

The Police and Crime Commissioner for Surrey

Approval of the Council Tax Precept and Revenue and Capital Budgets 2024/25

Report by Kelvin Menon, Treasurer to the Police & Crime Commissioner for Surrey

Purpose of the Report

1. The purpose of this report is to request the Police and Crime Commissioner for Surrey (the PCC) to approve the revenue budget, capital programme and precept for the financial year 2024/25 and issue a demand to the billing authorities as a major precepting authority.

Background

2. The Local Government Finance Act 1992, as amended by the Localism Act 2011 sets out the requirements for the Commissioner to consider council tax calculations by major precepting authorities.

3. This report sets out the proposed revenue budget and capital programme for 2024/25, together with a review of the current year's budget position to allow a budget and council tax to be approved in accordance with legislative requirements.

4. In preparing the Revenue and Capital Budgets for 2024/25 the PCC has considered the following issues:

- The financial settlement from Government to the Police for 2024/25;
- The recommendations of the of the Police and Crime Panel in respect of the Precept;
- The key principles underlying the four-year Medium Term Financial Plan 2024/25 – 2027/28 (MTFP).
- The likely revenue and capital outturn for 2023/24;
- The efficiencies to be made in 2024/25;
- The impact of different precept increases.
- The delivery of the Police and Crime Plan;
- The level and adequacy of Reserves;
- The risks associated with the budget for 2024/25 and beyond;
- The view of the Chief Constable on resourcing operational requirements;
- The view of the Chief Financial Officer on the robustness of the budget for 2024/25.

Where we have come from

5. In 2018/19, Government funding for the Police began to increase after many years of zero growth at best. In addition, in order to put more money into Policing, the Government also permitted PCCs to increase the Band D precept above inflation without a referendum. In 2019 the Government announced its objective to recruit an additional 20,000 officers (Project Uplift) over the 3 years to March 2023. This meant that, in the last 11 years the budget rose from £209m in 2012/13 to £288m in 2023/24.

6. Each Force was given its own allocation of Uplift officers, based on formula grant shares, which had to be in place 31st March 2023. To ensure that the additional 20,000 officers were retained, numbers were monitored at two points in 2023/24 with Uplift grant clawed back if the numbers fell.

7. At the end of March 2024 using the Home Office methodology, it is forecast that there will be 2,299 officers in post in Surrey compared to 1,874 in March 2019. This includes an additional ten 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 grant can be clawed back. There are no conditions on the additional ten. As a result, the Force will need to continue to recruit and train large numbers of officers to replace those that leave or retire. It therefore cannot reduce Officer numbers to achieve efficiencies.

Where are we now

8. The Home Secretary and Policing Minister have been clear about their priorities for policing and stated these as part of the 2024/25 police funding settlement. These are:

- Maintaining 20,000 additional officers to March 2025
- Improving productivity and efficiency through innovation and technology to increase officer time and services to the public.
- Increasing officer visibility and taking a targeted approach to tackling crime and antisocial behaviour.

9. The Chief Constable has set out his vision for the Force entitled “Our Plan”. This compliments the PCC’s Police and Crime Plan and concentrates on 3 core elements of Policing. These are:

- 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.

10. On the 14th of December 2023 the Minister of State for Policing and Crime, Mr Chris Philp, announced the Provisional Police Grant report for 2024/25. In it the Minister said:

“This funding settlement demonstrates that the Government remains committed to giving policing the resources they need to keep the public safe.”

“This settlement will support the police to fulfil their essential role in cutting crime and keeping people safe. I would like to express my continued gratitude and pay tribute to our dedicated police officers and staff for their exceptional dedication and unwavering bravery”.

11. Government funding to PCCs increased by £922.2m to £16.4bn. The increase was made up of £184.1m for the pay award, £286.3m for pensions, £150m for Uplift, £4m for London and the remaining £298.2m from Council Tax, assuming a blanket £13 increase in Band D precept. This funding increase equated to just over 6% overall but will vary Force to Force depending on their level of formula grant and Council Tax.

12. The provisional settlement was confirmed on the 31st January 2024 with no changes.

13. The Chief Constable made clear at the Police and Crime Panel Subcommittee meeting and in his submission to the PCC that any increase below £13 could lead to key Police staff posts not being filled thus impacting operations and also put the delivery of his operational improvements, as set out in “Our Plan” at risk.

