



SURREY POLICE AND CRIME PANEL

PROPOSED SURREY POLICE PRECEPT 2025/26 3rd February 2025

INTRODUCTION FROM THE POLICE AND CRIME COMMISSIONER FOR SURREY

1. In May 2024 I had the honour of being re-elected by the residents of Surrey for a further four years as their Police and Crime Commissioner. I am humbled by the mandate I have been given and I intend to continue building on the positive improvements I have made in my first term. The Chief Constable, Tim De Meyer, shares my vision of making Surrey one of the best forces in the country. His blueprint for the Force, called "Our Plan" began to be implemented during the year and has already started to deliver improved performance in many areas. This has been done against a backdrop of increasing demand on officers and a continued squeeze on resources.
2. Although inflation began to fall during the year, the legacy of increased costs is still being felt by the Force, particularly in areas such as IT. The increased complexity of crime, and particularly the prevalence of electronic evidence, has increased the costs of forensic investigation substantially.
3. The Force has worked hard to recruit and retain police officers and staff and has managed to meet its Uplift programme targets, as set by the previous Government. The recommendation of the Pay Review Body to increase police officer pay by 4.75% was very welcome as was the agreement by the Government to fund 2.25% of the cost. However, the decision to distribute the additional funding based on outdated formula methodology rather than in relation to costs incurred, has meant for Surrey that the pay rise was not fully funded, and there is still uncertainty as to how much of the cost of this increase will be provided on an ongoing basis.
4. The general election, whilst bringing a change of Government, has not changed our focus for policing in Surrey. The new Government is committed to supporting neighbourhood policing, much in the same way as Uplift, although details as to what this will mean is awaited. I support any initiative from any party that delivers resources to the residents of Surrey and look forward to working with the new Government on how this can be implemented without adversely impacting other areas of policing. Uplift, whilst being enormously beneficial, has added further strain on the Force. Firstly, as officers move up the pay scale these costs are unfunded, and secondly, the inflexibility around officer numbers has meant that the Force cannot always deploy its total resources in the most efficient and cost-effective way. I hope that the new government will take a more flexible approach to any targets it

sets that allows Chief Constables to allocate resources that best meet operational requirements.

5. The Chief Constable has been clear in his commitment to my new (draft) Police and Crime Plan and keeping Surrey residents safe. As a result of the precept increase last year, he was able to commit to targeting areas across the Force for improvement and focusing on what policing does best - fighting crime in our local communities, getting tough on offenders, and protecting people.
6. The progress we have seen over the last 12 months has been impressive. Arrests have increased by 20% and the number of suspects charged has doubled. Further details are included elsewhere in this report. This is only the start, and the Chief Constable has told me that a £14 precept increase this year, would enable him and the force to continue driving these improvements for the benefit of Surrey residents.
7. Whilst there is no room for complacency, Surrey remains one of the safest counties in the country and both the Chief Constable and I are committed to it staying that way. Even with a £14 precept increase and the use of some reserves, the Force will still need to find £3.6m of savings this year and over £15m for the three years after that. This will need to be done against a backdrop of the Government's neighbourhood policing agenda and crimes that are becoming more sophisticated through their use of technology.
8. As PCC, I not only have a statutory responsibility for the Force but also for services to support victims and initiatives to reduce and prevent crime. This not only includes making it more difficult for crime to take place but also working with offenders to ensure that they do not return to criminality. While it is great news that Surrey Police are arresting more criminals and long may that continue, delays in the criminal justice system mean that victims are waiting longer for those cases to come to court.
9. These can be some of the most vulnerable people in our society and it is important that we properly support them through this difficult process. The Government has decided not to prioritise funding to reduce crime or support victims, but I want to ensure we invest in those fantastic services in the county that provide truly life-changing support to those victims of crime in Surrey. So, reluctantly, I have decided it is necessary to utilise a small proportion of the additional funding received this year through the precept increase to support these services. This investment in prevention and supporting victims should reduce crime and ensure more convictions thus making Surrey a safer place.
10. As well as listening to the Force, it is important that I also understand the views of the public. During the autumn, we held the latest series of our Policing Your Community events in every borough and district in the county. Residents who attended had the opportunity to not only hear about policing in their area but also discuss their concerns first hand with the Chief Constable, their local Borough Commander and myself. Following the election, I am required to update my Police and Crime Plan which sets the objectives for the Force for the next four years. My team and I have consulted widely with the public as well as many focus groups to understand what they would like the Force's priorities to be. These discussions, together with my conversations with officers, have informed my new plan which is being presented on this agenda.

11. Whilst my primary responsibility to residents is to ensure they have a police force that will keep them safe and enable them to go about their daily business without fear, I also recognise the financial pressures that many residents are under at this time and would rather not have to increase the burden they already have to shoulder. I have lobbied Ministers of both parties highlighting the unfairness of the current funding mechanism and its impact on the residents of Surrey. Although both Governments have acknowledged that change is needed, so far neither has taken any action. Even with an increase of £14, the 4.3% percent increase will be lower than almost anywhere else in the country and less than the 4.99% increase already announced by Surrey County Council. It is also well below the rolling inflation rate for most of the last 12 months and just above the November CPI rate of 3.5%.
12. In the context of the 2025/26 national policing settlement, the Police and Crime Plan, the services that I am required to commission, and the operational requirements of the Force, I believe that there is a compelling case utilising the full precept flexibility - i.e., an increase of £14 a year. The Chief Constable has confirmed that without the precept increase it will be incredibly challenging to continue deliver the improvements in performance as set out in "Our Plan".
13. As well as setting the budget and precept for the coming year, I also have a responsibility to ensure that the Force remains financially sustainable and resilient for the future, despite the uncertain times that we live in. The Medium-Term Financial Forecast estimates the financial challenges the Force faces over the next 4 years based on several assumptions. Even with a £14 increase, savings will still be required not only to make balance the budget, but also to fund increasing amounts of capital expenditure on areas such as IT and vehicles. Unfortunately, no capital funding is provided by Government so it can only come from the Force's operational resources. Both the OPCC and Force Chief Finance Officers have recommended to me to propose the maximum increase allowed to support the financial sustainability of the Force.
14. Therefore, having considered all the evidence presented to me, I propose an increase of £14 for the 2025/26 Band D Surrey Police and Crime Commissioner Precept which is the maximum permitted without a referendum. This is in line with the Government police funding announcements which assume that all PCCs will increase their precept by the maximum permitted.
15. My Chief Financial Officer has prepared the accompanying report which sets out the precept proposals in more detail.

RECOMMENDATION

16. **I, the Police and Crime Commissioner for Surrey, recommend to the Surrey Police and Crime Panel that they endorse my proposal to increase the 2025/26 Band D Surrey Police and Crime Commissioner Precept by £14, being a 4.3% increase, to £337.57.**

BACKGROUND INFORMATION/PAPERS/ANNEXES

17. The attached report, prepared by the Chief Financial Officer, sets out the budget and precept in more detail.

CONTACT INFORMATION

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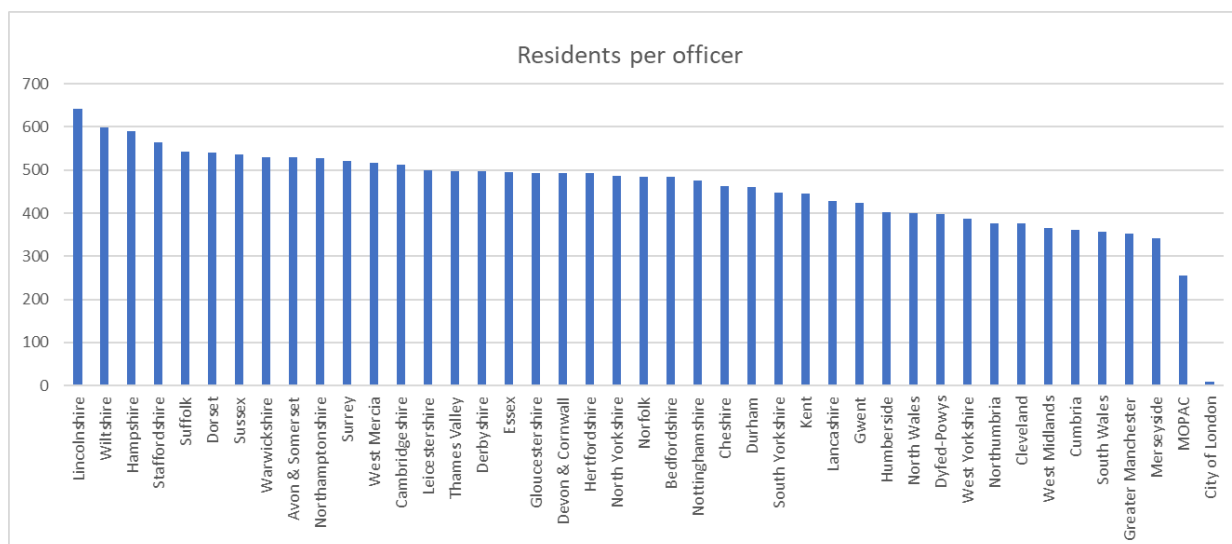
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SUPPORTING INFORMATION FOR RECOMMENDATION FROM THE OPCC CHIEF FINANCIAL OFFICER

