



**Durham Police & Crime Commissioner and
Durham Constabulary
Medium Term Financial Plan
2026/27 to 2030/31**

Executive Summary

The Medium-Term Financial Plan (MTFP) 2026/27 to 2030/31 sets out the financial framework that will support the delivery of policing and community safety services across County Durham and Darlington over the next five years.

The financial outlook remains challenging. Whilst the 2026/27 budget has been balanced through a combination of planned reserve usage, efficiency measures and funding increases announced through the Comprehensive Spending Review and Police Funding Settlement, significant financial uncertainty remains over the medium term. Continuing pressures arising from pay awards, inflation, increasing demand for services and capital investment requirements are expected to result in expenditure growth exceeding available funding from 2027/28 onwards.

The MTFP identifies a number of key financial challenges which will require continued management and oversight throughout the planning period, including:

- Forecast budget deficits from 2027/28 onwards requiring further recurring efficiencies and productivity improvements.
- The depletion of capital reserves, resulting in increasing reliance on borrowing and revenue contributions to finance future capital investment.
- Ongoing uncertainty regarding future police funding arrangements, including potential reform of the police funding formula.
- Future decisions regarding council tax flexibility and the impact this may have on local funding levels.
- Uncertain future investment requirements associated with the Emergency Services Network (ESN), estates, fleet replacement, technology investment and wider police reform.
- Continuing inflationary, workforce and demand pressures affecting the affordability of policing services.

Despite these challenges, the PCC and Chief Constable remain committed to delivering the priorities set out in the Police, Crime and Justice Plan 2025–2029. The organisation will continue to focus on financial sustainability through robust financial management, workforce planning, investment in technology, productivity improvements and the identification of ongoing efficiencies that protect frontline services wherever possible.

The MTFP demonstrates that the organisation remains financially resilient in the short term. However, maintaining long-term financial sustainability will require continued investment in transformation, careful management of reserves and capital resources, and timely action to address emerging budget pressures as they arise.

The plan will be refreshed annually and reviewed throughout the year to ensure that financial assumptions remain robust and that resources continue to be aligned to strategic priorities and operational requirements.

Introduction

The Medium-Term Financial Plan (MTFP) sets out the financial framework that will support the delivery of policing and community safety services across County Durham and Darlington over the five-year period from 2026/27 to 2030/31.

The financial environment facing policing continues to be challenging. Whilst the Comprehensive Spending Review and annual Police Funding Settlement have provided greater certainty regarding future funding levels, significant pressures remain arising from workforce costs, inflation, increasing operational demand, capital investment requirements and wider economic uncertainty. At the same time, policing continues to face a rapidly evolving landscape of technological change, legislative developments and growing public expectations.

The Police and Crime Commissioner (PCC) and Chief Constable remain committed to delivering the priorities set out within the Police, Crime and Justice Plan 2025–2029 whilst maintaining strong financial governance, operational effectiveness and long-term financial sustainability. Achieving this will require continued focus on efficiency, productivity, innovation and investment to ensure that resources are aligned to priorities and provide value for money.

The MTFP has been developed in the context of the strategic priorities contained within the Police, Crime and Justice Plan, the operational objectives set out within the Chief Constable's Delivery Plan and the future demand, capacity and capability requirements identified through the Force Management Statement. Together, these documents provide the strategic, operational and financial framework through which resources are directed to current and future policing and community safety requirements.

This MTFP brings together the latest assumptions relating to government funding, council tax, pay awards, inflation, capital investment, borrowing and reserves. It provides a framework for financial planning and decision-making, identifies the principal financial risks facing the organisation and supports the delivery of both local and national policing priorities.

The MTFP forms part of the PCC's wider financial management framework and should be read alongside the annual Budget Report, Treasury Management Strategy, Reserves Strategy and Capital Programme. Collectively, these documents support the effective stewardship of public funds and provide the framework through which financial sustainability, affordability, prudence and financial resilience are assessed and maintained.

The Plan will be reviewed and updated regularly to reflect changes in funding, demand, government policy, operational requirements and organisational priorities, ensuring that resources continue to be aligned to the needs of communities across County Durham and Darlington.

