

The Provisional 2021-22 Police Funding Settlement

17 December 2020

Introduction

The 2021-22 Provisional Settlement was announced on 17 December in a [written statement](#) by the Policing Minister, Kit Malthouse.

Full details of the Settlement can be found on the Home Office [gov.uk](#) pages. The Welsh Government also published information for the Welsh forces on their [website](#).

Unlike last year, the Home Office have opted to do a provisional settlement rather than proceeding straight to final settlement in order to obtain feedback from stakeholders. The deadline for submissions to the provisional is 15 January. This settlement follows the [one-year SR](#) and takes place with a backdrop of severe economic difficulties due to the ongoing Coronavirus Pandemic as well as uncertainty around Brexit. GDP for the year was down 11.3%, the largest recession recorded.

Prior to the publication of settlement, the sector was expecting an additional £400m for the recruitment of 6,000 officers (towards the 20,000 total). Kit Malthouse confirmed that there would be an increase of £415m for PCCs to continue to recruit officers. The document goes on to state that “*to ensure...progress in recruitment is maintained, and to track the use of this investment efficiently, the Government will continue to ringfence £100 million of the additional funding*”. This ring-fenced grant will be akin to the previous settlement grant of £168m and will be split according to funding formula allocation. Part of this funding allocation is to go to the recruitment of ROCU officers through the same mechanism.

Additionally, the sector was expecting last year’s PUP funding (£700m) to be rolled into the baseline. However, the WMS stated that *in total* PCCs will get an increase of £703m *assuming that the full precept flexibility is taken*. As confirmed in SR2020, the council tax referendum principles will be £15 per PCC, which, assuming every force maximised the increase, means an extra £288m for policing in 2021-22. Furthermore, PCCs will receive a portion of the £670m additional grant funding announced for the local council tax support as part of SR2020.

Headlines

Given the recent publication of the 2020 spending review (published much later in the year than previous SR’s), some of the settlement was already known. The headlines below build upon with headlines from SR2020:

- Core Grant (including the PUP grant) increases from 7.8bn to 8.2bn, a difference of 413.6m an increase of 5.3%.
- £15 precept flexibility for all PCCs, or equivalent.
- 75% of council tax losses (due to Covid-19) to be compensated. More information to be released in the coming days.
- £87.4m (8%) decrease in reallocations from £1.1bn in 2020-21 to 1.03bn in 2021-22.
- Flat cash pension grant allocations compared to 2020-21.
- Capital grant remains cash flat for PCCs at £12.3m
- £52.3m capital funding for national priorities and infrastructure

Core Funding

Core Funding, which is defined as the sum of Police Grant, Rule 1, the Welsh Grants and Ex-CLG funding has increased by 6.3%. However, once the PUP ringfenced grants from this year and the previous year are included, this figure drops to 5.3%.

Annex A shows the changes between this year and last year with core grant + PUP grant.

Council Tax

In 2018-19 the referendum threshold in England (Wales does not have council tax referendum limits) was £12. In 2019-20 the limit doubled to £24. Meaning that a band D precept could increase by £24 without triggering a referendum to be called. Many commentators speculated that this doubling to £24 in 2019-20 was essentially two years' increases in one year – recognising that 2020 was an election year for PCCs. However, 2020-21 saw a referendum principle of £10.

Today's provisional settlement confirms what was announced in SR2020, that English PCCs, or their equivalents, will be able to increase Band D bills by as much as £15 without triggering a referendum. There remains no referendum mechanism in Wales.

Assuming each PCC increases their precept by £15, combined with tax base assumptions, there will be an additional £288m of resources for policing from council tax alone. Due to historic differences in council tax, increases for individual PCCs range from 5.4% in Surrey to 10.8% in Northumbria. The unweighted average for all PCCs is 6.6%.

Assuming every force takes the £15 precept, the average band D police precept in England and Wales will be £240.92 with an average of 38% of total funding coming from council tax (including precept grant and legacy council tax support grants).

