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 The Office of the Police and Crime Commissioner for
 Devon, Cornwall and the Isles of Scilly
 Alderson Drive
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15 January 2026

CC/DW/SDB

Dear Commissioner

Budget Proposal 2026/2027

1. Introduction

I write to outline my operational budget requirement for the following four years. This incorporates the limited and incomplete government funding settlement announcement in December 2025 and has regard to the new Police and Crime Plan 2025-2029, the Force's Strategic Roadmap, the Force Management Risk Register and Force Management Statement. The budget calculation has been undertaken in discussion with your Chief Financial Officer.

This letter outlines unavoidable savings and necessary investments, and estimates for future years' budgets, and considers the robustness of the 2026/2027 budget. It is deeply disappointing that the government has only provided a partial and limited funding settlement, consisting of a high-level total government grant figure. In previous years I would have expected to receive a detailed breakdown of this figure into direct and indirect grants, as well as clarity around any restrictions or ring-fencing of grants.

In the absence of this information, which is expected in late January 2026, I am unable to finalise my budget proposals to you as I do not have the full information. I am, however, clear that the settlement has left a funding gap even after the implementation of our extensive savings and efficiency proposals. This letter therefore has been written based on what little information is available and there are unavoidably some areas that will need to be clarified when the full funding settlement detail is published. As such, the medium-term financial strategy (MTFS) will need to be restated after the council tax setting.

It is also necessary to have due regard to the medium-term policy landscape. The Police Reform White Paper expected in January 2026 is likely to propose changes to

police structures and the governance model for policing beyond 2028 is unclear. This single year, incomplete and late funding settlement has made effective financial planning materially more difficult against an uncertain policy outlook. As such, in balancing the need for investment to keep the Force moving on a positive and upwards trajectory, my budget proposal also recognises the need to stabilize and maintain effective services through a period of significant uncertainty and change.

In the twelve months I have been Chief Constable this Force has made considerable improvements. Most notably, we have been removed from HMICFRS's enhanced level of monitoring, known as Engage. HMICFRS was able to see improvements in how the Force performance is understood and overseen, as well as the progress made on the two remaining causes of concern relating to crime recording standards and quality of investigations. Whilst the two remaining causes of concern remain, the Force is going through a full PEEL inspection in January 2026, and I hope that the evidence we can present at that opportunity will go some way to closing these. I am grateful to my officers and staff who have worked tirelessly to improve services and get the Force out of Engage whilst also responding to high levels of operational demand and managing financial constraints.

This year has been exceptionally challenging due to several large and complex criminal investigations which diverted resources; higher demand for service over the summer period; a larger than normal number of protests; and challenges to our plans for recruitment of police officers and PCSOs. Furthermore, the Home Office has announced its plans to change police governance model with the ceasing of Police and Crime Commissioners after May 2028 with further radical reform expected in the new White Paper. Despite this, the Force has maintained excellent performance in responding to the public. Current data shows that 96% of 999 calls were answered in ten seconds or less, compared to 94% this time last year, stabilising the performance for another year. In addition, the average 101 waiting time reduced to 1 minute and 20 seconds, with a 4.6% abandonment rate.

Devon and Cornwall Police's purpose is to deliver community policing with competence, compassion and a common-sense approach. As the Force moves forward following our exit from Engage, I have structured my priorities for investment around four areas of focus: **Public Service, Performance, Planning, and People.**

My 2026/2027 budget requirement is balanced at this stage only if a 2026/2027 council tax increase of £15 (5.2%) is agreed and with the inclusion of a manageable element of risk relating to £3.3m of savings that are as yet unspecified and may need to be achieved when the full settlement detail is known. I am comfortable that this is a proportionate approach in the circumstances given the Force's strong track record of good financial management and achieving savings, combined with the unspecified savings being less than 1% of the overall budget. The full details of my budget proposals are included in the MTFS, which is attached.

