



**POLICE & CRIME
COMMISSIONER**
for Leicester,
Leicestershire & Rutland
Your Communities - Your Commissioner

Police and Crime Panel

4th February 2026

Proposed Precept Report for 2026/27

Report Date	22 nd January 2026
Report Author	Kira Knott, Chief Finance Officer
Security Classification	Official

⁽¹⁾ Based on assumed split between core grant funding and other grants such as Neighbourhood Policing grant and Uplift Maintenance Grant

Purpose of Report

1. In his role as the Police and Crime Commissioner (PCC) the Commissioner is required to secure efficient and effective policing for Leicester, Leicestershire and Rutland and set the budget and precept.
2. The PCC brings this report to outline the Policing budget for Leicestershire for 2026-27 and put forward a policing precept proposal for consideration by the Panel.

Request of the Panel

3. The Panel is asked to:
 - 3.1 Note the information presented in this report, including:
 - the total 2026-27 net revenue budget of £267.044m,
 - a council tax (precept) request for 2026-27 of £110.563m,
 - the future risks, challenges, uncertainties and opportunities included in the precept proposal, together with the financial and operational considerations identified.
 - the Home Office grant allocations notified through the provisional settlement and the Band D council tax base and estimated collection fund deficit received from the billing authorities.
 - the current Medium-Term Financial Plan (MTFP) contained in Appendix 1, the Operational Policing Context to Budget Allocation at Appendix 2, the Capital Strategy at Appendix 3 and the Treasury Management Strategy at Appendix 4.
4. The Commissioner would specifically like to ask the Panel to support his proposal to increase the 2026-27 policing element of the precept by £11.00 per annum to £311.2302 (3.66%) for a Band D property.

Commissioner's Foreword



Setting the revenue and capital budget for the various matters for which the Police and Crime Commissioner (PCC) is responsible – the police force, crime prevention, victim services and related services – is perhaps the most impactful task that faces any PCC.

Having had experience of the previous process for budget setting, I this year introduced a new system. This was designed to allow for extra time to study proposals and background documents and to give all involved additional opportunities to present evidence, give their views or ask questions. This process was communicated to the Chief Constable and Chief Executive on 5th November and has been adhered to throughout.

At an early stage in the process, I explained to both the Chief Constable and Chief Executive that I was concerned by the increases in taxation being imposed on local residents and businesses by the central government and the impact that this might have on the economy as well as on individuals who might lose their jobs, suffer a drop in disposable income or otherwise suffer financial hardship. I had no wish to add to the tax burden across Leicester, Leicestershire and Rutland unless absolutely necessary. As a consequence, I would expect the Chief Constable and Chief Executive to explain clearly the types and levels of service that the public would receive for the proposed budget requirement of their respective organisations.

I also undertook a survey of public opinion on the matter of the policing precept. The results of this showed a majority in favour of an increase in the precept but no overall agreement on the size of the increase. There was also a significant percentage of respondents [31%] opposed to any increase at all.

Both the OPCC Chief Executive and the Chief Constable submitted papers to the meetings as per the schedule tabulated above. At the meetings there were lengthy discussions around points of detail and wider issues. These were continued in writing as emails and more formal papers.

I have also had regard to the Reserve Strategy as set out by the Chief Financial Officer and have based decisions regarding the reserves on this.

Regarding the Medium Term Financial Plan [MTFP], it would be remiss of me not to mention that the forecasts discussed by Financial Scrutiny and Oversight Board (FSOB) on 19 January are rather concerning. Across the term of the MTFP the deficit position is estimated to build to £16m by 2029/30. The key problem here is the lack of funding given to the Leicestershire PCC over the years by governments of both Labour and Conservative. Consequently the answer to the underlying structural issues is to be found at national level. Any decisions taken locally are unlikely to materially affect the MTFP by more than a relatively small amount.

However, all such projections are based on assumptions, including settlement from central government, precept levels, grant income and likely expenditure – all of which are likely to vary at short notice and may do so quite substantially. These figures and their unstable nature were taken into account by myself during decision making.

On 22 December, as scheduled, I wrote to the Chief Constable and OPCC Chief Executive to outline a provisional decision. There followed a period of consultation, as allowed for in my preferred extended budget-setting process. As a result of this consultation the draft budget allocations were altered and refined. A final decision was communicated in writing to the Chief Constable and Chief Executive on 20 January, after a meeting of FSOB on 19 January.

Taking all the above factors into account, I am recommending to this Panel that the Policing Precept be raised by £11, a little more than inflation. The proposed budgets of the OPCC and the Force are attached for information. I would ask the Panel to note that the OPCC budget is falling by 3% and that the Force budget is rising by 5%. This means that the respective shares of the overall funds available have changed in the Force's favour so that for the first time since I became PCC the Force will now have more than 98% of all funds. This decision also takes into account my underlying concerns about the tax burden on local residents and businesses.

Rupert Matthews

Police and Crime Commissioner for Leicester, Leicestershire and Rutland

1. Executive Summary

- 1.1. This report, and the Precept proposal, is the culmination of several months' work by the Office of the Police and Crime Commissioner (OPCC) and Force colleagues, and takes account of public and stakeholder consultation, key government announcements and economic pressures.
- 1.2. The Police Grant Provisional Settlement was announced on 18th December 2025 in a written statement, setting out the police funding envelope for 2026/27.
- 1.3. The provisional settlement headlines were as follows:
 - funding for police forces will be £18.3bn, an increase in funding from 2025-26 of £746m.
 - this equates to 4.2% increase in cash terms, a 2% real terms increase.
 - Funding for Police, including Counter Terrorism in 2026/27 will increase by £798m compared to the 2025/26 Police Settlement, to £19.5bn.
 - This represents a 4.3% increase in overall funding and indicates that counter terrorism policing will increase by at least £52m (to £1.2bn).
 - Police Referendum Principles confirmed a maximum £15 precept increase for a Band D property in 2026/27.
 - Police Reform White Paper to be published in early 2026.
- 1.4. Other than the information above, the details provided in the provisional settlement were limited and has required a degree of speculative analysis both nationally and locally.
- 1.5. The Commissioner has been briefed on the current and emerging operational challenges, both nationally and locally by the Chief Constable, with reference to the Force Management Statement and recent HMIC Peel inspection and has considered this advice in preparing the budget for 2026-27.
- 1.6. The Commissioner has been briefed on the current financial landscape, which has become a challenging one for policing. A nationally-set pay agreement for all Police Officers and Police Staff, higher inflation, changes in legislation, volatility in the energy and fuel markets and other inflationary pressures have put significant pressure on the Force's budget.
- 1.7. The budget is focussed upon the Commissioner's priorities as contained within the Police and Crime Plan and the Strategic Policing Requirement and ensures there are strong links with the Force Target Operating Model (TOM).
- 1.8. The PCC and Force are taking a holistic approach to Prevention. As such the OPCC and the Force are working together to continue to deliver a joined-up approach to prevention and have agreed a joint prevention strategy 2024-2028. This is to maximise the impact on preventing and reducing crime, harm and demand through pursuing an integrated approach to the planning, commissioning and delivery of prevention activity across the OPCC and the Force and in collaboration with communities and partners.
- 1.9. Over the last 3 years £23.3m of savings have had to be sought to close the budget deficit. The budget included a £5.4m efficiency savings target for 2023/24, an £8.6m

deficit for 2024/25 and £9.3m deficit for 2025/26. An further £3.6m will need to be removed in order to balance the budget in 2026/27.