Overall Financial Picture and Four-Year Plan

14. The Medium-Term Financial Plan (MTFP) sets out the financial context for the revenue budget, capital programme and precept for the next financial year 2024/25 and estimates for a further three financial years.

15. It brings together all resources including grant, precept, fees and charges, income for special policing and use of reserves and capital.

16. This sets out that the plans are affordable over the four financial years. It also addresses risk. However, as the current Spending Review period ends this year there is a lot of uncertainty around future years.

17. Despite this the Financial Forecast has been prepared on the basis of a number of key assumptions. These are set in more detail in the Appendix C but the main ones are:

- No increase in Government funding except for uplift.
- Council Tax rises set at £13 for 2024/25 and then capped at 1.99%
- Pay inflation at 2.5% for 24\25 and then 2.0% thereafter.
- General inflation at 3% for 24/25 and then 2% thereafter
- No change in cost base i.e., increase in staffing to meet changes in demand.

18. The Financial Forecast (Appendix C) shows that there will be an ongoing need for future financial savings on top of those already achieved. Whilst the forecast itself predicts that these could be £18m over the 4 years from 2024/25 the actual amount will depend on circumstances at the time. For example, if pay was to rise by 1% above the 2% allowed this would add a further £2.3m to costs, which may then have to be covered by additional savings. That said there is little doubt that future savings will be required – it is only the quantum that is uncertain.

Police Financial Settlement 2024/25

19. The Police financial settlement was announced on the 14th December 2023 and was confirmed on the 31st January 2024.

20. Nationally £18.4bn was provided for policing representing an increase of £0.842bn. This included an increase in funding for Forces of £922m of which £298m comes from a Council Tax increase of £13.

21. In addition, £1.038bn was top sliced nationally from the settlement and included:

- £0.5bn for Police technology programs.
- £0.3bn for national capital programs such as NPAS, serious crime and technology.
- £0.1bn on National and Regional Crime.
- £0.1bn on Crime prevention, fraud, cyber-crime, Serious Violence, fraud and several other initiatives

22. In return the Government expects the police to:

- Maintaining 20,000 additional officers to March 2025
- Improving productivity and efficiency through innovation and technology to increase officer time and services to the public. This will be driven by the results of the productivity review
- Increasing officer visibility and taking a targeted approach to tackling crime and antisocial behaviour

23. For Surrey the actual settlement is shown in the table below:

Funding	2023/24 - Final £m	2024/25 – Final £m
Principal Funding	76.9	82.8
Revenue Support Grant	34.9	35.8
Legacy Council Tax Grants	9.2	9.2
Operation Uplift	3.6	6.0
Pension Grants	2.0	6.5
Total	126.6	140.3
Increase		13.7

24. All of the grants are un-ringfenced with the exception of the Operation Uplift grant which can be withheld if police officer numbers are not maintained for the year. It has been assumed in the budget that officer numbers are maintained and no grant clawed back.

Budget Growth

25. At the start of the budget process services are asked to submit their unavoidable growth bids for possible inclusion within the budget. These bids go through a rigorous challenge process to ascertain whether they are indeed unavoidable, and as a result a large number are dismissed.

26. The biggest growth relates to the 7% pay rise for 2023/24 plus an allowance of 2.5% for 2024/25. Increase in pension contributions, included within “Revenue - Base Assumptions” has also contributed to a rising. That said there has been an increase in grant funding to offset some of these increases. The total growth and the resulting budget is set out in the table below:

Category	£m	£m
2023/24 Revenue budget		£288.5
Adjustments:		
Pay Inflation	14.3	
Price Inflation	2.9	
Revenue - Base assumptions	6.1	
Revenue – Capital Investment	1.2	
Estates Project costs	0.5	
Total Cost Increases	25.0	
Less: Savings	(3.8)	
Total growth in budget		21.2
2024/25 Revenue Budget Proposed		£309.7

27. The Chief Constable is of the view that he requires a budget of £309.7m to:

- Meet the requirements of the Strategic Policing Requirement.
- Meet the priorities in the PCC’s Police and Crime Plan.
- Support the delivery of his vision for the Force -Our Plan
- Keep pace with the increasing demands of the Force.
- To minimise reductions in staffing and operational capabilities

Efficiency Savings

28. Surrey Police has a good track record of delivering savings and has delivered £83m since 2010/11. The recent national productivity review showed that further efficiencies in the Police sector could be possible – although this would in the main provide additional capacity rather than financial savings.

