DORSET POLICE & CRIME COMMISSIONER DAVID SIDWICK

POLICE & CRIME PANEL – 6 FEBRUARY 2026

2026/27 BUDGET, PRECEPT AND MEDIUM-TERM FINANCIAL PLAN

REPORT BY CHIEF FINANCE OFFICER

PURPOSE OF THE PAPER

To set out the Police and Crime Commissioner's proposals for the 2026/27 budget, precept and the medium-term financial strategy.

1. BACKGROUND

1.1. The Police and Crime Commissioner (PCC) for each force area is required each year to set a balanced budget, including the precept to be charged to council taxpayers. All funding is received by the PCC, and they consult with the Chief Constable to determine how the funding should be allocated to ensure an efficient and effective police service.

1.2. In respect of the precept element of the budget, the PCC is required to notify the Police and Crime Panel of the proposed precept by 1 February each year, which must be considered within a week. The Panel can either accept the precept or veto it, subject to two thirds of the Panel supporting the veto. In the event of a veto, the PCC must present a revised precept by 15 February, which the Panel must consider by 22 February. A reserve date of 20 February 2026 has been set for a second meeting of the Panel, should this become necessary.

1.3. Producing the budget and precept proposals this year has been incredibly challenging with information provided by the Home Office on funding being very late, lacking in detail and subject to change up until the very last minute. As a result, some elements of the report are less developed than usual and may still need to be updated following publication.

2. STRATEGIC APPROACH

2.1. The Police and Crime Plan sets out the strategic intent for policing in Dorset and was originally launched by the PCC in October 2021 and covers 2021 – 2029. The Plan was reviewed in 2024 following the PCC elections and the revised version was adopted in October 2024. Within the plan there are six priority areas working towards the vision of making Dorset the safest county. The six priority areas are:

- Cut Crime and Anti-Social Behaviour (ASB)
- Make Policing More Visible and Connected
- Fight Violent Crime and High Harm
- Fight Rural Crime
- Put Victims and Communities First
- Make Every Penny Count

2.2. The Financial Strategy, including the Capital Strategy, Reserves Strategy and Treasury Management Strategy are used to translate the vision of the Police and Crime Plan into the detailed budget, with the Medium-Term Financial Plan (MTFP) setting out what this looks like for future years.

2.3. The strategic approach taken to developing the 2026/27 budget proposals is to take a longer-term view to ensure that decisions taken are sustainable, building greater financial resilience and delivering value for money for Dorset residents.

3. FUNDING

3.1. The funding for the revenue budget comes from two main sources: government grant and council tax, and the split between the two is almost equal with total council tax funding now making up a slightly higher percentage of the core funding than the government grant. The funding from each source is set out in the table below:

Funding	**2025/26 £**		**2026/27 £**		**Change £**
Government Grant	86,023,912	(47.1%)	*92,017,159*	(47.4%)	5,993,247
Council Tax Precept	96,077,904		102,014,893		5,936,989
Collection Fund Balance	579,093		26,544		(552,549)
Total Council Tax Funding	96,656,997	(52.9%)	102,041,437	(52.6%)	
Total Funding	182,680,909		194,058,596		11,377,687

Government Grant

3.2. Government Grant falls into two main categories; Core Grant, which is general and forms part of the funding, and Specific Grants, which are given for specific purposes. These sometimes have conditions attached and are used to offset the cost of services, thereby reducing the budget requirement. Core Grant and most specific grants are announced through the Provisional Finance Settlement although some specific grants are announced separately.

3.3. Phase 2 of the Spending Review 2025 was announced in June 2025 and covered the remaining 2 years of the CSR period. This provided high level spending numbers for the Home Office contribution, which assumes PCCs raise the maximum amount of precept allowed. It does not provide detailed information at a Force level but did reaffirm the Government's commitment to the Neighbourhood Policing Guarantee.

3.4. The funding for each PCC was announced in the Provisional Finance Settlement on 18 December 2025. Usually, the full breakdown of Core Grant and the main specific grants are provided as well as the conditions such as the number of officers required to qualify for the ringfenced grant. For 2026/27 the Provisional Finance Settlement provided a single total of £101.4m, with no breakdown or further details supplied. The full value of £101,413,600 was confirmed via the Police and Crime Commissioners Treasurers Society (PACCTS) on 12 January 2026, but the full detail behind this figure will not be provided until the final settlement expected at the end of January.

