POLICE AND CRIME PANEL - 6 FEBRUARY 2026

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

RISKS

There are clearly numerous risks relating to the 2026/27 budget estimates and future financial projections. The key specific risks are set out below:

1. Pay Budget

The financial projections assume 3% for annual pay award from 2026/27 and 2.5% for the rest of the Medium Term Financial Plan. An increase of 1% to this assumption would result in an additional cost of £0.9m in the first year (as pay awards are implemented from 1st September) rising to £1.6m in the second year.

2. Inflation

Inflation has been included on budgets where increases are known or have specific inflationary increases which apply. Primarily these relate to PFI costs, IT contracts and Business Rates. These have been based on either published rates or estimates for future inflation.

3. Pensions

The specific grant for Police Officer pensions (£4.1m for 2025/26) is assumed to continue annually, although this has not been confirmed by the Home Office, and will be reviewed as part of the annual settlement process.

In addition to the ongoing schemes there is the potential for compensation costs from legal action such as McCloud but it is not yet clear if this will be required to be funded locally or nationally.

4. 2025 Spending Review (SR) and Financial Settlement

The 2025 Spending Review published high level figures for policing as a whole, but no detail at Force level was provided in the Spending Review or subsequent Financial Settlement. Multi year settlements are essential to enable proper financial planning.

5. Formula Funding Review

A review to the allocation of funding between forces was started in 2022 with initial consultation on work completed originally expected in Spring 2023, but no consultation was ever launched and work on this review was paused. The white paper published in January 2026 indicated the Funding Formula would be reviewed once reform is underway.

Whilst the previous formula funding review, which was not implemented, would have provided an additional £4m pa approximately to Dorset Police, there is no guarantee that a similar outcome will be generated by the latest review.

6. Increasing population / expectations / demand

The challenges of policing in Dorset continue to change, with increased population and demand. The Force continue to review their operational capacity and capability in order to address the demand, but clearly the additional burden is a significant factor in financial planning.

7. Emergency Services Network (ESN)

No assumptions have been made in relation to any benefits for the implementation of ESN. An estimate of costs has been included in the capital programme although these are not significant until 2028/29. Indications from Government are that local forces will be expected to incur some of the implementation costs, while some will be met centrally through top slicing. However, revenue savings are also anticipated.

8. Further top slicing / charges

In addition to the potential top slicing for ESN, other changes to funding may be introduced that have a positive or detrimental impact on Dorset Police.

9. Change in Environment

Changes as a result of the Police Reform agenda could impact on the Medium Term Financial Plan however given the detailed development work required nationally it is not anticipated at this stage but will be kept under review.

Changes to police governance will impact during the MTFP timescales but are not sufficiently developed at this stage to be factored into the plan.

10. Impact of Partners

It is widely reported that financial pressures of our partners such as Local Authorities and the NHS are significant. How partners choose to balance their budgets could have a detrimental impact on the Force such as increased demand following reductions in community safety initiatives for example.

11. Other Risks

There are also potential risks in the realisation of savings and changes to the police officer workforce. Workforce risks include changes in numbers of police officer leavers, delivery of recruitment targets, and numbers of officers on secondment.

Continued monitoring of the financial position, and regular updates of the financial projections to reflect emerging information will be essential in managing the financial position over the next few years.