



West Mercia Budget 2026/27

Medium-term financial strategy 2026/27 to 2029/30

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Foreword from the PCC

The announced uplift in core Government funding for the next year is £5.1m and, by maximising the amount local people in their council tax for policing, this will see an extra total of £8.7m additional funding available in 2026/27.

However, in 2026/27, the direct cost of employing police officers in West Mercia will rise by £19.1m, with wider inflationary pressures totalling £7.7m.

For a number of years the Government has set the amount of police officers West Mercia needs to maintain, the amount those police officers get paid and, ever increasingly, mandates the role that those police officers perform in our community. There is a clear strategy from the Government to have greater control over policing, and that is their right as the Government of the day, but it limits the flexibility and ability for the Chief Constable and I to manage our budgets.

During the past 18 months, the Chief Constable and I have taken significant steps to reduce the structural cost of West Mercia Police, primarily from the non-police pay budget, which saw 300 civilian roles removed from the organisation. This was based on an expectation of how much funding would be allocated to West Mercia from the totality of the Government funding for policing. However, for 2026/27 it appears that £200m has been removed from this, which has created an unexpected budget pressure of £2.5m for policing in West Mercia.

This also comes with a mandate from the Government that I maximise the amount of money the public pay towards policing in their council tax. To be clear, as PCC I have no other choice but to maximise the amount levied to council taxpayers which is a direct result of Government policy.

Even with the public support, through the precept, we still face a budget gap. Our intentions were to build on the progress made to date – further reducing crime, bringing offenders to justice whilst delivering service improvements. However, as it currently stands there is a real risk that we cannot continue to deliver a level of policing service that the public would expect.

As I look to set the budget for policing in West Mercia, I am doing it without the full detail. This is making it hard to be able to plan effectively. However, as I have shown since I was elected in 2016, I will continue to be a responsible custodian of the police fund, and I am focused on ensuring the force delivers the best possible service for the public within its constraints.

I am committed to maximising the benefit for our communities. This includes ensuring that resources are focused on policing in communities, putting evermore police officers into neighbourhood teams and ensuring these officers are accessible, crime is being tackled and reduced, more offenders are being brought to justice and victims are receiving the support they need to recover from the harm caused.



John Campion
Police and Crime Commissioner, West Mercia

Executive Summary

This report sets out the proposed budget and precept for decision by the Police and Crime Commissioner (PCC). It delivers one of the PCC's key responsibilities, under the Police Reform and Social Responsibility Act 2011. The report sets out:

The net revenue budget requirement for 2026/27	The medium-term financial strategy 2026/27 to 2029/30	The council tax precept for 2026/27
The Outline capital budget 2026/27	The proposals to deliver the West Mercia Safer Communities plan	The Statement of the soundness of the budget and adequacy of reserves

As part of setting out these financial spending plans, it is important to understand the issues that influence and contribute to the build of the budget for 2026/27 and the medium-term financial strategy. In setting a budget, the PCC recognises that it will build on the decisions made in previous years and is dependent on events that have occurred during the year, and which are likely to continue into the new financial year.

The report sets out how the totality of that funding will be allocated to support the objectives set out in the PCC's West Mercia Safer Communities plan. The last 18 months has been challenging, with a need to deliver effective policing services whilst dealing with a challenging financial model and need to reduce the cost base of the organisation.

This budget sets out the PCC's proposals, which support the recommendations of the Chief Constable, to deliver a service which concentrates on delivering improvements in the core aspects of policing. The focus is on robust investigation of crime delivering outcomes for victims, offenders being brought to justice, visible and accessible policing with a focus on tackling crime that affects communities, supporting victims, and tackling issues which have significant impact on our communities. These include road safety, anti-social behaviour and violence against women and girls.

In determining his budget proposals, the PCC acknowledges and considers:

The priorities within the West Mercia Safer Communities Plan	The outcome of public engagement & consultation	The operational advice and guidance provided by the Chief Constable
National policies and strategies – required to be delivered at a local level	Prudent use of, and contributions to, the financial reserves	Government policy on public spending
The impact of the global economic conditions	Strategic Policing Requirement	The drive for continuous improvement and value for money

Precept Report 2026/27

Precept recommendations

The PCC is recommended to approve:

- a) A net revenue budget after savings of £328.544m
- b) A contribution of £0.000m is made from reserves
- c) A net budget requirement of £328.544m
- d) A Council Tax for a Band D property at £306.50
- e) A Council Tax for a Band D property calculated as follows:

	£m
Budget Requirement (Net Revenue Expenditure)	328.544
Less Funding	
Home Office Police Grant	158.359
Police Pension Grant	6.572
National Insurance Contribution (autumn 2024)	4.215
Council Tax Support Grant	
Council Tax Freeze Grant	9.200
2013/14	1.975
2011/12	0.800
Less: Collection Fund Surplus/(deficit)	0.627
Amount required to be raised by Council Tax	146.797
Divided by Aggregate Council Tax Base	478945.78
Basic Amount of Council Tax at Band D	£306.50

- f) *The consequential Council Tax for each property band will be as follows:*

Band A (6/9th)	204.33
Band B (7/9th)	238.39
Band C (8/9th)	272.44
Band D	306.50
Band E (11/9th)	374.61
Band F (13/9th)	442.72
Band G (15/9th)	510.83
Band H (18/9th)	613.00

All figures are rounded to two decimal places

g) That the Chief Executive to the Office of the PCC for West Mercia be authorised to issue Precepts Notices on the West Mercia billing authorities as follows:

Bromsgrove District Council	11,772,603.70
Herefordshire Council	22,777,624.13
Malvern Hills District Council	10,553,282.34
Redditch Borough Council	8,116,150.65
Shropshire Council	37,347,751.41
Telford and Wrekin Council	18,394,876.42
Worcester City Council	10,344,270.79
Wychavon District Council	16,614,169.65
Wyre Forest District Council	10,876,152.50
TOTAL	146,796,881.59

h) The outline capital budget in pages 37 - 38 of this report

i) The reserve strategy set out in pages 39 - 40 of this report

j) In approving the budget, the PCC notes the Treasurer's comments in pages 41 - 47 of this report in respect of the robustness of the budget and the adequacy of reserves.

k) All officers be instructed to exercise tight budgetary control and individual budget holders should ensure compliance with financial regulations. Caution will be exercised in entering into expenditure agreements which creates additional commitments in future years. The PCC will be kept fully informed of the financial position throughout the year.

l) That the Medium-Term Financial Strategy (MTFS) be reviewed and revised by 30th September 2026. As part of this, the business planning and budget setting process will be reviewed and improved.

The Chief Constable has produced and agreed with the PCC a detailed plan for the implementation of West Mercia Police element of the budget, including the delivery of the savings required to balance the budget. All income received above that agreed in the budget is held by and at the direction of the PCC.

Performance and crime data

Performance is a key factor in demonstrating how the allocation of resources is having the desired impact on policing and the public. The PCC is committed to having a set of core performance metrics to be able to effectively govern and continue to drive improvements in performance and tackling crime.

The following provides an overview of performance within West Mercia Police. It highlights the significant progress and achievements made throughout the year, despite the financial challenges that West Mercia has faced. Areas of focus, that are identified through regular performance reviews, will inform strategic budget planning and will ensure resources are allocated to deliver the greatest impact for the public.

Crime volumes

Crime against individuals and households has generally decreased over the last 10 years as measured by the Crime Survey for England and Wales (CSEW). Locally, in West Mercia, crime volumes have remained broadly stable so far in 2025/26 when compared to the same period in the previous year.

Acquisitive crimes such as burglary, possession of weapons, theft and vehicle offences continue to fall, while a change to Home Office crime recording rules has seen an increase in robbery offences. This general downward trend reflects the proactive prevention and enforcement work of the force to tackle these crimes.

Tackling violence against women and girls (VAWG) remains a key priority. These offences are traditionally underreported, however recent data indicates that performance has remained broadly stable, with some areas showing minor declines. The PCC maintains strong oversight of VAWG-related performance, ensuring that victims receive the support they need to cope and recover, and that perpetrators are brought to justice through robust enforcement and appropriate outcomes.

Outcomes

Achieving outcomes for victims of crime continues to be a priority. Over the past year, West Mercia Police has seen mixed performance across key outcome measures with action taken against nearly 14% of all offences in 2025/26. When compared to similar police forces defined as its Most Similar Group (MSG)¹, West Mercia Police perform better for outcomes including a charge or court summons². Alongside this there has been continued focus on improving West Mercia's use of Out of Court Resolutions (OOCR) over the last year with high levels of scrutiny in place to ensure timely, proportionate outcomes for victims.

Response and Contact

Being there when needed is a key driver of public confidence. Demand for both 999 and 101 calls has remained high with the force managing increased call volumes alongside rising expectations for accessibility and timeliness. Whilst performance has fluctuated over the last year, it has improved in recent months following continued scrutiny from the PCC. At the end

¹ West Mercia's MSGs are North Yorkshire, Warwickshire, Gloucestershire, Suffolk, Devon and Cornwall, Wiltshire and Norfolk

² Outcome 1 = a charge/summons. Outcome 1A = a charge/summons for an alternative offence

of October 2025, 94% of 999 calls were answered within the 10 second target whilst 72% of 101 calls were answered within two minutes.

Performance against both grade 1 (emergency) and 2 (priority) response times has remained stable over the past 12 months at 74% attendance within 20 minutes for grade 1, and 78% attendance within two hours for grade 2. However, both measures are underperforming against the force's targets, and attendance at grade 2 domestic incidents remain an area of concern (60% at the end of October). This will continue to be reviewed, however structural changes under Op Franklin aim to reduce bureaucracy and improve response times.

Public Confidence

Nationally, public confidence in policing has been declining since 2010. This has been further impacted in recent times by high profile police incidents, increased scrutiny of police conduct and perceptions around stretched resources. However, more recent data shows that levels of trust and confidence are now stabilising. As reported in the PCC's Perceptions Survey, confidence in policing locally in West Mercia remains stable at around 80%, whilst this is a small decline on pre-covid levels it remains high given the national context. The force aspires to increase this to 88%.

Victim satisfaction

Satisfaction levels have improved across violent crime, hate crime, and domestic abuse, and they remain steady for burglary. This reflects progress in ensuring victims feel supported, regardless of the outcomes of investigations. The percentages are set out below:

Residential burglary: 84%
Violent crime: 72%
Hate crime: 81%
Domestic abuse: 85%
Stalking: 78%

Scrutiny of Performance

The PCC will continue to review force performance quarterly through his Assurance and Accountability (A&A) programme. Areas of focus will be aligned with his Police and Crime Plan, budget priorities, national policing objectives, and elements of inspection activity from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).

Community engagement

Listening to the people of West Mercia remains a key priority for the PCC and is reflected throughout his Safer Communities Plan. The voice of the public also plays a key part when setting the annual budget and establishing priorities for investment.

Engagement and capturing public views is something that happens across the year and is a core part of the PCC's role. Through structured and focused engagement, a series of improvements have been made following community feedback. The engagement for the budget is no different.

The PCC attended a number of engagements across the summer and autumn. The PCC and his team spoke to over 700 people.

At these engagements, the PCC was able to understand what the top concerns were of those living in the West Mercia area. Many had changed from previous years to the following:

- Knife crime³
- Violence against women and girls
- Drug and alcohol misuse

This is the first time knife crime has featured as the top concern, which may be down to national incidents, and associated coverage. Crime data shows that only 5% of crimes (in the year to June 2025) in West Mercia involved the use of a knife⁴. Knife crime remains a focus in preventative programmes, which are included within the services the PCC commissions.

Perceptions Survey

Data from the PCC's Perceptions Survey has also been reviewed and considered when creating the budget.

The following data, from the most recent report (Quarter 2), highlights some of these considerations:

- 74% said that they would prefer to contact the police by telephone in a non-emergency.
- 57% of people are satisfied with policing levels in their area.
- 23% felt that crime and ASB was a problem, compared to 58% feeling that it was not much of a problem.
- 73% of people are confident that they would get a good service from West Mercia Police.
- 80% of people said they had confidence in West Mercia Police.

Town and Parish Councils

The PCC also takes into consideration his annual Town & Parish Council survey to gauge the views of communities. This year, 98 councils submitted completed survey responses.

³ This was a top concern raised at Freshers' Fairs

⁴ 5% for selected serious offences (attempted murder, assault with injury and assault with intent to cause serious harm, threat to kill, robbery, rape and sexual assault)

This survey seeks to understand councils' views on local policing, contact and engagement and which issues are currently a problem in and around the council area.

The top three concerns across all local policing areas are:

1. Road safety

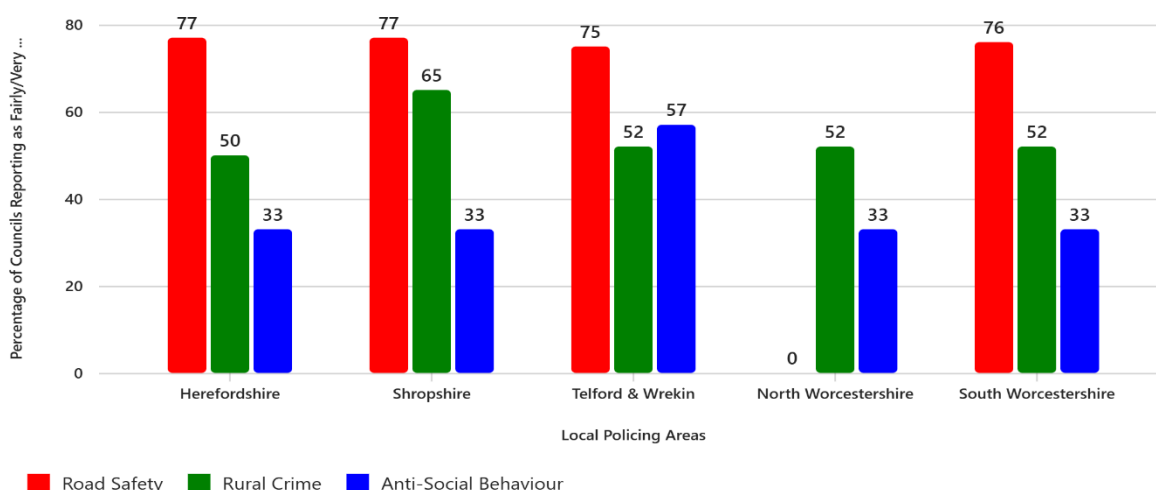
- This is consistently the biggest perceived problem across the region among local councils.
- 77% of total respondents consider road safety a fairly/very big problem.
- For example:
 - o Telford & Wrekin: 75%
 - o South Worcestershire: 76%
 - o North Worcestershire: Interestingly, 100% said road safety is *not* a big problem, making it an outlier.

2. Rural crime

- Seen as a major issue by 52% of councils overall.
- Regional variations:
 - o Shropshire: 65% (higher than average)
 - o Herefordshire: 50%
 - o South Worcestershire: similar to overall average.