3.5. To illustrate the difference in information available, the table below shows the grants detail provided as at 12 January 2026, compared to the equivalent information provided last year for 2025/26.

	Information provided in Jan 2025 for 2025/26 budget £	Information provided in Jan 2026 for 2026/27 budget £
Police Grant	78,105,338	
Legacy Council Tax Grant	7,918,574	
Total Core Grant Funding	86,023,912	
Ring-fenced Grant	2,903,155	
Pension Grant	4,132,428	
Additional Recruitment Grant	1,317,149	
National Insurance Grant	2,693,151	
Neighbourhood Policing Grant	1,658,946	
Total Specific Grants	12,704,829	
Total Settlement Funding	98,728,741	101,413,600

3.6. On 16 January 2026 the Home Secretary wrote to PCCs and Chief Constables announcing a further £50m for policing in order to deliver Year 2 of the Neighbourhood Policing Guarantee and deliver a further 1,750 policing personnel into neighbourhoods. For Dorset this equates to an additional £414,736 to deliver an extra 15 full time equivalent (FTE) employees.

3.7. The letter also confirmed that the Neighbourhood Policing ringfenced grant will be the only conditional workforce grant, meaning the requirement to maintain overall officer numbers will no longer be necessary. The Neighbourhood Policing ringfenced grant was confirmed as £3,033,741, presumably incorporating some of the previous ringfenced grant as well as the new funding. The full conditions of the Neighbourhood Policing Grant are not yet known in terms of any restrictions on what can be claimed or the penalties for not achieving the target. Therefore, at this stage, it is assumed that the costs of delivering the additional 15 FTEs are equivalent to the additional £414,736 of funding.

3.8. The Final Settlement was published on 28 January 2026 and confirmed that the funding for Dorset would be as set out in the table below. The core grants make up the funding for the budget alongside the precept, with the specific grants being required to be built into the budget as income.

	2025/26 £	2026/27 £	Change £
Police Grant	78,105,338	84,098,585	5,993,247
Legacy Council Tax Grant	7,918,574	7,918,574	0
Total Core Grant Funding	86,023,912	92,017,159	5,993,247
Ring-fenced Grant	2,903,155	0	(2,903,155)
Pension Grant	4,132,428	4,132,428	0
Additional Recruitment Grant	1,317,149	0	(1,317,149)
National Insurance Grant	2,693,151	2,645,009	(48,142)
Neighbourhood Policing Grant	1,658,946	3,033,741	1,374,795
Total Specific Grants	12,704,829	9,859,320	(2,893,651)
Total Settlement Funding	98,728,741	101,828,337	3,099,596

3.9. The Final Settlement confirmed the Legacy Council Tax grant remained the same and that the balance of funding had been added to the main Police Grant distributed on the basis of funding formula. The settlement also confirmed that the Pensions Grant would remain at the same level as 2025/26. Neighbourhood Policing Grant is as set out in the letter dated 16 January 2026, but no further details were provided in relation to conditions.

3.10. The National Insurance Grant, whilst remaining at £230.3m overall, has been reallocated on the basis of the latest workforce shares as at 31 March 2025. This has resulted in a loss of £48,142.

3.11. The Force received £1m in funding for Hotspot patrols in 2025/26. The Final Settlement confirmed that this funding would not be provided in 2026/27 but that hotspot patrols are expected to be mainstreamed into business as usual within the funding envelope provided. At this stage, given the late announcement, no assessment has been undertaken as to whether this can be achieved within the existing budget.

Council Tax

3.12. The council tax precept is the total amount charged to Dorset residents. The Band D council tax charge is calculated by dividing the total precept by the taxbase. While the setting of the precept, and therefore the Band D council tax charge, is a local decision, the increase in the Band D charge must be within the referendum principles set by the Government or the increase must be supported by a public referendum. For 2026/27 the referendum limit for policing has been set at £15 per year, however this was initially assumed to be £14, based on the limit set for the 2025/26 financial year.

