



The Damping Mechanism & its impact on Policing

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Integrity

Respect

Performance

Responsibility

Innovation

Why have Damping ?

- **Protects the poorest** from significant grant losses
- **Provides a transition** to new funding formulas

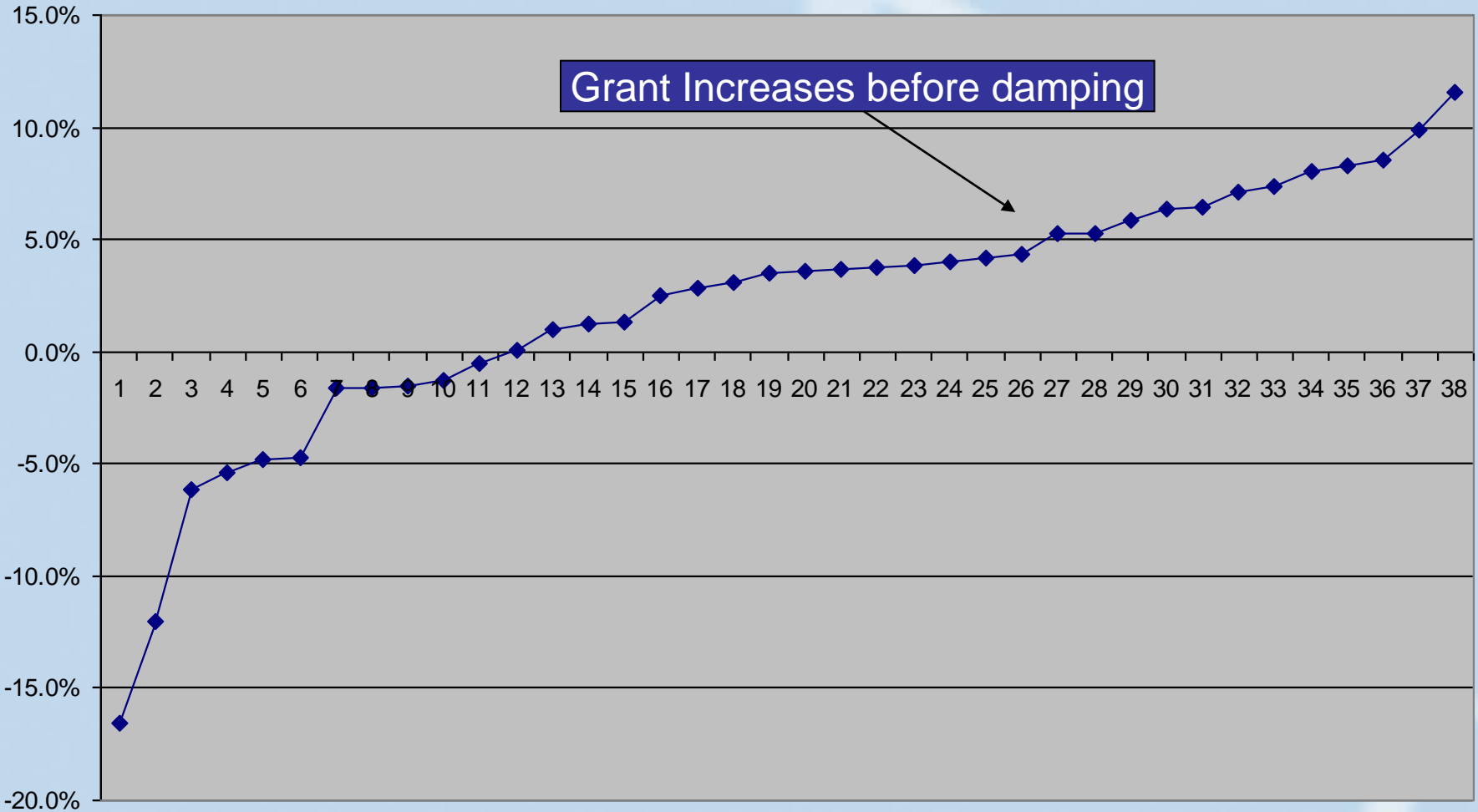
PROVIDES STABILITY

How is it done ?

