

Performance and Resources Scrutiny Programme 2019/20

Report to: The Office of the Police, Fire and Crime Commissioner for Essex

Title of Report:	2019/20 Month 9 Financial Monitoring Report
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Chief Officer	DCC Mills
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Date of Meeting:	16th January 2020
Author on behalf of Chief Officer:	Richard Jones, Head of Business Partnering and Management Accounting
Date of Approval:	16th January 2020

1.0 Purpose of Report

1.1 This report identifies the 2019/20 month 9 position for the Force.

2.0 Recommendations

2.1 The report is for noting.

3.0 Executive Summary

3.1 The latest forecast revenue overspend is **£0.317m**, which includes forecast expenditure of £2.180m for Op Melrose (£1.9m underspend excluding Op Melrose).

3.2 The police officer strength forecast at end of December is **3,198 FTE** and at year end is **3,335 FTE**. The year-end position will be adjusted to 3,268.5 FTE or a revised figure, in line with 2020/21 budget setting.

3.3 The Capital Reserve is forecast to be **£4.032m** surplus at year end.

3.4 The forecast capital expenditure is **£12.165m** and the forecast capital income from property disposals is **£8.873m**.

4.0 Introduction/Background

4.1 This reports sets out the December, month 9, financial position.

5.0 Current Work and Performance

5.1 The month 9 financial position is shown at Annex 1.

6.0 Implications (Issues)

6.1 The implications are reported in Annex 1.

7.0 Links to Police and Crime Plan Priorities

7.1 The Force budget is used to help meet the priorities of the Police and Crime plan.

8.0 Demand

8.1 The Force budget is reviewed and re-allocated within virement rules to match demand e.g. overtime funded by vacancies.

9.0 Risks/Mitigation

9.1 Risk Register URN 452 - Short and Long Term Capital Finance.

10.0 Equality and/or Human Rights Implications

N/A

11.0 Health and Safety Implications

N/A

12.0 Consultation/Engagement

12.1 The pay forecasts are based on information received from HR Organisational Management.

13.0 Actions for Improvement

N/A

14.0 Future Work/Development and Expected Outcome

14.1 Reviews will continue with budget holders, working towards a balanced budget by year end.

15.0 Decisions Required by the Police, Fire and Crime Commissioner

15.1 There are no virements required for approval.

1. Executive Summary – 2019/20 – Month 9

£0.317m – Latest forecast revenue overspend, which includes forecast expenditure of £2.180m for Op Melrose (£1.9m underspend excluding Op Melrose).

3,198 FTE – Police Officer strength forecast at end of December and **3,335 FTE*** Police Officer strength forecast at year end.

* This will be adjusted to 3,268.5 FTE or a revised figure, in line with 2020/21 budget setting.

£4.0m surplus - The forecast year end balance on the Capital Reserve.

£12.2m forecast capital expenditure and **£8.9m** forecast capital income.

2. Revenue

2.1 Revenue Summary – 2019/20 – Month 9

	Original Budget	Current Year Virements	Current Budget	Actuals to Date	Forecast Outturn	Variance - Over / (Under) Spend	Movement in Variance from Current Budget
	£000	£000	£000	£000	£000	£000	£000
Employees							
- Police Officer Pay and Allowances	167,631	1,471	169,102	127,059	172,507	3,405	303
- Police Staff Pay and Allowances	83,260	755	84,015	57,925	79,492	(4,523)	226
- PCSO Pay and Allowances	2,951	500	3,451	2,608	3,495	44	(21)
- Overtime, Pensions, Training, Expenses	13,808	1,500	15,308	11,657	15,290	(19)	(162)
- Associated Police Pay e.g. Acting Up	746	254	999	748	1,061	62	15
Employees Total	268,396	4,480	272,876	199,996	271,844	(1,031)	360
Premises	11,075	68	11,143	8,214	11,607	464	130
Transport	6,334	(131)	6,204	4,168	6,420	216	(69)
Supplies and Services	32,426	3,938	36,363	25,424	35,221	(1,142)	(365)
Third Party Payments	5,713	274	5,987	4,307	6,460	473	(13)
In-Year Investments Shortfall/Surplus	3	594	597	0	0	(597)	(237)
In-Year Savings Shortfall/Surplus	63	(63)	0	0	0	0	0
Income	(27,951)	(9,608)	(37,559)	(24,821)	(37,602)	(43)	1
Interest and capital activity	2,054	0	2,054	(4,149)	1,852	(202)	(10)
Earmarked Reserves	(179)	448	269	119	269	0	0
*Op Melrose	0	0	0	614	2,180	2,180	0
Net Expenditure	297,934	0	297,934	213,872	298,251	317	(202)
Contribution to/(from) General Reserve	(348)	0	(348)	(348)	(665)	(317)	202
Budget Requirement	297,586	0	297,586	213,524	297,587	0	0

Forecast variance based on Current Budget (over £250k).

- The overspend on Police Officer Pay is primarily due to the forecast strength at the beginning of the year being 43 FTE more than budget, the strength at the end of the year being 117 FTE more than budget, and the additional 0.5% pay award from 1st September 2019. The Home Office funding of £647k for an additional 45 officers in 2019/20 is reflected in the forecast position.
- The underspend on Police Staff Pay predominantly results from 189 FTE vacancies, which is 64 FTE vacancies above the 5.5% forcewide average vacancy factor.
- The overspend on Premises is predominantly due to insufficient budget to meet Business Rates and Property Professional Fees. This includes a significant increase to the rates associated with the refurbishment of Southend PS, and has been subject to a 2020/21 revenue budget setting bid.
- The underspend on Supplies & Services is due to reduced Home Office IT charges, slippage on various IT projects and application support initiatives, and reduced revenue consequences of capital following an unsuccessful tender process in respect of the legacy digital data project.
- The overspend on Third Party Payments is predominantly in relation to the 2019/20 annual contribution to NPAS and project team costs for 7 Forces and Athena.
- The underspend on in-year investments is for Specials investment, IT investment, Data Quality and Roads Policing training which is no longer required on top of original budget allocations.
- The net contribution to Earmarked and Carry Forward Reserves is £0.3m, which includes POCA income of £1.6m received from Operation Green King that has been transferred to earmarked reserves.
- *Op Melrose - The financial impact of the investigation into the deaths of 39 people in a lorry container in Grays has resulted in forecast expenditure of £2.180m. An application for a special grant to meet the total cost of the investigation has been submitted to the Home Office for consideration and we await a response. If no Home Office funding was received, the Major Incident Reserve would be utilised.
- The contribution from the General Reserve is £0.317m, after accounting for forecast expenditure of £2.180m for Op Melrose. The General Reserve balance at the start of the year represents 3% of the force budget, as agreed at the March 2019 Strategic Board.