3.13. The Minister of State for Crime and Policing's written statement for the provisional 2026/27 police finance settlement quoted figures based on the assumption that PCCs would maximise this council tax flexibility.

3.14. The taxbase is calculated by each local authority in Dorset and is the number of Band D equivalent properties in Dorset liable to pay council tax, after taking account of discounts, collection rates and local council tax support schemes.

3.15. This is the second year where the impact of the premium on second homes has been factored into the taxbase calculation.

Band D equivalents	**2024/25**	**2025/26**	**2026/27**
Bournemouth, Christchurch & Poole	146,342.0	151,574.2	152,481.7
Dorset	153,849.7	160,793.0	163,765.1
Total Taxbase	300,191.7	312,367.2	316,246.8
Increase / (Decrease)	1.0%	4.0%	1.2%

3.16. This growth in taxbase means the precept will generate almost £1.2m more than 2025/26 before any increase in the Band D charge is considered.

3.17. In addition to the precept, funding also usually comes from the collection fund surplus generated by the local authorities. A surplus arises from a variety of factors such as improved collection rates, ongoing collection of prior year charges or higher growth of properties than estimated. A deficit can also arise from reduced collection rates, such as during the pandemic, and an overestimation of growth rates. This was a particular risk following the changes to second homes last year.

3.18. The table below sets out the position for each council and the overall impact for Dorset Police.

	Bournemouth, Christchurch & Poole £	Dorset Council £	Total £
2026/27 Surplus / (Deficit)	(192,702)	219,246	26,544

3.19. For 2026/27 the proposed council tax precept and collection fund surplus for each local authority area is as follows:

Funding	Bournemouth, Christchurch & Poole £	Dorset Council £	Total £
Council Tax Precept	49,187,547	52,827,346	102,014,893
Collection Fund Position	(192,702)	219,246	26,544
Total	48,994,845	53,046,592	102,041,437

4. CHIEF CONSTABLE'S BUDGET

4.1. Over 98% of the budget is delegated to the Chief Constable for the operational delivery of policing in Dorset. The Chief Constable has requested the increase in precept as a result of a number of cost pressures within the budget. Key cost pressures and assumptions are outlined below, and the detailed budget is set out in Appendix 1.

Pay Budget

4.2. Pay and employment costs make up over 87% of the Chief Constable's budget therefore it is unsurprising that it produces the largest budget pressure. The pay award is one of the largest assumptions included within the budget. In the 2025/26 budget the pay award was assumed to be 2.8%, in line with the national expectations. Additional grant had been provided in previous years for the pay award being higher than this, therefore it was anticipated that this would continue.

4.3. The nationally agreed pay award for both officers and staff was announced during the summer at 4.2% and came into effect on 1 September 2025. As expected, additional grant was provided for costs above 2.5% but this was distributed on the basis of funding formula shares and was only once off. The additional costs of the 2025/26 pay award have been built into the 2026/27 budget without any specific funding.

4.4. As a result of pay award funding being distributed on the basis of funding formula since 2023/24, the total cost of pay awards that have had to be funded from savings elsewhere is now in excess of £2.8m.

4.5. For 2026/27 the pay award assumption for both officers and staff has been included at 3.0% - 1% above the CPI target for inflation and in line with assumptions made by other forces. The total cost of these pay awards is £6.0m.

4.6. In addition to the pay award there are increased costs for contractual pay increments and associated impact on National Insurance and pension contributions from the increases in pay. In total, these pay pressures amount to a further £1.8m.

Inflation

4.7. Inflation has not applied across all budgets but certain contracts such as IT and Estates are subject to inflation increases which total £1.0m.

4.8. There are also a number of budgets, which although not strictly linked to a contractual inflation increase, need to be increased, including business rates, contract cleaning, taser consumables and insurance and liability claims. These total £1.1m.

Impacts of the Capital Programme

4.9. As there is no longer any capital grant provided to fund the capital programme, the revenue budget and borrowing are the two main sources of funding for the capital programme. The capital programme continues to move towards a sustainable position over the medium term with a further increase to the revenue contribution of £0.6m in 2026/27. However, there is still a requirement for borrowing and the associated revenue costs of this add another £0.3m to the budget.