2. Efficiency and Savings Plans

Last year's MTFS set a challenging savings requirement of £13.3m over the four-year period, with £10.8m to be delivered for the 2026/2027 budget. Whilst the previous approach of targeted reviews to improve efficiency, effectiveness and

productivity has served the Force well in the past, I have introduced a more rigorous, transparent and structured approach to efficiency and productivity through the implementation of Priority Based Budgeting (PBB). A first phase covering the services we share in our alliance with Dorset Police was completed in September 2025, and a second phase covering the remaining Force areas will commence in February 2026. PBB is transforming the Force's approach to financial and business planning and will be the main vehicle for identifying and delivering the savings required within the MTFS.

During the year, good progress has been made achieving the savings required in the MTFS through a review of the police officer rank structure to ensure we maximise the staff in our frontline roles rather than leadership positions. I have now agreed on a new senior rank structure which has an ambition to remove sixty senior ranks to put sixty constables back on the frontline. This has reduced the number of leadership roles by 22 (one assistant chief constable, two chief superintendents, seven superintendents, two chief inspectors and ten inspectors) with further work ongoing to ensure our sergeant numbers are at the right level and in the right places. This review will save around £2m in police officer pay costs without reducing officer numbers.

I have aligned the rank review with Operation Resolve, which has the objective of moving officers from non-front-line roles to patrol and neighbourhood teams. By the end of December 2025, 71 officers have joined our patrol teams, with a further 50 joining by the end of March 2026. This will return patrol to a full complement, made up of a balanced mix of internal officers, officers transferring from other Forces, and new student officers beginning their service.

Based on the funding assumptions and economic outlook, the MTFS will require savings of £16m to be found over the four-year period to 2029/2030. £9.9m of budget savings are included in the proposed budget for 2026/2027, £3.1m of which relate to the uncertainty caused by the delayed funding settlement. The remaining amount will come from the savings programme in 2026/2027 and later years of the strategy. This level of reduction will have an impact on the Force, but it is necessary to offset the unavoidable cost increases and likely funding levels to ensure the Force has a sustainable medium term financial position.

3. Robustness of the Calculation

As is usual I want to take this opportunity to assure you of the robustness of the budget calculation and to highlight any inherent risks.

3.1 Pay Award, Pensions and Inflation

Last year's MTFS built in an assumption for the pay award in 2025/2026 of 3%. Given that staffing costs make up around 85% of my budget, pay awards remain the biggest unknown variable to the budget and therefore the biggest financial risk we face in predicting expenditure. In 2025/2026, the pay award was 4.2%, and whilst the government provided additional funding to cover the gap between 3.0% and 4.2%, this did not fully cover the cost of the higher pay award due to the allocation being based on the police funding formula rather than cost. The unfunded cost to

the Force is £0.5m. The budget proposals in this year's MTFS are based on a pay award in 2026 of 3%, followed by 2.5% in the following years. The total cost increase in pay costs between 2025/2026 and 2026/2027 is £18.5m. The total increase in the government's assessment of grant and council tax funding is £18.4m. This means that there is no allowance for wider inflation, other unavoidable costs or growth, all of which need to be found from making savings and reductions elsewhere in the Devon and Cornwall budget.

The triennial Local Government Pension Scheme valuation has been undertaken in 2025 and as a result the employer's costs of police staff pension contributions will reduce from 18.9% to 16% for three years from 2026/2027. In total, the changes will save around £3.7m without impacting police staff members in any way. These changes do not apply to the Police Pension Scheme which has contribution rates set nationally and is managed through a separate accounting arrangement.

Inflationary price increases have generally been more stable over the last year, however, there has been cost pressure on IT contracts with above inflation increases impacting on licencing and software costs, as well as significant unfunded increases in the costs of national arrangements, such as Police National Computer (PNC) and National Police Aviation Service (NPAS). The risk of volatile general inflation is lower than last year; however, the general economic outlook is such that this needs to be carefully monitored over the MTFS.

3.2 Police Officer Uplift Grants and Police Officer Numbers

The December 2025 funding settlement did not include any detail in relation to the 2026/2027 funding or conditions of Police Uplift Grants. My budget proposal assumes a continuation of 3,610 full time equivalent officers, our highest ever number. However, this will need to be reviewed when the funding settlement is published to ensure it is affordable and compliant with any grant conditions.

