



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

Police and Crime Panel
8th September
Police Funding Formula

Report Date	11 th August 2025
Report Author	Charlie Chirico, DPCC and Kira Knott, Chief Finance Officer
Security Classification	Official

Purpose of Report

1. In his role as the Police and Crime Commissioner (PCC) the Commissioner is required to secure efficient and effective policing for Leicester, Leicestershire and Rutland.
2. The PCC brings this report to outline for the Police and Crime Panel the issues with the current funding formula and the impact on Leicestershire Police.

Request of the Panel

3. To support the Commissioner in lobbying the government for a fundamental review of the police funding formula.

Background, Relevant Data and Trends

4. The Police funding formula, also known as the Police Allocation Formula (PAF), is the method which the Home Office uses to decide how much central government money each of the 43 forces in England and Wales receives each year. The Home Office sets a total 'core grant' budget for policing which is separate from what forces can raise themselves through precept. It is designed to allocate funding based on relative needs of each police force, rather than their absolute needs.
5. The formula uses a combination of socio-economic and demographic indicators to estimate the workload of each police force. It divides police activity into 11 categories, including:
 - 7 crime-related categories (e.g. serious violence, burglary, robbery);
 - 4 non-crime categories (e.g. public reassurance, traffic incidents, special events);
6. Each category is weighted based on how much police time it typically consumes. For example, more funding is allocated to activities like investigating violent crime than to policing special events.

To estimate workload, the formula uses indicators such as:

- Population size and density;
 - Urbanisation (Urban v Rural);
 - Socio-economic deprivation;
 - Daytime net inflow of people;
 - Number of bars per hectare.
7. Area cost adjustment (ACA) is used to adjust the formula for forces where wages and cost of living is significantly higher.

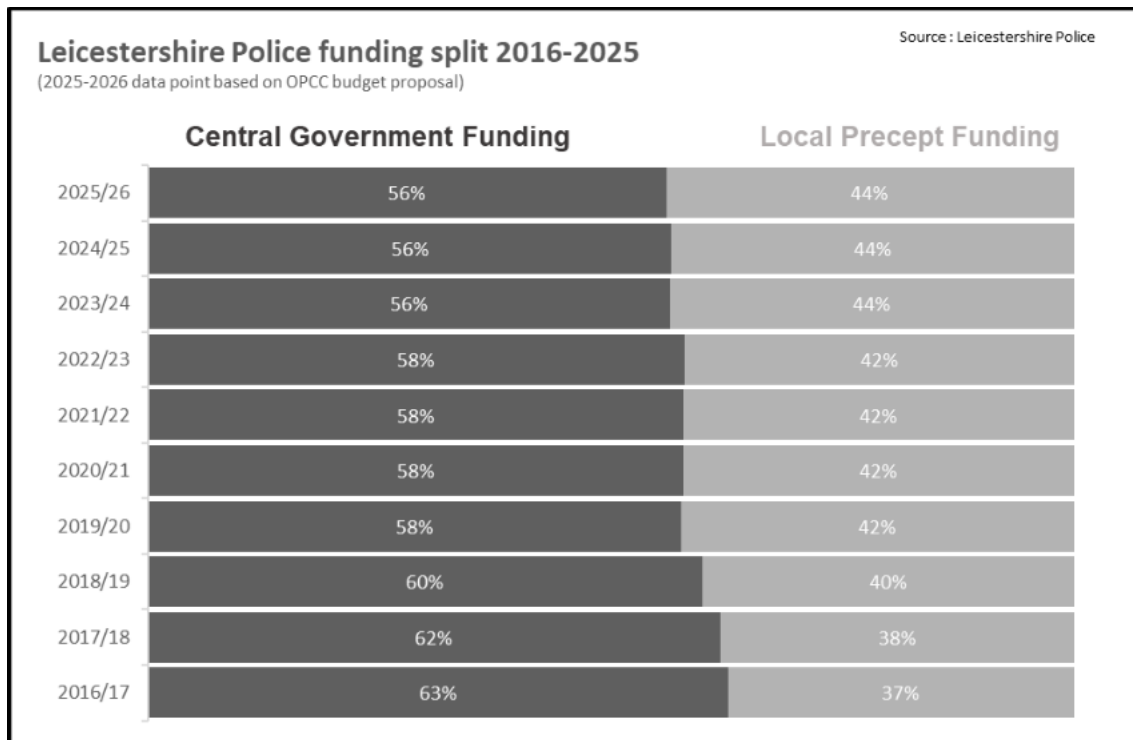
8. A “floor damping” mechanism ensures a minimum year on year grant rise of 2.5% but limits are imposed by redistributing excess gains from better funded forces.

