

Performance and Resources Scrutiny Programme 2021/22

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

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Date of Approval:	25th August 2021

1.0 Purpose of Report

1.1 This report identifies the 2021/22 month 4 position for the Force.

2.0 Recommendations

2.1 To note the contents of the report. There are no virements/appropriations required for approval.

3.0 Executive Summary

3.1 The revenue forecast underspend as at Month 4 is £1.289m against the 2021/22 revenue budget of £330.3m (0.39% variance), an increase of £0.113m from the Quarter 1 underspend of £1.176m (0.36% variance).

3.2 The capital position for Month 4 reflects a forecast underspend of £51,000, compared to the original approved budget of £19.1m. The £51,000 reduction includes slippage from 2020/21 of £5.6m, additions of £0.7m, reductions of £2.6m, and slippage into future years of £3.7m.

3.3 The Police Officer strength forecast at the end of July is 3,420 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 June is 2,155 FTE. Vacancies at 30th June were 18 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 July, month 4, financial position.

5.0 Current Work and Performance

5.1 The month 4 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.

1. Executive Summary

REVENUE

The revenue forecast underspend as at Month 4 is £1.289m against the 2021/22 revenue budget of £330.3m (0.39% variance), an increase of £0.113m from the Quarter 1 underspend of £1.176m (0.36% variance).

The force variance to current budget at subjective level is detailed in Section 3.2 of the report and the movement from Quarter 1 to Month 4 is detailed in Section 3.3 of the report.

WORKFORCE

The Police Officer strength forecast at the end of July is 3,420 FTE and forecast to be 3,553 FTE at year end. The overspend on Police Officer Pay and Allowances is £0.6m (Qtr 1 - £0.6m).

The Police Staff strength at the end of June is 2,155 FTE. Vacancies at 30th June were 18 FTEs above the vacancy factor of 152 FTEs. Total vacancies are 170 FTEs. The underspend on Police Staff Pay and Allowances is £0.5m (Qtr 1 - £0.5m).

The PCSO strength at the end of June is 97 FTE and forecast to be 101 FTE at year end. The underspend on PCSO Pay and Allowances is £0.2m (Qtr 1 - £0.3m).

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

RESERVES

The net appropriation from earmarked reserves as at Month 4 is £1.225m. No further appropriations are included within the Month 4 position, as noted in Section 2 of the report.

The detailed breakdown of all earmarked reserves, provisions and general reserve is noted in Section 5 of the report.

CAPITAL

The capital position for Month 4 reflects a forecast underspend of £51,000, compared to the original approved budget of £19.1m. The £51,000 reduction includes slippage from 2020/21 of £5.6m, additions of £0.7m, reductions of £2.6m, and slippage into future years of £3.7m.

The capital tables and commentary are noted in Section 6 of the report.

The borrowing requirement for unfinanced capital expenditure is forecast at £11.4m. Based on the latest Treasury Management position there is an anticipated need to externally borrow £3.8m in quarter 4 of 2021/22.

2. List of Appropriations to/from Earmarked Reserves

URN	Description	£'000	Commentary/Description	Earmarked Reserve	Subjective Heading
Appropriations to Earmarked Reserves					
N/A	None in the month	0	N/A	N/A	N/A
Total		0			
Appropriations (from) Earmarked Reserves					
N/A	None in the month	0	N/A	N/A	N/A
Total		0			
Net appropriation to/(from) Earmarked Reserves		0			

