

Performance and Resources Scrutiny Programme 2021/22

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

Title of Report:	2021/22 Quarter 1 Financial Monitoring Report
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Chief Officer	DCC Mills
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Report from:	Essex Police: Corporate Finance
Date of Meeting:	29th July 2021
Author on behalf of Chief Officer:	Richard Jones, Head of Business Partnering and Management Accounting
Date of Approval:	28th July 2021

1.0 Purpose of Report

1.1 This report identifies the 2021/22 quarter 1 position for the Force.

2.0 Recommendations

2.1 Approval is requested (in principle, pending decision sheet submission) for the following:

- a. To endorse and approve the appropriations to/from earmarked reserves (virements and journals), as noted in Section 2 of the report.
- b. To endorse and approve the £415k virement from Third Party Payments to Police Officer Pay for 6 FTE PUP Funded ROCU Officers, as noted in Section 3.2 of the report.

3.0 Executive Summary

3.1 The revenue forecast underspend as at Quarter 1 is £1.176m against the 2021/22 revenue budget of £330.3m (0.36% variance).

3.2 The capital position for Quarter 1 reflects a forecast outturn position of £18.7m, including two subject to approval projects, representing an underspend of £5.6m.

3.3 The Police Officer strength forecast at the end of June is 3,442 FTE and forecast to be 3,553 FTE at year end. The overspend on Police Officer Pay and Allowances is £0.6m.

3.4 The Police staff strength at the end of May is 2,146 FTE. Vacancies at 31st May were 30 FTEs above the vacancy factor of 152 FTEs. The underspend on Police Staff Pay and Allowances is £0.5m.

4.0 Introduction/Background

4.1 This report sets out the June, quarter 1, financial position.

5.0 Current Work and Performance

5.1 The quarter 1 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 Approval is requested (in principle, pending decision sheet submission) for the following:

- a. To endorse and approve the appropriations to/from earmarked reserves (virements and journals), as noted in Section 2 of the report.
- b. To endorse and approve the £415k virement from Third Party Payments to Police Officer Pay for 6 FTE PUP Funded ROCU Officers, as noted in Section 3.2 of the report.

1. Executive Summary

REVENUE

The revenue forecast underspend as at Quarter 1 is £1.176m against the 2021/22 revenue budget of £330.3m (0.36% variance), following a high level month 2 revenue forecast underspend of £0.580m against the original employees budget of £279.3m (0.21% variance). The force variance to budget is predominantly due to Supplies and Services underspends and described in further detail in Section 3.2 of the report.

WORKFORCE

The Police Officer strength forecast at the end of June is 3,442 FTE and forecast to be 3,553 FTE at year end. The overspend on Police Officer Pay and Allowances is £0.6m (Month 2 - £0.1m).

The Police Staff strength at the end of May is 2,146 FTE. Vacancies at 31st May were 30 FTEs above the vacancy factor of 152 FTEs. Total vacancies are 182 FTEs. The underspend on Police Staff Pay and Allowances is £0.5m (Month 2 - £0.4m).

The PCSO strength at the end of May is 100 FTE and forecast to be 94 FTE at year end. The underspend on PCSO Pay and Allowances is £0.3m (Month 2 - £0.3m).

The workforce tables are noted in Section 4 of the report.

RESERVES

The net appropriation from earmarked reserves as at Quarter 1 is £1.225m. A list of all appropriations to and from earmarked reserves is noted in Section 2 of the report, all of which are included in the overall figures as per local government practice (virements and journals), with the approach that any will be reversed if not approved. The detailed breakdown of all earmarked reserves, provisions and general reserve is noted in Section 5 of the report.

CAPITAL

The capital position for Quarter 1 reflects a forecast outturn position of £18.7m, including subject to approval projects, representing an underspend of £5.6m. This is based on a revised budget of £24.2m including projects brought forward from 2020/21. The £5.6m underspend predominantly relates to Estates and Transport, with the majority of the variance due to anticipated slippage into 2022/23. The capital tables and commentary are noted in Section 6 of the report.