29. 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 number of initiatives undertaken to deliver better value without impacting the front line or staffing. Examples are as follows:

- Review of IT licences to remove applications not used resulted in lower costs.
- Telematics installed in vehicles to monitor driving and record driver behaviour leading to lower motor premiums.
- Challenge of Business Rates valuations resulting in lower business rates bills.
- Analysis of where petrol is purchased with a drive for the use of more bunkered and supermarket fuel where possible reducing fuel costs.
- Lowering the ambient temperature in offices to not only reduce are carbon footprint but also lower utility consumption.

These and other initiatives have meant that at least £1m of excess savings have been achieved in 2023/24 resulting in an underspend for that year. This will be used against the savings requirement for 2024/25.

30. There is a legal requirement for the budget to be balanced and the original budget for 2024/25 needed £4.8m of savings to fulfil this. At the point of setting the budget only £3.8m could be identified and so the remaining £1m is being taken out of reserves. Work will be undertaken during the year to identify an additional £1m of savings. The indicative savings for 2024/25 are shown in the table below.

	£m
Overachieved savings from 2023/24	0.3
Joint Force Change	
Change in shift patterns	1.0
Enabling Services restructure	0.5
Technical rationalisation	0.4
Targeted Reviews	
Learning and Development Review	0.2
Tactical savings	
Removal of vacant posts	0.2
Specialist Crime budget review	0.3
Interest on cashflow balances	0.3
Cancellation of DDaT licences	0.1
Operational Command review	0.5
Identified and in process of being delivered	3.8

31. The achievement of savings is reported on regularly to the PCC as part of her Performance meetings with the Chief Constable.

Council Tax 2024/25

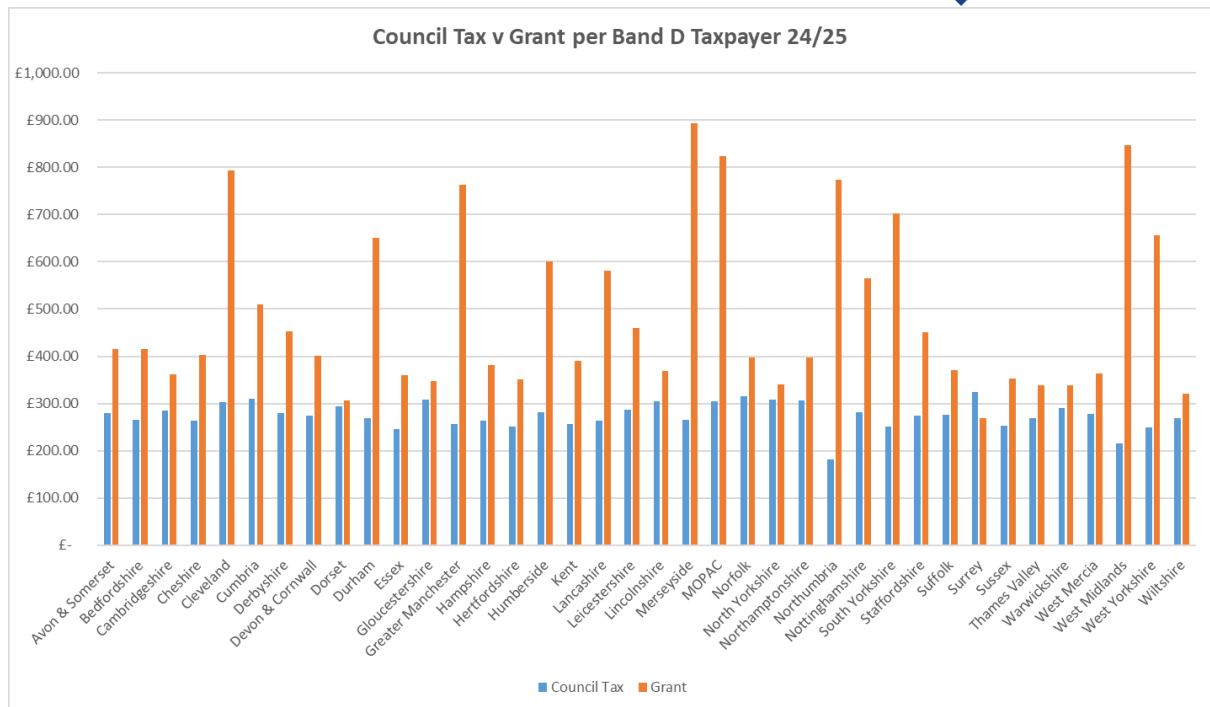
32. The Localism Act 2011 introduced a power for the Secretary of State for Communities and Local Government to issue principles that define what should be considered excessive Council Tax and to propose limits. From 2013 onwards, any PCC that wishes to raise the council tax above the limits set by the Secretary of State will have to hold a referendum.