WHERE HAVE WE COME FROM

18. In 2018/19, Government funding for policing began to increase after many years of zero growth at best. The Government also raised the referendum limit to enable PCCs to increase the Band D precept above inflation without a referendum. Finally in 2019 the Government announced its objective to recruit an additional 20,000 officers nationally (Project Uplift) over the three years to March 2023 for which additional funding was provided. As a result, the group budget rose by around £100m to £309m in the 10 years to 2024/25.
19. In the last couple of years, the Government has also provided additional funding to offset the cost of the pay review body recommendations on police pay. In theory this grant has been given to offset the cost of the pay rise over 2.5% however in reality due to the way the money is distributed this does not cover the entire cost – and there is no guarantee that this additional funding will be put in the baseline going forward.
20. Although growth through Uplift has now finished, forces are expected to maintain numbers or suffer a financial penalty. Surrey has managed to hit these milestones, but it is becoming increasingly difficult as the pool of potential recruits shrinks over time. The Force will need to continue to recruit and train large numbers of officers to replace those that leave or retire. It also cannot reduce officer numbers to achieve efficiencies.
21. The Force has made significant savings over the last 10 years. Not only were the savings needed for 2024/25 found but additional savings were driven out to contribute to the 2025/26 savings requirement. At the end of March 2025 using the Home Office methodology, it is forecast that there will be 2,275 officers in post in Surrey compared to 1,874 in March 2019. This includes an additional 22 officers funded from grants reallocated from the Metropolitan Police by the Government. As in 23/24 2,253 officers must be in post on 30/9/24 and 31/3/25, otherwise the grant can be clawed back. There are no conditions on the additional 22.
22. That said although Police officer numbers have never been higher, if one considers the number of residents served by each officer Surrey is in the lower quartile nationally. Surrey has 520 residents per officer compared with 536 for Sussex and 445 for Kent. The average for England and Wales is 403, with officers being more concentrated in larger cities – 256 for the Met for example. This is illustrated in the graph below:



One of the reasons for the differential is that Uplift officers were allocated based on formula grant shares and so Surrey having the lowest share got the lowest number of new officers. In addition, over many years Surrey had a strategy of only using officers in roles for which a warranted officer was required. Instead, specialist Police staff were used where possible as this enabled more specialisation and better value. This has not necessarily been the case in all Force areas.

WHERE ARE WE NOW

23. Last year the Chief Constable, Tim de Meyer, set out his vision for the Force and how it was going to be more responsive to public concerns. This was launched as “Our Plan” last year and, through a series of meetings across the county, residents were given the opportunity to hear and talk about it with the Chief Constable and the Commissioner.

24. Our Plan can be summed up as follows:

“Surrey Police fights crime and protects people. We strive to earn the trust and confidence of all our communities. Here for everyone who needs us, we put service before self”.

This statement is reflected in three objectives:

- We prevent crime and solve problems.
- We investigate crime thoroughly.
- We pursue criminals relentlessly.

This has meant a renewed focus on tackling anti-social behaviour, cracking down on shoplifting gangs, drug dealers and burglars in our communities and taking the most dangerous and persistent offenders off our streets.

25. As a result of the increase in the precept last year and a renewed focus on the three objectives above, this plan has now started to bear fruit with successes in the following areas:

- Maintained front-line policing services & numbers.

- Delivered the fastest improved charge-rate of Violence Against Women and Girls (VAWG) nationally by doubling the number of charges in the last year.
- Doubled the number of criminal charges ready for court.
- Arrests up by 20% compared to the previous year taking more criminals off the streets.

26. In terms of numbers this translates as:

- VAWG – 443 more charged than the year before – that's double compared to last year.
- Rape – doubling of charge rate to 49 in year.
- Domestic abuse – 59% increase with 318 more being charged.
- Child abuse - more than doubled with 197 being charged.
- Shoplifting – 876 criminals charged giving an uplift of 321%.
- Burglary – charges up 90% resulting in 114 more charges.
- Assault – 90% increase with an additional 238 being charged.

27. These improvements have resulted in Surrey being one of the fastest improving Forces nationally. They have been delivered as a result of last year's precept investment in areas that Surrey residents have repeatedly said they want the police to have a greater focus on. There is still a lot to be done but the direction set is clear. More people being charged not only makes Surrey a safer place, but also sends the message that Surrey is not an area where the police are soft on crime and pursuing criminals.

28. In addition, the Force has continued to provide day to day policing across the county, mutual aid for national emergencies, i.e. the summer unrest, and undertaken several high-profile investigations - such as the tragic case of Sara Sharif.

29. Despite the increased funding received from Government in recent years, maintaining a financially sustainable service remains a challenge. A transformation programme is underway which looks to identify business areas which can deliver savings and operate more efficiently. This work is proceeding well and areas such as People Services have already delivered savings. Increasingly though, efficiencies can only be delivered by investment in technology, all of which has to be funded from the revenue budget.

30. The Force has continued to suffer from increased competition in the labour market. Although it is still attracting recruits to be officers, and therefore meeting the Uplift requirement, recruitment of Police staff in some areas still presents challenges with over 11% of posts being vacant. Whilst this helps to balance the budget it can lead to pressures in some areas. The high cost of living in Surrey adds a further barrier, particularly for those at an early stage in their career and can lead to officers leaving the county early in their career.

31. The increased use of technology by criminals has led to an increase in the demand for technical forensic services – indeed almost all crimes have a digital element to them. Many residents now prefer to use digital methods of contact rather than telephone or in person and so the Force has promoted the use of live chat, Facebook and email for crime reporting.

32. The Chief Constable, with the support of the PCC, is keen to continue to drive improvements and has made the following commitments for 2025/26:

- Continue to recruit and retain officers and staff in an increasingly challenging market.
- Improve our charge rate still further to be in the top half of the table nationally. i.e. Move from 34th place to 22nd or higher.
- Maintain and build on our dramatic progress in Year 1
- Continue to build on the charge rate for shoplifting to beat the national average.
- Embed the use of analytics driven next-level crime management through 2025.
- Continue to increase our visibility to residents and respond robustly to public concerns.
- Set the foundations for further improvements in Year 3 with the goal of being in the top half for performance when compared with police forces nationally.

However, the Chief Constable has been clear with the PCC that these improvements can only be delivered and sustained if he has the additional resources provided by increasing the precept.

CURRENT FUNDING POSITION

33. In December 2021 the previous Government announced a three-year funding settlement for public services, including policing, which ends in March 2025. Following the general election in July 2024 the incoming Government announced that there would be a one-year settlement for 2025/26 with a more comprehensive spending review taking place during that year for 2026/27 and beyond.

34. The previous Government did a lot of work on reviewing the Police Funding Formula and was about to go to consultation when the election was called. We are waiting to see how the current Government will continue with this work, but the PCC has continued to lobby local MPs and Ministers to bring to their attention that Surrey continues to be particularly disadvantaged by the current arrangements, with the lowest level of funding per head in the country.

35. Following representations from the National Police Chiefs Council (NPCC) and Association of Police & Crime Commissioners (APCC), the Government announced in the autumn that the Council Tax referendum limit for Police would be set at £14 for a Band D taxpayer. Although it will be up to individual PCCs as to what level of increase they precept, the full £14 increase has been assumed in all the funding announcements made by Government. Given the funding pressures all Forces are under it is not unreasonable to assume that almost all PCCs will recommend the maximum increase.

36. On 17th December 2024, the Minister of State for Policing and Crime, Dame Diana Johnson, announced the Provisional Police Grant report for 2025/26. In it the Minister said:

“The provisional funding allocations set out in today’s report reflect this government’s commitment to working with policing and giving it the resources required to bridge the gap between policing and our communities. This is critical for restoring the public sense of safety on our streets.”

“Finally, I must use this opportunity to pay tribute to and thank our committed officers and police staff for the remarkable dedication, courage and resilience they show every day to keep this country safe. This investment today is an investment in these brave men and women. We look forward to working with officers and police staff across the country on our shared ambition to make our streets safer.”

37. Government funding to PCCs and Forces for 2025/26 increased by £657.1m to £11.407bn. The increase was made up of £341m in core grant (this includes £75m transferred from Uplift), £65m for the Metropolitan and City of London Forces for national policing, £230m for National Insurance, £100m for Neighbourhood Policing, a reduction of £48m for Uplift (£75m has been transferred from Uplift to core grant) and £31m for pensions.
38. Although the increase of £341m on core grants sounds substantial it includes not only £75m transferred from the Uplift grant but also the £175m given during 2024/25 for the police pay increase. This means that only £91m of new money has been provided, which is equivalent to a 1% increase overall, and so it has been assumed by Government that Council Tax will fill the gap.
39. The Government has assumed that all PCCs will increase their precept by the full £14 leading to additional funding of £330m. This would bring the total increase in funding to £986m or 9.0%.
40. All the increases, except for the National Insurance grant, have been distributed by formula. The NIC grant, following extensive lobbying including by the Surrey PCC, was distributed by employee numbers. Whilst this is an improvement on using the formula, it is still about £500k less than the expected additional costs. It is hoped that all future grants will be distributed by cost drivers rather than formula shares.
41. £914.3m, a reduction of £123m on last year, was top sliced from Police funding to fund national programs such as technology, the Regional Organised Crime Units (ROCU), serious violence etc. Funding was withdrawn from national initiatives on forensics, fraud, cybercrime, exploitation, and productivity. A further £1.1bn was put into counter terrorism.
42. For Surrey, the provisional settlement is shown in the table below:

Funding	2024/25 - Final £m	2025/26 – Provisional £m
Principal Funding	82.8	85.8
Revenue Support Grant	35.8	37.1
Legacy Council Tax Grants	9.2	9.2
Operation Uplift and top up	6.0	5.7
National Insurance		4.0
Neighbourhood Policing		1.3



