolation from the precept part because it means such different things. As a member of the public you have quite rightly said that what I say as a chief means different things to members of the public.

One of my questions about this, the funding formula review I absolutely support. The damping that has been applied to it has cost me £5.5 million a year for a number of years. However, if you just look at it on its own, it does not really make any sense. The point that my colleagues have alluded to as well is 1% of council tax is worth a completely different amount in 43 different places. It is a triumph of localism and history and the local revenue-raising powers that go back to Victorian ward committees. Is it the best way of funding policing to deal with counter-terrorism and all the things we are dealing with now? I am not entirely sure.

Chair: Thank you. A quick answer, quicker than Mr Coles's.

Chief Constable Cole: Sorry, Chair.

Chair: That is all right.

Chief Constable Owens: I agree with Mr Cole.

Chair: That is very quick.

Q32 Mr Umunna: Can I go back to Chief Constable Finnigan? You detailed how you have lost 900 officers in the last five years, I think?

Chief Constable Finnigan: Yes.

Mr Umunna: Five hundred other staff. What has been the impact on the morale of your people?

Chief Constable Finnigan: Quite significant. I know that at times people think that we can overstate some of the impact of austerity, but it has been very challenging, as indeed it has been for other public sector agencies and the private sector. I think it is interesting that over the last couple of years Her Majesty's Inspectorate of Constabulary, when they have done their "Valuing the Police" reports 1 through to 4, in 3 and 4 they raised three issues. One was they pointed towards the erosion of neighbourhood policing, which I think is a really significant issue. They also pointed to the viability, both operational and financial, of some forces, which I think is really significant. But they also highlighted that the issues around welfare, morale, wellbeing of staff was quite a significant threat to performance.

Q33 Mr Umunna: You have been in the police service now for almost 40 years. How does morale compare now to the rest of your service?

Chief Constable Finnigan: I would have to be very honest and say I think it is pretty low compared to other times in my service, but then over the almost 40 years, 39 years I have been in the force, what we are going through now is completely unprecedented.

Q34 Mr Umunna: You have been quite outspoken on this. Do you think that you can maintain public safety after these reductions in the way that you were able to maintain public safety before?

Chief Constable Finnigan: If we are talking about cuts at the scale that I have described, either the 25% or 40% on CSR, on top of the £25 million through the funding formula review, I have been really clear that that takes us beyond difficulties over service delivery and it makes our mission or our purpose—

Q35 Mr Umunna: Can you protect the public in the same way as before these cuts?

Chief Constable Finnigan: As I was just about to say, it makes our mission or purpose, which is essentially to keep people safe from harm, and especially the most vulnerable in our communities, absolutely very difficult and I think there is no doubt that at those levels of cuts people in Lancashire will not be as safe as they are now.

Q36 Mr Umunna: Chief Constable Cole, would you say the same in respect of the impact of the envisaged cuts on your ability to protect the public?

Chief Constable Cole: The impact will mean that we have to get more upstream. Perhaps we have to not rely on visibility and targeting visibility in the way that we have done in the past. Clearly, the ballpark for us, if you just do the potential CSR cuts in officers, is somewhere between 500 to 800 officers fewer out of what is currently 1,881. That clearly means we are going to be doing it very differently and obviously some of the things we deal with by presence we will not be able to have the same presence in the same volume. I think that is a challenge. I think there is also a challenge for us that the crimes we are dealing with are changing.

Q37 Mr Umunna: Will it compromise your ability to protect the public?

Chief Constable Cole: It will mean that we have to have a higher tolerance of risk.

Q38 Chair: Lynne Owens, do you want to answer Mr Umunna's question as well?

Chief Constable Owens: My response would be that I think you cannot make an organisation 40% smaller and expect it to deliver exactly the same things as it did beforehand. I think the challenge for us as operational police leaders is to say, "How do we do things differently?" I think we have been doing that for the last five years. What we would now say is, yes, our officers, staff and volunteers are under more pressure than they have ever been before. The crime and the demands that we are facing have changed significantly and, therefore, as Mr Cole has said, we are going to have to start making risk, threat and harm analysis of what we respond to and what we do not respond to. That is going to require us to put more pressure on partners and businesses, whereas previously as an agency perhaps we would have sucked up responsibilities that should have been theirs. I think what we see in the country is the public sector shrinking apart rather than together, and if we want to take significant amounts of money out of the public sector it needs a

fundamental and radical relook and reform such that they are looking at in Manchester and elsewhere.

Q39 Mr Umunna: Sure, and you are talking public service reform, but at the end of the day what constituents like mine will want to know is: does this all mean that you are going to be in a better or worse position to be able to protect them?

Chief Constable Owens: Clearly, it is going to mean that we are going to be going to a different selection of things to what we would have gone to three or four years ago. Some of that might be timely change. It might be appropriate to use mobile data in a way that we have not done before. It might be appropriate for us to share resources with the fire service and the ambulance service in a way that maybe we have not done before, but we are going to have to make assessments on the basis of risk, threat and harm. Whereas previously we might have gone and visited a victim of vehicle crime, we might not visit a victim of vehicle crime in the future.

Q40 Mr Umunna: On the point of how this new funding formula is going to change allocations and the impact on funding, your police and crime commissioner, Chief Constable Finnigan, says that what is envisaged, which is going to reduce the budget—this is in the letter that was published today, which is looking at 14% reduction, £25 million per year—he says that that will result in the loss of almost all of your proactive crime fighting and crime prevention capacity by 2020. Would you agree with that assessment?

Chief Constable Finnigan: I would, actually. Again, it is my job to offer my professional judgment on the operational consequences of cuts on this pretty immense scale. I think the headline, certainly for my force, is that it moves from being a very proactive and preventative organisation in terms of its approach towards a mainly reactive force. I gave you some numbers before around the loss of police officers. I will put in place a new model of policing on 1 April next year. Just to respond to 999s in Lancashire, which is a pretty big county with lots of challenges, I need 1,050 police officers; 960 PCs and 90 sergeants. If again we go to the top end of the cuts, by 2020 I only have 1,639. That leaves me with round about 600 police officers to do everything else above and beyond just responding to grades 1 and 2 calls.

Q41 Mr Winnick: You have given us, Chief Constables, a pretty—and, I am sure, justified—pessimistic scenario of what is happening on the ground in the real world. First of all, can we work, therefore, on the assumption that bobbies on the beat are coming to an end? What I am referring to is routine patrolling, which you are all familiar with from when you started your police careers, I am sure. Is that coming to an end?

Chief Constable Owens: We do not believe that it is coming to an end in Surrey, no. We have always invested in our neighbourhood policing model and we know that is very much valued. We have just presented a new model of policing to our police and crime commissioner. We are pleased to be able to retain police community support officers within our model from April going forward and we hope that they, along with a number of uniformed constables, will remain the bedrock in communities because we see the link of people operating within neighbourhoods right up to serious and organised crime and counter-terrorism as very important. In Surrey, we are able to retain that capacity.

Chief Constable Cole: I think targeted patrol will always be a part of what we do. There is some empirical evidence that it works. I think the level of coverage will become lower. I started on the beat in the West Midlands, the area that you represent. I think the number of people we will have covering geographic areas will reduce because there are simply fewer of us. I think we will need to be accessible in different ways. We will need to have a better online offer and, of course, I think one of the great challenges for us is, as well as whatever is happening with the money, crime is changing. I am just very aware: is my 14 year-old more at risk walking down the street or when he is on that computer thing that I do not really understand? The answer to that lies in where we have to put our resources. I do not believe it is the end of the bobby on the beat but there will be less of it. It will be really targeted and focused on people and places with a problem-solving bent. We have done some work in Leicestershire: 1% of the force area accounts for 36% of our demand. That is not one place; that is 10 square miles across the whole of Leicester, Leicestershire and Rutland, so that will be where we focus.

Q42 Mr Winnick: I should say before you answer, Chief Constable Finnigan, that the chair of the National Police Chiefs Council and the deputy commissioner of the Metropolitan Police have both said they see the end of routine policing.

Chief Constable Finnigan: They are both here, of course, today. In terms of neighbourhood policing, I would support what my colleagues have said. It has absolutely been the main plank of our policing style in Lancashire for many, many years. I do think, regrettably, it is thinner now than it was in my force area. It will get thinner still.

In terms of resources to risk, I think what we will see is community beat managers, ie police officers, in red-risk areas of the county. We will see police community support officers in some red-risk areas but mainly in what we describe as amber, and in the green areas where there is very little risk, and that will be quite sparse in terms of coverage by both of those. I think our volunteering approach will help considerably around that.

Q43 Mr Winnick: Ministers say, in effect, that, yes, cuts are taking place, it is unfortunate, and give political reasons but as long as the frontline is being protected then, although there is no room for complacency they argue, nevertheless the essential police work is being done. The impression is it is the back aspect at the police station, the clerical people and the rest of it, and the frontline is being protected. Would you say that is an accurate situation?

Chief Constable Finnigan: If you look at what HMIC has said, they have been really clear throughout austerity over the last five years that while you can attempt to protect the frontline it cannot be preserved. While the percentage of our staff, mainly police officers, in frontline roles has gone up—across my whole workforce it is about 77%—the numbers in frontline posts have come down. It can be protected to an extent but it most certainly has not been preserved.

Q44 Mr Winnick: A familiar argument that Ministers make, and which has been made to this Committee very recently, is that, after all, crime has been reduced, so what is the fuss all about?

Chief Constable Owens: Mr Winnick, I touched on this earlier. As a police service nationally we are really proud that we have continued to reduce serious acquisitive crime in this country, but we are seeing a real change in the demands on the police service. In some areas of crime, serious sexual offending, domestic abuse, child sexual exploitation, offences committed online, we are seeing significant increases, either real increases or just increases in those that are reporting, but nonetheless extra workload for policing. Some of those offences have happened in history. In my force, 50% of those sexual assault cases that have been reported to us happened historically. We are not only dealing with today's crime today, which is what we always seek to do in policing, we are dealing with yesterday's crime today against tomorrow's funding envelope. I think that is the challenge. At the same time, we are seeing a significant increase in demand for our service, particularly in respect of people who go missing and other public safety concerns, people that are threatening to take their own lives, and that takes up a huge amount of our frontline officers' time.

Chief Constable Cole: Eighty per cent of what we do does not result in a recorded crime. Every 16 minutes—I do not know how long we have been going—we do a safe-and-well check on someone. We have probably done two while I have been sat here. So 80% of what we do is not about recorded crime. I share Lynne's vicarious pride in the fact that recorded crime has gone down. There are lots of reasons for that. But crime has also changed

Cyber: where is cyber? How is cyber counted in that? If you go out on patrol with my colleagues you will be dealing with mental health issues, missing people, people who we are worried about the safety of. We refer more people to social services every day than we arrest.

Q45 Mr Winnick: And the same, Chief Constable Finnigan?

Chief Constable Finnigan: Yes. Traditional volume crime has gone down. It is on a downward trajectory since 1995, not just in the UK but all developed countries, but only about 20% of what we do is closely linked to crime. Certainly, in Lancashire 19% of recorded incidents result in a crime being recorded. Because not every call results in an incident being recorded, if we went for all calls received that figure drops down to 7.4%, so 81% of what we do in Lancashire is not about crime. The vast majority of what we do, 33%, is all about concerns for safety and welfare. That is about things like missing from homes, people self-harming, dependency, addiction, suicide. Of that 33%, 20% is about mental health, and certainly Simon knows an awful lot more about that than I do.

Chair: Mr Winnick, final question.

Q46 Mr Winnick: Do you think that more prosperous people, finding that the police are not able because of what is happening to sufficiently protect their estates, will go private? Is that a trend that you have noticed?

Chief Constable Finnigan: I have seen it in the media in the last few days, but do we want postcode policing? I do not think so.

Chief Constable Cole: It is not something that I have particularly seen, other than in a couple of reports in the media.

Chief Constable Owens: I have not seen that experience but you can see why people might resort to that if they felt they were not well protected.

Q47 Chair: The villagers of Upton Grey and Candovers in Hampshire offered to pay £60,000 annually for three years in order to keep PC Andy Reid, who is some kind of local hero—

Chief Constable Cole: Whom I know, Chairman.

Chair: Whom you know, right. Should they have offered £60,000 to keep him?

Chief Constable Cole: Once, a long time ago, an assistant chief constable tried to sell his beat house. You are looking at him.

Chair: Right, so should he go or should he stay for £60,000?

Chief Constable Cole: Well, it is an area of the country that has relatively low experiences of crime and antisocial behaviour and, therefore, I presume the chief constable is talking about keeping a local, familiar, recognisable face, but they are perhaps going to be a bit distant because it is not a hotspot. I guess that has not changed over the decade since I was there. I cannot believe I am talking about him. This was not in the briefing.

Q48 Chair: It was not in the briefing, very true, because it has only happened recently. The point is that here are members of the public, as Mr Winnick has pointed out, offering to pay. So offers to pay for better policing you would turn them all down, would you? Very quickly, yes or no?

Chief Constable Owens: My personal view is that there is a route through the precept, and I know that you are speaking to some police and crime commissioners next who might have tried that route. We do not want to live in a state where people who can afford policing get policing and people who cannot don't. That cannot be right.

Chair: Indeed. Simon Cole?

Chief Constable Cole: Yes, and just quickly, we police the airport. The airport has to fund policing. We have in the past had relationships with local authorities who funded extra PCSOs, but because they also face austerity they retracted from that, although I think they would have preferred to keep it. For instance, Leicestershire County Council used to have half a million pounds worth of PCSOs that they paid for—

Chair: So the answer is no?

Chief Constable Cole: I think as part of community safety there are some legitimate partnerships that have a shared relationship under section 17 of the Crime and Disorder Act, but it needs to always be that the chief constable has responsibility for deploying that person.

Chair: Yes or no, Mr Finnigan?

Chief Constable Finnigan: There is a legitimacy about charging for police services—football matches springs to mind—but we have to think that through really carefully.

Chair: Thank you. Mr Loughton has a quick supplementary and then Mr Jayawardena.

Q49 Tim Loughton: Specifically on CSE and historic cases of CSE, can you give a rough indication of how much additional work is being provided by, first, the historic CSE cases now coming in and, secondly, the increased reporting of contemporary CSE cases that you are now having to deal with, very roughly, and particularly Lancashire, of course, as a lot of the high-profile cases involve Lancashire?