33. As part of the autumn statement the referendum limit was set at £13. This was an increase on the original £10 included within the spending review following representations from PCCs and Chief Constables.

Year	Band D Council Tax	Change £	Change %
2024/25	£323.57	£13.00	4.2%

34. In accordance with legislation the PCC proposal to increase the Council Tax precept by £13 was considered by the Police and Crime Panel on 2nd February 2024. The full report can be found in on their website. The panel rejected the increase on the Chair's casting vote – however this was not enough to veto the increase. The rejection was mainly because the panel was concerned that Surrey residents were being asked to provide funding which should be provided by Government. The Government has stated that it wishes to review the formula, and indeed this has commenced, but no date has been set for the completion of this work.

35. The increase in percentage terms is just above the current rate of inflation and below the increases proposed for Surrey County Council and most other Police areas. That said Surrey does have one of the highest precepts in England which is a result of it having the lowest level of Government funding per head. This is evidenced by the graph below



36. Billing Authorities have advised that the Council tax base for 2024/25 has increased to 520,247 Band D equivalent and overall the collection funds are in surplus. This is due to fewer bad debts and new housing stock.

37. The increase in the Band D precept of £13 coupled with the tax base increase will raise an additional will raise an additional £7.8m in 2024/25 which is reflected in the budget.

38. For illustrative purposes the impact on the Force of having a lower precept was considered. For each £1 that the precept was reduced by the Force would need to find £0.5m of savings. As 80% of the Force’s costs relate to wages and Police Officer numbers are protected due to Uplift this saving could only come by reducing Police Staff numbers. £0.5m is equivalent to 15 staff. This would increase the level of staff vacancies on top of the current vacancy margin. The Chief Constable was of the view that these reductions in key areas would put at risk the delivery of the improvements he wishes to deliver under his vision “Our Plan”.

Surrey PCC Public Consultation on the Police Precept 2024/25

39. As in previous years an online consultation with residents was commenced on 21st December 2023. This is done so that the PCC is able to gauge residents views on any increase and then to take this into account, along with many other factors, in her precept recommendation.

40. The survey asked whether residents would be happy to pay up to £10, or £10, £11, £12 and £13. In all over 3,200 responses were received, which was more than last year, and the results were as follows:

- 42% were supportive of an increase of £13.
- 10% were supportive of an increase of £12.
- 2% were supportive of an increase of £11.
- 6% were supportive of an increase of £10.
- 40% were supportive of an increase of less than £10.

41. Hence a greater proportion of respondents, given a choice, have opted for £13 rather than any other option and over half are supportive of an increase over £12.

Revenue Budget for 2024/25

Performance for the year so far, up to Period 8, against the Revenue Budget 2023/24

42. Throughout the year, the PCC closely monitors the delivery of expenditure against budget in public Performance meetings. Regular updates have also been provided to the Police and Crime panel. Any revisions to those budgets in line with the Financial Regulations are noted as key decisions, if required, on the PCC's website.

43. The revenue forecast as at 30 November 2023 was as follows:

Surrey	Total 2022/23 Budget £m	Total 2022/23 Outturn £m	Variance £m
PCC Budget	3.1	3.1	(0.0)
Operational Delivery Budget	289.7	287.0	(2.7)
Total 2022/23 Budget	292.8	290.1	(2.7)
Funding	(292.8)	(291.2)	(1.6)
Grand Total	(0.0)	(1.1)	(1.1)

A more detailed report can be found on the Police and Crime Panel agenda for 2nd February 2024.

44. As at month 8 the Surrey Police Group is predicting an underspend of £1.1m at the year end. This is due to a number of factors such as future year savings being achieved more quickly than expected, increased income and higher staff vacancies. These factors are considered to be one off and therefore do not impact the 2024/25 budget. In addition the savings included within the 2023/24 budget have already been achieved.

