

# Finance Report 2025/26 – Third Quarter (Q3)

*ADRODDIADAU'R BWRDD  
ATEBOLRWYDD A SICRWYDD*

**ACCOUNTABILITY AND  
ASSURANCE BOARD**

**27<sup>th</sup> January 2026**

<b>Date:</b>	27th January 2026
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<b>Responsible Officer:</b>	Matthew Coe
<b>Version:</b>	



## 1. **DIBEN AC ARGYMHELLIAD | PURPOSE AND RECOMMENDATION**

- 1.1. The purpose of this report is for monitoring / information.
- 1.2. There are no recommendations made requiring a decision.

<b>Checklist for authors</b>	
(please acknowledge the following list has been reviewed prior to submission to Governance and subsequently COT)	
<a href="#">Read Corporate Tone of voice &amp; style guide</a>	
Initialisms and acronyms checked and explained	Yes
Abbreviations checked and explained	Yes
Spelling checked	Yes
Numbering checked	Yes
Accessibility checked	Yes
Confirm no headers or footers	Yes
<b>AAB Sign off</b>	
(please acknowledge the following list has been reviewed for suitability for AAB)	
Confirm content is appropriate	Yes
Financial considerations	Yes
Personnel consideration	Yes
Legal considerations	Yes
Equalities & human rights	Yes
Risk considerations	Yes
Public interest questions answered	Yes
Confirm report author	Yes
Confirm Lead chief officer	Yes
Annexes noted on report and sent separately by email	Yes

## 2. **CYFLWYNIAD A CHEFNDIR | INTRODUCTION AND BACKGROUND**

- 2.1. This quarterly financial report presents detailed information on revenue, balance sheet and working capital balances (debtors, creditors, and cash/investments). This provides a comprehensive position for Chief Officers to consider and inform decision making.
- 2.2. The quarterly report includes:
  - **Appendix 1a,1c:** Income and Expenditure for the group and OPCC (as previously reported). The income and expenditure reports consider expenditure commitments

made as at the quarter end but have not yet been invoiced or paid and a forecast of the year end position.

- **Appendix 2a:** Cash and investments – details of level of cash the force has and how much money is on investment.
- **Appendix 2b:** Debtors position. This details the level of income yet to be cash received and the age of the debt.
- **Appendix 2c:** Creditors position. This details the level of expenditure yet to be cash paid and the age of the liability.
- **Appendix 2d:** Capital & Project spend report. This details the spend to date on capital projects and the budget remaining to the end of the financial year.
- **Appendix 3:** Usable reserves. This schedule identifies the level of cash backed reserves in line with the Reserves Strategy and the MTFP.
- **Appendix 4:** Medium Term Financial Plan. This provides a longer-term view on the financial position of the force.

### 3. **MATERION I'W HYSTYRIED | ISSUES FOR CONSIDERATION**

**Financial Highlights – Q3 Year To Date (YTD) outturn: £5,285k underspend**  
**Forecasted Year-End (YE) outturn: £5,551k underspend**

- 3.1. The information below provides details on key trends and results for the year. Where a variance (favourable or adverse) represents a significant risk to being able to meet budget a more detailed analysis is provided.
- 3.2. It should be noted that whilst budgets are phased each month, this is not always reflected in the expenditure patterns across non pay budget headings and therefore is not an informative basis on which to assume out-turn spending for year end.
- 3.3. As shown in Appendix 1a, on a group basis there is a year-to-date underspend of £5,285k for Q3 2025/26 against the budget and a forecast year-end underspend of £5,551k.

The end of year forecast underspend of £5,551k is primarily due to savings on interest payment (£1m), reduced long term revenue project expenditure in the capital programme (£2.5m), and additional grant income under pay award (£1,232k), Op Lockwood (£1,000k, ASB hotspot funding)

The group year-to-date net underspent arises from the following variances:

**Pay variances – Officers and Staff: YTD overspend £591k**  
**Forecast YE overspend £1,165k**

- 3.4. At the end of Q3, police officer & staff pay and allowances are over budget by £591k due primarily to the year-to-date effect of the timing of the cohorts of new officers & staff from Neighbourhood Grant (NHG) entering the Force in September and March.
- 3.5. The year end forecast shows the police officer & staff pay and allowances will be overspent by £1,165k, this is primarily due to the difference between the planned (3.00%) and actual pay award (4.20%) as reported in Q1. This overspend will be offset in 2025/26 by a specific grant from the Home Office of £1,232k for the difference between budgeted and actual pay awards. This is a non-recurrent grant for the financial year.
- 3.6. The assumptions for the 2025/26 budget assumed pay award for officers of 3.00% from 1st September 2025. The UK Government confirmed a 4.20% pay award for officers with an indication that they would then fund the difference for forces between an average pay award of 2.8% and 4.2%. The pay award of 4.20% has also been agreed for staff.

