

Provisional Police Settlement and Setting the Police Precept 2026-27

21st January 2026



Provisional Policing Settlement 2026-27

- Published on 18th December
- The announcement only contained partial information
- The financial information was only provided for 1 year (2026/27)
- More information on funding and Grants is expected this month alongside a Policing White Paper

Policing Settlement 2026-27

- Up to £18.3 billion for 'police forces' in 2026/27
- Available funding to 'PCCs' will increase by up to an additional £746m in 2026/27, assuming full take up of local flexibility to increase council tax by the maximum amount.
- £15 precept flexibility for all PCCs, or equivalent, for 26/27. All options are still being considered in North Yorkshire with formal proposals to be brought to the February meeting.
- Government Funding increase of 3.3% (on average). Lowest 2.3% to Highest 4.3%
- North Yorkshire only received a 2.8% increase. Equates to around £600k lower than the average position
- Overall national increase of funding to PCCs (after Precept) - in cash terms - of 4.2% - North Yorkshire was calculated by the Government to be 4.2% also, due to the stronger local funding position

Policing Settlement 2026-27

- The additional £746m available to PCCs is broken down as follows:
- £382m increase in Core Grant (although £205m is needed just for the extra costs of the 25/26 pay award)
- Up to £364m additional funding from council tax precept, based on current forecasts and assuming all 'PCCs' maximise their precept flexibility. The Government is enabling PCCs to increase precept by up to £15 (versus £14 for last year) for a Band D equivalent property.

Precept

- Each £1 equates to a 0.31% increase, and therefore a £14 increase would equate to an increase of 4.36%
- Whereas a £15 increase in North Yorkshire would be the equivalent of a 4.67% increase.
- Underlying Tax Base growth of 1.02% is expected but this is not yet formally agreed.
- Including the forecast position on the councils Collection Funds then the increase in core funding, in comparison to 2026/27 is expected to be around 4%.
- While this may seem like a reasonable increase, 1.4% of this increase is needed simply to fund the full year costs of last years pay award.
- This leaves only 2.6% to cover inflation that is currently 3.5% and pay awards that are forecast to be 3%!!!!
- Clearly this will be impossible to meet and will require very difficult decisions. Especially given that there are pressures beyond 'just' inflation.

Impact of each £1 Precept Increase

- Current Council Tax/Precept Levels:
- Band D: £320.86 – £6.15 per week
- Each £1 increase of the Police precept equates to around 2 pence per week for a Band D property
- Impact of a £14 increase in 2026/27 would be an additional 27 pence per week for a Band D property
- Whereas a £15 increase in 2026/27 would be an additional 29 pence per week for a Band D property
- Each £1 generates around £327k in additional income

Impact of a £15 Precept Increase

Overall Government and Local Revenue Funding	2026/27	2025/26	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
Government Funding				
Police Grant	(59,905)	(57,579)	(2,326)	4.0%
RSG/National Non Domestic Rate	(35,884)	(34,490)	(1,393)	4.0%
Council Tax Freeze Grant	(2,152)	(2,152)	0	0.0%
Council Tax Support Grant	(5,746)	(5,746)	0	0.0%
Police Pensions Grant	(4,622)	(4,622)	0	0.0%
National Insurance Grant	(2,856)	(2,856)	0	0.0%
Police Officer Uplift Grant (Core)	(3,407)	(3,407)	0	0.0%
Police Officer Uplift Grant (Additional)	(1,035)	(1,528)	492	-32.2%
Neighbourhood Policing Grant	(1,947)	(1,947)	0	0.0%
Government Funding Changes	(117,553)	(114,326)	(3,227)	2.8%
Impact of a £15, 4.67% Band D Precept increase				
Net Surplus on Collection Funds	(202)	(612)	410	
Council Tax Requirement	(110,005)	(104,033)	(5,972)	5.7%
Total Local Funding	(110,207)	(104,645)	(5,562)	5.3%
Total Government + Local Funding	(227,760)	(218,971)	(8,789)	4.0%

Within the Settlement it appears.....