Purpose

The purpose of this financial planning document is to provide a basis for determining:

- The level of resources likely to be available to deliver local and national priorities.
- The impact of future service demands upon the revenue budget.
- The impact of external factors, including inflation, demand growth and changes in government policy.
- The level of capital investment required to support operational policing and organisational priorities.

- The revenue implications of capital investment decisions.
- The appropriate level and planned use of reserves.
- The impact of financial planning assumptions on council tax levels.
- The key financial risks and uncertainties facing the PCC and Constabulary.
- The actions required to maintain long-term financial sustainability and resilience.

Strategic Planning Principles

In developing the Medium-Term Financial Plan, the PCC and Chief Constable have applied the following principles:

- Financial resources will be aligned to strategic priorities and operational need.
- Financial sustainability and resilience will be maintained over both the short and long term.
- Budgets will be realistic, balanced and underpinned by robust assumptions.
- Financial plans will take account of inflation, workforce costs, reserves, risk and the achievability of savings and efficiency targets.
- Capital investment decisions will be affordable, prudent and sustainable and will be aligned to the Estates Strategy, ICT Strategy and operational requirements.
- Opportunities to improve productivity, invest in technology and enhance service delivery will be actively pursued.
- Financial decisions will support value for money and continuous improvement.
- The PCC's finances will be managed transparently and communicated openly to stakeholders.
- Residents and stakeholders will continue to be engaged on council tax and budget proposals.

The MTFP has been prepared on the basis that:

- Budgets will remain affordable and will not compromise the PCC's financial resilience.
- Council tax increases will balance the need to protect taxpayers with the requirement to maintain effective and efficient policing services.
- Spending proposals must demonstrate value for money and support the achievement of strategic priorities.
- Expenditure will only be approved where sustainable funding has been identified.
- External funding opportunities will be pursued where these support long-term objectives and do not expose the PCC to unacceptable future financial commitments.

- Financial decisions will take account of both current operational requirements and future sustainability challenges.

Revenue Expenditure

Financial Planning Assumptions

The Medium-Term Financial Plan has been developed using a range of assumptions relating to pay awards, inflation, government funding, council tax, capital financing costs and workforce planning. The assumptions represent management's best estimate of future costs and income based on information available at the time of preparation and will be reviewed regularly as further information becomes available.

The key income assumptions are based on the 2026/27 Police Funding Settlement, the Comprehensive Spending Review, approved council tax plans and anticipated taxbase growth over the planning period. Expenditure assumptions reflect anticipated pay awards, inflationary pressures, capital financing costs and known operational and organisational commitments.

The table below summarises the principal planning assumptions used to construct the Medium-Term Financial Plan:

	Estimate 2026/27	Estimate 2027/28	Estimate 2028/29	Estimate 2029/30	Estimate 2030/31
Officer Pay Inflation (from September each year)	3.0%	2.5%	2.5%	2.0%	2.0%
Officer Pension Contribution Increase	0%	0%	0%	0%	0%
Staff Pay Inflation	3.0%	2.5%	2.5%	2.0%	2.0%
Police Staff Pension Contribution Increase	0%	0%	0%	0%	0%
Police Officer Vacancy Factor	0%	0%	0%	0%	0%
Police Staff Vacancy Factor (except for call handlers and detention officers which is set at 0%)	8%	8%	8%	8%	8%
Other Non-Pay Inflation (except where contractually based)	0%	0%	0%	0%	0%
Council Tax Increase Band D	Actual	£15	£15	£15	£15
Tax Base Growth	Actual	1.3%	1.3%	1.3%	1.3%
Police Grant Growth	Actual	4%	2%	2%	0%
Other Income Inflation – Budgetary Improvement	0%	0%	0%	0%	0%

Revenue Budget Forecast

The Medium-Term Financial Plan forecasts continued growth in expenditure over the planning period, driven primarily by workforce costs, inflationary pressures, operational demand and the increasing revenue impact of the capital programme.