Service Developments

4.10. Whilst the budget is challenging for 2026/27 there are still some areas where some improvements have been made and increases have been factored into the budget. Within Crime and Criminal Justice, additional posts have been built into the budget to improve the quality of case files and support victims through the process.

4.11. Additional resources have also been factored into custody in order to address Areas For Improvement (AFIs) identified by His Majesty's Inspector of Constabularies and Fire and Rescue Services (HMICFRS).

4.12. The outsourcing of the High Risk Independent Domestic Violence Advisors service to a new, independent provider has implications for both the Chief Constable's and the Office of the Police and Crime Commissioner's budgets. The costs are now entirely captured within the OPCC budgets, rather than being split, and although costing more, the new service will also enable self-referrals for the first time. Being a fully independent service, separate from the Force also brings us into line with all other forces and best practice.

Savings and Efficiencies

4.13. Within the 2025/26 budget over £4.0m of savings were built in, and whilst most have been achieved, some have not been achieved on a permanent basis. Around £0.8m of savings have been delivered in the current year by holding posts vacant for a period of time but these have not occurred in areas where the posts could be permanently deleted. At this point in the process, these savings have been removed from the budget in order to avoid continuing to hold posts vacant in the wrong places or incur additional costs in order to achieve them.

4.14. As part of the usual budget setting process, a thorough review of the base budget has been undertaken and savings of £0.9m have been identified and removed from the budget. In addition, the triennial valuation of the Local Government Pension Scheme has reduced the contribution rates for Police Staff from 1 April 2026, saving £0.7m.

4.15. During the year, the Force, alongside Devon and Cornwall Police, has undertaken a Priority Based Budgeting exercise with the Alliance enabling services that both forces share. This was an intensive 20-week process, involving three review panels, where each service was considered in detail. The existing service initially underwent a detailed service analysis, setting out the inputs and outputs of each team within the business area, and considering the relative levels of demand and productivity to inform a formal challenge process by senior leadership (including the OPCC Chief Executive) on how the individual service areas might be delivered differently, either through improved productivity, including investment in technology and process changes or through consciously setting different service levels. This has identified savings for Dorset in excess of £1m but some will take longer to deliver than others. Each saving has been reviewed and £0.6m has been built into the budget for 2026/27 with the remainder being factored into future years of the MTFP.

4.16. Following the Priority Based Budgeting process, Project Evolve – the Force's transformation programme – has developed a similar process, although less resource intensive, to be applied to our Dorset-only service areas, called Productivity Efficiency Reviews. This is being initially trialled in the road safety service area, and although the process is only at the first review panel point it has already identified options for reducing the budget totalling £0.6m with a high confidence of being delivered for 2026/27.

Summary Position and Balancing the Budget

4.17. Taking into account all of the budget pressures, the efficiency savings, additional income and the proposed increased precept there still remains a budget gap of £1.5m. Given the significant savings that have been delivered over the last three years the options available to deliver the savings are now having a greater impact.

4.18. The Force will need to revisit the savings from 2025/26 and look to deliver these on a permanent basis, but this may result in additional once off costs which may need to be funded from reserves or the flexible use of capital receipts.

4.19. The Force will also review and reduce the recruitment incentives which had been introduced to meet the officer headcount target and attract specific skills.

4.20. Measures to improve financial sustainability such as increasing the revenue contribution to capital and increasing the contributions to the Insurance reserve will need to be reviewed and reduced.

4.21. An additional target for future Productivity Efficiency Reviews will need to be built in, even though these reviews have not yet begun.

4.22. These options combined would deliver a balanced budget. There may be alternative options for savings as a result of the changes to grant conditions, for example the removal of the officer headcount, but due to the exceptionally late announcement of these changes, it has not been possible to work through these options and their implications in time for consideration of the budget setting process. This work will continue as we move towards the start of the financial year.