Tax Base Assumptions

The Home Office have used the OBR's latest Tax Base assumptions published in the [Economic and Fiscal Outlook for November 2020](#). Table 4.1 in the [supplementary tables](#) gives the tax base assumptions of -0.16% for England and 0.8% for Wales.

Reallocations

In 2020-21 the top slices/reallocations total £1.033.5bn, £87.4m lower than last year (£1.120bn). Primarily, this difference comes from a £26m reduction in special grant, a £52m reduction in Top ups to NCAs and ROCUs (it is worth noting that this top up now only applies to ROCUs), a £14m reduction in Police technology programmes and an £8m reduction in National Capability programmes.

Police Funding	2017/18 (£m)	2018/19 (£m)	2019-20 (£m)	2020-21 (£m)	2021-22 (£)
o/w Reallocations and adjustments	812	945	1,029	1,120.9	1,033.5
PFI	73	73	73	72.8	71.6
Police technology programmes	417	495	495	498.4	484.7
Arm's length bodies	54	63	63	73.1	70.5
Police Uplift Programme				16.5	14.5
National Operational Policing Units (including football policing and wildlife crime)				2.9	2.9
Top-ups to NCA and ROCUs (as of 2021-22, this only applies to ROCUs)	-	-	56	56.8	4.9
Strengthening the response to Organised Crime	28	42	90	140	146.3
Counter Terrorism				32.4	32.5
Police transformation fund	175	175	175		
National Capability Programmes				47.0	38.7
Forensics				28.6	25.6
Special Grant	50	93	73	80.9	54.8
Pre-charge bail	15	4	4	2.0	2

Police Funding	2017/18 (£m)	2018/19 (£m)	2019-20 (£m)	2020-21 (£m)	2021- 22 (£)
Serious Violence	-	-	-	38.9	38.9
PRUM (Transition from EU Systems)	-	-	-	1.8	-
HO STAR (Science Technology & Research)	-	-	-	8.0	-
Blue Light Commercial	-	-	-	3.7	5
Police Now				7.0	7
Safer Streets Fund				10.0	20
Science Technology and Research					5.2
International Crime Coordination Centre					5
National Policing Capabilities (NPCC)					3.2

Figures may not add up correctly, due to rounding

Pensions Grant

Pensions Grant allocations remain unchanged from those in 2019-20 as well as 2020-21. They have *not* been updated to reflect the new forecasts.

Council Tax Legacy Grant

The Council Tax Legacy Grants relating to Council Tax Freeze grants from 2011-12, 2013-14, 2014-15 and 2015-16 as well as Local Council Tax Support (LCTS) funding remains separately identifiable in 2021-22.

National and International Capital City Grant (NICC)

In 2020-21 the NICC grant for the City of London and MOPAC (which used to be referred to as the Met special Payment) have remained frozen in cash terms at £4,834,086 and £185,339,439 respectively.

Precept Grant

In recognition of the City of London not benefiting from the increases in precept this year's precept grant has risen to £4.57m, an increase of £1.12m.

Capital Funding

Total Police Capital Grants are now worth £64.6m but only £12.3m will be allocated locally, staying cash flat with the previous year.

Capital Grant allocations for individual forces can be found in the [tables](#) accompanying the written ministerial statement.

2020-21	£m
Police Capital Grant	12.3
Police Live Services	9.2
National Police Air Service	11.5
Arm's Length Bodies	4.0
Police Technology Programmes	15.0
Counter Terrorism	1.6
Serious and Organised Crime Programmes	9.0
Football Policing	2.0
TOTAL	64.6

Counter Terrorism

The Minister announced a total of 914m for Counter Terrorism (CT) policing in 2021-22. This is £46m lower than the previous year. However, the Minister makes it clear that continued investment in CT policing will support record high numbers of counter terrorism policing investigations across the UK. It is also worth noting that some of the £120 million cashable savings have come from CT. More information below.

Change since 2010-11

The PACCTS Technical Support Team has been maintaining a historic database of police settlements since 2010-11. Every year we update this using the latest GDP deflation factors from the Treasury.

In cash terms, funding has increased, on average, by 9.2% between 2010-11 and 2021-22. However, when we account for inflation, this figure drops to -10.7%.

