

**Report of the Chief Finance Officer of the PCC
To the Police and Crime Commissioner for Cleveland
3rd June 2026**

**Status: For Approval
2025/26 Budget Monitoring Outturn Report**

1. Executive Summary

1.1 Purpose of the Report

1.2 On the 19th February 2025 the PCC agreed the revenue Budget for 2025/26 which was based on the receipt of income totalling £202,770k.

1.3 In addition to this the PCC also approved to allocate £5,615k of Capital Budgets to the Chief Constable to deliver schemes on behalf of the PCC.

1.4 This report is to provide the PCC with the final position of the financial performance against the budget for the financial year 2025/26. The financial information contained within the report could be subject to change as a result of the annual audit, if any changes are required an update will be provided to the PCC

2. Recommendations

The PCC is **asked to agree**:

2.1 That £2,450k from the Capital Earmarked Reserve, that was planned to be used to part fund the 2025/26 Capital Programme, is now transferred to the Insurance Earmarked Reserve and that borrowing will be used to fund the Capital Programme instead. This aligns to the financial plans approved by the PCC in February 2026.

2.2 Of this £2,450k, £1,217k (net) has been released in 2025/26 to reflect claims that have now been received and either settled or included within the Insurance and Legal provision.

2.3 That the overall underspend of £476k is allocated to the following reserves:

- £85k of the in-year underspend on Commissioned Services is transferred to Earmarked Reserves to reduce the cuts in this area for 2026/27. This is in line with the financial plans approved by the PCC in February 2026.
- £182k is added to the Insurance Reserve, which will mean that this reserve will be around 90% of its needed level by the end of 2026/27.
- £209k is added to the General Fund, which will mean that this reserve will be at £6m by the end of 2026/27.

The PCC is **asked to note**:

- 2.4 The OPCC's original budget of £1,265k increased by £54k to £1,311k and had a **small underspend of £15k during 2025/26**.
- 2.5 The Corporate Services original budget of £11,650k which was reduced by £1,810k to £8,940k to the Capital funding of the PFIs, had a **small underspend of £303k**.
- 2.6 The original budget of £5,255k to support PCC Community Safety Initiatives, Victims and Witnesses Services and Violence Reduction, has increased by £550k to £5,805k, **underspent by £489k during 2025/26**.
- 2.7 While the PCC received £7,811k more income during the year that resulted in increased expenditure over and above that which was envisaged when the budget was set, there was an overall shortfall in the income received against the revised budget leading to an **'overspend' of £222k**.
- 2.8 The Force have reported an **overspend for the year of £71k**, further details are set out in the report from the Force.
- 2.9 There were significant changes and movement on reserves in comparison to the original budget, however the overall result was that £73k more than the revised budget was transferred to Reserves. This was therefore an **'overspend' of £73k** versus the original budget.
- 2.10 **Outturn before Year End Reserves** movement and after transfers to reserves and Capital, was an **underspend of £476k**.
- 2.11 The above figures are reported **after** processing the agreed recommendations from the Actuarial Review of the Insurance Fund report that were approved at the December Joint Strategic Board.
- 2.12 The original Capital budget for 2025/26 of £5,715k was **increased to £6,783k** because of additional carry forwards from 2024/25 of £1,068k
- 2.13 In year movements for a £58k contribution to building works at the NEROCU building, £19k toward the £300k approved for SARC expenditure and £64k for a DMS project was partially offset by the return of £125k of budgets that were no longer required. Resulting in a **final Capital Budget of £6,798k**.
- 2.14 As at the end of the financial year spend **total Capital expenditure** against the £6,798k budget **totalled £5,196k**.
- 2.15 Of the remaining £1,602k, **£1,525k has been slipped into 2026/27**, with the remaining **£77k** no longer needed and **reported as an underspend**.

