

Report to the Police and Crime Panel – 19 January 2026
Proposed Precept for 2026/27



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Annexes are attached separately to this paper

Annexe A	Precept Consultation 2026/27 Results
Annexe B	Financial appendices

Executive Summary

This report sets out the proposed budget and precept for decision by the Police and Crime Commissioner (PCC). It delivers one of their key responsibilities as PCC, under the Police Reform and Social Responsibility Act 2011. The report covers important factors and issues that the PCC has had to consider in reaching a proposal on the level of precept for policing in the county of Norfolk. This report sets out the:

- Net budget requirement for 2026/27
- Proposed precept for 2026/27
- Proposed medium term financial plan 2026/27 to 2029/30
- Outline capital budget 2026/27 to 2029/30
- Statement on soundness of budget and the adequacy of reserves.

The budget sets out the allocation of resources to deliver on the outcomes in the Police and Crime Plan for Norfolk. This plan gives strategic direction for policing in the county.

The central theme in setting spending plans is that they have taken into consideration the strategy and vision of the elected PCC. As part of setting out these financial spending plans, it is important to set out the issues that influence and contribute to the build of the budget for 2026/27 and the medium-term financial plan. In determining her budget proposals, the PCC acknowledges:

- Priorities within the Norfolk Police and Crime Plan.
- National policies and strategies which are required to be delivered at a local level.
- The operational advice and guidance provided by the Chief Constable.
- Strategic Policing Requirement.
- The outcome of public consultation.
- The effect of price inflation on the cost of running a police service.
- Government policy on public spending, as set out by the Chancellor in the Autumn Budget. The subsequent policing provisional grant settlement was issued on 18 December 2025, but unusually did not contain any policy information as the white paper on Police Reform is due in January 2026 so further clarity is needed.
- Medium term financial obligations.
- Prudent use of and contributions to the financial reserves.
- The drive for continuous improvement and value for money.
- The development of future collaborative arrangements and the risks involved.

- Plans and policies of other partner agencies relating to community safety and crime reduction.

It is within this context that this report outlines the budget and financial impact of the 2026/27 precept option upon which the PCC has consulted.

The report also sets out the Medium-Term Financial Plan (MTFP) 2026/27 to 2029/30 including the Capital Programme, together with various Financial Strategies that must be published by the PCC. A high-level summary of the precept option is set out in the table below. More detail is available on Appendix B(i).

Table 1 Forecast of Council Tax increase by 4.53% per annum (£14.94) from 2026/27, and £12 thereafter.

Forecast of Council Tax increases	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
	£000	£000	£000	£000
Total funding (grant and Precept)	(238,372)	(243,813)	(250,754)	(256,049)
Net Revenue Budget before changes and savings	234,006	245,097	252,336	259,743
Revenue deficit before known changes	(4,366)	1,284	1,582	3,694
Known and expected Changes	6,948	4,944	8,448	5,940
Planned Use of Reserves	680	500	(1,000)	500
Revenue deficit before savings	3,262	6,728	9,030	10,134
Planned Savings	(3,262)	(3,294)	(3,318)	(3,342)
Savings to be identified	(0)	(3,434)	(5,712)	(6,792)
Revenue Deficit or (Surplus) after savings	0	0	0	0

The PCC has discussed with the Chief Constable various options for saving money across current staffing capability and activity. The constabulary has been forecasting a modest overspend in 2025/26 which is due to external factors and has highlighted how challenging producing a balanced budget is. This continued demand has put pressure on the budget process for 2026/27 requiring a budget gap of over £3m to be closed and has severely restricted the opportunity to increase operational capacity.

Resources are limited moving forward and demand for policing services is growing, and policing cannot compromise. It is in this light, that the PCC, following public consultation, is recommending a 4.53% (£14.94) increase to council tax to contribute towards a balanced budget that helps maintain key services provided by Norfolk constabulary but still sees some areas needing to reduce service levels.

The 2026/27 funding settlement announced on 18th December 2025 has been particularly challenging for Norfolk, as the report will set out, and the financial pressure from that as well as from continued pressure from pay awards that are nationally set and only partially funded,

mean that decisions must be taken as to what services can continue to be maintained with the available funding.

Consultation on the Precept level took the form of a survey - available both online and in hard copy – with people also having the opportunity to submit their views by email, letter or by telephone. The results of the police budget and tax 2026/27 consultation show that 64% were in favour of increasing the police precept of council tax by £13.95 and 36% wanting no increase.