5. CAPITAL BUDGET

5.1. The capital programme is primarily made up of two types of projects: rolling programmes of replacing existing capital assets such as vehicles and IT equipment and more once off investments in the future such as Strategic Change and the Futures project. In order to achieve a sustainable, affordable programme, the Force is trying to move to a position where all recurring programme spend is funded from the recurring source of revenue contributions. This approach began in 2020/21 but will take some time before this can be achieved.

5.2. The Capital Strategy Group has thoroughly reviewed each scheme, challenging budget holders over timescales and estimated costs in order to develop a realistic, affordable programme based on the latest information.

5.3. Slippage identified in the current year's programme has been built into the 2026/27 budget and will be kept under review by the Capital Strategy Group. Any further slippage at the year end will be added into the 2026/27 programme through the usual carry forward process.

5.4. In addition to the revenue contributions, the main source of funding for the capital programme is borrowing. Borrowing will be applied to the assets with the longest life in order to minimise revenue costs. This will be managed through the Treasury Management Strategy through either cashflow (internal borrowing) or external loans through the Public Works Loan Board (PWLB). The full suite of Prudential Indicators are included within the Treasury Management Strategy.

5.5. In order to minimise the revenue impacts of the capital programme, the aim is to limit borrowing to only assets with a life of more than 10 years. This had been achieved with the original budget proposals, but with the requirement to reduce the planned increase to revenue contributions to balance the budget, this will not be possible in 2026/27, based on the budgeted spend. This will be kept under constant review during the year in order to avoid additional Minimum Revenue Provision (MRP) costs in 2027/28.

5.6. The summary Capital Programme for 2026/27 to 2029/30 is set out in Appendix 2.

6. OFFICE OF THE POLICE AND CRIME COMMISSIONER BUDGET

6.1. The budget for the Office of the Police and Crime Commissioner is exposed to the same challenges as the Force in relation to pay awards, increments, National Insurance changes and inflation and these total £0.08m for 2026/27 increasing the budget to £1.868m for 2026/27.

6.2. The Commissioning budget has been increased for the first time since 2023/24 by £0.08m to reflect the increased costs of minimum wage increases and national insurance changes being felt by our commissioned services. This is partially being supported by a contribution from the Police and Crime Plan reserve of nearly £0.04m. There is also growth of £0.2m built into the Commissioning budget for the High-Risk Independent Domestic Violence service as outlined in 4.12. This brings the total Commissioning budget for 2026/27 to £1.789m

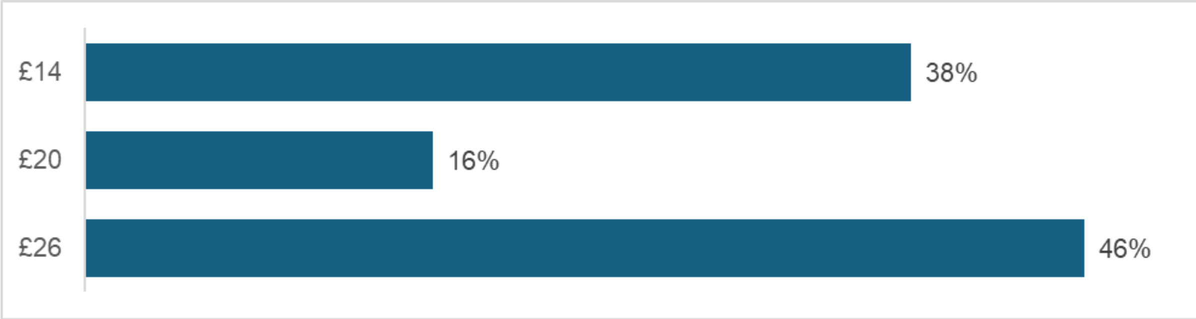
6.3. The Violence Reduction and Prevention Team will fund £0.09m of its staff costs from reserves this year as set out in the MTFP last year. The team's commissioning budget of £0.175m has also been factored into the budget this year and this is fully funded from the Violence Reduction Reserve.

7. PROPOSED PRECEPT

7.1. Prior to the confirmation of the referendum limits, the Police and Crime Commissioner launched a consultation on the potential options for increases in precept, reflecting the emerging picture at the time. This included 3 options; a £14 increase (the anticipated referendum limit at the time of launching the survey), a £20 increase (around the breakeven point without having to make further savings affecting services) and a £26 increase which would enable some investment back into services.