Chair: Could I ask the witnesses for brief answers? In answer to Mr Cole's point, we have been here 45 minutes. You may not have a health check but our blood pressure is rising as we hear you, so as quick as possible, please. Thank you.

Chief Constable Finnigan: I have some figures here around crime and I suppose I would—

Chair: Summarise them.

Chief Constable Finnigan: Yes, I would highlight what I have described as a tired refrain: reform is working because crime is going down. The data that I have in front of me show that in about 16 out of 21 categories crime is going up. Sexual offences is one of those.

Tim Loughton: I am just interested in CSE.

Chief Constable Finnigan: Yes. It is not broken down specifically as an overall category of sexual offences. In England and Wales it is up 41%, which is quite a lot, up to June of this year compared to 12 months previously. I am sure my colleagues here would say exactly the same. There has been an explosion of sexual offending.

Q50 Tim Loughton: Okay, but what does that mean? Are 10% of your available police officers now having to concentrate on something that previously you did not?

Chief Constable Finnigan: I think what it means is that within the force in general we try to get people to accept that they own all of risk, threat, harm and vulnerability, but I would have to say particularly within our public protection units there is a real strain there. I think most chiefs have had to look at putting in additional resources because the level of—

Chair: Thank you. Brief reply, Mr Cole.

Chief Constable Cole: I have a significant high profile case now at court, a historic case, that I have had to go to the PCC to ask for authority to spend well into six figures on because of the nature of it. The complexity is significant and the CSE piece does not just play across reported crimes of CSE, it plays across things like missing people. The other evening, in one night, we had seven missing people reported to us. Four of them were highlighted as a CSE risk so, therefore, high-risk missing persons that required significant resources. The number is going up. Lynne earlier quoted some figures around sex crimes. Our figures would be remarkably similar to those and within that is CSE. It is good news in a sense that there is confidence to report. It is good news that partners are engaged. But we have put significant resource in. For instance, last week the police and crime commissioner released £1.2 million for a joint police partnership initiative coming from reserves to combat CSE within the force area.

Chair: Thank you. Lynne Owens, briefly?

Chief Constable Owens: A brief answer. Child sexual exploitation covers a number of crime types, so that is why we are struggling to give you a figure. It relies on us flagging individual crime reports as CSE-related issues. The best proxy in my own force is to look at child protection incidents: 607 in 2013-14, 686 in 2014-15, and so far this year 907. Now, some of that is about awareness of individual officers and our getting better at using the systems. Last year it was only one of two areas to get growth in my force and our fundamental rebalance relies on putting more resource into this area.

Chair: Thank you. Mr Jayawardena, and again, please, brief answers because we are running over time.

Q51 Mr Jayawardena: A very quick question: we have talked a lot about numbers and statistics on crime. I wondered if you could outline quickly whether you believe the proposed funding formula variables adequately capture the drivers of police demand and if there are any improvements you would make; one top improvement?

Chief Constable Owens: If I am allowed one top improvement I think it should cover roads. The M25 is a significant resourcing demand for us in terms of policing the road and travelling criminality.

Chief Constable Cole: No, it does not relate to risk enough.

Mr Jayawardena: One top improvement?

Chief Constable Cole: Bring something in that is about actual risk, so some of the things we have just talked about in terms of CSE, radicalisation, cyber. I find it hard to understand how many bars I have indicates to me how much at risk people are of radicalisation or cybercrime.

Chief Constable Finnigan: It just does not reflect 21st century policing.

Mr Jayawardena: So one improvement?

Chief Constable Finnigan: Well, let us get in place some principles initially that would better reflect risk, threat, harm and vulnerability.

Mr Jayawardena: So, risk again. Okay, thank you.

Q52 James Berry: I have a quick question for each of you and then a general question.

Chief Constable Owens, you have explained how you changed your priorities away from certain things on to other things the Chairman picked up on, but it is right that you are one of the forces that has had the fewest cuts. It is fair to observe, isn't it, that it is inevitable in policing naturally that priorities will shift when things like historic child sex exploitation cases start coming in in their droves that you are going to have to shift your priorities away from some other activities that you have been doing traditionally?

Chief Constable Owens: Yes. One of the great things about being a British police officer is that we exercise discretion. I have done that since day one of being a police officer and this is another example of it.

Q53 James Berry: Traditionally, the police have been picking up a number of areas that are on the margins of what are core police responsibilities that, in fact, other private organisations and statutory agencies should be doing but you essentially pick up the work for them?

Chief Constable Owens: Absolutely. I would argue that much of the work that we do to look after the vulnerable should be being done by other public sectors, which is why I am very keen to see proper public sector reform. The challenge, of course, for us is that if one of our officers is called to a vulnerable person and does not take the right action, then they become personally exposed to Independent Police Complaints Commission investigation, a scrutiny and oversight process that is not subject to others. People rely on us as a backstop and, of course, we never want to see the vulnerable stranded, but we do need to see other agencies stepping up.

Q54 James Berry: Thank you. Chief Constable Cole, it is right, isn't it, that the police have for a long time, since well before the Police Act, been available for hire by organisations such as football clubs, private businesses and, indeed, I think one of the old authorities even refers to guarding the presents at weddings? It is not a new revelation that police officers can be hired at the chief constable's discretion, is it?

Chief Constable Cole: No. On a regular basis within my force area Leicester City Football Club, a premiership football club, requires policing. They pay for certain of that. We have the Download Rock Festival, 75,000 people a day for five days. They pay for elements of policing that. The concept is there but, of course, the challenge is that as we have fewer people the ability to produce the staffing for that changes.

Q55 James Berry: Yes. Chief Constable Finnigan, if I were a resident in Lancashire I would be happy you were the chief constable because you are fighting your corner against a funding formula that affects you to the detriment of the local area compared to other areas. It is right, isn't it, that in 2011 you said that reducing crime would be a big ask as the impact of cuts start to bite, yes?

Chief Constable Finnigan: Mmm—

James Berry: Yet crime in your area has fallen by 11% since 2011. You also said that it would be impossible to protect the frontline and yet the proportion of officers on the frontline in your force has increased from 88% to 91%?

Chief Constable Finnigan: Yes. Proportion, as I said before, is different to numbers. The numbers have come down; the proportions have gone up. In terms of the reduction in crime in Lancashire, I am extremely proud of that, and yet I would go back to only 20% of what we do is about crime. I lead for the police service on performance and I have done for over eight years now. What I am seeing around all of the forces, you are seeing a very different approach to performance. People are moving away from an obsession with the greens and the reds, very much, as Lynne was saying, towards risk, threat, harm and vulnerability and especially focusing on high-victim-impact crimes. That is because of

austerity, prioritisation, tough choices. It is also about the changing nature of demand and especially about vulnerability. We deal with vulnerability and risk every day. That is the right thing for us to do. It fits so neatly with our mission.

But I would also just conclude by saying don't think that our staff have not got an absolute determination to continue to deliver great services, because they have.

Q56 James Berry: No one is criticising your staff. I am sure they do a first-rate job for the public.

Then a question for all of you, if you could answer very briefly. The Home Office is still to decide on the transitional provisions that will be put in place. Could you say in a short sentence or two what would be most helpful in terms of transitional provisions for your forces?

Chief Constable Finnigan: I can't think of what would be helpful. There is no clarity in what is being proposed, but my real determination is to try to right what I view as a wrong.

Chief Constable Cole: It depends what it says in the CSR because if the CSR is big and frontloaded, then you add that on to this and, frankly, we will not be able to remove the number of people we need to remove. That sounds a pretty grim thing to say but that is the reality. It depends on the CSR because if the CSR is front-stacked the ability to get rid of people quickly is not there.

Chief Constable Owens: I think it depends on what happens with the next bit of the consultation, which is about local precept. If the cap is left on local precepting authorities, then there are options for police and crime commissioners to make decisions.

Q57 Naz Shah: You have talked about collaboration and you have talked particularly, Lynne, about how other forces would rightly feel that you were picking up the tabs for neighbouring forces. Have you ever collaborated with other forces in terms of resources in a way that has worked out positively? Dorset Police have told us that they have been exploited by suppliers. Have you experienced that at all?

Chief Constable Cole: We have done an enormous amount of collaboration. We collaborate on counter-terrorism, serious and organised crime, murders, specialist operations, training. The five-force and four-force collaborations within the East Midlands are pretty significant. We spend over £30 million of our budget, which is now £168 million in total, on collaborative ventures. The answer to your question is yes, we have done lots and lots of collaboration and probably are seen as quite a good example of how it should be done. That is done on the basis of sharing cost according to the percentage. I have seen examples where trying to do some of the gritty stuff around things like licences and costs have been played in the way that I think Dorset have maybe highlighted.

Chief Constable Owens: Yes, our main collaborative partner is Sussex Police but we also collaborate with the other forces in the region and the fire services across Surrey and Sussex. We have plans over the next five years to save £11 million through that route. The biggest challenge to us is, as I have already said, the different precepting levels, but in addition we are very bound by some odd procurement rules, which can mean that we could have started from different precursor systems, normally ICT systems; we will want

to end up on the same system but to move from one to the other requires a very clunky procurement route. If there was anything that we could do to loosen those rules, accepting that they are enshrined in I think European legislation, that would make collaboration a lot easier. I think it is those that suppliers are able to exploit.

Chief Constable Finnigan: Just over a month ago, Lancashire Constabulary and Cumbria Constabulary signed a strategic alliance, which is essentially about looking at our respective change programmes to see if we can do some complementary work. I have not seen it on YouTube but apparently Jerry Graham, the chief of Cumbria, is suggesting that I, Steve Finnigan, would not even pick the phone up if he were to ring me now because, of course, he loses £9.5 million on the funding formula review, which is pretty critical for him.

I would just mention one thing. There is a group called the National Debate Advisory Group, which was chaired by HMIC. Two big themes fell out of that. One was that to get through austerity we have to look upstream; we have to be into prevention, into early action. That is absolutely right. The other thing is genuine integration with other, especially public sector, agencies. I think that is really essential. Policing is but part of a whole system. If we do not get more integration, which needs to be facilitated by Government, with other public sector agencies, as Lynne said, we are going to shrink apart.

Q58 Naz Shah: Just picking up on your point of the neighbouring chief constable, do you feel that this whole process has pitted you guys against each other.

Chief Constable Owens: It is interesting. I think there are a number of things that pit us against one another. Her Majesty's Inspectorate of Constabulary produce league tables of our performance and I think there are some ironies in that. I think the funding formula, of course, means that we are all competing over the same pot of money and, of course, as chief constables we have a duty in law to provide an efficient and effective police service in the area that we are responsible for. That is a risk and I think we need to fight really hard in the public interest that we are not allowed to divide and conquer.

Q59 Chair: Simon Cole, there were 28 winners under this formula and some losers. Are the winners all ganging up against the losers?

Chief Constable Cole: I have not seen that, no, and I think to be fair there are some examples of people who have won who have said, "We still don't quite understand how this is happening".

To answer your question, there is an element, absolutely, in what Lynne says, but we work together I think in the most mature and cohesive way that I have seen. I became an assistant chief goodness knows how long ago, 2003. I have been a chief for five years and Sara, who is coming in later, succeeded in trying to get us to work together. The level and number of collaborations are significant but, of course, there is a bit of a tendency probably—

Q60 Naz Shah: I am not asking about your culture of leadership and your culture of working with each other. I am asking about how Government policy is affecting you. When

we have cutbacks, for example, in the voluntary sector, what happens is the biggest boys win. We have just had cutbacks in domestic violence services. We have lost so many bed spaces in Bradford. Equally, people have been pitted against each other. What I am getting at here is as much as you have the best will in the world, it feels like that is happening very much in the police forces. Would I be correct in saying that?

Chief Constable Finnigan: It has the potential to cause some of that friction, some of that tension. I certainly have taken calls from some chiefs who have been beneficiaries of the proposals around the funding formula review who have said to me they do not understand the scale of the hit for Lancashire and they have said they think it is unfair. That is quite nice, but this is a difficult process. We do understand that the current system is not a good system and it needs to change.

Chair: Yes, I think you have made that point very clearly. Nusrat Ghani has the final question.

Q61 Nusrat Ghani: Chief Constable Finnigan, you mentioned collaboration, strategic alliance and integration with other public sector agencies. Do you think senior officers have adequate support to share good practice among forces and to develop the business skills that they need?

Chief Constable Finnigan: If we are talking about chief officers, is that where you are pitching this?

Nusrat Ghani: Yes.

Chief Constable Finnigan: I think that chief officers, by the time they get into that position, have generally honed those skills pretty well. We have the College of Policing now, of course, which is in a position to assist us. We are a fairly collaborative bunch. We do look at peer support. We do look to help each other out when inevitably one force might find itself under the microscope. I think there is a lot that we do; I am sure there is more that we can do.

Chair: Thank you. Mr Cole, specifically on the business skills.

Chief Constable Cole: With my senior team, I have a senior finance person and a senior HR person who are absolute experts and work and support me. Lynne and I have both been involved—Lynne more so than I, I would say—in the strategic command course and developing the next generation of leaders. We augmented on that the business bit. I think one of the challenges is it is changing. A discussion that five years ago was about outsourcing is now about transformation and what does that mean and how does that mean, and I do not think we are any different to any other kind of professionals in the public service in trying to keep up and keep to pace with that. The college is doing a piece of work about how you keep people like me up to date, which I think is quite important. There is a peer network that exists. It could be augmented a bit.

Chief Constable Owens: As Simon has already said, I direct the strategic command course on behalf of the College of Policing. We had a fundamental review of that three years ago and we have a whole module now on business skills that is provided by a business school. That does not look after the people like Simon and I who went through a different system, but the College of Policing are now looking at how to position us in terms of that

development. Everybody now selected to a chief officer position will have been through that course, which gets the most up to date input on business skills and, of course, within each of the syndicates there is always somebody who has come from a different background other than being a police officer.

Chair: You have all painted a very depressing picture today of the police that the Committee will bear in mind when we write our report.

Chief Constable Cole: Sorry, Chair.

Q62 Chair: A very quick yes/no answer from each of you: Mr Finnigan, I know the Chief Constable of Cumbria may not ring you but you can possibly text him. Mergers: on or off the agenda?

Chief Constable Finnigan: I think that there ought to be something different to 43 forces. I think you would not start with this. I think there should be a smaller number of strategic forces. What size they would be would be an interesting discussion.

Chair: But yes?

