



27 June 2013

**Police and Crime Commissioners,
Mayor of London and Chair of the Common Council's Police Committee**

SPENDING ROUND 2013

Yesterday the Chancellor announced the results from the 2013 Spending Round, setting out how the Government will spend £745 billion pounds of taxpayers' money between April 2015 and April 2016. I thought it would be helpful to set out the implications of this announcement for the police. I can also now provide more clarity about the headline police funding settlement for 2014/15.

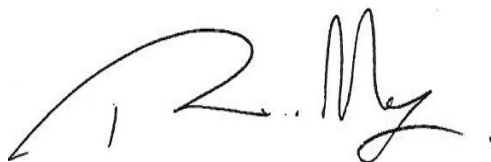
I have been absolutely clear throughout the Spending Round process that the police must have adequate funding to continue efforts to cut crime. In addition to making the police a priority within the Home Office, the settlement which I have agreed with the Chancellor also protects counter-terrorism policing capabilities, reflecting the ongoing threat to the UK from terrorism.

In 2015/16 central government revenue funding to the police will reduce by £269 million, equivalent to a 4.9 per cent real terms reduction from the 2014/15 baseline. Once estimated future police precept income is taken onto account, the reduction in overall funding amounts to 3.1 per cent. This is set out in table format at Annex A.

Although not set out explicitly in the Chancellor's Spending Round document, I can confirm that in 2014/15 I have again prioritised the police. This means that the police will face a 5.75 per cent reduction in central government funding in 2014/15 (which falls to 4.1 per cent when you factor in estimated future precept income). The actual impact on spending power will be considerably less given that part of the reduction reflects the savings resulting from constraining public sector pay. Individual force level allocations for 2014/15 will be announced later in the year as part of the usual annual police funding settlement process. The rest of the Home Office is subject to a substantially greater real terms budget reduction.

I recognise that this reduction will be challenging but the police must play their part in helping to reduce the deficit. You are already proving that you are capable of doing more with less: police reform is working and crime is falling. Recorded crime is down by more than 10 per cent under this Government and the independent Crime Survey for England and Wales shows crime at its lowest level since records began. Further reform – led by you at local level, but supported by a new Police Innovation Fund, greater collaboration between the emergency services, and work to reduce the number and cost of police ICT contracts – will enable you to go on cutting crime as budgets are reduced.

I hope this information is useful to you and I look forward to discussing these matters with you at our forthcoming quarterly meeting on 9 July. I am copying this letter to Chief Constables, the Commissioner of Police of the Metropolis and the Commissioner of the City of London Police.

A handwritten signature in black ink, appearing to read 'T. May', with a large, sweeping initial 'T' and a stylized 'M'.

The Rt Hon Theresa May MP

Annex A: Total funding for the police in 2014/15 and 2015/16

£m	2014/15 (baseline)	2015/16	Cash change (£m)	Cash change (%)	Real terms change (%)
Total police funding incl. precept	11939	11769	-170	-1.4%	-3.1%
o/w central Government funding to the police*	8479	8210	-269	-3.2%	-4.9%
o/w precept** (based on OBR assumptions)	3460	3559	99	2.9%	1.1%

*includes the Community Safety Fund which will roll into Police Main Grant in 2014/15

**includes Local Council Tax Support Grant