2. List of Appropriations to/from Earmarked Reserves

URN	Description	£'000	Commentary/Description	Earmarked Reserve	Subjective Heading
Appropriations to Earmarked Reserves					
ER001/21	Redundancy Budget as part of 2021/22 Budget Setting	900	To appropriate redundancy budget agreed at 2021/22 Budget Setting to the restructuring reserve for utilisation as and when required during the financial year.	Restructuring Reserve	Other Employee Expenses
ER002/21	POCA ARIS Income	100	To increase the POCA Asset Recovery Incentivisation Scheme (ARIS) income target in line with SCD Financial Investigator business case.	POCA Reserve	Income
ER003/21	Forfeiture monies income	100	To appropriate unbudgeted income in connection with forfeitures monies to the forfeiture monies earmarked reserve under third party reserves.	Forfeiture Monies Reserve	Income
Total		1,100			
Appropriations (from) Earmarked Reserves					
ER004/21	COVID - Enforcement and Wider Pressures	(1,303)	COVID Roadmap Violence Reduction Reserve to be utilised in 2021/22 for the purposes of Operation Sunshade, which aims to address violent crime reduction surrounding the easing of lockdown measures.	COVID Roadmap Violence Reduction Reserve	Police Officer Overtime / Police Staff Pay & Allowances / Third Party Payments / Training
ER005/21	TR - Various IT Projects	(533)	To appropriate against workstreams noted within the Transformation Reserve for IT projects that experienced slippage in 2020/21 and are due to be progressed in 2021/22, i.e. ESMCP ICCS Replacement, Legacy Digital Data Store, Office 365 Internal Resourcing Team, Digital Interview Recording Project and Infrastructure Technical Refresh Project.	Transformation Reserve	Supplies & Services / Police Staff Pay & Allowances
ER006/21	OTR - Digital Hub for FCR	(225)	To appropriate against workstreams noted within the Operational Transformation Reserve in connection with their intended use.	Operational Transformation Reserve	Police Staff Pay & Allowances
ER007/21	POCA - Funding of Financial Investigator posts	(131)	Funding of 2 FTE Financial Investigators and 1 FTE Financial Investigator Supervisor from POCA, as agreed by Chief Officer Group in November 2020.	POCA Reserve	Police Staff Pay & Allowances
ER008/21	OTR - Essex Centre for Data Analytics (ECDA)	(83)	To appropriate against workstreams noted within the Operational Transformation Reserve in connection with their intended use.	Operational Transformation Reserve	Third Party Payments
ER009/21	OTR - IT Research and Development Team	(50)	To appropriate against workstreams noted within the Operational Transformation Reserve in connection with their intended use.	Operational Transformation Reserve	Police Staff Pay & Allowances
Total		(2,325)			
Net appropriation to/(from) Earmarked Reserves		(1,225)			

3. Revenue

3.1 Revenue Summary

In Month - Month 3			Year to Date - Month 3			Subjective Heading	Full Year					
Budget ¹	Actual	Variance	Budget ¹	Actual	Variance		Original Budget ²	Adjustments to Original Budget	Revised Budget	Year to Date Actual	Year End Forecast	Variance Over/(Under) Spend
£000	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000
15,760	15,556	(205)	47,712	45,944	(1,767)	Employees						
						Police Officer Pay and Allowances						
						- Police Officer Pay and Allowances	189,122	1,724	190,846	45,944	191,423	577
						- Overtime and Operational Performance	6,707	1,794	8,501	2,020	8,486	(15)
						- Associated Police Pay	1,064	1	1,065	245	1,262	197
						- In-Year Savings Shortfall/(Surplus)	62	68	130	0	0	(130)
16,413	16,488	75	50,136	48,209	(1,927)	Police Officer Pay and Allowances	196,955	3,587	200,542	48,209	201,171	629
						PCSO Pay and Allowances	3,574	2	3,576	857	3,316	(260)
						Police Staff Pay and Allowances						
						- Police Staff Pay & Allowances	86,572	1,101	87,673	21,435	87,136	(537)
						- Police Staff Overtime and Agency	1,137	100	1,237	503	1,808	571
7,309	7,153	(156)	22,228	21,938	(289)	Police Staff Pay and Allowances	87,709	1,201	88,910	21,938	88,944	34
						Pensions (Ill Health / Medical)	4,496	0	4,496	1,197	4,552	56
						Training	1,882	26	1,909	590	1,908	(1)
						Other Employee Expenses	1,526	(897)	629	42	609	(20)
24,679	24,405	(273)	75,015	72,833	(2,182)	Employees Total	296,143	3,919	300,062	72,833	300,499	438
						Premises	9,978	16	9,994	1,908	9,825	(169)
						Transport	5,805	(16)	5,789	1,619	5,676	(113)
						Supplies and Services						
						- Supplies and Services	36,072	706	36,778	13,356	35,535	(1,244)
						- In-Year Investments	465	(49)	416	0	276	(140)
3,045	178	(2,866)	9,299	13,356	4,057	Supplies and Services	36,537	657	37,194	13,356	35,810	(1,384)
						Third Party Payments	9,681	(1,930)	7,752	1,555	7,641	(111)
						Income	(29,690)	(1,422)	(31,112)	(4,013)	(30,904)	207
						Other Expenditure / (Income)	77	0	77	1	33	(44)
						Capital and Other Adjustments	2,181	0	2,181	(4,759)	2,181	0
27,559	20,860	(6,699)	82,984	82,499	(485)	Net Expenditure	330,712	1,225	331,936	82,499	330,760	(1,176)
						Sources of Finance	(330,310)	0	(330,310)	(79,013)	(330,310)	0
33	(8,200)	(8,234)	407	3,486	3,079	Surplus/Deficit before appropriations	402	1,225	1,626	3,486	450	(1,176)
						Contribution to/(from) Earmarked Reserves	798	(1,225)	(426)	(2,162)	(426)	0
						Contribution to/(from) General Reserve	(1,200)	0	(1,200)	0	(24)	1,176
(0)	(10,388)	(10,388)	0	1,324	1,324	Budget Requirement	(0)	0	0	1,324	(0)	(0)

¹Even monthly profile of Revised Budget

²2021/22 Budget agreed at Police, Fire and Crime Panel

3.2 Revenue Summary – Supporting Commentary

Police Officer Pay and Allowances - £0.629m overspend

The overspend is due to opening strength being 44 FTE more than budget, 17 less leavers than forecast during the first quarter, and an adjustment to the joiner recruitment profile since budget setting to reflect 64 FTE less.