**Overtime – Officers and Staff: YTD overspend £1,501k  
Forecast YE overspend £1,836k**

- 3.7. Total overtime costs (officer and staff) at the end of Q3 show a net overspend of £1,501k, made up as follows:

	<b>2025/26 Q3</b>
Police Officer and Staff TOIL (Time off in Lieu) payments overspend	(£100k)
Police Officer overtime overspend	(£214k)
Police Officer rest day overtime overspend	(£881k)
Police Officer public holiday overspend	(£189k)
Police staff overtime – overspend	(£290k)
Police staff weekend & public holiday enhancements underspend	£173k
<b>Total (over)spend at 31<sup>st</sup> December 2025</b>	<b>(£1,501k)</b>

- 3.8. The position above includes expenditure on Police Staff Enhancements, and excludes Major Incidents and Tasking, which is reported separately on Lines 9 and 10 of Appendix 1a, therefore the position is not directly comparable with the Force Overtime Performance report including MI&T (Major Investigation Team).
- 3.9. To date overspent of £1,501k includes £97k from FY2425, primarily staff didn't submit their OT claim by the yearend deadline. Additionally, £67k relates to Allard payments, which are one-off and were not budgeted in the financial year. The expenditure of £341k relates to Op Lockwood overtime which is recoverable through specific HO grant as part of income. £129k under Mutual Aid and £87K overspend under Abnormal Loads is also recoverable. Excluding recoverable and previous year OT, net overspend is £780k.

- 3.10. The annual overtime budget was reduced by £1m for 2020/21 and has remained unchanged since 2021/22. For governance purposes, monthly OT report is provided to department leads. The overtime report has been added as an agenda item for the Productivity and Efficiency Board to enhance the governance and accountability of overtime expenditure. Live / current overtime reports are available in GRS (Global Rostering System) system.

**Other employee related costs: YTD overspend £116k  
Forecast YE underspend £36k**

- 3.11. There is a net overspend of £116k for other employee related costs. Pension costs are up by £465k at the end of Q3. Both Police Pension – Injury & ill health are overspent by £519K at Q3. It is expected that yearend spend will be within budget. External training costs are underspent by £529k as of 31<sup>st</sup> December 2025. This is expected to change as more staff attend training courses as year progresses. Employee liability insurance & claims have overspent by £146k at Q3 due to the timing of the payment. This variance is expected to correct over the coming periods.

**Non-pay variances – Premises costs: YTD underspend £1,227k  
Forecast YE underspend £3,330k**

- 3.12. Premises costs are underspent at Q3 by £1,227k, an increase of £346k underspend from Q2. This is primarily due to the timings of expenditure on repairs and maintenance costs (£882k) and lower utility bills (£623k). This is partly offset by an overspend on property insurance of £23k, which was billed in full for the year in Q1. Rents and rates are overspent by £282k, again largely due to timing differences on billing. These variances are expected to even out as the financial year progresses and the phasing of expenditure corrects itself.

The yearend forecast underspend is estimated at £3,330k. The main areas of underspend are on long term revenue projects within planned and reactive maintenance expenditure (£2,907k) and savings on utilities (£660k). The reduced spending on long term revenue projects includes budgeted spend on Cwmbran & Newport refurbishment, sustainability, and electric vehicles charging points due to the CHARGE contract retender. Some of this underspend will be used to accelerate alternative programmes, such as boiler replacement and firewall installation within Force.

**Non-pay variances – Transport costs: YTD underspend £348k  
Forecast YE underspend £13k**

- 3.13. Transport costs are underspent at Q3 by £348k. Insurance work for recovery costs are underspent by £41k, vehicle fuel £61k and the cost of vehicle insurance was also lower than budget at Q3 by £86k. Helicopter Hire costs are underspent by £215k due primarily to the effect of the timings of the billing from NPAS. Vehicle repair and maintenance is overspent by £61k and is offset by underspend explain above.

- 3.14. The forecast position for fleet is expected to be an underspend of £13k, this includes underspends on fuel (44k) and Hire charges (94k). The areas with forecasted overspend are repair and maintenance (£74k) and mileage and travel cost (£51k). The underspend on fuel is a combination of price and usage; fuel prices have been stable for some time now.