Proposed Revenue Budget for 2024/25

45. A summary of the 2024/25 net revenue budget is below:

	2023/24	2024/25	Change
	£m	£m	£m
OPCC			
Net Budget	3.00	3.20	0.20
	3.00	3.20	0.20
FORCE			
North Division	30.30	33.60	3.30
East division	32.50	35.90	3.40
West Division	34.50	38.30	3.80
Specialist Crime	42.70	46.70	4.00
Operations	19.90	22.00	2.10
Contact and Deployment	21.20	22.50	1.30
Criminal Justice	13.90	14.80	0.90
Volunteering	1.70	1.80	0.10
	196.70	215.60	18.90
Chief Officers	1.90	2.10	0.20
DCC	5.50	6.10	0.60
PSD	3.60	4.50	0.90
Corporate Communications	1.60	1.70	0.10
Corporate Development	0.20	0.90	0.70
Change Delivery	0.80	0.80	0.00
	13.60	16.10	2.50
ICT	18.20	19.00	0.80
Finance, vehicles, estates etc	23.60	25.40	1.80
People Services	14.80	16.10	1.30
Corporate (net of savings)	18.60	18.10	-0.50
Savings		-3.80	-3.80
	75.20	74.80	-0.40
Force Total Budget	285.50	306.50	21.00
Group Total Budget	288.50	309.70	21.20
FUNDED BY:			
GRANTS			
Home officer Pollice Grant	76.80	83.50	6.70
Formula funding	35.00	35.00	0.00
Legacy CTax Grant	2.50	2.50	0.00
Council Tax Support	6.80	6.80	0.00
Officer Pension Grant	1.90	6.50	4.60
Uplift Grant	3.60	6.00	2.40
	126.60	140.30	13.70
OTHER FUNDING			
Use of Reserves	0.1	-0.1	-0.20
Collection Fund	1.2	1.2	0.00
Council Tax	160.6	168.3	7.70
	161.90	169.40	7.50
Total Funding	288.50	309.70	21.20

46. The total budget is under the control of the Police and Crime Commissioner. However, 99% of it is delegated by the PCC to the Chief

Constable to fund all day-to-day operational policing activities. The PCC retains 1% of the budget for the running costs of the Office of the Police and Crime Commissioner including Governance as well as providing and commissioning services in areas such as custody visitors, community safety, victim support and crime prevention. A breakdown of the OPCC budget is shown below:

	2023/24	2024/25	Change
	£m	£m	£m
OPCC Net Operational Costs	1.496	1.667	0.171
OPCC Net Commissioned Services	1.801	1.801	(0)
Funded from Reserves	(0.250)	(0.250)	(0)
Net OPCC Budget	£3.047	£3.218	£0.171
%age of Group Budget	1.1%	1.0%	
Operational costs as %age of net Budget	0.5%	0.5%	

47. The 'OPCC Net Operational Costs' includes salary and associated costs of the PCC, Chief Executive, Chief Finance Officer, and any other staff employed to support the duties of the PCC as well as office-running costs, subscriptions, communications etc. It also includes other statutory local policing body costs such as internal and external audit, banking, and treasury management etc.

48. The "OPCC Net Commissioned Services" consists of £6.8m of grants for services for victims, community safety, crime prevention etc and the staff to commission them. £5m of these are funded by a grants from the Home Office and Ministry of Justice with the remainder coming from the Surrey Police Group budget. The OPCC is usually successful in attracting further funding during the year which can then be used to deliver services to support residents. Further details can be found on the OPCC website.

49. There are no changes in staffing, or any other costs incurred by the PCC for 24/25 compared with 23/24 aside from unavoidable and inflationary increases. These total £171k and are as follows:

- £90k for wages to reflect the pay and pension increases in line with Force staff.
- £66k for external audit as required by the PSAA national audit tender.
- £21k for internal audit to reflect increase in costs for pay and pensions for their staff.
- £10k increase in subscriptions for the APCC nationally agreed.
- -£16k reduction in federation subs for special constables paid for by the PCC