- While Core Government funding has increased by 4.0% this is about 0.5% lower than needed – this **creates a pressure of £450-500k**
- The Government funding to support the recruitment of 29 additional Police Officers in North Yorkshire has been reduced/removed. – initial estimate is a **reduction totalling £500k**
- The funding for Neighbourhood Policing Guarantee has been frozen at £1.9m which is now **£900k too low** simply to fully fund the 32 Police Officers and 20 PCSOs that are being delivered in 2025/26.
- No additional funding to continue to invest in Neighbourhood Policing has been announced yet.
- Over £20m of Specific Grants have been frozen and therefore in real terms **reduced in value by around £700k.**

The Provisional Settlement has created a financial pressure, in relation to funding

of £2.6m

Not included within the Provisional Settlement

- There has been no confirmation that the following funding will continue:
- Serious Violence Duty Unit Funding of £260k
- Anti-Social Behaviour Hotspot Funding £1,000k
- There has been no direction on Police Officer Maintenance Target
- There has been no direction on Neighbourhood Policing Guarantee requirements or additional funding.

Where does this leave us

- If there is a £15 increase in the Band D precept, then:
- There is still a significant gap within our financial plans (of around £2.6m) which we are working to address
- Any increase below £15 would increase this gap by £327k for each £1 lower
- The lower-than-expected financial settlement provides a challenging financial position as it simply doesn't provide enough to cover inflation.
- It is possible that cuts will be required simply to balance the 2026/27 budget

Capital

- There is a Capital 'Ask' of £40m for the 4 years from 2026/27 onwards
- Capital is very challenging as no Capital Funding is provided from the Government. The organisation continues to only borrow to fund Estates expenditure, and the expectation is around £5.2m, or 13%, of the programme will be funded from additional borrowing.

Capital Financing and Expenditure					
	2026/27	2027/28	2028/29	2029/30	Total
	£000s	£000s	£000s	£000s	£000s
Capital and Project Plans					
ICT	5,708	2,185	2,432	6,764	17,089
Fleet	2,716	3,398	3,289	3,289	12,692
Estates	2,527	519	458	450	3,954
Other Rolling Programmes and Schemes	674	512	671	266	2,123
Other Schemes	73	40	0	0	113
Control		2,075	2,075		4,150
Total Agreed Programme	11,698	8,729	8,926	10,769	40,122

Precept Consultation

- A full report will accompany the formal precept report at the February Panel Meeting
- The consultation closed on the 5th January 2026 with the following high-level results

Increase options	%
Up to £12 a year	34%
Up to £14 a year	18%
Up to £16 a year	15%
Up to £18 a year	32%
TOTAL	100%
Total answering	2585

Future Funding and Planning Assumptions

- Precept increases of £15 per annum throughout future years of the plan.
- Government Grant increases of: 2.4% in 27/28, 1.0% in 28/29 and 2% per annum thereafter.
- Tax Base increases of 1 to 1.3% per year
- Pay Awards are 3%, (26/27), 2.5% in 27/28 and 2% thereafter.

Reserves

- General Reserves are projected to be around £6m to £7m throughout the plan.
- This will be around 3% of Core Grant plus Precept.
- Overall Reserves are expected to reduce by:
 - 2025/26 - £4.8m
 - 2026/27 - £3.8m
- At which point they will be around £12-13m.
- The reductions are aligned to the delivery of the Capital Programme

Conclusion

- A challenging Provisional Financial Settlement
- North Yorkshire has a lower-than-average increase in Government funding
- The Settlement creates an unexpected gap of around £2.6m which is being worked on
- Cuts are possibly required simply to balance the budget
- An increase of around £15 in the Policing Precept has very good support from the respondents to our survey
- Any increase below this will add to the financial pressures referred to in this briefing.
- Full proposal on the Policing Precept will be formally proposed to the February meeting of this Panel.