OFFICIAL

Pension Grants	6.5	6.1
Total	140.3	149.2
Increase		8.9

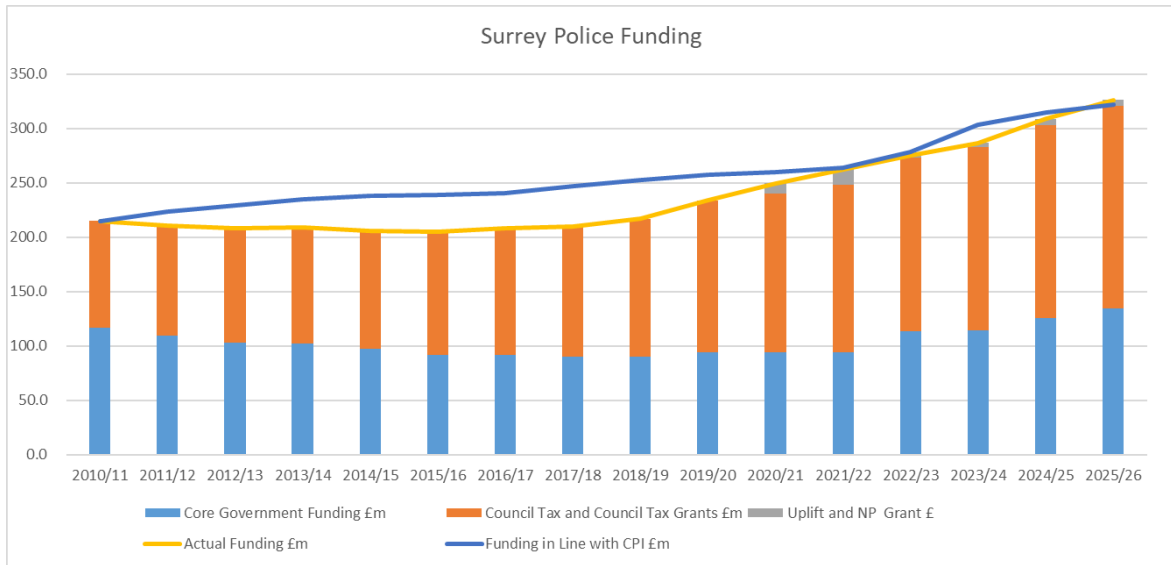
43. Although the Government has provided an additional £8.9m for Surrey, £5.3m of this is for additional National Insurance costs and neighbourhood policing, leaving £4.6m. This though includes £2.1m given for the 2024/25 pay rise now rolled in to the core grant and a further £0.5m transferred from Uplift leaving just £2m to pay for any other pressures including pay for 2025/26.

44. The Uplift Grant is made up of two parts. The first part, worth £4.5m, is for maintenance of the original Uplift Headcount. A further grant, of £1.2m, is for additional officers recruited above the Uplift target. The rules for these grants are as follows:

- For the maintenance grant, officer numbers must not fall below the Uplift baseline of 2,253 officers on the 30/9/25 and 31/3/26. For each officer below the total, £40,000 will be deducted at each monitoring date. If officer numbers decrease by more than 33 then the whole grant would be lost. £75m of Uplift funding was transferred into the main grant, but overall, the Uplift grant has not kept pace with the increase in costs as officers move up the pay scale.
- The additional funding is to cover an additional 22 officers recruited above the Uplift target, using funds reallocated from the Metropolitan Police as they did not meet their uplift target. There would appear to be no penalties attached to these one-off payments.

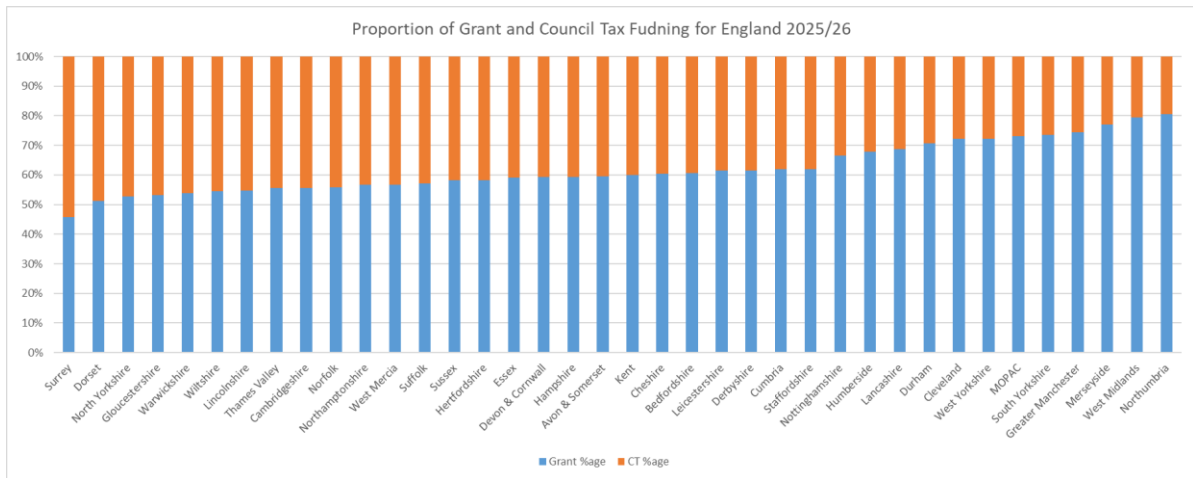
45. The new Government has committed to increasing neighbourhood policing numbers by 13,000 and has provided an initial grant of £100m for 2025/26 to cover this. Surrey's share of the funding equates to around 1.3% of the total. Further details are awaited as to how this funding is to be used and the Neighbourhood Policing guarantee rolled out.

46. The graph below shows the total funding for Surrey Police broken down between Council Tax (assuming a £14 increase for 2025/26) and Government Grant and compares this with what funding should be had it increased in line with CPI since 2010/11. Total funding is now broadly in line with its inflation adjusted equivalent. However, this does not take account of the additional costs the Force has had to take on, such as Uplift and NI, and shows that there has been no real growth to address increasing demand.



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47. What can be seen is that over the years a greater proportion of the cost of policing has fallen on Council Taxpayers rather than Government. Although grant funding has risen at times it has not always kept pace with rising costs and the gap has been filled with Council Tax. This has meant that in Surrey, 55% of funding comes from Council Tax and only 45% from central Government. Surrey is the only Force where residents contribute a higher proportion of funding to policing than the Government. This is illustrated in the graph below where the blue bars represent the proportion of funding provided by Council tax and the orange bars government funding.



48. Nationally the Home Office top sliced or made reallocations of Police funding of £914.3m in 2024-25, a reduction of £124m.

Top Slicing / Reallocations	2024-25	2026-25
	£m	£m
PFI	71.2	70.5
Police Technology Programmes	500.9	500.9
Arms-Length Bodies	65.7	
Police Special Grant	34.0	49.0
National Capabilities Programme	49.8	48.4
Forensics	13.0	0
Police aviation	0	1.5
Fraud	18.1	0
Serious Violence Strategy	45.6	49.7
Drugs / County Lines	30.0	30.0
Regional and Organised Crime	31.6	38.2
Police Productivity	11.0	0
NPCC Programmes	7.7	3.0
Cyber Crime	13.1	0
Tackling Exploitation and Abuse	17.6	0
Capital Reallocations	128.7	123.1
Total	1,038	914.3

49. No capital grant funding is provided by Government to individual forces and all capital expenditure has to be funded from revenue, asset sales and borrowing. £123.1m, down £5m from the previous year, has been top sliced for national programs as follows:

Police Capital	2025/26
	£m
National Police Air Service	11.5
Arm's Length Bodies	
Police Technology Programmes	111.6
Total	123.1

The Home office is considering a bid for the replacement of the NPAS fleet which is not included above.

50. PCCs and other interested parties were invited to respond to the Provisional Settlement by 10th January 2025. The PCC responded directly to the Minister setting out her concerns and in particular highlighting:

- the allocation of grants using an outdated formula.
- the continued shift of the cost of policing on to residents through Council Tax
- the lack of any capital funding and challenge this presents.
- the lack of funding for investment to drive productivity and efficiency.

The full response is attached as Appendix F

51. The final settlement is due to be released on 30th of January 2025. If there are any changes the panel will be advised of this at the meeting.

CHIEF CONSTABLE'S BUDGET REQUIREMENT FOR 2025/26

52. On 13th December 2021, the PCC launched her first Police and Crime Plan for Surrey. This sets out the priorities she wanted the Chief Constable to concentrate on from 2021 to 2025. The full plan can be viewed by following this link: [Police-and-Crime-Plan-2021-25-1.pdf \(surrey-pcc.gov.uk\)](https://www.surrey-pcc.gov.uk/Police-and-Crime-Plan-2021-25-1.pdf). The key priorities were:

- Preventing violence against women and girls in Surrey.
- Protecting people from harm in Surrey.
- Working with Surrey communities so they feel safe.
- Strengthening relationships between Surrey Police and Surrey residents.
- Ensuring safer Surrey roads

Since being re-elected in May 2024 the PCC has been consulting with Surrey residents as to the priorities for the next Police and Crime Plan which will cover the period from 2025 to 2028. The draft key priorities are as follows:

- Back to Basics Policing
- Protecting Vulnerable People in Surrey
- Preventing Violence against Women and Girls
- Building Safe and Resilient Communities
- Fostering Integrity, Accountability and Wellbeing in Policing

More details on these priorities are included in the report on the Police and Crime Plan which is being considered elsewhere on this agenda.

53. The Force has an obligation to have regard to the nationally set Strategic Policing Requirement which sets out the strategic priorities and threats that need to be addressed in the coming year, as well as meeting its statutory obligations.

54. The Force also has to take account of recommendations from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and other bodies.

55. In preparing the 2025/26 budget for the Force, the Chief Constable has taken account of the priorities within the new Draft Police and Crime Plan and the continued delivery of the improvements within his vision for the Force together with the wider operational requirements and the resources that are required to deliver them. This is reflected in his budget requirement for 2025/26 and the resulting precept increase this requires.

