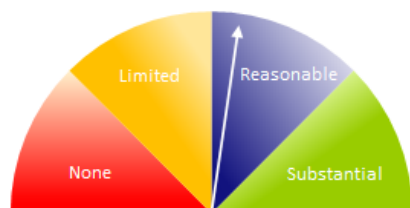


Audit Objective

To provide assurance that the medium-term financial planning (MTFP) process is robust, accessible and formed in line with the relevant Codes of Practice.

Executive Summary



Assurance Opinion

The review highlighted a generally sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement which put at risk the achievement of objectives.

Management Actions

Priority 1	0
Priority 2	3
Priority 3	3
Total	6

Organisational Risk Assessment

Medium

Our audit work includes areas that we consider have a medium organisational risk and potential impact.

The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.

Key Conclusions



A £774k net negative variance (including £1.3m of individual adverse variances) was forecast (May-25) for the delivery of the £12.3m 2025/26 savings requirement. We noted a lack of detail in the costings for some savings plans that may now be contributing to under delivery; potentially due to limited planning time.



The MTFP may benefit from the inclusion of further detail regarding its remit in delivering future elements of the Police and Crime Plan, and individual service plans, via concise/accessible schematics. A workforce strategy is being developed that will improve clarity of intentions for the Force's future people resources.



Although the Force's MTFP approach was generally found to be consistent with other similar/local forces, insights may be gained from the benchmarking of assumptions and forecasts completed during the review, to inform future versions. The Force's 'bottom-up' approach to planning could also be given more coverage.



The Force demonstrated commitment at all levels of the organisation in delivering a robust MTFP. Historical cost pressures are now being managed, savings are being maximised/delivered and increased funding is being pursued by Chief Officers and the OPCC, in order to secure viable long-term financial sustainability.

Audit Scope

We reviewed the Force's current MTFP to assess whether it:

- Reflected best practice/guidance/codes of practice.
- Aligned with organisational strategic priorities.
- Could be considered realistic and included recognised assumptions.
- Was accessible to stakeholders and reflected well when benchmarked.

We reviewed the Force's 'Revenue Budget for 2025/26 and the Medium-Term Finance Plan (MTFP) 2026/27 to 2028/29' report presented to Police & Crime Panel (04/02/25). Reserves have not been audited in detail but may warrant future review.

We met with the Chief Constable and the Police & Crime Commissioner in order to gather all stakeholder perspectives.

Summary

The Force's MTFP is accessible and includes some variety in its presentation and communication methods. This could be enhanced with further contextual schematics and direct links to the Police and Crime Plan's future priorities and individual Force strategies/service plans to illustrate their cohesion; however, the fundamentals are well presented and communicated. The Finance Team are advancing the initial stages of medium-term financial planning to start the process earlier in the financial year. We would support this approach as earlier planning will enable an extended period to consider the savings possible for 2026/27 (and beyond) and to produce detailed costed plans, agreed at all levels of the organisation, in readiness for the confirmation of grant settlements and the actualisation of any funding gaps. We noted the Force's concerns regarding future savings potentially impacting operational service delivery. The engagement of both the Finance Team in continuously improving monitoring/forecasting to augment accuracy of planning and Chief Officer/OPCC leadership in identifying savings and securing additional funding was noted. A rolling/continuous efficiency focus that engages all levels of the Force may be beneficial in securing sufficient future savings going forward. At the time of concluding our review, a 4.2% pay increase for police officers had been agreed, effective from 1st September 2025. High-level funding has been announced without detail.

Audit Findings & Management Action Plan - August 2025

Finding 1. Home Office Financial Management Code of Practice: Alignment to PCP

We concluded that Gloucestershire Constabulary's (GC's) 2025/26 to 2028/29 Medium Term Financial Plan (MTFP) covered all elements specified in the Home Office Financial Management Code of Practice in relation to:

- Being a requirement of the Financial Regulations;
- Having regard to affordability;
- Being multi-year;
- Covering capital and revenue interdependencies;
- Including the role of reserves; and
- Considering risk.

A consistent approach to other similar/regional Forces' MTFPs has been taken, in that the requirement 'to be aligned to the Police and Crime Plan' is delivered by stating the Police and Crime Plan's (PCP) current priorities with a retrospective review of the finances involved in supporting delivery in the prior financial year.

The Police and Crime Commissioner (PCC) does, however, refer in their Budget Overview statement to the Domestic Abuse/Violence Perpetrators Fund for 2025/26 and the continuance of the Ministry of Justice Victim Support funding.

The statement could additionally have referred to the Partnership Problem Solving Fund for 2025/26 and included a more direct link between each of the PCP priorities for the new financial year, and how funding is used by individual service areas to implement these.