3.3 Neighbourhood Policing Grant

The December 2025 funding settlement did not include any detail in relation to the 2026/2027 funding or conditions of Neighbourhood Policing Grant. My budget proposal assumes a continuation of the posts that have been added during 2025/2026, this will need to be reviewed when the funding settlement is published to ensure it is affordable and compliant with any grant conditions.

3.4 Funding Requirements in Future Years

The December 2025 funding settlement announced dealt with high level allocations for 2026/2027 only, and as such we have no detail of funding levels beyond this year. We have made prudent assumptions around council tax increases and grant increases for the last three years of the plan, as detailed in the attached MTFS. Budget requirement figures, especially for police pay, have been calculated forwards in detail. Naturally, the further into the future a projection is made, especially in the absence of funding information beyond 2026/2027, the less it can be relied on.

4. Investments to Maintain Services

As highlighted in my introduction, the 2026/2027 budget builds on last year's MTFS, and introduces a shift in focus for the Force around my four key priority areas:

Public Service, Performance, Planning, and People. I set out below areas where I need to allocate additional resources to maintain services and address additional demand.

4.1 Public Service

During 2026/2027 I expect the community to see the benefits of Operation Resolve. This ambitious programme has worked to ensure front line functions of patrol and neighbourhood policing are fully staffed so we can deliver the best service to communities and avoid placing unreasonable demands on my officers to cover gaps in resources.

Ensuring my officers demonstrate the highest possible standards of behaviour and conduct is crucially important to retaining public trust, and there are robust procedures in place where accusations that this has not been the case come forward. My budget proposal includes £310k to fund the third and final year of a planned investment strategy into the Professional Standards Department and also external chairs of misconduct panels to ensure we can fairly deal with misconduct cases in an appropriate way.

Stabilising our approach to out of court resolutions will improve the efficiency and effectiveness of decision making and delivery, which will support the development of a streamlined process that will improve quality and consistency across the Force. A modest investment of £224k will create a stable infrastructure to meet the legislative requirements of cautions with conditions, whilst enabling the Force to expand deferred prosecution and out of court resolution. This enables us to meet new demands that the government's sentencing review recommendations potentially place on policing. Specifically, the need to provide meaningful and evidenced-based alternatives to short custodial sentences, which will not be met with commensurate increases in resources for probation services.

Following a successful pilot of introducing ASB lawyers funded by the Office of Police and Crime Commissioner, I have agreed to mainstream this capability and built the cost into the Force budget for 2026/2027. The ASB lawyers have been working across Exeter and Torquay and have had many significant results since being embedded in the neighbourhood teams in 2024. These include obtaining 54 closure orders to temporarily shut down premises which are linked to serious, persistent anti-social behaviour, including one notable period in September 2025 when nine closure orders were obtained in the period of a week. In the period prior to their arrival from 2020-2024 only twelve orders were obtained, which demonstrates the value they bring.

4.2 Performance

Significant progress has been made over the last year to continue the improvement journey around criminal investigations, supported in part by the agreed additional

funding for two years from general balances. However, there remains an organisational challenge in the recruitment and retention of PIP2 investigators (detectives), who are essential to maintain and sustain the improvements I am seeking in this area.

We have discussed this position and agreed that this MTFS should include proposals to build into the base budget funding for 35 police staff investigators (civilian detectives) to ensure I can retain and develop the skills and capacity needed. In 2026/2027, this cost is £1.8m and this has been built into the base budget from 2027/2028.

4.3 Planning

As mentioned earlier, I am extending the use of priority-based budgeting to critically review all areas of the Force. Whilst this exercise requires external consultancy support of £550k, the return on investment from phase 1 and the expected return on phase 2 more than cover this cost. The results have been extensive; financially to support the savings requirement and also in terms of enhancing the Force's approach to productivity and business planning.

