



**Police Fire and Crime Commissioner for Essex
Essex Police Strategic Board**

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1 Recommendations

To consider the current Medium Term Financial Strategy (MTFS) position with updated assumptions since the MTFS was approved as part of the 2025/26 budget setting by the PFCC.

2 Executive Summary

The MTFS is a service planning and performance management framework which aims to ensure that resources are directed towards achieving delivery of the vision for the next five years and the Police and Crime Plan. The MTFS reported to the June Strategic Board had a deficit position for 2026/27 of £17.1m compared to the latest forecast shortfall of £9.2m.

3 Background

3.1 A summary of the approved MTFS is shown in Table 1 below. The MTFS shortfall over the five-year period of 2025/26 to 2030/31 was forecast to be £192.6m.

Table 1 – MTFS as at June 2025 Strategic Board

Actual			Medium Term Financial Strategy 2026/27 - 2030/31 - Precept Increase of 2.5% Annually					
2023/24	2024/25	2025/26*	2026/27	2027/28	2028/29	2029/30	2030/31	5 Year Total
£m	£m	£m	£m	£m	£m	£m	£m	£m
377.2	407.6	420.2	432.9	450.3	468.4	486.1	503.6	2,341.3
(1.6)	(10.8)	0.1	0.3	0.7	0.8	0.8	0.3	2.7
375.6	396.8	420.3	433.2	451.0	469.1	486.9	503.8	2,344.0
(10.9)	(10.4)	(8.0)	(0.3)	(0.7)	(0.5)	(0.9)	0.0	(2.4)
(1.1)	(0.9)	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0
363.7	385.5	410.3	432.9	450.3	468.6	485.9	503.8	2,341.6
(363.7)	(385.5)	(410.3)	(415.8)	(422.5)	(429.5)	(436.8)	(444.4)	(2,149.0)
0.0	0.0	(0.0)	(17.1)	(27.8)	(39.0)	(49.1)	(59.5)	(192.6)

* Based on original budget

** The net budget requirement within this table includes expenditure that will be funded from reserves (subject to approval). Assumptions on the usage of reserves for future years is contained within the Reserves table in Appendix C.

The £17.1m shortfall position in 2026/27 was based on the following key assumptions:

- 2.5% council tax precept increase.
- Police officers remain at 3,755 FTEs.
- Grant funding for Police Officer Maintenance and Neighbourhood Policing Guarantee remain at 2025/26 levels.
- A 2.8% pay increase for Officers and Staff in September 2025 and 2.0% in all future years.
- A 1.16% increase in taxbase compared to a 1.27% increase in 2025/26.
- No surplus or deficit on the Collection Fund compared to £1m surplus budgeted in 2025/26.
- New recurring cashable savings reflect savings identified to date (£0.3m in 2026/27).

- No change to Home Office Police Grant given that 2025/26 was a one year settlement and the Comprehensive Spending Review (CSR) was expected in June 2025.

4 Current MTFS (September 2025)

- 4.1 The high level summary of the latest MTFS forecast is shown below and the full summary and details are at Appendices A and B.
- 4.2 Table 2 below shows the latest forecast position with a deficit of £9.2m in 2026/27.

Table 2 – MTFS as at September 2025 Strategic Board

Actual			Medium Term Financial Strategy 2026/27 - 2030/31 - Precept Increase of 2.5% Annually						
2023/24	2024/25	2025/26*	2026/27	2027/28	2028/29	2029/30	2030/31	5 Year Total	
£m	£m	£m	£m	£m	£m	£m	£m	£m	
377.2	407.6	420.2	Net Budget Requirement - before appropriations to/from reserves	438.2	461.6	483.8	505.5	526.5	2,415.7
(1.6)	(10.8)	0.1	Net Appropriations to/(from) Reserves **	(0.2)	0.7	0.9	0.9	0.3	2.5
375.6	396.8	420.3	Budget Requirement (Inc Appropriations to Reserves) - before Savings & Efficiencies	438.0	462.3	484.7	506.4	526.8	2,418.2
(10.9)	(10.4)	(8.0)	Savings & Efficiencies Plan -Recurring	(0.3)	(0.7)	(0.5)	(0.9)	0.0	(2.4)
(1.1)	(0.9)	(2.0)	Savings & Efficiencies Plan -One-off	0.0	0.0	0.0	0.0	0.0	0.0
363.7	385.5	410.3	Net Budget Requirement - after savings applied	437.7	461.6	484.1	505.5	526.8	2,415.8
(363.7)	(385.5)	(410.3)	Total Funding	(428.6)	(448.4)	(468.8)	(476.6)	(484.7)	(2,307.1)
0.0	0.0	(0.0)	Annual (Shortfall)/Surplus	(9.2)	(13.2)	(15.4)	(28.8)	(42.0)	(108.7)

*Based on Original budget

** The net budget requirement within this table includes expenditure that will be funded from reserves (subject to approval). Assumptions on the usage of reserves for future years is contained within the Reserves table.

- 4.3 The overall movement for 2026/27 since the June Strategic Board is a decrease in the funding shortfall of £7.9m to £9.2m from the previous £17.1m shortfall position.
- 4.4 Tables 3a below shows the movement across the MTFS period and Table 3b provides an analysis of the movement in 2026/27 with further detail provided in paragraphs 4.5 & 4.6 below.