56. Last year the PCC approved a total budget of £313.5m for Surrey Police and the OPCC. This year the Chief Constable has proposed a budget of £332.9m to meet his operational requirements. This includes no additional discretionary funding requests, however due to inflation in pay, services and supplies and increases in pensions liabilities the cost to operate the Force has increased by £23.2m when compared to last year. This is shown in the table below:

Category	£m	£m
2024/25 Revenue budget		£309.7
Adjustments:		
Pay Inflation	7.7	
Price Inflation	1.3	
Police officer and staff increments	1.3	
National Insurance	4.5	
Op Uplift over recruitment	0.8	
Capital funding and financing	3.8	
IT and change	0.6	
Victims and commissioning	0.8	
Estates strategy	0.6	
Neighbourhood Policing guarantee	1.3	
Regional and national operations	0.5	
Total Cost Increases	23.2	
Less: Savings	(3.6)	
Total growth in budget		19.6
2025/26 Revenue Budget Proposed		£329.3

57. The main changes are as follows:

- Pay Inflation: Pay rise for 2024/25 plus 2.8% estimate for pay rise in 2025/26.
- Price Inflation: Energy plus other contractual increases
- Increments: Contractual pay increments
- National Insurance Estimated cost of NI rise part funded by grant.
- Op Uplift Cost of officers recruited over uplift funded by grant.
- Capital funding Increase in capital expenditure and debt finance.
- IT and change Investment in IT equipment.
- Victims Increased service demand due to court delays and volumes.
- Estates strategy Increased revenue contribution for major estates projects
- Neighbourhood Costs assumed to be equal to grant until guidance rec'd.
- Regional Contributions to national programs and SEROCU

58. Officer pay is determined nationally by the independent Police Pay Review Body and the outcome of this is binding on all Forces. Police Staff pay rises are determined locally as Surrey is outside the Police Staff Council arrangements. This gives the Force more control and discretion in terms of staff pay. The Government, unusually, has said that it expects the pay review body not to agree an increase above 2.8% for 2025/26. The Government has historically assumed that forces budget for 2.5%, even if this can only be paid for by forces with savings, and any increase above this is funded by way of a special grant. Whilst the Government has historically funded increases above 2.5% it has stated that the settlement is adequate for any pay increase agreed. Each 1% on pay adds £2.3m to costs. Reserves are available for any increase above 2.8% but future savings would be needed to balance the budget. This would probably result in further reductions in police staff numbers above those already budgeted for with the potential operational impact that could follow.

59. The pay figures, as was the case last year, include an assumption of a 10% vacancy factor for most police staff posts. This margin is not applied across the board but on an individual service basis depending on how critical the function is. For example, Contact, being a critical function, carries no vacancy margin. Overall, though only 90% of the establishment is funded, a shortfall of about 200 posts, and indeed were these vacancies to be filled then other savings would be needed to balance the budget. Currently staff vacancies are running at 11% and so it looks as though there is no risk in achieving this. However, if this were to change then recruitment controls may need to be implemented to maintain the vacancy factor.

60. An objective of the transformation work being done is to convert these unstructured vacancies into permanent ones. This has already been done in areas such as People Services. Whilst this does not realise additional savings it does lead to greater efficiency and more productive use of resources.

61. It is proposed that the police budget will be funded as follows:

Category	2024/25 £m	2025/26 £m
Government Grants	140.3	149.2
Net use of Reserves	0.2	0.0
Collection Fund	0.9	3.0
Council Tax	168.4	177.1
Total Funding	£309.7	329.3

62. The total funding available, and hence the budget presented, assumes that the PCC takes full advantage of the council tax flexibility given to her by Government. This is the clear recommendation of the Chief Constable.

63. A summary of the entire budget attached as Appendix A.

SENSITIVITY OF ASSUMPTIONS

64. The assumptions within the budget are set out in Appendix C. Any variations in these assumptions could lead to an approximate increase or reduction in costs as set out in the table below:

Sensitivity Analysis	2025/26
1% Officer Pay	1.6
1% Staff Pay	0.8
1% Officer Pension	0.3
1% Staff Pension	0.1
1% Officer vacancy rate	(0.0)
1% Staff vacancy rate	(0.1)
1% Inflation non pay	0.6
1% Grant	0.8
1% Precept (£3.24 increase on Band D)	1.7
2% Precept (£6.47 increase on Band D)	3.4
£10 increase on Band D equates to 3.1% Precept increase	5.2

65. Any change in these assumptions would alter the level of savings required to balance the budget.

DELIVERY OF 2025/26 BUDGET SAVINGS

66. One of the ways the Force has sustained its services is through the delivery of savings and efficiencies. Historically the Force has delivered significant savings, almost £86m from 2010 to 2024, but as costs continue to increase faster than funding, more savings will need to be found.

67. The Chief Constable in his vision has emphasised the importance of spending money wisely, particularly as the larger proportion of police funding in Surrey comes from local residents. During the current year there have been a number of initiatives undertaken to deliver better value without impacting the front line or staffing. Examples are as follows:

- Review of shift patterns in a number of areas.
- Review of enabling services reducing headcount
- Savings on procurement and contract renewals

These and other initiatives have meant that at least £1.4m of excess savings have been achieved in 2024/25 resulting in an underspend for that year. This will be used against the savings requirement for 2025/26.

68. As part of the settlement, the Minister set out her expectations that “forces raise their ambition on efficiencies and drive forward improvements to productivity while helping us deliver on our mission to create safer streets”. To this end the Government has launched the “Commercial Efficiencies and Collaboration Programme” which forces will be required to participate in. The Home Office expect the programme to “unlock

immediate cost savings and lay the foundations to deliver hundreds of millions of pounds of efficiency savings by the end of this Parliament”.

69. The programme will initially target several priority areas. These include:

- Fleet – Require better use of existing frameworks and working with policing to standardise requirements enabling better value and reducing full life costs.
- Energy - working with the sector to ensure policing can harness wider purchasing power across government and wider public sector.
- ICT - ending the variation in prices for software contracts and then moving to smarter purchasing in other areas of technology.

Participation in this will be mandatory and is likely to be done in association with Blue Light Limited.

70. The Government also intends to establish a new performance unit to drive up performance and standards and ensure communities can have confidence in their local police force. The unit will harness national data to monitor performance and direct improvements, underpinned by a performance framework developed with the College of Policing, policing inspectorate (HMICFRS), National Police Chiefs’ Council and PCCs.

71. To further drive excellence across policing, the Home Office will also consult with police system leaders on plans for a new National Centre of Policing, which is expected to include specialist and supportive functions like forensics, aviation and IT, which have become fragmented over the last decade. National arrangements on procurement will also generate savings to reinvest into frontline policing.

72. The 2025/26 budget includes a savings requirement of £3.6m, even with the maximum precept increase. The proposals for savings to meet this are in the table below:

	£m
Overachieved savings from 2024/25	1.4
Joint Force Change	
Economy mix	0.5
Change in shift patterns	0.9
Service restructure	0.8
Total savings required to balance budget	3.6

73. Work will be undertaken during the year to identify more tactical savings to contribute to the projected savings for 2026/27.

RESERVES

74. As is the case for most public bodies the Surrey Police Group holds financial reserves. These are owned and controlled by the PCC and provide prudent financial resilience.

75. They are required for:

- A contingency fund for unexpected events, costs and overspends.
- To cover savings requirements whilst those savings are being achieved.
- To set money aside for large projects which may need to be funded over several years.

76. It is in the nature of policing that it is called upon to act immediately in the face of a crisis or incident often with little regard to the cost. For example, last summer forces were asked to step up and provide resources to deal with the unrest across the country. Although the Government at the time said they would support forces, to date no funding has been forthcoming – despite forces incurring these costs. Similarly, a large investigation or incident could incur significant costs not anticipated within the budget without any guarantee of reimbursement by Government.

77. The development of a new HQ, which will bring operational, environmental and financial benefits, is one of the largest projects the Force has ever undertaken. As a result, funds have been set aside so as to spread the budgetary impact over a number of years – it is assumed in the capital program that these will be used in the 2024/25 financial year although there will probably be some slippage.

78. The projected reserve levels are set out in the table below. General Reserves may be used on anything, but Earmarked Reserves are set aside for a particular purpose. All of the group's reserves are revenue reserves and there are no Capital reserves held by the PCC.

<i>Estimated figures assuming all savings achieved and no additional spend</i>	31st March 2025 £m	31st March 2026 £m
General Reserves	10.8	10.8
Earmarked Reserves		
OPCC Operational - <i>For use by the PCC</i>	1.2	1.2
CC Operational – <i>For use by the CC</i>	6.0	2.7
Cost of Change – <i>to improve efficiency and productivity</i>	7.0	4.3
Estates strategy – <i>to support the new HQ</i>	1.1	1.1
CC Op Pheasant – <i>historic case reviews</i>	0.5	0.5
Delegated Budgetary – <i>to cover unbudgeted costs</i>	6.1	8.3
Insurance – <i>to cover excess on claims</i>	2.4	2.4
Police Pension – <i>Ill health strain costs</i>	0.2	0.2
ICT reserves – <i>for major projects</i>	0.7	0.0
Capital receipts – <i>Asset sales</i>	1.7	1.7

Total Earmarked Reserves	26.9	22.4
Total Reserves	37.7	33.2
%age General Reserves to 2025/26 Budget	3.2	3.2
%age Total Reserves to 2025/26 Budget	11.4	10.1

79. It is for the Chief Finance Officers to determine what a prudent level of reserves should be. As a benchmark, guidance from CIPFA states that non-earmarked reserves should amount to at least 3% of the net revenue budget and this requirement has been met.

80. Although the level of reserves may seem high, this needs to be seen in the context of the size of the Force budget. It is useful to compare the level of reserves that Surrey Police holds with that in other forces and councils who are making similar assessments of risk. The table below uses the returns made to Government for the year ended 31st March 2024:

Name	Type	%age of NRE
Surrey	Police	11
England average	Police	14
Surrey CC	County	21
Surrey DC	Districts	281
All England	Districts	148

81. Reserves are held for several reasons and for a range of risks and so it's not possible to make direct comparisons between public bodies. However, it does at least show that Surrey's reserves are unlikely to be excessive and if anything should be a little higher. For context a 1% increase in reserves would equate to £3m.

