



The Rt Hon Yvette Cooper MP  
Home Secretary  
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By Email only – no hard copy to follow.  
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13<sup>th</sup> November 2024

Dear Home Secretary,

I am writing to you in response to the Chancellor's budget announcement on 30<sup>th</sup> October and, in particular, in relation to the increase in employer's national insurance contributions.

Here in Surrey, 80% of our costs relate to people and so we have calculated that the proposed increase in NI would add approximately £4.5m to our costs. To put this into context, this would be equivalent to an additional £9 on Band D Council Tax or around 100 Police officers.

It was encouraging to see in the budget report that the additional cost of the NI changes for the public sector had been recognised by the Chancellor and that additional funding would be provided to mitigate these. This is indeed welcome.

My concern, and the reason for writing to you, is that this additional funding, rather than being distributed in line with the additional costs incurred, will instead be distributed using Police formula shares. Earlier this year, the additional grant given to fund the Police pay increase over 2.5% was distributed by the Home Office using formula shares leaving us with a shortfall of about £1m (compared to had it been distributed in line with total budget or headcount). This £1m shortfall then had to be found through further efficiencies and service reductions and hence totally negated the intention of the Government to fully fund the pay increase over 2.5%.

Surrey Police has already delivered over £80m of savings over the last 10 years and we forecast that we will need to find a further £23m of savings over the next 4 years to just maintain services as they are. This is without factoring the possible 2% efficiency target, which would equate to an additional £6m a year to find in order to fund the neighbourhood policing pledge. The Chief Constable and I are working hard to avoid impacting front line policing, but faced with the requirement to balance the budget, exacerbated with these pressures, it is making this increasingly difficult.

Whilst I am prepared to ask local taxpayers to shoulder more of the burden of the cost of policing - although they already contribute 55% of the cost in Surrey - it cannot be fair that

they are being asked to pay for an NI increase that has been imposed on us and in totality is fully funded yet due to the way it is shared out penalises (and benefits) individual forces.

I am sure you are already aware that the Police Formula mechanism is not fit for purpose in that it does not reflect the current demands of modern policing nor current populations. The budget report did say that the Local Government funding formula was being reviewed and I hope that this will also extend to the one used for Policing.

Until then I am requesting that the Home Office use a different methodology to divide up the NI funding grant that more closely reflects the actual costs incurred. The Home Office already holds data in relation to not only to the total net budget for all Forces but also headcount and so it should be very straightforward to use a more equitable allocation methodology.

I am happy to discuss this in more detail, should this be useful, and I look forward to your response.

Yours sincerely,

A handwritten signature in black ink that reads "Lisa Townsend". The signature is written in a cursive style and is positioned over a large, stylized pink letter 'S' that is part of a background graphic.

**Lisa Townsend**  
Police and Crime Commissioner