Recommendation

It is recommended that the Police and Crime Panel:

- a) notes the Revenue Budget and Capital Programme for 2026/27, the Medium -Term Financial Plan 2026/27 to 2029/30 and the funding and financial strategies, and
- b) endorses the Police and Crime Commissioner’s proposed precept increase of 4.53% for 2026/27.

Introduction from the Police and Crime Commissioner

PCCs have the statutory duty to decide what residents should pay in the police precept of council tax, and I was keen to have an open and frank conversation about the funding challenges that policing faces, as part of a continuous conversation with Norfolk residents over the course of my term.

Exercising this statutory duty is probably the single most challenging responsibility I bear. On one hand, the law requires me to ensure that Norfolk has a financially efficient and operationally effective police force, albeit with real-term reductions in funding awarded by central government. On the other, I am mindful that with the cost of living still being high, paying more in local taxes could further stretch households' finite resources.

This report sets out the financial challenge I face in balancing the policing budget for financial year 2026-2027. It explains that 51% of the budget comes from the Treasury via a Home Office grant while the remaining 49% comes from the households of Norfolk via council tax. The report also explains what policing in Norfolk is forecast to cost in the coming financial year and forecasts a potential funding gap. The report continues to explain how I propose to close this gap and thus the need to increase the police precept by £14.94 per year, or **29p per week**, for a Band D property.

The constabulary's ability to continue to deliver an effective service depends on having adequate resources. I do not want to undermine this position by squeezing the policing budget more than it is already by the effects of inflation and other cost pressures.

I am asking Norfolk to pay a bit more toward policing through the precept. I am also giving an assurance that this and all other taxpayers' money will be used efficiently. In return, our constabulary will continue to work both to keep us safe and to further improve the policing service being provided to Norfolk.

A view from the Chief Constable

The past year has brought significant challenges for policing. We faced a surge in protest activity, adding pressure to resources and highlighting the changing nature of public safety. Crime continues to grow in sophistication, case backlogs persist in the criminal justice system, and scrutiny of policing standards remains high. Beyond crime, we manage missing person investigations, respond to road incidents, and support vulnerable people.

In my fifth year as Chief Constable, my commitment to keeping Norfolk safe is stronger than ever. While society and policing have evolved, our mission remains the same: to keep communities safe and feeling safe.

Effective policing starts with the basics—answering calls promptly, attending incidents quickly, and investigating thoroughly. We remain focused on these priorities:

- One of the highest crime detection rates in the country
- Among the lowest burglary rates nationwide
- Crime reduced by 15% over the past three years

- 999 calls answered in just over 7 seconds on average.

Our officers and staff are determined to raise these standards even further. But delivering what the public expects requires proper funding.

Demand is rising. The number of 999 and 101 calls to our control room between 1st November 2024 and 31st October 2025, compared to the previous 12 months, has increased by 3.2% - that's an additional 7814 calls. We are using resources as effectively as possible, embracing technology and working with partners to redirect demand where appropriate, such as health and social care.

However, investment in future technology is essential to boost productivity and enhance safety. Recent funding has focused on increasing officer numbers, but officers alone cannot meet every challenge. Population growth has reduced officer numbers per head, impacting our response capability.

For 2025/26, government funding rose by just over 6%, but most of this covered mandatory pay, pensions, and insurance costs. Inflation and rising prices for energy, fuel, and supplies have left no room for investment. In fact, we've had to make deeper cuts—around £4.5m in savings—to balance the budget.

Looking ahead, the Spending Review signals further funding challenges for the next three years. On 18th December, the Government published the provisional policing settlement. Norfolk Constabulary received the lowest percentage increase in grant funding in the Country. The settlement only contained partial information, with the Home Office pledging to release further details alongside the soon to be released White Paper on Police Reform. The late release of this key information makes financial planning difficult, but the information that has been provided on grant funding leaves the Constabulary far short of the funding required to address our financial challenges.

With 90% of our budget tied to pay and contracts, finding additional savings without affecting services is increasingly difficult. We anticipate needing over £3m in extra savings for 2026/27. To maintain high standards, we are seeking additional support through an increase in the policing precept.