In terms of core grant, the cash cut between 2010-11 and 2020-21 is -17%. However, once inflation is considered, that figure drops to -27%. This is an improvement on last year's figure of -30.6%. These figures include core grant as well as the additional uplift grants for their respective years.

Expectations of the Sector

According to the statement, the Government expects the police to continue to build on the progress that has been made in terms of efficiency and productivity. The statement lays out three targets.

- Forces to recruit another 6,000 officers by the end of March 2022 (some of these officers are expected to go into Counter Terrorism Policing, ROCUs and the National Fraud Intelligence Bureau).
- £120m efficiency savings from across the law enforcement sector (reflected as part of this funding settlement). These are expected to be delivered through a combination of improved procurement practises as well as savings in areas such as estates, agile working and shared services. They are broken down as follows:
 - £95m against core grant
 - £8m against CT policing
 - £2.8m from the NCA
 - £14.2 programmes within reallocations.
- High quality data should be collected and used to support local delivery, identify efficiencies and support the National Policing Board's drive to deliver the best possible outcomes within policing.

The deadline for a response is 15 January. The TST will create a response, reflecting the thoughts of members. Should you have anything that you wish to be highlighted, please send an email to the TST.

Briefing produced by the PACCTS Technical Support Team

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Annex A – Increase in core funding between 2020-21 and 2021-22 (including PUP grant)

	2020-21 Core Funding (Police Grant, Ex-CLG Grant, Welsh Grants and Rule 1) + PUP	2021-22 Home Office Police Grant including rule 1	2021-22 Additional £100m	2021-22 Welsh Funding - Governemnt Grants and Top-up Grants and redistribution	2021-22 Ex-CLG Grant	2021-22 Core Funding (Police Grant, Ex-CLG Grant, Welsh Grants and Rule 1)	Difference	
		<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e=a+b+c+d</i>		
Avon & Somerset	£178,610,463	£121,928,023	£2,300,000	£0	£63,856,043	£188,084,066	£9,473,603	5.3%
Bedfordshire	£70,401,431	£46,828,102	£900,000	£0	£26,400,890	£74,128,992	£3,727,561	5.3%
Cambridgeshire	£80,623,959	£56,313,477	£1,000,000	£0	£27,548,614	£84,862,091	£4,238,132	5.3%
Cheshire	£117,495,807	£71,378,034	£1,500,000	£0	£50,836,803	£123,714,837	£6,219,030	5.3%
City of London	£57,536,457	£21,365,564	£700,000	£0	£38,481,753	£60,547,317	£3,010,860	5.2%
Cleveland	£93,648,620	£53,581,801	£1,200,000	£0	£43,828,066	£98,609,867	£4,961,247	5.3%
Cumbria	£65,845,890	£33,344,172	£800,000	£0	£35,146,313	£69,290,485	£3,444,595	5.2%
Derbyshire	£110,401,109	£72,121,820	£1,400,000	£0	£42,713,373	£116,235,193	£5,834,084	5.3%
Devon & Cornwall	£183,404,789	£119,266,716	£2,300,000	£0	£71,504,232	£193,070,948	£9,666,159	5.3%
Dorset	£64,768,171	£47,873,509	£800,000	£0	£19,495,972	£68,169,481	£3,401,310	5.3%
Durham	£88,106,232	£49,583,706	£1,100,000	£0	£42,061,171	£92,744,877	£4,638,645	5.3%
Dyfed-Powys	£55,306,285	£32,631,457	£700,000	£24,865,840	£0	£58,197,297	£2,891,012	5.2%
Essex	£175,516,132	£119,328,103	£2,200,000	£0	£63,237,352	£184,765,455	£9,249,323	5.3%
Gloucestershire	£59,630,230	£39,926,014	£800,000	£0	£22,099,169	£62,825,183	£3,194,953	5.4%
Greater Manchester	£451,203,338	£263,112,928	£5,800,000	£0	£206,212,267	£475,125,195	£23,921,857	5.3%
Gwent	£80,175,556	£48,652,344	£1,000,000	£34,786,190	£0	£84,438,534	£4,262,978	5.3%
Hampshire	£202,539,953	£139,331,623	£2,600,000	£0	£71,343,022	£213,274,645	£10,734,692	5.3%
Hertfordshire	£119,171,362	£82,887,889	£1,500,000	£0	£41,069,800	£125,457,689	£6,286,327	5.3%
Humberside	£125,862,813	£78,070,330	£1,600,000	£0	£52,847,561	£132,517,891	£6,655,078	5.3%
Kent	£191,183,123	£123,392,658	£2,400,000	£0	£75,469,029	£201,261,687	£10,078,564	5.3%