3. Revenue

3.1 Revenue Summary

In Month - Month 4			Year to Date - Month 4			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	Movement from Prior Month
£000	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000
Employees													
<u>Police Officer Pay and Allowances</u>													
15,899	15,650	(249)	63,594	61,594	(2,000)	- Police Officer Pay and Allowances	189,122	1,661	190,783	61,594	191,363	580	3
731	722	(9)	2,923	2,742	(182)	- Overtime and Operational Performance	6,707	2,063	8,770	2,742	8,965	195	210
97	109	12	388	354	(35)	- Associated Police Pay	1,064	101	1,165	354	1,295	130	(66)
(7)	0	7	(29)	0	29	- In-Year Savings Shortfall/(Surplus)	62	(149)	(88)	0	0	88	217
16,719	16,480	(239)	66,877	64,689	(2,188)	Police Officer Pay and Allowances	196,955	3,676	200,631	64,689	201,624	993	364
298	275	(23)	1,192	1,132	(60)	PCSO Pay and Allowances	3,574	2	3,576	1,132	3,361	(215)	45
<u>Police Staff Pay and Allowances</u>													
7,323	7,458	135	29,291	28,893	(398)	- Police Staff Pay & Allowances	86,572	1,301	87,873	28,893	87,338	(535)	2
114	143	29	455	646	191	- Police Staff Overtime and Agency	1,137	227	1,365	646	1,818	453	(118)
7,437	7,601	164	29,746	29,539	(207)	Police Staff Pay and Allowances	87,709	1,529	89,238	29,539	89,156	(82)	(116)
375	296	(79)	1,499	1,494	(5)	Pensions (Ill Health / Medical)	4,496	0	4,496	1,494	4,552	56	0
159	119	(40)	638	709	72	Training	1,882	31	1,913	709	1,935	22	23
52	201	149	210	243	33	Other Employee Expenses	1,526	(897)	629	243	589	(40)	(20)
25,040	24,972	(68)	100,161	97,807	(2,354)	Employees Total	296,143	4,340	300,483	97,807	301,216	733	296
833	790	(43)	3,331	2,698	(633)	Premises	9,978	16	9,994	2,698	9,860	(134)	35
483	446	(37)	1,931	2,064	134	Transport	5,805	(13)	5,792	2,064	5,686	(106)	7
<u>Supplies and Services</u>													
3,056	2,823	(233)	12,225	16,178	3,954	- Supplies and Services	36,406	269	36,675	16,178	35,186	(1,488)	(73)
35	0	(35)	139	0	(139)	- In-Year Investments	465	(49)	416	0	276	(140)	0
3,091	2,823	(268)	12,364	16,178	3,815	Supplies and Services	36,871	219	37,091	16,178	35,462	(1,629)	(73)
646	493	(153)	2,584	2,049	(535)	Third Party Payments	9,347	(1,596)	7,752	2,049	7,644	(108)	(169)
(2,619)	(3,272)	(653)	(10,478)	(7,285)	3,192	Income	(29,690)	(1,743)	(31,433)	(7,285)	(31,283)	149	(58)
6	0	(6)	26	1	(25)	Other Expenditure / (Income)	77	0	77	1	33	(44)	0
182	(35)	(217)	727	(4,794)	(5,520)	Capital and Other Adjustments	2,181	0	2,181	(4,794)	2,030	(151)	(151)
27,661	26,218	(1,444)	110,645	108,718	(1,927)	Net Expenditure	330,712	1,225	331,936	108,718	330,647	(1,289)	(113)
(27,526)	(28,058)	(532)	(110,103)	(107,072)	3,032	Sources of Finance	(330,310)	0	(330,310)	(107,072)	(330,310)	0	0
136	(1,841)	(1,976)	542	1,646	1,104	Surplus/Deficit before appropriations	402	1,225	1,626	1,646	337	(1,289)	(113)
(36)	468	503	(142)	(1,694)	(1,552)	Contribution to/(from) Earmarked Reserves	798	(1,225)	(426)	(1,694)	(426)	0	0
(100)	0	100	(400)	0	400	Contribution to/(from) General Reserve	(1,200)	0	(1,200)	0	89	1,289	113
(0)	(1,373)	(1,373)	(0)	(48)	(48)	Budget Requirement	(0)	(0)	(0)	(48)	0	0	0

3.2 Revenue Summary – Supporting Commentary

Police Officer Pay and Allowances - £0.993m overspend

The overspend is due to opening strength being 44 FTE more than budget, 13 FTE less leavers during the first quarter, and an adjustment to the joiner recruitment profile since budget setting to reflect 57 FTE less.

The forecast includes an overspend of £179k on Police Officer Overtime for SCD which is currently under review, to include identification of a potential source of funding and/or mitigation of the overspend.

The forecast includes an overspend of £130k on Temporary Duty Allowance due to substantive vacancies waiting to be filled from the promotion process, as well as 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), Op Sceptre (£531k) and Serious Violence Unit operational activity funded by the National County Lines Coordination Centre (£226k), 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).

PCSO Pay and Allowances - £0.215m underspend

Includes 3 FTE more leavers than forecast at quarter 1, offset by 10 FTE more joiners planned for November to reach a year end strength of 101 FTE.