In addition, the overspend for TDA is £197k due to substantive vacancies waiting to be filled from the promotion process and the impact on abstraction from LPA teams for other demands such as Custody and Oscar 1.

The adjustments from Original Budget to the Revised Budget include reprofiling of externally funded activity for Seconded Officers (£304k), ERSOU (£306k), ROCU (£415k), Thurrock and Basildon externally funded Officers (£360k), Op Magenta (£320k) and Op Sceptre (£531k), all of which have a corresponding budget adjustment against Income or Third Party Payments. A further adjustment is for Op Sunshade from the COVID Roadmap Violence Reduction Reserve (£1.130m).

COG / OPFCC Decision: To approve a £415k virement from Third Party Payments to Police Officer Pay for 6 FTE PUP Funded ROCU Officers. The posts are included in the establishment of 3,553 FTE. The grant is therefore not payable to ERSOU, as was anticipated at Budget Setting.

PCSO Pay and Allowances - £0.260m underspend

The opening strength is 2 FTE less than budget, with 7 FTE forecast leavers during the year and no planned joiners.

Police Staff Pay and Allowances - £0.034m overspend

The opening force funded strength is 12 FTE less than budget after application of the staff vacancy factor. Delays in the recruitment of force funded growth posts is also contributing to an underspend position on Police Staff Pay.

The underspend noted above is offset by an overspend on Police Staff Overtime and Agency, with the main overspends being for Contact Management and SCD. The forecast for each Command will be reassessed as part of month 4 reporting, with recommendations being developed to identify the source of funding, i.e. Police Staff Pay underspends, use of Chief Officer Contingency budgets, etc. In addition, there is currently an overspend on Police Staff Agency, predominantly in relation to Health Services temporary posts secured through Randstad Solutions Ltd.

The adjustments from Original Budget to the Revised Budget include reprofiling of externally funded activity for the Disclosure Barring Service (£266k) and Seconded Staff (£128k), both of which have a corresponding budget adjustment against Income. Further adjustments include appropriations from

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earmarked reserves for Digital Hub for FCR (£225k), Op Sunshade (£132k), POCA Financial Investigator posts (£131k) and IT Research and Development Team (£50k), all of which are noted in Section 2 of the report.

Other Employee Expenses

The adjustment from Original Budget to the Revised Budget includes the appropriation of the redundancy budget agreed at 2021/22 Budget Setting to the restructuring reserve for utilisation as and when required during the financial year, as noted in Section 2 of the report.

Premises - £0.169m underspend

Includes an underspend on utilities due to reduced usage across the force resulting from agile working solutions. Permanent savings attributable to agile working will be identified as part of 2022/23 Budget Setting.

Transport - £0.113m underspend

Includes an underspend on Vehicle Fuel that follows the trend for last financial year, albeit without the one-off savings that were achieved from free fuel provided by BP during lockdown. Any permanent savings will be assessed as part of 2022/23 Budget Setting.

Supplies and Services - £1.384m underspend

Includes an underspend of £0.8m on Communications and Technology in connection with the Microsoft Enterprise Agreement contract price agreed for a three year period, the Forensic Case Management System which is now delivered across 7 Forces, Cyber Crime licences that are not required for purchase, and miscellaneous network services that are surplus to requirements following internal review. The IT Base Budget Review has identified £0.4m of recurring savings to be included in 2022/23 budget setting.

The budget for the Council Tax Sharing Agreement is £0.2m underspent and is based on the latest cumulative value of all billing authority deductions being actioned through the monthly precept process.

The underspend for the recurring element of revenue consequences of capital for IT projects is £0.2m. The associated 2021/22 one-off funding will be assessed in the coming months and any confirmed underspend will be reported in the financial monitoring report, alongside any recommendations for redistribution on utilisation in future years which will require approval.

The underspend also includes IT investment of £0.1m that is no longer required for Body Worn Video.

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The adjustments from Original Budget to the Revised Budget include appropriations from earmarked reserves for IT projects that experienced slippage in 2020/21 and are due to be progressed in 2021/22, i.e. ESMCP ICCS Replacement, Legacy Digital Data Store, Office 365 Internal Resourcing Team, Digital Interview Recording Project and Infrastructure Technical Refresh Project.

Third Party Payments - £0.111m underspend

Includes an underspend for ERSOU due to timing differences between Essex and ERSOU Budget Setting timeframes and the need for an estimate to be included within the Budget agreed by the Police, Fire and Crime Panel. The forecast is based on information provided by ERSOU on a quarterly basis.

The adjustments from Original Budget to the Revised Budget reflect the other side of some of the adjustments noted under Police Officer Pay and Allowances and Police Staff Pay and Allowances.

Income - £0.207m overspend

The overspend is due to an agreed reduction in recharge to Manchester Airport Group for the Policing of Stansted Airport in the first quarter of the financial year.