Criticisms of the Police Allocation Formula

9. The UK Police Funding Formula has faced sustained criticism from police leaders, public bodies, and independent analysts.
10. The formula was introduced in 2006 and relies on data as old as the 2001 Census. It is considered outdated and difficult to understand or justify. It uses Activity Based Costing data that stopped being collected in 2007/08 and is linked to a Local Government funding model that no longer exists. Due to its complexity, a refresh of the formula has not been forthcoming.
11. Forces with higher council tax precepts raise more funding locally, while others rely heavily on central grants. This creates regional disparities, where some forces are significantly better funded per capita than others, despite similar policing needs.
12. The formula does not reflect current policing demands, such as rising cybercrime, mental health incidents, or safeguarding responsibilities. It lacks a national picture of demand, leading to crude, across-the-board cuts that ignore local complexities.
13. The National Police Chiefs Council (NPCC) estimated that there is a £1.2 billion shortfall for policing over the next 2 years which is projected to grow, with forces selling assets, borrowing, and raising local taxes to stay afloat.

Leicestershire Context

14. Leicestershire Police receive 56% of its funding from central government and the remaining 44% from local precept. There has been a shift towards local precept taxation from central government funding over the last 10 years.

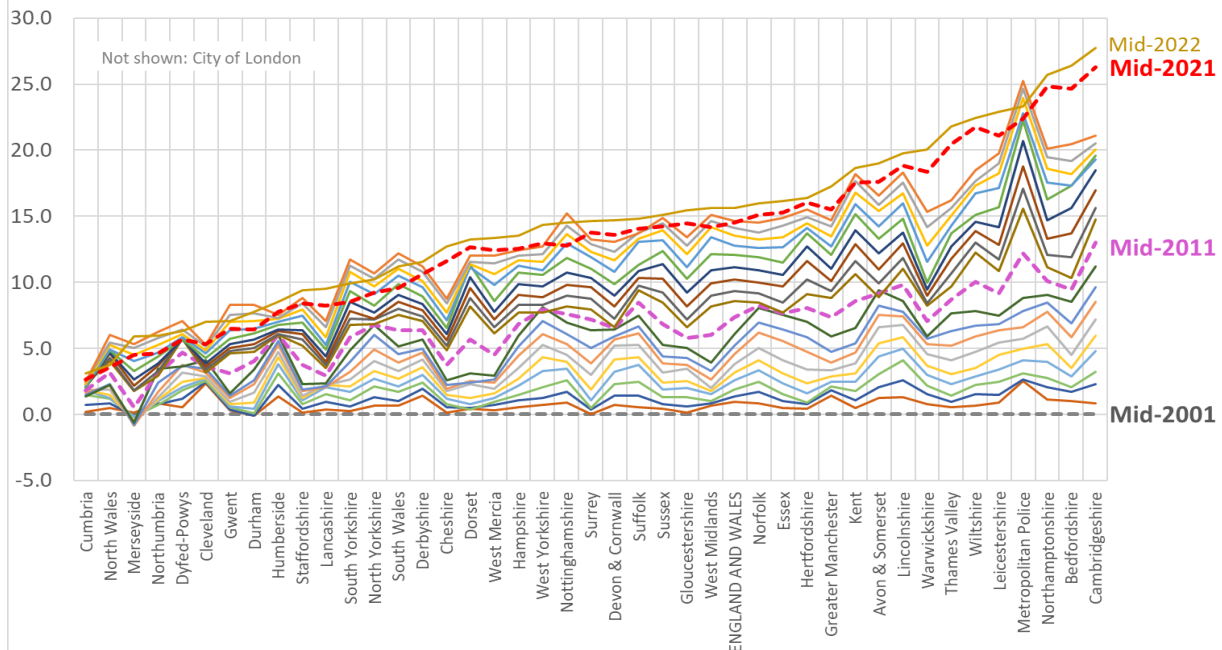


15. Due to the shift from Central Government funding to local precept taxation and the expectation from Central Government, the Commissioner has needed to raise precept by the maximum over the last 4 years in order to protect service delivery and meet financial pressures such as inflation and pay increases.
16. Population growth within Leicestershire is one of the fastest growing population growths outside of London. The graph below shows that population in Leicestershire has grown by 22% between 2001 and 2022. Considering the formula is based on 2001 census data, Leicestershire Police are detrimentally affected by increases in population therefore lowering the funding per capita.

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Police force residential population change (%) since 2001 England and Wales

Source: ONS mid-year population estimates

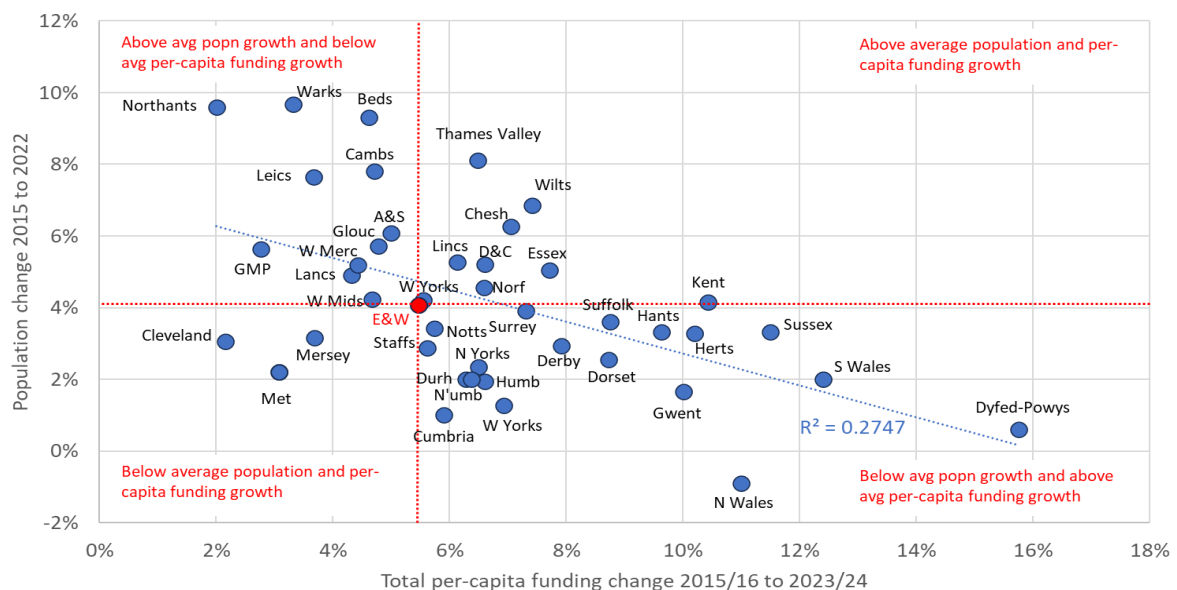


Source: Now is the best opportunity to reform the police funding formula - The Police Foundation <https://www.police-foundation.org.uk/2024/07/now-is-the-best-opportunity-to-reform-the-police-funding-formula/>

17. The following table shows that Leicestershire Police has seen an above average population increase between 2015 and 2022 but has received a below average increase in funding per capita.