3. Anti-social behaviour (ASB)

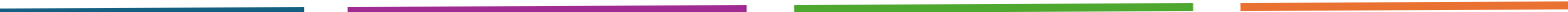
- While 66% of councils overall believe ASB is not a big problem, 33% still see it as a fairly/very big problem—the highest level recorded.
- Telford & Wrekin stands out: 57% of councils there believe ASB is a fairly big problem, much higher than the regional average



Precept consultation

The consultation, regarding the amount the public are willing to pay for the policing element of council tax, ran from 16th December to 18th January. In total, 507 responses were received.

A range of communication channels were used to promote the consultation, such as social media, press release issued to local media, Neighbourhood Matters, the PCC's monthly



residents and MP newsletters, and the internal intranet to ensure police officers and staff had their say.

The consultation asked people the following question:

1. To maintain policing in your community, and make up some of the shortfall in funding from the Government, would you be willing to pay £15 per year more in your council tax for policing? This equates to 5.2% (£306.50) per average household (Band D) per year and 29p per week.

The majority of respondents (56%) supported this proposed increase, whilst the remaining 44% did not.

Respondents who answered yes were then asked the following question:

2. If the PCC is afforded further flexibility, would you be willing to pay more so that policing in West Mercia has the funding to build on the progress made around reducing crime and bringing more offenders to justice, whilst delivering service improvements.

The majority of respondents who were asked this question responded with yes (74%), whilst the remaining 27% said no.

When asked if they had any comments, 152 respondents chose to respond. The main themes raised within the comments were: financial pressures/cost of living, perceived lack of presence/response from local policing teams, and the role of the PCC/cost of the Commissioner's office.

The PCC has reviewed and considered the responses from the public as part of determining the final precept proposal and budget for 2026/27.

Delivery of the plan

It was intended that, in 2026/27, the policing budget would be focused on building on the progress made to date by further reducing crime and making service improvements, whilst delivering against the Safer Communities Plan.

With the settlement for police funding falling short of the expected amount, the PCC has made it clear that without above inflation annual funding settlements, there is a risk that he and the Chief Constable cannot continue to deliver a policing service that the public would expect. As it currently stands, intentions to invest to deliver a number of service improvements will not be possible unless decisions are made to disinvest and reduce other areas of activity and service. In setting the budget the PCC, in discussion with the Chief Constable has had to make decisions as to what the right level of new investment is, against continuing with current resource allocations for the services being provided. This is set out in the report below.



Cutting Crime

PCC commissioned services:

- The PCC has recently commissioned a needs assessment for fraud and cyber enabled crime. This is in recognition of it being an emerging issue and a growing area of demand and complexity and will be used when funding any future commissioned services.

Neighbourhood Policing:

- The new policing model (referred to as Op Franklin) will be embedded fully in January 2026 with communities seeing and feeling a positive difference into the new financial year. This new model will come with a revised strategic direction for the force from the Chief Constable.

Op Franklin sees the five local policing areas become two community policing areas. This is designed to create a resilient and cohesive service through a connected and responsive

police force, whilst delivering savings. The two policing areas will ensure the force is making best use of all its resources, as opposed to operating as several smaller, and what can often feel like isolated, areas.

- The Chief Constable is focused on the mission to do the things that only the police can do. Teams and resources will be aligned to support that mission. This includes the drive to improve investigative standards through a series of initiatives, designed to make sure the public is benefitting from consistently high standards of service.
- There is an appetite to grow frontline officer capacity further, including to neighbourhood policing teams to tackle crimes such as rural crime, anti-social behaviour, and local drug activity – issues that most typically affect community confidence and safety.
- Additional Government funding, as part of the Neighbourhood Policing Guarantee, will be considered as a means of further increasing neighbourhood policing resources.
- Hotspot Policing funding has continued, although the focus is on knife crime. Whilst the funding for general hotspot policing has ended, the modelling and science behind this tactic will still be used to continue successfully tackling crime and ASB in neighbourhoods. ASB in hotspot areas has reduced by 15%, compared to a 4% increase in areas that weren't included. This knowledge and experience will now also be used to focus on the governments priority of knife crime.

Crime levels:

- Whilst crime levels have remained broadly stable in West Mercia (see previous section on performance), numbers are low for burglary, vehicle crime, all other theft offences and all violent crime when compared with the national figure.
- West Mercia Police will continue to invest resources into reducing crime and anti-social behaviour, as outlined above, addressing key community concerns and reducing the number of victims of crime. This will also address a finding outlined within the most recent HMICRS PEEL inspection.
- Investment will be placed in neighbourhood policing, further strengthening links with patrol and response teams, allowing them to remain focused on frontline delivery. This will enable officers investigating crime to focus on prompt and thorough investigations, outcomes for victims of crime and bringing more offenders to justice.
- West Mercia Police will also make best use of Out of Court Resolutions (OOCRs) which can provide a victim of crime with a sense of justice in a timelier manner, particularly with the ongoing issues around court backlogs, and challenge offenders' behaviour to prevent reoffending.

*An **Out of Court Resolution** (OOCR), also called an *Out of Court Disposal*, is a way for the police to deal with certain offences without taking the case to court. It's typically used for low-level crimes or first-time offenders and aims to provide a proportionate and swift response.*

Examples include:

- *Community Resolution – the offender agrees to make amends (e.g., apologising or paying for damage).*
- *Cautions – a formal warning recorded by police.*
- *Conditional Cautions – similar to a caution but with conditions (e.g., attending rehabilitation).*

The goal is to avoid unnecessary court proceedings, reduce costs, and focus on rehabilitation and reparation, while still holding the offender accountable.

Road safety:

- With West Mercia having a high level of death or serious injury (unlawful driving) offences, a significant investment was made for the development of Serious Collision Investigating Units. These units are operating at capacity as a result of the high number of people being killed or seriously injured on our roads.
- To further support this, the Road Safety and Roads Policing teams will be enhanced through an increase in police officers and staff. These teams will be focused on tackling behaviours on our roads that are proven to cause harm, such as speeding, use of mobile phones and not using a seatbelt.
- Investment in Automatic Number Plate Recognition (ANPR) technology to expand the proactive policing of the road network. These cameras will be moveable to address seasonal priorities in rural areas.
- The establishment of a road safety education programme that will be co-commissioned by partners (up to £300k for year one).
- The PCC, following his online road safety conference, has invested £68,558 in seven community projects that are focused on reducing the number of people killed or seriously injured on our roads. These projects range from upskilling drivers through to bike safety. The PCC intends to launch a second grant round in 2026/27 to further support the mission.
- The PCC will also continue working with partners, aiming to influence road user behaviour through engagement, education and enforcement. This will be supported by a Road Safety Strategy that sets out the commitment from both the PCC and West Mercia Police, to collaboration with key partners on the issue.

Technology:

- West Mercia Police is to partner with local fire and rescue services to establish a multi-agency drone team. With the fire and rescue services already having this capability, it will enable the force to benefit from their expertise.
 - o It is proposed that two officers and £150,000 will enhance public safety, strengthen resilience and maximise funding and resources through partnership working.
 - o Drones are beneficial to policing as they enable officers to carry out searches and gather intelligence at major incidents, improve public and officer safety and speed up decision making.
 - o This proposal would also prevent the need for the National Police Air Service (NPAS) helicopters or fixed-wing planes from being deployed, allowing drones to be utilised instead to tackle community issues such as ASB.
- Body Worn Video will benefit from being upgraded which will deliver improved capabilities, such as offering options for remote viewing which could support in negotiations, further delivering on keeping the public safe.

Forensics:

- Forensic science is a critical part of criminal investigations and the justice process. The force therefore has a requirement to be compliant with national accreditation, which comes at a cost, to ensure that scientific evidence is reliable when used in court trials.

- Investment will be placed into resources that enable the force to keep up with advancements in technology.

Child exploitation:

- The force will be bringing together two teams (MOSOVO and OCSET) within Major Crime teams. This will deliver a more coordinated approach to the management of high-risk offenders to protect those most vulnerable, and those at risk of being victims of online sexual offences.
- Child exploitation will be brought under Serious and Organised Crime (SOC) to ensure a coordinated approach to serious offending.

Major crime:

- With fraud and serious crime having a significant impact on communities, additional financial investigators and a solicitor (to support cases) will focus on bringing offenders, who prey on vulnerable victims, to justice.
- The team will focus on the most prolific offenders and increase proactive targeting, which will result in increased seizing of criminal funds and assets, which will be reinvested into policing.

Dangerous dogs:

- Strategic coordination will come from two dedicated police officers who will be allocated to address the growing issue of dangerous dogs, which continues to take up a large amount of police time and resources.
- These resources will also reduce the ongoing financial burden, often placed on the taxpayer, for kennelling costs and the obligations West Mercia Police must meet on this issue.

Policing with the community

Police officer numbers:

- The PCC is fully supportive of the Government's commitment to continue boosting police officer numbers and PCSOs in neighbourhoods. However, the Government has increasingly mandated how the resources are used. It is right that the Chief Constable should have the flexibility to deploy officers where they can be most effective, and that he can maximise the skills of all those who contribute to tackling crime, within the financial constraints.
- Any additional funding from the Neighbourhood Policing Guarantee, will be used to further increase the number of warranted neighbourhood officers.

Front counters:

- Both the PCC and Chief Constable share a commitment that the public should receive a consistent service at police stations that have open front counters, as well as across all operational police stations.
- There will be a requirement to make it clear to the public how, and when, they can access the building.
- Additional, and dedicated, resources will be put in place to ensure consistency but also enable police officers to be in communities focused on tackling crime and being responsive to public needs.

101 and 999:

- It is right that members of the public can contact West Mercia Police in a timely manner.
- That is why, as set out within the performance section of this report, this area continues to be one of scrutiny and oversight to ensure the force is improving on response times and the public can contact the police when they need to.
- The force has already delivered improvements, but there is more to do. The force has set out a 'road map' for further improving the service the public receives when they call 101 or 999. This includes making best use of technology, such as call-back options, investment in performance data and further training to handle public needs.
- More police officers will be based in the call centre, allowing for a greater understanding of situations and how they should be responded to – further partnership working will also support with this.

Confidence and satisfaction in policing:

- The PCC's Perceptions Survey shows that public confidence in policing has been at an average of 80%, with it being the aspiration to achieve the target of 88%.
- Additional officers, who will bring further knowledge, insight and investigative skills, will be placed within Professional Standards to address the increased demand in anti-corruption and misconduct amongst police officers. This will support ongoing work around improving standards and ultimately boosting public confidence and trust in policing.

Rural communities:

- Following a considerable number of concerns being raised by the rural community, particularly within farming, the PCC has called for reassurance around the force's work on tackling rural crime.
- To build on the work already taking place, both the PCC and Chief Constable will maintain a focus on this area which includes training, investment in deterrents and ongoing partner working.

Supporting victims and witnesses

PCC commissioned services:

- As part of the PCC's role in supporting victim services and prevention activities, he has continued to ensure that commissioned services are delivering on community priorities whilst making sure that they are providing value for public money.
- As part of the PCC's re-commissioning process, where funded services and initiatives are reviewed, he and his office have made a conscious effort to develop the sector by proactively working with the services who submit bids, helping them to grow and drive improvements for the public.
- The PCC is also working with partners in local authorities, community safety and public health to remove duplication and to identify gaps for service.
- Part of the re-commissioning process has involved re-commissioning three of the largest services; Independent Sexual Violence Advisors (ISVA)⁵, Independent Domestic Abuse Advisors (IDVA)⁶ and domestic abuse perpetrator programmes (DAPP)⁷

⁵ £1,724,000

⁶ £1,087,361

⁷ £1,523,671

- Whilst some of these amounts are the same as previous years, through the re-commissioning process there is a focus on value for money and maximising efficiencies, to realise more capacity for service users.
- The PCC has also commissioned a victim needs assessment that examines violence against women and girls, to make sure that services are aligned to meet the needs of local communities. Findings from this victim needs assessment will also help to shape the performance metrics for other re-commissioned services.

Victims Hub:

- In August, the PCC implemented and launched the Victims' Hub (known as the Victim Support Gateway).
- This delivers on the PCC's commitment to ensure that every victim and witness of crime gets the support they need, when they need it.
- A recent announcement from the Ministry of Justice, following pressure from the PCC, has resulted in 'victim's funding' being confirmed for the next two financial years, which will allow services like the Victim Support Gateway to continue.

Protecting vulnerable people:

- The force will be bringing together other teams to strengthen the approach to safeguarding vulnerable people and add further skills to the Vulnerability Hub.
 - o This new structure will also ensure there are consistently high levels of service across multiple areas of demand, including domestic abuse victims, child sex offenders, etc.
- The force will also target county lines, through interventions, limiting options for criminals to exploit vulnerable people.
- Partnership working will continue with the four different county partners to improve referrals of vulnerable people into the relevant support.

Investigations and outcomes:

- Through an increased focus on prompt and thorough investigations, the force will improve outcomes for victims of crime and bring more offenders to justice.
- This also includes timely updates to victims, which will look to further improve victim satisfaction figures.
- West Mercia Police will also make best use of OOCRs, improving on the force's performance in how this alternative outcome is used. This approach can provide a victim of crime with a sense of justice in a timelier manner, particularly with the ongoing issues around court backlogs, and challenge offender's behaviour to prevent reoffending.

Maximising resources and value for money

Financial sustainability:

- As set out later in this report, significant efforts have been made in 2025/26 to ensure the force is set up with a sustainable model. The PCC and force are now looking to the future, with a new model that aims to deliver improved outcomes for communities with less siloed teams and duplication.
- Building on the investment that has been placed into improving technology and IT, a Digital Strategy will set out further improvements in technology and the skills needed to get the best out of it. This will also include exploring the use of AI to boost efficiency and productivity

- Following savings made within the OPCC in 2025/26, further savings will be realised across the PCC function. This includes yearly re-commissioning processes to ensure services are delivering for victims, whilst delivering value for money.
- As part of keeping West Mercia Police in a sustainable position, there is a need to increase the reserves to ensure that the force is able to respond to any future risks.
- As set out within the PCC's foreword, he has a responsibility to ensure the public money is being spent wisely with ongoing review to monitor efficiencies and effectiveness.
- The PCC has chosen to increase the Revenue Contributions to Capital, which means ringfencing some of the money from the current revenue budget to reduce the cost of borrowing and interest payments. This will provide a total of £4.8m, in 2026/27, as part of the medium-term strategy, to increase these contributions to a total of £8m which will set the organisation on a sustainable footing in terms of capital expenditure.

Long term planning:

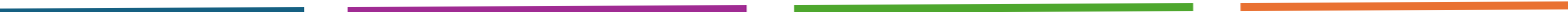
- A clear vision has been set out for the future of how the force will operate, which includes resources (including people), IT and technology, known threats, risk and demand and the financial resources needed to deliver on the vision.
- This supports the need for the operating model and workforce being designed to deal with priorities and demand, with officers and staff both being clear on their roles and responsibilities.
- The focus on IT involves investing in resources to make the best use of technology and, ultimately, how services are delivered to the public. This includes understanding how AI can play an appropriate role in supporting that.