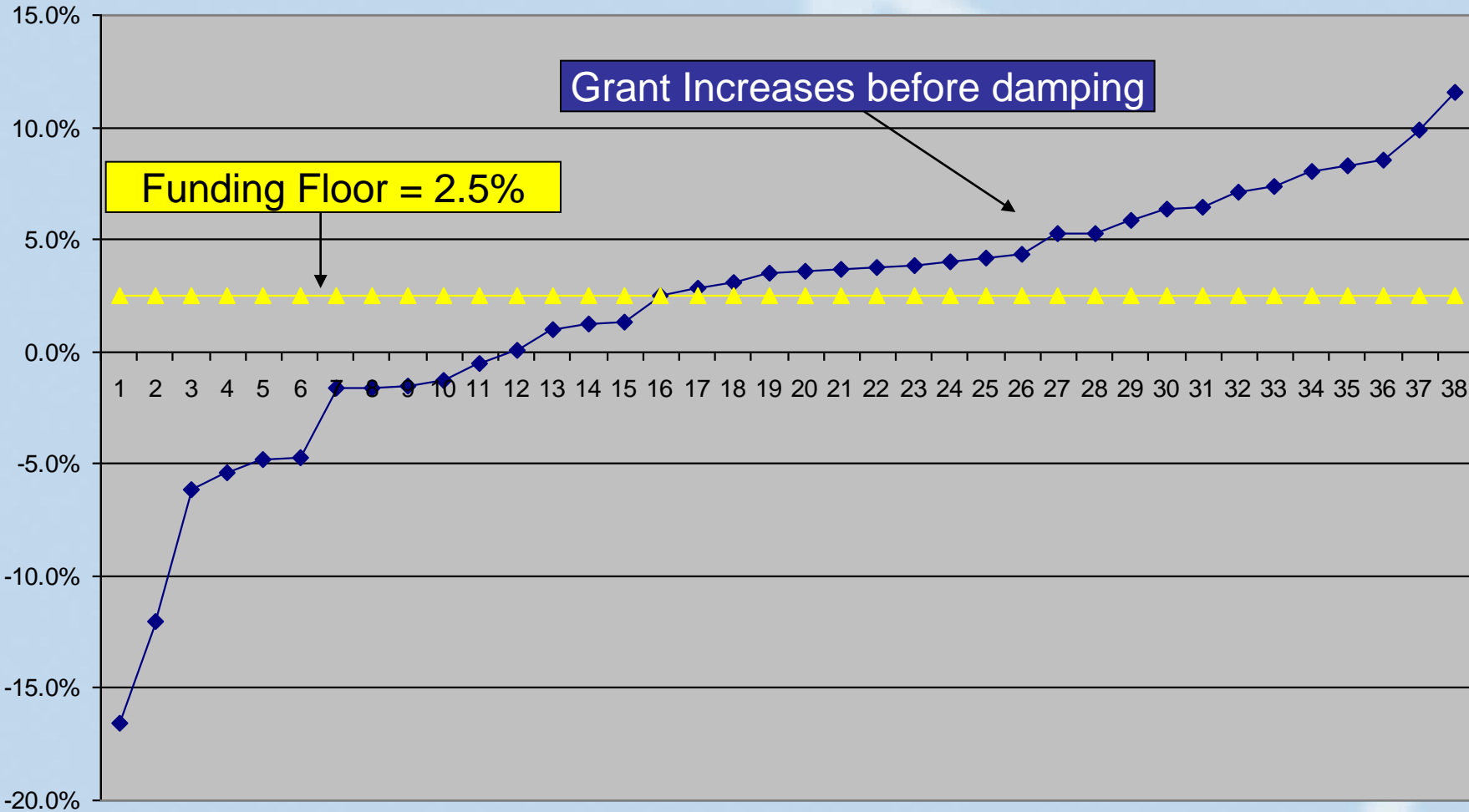
- Damping guarantees every authority an increase in grant
- The guarantee was 2.5% for the last 4 years

This is known as the FLOOR

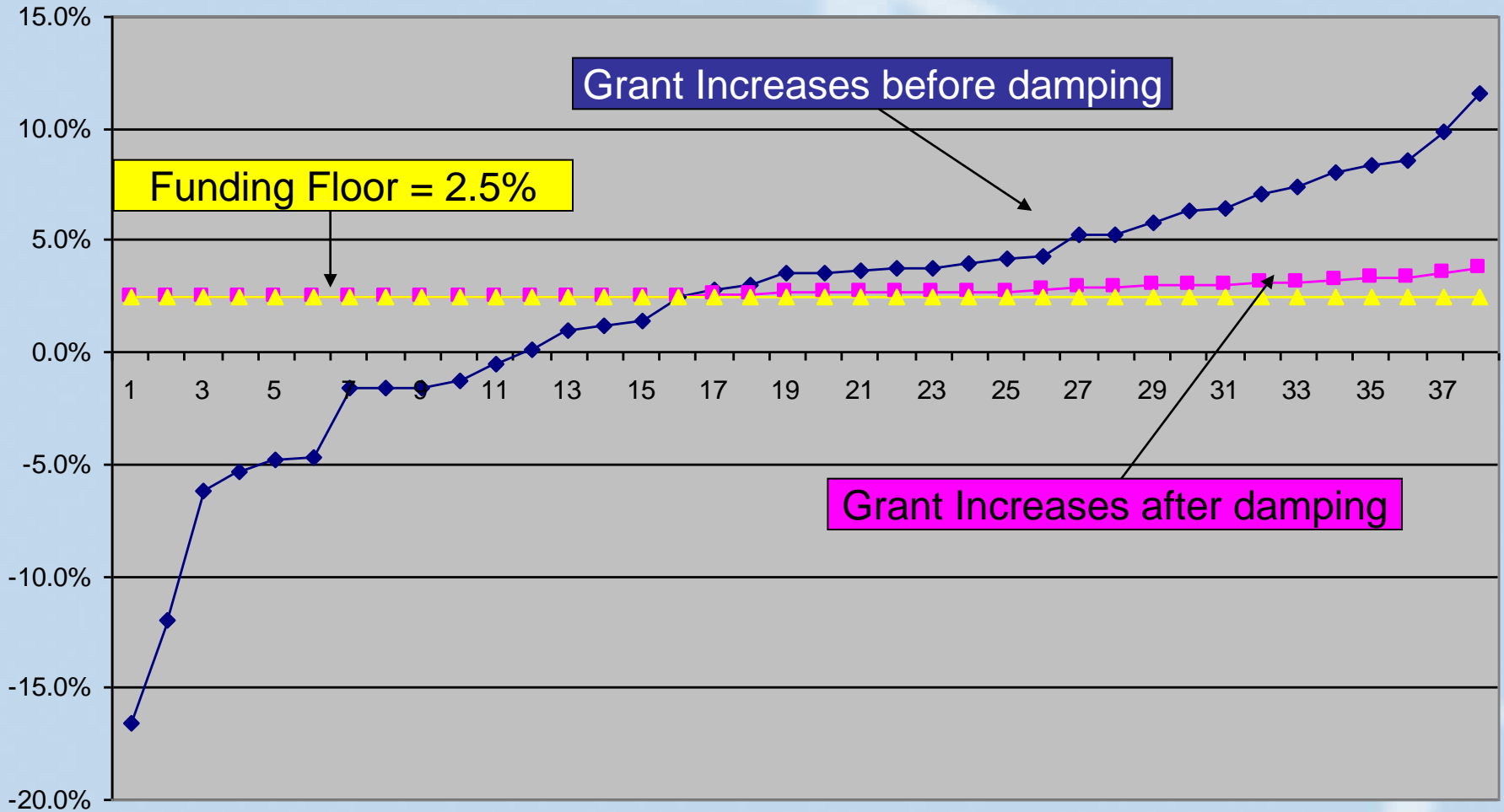
How does it work ?