50. All other cost pressures have been absorbed within existing budgets.

Capital & Investment Programme 2024/25

51. Capital and investment expenditure of £32.8m is budgeted for in 2024/25 to be financed by a combination of borrowing, capital receipts and revenue transfers as there is no direct Government Capital funding. The capital budget for 2024/25 and an estimate for the 4 years beyond that is shown in the table below:

Surrey Capital Programme Summary						
	Year 1	Year 2	Year 3	Year 4	Year 5	
DESCRIPTION	2024/25	2025/26	2026/27	2027/28	2028/29	
	£m	£m	£m	£m	£m	
DDaT Renewals	2.1	2.2	1.9	1.9	2.1	
DDaT New Schemes	0.5	0.7	0.2	0.2	0.4	
Business Led IT Projects - ERP	0.7	-	-	-	-	
Fleet Replacement and Equipment	5.2	4.6	4.5	4.4	4.4	
Estate Strategy	22.9	29.6	30.0	18.6	2.1	
Cost of Change	1.0	2.9	-	-	-	
Equipment	0.5	0.2	0.3	0.3	0.3	
Total	32.8	40.3	36.9	25.5	9.4	

52. The Capital is to be used as follows:

ICT - Hardware Refresh including servers, Network Upgrades, Update of ERP
 Fleet – vehicles including ANPR and telemetry inc net zero vehicles
 Operations - Operations Command Equipment, Drones, ANPR
 Estates - New HQ, Door access system, CCTV

53. Capital expenditure has increased compared to previous years due to the costs of the new HQ. This is being funded by assets disposals and external borrowing financed by the savings the new HQ will deliver in terms of operating costs. The revenue costs of this had been factored in to the MTFS in the year in which they are expected to arise.

Reserves 2024/25

Background Information on Reserves

54. Revenue and Capital Reserves are an important resource for day to day as well as medium term financial planning despite being one-off in nature. The Chartered Institute of Public Finance and Accountancy consider that PCCs should establish reserves including the level of those reserves based on the advice of their chief finance officers and should make their own judgements considering all the relevant local circumstances.

55. The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when

preparing budgets. The Chief Finance Officer is required as part of the budget setting process to provide a statement on the adequacy of reserves.

56. The Home Office Financial Management Code of Practice also sets out the following requirements:

- PCCs to establish a policy on reserves including how they may be used.
- Full details of how the reserves and provisions policy will operate locally.
- Ensure that the annual budget includes a realistic amount of operational contingency that is available to the Chief Constable for operational priorities without the need for additional approval; and
- Provision for budgets to be carried forward from one financial year to the next.

57. The establishment and maintenance of resource backed reserves are held for four main purposes:

- As a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves.
- Provide funds to cushion the impact of unexpected events or emergencies -this also forms part of general reserves.
- Provide funds for the purposes of managing risk e.g. insurance reserve; and
- As a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the reserves.

58. The Chief Finance Officer (CFO) has a fiduciary duty to local taxpayers and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds. Within the existing statutory and regulatory framework, it is the responsibility of the CFO to advise about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.

59. In assessing the appropriate level of reserves, they need to be not only adequate but are also necessary. This will involve an assessment of the financial risks faced by the organisation and the level of mitigation that can be put in place to reduce them.

Review of Reserves

60. The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on Reserves and Balances (LAAP Bulletin No. 99 July 2014) and the requirements of the Code suggest twice yearly reviews of reserves. By

doing this, the visibility of reserves is increased and consideration of their use is placed at the forefront of the decision-making process.

61. In accordance with good practice, reserves are reviewed for adequacy at the time that the statements of accounts are prepared (April/May) and again when the budget and MTFs are prepared (November/December).

Surrey Reserves

62. The PCC must retain adequate reserves so that unexpected budget pressures can be met without having a detrimental impact on normal day to day operational activities. The PCC's policy on reserves is based on an understanding of the organisation's needs and risks. Part of this process is to give a clear explanation of the existing and proposed use of reserves.

63. The PCC plans to maintain the general reserve at the 3% of net budget requirement in line with the Reserves Strategy. Specific reserves are only employed for expected risks or to build up funds for a major project or expense.