Employee costs remain the most significant area of expenditure, reflecting the resource-intensive nature of policing. In addition, increasing capital financing costs are forecast as capital reserves reduce and a greater proportion of future capital investment is funded through borrowing and revenue contributions.

The revenue forecasts also incorporate anticipated government funding increases announced through the Comprehensive Spending Review, council tax increases, taxbase growth and ongoing grant funding, including the Neighbourhood Policing Grant.

Budget Heading	Outturn 2025/26	Estimate 2026/27	Estimate 2027/28	Estimate 2028/29	Estimate 2029/30	Estimate 2030/31
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	154,570	161,065	169,744	175,319	180,771	185,820
Premises	7,987	8,108	8,299	7,801	8,003	8,206
Transport	3,188	3,199	3,297	3,146	3,248	3,372
Supplies and Services	18,971	18,103	18,397	15,910	15,341	15,794
Joint & Other Authorities	3,457	3,810	3,879	3,941	4,005	4,073
<u>less</u>						
Income						
Customer & Client Receipts	(6,539)	(5,312)	(5,213)	(5,702)	(5,708)	(5,710)
Collaboration income	(1,783)	(2,236)	(2,236)	(2,236)	(1,986)	(1,986)
Secondment Income	(2,001)	(2,056)	(2,078)	(2,097)	(2,116)	(2,131)
Special Grants	(2,847)	(2,832)	(2,832)	(2,832)	(2,832)	(2,832)
Police Constabulary Costs	175,003	181,849	191,257	193,250	198,726	204,606
MoJ Grant	(1,583)	(1,443)	(1,443)	(1,443)	(1,443)	(1,443)
PCC commissioning	2,272	2,350	2,350	2,350	2,350	2,350
Community Peer Mentors	330	427	427	427	427	427
Victim Care & Advice Services	635	615	615	615	615	615
Net Commissioning costs	1,654	1,949	1,949	1,949	1,949	1,949
PCC Office Costs	1,998	2,165	2,205	2,245	2,278	2,312
Total PCC costs	3,652	4,114	4,154	4,194	4,227	4,261
LESS						
Interest	(1,101)	(750)	(700)	(650)	(650)	(650)
Special grants PCC	(8,402)	(7,974)	(8,076)	(8,076)	(8,076)	(8,076)
PLUS						
Contribution To/ From (-) Reserve	0	(1,000)	0	0	0	0
Capital Financing Costs	996	1,266	1,745	4,839	6,829	7,981
Total	(8,507)	(8,458)	(7,031)	(3,887)	(1,897)	(745)
Net Expenditure	170,148	177,505	188,380	193,557	201,056	208,122
Funded by						
DCLG Grant	(47,319)	(49,222)	(50,994)	(52,269)	(53,315)	(54,381)
Police Grant	(59,473)	(61,876)	(64,103)	(65,706)	(67,020)	(68,360)
Council Tax Support Grant	(6,110)	(6,110)	(6,110)	(6,110)	(6,110)	(6,110)
Pension grant	(3,903)	(3,903)	(3,903)	(3,903)	(3,903)	(3,903)
Council Tax	(52,259)	(56,392)	(60,059)	(63,730)	(67,486)	(71,330)
Total Funding	(169,064)	(177,503)	(185,169)	(191,718)	(197,834)	(204,084)
(Surplus) / Deficit	1,084	-	3,211	1,839	3,222	4,038

Whilst the 2026/27 budget has been balanced through a combination of planned reserve usage and the delivery of in-year efficiencies, forecast expenditure growth continues to exceed forecast funding growth over the medium term.

The current Medium-Term Financial Plan forecasts revenue deficits from 2027/28 onwards which will require further action to maintain long-term financial sustainability. Work is ongoing to identify additional efficiencies, productivity improvements and opportunities to make greater use of technology and process improvement to support future financial resilience whilst maintaining service delivery.

The Medium-Term Financial Plan incorporates the estimated impact of workforce planning initiatives and anticipated efficiency savings; however, further work will be

required throughout the planning period to identify and deliver recurring savings sufficient to close the forecast budget gaps.

