

Performance and Resources Scrutiny Programme 2021/22

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

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1.0 Purpose of Report

1.1 This report identifies the 2021/22 Month 10 position for the Force.

2.0 Recommendations

2.1 To note the contents of the report.

2.2 To note the transfer between the Future Capital Funding Reserve and Transformation Reserve in relation the Dashcam Project outlined in the PFCC approved business case presented to the December 2021 Strategic Board, noted in Section 2 of the report.

3.0 Executive Summary

3.1 The revenue forecast underspend as at Month 10 is £0.160m against the 2021/22 revenue budget of £330.3m (0.05% variance), an increase of £0.019m from the Month 9 underspend of £0.141m (0.04% variance).

3.2 The capital position for Month 10 reflects a forecast underspend of £6.736m, compared to the original approved budget of £19.1m (35.31% variance), an increase of £0.680m from the Month 9 underspend of £6.056m (31.74% variance).

3.3 The Police Officer strength forecast at the end of January is 3,554 FTE and forecast to be 3,585 FTE at year end. The overspend on Police Officer Pay and Allowances is £1.2m.

3.4 The Police staff strength at the end of December is 2,147 FTE. Vacancies at 31st December were 18 FTEs above the budgeted vacancy factor. The underspend on Police Staff Pay and Allowances is £0.4m.

4.0 Introduction/Background

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4.1 This report sets out the January, Month 10, financial position.

5.0 Current Work and Performance

5.1 The Month 10 financial position is shown at Annex 1.

6.0 Implications (Issues)

6.1 The implications are reported in Annex 1.

7.0 Links to Police and Crime Plan Priorities

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

8.0 Demand

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

9.0 Risks/Mitigation

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

10.0 Equality and/or Human Rights Implications

N/A

11.0 Health and Safety Implications

N/A

12.0 Consultation/Engagement

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

13.0 Actions for Improvement

N/A

14.0 Future Work/Development and Expected Outcome

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

15.0 Decisions Required by the Police, Fire and Crime Commissioner

15.1 There are no virements/appropriations required for approval.

1. Executive Summary

REVENUE

The revenue forecast underspend as at Month 10 is £0.160m against the 2021/22 revenue budget of £330.3m (0.05% variance), an increase of £0.019m from the Month 9 underspend of £0.141m (0.04% variance).

The force variance to current budget at subjective level is detailed in Section 3.2 of the report and the movement from Month 9 to Month 10 is detailed in Section 3.3 of the report.

WORKFORCE

The Police Officer strength forecast at the end of January is 3,554 FTE and forecast to be 3,585 FTE at year end. The overspend on Police Officer Pay and Allowances is £1.2m (Month 9 - £1.1m).

The Police Staff strength at the end of December is 2,147 FTE. Vacancies at 31st December were 18 FTEs above the vacancy factor of 152 FTEs. Total vacancies are 170 FTEs. The underspend on Police Staff Pay and Allowances is £0.4m (Month 9 - £0.4m).

The PCSO strength at the end of December is 101 FTE and forecast to be 103 FTE at year end. The underspend on PCSO Pay and Allowances is £0.2m (Month 9 - £0.2m).

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

RESERVES

The Month 10 position includes an adjustment between the Future Capital Funding Reserve and the Transformation Reserve to reflect Dashcam project funding that is no longer required to meet capital funding of the project in 2022/23 in line with the revised PFCC approved business case presented to the December 2021 Strategic Board, 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 10 reflects a forecast underspend of £6.736m, compared to the original approved budget of £19.1m (35.31% variance), an increase of £0.680m from the Month 9 underspend of £6.056m (31.74% variance). The capital tables and commentary are noted in Section 6 of the report.

The financing requirement for unfinanced capital expenditure is forecast at £7.975m which equates to approximately 65% of the year's financing plan. Based on the latest treasury management information available there is no longer an expectation that any external borrowing requirement will be required in 2021/22.