3 Reasons

3.1 When setting the budget for the financial year 2025/26 the PCC allocated the income forecast to be received during the year, of £202,770k, into the following areas:

- £1,265k to run the Office of the PCC
- £5,255k to support PCC Initiatives and Victims and Witnesses Services
 - Including £1,143k to support the Violence Reduction Unit and Serious Violence Duty
 - And £1,200k for additional investment into Neighbourhood Policing which will be allocated to the Force in line with additional spend in this area.
- £11,650k for Corporate Services
- £184,450k to the Police Force
- £860k to the Capital Programme
- This will be supported by £710k from Earmarked Reserves

3.2 The following sections will look at the above areas in more detail and provide analysis and commentary for each area based on the actual levels of spend against the budget.

3.3 Income and Funding

The PCC set the budget based on receiving income and funding of £202,770k during 2025/26 from the areas summarised in the table below, the in-year changes, the actual levels of income received in 2025/26, and variances are shown below. In addition to current year figures the comparator figures for 2024/25 is also shown.

2024/25 Budget	In Year Changes	2024/25 Revised Budget	2024/25 Forecast Income	2024/25 Forecast (Under)/Over spend		Original 2025/26 Budget	In Year Changes	Revised 2025/26 Budget	2025/26 Actual Income	2025/26 Actual (Under)/Over spend
£000s	£000s	£000s	£000s	£000s	Summary of Income to be Received by the PCC	£000s	£000s	£000s	£000s	£000s
(61,800)	0	(61,800)	(61,800)	(0)	Funding	(64,103)	0	(64,103)	(64,103)	(0)
(47,545)	0	(47,545)	(47,545)	(0)	Police Grant	(49,307)	0	(49,307)	(49,307)	0
					RSG/National Non Domestic Rate					
(109,345)	0	(109,345)	(109,345)	(0)	Government Grants	(113,410)	0	(113,410)	(113,410)	0
(51,284)	0	(51,284)	(51,284)	0	Precept	(53,244)	0	(53,244)	(53,244)	0
(800)	0	(800)	(800)	(0)	Council Tax Freeze Grant	(800)	0	(800)	(800)	(0)
(6,868)	0	(6,868)	(6,868)	0	Council Tax Support Grant	(6,868)	0	(6,868)	(6,868)	0
(58,952)	0	(58,952)	(58,952)	(0)	Precept related funding	(60,912)	0	(60,912)	(60,912)	(0)
(21,049)	(1,860)	(22,908)	(23,609)	(700)	Specific Grants	(23,273)	(3,834)	(27,107)	(26,634)	473
(5,475)	(2,211)	(7,685)	(7,754)	(69)	Partnership Income/Fees and Charges/Misc Income	(5,174)	(1,493)	(6,667)	(6,918)	(250)
(26,524)	(4,070)	(30,594)	(31,363)	(769)	Other Funding	(28,448)	(5,327)	(33,774)	(33,552)	222
(194,820)	(4,070)	(198,891)	(199,660)	(769)	Total	(202,770)	(5,327)	(208,097)	(207,874)	222
(1,830)	0	(1,830)	(2,443)	(613)	Special Grant	0	(2,485)	(2,485)	(2,485)	0
(196,650)	(4,070)	(200,721)	(202,103)	(1,382)	Total Overall Funding	(202,770)	(7,811)	(210,581)	(210,359)	222

3.4 In terms of overall income, the PCC received £210,359k during 2025/26 which was £8,256k (or 4.1%) higher than 2024/25.

3.5 The total income received was £7,589k (or 5.1%) more than the original 2025/26 budget was based on. It is therefore important to understand where this funding has come from.

3.6 Specific Grants

3.7 The budget for Specific Grants, which are funding streams that generally have specific terms applied to them, increased by £3,834k to £27,107. However, the organisation received £473k less than this.

