

Performance and Resources Scrutiny Programme 2021/22

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

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Chief Officer	DCC Mills
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Author on behalf of Chief Officer:	Richard Jones, Head of Business Partnering and Management Accounting
Date of Approval:	COG 16th June 2021

1.0 Purpose of Report

1.1 This report identifies the 2021/22 month 2 position for police officer, police staff and PCSO pay and allowances, in advance of a full reported position at quarter 1.

2.0 Recommendations

2.1 The report is for noting.

3.0 Executive Summary

3.1 The police officer forecast outturn is £83k overspend compared to the original budget.

3.2 The police officer opening strength at 1st April 2020 is 44 FTE higher than budget setting. 3,569 FTEs forecast for 31st March 2022.

3.3 The police staff forecast outturn is £399k underspend compared to the original budget.

3.4 The police staff vacancies at 30th April 2021 were 24 FTEs above the vacancy factor of 152 FTEs. Total vacancies are 176 FTEs.

- 3.5 The PCSO forecast outturn is £264k underspend compared to the original budget. 93 FTEs forecast for 31st March 2022.

4.0 Introduction/Background

4.1 This report sets out the May, month 2, financial position on the pay and allowances budgets for police officers, PCSO's and police staff.

5.0 Current Work and Performance

5.1 The month 2 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 N/A

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 are continuing on the variances, external funding activities and updated information on investment and savings since budget setting for the main Quarter 1 financial report.

1. Executive Summary – 2021/22 – Month 2

£83k forecast overspend on police officers compared to the original budget. Opening strength at 1st April 2021 is 44 FTE higher than budget setting. 3,569 FTEs forecast for 31st March 2022.

£399k forecast underspend on police staff compared to the original budget. Vacancies at 30th April 2020 were 24 FTEs above the vacancy factor of 152 FTEs. Total vacancies are 176 FTEs.

£264k forecast underspend on PCSOs compared to the original budget. 93 FTEs forecast for 31st March 2022.

Reviews are continuing on the variances, external funding and updated information on investment and savings since budget setting for the Quarter 1 financial report.

1.2 Additional notes in relation to Month 2 Pay position

1. Nature of high-level forecast calculations and assumptions

The forecast has been developed based on HR information relating to the strength profile and probationer intakes as at 30th April 2021, with projections up to financial year end. The nature of the forecast process results in refinement each month and a more accurate assessment of the outturn position as we progress through the financial year. Following just two months of payroll activity, there is a likelihood that the forecast could fluctuate significantly in the early part of the year, but is expected to be proportionate in relation to an original pay budget of £279m.

2. Absence of virements

The month 2 pay position has been developed without any virements having been processed to provide an assessment of the outturn position against original budget. This has resulted in the forecast needing to be adjusted to account for known virements that will be necessary to perform at quarter 1, for items such as externally funded units and earmarked reserves (i.e. POCA funded posts). This level of adjustment, without the ability to perform technical virements, does increase the risk of inaccuracy of the reported position and creates a barrier to effective financial management of budgets. Virements will be presented in the quarter 1 report and will state 'to be reversed if not approved' as per local government practice.

3. Impact of ROCU officers

The expenditure budget for the 6 FTE Regional Organised Crime Unit (ROCU) Officers (£415k) had been treated as a third party payment in the 2021/22 budget approved by the Police, Fire and Crime Panel on the basis that the whole year funding would need to be passported directly to the ROCU. The forecast position assumes that this expenditure budget held under third party payments, will be transferred to the Police Officer Pay budget to recognise the fact that the 6 officers are now included in the pay budget line, i.e. included within the forecast strength of 3,553. It is also assumed that the full £415k of grant income will be claimable although there is a risk that this may not be the case due to their being significant Essex ROCU vacancies to be filled ahead of the 6 ROCU growth posts. Chief Finance Officers from across the region discussed the approach to ROCU funding at a meeting on the 10th June, however forces await further clarity from the Home Office in this regard. If the grant is fully claimable the region will then need to agree on whether any unspent funding is held locally by each force or held regionally. Further clarity is not expected before September. This is also due to be discussed at the 7 Force Summit that the Chief Constable attends. Once the funding position has been clarified, the necessary adjustments will be scheduled for update no later than the quarter 2 financial monitoring report.