Aligned to the capital programme, I have agreed with you to relocate the Victim Care Unit from Hawkins House to the HQ at Middlemoor. This will create fit for purpose and modern accommodation for key victim services at the centre of the police estate and provide a saving to the revenue budget from not renewing the current leaseholds. Work has commenced and will be complete before the end of 2026/2027.

4.4 People

Over the last few years, the Force has benefitted from additional police officers because of our ability to recruit above the initial targets set by the Home Office, and we have been able to retain our police officer numbers at 3,610. However, during 2025/2026 the Force has found the recruitment market for police officers more challenging to achieve the level of new recruits necessary to maintain officer numbers.

To ensure I can keep officer numbers at our highest ever level, it is necessary to amend our recruitment strategy and invest in a larger number of officers transferring from other Forces as opposed to new recruits. Changing our recruitment approach to aim for 135 transferees in 2026/2027 costs £2m in total. We have traditionally been an attractive option for transferees and have a strong pipeline of experienced officers wanting to join the Force. Whilst the cost of an experienced transferee officer is higher than a recruit, there are significant operational advantages in that transferees come with acquired skills and experience.

4.5 Capital Investment

The capital budget for 2026/2027 includes investment in creating infrastructure for the transition of the fleet to electric vehicles over the MTFS period. Furthermore, estates investments in Exmouth, North Devon, South Devon and Middlemoor HQ.

There are also investments in new contact centre software, body worn video, drones and network resilience.

5. A Balanced Budget

Whilst we are not in a position to accurately forecast future years' grant funding ahead of a spending review, it is important that we can demonstrate sound finance and value for money to HMICFRS and other external stakeholders. It is important for police officers and staff because it provides reassurance on their employer's financial position. Most importantly, the public can be assured their police service is sustainable in the medium term. This has recently been confirmed through the external auditor's positive value for money assessment.

The 2026/2027 budget requirement (including the investments and savings plans as outlined above) is balanced by a combination of government funding as announced in December 2025, a council tax of £15 and a manageable element of £3.1m of savings to be specified when the detail of the funding settlement is known. The following years – which include prudent grant estimates and council tax increases – still show areas where detailed savings strategies need to be worked through, and these will be developed through the PBB programme.

My Chief Finance Officer informs me that they consider the four-year MTFS is robust because:

- It is materially balanced in 2026/2027, albeit with a manageable element of as yet unidentified savings to be identified.
- The assumptions in spend, grant and council tax for future years are prudent.
- There are a range of feasible plans in place that will balance the budgets in 2027/2028 onward.
- The unspecified gaps that remain across the MTFS are proportionately small – around 1% of budget each year.

6. Conclusion

The 2026/2027 budget will only balance at a council tax precept increase of £15 (5.2%) with unspecified savings of £3.1m. This is the maximum council tax increase announced by the Home Office as part of the settlement and was the figure assumed by the government in its calculations. Obviously, the final decision on council tax levels remains entirely one for you and I know you are acutely aware of the impact of tax increases on the public.

Nevertheless, I recommend that you support my budget request as outlined in this report. The proposal ensures:

- Subject to clarification of grants, officer numbers will be maintained where possible.
- Police officers will not be placed into inappropriate vacant police staff posts.
- Improved performance in priority areas is sustained.

- The risk and uncertainty created by the late funding settlement is manageable. Not taking the full council tax increase would increase the unspecified savings to be identified, adding additional risk and uncertainty.
- There is a sound financial basis for the next four years.

I look forward to developing these opportunities with you. It is my belief that Devon and Cornwall Police is in a strong position with regards to both our financial planning and our improving performance. We are, at some pace now, becoming a Force with a much greater sense of purpose and pride in the service we deliver. We are also becoming much less tolerant of some of the poor performance in our recent past. I believe with this budget proposal we will have the resources we need to continue that improvement. In closing, and with your continued support, I am confident that this Force is in a very good place to deliver competent, compassionate and common-sense policing to the communities of Devon, Cornwall and the Isles of Scilly over the coming years.

Yours sincerely

A handwritten signature in black ink, appearing to read "J. Vaughan".

James Vaughan QPM MSt (Cantab)
Chief Constable