Police estate:

- The PCC's estates team continues to review the police estate, ensuring that it is fit for purpose and all available space in key buildings is being maximised – this includes police headquarters.
- Where required, surplus properties are being disposed of, such as old police houses that are no longer being used, to reinvest in other services and avoid future, expensive remedial works.
- Investment is needed in some buildings and facilities, such as Shrewsbury's divisional headquarters and custody suites, to make necessary improvements to make them fit for purpose.
- Following West Midlands Police's decision to withdraw from a regional collaboration for public order training, West Mercia Police is working in collaboration with Staffordshire Police to invest in a long-term fit for purpose facility.
- Following the delivery of a second Sexual Assault Referral Centre (SARC), for medical examinations, further Achieving Best Evidence (ABE) suites, for the interviewing of vulnerable or intimidated witnesses, will be invested in to provide safe and suitable locations for victims.

Environmental:

- The PCC has long set out a plan to reduce the carbon footprint, with plans for 2026/27 building on the progress that has already been made.
- The West Mercia Police fleet has already seen the introduction of hybrid and electric vehicles, which have replaced older diesel engines. This will continue into 2026/27.
- LED lighting has previously been installed in Kidderminster, with Worcester, Telford, Leominster and Bromsgrove following in 2025/26. The police headquarters (Hindlip) will be updated in 2026/27.

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- There has been a significant investment in solar. A business case has recently been approved which will see £836k invested in putting solar panels in Hindlip. This will save up to £125k in the annual cost of electricity (based on today's prices) and deliver an estimated 170 tonnes of reduced carbon emissions.
 - Air source heat pumps will be installed in Worcester Police Station to save money and reduce CO2 emissions.

The Revenue Budget

Economic context

On the 26th November the Chancellor of the Exchequer, Rachel Reeves, announced the Autumn Statement 2025 in a speech to the House of Commons. It followed on from the Comprehensive Spending Review 2025 (CSR25) in the summer which confirmed public sector spending allocations for the next three years. The Chancellor's statement set out that this would be a budget with "fair and necessary choices" to deliver "the biggest drive for growth in a generation"⁸. The statement was accompanied by the Office of Budget Responsibility's (OBR) Economic and Fiscal Outlook.

The principle focus of this budget has been on the Chancellor's ability to meet her 'Fiscal Rules'. The Chancellor announced that the measures included in the statement would ensure that these rules would be met over the course of the Parliament, without the need to increase the main rate of income tax, National Insurance or VAT. The budget statement did include additional tax increases which supports spend on welfare and to promote growth. There was almost no mention of changes in funding for public services.

The Chancellor's statement included a review of the current economic forecast, with growth being revised upwards in 2025 to 1.5% of GDP. Growth is expected to stay at this level through the rest of this Parliament, which is a reduction from the 1.9% growth predicted in the Chancellor's previous budget statement. Inflation is also predicted to stay higher than previously forecast. Whilst it is significantly down from levels experienced in 2022/23 it is expected to stay at 3.5% in the current year, falling to the 2% target by 2027. The Bank of England Monetary Policy Committee (MPC), who are responsible for meeting the target inflation level, tend to use interest rates to control inflation. At the meeting on the 18th December they voted to reduce the base rate to 3.75%. However, they did signal that they are concerned about weak economic growth and rising unemployment which may impact on decisions for future cuts in rates.

Wages and salaries showed growth of 6.9% in 2025. Future wage growth is predicted to be 3.7% in 2026 and reducing to closer to 3% over the remainder of the forecast period. Despite this, unemployment is currently at 5% which is continuing to stay above the level predicted in the previous budget statement. The Chancellor announced that from April 2025 the Government's National Living Wage will rise to £12.71, an increase of £0.50.

Net debt is predicted to peak at 83% of GDP, with the Government spending 10% of the budget on debt interest. The annual revenue budget is currently in deficit by £28.8bn, with the OBR predicting that the decisions made by this Government will result in a surplus in the budget of £24bn by 2030/31. This would allow the Chancellor to reduce public sector net borrowing to 3.5% of GDP in 2026 with a further reduction in future years. This would mean that the Chancellor has met her fiscal rules.

Within the budget statement there was no reference to policing, crime, or justice, with limited information provided in the full budget document. The speech did state the Government is clamping down on consultancy in the Home Office, with funding repurposed for frontline policing. The department's expenditure limits, published in the report, show that the funding from the Home Office remains flat cash by 2028/29, which represents a real terms funding cut of 2.4%.

⁸ Statement by the Chancellor of the Exchequer, made in the House of Commons 26th November 2025

The economic context in relation to West Mercia

The Autumn Statement provided no additional information regarding the funding of policing from that announced in the CSR25. The funding assumptions in the budget have initially been based on the information provided in the CSR, which would have resulted in an increase in funding of £9m (5.3%). It is recognised that elements of the increase will be ringfenced for specific purposes, but that overall, the additional resources made available to West Mercia from the Home Office in 2026/27 will be equivalent to this amount.

It was confirmed on the 17th December from the Ministry of Housing, Communities & local Government (MHCLG) that PCCs have the flexibility to set a council tax increase of £15 for the 2026/27 financial year. This is just £1 more than the £14 assumption that was used by the Government to model a real term increase in funding in the CSR.

The Home Office published their provisional funding settlement for policing on the 18th December. The total allocation for policing in West Mercia is £5.1m more than in 2025/26. However, this is less than expected and represents a 3.2% increase in core funding, which is less than current inflation rates. The provisional funding settlement only gave headline figures and the expectation was that by the time the final settlement is published, there would be further conditions on how the funding is allocated. This will further restrict how local policing is delivered and will have consequences for the affordability of all the elements that support policing and crime prevention activities.

The predictions within the Autumn Statement for inflation/interest rates and pay awards have been reviewed against the assumptions that have been included in the budget. The inflation rate used in setting the budget is lower than that predicted in the Chancellor's statement. If prices do rise as predicted it would reduce the buying power of the organisation. The relatively small difference in rates is considered to be a risk that budget holders can manage.

The 4.2% pay award agreed by Government in the summer of 2025 for policing was higher than the wage growth figures identified in the previous year's OBR report and, by extension, higher than had been budgeted for by PCCs and Chief Constables nationwide. The Government has confirmed it will not provide additional financial support for this pressure in 2026/27 and meeting this challenge will fall to local budgets. This demand pressure has been reflected in the 2026/27 revenue budget.

Whilst the future pay growth of average earnings for 2025 has been predicted to be 3.7%, the assumption in this budget is that pay growth will be 3.0%. There is a risk that future wage increases will be above this assumption, but there has been clear communication between the Home Office and policing about the affordability and expected level of wage growth. The budget has been updated to reflect the increase in the National Living Wage. This impacts on contractors used by West Mercia, rather than affecting those directly employed by the PCC and force, but also ultimately results in a further cost pressure to West Mercia.

Other announcement that impacted on budget assumptions include:

- Business rates, which included increases in charges for properties over £500k to offset reductions for retail and leisure sector. There was also an announcement of the revaluation of properties from the 1st April 2026, which will be offset by reductions in the multiplier charged. Based on the announcements made, it is assumed that all the changes are designed to be cost neutral to businesses. Therefore, whilst the impact on individual properties held is not yet clear, the overall assumption is that it will not require an uplift in the overall budget.
- The announcement on a surcharge on electric vehicles is not expected to be introduced until 2028 and there is a potential that policing may be exempt.

Clarification is required on how this policy will be implemented, before any changes are included in the medium-term budget modelling.

All other announcements are not considered to be directly applicable to policing. The PCC is aware that an increased squeeze on personal finances continues to be a significant problem for the public. However, there is a reduction in real term funding from the Government and their insistence of growth in resourcing available for policing being predicated on an increase in Council Tax precept. There are limited options for the PCC when ensuring that the Chief Constable has the resources available to deliver policing.

The force has prioritised investment in officers for the benefit of the public of West Mercia but is also continuing to ensure resources are invested in technology and the estate. It is vital to continue this investment, as deprioritising this spend would be storing up risk for the future and restricting the force's ability to respond effectively to the ever-changing landscape of how policing is delivered.

Given the allocation of funding to West Mercia, the outlook, as set out in the Medium-Term Financial Strategy (MTFS), is that costs are to increase at a higher rate than total funding. This is driven principally by pay forecasts as well as general inflationary cost increases. West Mercia's ability to deliver policing within the resources that are available is still challenging. There is a requirement to continue to focus on delivering efficiencies over the medium term. Without significant investment in transformational service delivery, there is a risk that efficiencies cannot be realised and that further savings are required, which are sub optimal in offering truly efficient public services.

Revenue budget sustainability

The last 18 months has seen a significant pressure on the West Mercia revenue budget which could no longer be managed by the identification and delivery of efficiencies alone. Difficult decisions have had to be made to reduce the cost base across all services and departments to ensure day to day expenditure is maintained with the funding resources that are available.

In 2025/26 the budget report set out that £13m of savings were required in order to set, what was expected to be, a balanced budget. This was required to respond to a:

- £3.6m gap between the funding increase and the additional cost of inflation,
- £4.0m increase on the cost of servicing debt,
- £4.0m of expenditure that had previously been funded from reserves, and
- £1.4m to replenish reserves as an overspend was predicted for 2024/25.

All options of how to achieve these savings were considered, as set out in the 2025/26 budget report. Savings were made across transport, premises and our contractual arrangements with suppliers. Ultimately these were not sufficient, and further action was required to deliver the necessary savings through a reduction in the establishment of police staff. This has an associated one-off costs through management of change processes, which have also had to be absorbed within the resources available. All efforts were made to reduce the impact on current employees, by removing vacant posts where possible.

At the end of 2024/25 it was evident that there was further underlying pressure in the budget. An overspend position highlighted that the actual costs of officer pay and ill health retirement costs were more than had been budgeted, with a number of other one-off budget pressures adding further to the overspend. This overspend meant that there was a denuding of the reserves held by the PCC. It was recognised that, given the already low levels of reserves

held by West Mercia, further savings would be required to be delivered in 2025/26 to restore reserves to assessed minimum levels required.

In response to the reported overspend position there was a full review of the pay costs undertaken in June 2025. The force has been grappling with the challenge of how to fund the increasing cost of maintaining the current levels of police officers within the resources available. It was identified that historical decisions on new officer recruitment and meeting the Home Office Police Uplift Programme (PUP) targets, have had a disproportionate impact on pay. The issue is that officers, as new Constables, move through pay bands their pay increments increase significantly each year – above that of other ranks. Due to the nationally agreed pay scales, a Constable has an increase in pay of £20k over a seven-year period, with a pay scale rise of £5.3k and £7.2k in the last two years alone. Alongside this it was identified that there was an increasing pressure from the cost of covering vacancies in roles and less turnover of officers. Whilst this budget pressure started to become evident in 2024/25, it was in 2025/26 that the impact became more significant, with a projected £6.5m shortfall in budget for the year.

With support from the PCC, the force identified a final tranche of savings of £8.5m to be delivered in year to address this projection. It is expected that around 140 posts will be removed as part of achieving the required savings. This means that over the last 18 months a total of 300 posts will have been removed (almost 1 in 6 police staff) from the establishment. An assessment was undertaken of how the proposed savings may affect service delivery. It is inevitable that removing these posts will have an impact, but at each stage of decision making the aim has been to minimise risk to front line services and consequently the impact on the public.

In total, the force identified £27m of savings that were required to be delivered in 2025/26. The actions taken were done so on the basis that it would support a return to a sustainable financial model for the number of police officers that the force has. This was predicted on the interpretation of the total future funding announced in the CSR. The permanent reduction, in year, in the number of staff posts was projected to equate to a full year saving of £9.8m in costs in future years.

The PCC has direct responsibility for a budget in relation to deliver of his statutory responsibilities, such as ensuring provision of services to support victims of crime, as well as for the estates service which falls under his remit. Whilst these services continue to be delivered within the budget set, the PCC has directed his Chief Executive to review where in-year reductions could be made in these budgets to support tackling the force overspend position. In total £0.8m of revenue savings across the estates, commissioning and governance teams were agreed. In addition, the PCC approved reduction in the capital programme in-year, reducing the borrowing requirement and the interest charges in year. The savings will be used to contribute to offsetting some of the cost of the management of change processes.

Following the announcement of the Home Office funding settlement for 2026/27, it was clear that the level of funding was less than had been assumed. The reduction in the expected level of funding from the Government has meant that the planning and delivery of the savings programme in 2025/26 has not been sufficient to deliver a sustainable annual revenue budget. This highlights how having clarity over funding over the medium term is critical for PCCs to plan effectively. It would ensure that the savings that were required and delivered over the course of this financial year, would result in a higher level of confidence that sufficient cost reductions had been achieved.

Revenue expenditure proposals for 2026/27

Sources of funding

The Chancellor set out the funding for policing for the next three years in the CSR25 on the 11th June 2025. Whilst the announcement was for a real terms increase in funding, this was predicated on council tax precept being increased by £14 in each year of the CSR. Therefore, without this assumption of increased contributions from local taxpayers being implemented, funding over the period would be below the rate of inflation.

It was confirmed on the 17th December from the Ministry of Housing, Communities & local Government (MHCLG) that PCCs have the flexibility to set a council tax increase of £15.

On the 18th December 2025, the Home Office published their provisional funding settlement for 2026/27, providing a total funding envelope of £186m, including specific income as well as the core grant increases. This represents a £5.1m increase in core grant funding, which is £3.9m less than the expected amount.

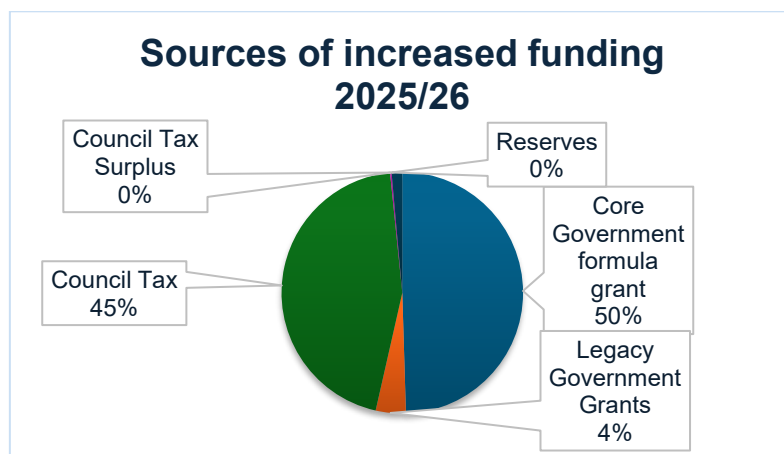
On the 16th January 2026, the Home Office provided further details relating to their approach to NPG and PUP arrangements in 2026/27. Correspondence from the Home Office set out that an additional £50m would be made available to policing in England and Wales, which is worth an additional £0.8m for West Mercia. It stipulated that for West Mercia to access this funding; the Government would require an uplift of 27 additional officers and / or PCSOs to be allocated to neighbourhood policing during the year.

This NPG has conditions attached to the grant and so it is treated as income rather than as funding (and is reflected in this budget report as such). The announcement also stated that all requirements relating to the PUP had been removed going forward, and that no funding was being ringfenced for this. The removal of the conditions on PUP has meant that there has been a reclassification of some of the grant allocation from 'income' to 'funding'. In total £12.7m of grant allocation which had previously been classified as income has been transferred to show as funding. This reclassification (shown in the table below) does not change the overall amount of resources available, as a similar adjustment has been made to the income shown in total net revenue expenditure.