The forecasts should be viewed in the context of a number of significant uncertainties, including future pay awards, inflation, demand, capital funding requirements, police reform and future funding arrangements. These risks are considered in more detail within the Financial Risks and Financial Resilience sections of this report.

Capital Expenditure

The capital programme supports investment in the estate, fleet, ICT infrastructure and operational equipment required to maintain effective and efficient policing services across County Durham and Darlington.

The PCC no longer receives capital grant funding from Government. As a result, capital investment must be financed through a combination of capital receipts, capital reserves, revenue contributions and borrowing. The choice of funding mechanism affects both the affordability of the capital programme and the ongoing impact on the revenue budget.

The current capital programme is designed to maintain operational capability whilst remaining affordable within the wider Medium-Term Financial Plan. However, the continued absence of dedicated Government capital funding presents an increasing challenge and creates additional pressure on both capital and revenue resources over the planning period.

Revenue Impact of the Capital Programme

Capital investment has a direct impact on future revenue budgets through capital financing costs. The PCC may choose to finance capital expenditure through capital receipts, reserves, revenue contributions or borrowing in accordance with the Prudential Code for Capital Finance.

The associated financing costs have been calculated based on the expected useful life of assets, including:

- Motor vehicles – 4 years
- ICT systems – 5 years
- ANPR and operational equipment – 10 years
- Minor building works – 20 years
- Major building works – 40 years

The current funding strategy assumes that short-life assets, such as fleet, ICT and operational equipment, will continue to be funded primarily from capital reserves and capital receipts. Longer-life assets, including estates investment, are funded through internal borrowing, resulting in Minimum Revenue Provision (MRP) charges and financing costs falling on the revenue budget over the life of the asset.

The current approach to funding short-life assets is viable in the short term but is not sustainable over the longer term. Capital receipts and reserves are finite resources

and are forecast to reduce significantly over the life of the Medium-Term Financial Plan. Once these resources are exhausted, the PCC will need to consider alternative funding sources to support ongoing asset replacement.

Funding short-life assets through borrowing would result in additional capital financing costs through increased interest charges and MRP, creating recurring pressure on the revenue budget. This would reduce the resources available to support operational policing and increase the scale of the savings required to maintain a balanced financial position.

Revenue contributions to capital represent a more sustainable long-term funding solution. However, forecast revenue deficits exist throughout much of the planning period and the ability to increase revenue funding of capital investment is constrained by the wider financial pressures facing the organisation. Consequently, delivering a sustainable capital funding strategy remains one of the most significant challenges within the Medium-Term Financial Plan.

The increasing reliance on borrowing and the planned reintroduction of revenue contributions to capital in later years are significant factors contributing to the financial pressures identified within the Medium-Term Financial Plan.

Capital Programme

	Outturn 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'000	Estimate 2029/30 £'000	Estimate 2030/31 £'000
Expenditure						
Buildings: Major works	950	1,000	1,000	1,000	1,000	1,000
Buildings: Minor Works	537	1,000	1,000	1,000	1,000	1,000
Buildings carry forward from prior year	0	0	0	0	0	0
Vehicles	1,290	1,450	1,450	1,500	1,500	1,500
Vehicle carry forward from prior year	0	0	0	0	0	0
ICT	3,112	5,643	5,643	4,463	4,463	4,463
Equipment	333	270	270	270	270	270
Total	6,222	9,363	9,363	8,233	8,233	8,233
Funding						
Capital Grant	899	58	167			
Special Grant			4,083	2,770	1,720	
Capital Receipts	3,470	4,392	200	100	100	100
Revenue Contribution				1,900	2,950	3,150
Strategic Reserve						
Self-Financed Borrowing	1,853	4,913	4,913	3,463	3,463	4,983
Total	6,222	9,363	9,363	8,233	8,233	8,233
Capital Financing Costs						
Minimum Revenue Provision	605	724	1,371	2,565	3,505	4,457
Revenue Contribution	0	0	0	1,900	2,950	3,150
Contribution from Reserves	0	0	0	0	0	0
Interest Charges	374	542	374	374	374	374
Total	979	1,266	1,745	4,839	6,829	7,981

Capital Sustainability

Total annual capital investment is broadly maintained across the planning period to support the replacement of essential assets and maintain operational effectiveness.