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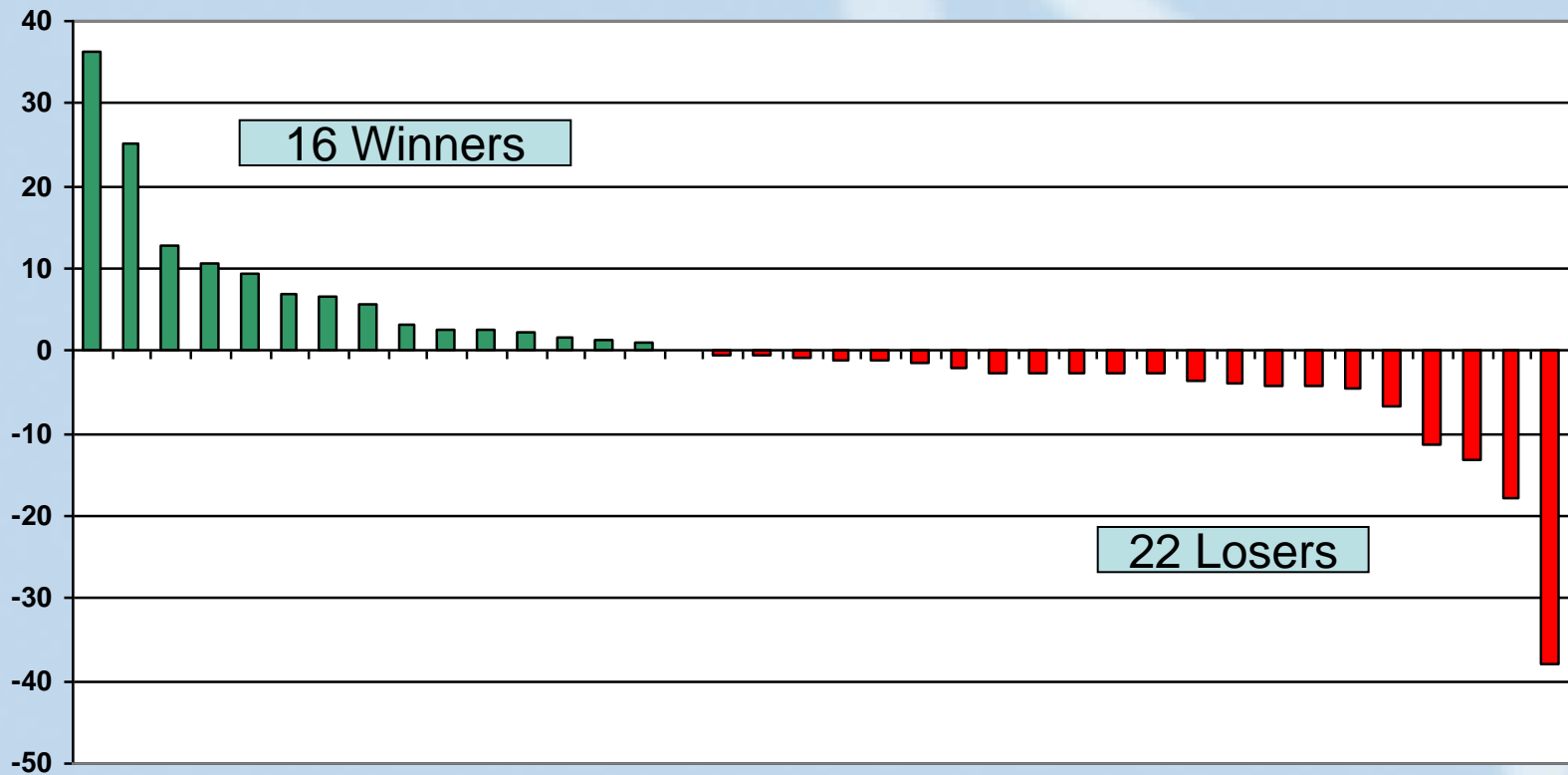