**Non-pay variances – Supplies & Services costs: YTD underspend £6,064k  
Forecast YE underspend £743k**

- 3.15. Supplies & services costs are underspent at Q3 by £6,064k and there are many variations between the cost headings in this category.
- 3.16. Operational equipment expenditure is underspent by £201k including £218k underspent under firearms & ammunition. Full year underspent for firearms & ammunition is forecasted as £87k. Part of underspent under operation equipment is offset by £125k overspent under furniture.
- 3.17. Uniform – There is an overspend of £4k at Q3 and is forecasted to have £54k underspend at the yearend.
- 3.18. Crime scene investigation (CSI) – There is net underspent of £109k at Q3 and it is expected that trend will continue as the financial year progress. The forecasted underspend under CSI is £97k underspend, largely due to underspend under Pathologists fees (£99k).
- 3.19. Animal Welfare – £338k overspend is largely due to expenditure under Dangerous Dogs Act (DDA) and it is expected that overspend will continue in the coming periods. The overspend at the yearend is expected be around £437k. Operationally steps have been taken to remove the dogs quickly from kennels to minimise the overspend. Force has also received £295k one off payment to meet the cost under DDA.
- 3.20. Professional Fees and Charges - There are timing differences in Partnership fees, consultants' fees and collaboration contributions resulting in a net underspend of £5,855k at Q3 which will reverse out in future periods. These timing differences have arisen as the budget was phased using prior year invoicing patterns, which have not been replicated for 2025/26. The yearend forecast underspend is estimated at £501k. The main area of underspend are commissioning and partnership contributions (£500k). Part is this underspend offset the forecasted overspend of £192k under solicitor fee.
- 3.21. ICT Expenditure – There is £793k overspent at the end of Q3, largely due to overspend under hardware purchases (£466k) and software maintenance contracts (£326k). The overspend is partly because of timings of invoicing but also some additional costs on projects from within the overall ICT revenue and capital programme. There is £290k underspent for the purchase of MS365 licences was partly offset by the overspend under DEM & Firewall purchase in long term projects (LTP).

- 3.22. Comms Expenditure - £344k underspent, partly due to the timing of the invoice from the suppliers. The yearend forecast is £72k underspend largely due to underspend in telecoms – rental related to BT refund from ceased lines.
- 3.23. Airwave Expenditure - underspend of £208k under airwaves services charges is partly offset overspends under radio installation & licences leaving net underspend of £178k at the end of Q3. Underspend under airwaves services charges is expected to continue for the remaining of the financial year with the expected underspend of £83k at the yearend.
- 3.24. Other supplies and services - The net underspend at the end of Q3 stands as £555k. This includes underspend of £299k under Custody - Medical Examination that is partly offset by overspent under Custody- Medical Contacts £247k. Similarly, there is a £490k underspend under Public Liability Costs due to timing difference. The trend of underspend is expected to continue with the forecasted underspend of £797k at the yearend. The underspend is mainly from expected underspend under Medical Examination (£399k) and Public Liability (£654k).

#### **Other movements:**

- 3.25. The Force's contribution to the Police Computer Company is overspent by £440k at 31<sup>st</sup> December 2025. This overspent is due to a timing difference and will correct itself in full in future periods. The forecasted overspend at the yearend is £47k.
- 3.26. Interest charges - £1,331k underspend due to decision to use reserves to fund long term capital project and avoid borrowing externally. It is expected that borrowing will be required in the fourth quarter to maintain cashflow. The expected saving on interest cost at the yearend is approx. £1,024k.
- 3.27. Investment income – £218k at the end of Q3 and £150k overachievement of income at the end of year.
- 3.28. Other Income is lower than budget by £5,145k due to changes in the timing of receipt of grants monies from the Home Office and the Welsh Government. The timing of payments made in relation to this government specific grant funding is uncoordinated with prior years' experience, for example the Welsh Government's PCSO grant funding has only been confirmed in Q2. There are no known issues with receipt of grants. Income variances will even out over the course of the year and will be corrected in the coming months. The forecast position at the yearend is an overachievement of income of £4,302k against budget, due to pay award grant (£1,232k); one off Dangerous Dogs Act monies (£295k); mutual aid and SPS (£359k); sale, fees and charges (£548k), income for Op Lockwood (£1,000k).