3.8 The reasons for the £3,834k of additional funding and the pressure of £473k are summarised in the table below:

<u>Specific Grants</u>	Changes from Original Budget	Less/ (More) Income received than budgeted	Commentary
	£000s	£000s	
Pay Award Grant	1,439		To support the 4.2% pay award that was agreed from September 2025 for both Police and Staff. Was around £90k less than needed
ASB Hotspot Grant	1,420	50	Was awarded to the PCC after the 2025/26 budget was set. £50k of the allocation
Proceeds of Crime Income	571		Significant levels of additional proceeds of crime funding has been generated by the Force, this has been added to Reserves
Prevention Partnerships	200		Was awarded to the PCC after the 2025/26 budget was set.
McCloud Pension Compensation Grant	131		Allocated to match in year expenditure and claims
Additional Victims and Witness Grant	40		Funds bid for in year by OPCC
DRIVE Project	21		Funds bid for in year by OPCC
Others	12	(9)	
Hotspot Policing Grant		470	Budgeting error between income and expenditure budgets
XL Bully Grant		(133)	Funding awarded in-year
Violence Reduction Unit		22	Not all of the funding was spent
Uxley Nook PFI Grant		40	Grant has been paid at a lower amount in the final year of the PFI than expected
Cyber Crime Grant		33	Income budget was set too high
Total Changes	3,834	473	

3.9 In addition to the above the PCC also bid for Special Grant to continue to support the work of the Historical Investigation Unit (Pandect) within the Force. This bid was successful, and the PCC was awarded up to £2,682k, of which £2,485k was spent and claimed in year.

3.10 Partnership Income and Other Misc Income

3.11 The budget for Other Income, which covers over 60 additional income streams and budget lines, increased by £1,493k to £6,667k, and on top of this the organisation received a further £250k more than this.

3.12 The reasons for the £1,493k of additional funding that resulted in additional expenditure and the additional £250k that resulted in an 'underspend' in this area are summarised in the table below:

<u>Other Income</u>	Additional Income vs Original Budget	Less/ (More) Income received than budgeted	Commentary
	£000s	£000s	
Mutual Aid	(289)	(106)	Support provided to other Police Force Areas
OPCC additional income	(228)	(24)	Additional Partnership and Commissioning Income
Redaction Software Funding	(193)		Funding bid for during the year
NLEDS	(150)		National support for new national system to support staff costs within the Force
Secondments	(119)	(42)	Additional secondments agreed in year
Custody	(109)	(183)	Income for use of Custody by Prison Service and rebates on Custody contract
Apprenticeship Income	(66)		Additional Income from the route of entry for Police Officers
Firearm Licencing Income	(46)		Additional Income from national change to pricing
Adder		250	Budgeting error between income and expenditure budgets
Op Bridger		(74)	National funding awarded in year to support safety of elected officials
Other	(291)	(71)	
Total Changes	(1,493)	(250)	

3.13 **The final outturn on income was therefore an overall under recovery, and therefore 'overspend', of £222k across all areas of income.**

3.14 Much of the learning around income from 2025/26 has already been factored into the approved budget for 2026/27, however further review and analysis will be undertaken to inform the forecasts for 2026/27 and future budget setting.

3.15 **The Office of the PCC**

The 2025-26 budget of £1,265k for the Office of the PCC is split into the following areas:

	Original 2025/26 Budget	Revised 2025/26 Budget	2025/26 Actual Spend	Over/ (Under) for 2025/26
PCC Budget				
<u>Category of Spend</u>	£000	£001	£000	£000
Staff Pay and Allowances (Incl. NI and Pension)	955	955	933	(22)
Other Pay and Training	11	11	5	(6)
Supplies and Services	389	444	465	21
Transport	7	7	6	(1)
Miscellaneous Income	(97)	(97)	(104)	(7)
Total Budget	1,265	1,319	1,304	(15)

3.16 The budget was increased during the year by £54k to reflect the costs of the Financial Fraud Advocate which was funding through income from partners and a contribution from the Proceed of Crime funding.

3.17 Actual expenditure during the year was £1,304k, which was £15k lower than budget and in line with forecasts throughout the year.

3.18 Underspends from staff vacancies were offset by higher costs across Supplies and Services, which was predominantly from higher levels of internal and external audit fees.

