



2025/26 P4 and update against savings

For discussion

Please ensure ALL sections of this report are fully completed after discussing with the subject expert and a version control included.

Meeting name:	JIAC
Date of meeting:	30 September 2025
Title of paper:	2025/26 P4 and update against savings
Author:	Anna Wykurz, Senior Finance and Commercial Business Partner Alix Garfath-Cox, Head of Finance
Sponsor/ Board member:	Matt Ulyatt, Chief Constable's Chief Finance Officer Peter Robinson, PCC's Chief Finance Officer

Executive summary:

This P4 report is a high-level update on the P3 forecast, and takes account of only known material changes from P3. An in-depth review of the forecast will be provided at P5.

As at the end of P4, we are forecasting a **£1.7m overspend** on the revenue budget of £168.4m (P3: £2.4m overspend but with redundancy costs shown as pressure on the budget. In P4 these cost are offset by specific reserve drawdown).

The material elements of the £1.7m forecast overspend are shown in the table below:

	£m
Redundancies	NIL
Police Officer Pay	1.4
Not meeting efficiency savings	0.6
Ill-health retirements	0.6
Legal costs	0.3
Not meeting income targets	0.3
ICT application underspends	(0.5)
Other	(0.1)
Pay Award Grant	(0.9)
Total	1.7

While we are forecasting to achieve £11.8m of the £12.3m efficiency savings at this point in the year, there are other financial pressures within the organisation which are resulting in the forecast overspend.

The current forecasted draw down on reserves is £0.7m lower than budgeted (from £2.2m to £1.5m) due to delays in recruiting to the ICT and Change resources agreed in the budget. The plans to recruit into those key areas of the business remain and as such it is not proposed to utilise this slippage use to mitigate the overspend position as this reserves use would fall into future years.

While excellent progress has been made against the planned efficiency savings, further action is required in year to address the projected overspend of £1.7m and recommendations are made below.

At this point, focus should be on achieving a balanced position, identifying future savings and reducing further draw down of reserves to protect organisational resilience in future years.

Recommendation(s):

- The officer recruitment plan takes officer headcount over the target by 15FTE at 31/03/2026. It is recommended that the plan is reviewed alongside the Neighbourhood grant deployment plans (see para 4.1);
- Further scrutiny of police staff budgets to release savings from previously frozen or vacant posts (of circa. £0.9m) (see paras 4.7-4.8);
- Placing further scrutiny on staff overtime use to address a projected pressure of £0.2m (see paras 4.9-4.10); and
- Detailed review of projected overspend on legal fees (circa £0.3m) (see para 4.13).

Specific business benefits:-

- Provides information to the business to manage and control expenditure during the year
- To understand the pressures on the organisation financially

Person responsible for implementation:-

Matt Ulyatt, CC Chief Finance Officer

Once approved by the relevant Board member who will present this paper, please submit it to the **Executive Support** mailbox two weeks before the date of the meeting.

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Is this a decision of significant public interest?

No

This includes a decision with any impact on the community, expenditure in excess of £50,000, or any

<i>decision that would be of obvious interest to the media or the general public</i>	
Does this report contain sensitive information? <i>Does this report contain any information which falls into these categories?</i> a) <i>would, in the view of the chief officer of the police, be against the interests of national security;</i> b) <i>might, in the view of the chief officer of police, jeopardise the safety of any person;</i> c) <i>might, in the view of the chief officer of police, prejudice the prevention or detection of crime, the apprehension or prosecution of offenders, or the administration of justice; or</i> d) <i>is prohibited by any enactment.</i> e) <i>breaches commercial sensitivity</i>	Record which section(s) applies and explain why. N/A

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	Comments These sections must not be left blank
Has legal advice been sought on this submission if required?	No
Has the Chief Finance Officer been consulted, if required?	Yes
Have equality, diversity and human rights implications been considered, as appropriate?	No – N/A
How is the recommendation consistent with the Police and Crime Commissioner's objectives?	N/A
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	N/A
Has communications advice been sought on areas of likely media, community, staff or partner interest and how they might be managed?	No
Have all relevant implications and risks been considered?	Yes – discussed in report

Has this paper / proposal been submitted through any other Constabulary boards? If so, please detail along with the result.