2. List of Appropriations to/from Earmarked Reserves

URN	Description	£'000	Commentary/Description	Governance Process	Earmarked Reserve	Subjective Heading
Appropriations to Earmarked Reserves						
ER031/21	Dashcams Project	114	Dashcam Project funding element no longer required to meet capital funding of the project in 2022/23 in line with the revised PFCC approved Business Case, as presented to the December 2021 Strategic Board. Funding originally appropriated from Transformation Reserve earlier in 2021/22, and now being appropriated back to reconcile the position.	Agreed at December 2021 Strategic Board	Transformation Reserve	Contribution from Future Capital Funding
Total		114				
Appropriations (from) Earmarked Reserves						
ER032/21	Dashcams Project	(114)	Dashcam Project funding element no longer required to meet capital funding of the project in 2022/23 in line with the revised PFCC approved Business Case, as presented to the December 2021 Strategic Board. Funding originally appropriated from Transformation Reserve earlier in 2021/22, and now being appropriated back to reconcile the position.	Agreed at December 2021 Strategic Board	Future Capital Funding	Contribution to Transformation Reserve
Total		(114)				
Net appropriation to/(from) Earmarked Reserves		0				

3. Revenue

3.1 Revenue Summary

In Month - Month 10			Year to Date - Month 10			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 - Original Budget	Variance Over/(Under) Spend - Revised Budget	Movement from Prior Month - Revised Budget
£000	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000	£000
15,959	16,842	883	159,585	159,239	(347)	Employees								
822	1,567	746	8,217	7,992	(226)	<u>Police Officer Pay and Allowances</u>								
98	125	27	978	1,078	100	- Police Officer Pay and Allowances	189,122	2,380	191,502	159,239	192,680	3,558	1,177	
(7)	0	7	(73)	0	73	- Overtime and Operational Performance	6,707	3,154	9,861	7,992	10,223	3,516	362	
16,871	18,534	1,664	168,708	168,308	(400)	- Associated Police Pay	1,064	109	1,173	1,078	1,318	254	144	
						- In-Year Savings Shortfall/(Surplus)	62	(149)	(88)	0	0	(62)	88	
						Police Officer Pay and Allowances	196,955	5,494	202,449	168,308	204,221	7,266	1,772	
298	281	(17)	2,980	2,800	(180)	PCSO Pay and Allowances	3,574	2	3,576	2,800	3,367	(207)	(208)	
						<u>Police Staff Pay and Allowances</u>								
7,329	8,114	785	73,294	72,850	(444)	- Police Staff Pay & Allowances	86,572	1,381	87,953	72,850	87,525	953	(429)	
169	240	70	1,692	1,824	133	- Police Staff Overtime and Agency	1,137	892	2,030	1,824	2,441	1,304	411	
7,499	8,354	855	74,986	74,674	(312)	Police Staff Pay and Allowances	87,709	2,274	89,983	74,674	89,966	2,256	(17)	
341	296	(45)	3,406	3,616	211	Pensions (Ill Health / Medical)	4,496	(409)	4,087	3,616	4,089	(407)	2	
160	100	(60)	1,599	1,534	(66)	Training	1,882	37	1,919	1,534	1,886	4	(33)	
57	(231)	(288)	568	289	(278)	Other Employee Expenses	1,526	(845)	681	289	534	(992)	(147)	
25,225	27,334	2,110	252,246	251,221	(1,025)	Employees Total	296,143	6,553	302,696	251,221	304,063	7,920	1,367	
864	444	(420)	8,640	7,344	(1,296)	Premises	9,978	390	10,368	7,344	9,763	(215)	(606)	
485	375	(110)	4,854	5,090	237	Transport	5,805	20	5,825	5,090	5,722	(83)	(103)	
3,108	2,040	(1,068)	31,076	32,636	1,560	<u>Supplies and Services</u>								
16	0	(16)	163	0	(163)	- Supplies and Services	36,406	885	37,291	32,636	36,261	(145)	(1,030)	
3,124	2,040	(1,084)	31,239	32,636	1,397	- In-Year Investments	465	(270)	195	0	0	(465)	(195)	
						Supplies and Services	36,871	615	37,486	32,636	36,261	(610)	(1,225)	
642	96	(546)	6,415	5,731	(685)	Third Party Payments	9,347	(1,649)	7,698	5,731	7,800	(1,547)	102	
30,339	30,289	(51)	303,394	302,022	(1,372)	Gross Expenditure	358,144	5,929	364,073	302,022	363,609	5,465	(465)	
(2,995)	(3,125)	(130)	(29,955)	(27,333)	2,621	Income	(29,690)	(6,256)	(35,946)	(27,333)	(35,557)	(5,867)	389	
27,344	27,163	(181)	273,440	274,689	1,249	Net Cost of Services	328,454	(327)	328,128	274,689	328,052	(403)	(76)	
6	(0)	(7)	64	(0)	(64)	Other Expenditure / (Income)	77	0	77	(0)	(7)	(84)	(84)	
357	(0)	(357)	3,574	(3,587)	(7,161)	Capital and Other Adjustments	2,181	2,108	4,289	(3,587)	4,289	2,108	0	
27,708	27,163	(545)	277,078	271,101	(5,976)	Net Expenditure	330,712	1,782	332,493	271,101	332,333	1,621	(160)	
(27,526)	(28,068)	(542)	(275,258)	(276,379)	(1,120)	Sources of Finance	(330,310)	0	(330,310)	(276,379)	(330,310)	0	0	
182	(905)	(1,087)	1,819	(5,278)	(7,097)	(Surplus)/Deficit before appropriations	402	1,782	2,183	(5,278)	2,023	1,622	(160)	
(177)	(415)	(239)	(1,766)	(2,114)	(348)	Contribution to/(from) Earmarked Reserves	798	(2,918)	(2,120)	(2,114)	(2,120)	(2,918)	0	
(5)	0	5	(53)	(64)	(11)	Contribution to/(from) General Reserve	(1,200)	1,136	(64)	(64)	96	1,296	160	
(0)	(1,320)	(1,320)	0	(7,456)	(7,456)	(Surplus)/Deficit after appropriations	(0)	(0)	0	(7,456)	0	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 - £1.772m overspend**