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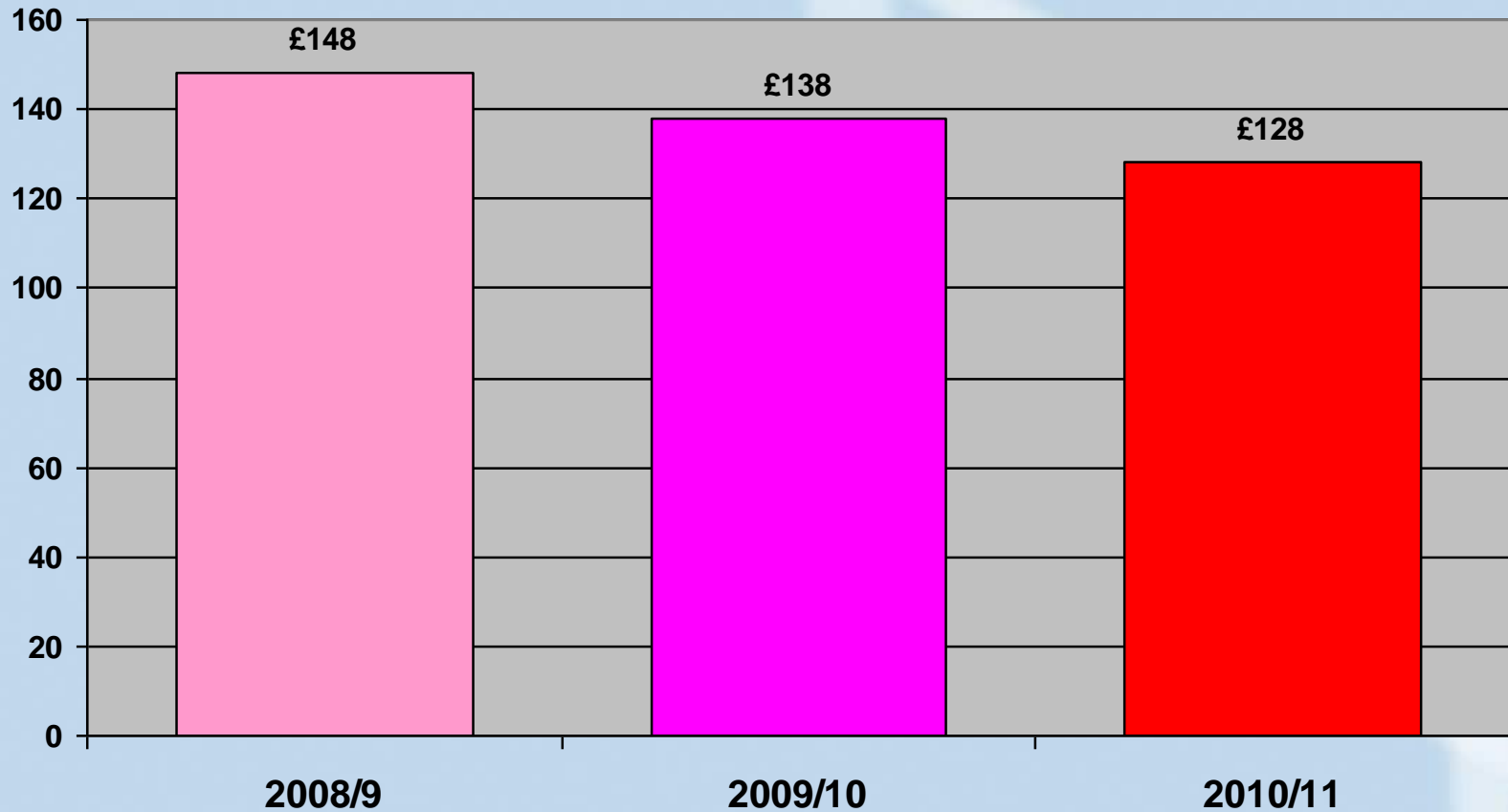
How does it affect Authorities ?

Grant Gains & Losses (£'m)



More Losers than Winners

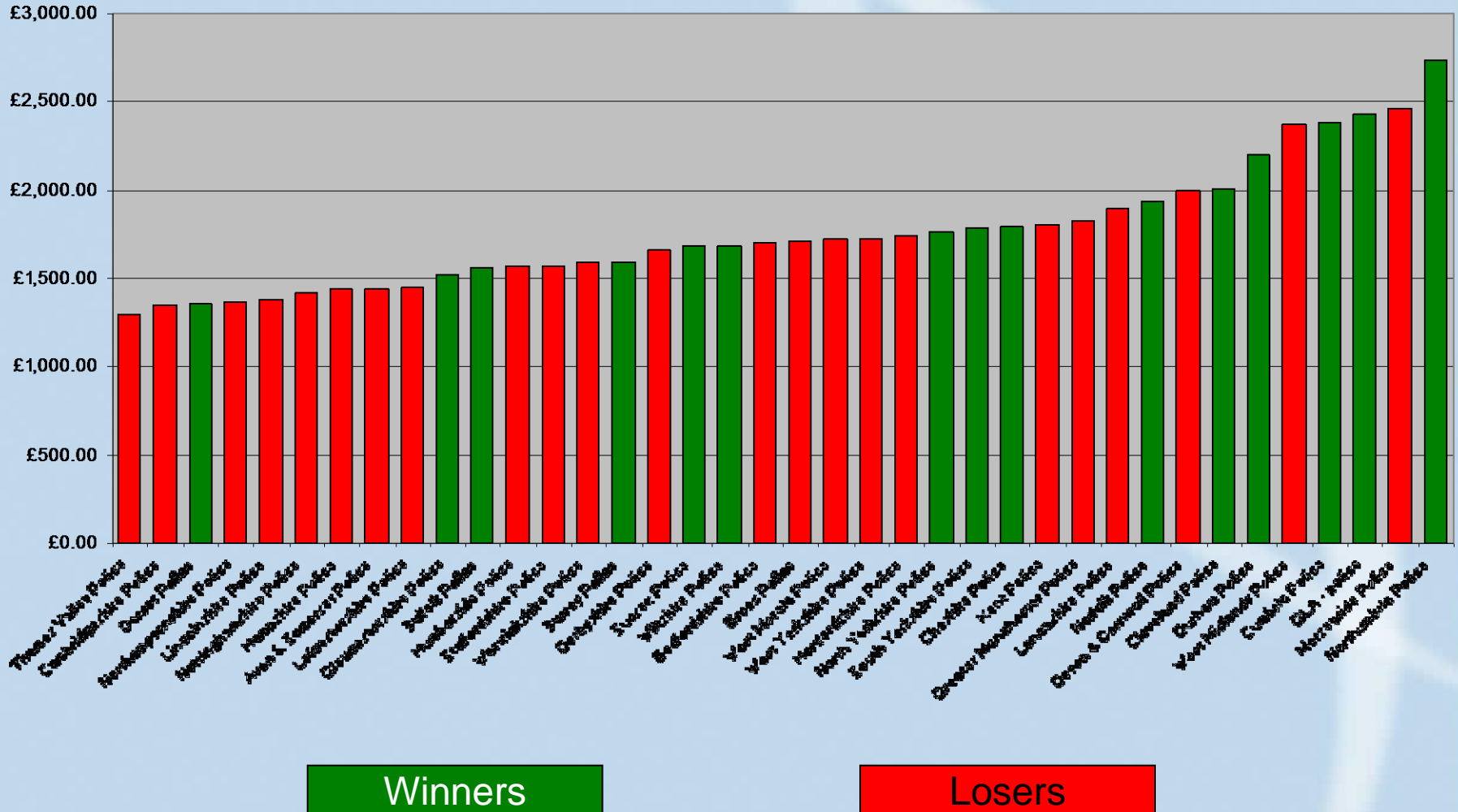
What does it Cost ?