We do appreciate, however, that this is often implicit in the information presented and that new income/expenditure is not always required to deliver the priorities within the PCP. Alignment with the Force's Gloucestershire Rapid Improvement Plan (GRIP) will also be key in future years.

Action

The Chief Finance Officer (OPCC) has agreed to link current Police & Crime Plan strategic priorities to future income and expenditure in the medium-term financial plan for 2026/27 onwards.

Priority	3	SWAP Reference	AP#7219
Responsible Officer	Chief Finance Officer (OPCC)		
Timescale	28 February 2026		

Finding 2. CIPFA Financial Management Code of Practice: Alignment to Force Strategies

In relation to fulfilling the requirements of the CIPFA Financial Management Code of Practice (the Code), we noted the following regarding the Force delivering a **robust** MTFP:

- A rolling multi-year MTFP is in place, but it does not directly evidence consistency with underlying sustainable service plans (see Finding 4 for associated action).
- Known cost pressures and commitments are included but over four not five years.
- A robust and credible baseline is pursued based on deep dives into key budget lines.
- The MTFP is aligned at a strategic level to the Force Management Statement (FMS) but less directly to service delivery strategies (Organisational Risk Assessments etc).
- Cost and demand drivers are understood via the full FMS process and key financial assumptions appear valid (see Finding 3).
- Scenario planning has taken place: pessimistic/realistic/optimistic (new for 25/26).
- Sensitivity analysis has taken place with three scenarios across five indicators.
- The MTFP is aligned to the Government's spending review; currently one year only.
- Corrective action has been taken to address weaknesses, via budget deep dives.

In addition, in relation to areas of **good practice** within the Code:

- The MTFP is owned by senior leaders and is aligned to key areas of the PCP.
- A minimum MTFP period of five years is recommended; currently a four-year plan is delivered. (Action not raised as the level of future uncertainties reduces its value).
- There is full participation and ownership from budget holders via the Service Choice Reviews (SCRs) and the FMS process that underpin the MTFP.
- A bottom-up approach that links to service plans is undertaken when producing the financial forecasts for the MTFP (aligned to operational plans/strategies via SCR's).
- Priorities are reviewed annually and there is a rolling approach to adapting the MTFP during finalisation, that is responsive to changes in assumptions.
- Outcome and/or zero-based budgeting has been implemented in some areas (e.g., overtime) and the MTFP reflects budget variances in prior years.
- The MTFP is not aligned to a strong workforce strategy as this is being developed.
- A savings and efficiency strategy has not been seen, but evidence of the Efficiencies Programme in operation has been viewed, and this aligns to the MTFP.
- Savings are not top sliced but developed for each business area reviewed.
- Savings are estimated to purely fund the income and expenditure gap; however, it is difficult to strive for more when the savings already required are so high.

The Force's MTFP compares well to the best practice guidance in place with further work to be completed in actualising workforce strategic intentions into a strategy, that can be more explicitly aligned with the MTFP.

Action

The Director of People & Business Services has agreed to ensure that a Workforce Strategy is delivered and is aligned to the next iteration of the medium-term financial plan.

Priority	2	SWAP Reference	AP#7220
Responsible Officer	Director of People & Business Services		
Timescale	31 December 2025		

Finding 3. Benchmarking of MTFP Assumptions

We reviewed the assumptions in the Force's MTFP and compared them to 10 other MTFPs (x7 Most Similar Force Group members and x3 Regional Forces; spreadsheet provided). We noted that the Force, along with 45% of our sample MTFPs, had opted for a 2% forecast for the 2025/26 pay award with a provision for an additional 0.8% contingency. This aligned with the remaining 55% of our sample. 4.2% has now been agreed, however, for police officers.

With regard to future grant income increases, the Force was more optimistic in its 2.5%/2.6% increase prediction with a 1.1% increase being the average forecast across other MTFPs. Other Force income was predicted to increase, whereas other Forces either did not disclose their income forecasts or this varied between 1% up and 1% down in their predictions.

Few other Forces disclosed their investment income forecasts with just one other stating predictions of 3.55%/3.5% rate of return from 2025/26 onwards. The Force's plan includes a 4.5%/4% return forecast. The Force's inflation prediction of 2.2% was in line with the average MTFP sample forecast of 2.2%; other Force forecasts ranged from 2% to 3.4%.

The Force presented as an outlier (second from greatest) regarding savings to be achieved in 2025/26: £12.33m with £3.37m having been brought forward from 2024/25 (ref: PCC Governance Board Budget Paper 2025-26). This may relate to force differences in the timing of savings needed to be made and GC's commitment to maximising savings in year. The Force is actively seeking financial support to invest in outdated technology, to support operational performance, and provide financial sustainability longer-term. General reserves are planned to be maintained at 3.5% of net budget requirement (NBR); other Forces ranging from 2-5%.