Police Staff Pay and Allowances - £0.082m underspend

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 partly offset by an overspend on Police Staff Overtime, with the main overspends being for Contact Management and SCD. The forecast for each Command is under review and will be reassessed as part of month 5 reporting, with recommendations being developed to identify the source of funding (i.e. Police Staff Pay underspends, use of Chief Officer Contingency budgets, etc.) and/or mitigation of the overspend.

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, and the deferral of one significant business case that formed part of the Efficiency and Savings programme for 2021/22 (£307k). Further adjustments include appropriations from earmarked reserves for Digital Hub for FCR (£225k), Op Sunshade (£132k), POCA Financial Investigator posts (£131k) and IT Research and Development Team (£50k).

Official

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.

Premises - £0.134m 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 - £0.106m 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 - £1.629m underspend

Includes an underspend of £0.6m 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 based on those that are already in place; and miscellaneous network services that are surplus to requirements following internal review. This list of underspends is partly offset by approval to proceed with the work connected with the Digital Asset Management System (DAMS) project during this year. The IT Base Budget Review has identified £0.4m of recurring savings to be included in 2022/23 budget setting.

The underspend for the recurring element of revenue consequences of capital for IT projects is £0.2m. The underspend for the one-off element of revenue consequences of capital for IT projects is £0.4m, following Subject to Approval projects for the FCR Platform Phase 1, DFU Redesign and the Emergency Services Mobile Communications Programme being placed on hold during 2021/22 whilst other projects are progressed, i.e. DAMS, Suspect Interview Recordings; this money is not required in future years.

The Forensic Services budget is forecast to underspend by £0.2m due to further enhancement of controls for the management of forensic submissions using an expert internal resource and a cap on the level of submissions of roadside toxicology tests made to external forensic service providers.

The budget for the Council Tax Sharing Agreement is £0.2m underspent and is based on the cumulative value of all billing authority deductions being actioned through the monthly precept process. The underspend also includes IT investment of £0.1m that is no longer required for Body Worn Video.

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, etc, offset by an over achievement of savings resulting from the Microsoft Enterprise Agreement contract.

Official

Third Party Payments - £0.108m 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, including a shortfall against the in-year savings for NPAS as noted in Section 3.3.

Income - £0.149m overspend

The overspend is predominantly 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.

Capital and Other Adjustments - £0.151m underspend

Forecast underspend in relation to the latest MRP/Financing schedule.

Net Contribution from Earmarked Reserves - £1.225m

As noted in Section 5 of the report.

Contribution to General Reserve - £1.289m

As noted in Section 1 of the report.

3.3 Main Forecast Movements since Quarter 1

Main Changes to Forecast Outturn Variance since Quarter 1

	Change in Forecast Outturn Variance £m	
Quarter 1 Forecast Outturn Variance	(1.2)	Underspend
Police Officer Pay and Allowances	0.4	<p>The overspend includes a £0.2m increase to the LPA Police Officer overtime summer demand budget, which at quarter 1 was assessed to be surplus to requirements, however the emerging post lockdown demand and associated backfill has necessitated that this budget is forecast to be fully utilised.</p> <p>*The overspend also includes a virement of £0.2m (net) which has been processed against a budget setting holding code in relation to the deferral of a significant Police Staff business case that was included in the 2021/22 Savings and Efficiency plan (Police Staff Pay and Allowances); an over achievement of in-year savings for the Microsoft Enterprise Agreement contract (Supplies and Services); and a shortfall against the in-year savings for NPAS (Third Party Payments).</p>
Police Staff Pay and Allowances	(0.1)	<p>The underspend is partially offset by adjustments made in the July payroll, to include a net increase in strength of 9 FTE.</p> <p>*Includes an underspend of £0.3m resulting from a virement which has been processed to recognise the deferral of a significant business case that was included in the 2021/22 Savings and Efficiency plan - the holding code used to process the other side of this virement is held within Police Officer Pay and Allowances.</p>
Supplies and Services	(0.1)	<p>Includes an underspend of £0.4m for Revenue Consequences of Capital 'Subject to Approval' projects for the FCR Platform Phase 1, DFU Redesign, and the Emergency Services Mobile Communications Programme that have been placed on hold due to other projects being re-prioritised, e.g. DAMS, Suspect Interview Recordings.</p> <p>The underspend also includes £0.2m for further enhancement of controls around the management of forensic submissions using an expert internal resource and a cap on the level of submissions of roadside toxicology tests made to external forensic service providers.</p> <p>The underspend is partially offset by a £0.2m increase in the Communications and Technology forecast resulting from in-year approval to proceed with the Digital Asset Management System (DAMS) project.</p> <p>*Includes an overspend of £0.3m resulting from a virement which has been processed to recognise an over achievement of savings resulting from the Microsoft Enterprise Agreement contract - the holding code used to process the other side of this virement is held within Police Officer Pay and Allowances.</p>
Third Party Payments	(0.2)	<p>*Includes an underspend of £0.2m resulting from a virement which has been processed to recognise a shortfall against the in-year savings for NPAS - the holding code used to process the other side of this virement is held within Police Officer Pay and Allowances.</p>
Capital & Other Adjustments	(0.2)	Forecast underspend in relation to the latest MRP/Financing schedule.
Further Variances	0.1	Various changes across the force to reflect latest information which are less than £100k.
Month 4 Forecast Outturn Variance	(1.3)	Underspend