7.2. The consultation was launched on 27 November 2025 and ran until Monday 26 January 2026. A total of nine face to face roadshow sessions have been held across the county in addition to the online elements of the survey.

7.3. There were 1,653 responses with 74% of respondents agreeing that Dorset Police requires additional funding. 46% supporting an extra £26 per year, 16% supporting an extra £20 and 38% supporting £14 per year.



7.4. The £14 precept option reflected the best intelligence of what the limit might be at the time of the launch of the precept consultation, given it reflected the limit for 2025/26. It was therefore decided that it was appropriate to consult on a lower option of £14, however the referendum principle was later confirmed as £15 on 17 December 2025 by the Ministry of Housing, Communities and Local Government (MHCLG) in the Local Government Provisional Finance Settlement.

7.5. The Settlement also contained the following statement on precept flexibility:

We also recognise the financial pressures facing some Police and Crime Commissioners. Where a police authority views additional increases on the police precept as critical to maintaining their financial sustainability, the government will consider requests for limited flexibility on the police precept referendum principles. Local proposals will be considered on a case-by-case basis and would only be agreed in exceptional circumstances and following careful consideration of the police authority's specific circumstances.

7.6. A deadline of 31 December 2025 was set for the submission of an application for additional precept flexibility. Whilst not wanting to place further burdens onto council taxpayers, the PCC was also mindful of the continuing budget gaps within the MTFP and the likely savings required to balance the budget which would reduce the Force's financial sustainability. Given the emerging support from the survey for a higher precept rise and the uncertainty around funding levels available at the time, the PCC, supported by the Chief Constable, submitted an application for flexibility to increase council tax by £26.

7.7. This application was not successful, with formal notification being received on 28 January 2026. The reason for refusal was that, taking into account the budget gap, reserve levels, potential workforce changes and any additional funding levers for 2026/27, the application did not meet the criteria for critical financial sustainability in 2026/27, relative to the position of other forces.

7.8. As a result, the PCC is proposing to increase the precept to £102,014,893. This will result in a Band D charge of £322.58, an increase of £15 per annum or £1.25 per month.

7.9. It is worth remembering that while Band D is the national average Band, the most common Band within Dorset is Band C and over 56% of properties are in Band A to C. The impact on each Band charge is set out below:

	Band A	**Band B**	**Band C**	**Band D**	**Band E**	**Band F**	**Band G**	**Band H**
2025/26 Charge	£205.05	£239.23	£273.40	£307.58	£375.93	£444.28	£512.63	£615.16
Annual Increase	£10.00	£11.67	£13.34	£15.00	£18.33	£21.67	£25.00	£30.00
2026/27 Charge	£215.05	£250.90	£286.74	£322.58	£394.26	£465.95	£537.63	£645.16

8. MEDIUM TERM FINANCIAL PLAN

8.1. As part of the budget setting process the medium-term financial plan has been reviewed and updated, extending it until 2029/30. Some of the key assumptions included within the strategy are:

- Pay award of 2.5% per annum.
- Core grant increase based on the CSR for 2027/28 and 2028/29. No increase in 2029/30.
- Council taxbase increase of 0.7% per annum.
- Council tax increase of £10 per annum (equivalent to 3.1% for 2027/28, 3.01% for 2028/29 and 2.92% in 2029/30).

8.2. These assumptions produce the following central case budget position until 2029/30:

	2027/28 £'000	**2028/29 £'000**	**2029/30 £'000**
Budget Requirement	202,290	208,520	216,251
Total Funding	200,083	205,997	209,995
Budget Gap	2,207	2,523	6,256

8.3. The above forecast shows budget gaps in each year going forward. Whilst significant work has been undertaken to deliver savings in recent years even more savings will need to be identified in order to address these gaps if the assumptions included in the forecast are accurate.

8.4. As always, the above forecast contains many uncertainties with little data available on which to base the assumptions. Whilst the spending review provides information on police funding in general, this is difficult to extrapolate into what might be available for individual forces with any level of certainty. The full detail on the settlement for 2026/27 was issued incredibly late and only covered one year. The central case forecast is therefore based on assuming current funding levels continue. Due to the delay in the announcement, it has not been possible to develop best and worst case scenarios in time for the finalisation of the paper. This will be worked on once full details are available.