Chief Constable Finnigan: I do not have a sense that there is any political appetite for that at the moment.

Chair: No, there is not, but thank you for that answer. Mr Cole, yes or no?

Chief Constable Cole: Perhaps; but you cannot just limit it to policing, in my view. What I talk about, we have collaborative ventures across the East Midlands and we are working and looking at a strategic alliance with two of our neighbouring forces. That is about policing, but there is a whole lot of stuff that drills down into Leicester, Leicestershire and Rutland and into the middle of your constituency, if I may be so bold. That is about safeguarding. That is about vulnerable people. That has to go that way and that is about wider public services. You can have a model that is based on 43 police forces. You could make that 10, but unless you do something with where the other lines on the map in all the other agencies are you are still going to find some sort of stumbling block somewhere.

Chair: Lynne Owens, on the agenda yes or no? Mergers, we are talking about.

Chief Constable Owens: Yes, but as part of a broader public sector review.

Chair: Mr Finnigan, Mr Cole, Ms Owens, thank you very much for coming in to give evidence today. Could we have the Police and Crime Commissioners for Devon and Cornwall, Durham, and Bedfordshire? Can I remind colleagues we are likely to have a vote in the middle of this session?

Examination of Witnesses

Witnesses: **Tony Hogg**, PCC for Devon and Cornwall, **Ron Hogg**, PCC for Durham, and **Olly Martins**, PCC for Bedfordshire, gave evidence.

Q63 Chair: We have the unusual position of having two commissioners called Hogg here today, so I will refer to you also by your first names if that is all right.

Tony Hogg: your letter, your critical letter, your really amazing letter—I have not seen a letter of this kind coming from a commissioner or a chief constable in all the years I have chaired this Committee—where you describe the situation as being unfair, unjustified and deeply flawed, I described it as the last will and testament of some forces. Are you ready to take the Government to court over this funding review? Is this what you want to do?

Tony Hogg: Mr Vaz, thank you for the question. There are two aspects to today. One is really the content of things like the funding formula and the other is the process. We would like many answers on the content. On the process, we believe there are process failures within the consultation, within issues like equality and suchlike, which prima facie look like there might be a case that we could establish in law. We are not yet at any stage more than taking legal advice on that direction to explore whether that is a reasonable thing to do.

Q64 Chair: This seems to be an all-party issue because, although you have signed it, it has been signed by commissioners who are from the Labour Party and, in fact, the vast majority are from the Conservative Party, so there is no party issue in this, is there?

Tony Hogg: None at all.

Q65 Chair: What do you stand to lose as a result of the current funding formula in Devon and Cornwall?

Tony Hogg: At the formula, around £15 million, Mr Vaz.

Q66 Chair: Ron Hogg, what do you stand to lose? You are not one of those who have signed this letter?

Ron Hogg: I have not signed, Mr Vaz, no, that is right.

We would gain just ever so marginally within the Durham Constabulary, but quite clearly while the ratio of what we get under the new formula compared to the old is broadly similar, my main concern is the size of the pot. What is it we are actually going to be dipping into?

I do share concerns about fellow forces. It is all very well for us to be marginal beneficiaries, but I do have a real concern about the impact upon UK policing when I hear some of the evidence that has been given earlier about the impact on other forces. I do think there is a fundamental issue to be addressed here.

Q67 Chair: Olly Martins, are you a winner or loser under these proposals? You are not one of those who have signed Tony Hogg's letter. Why is that?

Olly Martins: No. We lose marginally, £100,000, under the new formula, but my concern is about the impact that is coming from the spending review.

I think even beyond Bedfordshire we were widely expected to be gainers from the funding formula because my argument is that we are the worst-funded police force in the country

currently. We have the fourth highest level of gun crime per head, the fifth highest level of serious acquisitive crime, the seventh highest level of knife crime, and yet we have one of the lowest levels of funding, which only supports 169 police officers per 100,000 population against the national average of 232 and 388 here in the Met. With the prospect of the comprehensive spending review, the position is going to get even worse. We are going to have to reduce police officers still further.

Q68 Chair: Tony Hogg, Sara Thornton, who will be giving evidence to us shortly, has said on the radio recently that police may no longer visit burglaries as a result of the cuts that have occurred over the last few years. Is that a situation at the moment in Devon and Cornwall? Have you reached that situation yet?

Tony Hogg: No. In the demand-reduction exercise by my chief constable, we have looked at bilkings, non-suspicious deaths and certain elements of shoplifting and we have not yet moved to the element of burglary. As you have heard from the chiefs, the matter is an assessment of threat, risk and harm and then the likelihood that the police will concentrate on the higher end of vulnerability and threat, risk and harm, so they have to make an assessment. I am sure that as with bilking and others the recording of crime will be conducted and the assessment of vulnerability at that stage, and then the police will decide whether to attend or not.

Q69 Chair: In the four years you have been a commissioner, and I am not sure whether you are standing again—

Tony Hogg: I am not standing again. Three years—

Chair: You are or you are not?

Tony Hogg: No, I am not standing again.

Chair: You are not standing again, so you can speak freely about these issues?

Tony Hogg: I can speak freely.

Chair: What other changes to priorities have you seen locally that have caused you concern?

Tony Hogg: Well, the threat ahead, do you mean, of the situation?

Chair: No, what has happened in the past and what do you think might happen in the future?

Tony Hogg: To me the threat is really often a strategic one: when we look at the detail of issues that you have heard already, I see and have seen an opening gap between the police and the public and that concerns me enormously. As the police contract and with the threats for us of £54 million over the next four years and perhaps 1,200 to 1,300 jobs, for me the greatest threat strategically is this opening gap in what is a fundamental closeness that should occur between police and the public, and that really concerns me, quite apart from the actual numbers issues.

Q70 Chair: Ron Hogg, I am not sure, are you standing again or not?

Ron Hogg: I am.

Chair: You are?

Ron Hogg: Yes, indeed.

Q71 Chair: What have you seen changed in the last four years and what do you think might happen in the future?

Ron Hogg: The primary concern I have is the ability to prevent and protect is being eroded and there is absolutely no doubt about that. Police effort is being put more and more into safeguarding and we heard earlier from others that same evidence. What we are talking about here, if I look at County Durham, we have about the third highest rate of suicide in the country and Darlington, my other unitary authority, is about 17th in the country. It is this safeguarding aspect. We are looking at increases in areas such as domestic abuse, which has an ongoing impact on multi-agency risk assessment conferences, child reports, et cetera. This whole area of workload is burgeoning. We are dealing in Durham Constabulary with one of the largest historic abuse cases with over 1,200 victims going back to the 1960s of sexual and physical abuse, and it is this sort of change in criminality that is causing us real concern.

Q72 Chair: Olly Martins, I assume you are standing again at the next election?

Olly Martins: I am.

Q73 Chair: What changes do you think might come about if these proposals go through?

Olly Martins: I argue that Bedfordshire Police is the worst-funded force in the country. I inherited a force that had decided to strip all warranted officers out of neighbourhood policing. I listened with interest to the chief constables debating about whether bobbies on the beat have a future because in Bedfordshire it is something that has already disappeared.

We have been working hard in Bedfordshire to understand the nature of our demand and to model our resources to deliver the best service for the public, but what I have put in my submission suggests that we are struggling to deliver that service. We are missing our target in terms of responding to incidents. That is after we have done the threat, harm, risk assessment to determine whether the risk is high enough to respond to. We are trying to resolve over the telephone an increasing proportion of the work that is coming through.

Then in terms of the community teams, we have tried to put warranted officers back into local policing, but we have only been able to do it by them bringing some of the demand with them. Our community teams are now having to conduct investigations, carry out arrests; they are a lot busier than they were in the past.

Q74 Chair: Yes. Just in terms of numbers, according to your chief constable you have 169 police officers per 100,000 in population compared to the national average of 232 and the Met's 388. Are those correct figures?

Olly Martins: That is correct, yes.

Q75 Chair: That is why you are saying you are underfunded?

Olly Martins: Yes, and the idea that you can reduce from 169, that is a very worrying prospect.

Q76 Chair: Why is there such a high level of gun crime in Bedfordshire? What is so special about Bedfordshire that you are so high up the league table?

Olly Martins: If you look at the overall reason why does Bedfordshire struggle so much, why does it have this urban crime pattern but a rural level of funding—

Chair: In particular gun crime, why is it so high? That is a very extraordinary figure.

Olly Martins: I think it is the proximity to the capital because if you look at our organised crime groups, a lot of them have links into the capital and it is the fact that our county has excellent transport links.

Q77 Stuart C. McDonald: Ron Hogg, you went on record recently by suggesting that small-time personal drug users should not be prosecuted because that is not the best way of using the scant resources of the police. That might seem sensible to us, or some of us, but how did that go down with the public and the press?

Chair: Order. You are very fortunate you can prepare your answer. We will come back and start that again as soon as we are quorate.

Sitting suspended for a Division in the House.

On resuming-

Chair: We will begin the session since we are quorate. Stuart McDonald, do you want to put your question to Ron Hogg again?

Q78 Stuart C. McDonald: Ron Hogg, you have been on record as suggesting that you do not want to see small-time personal drug users prosecuted because that would not be the best way of using the scant resources of the police. Some of us here might think that is a sensible view, some not. How did it go down with members of the public and the media?

Ron Hogg: If I can begin just by explaining that I do recognise the problems caused by drugs on our streets, and it is an issue of great concern. I am of the view that the current drugs approach does not work and we do need some radical change in that regard.

The main message I am putting across though is that we need to focus on the organised crime groups, the people who produce, supply and sell this misery on our streets and in the course of doing so make millions of pounds. With regard to the reaction, it is fair to say that on the very first day there was a mixed reaction nationally in the media, and there are certain newspapers who, when they criticise, I sometimes feel it is a compliment—a badge of honour—that they did attack me and I was quite prepared for that. But as the debate continued over the next two or three days, it became very clear that the body of weight shifted in favour of what I was saying to understand that this was really rather sensible and not indeed at all revolutionary in any way, shape or form.

Locally, partly because I guess people are more used to me explaining this when I speak to public meetings, the strength of support I received was quite considerable from the local communities, from the local media and indeed from local elected Members. I did get quite a degree of international support from Canada, United States and Australia over the social media—people telling me I am on the right side of history. Maybe I shall live long enough to find out whether or not I am.

The whole thrust is about decriminalising addiction, and it chimes very reasonably with some of the work done under the last coalition Government, which suggested decriminalisation of drugs and drugs possession could save the criminal justice system considerable amounts of money.

Q79 Stuart C. McDonald: To be fair, I do not think you are alone in having made comments which immediately seem to suggest that the police and crime commissioners were perhaps out of step for thinking slightly differently about what the role of the police is compared to the media and members of the public. It is just perhaps on your evidence you have been able to win people around.

Tony Hogg, you referred earlier to this gap between police and public. Are we now in a place where public expectations of the role of the police are on a different planet from what police and crime commissioners and police forces think?

Tony Hogg: Yes. It is one of the conundrums we probably all face. I would add to that opening gap the issue of confidence and the corrosion of “Why bother?” that is coming in because the police numbers are smaller. That is something that concerns me.

In my area, the biggest policing area in England, the conundrum we face is the professional judgment of the threat and what the police feel they should do to protect the public, and the public’s requirement of the police. As we face the challenges we are discussing here today it is extremely difficult to connect the public with the scale of what the police forces do—not least in the non-crime area that has been brought out to you—such that they would feel that it was worth either contributing more to their policing or lobbying their MPs or whatever it is.

I do worry greatly about this “Why bother?” corrosive feeling as we go down in numbers. I will leave it there.

Olly Martins: The question is, do we want more than just a sticking-plaster model of policing? Do we just want policing that turns up when something bad happens or do we

want policing that is involved in trying to stop that bad thing happening in the first place by getting upstream and taking a preventative approach?

Certainly if you look at where Bedfordshire now is—sorry to say it again, but my argument is we are the worst funded force in the country; we are further down the path of where policing is going and my colleagues will be following us very shortly—as we cut and cut and numbers are reduced and reduced, it is the community policing, the problem solving, and the preventative approach that get cut first. All you are left with is the sticking-plaster model, where the police turn up after the event and try to go after the offender, but there is no work to try and stop that bad thing happening in the first place.

Stuart C. McDonald: From what you said, Ron Hogg, you were able to persuade people to your way of seeing things after a few days of persuasion but in the bigger picture is that going to be possible in coming years?

Ron Hogg: I certainly think and hope it will be because other forces have now taken an interest in some of the work around diversionary work that we are doing within Durham Constabulary. For instance we run an operation called Checkpoint, so that when someone is arrested for a low-level crime that would result in an out of court disposal, we will ask that individual to engage with us in a four-month contract. We will ask them to engage in a restorative approach should there be a victim to that crime and then we will look at what is causing them to commit crime—it may be a drugs addiction, an alcohol addiction, skills shortage and so on—and then what we are doing is diverting individuals away from crime. It is this element of getting upfront, upstream, so that we can reduce the demand and reduce the propensity to commit crime.

Q80 Mr Jayawardena: We have heard your broad-brush estimations of the effect that the police funding formula might have and we have heard about the different actions that you are taking, but I have to say I am slightly confused by some of the figures that we have heard.

Perhaps I could ask you this question, Olly Martins. You have highlighted the difficulties that you have with certain types of crime. I wonder if I could put to you the question of how those changes will affect you, but allied to those the effectiveness of your existing spending because you spend, I believe, around £190 per capita on policing. That is certainly what the House of Commons Library, which is an independent source here, have provided me with. That is an increase on what you had in 2010-11 or five years prior to that in 2005-06. I have sympathy with other police forces like Devon and Cornwall who in that same period have lost money. You have spent more money per capita.

Chair: Are we talking to Ron Hogg here?

Mr Jayawardena: We are speaking to Tony Hogg and to Olly Martins—so, compare and contrast the points that have been made. Olly Martins has outlined that he has severe issues with certain types of crime and he has been spending more per capita year on year. Tony Hogg has been spending less per capita year on year and it seems that he does not have these problems, so I am slightly confused as to how the estimations you are making are leading you to say things are going to get worse when you have been spending more.

Olly Martins: Ultimately, Tony has a higher budget than I do, which is why—

Chair: Sorry, could you speak up, Mr Martins?

Olly Martins: Tony has a higher budget than I do.

Mr Jayawardena: Per capita, though, he spends less. Per person in his area, he spends less than you and he has less crime.