- 1.10. The Commissioner has received regular updates from the Chief Constable that the efficiency targets are being achieved, whilst still ensuring the Force can deliver its core functions, deliver good service and high standards.
- 1.11. The Police Officer and Police Staff pay awards for 2025/26 was confirmed in August 2025 and November 2025 respectively at 4.2%. Funding was provided to meet the part-year pay award for 2025/26 in excess of 2.8%.
- 1.12. The Reserve Strategy has been reviewed as part of the budget setting process and the Commissioner has considered the adequacy of reserves. The General Reserve will remain at 2.3% of net revenue budget which will result in a transfer to the reserve of £340k.
- 1.13. As at end of November 2025, the outturn forecasted for 2025/26 is £250.953m. This is a positive variance of £3.592m (1.4%) against the annual net revenue budget of £254.545m.
- 1.14. In considering the proposed level of precept, the Commissioner was keen to consult with local residents regarding the level of precept they were prepared to pay. To this end he offered all residents of Leicester, Leicestershire and Rutland the opportunity to give their views.
- 1.15. The survey was launched on 21st November, prior to the precept referendum limit being announced, to increase engagement and wider participation. However this meant that the precept threshold wasn't included as an option as this was not made available at this point.
- 1.16. The survey asked if residents of LLR were supportive of increasing council tax and were provided with a number of options. The outcome of the survey was as follows:

Option	Description	Indicative cost increase per week for Band D property	Percentage of responses for each option
Option 1	Paying more to contribute towards the ongoing financial pressures of Leicestershire Police	+30p	38%
Option 2	Matching the increase from last year (25/26)	+27p	18%
Option 3	Paying more to contribute to the costs of the pay award (4.2%)	+24p	4%
Option 4	Paying more to contribute to the costs of inflation (3.8%)	+22p	9%
Option 5	No increase	0p	31%

- 1.17. There were 1544 responses to the survey. Overall, 69% of respondents were supportive of an increase to council tax to support the financial pressures, of which 38% were supportive of paying up to 30p per week (equivalent to £15.60 for a Band D property).

2. Leicestershire Context

- 2.1. This section sets out some key information in relation to the policing area and the external factors that are driving demand which have a significant impact on policing in Leicester, Leicestershire and Rutland. Chart One - Leicestershire Police Funding 2017-2026
- 2.2. Chart One shows what has happened to core grant funding and the locally raised precept since 2017/18. It shows the actual cash grant received each year and does not consider the real terms changes in funding.
- 2.3. The chart shows that core grant funding has increased from £106.9m in 2017-18 to £149.4m⁽¹⁾ for 2026-27 an increase of 40%.
- 2.4. The graph also shows that the funding raised locally has increased significantly over the same period. In 2017-18 £66.2m was raised directly from residents of the area (and related grants) and for 2026-27 this will increase to £117.6m. An increase of £51.4m or 77.6% over the period.

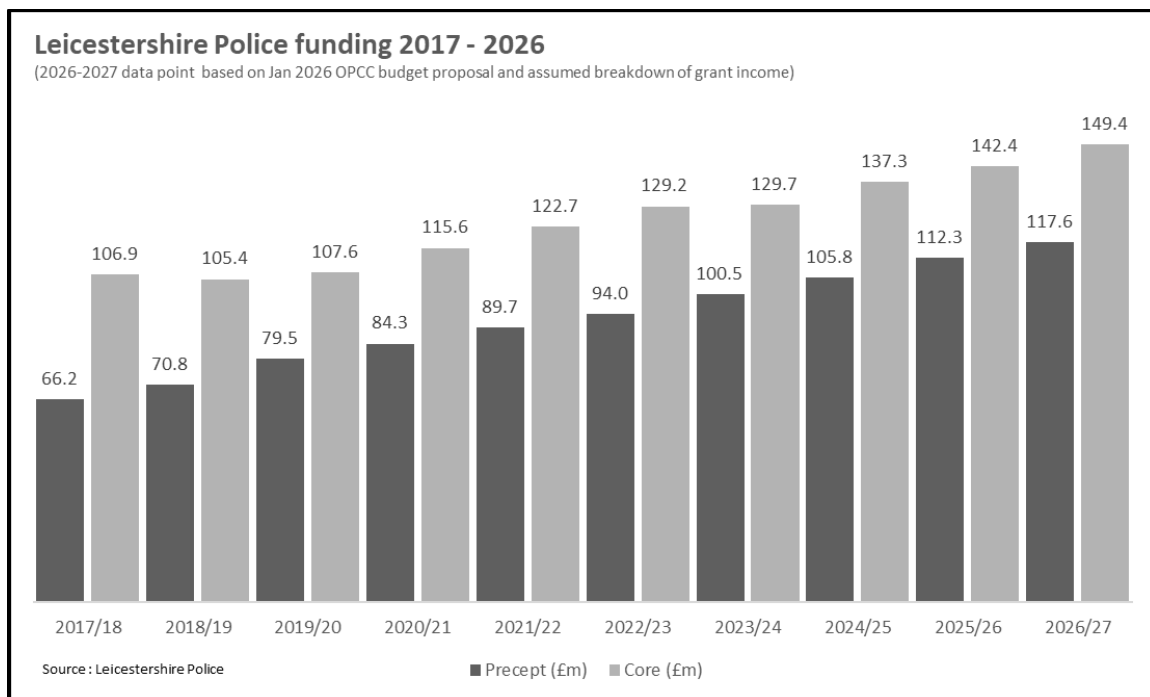


Chart Two - Leicestershire Police Funding Split 2017-2026

- 2.5. Chart Two demonstrates how the total funding has moved between Core Grant and Precept Funding since 2017-18. It shows that in 2017-18 62% of the funding came from Core Grant with the balance of 38% coming from the local precept. For 2026-27 this has moved significantly to show that 56% of the total funding will come from Core Grant⁽¹⁾ and that 44% of funding now comes directly from the local taxpayer (and related grants).