9. RESERVES

9.1. The PCC holds two types of reserves, earmarked reserves and general reserves. Earmarked reserves are funds set aside for specific purposes such as strategic change projects or changes to the workforce. They are currently estimated to be in the region of £5.0m by 31 March 2026 before any carry forward requests are made. There are five uses of earmarked reserves included in the 2026/27 budget as set out below:

Reserve	**Amount**	**Purpose**
Budget Management Reserve	£33,000	Regional Surveillance (Year 2 of 3)
Police and Crime Plan Reserve	£38,700	Contribution to additional costs of Commissioned Services
Violence Reduction Reserve	£45,000	Year 3 cost of the Violence Reduction Unit
Violence Reduction Reserve	£175,000	Commissioning Intentions
OPCC Reserve	£50,000	Final transition from Immediate Justice programme

9.2. There is also a planned contribution to the earmarked reserve for insurance that has been included within the budget of £150,000. This reserve is aimed at improving financial resilience and mitigating against the risk of significant insurance claim excess costs in any particular year. Whilst not as high as originally planned, a contribution is still possible and planned to continue at this level throughout the MTFP.

9.3. General Reserves are held to cover costs from unexpected events or emergencies. The PCC's Reserves Strategy, in accordance with Home Office guidance, is to keep the level of general reserves between 3% and 5% of net revenue expenditure. For 2026/27, based on net revenue expenditure of approximately £194.1m this would indicate reserves of between £5.82m and £9.70m. General Reserves are estimated to be £6.4m at 31 March 2026 before any variance at year end is considered. This is equivalent to 3.3% of net revenue expenditure for 2026/27 and drops to 3.05% of net revenue expenditure in 2029/30, based on the central case medium term financial plan.

9.4. After taking into account the planned contributions to general reserves of £300,000 each year across the MTFP, the General Reserve is forecast to be 3.45% of net revenue expenditure in 2026/27 and 3.62% by 2029/30.

9.5. As a result, the Chief Finance Officer can confirm that the level of reserves is adequate.

9.6. Further details on the reserves are set out in the Reserves Strategy, included at Appendix 3.

10. ROBUSTNESS OF THE BUDGET

10.1. In addition to determining the adequacy of reserves, Section 25 of Local Government Act 2003 requires all Chief Finance Officers to make a statement regarding the robustness of the budget estimates at the time the budget is set. The PCC has a statutory duty to have regard to that report when making decisions about the budget.

10.2. The budget proposals have been developed using the latest information and variances reported in the current financial year. The base budget has undergone comprehensive review and challenge by Finance, Budget Holders and the Senior Executive of the Force and has been overseen by the Deputy Chief Constable's Operations Board. Outcomes from the work of Project Evolve have been scrutinised by Resource Control Board and Joint Leadership Board. The Priority Based Budgeting programme has been overseen by the Working Together Board.

10.3. As part of the budget process adverse variances have been reviewed as well as opportunities for savings. Key areas which have been under pressure in the current year and have been unable to be mitigated against have been increased in order to make the budgets more robust and less likely to overspend in 2026/27.

10.4. As previously mentioned, pay costs make up the vast majority of costs within the budget. These costs are built up on an individual basis using spreadsheets and are a significant part of the budget build process. However, the pay award assumption remains a key risk within the 2026/27 budget. The 3.0% allowance is in line with other forces and exceeds the CPI inflation target. The submission to the Police Pay Review Body has not yet been published.

10.5. A risk within the pay budget is the number of Police Officer leavers. This has been an issue during 2025/26 with leavers in the early part of the year higher than anticipated. This has caused issues with achieving the headcount number at 30 September but also with delivering summer policing operations. Whilst the removal of the headcount target alleviates one risk, recruitment intakes have been planned earlier in the financial year in order to address this risk in 2026/27. This is being carefully monitored by the DCC Operations Board and Resource Control Board. The assumption for leavers has been reviewed, in order to inform the budget for 2026/27 but there is very little data available on which to base this assumption.