Capital reserves are projected to reduce significantly over the life of the Medium-Term Financial Plan and are expected to be largely depleted by 2027/28. As a result, future

capital investment will increasingly rely upon borrowing and revenue contributions, placing additional pressure on future revenue budgets through higher financing costs.

The current capital programme maintains investment in core assets but does not include provision for a number of significant future requirements where national or local plans remain uncertain. These include:

- Emergency Services Network (ESN) implementation and associated technology investment.
- Fleet decarbonisation and wider environmental sustainability requirements.
- Significant estates redevelopment or refurbishment projects beyond current commitments.
- Additional technology investment arising from national policing programmes or police reform.

These risks will continue to be monitored and incorporated into future iterations of the Medium-Term Financial Plan as greater certainty becomes available.

Major Areas of Capital Investment

Estates

The programme includes annual provision of £1.0m for major building works and £1.0m for minor building works. Investment supports legislative compliance, maintenance of operational buildings and improvements to police facilities. Further work is progressing through the Estates Strategy to identify longer-term investment requirements and priorities.

Fleet

Investment in fleet is broadly maintained at £1.5m per annum. The programme assumes that future fleet replacement, including any transition towards lower-emission vehicles, can be accommodated within existing funding levels.

ICT

The programme includes £3.0m investment per annum in ICT infrastructure, systems and equipment. Continued investment in technology is essential to support operational policing, productivity improvements, cyber resilience and more efficient ways of working. However, maintaining ICT investment within current funding levels remains challenging given increasing technological demands and future national programme requirements.

Investment increases in 2026/27 and 2027/28 to support the implementation of a new operational policing system. Whilst investment levels reduce thereafter, they remain above historic levels throughout the planning period, reflecting the continued need to invest in digital infrastructure, system replacement and technology-enabled transformation. Continued investment in technology is essential to support operational policing, improve productivity and enable more efficient ways of working. Sustained investment in ICT will also play a key role in delivering future efficiencies and supporting the long-term financial sustainability of the organisation.

Equipment

Provision is included for the replacement and upgrade of operational equipment required to support frontline policing and operational effectiveness.

Reserves and Financial Resilience

Maintaining an appropriate level of reserves is a key component of the PCC's overall financial strategy and supports both financial resilience and long-term sustainability. Reserves provide protection against unforeseen events, support investment in organisational change and service improvement, and help manage the financial impact of short-term volatility in funding, demand and expenditure.

The PCC's approach to reserves is set out in the Reserves Strategy 2026/27, which is reviewed annually alongside the Medium-Term Financial Plan (MTFP). The strategy establishes the framework for the management, monitoring and use of reserves, ensuring reserve levels remain proportionate to the risks facing the organisation and aligned to the delivery of the Police, Crime and Justice Plan.

Reserves comprise three principal categories:

- General Reserve – held to provide resilience against unforeseen events and exceptional financial pressures.
- Earmarked Reserves – held for specific approved purposes, known commitments, investment priorities and identified risks.
- Capital Reserves – held to support the financing of the capital programme, including investment in estates, fleet, ICT and operational equipment.

Forecast Reserves Position

	Balance at 31 March 2025	Movement 2025/26	Balance at 31 March 2026	Movement 2026/27	Balance at 31 March 2027	Movement 2027/28	Balance at 31 March 2028	Movement 2028/29	Balance at 31 March 2029	Movement 2029/30	Balance at 31 March 2030
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General	6,559	0	6,559	550	7,109	300	7,409	300	7,709	250	7,959
Capital Grants Unapplied	951	(726)	225	(58)	167	(167)	0	0	0	0	0
Capital Contributions	0	0	0	0	0	0	0	0	0	0	0
Capital Receipt	7,762	(3,370)	4,392	(4,292)	100	(100)	0	0	0	0	0
Earmarked Reserves	16,878	(1,200)	15,678	(1,550)	14,128	(5,383)	8,745	(3,070)	5,675	(1,970)	3,705
Total Reserves	32,150	(5,296)	26,854	(5,350)	21,504	(5,350)	16,154	(2,770)	13,384	(1,720)	11,664

The financial position at the end of 2025/26 improved significantly compared with the assumptions made when the budget was set. Whilst reserve usage of £6m was originally forecast to support a balanced budget, the latest forecast indicates that only £1m will be required. This strengthened position provides additional financial resilience entering 2026/27.