⁽¹⁾ Based on assumed split between core grant funding and other grants such as Neighbourhood Policing grant and Uplift Maintenance Grant

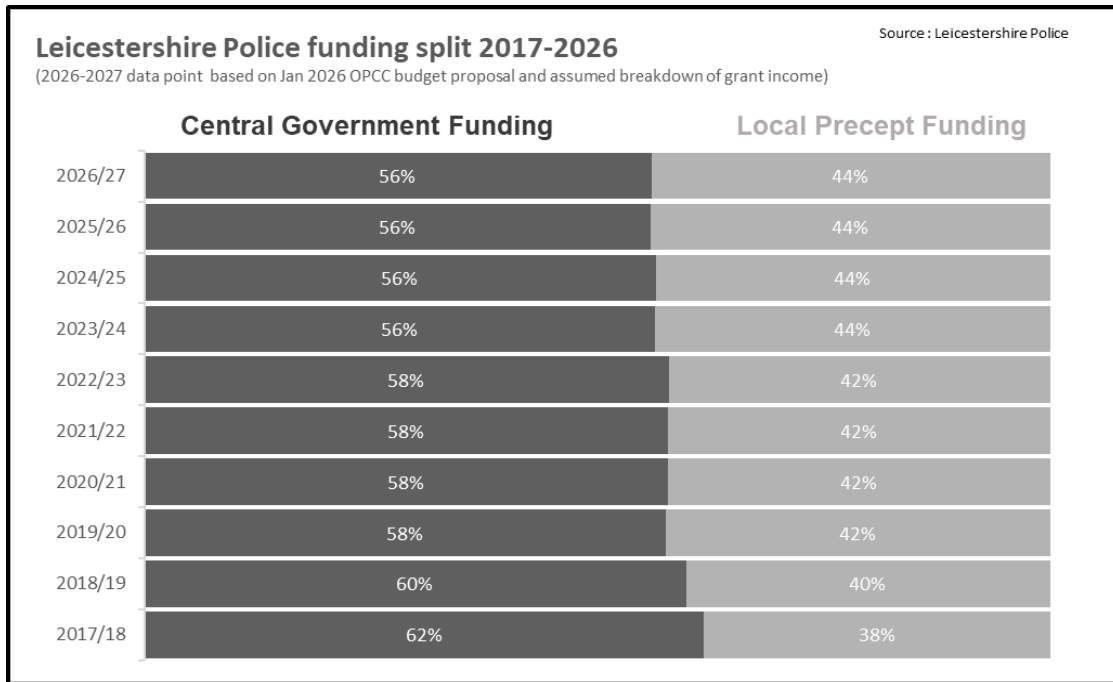
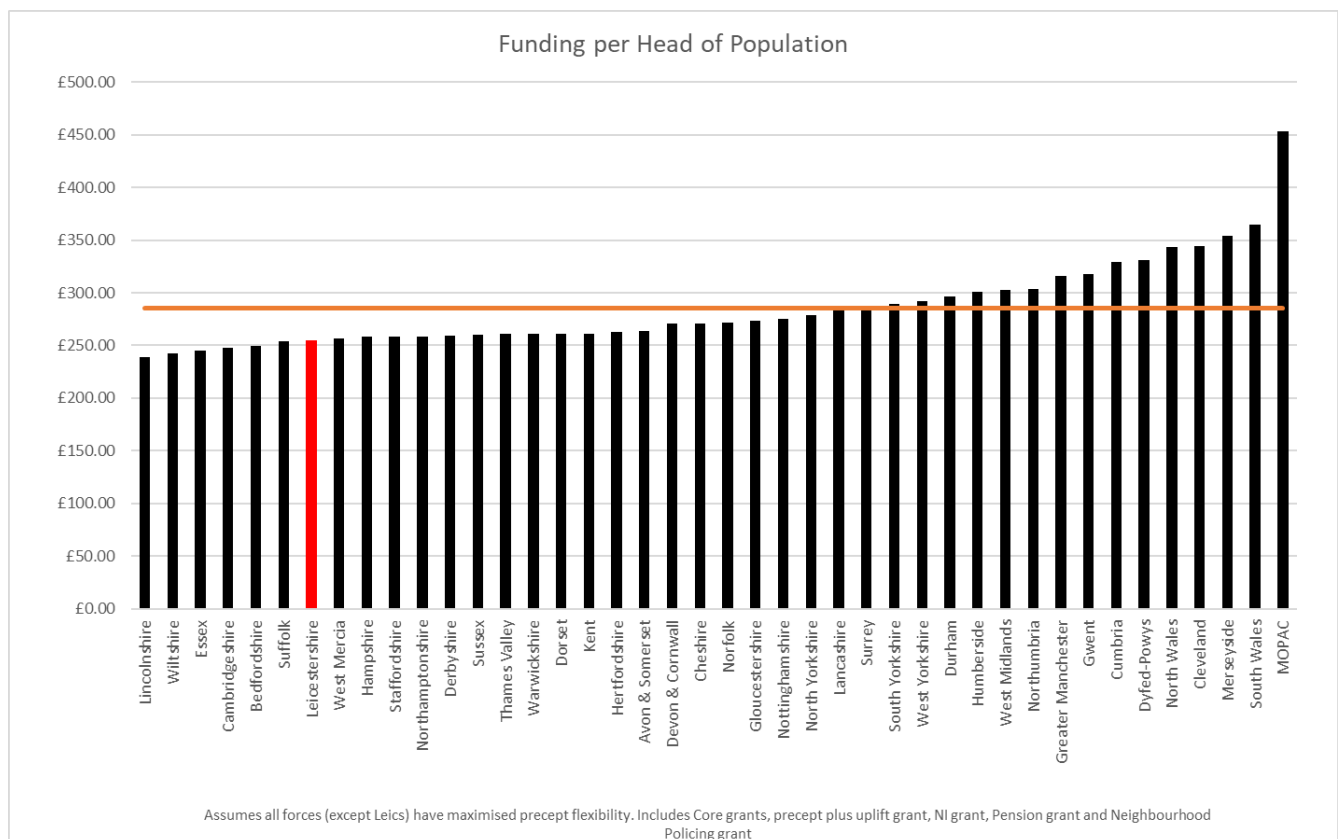


Chart Three - Funding per head of Population

2.6. Chart Three below shows the funding (core grants, Precept, Neighbourhood Policing grant, NI grant, Pension Grant and Uplift Maintenance Grant) per head of population for all forces in the UK. This shows that LLR receive approximately £254 per head of population which is lower than the national average. Leicestershire Police funding per head of the population is the 7th lowest in the country.