Table 3a – MTFS Movement since June Strategic Board

	MTFS Movement					
	2026/27	2027/28	2028/29	2029/30	2030/31	5 Year Total**
	£m	£m	£m	£m	£m	£m
Overall (Shortfall) / Surplus - Strategic Board - June 25	(17.1)	(27.8)	(39.0)	(49.1)	(59.5)	(192.6)
(Increase)/decrease to funding gap	7.9	14.6	23.7	20.3	17.4	83.9
Overall (Shortfall) / Surplus - Latest	(9.2)	(13.2)	(15.4)	(28.8)	(42.0)	(108.7)

NB Figures may not add due to roundings

Table 3b – Analysis of 2026/27 movements

	Increase/ (Decrease) (£m)
Tracking of Movements in Budget Gap	
Shortfall - Strategic Board June 25	17.1
Pay	7.7
Contractual Inflation	(0.3)
Contractual & Legal	(1.2)
New Demand & Budget Growth	(0.3)
Capital - Borrowing and MRP	(0.6)
Appropriations to/(from) Reserves	(0.4)
Council Tax - Precept increase	(5.1)
Government Funding	(7.7)
Total Movements	(7.9)
Shortfall reported to Strategic Board - September 25	9.2

NB Figures may not add due to rounding.

4.5 This reflects updates in the following areas of the strategy:

- An increase of £7.7m in the pay budget requirements reflecting the full year impact of the agreed September pay award for officers of 4.2% and an assumed equivalent pay award for staff. The staff pay award is still being negotiated and is therefore subject to change.
- A decrease of £0.3m in contractual inflation following the submission of detailed bids from budget holders which included deflation of £0.2m in relation to vehicle fuel.
- A decrease from the previously estimated requirement in both contractual and legal costs and service demand of £1.2m and £0.3m respectively. This reflects the revenue bids submitted by budget holders. Given the budget shortfall position no bids were invited for new investment.
- A decrease in the revenue costs for borrowing (£0.6m), required to fund the capital programme (MRP and Interest), following approved changes to the programme since the June Strategic Board and approved slippage into 2026/27.
- There has been an increase in the assumed level of Council Tax precept following the announcement of the government spending review, which it is understood assumed a referendum limit on the precept increase of £14 for band D properties. This equates to a 5.36%. It should be noted that the assumption in the spending review means that any variation from this increase would result in an increase in the shortfall presented
- A change in the general reserve appropriation of £0.4m reflecting a transfer from the general reserve. This is due to the increase in the general reserve opening balance following appropriation of the 2024/25 underspend and transfer into the reserve of in year underspend, increasing the anticipated balance in the general reserve.

The appropriation is in accordance with the PFCC’s reserve strategy to hold a general reserve at 3% of net revenue expenditure. The appropriations assumed across the MTFs period would maintain the 3.0%. The reserve position will be impacted by any change to the under or overspend in 2025/26 which will be reflected in future updates as appropriate.

- Government funding has increased by £7.7m following the announcement of the Comprehensive Spending Review leading to an updated assumption of a 3.6% increase in core grant.

- 4.6 It should be noted that there is still a need to identify significant savings to close the funding gap. The work to do this is in progress and will be included in future MTFs updates.
- 4.7 The MTFs is based on numerous assumptions (listed as part of Appendix A) and is used as a forecasting tool. As more information becomes available on factors that impact on the strategy it is updated and reported to Chief Officer Group (COG) and Strategic Board.

5 Funding Position

- 5.1 The impact of the Comprehensive Spending Review (CSR) was announced on 11th June 2025. This laid out the government's financial plans up to 2028/29 and provided a high level view of the increase in Police spending power. NPCC have been working to interpret the available information and provide forces with some guidelines for use in the MTFs. However, the detail remains unclear and as such there is significant uncertainty around the MTFs assumptions in relation to core grant.
- 5.2 The current assumption, included in 2026/27 and the future years covered by the CSR, is that there will be an increase in the Home Office Police Grant of 3.6% (£7.7m in 2026/27). However, any variation to this uplift will impact the shortfall. Each 1% variation would equate to a £2.133m change in funding.
- 5.3 The following are the key assumptions in terms of expenditure and income within the latest net budget requirement. These are further described in the detailed MTFs included in Appendix B
- Pay award – 4.2% for Officers and Staff in September 2025, 3.0% in September 2026, 2.5% in September 2027 & 2028 and 2% in all future years.
 - £4.5m Neighbourhood Policing Grant and £7.9m Police Officer Maintenance Grant continues
 - Service Pressures, including inflation and contractual pressures.
 - £2.9m Recurring
 - £1.0m One-off
 - Capital & Borrowing costs.
 - £2.7m Recurring
 - £0.1m One-Off

Variations to any of the above will result in a change to the budget shortfall position.

5.4 Savings and Efficiencies Plan

There are currently £0.3m of cashable savings identified for 2026/27. Work is underway to develop the force's Affordable Futures' Programme, considering options to reduce costs and drive efficiencies. This work will continue over the coming months to support meeting the current budget shortfall.

The force has a good track record of achieving savings, but this is becoming increasingly challenging. With an existing police staff vacancy factor of 13%, which is proving difficult to sustain, and grant funding dependent upon maintenance of officer head count, the areas where savings can be made are limited. Whilst the force is seeking to make ongoing savings, without increased funding from government grant it will necessitate consideration of service and/or police staff and officer headcount reductions. The MTFs does not currently include a provision for any costs associated with restructuring.

5.5 Capital Expenditure and Financing

A summary of the latest capital programme and how it will be financed is shown below along with the forecast Capital Financing Requirement (CFR). The CFR represents capital expenditure incurred and forecast to be incurred that has not been financed from cash resources and is therefore an indicator of the underlying need to borrow to fund the investment programme. This position includes changes to the Subject to Approval schemes as agreed at the Estates Strategic Board on 14th August. Any further changes emerging from the capital budget setting process will be reported through the Strategic Change Co-ordination Board, and subsequently to the COG budget workshops and the December Strategic Board.

The CFR is forecast to reach £117m with an annual revenue cost of borrowing increasing to £10.9m by 2030/31. The breakdown of the forecast spend by department is included in Appendix D.