Explanation of forecast variance

The overspend is due to opening strength being 44 FTE more than budget, 27 FTE less leavers forecast up to February, and an adjustment to the joiner recruitment profile since budget setting to reflect 39 FTE less, resulting in a year end strength of 3,585 FTE. The average salary for force funded leavers is also contributing to the overspend due to the salary levels of actual leavers being lower than previously forecast, in line with estimates included at Budget Setting (see Note 3, Section 4.1).

The forecast includes an overspend on Police Officer Overtime, with the main overspends being £335k for OPC and £250k for SCD. The OPC overspend is predominantly connected to Op Demand, which is for overtime incurred to resource Armed Response Vehicles to meet the Force Strategic Risk Assessment (STRA) and the SCD overspend is in recognition of the size of the directorate and the ongoing resourcing requirement in response to proactive and reactive demand. The 2022/23 budget has now been set and additional funds have been assigned to these areas of expenditure.

The forecast includes an overspend of £231k 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.

Explanation of adjustments to Original Budget (virements)

The adjustments from Original Budget to the Revised Budget during Month 10 (which have a corresponding forecast change) include a reprofiling of 7 Force Procurement/Project Police Officer pay costs that are recharged to the 7 Forces (£61k decrease) and reprofiling of externally funded activity for a series of mutual assistance operations (£47k increase). Previously reported adjustments to Original Budget, up to and including Month 9, total £5.625m.

- **PCSO Pay and Allowances - £0.208m underspend**

Explanation of forecast variance

Net strength in the first half of the financial year has been lower than budget setting and year end strength projection of 103 FTE.

- **Police Staff Pay and Allowances - £0.017m underspend**

Explanation of forecast variance

The Police Staff strength at the end of December is 2,147 FTE and total vacancies are 170 FTEs (18 FTEs above the budgeted vacancy factor of 152 FTEs). Delays in the recruitment to force staff growth posts is also contributing to the force underspend of £0.429m (0.49% of both the original and revised budget).

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The underspend noted above is offset by an overspend on Police Staff Overtime (with the main overspends being for Contact Management and SCD) and Police Staff Agency (with the main overspend being for the PFCCs Office, which is offset by an underspend on staff pay). Contact Management has utilised £180k of the devolved pay budget for the Command (0.95%) to fund staff overtime from Police Staff vacancy underspends.

Explanation of adjustments to Original Budget (virements)

The adjustments from Original Budget to the Revised Budget during Month 10 (which have a corresponding forecast change) include a reprofiling of 7 Force Procurement/Project Police Staff pay costs that are recharged to the 7 Forces (£52k decrease). Previously reported adjustments to Original Budget, up to and including Month 9, total £2.321m.

- **Pensions (Ill Health/Medical)**

Explanation of adjustments to Original Budget (virements)

Includes a virement of £0.409m to create a budget for agreed underspend utilisation proposals resulting from a force underspend for Pensions (Ill Health/Medical) based on a leavers profile of five constables and one sergeant, compared to the budgeted amount of ten leavers.