Crime is a tax on society. Retail crime alone costs the economy an estimated £2bn annually. Investing in policing is not just about safety—it supports thriving communities, vibrant high streets, and economic growth. We will continue to make efficiencies where possible, but sustained investment is essential to deliver the service Norfolk deserves.

Thank you for your continued support. Together, we will keep Norfolk one of the safest counties in the country.

Chief Constable Paul Sanford

Section 2 Priorities and Challenges facing Norfolk.

Financial Challenges

The financial landscape in which the decision on the level of precept sits can be characterised by four key themes:

1. **Funding uncertainty - The 2026/27 provisional grant settlement was published on 18th December but unusually with no policy information, as the police reform white paper due to be published in January 2026. The settlement outlines Norfolk will receive the lowest % grant increase in the country and will receive £1.3m less than the average % increase.**
2. **Historic underfunding of pay awards and pension settlements, leading to accumulated pressures.**
3. **Historic protection of Police Officer numbers, leading to a materially smaller area of expenditure from which savings can be made**
4. **A lack of capital grant which has the potential to lead to significantly increased borrowing costs being a feature of current and future years' budgets.**

These financial pressures, expanded upon below, sit alongside the operational pressures on the policing service.

Even though rates of inflation have continued to reduce this financial year from the peak of 2022 they are still above the Bank of England target of 2% and there remains the legacy impact of the previously high rates of inflation. As a result, pay settlements have remained higher than otherwise expected for both police officers and police staff. This is compounded by the fact that pay settlements are only partially funded by central government and the allocation model for this funding is further detrimental to Norfolk constabulary. This has put police budgets under significant strain and will continue to impact over the period of the medium-term financial plan (MTFP).

Challenging times continue in the medium-term due to the requirement to fund pay and non-pay inflation, tackle increasing demand on policing, the increasing complexity and cost of investigations, and manage pressures from other local, regional and national programmes as well as unfunded statutory and regulatory changes.

The policing settlement was published on 18th December but unusually with no detailed update on policy included in the Written Ministerial Statement. There was also very little financial breakdown of detail about the different government grants. This is due to the fact that the police reform white paper is due to be published in January 2026 and this is expected to give the clarity required on government policy and grant detail.

What is known post-settlement is that Norfolk has the lowest overall % grant increase of all forces (2.34% compared to 3.32%). This equates to c£1.3m less funding than if Norfolk had received the average increase. Until the white paper is published with more detail it is not certain as to why this is the case, but the figures potentially indicate a change to the way the

government wishes to deal with the targets on maintaining police officer numbers overall, and its intentions on the Neighbourhood Policing Guarantee.

Since the requirement to maintain the national uplift of 20,000 additional police officers came into place (Norfolk's share being 224 extra officers) the annual savings requirement has had to be met from a much smaller proportion of our budget that excludes officer pay. For 2025/26 this was £55m that the constabulary needed to make savings from compared to the total gross budget of £223m.

The decision on precept must also be seen, not as a one-off decision in relation to next year, but as part of a strategy in relation to the changing demands on policing and police and OPCCN budgets over the medium to long-term. With the economic picture remaining volatile and uncertain, and with significant unavoidable cost pressures foreseeable for the medium-term, a precept strategy that helps the PCC meet their outcomes in the PCP is required.

The 2026/27 strategic financial planning process using an Outcome Based Budgeting approach has been very challenging and has compounded the challenges from recent year's settlements, high levels of inflation, partially funded pay awards and constraints on officer numbers arising from the national Uplift programme.

The full year 2026/27 impact of the 4.2% pay award from 25/26, plus the forecast increase of 3% for pay for 7 months of 26/27 added to the budgeted inflation of 4% on all non-pay budgets equates to a total inflationary pressure of £13m for 2026/27. Set against this pressure, the funding from government has increased by £3.1m.

The increase in funding is not adequate, particularly with Norfolk receiving the lowest % increase in the country and only partially covers the impact of pay and non-pay inflation, as well as partially funding increasing pension costs. This means the constabulary has not had any extra funding for investment and in fact is having to make deeper cuts to service. Coupled with additional demand and external pressures the constabulary has had to make an additional c£3m of savings to balance the budget.

In accordance with the requirements of the Police and Crime Panel (Precepts and Chief Constable Appointments) Regulations 2012, a precept is proposed for 2026/27.