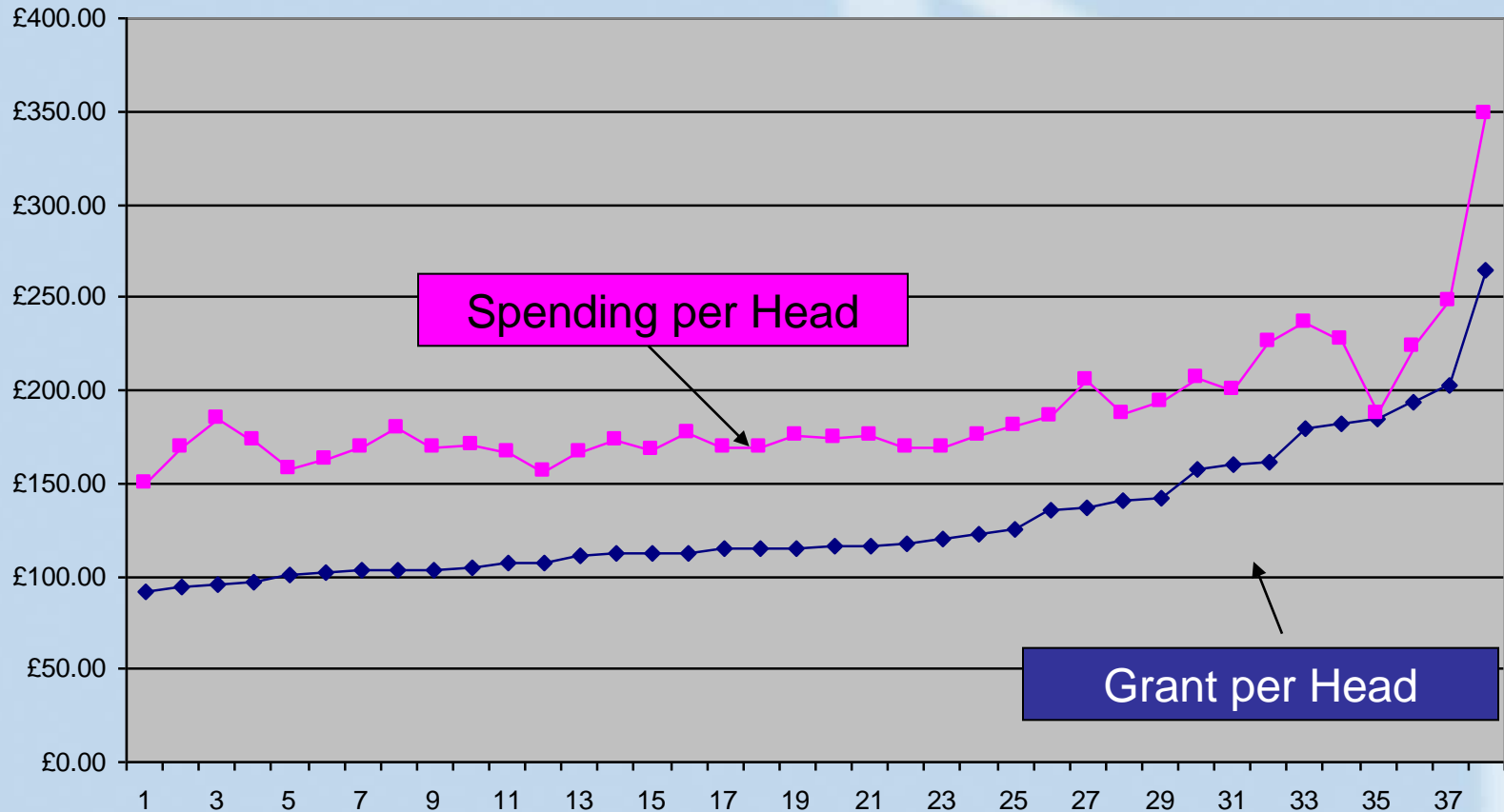
Over £400m lost to damping over last 3 years

Protection for the Poorest ?