The 2026/27 budget includes the planned use of £1m from the Financial Resilience Earmarked Reserve alongside the delivery of in-year efficiencies. Whilst this supports a balanced budget in the short term, reserves are a finite resource and cannot provide a sustainable solution to recurring budget pressures. The forecast deficits identified within the MTFP will therefore need to be addressed through recurring efficiencies, investment in technology, process improvement and robust financial management.

As part of the annual review of reserves, a number of earmarked reserves have been examined to ensure they remain aligned to current organisational priorities and risk exposure. This review includes proposals to rationalise and repurpose certain historical reserves and transfer resources to the General Reserve where appropriate, ensuring it remains within the approved policy range and continues to provide an appropriate level of financial resilience.

The PCC's approved Reserves Strategy aims to maintain the General Reserve within a range of 4% to 5% of the Net Revenue Budget, with a minimum threshold of 3%. The General Reserve included within this MTFP remains within the approved range and will continue to be reviewed annually by the Chief Finance Officer as part of the budget-setting process.

Capital reserves continue to play an important role in supporting the capital programme, particularly the replacement of short-life assets such as fleet, ICT and operational equipment. However, capital reserves are forecast to reduce significantly over the planning period and are expected to be largely depleted by 2027/28.

The current approach of funding short-life assets through capital reserves and capital receipts is viable in the short term but is not sustainable over the longer term. Once these resources are exhausted, future asset replacement will need to be funded through borrowing, revenue contributions to capital or other funding sources.

Funding short-life assets through borrowing would increase capital financing costs through higher interest charges and Minimum Revenue Provision (MRP), creating additional recurring pressure on the revenue budget and further increasing the financial challenge already identified within the MTFP. Whilst revenue contributions to capital represent a more sustainable funding source, the ability to increase such contributions is constrained by the forecast revenue deficits facing the organisation over the medium term.

The adequacy of reserves, the sustainability of the capital funding strategy and the overall level of financial resilience will continue to be reviewed throughout the planning period as part of the annual budget and Medium-Term Financial Planning process. This will ensure that reserve levels remain appropriate to the financial risks facing the organisation and continue to support the delivery of policing and community safety priorities across County Durham and Darlington.

Significant Financial Risks

The Medium-Term Financial Plan has been prepared using prudent assumptions based on the best information available at the time of preparation. However, a number of strategic risks could significantly impact upon the financial sustainability of the PCC and Constabulary over the planning period. These risks will continue to be monitored through the established governance, performance and risk management arrangements.

Risk	Mitigating Actions	Lead Responsibility
Financial Sustainability and Budget Gap Delivery	• Delivery of savings, efficiency and productivity programmes.	PCC/CC Chief Finance Officer and Executive Team
	• Implementation of workforce planning initiatives.	
	• Investment in technology, modernisation and service redesign.	
	• Robust budget monitoring and financial governance arrangements.	
	• Regular review and refresh of the Medium-Term Financial Plan.	
Police Funding Reform and Future Funding Arrangements	• Monitor developments relating to police funding reform and future settlements.	PCC, Chief Executive and Chief Finance Officer
	• Monitor any review of the police funding formula and assess potential impacts.	
	• Maintain active engagement with Government, APCC and NPCC.	
	• Scenario planning and sensitivity analysis to inform future financial planning.	
Police Reform and Future Governance Changes	• Monitor developments relating to broader police reform proposals and governance changes.	PCC, Chief Executive and Chief Finance Officer
	• Assess implications arising from the proposed abolition of PCCs from 2028.	
	• Maintain engagement with national consultations and reform programmes.	
	• Review governance and financial arrangements as proposals develop.	
Capital Sustainability and Affordability	• Maintain delivery of an affordable capital programme aligned to operational priorities.	PCC Chief Finance Officer and Assistant Chief Officer
	• Maximise capital receipts and external funding opportunities.	