#### **Appendix 1c**

**Office of the Police & Crime Commissioner – underspend £1,142k  
Forecast YE underspend £628k**

- 3.29. Included within the group figures are underspend relating to the Office of the Police & Crime Commissioner totalling £1,142k and forecasted underspend of £628k at the yearend. These are shown in Appendix 1c.
- 3.30. Salary and allowances – there are an overspend of £133k due to unbudgeted staff cost and incorrect budgeting of a small number of substantive posts. This trend will continue and expected overspend at yearend is £228k. £61k relates to unbudgeted fixed term post and recoverable, income related to this is in other income.
- 3.31. Non-pay expenditure – there are underspends totalling £385k in non-pay expenditure. The forecasted position at the yearend is £336k. This is primarily due to underspend under Police, Crime and Justice plan, Police Community Fund.
- 3.32. Other income – Total overachievement at the end of Q3 stands as £891k and £520k at the yearend. This relates to grant from MOJ for victim service for which budget sit in Chief Constable budget for current financial year. Steps have been taken to allocate victim service income budget correctly for FY2627.
- 3.33. There are no risks to receipt of the full £86,493k of Council Tax for the year.

### **Financial Highlights – balance sheet**

- 3.34. The key areas that are significant to the overall financial performance of the force are:

#### **Investment and cash (appendix 2a)**

- 3.35. At 31<sup>st</sup> December 2025, £25.8m of cash reserves were held as investments with local authorities or held within the money market. All loans are for 12 months or less and are scheduled to ensure that cash flow is available to cover all commitments as they fall due. Actual cash held within the bank account at 31<sup>st</sup> December 2025 was £1,744k.
- 3.36. The average interest rate on investments is 4.09% (30<sup>th</sup> September 2025: 4.17%; 30<sup>th</sup> June 2025: 4.37%). The Bank of England has reduced the interest rates over the course of the year from 5.00% to 4.00% in the August 2025 meeting, and most recently to 3.75% - the lowest level since February 2023. These changes did change the rates secured on 2024/25 investments and will impact on our investment income levels in 2025/26.

#### **Debtors (appendix 2b)**

- 3.37. Total sales invoices that were unpaid as at 31<sup>st</sup> December 2025 totalled £400k (30<sup>th</sup> September 2025: £1,229k) – a significant decrease from Q2.

- 3.38. The collectability of debtors is not considered a risk. The top 5 debtors, as presented in Appendix 2b, total £381k (95% of total debtors by value) and are all public sector bodies. No debts have been written off in Q3 2025/26.

### **Creditors (appendix 2c)**

- 3.39. As of 31<sup>st</sup> December 2025, there were £792k of creditors.
- 3.40. Of this total, £141k or 21.4% (Q1 2025/26 £23k) of the total is overdue for payment. Average days taken to pay of 18.26 days remains well within the 30-day target.

### **Capital (appendix 2d)**

- 3.41. The initial budget for the Capital and Long-Term Projects was £22,458k but this has been revised down to £18,527k due to changes in planned projects. These include the original Control Room Project, and various refurbishment projects which are being revised for 2026/27.
- 3.42. The expenditure over the financial year to date on capital and long-term projects is £9,706k leaving a remaining budget of £8,821k against the revised budget. Progress on the delivery of the projects in line with the Estates Strategy and within the capital programme is overseen by the Capital Strategy Board.
- 3.43. Estates - the revised budget of £12,020k includes major projects relating to the Collaborative JFU (Joint Firearms Unit) relocation (£8,300k), Access Control across the Estate (£584k) and Ystrad Mynach custody refurbishment/upgrades (£500k). A further £200k is included in the budget for feasibility studies on several sites including Turnpike Road and Cwmbran Central.
- 3.44. Vehicles - The 2025/26 revised budget is £2,604k and expenditure for the year to date is £2,200k. Any slippage within the year will be rolled into 2026/27 budgets in line with the current fleet replacement cycle.
- 3.45. ICT - The revised budget of £3,457k includes major projects relating to the FFF programme (£647k), Process Efficiency Project (£500k) and Joint Data Analytics Project (£470k).

### **Seized Money (Appendix 2e)**

- 3.46. The balance of seized money held as at 31<sup>st</sup> December 2025 was £1,404k. An amount of £730k (51.9%) has been held for over 12 months at this date compared to £765k (53.5%) as of 30<sup>th</sup> September 2025. The cashiering team are actively chasing outstanding seized money exhibits for updates from officers to reduce the amounts still held by Gwent Police.