Table 4 – Capital Financing Requirement

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	TOTAL £000
Opening CFR	37,926	48,227	66,697	89,613	99,160	108,063	37,926
Total Forecast Capital Expenditure (approved and proposed)	16,312	25,978	31,513	23,518	24,739	23,620	145,680
Financing Sources to be Applied	(3,392)	(3,975)	(3,250)	(7,218)	(8,689)	(7,093)	(33,617)
Minimum Revenue Provision	(2,619)	(3,533)	(5,346)	(6,753)	(7,147)	(7,548)	(32,946)
Total Financing & MRP	(6,011)	(7,508)	(8,596)	(13,971)	(15,835)	(14,641)	(66,563)
Closing CFR	48,227	66,697	89,613	99,160	108,063	117,042	117,042
Capital Financing Requirement (as at 31st March)	48,227	66,697	89,613	99,160	108,063	117,042	
Of the Capital Financing Requirement above							
External Borrowing (Liability Benchmark)	18,227	41,697	69,613	79,160	88,063	97,042	
Internal Borrowing	30,000	25,000	20,000	20,000	20,000	20,000	
	48,227	66,697	89,613	99,160	108,063	117,042	
Revenue Cost of Borrowing (MRP & Interest)	2,794	4,382	7,379	9,396	10,198	10,896	45,046

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are both charged to revenue. The net annual charge is known as financing costs, which is compared to the net revenue stream (e.g. the amount funded from council tax and government grants). The 2025/26 proportion of financing costs compared to the net revenue stream, as well as the forecast position for the MTFs period, is presented in the table below. It should be noted that the costs and revenue streams set out in the table will change as the MTFs is developed.

Table 5 - Proportion of Financing Costs to Net Revenue Stream

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
Net Financing Costs	2.794	4.382	7.379	9.396	10.198	10.896
Net Revenue Stream	410.272	428.551	448.396	468.777	476.619	484.749
Proportion of Net Revenue Stream	0.68%	1.02%	1.65%	2.00%	2.14%	2.25%

The capital programme and capital receipts, on which the capital financing requirement is based over the next five years, is subject to change. Any amendments to the capital programme may impact on the capital financing requirement. This will need to be funded through capital grant or borrowing which will impact on the revenue budgets over the life of this plan.

5.6 Reserves

The current forecast on reserves is shown in Appendix C and summarised in the table below. By the end of 2026/27, revenue reserves are forecast to be £26m. This is made up of £14m General Reserve (at 3.0% of net revenue expenditure) and £12m earmarked reserves.

The current position assumes an appropriation from the General Reserve in 2026/27 of £0.4m. The level of appropriation required to maintain at 3% will be impacted by changes in the net revenue expenditure and any under or overspend in 2025/26 which will be reflected in future updates as appropriate.

Table 6 – Forecast Reserves and Provisions

	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)	2029/30 (£m)
Earmarked Revenue Reserves	11.9	12.0	12.1	12.2	12.2
General Reserve	14.4	14.0	14.5	15.1	15.7
GR as % of net revenue expenditure	3.3%	3.0%	3.0%	3.0%	3.0%
Total - Revenue Reserves	26.3	26.0	26.6	27.3	28.0

5.7 Key Areas of MTFS Risk and Opportunity

There are a number of areas of the MTFS which remain unclear and as such the position presented in this report is subject to change. The key areas are detailed below.

- **Pay including LGPS revaluation** – the pay forecast in the current MTFS is based on an extrapolation of the 2025/26 budget setting information adjusted for the pay award assumptions. This will be refreshed using the latest establishment data with updates provided to COG in November. 2026/27 will also be impacted by the outcome of the revaluation of the Local Government Pension Scheme (LGPS) which may result in a change in the employers’ pension contribution rate.
- **Staff Vacancy Factor** - The MTFS assumes a 13% vacancy factor across most commands for police staff. Achieving this level has proven challenging and will therefore be reviewed as part of the wider budget process to assess whether a reduction is feasible.
- **Savings and Efficiencies** – As outlined in paragraph 5.4, work is ongoing to develop the Affordable Futures Programme. The financial impact of this programme is yet to be determined and will be incorporated into future iterations of the MTFS as the programme evolves.
- **Home Office grant** – Although the CSR indicated a likely increase in grant funding, the exact impact of this remains uncertain. Confirmation is expected with the funding settlement announcement in mid-December.
- **Council Tax Taxbase & Collection Fund position** – The final taxbase to be applied by precepting bodies and collection fund surplus or deficit figures, are dependent on information from the 12 district and 2 unitary councils. Initial estimates are expected in November, with final figures confirmed in December. Variations from current assumptions are anticipated.

- **Neighbourhood Policing Guarantee (NPG)** – Requirements for individual forces under the governments NPG initiative remain unclear. No growth has been assumed in the current MTFS pending further guidance.

5.8 Scenario Modelling

Scenario modelling has been undertaken across the Comprehensive Spending Review period to 2028/29, for a Best, Mid and Worst case, based on the Base case presented in this report, to provide a range for the potential funding shortfall. The impact between the Base case and each scenario, along with the assumptions varied within, are detailed below in Table 7a. and 7b

It should however be noted that any changes in the areas highlighted in paragraph 5.65.7 of the report will have an impact on the position.

Table 7a – Scenario Modelling

<i>MTFS Sept 2025 Base</i>	2026/27	2027/28	2028/29
	£m	£m	£m
Shortfall post June Strat Board	17.1	27.8	39.0
Baseline adj from prior years	0.0	6.5	11.3
Pay Award	7.7	4.4	4.6
Council tax (increase in Band D rate)	(5.1)	(10.2)	(15.4)
Home Office Grants	(7.7)	(15.6)	(23.9)
Contractual & Service pressures	(1.8)	(1.2)	(1.2)
Capital Financing	(0.6)	1.5	0.8
Appropriations to/(from) Reserves	(0.4)	0.0	0.1
Shortfall September Update	9.2	13.2	15.4
Best Case - changes from base			
Home Office Grants (Funding)	(5.1)	(6.2)	(2.6)
Specific Grants (Income)	(0.9)	(1.8)	(2.8)
Revised shortfall post June CSR	3.1	5.2	10.0
Mid Case - changes from base			
Home Office Grants (Funding)	(4.5)	(4.8)	(0.5)
Revised shortfall post June CSR	4.7	8.4	14.9
Worst Case - changes from base			
Council tax (Band D rate) 2.5% in 26/27 followed by 2% in future years	5.1	11.1	17.2
Revised shortfall post June CSR	14.3	24.4	32.6