Crime and Incident Trends

Norfolk remains a very safe county with recorded crime down by 1.6% in the 12 months to October 2025 compared to the previous year and a reduction of 10% for the 12-month period compared to November 2020. This, however, follows increases in certain crime areas compared to 2019 levels. For example, reported sexual offences are higher and the constabulary continues to record over a thousand rape crimes in each 12-month period. These are some of the most complex and demanding investigations the service must undertake, and they require a highly skilled workforce.

The reporting of domestic abuse crimes has increased over the last year which is welcomed as it means that action can then be taken. The constabulary continues to record over 10,000 domestic related crimes which make up 19% of crimes recorded by the force. Nearly all these areas of demand relate to crimes that occur behind closed doors and in family settings. They require sensitive investigation, but the constabulary has a determination to identify these offences and bring offenders to justice. In recent months, the constabulary has increased its positive outcome rate and has one of the highest rates in the country.

On average, 359 emergency 999 calls are being received a day. This is 21% more than in 2020. The way that the public choose to contact Norfolk constabulary for non-emergency matters is changing. The number of calls received into the switchboard (101 service) for the last 12 months to October 2025 was 590 calls per day, which is a decrease of 7% (15000 calls per year) compared to the same time last year. In contrast the public are increasingly using digital methods to contact the police – in recent months Live Chat and Single Online Home have been used 3700 times per month (compared to 2700 for the same time last year) which makes up 16% of non-emergency contact. The constabulary has invested in improved website services and is increasing the number of staff dealing with both telephone and digital contacts to further improve the service the public receive. The Local Policing Delivery Unit (internal continuous improvement team) continue to be engaged in the demand management review with a focus on the Contact and Control Room and the management of volume crime.

The Neighbourhood Policing Guarantee (NPG) grant funding received for FY 2025/26 enabled, among other things, the set-up of a dedicated Community Policing Team for North Norfolk and Great Yarmouth. The team will be in place in January to focus on local issues, through visible patrols, managing problem-solving plans, and assisting with engagement events and community initiatives.

The constabulary has reformed the previous Custody Investigation Units (CIUs) in October 2025, establishing Detainee Investigation Units (DIUs) to enable stronger supervision and management of officers and their investigations to help ensure high standards and consistency. Aligning detainee handling under local governance removes cross-departmental handovers to improve continuity and accountability throughout investigations.

Norfolk constabulary, supported by the Police & Crime Commissioner, has launched Public Voice—a programme designed to gather feedback from local residents through public surveys. The initiative, which went live in October 2025, aims to understand community concerns and priorities. Insights from these surveys will help neighbourhood policing teams shape local priorities. A promotional campaign is planned for 2026 to encourage wider participation.

The 2026/27 precept consultation

The 2026/27 police budget and council tax consultation took the form of a survey - available both online and in hard copy – with people also having the opportunity to submit their views by email, letter or by telephone. In total, there were 553 valid responses to the consultation alongside feedback through social media.

All comments received to the consultation by whatever means of communication were provided to the PCC to help inform her 2026/27 policing budget decisions

Key Findings

The results of the police budget and tax 2026/27 consultation show that most people (64%) were in favour of increasing the police precept of council tax of £13.95, and 36% wanting no increase.

The PCC consulted with the Norfolk Independent Advisory Group and various organisations and partners via communications such as the newsletter. The link to the online survey was shared via staff signatures, social media posts and via the website.

As standard practice when conducting a public consultation, an Equality Impact Assessment (EIA) was completed before the launch.

A full report on the consultation is included in Appendix A.

Delivery of the Norfolk Police and Crime Plan in 2026.

The PCC's Police and Crime Plan '**Putting Prevention First**' 2025-2029 was approved at the Police and Crime Panel on 13th January 2025. Following an extensive public consultation three priorities were identified:

- Preventing Crime
- Cohesive Communities
- Reducing Harm

The Prioritisation of Resources

The PCC has focused on ensuring the resources she has for policing in Norfolk are deployed efficiently and effectively. Supporting and challenging Norfolk Police to ensure it is a modern, fit for purpose organisation, delivering high quality policing for all communities.