Yes

1. Purpose / key drivers of report

- 1.1. To update those charged with governance on emerging issues in the operating budget.

2. Background information

- 2.1 The table below summarises the forecast outturn position as at the end of period 4 (July 2025) and shows a year end forecast outturn of a **£1.7m overspend**.

	Ref	Budget	Forecast Outturn	Variance	
		£m	£m	£m	%
Expenditure					
Police Officers	4.1	96.8	98.8	2.0	1%
Police Staff (inc PCSOs)	4.7	45.8	46.7	0.9	2%
Non-Pay	4.11	42.0	43.8	1.8	4%
OPCC	4.16	2.1	1.7	(0.3)	(18)%
Supporting victims & communities	4.16	1.2	1.2	(0.0)	0%
Capital Financing	4.17	3.5	4.0	0.5	14%
Gross Revenue Expenditure		191.2	196.2	4.9	2%
Investment Income		(0.5)	(0.8)	(0.3)	37%
Other Income	4.18	(12.4)	(14.7)	(2.2)	15%
Less: Specific Grants	4.20	(7.6)	(8.3)	(0.7)	(3)%
Contribution to/(from) Reserves	4.21	(2.2)	(0.7)	1.5	(68)%
Net Revenue Expenditure		168.4	171.7	3.2	2%
Funding	4.24	(168.4)	(169.9)	(1.5)	1%
Net Position		0.0	1.7	1.7	100%

Due to rounding to 1dp, some of the casting may not be exact.

- 2.2 Analysis of each area is considered throughout the rest of this report and a summary of the more material areas of variance from budget is contained in the table below:

	P2 £m	P3 £m	P4 £m
Projected Overspends			
Ill-health retirements	0.6	0.6	0.6
Reduced reserves drawdown	-	0.7	0.7
Additional contribution to reserves	-	1.7	1.8
Officer pay, including NH Policing Grant and Pay Award	0.6	0.9	1.4
Staff Pay	0.6	0.7	0.9
Staff overtime	0.3	0.3	0.3
Transport Services overspend	0.5	0.1	0.1
Estates Services overspend	-	-	0.2
Potential costs of redundancies	0.4	1.0	1.0
Net loss of income on Royal Household Protection Group (RHPG) contract due to officer vacancies	0.3	0.3	0.3
Legal costs	0.3	0.3	0.3
Interest payable	0.1	0.1	0.2
Total	3.7	6.6	7.8
Projected additional Income/savings			
Pay Award Grant	-	-	(0.9)
Drawdown from CRR to cover redundancy costs	-	-	(1.0)
Neighbourhood Policing Grant	(0.8)	(1.5)	(1.5)
Traffic Enforcement & Driver Education surplus	-	(0.7)	(0.8)
Officer overtime	(0.3)	(0.4)	(0.4)
Salaries (virement undertaken at P3)	(0.6)	-	-
OPCC staff salaries	(0.3)	(0.3)	(0.3)
Op Safeguard income	(0.2)	(0.1)	(0.1)
Additional income from CTSFO deployments	-	(0.4)	(0.4)
Salary costs recovery	(0.1)	(0.1)	(0.1)
ICT	-	(0.5)	(0.5)
SPS income and other variances	(0.1)	(0.2)	(0.2)
Total	(2.4)	(4.2)	(6.2)
Projected Pressure	1.3	2.4	1.7

