



July 2026 Revenue, Capital & Reserves

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:	PCCGB
Date of meeting:	2 September 2026
Title of paper:	P4 Revenue, Capital and Reserves
Author:	Chloë Cornock, Finance Business Partner
Sponsor/ Board member:	Matt Ulyatt, Constabulary CFO

1. Executive Summary

The projected year-end position, based on expenditure to the end of July, is an overspend of **£0.5m**. This is currently offset by an underspend of **£1.5m** in capital financing costs arising from slippage in the 2025/26 capital programme, which has reduced the Minimum Revenue Provision (MRP) charge. As this is a one-off benefit that will not recur, the **underlying revenue overspend is £2.0m**. A summary of the major overspends and mitigating underspends is set out below:

Budget Area	£000
Police Officer Pay	1,376
Police Officer Overtime	320
PCSO Pay and Allowances	385
IT Contractor Spend	756
Other Overspends	261
Total Overspends	3,097
Less: Underspends	(947)
Less: OPCC Underspend	(200)
Underlying Overspend	1,950
Capital Financing/MRP Underspend	(1,486)
Net Projected Overspend	464

Further work is underway to assess whether current Police Officer pay expenditure will continue for the remainder of the year and to understand the drivers of the overtime overspend. The IT contractor overspend is partly offset by salary underspends but requires further review, particularly in light of the anticipated IT staffing savings identified by PA Consulting.

The outcome of this work and future monitoring projections will inform decisions required to deliver a balanced budget and sustainable Medium Term Financial Plan (MTFP) for 2027/28 and beyond.

2. Revenue

July 2026	Annual Budget £'000	P4 Projection £'000	Over/ (Under) £'000
Employees	149,615	151,342	1,727
Premises	11,005	10,940	(65)
Transport	2,826	2,883	56
Communications	9,363	9,121	(242)
Supplies	18,493	19,250	756
Total Constabulary Expenditure	191,303	193,536	2,233
Financing costs	7,018	5,531	(1,486)
OPCC	2,169	1,906	(262)
Commissioning	717	779	62
Total	201,207	201,752	546
Investment Income	(830)	(1,007)	(177)
Income Other	(21,310)	(21,215)	96
Net Revenue Expenditure	179,066	179,531	464
Reserve Expenditure	6,313	3,425	(2,888)
Total Expenditure	185,379	182,956	(2,423)
Funding			
Government Grants	(86,094)	(86,094)	0
Precept	(85,435)	(85,435)	0
Other LA Grants/Income	(7,536)	(7,536)	0
Reserves Use	(6,313)	(3,425)	2,888
Total Funding	(185,379)	(182,491)	2,888
Net	0	464	464

Reasons for variances

Employee expenses

July 2026	Annual Budget	P4 Projection	Over/ (Under)
	£'000	£'000	£'000
Police Officer pay and allowances	93,316	94,691	1,376
Police Officer overtime	3,964	4,284	320
Police staff pay and allowances	44,446	43,964	(482)
Police Staff overtime	565	709	144
PCSO pay and allowances	2,343	2,728	385
PCSO overtime	0	10	10
Other Employee Expenses	2,288	2,340	52
Police Officer pensions	2,692	2,616	(77)
Employees	149,615	151,342	1,727

Police Officer Pay and Allowances - £1.4m Overspend

- The overspend is primarily attributable to a rank mix that is more senior than budgeted. Higher-than-planned numbers of Sergeants, Inspectors, Chief Inspectors and Superintendents have increased pay costs, more than offsetting savings arising from Police Constable vacancies.
- A pension auto-enrolment exercise undertaken in July resulted in 99 officers being enrolled. At the time of this projection, 57 officers have subsequently opted out. The estimated cost of the remaining 42 officers is £0.3m and is included within the forecast, although this remains subject to change. No provision for this cost was included within the budget.