Olly Martins: His force has a higher number of officers per 100,000 population than Bedfordshire does.

Mr Jayawardena: You are not answering my question. He spends less per capita than you do and yet you are estimating that the cuts that you believe you will face in terms of the CSR or police funding formula are going to affect you more, but he is spending less than you already.

Olly Martins: We seem to be getting a little bit of this divide and rule going here, but I will point out Tony's officer numbers are higher than mine. That is because his budget is higher than mine, and yet if you look at his crime pattern, it does not look anything like the urban crime pattern that we face in Bedfordshire in terms of serious acquisitive crime, gun crime, knife crime, the terror threat and the organised crime groups that we have in the area.

Mr Jayawardena: But he is spending less per capita. You have the chance to raise money. You are raising more money. You are raising £180 on a band D property. Is that right?

Olly Martins: His is a bigger force as well.

Chair: Tony Hogg, would you like to comment since you have been mentioned?

Tony Hogg: I am not sure if a question has been put to me.

Chair: Is there a question for Tony Hogg?

Q81 Mr Jayawardena: I guess the question is in reverse, Mr Hogg. You have highlighted your concerns around the police funding formula. I hear those, but the question I have is this. You have faced reductions and you have been spending less per year. How is it that other forces that have been spending more per year should be equally concerned about the issue that you perhaps rightly have raised.

Tony Hogg: I am not sure I know the answer to the question. We are paying £169 per band D property. Our array of crimes: we are a particularly rural area, and my issues in that area while I do have the cities of Plymouth, Exeter, Truro and such like—

Mr Jayawardena: You do have urban crime as well.

Tony Hogg: Yes we do, but I suspect that the concentration of the urban between Olly and myself is very different. We are a very substantial—60% or 70%—rural and we have different issues. We have very difficult issues of access into the rural areas. We also have an enormous challenge of tourism. We are the most visited two counties in the UK. Each

day in summer we have the population of the city of Plymouth moving in as visitors which we welcome. We have different issues. We have urban, coastal and rural crime to police.

Mr Jayawardena: You have done that in the context of reducing the per capita spend and I welcome that comment.

If I could turn to Mr Ron Hogg, likewise you have outlined your concerns on the reduction that might be faced in Durham and I can understand your position given that you have lost £21 per capita over the last 10 years, but the question still remains in my mind. What I cannot understand is that you are spending different amounts per capita, and some places that have been increasing their spend per head are complaining the same as places that had to cut their spend per head.

Ron Hogg: In an effort to explain—

Chair: If you could do so briefly, because we do have other questions.

Ron Hogg: Yes. It is the local nuances of what your crime patterns are and what your concentrations of crime are. I have a situation where 70% of the population lives in villages of 10,000 or less—that is a very exacting area to work in—whereas I have one large centre of urban crime. It is about how you put your resources out to ensure that everyone gets the best share of the resources.

Q82 Mr Jayawardena: One very quick supplementary. What I understand from Tony Hogg and Ron Hogg is that the rural aspect of crime in both of your areas is not being considered properly at the moment.

Ron Hogg: Absolutely.

Tony Hogg: I am consulting on how to improve and enhance that service.

Chair: Both Commissioners Hogg are united on that point. Victoria Atkins has a supplementary, so does Mr Umunna.

Q83 Victoria Atkins: Mr Martins, you mentioned terrorism when explaining why your policing costs more than Mr Hogg's. It is right, is it not, that you get a special and specific ring-fenced grant to deal with counter-terrorism?

Olly Martins: The funding for terrorism, once you know that you have an issue, is ring-fenced. That is correct and the Government frequently makes that point. The bit that is not ring-fenced is the bit that should come before—the bit that community policing gives you; the bit that community intelligence, having eyes and ears, and having a relationship with communities gives you. That is fundamental to any successful counter-terrorist strategy. I would have to say that at the moment Bedfordshire's capacity in that regard is pretty anaemic and that is the bit that we will have to reduce if our funding is reduced still further.

Q84 Victoria Atkins: That is a matter of prioritisation, is it not? You are deciding to give that less priority than other aspects of policing in Bedfordshire. That is the point of police and crime commissioners, is it not?

Olly Martins: We are having to cut our capacity to carry out any community policing whatsoever because I feel we still have a responsibility to turn up when people dial 999 and we still have a responsibility to investigate the crimes that people are reporting. It is the bit that we do other than that, which is community policing, which is going to be the first bit that totally disappears if our funding is reduced still further.

Chair: Thank you. Mr Umunna has a quick supplementary then we will move on to reserves.

Q85 Mr Umunna: One specific question in relation to the response that Mr Martins just gave. You said you get a specific sum of money for terrorism issues that you know about. Would the reserve be used for terrorism issues that you do not know about that arise, but that have not been foreseen?

Olly Martins: Reserves?

Mr Umunna: Yes, which is a question that is about to come up, but is related to Ms Atkins' question.

Olly Martins: We use reserves for financial management and for unforeseen events.

Q86 Mr Umunna: I suppose what I am asking is, if a terrorism incident occurs, you said you get in terms of a specific—*[Interruption.]* Mr Hogg next to you is shaking his head and indicating that this would happen. You said in response to Ms Atkins just now that, with regard to the specific streams of funding you get for terrorism, that is in respect to stuff that you know about. The stuff that arises unforeseen that you do not know about which needs to be dealt with—would that be funded from reserves?

Olly Martins: It is prevention and prevent, rather than protect and pursue. The protect and pursue bit is the ring-fenced bit. The prevent and the community policing bit is the bit that is not, but you do want to prevent terrorism. You do not want to just pursue people who are already terrorists. You want to try to stop that.

Q87 Mr Umunna: My other question was in respect to the numerous questions that Mr Jayawardena has raised and using this per capita comparison. How useful is comparing spend per capita given the differences in areas, the different events that can arise? Do you as people who deal with these issues every hour of every working day see that as a useful comparison?

Tony Hogg: It is partly a product of history possibly. It is awkward also where we are trying to collaborate or even merge because we then would have to align contributions and that is a very significant challenge for us. We have a strategic alliance with Dorset, and should we wish to go further at some stage the alignment of payment by the public is a very significant issue for us.

Ron Hogg: It is a crude measure of efficiency. It fails to understand the local situation: in my particular case high levels of deprivation; an economy which is low-wage, high-unemployment; and then, indeed, a vast rural area where we have again high unemployment and isolation to try to consider. I do not think you can make that comparison clearly. It is an indicator that is a fingerpost but nothing more than that.

Olly Martins: I am not that familiar with the House of Commons Library analysis, but the figures that I do know is that the cost per policing per head per day in Bedfordshire is about 42p or 43p, against the national average of about 55p, and that is why I say we are on the low side; but yes, I do not know how useful it is because each force is in a unique set of circumstances. The outcomes of the funding formula and what the Home Office is proposing shows the difficulty of trying to have a formula that works for all forces.

Chair: Thank you. That is very helpful. We need to move on, colleagues. We have a question from Victoria Atkins.

Q88 Victoria Atkins: Mr Tony Hogg, your reserves are £65.3 million. That is a lot of money by anyone's reckoning, and they increased last year by 6.4%, which is almost £4 million. That is a lot of money, which could be spent on frontline policing, and it is sitting in a bank account presumably.

Tony Hogg: We would not say so. You can imagine first of all—a lot of this has been covered by the chiefs—it can only be used once. We will use £46 million of those reserves before 2019 to allow us to get through the next CSR period and try to retain an effective policing service. There are general reserves at the amount that has already been mentioned of around £6 million, which is a week's trading capital if you like. The others: we have 70%, £45 million, for transforming the service over the next four years. That is to do with enabling IT; it is to do with modernising the workforce, job evaluation and so on.

Q89 Victoria Atkins: If I may just pause there, on IT, one of your colleagues, Matthew Grove in Humberside, has introduced mobile telephones—pretty standard mobile phones—and he reckons that is equivalent to 300 new police officers in terms of the time it has granted. When we talk about IT, should we not take account of the huge impact it could have on productivity and the number of effective hours of police frontline?

Tony Hogg: Mobile data, you mean. Absolutely, and we are doing so. We have already trialled and we have part-equipped the police force with new tablets and such like, so that they can stay away from the police stations and compile their reports.

Q90 Chair: What are your reserves?

Ron Hogg: Circa £11 million at present. We have recently committed £7 million from previous reserves to pay off the police staff pension deficit, which will accrue £0.8 million going forward to my revenue budget, and I just committed another £2.8 million to depreciate some property assets. That will realise a revenue benefit of £0.3 million. The joint benefit is £1.1 million on my revenue budget, but again it is using it into IT. As with other forces, we are rolling out 200 mobile data units this month in order to improve productivity and keep officers on the beat, on the frontline, longer.

Olly Martins: I think £17 million is probably the figure you may have—

Q91 Victoria Atkins: You don't know your reserves?

Olly Martins: £17 million.

Q92 Victoria Atkins: Sorry, may I just correct you? I am referring to this document that my chief constable prepared about police funding and the PEEL data says that you spend 44p per day on Bedfordshire. I just wanted to correct that for the record because I think you said 42p or 43p.

Olly Martins: It is lower than the national average, which is 55p, unless I am mistaken.

Victoria Atkins: Anyway, your reserves—

Chair: Is that a better figure than Mr Martins?

Victoria Atkins: I do not know. I was hoping he would know.

Q93 Chair: Do you know what your reserves are?

Olly Martins: £17 million. £7 million of that is set aside because we need to build a new custody suite, because the previous one has been condemned, and the remainder is for financial management through the medium-term financial plan. You may recall that the National Audit Office report that was published in June identified that just because police forces are showing reserves is not necessarily a sign of financial health, because of course, as police and crime commissioners, we cannot set a deficit budget, so we use our reserves to smooth our budget planning.

If I can just quote from what HMIC said about Bedfordshire in their recent PEEL efficiency inspection?

Chair: Is it a long quote?

Olly Martins: No, it is very short, two sentences: “By March 2020 reserves will have been reduced to a level that provides only a minimal cushion against future contingencies. HMIC is concerned that Bedfordshire police’s long term financial position is not sustainable”.

Q94 Naz Shah: Should the Home Office have not done more to help police forces understand the drivers of police demand before reviewing the funding formula?

Olly Martins: They are. That work has started and various bodies such the College of Policing and the London School of Economics are engaged in it, but that work is not going to come to fruition for another year, which may be an argument for why the Home Office should not be doing the funding formula now before they have the benefit of that work.

Ron Hogg: I am not minded to agree with that. Certainly from my perspective, I was not at all surprised to see that drug addiction, cocaine and heroin addiction, was a key driver for acquisitive crime—43% of acquisitive crime—and that alcohol, a legal drug, obviously costs about £11 billion across England and Wales, so those sorts of drivers to me were fairly obvious. I don’t think that we need to drive down into that in any way, shape or form.

What I do think we do need to understand from the Home Office—and we have referred to it—is this lack of appreciation of rural crime: rural criminality and the impact there. The recent survey on rural crime shows that the figures there are about £800 million per annum

in rural crime, 21 times the figure previously thought. Fear of crime is 39% in our rural communities. The satisfaction level is lower. The feeling of isolation is greater, and I think we are failing parts of our community very seriously.

Q95 Chair: Tony Hogg, the drivers of the formula: is the formula, right, the four main points?

Tony Hogg: I think the starkest issue in the formula work we are here to discuss is that the Home Office has not admitted the non-crime element. We have it independently audited that the Home Office does not understand the impact of the measures that they are putting into place, and to omit somewhere near 80% of the drivers of police demand is a huge omission.

Q96 Chair: In the letter that you have signed and which we have seen today, you say you think the consultation period was very short. I think you said, “We have been given just three weeks”. Do you want to comment on this?

Tony Hogg: Mr Vaz, I would like to have on record that we regret that this has become public, this letter. It was not the intention. It was the intention to act responsibly and put a letter to Mr Penning and bring those issues. The letter is leaked, clearly. We wanted to put a responsible thing to him.

To answer your question, I think there are issues of process in there. One is the consultation period, which we believe does not meet the norm and, secondly, issues of equality.

Q97 Chair: Sure, but when you say “The letter is leaked,” in fact Clive Grunshaw, the commissioner for Cumbria, was on “Victoria Derbyshire” this morning and he talked about it in great detail. That is quite a big leak, isn’t it?

Tony Hogg: Well, yes, but before that there was an article that alluded to it in *Police Professional* and such like, and it has crept into more visibility than we would wish because we wanted to give Mr Penning the opportunity to put this right before we considered judicial review.

Q98 Chair: Do you think he will now be cross with you and, as a result, punish you because this has got out into the public domain and you will have more money taken away?

Tony Hogg: I am sure you have more experience of that than I would.

Q99 Chair: Oh, I am very easy to get along with.

In terms of people paying, we have had this example that turned out to be someone who lives in the constituency of Mr Jayawardena, PC Andy Reid, in Upton Grey and the Candovers in Hampshire. The village is offering to pay. Have you ever had anyone saying to you in your patch, “We will pay in order to get a police officer or better policing”?

Tony Hogg: Yes, Mr Chairman. We mostly have it, and increasingly, but small numbers, on PCSOs. PCSOs for my area will disappear with the funding formula but—

Q100 Chair: The public come forward and say, “We would like to pay for policing”?

Tony Hogg: Yes. I might not be completely up to date, but I think Plymouth has purchased four. East Devon for me has certainly offered to buy. I think the public and communities districts are open to the idea of purchase, provided of course that person then stays geographically fixed, they get to know them and they stay with them.

Q101 Chair: When the Prime Minister comes for his summer holidays to your—

Tony Hogg: We let him know our discontent over the funding formula.

Chair: You are provided with extra officers, I am sure, at no cost?

Tony Hogg: Not many actually. No, he comes with his own protection.

Chair: So he pays for himself?

Tony Hogg: Yes.

Q102 Chair: Ron Hogg, anyone offer to pay for anything?

Ron Hogg: We have had offers to pay for vehicles, but again it is the same concept of ring-fencing within a particular geographic area, which is not particularly satisfactory. We have a model of operating in force whereby the nearest unit will be deployed to the scene of an incident, so that would not really work for us.

Q103 Chair: Mr Martins, you have London’s third airport in Bedfordshire, don’t you? Do they pay for their policing or do you have to pay for them?