Efficiency Savings

2.3 The table below shows the assumptions in the P4 report against those targets:

	Budget Savings Target	Forecast Savings Identified	Variance (Over)/under target
	£m	£m	£m
Officer overtime	1.2	1.7	(0.5)
Staff overtime	0.4	0.2	0.2
Mutually Agreed Resignation Scheme	1.4	1.5	(0.1)
Frozen posts (net of vacancy rate)	4.2	3.3	1.0
Rebalancing of Neighbourhood Policing	1.3	2.1	(0.8)
Third party, regional and national contracts	1.2	1.1	0.1
Service Choice (Tranches 1 and 2)	1.6	1.6	-
Service Choice (Tranches 3-5)	0.8	-	0.8
OPCC Efficiencies	0.2	0.3	(0.1)
Sub-total	12.3	11.8	0.6
		Of which pay	0.5
		Of which non-pay	0.1

Those rows shaded above show an overall underachievement of the savings target of £0.9m, but the split is estimated between categories.

The above savings are in addition to the general vacancy factor on police staff of £1.4m, which is assumed to be met in full.

3. Assumptions

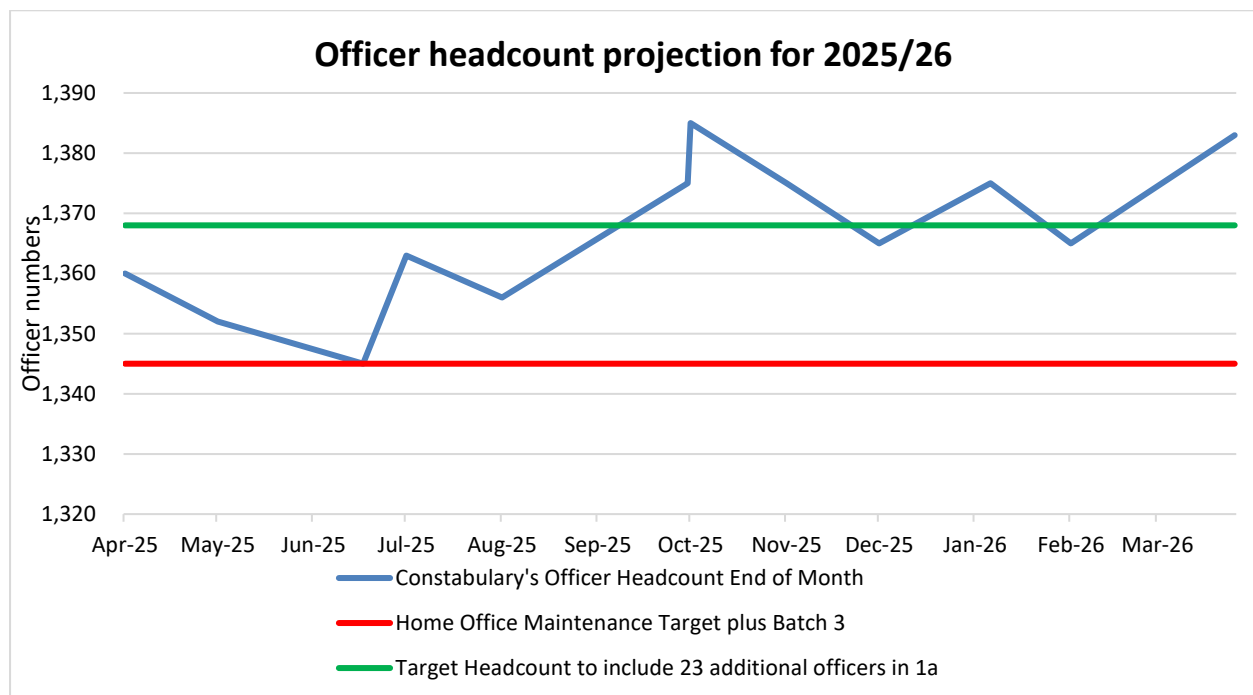
Key assumptions on which the forecasts are built:

1. Pay award for officers and staff at P4 was assumed at 4.2%.
2. Forecast attrition and recruitment of police staff is based on past trends.
3. Regional Collaborations expenditure is assumed to align with budget.
4. The Major Incidents budget of £0.4m will be utilised in full.
5. 50% of the Neighbourhood Policing Grant income will be carried forward into 2026/27 in an earmarked reserve at the end of the year, in line with the expected additional cost of officers recruited in this year. This is in line with our grant submission to the Home Office and within the terms of the grant.
6. No loss of income from performance related grants (Maintenance Grant and Batch 3 Additional Recruitment Grant) is forecasted, based on officer recruitment profile which projects that Gloucestershire Constabulary will meet the minimum maintenance and additional thresholds on 30 September 2025 and 31 March 2026.
7. The Constabulary continues to see the same level of overtime usage over the last six months and authorisation across police officers and police staff.
8. Op Safeguard will not be reactivated during 2025/26. There's currently no indication from Blue Light Commercial and HMPPS that a reactivation of the need for use of custody cells by HMPPS is likely to be expected.
9. Any surplus achieved by the Traffic Enforcement & Driver Education department after RCCO will be transferred into a ring-fenced reserve at 25/26 outturn, and therefore will not relieve the budget pressure for the Constabulary.
10. All OPCC grants are spent in line with agreed budgets.
11. The OPCC Commissioning Fund is either fully utilised in 2025/26 or the remainder is transferred into a specific carry forward reserve at 2025/26 year end.
12. Legal provisions remain the same at P4 as outturn.

4. Detailed Reports

Officer Pay

- 4.1 The forecast of officer salary costs is an overspend of £2.0m. This reflects the pay award of 4.2% and the level of recruitment planned for 2025/26 in order to address both the Uplift and the Neighbourhood Policing Grant targets. The overspend also includes £0.6m pressure on the Ill Health Retirement budget. The Home Office announced that it would provide Forces with an additional £120m Pay Award grant to offset the unfunded pay increase between 2.8% and 4.2% and we have assumed that Gloucestershire's share of funding will be £0.9m.
- 4.2 No loss of income is anticipated from not meeting our officer headcount targets on 30 September 2025 and 31 March 2026, though we note that the projected headcount figures for the census dates are significantly above the target and this has been challenged.



Officer Overtime

- 4.3 The Constabulary is projecting a £0.4m underspend in officer overtime costs in the core operational areas. The new neighbourhood policing model, more robust controls and the departure from the old response baseline model (moving away from the mandatory baseline of 33 since setting the budget, and readjusting shifts) are contributing to the savings forecast.
- 4.4 A key variance from budget relates to custody where the department is operating 25% below baseline on sergeants (15 vs 20) at the current time,

resulting in a need to draw on overtime from officers. As well as financial impacts of this, there are operational impacts as officers are being drawn from other areas of the business to fill the gaps, impacting performance elsewhere in the organisation. This is highlighted as a consideration for the organisation through Resource Management Panel (RMP).

4.5 The summary of the officer overtime forecast is below:

Department	Budget	P4 Forecast	Variance	
	£'000	£'000	£'000	%
Professional Standards	8	9	1	13%
Investigation	233	258	25	11%
Forensics	31	14	(17)	(54)%
Intelligence	151	87	(64)	(43)%
PPB and Safeguarding	146	157	12	8%
Custody Baseline	118	186	68	58%
Criminal Justice	41	20	(21)	(52)%
Cheltenham and Tewkesbury LPA	191	137	(53)	(28)%
Forest and Gloucester LPA	243	236	(7)	(3)%
Cotswold and Stroud LPA	139	109	(30)	(22)%
LPA Baseline	594	356	(200)	(40)%
Specialist Operations	173	83	(90)	(52)%
Spec Ops Baseline	282	293	11	4%
Crime Prevention	15	19	4	25%
Incident Management	99	56	(43)	(43)%
CMU	225	208	(17)	(8)%
Total for included areas:	2,689	2,308	(423)	(14)%

Staff Salaries

- 4.7 The forecast shows £0.9m overall pressure against budget in staff salary costs. This pressure includes the impact of the vacancy factor.
- 4.8 The table below indicates the staff salary variances against budget for each of the key groups within the organisation and how this supports the achievement of required staff savings included within the 2025/26 budget. It is important to note that individual departments have not been provided with indicative savings targets, per se, and hence there is no reporting provided against the staff budgets for the individual departments at this stage.

