

JOINT MANAGEMENT BOARD**DECISION NO. 2026/31****DATE: 05.10.2026****Medium Term Financial Strategy Review****Executive Summary:**

This paper presents a review of the Medium Term Financial Strategy forecast (MTFS), highlighting changes in the assumptions and modelling.

Recommendation:

- 1) That the Board note the changes in the assumptions and modelling
- 2) That the Board accepts the updated MTFS and approves it for publication as a revised version.

I have reached the following decision:

Approval of the recommendation.

My rationale for this decision is:

The Medium-Term Financial Strategy is fundamental in promoting good financial planning, the delivery of value for money, ensuring operational threats and risks are addressed and managed in line with operational demand and agreed priorities. This mid-year review provides updated figures based upon changes in the financial assumptions and modelling to take account of the most recent information.

Signature**Date 05.10.2026****Police & Crime Commissioner****Signature****Date 05.10.2026****Chief Constable**

PART 1 - NON-CONFIDENTIAL FACTS AND ADVICE

Introduction and background

1. The current Medium Term Financial Strategy forecast (MTFS) was agreed at JMB on 28/01/2026 and is attached at Appendix 1.
2. It can be seen from Appendix 1 that there was a forecast funding gap of £8.3m in 2027/28 and a total funding gap of £19.6m in the four years up to 2030/31.
3. There were, however a number of key assumptions built in to the MTFS that have changed and have a significant impact on the MTFS forecast. These changes are listed below:
 - a) We have assumed the government settlement for policing will remain at a flat cash rate. However, analysis shows that over the previous 10 years, the grant has increased at an average of 3.98% per annum.
 - b) The requirements of the Neighbourhood Policing Grant combined with those of the previous Police Uplift Programme and the Maintenance Grant meant that we had to programme the capacity to increase officer numbers. The Neighbourhood Policing Grant conditions have now changed and other grants have now rolled up into the main settlement or policing.
 - c) We assumed a pay settlement of 3%. However, the settlement for officers has been agreed at 3.5% with the government providing funding for the additional increase up to the end of 2028/29. Whilst it has been indicated that this funding will be rolled up into the main settlement, we have yet to receive confirmation of this position.
 - d) We are also now aware of a number of operational funding streams being reduced and have reflected these in our review.
 - e) There are also a number of smaller items that have become clearer such as charges for national systems and the increased employee mileage rate.
4. The revised MTFS forecast is shown at Appendix 2, reflecting the changes listed above. It can be seen that the funding gap in 2027/28 is now £2.3m and we expect this to be closed through our annual Priority Based Budgeting exercise. In the medium term, up to 2030/31 the forecast funding gap is now £10.5m with a peak in 2029/30 when the pay settlement funding is due to cease.
5. In carrying out the review of the MTFS we also identified a number of future items that we need to monitor, but do not yet require a financial provision:
 - a. Sentencing Act – we currently have a provision in our MTFS based on NPCC estimates, however the full impact will only emerge over time
 - b. Introduction of Domestic Abuse Protection Orders – this will be addressed through our annual PBB exercise but the longer term impact is currently unknown.
 - c. PCC transition – we know there will be a transition required but the financial impact is not yet known
 - d. 2028 Euro's and the G7 – preparation for these events is underway however, the financial impact is currently unknown

Financial Comments

6. Work continues with our annual PBB exercise in line with budgeting timetables for the 2027/28 budget.

Legal Comments & Commercial Comments

7. Legal implications associated with this update will be considered through the PBB exercise in setting the 2027/28 budget.

HR Comments

8. HR implications associated with this update will be considered through the PBB exercise in setting the 2027/28 budget.

Equality Comments

9. There are no specific equality comments associated with this update.

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.

Is there a Part 2 form – No

If yes, for what reason: the report contains restricted information relating to Law Enforcement, section 31 and Commercial Interest, section 43 of the Freedom of Information Act 2000.

Contact Officer: Bill Malloy – Chief Finance Officer (Constabulary)

Email: william.malloy@cheshire.police.uk

CHIEF FINANCE OFFICER (OPCC) DECLARATION:

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the presentation of this report. I am satisfied that this is an appropriate request to be submitted to the Police & Crime Commissioner.

Signature



Date: 05.10.2026

Appendix 1 – MTFS 2027-2031

Table 1 - MTFS Revenue Budgets	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Base budget (Gross)	307,654	323,470	329,352	336,498	343,775
Inflation	13,131	8,686	9,477	9,832	10,139
Commitments & Unavoidable Demand	9,430	5,578	1,508	1,297	898
Savings identified	-6,745	-126	0	0	0
Gross Expenditure	323,470	337,609	340,336	347,627	354,812
Income and specific grants	-30,377	-29,768	-29,808	-29,850	-29,893
	293,093	307,841	310,528	317,777	324,919
Transfer to/(from) reserves	-181	0	0	0	0
Net Budget to be funded	292,912	307,841	310,528	317,777	324,919
Government grant	-163,741	-163,741	-163,741	-163,741	-163,741
Legacy Council Tax Grant	-8,256	-8,256	-8,256	-8,256	-8,256
Council tax - Precept	-120,608	-127,587	-134,693	-141,928	-149,295
Council tax - Collection Fund	-307	0	0	0	0
Total Funding	-292,912	-299,584	-306,690	-313,925	-321,292
Budget Gap	0	8,257	3,838	3,852	3,627
Total Cumulative Budget Gap 2026-2031					19,574

Appendix 2 – Revised MTFS 2027-2031

	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Base budget (Gross)	323,512	334,192	343,963	352,217
Inflation	10,207	11,235	11,651	12,032
Commitments & Unavoidable Demand	2,768	454	1,155	-227
Gross Expenditure	336,487	345,881	356,769	364,022
Income and specific grants	-32,652	-32,824	-30,813	-30,982
	303,835	313,057	325,955	333,040
Transfer to/(from) reserves	500	500	0	0
Net Budget to be funded	304,335	313,557	325,955	333,040
Government grant	-166,197	-168,690	-171,220	-173,789
Legacy Council Tax Grant	-8,256	-8,256	-8,256	-8,256
Council tax - Precept	-127,587	-134,693	-141,928	-149,295
Council tax - Collection Fund	0	0	0	0
Total Funding	-302,040	-311,639	-321,404	-331,340
Budget Gap	2,295	1,918	4,551	1,700
Total Cumulative Budget Gap 2027-31				10,465