The funding available for 2026/27 has been estimated to be £328.5m. The increase in funding of £25.6m (8.5%) from the previous financial year is broken down in the table below.

Source of funding	Change £m
Core Grant	5.092
Reclassification of income to funding	12.689
Precept increase	7.101
Tax Base increase	1.698
Collection Fund Surplus	-0.738
Reserves	-0.228
Total change in funding	25.614

55% of the total funding comes from central Government, principally the Home Office formula grant. The remaining 45% is derived from local taxpayers.



Government grants

The PCC receives over half of the funding to support policing in West Mercia from central Government, specifically the Home Office. The Home Office annual revenue settlement has been set out in the three-year CSR, which was announced in June 2025. The CSR financial projections were that budgets will see police core “spending power”, increase in real terms by 1.7% over the next three years. Therefore, given the level of funding set out for the Home Office, the Government’s clear assumption is that the PCC will maximise his precept on local residents over the next three years to meet the “real terms”, increase committed.

On the 18th December 2025, the Home Office published their provisional funding settlement for 2026/27, providing a total funding envelope of £186m, including specific income as well as the core grant increases. This represents a £5.1m increase in funding. A further announcement was made on the 16th January 2026 in respect of NPG and PUP funding. This increased income (shown in the net revenue expenditure) by £0.8m and resulted in a reclassification of £12.7m of income into core funding.

Council Tax Base

The tax base is the number of properties that have a council tax charge placed on them. The base increases with additional houses being built and is reduced by factors such as claimants of Local Council Tax Reduction Scheme (LCTS) and through discounts awarded, including single person discounts or empty property relief.

The economic forecast is for overall growth in the tax base of between 0.9% to 1.4% per annum over the next five years. The Government has made announcements that they will reduce the barriers to housebuilding, which would be positive as more properties are available on which to levy a precept. However, as unemployment is predicted to remain at 5% this is likely to constrain the level of growth in the tax base.

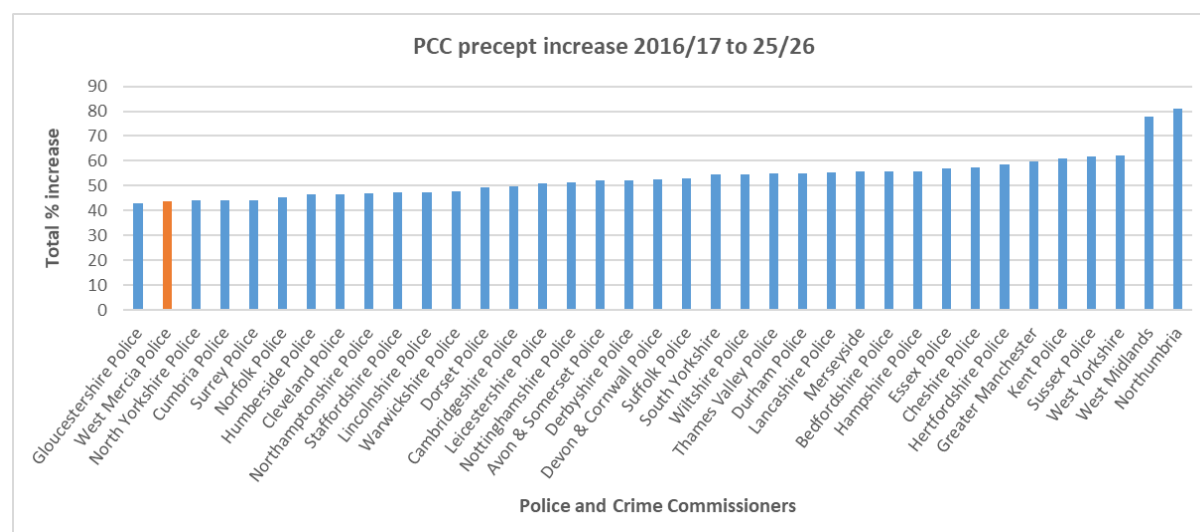
Based on the returns for billing authorities in early January 2026 the tax base increase for 2026/27 is 1.17%, which is worth an additional £1.7m in funding. This is slightly above the 1% assumption that had been made when building the budget.

Council tax precept

The PCC has recognised that there will need to be an increase in council tax to support the force to meet its obligations to fund pay awards and increases in prices for goods and services. The PCC is also clear in his continued support for the investment in improving services for the public. The PCC has set out an ambition that the impact on the public of West Mercia will be a below inflation increase in council tax precept through the current term in office. This recognises that there has been a significant financial burden placed on the public recently and the associated cost-of-living impact is clear. However, given the challenging financial position that the force has been responding to, and the Government's decision that real terms funding increases are dependent on maximising precept, the PCC has had to accept that a higher rise is necessary and set out an increase of £15. The additional £1 of flexibility above that announced in the CSR equates to £0.5m of extra funding available to fund policing services.

A precept increase of £15 on a Band D property represent a 5.2% increase in the precept and provides £7.1m of additional funding to support policing services in 2026/27. The PCC believes that without other sources of funding, maximising the precept is unavoidable, in order to ensure that policing services have at least some chance of keeping pace with increasing costs and can deliver the priorities set out in the West Mercia Safer Communities Plan. Given the announcement made in the settlement from the government, the additional funding made available from this precept increase does not guarantee that further cuts within policing will be required. This could have a significant impact on the service that the public receives.

The PCC is conscious of the pressure that council tax places on households. The PCC in West Mercia has the second lowest percentage increase of all force areas in England and Wales since 2016/17, when he was first elected as Commissioner. The decision to raise the council tax precept has not been taken lightly.



The Collection Fund Surplus/Deficit

The administration of the council tax system is undertaken by local authorities through the Collection Fund account. This records the amount of income collected and the amount that has been precepted out to fund councils, police and fire. Each year there is a calculation of whether this account is in surplus or deficit. It is usual that there is a surplus, which is then shared back proportionally to each precepting body. The assumption, when setting the budget, was that the PCC's proportion of the surplus relating to 2025/26 would be similar to that previously achieved, at circa £1.364m. The billing authorities have calculated their

individual positions at the middle of January 26, which has resulted in a total surplus of £0.6m. As can be seen this is £0.7m less than had been assumed and creates an additional budget pressure at the end of the budget setting process.

Reserves

Earmarked reserves are available to fund specific initiatives and to pilot new schemes. The PCC made the clear decision in 2025/26 that reserves, as one of the sources of funding, should not be used to support the revenue budget. As clearly set out later in this report, there is significant pressure on reserve balances. There is therefore a need to continue with this prudent approach, that the recurring revenue spend must be maintained within the annual funding available. The 2026/27 revenue budget has been based on the same assumptions, that reserves will only be used to manage risk and respond to specific need for one-off spend.

Revenue Expenditure

The proposed revenue expenditure budget for 2026/27 is £331.0m.

This would be an increase in expenditure of £28.1m (8.6%) from the previous year. The table below sets out the main elements which have driven the increase in the budget requirement from the previous financial year.

	Change £m
2025/26 net revenue budget	£302.902
Sustainability factors	
Non controllable demand	£18.223
In year savings requirement	-£9.874
Reclassification of income (to funding)	£12.689
2026/27 price and pay inflation	£7.692
Service delivery factors	
Identified efficiencies	-£4.534
Servicing capital expenditure & financing	£2.100
Additional demand	£1.849
2026/27 net revenue budget proposals	£331.047

As previously set out in the report, action was required in 2025/26 to ensure that West Mercia has a sustainable financial model to maintain expenditure in line with funding available. Below is a breakdown of the unavoidable pressures that exist in the budget for West Mercia and the action taken to ensure that actual costs going forward more closely reflects the funding available.

Demand pressures (total £18.2m)		Savings delivered (total £9.9m)	
£7.067m	Officer incremental pay	-£8.703m	Removal of over 300 staff posts from the establishment
£3.365m	2025/26 officer pay award	-£0.391m	Reduction in officer overtime required.
£3.932m	Officer turnover factor (reduction to reflect current model of officer replacement)		
£1.047m	Officer on-costs on holiday and allowances (increase as part of 25/26 pay award)	Inflation & pay (total £7.7m)	
£1.147m	Staff incremental pay	£4.220m	Officer 2026/27 pay award
£2.487m	Staff turnover factor (reduction to reflect reduction in workforce)	£2.272m	Staff 2026/27 pay award
£0.304m	Staff on-costs on holiday and allowances (increase as part of 25/26 pay award)	£0.229m	PCSO 2026/27 pay award
£0.626m	PCSO incremental pay	£1.209m	Inflation applied to contracts and cost of purchasing goods and services
-£0.420m	Transfer to other public sector bodies		

These demand and inflationary pressures are mostly not controllable by the force. Particularly police officer pay, which is set by government on the recommendation of pay review bodies. However, there are also budget pressures identified as part of the build of department level budgets. There are a number of service level demands and efficiencies which are identified as changing the budget requirement in 2026/27. Budget holders have raised these through the Chief Officer team for a decision as to whether these costs will be included in the budget proposals.

The principal elements of the force service level changes are:

Service level demand		Service level efficiencies, savings and income	
£600k	Expected reduction in ability to capitalise digital service staff against approved projects	-£130k	The uniform budget has been reduced based on projection of recruitment of new officers
£404k	Uplift in resources to the Road Safety Team in support of additional road safety enforcement	-£125k	Removal of pension payment requirements to support settlement of claims
£202k	Drug toxicology budget increased to match current demand	-£164k	Agreement that Coroners officers will be transferred to Local Authorities
£200k	Reduction in expected FLU income based on predicted renewals	-£105k	Budget requirement was more than actual cost for ammunition purchases
£200k	Notification of increases in IT recharges for use of national systems	-£99k	Prosecution witness income expected to increase for predicted road safety offences
£193k	Additional investment in Body Worn Video equipment (following 2025/26 decision to delay purchases due to financial position)	-£2,100k	Increase in predicted receipts because of planned road safety activity
		-£150k	Saving from a reduction in the Regional Organised Crime Unit budget

The Office of the PCC has also prepared its budgets proposals for 2026/27. Whilst there were some unavoidable service level demands recognised, there was a concerted effort to identify service efficiencies and savings to support the financial sustainability of the whole organisation going forward. The estates service budget has reduced by £152k and the governance & commissioning budget reduced by £618k on the 2025/26 budget requirement. The principal elements of the Office of the PCC service level changes are:

Service level demand		Service level efficiencies, savings and income	
£102k	Ensuring cleaning contract budget reflects actual cost	£213k	Release of budget that was required for a temporary station in Redditch
£35k	Ensuring that the grounds maintenance contract reflects actual cost	£410k	Reduction in number of posts across estates and governance teams
£43k	Increase cost of utilities	£170k	Reduction in budget for planned maintenance projects
£95k	Increase cost of rents and rates to reflect actual cost	£184k	Recharge of costs to Staffordshire for operating the Joint Public Order Training facility
£20k	Reflecting actual cost of Internal Audit services	£110k	Savings delivered through tendering of commissioned services to drive efficiencies
£50k	Transfer of analyst function into the OPCC	£264k	Opportunities to redesign commissioned services which deliver similar outcomes for a reduced cost
		£270k	Refocus on core service provision in line with PCC statutory obligations

Delivering a balanced revenue budget

	£'m
Proposed expenditure	£331.047
Funding identified	-£328.544
Budget Deficit	<u>£2.503</u>

When the budget consultation was launched on the draft budget in late December 2025 there was a budget gap identified of £4.6m.

The announcement of the provisional funding settlement from the Government had resulted in a £4m reduction in Government funding available than had been previously estimated. This resulted in the proposed expenditure being greater than funding available.

Since then, the budget has been updated for the following: -

- further announcements from the government on funding and grant allocation
- confirmation of the council tax base and collection fund surplus.
- expenditure has been updated as confirmation has been received of estimates and assumptions already made
- release of all identified and agreed saving proposals into the base budget to support the budget deficit reduction.

In total proposals of £331.0m have been put forward as being required to continue to deliver policing services across West Mercia. Although even this total recognises that efficiencies had to be delivered, that not all additional demand on services will be met and decisions made to defer new investment. The total resources requested is £2.5m more than the identified funding that is available.

Consistently, the funding provided from Government has not been sufficient to keep pace with the increased cost of maintaining police officer numbers. This shortfall, along with all the other costs of providing policing, falls on the PCC to fund through the precept. This means that the burden of the cost of future pay awards, inflation and additional demand has to be met from local precept flexibility.

The PCC supports the Government's focus on visible and accessible neighbourhood policing for the public of West Mercia. Following the NPG announcement, the PCC has had discussions with the Chief Constable regarding the Home Office's proposal and terms regarding NPG funding and the potential target for a further 27 additional resources in neighbourhood policing in 2026/27. The PCC has accepted the Chief Constables proposal to manage the total police officer resources available so that the government target can be delivered.

In addition to the focus on neighbourhood policing, the Chief Constable has set out his prioritisation of resources for 2026/27 centred on the core of what policing does. This includes crime investigation, with a focus to improve detection rates and provide victims with positive outcomes in solving crime and seeking justice. Whilst crimes such as murder and knife crime are relatively low, the impact on those victims and families are significant.

Effective, quick investigations ensure the best chance of conviction to provide assurance to the public and deter those that may commit such crimes.

For the PCC, another element that is a key priority is road safety and reducing the number of people killed or seriously injured. The PCC and police cannot solve all road safety issues on their own. Therefore, a revised Road Safety strategy that has been developed with all partners is a key part in tackling this problem. Further information on this partnership working is set out earlier in this report.

In addition to the spend on day-to-day policing, the PCC has reviewed all the proposals in respect of expenditure on assets for 2026/27. The proposed investment in digital infrastructure, fleet and ensuring that officers have the equipment they need to keep themselves and the public safe is critical. Simply reducing these programmes, to save money puts at risk the ability of the force to afford the required services over the medium to long term. However, the investment comes with a significant financial cost, which requires the use of capital borrowing, putting the financial sustainability of policing at risk.

The PCC has considered how best to balance the need to invest in assets against the cost of borrowing. The PCC has accepted that the investment proposed in the capital programme is important to support future services, but that the business cases must be clear as to how they are affordable, before they are finally approved. Part of ensuring the capital programme is affordable is agreeing with the proposed increase in using more revenue to fund capital to take the total contributions up to £4.8m. Without any Government funding available for capital investment, it is vital that the PCC balances the need for capital investment against securing the future stability of the organisation. Solely borrowing to fund capital expenditure would have a higher burden on future budgets than setting aside revenue resources to fund short life asset investment at the point of purchase.

The PCC has direct responsibility for delivery of an estates service and, based on the investment required above, has sought reassurance that the revenue budget is efficient and effective to deliver services in 2026/27. The same challenge has been placed on commissioning activities and the cost of governance arrangements in place that the PCC also holds the budget for. There has been an opportunity through contracting and recommissioning to drive reductions in service costs. Needs assessments have been undertaken to ensure that service specifications are designed to meet the demand levels previously agreed and where possible to exceed them. In addition, both estates and governance have reduced their staff establishment. These decisions have been necessary due to funding shortages and competing priorities. In total £1.7m (7%) of reductions have been made in the budgets directly held by the PCC. Given that there is a budget deficit the PCC has released all these savings to reduce the budget gap.