82. Finally, like personal savings, reserves can only be spent once. If they are used to cover a budget shortfall say due to a pay rise above budget in one year, then that gap will still need to be addressed in the following year. In addition, unlike in Wales, council tax is subject to a referendum limit so precept increase not taken up in one year cannot be carried forward to the following year if it is above the referendum limit.

OPCC BUDGET

83. The total budget set out earlier in this paper relates to the entire OPCC group i.e., it includes both the OPCC and the Force.

84. The OPCC budget is summarised in the table below:

	2024/25 £m	2025/26 £m	Change £m
OPCC Net Operational Costs	1.669	1.749	0.080
OPCC Net Commissioned Services	1.726	2.226	0.500
Funded from Reserves	(0.250)	(0.250)	
Net OPCC Budget	£3.145	£3.725	0.580
%age of Group Budget	1.0%	1.1%	
Operational costs as %age of net Budget	0.5%	0.5%	

OPCC Operational Budget

85. There is no change proposed in the OPCC's staffing structure, other than the removal of the part-time National Policy Officer post following the end of the fixed-term-contract. Nor are there any other costs incurred by the PCC for 25/26 compared with 24/25 aside from unavoidable and inflationary increases. These total £80k and are as follows:

- £37k for wages to reflect the pay, pension and training increases in line with Force staff.
- £15k for external audit as required by the PSAA national audit tender.
- £10k for internal audit to reflect increase in costs for pay and pensions for their staff.
- £7k increase in subscriptions for the APCC nationally agreed.
- £6k increase for office running costs.
- £5k increase for legal fees in relation to Force disciplinary appeals offset by a reduction in federation subs for special constables paid for by the PCC.

All other cost pressures have been absorbed within existing budgets.

OPCC Commissioning budget

86. The OPCC commissions a wide variety of services to support victims, enhance community safety, reduce reoffending and prevent crime. Last year, using funding allocated by Government; bids won in the year; and £1.7m of local funding; £6.3m was given to charities, council and health partners and the Force for these services.

For 2025/26 the funding situation is a lot more uncertain with some grants being confirmed but reduced and others being taken away completely.

87. The PCC holds statutory responsibility for the commissioning of services which support victims of crime to cope, to heal and to rebuild their lives. In the funding announcements from the Ministry of Justice (MoJ) for 2025/26 the core budget to support victims' services had an unprecedented reduction of 4.2%. In addition, funding given for victims of domestic abuse and sexual violence has remained frozen since 2022.
88. Furthermore, a number of funding streams that have supported our preventative work around improving community safety and reducing serious violence remain uncertain. In the past financial year, the OPCC has managed £2.3million of funding received for the Serious Violence Duty, the Safer Streets Fund and Hotspot Policing. This has allowed us to work with partners to address issues of real concern in local communities, such as anti-social behaviour, cuckooing of vulnerable people and knife crime among young people. By early intervention initiatives, we have been able to prevent people becoming victims of crime in the first place.
89. Through her long-standing discretionary funds for Supporting Victims, Community Safety, Children & Young People and Reducing Reoffending, the PCC has been able to support a plethora of localised initiatives that can prevent future crimes, reduce harm in the community and address key social factors known to reduce re-offending, such as safe accommodation, employment opportunities and support with substance misuse. Projects supported by these funds go a considerable way to meeting the preventative aims set out in my draft Police & Crime Plan and tackle many of the issues raised with me by local people. I am keen, therefore, to ensure I can continue this work in the year ahead.
90. Whilst core grant funding decisions rest with Government, the PCC is committed to ensuring that victims of crime in Surrey are provided with the support and service they need and deserve, even if this means using local resources to fund them.
91. Many services for victims are already at breaking point, due to rising demand, increased complexity, both in terms of victims needs and the offending behaviour, and rising costs. Even before the rise in employers NI contributions, for which there is no exemption or reimbursement given for charities, frontline workers have been striving to help more people with less money. Dedicated, compassionate support from these services helps a victim to disclose what has happened and work with the police. Without this support offenders may never be brought before the courts to face justice and so continue to be a potential danger not only to the original victim but also to others. We are also aware that pressure on other partners' budgets, such as local authorities, could severely limit some of the important preventative work in which we have been involved.
92. Support for victims is needed now more than ever due to the ever-increasing backlog in the Criminal Justice System, with some trials already being listed for a hearing in Surrey for as far ahead as 2027/8. The continuity of support from Surrey Police's Victim and Witness Care Unit, alongside specialist independent services, when the client has had several changes of their police officer in charge of the case, is vitally important in ensuring that the case goes forward and that the work done by the Force in charging someone actually gets to trial and an outcome. At the moment, Guildford's Rape and Sexual Abuse Service currently has two cases which they have held very long term, one that has just gone to court after 7 years support from the same ISVA (Independent Sexual Violence Advisor), and another that has been held

for 6 years by the same ISVA and is due to go to court in 2025. Without this support it is likely that neither of these cases would come to trial.

93. The PCC's new Police and Crime Plan and commissioning strategy will continue to have as one of its priorities the prevention of VAWG and this is also one of the objectives of the Chief Constable in his plan. Independently commissioned services are integral to delivering these solutions. In 2024/25 the PCC secured funding from the Home Office to deliver a Preventing VAWG and Supporting Children project. This has provided training to teachers to ensure the effective delivery of PSHE (Personal, Social, Health and Economic) education for children, complemented by targeted activity in-school by independent VAWG services. In one such session, a young person felt secure enough to disclose they were carrying a bladed multi-tool in their blazer pocket. Young people in Surrey as elsewhere in the country are the target of criminals' intent on exploitation for monetary gain. With the right support of specialist workers, those being harmed or at risk of harm are actively providing police with disclosures which are directly informing ongoing police operations. Despite the clear need for such services, Government funding for this project ends in March 2025 and so it falls to the services themselves or the PCC to fund any future prevention activity if it is to be continued.
94. Nationally the social and economic costs of domestic abuse are estimated to be approximately £78 billion a year. Specialist services are effective in enabling victims and survivors to feel safer and more in control of their lives following abuse and in purely financial terms this reduces demand on other public services. Every £1 spent on domestic abuse support services saves the rest of the public sector at least £9. Increased contact with Surrey Domestic Abuse Services helplines and a rising number of referrals are positive indicators that victims of abuse and violence are coming forward to seek help and know they are not alone. However, with increased demand comes increased costs which means that the level of funding provided in 2022, and not increased since, is not sufficient to maintain services at even their current levels putting 6.4 FTE roles at risk.
95. The PCC believes these services provide vital support for residents who are in the greatest need but also ensures that the hard work done by the Force in increasing the numbers of people charged can be translated into convictions and a safer Surrey for everyone. In an ideal world funding from Government would increase in line with costs and demand and these services would be supported but this just has not happened.
96. Looking at the overall funding position of the Force and the savings that it is being asked to deliver, it is simply not affordable to cover the entire shortfall for these commissioned services. However, the PCC is in no doubt that supporting these services in some way is just as important as supporting policing – in fact both are statutory responsibilities. Furthermore, the PCC recognises that as the Chief Constable delivers on his plan, which she wholeheartedly supports, demand for all these services increases. Reducing the number of criminals (and victims) through crime prevention and convicting those that are charged not only delivers savings for taxpayers in general but also makes Surrey safer for all residents. As a result, the PCC has taken the difficult decision to increase the commissioning budget by £0.5m to mitigate against at least some of the financial pressures these services are facing.

IMPACT OF A REDUCED PRECEPT INCREASE

97. The PCC has had several meetings with the Chief Constable where she has discussed in detail his budget requirements for 2025/26 and what the operational impact would be of a precept increase below the maximum level.

98. He has told the PCC that the delivery of further improvements outlined in “Our Plan” would be put at risk without the resources being in place. A £1 reduction in precept is equivalent to £0.5m and so, given Police Officers are ringfenced due to Uplift, the only place additional savings can be found is from police staff, who make up the next largest cost. These staff perform vital operational and enabling roles alongside their officer colleagues and so the Chief is of the view that any reduction in precept would have an adverse operational impact. The loss of 15 staff for each £1 reduction in precept would lead to more front-line officers having to cover non-core policing functions, which would in turn mean there are fewer resources to target areas such as shoplifting or anti-social behaviour thereby lessening the overall impact. Hence, he is of the view that the full precept flexibility should be applied.

COLLECTION FUND AND TAX BASE

99. Collection Fund and Tax Base information is still awaited from a number of Boroughs and Districts. The tax base is set out in Appendix E

THE 2025/26 CAPITAL BUDGET

100. Although there is no requirement for the PCC to share the proposed Capital Budget with this Panel, in the interests of completeness and transparency it is included for information. No Government funding for Capital has been provided since 2019/20 and so all capital expenditure must be funded from a combination of asset sales, revenue contributions and borrowing. The Force does hold capital receipts from asset sales, but these have been earmarked for the estates strategy to reduce the level of borrowing that will be required for this project. All short life assets, such as vehicles and IT, have to be paid for using revenue.

101. As capital schemes are managed over a longer period than one year, the capital budget for 2025/26 is set out within the context of a five-year planning period, which governs the overall management of the capital programme and influences the construction of each individual year’s capital budget.

102. The table below outlines the proposed capital budget for next year (and an estimate of the 4 years beyond) with totals given for each of the areas in which capital investments will be made. This does not include any slippage from 2024/25.