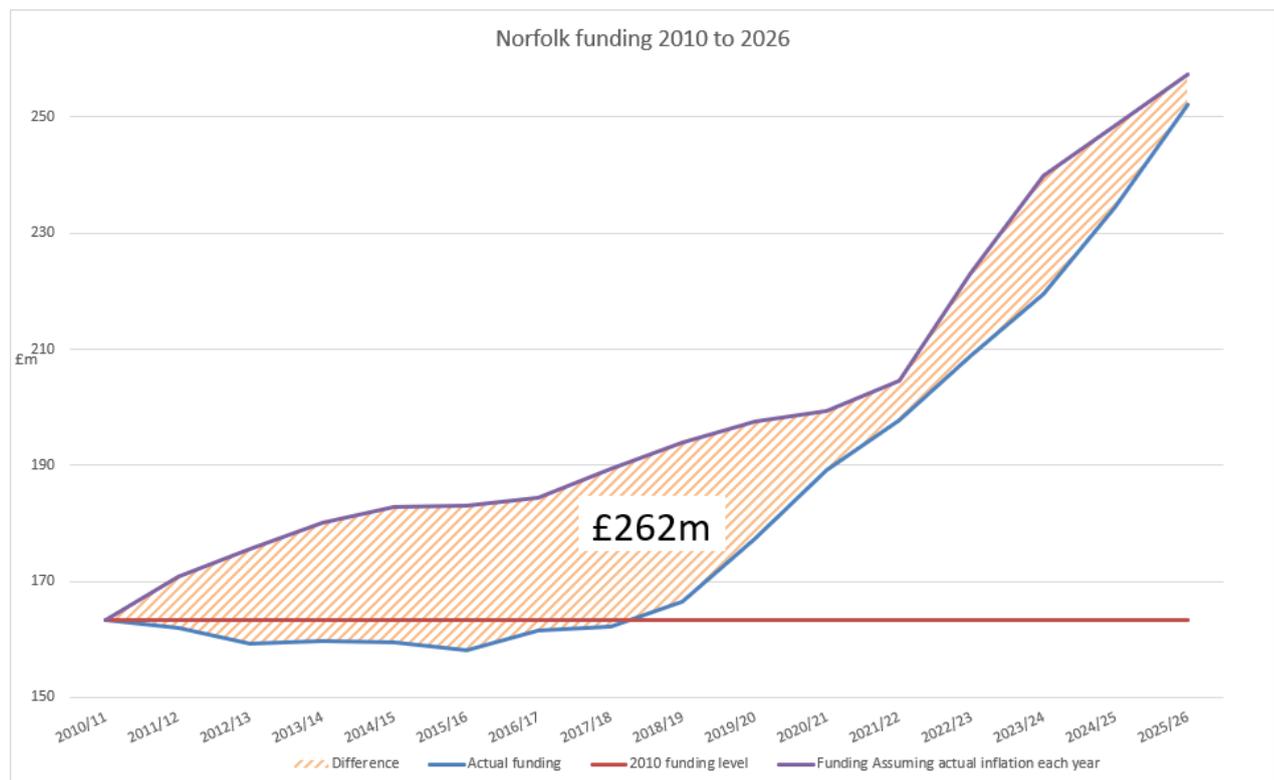
Since 2010 the force has delivered £52.8m worth of annual efficiencies and savings, on top of further cost avoidance and productivity improvements through optimising the way it operates.

In 2025/26 the force is on course to deliver all of the £4.5m of the required savings plan. However, pressure from external sources has put pressure on delivering a balanced budget and pressure on reserves for 2025/26. With the economic conditions continuing to squeeze the finances of the public and the public sector the PCC is committed to ensure that Norfolk constabulary is efficient and effective.

The Economic Context and Unavoidable Cost Pressures

The chart below shows the impact of funding set against rises in inflation since 2010/11. The (red line) straight line shows the level of funding at 2010/11 across all years as a baseline. The (blue line) lower line of shape shows actual direct funding received by the constabulary from the main Home Office grant, precept from households in Norfolk plus all specific grants. The (purple line) upper shaped line represents the level the funding would have been if in line with actual levels of inflation.

While the funding gap was closing through the national Uplift programme, recent levels of inflation have seen the constabulary funding once again falling behind in real terms. Since 2010/11 the constabulary has had to absorb £262m of inflationary pressures.



There is a growing number of additional national regulatory requirements placed on the constabulary that reduce productivity gains. For example, the requirement from the Forensic Services Regulator (FSR) that all police forces must achieve a specific level of accreditation and comply with FSR codes of practice. Similarly, as the College of Policing revised standards across different policing functions, additional costs can emerge that forces then have to absorb as there is no additional funding for these types of requirements. These pressures mean that efficiency

gains cannot be fully realised, and funding has to be directed to these areas.