3.19 **Corporate Services**

Corporate Services budgets include the costs of the PFI contracts, strategic contract management, asset management costs and treasury management.

3.20 The Corporate Services budget for 2025/26 was originally set at £11,650k, as per the table below. This has been decreased by £1,810k because of the following:

- An increase of £31k relating to Stamp Duty costs for the extension from a lease – where the budget sat with the Force
- A reduction of £71k to reflect an allocation to the Force to pay for additional legal support within Evolve
- A reduction of £1,770k to reflect a contribution to the Capital Earmarked Reserve to managing capital financing in the most effective way.

3.21 The movements between the PFI and Asset Management categories reflect the in-year accounting treatment for the PFI schemes.

3.22 The table below also shows the final spend and outturn for the year:

	Original 2025/26 Budget	Revised 2025/26 Budget	2025/26 Actual Spend	Over/ (Under) for 2025/26
Corporate Services Budget				
Category of Spend	£000s	£000s	£000s	£000s
Staff Pay and Allowances (Incl. NI and Pension)	970	899	830	(69)
Supplies and Services	84	115	184	69
Transport	1	1	1	(0)
PFI - Urlay Nook	2,300	1,000	992	(8)
PFI - Action Stations	6,545	2,831	2,841	10
Asset Management	1,750	4,994	4,688	(306)
Total Budget	11,650	9,840	9,537	(303)

3.23 The underspend on pay is mostly in relation to vacancies, while the overspend on Supplies and Services mostly related to additional costs for legal advice and building survey work done as part of the transfer of the PFI at Urlay Nook into the organisation at the end of its 25-year contract.

3.24 The overall underspend in this area is however down to the delay in taking out a loan. The agreed Treasury Management and Borrowing plan allowed for £5.5m of borrowing to be taken out from the 1st April 2025 however this borrowing has not been yet been taken out during 2025/26.

3.25 An overdraft facility was put in place during the first quarter of the financial year to manage the cash flow needs of the organisation, as well as at the end of 2025/26, and this will continue into the first quarter of 2026/27 to further delay taking out this loan.

3.26 The delay in taking out this loan resulted in an underspend of £284k against the interest payable budget for 2025/26 and is the main reason for the underspend in this area of the budget.

3.27 **Community Safety, Victims and Witnesses and Violence Reduction**

3.28 The PCC originally allocated £5,255k to support Community Safety, Victims and Witnesses services and Violence Reduction measures.

3.29 This increased by £550k during the year because of the following:

- £1,420k from the Hotspot Action Fund
- £200k for Prevention Partnerships
- £130k of additional Partnership Funding (from NHS, MoJ, DRIVE)

3.30 This was offset by the following:

- Releasing the planned £1,200k to the Force for delivering against the Neighbourhood Policing Guarantee.

3.31 The final spend against the revised budgets is shown in the table below:

	Original 2025/26 Budget	Revised 2025/26 Budget	2025/26 Actual Spend	Over/ (Under) for 2025/26
<u>PCC Initiatives and Victims and Witnesses</u>				
<u>Category of Spend</u>	£000s	£000s	£000s	£000s
Community Safety Initiatives	1,986	2,971	2,546	(426)
Victims and Witnesses Services	2,126	1,491	1,459	(32)
Cleveland VRU and Serious Violence Duty	1,143	1,343	1,311	(31)
Total Budget	5,255	5,805	5,316	(489)

3.32 While much of the underspend in this area is showing against the Community Safety Initiatives lines this is because much of the planned work for this area was still progressed but ultimately charged against the Violence Reduction Unit to maximise the use of this ring-fenced funded.