2.2 Main Forecast Movements since Month 8

Main Changes to Forecast Outturn since Month 8 effecting the Transfer to the General Reserve

	Change in Forecast Outturn Variance £m	
Month 8 Forecast Outturn Variance (w/out Op Melrose)	(1.7)	Underspend
Police Officer Pay and Allowances	0.3	Includes £0.3m for Detective bonus payments for October 2019 to March 2020 (payable in 2020/21).
Police Staff Pay and Allowances	0.1	Includes £0.1m for 10 FTE more joiners than previously forecast.
Police Officer Overtime	0.1	£48k incurred for Op Director (NATO conference), with no certainty that the Home Office will provide additional funds to cover operational costs. Also increased demand and resourcing pressures noted for North LPA and OPC, plus forcewide activity under Op Beaumont.
Pensions (Ill Health/Medical)	(0.2)	The forecast reflects four ill health retirees, with three retirees to date. The budget is for 12 retirees per annum.
Premises	0.1	Primarily reflects revised expectations of cost of property professionals required to back-fill gaps in the structure until such time as permanent recruitment is complete. Also some additional costs for unexpected boiler failure at Boreham.
Communications and Technology	(0.3)	Various IT adjustments with the most significant impact relating to private circuits following in-house review and correction to the BT Wan contract. Further underspends identified for software licences due to delay in IAM replacement and Portfolio, Programme and Project Management tool not to be implemented in year.
In-Year Investments	(0.2)	2019/20 investment for Data Analytics not required in-year.
Further Variances	(0.1)	Various changes across the force to reflect latest information which are less than £100k.
Month 9 Forecast Outturn Variance (w/out Op Melrose)	(1.9)	Underspend
Op Melrose	2.2	Op Melrose - financial impact of the investigation into the deaths of 39 people in a lorry container in Grays. An application for a special grant to meet the total cost of the investigation has been submitted to the Home Office for consideration and we await a response.
Month 9 Forecast Outturn Variance	0.3	Overspend

3. Workforce Analysis

3.1 Pay Summary

Police Officer Pay	Variance £k	Reasons for Changes
Changes in forecast	348	Detective bonus payments (Oct 19 to Mar 20)
Changes in strength forecast	98	4 FTE less leavers anticipated in December than previously forecast
Changes in strength forecast	63	4 FTE more transferees than previously forecast (1 FTE Dec 19, 3 FTE Jan 20)
Changes in strength forecast	38	4 FTE more other joiners/adjustments in part time hours in November
Changes in forecast	(30)	Movement in Kent recharges
Changes in strength forecast	(71)	4 FTE more leavers in October and November than previously forecast
Forecast changes including sickness and maternity pay	(48)	Includes adjustments made in the December payroll
Changes in forecast	(95)	All new recruits in December 2019 probationer intake - no transferees
Changes in month impacting on the General reserve	303	
Total Change	303	
Staff Pay	Variance £k	Reasons for Changes
Changes in strength forecast	89	10 FTE more net joiners than previously forecast
Changes in forecast	35	Adjustment to reflect new 7F Procurement team
Changes in forecast	23	Movement in Kent recharges
Changes in forecast	(18)	Delay in recruitment of growth posts
Budget transfer to pay	(34)	Creation of income and expenditure budgets for Occupational Health Services Police Dependents Trust grant
Changes in forecast	(36)	Includes adjustments made in the December payroll
Changes in month impacting on the General reserve	59	
Budget transfer from pay	98	Funding of Estates property professionals from devolved staff pay underspends
Budget transfer from pay	69	Funding of overtime from Contact Management and Public Protection devolved staff pay underspends
Total Change	226	
PCSO Pay	Variance £k	Reasons for Changes
Changes in forecast	(21)	includes adjustments made in the December payroll
Total Change	(21)	