Table 7b Scenario Assumptions

Pay Award (Awarded Sept each year)				
Scenario	2025/26	2026/27	2027/28	2028/29
All	4.2%	3.0%	2.5%	2.5%

Home Office Grant Increase			
Scenario	2026/27	2027/28	2028/29
Base/Worst (Core Grant only)	3.6%	3.6%	3.6%
Mid (Core Grant only & Front loaded allocation of £200m)	3.6% +£4.5m	3.6% +£0m	3.6% -£4.5m
Best (All Gov Grants & Front loaded allocation of £200m)	3.6% +£4.5m	3.6% +£0m	3.6% -£4.5m

Council Tax Precept (Band D increase)			
Scenario	2026/27	2027/28	2028/29
Base/Best/Mid (%)	5.4%	5.1%	4.8%
Base/Best/Mid (£)	£13.95	£13.95	£13.95
Worst(%)	2.5%	2.0%	2.0%
Worst(£)	£6.57	£5.34	£5.45

Council Tax Base			
Scenario	2026/27	2027/28	2028/29
All (%)	1.16%	1.16%	1.16%

5.9 Conclusion & Key next steps

The MTFs will be continually reviewed and updated during 2025/26, with regular engagement with the PFCC throughout.

Key Dates as per Budget Setting Timetable

- **COG Budget Setting Workshop (1) – 15th October**
Review of provisional Capital & Revenue investment, savings and MTFs. Pay budgets not included.
- **COG Budget Setting Workshop (2) - 12th November**
As above, includes pay and allocation of officer overtime budgets.
- **Home Office Funding Announcement**
Expected mid-December.

6 Risks and Mitigations

Financial risks that impact on the MTFs and Capital Programme are the availability of future revenue funding and short and long term capital financing resources, both of which are estimated within the MTFs position presented in this report.

7 Links to the Police and Crime Plan

This paper concerns the management of the PFCC and Chief Constable's revenue and capital resources and therefore underwrites all of the priorities and workstreams identified within the Police and Crime Plan.

8 Financial Implications

The financial implications are covered within sections 3 to 5 of this paper.

9 Legal Implications

Provisions of the Local Government Finance Act 1992 set out what the force must base its budget calculations upon and require the force to set a balanced budget by no later than the 11th March for the following year. The 2025/26 budget was presented to the Police, Fire and Crime panel on 4th February 2025 and subsequently at the Strategic Board on 4th March 2025. The 2026/27 budget must be set by no later than 11th March 2026.

10 Staffing Implications

None currently identified for the period of the MTFS.

11 Equality and Diversity Implications

There are no equality or diversity implications from this report.

12 Police Operational Implications

Operational policing requirements are considered throughout the budget setting and MTFS review process.

13 Governance Boards

The MTFS is reviewed on a quarterly basis and presented to each Strategic Board and approved by the board in March following it being presented as part of the budget position to each February Police, Fire and Crime panel.

14 Future Plans (long-term strategic direction)

Long term strategic plans are reflected in financial terms within the Medium Term Financial Strategy considered in Sections 3 to 5.

15 List of background papers and appendices

See appendices overleaf.