3.33 The overall underspend of £489k in this area, resulted from the following areas:

- £196k charged to CURV for the costs of a Complex Exploitation worker, MFC Kicks and Youth Triage.
- The level of resourcing delivering the Cleveland Divert programme was less than budgeted and resulted in a £20k underspend.
- There was an £82k underspend on the Domestic Violence Perpetrator Programme.
- There was an £81k underspend on the Domestic Violence Perpetrator Programme.
- There was an underspend of £31k across the VRU and SV Duty as not all the grant funding was spent in year.
- There was an underspend of £50k on ASB Hotspot Policing budget as not all the grant funding was spent in year.
- £49k of other small underspend across several lines.

3.34 A number of these underspends resulted as part of planning for the future years budget. As part of the 2026/27 budget there was a need/commitment to reduce the budget in this area by £384k, with £85k of this expected to be funded from underspends in 2025/26. Therefore £85k of the underspend is requested to be added to Earmarked Reserves to release in 2026/27.

4. Police Force

- 4.1 Most of the funding available to the PCC was provided to the Police Force. The Force was allocated an initial budget of £184,450k for 2025/26, this was increased by £9,018k because of the following:

Additional Funding Provided/Released to the Force	£000
Special Grant re Historical Investigation Unit	2,582
Pay Award Grant	1,439
Other Income to support Force costs	1,312
Neighbourhood Policing additional funds	1,200
Reserves released to support Force Spend	2,438
Funds Transfer between PCC and Force	47
Total Increase in Budget during 2025/26	9,018

- 4.2 The summary of how this was spent, including the final outturns are included in the table below:

	Original 2025/26 Budget	Revised 2025/26 Budget	Forecast Spend in 2025/26	2025/26 Forecast (Under)/ Overspend
Police Force Financial Summary				
Police Force Planned Expenditure	£000s	£000s	£000s	£000s
Pay				
Police Pay	101,395	103,285	103,651	366
Police Overtime	2,656	3,458	3,993	536
Staff Pay	40,804	44,426	43,561	(866)
Police Community Support Officer Pay	4,438	4,173	4,151	(22)
Pay Total	149,292	155,342	155,356	14
Non-Pay Budgets				
Other Pay and Training	1,448	2,147	2,051	(96)
Injury and Medical Police Pensions	4,138	4,354	5,051	697
Premises	4,791	4,642	4,452	(190)
Supplies and Services	18,064	19,566	19,202	(364)
Transport	2,258	2,254	2,203	(50)
External Support	4,459	5,165	5,224	59
Non-Pay Total	35,158	38,127	38,183	57
Total Planned Force Expenditure	184,450	193,469	193,539	71

- 4.3 The details underpinning the overall expenditure incurred by the Force and how this compares against the revised budget are included within the report from the Force which accompanies this report.
- 4.4 The forecast outturn reported to the PCC by the Force throughout 2025/26 has been as follows:
- Q1 – June position - £509k forecast overspend at year end.
 - Q2 – August position - £379k forecast overspend at year end.
 - Q3 – December position - £200k forecast overspend at year end.
- 4.5 The **final position reported by the Force for 2025/26 of £71k overspent** shows the continued progress that was made by throughout the year by the Force to address their forecast overspend.

5 **Reserves**

5.1 The original 2025/26 budget was to be supported by £710k from Reserves. This was made up of the following transactions:

- £430k from the Pay and Price Reserve
- £150k from the Major Incident Reserve
- £150k from the Incentivisation Reserve
- £75k from the Injury Pension Reserve
- £55k from the PFI reserve

AND

- £150k to the Insurance Reserve

5.2 In addition to this, £860k was to be used to support the Capital Programme during 2025/26.

5.3 Subject to the delivery of the Capital Programme and a breakeven Revenue position it was **expected that Reserves would reduce by £4,602k during 2025/26.**

5.4 The actual level of **Reserves at the end of 2025/26 are actually higher than the start of the financial year by £429k, with total reserves at the end of 2025/26 being £20,106k.**

5.5 How has this happened?

5.6 The wider impact of establishing an insurance earmarked reserve, which was established from a transfer from the Capital Reserve, and managing the poor financial settlement that was received in 2026/27 is that instead of only £961k of the 2025/26 capital programme being funded via 'borrowing', then the actual final position is that £6,387k will be funded through 'borrowing'.