Pension Related Additional Costs

Police officer pensions are “unfunded” and there is a “gap” between pension contributions collected from serving officers and the amount paid out in benefits to retired officers. Until 2015/16 His Majesty’s Treasury (HMT) fully funded this “gap” by funding employer contributions through the main police grant, and by providing an additional top-up grant. Therefore, there was no funding required from precept. Since 2015/16 the Treasury has passed an increasing element of this gap on to PCCs, by increasing employer contributions over the intervening period by 9.7% without fully funding this increase. Government now provides a pension grant (£5.1m for 2025/26) but this still leaves the constabulary to pick up £11m of cost pressure each year.

Maintaining Investment in Modernising Technology

To remain as efficient as possible, the constabulary needs to continue to invest in and refresh technology that keeps the policing model fit-for-purpose and able to meet increasing demand and the changing nature of crime. It is also important to invest in modern enabling technology that help support the drive for increased productivity and efficiency.

These assets then need replacing every 3 to 5 years. The capital programme therefore includes the routine refresh of this growing ICT / digital estate as well as the increasing investment in infrastructure e.g. in networks and servers to deal with the growth in requirements for investigating, transferring and storing large volumes of digital data. The investment over the medium term plan is c£12m.

A significant cost within the long-term Capital Programme is the Emergency Services Network (ESN) rollout. This is the replacement for the ageing Airwave system (i.e., the push-to-talk radio communications for officers). The estimated investment of c£6m now sits within the medium-term financial planning window. This is a significant future cost that as it stands will have to be met by force budgets / reserves or borrowing.

Another significant capital cost that is planned is for the replacement of the forces Records Management System which is an integrated policing system for crime, intelligence, custody, and case management across multiple forces across the region. This will be a major project and will run over the course of the medium term financial plan.

Norfolk within the wider economic environment

The PCC is conscious that any council tax increases must be justified and provide assurance to households, which are facing significant pressures on their finances, that they are receiving a good level of service from the constabulary.

Since 2010, in response to the challenging financial situation, the constabulary has been running a successful Change Programme and annual planning process which will have delivered £52.8m (to 31 March 2026) since its inception. A significant element of that programme has been delivered through collaboration with Suffolk constabulary.

OBB is a method for aligning budgets to demand, performance, outcomes and priorities. This approach analyses the spending of the entire Force. This information is then lined up against the priorities and demands of the FMS and Police and Crime Plan. This allows projects to be developed to target areas that can be made more efficient, as well as reviewing areas requiring more investment.

As a result of this process, His Majesty's Inspectorate of constabulary and Fire and Rescue Services (HMICFRS) has previously rated Norfolk as Outstanding in terms of Good Use of Resources (the top rating achievable) in the force's Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection. In the latest round of inspections, the HMICFRS no longer makes a judgement on Good Use of Resources but incorporates financial planning into a much wider assessment of Leadership and Management. In their assessment in 2024 this was judged to be Adequate, but it made specific reference to the fact that "The constabulary's financial plans are affordable and will help it make further improvements in performance...The constabulary has an effective approach to financial management and uses an outcome-based budgeting model to help set its budgets. The forecasts within the medium-term financial plan are based on realistic assumptions about future funding and planned expenditure."

As part of this work, and jointly with Suffolk, the forces have initiated a medium-term transformation programme to complement the annual Outcome Based Budgeting exercise. The programme is looking at thematic and cross cutting initiatives around new technologies such as automation, exploitation of existing technology, and deepening existing collaborations with Suffolk to lever out cashable and non-cashable efficiencies over the life of the plan.

The team now has capacity and capability in respect of automation / robotics and is exploring opportunities around Artificial Intelligence working closely with the forces ICT department. In addition, other parts of the programme are actively working with departments to review their services and processes to explore efficiency opportunities.

Sources of Funding for the budget

Government grants

The PCC receives most grant funding from central Government, specifically the Home Office and the Ministry of Justice. The Provisional Funding Settlement was announced by the Home Office on 18th December 2025 but did not contain any breakdown of government grants. This information is now expected when the white paper on police reform is published in January 2026.

Income received from council tax

The taxbase

Council tax base has seen growth of 1.55%. This is worth an additional £1.65m. The assumption is that through the medium term the tax base will continue to grow at a rate of 1%. Future year forecasts in CT base are modest, in part due to the unknown response of second-home owners to increased Council Tax bills.