Actual Grant per Crime



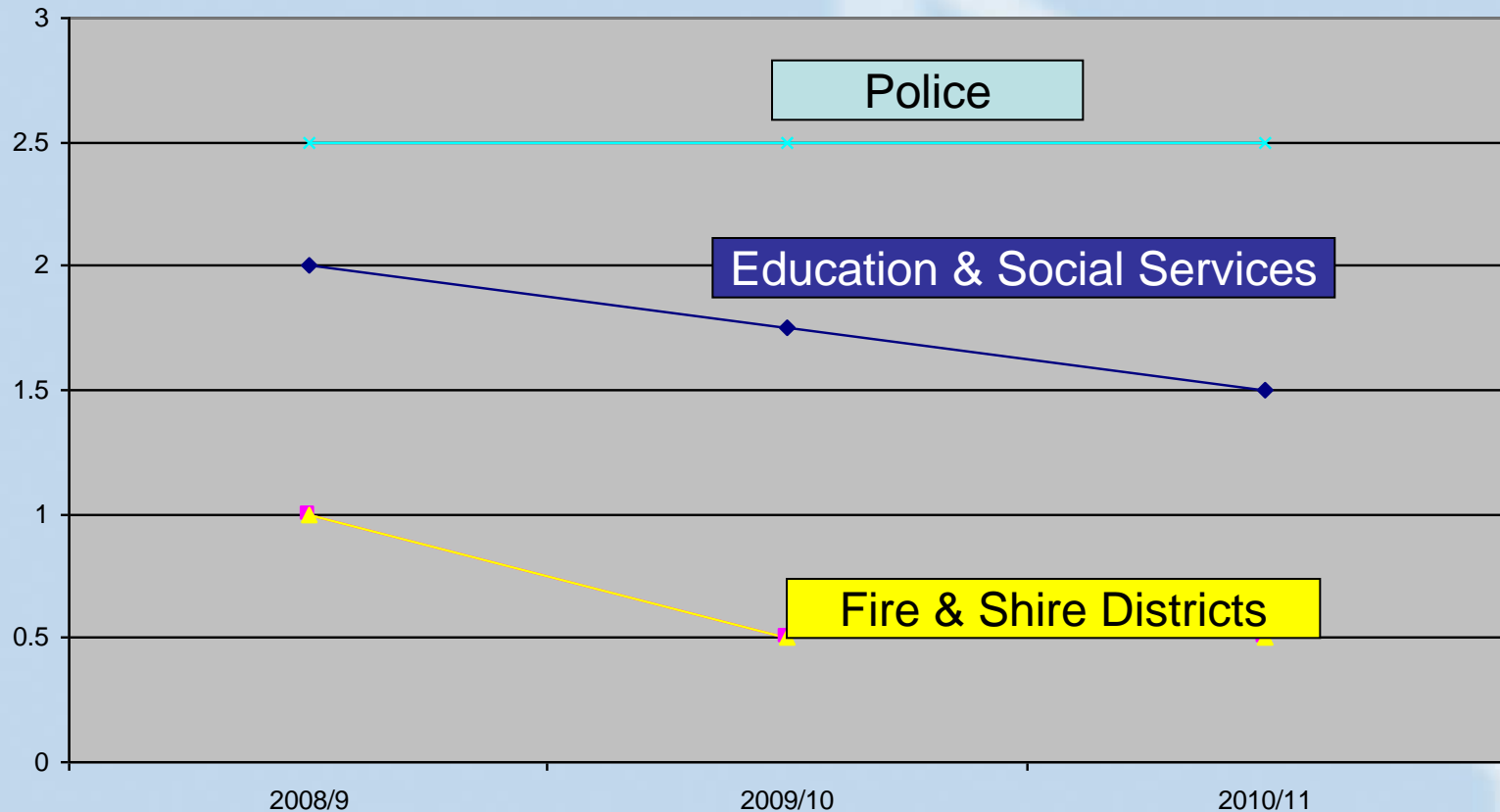
How the Grant Affects what we can Spend



Higher Grant means Higher Spending

Transition – What Transition ?

Floor reduced for all other Authorities

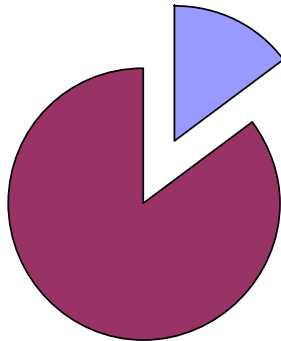


But NO reduction in the Police Floor

Reliance on Grant means bigger budget cuts

Authority A

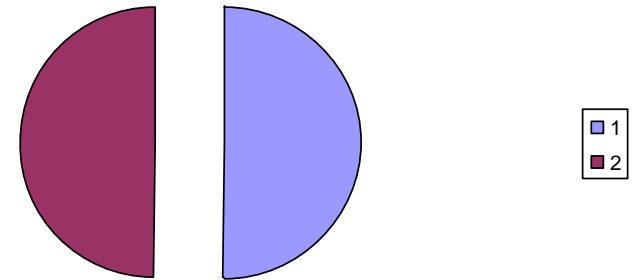
Council Tax covers as little as
15%
Of Total Spending