The adjustments from Original Budget to the Revised Budget reflect the other side of some of the adjustments noted under Police Officer Pay and Allowances and Police Staff Pay and Allowances.

Net Contribution from Earmarked Reserves - £1.225m

As noted in Section 2 of the report.

Contribution to General Reserve - £1.176m

As noted in Section 1 of the report.

In-Month and Year to Date variances

Following a PFCC request from the Head of Finance/s151 Officer and the Strategic Head of Performance and Resource, the inclusion of in-month and year to date information has been supplied in the Revenue Summary table in Section 3.1.

Due to the current version of SAP not being able to support monthly budget profiling, and that the force, in line with government practice, does not perform a monthly accruals/closedown process, the budget reflects an even monthly profile of the revised budget (i.e. 1/12th per month) and the actuals reflect the position at the end of each month, without any adjustments for accruals and prepayments.

This results in some significant differences when compared to the forecast position and by using two examples, we can demonstrate the primary reason for the differences resulting from the systems and resourcing limitation and practice noted above:

Police Officer Pay and Allowances: The year to date variance reflects a £1.8m underspend, however the forecast variance is a £0.6m overspend. This is because the forecast reflects the probationer intakes to reach an end of year position of 3,553 FTE, whilst the year to date variance reflects actuals in relation to a maximum of 3,442 FTE (as noted at the end of June), compared to a monthly budget profile based on an end of year position of 3,553 FTE.

Supplies and Services: The year to date variance reflects a £4.1m overspend, however the forecast variance is a £1.4m underspend. This is due to many factors based on the range of non-pay budgets included within an overall total of £37m, however one example would be annual IT software maintenance contracts which are paid for upfront for the forthcoming year, which distorts the actual expenditure to date compared to an even monthly budget profile.

4. Workforce Analysis

4.1 Police Officer – FTEs and Monthly Financial detail

2021/22 - Police Officers Pay/Strength - Using 2021/22 Budget Setting Model

Ref	2021/22 Budget Setting													
	<u>Strength</u>	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)	3,369	3,358	3,421	3,404	3,387	3,476	3,459	3,522	3,505	3,568	3,551	3,534	
2	Leavers	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(228)
3	Starters - To cover attrition	0	42	0	0	44	0	42	0	44	0	0	32	204
4	Starters - Transferees	2	2	2	2	2	2	2	2	2	2	2	2	24
5	Starters - Growth	6	38			62		38		36			4	184
6	Starters	8	82	2	2	108	2	82	2	82	2	2	38	412
7	Net change	(11)	63	(17)	(17)	89	(17)	63	(17)	63	(17)	(17)	19	184
8	Officer strength - month end	3,358	3,421	3,404	3,387	3,476	3,459	3,522	3,505	3,568	3,551	3,534	3,553	
9	Difference to 3,553 FTEs - over / (under)	(195)	(132)	(149)	(166)	(77)	(94)	(31)	(48)	15	(2)	(19)	0	
	<u>Budget</u>	<u>Apr £m</u>	<u>May £m</u>	<u>Jun £m</u>	<u>Jul £m</u>	<u>Aug £m</u>	<u>Sep £m</u>	<u>Oct £m</u>	<u>Nov £m</u>	<u>Dec £m</u>	<u>Jan £m</u>	<u>Feb £m</u>	<u>Mar £m</u>	<u>Total £m</u>
10	1st April 2021 Strength (note 2)	£15.41m	£15.41m	£15.41m	£15.41m	£15.41m	£15.41m	£15.41m	£15.41m	£15.41m	£15.41m	£15.41m	£15.41m	£184.89m
11	2021/22 Leavers (note 3)	(£0.09m)	(£0.17m)	(£0.26m)	(£0.35m)	(£0.43m)	(£0.52m)	(£0.61m)	(£0.69m)	(£0.78m)	(£0.87m)	(£0.95m)	(£1.04m)	(£6.75m)
12	2021/22 Starters - Constables (to cover attrition)	£0.00m	£0.12m	£0.12m	£0.12m	£0.25m	£0.25m	£0.37m	£0.37m	£0.50m	£0.50m	£0.50m	£0.60m	£3.73m
13	2021/22 Starters - Transferees	£0.01m	£0.02m	£0.03m	£0.04m	£0.05m	£0.06m	£0.07m	£0.08m	£0.09m	£0.11m	£0.12m	£0.13m	£0.82m
14	2021/22 Starters - Growth	£0.03m	£0.21m	£0.21m	£0.21m	£0.50m	£0.50m	£0.68m	£0.68m	£0.85m	£0.85m	£0.85m	£0.87m	£6.43m
15	2021/22 Starters - Total	£0.04m	£0.35m	£0.36m	£0.37m	£0.81m	£0.82m	£1.13m	£1.14m	£1.45m	£1.46m	£1.47m	£1.59m	£10.98m
16	Monthly Budget (note 5 & 6)	£15.36m	£15.59m	£15.51m	£15.43m	£15.78m	£15.70m	£15.93m	£15.85m	£16.08m	£16.00m	£15.92m	£15.96m	£189.12m