Surrey Capital Programme Summary	Year 1	Year 2	Year 3	Year 4	Year 5	
DESCRIPTION	2025/26	2026/27	2027/28	2028/29	2029/30	
	£m	£m	£m	£m	£m	
DDaT - New	3.2	2.0	0.8	0.8	0.8	
DDaT - Existing	0.5	-	-	0.1	-	
JTS - Revised	6.3	6.4	5.8	5.6	5.5	
Surrey Estates - BAU - New	3.5	2.6	2.1	1.7	0.3	
Surrey Estate Strategy - Existing	33.5	15.5	33.8	13.9	2.6	
Cost of Change - Existing	0.8	-	-	-	-	
Operational Command - New	0.6	0.4	0.3	0.3	0.3	
Total	48.4	26.9	42.9	22.5	9.5	

103. The primary areas of spend proposed for 2025/26 are:

- Hardware refresh, including servers and cloud storage.
- Mechanical and electrical replacement program
- Provision of new vehicles. Number of vehicles have reduced but costs have risen.
- New access road at Mount Browne (MTB), Eastern hub and MTB redevelopment

104. The lack of Government grants makes the funding of Capital a challenge for all Forces. It is anticipated that the 2025/26 capital program will be funded from an £8.3m contribution from revenue, reserves, capital receipts and borrowing. If external borrowing is needed this can only be done by the PCC and then only for long life assets such as buildings. Any borrowing must also comply with the Prudential framework and be affordable.

105. Copies of the PCC's Capital Strategy and Treasury Strategy are available on the OPCC website.

MEDIUM TERM FINANCIAL FORECAST

106. Although not required to be presented to the Panel, Members may find it useful to be aware of the potential financial challenges the Force may face over the next 4 years. As members will appreciate, it continues to be difficult to make any predictions for the future given that the current spending review period ends on the 31st of March 2025 and there is still some uncertainty around inflation and interest rates. However, based on "best guess" assumptions the Force will need to find savings as set out in the table below:

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Savings required	3.6	6.9	3.8	4.2	18.5

107. In 2024/25 additional recurrent savings of £1.4m were achieved leaving £2.2m to be found in year. Any reduction in the precept or cost increases would add to the savings required.

108. A summary of the MTF, risks and associated assumptions is shown in Appendix B

PUBLIC ENGAGEMENT AND PRECEPT CONSULTATION

109. Due to the lateness of the settlement being announced, the PCC was only able to launch her consultation on the precept increase on the 6th January 2025. This will remain open until just before the precept meeting to give residents every opportunity to respond. This consultation asked respondents to choose one of two answers to the following question:

Would you be willing to pay to an extra £1.16 a month (£14 a year based on an average Band D property) to support our policing teams in the fight against crime in your community?

YES – I would be willing to pay the increase of £14 to support Policing in Surrey over the coming year.

NO – I would not be willing to pay the proposed increase of £14 and accept this would mean a reduction in the service Surrey Police are able to provide.

110. Unlike in previous years residents were not asked where they would like the Force to prioritise services as this had already been done extensively as part of the consultation for the Police and Crime Plan.
111. The result of the consultation is not binding on the PCC but is one of the factors that the PCC considers when proposing a precept increase.
112. To give residents time to respond, the consultation is not due to close until the 2nd of February. However, as of the 23rd of January, the date of submission of this report, 2,400 residents had participated on the consultation. An update on the results of the consultation will be shared with the panel at the meeting.

LEGAL CONSIDERATIONS

113. The Police Reform and Social Responsibility Act 2011 requires the Police & Crime Commissioner (PCC) to notify the Police & Crime Panel of the proposed precept for the coming financial year by 1st February. The Panel is required to respond with a letter to the PCC by the 8th of February on the proposed precept, whether it vetoes it or not.
114. If the Panel accepts the PCC's proposal or puts forward an alternative, but does not veto, then the PCC must respond to their letter and can then decide to issue a precept notice for her original proposal, or the alternative recommended by the Panel.
115. To veto the PCC's proposal, at least 2/3rds of the total membership of the panel, (not just those present), would need to vote in favour of a veto and the panel must set out its reasons for the veto and proposals for a revised precept in a letter by 8th February. The PCC then has to respond to this and issue a revised precept taking account of the panel's comments, by 15th February. If the original precept was vetoed because it was too high, the revised precept cannot be higher and if the original precept was vetoed for being too low it cannot be any lower.
116. The panel must review the revised precept by 22nd February and indeed a meeting of the panel has been scheduled in for this on 20th February 2025. The panel must then make a second report to the PCC by 22nd February indicating whether it accepts or rejects the revised precept and also whether it makes any recommendation on the precept to be issued.
117. The PCC has to consider and respond to this report by 1st March. However, even if the Panel does not accept the revised precept, the PCC can still issue it or a

different one, having considered the Panel recommendations. The PCC has to do this by 1st March to ensure that District and Borough Councils have time for billing. However, even this date will put pressure on Districts and Boroughs to print and issue bills in time for the new financial year.

118. In addition, it should be noted that the Government has set the “Referendum Limit” at £14 for 2025/26. Any increase above this amount will be subject to a local referendum at the Force’s expense. It is also worth restating that if a precept increase is set below this limit, it is not permitted to carry forward “unused” precept flexibility from one year to next.

CONCLUSIONS FROM THE OPCC CHIEF FINANCE AND SEC151 OFFICER

119. This year has been a very positive year for the Force both in terms of performance and finances. The implementation of year 1 of “Our Plan” utilising the increased precept funding from last year has delivered a step change in productivity and performance by the same size workforce. Whilst these efforts have made the streets of Surrey safer it has increased strain in areas such as custody, investigations and victims as the volume of individuals using these services increases. Additionally, the increase in the number of persons charged has added additional strain and delay to an already creaking courts service. In terms of finance the PCC group is on track to come in more or less on budget, has delivered more than the savings required and has managed to fund an extensive capital program without resorting to external borrowing – at least so far.
120. Next year, as ever, presents opportunities and challenges. It is quite clear that there is a real momentum behind the Chief and the delivery of the next stage of “Our Plan”. Surrey for so long at the lower end of the league tables is now moving up to where it belongs reflecting the hard work of officers and staff. It is vital that this momentum is maintained to embed the progress made, but this does need to be resourced. The commencement of the new HQ and Eastern Hub should also drive even greater efficiencies and savings – although these will be required to fund the redevelopment, at least in the medium term. The settlement, whilst not giving a real terms increase, at least recognised the pressure in some areas even if there is an expectation that this will be funded by residents through their council tax.
121. Pay continues to be the largest cost the group faces, making up 80% of the total. The new Government has decided to continue the policy of ring-fencing police officer numbers. This not only makes it more difficult for senior officers to deploy the right resources to operations but can also result in police officers doing jobs which they did not enter the service to do and do not have the right skill set for. Fortunately, Surrey is not in that position now but the requirement to find ever increasing levels of savings, particularly if the precept is not increased, brings us nearer to that situation.
122. The PCC, the CC and the panel all lobbied the previous Government to acknowledge the unfairness of the funding formula and the particular impact this has in Surrey. Whilst some sympathetic noises were made in respect of the formula being reviewed, the situation remains unchanged. Both the past Government and so

far, the new one, remain happy for this situation to continue and therefore rely on Surrey residents to fill the gap.

123. In percentage terms a £14 increase is around 4.3%. Whilst this increase is above the November 2024 inflation rate of 2.6%, this is driven by the fact Government funding has increased by less than inflation, meaning council tax has had to fill the gap. Indeed, the Government has assumed this to be the case in all its funding announcements.
124. The Medium-Term Financial Forecast sets out the requirement for Surrey Police to continue to make savings over many years. This will be increasingly difficult given the level of savings already made and without impacting frontline services, especially if the level of savings needed rises due to a lower precept increase. The Force also has an increasing need to modernise its equipment and estate to enable it to be more productive and this can only come from the revenue budget.
125. Although not required for the purposes of this report, the OPCC Chief Financial Officer will be required to report on the robustness of the budget and precept calculations before the PCC approves the budget and precept level in accordance with section 25 of the Local Government Act 2003. He has identified two major financial risks as follows:
- a. In respect of pay 2.8% has been budgeted for in line with Government assumptions for public sector pay. However, given the final decision rests with the independent pay review body a higher figure may be recommended. Although the Government has funded this in the past there is no guarantee this will be repeated. However, the Force does have adequate reserves to cover cost in the short term whilst further savings are delivered.
 - b. Even with the £14 proposed precept increase, the Force will still need to make savings over the medium term. Although plans are in place or being developed to deliver these this will still present a challenge. Were this not to happen more extreme measures, such as a vacancy freeze, would need to be considered to balance the budget despite the operational impact this may have.
126. Having taken this into account, the OPCC Chief Finance Officer states that he believes that the estimates used are robust as they are based on the same methodology used successfully in previous years when consistently expenditure has been kept within budget. He is also satisfied that financial risks are being managed in the medium term.
127. Hence, in conclusion the Chief Constable together with the Force and OPCC Sec 151 Officers, are of the view that the PCC should increase the precept by the maximum permitted level of £14. This will enable the Force to remain financially sustainable into the medium term, support the Chief Constable's vision for the Force which has already delivered improvements, ensure that the PCC's commissioned services for victims and prevention can meet the ever-increasing demand, and maintain policing services for the residents of Surrey.

The table below shows the impact of the proposed precept by Council tax band:

Band	2024/25	2025/26	Increase
A	215.71	225.04	9.33
B	251.67	262.55	10.88
C	287.62	300.06	12.44
D	323.57	337.57	14.00
E	395.47	412.58	17.11
F	467.38	487.60	20.22
G	539.28	562.61	23.33
H	647.14	675.14	28.00

RISKS

128. If the precept is not increased by the maximum permitted there is not only a risk to the delivery of the Police and Crime Plan, the Chief Constable's plan and the Strategic Policing Requirement, but also to future financial sustainability. This would lead to immediate savings being needed resulting in staff reductions with the potential for impact on operations.