3.2 Police Officer FTEs

2019/20 - Police Officers Pay/Strength - Using 2019/20 Budget Setting Model

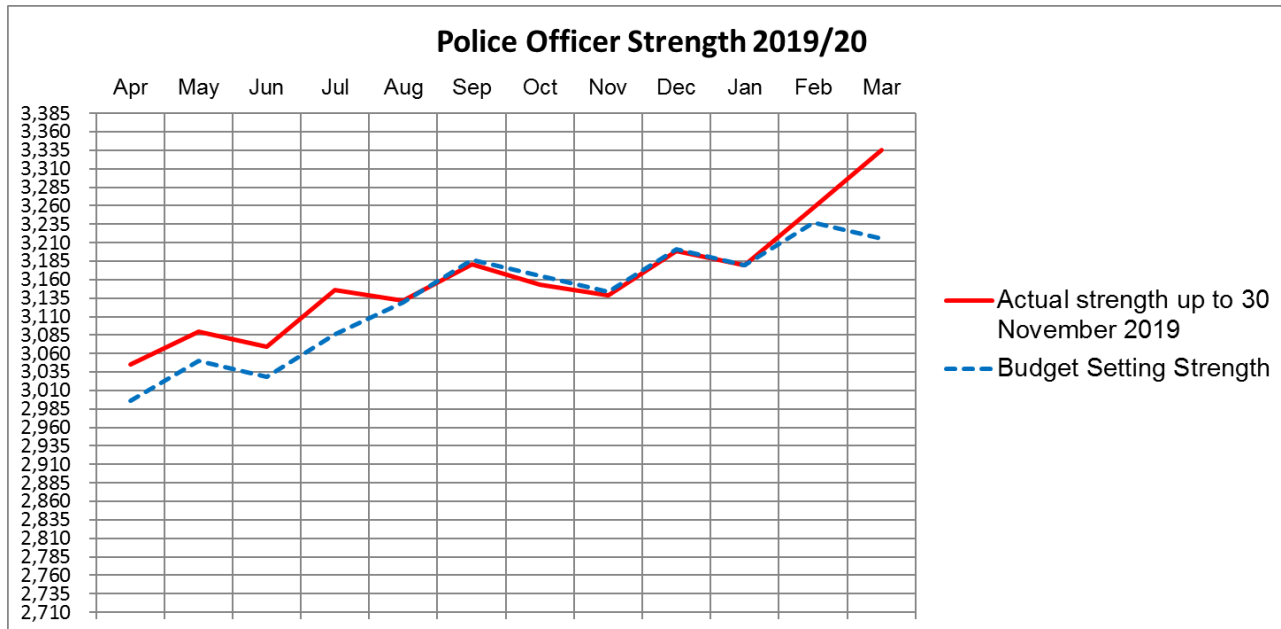
Ref	2019/20 Budget Setting													
	Strength	Apr FTEs	May FTEs	Jun FTEs	Jul FTEs	Aug FTEs	Sep FTEs	Oct FTEs	Nov FTEs	Dec FTEs	Jan FTEs	Feb FTEs	Mar FTEs	Total FTEs
1	Strength @ beginning of month (note 1)	3,021	2,999	3,053	3,031	3,089	3,132	3,190	3,168	3,146	3,204	3,182	3,240	
2	Leavers	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(264)
3	Starters	0	76	0	80	65	80	0	0	80	0	80	0	461
4	Net change	(22)	54	(22)	58	43	58	(22)	(22)	58	(22)	58	(22)	197
5	Officer strength - month end	2,999	3,053	3,031	3,089	3,132	3,190	3,168	3,146	3,204	3,182	3,240	3,218	
6	Difference to 3,218 FTEs - over / (under)	(219)	(165)	(187)	(129)	(86)	(28)	(50)	(72)	(14)	(36)	22	0	
	Budget	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
7	1st April 2019 Strength (note 2 & 3)	£11.32m	£12.49m	£12.49m	£12.43m	£12.49m	£14.99m	£14.99m	£14.99m	£14.99m	£14.93m	£14.99m	£14.99m	£166.08m
8	2018/19 Leavers (note 4)	(£0.11m)	(£0.22m)	(£0.33m)	(£0.43m)	(£0.54m)	(£0.65m)	(£0.76m)	(£0.87m)	(£0.98m)	(£1.09m)	(£1.20m)	(£1.31m)	(£8.50m)
	2018/19 Starters (note 4)	£0.00m	£0.21m	£0.21m	£0.44m	£0.71m	£1.01m	£1.01m	£1.01m	£1.25m	£1.25m	£1.48m	£1.48m	£10.06m
	Monthly Budget (note 5 & 6)	£11.21m	£12.49m	£12.38m	£12.44m	£12.66m	£15.35m	£15.23m	£15.12m	£15.25m	£15.08m	£15.26m	£15.16m	£167.63m

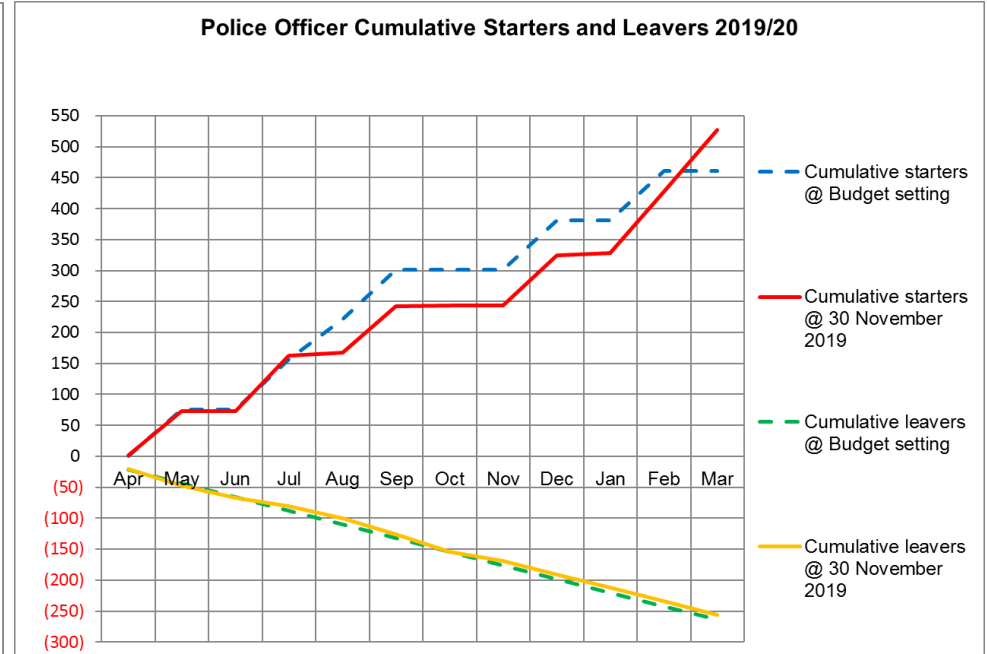
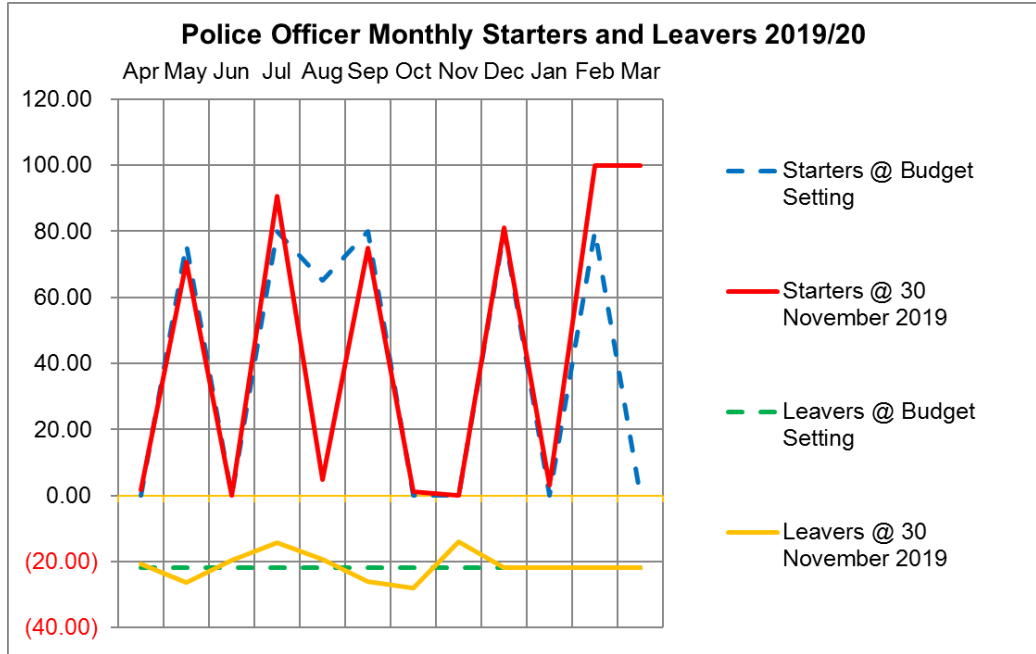
2019/20 Current Forecast - Based on HR Information received 16 December