3. Grant Settlement 2026-27

- 3.1. On the 17th December 2025 the Government released the provisional local government financial settlement, which set out its intentions for local government finance settlement. The policy statement states:
 - A £15 referendum principle on Band D bills for Police and Crime Commissioners.
- 3.2. The Provisional Police Grant Settlement was announced on 18th December 2025. The Home Office are obtaining feedback from stakeholders on the contents of the provisional settlement, and the final settlement is expected in January 2026.
- 3.3. The provisional settlement confirmed an increase in government grant of £7m to £174.8m. The provisional settlement did not provide a breakdown of the increase therefore it is assumed that this includes continuation of the uplift maintenance grant, the pensions grant, the national insurance grant, council tax legacy grants and year one of the Neighbourhood policing grant. The precept referendum threshold has been confirmed at £15 for a Band D property.
- 3.4. The Home Secretary and Policing Minister wrote to the Police and Crime Commissioner and Chief Constable on the 16th January 2026 updating the details within the provisional police settlement. The letter stated that an additional £50m has been made available to forces to support the government's neighbourhood policing objectives. For Leicestershire this is an additional £752k however details of the grant conditions are still unknown and therefore have not been reflected within budget envelope.
- 3.5. The letter from the Home Secretary also stated that the headcount target has been moved for the Officer Maintenance Grant and therefore no conditions attached to this element of funding.
- 3.6. It is anticipated that further information will become available in late January 2026 as part of the final settlement including details for year 2 of the Neighbourhood Policing grant, the Violence Reduction Network grant and the Hotspot Policing grant.
- 3.7. Based on the information we have received from Central Government the increased Core funding quoted for Leicestershire is £7m (this does not include the £752k Neighbourhood Grant uplift). We have assumed that the increase relates to the Home Office Police Grant and all other grants remain at flat cash. The overall increase in funding is broken down as follows:

	2025-26	2026-27	Difference
Funding	£000	£000	£000
Home Office Police Grant	89,947	96,949	7,002
Ex-MHCLG Grant	50,521	50,521	0
Council Tax Support Grant	7,020	7,020	0
Council Tax Freeze Grant	1,911	1,911	0
Home Office Pension Grant	6,174	6,174	0
NI Grant	3,889	3,889	0
Home Office Uplift Grant	5,362	5,362	0
Neighbourhood Policing Grant	2,974	2,974	0
Total Core Government Funding	167,798	174,800	7,002
%age Increase		4.17%	

- 3.8. The Government announced as part of the settlement that an additional £6.2m is available to Leicestershire through precept. This results in a total available funding increase of £13.2m or 4.9%. This is only delivered if the Policing element of the Band D Council Tax bill increases by £15.00 (5%).
- 3.9. There are other cost pressures which will need to be funded relating to staff pay, inflationary increases and other contractual increases.
4. Base Budget Preparation, Approach, and Scrutiny
- 4.1. In 2008-09 the Force introduced a risk-based approach to budget setting which sought to align the budget process with identified strategic operational priorities and risks.
- 4.2. The Force/OPCC continues to consider key corporate risks when setting the budget. Essentially these risks are operational and organisational around managing people, infrastructure assets, information and so on. The Force and OPCC has maintained and kept up to date its Corporate Risk Registers that sets out how it intends to control and mitigate these risks. The Corporate Risk Registers are regularly reported to the Joint Arrangements Risk and Assurance Panel which is a public meeting.
- 4.3. The Force continues to identify its Strategic Operational Risks as part of the National Intelligence Model (NIM). This has been used to inform resourcing strategies at both Directorate and Departmental level.
- 4.4. Each year, the Force undertakes a major exercise to review its operational risks which are set out within the "Force Strategic Policing Assessment". This was also informed by the work of regional collaborations.
- 4.5. The purpose of the Force Strategic Assessment is to identify those areas of greatest risk. Essentially, a high-risk area is where only limited resources have been allocated to address a substantial risk, thereby creating a significant risk gap.
- 4.6. The revised four-year financial forecast and, in particular, the 2026-27 budget contained within this report aligns the Force and Commissioner's financial resources to risk and therefore, is fundamental to the Force's performance management regime.
- 4.7. The OPCC Chief Finance Officer (CFO) has worked closely with the Force finance team throughout the year during the budget monitoring process and in the preparation of the budget for 2026-27. In respect of the budget, this has included (but was not

limited to), the identification and agreement of assumptions and methodology and challenge and scrutiny of the budget workings. In addition, where the CFO has sought clarification, or changes, these have been discussed and amendments made where appropriate.

- 4.8. The Commissioner set a new process to setting the budget. A new governance board was set up during 2025-26 which focuses specifically on financial matters. The Financial Scrutiny and Oversight Board (FSOB) consists of a panel made up of the PCC and the Deputy PCC. Chief Officers of the Force and the OPCC Senior Leadership team attend the meeting monthly. The new process will ensure greater transparency and accountability in the budget-setting process and monitoring process.
- 4.9. The Commissioner, together with his Senior Management Team have held regular discussions with the Chief Constable and his Chief Officers throughout the year, particularly prior to and throughout the budget preparation process and the announcement and interpretation of the Settlement.
- 4.10. This has resulted in a number of discussions of the budget requirement, the national and local operational and financial challenges, the precept options available and a review of the MTFP and associated risks.

5. Precept Proposal

- 5.1. The Localism Act 2011 requires authorities, including Police and Crime Commissioners, to determine whether their “relevant basic amount of council tax” for a year is excessive, as such increases will trigger a council tax referendum.
- 5.2. From 2012-13, the Secretary of State is required to set principles annually, determining what increase is deemed excessive. The Home Office has confirmed that in order to maximise council tax income for 2026-27, Police and Crime Commissioners can increase their precept on a Band D property by up to £15.00 without triggering a referendum.
- 5.3. The Commissioner’s proposed precept increase for 2026-27 is £11.00 per annum (3.66%) for police purposes to £311.2302 for a Band D property. This generates an extra £5.5m in revenue funding based on a Band D tax base of 355,246 and an estimated Collection Fund surplus of £0.080m.
- 5.4. Leicester City Council, Rutland County Council and the Borough and District Councils are responsible for estimating the tax base in their area, and the Council Tax Collection Fund surplus or deficit.
- 5.5. The total tax base is used to calculate the total precept that will be collected by billing authorities on behalf of the Commissioner.
- 5.6. In 2025-26 the tax base used in setting the budget for the Commissioner was 349,954 Band D equivalent properties. For 2026-27 this has increased to 355,246 Band D equivalent properties.
- 5.7. The collection fund surplus for 2026-27 is currently estimated at £0.08m. This is currently an estimate as awaiting confirmation from billing authorities which is expected late January/early February 2026.

- 5.8. The table below illustrates the impact of changes to the policing element of the precept on the funding for Leicestershire:

Sensitivity Analysis	£10 Increase	£11 Increase	£14 Increase
Band D Precept Scenario	£310.2302	£311.2302	£314.2302
Band D Precept 2025/26	£300.2302	£300.2302	£300.2302
Increase on Prior Year	£10.00	£11.00	£14.00
Increase on Prior Year (%)	3.33%	3.66%	4.66%
Taxbase	355,246	355,246	355,246
Precept Levied	110,208,078	110,563,324	111,629,062
Precept not levied (based on £15)	-£1,776,231	-£1,420,985	-£355,246
Amount foregone:			
Over 2 Years	-3,552,461	-2,841,969	-710,492
Over 5 Years	-8,881,153	-7,104,923	-1,776,231
Over 10 Years	-17,762,307	-14,209,845	-3,552,461

- 5.9. For each £1 of precept not maximised Leicestershire Police lose £355k of potential funding. Based on a precept increase of £11 this does mean £1.4m is foregone in 2026/27 and every year after. Over the MTFP the compounding effect is £7m of funding is foregone. The Commissioner was presented with these options to support his decision making and has weighed this up against the impact for local taxpayers.