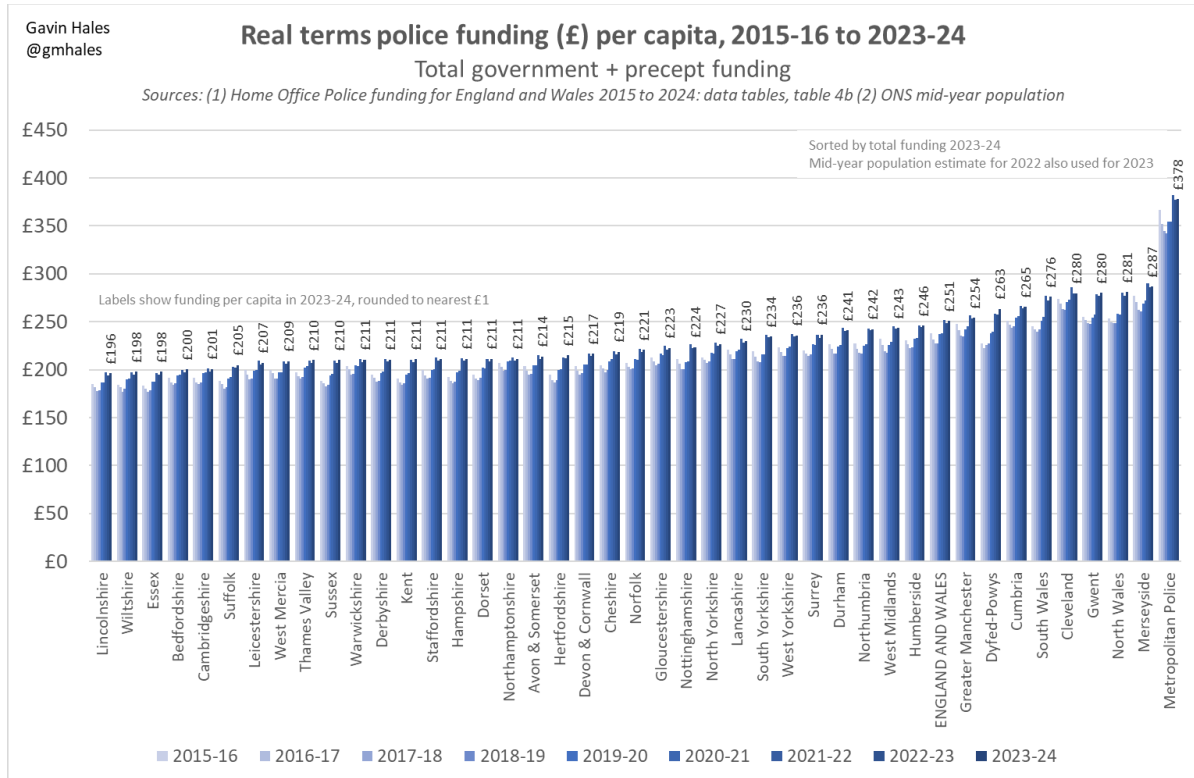
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Total per-capita real terms funding has increased more between 2015/16 and 2023/24 in forces with lower population growth Though the correlation is not especially strong



Source: Now is the best opportunity to reform the police funding formula - The Police Foundation <https://www.police-foundation.org.uk/2024/07/now-is-the-best-opportunity-to-reform-the-police-funding-formula/>

18. The table below shows that Leicestershire Police is the 7th lowest funded force per capita at £207. If Leicestershire Police funding per capita was in line with the funding per capita for England and Wales, Leicestershire Police would receive an additional £50m.



Source: Now is the best opportunity to reform the police funding formula - The Police Foundation <https://www.police-foundation.org.uk/2024/07/now-is-the-best-opportunity-to-reform-the-police-funding-formula/>

19. Over the past 3 years Leicestershire Police have made savings of £23m in order to close the budget deficit, largely created from unfunded pay awards, changes in legislation and high inflation costs. Unfunded pay awards for the last 3 years have resulted in a £7.3m deficit. Any additional funding given for pay inflation and NIC increases has been distributed in line with the Police Allocation formula rather than payroll data, resulting in a disparity between the cost to the Force and the funding available to offset the increase.
20. In the last 12 months, the Commissioner has raised concerns about police funding with Dame Johnson, the policing minister, on 1 October 2024 and 23 March 2025, with a face-to-face meeting on 3 February 2025. Furthermore, the Commissioner has raised his concerns directly with the Prime Minister on 25 March 2025.
21. The Commissioner will continue to lobby Central Government for a fundamental review of the Police Allocation Formula, ensuring Leicestershire

Police are adequately and shifting the financial burden from the local taxpayer.

Officer to contact:

Charlie Chirico – Deputy Police and Crime Commissioner for Leicestershire
Kira Knott – Chief Finance Officer, OPCC for Leicestershire

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