Olly Martins: They pay for some of it, but it doesn’t cover the full costs of the impact that they have on us. There are, I think, somewhere in the region of 500 arrests a year, as the result of e-borders, and we do not recover the full costs, and yet that has quite an impact on our subsidy—

Q104 Chair: But in principle you don’t object to someone offering to pay for an extra police officer here or there?

Olly Martins: No, I don’t, because I am all in favour of visible policing, and that is right across the board. The problem with that as a model is that, although people are paying to have a police presence in their village or in their community, it does not necessarily get you, as Ron has described, the officers in the place that you want them. Frankly, that is why—having famously tried the referendum, having tried to persuade the Home Office to apply it—I am now looking at things, like turning on the HADECS cameras on the M1 and driving revenue from that, looking at sponsorship opportunities: does someone want to sponsor our panda cars, our police officers’ uniforms, so any—

Q105 Chair: So easyJet could be sponsoring your panda cars in Bedfordshire? You don’t mind?

Olly Martins: I would welcome it, because that is an alternative to reducing our police numbers below a level that I think is already putting our force in a position of not being viable.

Q106 Chair: Your chief constable is happy with that?

Olly Martins: Yes. We are very open-minded.

Chair: Mr Jayawardena has a very quick supplementary.

Mr Jayawardena: Well, I might actually, given that Mr Winnick is not in the room—

Chair: That is not what you were telling me.

Mr Jayawardena: It ties in with that, if I may.

Chair: Why don't we move on to that?

Q107 Mr Jayawardena: Chairman, in relation to what you said—I think this has been answered in part, but it relates to what Mr Winnick was talking about earlier to members—the reality is that the precept powers are capped, and parish councils in places like Upton Grey and the Candovers or, indeed, residents through voluntary contributions are not. So would each of you agree that it is helpful that if local communities believe that they have a particular need, they are able to top up using their own precept powers? Then perhaps moving on to another question, which was what Mr Winnick was getting to.

Chair: Can you just put your question and then they can proceed rather than give—

Mr Jayawardena: Of course, I do not wish to overload people, but the second point is then that Bedfordshire—as Mr Martins has outlined—did seek to raise a precept through the council tax referendum and the outcome was a no. What have you learnt from this experience and do you think precept levels and precept powers should have been addressed in the consultation?

Olly Martins: The simple answer to the last point is, yes. It was certainly a high-risk strategy to pursue the precept and have a referendum, but I think if you look at the predicament I am now describing, I would still defend the decision to do that. I regret that the question—

Mr Jayawardena: Even though it cost £350,000 to hold the referendum?

Olly Martins: Actually the total costs were £600,000.

Mr Jayawardena: Even worse then?

Olly Martins: Yes, even worse, but somewhat less than it would have been to hold it at any other time than alongside the general election and the council elections. I do think the question was unhelpful and the question is set out in the legislation.

Mr Jayawardena: This is the question in the referendum, not my question?

Olly Martins: In the referendum, yes, sorry. The question made people focus just on the percentage increase and a lot of people thought it was referring to a percentage increase on the entire council tax, not just the police precept.

Q108 Chair: Mr Hogg, local referendums on these issues?

Ron Hogg: Certainly I would not want to go down the road of a local referendum, but I have real problems raising money in County Durham and Darlington. We had 50% of the properties as band A. If I may make the comparison with Surrey, they sit at about 1.5% of band A. I increased my precept by 2%. I realised £500,000 and Surrey realises four times that amount. I am very concerned about—

Q109 Mr Jayawardena: What is your precept then?

Ron Hogg: For band A it is £162.73.

Mr Jayawardena: Which is also lower than Surrey's?

Ron Hogg: It is, but it is our ability to raise that cash. I would be taxing poorer communities at an even higher level, and this relates to the issues about: do you link in with parish councils who may be cash rich? It is around postcode policing, and I don't think we should be encouraging this in any way, shape or form.

Chair: Tony Hogg, a quick answer. We need to move on.

Tony Hogg: Yes. I think that the capping in place is not in accordance with the principles of localism. I am not discounting a referendum. We are therefore consulting with the public for two months before Christmas to see if they are minded to pay more, and we are busy trying to describe what they could buy back out of a very significant savings target, what would be a reasonable sum that they would like and what can we offer for that. That is our challenge before Christmas: intensive consultation and then the police and crime panel in February, where I would put the precept to them. We will decide when we see the allocation and settlement at the end of the year whether we go for referendum or not.

Mr Jayawardena: No parishes, though?

Tony Hogg: What about parishes?

Mr Jayawardena: Being able to support you.

Tony Hogg: Before Christmas intensive consultation, in all manners, me around the sticks and also talking to the movers and shakers within Devon and Cornwall, then intensive YouGov and the rest—not hugely expensive, but the interesting thing is that, for us, the share of the election in May, when we would run our referendum, plus the cost of failure at the referendum would be £2 million.

Q110 Victoria Atkins: To be clear, your referendum, if it happens, will cost £2 million if council taxpayers don't agree to the precept?

Tony Hogg: The referendum we reckon will cost us around £1 million. The rebilling would cost £600,000 if the referendum fails and there are associated costs. We think around £2 million for a failed referendum, but that would not dissuade us from considering it in the context of £54 million of savings.

Q111 Victoria Atkins: We have talked about the letter. How much money have you set aside for the legal fight of the judicial review?

Tony Hogg: We are not at that stage yet. We are not at that stage—

Q112 Victoria Atkins: You are seeking legal advice. Presumably you have to pay for it; counsel will have required an instalment payment.

Tony Hogg: The answer that was given before is that when it is shared among seven police forces, those costs are going to be pretty low, frankly.

Q113 Victoria Atkins: What are the costs?

Tony Hogg: We do not know what the costs are yet, but we are estimating—

Victoria Atkins: There are costs.

Tony Hogg: No, it is too early yet to give you that answer, but if it is £1,000 or £2,000 each, say—shared seven forces, not of the whole—that is the extra—

Victoria Atkins: You don't know how much a judicial review costs?

Tony Hogg: I am not talking about a judicial review; I am talking about—

Victoria Atkins: That is what is in your letter.

Tony Hogg—exploring the legal environment to decide whether a judicial review is sensible or not. That is the first stage. It is a de-risk process.

Q114 Chair: I think in answer to Victoria Atkins, it would be helpful, if you are planning to do this and you have an estimate, if you could write to us and tell us.

Tony Hogg: Yes, of course, Mr Vaz. We don't have it yet.

Chair: Of course.

Q115 Nusrat Ghani: We heard from the early witnesses about the level of business skills required within senior members of the police force and the Home Office is still to decide on the transition arrangements. Have you put plans in place individually as to how you would deal with the new funding formula? Do you have transitional arrangements—

Tony Hogg: I am sorry, there was a question on business skills there.

Nusrat Ghani: Yes, because you need a lot of business skills to put this in place, the police force will deal with the changing nature of crime, with different levels of policing, with different levels of resources. All of you will have different levels of resources to call on.

Tony Hogg: For me, I am not over-confident that the office of the police and crime commissioner has the business skills it needs to do the job. What I think chief constables might admit is that they are not yet equipped fully with business skills at the same level as their professional skills.

Q116 Nusrat Ghani: Mr Hogg, maybe I did not ask the question properly. Do you have transitional plans in place to deal with the new funding formula?

Tony Hogg: Yes, we do.

Nusrat Ghani: You do?

Tony Hogg: Yes, we are working on assumptions at the moment. We will know the full pain at Christmas. We know that it will remove all PCSOs. It will cause 1,200 to 1,300 job losses. How we achieve that—and bearing in mind that it falls to the chief constable to decide how to divide that down, what cuts to make, where to put priorities—we have that in outline, yes, because we need it for our consultation to show the public what the pain is and what they might buy back.

Q117 Nusrat Ghani: What would be most helpful, for you, from the Home Office if they helped you put together transitional plans or not? What would you like to see from them?

Tony Hogg: If you are talking about transitional plans for the pain, then my answer, as you asked the chief constables, is that it needs to be over a longer period. Four years is far too short for the sort of removal of 1,200 people, bearing in mind we cannot make police officers redundant, but I guess that might change in future. We need a longer period, without a doubt.

Nusrat Ghani: Mr Ron Hogg?

Ron Hogg: Our plans are at the moment to look at a 25% cut in grant. We don't know what the funding formula is going to result in. We feel we will roughly be about the same as where we are now, perhaps under it, in credit there. That will result in a diminishing number of police officers from currently just under 1,200 to 1,000 and reducing again our police staff numbers, from 950 to about 780. I have already over the last three years seen a 50% increase in police staff sickness levels, so that is beginning to cause me some concern as we go forward.

What would help us? I think we would want to restrict the level of budget change in the first year. Quite clearly we do need time. We need time to adjust and make sure that the plans we have already developed can be put firmly into place. It would be very, very good if we could have the settlement for three to four years in advance, and if that were to be the figure that was to be in fact adhered to. Again, I think at a time of austerity, it is unrealistic to expect a police service to continue to be subsidising systems, such as firearms licensing and, indeed, the system to support the registration of foreign nationals. We don't recover the money on that and I think we would like to see the ability to have full cost recover on both of those areas, which would help us.

Chair: That is very helpful; thank you. Olly Martins?

Olly Martins: We have a medium-term financial plan, which includes a lot of collaboration with our partners, neighbouring forces—Cambridgeshire and Hertfordshire—and across the eastern region. By 2018-19, about 50% of the Bedfordshire police budget will be spent on policing capacities that are collaborated. That will help realise £10 million worth of savings. As we have mentioned previously, we also have our reserves that are going to smooth the budget path, but thereafter that is where we run out of options and that is where we start having to freeze recruitment and reduce the size of our establishment. Looking forward to the end of November and the Chancellor's spending review, if it is 20% cuts, that is 50 officers gone. If it is 25%, that will be 100 officers gone and so on.

Q118 James Berry: Mr Ron Hogg, Durham was described in an HMIC report as outstanding for efficiency. It said that Durham Constabulary had “an impressive track record of robust financial management, accurate budgeting and achieving planned savings”, which is very impressive. What do you think was the key to your success? What would be your top tip for other forces to get that kind of accolade?

Ron Hogg: One of the key things that I would say, from knowledge of my own force, is the very issue that has just been raised around the business skills of the top team, the leadership team. We have adopted a policy assumed under the previous police authority, and continued by myself, to cut deep in order to get on the front foot—get ahead of the curve on these cuts—and to make sure that we can then make the in-year savings well in advance and reinvest that into the force. It is also about enhanced productivity—looking at better use of IT and, indeed, the way in which we manage what our officers and staff do. We are very intrusive in the management aspect.

Olly Martins: My force has been to look at what his force is doing, and that has informed the new operating model that we have rolled out. Although I will point out that Ron has still got 188 police officers per 100,000 to our 169, so it makes it a little bit easier to be that outstanding force that Durham managed to be.

Q119 James Berry: Yes, but just another question for you. As I said to the chief of Lancashire, I am sure if I was a Bedfordshire resident, I would be delighted to hear you demanding extra resources for the place that I lived, but you have said—I think you are on record as saying—that the Government should undertake a serious redistribution of resources away from the Met towards under-funded forces, like Bedfordshire. We are going to hear from the deputy commissioner from the Met who no doubt is going to say, “Absolutely not,” but it is right, isn't it, that the national funding formula should be based on proper evidence and an understanding of demand, not just moving the cash around?

Olly Martins: I will concede, and I have already said, that I think it is very difficult to come up with a formula that will satisfy the needs of all forces. With particular reference to Bedfordshire, I have already indicated that I do think our proximity to London and our transport links and having the airport has a particular impact on Bedfordshire. Rather than trying to get a formula that satisfies our needs and that increases our officers from the pitiful level that they are currently at, I think there is an argument for Bedfordshire to be able to benefit from the national and international capital city funding that the Metropolitan Police receive. You could take a very small sliver from that and the Met probably would not notice. It is like cash down the back of the sofa for them—

James Berry: Well, we will see what the deputy commissioner says about that.

Olly Martins—but actually it would make a tremendous difference to our relatively small—

Chair: Thank you very much.

Q120 James Berry: We will see what the deputy commissioner has to say about that. The point is, you make your case very strongly and you have made that case publicly to your residents, to the people that live in Bedfordshire. You have explained what a poor ratio you have of officers to the population. You put the issue to referendum. They don't want to pay for more police. Do you not just accept the fact that the people who voted for you don't want to pay for extra policing?

Olly Martins: I think it is important to understand that the referendum was a flawed exercise in democracy. I wasn't allowed to put the case to them because I was heavily restricted by the purdah rules and the question was very misleading.

Q121 James Berry: Prior to the purdah rules you were not restricted and you made your case very clearly, didn't you, in the media about your views on how much spending there is?

Olly Martins: I put in my best effort, yes, but by the time we got to polling day I was still bumping into people who knew next to nothing about what they were going to be voting on, on polling day, so that is why I say it is a flawed exercise in democracy.

Q122 James Berry: Finally, Mr Tony Hogg, to what extent do you think collaboration can provide savings? We have asked the chief constables this but I would be interested to know what you think from a PCC perspective.

Tony Hogg: Undoubtedly we are pursuing that vigorously. We are at the pointy end of the peninsula. We have regional collaboration in terms of procurement, forensics, special branch and various others. We have a strategic alliance with Dorset that is generating at least £8 million to £9 million worth of savings over four years. Frankly, I would go much further: we need to work more. We have developed a sort of northern hub and a southern hub in terms of Avon and Somerset and Wiltshire and Dorset and ourselves. We carefully joined those together to make sure we got convergence happening. I would go further in terms of some of the things you heard about merger, if I could.

Chair: No, not today.

Q123 James Berry: We may have you back for that. We have been told by Dorset Police that you do collaborate with to a large extent and that collaborating forces face exploitation from suppliers. Have you experienced this?

Tony Hogg: No, we haven't, not in a strategic sense and every one of the 30 business cases we are running with Dorset, which covers such a wide range of issues, we have learnt—by using the LGA and the Treasury teams looking at industry baselines—that we can have a good confidence level that we getting down to a right level in the costs and it is

properly audited. We have benefited from a free service from the LGA and Treasury, so we feel confident where we are.

Q124 Chair: Thank you. Are you worried about setting a budget for a successor, rather than a budget for yourself and your force?

Tony Hogg: No, I don't worry about it. I have the responsibility up until the last minute of course. As the candidates emerge to take over from me, of course I will want to work with them and listen to them, but I know my responsibilities extend to a week after the elections in May.