2021/22 Current Forecast - Based on HR information received 18 May 2021														
Strength	Actual FTE		Forecast											
	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	
17	1st April 2021 Strength	3,413	3,410	3,391	3,442	3,425	3,514	3,497	3,540	3,523	3,564	3,547	3,530	
18	Leavers (note 7)	(7)	(21)	(11)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(210)
19	Starters (note 8)	4	2	62	2	108	2	62	2	60	2	2	42	350
20	Net change	(3)	(19)	51	(17)	89	(17)	43	(17)	41	(17)	(17)	23	140
21	Officer strength - month end	3,410	3,391	3,442	3,425	3,514	3,497	3,540	3,523	3,564	3,547	3,530	3,553	
22	Difference to 3553fte - over / (under)	(143)	(162)	(111)	(128)	(39)	(56)	(13)	(30)	11	(6)	(23)	0	
Actuals /Forecast £	Actual £		Forecast £											
	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	
23	Costed Strength before starters/leavers	£14.88m	£15.60m	£15.39m	£15.80m	£15.70m	£16.62m	£15.53m	£15.67m	£15.41m	£15.75m	£15.50m	£16.63m	£188.48m
24	2021/22 Leavers				(£0.06m)	(£0.13m)	(£0.19m)	(£0.25m)	(£0.31m)	(£0.38m)	(£0.44m)	(£0.50m)	(£0.56m)	(£2.82m)
25	2021/22 Starters				£0.01m	£0.03m	£0.41m	£0.63m	£0.67m	£0.80m	£0.90m	£1.03m	£1.10m	£5.58m
26	Other Costs				£0.02m	£0.02m	£0.02m	£0.02m	£0.02m	£0.02m	£0.02m	£0.02m	£0.02m	£0.18m
27	Monthly Actual	£14.88m	£15.60m	£15.39m	£15.77m	£15.62m	£16.86m	£15.93m	£16.05m	£15.85m	£16.23m	£16.05m	£17.19m	£191.42m
Forecast Change from budget setting														
	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	
28	Strength @ beginning of month (negative=reduction)	44	52	(30)	38	38	38	38	18	18	(4)	(4)	(4)	
29	Leavers (positive number = less leavers)	12	(2)	8	0	0	0	0	0	0	0	0	0	18
30	Starters	(4)	(80)	60	0	0	0	(20)	0	(22)	0	0	4	(62)
31	Month End Strength Change - FTEs	52	(30)	38	38	38	38	18	18	(4)	(4)	(4)	(0)	(44)
32	Change per month FTEs	8	(82)	68	0	0	0	(20)	0	(22)	0	0	4	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
33	Monthly Financial Change	(£0.48m)	£0.01m	(£0.12m)	£0.34m	(£0.16m)	£1.16m	£0.00m	£0.20m	(£0.23m)	£0.23m	£0.13m	£1.23m	£2.30m

Notes

- 1 The budget was built on the assumption that at the start of April 2021 the approved establishment would be 3369 FTE. £415k of funding for 6 ROCU Officers was included within the Third Party Payments budget line at budget setting pending clarification on how the funding would be utilised.
- 2 The above shows the annual total budget divided over 12 months with a 0% payrise in September. There is no profile adjustment for incremental increases which officers are entitled to on the anniversary of their contracted start date.
- 3 Leavers could be at any rank but are costed at £54,715 for the purpose of profiling the monthly budget. Figures are cumulative.
- 4 The monthly budget for starters is based on the profile and rank of agreed growth posts as per budget setting with the balance to cover attrition assumed to be constables.
- 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. The cost of a new constable is £19,581 lower than the cost of an average leaver. Growth is based on the appropriate cost
- 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, transferees and rejoiners

4.2 Modelling of Financial impact from changes to Officers leaver and joiner profile

The table below seeks to model the estimated financial impact from 1, 5, or 10 FTE less leavers than the leavers projections supplied by HR, with an even adjustment to the intakes scheduled for June, August, October and December to maintain an end of year projection of 3,553 FTE Officers. The financial impact of 1, 5 or 10 FTE less leavers per month is £0.128m, £0.638m or £1.276m, respectively. The same would apply in reverse for more leavers.

	INTAKE		INTAKE		INTAKE		INTAKE						
	April	May	June	July	August	September	October	November	December	January	February	March	Total
	12 months	11 months	10 months	9 months	8 months	7 months	6 months	5 months	4 months	3 months	2 months	1 month	
	£	£	£	£	£	£	£	£	£	£	£	£	£
Estimated Impact of 1 FTE less Leaver per month	56,085	51,411	46,737	42,064	37,390	32,716	28,042	23,369	18,695	14,021	9,347	4,674	364,551
Estimated Impact of 3 FTE less probationer joiner per intake			(83,889)		(67,111)		(51,584)		(34,389)				(236,973)
	Net Impact												127,578

	INTAKE		INTAKE		INTAKE		INTAKE						
	April	May	June	July	August	September	October	November	December	January	February	March ²	Total
	12 months	11 months	10 months	9 months	8 months	7 months	6 months	5 months	4 months	3 months	2 months	1 month	
	£	£	£	£	£	£	£	£	£	£	£	£	£
Estimated Impact of 5 FTE less Leavers per month	280,425	257,055	233,685	210,320	186,950	163,580	140,210	116,845	93,475	70,105	46,735	23,370	1,822,755
Estimated Impact of 15 FTE less probationer joiners per intake			(419,444)		(335,556)		(257,920)		(171,947)				(1,184,867)
	Net Impact												637,888