20% Spending Reduction

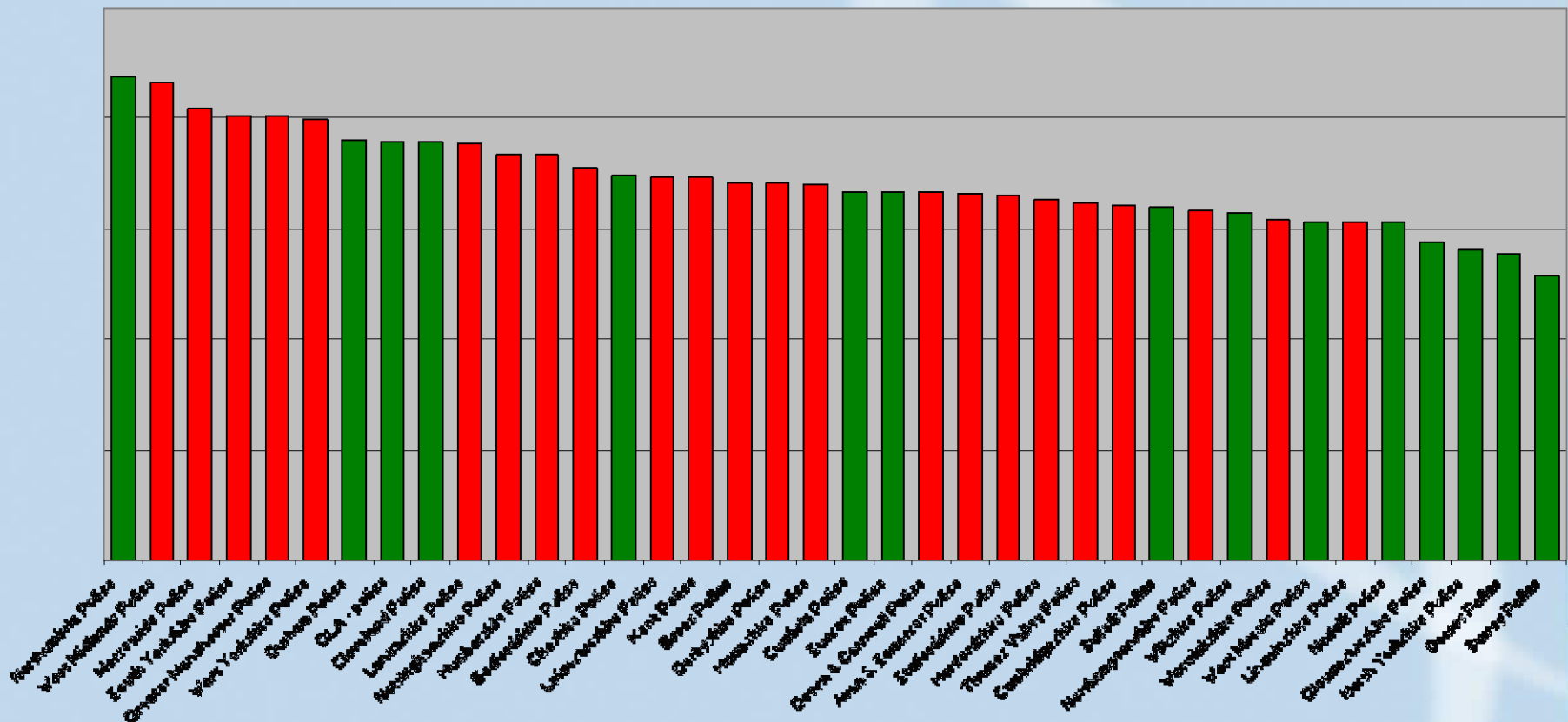
Authority B

Council Tax covers as much as
50%
Of Total Spending



12% Spending Reduction

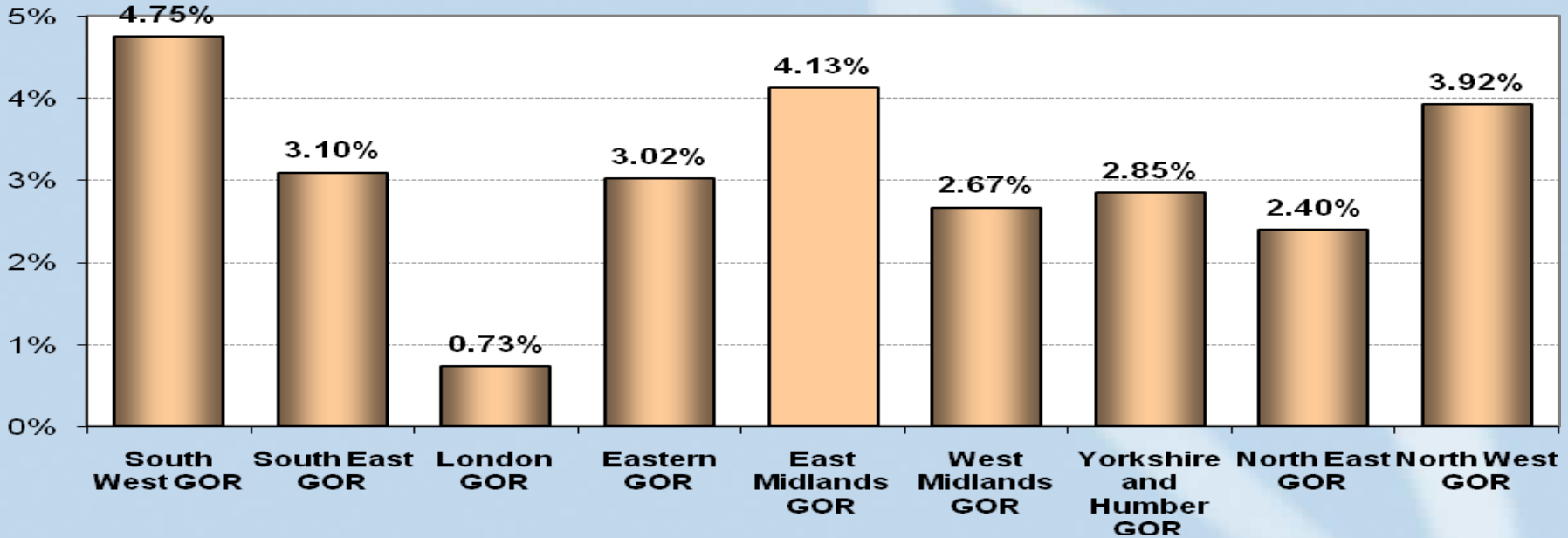
Variation in Spending Reduction



Forces who lose out on grant tend to face greater spending reductions

Covert Damping

Mid-Year Estimate Growth Rate (2001-2007)



**Population Projection and Census Data
is slow to feed into Formula**

Formula is not updated promptly for data changes

Don't extra people need policing?