- **Other Employee Expenses - £0.147m underspend**

Explanation of forecast variance

Includes underspends for External Assessment Centres in relation to 2021/22 growth budget, and underspend for Police Staff Excess Travel payments which is now a claimable expense and is subject to 2022/23 non-pay budget savings.

Explanation of adjustments to Original Budget (virements)

The adjustment from Original Budget to the Revised Budget includes the appropriation of the redundancy budget agreed at 2021/22 Budget Setting (£900k) to the restructuring reserve for utilisation as and when required during the financial year, of which £56k has been appropriated to date for severance and financial strain expenditure.

- **Premises - £0.606m underspend**

Explanation of forecast variance

Includes an underspend on rates payable following the refurbishment of Chelmsford station where the expected increase did not materialise, so the forecast has been reduced by £0.3m. The forecast also includes an underspend on utilities due to reduced usage across the force, despite the inclusion of estimates for inflation. The purchase of the Boreham site has released 6 months of rental payments and various contract savings which have also been included as part of 2022/23 budget setting. The underspend is partially offset by an increase to reactive maintenance costs due to a serious water leak which has adversely impacted on IT and electrical systems.

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Explanation of adjustments to Original Budget (virements)

The adjustment from Original Budget to the Revised Budget reflect the previously approved appropriation from the Transformation Reserve for the revenue consequences resulting from the capital purchase of the Boreham site (£191k) and agreed proposals for utilisation of force underspend for consultancy costs for a joint fleet workshop and accessibility building audits, as approved at the December 2021 Strategic Board (£200k increase).

- **Transport - £0.103m underspend**

Explanation of forecast variance

Includes an underspend on force mileage claims and public transport costs, both of which have been recognised in the 2022/23 budget as having delivered non-pay savings.

- **Supplies and Services - £1.225m underspend**

Explanation of forecast variance

Includes previously reported underspends at Month 9 in respect of Communications and Technology (£0.7m), Council Tax Sharing Agreement (£0.2m), Revenue Consequences of Capital (£0.2m), Forensic Services (£0.1m) and IT investment no longer required for Body Worn Video (£0.1m), offset by an overspend of £0.2m for increased Safeguarding Contributions that are due to be incurred from Force budgets. Further underspends at Month 10 include a £0.2m reduction in Communications and Technology for slippage on ICCS supplier replacement costs and Airwave traffic charges and network circuits.

Explanation of adjustments to Original Budget (virements)

Previously reported adjustments to Original Budget, up to and including Month 9, total £0.599m.

- **Third Party Payments - £0.102m overspend**

Explanation of forecast variance

Includes an overspend due to change in treatment of funding of regional, non-Essex, PUP ROCU Officers, as per quarter 3 forecast supplied by ERSOU.

Explanation of adjustments to Original Budget (virements)

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, Police Staff Pay and Allowances and Supplies and Services. Previously reported adjustments to Original Budget, up to and including Month 8, total £1.654m.

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- **Income - £0.389m overspend**

Explanation of forecast variance

The overspend includes an agreed reduction in recharge to Manchester Airport Group for the Policing of Stansted Airport in the first quarter of the financial year, and a shortfall in connection to the private hire income budget which has been adjusted as part of 2022/23 budget setting.

Explanation of adjustments to Original Budget (virements)

The adjustments from Original Budget to the Revised Budget during Month 10 (which have a corresponding forecast change) include a reprofiling of 7 Force Procurement/Project Police Officer pay costs that are recharged to the 7 Forces (£170k decrease), reprofiling of externally funded activity for a series of mutual assistance operations (£66k decrease), offset by POCA ARIS income surplus transferred to the POCA earmarked reserve (£345k increase). 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, Police Staff Pay and Allowances, Supplies and Services and Transport. Previously reported adjustments to Original Budget, up to and including Month 9, total £6.147m.

- **Capital and Other Adjustments**

The adjustment from Original Budget to the Revised Budget predominantly include a series of adjustments to the Future Capital Funding Reserve.

- **Net Contribution from Earmarked Reserves**

The detailed breakdown of earmarked reserves is noted in Section 5 and appropriations listed and/or requested for approval in Section 2 of the report.

- **Contribution to General Reserve - £0.160m**

As noted in Section 3.1 of the report. The movements from Month 9 to Month 10 are noted in Section 3.3 of the report and reflect the forecast underspend.