Ref	Strength	Actual FTE												Forecast FTE			
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total			
		FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs		
8	1st April 2019 Strength	3,064	3,045	3,089	3,070	3,146	3,131	3,180	3,153	3,139	3,198	3,179	3,257				
9	Leavers (note 7)	(21)	(26)	(20)	(14)	(19)	(26)	(28)	(14)	(22)	(22)	(22)	(22)	(256)			
10	Starters (note 8)	2	71	0	91	5	75	1	0	81	3	100	100	528			
11	Net change	(19)	44	(20)	76	(15)	49	(27)	(14)	59	(19)	78	78	271			
12	Officer strength - month end	3,045	3,089	3,070	3,146	3,131	3,180	3,153	3,139	3,198	3,179	3,257	3,335				
13	Difference to 3218fte - over / (under)	(173)	(129)	(148)	(72)	(87)	(38)	(65)	(79)	(20)	(39)	39	117				
	Actuals /Forecast £	Actual £										Forecast FTE					
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total			
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m			
14	Costed Strength before starters/leavers	£13.46m	£13.97m	£13.82m	£13.97m	£14.19m	£14.23m	£14.55m	£14.36m	£14.92m	£14.37m	£14.22m	£15.02m	£171.08m			
15	2019/20 Leavers										(£0.07m)	(£0.15m)	(£0.22m)	(£0.44m)			
16	2019/20 Starters										£0.01m	£0.01m	£0.36m	£0.38m			
17	Other Costs										£0.51m	£0.51m	£0.50m	£1.52m			
18	Monthly Actual	£13.46m	£13.97m	£13.82m	£13.97m	£14.19m	£14.23m	£14.55m	£14.36m	£14.92m	£14.82m	£14.59m	£15.66m	£172.54m			

Forecast Change from budget setting														
		Actual FTE							Forecast FTE					
		Apr FTEs	May FTEs	Jun FTEs	Jul FTEs	Aug FTEs	Sep FTEs	Oct FTEs	Nov FTEs	Dec FTEs	Jan FTEs	Feb FTEs	Mar FTEs	Total FTEs
19	Strength @ beginning of month (negative=reduction)	43	46	36	39	57	(1)	(10)	(15)	(7)	(6)	(3)	17	
20	Leavers (positive number = less leavers)	1	(4)	2	8	3	(4)	(6)	8	0	0	0	0	8
21	Starters	2	(5)	0	11	(60)	(5)	1	0	1	3	20	100	67
22	Month End Strength Change - FTEs	46	36	39	57	(1)	(10)	(15)	(7)	(6)	(3)	17	117	74
23	Change per month FTEs	3	(10)	2	18	(58)	(9)	(5)	8	1	3	20	100	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
24	Monthly Financial Change	£2.25m	£1.48m	£1.44m	£1.53m	£1.53m	(£1.12m)	(£0.68m)	(£0.76m)	(£0.33m)	(£0.26m)	(£0.67m)	£0.50m	£4.91m

Notes														
1	The strength at beginning of the month includes 3 FTE externally funded posts that were excluded for budget setting. There is no impact on the bottom line.													
2	The 1st April 2019 strength is based on September 2018 information plus forecast adjustments for starters and leavers from October 2018 to March 2019.													
3	The 1st April 2019 strength is not profiled on a monthly basis for budget setting and the above shows the annual amount divided over 12 months with a 2% payrise in September i.e. there is no profile adjustment for													
4	The monthly amounts for Starters and Leavers are cumulative													
5	The budget includes Police Officer pay, NI, pension, allowances, 0.5% employers apprenticeship levy and recharges for collaborative posts. Overtime and Bank Holiday pay is not included.													
6	The change in strength and budget may not always match due to the mix of starters and leavers. Annual average starters cost approx. £26k less than average leavers per officer.													
7	Leavers include miscellaneous losses and gains e.g. officers going on secondment or career break. It also includes net adjustments to part time hours.													
8	Starters includes probationers and transferees													





3.3 Police Officers, Police Staff, PCSOs and Specials

FTE Changes Effecting Pay Forecasts - 2019/20 Month 9

1. Police Officers - Budget Based on Strength								
	Current Position - FTEs		Financial Forecasting FTEs					
	Establishment Target	Strength @ month end	Strength at 1st April 2019	Starters for the year	Transferees for the year	Leavers for the year	Other adjustments e.g. change in hours	Strength at 31st March 2020
Budget Setting			3,021	437	24	(264)	0	3,218
HR data @ 31 October 19	3,218	3,155	3,064	505	19	(267)	4	3,325
HR data @ 30 November 19	3,218	3,139	3,064	505	23	(261)	4	3,335
Change		(16)	0	0	4	6	0	10

2. Police Staff - Budget Based on Establishment (please see note below)*							0
	Current Position - FTEs		Financial Forecasting FTEs				
	Establishment @ 100%	Strength @ month end	Establishment @ 100% at 1st April 2019	Vacancy Factor Establishment @ 1st April 2019 *	Actual starters to date	Actual leavers to date	
Budget Setting			2,233	2,108			
HR data @ 31 October 19	2,240	2,034			125	(115)	
HR data @ 30 November 19	2,241	2,044			153	(133)	
Change	1	10	0	0	28	(18)	