	Budget	Forecast	(Savings)/Overspend	
	£m	£m	£m	%
COG	0.8	0.8	0.0	1%
Legitimacy & Misconduct	1.3	1.1	(0.2)	(14)%
Local Policing (incl. PCSO's)	7.5	5.0	(2.5)	(33)%
Communications & Engagement	1.1	1.0	(0.1)	(10)%
Corporate Development	1.9	1.4	(0.5)	(25)%
ICT	4.9	4.7	(0.2)	(5)%
Corporate Services	7.4	6.4	(1.0)	(14)%
Prevention & Public Contact	11.9	10.0	(1.9)	(16)%
Crime Command	14.1	12.6	(1.5)	(11)%
Governance & Compliance	2.0	1.8	(0.2)	(9)%
Central Adjustment	0.0	(0.1)	(0.1)	∞
Total Outturn Projection	52.9	44.7	(8.2)	(15)%
Turnover Target	(9.1)	0.0	9.1	
Variance to Outturn Target	43.8	44.7	0.9	2%

Reconciliation to the point 2.1:

Central Government Funding (RHPG & CTPSW)	1.2	1.1	(0.1)	(9)%
Regional Collaborations	0.8	0.8	0.0	2%
Recoverable Expenditure	0.0	0.2	0.2	fully recovered by income
Secondments	0.0	0.0	0.0	
Roads Policing surplus (to reserves)	0.0	(0.2)	(0.2)	
Total as per Table in 2.1	45.8	46.7	0.9	2%

Due to rounding to 1dp, some of the casting may not be exact.

Staff Overtime

4.10 The P4 forecast is based on the patterns of spend in 2024/25 which would result in a £0.2m overspend. The bulk of variances are small, but 90% of the variance to budget is found in two departments: Incident Management and Public Protection.

4.11 The reason for the variances in these two areas are driven by demand and high staff turnover. Superintendent Tite informed that overtime is used to cover for absences (i.e. sickness, training including NICHE training), so even at the times of the year when FCR is at near-full establishment there always remains a residual need for overtime.

It is proposed that based on further analysis the 2026/27 overtime budget is set up to reflect the realistic needs and shift patterns. The budgets have not been reviewed, other than by a way of inflationary increases since EOM in June 2023, where the Constabulary has undergone major changes to its operating model. It had been intended to reflect the effects of those changes while spend patterns and trends emerge.

Department	Budget	Forecast	Variance	
	£'000	£'000	£'000	%
Chief Officers Group	1	0	(1)	-100%
Professional Standards	25	20	(5)	-20%
Communications and Engagement	17	14	(3)	-18%
Central Government Funding	14	20	6	43%
Serious And Complex Investigations	0	5	5	∞
CMU	3	8	5	167%
Crime Prevention	21	4	(17)	-81%
Forest and Gloucester LPA	0	3	3	∞
Cotswold and Stroud LPA	0	0	0	∞
Cheltenham and Tewkesbury LPA	0	0	0	∞
Neighbourhood Policing	0	3	3	∞
Transport Services	7	3	(4)	-57%
Forensics	54	47	(7)	-13%
Governance and Compliance	0	3	3	∞
Finance	0	2	2	∞
Estates	0	6	6	∞
Human Resources	0	4	4	∞
Occupational Health Safety Wellbeing	0	0	0	∞
Performance Quality & Business Intelligence	0	0	0	∞
Incident Management	102	275	173	170%
Intelligence	2	5	3	150%