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 Resources, 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 a few examples, we can demonstrate the primary reason for the differences resulting from the systems and resourcing limitation and practice noted above:

Year to Date Actuals: The year to date credit actuals of £7.5m include various budget lines with credit actuals of £3.6m that have a net zero impact on the Net Expenditure position by year-end, as they are statutory accounting entries which have no impact on the General Reserve. This is further described below within *Capital and Other Adjustments*.

Police Officer Pay and Allowances: The year to date variance reflects a £0.4m underspend, however the forecast variance is a £1.8m overspend. This is because the forecast reflects the probationer intakes to reach an end of year position of 3,586 FTE, whilst the year to date variance reflects actuals in relation to a maximum of 3,554 FTE (as noted at the end of January), compared to a monthly budget profile based on an end of year position of 3,555 FTE. Another contributing factor is that overtime is paid a month in arrears.

Supplies and Services: The year to date variance reflects a £1.4m overspend, however the forecast variance is a £1.2m 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.

Capital and Other Adjustments: The year to date variance reflects a £7.2m underspend, however there is no forecast variance in relation to Capital and Other Adjustments. The difference is due to the presence of various budget lines feeding into this category, which are causing the current actual to date of £3.587m. All of these budget lines have a net zero impact on the Net Expenditure position by year-end, as they are statutory accounting entries which have no impact on the General Reserve. These amounts include depreciation, impairment, capital grants and capital receipts, all of which are reversed out to the balance sheet by the time the outturn position is finalised. The format of the Revenue Summary table noted in Section 3.1 has altered for Month 8 to include Gross Expenditure and Net Cost of Services subtotals to assist with the presentation of the year to date actuals which do not represent or contain statutory accounting entries.

3.3 Main Forecast Movements

Main Changes to Forecast Outturn Variance since Month 9

	Change in Forecast Outturn Variance £m	
Month 9 Forecast Outturn Variance	(0.1)	Underspend (£141k)
Police Officer Pay and Allowances	0.0	Includes changes to probationer recruitment profile to reach a year end strength of 3,585 FTE
Police Staff Pay and Allowances	0.0	Includes adjustments in January payroll
Premises	0.1	Reactive maintenance costs have increased due to a serious water leak which has adversely impacted on IT and electrical systems
Supplies and Services	(0.3)	The underspend includes ICCS Supplier Replacement project milestone payments slippage to 2023/24 (£0.1m); Airwave traffic charges and Network Circuits calls/line frameworks forecast updated to reflect latest run rates (£0.08m); a significant reduction in the number of stray horses dealt with this year and overall reduction in costs (£0.05m); one Police Medical Appeal Board now expected this financial year, compared with six previously forecast (£0.04m)
Third Party Payments	0.1	Includes change in treatment of funding of regional, non Essex, PUP ROCU officers as per quarter 3 forecast supplied by ERSOU
Month 10 Forecast Outturn Variance	(0.2)	Underspend (£160k)

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 (note 9)	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 14th January 2022 (updated for revised February leavers)														
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	3,409	3,392	3,438	3,415	3,495	3,474	3,531	3,523	3,509	3,554	3,544	
18	Leavers (note 7)	(8)	(20)	(16)	(24)	(18)	(22)	(16)	(12)	(16)	(19)	(12)	(19)	(201)
19	Starters (note 8)	4	2	62	1	98	1	73	4	2	64	2	60	373
20	Net change	(4)	(18)	46	(23)	80	(21)	57	(8)	(14)	45	(10)	41	172
21	Officer strength - month end	3,409	3,392	3,438	3,415	3,495	3,474	3,531	3,523	3,509	3,554	3,544	3,585	
22	Difference to 3553fte - over / (under)	(144)	(161)	(115)	(138)	(58)	(79)	(22)	(30)	(44)	1	(9)	32	
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	£14.89m	£15.60m	£15.40m	£15.68m	£15.72m	£16.73m	£16.07m	£16.18m	£16.19m	£16.67m	£16.20m	£17.41m	£192.74m
24	2021/22 Leavers											(£0.04m)	(£0.10m)	(£0.14m)
25	2021/22 Starters											£0.01m	£0.09m	£0.10m
26	Other Costs											(£0.01m)	(£0.01m)	(£0.02m)
27	Monthly Actual	£14.89m	£15.60m	£15.40m	£15.68m	£15.72m	£16.73m	£16.07m	£16.18m	£16.19m	£16.67m	£16.16m	£17.39m	£192.68m
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	51	(30)	33	28	18	14	9	17	(59)	3	10	
29	Leavers (positive number = less leavers)	11	(1)	3	(5)	1	(3)	3	7	3	0	7	0	27
30	Starters	(4)	(80)	60	(1)	(10)	(1)	(9)	2	(80)	62	0	22	(39)
31	Month End Strength Change - FTEs	51	(30)	33	28	18	14	9	17	(59)	3	10	32	(12)
32	Change per month FTEs	7	(81)	63	(6)	(9)	(4)	(6)	9	(77)	62	7	22	
	Actual £										Forecast £			
	£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	(£0.06m)	£1.03m	£0.14m	£0.33m	£0.11m	£0.67m	£0.24m	£1.43m	£3.56m