6. Revenue Budget 2026-27

- 6.1. The base budget for 2026-27 has been built based upon the 'budget rules' which are consistent with previous years and the risk-based approach outlined earlier in the report.
- 6.2. The OPCC and the Force presented to the Commissioner the budget requirement for both the OPCC and the Force. The total net budget requirement for 2026-27 was £270.6m, resulting in a budget deficit of £3.5m. Difficult decisions have had to be made in order to balance the budget (further information available in the efficiency savings section of the report).
- 6.3. With identified savings taken into account the Panel is advised that the total net revenue budget in 2026-27 is £267.044m, with a £1.2m efficiency savings target. This equates to an increase of £12.5m (4.9%) from the 2026-27 net revenue budget level of £254.546m.

2026/27	
	£m
Net Budget Requirement	270.6
Additional Investments	1.1
Savings identified	-3.5
Revised Budget requirement	268.2
Efficiency Savings Target	-1.2
Total Net Revenue Budget	267.0

6.4. The following table breaks down the costs by service delivery and includes the staffing levels for each division:

Heading	Police	Staff	PCSO	Net Budget Requirement	%age of NBR
	Officer FTE	FTE	FTE	(NBR) £000	
Prevention & Partnerships	63.0	36.4	0.0	8,628	3.2%
Public Contact	98.0	279.6	0.0	22,857	8.5%
Policing in Neighbourhoods	1383.0	83.8	150.0	107,532	40.1%
Investigation & Vulnerable People	423.0	203.5	11.0	43,877	16.4%
Detaining and Prosecuting Offenders	45.0	153.6	0.0	11,994	4.5%
Enabling Services	119.0	468.2	0.0	49,363	18.4%
Victims and Witnesses	0.0	2.82	0.0	108	0.0%
OPCC Functions	0.0	20.2	0.0	1,854	0.7%
Regional Collaborations	53.0	0	0.0	15,534	5.8%
Centrally Held Functions	58.0	24.3	0.0	6,510	2.4%
Total	2242.0	1272.42	161.0	268,257	100%

Prevention & Partnerships

6.5. The PCC has set an ambition in his Police and Crime Plan to take a holistic approach to Prevention. As such the OPCC and the Force have worked together to build a proposal that sees a more joined up approach to prevention and the setting of a prevention strategy 2024-2028. This is to maximise the impact on preventing and reducing crime, harm and demand coming into the Force through pursuing an integrated approach to the planning, commissioning and delivery of prevention activity across the OPCC and the Force and in collaboration with communities and partners. The prevention and partnership budget includes funds for an integrated prevention and partnership hub, diversion and youth justice, crime prevention and community safety and offender management.

Public Contact

6.6. The Public Contact offer is efficient and effective public contact through a range of customer centric services that optimises technology and innovation along with the right skills and empathy to deliver resolutions and customer satisfaction. The Public Contact heading includes the budget for the Contact Management Centre.

Policing in Neighbourhoods

6.7. Policing in Neighbourhoods delivers local policing in an effective and efficient way, building connected leadership with teams, partners and communities. The budget for Policing in Neighbourhoods includes the budget for Local Policing, Operations and Volunteers. The Government announced that it intends to increase neighbourhood policing officers and PCSOs by up 13,000. The government confirmed a £5.44m grant for Neighbourhood policing for 2026/27. Leicestershire's share of the growth into Neighbourhood policing is 26 however it is not known whether this will be through redeployment or additional officers/PCSOs.

Investigation and Vulnerable People

6.8. The Investigation and Vulnerable People layer provides locally based Professionalising Investigation Programme (PIP) 1 & 2 criminal investigation teams working collaboratively and proactively within Neighbourhood Policing Areas to support local investigations and lead serious, specialist and high risk investigations. This area

contains a number of different departments including Crime and Intelligence, Force Intelligence Bureau, Serious Crime teams, Digital Hub, Forensics and Major Crime.

Detaining and Prosecuting Offenders

- 6.9. The Detaining and Prosecuting Offenders (Criminal Justice) aims to maximise the use of technology to increase efficiencies and enhance voluntary attendance and support frontline policing to ensure quality file submissions and reduce submission failure rates.

Enabling Services

- 6.10. Enabling Services are designed to meet the needs of policing, providing the right people and right skills and keeping the workforce fit and well. It is to provide a flexible suitable estate, equipment and fleet that supports policing and digital technology that enables officers to be efficient and effective in any location. Enabling Services is split between support services, people services and corporate services. Enabling Services includes estates, transport, IT, HR, Team Leicestershire Academy, change team, professional standards and many other departments.

Victims and Witnesses

- 6.11. Victim and Witness Services are delivered and commissioned through the OPCC. This heading includes costs for Victim First, the Victim Liaison Unit, the Adult and the Children and Young Persons Sexual Abuse Referral Centre, the Domestic Abuse Helpline, Sexual Violence and Abuse Services and Project 360. This also includes funding for a number of independent Domestic Violence Advisors (IDVAs) and Independent Sexual Violence Advisors (ISVAs). The budget is based on staffing costs for 2.8FTE. Included in the Victims and Witnesses heading is grant income from the Ministry of Justice which offsets a large proportion of the expenditure.

OPCC Governance, Accountability and Statutory functions

- 6.12. The PCC and OPCC has a number of responsibilities around governance, accountability and statutory functions. This budget heading captures the cost required for the OPCC to undertake these responsibilities and have been broken down into the following sub-headings:
- Democratic and Business Support Services
 - Scrutiny
 - Efficiency and Effectiveness
 - Communications and Engagement

Further breakdown is available in the OPCC section later in the report.

Regional Collaboration

- 6.13. The Force is part of six Regional Collaborations. The Target Operating model and budget requirement have been reviewed. Regional collaboration budgets relate only to Leicestershire Police's share and include the cost of 53 police officer posts. The budget for regional collaboration in 2026-27 is £15.5m.

Centrally Held Functions

- 6.14. Central held functions include a number of costs and income streams which do not sit within the other headings. This includes Non-Mainstream funding such as counter-terrorism and policing of the Airport. This also includes projects and initiatives such as ESN, Accreditation costs, Taser and Single online Home. Also included in Central held items is the Police uplift grant and the Pension grant.

7. Investments

7.1. Having considered operational and organisational needs, along with the continued delivery of the Police and Crime Plan, below are areas which will require continued or additional investment during 2026/2027.

- Victim Journey Strategic Platform to deliver modern, scalable digital engagement to improve victim experience, reduce failure demand, and enable future innovation across Leicestershire Police.
- Migration of the Origin Resource Management (RM) platform from on-premises to NEC-hosted Oracle Cloud Infrastructure
- Integral additional resource to support the Diversion hub and implementation of an external end-to-end digital solution (Make Time Count).
- Transition to new extraction tool for extracting Origin RM data, supporting HR, duties, finance, training, and health and safety reporting.
- Expansion of the Force's use of AI and robotics to support transformation, efficiency, and effectiveness in regard our services and to manage demand and support address complexity.