Q125 Chair: We will be having a panel of retiring PCCs come in and talk to us about their experience and we will be writing to all those standing down to ask them for their views.

Tony Hogg: Excellent. I would be glad to attend.

Chair: Mr Burrowes has the briefest of supplementaries and then we must move on.

Q126 Mr Burrowes: We have heard you say that funding cuts are going to impact upon police numbers and police service delivery. What about another key budgetary item, salaries and salary packages?

The College of Policing has helpfully published salary levels and for senior police officers the salary is more than double the salary of the Prime Minister and, indeed, for civilian employees is more than the Prime Minister. Do you have any plans that there will be any impact on those senior level salaries?

Ron Hogg: I have no plans to reduce senior salary levels. I have difficulty enough trying to attract chief officers to the Durham Constabulary. When I appointed the current chief constable there was only one applicant. Prior to that there was only one applicant, and if we want the best-led police service in the country we have to pay the going rate. I do have some concerns about what the College of Policing are actually saying. I think if we look at—

Q127 Mr Burrowes: They are being transparent, aren't they?

Ron Hogg: Yes. I understand that, but again, if we look at what other public sector employees are paid, I think the chief constables do not come very highly up in the scale, and when you look at the responsibilities that they have 24 hours a day—and it is about making life and risk assessments—they are not overpaid.

Chair: Thank you.

Tony Hogg: Salaries are set centrally by the Senior Salaries Review Body. It is not an issue for me. I am more concerned about the numbers of ranks and supervision levels within policing. I think there are probably too many ranks as we the police service gets smaller. It is too much one-over-one at the top, if you ask me.

Olly Martins: I think as Ron says, it will be a brave police and crime commissioner that breaks cover and says, “I am going to offer a lower package than anyone else is.” Much like Ron, I appointed a chief constable in the summer. I only had two applicants.

Q128 Mr Burrowes: Would you support or oppose bonus packages for your team in this climate?

Olly Martins: Again, it is—

Chair: Yes or no?

Olly Martins: If it is what everyone else is doing, then that is the reality of what you are facing, isn’t it?

Mr Burrowes: Is that a “Yes” to bonuses?

Chair: So it is a perhaps?

Olly Martins: Perhaps, well—

Chair: Depending on what everyone else is doing?

Olly Martins: If it is what other people are doing—

Chair: Mr Hogg, bonuses—yes or no?

Tony Hogg: No.

Chair: No bonuses from Mr Hogg.

Tony Hogg: If it was linked to a productivity deal, yes.

Chair: Right, a productivity deal. Okay. We will explore this further. Thank you very much for coming in. We are most grateful.

Examination of Witnesses

Witnesses: **Craig Mackey QPM**, Deputy Commissioner, Metropolitan Police Service, and **Sara Thornton QPM, CBE**, Chair, National Police Chiefs Council, gave evidence.

Q129 Chair: Sara Thornton and Craig Mackey, my apologies for running late. It is partly the subject matter and it is partly because we had the division. We are most grateful to you for coming here today. Can I congratulate you, Chief Constable Thornton, on your appointment as the Chair of the National Police Chiefs’ Council? This is the first time you are appearing since you obtained that position.

Q130 Chair: Mr Mackey, before we move on to funding, I want to ask you two questions about issues in the public domain.

Craig Mackey: Yes.

Chair: The first relates to the Madeleine McCann issue. We understand that the number of officers involved in this investigation has been scaled down from 29 to 4, and the costs so far are £10 million. Why has the investigation been scaled down and why are the costs so high?

Craig Mackey: Your facts and figures are accurate. The investigation has run for a long period of time. As you are aware, Operation Grange, the work we have been doing with the Portuguese, has got to the point where there are a number of small-focus lines of enquiry that we need to continue with the Portuguese and the resourcing reflects where that enquiry has got to. It is quite usual, as you go through investigations, that the resourcing flexes and moves depending on where you are, but we are absolutely clear now that there are still some small-focus lines of enquiry that need to be continued and that is what the resourcing reflects.

Q131 Chair: Some may question the huge amount of money that you have spent on this. Is this the largest amount of money that has been spent on a missing person in recent years?

Craig Mackey: I don't have any comparators to compare it against. We have spent a lot on a number of investigations of missing people, I can think, where there are large searches involved and large, long and protracted enquiries. You have to remember where this started from. This is an enquiry that started in a completely separate jurisdiction. We had the opportunity to review it in the first instance and then a whole range of work has taken place, with full oversight, over a number of years around this, so it is not unusual to spend millions of pounds doing enquiries.

Q132 Chair: Does the scaling down mean you are giving up?

Craig Mackey: No, absolutely not, and I think my colleague Steve Rodhouse and I know Assistant Commissioner Mark Rowley were quite clear. It is not about that, but it is about making sure the focus is on those lines of enquiries that the investigating team, along with colleagues in Portugal, think should be continued.

Q133 Chair: As I came into work last week, along Park Lane, a number of cars were being stopped by the Metropolitan Police. A line of 11 police officers, and there was one car driven by an ethnic minority individual that had been stopped. Was this part of your stop-and-search regime?

Craig Mackey: I wouldn't have thought so. If it was on Park Lane in that sort of way, it was probably one of the road safety operations or something wider. I don't know the exact details of that one.

Q134 Chair: Are you upset with what the Home Secretary has said about the Met's approach to stop and search? I think she described it in a speech, quite unusually, as "a kneejerk reaction".

Craig Mackey: No, we are clear in the work we do and people have a range of views around stop and search.

Chair: She is not people, is she? She is the Home Secretary.

Craig Mackey: I know, but there is a wide range of—

Chair: I mean she is a person, but she is the Home Secretary, so when she says the Metropolitan Police, the biggest police force in London, with a worldwide reputation, is operating on a kneejerk reaction, that must have hurt you all.

Craig Mackey: We focus on what we have to do, in terms of stop and search and the work around it. We saw an uptick in knife-related injuries to persons under 24. That is real. It is not going to go away. That is absolutely real. We have to have some sort of response to it. Many members will have seen some of the knives and things we are taking off the street. That is the reality of what officers have to do on a daily basis. We are absolutely clear and we are seeing it in the work we are doing. Part of the response done properly, done with balance, is stop and search. If you remember, the Metropolitan Police led the country in terms of the changes made around stop and search and, happily, many of the things we put in place have been picked up and used as national best practice.

Q135 Chair: You do not feel that the Home Office—and the Home Secretary in particular—are trying to get you to ease off on stop and search? You think you should continue because the number of knives that have been recovered justifies your actions?

Craig Mackey: I think, also, when you look at—

Chair: Is that right? Do you think it is justified?

Craig Mackey: When you look at knife injuries as well, and when you look at the challenge in particular areas of London, the challenges around gangs, stop and search absolutely, done properly, with the support of communities, is part of the response to that.

Q136 Mr Burrowes: Who do you listen to more on the issue of stop and search and their concerns, the Met Police Commissioner or the Home Secretary?

Craig Mackey: Local communities.

Mr Burrowes: But of those two particular individuals—

Craig Mackey: Local communities.

Mr Burrowes—who would you respond to, the elected commissioner or the elected Home Secretary?

Craig Mackey: We listen to local communities and we act within the law.

Q137 Mr Burrowes: They have both spoken about their concerns about stop and search, the Mayor wanting to obviously support targeted stop and search. Do you have to respond to that more than the Home Secretary's concern?

Craig Mackey: Stop and search is one of those issues where we get a range of views—

Mr Burrowes: No, but these aren't just any range of views. These are the Home Secretary and the elected commissioner. Of those two individuals, which would you respond to?

Craig Mackey: We are clear in terms of the policy approach around stop and search, that stop and search at the end of the day is a tactical choice or an operational choice for police officers.

Chair: I think the answer is neither. Is that your answer to Mr Burrowes?

Craig Mackey: It is.

Chair: We don't want to go wider on this because we have the commissioner next week, so we will be able to explore some of these other issues. Mr Berry has a very quick single question on this.

Q138 James Berry: A single question on this point: 2007 to 2011 you were the national lead for stop and search, were you not?

Craig Mackey: Yes.

Q139 James Berry: During that period, stop and search leading to arrest never rose above 10%.

Craig Mackey: Yes.

Q140 James Berry: Can you say why, certainly for some communities, there isn't faith in a system that in 90% of cases does not lead to an arrest?

Craig Mackey: That is why when we came together as a team in London, at the end of 2011, beginning of 2012, we put all those changes in place: without getting too technical, section 60, the non-suspicion power of stop and search, that really annoyed communities: 90% reduction in London. Setting real targets around making sure that we do get an arrest and outcome rate: 20% outcome rates in terms of stop and search. We have seen huge change and a one third reduction overall in the amount of stop and search.

Q141 Chair: Thank you. We will come back to this again. We have a number of London Members, so I am sure we will come back to this again next week or in the future.

Sara Thornton, we are not going to ask you about stop and search. We are going to ask you about a number of comments you have made about the funding formula. You sat through the whole session today. Do you share the concerns of your fellow chief constables about the effects of the funding formula?

Sara Thornton: As you know, Chair, I wrote to you about my concerns and tried to represent the breadth of chiefs.

The first point—and my colleagues were referring to it—is that we need to be confident that the variables and the weightings the Home Office have chosen accurately predict demand. That means crime demand and non-crime demand. It means the high risk issues that my colleagues were raising.

Do we have confidence that that is the case? The Home Office sent us out a very lengthy technical note last week, which deals with some of the issues but I don't think it reassures

everybody that the variables they have chosen and the weightings they have applied to those variables accurately predict demand. The second point we would have—

Q142 Chair: Could we go back to my question, which was, with the greatest of respect, do you agree with the chief constables you have heard today—you have been fortunate enough to hear their evidence—that there is a problem with this funding formula that is going to affect the way in which they police in the UK?

Sara Thornton: I think they were asking for reassurance that the way in which it has been developed, that the variables chosen—the four variables that they were talking about, net debt and the weightings applied to those—accurately deal with the demand that they are dealing with.

Q143 Chair: I don't think they were asking for reassurance, Sara Thornton. The description of Steve Finningan was very clear. He thought it was madness.

Sara Thornton: I would not describe it as madness. As I explained in my letter to you, we need reassurance that it is accurate; that it is fit for purpose. The second point I think is that—

Q144 Chair: Do you think it is fit for purpose?

Sara Thornton: I think I haven't seen the evidence that it is fit for purpose yet.

Chair: So you don't think it is fit for purpose?

Sara Thornton: I haven't seen the evidence yet. It could be, but I want to see the evidence first.

Chair: At the moment do you think it is fit for purpose?

Sara Thornton: I think it could be.

Chair: It could be. So at the moment do you think it is fit for purpose? It is a very simple question: do you think it is fit for purpose at the moment?

Sara Thornton: I don't know that it is fit for purpose.

Q145 Chair: Mr Mackey, if you could try and not leave with negatives rather than positives, you have been very critical. We saw you on "Newsnight" and we have read about what you and the commissioner are saying. You are pretty cross about this funding formula. We have also heard some Members of Parliament in London saying this is shroud waving—we don't know whose shroud—that you are threatening things and saying things that are not true. Are you really going to be able to cope with losing all this money?

Craig Mackey: We have been very clear: like everyone, we have been planning for the comprehensive spending review and we have talked quite openly about an £800 million saving, and there are more savings you could make in policing, so I agree with a number of them. We can still make more savings. We have been very clear on the work we have done. We think there is £200 million to £300 million worth of savings we can still drive out of the Metropolitan Police over the next four years. Beyond that, the choices become

difficult and when you spend 77% of your budget on people you have to go into the people line. We have been very clear. This is not about saying, as has been characterised, this is the end of British policing as we know it or it is not going to be a walk in the park. If we are at the 25% end, plus the change in funding formula, in some of the face-to-face services we are able to give we will have to have a different offer for the people of London

Q146 Chair: Let's look at what you said on "Newsnight" on 27 October. You were anticipating a £1 billion cut in funding, which could lead to up to 8,000 job losses, a quarter of the force.

Craig Mackey: Yes.

Chair: That is devastating, is it not?

Craig Mackey: It is at the really high end. £800 million would be the CSR, and then another 175 on the back of the change in the funding formula, you get up to the £1 billion. At that sort of price, you do have to lose that number of officers. For those who aren't aware of how the Met is funded and made up in the funding, of the 32,000 officers, 5,000 officers are ring-fenced funded. That is, they come from the counter-terrorism fund, they come from other places. So any cuts you make are in the 27,000 other officers, which is predominantly officers doing things like response, neighbourhoods, investigating sex crimes, investigating murders. That is where the numbers would fall.

Q147 Chair: Looking at what will go if this happens, and looking at some of the comments that Sara Thornton has made, she said publicly with you that bobbies on the beat will come to an end, "The evidence would say that random police patrol doesn't prevent crime". That is what you said. Is that true? Will visibility be affected if this happens to the Met and other forces?

Sara Thornton: My argument is very clear that our activities—what we do—need to be based on the evidence of what works. That is important anyway, but if our budget is reducing in size, that becomes even more important. The evidence is that random patrol doesn't prevent crime nor does it reassure the public. However, what we know does work is focus patrol in hotspot areas reduces crime and disorder. So my argument was that patrol needed to be focused on prevention in those crime hotspot areas, not random and ill focused. That was the point I was making. So it was not an end to the bobby on the beat, it was about saying patrol needs to be focused on specific problems and driven by the data.

Q148 Chair: Mr Mackey, Sara Thornton has also said publicly that people will necessarily not visit burglaries after they have occurred. What is the practical effect of this happening in the Met? Will we be visiting? Do you still visit everyone who has been burgled?

Craig Mackey: If people want that service, we visit people as a service. For us, thankfully, we are at a 20-year low in burglaries. It is a relatively small number. If you take burglaries out of the system, for us it is not going to save a huge volume of time.

If you look at some of the areas—and I think our colleagues touched on them earlier—in the future would we go to every vehicle crime as we do at the moment? If a victim says at the moment, "I want you to come to my vehicle crime" we come, regardless of the need around it. We will have to look at whether this has to be different offer around that.

Q149 Chair: Is that your top position about vehicle crimes? Are there any other examples?