Police Officer Overtime - £0.3m Overspend

- CID is forecast to overspend by £0.2m due to sustained operational demand. The year-end projection is based on expenditure incurred to date.
- Specialist Operations is forecast to overspend by £0.1m, with bank holiday budgets under pressure due to the two additional bank holidays in 2026/27.

Police Staff Pay and Allowances - (£0.5m) Underspend

- ICT is forecasting a (£0.4m) underspend as budgets exist for a number of established posts currently covered by consultants and agency staff.
- Learning and Development is forecasting a (£0.4m) underspend due to significant vacancies across Personal Safety, ICT and general training functions.
- Custody is forecasting a £0.2m overspend as staffing levels are close to establishment, limiting the savings generated from the vacancy factor.

- Incident Management is forecasting a £0.1m overspend. The department is subject to a turnover reduction target of £0.8m (9%). While the projection reflects known leavers, current forecasts suggest the target will not be fully achieved.

Police Staff Overtime - £0.1m Overspend

- Force Control Room is forecasting a £0.06m overspend driven by increased summer demand.
- Custody is forecasting a £0.05m overspend relating to detention officer overtime.
- Public Protection is forecasting a £0.03m overspend. No overtime budget exists within this area and the forecast is based on expenditure incurred to date.

PCSO Pay and Allowances - £0.4m Overspend

- The forecast assumes one leaver per month.
- An overspend remains due to the timing of leavers and the application of a £0.32m vacancy factor in addition to the £0.9m savings target.

Other Employee Expenses - £0.1m Overspend

- The overspend relates to an unbudgeted payroll settlement not associated with redundancy costs.

Police Officer Pensions - (£0.1m) Underspend

- Annual injury awards are forecast to overspend by £0.1m.
- This is more than offset by a (£0.2m) underspend on ill-health retirement charges. The budget assumed 12 retirements at PC rank, whereas the current forecast is for nine retirements, including higher-cost cases involving Sergeants, an Inspector and a Chief Inspector.

Communications and Computing Costs - (£0.2m) Underspend

The underspend is primarily attributable to ICT budgets:

- (£0.1m) underspend on Microsoft licensing.
- (£0.1m) underspend on Home Office charges.

Supplies and Services - £0.8m Overspend

- ICT is forecasting a £1.0m overspend due to consultancy costs. A number of consultancy contracts have been extended to cover vacant established posts and support ongoing projects. The forecast also includes the cost of three data posts initially capitalised but now treated as revenue expenditure.
- Roads Safety is forecasting a (£0.2m) underspend due to lower trainer costs, reflecting reduced demand for variable speed camera courses.

Financing Costs - (£1.5m) Underspend

- Minimum Revenue Provision (MRP) and loan interest costs are forecast to be £1.5m below budget due to slippage in the 2025/26 capital programme. This is a one-off benefit and will not recur in future years.

Income - (£0.1m) Favourable Variance

Overachievement against income budgets includes:

- (£0.2m) additional investment income resulting from improved cash balance management.
- (£0.4m) unbudgeted RPA grant income within ICT.
- (£0.1m) Section 27 income for which no budget was set.

These are partially offset by:

- £0.3m shortfall in Roads Safety income arising from reduced demand for motorway variable speed camera courses. Although no such cameras operate within the force area, income is generated from drivers referred from other force areas choosing to undertake courses delivered locally.

Revenue Variances by Area

July 2026	Annual Budget £'000	P4 Projection £'000	Over/ (Under) £'000
Police Officer Pay and Allowances	93,316	94,691	1,376
Local Policing, Operations and Contact	24,585	25,140	555
Crime, Justice & Vulnerability	18,501	18,056	(446)
Regional Collaboration	5,602	5,357	(244)
People & Business Services	39,480	39,200	(279)
Leadership, Performance & Governance	7,480	7,053	(427)
Centrally Held Budgets	2,340	4,038	1,698
Total Constabulary Expenditure	191,303	193,536	2,233
Financing costs	7,018	5,531	(1,486)
OPCC	2,169	1,906	(262)
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Police

Officer Pay and Allowances £1.0m overspend. Please see the explanation above.