5.7 This £5,426 increasing in 'borrowing' is the primary reason that reserves are around £5m higher than originally planned.

5.8 This has an impact on the Capital Financing costs that were set out within the 2026/27 financial plans, and it is also expected to increase the level of loans that the organisation needs to take out in the future.

5.9 As mentioned above the Overall Reserves for 2025/26 have increased by £429k as set out in the table below,

	Balance at 31 March 2025 £000	Tranfers In 2025/26 £000	Transfers between Reserves £000	Tranfers Out 2025/26 £000	Balance at 31 March 2026 £000
Funding for projects & programmes over the period of the current MTFP					
Direct Revenue Funding of Capital	(5,919)	(1,770)	2,450	(54)	(5,293)
PCC Change Reserve	(129)				(129)
Airwaves Project	(248)				(248)
Change Reserve	(1,000)	(30)			(1,030)
Firearms Licensing Reserve	0	(46)			(46)
Recruitment Reserve	(251)	(74)		74	(251)
Commissioning Reserves	(0)	(127)		(85)	(212)
Road Safety Initiatives Fund	(111)		54		(57)
Sub Total	(7,657)	(2,046)	2,504	(65)	(7,264)
Funding for projects & programmes beyond the current MTFP					
PFI Sinking Fund	(673)	(75)		130	(618)
Incentivisation Grant	(858)	(512)		199	(1,171)
Police Property Act Fund	(199)	(29)			(228)
Sub Total	(1,730)	(616)	0	329	(2,017)
General Contingency					
Insurance Fund	(0)	(708)	(2,450)	1,742	(1,416)
Injury Pension Reserve	(446)			160	(286)
Urday Nook TTC	(81)				(81)
NEROCU	(191)			0	(190)
Pay, Price and Grant Reserve	(1,620)			518	(1,102)
Major Incident Reserve	(150)			150	0
Sub Total	(2,487)	(708)	(2,450)	2,571	(3,074)
Total Earmarked Reserves	(11,874)	(3,370)	54	2,834	(12,356)
General Reserves	(5,772)	(208)		0	(5,980)
Total Usable Reserves	(17,646)				(18,336)
Capital Receipts Reserve	(2,032)	(319)		580	(1,771)
Total Reserves	(19,678)				(20,106)
Movement	3,996				(429)

5.10 The actual level of reserves at the end of 2025/26 at £20,106k is higher than the position included within the February 2026 financial reports by £3,064k

5.11 This reflects the following:

- Funding PFI Capital spend through borrowing - £1,770k
- Slippage on the Capital Programme resulting in less use of Capital Receipts - £1,477k
- Higher Proceeds of Crime funding - £511k
- In-Year underspend added to reserves - £476k
- Other small movements – £47k

Offset by:

- Release of funding to meet Insurance claims - £1,217k

5.12 It is important to recognise that Reserves are still expected to reduce significantly in 2026/27 to around £15m.

6. **Overall Budget Summary for 2025/26**

- 6.1 The following table summarises the finances for 2025/26 showing the original budget, the revised budget, actual spend against the revised budget and ultimately the (under) and overspends against the revised budget:

	Original 2025/26 Budget	Revised 2025/26 Budget	Forecast Spend in 2025/26	2025/26 Forecast (Under)/ Overspend
Funding	£000s	£000s	£000s	£000s
Funding for Net Budget Requirement	(174,322)	(174,322)	(174,322)	(0)
Specific Grants	(23,273)	(27,107)	(26,634)	473
Partnership Income/Fees and Charges	(5,174)	(6,667)	(6,918)	(250)
Total Funding	(202,770)	(208,097)	(207,874)	222
Special Grant	0	(2,485)	(2,485)	0
Total Overall Funding	(202,770)	(210,581)	(210,359)	222
Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s
Total Planned Expenditure	1,265	1,319	1,304	(15)
PCC Initiatives/Victims and Witness	£000s	£000s	£000s	£000s
PCC Initiatives	1,986	2,971	2,546	(426)
Victims and Witnesses Services	2,126	1,491	1,459	(32)
Cleveland VRU and Serious Violence Duty	1,143	1,343	1,311	(31)
Total Planned Expenditure	5,255	5,805	5,316	(489)
Corporate Costs	£000s	£000s	£000s	£000s
Staff Pay	970	899	830	(69)
Non Pay Expenditure	85	116	186	70
PFI's	8,845	3,831	3,834	3
Asset Management	1,750	4,994	4,688	(306)
Total Corporate Costs	11,650	9,840	9,537	(303)
Police Force Planned Expenditure	£000s	£000s	£000s	£000s
Pay				
Police Pay	101,395	103,285	103,651	366
Police Overtime	2,656	3,458	3,993	536
Staff Pay	40,804	44,426	43,561	(866)
Police Community Support Officer Pay	4,438	4,173	4,151	(22)
Pay Total	149,292	155,342	155,356	14
Non-Pay Budgets				
Other Pay and Training	1,448	2,147	2,051	(96)
Injury and Medical Police Pensions	4,138	4,354	5,051	697
Premises	4,791	4,642	4,452	(190)
Supplies and Services	18,064	19,566	19,202	(364)
Transport	2,258	2,254	2,203	(50)
External Support	4,459	5,165	5,224	59
Non-Pay	35,158	38,127	38,183	57
Total Planned Force Expenditure	184,450	193,469	193,539	71
(Surplus)/Deficit	£000s	£000s	£000s	£000s
(150)	(148)	(662)	(514)	
Planned Transfers to/(from) General Fund	0	0	0	0
Transfer to Insurance Provision	0	0	0	0
Contribution to Capital Programme	860	6,073	5,588	(485)
Planned Transfers to/(from) Earmarked Reserves	(710)	(5,924)	(5,402)	523
Net (Surplus)/Deficit After Planned Reserves	(0)	(0)	(476)	(476)

- 6.2 The overall **underspend for the financial year is shown as £476k** after planned use of reserves and the required transactions to ensure that the Insurance Provisions and Reserves are in line with recent decisions and align with the recent Actuarial Review.
- 6.3 This small underspend has been added to reserves and importantly the 2025/26 outturn does not create any additional pressures against the financial plans that were approved in February 2026.

7 Conclusion

- 7.1 The continued challenge of managing the level of claims and liabilities from Insurance and Legal claims made 2025/26 a really challenging financial year.
- 7.2 To address this and ensure that the reserves and provisions are in line with the results of an actuarial review has resulted in the organisation funding more of the Capital Programme through borrowing than was previously expected. This allowed for the release of those capital reserves to fund insurance costs and establishment an insurance earmarked reserve.
- 7.3 In addition to this the 2026/27 financial settlement was significantly worse than expected. The plans for 2026/27 therefore required more borrowing than previously expected as there simply wasn't sufficient funding to support the capital programme going forward without additional borrowing.
- 7.4 The make-up of the 2025/26 capital programme provided a better mix of expenditure to apply borrowing against and therefore £6.3m of the 2025/26 capital programme was financing through borrowing (although no actual loans were taken out).
- 7.5 This has meant that **Reserves have been able to be maintained at just over £20m** and there should be some future benefit on Capital Financing charges versus those agreed within the 2026/27 financial plans.
- 7.6 Against this backdrop an **overall underspend of £476k** on a total final revenue budget of £210,433k is very welcome, with the Force only overspending by £71k on the back of another challenging year.
- 7.7 In terms of the Capital Budget, at the end of the financial year spend total Capital expenditure against the £6,798k revised budget totalled £5,196k.
- 7.8 Of the remaining £1,602k, £1,525k has been slipped into 2026/27, with the remaining £77k no longer needed and reported as an underspend.

Michael Porter
PCC Chief Finance Officer