Craig Mackey: There is a whole range of things we will need to look at. Colleagues touched on it earlier. If you look at the growth of work we have done and started to pick up on where other agencies have either withdrawn their services or the volume of welfare checks: if I told you thousands of calls a year come into the Metropolitan Police to go and check people who have walked out of hospital with a catheter in—

Q150 Mr Umunna: Can I pick up on two areas of the impact of these funding reductions, what you envisage in the CSR and the funding formula change? Can I pick up on two areas that Deputy Commissioner Mackey mentioned? One was gang and youth violence and the other was child abuse investigations. In respect of gang and youth violence, would you agree—and yes or no would be great—that neighbourhood policing has a particular importance in preventing our young people, and this is a real issue in my borough of Lambeth, from being captured by this culture of gang violence and activities?

Craig Mackey: Yes.

Q151 Mr Umunna: Youth gang offences are up—I think these are MOPAC figures—23% in the last year; knife crime up 14% and youth violence up 8% in London. Do you believe that our loss in London of over 5,600 officers has had an impact on your ability to prevent those offences from happening?

Craig Mackey: Sorry, loss of 5,600 officers?

Mr Umunna: Since 2010.

Craig Mackey: Sorry, I don't—

Mr Umunna: That is a MOPAC figure.

Craig Mackey: No, at 2010 we were at 32,300. We are slightly up. We are about 31,957 now, so I am sorry—

Q152 Mr Umunna: Okay. In terms of the loss of officers that there have been in respect of neighbourhood policing in particular—

Craig Mackey: We have actually grown in neighbourhood policing in London.

Mr Umunna: Certainly in my area in Lambeth that is not the case.

Craig Mackey: Well, over the last four years we have put more officers into neighbourhoods, so part of the work we have done as our transformation in London is taking £500 million out of the Metropolitan Police, out of predominantly back and middle office, taking senior ranks out and senior roles and de-layering, and we have invested that to grow—

Q153 Mr Umunna: There is obviously a difference of view in terms of the figures that I have seen anyway at MOPAC.

Looking forward with the proposed loss of all our PCSOs and also a number of our officers, do you think that will impact on your ability to deal with gang prevention?

Craig Mackey: I should just be clear, on the issue about PCSOs, no decision has been made yet.

Mr Umunna: I know.

Craig Mackey: Absolutely it is part of the modelling looking forward at the options around the budget. I don't think any of us would want to see neighbourhoods go completely, as you describe it, because I think all of us understand that neighbourhoods, both in terms of reassurance, but in terms of community engagement, absolutely have a vital role to play and are that vital link; whether it is gangs, child sexual exploitation, counter-terrorism, that is our front face. We need that capacity. What we are saying is there will potentially be less of it and, as Sara said, we will have to be more focused in terms of how we use it and where we use it.

Q154 Mr Umunna: I noticed the comments that Ms Thornton made in relation to having focused patrol on hotspot areas. My entire borough more or less is a hotspot.

Can I move on to the child abuse investigations command in the Met? You mentioned the impact the cuts are going to have on your numbers and your ability to deal with these kinds of issues. As I have been told by other officers in your organisation, the predicted number of referrals, as a minimum, coming out of the Goddard inquiry are going to be in the region of 30,000 referrals, which will need to be investigated, coming through Operation Hydrant. Around half of those are estimated to arise in London. We have particular issues about past child abuse in Lambeth, which are being investigated at the moment. Are you going to be provided with any extra resource for this outside of the central grant that you are getting?

Craig Mackey: Not that I am aware of at the moment. What we are doing with the child abuse and sexual offences command, in a difficult environment we have agreed an uplift in the number of resources to it. We have seen, as many colleagues have seen, double-digit increases over the last number of years in terms of referrals for sexual offences and we are trying to grow it against the backdrop of an organisation that in other parts is shrinking.

Q155 Mr Umunna: How on earth are you going to find the extra resources, given the numbers envisaged?

Craig Mackey: It goes back to a number of the points around the priorities. If you look at the workload that people are carrying in some of those commands, it is excessive, and we owe it to them to try to get more resources in there, so we are reprioritising people out of other areas of serious crime into child sex abuse—we absolutely have to do it. Going forward, that will be more challenging and the figures you quote from Hydrant with the national referral, yes, we are all—as I suspect many colleagues across the country are—trying to model how we will deal with that demand. What will be the response to it? Is it a traditional investigation? There is a whole range of issues still to be decided around that but that will be a huge impact.

Q156 Mr Umunna: At the moment, what I can tell you, Deputy Commissioner, based on my experience—and I work very closely with the Shirley Oaks Survivors Association, which represents survivors of what can only be described as torture—is that your child abuse command unit simply does not have sufficient resources to deal with what is coming at it at the moment and is not structured in a way to deal with the number of cases that are coming forward. This is perhaps for Ms Thornton as well. Clearly Operation Hydrant is going to put huge pressure not just on the Met, but on other affected police forces. In fact, the police and crime commissioners have just mentioned the extra pressure that is going to come from that. Do you think there is a case to have a separate source of funding scored in the comprehensive spending review when it comes, for the funding of these kinds of investigations given the scale of what is involved?

Sara Thornton: If I may come in there, that is in fact the plan. All forces have to shift resources from the more traditional areas of patrol. That is why I have been making the comments I have been making about burglaries, where the burglars have fled, and also about random patrol. Resources are being moved into child abuse in particular. But I am aware that the Home Office working with colleagues—my colleague Chief Constable Simon Bailey, leads for us on issues of child sexual abuse—who have put a bid in to the spending review to deal with this issue because it is of grave concern.

Q157 Mr Umunna: Has asked for it to be a separate funding stream scored up separately?

Sara Thornton: Yes, but whether we get it is another matter.

Q158 Mr Burrowes: The headliner, “End of bobbies on the beat”—you were also associated with that. I want to give you the opportunity to say whether you think the prospective cuts could mean that.

Craig Mackey: No. As Sara covered in the answer in terms of it, it is not a line we have ever used, in terms of the end of bobbies on the beat. But we have been really clear when you get to the high end of this modelling you have to talk about a different offer. London has 640-odd wards, a ward officer in every ward. You would try to keep that as an absolute minimum. Colleagues have talked about what it takes to staff their resourcing, responding to calls across London. That is somewhere between 5,500 and 6,000 officers, just to do the responding to calls. You are still going to have those sorts of levels of officers doing that.

Q159 Mr Burrowes: On “Newsnight” you said that there could be a certain amount of DIY policing that could help in terms of crime prevention and detection. Does that mean that if I am burgled, I need to get my CSI kit out and help with the DIY detection?

Craig Mackey: No. If you look at some of the things and some of the areas where this has worked most successfully in terms of the work around it: if you have your own CCTV in your house when it is burgled e-mail it to us before we arrive. That is a sensible thing to do. If I get my prize racing bike stolen out of the garage, is it wrong for me to look for it? If I describe it to you as the officer attending—

Q160 Mr Burrowes: Yes, but these are responses you are making now, and Ms Thornton as well, in relation to the fact that you are not going to do random patrolling ideally now anyway. That is not effective policing. That is not providing a good outcome. These are questions you are answering now, let alone after these cuts.

Craig Mackey: No. This is trying to model the future. Will we need members of the public and citizens in the true sense to be more engaged with their own crime prevention advice?

We haven't yet touched on cyber space, where clearly, if we think we are going to arrest and investigate our way out of the challenge around cyber—I say that is the business lead in London—we don't understand the problem we are being asked to solve. That is going to be around prevention. Yes, there is going to be investigative work around it. It is probably going to be about a different model of policing with industry. So we are going to have to think differently. If the decision is to move this way with funding over a four-year period we have to think differently, otherwise we will not provide the service we need to the public.

Chair: Did you want to come back?

Sara Thornton: Yes. I think the thing to say about the funding formula issue is that of course it is important but the bigger issue, and my colleagues made this point on several occasions, is the spending review, where they were talking about 25% or 40%. There is an issue about the relative slices of the cake but the point is the cake is going to be so much smaller, and that is the most significant thing for us. We have two things happening. We have significant reductions in money but we also have the change in demand and the shift we are talking about to child abuse. That is why we are saying, prospectively, we are going to have to do things differently. One of my key arguments has been all along: we can do less but if we are going to do less there has to be greater focus. That is where the evidence base comes in, so we make sure that everything we do is not only efficient but it is effective; that we know it is going to work and make a difference.

Q161 Mr Burrowes: On the police numbers issue, which has been around for a while now, back in September 2013 Merseyside Chief Constable Jon Murphy said at the superintendents annual conference—you may have been there—that there was “political and public obsession” with police visibility, “irrespective of actual neighbourhood demand”. Would you have sympathy with that?

Sara Thornton: That is right. Since 2010, the numbers of officers and staff in England and Wales have fallen by about 40,000. We suspect there will be a similar reduction in this Parliament, so there will be substantially fewer officers and staff. The challenge for us as leaders, I think, is to make sure that those officers and staff that are there are better connected, better equipped, and better informed.

Q162 Mr Burrowes: But the point is are you sympathetic with the concern then by the Merseyside chief constable that there is a political and public obsession about police numbers, irrespective of neighbourhood demand? Do you have sympathy with that view? That is what I am asking.

Sara Thornton: Yes, I do and probably we have exacerbated that in the past by talking about numbers. It can't always be about numbers. It has to be about effect. It is about how we use police officers and police staff to protect the public.

Chair: Mr Mackey?

Craig Mackey: To a point. London, whether we like it or not, and regardless of who is sitting here for London, you are always going to need a large pool of resource available. When you look at what we have to mobilise at various times throughout the year, we cannot say, “Well, we can’t do it any more”. You cannot—

Q163 Chair: Mr Olly Martins’s statement that the amount of money he is going to lose you can find down the side of a sofa. That was his comment. Would you like to respond to that?

Craig Mackey: Everyone is entitled to a view around it. We look at the current challenge of the funding formula and look at the £184 million to be precise that is the potential loss to London going forward. You only have to look out the window. By most objective criteria this city is growing massively. Demands on this city are growing hugely. We are struggling to see how a bucket of four indicators means that our relative need is going down.

Q164 Chair: Very bizarrely, of the categories and criteria, diversity is not one of the issues. There seems to be no recognition in the funding formula that diverse communities mean that you need to have police officers who perhaps speak other languages or you need translation services. London and Leicester are very similar—you have new communities coming in; we have in Leicester; you have in London—and it is very, very difficult to be able to engage with them unless you have the resources. It is a plus for you but you need more money to deal with it.

Craig Mackey: We need more to deal with it. We have been very clear. If you look at the current formula, for all its strengths and weaknesses, I think everyone thinks at the moment London is somehow supported. We are actually capped. If you uncapped the current formula we would grow because the population grows. The figures across London are enormous. People often talk about the per-thousand per-capita and those sorts of tests against it. I look at it against global cities. If you look at it against global cities, we are lower than New York. New York is rising per thousand of population. We are going backwards. We are lower than Paris. We are lower than Hong Kong. There is something about visibility in what is our global hothouse of the economy and all the growth that comes from London being a safe city. That is not just us saying it. If you look at the Royal Society of the Arts publication that was recently put out, it makes that clear link between a dynamic city and a safe city.

Q165 Chair: As I saw in Park Lane last week, there were 11 police officers just standing next to each other—

Craig Mackey: I hope they were all productive.

Chair—doing very important work I am sure.

Sara Thornton, we have heard about burglaries, bobbies on the beat. As far as cannabis growers are concerned, you have said that cracking down on cannabis growers has never been a top priority and that forces tipped off about a cannabis farm at somebody’s home

would probably only record the fact. I think that great newspaper the *Mail* said you said this on 28 July. Do you adopt those as your words?

Sara Thornton: That is selective reporting of what I said in a fuller statement.

Chair: That is why I am giving you the chance to—

Sara Thornton: The point is that the cultivation of cannabis is not a priority I don't think in any force plan. Of course it still remains against the law and so the responsibility, if we come across it or if it is reported, of course, is to record it and then it will be dealt with in terms of investigation appropriately depending on the circumstances.

Chair: Thank you.

Q166 James Berry: Deputy Commissioner, you will be glad to know that some of your officers in the Grove ward in my constituency came across an acre-sized cannabis farm, which they cut down.

Craig Mackey: I saw that, yes.

James Berry: I don't know what has happened to that.

Craig Mackey: Very successful.

James Berry: Yes, thank you.

Craig Mackey: Sold.

Q167 James Berry: Well, got to make money somehow.

Chief Constable Thornton, your comments have been much maligned in the press. I think they seized upon you saying that you won't be responding to burglaries, high visibility patrols and so on. But I think that what you are actually doing is reflecting what is in the National Audit Office's report on financial sustainability of police forces in England and Wales, which says that most forces "do not have a thorough evidence-based understanding of demand, or what affects their costs" so it is difficult for them to transform services intelligently".

It is right, isn't it, that focusing on crime hotspots and certain types of crime is a much more efficient and effective way to police, and that is the message you are trying to get across?

Sara Thornton: That is exactly it. We are struggling with twin pressures. We have had significant budget reductions. We are going to have more. What we are being required to do, in terms of the nature of crime, the move to cyber, greater levels of organised crime, international crime, issues around modern slavery, people trafficking, substantial new issues and, of course, the rise in sexual offences; that is all changing as well. We also find that we continue to be used more and more as society's safety net—this point that after 4 o'clock on a Friday the police are around, but nobody is ever very clear about who else is around. The demand for the non-crime work that we do has been increasing, up 11% over the last three years as well. So what I am saying is, if we are dealing with those twin pressures, we have to make sure that we think differently about the way we police.

Sometimes that is about challenging some of the traditional ways the public have viewed policing. It is a very difficult conversation to have, but I think it is important we have it because, if we expect fewer officers and staff to do exactly the same as they have always done, we will end up failing the public; first. But secondly, we will put unacceptable stress on our officers. That is why I think it is important to speak out, even if I am maligned in the process.

James Berry: Unfairly I think.

Chair: Mr Berry.

Q168 James Berry: Your council, the College of Policing and HMIC have been working on the issue of police demand. Do you think it would have been helpful for the Home Office to have waited for that work to have concluded before looking at performing the funding formula?

Sara Thornton: As I tried to explain to the Chairman, the Home Office have taken a slightly different approach. They have looked at these four measures, which they would argue are proxies for demand, so they have taken a completely different methodology. The suggestion is: could they have taken a methodology that was about what is the demand metric? I fear that they would have waited for a very long time because I think that is a bit like the holy grail.