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 rejoiners
- 9 Notification of additional Home Office funding for 2 FTE officers in 2021/22 was received in December 2021, increasing the force establishment to 3,555 FTE. This is not reflected in the tables above

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		INTAKE		INTAKE		INTAKE		INTAKE		
	12 months	11 months	10 months	9 months	8 months	7 months	6 months	5 months	4 months	3 months	2 months	1 month	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£
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		
	12 months	11 months	10 months	9 months	8 months	7 months	6 months	5 months	4 months	3 months	2 months	1 month	Total												
	£	£	£	£	£	£	£	£	£	£	£	£	£												
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		
	12 months	11 months	10 months	9 months	8 months	7 months	6 months	5 months	4 months	3 months	2 months	1 month	Total												
	£	£	£	£	£	£	£	£	£	£	£	£	£												
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 10

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 Nov 21	3,555	3,523	3,413	347	32	(207)	1	3,586
HR data @ 31 Dec 21	3,555	3,509	3,413	346	27	(203)	2	3,585
Change	0	(14)	0	(1)	(5)	4	1	(1)

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 Nov 21	2,317	2,154			147	(147)
HR data @ 31 Dec 21	2,317	2,147			158	(165)
Change	0	(7)	0	0	11	(18)

* 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 Nov 21	103	101	105	101	13	(10)	0	104
HR data @ 31 Dec 21	103	101	105	101	13	(11)	0	103
Change	0	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 Nov 21	503	600
HR data @ 31 Dec 21	493	600
Change	(10)	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 January 2022 - 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)	£0.000m	£0.000m	Essex share of 4F ICT convergence identified as part of 2021/22 Budget Setting. Unutilised balance of £1.136m transferred to General Reserve.
Total	£0.000m	£1.200m	£0.000m	(£1.200m)	£0.000m	£0.000m	
3 Ringfenced Reserve							
Proceeds of Crime Act	£2.134m	(£0.402m)	£0.446m	(£0.238m)	£1.940m	£1.848m	POCA Reserve holds receipts received through the Asset Recovery Incentive Scheme to fund crime reduction related expenditure.
Forfeiture Monies Reserve	£0.265m		£0.125m		£0.390m	£0.334m	Forfeiture Monies Reserve holds funds transferred from the Misuse of Drugs Act Seizures Fund.
Restructuring Reserve	£0.234m		£0.900m	(£0.056m)	£1.078m	£1.078m	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			(£0.394m)	£0.437m	£0.429m	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		£0.114m	(£0.968m)	£0.910m	£0.881m	Reserve to help fund the one-off costs of implementing the IT and Estates Transformation Strategies.
Data Analytics Reserve	£0.057m			(£0.029m)	£0.028m	£0.028m	Data Analytics and Visualisation Tool to be delivered in 2020/21 and into 2021/22. Residual balance at year end will be reflect in 2022/23 budget setting to partially meet the anticipated costs for 22/23.
Legal Reserve	£0.741m		£0.086m		£0.827m	£0.827m	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		£0.035m		£0.326m	£0.326m	PEQF mobilisation costs to be used for the introduction of the new PEQF training programme.
Total	£6.317m	(£0.402m)	£1.706m	(£1.685m)	£5.936m	£5.751m	
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. The reserve includes funding of £229k for additional enforcement of COVID regulations at Stansted Airport which is to be transferred to the General Reserve as part of 2022/23 budget setting.
Chief Constables Operational C/Fwd	£1.000m			(£0.435m)	£0.565m	£0.565m	Operational Carry Forward resulting from the 2019/20 and 2020/21 force underspend. Plans for utilisation in 2021/22 include £435k contribution to the procurement of Local Policing Team (LPT) laptops (remaining 50% to be funded from 2021/22 in-year underspends).
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	£1.442m	£2.259m		£4.307m	£4.307m	Balance will be utilised in 2021/22 and/or subsequent years - see capital narrative within the monitoring report for detailed explanation of the figures.
Total	£4.783m	£1.442m	£2.259m	(£1.738m)	£6.746m	£6.746m	
5 PFFC Reserves							
Commissioning Grants 2020/21 to 2021/22	£1.089m				£1.089m	£0.651m	£1.089m for OPCC commissioning grants are carried forward to 2021/22.
Total	£1.089m	£0.000m	£0.000m	£0.000m	£1.089m	£0.651m	
6 General Reserve							
General Reserve	£13.162m	(£1.200m)	£1.296m		£13.258m	£13.258m	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. The in-year contribution includes £1.136m representing the unutilised balance of the IT convergence earmarked reserve.
Total Revenue Reserves	£25.461m	£1.040m	£5.261m	(£4.623m)	£27.139m	£26.516m	
7 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	