2. Workforce Analysis

2.1 Pay Summary

Police Officer Pay	£k	Reasons for Changes
Original Budget 2021/2022	189,084	
Change in strength forecast compared to budget setting	1,307	Opening strength 43.83 FTE more than budget
Change in strength forecast compared to budget setting	(1,285)	Change in joiner recruitment profile since budget setting (inc 42 FTE less joiners)
Change in strength forecast compared to budget setting	617	11 FTE less leavers than budgeted in April
Changes in forecast compared to budget setting	(556)	Includes assumption that PUP ROCU officers will be funded from pay
Current Forecast 2021/22	189,167	
Forecast Outturn Variance from Current Budget	83	Impact on the General Reserve

Staff Pay	£k	Reasons for Changes
Original Budget 2021/2022	86,572	
Change in strength forecast compared to budget setting	(399)	Opening force funded strength 12 FTE less than budget
Current Forecast 2021/22	86,173	
Forecast Outturn Variance from Current Budget	(399)	Impact on the General Reserve

PCSO Pay	£k	Reasons for Changes
Original Budget 2021/2022	3,574	
Changes in strength forecast compared to budget	(15)	Opening strength 2 FTE less than budget
Changes in strength forecast compared to budget	(184)	8 FTE leavers forecast during 2021/22
Changes in forecast	(65)	Other
Current Forecast 2021/22	3,310	
Forecast Outturn Variance from Current Budget	(264)	Impact on the General Reserve

2.2 Police Officer FTEs

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

Ref	2021/22 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)	3,369	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	
	Budget	Apr £m	May £m	Jun £m	Jul £m	Aug £m	Sep £m	Oct £m	Nov £m	Dec £m	Jan £m	Feb £m	Mar £m	Total £m
10	1st April 2021 Strength (note 2)	£15.40m	£15.40m	£15.40m	£15.40m	£15.40m	£15.40m	£15.40m	£15.40m	£15.40m	£15.40m	£15.40m	£15.40m	£184.85m
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	£15.58m	£15.51m	£15.43m	£15.78m	£15.70m	£15.93m	£15.85m	£16.07m	£16.00m	£15.92m	£15.96m	£189.08m

2021/22 Current Forecast - Based on HR information received 18 May 2021

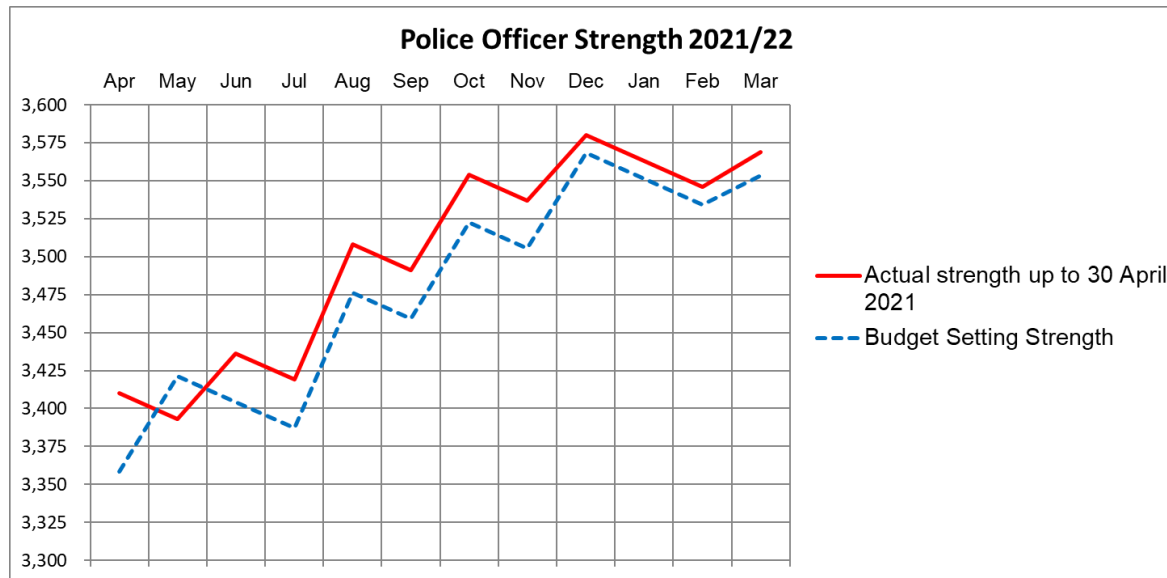
	Strength	2021/22 Current Forecast - Based on HR information received 18 May 2021												
		Actual FTE	Forecast											
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
		FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs
17	1st April 2021 Strength	3,413	3,410	3,393	3,436	3,419	3,508	3,491	3,554	3,537	3,580	3,563	3,546	
18	Leavers (note 7)	(7)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(216)
19	Starters (note 8)	4	2	62	2	108	2	82	2	62	2	2	42	372
20	Net change	(3)	(17)	43	(17)	89	(17)	63	(17)	43	(17)	(17)	23	156
21	Officer strength - month end	3,410	3,393	3,436	3,419	3,508	3,491	3,554	3,537	3,580	3,563	3,546	3,569	
22	Difference to 3369fte - over / (under)	(143)	(160)	(117)	(134)	(45)	(62)	1	(16)	27	10	(7)	16	