	INTAKE		INTAKE		INTAKE		INTAKE						
	April	May	June	July	August	September	October	November	December	January	February	March ²	Total
	12 months	11 months	10 months	9 months	8 months	7 months	6 months	5 months	4 months	3 months	2 months	1 month	
	£	£	£	£	£	£	£	£	£	£	£	£	£
Estimated Impact of 10 FTE less Leavers per month	560,850	514,110	467,370	420,640	373,900	327,160	280,420	233,690	186,950	140,210	93,470	46,740	3,645,510
Estimated Impact of 30 FTE less probationer joiners per intake			(838,889)		(671,111)		(515,840)		(343,893)				(2,369,733)
	Net Impact												1,275,777

4.3 Police Officers, Police Staff, PCSOs and Specials - FTEs

FTE Changes Effecting Pay Forecasts - 2021/22 Month 3

1. Police Officers - Budget Based on Strength								
	Current Position - FTEs		Financial Forecasting FTEs					
	Establishment Target	Strength @ month end	Strength at 1st April 2021	Starters for the year	Transferees for the year	Leavers for the year	Other adjustments e.g. change in hours	Strength at 31st March 2022
Budget Setting			3,369	388	24	(228)	0	3,553
HR data @ 30 April 21	3,553	3,410	3,413	346	26	(217)	1	3,569
HR data @ 31 May 21	3,553	3,391	3,413	324	26	(211)	1	3,553
Change		(19)	0	(22)	0	6	0	(16)

2. Police Staff - Budget Based on Establishment (please see note below)*						
	Current Position - FTEs		Financial Forecasting FTEs			
	Establishment @ 100%	Strength @ month end	Establishment @ 100% at 1st April 2021	Vacancy Factor Establishment @ 1st April 2021 *	Actual starters to date	Actual leavers to date
Budget Setting			2,327	2,175		
HR data @ 30 April 21	2,327	2,151			16	(19)
HR data @ 31 May 21	2,328	2,146			27	(35)
Change	1	(5)	0	0	11	(16)

* Vacancy Factor is 7% for departments with less than 30 FTE and 9% for departments with more than 30 FTE for all areas except for FCR, Customer Contact, Resolution Centre and OPFCC 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 2021	Strength at 1st April 2021	Starters for the year	Leavers for the year	Other adjustments e.g. change in hours	Strength at 31st March 2022
Budget Setting			103	103	0	0	0	103
HR data @ 30 Apr 21	105	100	105	101	0	(8)	0	93
HR data @ 31 May 21	103	100	105	101	0	(7)	0	94
Change	(2)	0	0	0	0	1	0	1

Note: The PCSO Establishment includes 13 FTE partnership funded posts which are externally funded

4. Specials - Headcount	Actual Strength	Target Strength
Budget Setting		600
HR data @ 30 Apr 21	515	600
HR data @ 31 May 21	535	600
Change	20	0