64. A breakdown of the reserves held by the PCC on behalf of the Surrey Police Group is set out in the following table.

	2023/24 £m	2024/25 £m
General Reserves	8.8	8.8
Earmarked Reserves		
OPCC Operational - <i>For use by the PCC</i>	1.2	1.2
CC Operational – <i>For use by the CC</i>	1.1	1.1
Cost of Change – <i>to improve efficiency and productivity</i>	5.6	4.5
Estates strategy – <i>to support the new HQ</i>	4.4	4.4
CC Op Pheasant – <i>historic case reviews</i>	0.5	0.5
Delegated Budgetary – <i>to cover unbudgeted costs</i>	5.0	5.9
Net Zero – <i>Contribution to net zero work</i>	1.7	1.7
Insurance – <i>to cover excess on claims</i>	1.9	1.6
Police Pension – <i>Ill health strain costs</i>	0.6	0.6
Total Earmarked Reserves	22.0	21.5
Total Reserves	30.8	30.3
%age General Reserves to Net Budget	3.0%	2.8%
%age Total Reserves to Net Budget	10.7%	9.8%

65. The strategic position in respect of the use of reserves is that they will only be applied as a last resort to balance the revenue budget, therefore it is necessary to hold balances considering the range of financial demands facing the Force and PCC. The expectation is the Delegated Budget Holder Reserve and the Change Management Reserve will be deployed in the future years to

fund expected financial demands, some of which are outlined as follows. The Estate Strategy Reserve will be used to support the delivery of the Estate's strategy and in particular the new HQ. The insurance reserve will be used for uninsured claims and the pension reserve for ill health retirements.

66. The PCC's reserves policy is published on the OPCC website

Adequacy of Reserves and Robustness of Budget Estimates

67. The Local Government Act 2003 requires the Chief Finance Officer (CFO) to undertake an assessment of the robustness of the annual budget and the adequacy of reserves. That assessment and a statement is to be included in the key decision annual budget and precept report 2024/25.

68. The CFO has applied the same principles used to undertake the assessment of the 2024/25 budget to the following three years of the MTFS. In assessing the robustness of the budgets and forecasts, the CFO has considered the following issues:

- The general financial standing of the PCC.
- The underlying budget assumptions, including an assessment of the major estimates including pay and price increases.
- The future budget pressures identified including changes to pension scheme contributions.
- A risk assessment of expenditure and income estimates including adequacy of budget monitoring and financial reporting arrangements (See Section 16 of the MTFS at Appendix 1).
- The impact of the police grant settlement and of subsequent anticipated future settlements including any change to the grant allocation method.
- The precept and planned increases.
- The adequacy of the budget monitoring and financial reporting arrangements.
- The adequacy of the PCC's governance arrangements and internal control system including the risk management system.
- The adequacy of general reserves to cover any potential financial risks faced by the PCC.

69. At 31 March 2024, the Police and Crime Commissioner's General Reserve, including the PCC and CC delegated reserves, is estimated at £11.1m and to remain at that level for the year. This is above the minimum of 3% of revenue expenditure which is in accordance with the approved reserves policy.

70. £3.8m of savings are required for 24/25 and steps have been taken to identify these and actions put in place to deliver them. In future years it is estimated that more substantial savings will be required and the plans for

these are at an early stage. Were these not to be delivered then there would be sufficient reserves to cover the shortfall although this would mean that almost all of the reserves would be exhausted by 2027/28. This would require that all the earmarked reserves are repurposed to cover the shortfall despite the impact this may have. However, the Force has a good track record of delivering savings and are working hard to identify savings in future years to mitigate this risk.

71. After taking account of known and anticipated issues the Chief Financial Officer considers that the revenue and capital estimates are robust and that the level of reserves is adequate to cover the financial risks faced by the PCC Group for 2024/25. However, this is conditional on management continuing to work to find sustainable savings. Work has already started to identify changes to service provision that can save money, and these will need to be taken forward without delay. This will take time for business cases to be worked up and, in some cases, requires investment to save money. Senior leaders will need to prioritise leadership time to ensure that the savings are delivered and the future budgets balanced. If during the year it looks as though savings targets will be missed, both the PCC's Chief Finance Officer and Chief Constable's Executive Director of Commercial and Finance will need to consider what mitigating actions can be taken.