6. Capital

6.1 Capital Summary

CAPITAL PROGRAMME 2021/22 MONTH 10 MONITORING POSITION SUMMARY REPORT

	2021/22 Original Budget PF&C Panel	2021/22 Actuals to end of January 2022	2021/22 Forecast Outturn	2021/22 Forecast Budget Variance (Appendix 1)
	£000	£000	£000	£000
EXPENDITURE -				
ANPR projects	230	134	215	(15)
Estates projects	6,239	6,199	7,975	1,736
IT projects	1,361	1644	2,469	1,108
Transport projects	301	1025	1,145	844
OPC projects	0	107	138	138
SCD projects	0	65	119	119
Other projects	351	171	281	(70)
<i>Subject to Approval projects</i>	<i>10,597</i>	<i>0</i>	<i>0</i>	<i>(10,597)</i>
TOTAL EXPENDITURE	19,079	9,344	12,343	(6,736)
FINANCING -				
Capital Receipts	5,620	4,061	4,061	(1,559)
Revenue Contributions	3,046	0	0	(3,046)
Capital Grant	251	188	251	-
External & Other Income	303	0	56	(247)
Financing Requirement	9,859	5,095	7,975	(1,884)
TOTAL FINANCING	19,079	9,344	12,343	(6,736)

- 1 The Forecast Budget Variance reflects all changes to the capital programme since the original budget was approved at the PF&C Panel. The forecast £6.736m underspend incorporates slippage and other changes, as set out in Appendix 1.
- 2 The financing model has been updated as per the separate working paper.
- 3 The term 'Financing Requirement' refers to the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income i.e. an underlying need to borrow for capital purposes. This need to borrow can include external borrowing from bodies such as the Public Works Loans Board (PWLb) or other public sector bodies. It also includes internal borrowing whereby forces fund capital expenditure from a temporary surplus of cash. For treasury management purposes, and based on the most recently available information, there is no forecast requirement to externally borrow in 2021/22. In relation to the total financing requirement of £7.98m within the above table, this would therefore be fully met by a corresponding amount of internal borrowing.

6.2 Capital Summary – Supporting Commentary

The projected capital position for month 10 reflects an **underspend of £6.7m** compared to the original approved budget of £19.1m, as set at the February Police Fire & Crime Panel. In respect of the movement since month 9 there has been a further forecast **underspend of £0.680m** which is now included in the overall position.

The **£0.680m** reduction in forecast for month 10 is based on the following material changes:-

- In month 10 the Capital programme reported **further slippage of £0.854m** with a significant element of movement related to Estates capital programme of £0.596m, the main projects contributing to the slippage included further slippage on Boreham block C refurbishment of £0.171m, Conference Room regeneration project £0.150m, Custody Suites £0.090m, Harwich & Dovercourt collaboration project £0.082m and various smaller Estates projects totalling to £0.103m. The other elements of additional slippage are related to the fleet replacement programme of £0.367m and various other smaller project totalling to £0.120m. The slippage was offset by an increase of £0.172m IT projects (Data Centre Migration & Infrastructure Technical Refresh) slipped in month 9 but adjusted in month 10. Other movements in month 10 included additions of £0.210m relating to Grays Office Space Conversion agreed at COG in January 2022 for £0.140m, £0.070m relating APNR Equipment and reductions of £0.021m where the projects are no longer required.