Medium Term Financial Strategy 2026/27 - 2030/31								Comparison to February PF&CP (5 Yr Totals*)		Comparison to February PF&CP 2025/26		Comments on 2026/27 Movement	Movement Type Ref:	
Line Ref.	2025/26 Budget	2026/27	2027/28	2028/29	2029/30	2030/31	5 Year Total	5 Year Total	Change (reduction) / increase	2025/26	Change (reduction) / increase			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m			
1	Original Budget - Budget Book Net Expenditure (prior year total funding)	385.5	410.3	437.7	461.6	484.1	505.5	2,299.3	2,020.5	278.7	385.5	24.7		OB
2	Adjustment from prior year activity agreed at Budget Setting	(0.9)	(1.7)	(1.6)	(2.5)	(2.6)	(2.1)	(10.4)	(1.4)	(9.0)	(0.5)	(1.2)	Adjustment to remove one off savings and costs and add in the FYE of recurring savings and growth bids from 25/26 resulting in a revision to the opening base budget for 26/27.	PY
3	Opening Budget Requirement	384.6	408.6	436.1	459.1	481.5	503.4	2,288.8	2,019.2	269.7	385.1	23.6		
4	Pay Award	16.5	15.2	10.8	11.2	11.5	11.9	60.6	53.1	7.5	7.5	7.7	Includes the estimated impact of pay awards for officers and staff awarded in Sept each year - Includes the full year impact of the previous year plus the impact of the in year pay award - assumes 4.2% for Sept 25, 3.0% for Sept 26, 2.5% for Sept 27 & 28 then 2% in future years	PA
5	Pay Progression	8.0	7.7	7.4	7.7	7.5	7.5	37.9	41.2	(3.3)	8.1	(0.3)	Includes the estimated impact of incremental pay increases for officers and staff - Includes both the full year impact of the previous year and the in year impact	PP
6	Pay - Other	3.5	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(1.6)	(3.1)	1.5	(0.7)	0.4	Includes estimates for officer turnover. 25/26 adjustment included the £5.9m impact of the increase in employers National Insurance	PO
7	LGPS Pension Shortfall & Auto Re-enrolment	0.6	0.9	0.5	0.0	0.9	0.5	2.7	0.0	2.7	0.0	0.9	No increase included for tri-annual revaluation of the pension fund as currently unknown. Auto re-enrolment impact based on pressure at last re enrolment	PS
8	Contractual Inflation	0.2	0.2	0.5	0.5	0.6	0.6	2.4	4.9	(2.4)	1.0	(0.8)	26/27 Based on revenue budget bids received from Budget holders. Future years based on forecast CPI on budgets inflated in 25/26	IN
9	Contractual & Legal	3.5	2.5	2.4	2.4	1.8	2.1	11.1	9.3	1.8	1.5	1.0	Based on value of high level bids received from budget holders	CL
10	Committed Change (Includes FYE of PUP)	0.9	0.0	0.0	0.0	0.0	0.0	0.0	(5.5)	5.5	0.0	0.0	Change in grants for PUP	CC
11	Revenue Impact of Investment	1.5	2.0	3.2	2.2	1.1	0.0	8.5	13.5	(5.0)	4.2	(2.2)	Updated to include adjustments to the capital programme - includes both revenue consequences and the cost of borrowing	RV
12	New Demand & Budget Growth	1.0	1.2	1.0	1.0	1.0	1.0	5.2	8.4	(3.2)	1.3	(0.1)	Based on value of high level bids received from budget holders plus an estimate of non pay increases less than £10,000	ND
13	Appropriations to/(from) Reserves	0.1	(0.2)	0.7	0.9	0.9	0.3	2.5	5.0	(2.5)	1.4	(1.5)	The PFCC's Reserves Strategy is to hold a general reserve of 3% of NRE. The contributions assumed will maintain 3% for the MTFS period. This line includes adjustments to both the general reserve and earmarked reserves. The 2025/26 outturn will impact the level of reserves	RS
14	Budget Requirement - before Savings & Efficiencies	420.3	438.0	462.3	484.7	506.4	526.8	2,418.2	2,145.8	272.4	409.3	28.7		
15	Savings - One-off	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0	(8.9)	8.9	(2.5)	2.5	As per latest Efficiency and Savings Board	SC
16	Savings - Recurring	(8.0)	(0.3)	(0.7)	(0.5)	(0.9)	0.0	(2.4)	(22.4)	20.0	(3.0)	2.7	As per latest Efficiency & Savings Board . Additional savings required to offset remaining shortfall	SR
17	Net Budget Requirement	410.3	437.746	461.637	484.145	505.466	526.799	7,122.9	2,114.5	301.3	403.8	34.0		
18	Government Funding	(232.3)	(240.0)	(248.0)	(256.2)	(256.2)	(256.2)	(1,256.6)	(1,094.4)	(162.2)	(218.9)	(21.1)	Assumes estimate 3.6% growth following CSR announcement	GF
19	Council Tax - Base	(165.3)	(176.9)	(188.5)	(200.4)	(212.6)	(220.4)	(998.9)	(851.9)	(147.0)	(165.3)	(11.6)		CT
20	Council Tax - Taxbase change	(2.1)	(2.1)	(2.2)	(2.3)	(2.5)	(2.6)	(11.6)	(8.8)	(2.8)	(1.7)	(0.4)		CT
21	Council Tax - Precept increase	(9.5)	(9.6)	(9.7)	(9.8)	(5.4)	(5.6)	(40.0)	(26.3)	(13.8)	(4.2)	(5.4)	Assumes precept increase £13.95 band D rate in 26/27, 27/28 & 28/29. 2.5% in future years	CT
22	Collection Fund	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0	(5.3)	5.3	(1.0)	1.0	Currently assumes no collection fund surplus	CF
23	Total Funding	(410.3)	(428.551)	(448.396)	(468.777)	(476.619)	(484.749)	(2,307.1)	(1,986.7)	(320.4)	(391.0)	(37.5)		
24	Annual (Shortfall)/Surplus - Cumulative	(0.0)	(9.2)	(13.2)	(15.4)	(28.8)	(42.0)	(108.7)	(127.8)	(19.1)	(12.8)	(3.6)		

* 5 Years Totals Comparison - compares totals for 2025/26 to 2029/30 as reported at March 25 Strategic Board to totals reported for 2026/27 to 2030/31 in this MTFS update

Line Ref.	Funding Changes	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	5 Year Total
		Budget £m	£m	£m	£m	£m	£m	£m
		£m	£m	£m	£m	£m	£m	£m
25	Main Government Cash Funding Increase/(Reduction)	13.4	7.7	8.0	8.2	0.0	0.0	23.9
26	Total Government Grant - non specific	13.4	7.7	8.0	8.2	0.0	0.0	23.9
27	Council Tax & Collection Fund Cash Funding Increase/(Reduction)	11.6	10.6	11.9	12.1	7.8	8.1	50.6
28	Overall Cash Funding Increase/(Reduction)	24.7	18.3	19.8	20.4	7.8	8.1	74.5
29	Percentage Funding Increase/(Reduction)	6.4%	4.5%	4.6%	4.5%	1.7%	1.7%	

Key % Assumptions							
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
30	Overall change in Home Office grants	0.0%	0.0%	3.3%	3.3%	0.0%	0.0%
32	Increase in Council Tax	5.66%	5.36%	5.09%	4.84%	2.50%	2.50%
33	Change in Taxbase	1.27%	1.16%	1.16%	1.16%	1.16%	1.16%
34	Inflation Recurring - Officers Pay	4.20%	3.00%	2.50%	2.50%	2.00%	2.00%
35	Inflation Recurring - Staff/PSCOs Pay	4.20%	3.00%	2.50%	2.50%	2.00%	2.00%

Savings & Efficiencies - Cashable only								
Line Ref.	Savings & Efficiencies Plan (S&EP) - <u>cashable</u>	2024/25	2026/27	2027/28	2028/29	2029/30	2030/31	5 Year Total
		Budget £m	£m	£m	£m	£m	£m	£m
36	Savings & Efficiencies Plan (S&EP) - <u>cashable</u> recurring	(8.0)	(0.3)	(0.7)	(0.5)	(0.9)	0.0	(2.4)
37	Savings & Efficiencies Plan (S&EP) - <u>cashable</u> one-off	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0
38	Annual (Shortfall)/Surplus after cashable S&EP - to be (found) / invested - <u>cashable</u>	(0.0)	(9.2)	(13.2)	(15.4)	(28.8)	(42.0)	(108.7)
39	Total S&EP for all <u>cashable</u> savings	(10.0)	(9.5)	(13.9)	(15.9)	(29.8)	(42.0)	(111.1)