Council Tax Requirement

72. The Localism Act requires the Commissioner to set a Council Tax Requirement. The calculation of the Council Tax Requirement, based on the proposed revenue budget and contribution from reserves is set out below:

2024/25 £m	2024/25 Proportion %		2025/26 £m	2025/26 £m	Proportion %
288.5		Total Revenue Expenditure		309.7	
0.1		Less Appropriations (to) / from Reserves		-0.1	
288.4		Net Budget Requirement		309.8	
		Less			
76.9		Main Policing Grant	82.8		
35.0		Revenue Support Policing Grant	35.7		
2.5		Council Tax Legacy Freeze Grant	2.5		
6.8		Council Tax Local Support Grant	6.8		
3.6		Operation Uplift Performance Grant	6.0		
2.0		Pensions Grant	6.5		
126.6	44%	Total Policing Grant		140.3	45%
		Local Council Tax Scheme Grant			
161.8		Balance to be raised locally		169.5	
1.2		Less net surplus / deficit on collection funds		1.2	
160.6	56%	Council Tax Requirement		168.3	55%

73. The notified Council Tax base figure is 520,247.03 this represents an increase of 3,243 (0.6%) over the previous year.

74. The billing authorities are forecasting a cumulative surplus of the collection fund of £1.2m due to better than anticipated collections during the year.

Consultation with the Police and Crime Panel

75. The Police and Crime Panel considered the PCC precept proposals on the 2nd February 2024. This meeting took place after two earlier finance subcommittee briefings. On the Chairman's casting vote the panel rejected the proposed precept increase of £13 but did not veto it. The main reason for not endorsing the recommendation was a concern that the burden on Surrey taxpayers was increasing due to the unfair allocation of Government funding.

Risk Management

76. Associated risks have been considered and recorded as appropriate and are set out in Appendix A.

Legal

77. The PCC has the legal responsibility duty to set the precept, revenue, and capital budget for the year.

Equality and diversity

78. Any implications arising from this budget in respect of Equality and Diversity have been considered by the Chief Constable as part of the budget setting process.

Recommendations

79. The Police and Crime Commissioner is requested to:
- a. approve the capital and investment programme and authorise the Chief Finance Officer to undertake the appropriate financing;
 - b. approve the revenue budget and
 - c. note the review by the Chief Finance Officer in respect of the robustness of the budget and the adequacy of reserves.
 - d. Note the Council Tax Base of 520,247.3 for the year 2024/25 as notified by the billing authorities within Surrey (item T in the formula in Section 44 (1) of the Local Government Finance Act 1992, as amended).
 - e. Approve the following amounts for the year 2024/25 in accordance with Sections 43, 44 and 47 of the Local Government Finance Act 1992, as amended: -

- i. £309,794.992.48 being the aggregate of the amounts which the Police and Crime Commissioner estimates for the items set out in Section 43 (2) (a) to (d) of the Act;
- ii. £141,458,573.62 being the aggregate of the amounts which the Police and Crime Commissioner estimates for the items set out in Section 43 (3) (a) to (b) adjusted for the item set out in the Act;
- iii. £168,336,418.86 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Police and Crime Commissioner in accordance with Section 43 (4) of the Act, as its Council Tax Requirement for the year.
- iv. £323.57 being the amount at (c) above divided by the tax base as notified by billing authorities for Surrey, calculated by the Police and Crime Commissioner in accordance with Section 44 (1) of the Act, as the basic amount of tax for the year.
- v. Valuation bands being the amounts given by multiplying the amount of (d) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Police and Crime Commissioner in accordance with Section 47 (1) of the Act, as the amounts to be taken into account for the year in respect of the categories of dwelling listed in different valuation bands.

Band	2023/24	2024/25	Increase
A	207.05	215.71	8.66
B	241.55	251.67	10.12
C	276.06	287.62	11.56
D	310.57	323.57	13.00
E	379.59	395.47	15.88
F	448.6	467.38	18.78
G	517.62	539.28	21.66
H	621.14	647.14	26.00

- f. Resolve that under Section 52ZB of the Local Government Finance Act, the Commissioner's relevant basic amount of Council Tax for 2024/25 is not excessive in accordance with the principles determined under Section 52ZC (1) of the Localism Act 2011.

g. Resolve that in accordance with Section 40 of the Local Government Finance Act 1992, as amended, the billing authorities within the area of this authority be issued with precepts in the amount of £169,553,257.42 for the financial year beginning 1 April 2024, the amount of the retrospective precepts to be issued to each billing authority's area in accordance with the Sections 43, 44 and 47 of the 1992 Act, as amended.

Kelvin Menon

Chief Finance Officer, Office of the PCC