Local Policing, Operations & Contact £0.6m overspend.

- **Response:** £0.1m overspend driven by increased alarm contract costs and additional bank holiday overtime.
- **Custody:** £0.2m overspend due to maintaining staffing close to establishment, resulting in the vacancy factor not being achieved.
- **Local Policing & Neighbourhoods:** £0.3m overspend relating to the PCSO vacancy factor, which is not expected to be achieved.

- **Incident Management:** £0.2m overspend driven by staff overtime in response due to increased summer demand.

This is partially offset by:

- **Crime Management Unit:** (£0.3m) (10.6%) underspend due to vacancies within CSB and RIT arising from the Workforce Change Review (WCR).
- underspend due to police officer and staff vacancies (£0.2m).

Crime, Justice & Vulnerability (£0.4m) underspend.

- **Criminal Justice:** £0.1m overspend due to staffing levels being close to establishment and therefore not achieving the vacancy factor.
- **Forensics:** (£0.2m) underspend due to staff vacancies and lower-than-budgeted external forensics and pathology costs.
- **Intelligence:** (£0.2m) underspend driven by staff pay vacancies. This forecast excludes any analyst regrading, which, if approved, could increase costs by approximately £0.2m.
- **Roads Safety:** (£0.4m) underspend resulting from eight staff vacancies and reduced trainer costs linked to lower course volumes. These savings are offsetting reduced income.
- **Serious and Complex Investigations:** £0.3m overspend driven by police officer overtime.

Regional Collaboration (£0.2m) underspend.

- **SW MCIT:** (£0.2m) underspend, representing the Force's share of the collaboration's projected underspend.
- **ROCU:** £0.1m overspend.
- **BlackRock:** (£0.1m) underspend, representing the Force's share of projected training savings.

People & Business Services (£0.3m) underspend.

- **ICT:** (£0.4m) underspend resulting from vacant established posts, partially offset by consultancy costs.
- **Communications & Engagement:** £0.1m overspend due to staffing levels being one FTE above establishment. The overspend reflects both salary costs and the associated vacancy factor not being achieved.
- **Estates:** (£0.1m) underspend due to lower projected utility costs.
- **Finance:** (£0.2m) underspend.
- **HR:** (£0.2m) underspend.
- **Learning & Development:** (£0.3m) underspend.

These underspends arise from vacancies above the 9% vacancy factor assumed in the budget.

- **Transport Services:** on budget.

Leadership, Performance & Governance (£0.4m) underspend.

- **Corporate Development:** (£0.2m) underspend due to police staff posts built in not being recruited as departmental restructure on hold pending the Workforce Change Review.
- **Legal Services:** (£0.2m) underspend due to vacant staff posts.

Centrally Held Budgets £1.7m overspent.

- £1.4m of the original saving target is held centrally at this point:
Staff savings – vacancy management £0.7m
Annual Leave buy back £0.1m
Staff overtime £0.2m
Market Force Factors £0.2m
Service Choice Review (future) £0.2m
- £0.4m – budget adjustments for police staff not at top of scale or in pension scheme
- (£0.1m) – underspent Officer Ill Health Retirements. Budget assumes 12 PCs, current projection is 9 officers.

3. Capital Forecast

The Capital Programme for 2026/27 is forecast to spend £8.6m, representing an underspend of £0.6m against the revised capital budget.

The principal variances are:

- **EV Charging Infrastructure:** £0.3m underspend due to slippage in project delivery.
- **Digital Case Files:** £0.4m underspend as implementation may be deferred into 2027/28, subject to the timescales of the required recruitment process.

These underspends are partially offset by a projected **£0.1m overspend** arising from the planned delay to the DMS/GRS Phase 2 project.