* Vacancy Factor Establishment is 7% for all areas except for FCR, Crime Bureau and OPFCC staff who have a 0% Vacancy Factor

3. PCSOs - Budget Based on Establishment								
	Current Position - FTEs		Financial Forecasting FTEs					
	Establishment @ month end	Strength @ month end	Establishment @ 1st April 2019	Strength at 1st April 2019	Starters for the year	Leavers for the year	Other adjustments e.g. change in hours	Strength at 31st March 2020
Budget Setting			108	108	0	0	0	108
HR data @ 31 October 19	109	111	108	108	15	(9)	0	114
HR data @ 30 November 19	109	110	108	108	15	(10)	0	113
Change	0	0	0	0	8	(2)	0	6

Note: The PCSO Establishment includes 19 FTE partnership funded posts which are externally funded

4. Specials FTEs	Actual Strength	Target Strength
Budget Setting		700
HR data @ 31 October 19	523	600
HR data @ 30 November 19	523	600
Change	0	0

4. Virement Analysis – Month 9

4.1 Virement Analysis – Summary

Line Ref:		Virements														Total	Line Ref:
		Police Officers	Police Staff	PCSO	Training	Other Employee Expenses	Premises	Transport	Supplies & Services	Third Party Payments	Income	Contribution to/(from) Earmarked Reserves	Contribution to/(from) General Reserve	In Year Investments (Shortfall)/ Surplus	In Year Savings (Shortfall)/ Surplus		
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Virements over £250k requiring PFCC approval																
1	Budget Setting Investment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2	Budget Setting Saving	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3	Collaboration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4	External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Contingencies and Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6	Budget Holder	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
7	Total virements over £250k requiring PFCC approval	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Virements not requiring PFCC approval																
8	Budget Setting Investment	0	0	0	0	0	0	0	(242)	0	0	0	0	242	0	0	
9	Budget Setting Saving	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10	Collaboration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11	External Funding	1	23	0	0	8	(10)	3	31	170	(227)	0	0	0	0	0	
12	Contingencies and Reserves	0	0	0	0	27	88	(0)	36	79	0	(125)	0	(5)	0	0	
13	Budget Holder	1	(324)	0	(5)	28	87	2	50	174	(14)	0	0	0	0	0	
14	Total virements not requiring PFCC approval	2	(301)	0	(5)	63	166	5	(125)	423	(240)	(125)	0	237	0	0	
15	Total all virements	2	(301)	0	(5)	63	166	5	(125)	423	(240)	(125)	0	237	0	0	

4.2 Virement Analysis – Detail

Table 2: Other Virements																				
Line Ref:	Virement Ref	Virement Type	Virement Description	Police Pay and Allowances	Police Staff Pay and Allowances	PCSO Pay	Training	Other Employee expenses	Premises	Transport	Supplies and Services	Third Party Payments	Income	Other Expenditure / (Income)	Contribution to/(from) Earmarked Reserves	Contribution to / (from) General Reserve	In-Year Investments (Shortfall) / Surplus	In-Year Savings (Shortfall) / Surplus	Sources of Finance	Total virement
				£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1	1	Budget Setting Investment	Investment in force growth for non-pay Data Analytics								(241,770)						241,770			0
2	Sub Total Budget Setting - Investment virements			0	0	0	0	0	0	0	(241,770)	0	0	0	0	0	241,770	0	0	0
3	2	Budget Setting Saving																		0
4	Sub Total Budget Setting - Saving virements			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	3	Collaboration																		0
6	Sub Total Collaboration virements			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	4	External funding	CREEST external adjustments		22,855				(10,000)	1,865	186,119		(200,839)							0
8	5	External funding	Creation of Income and Expenditure Budgets for Home Office funded Operation Stardust - Nov 2019	1,096				8,335	300	1,269	14,700		(25,700)							0
9	6	External funding	Seven Force programme team budget realignment to match actuals									(170,000)	170,000							0
10	Sub Total External funding virements			1,096	22,855	0	0	8,335	(9,700)	3,134	30,819	170,000	(226,539)	0	0	0	0	0	0	0
11	7	Contingencies and Reserves	OTR - Convergence of Financial Processes								10,335				(10,335)					0
12	8	Contingencies and Reserves	Revenue Consequences of Capital Athena MI Solution funding allocation to project								(48,800)	48,800								0
13	9	Contingencies and Reserves	Op Ullage - use of forfeitures reserve									30,000			(30,000)					0
14	10	Contingencies and Reserves	Funding from Transformation reserve for Estates enabling-related costs						4,531						(4,531)					0
15	11	Contingencies and Reserves	Specials growth funds for covert harnesses								5,248						(5,248)			0
16	12	Contingencies and Reserves	Funding from Transformation reserve for Estates disposals-related costs						62,600						(62,600)					0
17	13	Contingencies and Reserves	Dashcam budget transfer to Transformation reserve										(100,000)	100,000						0
18	14	Contingencies and Reserves	OTR - staff survey allocations						21,328	(200)	3,981				(25,109)					0
19	15	Contingencies and Reserves	Redundancy and Financial Strain from Earmarked Reserves					25,926							(25,926)					0
20	16	Contingencies and Reserves	OTR - additional funding for Op Meteor expenditure	106				1,219			2,217				(3,542)					0
21	17	Contingencies and Reserves	FIM project funding from Transformation Reserve								8,243				(8,243)					0
22	18	Contingencies and Reserves	IT Accelerated Project Delivery funding transfer from Operational Transformational Reserve								54,487				(54,487)					0
23	Sub Total Contingencies/Reserves virements			106	0	0	0	27,145	88,459	(200)	35,711	78,800	0	(100,000)	(124,773)	0	(5,248)	0	0	0
24	19	Budget Holder	Budget holder planned spend for marine equipment							1,500	(1,500)									0
25	20	Budget Holder	Realign recruitment advertising and Force marketing to optimise outputs					(50,000)			50,000									0
26	21	Budget Holder	Revise diversity budget funding allocations							137	1,563	(1,700)								0
27	22	Budget Holder	Create new 7F procurement team budgets		(156,603)							170,414	(13,811)							0
28	23	Budget Holder	Transfer temporary storage budget to Op Shetland to support more efficient Wethersfield file review	600				4,400	(10,750)			5,750								0
29	24	Budget Holder	Transfer Estates devolved pay underspend to property professional fees to fund back-fill of vacant posts		(98,073)				98,073											0
30	25	Budget Holder	Specials budget realignment - training provided on overtime				(4,586)	4,586												0
31	26	Budget Holder	Drug Expert Witness Overtime funded via C&PP underspends		(15,000)			15,000												0
32	27	Budget Holder	Contact Management - Transfer staff pay underspend to staff overtime		(54,000)			54,000												0
33	Sub Total Budget Holder virements			600	(323,676)	0	(4,586)	27,986	87,323	1,637	50,063	174,464	(13,811)	0	0	0	0	0	0	0
34	Total of Other Virements			1,802	(300,821)	0	(4,586)	63,466	166,082	4,571	(125,177)	423,264	(240,350)	(100,000)	(124,773)	0	236,522	0	0	0
35	Grand Total All Virements			1,802	(300,821)	0	(4,586)	63,466	166,082	4,571	(125,177)	423,264	(240,350)	(100,000)	(124,773)	0	236,522	0	0	0