	• Review borrowing requirements and affordability.	
	• Develop a sustainable long-term capital funding strategy.	
	• Review opportunities to increase revenue contributions to capital where affordable.	
Future Capital Investment Requirements	• Maintain regular review of national and local capital investment requirements. • Monitor developments relating to ESN implementation. • Review future requirements relating to estates, fleet decarbonisation, environmental sustainability and technology investment. • Update the Capital Programme and MTFP as greater certainty emerges.	PCC Chief Finance Officer and Assistant Chief Officer
Future Precept Flexibility	• Continue engagement with Government regarding future precept flexibility. • Maintain a robust evidence base regarding Durham's relatively low taxbase and Band D position. • Reflect uncertainty through medium-term financial planning assumptions. • Develop contingency plans should future flexibility be reduced.	PCC and Chief Finance Officer
Demand, Workforce and Service Pressures	• Implement the Strategic Workforce Plan. • Regularly review operational demand, resource deployment and workforce affordability. • Continue prevention, problem-solving and demand management activity. • Align resources to priority areas identified through the Force Management Statement and operational planning processes.	Chief Constable and Executive Team

	• Maximise benefits from productivity improvements and technology investment.	
Pay, Inflation and Economic Pressures	• Monitor inflation, economic forecasts and national pay negotiations.	PCC/CC Chief Finance Officer
	• Undertake sensitivity analysis and scenario planning.	
	• Maintain appropriate reserves and financial resilience.	
	• Identify mitigating actions where expenditure exceeds planning assumptions.	
Regulatory, Inspection and Legislative Change	• Monitor developments arising from legislation, inspection activity and national policing requirements.	Chief Constable, Chief Executive and Executive Team
	• Assess financial and resource implications of new obligations.	
	• Maintain oversight through governance and performance arrangements.	
	• Incorporate emerging requirements into workforce and financial planning.	
Reserve Depletion and Financial Resilience	• Maintain reserves in accordance with the Reserves Strategy.	PCC Chief Finance Office
	• Review reserve adequacy as part of annual budget setting and MTFP updates.	
	• Limit reserve usage to one-off expenditure and managed transition arrangements.	
	• Ensure recurring budget pressures are addressed through sustainable solutions.	

Monitoring and Review

The Medium-Term Financial Plan is a dynamic planning tool and will be reviewed regularly to ensure that it remains aligned to the PCC's strategic priorities, operational requirements and financial position.

Financial assumptions and forecasts will be updated throughout the year to reflect changes in funding, inflation, pay awards, demand, capital investment requirements,

government policy and other external factors. This will ensure that the PCC and Chief Constable have an up-to-date assessment of financial sustainability and the affordability of current and future spending plans.

Progress against the MTFP will be monitored through regular budget monitoring and financial performance reporting. Significant variances, emerging pressures, savings delivery and changes to financial assumptions will be assessed and, where necessary, mitigating actions identified to protect financial resilience.

The MTFP will be formally refreshed each year as part of the annual budget setting process. This will include a review of funding assumptions, council tax plans, workforce costs, reserves, capital investment requirements and key financial risks to ensure the plan continues to provide a robust and sustainable financial framework for policing in County Durham and Darlington.

Particular attention will be given to developments in police funding reform, future governance arrangements, inflationary pressures, capital sustainability and other emerging national or local issues that may impact upon the financial position over the planning period.

Conclusion

The Medium-Term Financial Plan demonstrates that the PCC and Chief Constable remain financially resilient in the short term and have a clear strategy for managing future financial challenges. However, significant uncertainty remains regarding future funding levels, capital investment requirements, police reform and demand growth. Continued focus on productivity, efficiency, financial discipline and investment in technology will be essential to maintaining long-term financial sustainability and supporting the delivery of policing and community safety services across County Durham and Darlington.