The forecast outturn position for the capital programme is set out below:

Capital Programme 2026/27	Approved Budget	Revised Budget	Year End Forecast	Projected (Over)/Underspend
	£'000	£'000	£'000	£'000
Vehicle Replacement	1,443	1,486	1,486	-
Estates Condition and Fabric First works	2,746	1,500	1,500	-
Tasers	1,175	-	-	-
Intoxilyzers	-	63	63	-
Charging infrastructure	1,000	1,000	750	250
End User Services	1,517	1,569	275	1,294
Body Worn Video Replacements	-	-	1,294	(1,294)
ICT Infrastructure	1,650	650	650	-
Networking	295	295	295	-
Office 365/NEP	1,800	1,812	1,812	-
Digital case files	400	400	-	400
Custody CCTV	-	250	250	-
DMS/ GRS	-	100	182	(82)
TOTAL	12,026	9,125	8,557	568

4. Savings

The saving target for the 2026/27 financial year was £9.0m, as at P4 reporting the achievement against these savings are included below.

SAVINGS 2026/27	Original Target	Achieved to Date	2026/27 Forecasted Achievement	Remaining Balance
	£'000	£'000	£'000	£'000
Officer Savings - Recruitment Management	1,900	382	524	1,376
Officer Savings - Overtime	500	-	180	320
Staff Savings - Vacancy Management	3,755	795	4,537	(783)
Front of house reductions	200	-	-	200
Encouragement of buying annual leave	100	59	59	41
Staff overtime	150	-	(144)	294
Review Market Force Factors	200	-	-	200
Whole Constabulary Review savings	550	48	616	(66)
Service Choice Review (future)	200	-	250	(50)
Non Pay - ICT licences	104	225	325	(221)
Non Pay National Target 2%	837	509	500	337
OPCC	500	262	262	238
	8,996	2,279	7,109	1,887

- The original savings proposals have been consolidated into the table above to provide a clearer and more streamlined view of the savings programme and the outcomes being targeted.

- The forecast level of achievement reflects the projected position at Period 4. However, delivery of these savings remains dependent on maintaining police staff numbers at approximately 9% below establishment. While this approach is currently generating savings, it is unlikely to be sustainable over the longer term and may constrain the organisation's capacity to innovate, improve services and respond to emerging demands.
- As the financial year remains at an early stage, the position will continue to evolve. In particular, the full financial impact of the Whole Constabulary Review (WCR) is not yet known and is likely to influence the forecast as implementation progresses.

5. Reserve usage

Reserves			
	Budget £'000	YTD £'000	Saving £'000
Centrally held budgets (section 27 money)	0	87	(87)
PCC Community Fund	0	(80)	80
Roads Safety	0	101	(101)
Aston Project	0	(29)	29
Silver Suite	0	(4)	4
Fund IT Staff	(400)	0	(400)
Change Team	(502)	0	(502)
Redundancies	(3,000)	(1,500)	(1,500)
TOIL	(2,000)	(2,000)	0
Release 50% NH Policing Grant	(764)	0	(764)
Legal Admin	(23)	0	(23)
Insurance reserve 5% top up	60	0	60
General reserve 5% top up	317	0	317
	(6,313)	(3,425)	(2,887)

The forecast drawdown from reserves is £3.4m, which is £2.9m lower than anticipated when the budget was set. The principal reasons for this variance are:

- **(£0.9m)** The original budget assumed reserve funding would be required to support posts within IT and Change. This is no longer expected to be necessary.
- **(£1.5m)** The provision for redundancy costs has been reduced from the original estimate of £3.0m to £1.5m.
- **(£0.8m)** The budget assumed that 50% of the 2025/26 Neighbourhood Policing Grant would be transferred to reserves at 31 March 2026 and subsequently released in 2026/27. This is no longer anticipated.
- **£0.4m** The original budget included a 5% contribution to the Insurance and General Reserve, funded from reserves.

6. Reserves balances

Reserve balances were £24.0m as at 31 March 2026. Forecast revenue reserve usage during 2026/27 is £3.4m, with a further £1.5m of reserves expected to be utilised to support capital expenditure. As a result, reserve balances are projected to reduce to £19.1m by 31 March 2027, compared with the budgeted position of £14.3m.