*The movement in Forecast Outturn Variance includes a virement that has been processed against a Budget Setting holding code which is mapped to Police Officer Pay. An interim solution has been developed for the remainder of the financial year to avoid significant movements across subjective headings in relation to the management of holding codes, with a more permanent solution being developed for 2022/23 Budget Setting.

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>	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)	£15.41m	£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 21st July 2021

	Strength	Actual FTE			Forecast									Total	
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
		FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs		FTEs
17	1st April 2021 Strength	3,413	3,409	3,391	3,437	3,420	3,509	3,492	3,535	3,518	3,564	3,547	3,530		
18	Leavers (note 7)	(8)	(20)	(16)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(215)	
19	Starters (note 8)	4	2	62	2	108	2	62	2	65	2	2	42	355	
20	Net change	(4)	(18)	46	(17)	89	(17)	43	(17)	46	(17)	(17)	23	140	
21	Officer strength - month end	3,409	3,391	3,437	3,420	3,509	3,492	3,535	3,518	3,564	3,547	3,530	3,553		
22	Difference to 3553fte - over / (under)	(144)	(162)	(116)	(133)	(44)	(61)	(18)	(35)	11	(6)	(23)	0		
	Actuals /Forecast £	Actual £				Forecast £									Total
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
23	Costed Strength before starters/leavers	£14.89m	£15.60m	£15.40m	£15.68m	£15.81m	£16.57m	£15.46m	£15.62m	£15.35m	£15.70m	£15.44m	£16.48m	£188.00m	
24	2021/22 Leavers					(£0.06m)	(£0.13m)	(£0.19m)	(£0.25m)	(£0.31m)	(£0.38m)	(£0.44m)	(£0.50m)	(£2.26m)	
25	2021/22 Starters					£0.01m	£0.39m	£0.61m	£0.65m	£0.78m	£0.89m	£1.03m	£1.11m	£5.47m	
26	Other Costs					£0.02m	£0.02m	£0.02m	£0.01m	£0.02m	£0.02m	£0.02m	£0.02m	£0.15m	
27	Monthly Actual	£14.89m	£15.60m	£15.40m	£15.68m	£15.78m	£16.85m	£15.90m	£16.03m	£15.84m	£16.23m	£16.05m	£17.11m	£191.36m	

Forecast Change from budget setting

		Actual FTE			Forecast FTE									Total
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
		FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	
28	Strength @ beginning of month (negative=reduction)	44	51	(30)	33	33	33	33	13	13	(4)	(4)	(4)	
29	Leavers (positive number = less leavers)	11	(1)	3	0	0	0	0	0	0	0	0	0	13
30	Starters	(4)	(80)	60	0	0	0	(20)	0	(17)	0	0	4	(57)
31	Month End Strength Change - FTEs	51	(30)	33	33	33	33	13	13	(4)	(4)	(4)	(0)	(44)
32	Change per month FTEs	7	(81)	63	0	0	0	(20)	0	(17)	0	0	4	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
33	Monthly Financial Change	(£0.47m)	£0.01m	(£0.11m)	£0.25m	£0.00m	£1.15m	(£0.03m)	£0.18m	(£0.24m)	£0.23m	£0.13m	£1.15m	£2.24m

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
- 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 rejainers

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.