10.6. Most savings built into the 2026/27 budget have been clearly identified, either through the Priority Based Budgeting exercise or the pilot Productivity Efficiency Review and assessed for deliverability in 2026/27. Other savings will need to be identified as the Force delivers further reviews during the year; therefore, this level has been kept to the minimum in order to balance the budget.

10.7. Some savings have had to be made which reduce the financial sustainability of the Force, in particular the reduction of the revenue contributions to capital and the contribution to the Insurance Reserve. The Force is currently predicting a significant underspend in the current year, which if realised at the year end could be used to partially mitigate these savings and restore some of the financial resilience measures.

10.8. A key aspect of ensuring the budget is robust is ensuring that once off sources of funding are only utilised for once off expenditure. The net Collection Fund surplus for 2026/27 is only £26,544 so is more than covered by the contributions to reserves outlined in 9.2 and 9.4.

10.9. The use of earmarked reserves are also related to once off costs as set out in Paragraph 9.1

10.10. The substantial delay to detail being provided in relation to the Financial Settlement, including the full detail only being provided less than 24 hours before the final agenda deadline for this report has had significant implications for the development of the budget proposals. Major changes, such as the removal of the officer headcount target, will take weeks to work through to fully understand the implications. This is in progress but is not complete therefore cannot be factored into the budget proposals currently. I will continue to press the Home Office, through the Police and Crime Commissioners' Treasurers Society (PACCTS) for earlier information, and multi-year settlements.

10.11. Whilst the Finance Settlement did not make any changes affecting the robustness of the budget there are still outstanding details such as grant conditions and other grant awards which are still to be announced. The overall position will be reviewed once the final details are received. Further detail on the risks associated with the budget are set out in Appendix 4.

10.12. The Chief Finance Officer for the Force has reviewed the estimates and assumptions used in preparing the 2026/27 budget and has confirmed that they present a robust budget for the year. Taking this all into account, I am able to provide a positive assurance statement concerning the robustness of the budget estimates for 2026/27 and the adequacy of reserves as outlined in section 9.

10.13. Looking ahead to the medium term, from 2027/28 and beyond the position remains uncertain. It is very difficult to make forecasts with any certainty given the significant number of unknowns or national changes that are anticipated such as:

- Changes to the Financial Settlement – ringfencing of grants, conditions, future increases are all unknown beyond 2026/27.
- Approach to council tax referendum principles.
- Delivery and funding of the remaining 8,250 police personnel in the Neighbourhood Policing Guarantee.
- Resulting impact of council tax premiums for second homes by local billing authorities.
- Police reform and the changes to Police and Crime Commissioners.

10.14. However, policing is a dynamic and largely reactive service and will always be subject to the level of demand and complexity that impacts upon it. Budgetary pressures across the wider public sector have led to difficult decisions being made elsewhere, just as they have in policing, and this will likely result in a collective diminution to the partnership response to community safety, prevention and crime reduction.

10.15. Given the sheer number of significant uncertainties outlined above it does not feel necessary to change our approach at this stage. Continuing to plan for the position outlined in the MTFP, until more information becomes available remains the most appropriate course of action, but this will be kept under constant review as the issues develop.

11. CONCLUSION AND RECOMMENDATION

11.1. Like all forces and other public sector bodies, the Force is facing significant cost pressures as outlined in this report. In order to address these pressures and continue the good work in delivering the Police and Crime Plan, it is necessary to increase the precept. Without the proposed increase, significantly more budget reductions would be required and would lead to a reduction in frontline services.

11.2. The Police and Crime Panel are, therefore, recommended to consider the PCC’s proposal to increase the precept for 2026/27 to £102,014,893, equivalent to a Band D charge of £322.58, an increase of £15 per annum or £1.25 per month (4.88%), as set out in Appendix 5.

JULIE STRANGE CPFA
CHIEF FINANCE OFFICER

Appendix 1 – 2026/27 Budget Requirement
Appendix 2 – Capital Programme
Appendix 3 – Reserves Strategy
Appendix 4 – Risks
Appendix 5 – Council Tax Requirements

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