This improved position reflects lower-than-anticipated use of reserves during the year, primarily due to reduced redundancy costs and the reduced requirement to fund expenditure from reserves.

The forecast movements are shown below:

RESERVES	ICT	ESN	Vehicle	Inflation/ Change	Pay & Pensions	Specific Earmarked	Insurance	General	Revenue Total	Capital Total	Grand Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31st March 2026	1,000	1,200	101	4,778	2,747	3,060	1,192	6,336	20,414	3,595	24,009
Capital Expenditure	-	-	-	-	-	-	-	-	-	3,335	3,335
Top Up	-	-	-	-	-	-	-	-	-	1,864	1,864
Revenue Contribution to Capital	-	-	-	-	-	-	-	-	-	-	-
Annual Top Up 5%	-	-	-	-	-	-	-	-	-	-	-
Use or earmarked reserves	-	-	-	-	-	75	-	-	75	-	75
Use of reserves - Redundancies	-	-	-	1,500	-	-	-	-	1,500	-	1,500
Use of reserves - TOIL	-	-	-	-	2,000	-	-	-	2,000	-	2,000
Balance transfer	-	-	-	747	747	-	-	-	-	-	-
Balance at 31st March 2027	1,000	1,200	101	4,026	-	3,134	1,192	6,336	16,989	2,123	19,112

Recommendation(s):

PCCGB is asked to note the report and consider whether further the actions are necessary.

Specific business benefits:

Person responsible for implementation:

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.

THIS SECTION IS REQUIRED FOR ALL PAPERS

Public Access to Information

Information continued within Constabulary papers is subject to the Freedom of Information Act 2000. Reports which are submitted for consideration at PCC Governance Board are likely to be made public. If the paper contains sensitive information, then please detail below.

Is this a decision of significant public interest? <i>This includes a decision with any impact on the community, expenditure in excess of £50,000, or any decision that would be of obvious interest to the media or the general public.</i>	Yes
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;</i> d) <i>is prohibited by any enactment; or</i> e) <i>breaches commercial sensitivity</i>	Record which section(s) applies and explain why. No

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	Comments These sections must not be left blank
Has legal advice been sought on this submission if required?	N/a
Has the Chief Finance Officer been consulted, if required?	Yes
Have equality, diversity and human rights implications been considered, as appropriate?	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.	No

1. Equality and Diversity impact assessment

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

2. Environmental impact assessment

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

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

3.1 Strengthening your Constabulary

Departmental contact

Matt Ulyatt, CFO

Appendices

Relevant background papers or appendices (if publishable).

Ensure any relevant reference is added to each paper, for example: *CGB Business case*

Appendix A – Revenue Budget – Manual adjustments made

Appendix A – Manual adjustments made

Adjustments made:

- **Police Officer pay and allowances** - added budget of £1.2m for ROCU Recoverable / Cyber Grant and Seconded Officers. Added \$0.4m additional funding for the pay award grant. Offset by vacancy factor (£1.5m)
- **Police Officer Overtime** - added budget for NPAS and ROCU
- **Police staff pay & allowances** – saving target for officers and PCSOs moved to correct subjective area. Added budget for ROCU, Cyber team and CCD programme
- **PCSO Pay & allowances** – saving target associated with actual numbers reduction moved to correct subjective grouping.
- **Premises costs** – contingency for costs associated with rationalisation of Estates moved to correct subjective grouping
- **Income** – budget manually added for Seconded Officers. ROCU, Cyber Team and CCD Programme

July 2026	Financials Budget £'000	Adjust £'000	Annual Budget £'000	P4 Projection £'000	Over/ (Under) £'000
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Other Employee Expenses	5,288	(3,000)	2,288	2,340	52
Police Officer pensions	2,692	0	2,692	2,616	(77)
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