- Why is the grant so slow to catch up with population changes ?
- Our costs rise as our population rises ?

**Even if the formula responded quickly,
the damping mechanism would delay extra funding**

The Alice in Wonderland World of Grant Distribution

- Spend ages reviewing the formula
- Suggest changes to improve it
- Consult widely on changes
- Introduce improvement



**Then spend even more time devising ways
NOT to implement the changes in the interest of stability**

Why is Stability so Important ?



The Police Service the Grant funds in 2010 is very different to the service it funded before 2000.



But

The Damping Mechanism Prevents Police Grant Responding to this.

Policing Risk Changes over Time

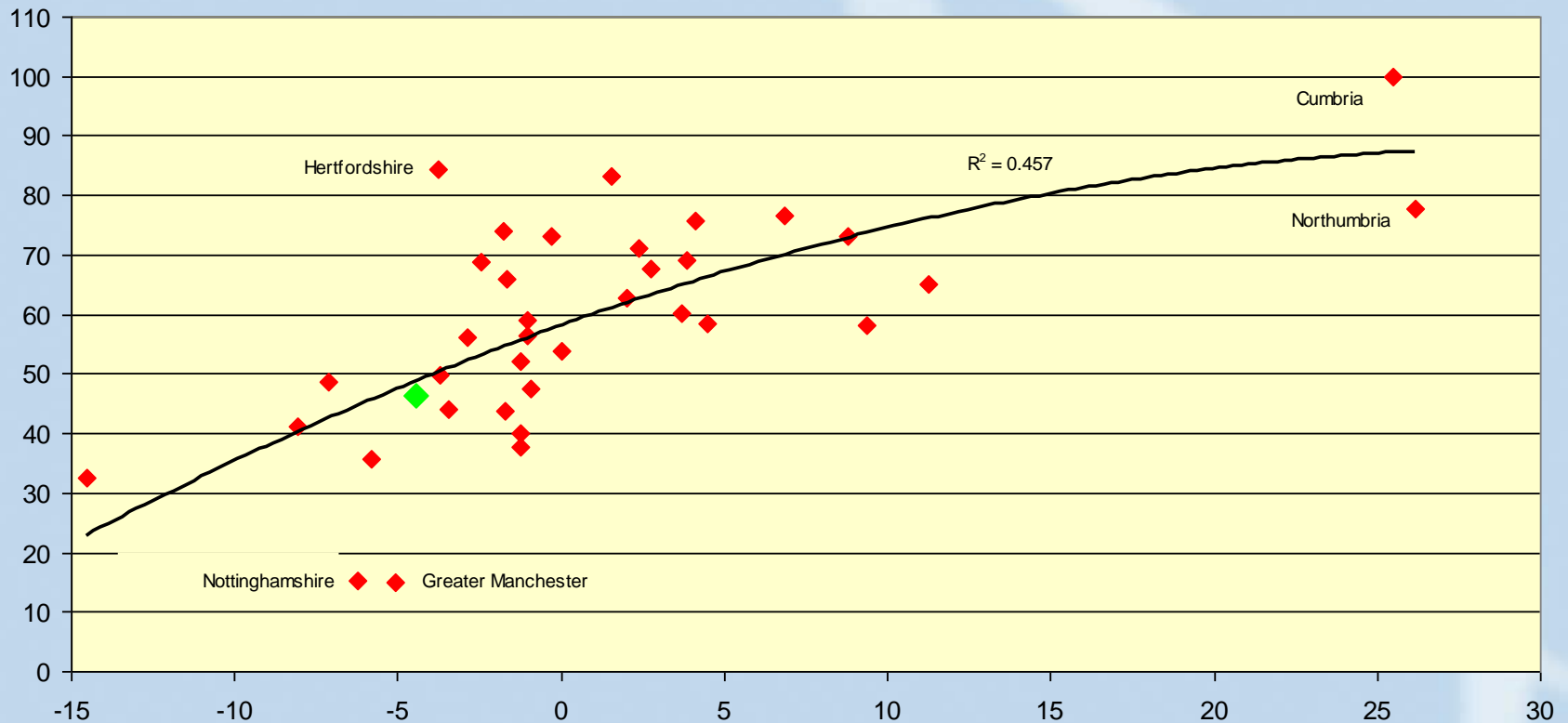


- Closing the Risk Gap
- Protective Services
- Child Protection (Baby P)
- Counter Terrorism
- The Policing Pledge
- Neighbourhood Policing
- Population Changes

BUT Grant Allocations have not changed

What does this mean for Performance ?

NATIONAL SCORE v GAIN/LOSS PER HEAD



Grant Losses do impact on Performance

A real debate on Stability

- Is stability the most important factor?
- Is there a better way to phase in grant changes?
- Even in a period of grant reductions ?
- Does stability mask bigger risks elsewhere?

An Opportunity for Change

- Funding Floors inappropriate in a period of grant reduction
- Another 4 years of grant losses ???
- How can directly elected commissioners be accountable ?
- Inconsistent with proposals for local council tax referendum

Questions

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