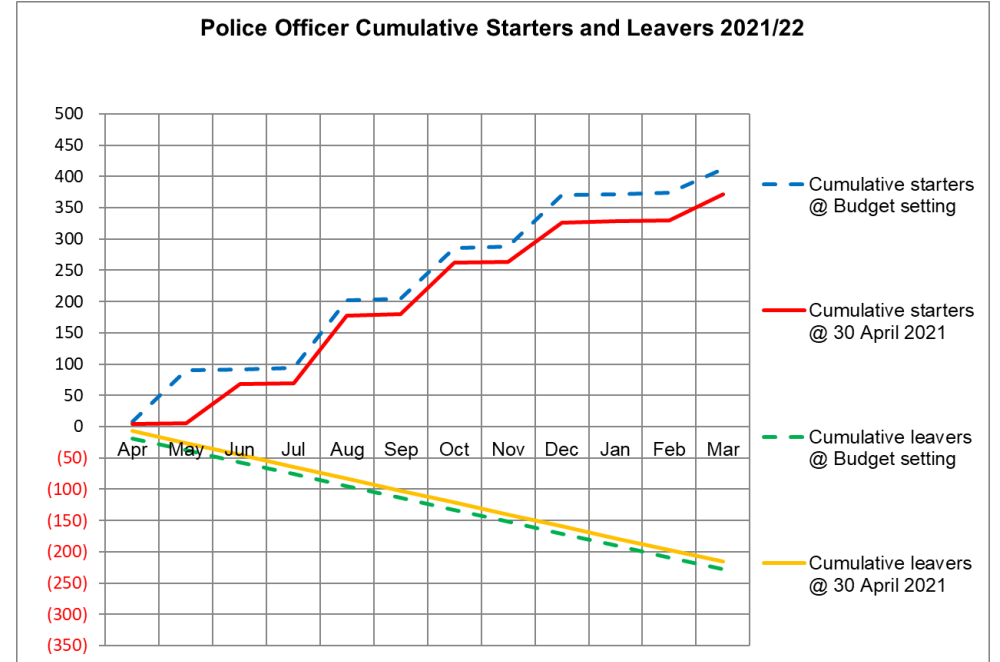
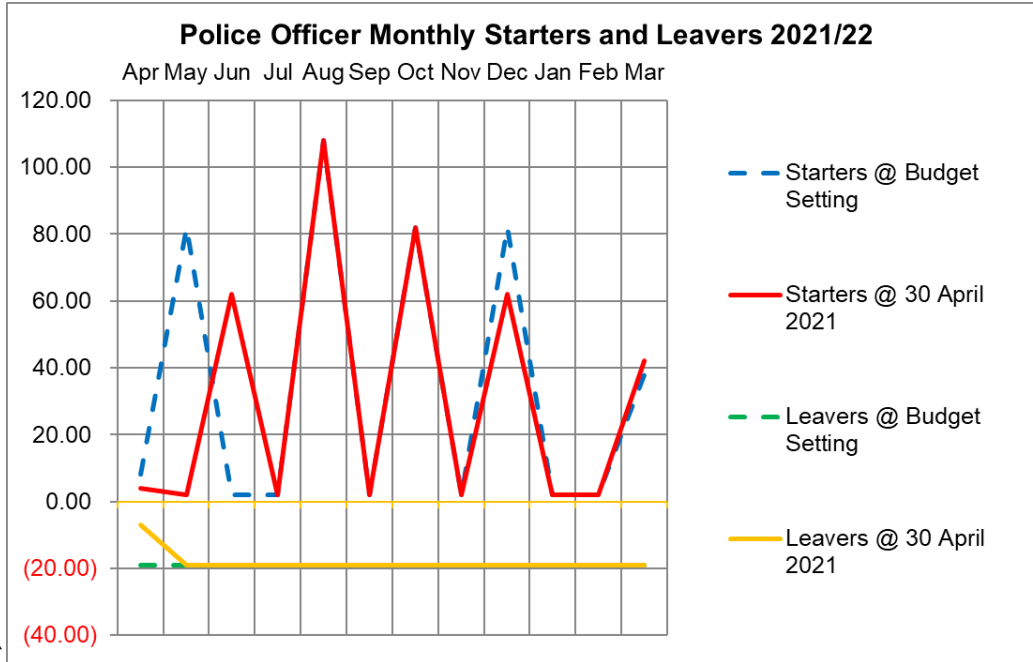
	Actuals /Forecast £	2021/22 Current Forecast - Based on HR information received 18 May 2021												
		Actual £			Forecast £									
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
23	Costed Strength before starters/leavers	£14.88m	£15.60m	£15.39m	£15.40m	£15.32m	£16.20m	£15.14m	£15.31m	£14.99m	£15.26m	£15.04m	£15.34m	£183.87m
24	2021/22 Leavers			(£0.06m)	(£0.13m)	(£0.19m)	(£0.25m)	(£0.31m)	(£0.38m)	(£0.44m)	(£0.50m)	(£0.56m)	(£0.63m)	(£3.45m)
25	2021/22 Starters			£0.13m	£0.27m	£0.28m	£0.66m	£0.88m	£0.98m	£1.15m	£1.23m	£1.37m	£1.45m	£8.40m
26	Other Costs			£0.03m	£0.03m	£0.03m	£0.03m	£0.04m	£0.04m	£0.04m	£0.04m	£0.03m	£0.04m	£0.35m
27	Monthly Actual	£14.88m	£15.60m	£15.49m	£15.57m	£15.44m	£16.64m	£15.75m	£15.95m	£15.74m	£16.03m	£15.88m	£16.20m	£189.17m