Even before the Government's funding settlement for policing was announced, it was recognised that there was a difference between resources being requested and funding available. The PCC requested that the Chief Constable provide operational advice as to how performance and outcomes in key areas could still be prioritised for the public given the requirement to deliver a balanced budget. The Chief Constable has identified £1.2m within service requests which can be managed and removed from the expenditure requested. The removal of these requests is deemed to be controllable by the force but will impact on the service levels that can be provided and the ability of the force to deliver improvements in performance. As with all public sector services, there is a balance to be made between what can be delivered for the resources available. The PCC agreed to these proposals, based on the recommendation of the Chief Constable.

There are limited options in the short term to deliver further efficiencies to reduce the cost base. Given all the savings made over the last 18 months there is now a far higher risk that

further savings requirements will have an impact on the ability of the police to deliver the performance that is expected. It also means that there will be virtually no flexibility to invest in making the organisation more efficient, and reduce the cost base, whilst maintaining service delivery in the future. This will mean that the current medium-term funding looks even more challenging.

This reinforces that there is an imperative that the PCC uses the maximum flexibility of £15 to ensure that the budget deficit isn't even higher in 2026/27.

Options to reduce the budget gap

The Government set out in the provisional funding settlement that they would consider further flexibility on council tax precept based on exceptional financial pressures. PCCs could make requests to the Home Office by the end of December 2025, to request permission for increasing the precept by more than £15 in their policing area. The PCC does not support the implication that local taxpayers should pick up even more of the burden of supporting policing, given the effective reductions in funding from Government. The PCC has called for the Government to provide clarity over funding, particularly across the CSR period so that effective financial planning can take place and requested that the Government is clear with the public on the levels of future funding.

As set out previously, the Home Office announcement relating to grant funding on the 16th January 2026 included a change in policy in relation to the police uplift programme. The Home Office have removed the requirement for individual police forces to meet the Government targets relating to PUP and maintaining officer headcount numbers. This enables greater flexibility to the PCC and Chief Constable to consider the options available to provide services that meet the needs and expectations of the public in West Mercia. The PCC has been clear with the Chief Constable that he believes a further reduction in the cost base of the organisation is required to ensure the continued financial sustainability of services, ideally whilst protecting levels of police officers and service to the public. However, the PCC does recognise that Government funding no longer meets the costs of some previous officer uplifts, where West Mercia over-recruited to help cover shortfalls in other forces in meeting national targets.

The PCC has worked with the Chief Constable to identify how the current deficit can be managed, and costs reduced to agree a balanced budget before the start of the financial year. Savings proposals of over £4.9m were identified, which were significantly more than the required target to balance the budget. The required further reduction in service expenditure of £2.5m represents 0.8% of the proposed expenditure budget. The PCC has agreed a number of the options that had been put forward by the Chief Constable so that a balanced budget is proposed for the financial year 2026/27 based on the total funding that is available.

PCC approved options to deliver a balanced budget		£m
Additional funding stream confirmations		-0.416
Reductions in expenditure related to non-pay costs		-1.069
Reductions in expenditure related to police staff establishment		-0.327
Adjustment to assumptions regarding recruitment profiles		-0.250
Adjustments in police officer and police staff profile mix		-0.743
Office of Police and Crime Commissioner reductions in spend		-0.489
Total agreed reductions in net revenue expenditure		-3.294
Agreed investment in new initiatives		0.791
Net impact on Net Revenue Expenditure		-2.503

After the previous 12 months of maintaining expenditure within the resources available was reliant on service reductions, the PCC recognises that there is the question of the cost effectiveness of delivering those savings. Particularly in respect of the significant one-off costs related to management of change processes, and the impact that this has had on reserves. Therefore, he is focused on savings which can be delivered which minimise these costs. The PCC focus has been on options which protect front-line services, but ensure that service delivery and quality is, as far as is possible, maintained or even improved.

The PCC reviewed all the proposed saving plans identified by the force & OPCC and consider what the impact of each proposal might be on the service that the public receives, particularly where it is related to the core elements of the West Mercia Safer Communities plan.

The PCC is reassured there are sufficient saving options that have been identified to deliver a balanced budget. As set out earlier in the report the PCC has had to balance the options for investment in new service provision against requirement to reduce service expenditure in other areas of policing. The PCC has agreed with the Chief Constable those additional reductions in expenditure above that required to balance the budget, in order to invest in new initiatives which are likely to lead to service improvement. In total £0.8m of investment will be made in services such as drones, AI and also front counter service provision. In total savings of £3.3m have been agreed by the PCC in order to set a revenue budget spend of £328.5m

The PCC's proposed budget for 2026/27, to deliver the core elements of the West Mercia Safer Communities plan is shown in the table below. It shows the principal movements in expenditure and income between the two years.

	2025/26 Budget	Effect of 25/26 Changes	Committed Demand *	Inflation	Transfer	Demand & Service	Efficiency	2026/27 Budget	Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Government Grant (Core Funding)	-163.311	-8.436	0.000	-5.898	-3.476	0.000	0.000	-181.121	-17.810
Council Tax Precept	-139.363	0.000	0.000	-8.551	0.000	0.491	0.000	-147.423	-8.060
Funding from Reserves	-0.228	0.000	0.000	0.000	0.000	0.228	0.000	0.000	0.228
Total Funding	-302.902	-8.436	0.000	-14.449	-3.476	0.719	0.000	-328.544	-25.642
Police Officer Pay	159.570	-0.054	14.361	4.187	0.039	-0.920	0.000	177.183	17.613
Police Officer overtime	3.178	-0.391	0.000	0.098	-0.065	0.409	-0.018	3.211	0.033
Police Staff Pay	80.754	-6.629	3.405	2.204	0.001	-0.586	-1.008	78.141	-2.613
PCSO Pay	8.440	-0.829	0.408	0.216	0.000	-0.314	0.000	7.921	-0.519
Police Staff overtime	0.536	-0.001	0.000	0.019	-0.005	0.059	-0.011	0.597	0.061
Temporary and Agency Staff	0.145	0.000	0.000	0.004	0.000	-0.002	0.185	0.332	0.187
Injury & Ill Health Pensions	4.264	0.000	0.000	0.000	0.000	0.821	0.000	5.085	0.821
Other Employee Expenses	1.963	-0.020	0.000	0.027	0.024	0.038	-0.241	1.791	-0.172
Premises	11.951	-0.469	0.000	0.223	0.477	-0.723	-0.645	10.814	-1.137
Transport	4.528	0.001	0.000	0.087	0.042	-0.038	-0.087	4.533	0.005

Supplies & Services	35.702	-0.207	0.000	0.728	-0.470	0.334	-0.309	35.778	0.076
Third Party Payments	20.723	0.637	0.056	0.482	-0.895	1.302	-0.229	22.076	1.353
Intergroup Services	2.092	-0.715	0.000	0.000	0.715	0.000	-1.087	1.005	-1.087
Contribution to Reserves	1.840	0.050	0.000	0.000	0.000	-0.640	0.300	1.550	-0.290
Capital Financing	15.556	-0.030	0.000	0.000	0.000	4.324	0.000	19.850	4.294
Gross Expenditure	351.242	-8.657	18.230	8.275	-0.137	4.064	-3.150	369.867	18.625
External Income	-47.431	8.523	-0.730	-0.385	3.613	-1.423	-2.485	-40.318	7.113
Intergroup Income	-0.909	-0.125	0.000	0.000	0.000	0.029	0.000	-1.005	-0.096
Net Expenditure	302.902	-0.259	17.500	7.890	3.476	2.670	-5.635	328.544	25.642
Net Budget Position	0.000	-8.695	17.500	-6.559	0.000	3.389	-5.635	0.000	0.000

Further details on the 2026/27 budget are set out in Appendix B which outlines a summary of the expenditure by both subjective and objective analysis.

The Medium-Term Financial Strategy

It is important to consider the financial sustainability of the organisation going forward. The annual revenue budget is included as part of the organisation's Medium-Term Financial strategy (MTFS) to ensure that future spending plans are affordable. Projecting into the future, the MTFS has identified the following estimated levels of expenditure and funding:

Overview	2025/26 Original Budget £m	2025/26 Working Budget £m	2026/27 Original Budget £m	2027/28 MTFS £m	2028/29 MTFS £m	2029/30 MTFS £m
Government Grant (Core Funding)	163.311	171.748	181.121	186.283	189.080	191.924
Council Tax Precept	139.363	139.363	147.423	155.688	164.108	172.674
Funding from Reserves	0.228	1.189	0.000	0.000	0.000	0.000
Total Funding	302.902	312.300	328.544	341.971	353.188	364.598
Police Pay and Allowances	159.569	160.605	177.183	184.109	192.052	204.327
Police Overtime	3.178	3.185	3.210	3.025	3.101	2.945
Police Staff Pay	80.754	81.487	78.142	78.988	80.667	82.382
PCSO Pay	8.440	8.663	7.921	8.679	9.475	9.718
Police Staff & PCSO overtime	0.536	0.559	0.596	0.566	0.581	0.547
Temporary and Agency Staff	0.145	0.145	0.332	0.341	0.350	0.359
Injury & Ill Health Pensions	4.264	4.264	5.085	5.282	5.490	5.705
Other Employee Expenses	1.963	1.923	1.791	1.823	1.858	1.892
Premises	11.951	11.819	10.815	11.002	11.159	11.322
Transport	4.528	4.528	4.534	4.375	4.344	4.225
Supplies and Services	35.702	35.391	35.778	37.521	43.557	43.299
Third Party Payments	20.723	22.095	22.075	23.050	23.241	23.495
Intergroup Expenditure	2.092	1.479	1.005	0.000	0.000	0.000
Contribution to Reserves	1.840	5.626	1.550	2.000	1.700	1.800
Capital Financing	15.556	15.314	19.850	23.980	24.652	25.560
Gross Expenditure	351.241	357.083	369.867	384.741	402.227	417.576
External Income	-47.431	-43.397	-40.318	-40.522	-40.953	-41.463
Intergroup Income	-0.908	-1.386	-1.005	0.000	0.000	0.000
Net Expenditure	302.902	312.300	328.544	344.219	361.274	376.113
Budget Surplus(-)/ Deficit	0.000	0.000	0.000	2.248	8.086	11.515

*Future deficit projections are cumulative totals.

Based on the future projections, it is recognised that further work is required through 2026/27 to understand costs and to ensure that the strategic plan for West Mercia is clear, and that the business models, that support these aims, are financially viable. There is still

the need for more certainty as to future Government funding to support financial planning. The first challenge is to set a balanced budget for 2026/27, which will reduce the cumulative total of savings required over the medium term. However, further action is required in the future to ensure that West Mercia is able to deliver policing services within a challenging financial framework.

The key working assumptions relating to changes in expenditure, and funding in the MTFS, are as follows:

Funding & income assumptions

Income factors	25/26	26/27	27/28	28/29	29/30
Income	3.61%	3.50%	2.71%	2.50%	2.50%
Grant	3.50%	5.77%	3.16%	1.68%	
Council Tax precept	5.05%	5.15%	3.01%	3.01%	3.01%

Pay assumptions

Pay factors	Sep-25	Sep-26	Sep-27	Sep-28	Sep-29	Sep-30
Officers	4.20%	3.00%	2.50%	2.50%	2.50%	2.50%
Staff & PCSO's	4.20%	3.00%	2.50%	2.50%	2.50%	2.50%
Staff pay impact	7.50%	4.50%	5.50%	6.00%	6.50%	7.50%
Staff pension contributions	17.9%	15.6%	15.6%	15.6%	15.6%	15.6%
PCSO turnover factor	3.00%	4.50%	5.50%	6.00%	6.50%	3.00%
PCSO weekend working	11.08%	11.08%	11.08%	11.08%	11.08%	11.08%
PCSO shift allowance	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%

The actual pay award in 25/26 was 4.2% against the budget assumption of 2.8%

The assumption is that thresholds and levies are not adjusted in future years

Non-pay inflation assumptions

Inflation factors	25/26	26/27	27/28	28/29	29/30
General inflation	2.60%	1.93%	2.00%	2.04%	2.00%
Gas	-5.00%				
Electricity	-2.50%				
Vehicle fuel	0.00%	2.00%	2.00%	2.00%	2.00%

Where price increases are based on contractual requirements, then these rates will be used to inform increase in cost.

These assumptions have considered previous increases directly impacting West Mercia and reference to information based on the OBR predictions on economic growth.

The Capital Budget

The Capital Budget for 2026/27 has been prepared based on bids for funding by each department across West Mercia Police. These have been considered against public benefit and affordability. Capital bids from the force are scrutinised by the force leadership team to ensure that they reflect the West Mercia Safer Communities Plan and policing priorities, that timescales and costings are reasonable, and that consideration is given to the overall return on that investment. Proposals relating to the investment in the estates are developed within the OPCC and consulted on with the force. All existing capital programme projects have been updated to reflect where spend is predicted to continue into 2026/27.

Since the 2025/26 capital budget was set, the PCC has had to respond to a challenging revenue budget pressure of which the increasing cost of borrowing, reflected in the MTFS, from the capital programme has a significant impact. A review of the capital strategy has been undertaken and whilst the required investment in our assets hasn't diminished, the programme has been amended to spread the investment over a longer timescale, which takes some of the pressure off the revenue budget in the short term.

The proposed programme reflects the priorities of the PCC to transform and reform police activities, services and systems as quickly and effectively as possible. It recognises the need to invest in ICT systems and further develop the estate to ensure that policing responds to changes in demand and the nature of crime. There is a significant challenge that all of policing, as well as the public sector generally, has in keeping pace with technological advancements to support services and to realise efficiencies.

As with all capital investment it can deliver productivity gains. However, if cashable savings, such as reductions in structural / revenue costs, cannot be realised then the overall scheme becomes unaffordable. The budget has been built by balancing the need to continue to make investment in West Mercia whilst not threatening the viability of the revenue budget. The proposal is a capital investment of £29.9m for 2026/27.

Capital Programme 2026/27	£m
Technical infrastructure initiatives	3.705
People & resources Initiatives	6.557
Crime initiatives	6.687
Estates programme	12.920
Total Capital Programme	29.869

The capital budget is an outline commitment to inform future planning, borrowing decisions and assessment of the revenue impact. Final approval of any new scheme is subject to a full business case being approved by the PCC. The capital budget may change because of a business case being progressed to full proposals.

Currently £8.1m of the plan is either a fully approved business case or part of delegated approvals to deliver, with a proposal for delegating another £2.3m of in year lower value projects to the force to manage delivery. This leaves £19.5m of the plan which is either only partially approved or requires a business case. It is recognised that there is a greater risk of it not being delivered in the financial year. With a significant proportion of the capital

programme subject to further approvals by the PCC there are options for further review of the affordability and the return on the investment. The PCC's expectation is that these will be clearly set out in the individual business cases.

The expected funding of the programme is outlined below. The PCC has a limited level of capital receipts that can be effectively realised. There is also the option to use the receipts to fund certain revenue expenditure allowed under direction from Government, rather than just on capital financing.