Q169 James Berry: One final question. We have heard a number of questions about reserves today and everyone that has been asked has had a cogent explanation for why they have reserves. As I understand it, the figure is that police forces in the UK have £2 billion in reserves. Can you understand why that to the public loud complaints about cuts don't sit very easily with the fact that there are £2 billion in reserves in forces across the country?

Chair: Before you answer that could Mr Mackey tell us what the reserves are for the Metropolitan Police?

Craig Mackey: The non-earmarked reserves are £400 million.

Chair: £400 million?

Craig Mackey: £400 million. We are in the middle of the range.

Chair: Sara Thornton?

Sara Thornton: We had a robust discussion about this at Chief Constables Council in July, because there had been an exchange of letters between myself and the Home Office about it. Most of those reserves are earmarked. Particularly when you are in a position where you are trying to transform what you do, particularly that point about equipping officers and staff with much better technology, then most of that money is set aside for that sort of change.

The other thing that we have to have money for is in case there are events, such as terrorist attacks or some sort of civil contingency, where we need that money and we have to keep that non-earmarked reserved for those eventualities. But it is something that I know that all chiefs, working deputies and crime commissioners keep in very tight view.

Q170 Chair: Our resident expert on reserves is Victoria Atkins, who will now tell you something that you did not know about your reserves. They are starting at £400 million, Victoria.

Victoria Atkins: I have £430 million here, but I—

Craig Mackey: There is some support in the Budget this year; and, just to pick up on a couple of points you made earlier, we have deliberately at times tried to put money in reserves over the last two years, just as a financially prudent way of managing this next period of transition. We have exited 3,500 police staff out of the organisation. We have agreed another 1,700 exits. They cost in the region of about £100 million by the time all are costed.

Q171 Victoria Atkins: Indeed, to put that in context, the reserves increased by nearly £30 million last year, 2014-15.

Craig Mackey: Yes, that was deliberate.

Victoria Atkins: Indeed, selling New Scotland Yard—

Craig Mackey: That is different. Receipts will be very different. The receipts predominantly are used to fund the transformation of the organisation, so receipts limit our borrowing.

I don't know your own force area, forgive me, in terms of the detail—

Victoria Atkins: Lincolnshire. They are very efficient.

Craig Mackey: I suspect it probably has a borrowing requirement. What receipts do is allow you effectively not to have to borrow, so the transformation that you have heard around technology, changing the way London looks, all of that; we can start to fund that in a different way than borrowing.

Q172 Victoria Atkins: Indeed, the sale of New Scotland Yard must have helped enormously with that because it sold for £320 million.

Craig Mackey: It sold for a bit more than that.

Victoria Atkins: A bit more?

Craig Mackey: Yes.

Victoria Atkins: Oh right. How much?

Craig Mackey: About £373 million, I think. The figure on Scotland Yard is in the public domain. It has been in the public domain since the day we sold it, in terms of the work around it, but it is part of the transformation. There aren't many places in the world—let alone in the UK—where people have sold their force headquarters and transformed the organisation. I think that is a commitment of both the Mayor and—

Q173 Chair: Thank you. On the question of estates, I wonder if you have seen this particular police station. I bumped into a colleague, Siobhain McDonagh, a Member of Parliament for London, and she rushed off this morning to take a photograph of this police station in Wilson Avenue in Merton. She says that you have paid for its refurbishment but it has been empty for the last year, and you are paying the London borough there quite a large amount of money in terms of rent. Obviously this is the first time you have seen that picture.

Craig Mackey: I should say it is not.

Chair: I am not saying you have visited that place often. In terms of the estates raised by Victoria Atkins, are there other places like that that are actually empty police stations, which you are paying rent on, which you can get rid of to try to help you cushion this very, very big blow?

Craig Mackey: That is actually what we are doing. I don't know where that is. Whether that is on the disposal schedule or not, down to that level of detail, but our disposal schedule is still live in terms of police stations. We have been clear. In our first iteration we went from 900,000 square metres across London to take one-third out. We are talking about going down to less than 100 buildings.

Q174 Chair: In terms of the new model of policing, you have seen what the chief constable of Cambridgeshire has done. He has started a pilot of people reporting crimes by Skype. Is this something that you might see happen in the Met?

Craig Mackey: Certainly. I think it is absolutely the sort of things we have to look at. Any of us who works know—

Chair: Do you like that scheme?

Craig Mackey: I think all of those ideas. If you look at the service we currently offer and you take an average mid-20s person, the first thing they do is they look at their Smart Phone and say, "There is no app to contact the police." Then they say, "Oh you want me to come into a police station and do what?" so we have absolutely got to move and transform that offer. That does not mean jettisoning everyone else but it does mean we have to take those steps that look at a different type of service, going forward.

Q175 Chair: Can you do more with the existing technology you have? I rang Lambeth Police Station to try to find out where a constituent who was involved in an incident had been taken. I dialled 101. I had a very nice and warm welcome from the commissioner—he leaves a very effective message—and then we were transferred to a central organisation and we could not find this individual. At the end of the day the families had to go around to hospitals to look for that person. Is there some way in which we can improve the situation we have at the moment rather than look for new technology?

Craig Mackey: Absolutely. We can always improve the service we offer at the moment. There are always things you can do around it. I don't know the circumstances of that particular case.

Chair: No. We found him eventually.

Craig Mackey: In a hospital or in a custody unit?

Chair: They had ended up in custody; someone who was mentally ill.

Craig Mackey: Right. That is really interesting challenge and comes back to the point, I don't know if you spoke to those officers who have had the success with the cannabis but, if you talk to officers at the moment, one of their biggest frustrations is after 5 o'clock at night they are the mental health service.

Chair: Absolutely, and this Committee knows that. We published a report on this last year and we said more had to be done by the NHS. Yours are not officers who are trained to deal with these issues. We understand that.

Q176 Mr Jayawardena: I want to ask a question around the consultation, but before I do, some of what has been said has just struck me: that you are both, in different ways, presiding over many great men and women who are trying to do a job for their communities, but many things get in their way and stop them doing that job.

You have talked already about mental health and that has been an issue, in particular. But are there changes to the law that would help the police across the country make savings to reduce the burden, be that administrative or ineffective practices that are not necessary today that you are still obliged to follow under law, which would be helpful in delivering not only the £200 million for the Met, the many millions that we may need in each force, but go beyond that?

Sara Thornton: One of the issues that we look at is demand and whether we are doing things that other organisations should be doing. Mental health is a good example of that. Another one—where it maybe would not be the law that needed to be changed but regulation and arrangements—is the issue of missing people. We are looking for more and more missing people every year. Well over half of them come from private institutions. They are vulnerable. They are vulnerable because they may be mentally ill or they are old or they are children.

We would argue that those organisations should be judged on how well they keep hold of these vulnerable people and, as part of their CQC inspections. The fact that people are going missing all the time should be part of that and they should be examined on what strategies, what plans they have to look after people a bit better. Also, if you or I lost our child we would look for the child first. A private institution calls the police first, so it is a little bit more about how they act in loco parentis but also their success should be judged on how they hang on to people. Dealing with high-risk missing people—and often they are high risk if they are from these institutions—takes up a lot of our time and that time is growing.

Q177 Mr Jayawardena: For the Metropolitan Police, are there particular burdens that you face?

Craig Mackey: I absolutely support the ones around missing persons. I think you also have to look wider. If you are looking at how would you make savings and what are some of those things you could help with, our current workforce model, however you look at it, is not affordable.

Q178 Mr Jayawardena: What, in the very short time we have to look at it?

Craig Mackey: Sorry, I will keep it short.

If you look at things like grades, how we pay people, how we reward people, there are people in London doing really important roles that we would like to reward more. We are a national framework that doesn't allow that flexibility at all. I think you have to look fundamentally at those.

I think you have to look at the whole audit and inspection regime and maybe our nature and appreciation of risk as a society.

I touched earlier on that issue of cannulas not catheters I hasten to add. The reality is that some very well meaning person in the health service has a checklist somewhere that said, "Mr Mackey walked out of the hospital across the road with a cannula in his arm, therefore can we get a police officer to go and check they are okay?"

Q179 Mr Jayawardena: In the interests of time, perhaps if it is possible you might be able to write to the Committee with particular ideas around changes to law or regulations that would help make some of these savings.

Craig Mackey: By all means.

Q180 Mr Jayawardena: Then, coming back to the consultation, do you believe in your respective roles that the consultation should have addressed the amount of funding provided through Council Tax precepts because, clearly, there are great discrepancies in different parts of the country. That, therefore, affects not only how much that can be increased, and the amount that a police commissioner or, in the case of London, the Mayor, can achieve for the policing of that area, but also it decides how much of an impact any changes have on the central funding, be that the formula changes or CSR.

Sara Thornton: Yes. The—

Craig Mackey: Yes.

Chair: We will accept that answer.

Craig Mackey: It is £3 billion of funding. It is very strange to say you have designed a funding formula that ignores £3 billion of funding.

Sara Thornton: The consultation paper was about police funding but it only dealt with Government grant. It did not deal with precept. The levels of precept vary so enormously: £88 in Northumbria for band A; £216 in Surrey. It is more than double in Surrey for very similar levels of service, I would argue. It is just not sensible.

In my response to Treasury on the spending review, I wrote and said, "This issue about precept needs to be dealt with. There needs to be much greater flexibility for police and crime commissioners". The police and crime commissioners wrote in similar terms, so the Home Secretary wrote back to both me and Nick Alston saying, "What are your views?" We discussed this with chiefs last week and I have sent a response now to the Home Secretary saying that if we accept that the precept is set by locally elected police and crime

commissioners, while they have to think about pressures on household expenditure, they are the best ones to judge what is appropriate and we suggest that the referendum trigger should increase. The figure I put in, in the end, having debated it with several colleagues, was 9.9% for all forces but particularly those that are precepting at the lower level, could we have a cash limit and we suggested £20 for the lowest third.

Interestingly, the chief of Devon and Cornwall wrote to me as well saying that for those forces that are most affected by changes in the funding formula could there be greater flexibility for them as well, so we have written back to the Home Secretary, “We really do need greater flexibility” because I think the current situation is just not defensible. It is based on history and we need to be able to change it.

Q181 Chair: Thank you. We are coming to the end now. You have told this Committee that the current situation is not defensible. You have yet to see evidence that it is fit for purpose. You represent winners and losers of course, as the Chair of the National Council. Your previous chief constableness was Thames Valley, and you, Mr Mackey, were previously the chief constable of Cumbria. Both those commissioners are the signatories to this famous letter, which is not supposed to be leaked, but everyone in the country seems to have a copy. You think, Sara Thornton, there ought to be a pause before a final decision is made to allow this additional information to go forward so that there can be a proper analysis of the kinds of things that you and others have been saying?

Sara Thornton: Maybe. Chairman, can I just pick up on the first thing you said? When I was saying, “It is not defensible,” I was talking about precept not grant, the other aspect of funding.

Chair: Okay. It sounds a bit vague: “Maybe a pause”. Do you think there should be a pause?

Sara Thornton: I will explain why. There is an issue, first of all, about whether the variables are correct and the Home Office are working very hard to try to reassure us, but then the two other elements are about transition. Colleagues were asked about this earlier on. My understanding from the Home Office is that transition would always be over the period of Parliament, so it is four years, and there is no expectation that transition would be a straight line, so equal percentage implementation each year. You could either load it towards the frontend or the backend. Actually, to say that there is no transition in 2016-17 has the equivalent effect of a pause, so that is one option the Home Office might consider.

The other thing that I am not sure they have done is that for some forces I think there is a bit of a question mark about viability. If I was in one of those forces I would be pushing very hard—and I have pushed hard with Home Office—to say, “Has somebody in the Home Office or the inspectorate looked carefully at the maths on this to make sure these forces are viable?” I am not sure they have done it for all forces, so places like Bedfordshire, Cumbria, I am very concerned about.

Chair: Lancashire?

Sara Thornton: Lancashire is a much bigger force. Cumbria and Bedfordshire are so much smaller and that is the difficulty I think for them.

Q182 Chair: Indeed. Finally to you, Craig Mackey, there was an article that suggests that you might be going to the banks in order to borrow money in order to keep afloat.

Craig Mackey: Right.

Chair: Is that right? Are you looking for the banks and big business to either borrow money from them or, indeed, help to pay for investigations? For example, TalkTalk, as we know, a lot of data went out, a very complicated area of cybercrime. Should they be charged for the help that you give them in order to assist with cybercrime, these big companies that are making a lot of money? Why should the council tax payer have to pay for this?

Craig Mackey: I was very clear on that.

Just to finish one to reassure the Committee. I am not aware—certainly running the finances—we are not going to the banks to borrow money. That was part of the response of saying—and I think we covered some of that in the earlier question—the offer going forward might have to be different and we might have to work with large organisations. Take: why is London different? We get 34% of all the referrals around fraud and cyber in London—we actually account for about 14% of the work out of that—but most large corporations have their headquarters here, so it is going to have a footprint here in terms of how it works. Is it not right that when we are working with large organisations and business we say, “What can you do to help? How can you step into this space with us?” We are doing it to some extent with some of the work we already do in London.

Q183 Chair: What about sponsorship of your cars?

Craig Mackey: Sorry?

Chair: Has Bedfordshire said that they are happy to have easyJet sponsor their cars? Would you have G4S sponsor your cars?

Craig Mackey: At the moment it goes back to a point your colleague made. That is quite difficult to do legally. We would like to look at the whole issue of charging, sponsorship, at how you can support policing in that space. Some of this high-end work that we are talking about, let’s at least have the debate. It has to sit within our proper ethical framework but colleagues who know London well will know we already do work with TfL colleagues, where we receive substantial sums as part of our budget line that come from TfL for services we provide.

Q184 Chair: Final question: is this a defining moment for policing or are we just at another moment when cash is tight? Is this a big moment?

Craig Mackey: I would go to the RSA report that was published recently. It says the next decade for London will be one of the most challenging in the Met’s history, in terms of making sure it gets it right, to deliver the things we do going forward. I have been around policing now over 30 years. I think it is another one of those periods of time. We and the collective leadership at the moment have not gone through a period where we have seen this scale of movement around our funding and redesigning our service so quickly, so in that point it is different.

Chair: Sara Thornton, a defining moment or just another moment in the history of policing?

Sara Thornton: We have made it quite clear in our response to the spending review that if the Government grants were cut at 40% at the top end it would be unsustainable. I think that is a defining moment.

Chair: Sara Thornton, Craig Mackey, thank you very much for coming in. My apologies again for keeping you waiting.