8. Risks

8.1. There are number of financial risks within the draft budget requirement, as summarised below:

- Pay inflation – is included for 2026/27 at 3%. It is not yet known what the cost of the award will be until September 2026 or if any pay award increase above 3% would be met by Central Government.
- Emergency Services Network (ESN) – The Emergency Services Mobile Communications Programme (ESMCP) have announced a further delay of at least 6 years. The earliest transition date for the Force is now 2030. The continuing airwave costs have been included in the IT budget.
- Digital transformation and Cloud migration – the Force has developed a digital transformation strategy, part of which includes the move from on premise data storage to Cloud storage which will enhance operational analytical capability. The risks and costs associated with this are factored into the funding envelope but are likely to change through time as the migration evolves.
- Neighbourhood Policing additional 13,000 personnel nationally – the Government has announced it intends to increase neighbourhood policing officers and PCSOs by up to 13,000 funded through shared services and procurement savings. The Settlement confirmed a £5.4m grant for 2026/27. No further details are available.
- Contractual increases – A number of large contracts are coming up for renewal during 2026/27. A provision has been included within the budget to allow for inflationary increases however due to volatility within the markets these could be higher than anticipated.

- College of Policing – the college of policing have reported budgetary pressures and budget reductions going forward. The college have confirmed that costs to forces would be increasing in order to support their sustainability but the impact of this is not yet known.

9. Capital Strategy, Capital Programme and Treasury Management Strategy

- 9.1. The Capital Strategy 2026-27 is set out in Appendix 3. The revenue consequences of the proposed programme have been considered in the development of the revenue budget, and the required prudential indicators are set out.
- 9.2. The Capital Programme includes investment in operational areas of premises, IT and vehicle fleet.
- 9.3. A summary of the proposed Capital Programme for 2026/27 is shown in the table below:

<i>Proposed Capital Programme 2026/27</i>			
Expenditure	£000	Funding	£000
Property	3,980	Borrowing Requirement	8,871
Information Technology	3,426	Revenue Contributions	100
Vehicle Fleet	1,080	Government Grant	-
Operational Equipment	975	3 rd Party Contributions	750
Corporate Projects	260		
Total	9,721	Total	9,721

- 9.4. The Treasury Management Strategy report is set out at Appendix 4. This is required by the Code of Treasury Management published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and explains the Investment Strategy in relation to reserves and balances.

10. Medium Term Financial Plan (MTFP)

- 10.1. Prudent financial management requires the Commissioner to have an MTFP that covers a period of at least four financial years. This provides a longer-term view which will enable informed decision making to take place over the period of the plan. This is not without its challenges, given that there is only a firm Government announcement of funding for 2026-27.
- 10.2. The Comprehensive Spending Review (CSR) was published 11th June 2025. Whilst precise force level budget allocations were not made available, there were a few key points to take away which could be used as an indicative for planning purposes.
- 10.3. The CSR showed planned growth of circa £2bn over the next 3 years which represents a 11% increase (approx. 3.7% per year) and is technically a real terms increase. However, in practice most of the increase in funding will be taken up in pay

and non-pay inflation. The increase in funding also assumes that PCC's maximise precept increases which is not certain.

- 10.4. The published CSR figures indicate funding growth for policing of approximately £0.9bn, £0.7bn and £0.5bn for the next three-year period. This declining trajectory means that financial pressures may intensify as pay and inflationary costs continue to rise and absorb a greater share of force budgets.
- 10.5. There has been no clarity on precept funding to aid financial planning and the £2bn increase is assumed to be made up of grant, precept and additional income such as PUP maintenance grant and Neighbourhood policing grant. The precise split between the funding stream is not known.
- 10.6. It is evident that there is no additional funding for capital investment, delivery of the government safer streets mission, pay reform or any technology advances.
- 10.7. Until further information becomes available an MTFP has to be formulated using the best information available at the time of producing it. The attached MTFP has been produced on this basis, accepting that it is subject to change as new information emerges that can and will, change the assumptions inherent in the plan.
- 10.8. Key assumptions that have been included in seeking to outline the financial challenge for the medium term are:
 - That the council tax base grows at 1.5% for financial years 2027-28, 2028-29 and 2029-30 respectively.
 - The Spending Review (SR) indicated an increase in funding for Police Forces (inc. precept) of 3.6% for 2027/28, and 2.5% for 2028/27. A 2.5% has been assumed for 2029/30.
 - The precept is based on a £11.00 increase per Band D equivalent property for 2026-27. The precept assumption for 2027/28 is included within an overall funding increase set out in the bullet point above. It should be noted that no decision on future years precept has yet been taken.
 - All existing council tax related grants continue up to and including 2029-30.
 - Pay awards for officers and staff are included at 3% for 2026-27, and 2.5% each year thereafter. The national view is that pay increases should be modelled at 2.5%.
 - Non-pay inflation is included at 2% for certain goods and services for 2026-27 and 1.9% for each year thereafter. Utility and vehicle fuel inflation is included at significantly higher rates in line with market forecasts. IT contractual inflation is included at actual rates averaging 10%.
 - Further borrowing beyond the capital programme is not required.
- 10.9. Taking into account the above assumptions, the position is as follows:

Summary of the Budget Requirements				
	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m
Budget Requirement	270.6	286.3	295.7	307.1
Net Funding	267.0	276.7	283.6	290.7
Funding Gap / (Surplus)	3.6	9.6	12.1	16.4
Reductions:				
Investments	1.1			
Savings Identified (see below)	(3.5)			
Efficiency Savings Target	(1.2)			
Revised Funding Gap / (Surplus)	0	9.6	12.1	16.4

11. Efficiency Savings

- 11.1. Over £23 million-worth of savings have been taken out of Leicestershire Police over the last 3 years, with a further £3.6m required to close the deficit for 2026/27.
- 11.2. Despite these efforts and as a result of unfunded pay awards, inflationary increases and changes within legislation, Leicestershire Police find themselves with a £3.6m budget deficit for 2026-27.
- 11.3. The following areas have been identified as savings to reduce the £3.6m deficit:

Budget Deficit	3,559,258
2026/27 Investments	1,125,166
Total Funding Gap	4,684,424
<u>Closing the Gap</u>	£
Establishment Review	
Reverse Modernisation of Police Staff Role	-139,664
Reduction in 1 Superintendent post	-69,160
Reduction in transferees	-453,574
Reduction of 17 police staff roles	-807,347
Reduction in Debt Charges due to a Revenue Contribution to Capital for 2025/26	-553,000
Non-Pay	
Reduction in telephony charges	-150,000
Funded from Reserves:	
<u>Equipment Reserve</u>	
Motorcycle Uniform / PPE	-38,000
<u>Budget Equalisation Reserve</u>	
Op Olympos (Post Office Investigation)	-123,000
Contribution to Prevention Activity	-300,000
Fund Custody CCTV contract for 1 year whilst system is replaced	-108,012
Funding of one-off investments in 26/27	-729,750
Residual funding gap	1,212,917