	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	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	

	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	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	

	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	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 4

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 @ 31 May 21	3,553	3,391	3,413	324	26	(211)	1	3,553
HR data @ 30 June 21	3,553	3,438	3,413	329	26	(215)	0	3,553
Change		47	0	5	0	(4)	(1)	0

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 @ 31 May 21	2,328	2,146			27	(35)
HR data @ 30 June 21	2,325	2,155			47	(46)
Change	(3)	9	0	0	20	(11)

* 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 @ 31 May 21	103	100	105	101	0	(7)	0	94
HR data @ 30 June 21	103	97	105	101	10	(10)	0	101
Change	0	(3)	0	0	10	(3)	0	7

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 @ 31 May 21	535	600
HR data @ 30 June 21	541	600
Change	6	0

5. Detailed Reserves Analysis

Earmarked Reserves and Provisions - Opening and Closing Balances							
Reserve	1st April 2021 - Opening Balance	Budget Setting Contribution / Allocation 2021/22	In-Year Contribution 2021/22	In-Year Allocation 2021/22	31st July 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	£0.000m	£0.110m	£0.110m	
2 Project Reserves							
IT Convergence	£0.000m	£1.200m			£1.200m	£1.137m	Essex share of 4F ICT convergence identified as part of 2021/22 Budget Setting.
Total	£0.000m	£1.200m	£0.000m	£0.000m	£1.200m	£1.137m	
3 Ringfenced Reserve							
Proceeds of Crime Act	£2.134m	(£0.402m)	£0.100m	(£0.131m)	£1.701m	£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 Sergeant 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	(£0.402m)	£1.100m	(£1.022m)	£5.993m	£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	£0.000m	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	£0.000m	(£1.303m)	£3.480m	£3.251m	
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.
Total	£1.089m	£0.000m	£0.000m	£0.000m	£1.089m	£1.089m	
Total Revenue Earmarked Reserves	£12.299m	£0.798m	£1.100m	(£2.325m)	£11.872m	£10.020m	
6 Provisions							
Severance Provision	£0.140m				£0.140m	£0.000m	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	£0.000m	£3.172m	£3.032m	
7 General Reserve							
General Reserve	£13.162m	(£1.200m)	£1.289m		£13.251m	£13.251m	The 2020/21 General Reserve opening balance is £13.162m, which represents 4.0% of the 2021/22 force budget of £330.3m. The in-year allocation of £1.2m is for the creation of the IT convergence earmarked reserve as identified as part of 2021/22 Budget Setting.
Total Revenue Reserves and Provisions	£28.633m	(£0.402m)	£2.389m	(£2.325m)	£28.295m	£26.303m	

6. Capital

6.1 Capital Summary

CAPITAL PROGRAMME 2021/22 MONTH 4 MONITORING POSITION SUMMARY REPORT

	2021/22 Original Budget PF&C Panel	2021/22 Approved Changes *	2021/22 Revised Budget	2021/22 Actuals to end of July 2021	2021/22 Forecast Outturn	2021/22 Forecast Budget Variance (Appendix 1)
	£000	£000	£000	£000	£000	£000
EXPENDITURE -						
ANPR projects	230	-	230	103	221	(9)
Estates projects	6,239	-	6,239	723	9,100	2,861
IT projects	1,361	-	1,361	523	2,464	1,103
Transport projects	301	-	301	210	1,353	1,052
OPC projects	-	-	-	4	534	534
SCD projects	-	-	-	53	53	53
Other projects	351	-	351	51	356	5
<i>Subject to Approval projects</i>	<i>10,597</i>	<i>-</i>	<i>10,597</i>	<i>-</i>	<i>4,947</i>	<i>(5,650)</i>
TOTAL EXPENDITURE	19,079	-	19,079	1,667	19,028	(51)
FINANCING -						
Capital Receipts	5,620	-	5,620	1,604	6,968	1,348
Revenue Contributions	3,046	-	3,046	-	377	(2,669)
Capital Grant	251	-	251	63	251	-
External & Other Income	303	-	303	-	56	(247)
Borrowing**	9,859	-	9,859	-	11,376	1,517
TOTAL FINANCING	19,079	-	19,079	1,667	19,028	(51)

* Changes to the capital programme, incorporating slippage from 2020/21 as reported to the July Performance, Resources and Scrutiny Board will be reflected in this column once formally reported to the September Strategic Board with accompanying Decision Report.