5. Reserves & Provisions

5.1 Detail Reserve & Provision Analysis

Earmarked Reserves and Provisions - Opening and Closing Balances						
Reserve	1st April 2019 - Opening Balance	Contribution 2019/20	Allocation 2019/20	31st December 2019 - Closing Balance	Forecast Year End Balance	Comment
Reserves held by Essex Police but managed as third party reserves						
Leased Property Dilapidation & Maintenance	£0.710m			£0.710m	£0.710m	Reserve for multi occupancy building for property maintenance.
Proceeds of Crime Act	£0.737m	£1.633m	(£0.101m)	£2.269m	£2.269m	POCA Reserve holds receipts received through the Asset Recovery Incentive Scheme to fund crime reduction related expenditure.
Forfeiture Monies Reserve	£0.031m	£0.090m	(£0.050m)	£0.071m	£0.100m	Forfeiture Monies Reserve holds funds transferred from the Misuse of Drugs Act Seizures Fund.
Total	£1.478m	£1.723m	(£0.151m)	£3.050m	£3.079m	
Project Reserves						
7Forces Collaboration Reserve	£0.035m		(£0.035m)	£0.000m	£0.000m	A small underspend was carried forward into 2018/19 to help fund 7Forces activity, but was not required for use in 2018/19 and has been carried forward to 2019/20 to offset forecast overspends.
Total	£0.035m	£0.000m	(£0.035m)	£0.000m	£0.000m	
Ringfenced Reserve						
Restructuring Reserve	£0.440m		(£0.166m)	£0.274m	£0.274m	Reserve to help fund future years restructuring costs (Redundancies, LGPS Financial Strain and relocation expenses). Allocations during 2019/20 are for excess travel costs. Funds of £143k allocated at 2019/20 budget setting for Crime & Public Protection Investigation Hubs redundancy calculations are no longer required and have been returned to the reserve.
Total	£0.440m	£0.000m	(£0.166m)	£0.274m	£0.274m	
Operational Reserves						
Specials Constabulary Reserve	£0.119m		(£0.067m)	£0.052m	£0.052m	Reserve to fund ongoing (non-pay) activities associated with the growth of the Special Constabulary. No further call on this reserve expected in 2019/20 (updated as of M7)
Transformation Reserve	£0.659m	£0.100m	(£0.283m)	£0.476m	£0.399m	Reserve to help fund the one-off costs of implementing the IT, Estates and ECFRS Transformation Strategies.
Major Operational Reserve	£1.500m			£1.500m	£1.500m	It is good practice to hold a reserve for dealing with major incidents that will not be reimbursed by the Home Office e.g. Colchester murders, Operation Henley. These reserves are typically 1% of the force budget. 1% of the 2019/20 force budget is £3m.
Operational Transformational Reserve (OTR)	£1.736m		(£0.685m)	£1.051m	£0.478m	OTR report is submitted to OPFCC Performance and Resources Board on a quarterly basis.
PEQF Reserve	£0.000m	£0.218m		£0.218m	£0.218m	PEQF mobilisation costs to be used within 2020/21 for the introduction of the new PEQF training programme.
Future Capital Funding	£1.255m			£1.255m	£0.600m	Agreed as part of 2018/19 budget setting to fund capital programme and avoid future cost of borrowing plus Chelmsford PS works and Police Officer number uplift IT requirement.
Total	£5.269m	£0.318m	(£1.035m)	£4.552m	£3.247m	
OPFCC Carry Forward Reserves						
2018/19 to 2019/20	£0.332m		(£0.332m)	£0.000m	£0.000m	£332k for OPCC grants are carried forward to 2019/20.
Total	£0.332m	£0.000m	(£0.332m)	£0.000m	£0.000m	
Total Revenue Earmarked Reserves	£7.554m	£2.041m	(£1.719m)	£7.876m	£6.600m	
Provisions						
Legal Claims Provision	£0.794m		(£0.060m)	£0.734m	£0.000m	Provision to fund the cost of one-off commitments for legal claims (Allard & Ors v Devon & Cornwall Constabulary).
Insurance Provision	£2.580m			£2.580m	£2.900m	Provision to fund insurance claims expenditure for motor, employers liability and public liability claims.
Total	£3.374m	£0.000m	(£0.060m)	£3.314m	£2.900m	
General Reserve						
General Reserve	£8.878m	£1.863m		£10.741m	£10.741m	The 2019/20 General Reserve opening balance is £8.9m following a £0.3m contribution identified at budget setting to fund delivery of the Estates Strategy. This represents 3% of the 2019/20 force budget of £297.6m, as agreed at the March Strategic Board. The PFCC has agreed for the use of the General Reserve during 2019/20 to meet operational pressures if required, following a £373k underspend in 2018/19. The in-year contribution to the General Reserve assumes that funding will be received from the Home Office to meet the cost of Op Malacca.
Total Revenue Reserves and Provisions	£19.806m	£3.904m	(£1.779m)	£21.931m	£17.341m	