The Collection Fund Surplus/Deficit

For the 2025/26 budget the assumption has been made that there will be a surplus of £1.4m. This will need monitoring for the medium term as people may continue to suffer financial hardship and may need more support to pay their council tax.

Precept Option 2026/27

As part of the provisional government settlement the Home Office announced that PCCs in England and Wales would have the flexibility to raise council tax by £15 on a Band D equivalent property before requiring a referendum.

The proposal of the PCC is that the council tax charge will be increased by 4.53% for a Band D property for 2026/27. This will raise £4.8m. The increase in both the taxbase, and the precept Band D charge, will bring in a total of £6.6m funding.

The Medium-Term Financial Plan (MTFP)

The budget and MTFP are constructed as follows: -

- The base 2025/26 budget (funding current activity) is rolled forward and repriced for inflationary pressures. The full year effect of any 2025/26 part year initiatives / change programmes is added.
- Known / Expected Changes are then added. These include the impact of statutory changes (e.g. pension contributions), service developments (other unavoidable base budget pressures), capital financing costs (of the revised capital programme) and finally any growth required as a result of the strategic financial planning process.
- Use of reserves is then considered. Typically, they will be used to finance short-life capital assets (over and above the budget provision), temporary revenue costs and invest to save initiatives.
- This results in a sub total - Revenue Deficit Before Savings
- Finally, the savings identified as part of the planning process are included to balance the budget.

The following financial planning assumptions have been used.

Table 2 Financial Assumptions for the period of the MTFP

Assumptions	Budget 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Government Grant increases	2.3%	1.5%	1.5%	0%
Council taxbase change	1.55%	1%	1%	1%
Collection fund surplus	£1.4m	£0	£0	£0
Pay awards - officers	3.0%	2.5%	2.5%	2.5%
Pay awards - staff	3.0%	2.5%	2.5%	2.5%
Non-pay inflation (average)	4%	4%	4%	4%

Prudent assumptions have been included for each year of the MTFP as shown above.

It should be noted that assumptions in the table above could change over the period of the medium-term and the impact of these changes can be seen in the sensitivity analysis below.

Table 3 Sensitivity Analysis

Item	Variation %	Variation £m
Main Government grants	1.0%	1.062
Legacy council tax grants	1.0%	0.093
Tax base increase	1.0%	1.069
Precept	1.0%	1.069
Pay awards officers (full year impact)	1.0%	1.368
Pay awards staff (full year impact)	1.0%	0.641
Non-pay inflation	1.0%	0.471

Statutory Assurances and Strategies Including Reserves and Capital

The Capital Budget

The capital programme is a key element of the strategic and financial planning process. As highlighted over the last few years, due to funding constraints, the impact of capital spending, particularly the investment in “short-life” assets, has a significant impact on the revenue budget and will continue to do so over this medium-term plan. The capital strategy gives more detail on the approach to setting the capital programme.

However, it is important to note that the PCC has limited flexibility to generate the revenue capacity to fund the capital programme due to the reducing availability of capital receipts, the total removal of the capital grant by central government, the fiscal impact of austerity and constrained government funding, and the partial funding for pay awards and ongoing policy restrictions on officer numbers that locks in the majority of the revenue budget for spend on officer pay.

The constraints listed above mean that the PCC and constabulary may reach the limits of reserve capacity to help support revenue budget funding of short life assets in the capital programme.

Without a change in policy position on officer numbers and/or the reintroduction of the capital grant, this will result in the need to borrow to fund some short life assets, using the Minimum Revenue Provision (MRP) mechanism, over the medium term and the revenue costs are included in the MTFP on that assumption.

The revenue impact for long-term estates assets continues to be spread over the years through the (MRP) mechanism. As flagged over recent budget reports, as the estate has continued to be modernised in line with the Estates Strategy, additional external borrowing has been required and interest payments have started to be made. This borrowing remains affordable, and more details are in Appendix A. It should be noted that the investment in the Estates Strategy is enabling the rationalisation of the estate, including the disposal of some buildings and the exit from leased properties. This will result in savings of c£14m to the force over 40 years resulting in significant savings over the life of that investment.

The proposed capital programme has been updated to 2029/30 and is set out in detail at Appendix E. The revenue consequences of the proposed capital programme have been fully taken into account in preparing the MTFP.