**The term 'Borrowing' in the context of financing the capital programme refers to the level of capital expenditure being incurred that can not immediately be covered by cash-backed resources in the current year, and therefore increases the Capital Financing Requirement (CFR) by this amount. The CFR is charged to the revenue account over future years in the form of a minimum revenue provision (MRP) i.e. it is a commitment to use future year revenue streams to fund this expenditure. For treasury management purposes, and based on the most recently available information, there is a forecast requirement to externally borrow £3.8m in quarter 4 of 2021/22. In relation to the total borrowing figure of £11.4m in the above figures, this would therefore equate to an internal borrowing element of £7.6m.

6.2 Capital Summary – Supporting Commentary

The capital position for month 4 reflects a forecast **underspend of £51,000**, compared to the original approved budget of £19.1m, as set at the February Police Fire & Crime Panel. The variance plan, which will be presented to the September Strategic Board along with a Decision Report for approval is summarised in Appendix 1.

The £51,000 reduction in forecast takes into account the following changes:

- An increase in expenditure due to **slippage of £5.6m from the 2020/21 programme** including £3.5m for the purchase of Boreham Depot which, at the time of writing, is now expecting to be purchased during August 2021.
- **Additions of £0.7m** which included Chelmsford Police Station and additions to the 2021/22 Infrastructure Technical Refresh Programme and other capital IT projects. Further movements can be seen in the 'Additions' column within the capital table against specific project lines reflecting approvals at the PFCCs Strategic Boards in both March and June for projects to move from being 'Subject to Approval' to 'approved' which have no impact on the bottom line of the Capital Programme.
- **Reductions of £2.6m** including the Data Centre Provision (£1.4m) which is no longer proceeding (FBC to be finalised) and £0.9m on prior years' Infrastructure Technical Refresh programme.
- **Slippage of £3.7m into future years** including the Fleet Replacement Programme (£1.5m), CCTV Replacement to Custody Suites (£0.9m), Estates Capitalised Maintenance (£0.4m) and various projects still at the 'subject to approval' stage (£0.4m).

In relation to the Fleet Replacement Programme, the National Vehicle Framework agreement has started being awarded and pre-orders have already been placed, with the completion of standard orders for vehicles now anticipated to be by September. However, actual vehicle delivery dates remain unreliable due to related equipment availability.

In respect of the wider capital programme it is currently anticipated that the remainder of the subject to approval projects (£4.9m) will be approved during the remainder of 2021/22, with their current attributable forecasts also being spent.

The financing plan for month 4 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 £7.0m for 2021/22, with £4.8m already received as at the end of July 2021. This money is being forecast to be fully utilised in 2021/22.

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£1.4m of revenue contributions to fund capital are forecast to be carried forward to fund the 2022/23 programme. This will reduce the immediate financial burden on the revenue account over the coming years from high Minimum Revenue Provision (MRP) charges that would be required if these resources were not held back for this purpose due to the level of planned spend on short-life assets over the short term. To be able to do this the revenue contributions would need to be appropriated to the Future Capital Funding Reserve at the end of 2021/22.

The borrowing requirement for unfinanced capital expenditure is forecast at £11.4m which equates to nearly 60% of the year's financing plan. Based on the latest treasury management information available the related external borrowing requirement is currently anticipated to be circa £3.8m in quarter 4 of 2021/22.

Appendix 1

CAPITAL PROGRAMME 2021/22 MONTH 4 MONITORING POSITION EXPENDITURE VARIANCE REPORT

	Slippage b/f	Additions	Advanced Works	Reductions	Slippage c/f	Changes for Approval
	£000	£000	£000	£000	£000	£000
CHANGES FOR APPROVAL*						
ANPR projects	-	-	-	(9)	-	(9)
Estates projects	4,918	1,175	-	(1,612)	(1,620)	2,861
IT projects	259	1,914	-	(918)	(152)	1,103
Transport projects	319	2,201	-	-	(1,468)	1,052
OPC projects	6	528	-	-	-	534
SCD projects	53	-	-	-	-	53
Other projects	44	33	-	-	(72)	5
<i>Subject to Approval projects</i>	-	(5,129)	-	(106)	(416)	(5,651)
TOTAL CHANGES	5,599	722	-	(2,645)	(3,728)	(51)

* These changes are to be formally presented to the PFCC for approval at the September Strategic Board with an accompanying Decision Report.