129. Other risks are set out in Appendix D

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Surrey Police Group Budget 2025/26

	2024/25	2024/25	Change
	£m	£m	£m
OPCC			
Net Budget	3.2	3.7	0.5
	3.2	3.7	0.5
FORCE			
North Division	32.4	34.9	2.5
East division	35.2	37.9	2.7
West Division	37.5	40.4	2.9
Crime Management	5.5	5.8	0.3
Specialist Crime	44.7	47.5	2.8
Operations	20.8	22.2	1.4
Contact and Deployment	19.3	20.4	1.1
Criminal Justice	15.0	15.3	0.3
Volunteering	1.4	1.4	0.0
	211.8	225.8	14.0
Chief Officers	4.1	4.2	0.1
PSD	4.5	4.6	0.1
Corporate Communications	1.5	1.6	0.1
Corporate Development	4.2	4.3	0.1
Change Delivery	1.1	1.1	0.0
	15.4	15.8	0.4
ICT	18.7	20.3	1.6
Finance and Services	4.0	4.1	0.1
Estates and Facilities	18.9	20.3	
Transport	4.2	4.5	
People Services	15.0	15.0	0.0
Corporate	18.5	23.4	4.9
Savings	0.0	-3.6	-3.6
	79.3	84.0	3.0
Force Total Budget	306.5	325.6	19.1
Group Total Budget	309.7	329.3	19.6
FUNDED BY:			
GRANTS			
Home officer Pollice Grant	82.8	87.2	4.4
Formula funding	35.7	35.7	0.0
Legacy CTax Grant	2.5	2.5	0.0
Council Tax Support	6.8	6.8	0.0
Specific grants	6.5	11.4	4.9
Uplift Grant	6.0	5.7	-0.3
	140.3	149.3	9.0
OTHER FUNDING			
Use of Reserves	-0.1	-0.1	0.0
Collection Fund	1.2	3.0	1.8
Council Tax	168.3	177.1	8.8
	169.4	180.0	10.6
Total Funding	309.7	329.3	19.6

Medium Term Financial Forecast based on current assumptions.

	2024/25	2025/26	2026/27	2027/28	2028/29
REVENUE COST BASE	£m	£m	£m	£m	£m
Base budget	288.5	309.7	329.3	330.8	335.4
Pay Inflation	14.3	6.3	4.8	4.9	5.0
Price Inflation	2.9	1.3	1.1	1.1	1.2
Revenue - Base Assumptions	6.1	8.0	2.0	1.1	1.1
Revenue - Capital Investment	1.2	3.8	1.8	1.2	1.1
Unavoidable Costs	(0.1)	0.5	1.1	0.3	1.0
Cost of Change net	0.0	0.1	(2.4)	(0.3)	-
Service Growth	0.0	2.6	(0.0)	0.0	0.0
Estate Strategy Project Expenditure	0.5	0.6	-	-	(0.5)
Total Cost Increases	25.0	23.2	8.4	8.4	8.9
Gross Budget Requirement	313.5	332.9	337.6	339.2	344.3
Annual Savings Requirement	(3.8)	(3.6)	(6.8)	(3.8)	(4.2)
Total Gross Budget	309.7	329.3	330.8	335.4	340.1
FUNDING	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
Home Office Grant	82.8	87.2	87.2	87.2	87.2
Revenue Support Grant	35.7	35.7	35.7	35.7	35.7
Council Tax Support Grant	9.2	9.2	9.2	9.2	9.2
Operation Uplift Performance	6.0	5.7	5.7	5.7	5.7
Specific Grant	6.5	11.4	11.4	11.4	11.4
Cost of Change	1.1	2.1	-	-	-
Delegated Budget Holder Reserve	(1.2)	(2.2)	-	-	-
Surplus/(deficit) on Council Tax Collection Fund	1.2	3.0	-	-	-
Base precept	160.6	168.3	177.2	181.6	186.2
Taxbase Improvement	1.0	1.5	0.9	0.9	0.9
Precept increase	6.8	7.3	3.6	3.7	3.7
Total Funding	309.7	329.3	330.8	335.4	340.1

SUMMARY OF CURRENT ASSUMPTIONS FOR THE BUDGET AND MEDIUM-TERM FINANCIAL PLAN

Assumption		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Capital Grant	£m	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Home Office Grants		1.8%	10.8%	6.4%	0.0%	0.0%	0.0%
Uplift Performance Grant	£m	£3.6	£5.5	£4.5	£4.5	£4.5	£4.5
Precept		£15	£10	14%	2%	2%	2%
Band D		£310.57	£323.57	£337.57	£344.32	£351.21	£358.23
Tax base increase		1.30%	0.70%	0.90%	0.50%	0.50%	0.50%
Collection Surplus/(Deficit)	£m	£1.2	£ -	£ -	£ -	£ -	£ -
Police Staff Pension Employer Contribution rate		16.5%	16.5%	16.5%	16.5%	16.5%	16.5%
Police Officer Pension Employer Contribution rate		31.0%	35.3%	35.3%	35.3%	35.3%	35.3%
Police Officer pay inflation		2.2%	2.5%	2.0%	2.0%	2.0%	2.0%
Police Officer pay inflation contingency			2.5%	0.8%			
Police Staff pay inflation		4.0%	5.0%	2.0%	2.0%	2.0%	2.0%
Police Staff pay inflation contingency				0.8%			
South East Allowance		£3,000	£3,000	£3,000	£3,000	£3,000	£3,000
General Price inflation		2.0%	3.0%	2.0%	2.0%	2.0%	2.0%
Income - Fees & Charges *1		Increased in accordance with NPCC and other indices each year					
Income – Specific Grants *2							
General Reserve		3% NBR minimum	3% NBR minimum	3% NBR minimum	3% NBR minimum	3% NBR minimum	3% NBR minimum
Vacancy Rates - Police Officer		1%	1%	1%	1%	1%	1%
Vacancy Rates - Police Staff		10%	10%	10%	10%	10%	10%
Vacancy Rates - PCSO		8%	8%	8%	8%	8%	8%

RISKS WITH THE BUDGET AND MEDIUM-TERM FINANCIAL PLAN

Title	Assumption	Comment
Uplift Performance Grant	Full performance grant will be received	Risk of loss of or reduced grant due to not achieving and maintaining required Uplift targets. Risk of loss of or reduced grant due to not achieving and maintaining required Uplift targets.
Non-Pay Inflation	Current inflation planning is 2% over the medium-term plan	Risk of non-pay inflation exceeding the budget provision due to general inflation increase and other factors such as exchange rates and increases in minimum wages and taxes
Savings Plan	Budget includes savings	<p>Risk the MTFF savings requirement is not met.</p> <p>The Force has set up a Service Transformation Programme to review and identify where savings can be made. In addition to this the Tactical Savings Working Group continues to review other areas where savings can be generated.</p> <p>The savings planned in the first year of the four-year plan are within the reserves available but would be exceeded in subsequent years if not delivered.</p>
Interest rates, investment and borrowing	<p>Interest rates assumptions</p> <p>Borrowing at fixed rates.</p>	<p>Forecasts of investment income for 2024/25 onwards are based on estimated cash balances and interest rate forecasts as set out in the treasury management strategy. A prudent position has been adopted about anticipating future increases in interest rates, to address the risk of interest rates being lower than expected, from a very low base.</p> <p>There is a risk that the Estates strategy plans may have to be modified if interest rates rose above those already allowed for in the financial modelling.</p>

<p>Threat to the sum of core government funding received by the PCC following a change in the police funding formula</p>	<p>Review and initial consultation expect in the future</p>	<p>A review of the grant distribution method, known as the ‘formula review’, has been in planning for several years. Although Surrey has the lowest level of formula grant there is no guarantee that this will increase following a review – there is a risk it could reduce even further.</p>
<p>Police Pension</p>	<p>McCloud and Sergeant Implementation</p>	<p>Risk that the cost to the Force for the Police Pension scheme increase - The police officer pension employers rate increased to 35.3% from 2024/25, forces are funded for the increase from the Home Office.</p> <p>Police pensions along with many public sector pensions were reviewed to ensure a fairer balance between public purse and pensioners. The scheme was changed to a Career Average Revalued Earnings (CARE) scheme which included transitional arrangements. These arrangements were challenged and accepted by the tribunal. The assumption is that no further costs will fall on the police fund, but this may not be the case in the future.</p>
<p>Maintaining & improving service performance levels</p>	<p>Resources sufficient to meet targets and priorities in the Police and Crime Plan and Chief Constable Priorities</p>	<p>There is a risk that the Force is unable to maintain & improve service performance levels</p> <p>The Chief Constable believes that there are sufficient resources to deliver future Police & Crime Plan priorities, Chief Constable Priorities and Strategic Policing Requirement. However there remains risk from the cost of major operations including counterterrorism, major incidents including pandemics, particularly if these are not fully funded nationally.</p>
<p>Limits to Precept Increases</p>	<p>£14 in 2025/26.</p> <p>Future precept planning assumption of a 2% increase.</p>	<p>There is a risk that precept funding is reduced on a permanent basis through precept limits or PCC decisions.</p>