5.2 Transformation Reserve

2019/20 Transformation Reserve						
Items Approved	Opening Balance (Note 1)	Allocations to 31 December	Balance to be allocated	In-Year Forecast	Year End Balance	Actuals to 31 December
	£	£	£	£	£	£
Estates - Disposal Fees	162,682	(162,682)	0	162,682	0	94,985
Op. Javelin	112,530	(24,944)	87,586	15,000	72,586	1,173
Estates - Enabling Projects - decamp	95,873	(10,613)	85,260	35,000	60,873	10,613
IT Transformation	204,730	(16,508)	188,222	53,701	151,029	16,508
Joint Fleet Consultancy - ECFRS	50,056	(50,056)	0	75,000	0	59,996
Arlingclose	15,000	0	15,000	0	15,000	0
Transport Services - Dashcams	0	100,000	100,000	0	100,000	0
Transport Services - Telematics	17,933	(17,933)	0	17,933	0	17,933
Total	658,804	(182,736)	476,068	359,316	399,488	201,208

Note 1: The opening balance for Op Javelin has been adjusted by £25k to reflect a transfer to fund the joint fleet consultancy work with ECFRS.

5.3 Op Sceptre Financial Summary

Op Sceptre Financial Summary							
	Government Grant	Spend to Date	Forecast Spend	Forecast Income (Full Year)	Forecast Income (Qtr 2)	Income Received to Date	Notes
	£	£	£	£	£	£	
Op Sceptre	1,780,541	981,513	1,780,541	1,780,541	757,029	108,695	Q2 return submitted

5.4 Detail Reserve Analysis – Future Years

Line Ref.		2019/20			2020/21			2021/22			2022/23			2023/24			2024/25			Ref:	Notes
		Outturn @ 31/3/19 (£m)	Forecast @ 1/4/19 (£m)	Forecast Movements (£m)	Forecast @ 31/3/20 (£m)	Forecast @ 1/4/20 (£m)	Forecast Movements (£m)	Forecast @ 31/3/21 (£m)	Forecast @ 1/4/21 (£m)	Forecast Movements (£m)	Forecast @ 31/3/22 (£m)	Forecast @ 1/4/22 (£m)	Forecast Movements (£m)	Forecast @ 31/3/23 (£m)	Forecast @ 1/4/23 (£m)	Forecast Movements (£m)	Forecast @ 31/3/24 (£m)	Forecast @ 1/4/24 (£m)	Forecast Movements (£m)		
	Specific Revenue Reserves																				
	Reserves held but managed as third party reserves																				
1	Leased Property Dilapidations Reserve Original	0.2	0.2	-	0.2	0.2	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Leased Property Dilapidation & Maintenance Reserve	0.5	0.5	-	0.5	0.5	(0.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	POCA income	0.8	0.8	1.4	2.2	2.2	(0.5)	1.7	1.7	(0.4)	1.3	1.3	1.3	2.6	2.6	(0.2)	2.4	2.4	(0.1)	2.3	2.3
4	Forfeiture Monies Reserve	-	-	0.1	0.1	0.1	-	0.1	0.1	-	0.1	0.1	-	0.1	0.1	-	0.1	0.1	-	0.1	0.1
5	Reserves held but managed as third party reserves Total	1.5	1.5	1.5	3.0	3.0	(1.2)	1.8	1.8	(0.4)	1.4	1.4	1.3	2.7	2.7	(0.2)	2.5	2.5	(0.1)	2.4	2.4
	Project Reserves																				
6	7Forces Collaboration Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Eastern Region Special Operations Unit (ERSOU) Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Athena Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Project Reserves Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Legal Cases Reserves																				
10	Legal Claims Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Legal Cases Reserves Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Ring-fenced Reserves																				
12	Restructuring Reserve	0.5	0.4	(0.1)	0.3	0.3	-	0.3	0.3	-	0.3	0.3	-	0.3	0.3	-	0.3	0.3	-	0.3	0.3
13	Ring-fenced Reserves Total	0.5	0.4	(0.1)	0.3	0.3	-	0.3	0.3	-	0.3	0.3	-	0.3	0.3	-	0.3	0.3	-	0.3	0.3
	Operational Reserves																				
14	Estates Improvement Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Recruitment Uplift Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Specials Constabulary Reserve	0.1	0.1	-	0.1	0.1	-	0.1	0.1	-	0.1	0.1	-	0.1	0.1	-	0.1	0.1	-	0.1	0.1
17	Transformation Reserve	0.6	0.6	(0.2)	0.4	0.4	(0.3)	0.1	0.1	-	0.1	0.1	-	0.1	0.1	-	0.1	0.1	-	0.1	0.1
18	Major Operational Reserve	1.5	1.5	-	1.5	1.5	-	1.5	1.5	-	1.5	1.5	-	1.5	1.5	-	1.5	1.5	-	1.5	1.5
19	Operational Transformational Reserve (OTR)	1.7	1.7	(1.2)	0.5	0.5	(0.3)	0.2	0.2	-	0.2	0.2	-	0.2	0.2	-	0.2	0.2	-	0.2	0.2
20	Future Capital Funding	1.3	1.3	(1.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	PEQF Reserve	-	-	0.2	0.2	0.2	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Operational Reserves Total	5.2	5.2	(2.5)	2.7	2.5	(0.6)	1.9	1.9	-	1.9	1.9	-	1.9	1.9	-	1.9	1.9	-	1.9	1.9
23	Specific Revenue Reserves	7.2	7.1	(1.1)	6.0	6.0	(2.0)	4.0	4.0	(0.4)	3.6	3.6	1.3	4.9	4.9	(0.2)	4.7	4.7	(0.1)	4.6	4.6
24																					
25	Carry Forwards Reserve - OPFCC	0.3	0.3	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Carry Forwards Reserve - Chief Constable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	Total Revenue Earmarked Reserves	7.5	7.4	(1.4)	6.0	6.0	(2.0)	4.0	4.0	(0.4)	3.6	3.6	1.3	4.9	4.9	(0.2)	4.7	4.7	(0.1)	4.6	4.6
28	General Reserve	9.2	8.9	1.9	10.8	10.8	(1.9)	8.9	8.9	-	8.9	8.9	-	8.9	8.9	-	8.9	8.9	-	8.9	8.9
29	GR as % of net revenue expenditure	3.3%			3.6%			2.8%			2.8%			2.8%			2.8%			2.8%	
30	Total Revenue Reserves	16.7	16.3	0.5	16.8	16.8	(3.9)	12.9	12.9	(0.4)	12.5	12.5	1.3	13.8	13.8	(0.2)	13.6	13.6	(0.1)	13.5	13.5
	Specific Capital Reserves																				
31	Usable Capital Receipts	6.1	6.1	(6.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Unfunded capital expenditure (internal resources)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Long term liabilities																				
33	Capital Grants - receipts in advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	Total Capital Reserves	6.1	6.1	(6.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Usable Provisions																				
35	Insurance (for known outstanding claims)	2.6	2.6	0.3	2.9	2.9	-	2.9	2.9	-	2.9	2.9	-	2.9	2.9	-	2.9	2.9	-	2.9	2.9
36	Legal Claims	0.8	0.8	(0.8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	Restructuring (for known redundancies @ 31.03)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Total Usable Provisions	3.4	3.4	(0.5)	2.9	2.9	-	2.9	2.9	-	2.9	2.9	-	2.9	2.9	-	2.9	2.9	-	2.9	2.9
39	Grand Total - Reserves and Provisions	26.2	25.8	(6.1)	19.7	19.7	(3.9)	15.8	15.8	(0.4)	15.4	15.4	1.3	16.7	16.7	(0.2)	16.5	16.5	(0.1)	16.4	16.4
40	Internal Borrowing on past capital projects	(6.6)	(6.6)	0.5	(6.1)	(6.1)	0.5	(5.6)	(5.6)	0.5	(5.1)	(5.1)	0.5	(4.6)	(4.6)	0.5	(4.1)	(4.1)	0.5	(3.6)	(3.6)
41	Reserves Financed by Cash	19.6	19.2	(5.6)	13.6	13.6	(3.4)	10.2	10.2	0.1	10.3	10.3	1.8	12.1	12.1	0.3	12.4	12.4	0.4	12.8	12.8