Medium Term Financial Strategy 2026/27 - 2030/31							
Line Ref	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£m	£m	£m	£m	£m	£m	£m
1	Original Budget - Budget Book Net Expenditure (prior year total funding)	385.5	410.3				
1a	Opening Budget Requirement	-		437.7	461.6	484.1	505.5
2	Adjustment from prior year activity agreed at Budget Setting	(0.9)	(1.7)	(1.6)	(2.5)	(2.6)	(2.1)
3	Opening Budget Requirement	384.6	408.6	436.1	459.1	481.5	503.4
	Unavoidable Cost Pressures						
4	Pay Progression	8.0	7.7	7.4	7.7	7.5	7.5
5	Pay Award	16.5	15.2	10.8	11.2	11.5	11.9
6	Pay - Other	3.5	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
7	Pension Grant	(0.0)	-	-	-	-	-
9	LGPS Pension shortfall (Tri-annual Actuarial review)	0.6	-	-	-	-	-
10	Auto Enrolment to Pension schemes	-	0.9	0.5	-	0.9	0.5
11	Contractual Inflation & De-flation	0.2	0.2	0.5	0.5	0.6	0.6
13	Operational and Support contractual and legal cost pressures, including Motor insurance	2.8	1.6	1.6	1.6	1.6	1.6
15	Total Unavoidable Cost Pressures	31.5	25.4	20.5	20.7	21.7	21.6
	New Investment & Service Demand Changes						
16	New investment - Recurring	0.6	-	-	-	-	-
17	PUP Ring Fenced Grant Change from Prior Year	1.7	-	-	-	-	-
18	PUP Non-Ringfenced Change from Prior Year	(0.7)	-	-	-	-	-
19	2025/26 Neighbourhood Policing Grant	(4.5)	-	-	-	-	-
20	Increases of less than £10k on non-pay budgets	0.0	0.1	0.1	0.1	0.1	0.1
21	Service demand changes including Estates Services restructure	2.5	1.0	-	-	-	-
22	Borrowing Requirement - interest charges	(0.2)	0.6	1.2	0.6	0.4	-
23	Borrowing Requirement - Minimum Revenue Provision (MRP)	1.4	0.8	1.8	1.4	0.4	-
24	Capital Programme (Approved) - Revenue Consequences	0.2	0.4	0.2	0.1	-	-
25	Capital Programme (Proposed) - Revenue Consequences	(0.1)	0.0	(0.0)	0.0	0.2	-
26	PFCC - Investment Bids	-	0.1	-	-	-	-
27	Total New Investment	0.8	3.0	3.3	2.2	1.1	0.1
	One-off Costs						
29	Capital Programme (Approved) - One-off revenue costs	0.2	0.1	0.0	0.1	0.0	-
30	Capital Programme (Proposed) - One-off revenue costs	0.0	0.0	0.0	-	0.1	-
31	Bank Holiday's - one-off	-	0.9	0.3	0.3	(0.3)	-
32	Contractual and legal cost pressures - one-off	0.7	0.1	0.5	0.5	0.5	0.5
33	Service Demand Changes - one-off	0.0	0.0	0.9	0.9	0.9	0.9
34	New Investment - One-Off	0.1	-	-	-	-	-
35	PFCC - Investment Bids - One off	0.3	-	-	-	-	-
36	One-off cost of achieving Efficiency and Savings Programme	2.0	-	-	-	-	-
37	In-year only savings (required to fund One-off Costs)	(2.0)	-	-	-	-	-
39	Subtotal of One-off Costs	1.3	1.2	1.8	1.8	1.2	1.4
	Appropriations To/(From) Earmarked Reserve						
40	Appropriation to/(from) Earmarked Reserves	0.1	0.3	0.3	0.3	0.3	0.3
43	Appropriations To/(From) Earmarked Reserves	0.1	0.3	0.3	0.3	0.3	0.3
	Appropriations To/(From) General Reserve						
45	Appropriation (from) to General Reserve - One Off	0.0	(0.4)	0.5	0.6	0.6	-
46	Appropriations To/(From) General Reserve	0.0	(0.4)	0.5	0.6	0.6	-
47	Total Appropriations To/(From) Reserves	0.1	(0.2)	0.7	0.9	0.9	0.3
48	One-off expenditure balance from short term funding	1.4	1.0	2.5	2.6	2.1	1.7
49	Budget Requirement - before Savings & Efficiencies	418.3	438.0	462.3	484.7	506.4	526.8
50	Savings & Efficiencies Plan (S&EP) - cashable	(8.0)	(0.3)	(0.7)	(0.5)	(0.9)	-
51	Net Budget Requirement	410.3	437.7	461.6	484.1	505.5	526.8