5. Detailed Reserves Analysis

Earmarked Reserves and Provisions - Opening and Closing Balances						
Reserve	1st April 2021 - Opening Balance	In-Year Contribution 2021/22	In-Year Allocation 2021/22	30th June 2021 - Closing Balance	Forecast Year End Balance	Description of Earmarked Reserve
1 Reserves held by Essex Police but managed as third party reserves						
Op Dagenham Maintenance Reserve	£0.110m			£0.110m	£0.110m	Essex share of maintenance reserve held by each of the 7F to fund the cost of minor repairs to multi-occupancy building held for Op Dagenham.
Total	£0.110m	£0.000m	£0.000m	£0.110m	£0.110m	
2 Project Reserves						
IT Convergence	£1.200m			£1.200m	£1.137m	Essex share of 4F ICT convergence identified as part of 2021/22 Budget Setting.
Total	£1.200m	£0.000m	£0.000m	£1.200m	£1.137m	
3 Ringfenced Reserve						
Proceeds of Crime Act	£2.134m	£0.100m	(£0.131m)	£2.103m	£1.245m	POCA Reserve holds receipts received through the Asset Recovery Incentive Scheme to fund crime reduction related expenditure.
Forfeiture Monies Reserve	£0.265m	£0.100m		£0.365m	£0.334m	Forfeiture Monies Reserve holds funds transferred from the Misuse of Drugs Act Seizures Fund.
Restructuring Reserve	£0.234m	£0.900m		£1.134m	£0.703m	Reserve to help fund future years restructuring costs (Redundancies, LGPS Financial Strain and relocation expenses). One significant business case for 2021/22 has been deferred.
Operational Transformational Reserve (OTR)	£0.831m		(£0.358m)	£0.473m	£0.208m	OTR report is submitted to OPFCC Performance and Resources Board on a quarterly basis. Drawdown requested to utilise remaining fund in 2021/22 & 2022/23.
Transformation Reserve	£1.764m		(£0.533m)	£1.231m	£0.911m	Reserve to help fund the one-off costs of implementing the IT and Estates Transformation Strategies.
Data Analytics Reserve	£0.057m			£0.057m	£0.000m	Data Analytics and Visualisation Tool to be delivered in 2020/21 and into 2021/22.
Legal Reserve	£0.741m			£0.741m	£0.741m	Provision to fund the cost of one-off commitments for legal claims (Allard & Ors v Devon & Cornwall Constabulary) and consultancy/legal costs in respect of McCloud v Sargeant judgement. Awaiting legal advice before utilisation of the reserve.
PEQF Reserve	£0.291m			£0.291m	£0.291m	PEQF mobilisation costs to be used for the introduction of the new PEQF training programme.
Total	£6.317m	£1.100m	(£1.022m)	£6.395m	£4.433m	
4 Operational Reserves						
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.
COVID Roadmap Violence Reduction Reserve	£1.532m		(£1.303m)	£0.229m	£0.229m	COVID Roadmap Violence Reduction Reserve to be utilised in 2021/22 for the purposes of Operation Sunshade, which aims to address violent crime reduction surrounding the easing of lockdown measures, including additional enforcement of COVID regulations at Stansted Airport which are still to be developed.
Chief Constables Operational C/Fwd	£1.000m			£1.000m	£0.000m	Operational Carry Forward resulting from the 2019/20 and 2020/21 force underspend. Forecast to be fully utilised in response to operational requirements in 2021/22.
Specials Constabulary Reserve	£0.145m			£0.145m	£0.145m	Reserve to fund ongoing (non-pay) activities associated with the growth of the Special Constabulary.
Future Capital Funding	£0.606m			£0.606m	£1.606m	Balance will be utilised in 2021/22 and/or subsequent years.
Total	£4.783m	£0.000m	(£1.303m)	£3.480m	£3.480m	
5 OPFCC Carry Forward Reserves						
2020/21 to 2021/22	£1.089m			£1.089m	£1.089m	£1.089m for OPCC grants are carried forward to 2021/22.
Local Council Tax Support Grant	£2.022m			£2.022m	£2.022m	Grant received which aims to address the impact of reductions in Council Tax due to Covid-19.
Total	£3.111m	£0.000m	£0.000m	£3.111m	£3.111m	
Total Revenue Earmarked Reserves	£15.521m	£1.100m	(£2.325m)	£14.296m	£12.271m	
6 Provisions						
Severance Provision	£0.140m			£0.140m	£0.140m	Provision to fund redundancy costs recognised as part of the Statement of Accounts process.
Insurance Provision	£3.032m			£3.032m	£3.032m	Provision to fund insurance claims expenditure for motor, employers liability and public liability claims.
Total	£3.172m	£0.000m	£0.000m	£3.172m	£3.172m	
7 General Reserve						
General Reserve	£11.962m	£1.176m		£13.138m	£13.138m	The 2020/21 General Reserve opening balance is £11.962m, which represents 3.6% of the 2021/22 force budget of £330.3m.
Total Revenue Reserves and Provisions	£30.655m	£2.276m	(£2.325m)	£30.606m	£28.581m	

6. Capital

6.1 Capital Summary

**CAPITAL PROGRAMME 2021/22 MONTH 3 MONITORING POSITION
SUMMARY REPORT**

	2021/22 Original Budget PF&C Panel	2021/22 Approved Changes (Appendix 1)	2021/22 Revised Budget	2021/22 Actuals to 30th June 2021	2021/22 Forecast Outturn	2021/22 Forecast Budget Variance (Appendix 2)
	£000	£000	£000	£000	£000	£000
EXPENDITURE -						
ANPR projects	230	(9)	221	0	221	0
Estates projects	6,239	5,853	12,092	374	9,119	(2,973)
IT projects	1,361	1,356	2,717	103	2,464	(253)
Transport projects	301	2,519	2,820	210	981	(1,839)
OPC projects	0	534	534	4	534	0
SCD projects	0	53	53	0	53	0
Other projects	351	77	428	23	356	(72)
<i>Subject to Approval projects</i>	<i>10,597</i>	<i>(5,235)</i>	<i>5,363</i>	<i>0</i>	<i>4,947</i>	<i>(416)</i>
TOTAL EXPENDITURE	19,079	5,148	24,227	714	18,675	(5,552)
FINANCING -						
Capital Receipts	5,620	0	5,620	4,731	6,659	1,039
Revenue Contributions	3,046	296	3,342	0	296	(3,046)
Capital Grant	251	0	251	63	251	0
External & Other Income	303	(247)	56	0	56	0
Borrowing	9,859	5,099	14,958	0	11,413	(3,545)
TOTAL FINANCING	19,079	5,148	24,227	4,794	18,675	(5,552)