Finding 4. Benchmarking of MTFP Presentation

Other key benchmarking observations included:

- A retrospective financial review of the delivery of the PCP is included but a more forward focussed narrative with accompanying budget figures would improve clarity regarding MTFP alignment with PCP strategic priorities (see Finding 1 action).
- There is good coverage in relation to codes of practice expectations and outlining the assumptions used in the MTFP's development. Data correlates between the narrative report and underpinning spreadsheet (no recommendations re the latter).
- The Force's MTFP is similar to others in its narrative/chart driven approach to presenting the necessary financial information. Schematics could be used to aid interpretation and an example of this has been provided for reference.
- There is capacity to include more detail regarding links to service plans and strategies (particularly a workforce strategy) and to evidence a 'bottom-up'/service plan approach to the MTFP's development and composite budget allocations.
- 60% of the MTFP's reviewed covered the four years from 2025/26 to 2028/29 (as does the Force's) whereas 40% covered the five years through to 2029/30.

Action

The Head of Finance has agreed to consider SWAP's benchmarking of MTFP assumptions summary, alongside the NPCC's Comprehensive Spending Review (CSR) (Jul-25) base assumptions, when producing the plan for 2026/27 onwards.

Priority	3	SWAP Reference	AP#7221
Responsible Officer	Head of Finance		
Timescale	30 September 2025		

Action

The Head of Finance has agreed to consider the impact and accessibility of the information presented in the MTFP and to explore the use of schematics to communicate further detail (e.g., service area income and expenditure).

Priority	3	SWAP Reference	AP#7222
Responsible Officer	Head of Finance		
Timescale	31 December 2025		

Finding 5. Savings Programmes

The Force's high-level savings programme for 2025/26 is clear; it is being monitored at senior officer level and was forecasting to deliver £11.6m of the £12.3m planned at the end of P2:

Savings Requirement			
	25/26	Forecast @ P2	Variance
	£m	£m	£m
Officer overtime	1.185	1.534	0.349
Staff overtime	0.379	0.055	(0.324)
Mutually Agreed Resignation Scheme	1.413	1.519	0.106
Frozen posts (net of vacancy rate)	4.280	4.280	-
Rebalancing of Neighbourhood Policing	1.340	1.340	-
Third party, regional and national contracts	1.232	0.743	(0.489)
Service Choice (Tranches 1 and 2)	1.558	1.558	-
Service Choice (Tranches 3-5)	0.750	0.229	(0.521)
OPCC Efficiencies	0.197	0.302	0.105
Sub-total	12.334	11.560	(0.774)
		Of which pay	(0.285)
		Of which non-pay	(0.489)

* Revenue Budget Monitoring 2025-26 P2 Report for Finance Panel: 10 July 2025

The period two Finance Panel report states "No additional savings actions are considered necessary at this point in the year, but individual savings workstream activity will be continued and monitored on a monthly basis through Budget Gold, Finance Panel and Constabulary and PCC's Governance Boards." (P3 report requested but not yet available).

The shortfall in savings forecast to be delivered (£0.8m) may in part be due to the lack of detail within some individual plans agreed (see Finding 6). This negative variance contributes towards the £1.3m forecast overspend, potentially further pressuring the use of reserves. Reserve balances/forecasts have not been audited in detail during this review but may benefit from future review due to the scale of future savings, yet to be identified, but required to produce future balanced budgets. Historical reliance on reserves now limited.

Action

The Chief Finance Officer (Chief Constable) has agreed to review the period two forecast shortfall for 2025/26 and to revisit the associated service areas regarding delivery of the savings or seek alternative sources.

Priority	2	SWAP Reference	AP#7223
Responsible Officer	Chief Finance Officer (Chief Constable)		
Timescale	30 September 2025		

Finding 6. Savings Plans	Action			
We further reviewed the detail of the comprehensive savings programme in relation to its composite elements and the basis of these and their current forecasts. We noted that some elements of the 2025/26 agreed saving programme lacked detail (e.g., Transport/Specialist Operations/Force Command Room budgets). For example, estimates were costed in detail to deliver only 50% of the savings agreed for Transport/Fleet (<i>ref: £201k outlined in Budget Gold meeting paper</i>). Significant cultural changes are required to deliver some of these savings and would take time to embed; this requires detailed costed plans and budget holder ownership to deliver. Savings are allocated to budget lines, but it was unclear if all estimates were agreed with budget holders and if they are being monitored throughout 2025/26 in order to realistically be delivered.	The Director of People and Business Services has agreed to ensure that savings plan for 2026/27 onwards are costed in detail as early as possible in the MTFP process and are allocated to budget holders to deliver, where appropriate.			
	Priority	2	SWAP Reference	AP#7224
	Responsible Officer		Director of People and Business Services	
	Timescale		31 December 2025	