Medium Term Financial Strategy 2026/27 - 2030/31							
Line Ref	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£m	£m	£m	£m	£m	£m	£m
Funding							
<i>Home Office Police Grant</i>							
52	(146.4)	(151.7)	(157.1)	(162.8)	(162.8)	(162.8)	(797.1)
54	(5.8)	(5.8)	(5.8)	(5.8)	(5.8)	(5.8)	(29.1)
55	(152.2)	(157.5)	(162.9)	(168.6)	(168.6)	(168.6)	(826.2)
<i>Home Office Formula Grant</i>							
56	(67.0)	(69.4)	(71.9)	(74.5)	(74.5)	(74.5)	(364.8)
57	(67.0)	(69.4)	(71.9)	(74.5)	(74.5)	(74.5)	(364.8)
<i>Other Non Specific Grants</i>							
58	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)	(10.7)
59	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)	(55.0)
60	(13.1)	(13.1)	(13.1)	(13.1)	(13.1)	(13.1)	(65.6)
61	(232.3)	(240.0)	(248.0)	(256.2)	(256.2)	(256.2)	(1,256.6)
62	(232.3)	(240.0)	(248.0)	(256.2)	(256.2)	(256.2)	(1,256.6)
<i>Council Tax Requirement</i>							
63	(165.3)	(176.9)	(188.5)	(200.4)	(212.6)	(220.4)	(998.9)
64	(2.1)	(2.1)	(2.2)	(2.3)	(2.5)	(2.6)	(11.6)
65	(9.5)	(9.6)	(9.7)	(9.8)	(5.4)	(5.6)	(40.0)
66	(176.9)	(188.5)	(200.4)	(212.6)	(220.4)	(228.5)	(1,050.5)
67	(409.2)	(428.6)	(448.4)	(468.8)	(476.6)	(484.7)	(2,307.1)
68	(1.0)	-	-	-	-	-	-
69	(410.3)	(428.6)	(448.4)	(468.8)	(476.6)	(484.7)	(2,307.1)
70	(0.0)	(9.2)	(13.2)	(15.4)	(28.8)	(42.0)	(108.7)
71	13.4	7.7	8.0	8.2	-	-	
72	13.4	7.7	8.0	8.2	-	-	
73	11.6	11.6	11.9	12.1	7.8	8.1	
74	(0.3)	(1.0)	-	-	-	-	
75	24.7	18.3	19.8	20.4	7.8	8.1	
76	6.4%	4.5%	4.6%	4.5%	1.7%	1.7%	

A. Key % Assumptions						
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
77	-	3.6%	3.6%	3.6%	0.0%	0.0%
78	-	3.6%	3.6%	3.6%	0.0%	0.0%
79	-	-	-	-	-	-
80	-	-	3.3%	3.3%	-	-
81	-	-	-	-	-	-
82	5.66%	5.36%	5.09%	4.84%	2.50%	2.50%
83	1.27%	1.16%	1.16%	1.16%	1.16%	1.16%
84	4.20%	3.00%	2.50%	2.50%	2.00%	2.00%
85	4.20%	3.00%	2.50%	2.50%	2.00%	2.00%
86	Inflation - Non pay - various as only specific contractual inflation is used. There is no general inflation.					

B. Key Assumptions	
87	Council Tax increase of 5.55% in 2024/25, 5.66% in 2025/26, and then 5.36%, 5.09% & 4.84% in next 3 years and 2.5% annually thereafter.
88	Government Grants funding in 2025/26 is based on the funding announcement on 17.12.24. Following the CSR announcement Grant in 2026/27 to 2027/28 is based on 3.6% increase year on year with ringfenced PUP grant and Neighbourhood Policing Grant remaining at £7.6m & £4.5m respectively for the MTFS period.
89	The Borrowing Requirement and revenue consequences of this are continually under review as the capital programme is updated.

Earmarked Reserves - Opening and Closing Balances

		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Reserve	Actual Year End Balance - 31st March 2025	Forecast Year End Balance - 31st March 2026	Forecast Year End Balance - 31st March 2027	Forecast Year End Balance - 31st March 2028	Forecast Year End Balance - 31st March 2029	Forecast Year End Balance - 31st March 2029	Forecast Year End Balance - 31st March 2029
1	Reserves managed as third party reserves							
	Op Dagenham Maintenance Reserve	£0.121m	£0.120m	£0.109m	£0.108m	£0.108m	£0.107m	£0.106m
	Total	£0.121m	£0.120m	£0.109m	£0.108m	£0.108m	£0.107m	£0.106m
2	Ringfenced Reserve							
	Proceeds of Crime Act	£1.509m	£1.080m	£0.905m	£0.730m	£0.555m	£0.380m	£0.205m
	Forfeiture Monies Reserve	£0.541m	£0.630m	£0.705m	£0.780m	£0.855m	£0.930m	£1.005m
	Restructuring Reserve	£0.316m	£0.288m	£0.288m	£0.288m	£0.288m	£0.288m	£0.288m
	Transformation Reserve	£0.787m	£0.237m	£0.237m	£0.237m	£0.237m	£0.237m	£0.237m
	Legal Reserve	£0.432m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m
	PEQF Reserve	£0.067m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m
	Restricted Grant and Contributions Reserve	£0.049m	£0.024m	£0.018m	£0.012m	£0.007m	£0.002m	£0.000m
	Insurance Reserve	£0.600m	£0.800m	£1.000m	£1.200m	£1.400m	£1.600m	£1.800m
	Total	£4.301m	£3.060m	£3.154m	£3.248m	£3.343m	£3.438m	£3.536m
3	Operational Reserves							
	Major Operational Reserve	£0.900m	£1.500m	£1.500m	£1.500m	£1.500m	£1.500m	£1.500m
	Chief Constables Operational C/Fwd	£0.725m	£0.725m	£0.725m	£0.725m	£0.725m	£0.725m	£0.725m
	Future Capital Funding	£0.100m	£0.100m	£0.100m	£0.100m	£0.100m	£0.100m	£0.100m
Total	£1.725m	£2.325m	£2.325m	£2.325m	£2.325m	£2.325m	£2.325m	
4	PFCC Reserves							
	Commissioning Grants	£5.877m	£6.377m	£6.377m	£6.377m	£6.377m	£6.377m	£6.377m
	Total	£5.877m	£6.377m	£6.377m	£6.377m	£6.377m	£6.377m	£6.377m
5	General Reserve							
	General Reserve	£12.068m	£14.446m	£14.046m	£14.521m	£15.121m	£15.721m	£15.721m
	Total Revenue Reserves	£24.093m	£26.328m	£26.011m	£26.579m	£27.273m	£27.967m	£28.064m