Grant Levels	Main police revenue grant	2024/25 is the final year of the current three-year settlement. There is a risk around funding coming out of the forthcoming CSR process as this will be influenced by the overall national economic picture.
Council Tax	Collection rates advised by individual billing authorities	There is a risk of council tax collection rates being lower than expected could impact on the collection fund balances and any surpluses payable to the PCC. Billing authorities' factor in prudent collection rates to mitigate this risk but changes in discounts and the overall economic situation can impact collections.
Budget Estimates (Expenditure)	Provision for specific on-going cost pressures	<p>The budget estimates including all identified additional costs for 2025/26, supported by input and review by the Chief Financial Officers.</p> <p>All cost pressures are scrutinised internally by the Chief Finance Officers and the DCC Strategic Planning Board / Force Organisational Board before inclusion in the financial plan. risks of budget overspend are mitigated by the monthly budget monitoring process and formal monitoring reports to the PCC.</p>
Levels of Reserves	<p>Forecast to reduce over the term of the MTFS</p> <p>To mitigate this risk, the General Reserve is kept at a minimum of 3% of revenue expenditure.</p>	<p>Risk that reserves levels are inadequate</p> <p>An annual review of all reserves is undertaken at budget setting along with a post year-end review and update to the MTFS. To ensure they are sufficient and can cover risks.</p>
Overtime	Additional cost of overtime and associated costs	For 2025/26 overtime is a key focus for reducing costs and will be scrutinised through the DCC board
Capital Programme	Latest plans	There is a risk of the capital programme being understated, or that overspending occurs, resulting in insufficient funding being available as planned. Slippage may also impact on operational demands. The capital plan is reliant on several sources of funding including capital receipts which are at risk of not being achieved either in quantum or timing. These risks are mitigated by regular review of all major projects including the Estates Strategy and DDaT projects, focus on key priorities agreed in advance, together with monthly budget monitoring and regular monitoring

		reports to the PCC.
Capital Financing	MRP is calculated on an asset-by-asset basis	This Capital Financing risk is of charges being greater than budgeted or insufficient MRP being provided for. This is mitigated by considering revenue, MRP and capital implications of major project spend within the capital and investment planning process and inclusion within the MTFF. The MRP debt repayment provision is calculated on individual assets and 100% of borrowing has fixed term rates, thus will not be impacted by changes in interest rates.
National Programmes	Latest plans	<p>There is a risk that delays to the implementation of national DDaT schemes including ESMCP, NLEDS & HOB and NPAS present significant risk. These risks will be managed by regular review of these major projects at the NPCC.</p> <p>Operational risks with respect to delays with ESMCP have been mitigated by renewing airwave devices although this has been at some cost</p> <p>There is also a risk that budget for national ICT programmes will increase resulting in a higher level of top slicing.</p>
Dogs & other seized Animals	No additional provision	Kennelling costs for seized animals continue to rise incurring costs in excess of budget
SARC Funding	No additional provision	The NHS are requested additional funding from Police Forces to fund the Sexual Assault Referral Centres (SARCs), this would impact 2025/26 budget if agreed. That said there is no legal obligation for Forces to fund this and so it is being resisted

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Riot Compensation Act 2016	No additional provision	Threat of potential claims for compensation being received under the Riot Compensation Act 2016 following the recent civil unrest and the lack of an established infrastructure in place to manage and administer these payments and the financial resources to meet claims costs. These costs would need to be funded from reserves and if they were substantial a claim would have to be made with the home office
Firearms Training	No additional provision	The federation have raised an issue where officers can claim mileage and overtime when attending firearms training. Potential costs up to £600k for claims going back 6 years.

8

APPENDIX E

TAX BASE 2025/26 – To be completed.

Authority	Tax Base	Precept Due 2025/26	Collection Fund Surplus/Deficit	Total Payment
Elmbridge	67,249	22,701,245	99,414	22,800,659
Epsom & Ewell	33,847	11,425,698	53,980	11,479,678
Guildford	59,891	20,217,236		20,217,236
Mole Valley	42,387	14,308,546	146,232	14,454,778
Reigate & Banstead	64,564	21,794,971	459,644	22,254,615
Runnymede	35,814	12,089,867	131,679	12,221,546
Spelthorne	40,620	13,711,958	1,275,427	14,987,385
Surrey Heath	40,049	13,519,341	72,892	13,592,233
Tandridge	39,458	13,319,736	317,777	13,637,513
Waverley	59,097	19,949,273	387,557	20,336,830
Woking	41954.52	14,162,587	52671	14,215,258
TOTAL	524,929.52	177,200,458	2,997,272	180,197,730

Information is still awaited from a number of Borough and Districts. An update will be supplied at the meeting.

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Reconciliation to Band D 2025/26	
Total Revenue Expenditure	329,265,451
Less Reserves	(124,153)
Net Budget Requirement	329,389,605
Government Funding	149,191,873
Balance to be raised locally	180,197,732
Less net surplus on collection funds	2,997,272
Council tax Requirement	177,200,459
Tax Base	524,930
Band D	337.57

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PCC Response to the 2025/26 Provisional Settlement

Office of the Police & Crime Commissioner
PO Box 412
Guildford
Surrey, GU3 1YJ
Telephone: 01483 630200
Email: SurreyPCC@surrey.police.uk

2nd January 2025

8

The Rt Hon Dame Diana Johnson DBE MP
Home Office Crime and Policing Group
6th Floor, Fry Building,
2 Marsham Street,
London, SW1P 4DF

Email: policeresourcespolicy@homeoffice.gov.uk

Dear Minister,

Consultation on the Provisional 2025-26 Police Settlement

I am writing to you in my capacity as the Police and Crime Commissioner for Surrey in response to the consultation on the Provisional 2025-26 Police Settlement which was released on the 17th of December 2024.

Firstly, can I start by saying that I am pleased that the Government has recognised the funding pressures Forces are under driven by increases in wages, national insurance costs and capital funding. Whilst additional funding has been provided both from the Treasury and, it is assumed, from local Council Taxpayers, sadly this is not enough to meet all of the financial pressures and additional costs we are faced with. Surrey has historically had to deliver significant cashable efficiency savings every year to balance the budget and the next 3 years indicate a further £22m will need to be found – with the scope for finding this without impacting frontline services reducing each year. Hence, I would ask as part of the CSR process that the full costs pressures Forces are under are taken in to account.

I will now turn to various elements of the settlement in turn:

Core Grant Funding

As mentioned above I am pleased to see that funding has been increased. However, a rough calculation indicates that this increase is insufficient to cover the 2024/25 pay increase let alone any other cost pressures. Surrey is in the unenviable position of being one of the most poorly funded Forces in England in that only 45% of our funding comes from Government due to the outdated formula that is used. The previous Government did a lot of work on reviewing the Formula, but this was not implemented, and I hope this is something that you will consider in due course.

National Insurance

I am reassured that you have taken steps to mitigate the cost to Forces of the changes to National Insurance introduced in the budget. I did write to you earlier in the year asking for this additional funding to be distributed by the cost driver rather than formula and I am pleased to see that this recommendation has been taken on board and that the funding has been split by headcount. I hope this indicates that any additional grants received by Forces, say for pay increases, will follow the same methodology. That said although the additional funding and its distribution is welcome it will still fall around £500k short of the additional costs incurred. I would therefore request that this is reviewed before the settlement is finalised.

Council Tax

Given that the grant is insufficient to meet all of the cost pressures we face the only way this gap can be covered is by increasing Council Tax. Surrey already has the highest level of policing precept in England, due to having the lowest grant, and so residents already shoulder the majority of costs of Policing in their county. Each £1 in Council tax raises £0.5m and to put this into some context 1% on pay costs around £2m or £4 in precept. As £14 equates to a different % age increase in each Force I would like to suggest that next year the referendum limit be set as %age, in the same way as it is for upper tier authorities, rather than a £ increase.

Capital Funding

Capital funding remains a financial challenge for most Forces. In Surrey we have rationalised our estate to generate receipts to support our capital program but despite that every year we need to take more and more money out of revenue to fund the purchase of cars and IT etc. Investment in capital be they buildings, vehicles or IT, can be a driver for improved productivity and efficiency. Many Forces have resorted to borrowing to fund their short life assets – fortunately we are not at that point in Surrey, but we are having to decide whether we reduce resources on the front line to pay for vehicles and equipment. I would suggest that Capital funding be considered as part of the CSR process – if the financial foundations aren't fixed then it will become increasingly difficult to drive better performance.

Uplift and Neighbourhood Policing

I am pleased that you have decided to maintain the commitment to funding the additional 20,000 officers started by the previous Government. These officers are making a real difference as they become more experienced but with that experience comes additional costs as officers move up the pay scale. Hence, I would recommend that the increase in costs is taken account of in the settlement.

Whilst I welcome the extra funding to boost neighbourhood policing, I am not able to comment on this in any detail until the specific details and conditions are published and so I look forward to this. What does concern me is the increasing use of ring-fenced grants to drive initiatives that may not be the most appropriate to meet local needs and priorities. This could not only lead to poorer value for the taxpayer but also a negative impact on service they receive. I would therefore request that any ringfencing put in place is flexible enough to enable Chiefs and PCCs to make the right operational decisions for their communities whilst reflecting the Government's policy outcomes.

Productivity and Efficiency

As I have already mentioned Surrey has already driven significant savings just to balance the budget and maintain the services we currently provide. This need will continue, and it is unlikely that there will be any scope over and above this to enhance services. That said it is incumbent on all of us to ensure that taxpayers get best value from all public services and therefore I welcome that the Government is taking a lead on this. Surrey is happy to engage in any initiative that could result in reduced costs. However, I would ask that any savings delivered are clearly identifiable, cashable and returned to Forces for them to apply against their funding gaps and/or invest in services rather than taken by Treasury as grant reductions.

8 Over the last year my Chief Constable, with my support, has had a singular focus on improving productivity in the Force by streamlining processes and targeting particular criminals and offences. The benefits of this can be evidenced by Surrey's move up the national performance charts but it has required changes to working practices and investment. We would be happy to meet with you to discuss what we have done as we believe this approach could benefit other Forces across the country and also assist with meeting your objectives.

Finally, I look forward to the final settlement when it is released and if I can be of any further assistance, please do contact me.

Yours sincerely,



Lisa Townsend
Police and Crime Commissioner