Lancashire	£198,734,182	£116,742,595	£2,500,000	£0	£89,973,426	£209,216,021	£10,481,839	5.3%
Leicestershire	£116,108,678	£75,864,611	£1,500,000	£0	£44,907,386	£122,271,997	£6,163,319	5.3%
Lincolnshire	£64,944,823	£44,585,299	£800,000	£0	£22,967,928	£68,353,227	£3,408,404	5.2%
Merseyside	£260,220,057	£142,181,617	£3,300,000	£0	£128,489,761	£273,971,378	£13,751,321	5.3%
MOPAC	£1,781,845,226	£1,000,164,185	£22,800,000	£0	£853,245,992	£1,876,210,177	£94,364,951	5.3%
Norfolk	£87,355,119	£58,302,743	£1,100,000	£0	£32,560,854	£91,963,597	£4,608,478	5.3%
North Wales	£80,445,548	£47,126,614	£1,000,000	£36,526,709	£0	£84,653,323	£4,207,775	5.2%
North Yorkshire	£75,997,883	£48,392,272	£1,000,000	£0	£30,657,943	£80,050,215	£4,052,332	5.3%
Northamptonshire	£74,479,952	£50,119,999	£1,000,000	£0	£27,351,320	£78,471,319	£3,991,367	5.4%
Northumbria	£240,522,425	£127,854,762	£3,100,000	£0	£122,327,859	£253,282,621	£12,760,196	5.3%
Nottinghamshire	£139,398,170	£90,477,050	£1,800,000	£0	£54,519,823	£146,796,873	£7,398,703	5.3%
South Wales	£176,538,332	£113,302,041	£2,300,000	£70,337,277	£0	£185,939,318	£9,400,986	5.3%
South Yorkshire	£196,911,292	£116,791,188	£2,500,000	£0	£88,028,730	£207,319,918	£10,408,626	5.3%
Staffordshire	£117,689,806	£77,189,476	£1,500,000	£0	£45,227,152	£123,916,628	£6,226,822	5.3%
Suffolk	£70,322,290	£47,279,167	£900,000	£0	£25,867,504	£74,046,671	£3,724,381	5.3%
Surrey	£101,056,774	£72,172,040	£1,300,000	£0	£32,943,517	£106,415,557	£5,358,783	5.3%
Sussex	£167,781,048	£113,576,647	£2,100,000	£0	£60,943,058	£176,619,705	£8,838,657	5.3%
Thames Valley	£237,883,169	£163,954,904	£3,000,000	£0	£83,482,460	£250,437,364	£12,554,195	5.3%
Warwickshire	£53,590,559	£36,031,556	£700,000	£0	£19,711,382	£56,442,938	£2,852,379	5.3%
West Mercia	£121,352,893	£77,028,938	£1,600,000	£0	£49,197,899	£127,826,837	£6,473,944	5.3%
West Midlands	£476,735,277	£291,200,682	£6,100,000	£0	£204,681,901	£501,982,583	£25,247,306	5.3%
West Yorkshire	£332,683,832	£199,138,790	£4,300,000	£0	£146,906,753	£350,345,543	£17,661,711	5.3%
Wiltshire	£64,325,226	£43,519,042	£800,000	£0	£23,389,704	£67,708,746	£3,383,520	5.3%
PACCTS TOTAL	£7,808,354,282	£4,773,914,488	£99,600,000	£166,516,016	£3,181,533,782	£8,221,564,286	£413,210,004	5.3%