Department	Budget	Forecast	Variance	
	£'000	£'000	£'000	%
ICT	28	26	(2)	-7%
Specialist Operations	11	12	1	9%
Public Protection	0	23	23	∞
Criminal Justice	47	73	27	57%
Roads Safety	11	11	0	0%
Learning & Development	5	12	7	140%
Total	348	579	232	67%

Non-Pay

4.12 Variance on the non-pay budget is £1.8m, which is summarised below:

- £1.0m additional costs from redundancies
- £0.5m additional costs on Roads Policing (offset by additional income)
- £0.3m pressure on the legal costs budget
- £0.2m pressure of additional costs in estates
- £0.1m pressure on the car insurance premium
- £0.1m pressure on forensic science
- Offset by a projected saving on ICT of £0.5m

4.13 The main drivers of the overspend on legal costs relate to:

- an additional £95k in counsel and barrister fees, and;
- a projection of a £250k overspend on self-insured costs, mostly relating to unlawful arrest/detention but also an increase in claims for misuse of private info/data breaches.

4.14 The projected underspends in ICT relate to a number of areas including network fixed costs (£93k), Microsoft licencing (£137k) and corporate software (£114k).

OPPC

4.16 The OPPC is forecasted to spend £2.9m at P4, the same as it was for P3 (£0.3m lower than budget), with savings mainly created by vacancies on the revenue budget as a result of grant funded posts. The assumption in the projected outturn at P3 is that any surplus position on the OPPC will be moved to a reserve at outturn.

	Budget	Forecast	Overspend/ (savings)	
	£m	£m	£m	%
Employees	2.6	2.3	(0.3)	(11)%
Externally Funded Employees	0.0	0.0	-	0%
Non-pay - General (incl. Audit Fees)	0.2	0.2	0.0	26%
Non-pay - Supporting victims (Externally Funded)	2.1	2.1	0.0	2%
Sub-total	4.9	4.7	(0.2)	(4)%
Grant Income	(3.1)	(3.2)	(0.1)	4%
Sub-total	1.8	1.5	(0.3)	(17)%
Non-pay - Supporting victims and communities (Core Grant Funded)	1.4	1.4	-	-
Total	3.2	2.9	(0.3)	(10)%

Capital Financing and Investment Income

4.17 The Capital Financing budget is forecasted to overspend by £0.5m in 2025/26 due to new borrowing and a necessity of refinancing old LOBO borrowing to a higher rate. This pressure is partially offset by investment income, which is forecasted to be £0.3m over budget, as a result of a concerted effort to keep the HSBC balance below £50k overnight.

Other Income

4.18 Other income is forecasted to be £2.2m over budget as a result of the following key items:

- £1.2m Roads Policing income (offset by either expenditure or a top up to a ring-fenced reserve)
- £0.5m additional recovery forecasted on CTSFOs
- £0.2m on a number of smaller schemes (such as firearms)
- £0.1m Op Safeguard revenue

4.19 Although there is an overall positive variance noted in Other Income, there is an expected loss of £0.3m income through the RHPG grant from Home Office, due to the number of deployed officers initially being fewer than proposed through the grant agreement. While more officers are now deployed, there is a risk of a loss of income in this area which will be monitored through regular returns to Home Office.

Specific Grants

- 4.20 The P4 forecast includes an additional £0.9m of Pay Award grant announced by Home Office in August which will help forces cover the pay increases above the budgeted 2.8%.