**CAPITAL PROGRAMME - 2026/27 BUDGET SETTING
EXPENDITURE & FINANCING SUMMARY**

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Capital Expenditure							
<u>Approved Projects</u>							
ANPR	253	0	0	0	0	0	253
Estates Business as Usual	2,116	13	0	0	0	0	2,128
Estates Strategy	5,447	2,462	0	0	0	0	7,909
I.T. Services	3,484	2,841	0	0	0	0	6,325
OPC	87	1,648	0	0	0	0	1,735
Other	419	0	0	0	0	0	419
SCD	84	0	0	0	0	0	84
Transport	3,417	1,670	0	0	0	0	5,087
	15,306	8,634	0	0	0	0	23,939
<u>Subject to Approval Projects</u>							
ANPR	0	120	120	120	120	120	600
Estates Business as Usual	0	1,995	1,994	1,800	1,800	1,800	9,389
Estates Strategy	1,000	8,126	21,328	14,500	14,250	13,250	72,454
I.T. Services	0	5,048	3,771	3,273	4,099	4,050	20,241
OPC	0	0	0	0	0	0	0
Other	7	500	500	500	500	500	2,507
SCD	0	0	0	0	0	0	0
Transport	0	1,555	3,800	3,325	3,970	3,900	16,550
	1,007	17,344	31,513	23,518	24,739	23,620	121,740
<u>Total by Department</u>							
ANPR	253	120	120	120	120	120	853
Estates Business as Usual	2,116	2,008	1,994	1,800	1,800	1,800	11,517
Estates Strategy	6,447	10,588	21,328	14,500	14,250	13,250	80,363
I.T. Services	3,484	7,889	3,771	3,273	4,099	4,050	26,566
OPC	87	1,648	0	0	0	0	1,735
Other	426	500	500	500	500	500	2,926
SCD	84	0	0	0	0	0	84
Transport	3,417	3,225	3,800	3,325	3,970	3,900	21,637
	16,312	25,978	31,513	23,518	24,739	23,620	145,680
Financing Sources to be Applied							
Capital receipts	(3,350)	(2,975)	(2,250)	(7,218)	(8,689)	(4,093)	(28,575)
Grants & contributions	(42)	0	0	0	0	0	(42)
Revenue funding	0	(1,000)	(1,000)	0	0	(3,000)	(5,000)
Borrowing	(12,920)	(22,003)	(28,263)	(16,300)	(16,050)	(16,527)	(112,062)
	(16,312)	(25,978)	(31,513)	(23,518)	(24,739)	(23,620)	(145,680)
Total Unfinanced Expenditure	0	0	0	0	0	0	0

**CAPITAL PROGRAMME - 2026/27 BUDGET SETTING
CFR & MRP SUMMARY**

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Opening CFR	37,926	48,227	66,697	89,613	99,160	108,063	37,926
Capital Expenditure							
Approved projects - long-life	7,562	2,475	0	0	0	0	10,037
Approved projects - short-life	7,743	6,159	0	0	0	0	13,902
Subject to Approval projects - long-life	1,000	10,121	23,322	16,300	16,050	15,050	81,843
Subject to Approval projects - short-life	7	7,223	8,191	7,218	8,689	8,570	39,897
	16,312	25,978	31,513	23,518	24,739	23,620	145,680
Financing Sources to be Applied							
Capital receipts	(3,350)	(2,975)	(2,250)	(7,218)	(8,689)	(4,093)	(28,575)
Grants & contributions	(42)	0	0	0	0	0	(42)
Revenue funding	0	(1,000)	(1,000)	0	0	(3,000)	(5,000)
	(3,392)	(3,975)	(3,250)	(7,218)	(8,689)	(7,093)	(33,617)
Minimum Revenue Provision							
Historic unfinanced borrowing	(500)	(500)	(500)	(500)	(500)	(500)	(3,000)
Current projects - long-life	(574)	(772)	(1,054)	(1,612)	(2,019)	(2,421)	(8,452)
Current projects - short-life	(1,544)	(2,261)	(3,793)	(4,641)	(4,627)	(4,627)	(21,494)
	(2,619)	(3,533)	(5,346)	(6,753)	(7,147)	(7,548)	(32,946)
Closing CFR	48,227	66,697	89,613	99,160	108,063	117,042	117,042

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total (all years)
	£000	£000	£000	£000	£000	£000	£000
FINANCING COSTS							
Minimum Revenue Provision (MRP)	2,619	3,533	5,346	6,753	7,147	7,548	32,946
Interest costs	175	849	2,033	2,643	3,052	3,348	12,100
Total revenue impact of borrowing	2,794	4,382	7,379	9,396	10,198	10,896	45,046

CAPITAL PROGRAMME - 2026/27 BUDGET SETTING
CAPITAL RESOURCES SUMMARY

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£000	£000	£000	£000	£000	£000
Capital receipts						
<i>Opening balance</i>	-	-	-	-	(12,782)	(4,093)
Received	(3,350)	(2,975)	(2,250)	(20,000)	-	-
Applied for financing	3,350	2,975	2,250	7,218	8,689	4,093
Closing balance	-	-	-	(12,782)	(4,093)	-
Grants and contributions						
<i>Opening balance</i>	-	-	-	-	-	-
Received	(42)	-	-	-	-	-
Applied for financing	42	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Revenue funding						
<i>Opening balance</i>	(100)	(100)	(100)	(100)	(1,100)	(2,100)
Received	-	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Applied for financing	-	1,000	1,000	-	-	3,000
Closing balance	(100)	(100)	(100)	(1,100)	(2,100)	(100)
Totals						
<i>Opening balance</i>	(100)	(100)	(100)	(100)	(13,882)	(6,193)
Received	(3,392)	(3,975)	(3,250)	(21,000)	(1,000)	(1,000)
Applied for financing	3,392	3,975	3,250	7,218	8,689	7,093
Closing balance	(100)	(100)	(100)	(13,882)	(6,193)	(100)