### **Reserves (appendix 3)**

- 3.47. Appendix 3 details the position in relation to the current balance of reserves of £18,162k based on the audited financial statement as of 31<sup>st</sup> March 2025. This shows a reduction of £2,986k in reserves from £21,148k as of 31 March 2024 as reserves were used to fund the capital programme in 2024/25. The General Reserve has been maintained at £5.5m in line with the Reserves Strategy, with the remaining balances set aside for capital receipts reserve to fund the future capital programme, and earmarked reserves for specific purposes. Appendix 3 details the movements within the financial year 2024/25.

### **Medium Term Financial Plan (appendix 4)**

- 3.48. Appendix 4 provides detail of the latest version of the 2025/26 to 2029/30 MTFP updated as at May 2025. The current position for 2025/26 after additional costs pressures, savings and funding changes have been identified between February and May 2025, is a net deficit £2,714k – an increase from £1,769k in January 2025. A report on the key movements to 31<sup>st</sup> May 2025, mitigating actions already being taken and the financial risks has been presented to Chief Officers and OPCC. Work continues in 2025/26 to identify further recurring savings.
- 3.49. The impact of global events continues to create a lot of uncertainty over funding, cost pressures, inflation, and interest rates for 2025/26 and subsequent years. The current forecast of the recurring annual deficit of £7,095k at 2029/30 is therefore highly dependent on these inflationary pressures, borrowing decisions for the capital programme, and central government priorities. The MTFP will be updated again as part of the 2026/27 budget setting exercise. Known and anticipated additional pressures on base budgets, further base budget savings, and the annual review of the budget's underlying assumptions have been carried out in September-November 2025 as part of the Chief Constable's 2026/27 budget bid to the Commissioner.

## **4. CYDWEITHIO | COLLABORATION**

- 4.1. Collaborative activities have been included in the figures above.

## **5. CAMAU NESAF | NEXT STEPS**

- 5.1. To consider and note the financial performance of the Force and OPCC for the third quarter of financial year 2025/26 and the current forecast to year end.

## **6. YSTYRIAETHAU ARIANNOL | FINANCIAL CONSIDERATIONS**

6.1. These are detailed in the report.

## **7. YSTYRIAETHAU PERSONEL | PERSONNEL CONSIDERATIONS**

7.1. The staffing / personnel implications arising from this report relate to the ongoing recruitment profile for officers, PCSOs and staff to meet the targets and requirements of grants for the Neighbourhood Policing Guarantee; Operation Uplift Additional officers; and Welsh Government PCSO funding.

## **8. YSTYRIAETHAU CYFREITHIOL | LEGAL CONSIDERATIONS**

8.1. There are no legal implications arising from this report.

## **9. YSTYRIAETHAU CYDRADDOLDEB A HAWLIAU DYNOL | EQUALITIES & HUMAN RIGHTS CONSIDERATIONS**

9.1. This report has been considered against the general duty to promote equality, as stipulated under the Strategic Equality Plan and has been assessed not to discriminate against any particular group.

9.2. In preparing this report, consideration has been given to requirements of the Articles contained in the European Convention on Human Rights and the Human Rights Act 1998.

## **10. RISG | RISK**

10.1. The outcome of the ongoing review of the funding formula is still unknown. The predicted loss of funding is estimated at between £6m and £10m but is not reflected in the MTFP's recurring deficit at 2029/30 of £7.095m. An organisational risk is maintained via Service Improvement Board to reflect the in-year financial position.

## **11. BUDD Y CYHOEDD | PUBLIC INTEREST**

11.1. In producing this report, has consideration been given to 'public confidence'? **Yes**

11.2. Are the contents of this report, observations and appendices necessary and suitable for the public domain? **Yes**

## **12. AWDUR YR ADRODDIAD | REPORT AUTHOR**

12.1. Muhammad Yasir

### **13. *PRIF SWYDDOG ARWEINIOL* | LEAD CHIEF OFFICER**

13.1. Matthew Coe

### **14. *ATODIADAU* | ANNEXES**

14.1. 2025/26 Q3 Financial Performance Report

### **15. *CYMERADWYAETH LLYWODRAETHU A BRIF SWYDDOG* | GOVERNANCE BOARD AND CHIEF OFFICER APPROVAL**

15.1. I confirm this report has been discussed and approved at a formal Chief Officers' meeting.

15.2. I confirm this report is not suitable for the public domain for the reasons stated in 11.3.

**Signature:**



**Date:** 10 February 2026