12. Use of Reserves and Balances

12.1. In considering the 2026-27 budget, the Commissioner has reviewed all of the reserves held.

12.2. In January 2026 a Reserves Strategy was agreed which set out the following 'guiding principles' for managing reserves:

- As per the Home Office guiding principles the General fund reserves should be in the range of 2% to 5% of the total net revenue budget (between £5.34m and £13.35m based on the 2026-27 net revenue budget).
- The BER can be used to support the budget but there must be a strategy to move reliance away from the reserve over a period of time.
- Other earmarked reserves should only be used for specific time limited projects, to provide financial cover for potential future financial liabilities and for 'invest to save' projects.
- Ongoing reliance should not be placed on reserves to deal with the funding of financial deficits, and a clear plan should be in place to move reliance away from one off reserves.
- There should be an annual review of reserves.

12.3. Three types of reserve are held and these are explained further below:

General Reserve

12.4. The General reserve can be described as 'the contingency of last resort'. It is the level of cash balances that have not been earmarked for any specific purpose and is held to deal with any unplanned emergency or exceptional item of expenditure for which there is no other funding available.

12.5. The level of general fund reserves held should not be excessive but should be held at a level in order for there to be sufficient funds available to deal with any urgent costs of emergency expenditure that arises. The respective Chief Financial Officer of the Police and Crime Commissioner applies their professional judgement to recommend a level of general fund balances to hold.

12.6. The current General Reserve balance of £5.86m represents 2.3% of the Net Revenue Budget for 2025/26, falling to 2.2% of the Net Revenue Budget for 2026/27.

12.7. In determining the appropriate level of General Reserve, the OPCC applies a risk-based methodology, rather than relying solely on a percentage of the Net Revenue Expenditure. This approach reflects good practice set out in the CIPFA financial Management Code and Home Office guidance.

12.8. Based on the current financial profile, including a Net Revenue Expenditure of £267.0m and a savings requirement of £1.2m, the Chief Finance Officer has assessed the aggregate residual in-year financial exposure to be in the region of £6.2m.

12.9. The Commissioner has agreed the transfer of £340k from the Budget Equalisation reserve to the General Reserve.

Budget Equalisation Reserve (BER)

- 12.10. Over recent years, due to the impact of effective efficiency programmes and through financial prudence, a Budget Equalisation Reserve (BER) has been created. This reserve is currently estimated to be £8.4m at 31st March 2026, decreasing to £5m by 31st March 2030. Its purpose when established was twofold:
- To fund 'invest to save' and other new initiatives and investments.
 - To recognise that some savings would take time to implement and to smooth the impact of these changes.
- 12.11. In July 2022 it was agreed that £7.5m of the BER will be used during the MTFP period to fund ongoing historical investigations of £0.3m, Job Evaluation Pay protection costs of £0.2m and Business Transformation costs. The Business Transformation costs included £5m for Cloud Migration and £2m for Peripatetic Investigators.
- 12.12. It is forecast that £2m will be used in 2025/26 and the remaining £1.7m will be drawn down during 2026/27.
- 12.13. For 2026/27 the Commissioner has agreed to use £1.2m of the BER for the following:
- 2026/27 Investments - £0.7m
 - Prevention Hub - £0.3m
 - Custody CCTV Contract - £0.1m
 - Contribution to Op Olympus - £0.1m

Earmarked Reserves

- 12.14. The Commissioner currently holds a number of Earmarked Reserves which at 31 March 2026 are estimated to total £11m (excluding the General Reserve and BER) and those to note are as follows:
- 12.15. OPCC & Commissioning Reserve £1.87m – This contributes towards supporting the cost of the Commissioning Framework. The Commissioner has agreed to use £70k for Surveying software and £58k for invest to save initiatives.
- 12.16. Civil Claims £1.7m – This reserve holds funds set aside, where considered prudent, for Civil Claims (Public and Employer liability) in line with professional advice. It is proposed that this reserve is increased by £130k for 2026-27 to ensure that there is sufficient level of reserve to mitigate the risk of civil claims. This will result in a balance of £1.83m.
- 12.17. Proceeds of Economic Crime - £1.57m – reserve funded from proceeds of crime, used to support the Force's capability in specific investigative areas. It is proposed that £0.38m is used during 2026-27 to support the work of the Economic Crime Unit. This will result in a balance of £1.19m at the 31 March 2027.
- 12.18. Carry Forwards - £1.86m - This reserve includes those sums that the OPCC has approved to carry forward to finance specific expenditure in 2025-26 and beyond. It is estimated that £1.18m of carry forward will be drawn down in 2026-27.
- 12.19. Team Leicestershire Academy - £0.1m – this reserve was created from funds bequeathed to the Force and is to fund Team Leicestershire Academy. It is proposed that £0.09m is used in 2026-27 to fund 5 posts, reducing the balance to £0.01m.

12.20. Equipment Reserve - £0.90m - Funds held for the periodic replacement of personal equipment such as body worn video, taser equipment and personal protective equipment. The Commissioner has agreed to use £38k of this reserve in 2026/27 to fund motorcycle uniform and PPE.

12.21. There are a number of other small reserves which are not listed above.

12.22. The following transfers to and from reserves form part of these budget proposals:

<u>Transfers from Reserves</u>		<u>Transfers to Reserves</u>	
	£m		£m
<u>Budget Equalisation Reserve</u>		<u>Specific Reserves</u>	
2025/26 Ongoing Investments	-1.706	Fleet Insurance Claims	0.158
2026/27 One off Investments	-1.137	Civil Claims Liability	0.130
Funding 2026/27 Base Budget	<u>-2.843</u>		
<u>Other Earmarked Reserves</u>			
Economic Crime (POCA)	-0.384		
Team Leicestershire Academy (Legacy)	-0.085		
Carry Forward Reserve	-1.301		
Op Equipment Reserve	-0.038		
MAPPA	-0.006		
RSU	<u>-0.021</u>		
	-1.835		
<u>OPCC Reserves</u>			
Office of the OPCC	<u>-0.131</u>		
	<u>-4.809</u>		<u>0.288</u>

	£m
Net Transfers to/(from)	
Earmarked Reserves	<u><u>-4.521</u></u>

Crime Prevention Fund

12.23. It is the intention of the Commissioner to create a Crime Prevention fund to use on activities to support the delivery of the Police and Crime Plan for the remainder of the Commissioner's term in office. The Commissioner intends to transfer £1.2m from the Commissioning reserve and £2.5m from the Budget Equalisation reserve to the Crime Prevention fund to commission crime prevention activity.