Reserves strategy

The use of a significant proportion of reserves over the life of the Medium-Term Financial Plan is an important element of the financial strategy.

Each year the CFO carries out an assessment of the risks facing the PCC to determine the level of General Fund reserves which the PCC needs to continue to hold. This is increasing each year to meet 2.5% of net revenue budget (NRB) therefore the requirement is £5.540 at 31/3/26 and £6.230m by the end of the MTFP period at 31/3/30. The OPCC specific reserves are being utilised to support key initiatives further details are included in Appendix D.

The PCC's target is to keep total reserves at 5% of NRB – This will prove to be a challenge towards the back end of the MTFP, requiring regular monitoring.

Treasury Management

Government regulations require the PCC to approve the investment and borrowing strategies and borrowing limits for 2026/27 prior to the start of the year. This is incorporated within an overarching Treasury Management Strategy which is reviewed by the Joint Audit Committee.

Chief Finance Officer's statement on the soundness of the budget and adequacy of reserves

In setting the MTFP, the PCC needs to consider the revenue budget, implications of the investment in capital and the level of reserves held. The PCC holds a General Reserve, Earmarked Reserves and Capital Reserves. These will in part be governed by known or likely commitments and in part by the appetite for risk.

To assess the soundness of the budget and adequacy of reserves I have considered compliance with the 7 key principles in CIPFA's guidance.

- **The treatment of inflation and interest rates.**
The budget has reflected the assumption as to what price increases are likely to be during the financial year.
- **Estimates of the level and timing of capital receipts.**
The PCC and Norfolk Police make a prudent assumption of future capital receipts. There is a process of rationalisation as part of the wider estates' strategy, which identifies potential disposals and estimated receipts.
- **The treatment of demand level pressures.**
The force has implemented an Outcome Based Budgeting process over recent years to inform budget setting and it has continued to embed this into business processes to provide a robust programme to feed into the 2026/27 budget setting
- **The treatment of planned savings and productivity gains.**
The force has made substantial cash savings over the last 15 years. The cumulative level of budget reduction, compounded with central government policies that restrict flexibility, will inevitably mean that operational budgets will come under greater pressure and/or risk of overspending in future years. The force consistently achieved its annual

efficiency target in previous years.

- **The financial risks inherent in any significant new and existing funding partnerships, collaboration, major outsourcing, or major capital developments.**

The financial consequences of partnership, collaborative working, outsourcing arrangements, or capital investment are reported to the PCC as part of the medium-term planning process.

- **The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.**

The 2026/27 budget has been set to meet both the recurring revenue spend commitments and priorities, whilst recognising there are risks that need to be managed. This has taken account the level of government grants and other sources of income.

There has been an assessment of the adequacy of general reserves to meet unplanned budget impacts. The overall assessment is that the minimum of general fund balances should be maintained at 2.5% of the net annual revenue budget. This has been achieved.

- **The general financial climate to which the authority is subject.**

The provisional police settlement for 2026/27 was announced on 18th December 2025. Norfolk received the lowest grant % increase in the country and this does not provide adequate funding towards pay and pension increases. The force has therefore been required to look for further savings to balance the budget.

Assurance

Section 25 of Part 2 of the Local Government Act, as amended by the Police Reform and Social Responsibility Act 2011, places responsibility on the PCC Chief Finance Officer to report on the robustness of the budget estimates, the adequacy of balances and reserves and issues of risk.

The estimates have been put together by qualified finance staff and reviewed thoroughly.

The biggest area of uncertainty is what potential cost pressures will arise from the police reform white paper as well as continued pressure from increased demand, pay increases and regulation changes. There is an awareness of the risks with these pressures and are monitored through the Strategic Risk Policies of both the force and the OPCCN.

As outlined the 2026/27 budget and the MTFP have been prepared in a properly controlled and professionally supported process. It has been subject to due consideration within the constabulary and by the PCC.

The PCC CFO confirms that all the required statutory assurances can be made.

Conclusion

Based on the information contained in this report and having considered the position and information presented by the Chief Constable, the PCC proposes to raise the policing part of local council tax by 4.53% (22 pence per week at Band B/ 29 pence at Band D) to broadly maintain its service levels to the communities of Norfolk while managing increasing demand in 2026/27 and unfunded inflation and pressure on pay settlements.