One of the central principles of the updated capital strategy is that short term assets should be funded as in year expenditure. The implication is that with more revenue money required to be set aside to fund the capital expenditure, there will be less reliance on borrowing which incurs interest costs. The £2.1m increase in funding from Revenue Contributions to Capital, up to a total of £4.8m, is an important part of reducing reliance on borrowing to fund other short-term assets still contained in the capital programme. Purchasing short life assets outright, such as the vehicle fleet, reduces the organisation's borrowing requirement. This means that there is a significant cost avoidance, in the form of interest charges on borrowing, in future years. There has also been more expenditure previously included in the capital programme transferred to being part of the annual revenue budget. This includes the cost of laptop replacement, provision of body armour and for body worn video equipment.

However a sizeable proportion of funding is from borrowing, which the PCC is very aware creates an ongoing revenue cost, where the principal and interest costs must be repaid – with the changes highlighted above. It does mean that borrowing for capital purposes is focused on assets with a long-term useful life. Therefore, the annual revenue cost is spread out up to a maximum of 40 years, which can be planned for and is more avoidable. The level of borrowing for the capital programme needs to be based on capital investment plans that are affordable, prudent and sustainable as described in the capital strategy.

Capital Funding 2026/27	£m
Capital receipts	3.250
Revenue Contribution to Capital	4.800
Capital Grants	0.729
Collaboration	0.848
Reserves funding	0.080
External Borrowing	20.162
Total Funding	29.869

Government regulations require the PCC to approve the investment and borrowing strategies and borrowing limits for 2026/27 prior to the start of the financial year. This is incorporated within an over-arching Treasury Management Strategy which is reviewed by the Joint Audit and Standards Committee each year and approved at the West Mercia Governance Board.

To demonstrate that the objectives of affordability, prudence and sustainability have been achieved, the Prudential Code requires indicators to be determined by the PCC. These are designed to support and record local decision making and for comparison over time. They are not designed to be comparative performance indicators. These are included within the strategy to support the delivery of affordable revenue budget annually and in the medium to long term.

The Reserves Strategy

The use of reserves over the medium-term is an important element of the financial strategy. Reserves are held to fund one-off non-recurring expenditure which will achieve specific objectives, support making efficiencies and to manage risk.

As highlighted by the overspend, reported in the 2024/25 outturn position, holding a general fund reserve is vital to ensure the ongoing viability of the organisation and to managing risk. Risk is considered in the section on the adequacy of reserves, as part of the budget report, when deciding the appropriate balance at which to maintain the general fund. The PCC and Chief Constable act and put controls in place to try and manage these risks, but they cannot be eliminated entirely. Reserves have also supported investment, such as the agreed investment in the A49 average speed camera scheme which is being funded from the road safety reserves. Given the scale of the investment, it would be challenging to fund the cost from annual revenue resources. As the recent challenges have been successfully managed, reserves need to be restored to a level that can continue to manage peaks and troughs in demand and provide sufficient mitigation to risk exposure.

In the 2025/26 budget report there were no plans approved to use reserves to support the recurring revenue budget. The PCC was clear in his strategy that reserves would not be used for this purpose, given that they are a one-off source of funding that cannot be guaranteed to be there in future years. When the 2025/26 budget report was set it was assumed that there would be £8m in the general fund and £5.3m in earmarked reserves at the start of this financial year. As a result of the overspend, at the end of the 2024/25 financial year the total non-ringfenced reserves held reduced to £6.7m.

In 2025/26 there has been agreement by the PCC to fund £2.9m of one-off commitments from reserves. The majority were agreed before the overspend (reported above) had been fully realised.

The assessment in the 2025/26 budget report was that West Mercia General Fund reserve should be maintained at a minimum level of £8m in order to be able to meet any unexpected or unplanned risk. However, reserves are now denuded to such a degree that it would be unlikely to be sufficient to manage future risk. The PCC, with the support of the Chief Constable, has been clear that this is not sustainable. In 2025/26 a plan was agreed to restore the General Fund balance. This was based on mainly one-off, in-year savings being agreed, with the largest element coming from reductions in purchase of equipment. In total, £5.2m of cost reductions plans were agreed to transfer back to reserves.

At the end of December 2025, the expectation is that the force is on target to deliver the target of £27m savings. This means that the in-year contribution to replenishment of reserves will be achieved. There is the potential that an underspend is realised at the end of the financial year, providing the opportunity to realise a further contribution to reserve.

The savings programme meant there is also one-off costs from management of change processes to reduce the headcount of the number of police staff posts. The total cost of management of change in 2025/26 is estimated to be £5.7m, to be incurred in this financial year. The PCC has some limited resources from flexible use of capital receipts and in year savings which can be used to offset these costs. However, the current prediction is that an estimated £3.8m of costs remain unfunded.

The current prediction is that if no other action is taken, the reserves available in the police fund at the end of the financial year will be £6.9m. Given the uncertainty of funding and

resource requirements, there are currently no plans approved by the PCC to use any reserves going forward. However, assumptions have been made regarding a limited required use of earmarked reserves over the medium-term, particularly to manage risk.

Total Reserves at	31/03/26 £m	31/03/27 £m	31/03/28 £m	31/03/29 £m	31/03/30 £m	31/03/31 £m
General Reserves	5.445	5.945	6.445	6.945	7.445	7.945
Earmarked Reserves						
Budget Equalisation reserve	0.000	0.005	0.010	0.015	0.020	0.005
Investment in Infrastructure	0.484	0.384	0.384	0.384	0.384	0.384
Major Investigation Reserve	0.000	0.000	0.000	0.000	0.000	0.000
Commissioning Reserve	0.422	0.322	0.122	0.122	0.122	0.222
Insurance and Legal Claims	0.500	0.750	1.100	0.700	0.850	1.300
Road Safety Reserve	0.179	0.080	0.180	0.280	0.530	0.780
Total Earmarked Reserves	1.585	1.541	1.796	1.501	1.906	2.691
YJS*	0.853	0.652	0.452	0.252	-0.176	-0.404
Total Reserves	7.883	8.138	8.693	8.698	9.175	10.232

^ Road Safety Reserve is a restricted reserve that can be spent on initiatives to improve the safety of roads and road users across the West Mercia area

* The YJS is hosted by the PCC on behalf of Local Authorities. The reserve is not available to be spent on policing services, and most only be spent on YJS activity.

Statement on the soundness of the budget and adequacy of reserves

In setting the MTFs, 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 be governed by known or likely commitments and by the appetite for risk. As the Treasurer, I have reviewed thoroughly the financial risks facing policing in West Mercia and assessed the level of reserves required.

I have complied with CIPFA guidance on the establishment and maintenance of local authority reserves and balances. An assessment of the key budget principles has been undertaken and the compliance with the CIPFA Guidance on key budget principles are set out in full at Appendix E. The findings from the assessment are that all key principles have been considered when setting the budget.

General reserve

A review is undertaken annually of the significant risks and pressures facing the PCC before setting a minimum level of reserves held in the General Reserve.

The key risks the PCC faces (and for which no specific provision in earmarked reserves is made) are:

Provision	£m	Reason
Achieving a balanced budget - Accuracy of budgets - Managing demand pressures - Delivering efficiency targets - Management of change costs - Savings targets	3.285	The force has recognised an additional £18.2m of inherent demand pressure to include in the 2026/27 budget. This is principally due to underestimation of police officer pay, especially in relation to pay increments in the constable pay scale. There has also been a reduction in turnover factor for officers, where it was recognised that the vacancies achieved in year did not reflect the assumptions made. Due to the higher than anticipated costs above budget assumptions, there has been a requirement to deliver savings of £9.9m from a reduction in posts, affecting police staff. As a result of the overall reduction in staff numbers, it has also meant that the turnover factor for staff has had to be reduced. All these pressures are then compounded by a higher than estimated pay award in year. In addition to the review of pay to ensure that it is stated correctly, there is the annual uplift in costs through inflation. Specifically, the estimated 3.0% pay award that has been assumed for implementation in September 2026. Departments have also put forward service level demand (£1.8m) and efficiency and income (£4.5m) recommendations. These have all been reviewed and challenged by chief officers to ensure that they are realistic before they have been included in the overall budget requirement. The requirement to continue to delivering policing within challenging financial limits, increases the risk of not being able to formulate achievable plans to manage cost increases and identify cashable efficiencies. However, there has been a lot of work from the force to

		ensure all assumptions about future costs are as accurate as possible, including asking for external reviews to be undertaken. There is a potential that budgets contain errors, or that estimates are not reflected of actual costs which are incurred in the year. There is a current budget deficit of £2.5m where a savings plan has to be identified and delivered. The plan is yet to be agreed which increases the risk that there is an overspend at the end of the financial year which would be met from the general fund. The recommendation is that it is prudent to include a factor of 1% of the net revenue budget to reflect that the budget has very limited headroom within it to absorb any cost above the budget provided and there remains a risk of overspends during 2026/27.
Impact of insurance risk and claims against West Mercia Police	0.750	Risk that there are not sufficient resources available to meet the cost of settling insurance claims made against West Mercia. The organisation has assessed the risk and set an excess level in insurance provision which is believed to be sustainable. A revenue budget has been allocated to meet the likely cost of claims made based on cumulative experience and knowledge, with an additional amount included in revenue to top up reserves. The reserve is held to balance out peaks and troughs in the cost of claims. There is a risk that there is an exceptional amount of claims / value of claims which means that the revenue and reserves are not sufficient and a call on general fund will be required. The assessment provides for one claim for the maximum excess level in year.
Major Investigation Funding	3.285	In 2020/21 the force became responsible for a major investigation into the care of mothers and babies who died or suffered serious harm in a maternity care setting at the Shrewsbury and Telford NHS Trust. The force has been able to claim a Special Grant from the Home Office and is in receipt of a grant to cover 55% of the cost of the investigation. The requirement on West Mercia is to identify £1.746m of resource from within the 2026/27 revenue budget to support the investigation. However, there is the potential that another significant investigation could be required, although this is considered to be unlikely. It is expected that a force would cover up to 1% of the revenue budget requirement of £328.5m, before it is eligible for special grant support from the Home Office.
Budget Assumptions – risk of Collection Fund deficit from changes to tax base / LCTS	0.250	The current economic climate is for low growth which has the potential to impact on employment. This is a risk to the Collection Fund, reducing the estimated surplus distributed into the funding. Current assumption is that the surplus would be £1.0m. I have assessed the risk of the impact on the declared surplus, and a provision of 25% of the estimated contribution has been made.
Budget Assumptions – risk of pay inflation being 1% higher than budget	1.342	Provision for pay award and contractual inflation made in MTFP. A provision of 1% of the pay budgets should be included to reflect the economic uncertainty that is currently being experienced in the UK. Pay budget is approx. £268m. 1% = 2.68m for half a year £1.342m
Budget Assumptions - risk of non-pay inflation being 1% higher than budget	0.958	Provision for pay award and contractual inflation made in MTFP. A provision of 1% of the non-pay budgets of £95.8m should be included to reflect the economic uncertainty that is currently being experienced in the UK.

Change in interest rates	0.200	The expectation is that interest rates will not be increased by the Bank of England from the current rate of 4.00%. However, this is based on the current global economic conditions, any new economic shocks/crisis could change this. The capital financing costs included in the 2026/27 budget is £20.0m. A risk of 1% on this budget, due to changes in the cost of the capital programme, or from increased interest rates, would have an impact of £0.2m.
Capitalisation of resources	0.200	Refers to revenue impact of capital expenditure which can be cash limited. Substantial provision for both revenue and capital expenditure already made in the Medium-Term Capital Programme and Medium-Term Financial Plan. In the 2026/27 it is assumed that in-house project and programme management costs of circa £2.085m can be capitalised. There is a risk that this resource may be used to support revenue projects. A provision at 10% of costs has been included to mitigate this risk.
Riot Compensation claims	0.400	Social unrest in 2024, following the murder of three young girls resulted in riot damage to businesses and some private residences in several areas of the country. In 2025 there has been further social unrest regarding immigration and their housing provision. There is a duty on PCCs to cover claims made against a force for not protecting businesses against such damage. An estimate of risk set at £0.4m
Replacement of Airwaves Network/ESN/ESCMP	2.000	Lack of detail and clarity on implementation from Home Office. Substantial provision made in the Medium-Term financial plan and Capital Programme but that may not be affordable given other budget pressures
Impact of review of Police Funding Formula	1.000	Outcome unknown and timing of review delayed by Home Office.
General contingency provision for extraordinary events	3.285	Based on 1% of net revenue expenditure of £328.5m
	16.955	
Reduction to reflect the fact all these risks will not occur in the short term	8.478	50% reduction to reflect that not all events will occur in this period.
	8.478	

The aggregate cost of those elements, which it is feasible to estimate, is £8.5m. The PCC does not have to provide money in the general fund reserve for each of these elements individually, as it is considered unlikely that all the events will occur simultaneously.

The last 12 months have clearly demonstrated that the main risk has been delivering a balanced budget. The expectation is that the work in year has resolved the underlying structural issues within the budget model, but the challenging provisional financial settlement announced by the Government means that the risk remains that reserves will be required in the future to manage potential overspends in the annual revenue budget. It should be noted that changes, because of increased economic and political uncertainty, as well as the likelihood of the need for a major investigation, cannot be accurately estimated and could prove to be significant.

The recommendation is that the minimum level of reserves be set at £8.5m during 2026/27. It is recognised that this is below the 3% of the net revenue budget threshold, which is

generally considered to be good practice, but is sufficient based on the assessment of risk undertaken. There will continue to be a balance to meet between increasing the level of the general fund reserve against the need to deliver services. Where opportunities exist to do this without diminishing service provision, this will be continued. The Treasury has maintained a close eye on the level of reserves held by public sector bodies and are keen that they are not excessive. This is not the case for West Mercia, as focus has been maximising investment in services. However, this has consequences for the organisations ability to respond to significant unexpected fiscal challenges.

Reserves are predicted to be below this minimum level at the end of 2025/26 due to the pressures in delivering the full savings plan, and to meet management of change costs. The total reserves available for unrestricted use by the PCC is expected to be £6.8m (excl. road safety and YJS). In the revenue budget for 2026/27, there is an additional £0.5m contribution to the General Fund and £0.3m which would further increase total available reserves to £7.4m. This is still below the minimum assessed balance required for general fund and leaves no earmarked reserves to manage risk. The reserves balance would be in a position where it is not able to respond to any unexpected financial pressures.

The PCC has recognised this risk and there are several options that are being pursued.

- 1) A request has been sent to the Home Secretary in November 2025 for Special Grant revenue funding to meet the cost of the Management of Change. The request has been made for a one-off un-ringfenced grant. A decision was requested by the end of December on whether this is additional support the Minister is able to provide to West Mercia, but has not yet been resolved.
- 2) There is an option to allocate the Revenue Contributions to Capital included in the 2026/27 revenue budget as a one-off contribution to reserves which will return reserves balances above minimum levels. Whilst reserves would be held below minimum assessed levels at the start of this budget period, the reallocation of up to £4.8m of RCCOs to bolster the general fund through 2026/27 would be sufficient to meet the expected level of reserves. The consequence of this would be to increase borrowing in-year to meet planned capital expenditure, and that would increase revenue costs in future financial years.
- 3) The PCC has the option of asking for further savings to be made from within revenue budgets during 2026/27, which may also have a recurring annual reduction in the budget requirement over the MTFS. The risk is that following a savings programme in 2025/26 of £27m, delivering further savings could have a detrimental impact on public services.