Forecast Change from budget setting

		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	(28)	32	32	32	32	32	32	12	12	12	
29	Leavers (positive number = less leavers)	12	0	0	0	0	0	0	0	0	0	0	0	12
30	Starters	(4)	(80)	60	0	0	0	0	0	(20)	0	0	4	(40)
31	Month End Strength Change - FTEs	52	(28)	32	32	32	32	32	32	12	12	12	16	(28)
32	Change per month FTEs	8	(80)	60	0	0	0	0	0	(20)	0	0	4	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
33	Monthly Financial Change	(£0.48m)	£0.02m	(£0.02m)	£0.14m	(£0.34m)	£0.94m	(£0.18m)	£0.10m	(£0.33m)	£0.03m	(£0.04m)	£0.24m	£0.09m

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





2.3 Police Officers, Police Staff, PCSOs and Specials

FTE Changes Effecting Pay Forecasts - 2021/22 Month 2

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
Change			44	(42)	2	11	1	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		2,151			16	(19)
Change					16	(19)

* 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
Change			2	(2)	0	(8)	0	(10)

Note: The PCSO Establishment includes 15 FTE partnership funded posts which are externally funded (17FTE at budget setting)

4. Specials Headcount	Actual Strength	Target Strength
Budget Setting		600
HR data @ 30 Apr 21	515	600
Change		0