13. Office of the Police and Crime Commissioner

13.1. The Commissioner requested that for preparation of the 2026/27 budget a bottom-up process was followed. Like last year the budget would be built on an evidence-based approach and every line of the budget scrutinised rather than a fixed percentage of the Net Budget Requirement. The Chief Executive presented her budget proposal to

13.2. A Workforce Planning Review was carried out at the beginning of 2024/25 to ensure that the OPCC was structured to be able to discharge the legislative requirements of a PCC plus the key policy areas that the Commissioner required at that time. This has been reviewed in line with the new Police and Crime Plan to ensure that the right support is in place for 25/26 and beyond.

13.3. The OPCC budget has been split into 6 areas:

- Democratic and Business Services
- Efficient and Effective
- Engagement
- Scrutiny
- Prevention
- Victims and Witnesses

13.4. The total budget for the Office of the Police and Crime Commissioner is £5.1m and is made up of:

	£000
Democratic and Business Services	633
Efficiency and Effectiveness	455
Engagement	423
Scrutiny	472
Prevention	4,160
Victims and Witnesses	2,485
	<hr/>
	8,628
Ministry of Justice Grant	(2,377)
Home Office VRN Grant	(1,047)
Transfer from Reserves	(131)
	<hr/>
Total OPCC budget	<u>5,073</u>

13.5. Overall, the budget for the OPCC budget has decreased by £162k from 2025/26.

13.6. The FTE of the OPCC has increased to 38.1FTE, an increase of 7.4FTE due to the VRN staff not previously been included within the establishment figures. The VRN posts are covered by the VRN grant from the Home Office.

13.7. It is agreed that £131k is transferred from the OPCC to fund the Senior Value for Money Analyst which was not recruited into last financial year. The Commissioner has agreed to the use of the OPCC reserve to trial a new surveying software.

13.8. The OPCC and the Force have worked together to build a proposal that sees a more joined up approach to prevention and the setting of a prevention strategy 2024-2028. The total budget for prevention and partnership is £8.6m of which the OPCC will be contributing £3.1m of the Commissioning budget towards preventing and reducing crime, harm and demand through pursuing an integrated approach to the planning, commissioning and delivery of prevention activity in collaboration with communities and partners.

13.9. The Commissioning Framework for 2026-27 aligns to the priorities contained within the Police and Crime Plan.

13.10. The Ministry of Justice (MoJ) Victims and Witnesses Grant has been confirmed at £1.250m for 2026-27, an increase of £25k from 2025-26. The MoJ have also confirmed an additional £1.127m to continue to commission the Domestic Abuse and Sexual Violence Support Services.

13.11. The funding for Violence Reduction Units has not yet been confirmed. It is anticipated that funding will be in line with funding received for 2025-26.

Robustness of the budget and adequacy of reserves – Statement of the Commissioner’s Chief Finance Officer

The Local Government Act 2003, Part 2, Section 25, as amended by the Police Reform and Social Responsibility Act 2011, requires the Commissioner’s Chief Finance Officer to report on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. The Commissioner is required to have regard to the report of the Chief Finance Officer and the report must be given to the Police and Crime Panel. The CFO statement is as follows:

“As the Chief Finance Officer and statutory Section 151 officer, I am required to provide assurance on the robustness of the budget estimates and the adequacy of the proposed financial reserves in accordance with my professional responsibilities and relevant requirements.

Robustness of Estimates

In forming my view, I have considered:

- The detailed budget preparation process.
- The reasonableness of key assumptions, including pay awards, inflation, demand pressures and government funding.
- The achievability of planned savings and efficiency programmes.
- The strength of financial governance, monitoring and control arrangements.

The budget for the forthcoming year has been prepared through a structured and comprehensive process involving senior leadership and budget holders. Known cost pressures have been incorporated, including pay and price inflation, contractual uplifts, and operational demand assumptions based on the best information currently available.

However, the Medium-Term Financial Plan (MTFP) contains a number of inherent uncertainties and risks, including:

- Future government funding levels beyond the current settlement period
- The delivery of planned savings and transformation programmes
- Inflationary volatility and pay award uncertainty
- Unpredictable operational demands and major incident costs

While these risks are not unusual in financial planning of this nature, the decision to set the precept at a lower level than government allows and lower than originally forecast reduces financial flexibility across the planning period. As a result, the MTFP is more reliant on the successful delivery of savings and continued tight financial control.

Taking all of these factors into account, I am satisfied that the estimates used in setting the budget for the forthcoming year are sufficiently robust. The position in later years of the MTFP is more challenging and will require continued active management, regular review, and timely corrective action where required.

Adequacy of Reserves

In assessing the adequacy of reserves, I have considered:

- The overall risk environment reflected in the MTFP
- The level of general (unearmarked) reserves
- The purpose and planned use of earmarked reserves

- Potential exposure to financial shocks and unforeseen events

The level of general reserves is a key safeguard against unforeseen expenditure and volatility in funding or demand. In determining the appropriate level of General reserves, I have taken a risk-based approach, which reflects good practice set out in the CIPFA Financial Management Code. The assessment considers the residual financial risk after taking into account the mitigations, earmarked reserves, insurance arrangements and in year budget management. On this basis the General Reserve Balance will increase to £6.2m, an increase of £340k for 2026/27.

In my professional judgement, the proposed level of General Reserve is considered prudent for the organisation based on the risk profile. The adequacy of the General reserve will continue to be reviewed annually as part of the budget and medium-term financial planning, and throughout the year via budget monitoring. This is to ensure it remain proportionate to the financial risks and particularly given the increased financial uncertainty within the MTFP.

Earmarked reserves are held for specific, time-limited purposes, including supporting transformation, smoothing the impact of funding fluctuations, and managing known future fluctuations, and managing known future liabilities. Planned use of these reserves is appropriate and aligned to the financial strategy, but their use to support recurring expenditure cannot be sustained indefinitely.

Given the current financial outlook, it will be important to:

- Avoid further unplanned depletion of general reserves
- Ensure that any use of reserves is linked to clear plans
- Rebuild financial resilience where opportunities arise.

Overall Assurance

The Medium-Term Financial Plan identifies gaps in the later years of the planning period which will need to be addressed as the financial strategy develops. Work is underway to refine savings proposals, identify efficiencies and explore other options to close the gap, and this will continue to be a key focus to financial planning. As with all medium-term plans there are uncertainties around future funding levels, inflation and demand, and these will be kept under regular review. While this does present a degree of financial risk, arrangements are in place to monitor progress closely and take timely action as plans are firmed up.

Based on the information available at this time:

- I am satisfied that the budget for the forthcoming year is based on robust and reasonable estimates
- I consider the level of reserves to be adequate for the immediate term, but given the scale of financial risks over the MTFP period, will require close monitoring and careful managing.

I will continue to monitor the financial position closely and will provide further advice and assurance to the PCC should the risk profile or financial outlook change materially.

Views on the Commissioner's Precept Proposal - Chief Constable's Statement

See Appendix 2 – Operational Policing Context to Budget Allocation

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