Provided the PCC acts, as set out above, there is a plan in place to not only return the general fund above the assessed minimum viable level, but also provide opportunity to increase earmarked reserves, specifically the insurance reserve. Option one has no implication on the 2026/27 revenue budget being proposed. Options two has an ongoing additional revenue impact through increasing borrowing, which will have to be repaid over a long term. Option three comes with the most risk as further savings in addition to the £27m delivered in year would require careful consideration to understand the impact on the policing service to the public.

The PCC could opt to take no action and accept the level of reserves of circa £7.4m, which would remain below the assessed minimal adequate levels during 2026/27. Holding a balance at this level would come at considerable risk that any further financial pressure cannot be met, and effectively West Mercia could run out of resources to fund day-to-day activity. There would also be no clear path to restore reserve balances going forward. This is not considered a viable position.

The PCC can choose to exercise elements of all the above options to develop an overall plan to restore reserve balances. Whilst there is some flexibility to accept short term risk that the general fund reserve is below the minimum assessed level; it is not sustainable. Discussions are ongoing with the Home Office regarding providing funding to support with the MoC, which is likely to run into the new financial year. The PCC has committed to agreeing to a plan of how reserves will be retained above the minimum level of £8.5m. The recommendation is that this should be set out by the end of June 2026, irrespective of any confirmation from the Home Office.

Earmarked reserves

The predicted balance on 31st March 2026 for each earmarked revenue reserve, which has a specific purpose and particular timescale, is shown in the table below.

Total Reserves at	31/03/2026 £m
General Reserves	5.445
Earmarked Reserves	
Budget Equalisation reserve	0.000
Investment in Infrastructure	0.484
Major Investigation Reserve	0.000
Commissioning Reserve	0.422
Insurance and Legal Claims	0.500
Road Safety Reserve*	0.179
Total Earmarked Reserves	1.585
YJS*	0.853
Total Reserves	7.883

*ringfenced reserves

In my opinion as the Treasurer, the total available earmarked reserves are sufficient to meet risk in the 2026/27 financial year – particularly that there are additional resources within the revenue budget to move to the insurance reserves. This is dependent on the PCC taking the required action, highlighted above, to return the general fund reserve to at least the minimum assessed level required.

Capital reserves and balances

In addition to revenue reserves, capital reserves can also be held to support the financing of the capital programme.

There is a reserve holding Capital Grants Unapplied. This holds the capital grants from the Home Office that have not yet been spent. These grants are applied to fund the capital programme and can be carried forward without penalty until required. It is expected that all capital grants awarded will have been spent during 2025/26 and the balance on the reserve as of 1st April 2026 is expected to be £0.0m.

There is a Capital Receipts Reserve. This holds receipts from the sale of land and buildings which are no longer needed for operational policing as more efficient use is made of collaboration opportunities and the policing estate. The funding table for the capital budget, included above outlines the receipts expected from asset sales from 2026/27. Previously any receipts in year have been used to invest in the capital programme and avoid borrowing. However, there is also the option to apply a policy for flexible use of capital receipts to help fund one off revenue costs, specifically in respect of management of change costs. There is a policy approved by the PCC to enable this approach going forward. The balance on the reserve as of 1st April 2026 is expected to be £0.0m.

The PCC has instructed the Estates Service to identify how we can maximise capital receipts from the estate and make effective decisions to reduce the revenue costs. This will help ensure that assets are being used effectively and efficiently. The raising of capital receipts is an important part of offsetting the borrowing required to deliver improvements, and ensuring the capital programme remains affordable.

Summary

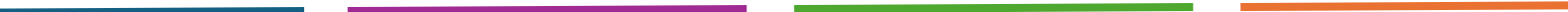
There has been a comprehensive review of all reserves held by the PCC and the spending plans that are set out in the budget. This report sets out clearly and transparently the reserves available, the purpose for which they are held, the plans for their use and the risks and assumptions underpinning them. I am satisfied that the revenue and capital budget is soundly based and that it balances the need to provide a policing service that fits the public need and the financial resources that are available.

The need to set a sustainable long-term budget comes at a time when the organisation has had to make a significant change to its cost base to deliver policing services within the resources that are available. The PCC has rightly focused on achieving a sustainable delivery model which also continues its investment in its digital infrastructure and assets. Controlling the cost of borrowing, through the MRP contributions and the payment of interest costs, remains an area of concern. A capital strategy has been revised to focus on rectifying this, specifically through increasing the proportion of revenue utilised to fund the cost of asset purchases.

2025/26 was an exceptional year, with a total revenue savings plan of £27m, with the aim of reducing the cost base and to restore reserves back to a sustainable level following the 2024/25 overspend. The additional one-off pressure from the cost of change remains a risk to the level of reserves held. As highlighted, action is being taken to deal with this issue. On this basis I believe that reserves will be adequate for the 2026/27 financial year. It does assume that there are no further unexpected events which would cause further strain on the budget.

With a savings plan agreed, which is based on fully costed options, I have concluded that the revenue and capital budgets are soundly based and balances the need to provide a policing service that fits the public need. This budget process has continued to recognise that funding from government is not keeping pace with the increasing cost of providing policing services. Key to being able to effectively plan future resource requirements is for the government to be clear as to their plans and priorities and set a multi year financial settlement that fairly reflects these ambitions. Without this clarity it is difficult for the PCC to plan and deliver an effective policing service.

West Mercia has deliberately held a low level of reserves to ensure that available resources are focused on the delivery of services for the public each year. However, as demonstrated in 2025/26, this means that the organisation's ability to respond to budget pressures is limited, particularly when it comes to restoring the general fund. The future budget deficit



reflected in the MTFS continues to highlight that there is a pressure on budgets as the expected increase in funding will be minimal. Therefore, it will require further efficiencies in the future to enable the force to keep pace with demand and technological changes. At the same time, the required levels of reserves will continue to need to be assessed prioritised to maintain sufficient levels.

Appendix A - Summary of West Mercia Grant Settlement

The Police Funding Settlement from the Home Office is:

2025/26	Funding Stream	2026/27^
£m		£m
102.560*	Core Grant From Home Office (including Home Office Police Main Grant, DCLG Formula Funding Grant, and legacy workforce grants)	158.359
55.348	Revenue Support Grant (included in total above)	0.000
11.975	Legacy Council Tax Grants (Freeze grants and plus council tax support grant)	11.975
0.000	Police Pension Grant	6.572
0.000	National Insurance Contributions Allocation (Autumn 2024 Budget)	4.215
169.883	Total	181.121

*restated to include a reclassification of income into funding

^there is a total reclassification of £12.7m of Home Office Grant which was included in 'income' in Net Revenue Expenditure in 2025/26 which has been transferred into 'funding' in 2026/27

Appendix Bi - Subjective analysis of income & expenditure

	2025/26 Budget	Effect of 25/26 Changes	Committed Demand *	Inflation	Transfer	Demand & Service	Efficiency	2026/27 Budget	Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Government Grant (Core Funding)	-163.311	-8.436	0.000	-5.898	-3.476	0.000	0.000	-181.121	-17.810
Council Tax Precept	-139.363	0.000	0.000	-8.551	0.000	0.491	0.000	-147.423	-8.060
Funding from Reserves	-0.228	0.000	0.000	0.000	0.000	0.228	0.000	0.000	0.228
Total Funding	-302.902	-8.436	0.000	-14.449	-3.476	0.719	0.000	-328.544	-25.642
Police Officer Pay	159.570	-0.054	14.361	4.187	0.039	-0.920	0.000	177.183	17.613
Police Officer overtime	3.178	-0.391	0.000	0.098	-0.065	0.409	-0.018	3.211	0.033
Police Staff Pay	80.754	-6.629	3.405	2.204	0.001	-0.586	-1.008	78.141	-2.613
PCSO Pay	8.440	-0.829	0.408	0.216	0.000	-0.314	0.000	7.921	-0.519
Police Staff overtime	0.536	-0.001	0.000	0.019	-0.005	0.059	-0.011	0.597	0.061
Temporary and Agency Staff	0.145	0.000	0.000	0.004	0.000	-0.002	0.185	0.332	0.187
Injury & Ill Health Pensions	4.264	0.000	0.000	0.000	0.000	0.821	0.000	5.085	0.821
Other Employee Expenses	1.963	-0.020	0.000	0.027	0.024	0.038	-0.241	1.791	-0.172
Premises	11.951	-0.469	0.000	0.223	0.477	-0.723	-0.645	10.814	-1.137
Transport	4.528	0.001	0.000	0.087	0.042	-0.038	-0.087	4.533	0.005
Supplies & Services	35.702	-0.207	0.000	0.728	-0.470	0.334	-0.309	35.778	0.076
Third Party Payments	20.723	0.637	0.056	0.482	-0.895	1.302	-0.229	22.076	1.353
Intergroup Services	2.092	-0.715	0.000	0.000	0.715	0.000	-1.087	1.005	-1.087
Contribution to Reserves	1.840	0.050	0.000	0.000	0.000	-0.640	0.300	1.550	-0.290
Capital Financing	15.556	-0.030	0.000	0.000	0.000	4.324	0.000	19.850	4.294
Gross Expenditure	351.242	-8.657	18.230	8.275	-0.137	4.064	-3.150	369.867	18.625
External Income	-47.431	8.523	-0.730	-0.385	3.613	-1.423	-2.485	-40.318	7.113
Intergroup Income	-0.909	-0.125	0.000	0.000	0.000	0.029	0.000	-1.005	-0.096
Net Expenditure	302.902	-0.259	17.500	7.890	3.476	2.670	-5.635	328.544	25.642
Net Budget Position	0.000	-8.695	17.500	-6.559	0.000	3.389	-5.635	0.000	0.000

Appendix Bii - Objective analysis of income & expenditure

	2025/26 Budget £m	2026/27 Budget £m	Variance £m	Variance %
Business Services				
People & Org Development	9.739	10.358	0.619	6.4%
Business Operations	9.304	9.453	0.149	1.6%
Legal Services	3.180	3.874	0.694	21.8%
Corporate Communications	0.984	0.992	0.008	0.8%
Culture & Inclusion	0.292	0.088	-0.204	-69.9%
	23.499	24.765	1.266	5.4%
Commercial Services				
Digital Services	26.691	26.415	-0.276	-1.0%
Strategy Planning & Insight	4.732	4.527	-0.205	-4.3%
Finance	1.098	1.084	-0.014	-1.3%
Change	0.926	0.600	-0.326	-35.2%
Contracts & Procurement	0.588	0.603	0.015	2.6%
	34.035	33.229	-0.806	-39.3%
Corporate Support Directorate				
Professional Standards	2.699	3.107	0.408	15.1%
Corporate Support	1.996	1.989	-0.007	-0.4%
	4.695	5.096	0.401	8.5%
Local Policing				
LPA South	54.365	58.654	4.289	7.9%
LPA North	36.333	39.435	3.102	8.5%
LP Central & Grants	3.170	1.325	-1.845	-58.2%
	93.868	99.414	5.546	5.9%
Force Operations				
Force Operations	24.167	24.672	0.505	2.1%
Road Safety	0.000	0.000	0.000	-
	24.167	24.672	0.505	2.1%
Crime & Vulnerability				
Vulnerability Investigations	24.788	22.028	-2.760	-11.1%
Forensics	9.469	10.198	0.729	7.7%
Investigations	9.671	14.191	4.520	46.7%
Intelligence	8.613	11.901	3.288	38.2%
Op Lincoln	2.117	1.609	-0.508	-24.0%
OCON	1.052	0.884	-0.168	-16.0%
Crime & Vulnerability	0.182	0.192	0.010	5.5%
	55.892	61.003	5.111	9.1%

Crime Mgt & Contact				
Public Contact	14.280	14.564	0.284	2.0%
Custody	8.819	9.311	0.492	5.6%
Crime Management	8.398	9.118	0.720	8.6%
Criminal Justice	3.869	3.832	-0.037	-1.0%
	35.366	36.825	1.459	4.1%
Regional Collaboration				
Organised Crime	4.866	4.903	0.037	0.8%
Counter Terrorism	0.000	0.007	0.007	-
	4.866	4.910	0.044	0.9%
Corporate Budgets	1.340	17.468	16.128	1203.6%
Police & Crime Commissioner				
Governance	11.795	8.415	-3.380	-28.7%
Estates	13.151	12.747	-0.404	-3.1%
YOS	0.228	0.000	-0.228	-
	25.174	21.162	-4.012	-131.7%
TOTAL	302.902	328.544	25.642	

Appendix C – Capital Programme

Capital Programme	Project subject to Business Case approval	26/27 Total Budget	27/28 Budget	28/29 Budget	29/30 Budget
Network Refresh	Approved	£918,000	£845,300	£0	£0
Evergreen Infrastructure (Server Replacement)	Delegated - C&T	£600,000	£600,000	£600,000	£600,000
Data Platform Delivery - Phase 1	Approved	£546,000	£0	£0	£0
Data Platform Delivery - Phase 2	Yes	£584,699	£367,699	£0	£0
SDX load balancer review	Delegated - C&T	£200,000	£0	£0	£0
Improve System Backups	Delegated - C&T	£195,370	£47,685	£0	£0
E-Fin system up-grade	Delegated - C&T	£187,302	£119,302	£0	£0
Service Now Enhancements	Delegated - C&T	£96,155	£0	£0	£0
DST - EUE	Delegated - C&T	£90,000	£0	£0	£0
storage increase for KCOM	Delegated - C&T	£89,939	£0	£0	£0
rearchitect oracle & cold fusion apps	Delegated - C&T	£77,270	£38,635	£0	£0
VDI & VM Ware	Delegated - C&T	£75,000	£0	£0	£0
Live Links Replacement	Delegated - C&T	£45,684	£0	£0	£0
Total Technical infrastructure initiatives		£3,705,419	£2,018,621	£600,000	£600,000
Fleet Replacement Programme	Yes	£4,506,000	£3,357,000	£3,389,000	£3,389,000
EV Infrastructure	Yes	£1,510,255	£2,893,666	£2,500,624	£2,207,435
Occupation Health CMS System	Delegated - C&T	£178,741	£59,370	£0	£0
RBAC	Delegated - C&T	£157,479	£91,479	£0	£0
LEDs	Delegated - C&T	£79,809	£0	£0	£0
Origin	Delegated - C&T	£53,000	£0	£0	£0
MAPPS (VISOR Replacement)	Delegated - C&T	£44,058	£88,116	£22,029	£0
ServiceNow (SMS)	Delegated - C&T	£28,000	£0	£0	£0
Total People & Resources initiatives		£6,557,342	£6,489,631	£5,911,653	£5,596,435
RMS (Athena Replacement)	Yes	£2,630,523	£2,340,261	£0	£0
OCC Eco System Migration (OCC SAAB)	Approved	£1,801,976	£0	£0	£0
DFT - Case Management System	Approved	£946,634	£331,667	£0	£0
DFT - Expansion of DF Storage	Yes - linked projects	£137,504	£0	£0	£0
Emergency Services Network	Yes	£352,844	£1,082,105	£1,241,926	£625,821
Athena Phase 2 - DCF	Delegated - C&T	£307,472	£153,736	£0	£0
Sharing/Viewing of DF & DII Data and Management of DII Data	Delegated - C&T	£164,103	£64,103	£0	£0
Robiquity	Delegated - C&T	£107,133	£0	£0	£0