**CAPITAL PROGRAMME 2021/22 MONTH 3 MONITORING POSITION
EXPENDITURE VARIANCE REPORT**

	Slippage b/f	Additions	Advanced Works	Reductions	Slippage c/f	Approved Changes
	£000	£000	£000	£000	£000	£000
APPENDIX 1 - APPROVED CHANGES						
ANPR projects	0	0	0	(9)	0	(9)
Estates projects	4,918	948	0	(13)	0	5,853
IT projects	259	1,764	(667)	0	0	1,356
Transport projects	319	2,200	0	0	0	2,519
OPC projects	6	528	0	0	0	534
SCD projects	53	0	0	0	0	53
Other projects	44	33	0	0	0	77
<i>Subject to Approval projects</i>	<i>0</i>	<i>(5,129)</i>	<i>0</i>	<i>(106)</i>	<i>0</i>	<i>(5,235)</i>
TOTAL CHANGES	5,599	344	(667)	(128)	0	5,148
APPENDIX 2 - CHANGES FOR APPROVAL¹						
ANPR projects	0	0	0	0	0	0
Estates projects	0	227	0	(1,600)	(1,600)	(2,973)
IT projects	0	150	0	(251)	(152)	(253)
Transport projects	0	1	0	0	(1,840)	(1,839)
OPC projects	0	0	0	0	0	0
SCD projects	0	0	0	0	0	0
Other projects	0	0	0	0	(72)	(72)
<i>Subject to Approval projects</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(416)</i>	<i>(416)</i>
TOTAL CHANGES	0	378	0	(1,851)	(4,080)	(5,552)

¹To be approved at Strategic Board

6.2 Capital Summary – Supporting Commentary

The capital position for month 3 reflects a forecast underspend of £5.6m, mainly arising from expected slippage in Estates and Transport-related capital projects.

The starting budget position of £19.1m, as set at the February Police Fire & Crime Panel, has been uplifted to a revised figure of £24.2m for month 3. This increase of £5.1m mainly comprises slippage of existing approved budget brought forward from 2020/21 and includes £3.5m for the purchase of Boreham Depot which, at the time of writing, is expecting to be purchased by the end of July 2021. In addition, the specific project lines now include £3m of additional budget following approvals at the PFCC's Strategic Board in both March and June, the majority of which related to existing subject to approval bids. These included Boreham C Block reimbursement (£0.6m) and the Infrastructure Technical Refresh 2021/22 (£1.3m) projects. Also approved was the 2021/22 Fleet Replacement Programme for £2.2m.

The spend at the end of June is low by usual standards and is certainly below the profiled expectations. However, this figure is impacted by prior year accruals awaiting to be cleared, and it should be noted that the aforementioned Boreham purchase is a large element of the expected spend. A further material element of the actual spend position is also reflected within the forecast underspend being reported.

The £5.6m underspend comes from two main areas. £3.0m relates to Estates slippage into 2022/23 for two main projects, CCTV Replacement to Custody Suites (£0.9m) and Capitalised Maintenance (£0.4m). In addition, the Data Centre Provision (£1.4m) is now no longer proceeding and the Estates position therefore recognises an underspend. Although this scheme is likely to be closed due to a change of strategic direction, the forecast does include provision possible future decommissioning. For Transport, whilst the 21/22 replacement programme has been approved there is now slippage being recognised of £1.8m. This reflects the delay in the national framework meaning further vehicle orders have not been possible at this stage. In addition, Transport continue to have delivery delays for new vehicles and as well as a shortage of related materials. Once the framework is agreed orders will be able to be placed, and at that point a more realistic forecast for when funds will be required will be available. The annual forecast also reflects slippage on four I.T. projects, with a cumulative underspend impact of £0.2m. Finally, an element of the subject to approvals have been reprofiled with a £0.4m reduction now being forecast in

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2021/22. It is currently anticipated that the remainder of the subject to approval projects will be approved during the remainder of 2021/22, with their current attributable forecasts also being spent.

In respect of financing the budget has increased to incorporate any new capital resources included with newly approved projects. The remainder of the additional spend e.g. mainly the brought forward slippage element, has been allocated to borrowing where all other capital resources in the budget have been already utilised and applied.

The financing plan for the month 3 forecast outturn position reflects the optimal allocation of capital resources over the medium-term financial period to minimise costs to the force. Capital receipts are forecast to increase to £6.7m for 2021/22, with £4.7m already received as at 30th June 2021. This money is being forecast to be fully utilised in 2021/22 with the exception of £0.3m being held back to fund short-life assets in 2022/23. The requirement to retain resources to ensure MRP charges do not accrue significantly from short-life spend is also applicable to revenue contributions, with £1.6m being forecast to be carried forward to 2022/23 and thus only £0.3m being applied in 2021/22 (this will still mean these monies are expected to be appropriated to the Future Capital Funding Reserve at the end of 2021/22). All of this means that the borrowing requirement for unfinanced capital expenditure is now forecast at £11.4m which, although now equating to over 60% of the year's financing plan, is nonetheless £3.5m less than the budget anticipated, compared to the updated month 3 financing calculation.

It is currently anticipated that there will be a need to externally borrow £3.8m in the 4th quarter of 2021/22, as per the "Treasury Management / Cashflow – Quarter 1 Update" presented to the 29th July 2021 Performance and Resources Scrutiny Board, for treasury management purposes to ensure that the PFCC retains a minimum balance of £10m in accordance with the MiFID II legislation (Markets in Financial Instruments Directive).