6. Capital

6.1 Movement in Capital Reserve Forecast

Movement in Capital Reserves From P08 November 2019

Project	Area	£000 Increase / (Decrease)	Reason
2019/20 Period 08 @ 30 November 2019		(2,801)	Latest Forecast Reserves Balance at 31 March 2020 (Approved Projects only)
(i) Movement in Capital Payments			
Data Centre Provision	ESTATES	(586)	Payments slippage to 2020/21
PAC Access Control Upgrade	ESTATES	(52)	Payments slippage to 2020/21
Disposals Reprovision	ESTATES	(43)	Payments slippage to 2020/21
Custody Ligature Mitigation	ESTATES	(5)	Payments slippage to 2020/21
Chelmsford PS	ESTATES	(8)	Payments slippage to 2020/21
Infrastructure Technical Refresh	IT	(387)	Payments slippage to 2020/21
Airwave Radio Replacement	IT	(5)	Payments slippage to 2020/21
Recruitment Uplift	IT	68	Additional spend to forecast
IT Equipment	IT	(100)	Payments slippage to 2020/21
Covert Airwave Device Refresh	IT	318	Approved by PFCC 09/12/19
FIM Phase 3	IT	(85)	Payments slippage to 2020/21
Charter (COSMOS)	IT	(43)	Payments slippage to 2020/21
FIM Phase 2	IT	(4)	Payments slippage to 2020/21
National ANPR Service	IT	(60)	Payments slippage to 2020/21
Mobile First	IT	(17)	Payments slippage to 2020/21
OPC: Scanners	OTHER	170	Approved by PFCC 09/12/19
SCD: Covert Tracker Solution	OTHER	17	Approved by PFCC 09/12/19
OPC: Radiation Device	OTHER	2	Additional spend to forecast
Fleet Replacement Programme	TRANSPORT	(338)	Payments slippage to 2020/21
		(1,158)	Total Payments Forecast Movement
(ii) Movement in Capital Income			
Revenue Contributions		100	IT Equipment funding not required 19/20 Updated Estates disposals - £0.150m increase to Shrub End Mid
Capital Receipts	ESTATES	(173)	Value now Best Bid, £0.025m Covenant receipt for 2 La Plata Grove and £0.002m decrease to Moreton Police House.
		(73)	Total Income Movement
2019/20 Period 09 @ 31 December 2019		(4,032)	Latest Forecast Reserves Balance at 31 March 2020 (Approved Projects only)

6.2 Projection of Capital Reserves – Cashflow Profile

	Quarter 1 Actual £000	Quarter 2 Actual £000	Oct-19 Actual £000	Nov-19 Actual £000	Dec-19 Actual £000	Jan-20 Forecast £000	Feb-20 Forecast £000	Mar-20 Forecast £000	TOTAL Forecast £000
Opening balance of capital reserves	(7,324)	(23,177)	(23,074)	(21,331)	(20,480)	(20,291)	(19,657)	(19,082)	(7,324)
Capital spend in year	1,265	2,126	1,795	1,100	724	1,847	814	2,494	12,165
Annual grant from the Home Office	(239)	(239)	-	(239)	-	-	(239)	-	(956)
Property disposals	(1,533)	(1,784)	(52)	(10)	(535)	(682)	-	(1,790)	(6,386)
Revenue Contribution	-	-	-	-	-	(378)	-	(1,000)	(1,378)
External Funding	-	-	-	-	-	(153)	-	-	(153)
Closing balance of capital reserves	(7,831)	(23,074)	(21,331)	(20,480)	(20,291)	(19,657)	(19,082)	(19,378)	(4,032)

- Capital spend in year shows payments on approved 2019/20 projects and earlier years approved projects only.
- There have been four property disposal up to 31 December 2019 for Epping Police Station, Maldon Police Station, La Plata Grove and Moreton Police House, plus a deposit received for the former Harlow Dogs site and a receipt for Saffron Walden overage. There have been three receipts for the covenants for Police House, Dunmow Road, Takeley, 18 Rectory Road, Colchester and 2 La Plata Grove. Latest capital receipts forecast is based on the disposal of eight properties.
- Revenue contributions of £1m agreed at budget setting to fund capital programme and avoid future cost of borrowing, and £0.4m for IT equipment.
- External Funding is from the Home Office in relation to tackling knife crime and tasers.