Workforce Management Tool	Delegated - C&T	£81,380	£26,301	£0	£0
Road Safety A49 Cameras	Delegated - C&T	£80,000	£0	£0	£0
VRI - Improvement through upgrading technology	Delegated - C&T	£77,270	£450,635	£0	£0
Total Crime initiatives		£6,686,839	£4,448,808	£1,241,926	£625,821
Estates Planned Programme	Delegated - HoE's	£1,500,000	£1,545,000	£1,591,000	£1,639,000
M&E/HVAC Condition Survey planned programme	Delegated - HoE's	£1,641,000	£1,290,000	£1,051,000	£0
Firearms Training Facility	Yes	£150,000	£12,000,000	£9,152,000	£1,150,000
Telford SARC New Build	Yes	£1,098,000	£0	£0	£0
Public Order Training Facility (POTF) - Cosford	Yes	£1,695,000	£1,400,000	£0	£0
Shrewesbury (Monkmoor) DHQ Refurb	Yes	£650,000	£2,627,000	£3,215,000	£0
Shrewesbury (Monkmoor) & Telford short term DHQ Refurb	Approved	£100,000			
Visibility and Accessibility (Front Counters)	Yes	£50,000	£50,000		
Hereford DHQ refurbishment	Yes	£0	£100,000	£200,000	£5,000,000
Op Wembley Cost	Yes	£1,000,000	£500,000	£0	£0
Hindlip Utilisation	Yes	£700,000	£1,000,000	£1,000,000	£0
Physical Security Works	Yes	£150,000	£150,000	£150,000	£0
Environmental and sustainability works.	Yes	£1,686,000	£1,500,000	£1,000,000	£0
Custody Suite Refurbishment	Yes	£2,500,000	£100,000	£2,600,000	£2,800,000
Total Estates Programme		£12,920,000	£22,262,000	£19,959,000	£10,589,000
Total West Mercia Capital Programme		£29,869,600	£35,219,060	£27,712,579	£17,411,256

Appendix D – Performance Metrics

Safer Communities Plan	Improvement areas	Key performance indicators
Supporting victims and witnesses	Victim satisfaction	% of victims satisfied with service
Cutting crime	Total recorded crime	Volume of total recorded crime
		TRC - % outcome 1 & 1A
	Violent crime	Volume of violence with injury
		Violence with injury - % outcome 1 & 1A
	Rape	Volume of rape offences
		Rape - % outcome 1 & 1A
	Robbery	Volume of Robbery offences
		Robbery - % outcome 1 & 1A
	Residential burglary	Residential Burglary
		Residential Burglary - % outcome 1 & 1A
Policing with the community	Vehicle crime	Volume of vehicle crime
		Vehicle crime - % outcome 1 & 1A
	Domestic abuse	Volume of domestic abuse
		Domestic abuse - % outcome 1 & 1A
	Call handling	% of 999 calls answered within 10 seconds % of 101 calls answered within 30 seconds
Maximising resources and value for money	Public confidence	Overall Confidence - % of respondents that agree or strongly agree they have confidence in local policing
		Visibility - % of respondents that report seeing a police officer or Police Community Support Officer (PCSO) at least weekly
	Emergency response times	Median Grade 1 response time
		Median Grade 2 response time
	Finance	Financial Outturn is within the agreed budget
		Savings plan is delivered (as part of achieving financial outturn)
		Unqualified annual VFM conclusion is received from the External Auditors
	Environment	Reducing the carbon footprint associated with policing

Appendix E - Compliance with the CIPFA Guidance on key budget principles

Budget Principles	Response in relation to West Mercia budget planning
The treatment of inflation and interest rates	The 2025/26 financial year has continued to be influenced by inflation where rates have consistently been above the Bank of England target of 2%. CPI has averaged over 3.8% in the 12 months to August 2025. The assumption was that inflation would see an increase in prices of 2.6% during the year. The evidence is that policing, like the rest of the UK, is having to absorb this additional cost from within set budgets. In 2026/27 the assumption is that general inflation will be 1.93%. CPI is a more accurate measure of inflation relating to our business activity. The budget reflects the assumption as to what price increases are likely to be during the 2026/27 financial year. Individual expenditure lines in the budget are reviewed as to whether they are impacted by the general inflation or interest rate changes. Known pressures, such as energy price increases and contractual obligations are included in the budget at their full cost. A 4.2% pay award was agreed in 2025/26, recognising the cost-of-living implications of the high level of inflation. The Government provided additional funding above the first 2.8%, which had been their recommended pay award to the Independent Remuneration panel, and the assumption used in the budget planning. The additional in-year funding was welcomed to meet the £1.8m pressure. However, the Government has confirmed that there is no additional funding in 2026/27 above the CSR amount already announced. The CSR settlement was announced prior to the decision on the 2025/26 pay award. This will mean that a circa £3.0m budget pressure will need to be absorbed from within current plans. For 2026/27 the assumption is for a pay rise of 3.0%. This is consistent with assumptions being made across the policing sector recognising that, in recent years, policing has received pay awards above inflation. West Mercia Police make full and appropriate provision, based on agreed estimates of the future impact of pay and price rises. The assumptions on what the rise will be take reference from the OBR predictions, the estimates made by other bodies in the police sector, treasury management advisors and reports from PACCTs. Whilst previous assumptions were based on information available at the time, they can be overtaken by future events. Pay and non-pay inflation continues to be applied to appropriate areas of expenditure based on the best available information at the time the budget is set. West Mercia uses the Public Works Loan Board (PWLb) for its medium to long-term borrowing to fund capital expenditure, with daily cashflow making use of best available market rates from various financial markets. PWLB available rates are tracking above the Bank of England base rate and depends on the length of time over which a loan is taken. The treasury management team in West Mercia have forecasts of expected borrowing over the next 12 to 24 months. Utilising available data from our treasury management advisors, the team make assumptions on the likely rate of interest that will be paid for by future borrowing. This is then factored into the increased revenue consequences in the 2026/27 budget and through the MTFS.

The predictions within the Autumn Statement, for inflation/interest rates, have been reviewed against the assumptions that have been included in the budget. The inflation rate, used in setting the budget, is lower than that predicted in the Chancellor's statement. If prices do rise as predicted, it would reduce the buying power of the organisation, and this is a risk that budget holders will have to manage. This risk is manageable given current predictions.

Estimates of the level and timing of capital receipts	The PCC and West Mercia Police make a prudent assumption of future capital receipts. There is a rationalisation plan, as part of the wider estate strategy, which identifies potential disposals and estimated receipts. This informs expectation around the level and timing of receipts. The estate's team take a realistic approach to forecasting receipts, which often are offers that are conditional on planning decisions. This is part of a strategy to maximise the return on assets held. The timescales involved in achieving planning consent can mean that it takes a significant amount of time to realise a capital receipt.
The treatment of demand level pressures	During 2025/26, the force identified an underlying budget pressure in police officer pay. This had been indicated in the overspend identified at the end of 2024/25 and investigated during Q1 of 2025/26. The review showed that the assumptions used to calculate pay did not reflect the impact of Constable incremental drift, and the significant number of officers who are moving through this pay scale due to the PUP uplift. Alongside this it was also identified that the assumptions relating to the vacancy factor, and the cost of cover for sickness and maternity, did not reflect the actual cost. The result was that the force identified an in-year budget pressure of circa £7m. A savings plan has been implemented to offset this with an aim of maintaining total cost within the funding available. The savings plans agreed required reductions in recurring spend being taken, mostly through police staff number reductions. The force has taken decisions which will reduce costs in-year but also see a significant reduction in the cost base in 2026/27 and beyond. This will help to return the organisation to a more sustainable financial footing and to offset some of the known future cost increases through inflationary rises. The aim is to increase headroom in the budget to deal with essential demand pressures, which are not being offset by efficiencies. West Mercia is having to achieve total savings of more than £27m in 2025/26. Of this total: • £14m had been required, identified and agreed as part of regular management and financial planning to meet anticipated pressures and deliver a balanced budget. This was approved as part of a net revenue budget for 2025/26 of £302.9m. • In response to the force's overspend in 2024/25, the PCC required the identification and delivery of further one-off savings from the 2025/26 budget (across both the police force and the Office of the PCC). These savings would return £5.2m to reserves and restore the police fund to a minimum assessed balance to meet future risk. • In respect of structural issues in police officer pay calculations and ill-health retirements, these would create further significant pressure on budgets in 2025/26, of more than £8m.

The force uses Priority Based Budgeting (PBB) process to inform the budget setting. The force has continued to embed this into its business processes to provide a robust programme to feed into the 2026/27 budget setting. The process involves identifying volume (demand) and method (efficiency) changes within each business area that are expected to occur in the following financial year. These are expected changes which impact on the service levels that are currently being provided.

Workbooks have been considered by the strategic leads through the ACCs/ACOs to identify cost pressures as well as efficiencies in their portfolios, with the aim of balancing out service requests to ensure that overall demand pressures are minimised. Proposals have been presented to the Chief Constable which brings together all elements of the business to balance the overall service level expectations for policing.

The force has made substantial cash savings over the last ten years, generating over £100m. This cumulative level of budget reduction inevitably means that operational budgets come under greater pressure and/or risk of overspending in future years. The force has consistently achieved its annual efficiency target in previous years.

In the budget proposals for 2026/27, the force identified an additional £4.5m of efficiencies and plans to realise income opportunities through challenging how services are resourced, making best use of technology to provide services and reviewing charging mechanisms which support policing objectives.

The force has a Change and Transformation board in place to oversee investment decisions. The board provide governance scrutiny to ensure investment is being made in schemes which can deliver both cashable and productivity gains to secure efficient delivery of future policing services.

The Contracts and Procurement team are also key to driving efficiency in its arrangements with external providers of service to policing. Where possible, through comprehensive contract procurement processes, the aim is to ensure that specifications are developed. This ensures positive outcomes for the public within the right budget envelope balanced against how all resources are allocated across policing.

The reported outturn for 2024/25 was an overspend of £6.5m. The force achieved its efficiency programme and was able to deliver £6.6m of its savings programme of £7.1m. During the financial year the budget monitoring consistently highlighted a risk to the budget in relation to overspends and action was taken by the force to reduce costs. There were also several significant legal claims which had to be recognised in 2025/26 contributing to the overspend position. Ultimately the actions taken were not sufficient to ensure a balanced budget was achieved.

In 2025/26, at Q3, the projection is a £1.4m underspend. Given that the force is delivering a £27m savings plan in year there is strong evidence that the force has the ability to take action to control spend.

The treatment of planned efficiency savings and productivity gains

The force does not have sufficient flexibility in its resources model, and from the impact of capital spending to deliver the required cost reductions through efficiency gains only. Savings plans have been implemented to reduce cost, which may not necessarily reflect the most effective and efficient way to deliver services. For example, police staff could undertake a significant amount of investigations activity at a significantly cheaper cost than a police officer. However, as there is a requirement to maintain officer numbers to meet grant conditions, decisions have been taken to utilise officers in undertaking these roles.

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. Where relevant, any additional costs are incorporated in the annual revenue budget. These are reviewed regularly during the year in the Money Matters report and, where necessary, the MTFS is amended.

There are risks around collaborative working with regional partners, particularly in relation to the provision of the Regional Organised Crime Unit (ROCU), student training and joint public order training. These are being monitored through various boards and activity plans are worked through to ensure that any financial implications are understood and included in MTFS.

There is a risk that local authority partners will withdraw funding because of pressures on their own budgets. There are also risks, related to the continued viability of charities and other partners, with increasing demand for services and pressures on all budgets, particularly on West Mercia. The commissioning team are working with providers to manage this risk.

The PCC continues to push for more collaborative working through his role in delivering the drugs strategy, through Integrated Care Boards and also with a focus on the Criminal Justice System.

The Estates Service has produced an updated estates strategy which provides an outline as to how the estate will be managed and developed. The service has also reviewed the project management arrangements to ensure that they are fit for purpose to deliver both capital projects and estates rationalisation. The plan balances the need to deliver improvements to the estate and ensure that buildings are fit for purpose, whilst also trying to maximise capital receipts and reducing the risk from backlog maintenance.

Due to the significant revenue pressures in 2025/26, the affordability of the whole capital programme has had to be reviewed. Savings in-year from reduced capital spend has been delivered. There has also been a full review of the investment required, against its impact on revenue across the MTFP. The delivery of a new firearms facility has been paused due to the level of investment required. Timescales are also being extended for investing to prioritise key works, but to also manage the borrowing requirement associated with the investment. All schemes require a business case to set out the capital case and the revenue implications of the projects.

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

MRP and borrowing costs are a key element of the MTFS. An important part of setting the capital programme for 2026/27 is identifying the revenue implications that the approval of the capital budget would create over the medium and long-term. Given the lack of capital resources to fund the programme, the PCC has challenged the force to demonstrate that the plans are affordable and that the projects being agreed have clear benefits (with a focus on cashable revenue savings) aligned to the principles set out in the Capital Strategy. The reduction in the level of capital spend in the next couple of years, along with a full review of borrowing, requirements has meant that interest costs from borrowing have been reduced making the MTFS more affordable.

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.

The 2026/27 budget includes a specific contribution to reserves to increase both the general fund and the insurance reserves across the whole of the medium-term. It is recognised that there is a need to be proactive in managing unplanned risks, through the insurance reserve, but it must be done in a way that is affordable given all the budget pressures and the forces requirement to deliver policing services.

Given the overspend in 2024/25, which significantly denuded the level of reserves available, and the further pressures during 2025/26, which has then impacted the ability of the organisation to replenish the reserves, the level of reserves are not in a position that either the PCC or the Chief Constable is comfortable with.

There has been an assessment of the adequacy of general reserves to meet unplanned budget impacts. This has identified the potential risks to the budget and provides a sensitivity analysis of what the financial impact might be.

The PCC has created several earmarked revenue reserves and provisions to meet specific expenditure items. The details of each of the reserves held are included in this report. Appropriations are made to and from these reserves on an annual basis as required.

The Insurance and Legal Claims reserve is there to manage the decision taken to increase excess exposure, in return for reduced premiums. The decision is that we will use self-insurance, through an earmarked reserve, to meet the cost of claims made. This also relies on proactive risk management to avoid incidents happening that lead to a claim being made.

The budget report contains a review of the economic climate and of the Autumn Statement made by the Chancellor of the Exchequer. It has considered these implications for West Mercia and the assumptions used in constructing the budget. Based on the available data there is reassurance that these assumptions are reasonable.

The MTFS reflects the best estimate of future inflation rates, increases in Government grants and contributions and revenues raised from Council Tax.

However, there is still a lack of clarity of what the funding settlement for policing will be over the medium term as the three-year CSR funding announcement was a department level only, and no detail has been provided as to what this would mean for individual forces. This makes financial planning more challenging.

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

The general financial climate to which the authority is subject.