Reserves

- 4.21 The budget included a drawdown of £2.2m of reserves. The table below indicates the forecast variance on this:

	Budget £m	Forecast £m	Variance £m
From ICT Reserve to fund ICT positions (as per CGB paper)	(0.2)	(0.2)	-
From Inflation Reserve to fund ICT and Change positions	(1.1)	(0.4)	0.7
From Inflation Reserve to balance budget	(0.5)	(0.5)	-
From Pay and Pensions Reserve to fund pay award (between 2.0% and 2.8%)	(0.7)	(0.7)	-
From Capital Receipts Reserve to fund the costs of redundancies	-	(1.0)	(1.0)
Top up to General Reserve	0.3	0.3	-
Drawdown from reserves	(2.2)	(2.5)	(0.3)

- 4.22 In addition to the originally planned reserves movement, there is some additional movement which is reflected in the forecast:

	Budget £m	Forecast £m	Variance £m
Drawdown from reserves	(2.2)	(2.5)	(0.3)
Carry forward for 50% of NHP Grant	-	0.7	0.7
Traffic Enforcement & Driver Education surplus	-	0.8	0.8
OPCC projected underspend	-	0.3	0.3
Total	(2.2)	(0.7)	1.5

- 4.23 The forecast for the drawdown on reserves is projected to be £1.5m lower than budget. That position includes an expected underspend on the new ICT and Change Resources, for which that funding was required.
- 4.24 The proposed use of £1.0m of Capital Receipts Reserve to fund redundancy costs will reduce the expected balance on this reserve to £0.2m by the end of the MTFP period (2028/29).

Funding

- 4.24 Funding is forecast to be above budget due to the receipt of the Neighbourhood Policing Grant, which was not included in the 2025/26 budget due to timing of

the details being published. The outturn position includes a sweep of 50% of the additional income to a ring-fenced reserve for draw down against police officer costs in future years.

	Budget	Forecast	Variance
	£m	£m	£m
Police grant	72.0	72.0	-
Uplift Maintenance Grant*	2.7	2.7	-
Top-Up Grant	1.6	1.6	-
NI Grant	2.3	2.3	-
NH Grant	-	1.5	1.5
Specific Pensions Grant	3.5	3.5	-
Legacy CT Grant	6.1	6.1	-
Precept	79.6	79.6	-
Collection fund	0.6	0.6	-
Total	168.4	169.9	1.5

5. Outturn mitigation and risks

The following events and actions may help mitigate the pressure forecasted at P4:

1. A risk of loss of income on the Neighbourhood Policing grant is emerging. The Constabulary is running behind the schedule with regards to the additional officer deployment into Neighbourhood Policing. Currently it is estimated that this delay may cost the Force a loss of £0.4m in grant funding. This has not been included in the P4 forecast and will be reassessed for P5.
2. Redundancy costs (including pension strain costs) may be greater than forecasted at P4.
3. It is forecast that all of Major Incident's budget allocation is spent in 2025/26. Based on historical records and assuming 2025/26 year is similar to the last few years, with no extreme, large scale events (i.e. pandemic, major flooding, terrorist incidents, riots etc.) it is likely that the Constabulary will not utilise approximately £0.3m of allocated budget. As per Assumptions: this forecast can be updated later in the year with more confidence.
4. We may see a positive variance in Regional Collaborations budgets which tends to result from officer vacancies in the major areas such as MCIT, ROCU or BlackRock across the region.
5. Should more officers be redeployed into RHPG early to cover existing officer vacancies and backfill leavers in that area, the Constabulary is more likely to receive all of the budgeted income from Protective Security Grant.
6. The Finance team is seeing staff overtime being authorised by RCMs in areas where there's no staff overtime budget allocated.
The main contributor areas to staff overtime overspend are FCR, Public Protection and Criminal Justice departments. Additional direction to be provided through Budget Gold in this regard.
7. TOIL/ Flexi accrual of approximately £1.2m, if we were to settle the debt of hours by making payments as we move to GRS (which whilst listed here is not endorsed), this would be funded by reserves.

6 Equality and Diversity impact assessment

It is not thought that this paper is affected by this requirement.

7 Environmental impact assessment

It is not thought that this paper is affected by this requirement.

8 How will this report contribute to the delivery of the PCC's priorities?

Strengthening your Constabulary

Departmental contact

Alix Garfath-Cox, Head of Finance
Anna Wykurz, Senior Finance & Commercial Business Partner