The total **£6.7m** forecast underspend being recognised at month 10 is therefore comprised as follows:-

- An increase in expenditure due to **slippage of £5.6m** brought forward from the **2020/21 programme** including £3.5m for the purchase of Boreham Depot which completed on the 24th August 2021.
- **Additions of £3.5m** including the Data Centre Migration Project £1.3m and several projects approved at the Strategic Board in December relating to capitalisation of the revenue underspend of £1.1m was added to the programme in month 9 and £0.210m was added to the programme in month 10. The month 10 addition comprised of £0.070m for Equipment replacement and £0.140m related to the Grays Office Space Conversion. Other previous increases reported (totalling £0.9m) include Chelmsford Police Station, the Infrastructure Technical Refresh 2021/22 Programme, Officers PUP-related capital expenditure and the Digital Interview Replacement programme.
- **Advanced works reflecting decreases of £0.7m** relating to monies already spent on the Infrastructure Technical Refresh 2021/22 project in the earlier 2020/21 period.
- **Reductions of £4.2m** including Data Centre Provision (£1.5m) which has now been superseded by the new migration solution approved instead, and (£1.5m) for the DFU Redesign project which has now moved to 2022/23 subject to approval stage, with a substantial reduction for the capital element (with the funding requirement moving to revenue instead). Other areas of reduction include subject to approvals (£0.3m), IT-related reductions of (£0.6m), and other projects of (£0.3m).
- **Decreases of 10.97m due to slippage into future years** including the impact of Subject to Approvals (£3.60m), Fleet Replacement Programme (£1.70m), Estates projects (£3.90m), IT projects (£1.18m) and various other projects (£0.59m)

In relation to the Fleet Replacement Programme, the Transport team are still suffering significant vehicle delivery delays, due to the ongoing issues with the National Vehicle Framework agreement.

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Orders are being placed but delivery timescales remain unclear until further confirmation has been received from manufacturers that vehicles are in build. This, and the worldwide shortage of semi-conductor chips, is the principal reason for the slippage being recognised.

As can be seen elsewhere in this report the capital programme for month 10 continues to report significant slippage for the period, totalling £10.97m. The pandemic continues to present significant challenges for the feasibility and delivery of the capital programme due to the impact of COVID-19 in month 10 and the way this has shaped capital spending plans for 2021/22 and future years. The force has been faced with practical issues including problems with supply chains, shortage of labour, maintaining safe working arrangement and other similar issues. In addition, there are internal resourcing issues in respect of recruiting to key vacant positions within Estates Services contributing considerably to the delay in delivery of their major capital schemes therefore, there is a risk that the capital programme may slip further in 2021/22 as the current economic conditions continue to challenge the delivery of projects, although as the end of the financial year gets nearer this risk reduces.

The financing plan for month 10 reflects the optimal allocation of capital resources over the medium-term financial period to minimise costs to the force. Capital receipts are forecast at £4.85m for 2021/22, with £4.80m already received as at the end of December 2021. £4.10m of this money is being forecast to be used in financing the Capital Programme in 2021/22. The forecast for capital receipts reported a reduction of £2.34m in month 10 due to delay in the sale of two properties now slipping to 2022/23.

£5.82m of revenue contributions to capital are forecast to be carried forward to fund the 2022/23 programme, including the element of forecast revenue underspend which has been set aside to fund capital expenditure. 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 will need to be appropriated to the Future Capital Funding Reserve at the end of 2021/22.

The financing requirement for unfinanced capital expenditure is forecast at £7.975m which equates to approximately 65% of the year's financing plan. Based on the latest treasury management information available there is no longer an expectation that any external borrowing requirement will be required in 2021/22.

Appendix 1

CAPITAL PROGRAMME 2021/22 MONTH 10 MONITORING POSITION EXPENDITURE VARIANCE REPORT

	Slippage b/f	Subject to Approvals (to Approved)	Additions	Advanced Works	Reductions	Slippage c/f	Total Variances
	£000	£000	£000	£000	£000	£000	£000
FORECAST OUTTURN VARIANCES							
ANPR projects	-	0	82	0	(9)	(88)	(15)
Estates projects	4,918	948	1,431	0	(1,672)	(3,890)	1,736
IT projects	259	1,420	1,890	(667)	(609)	(1,184)	1,108
Transport projects	319	2,200	16	0	(2)	(1,709)	826
OPC projects	6	528	20	0	(72)	(324)	159
SCD projects	53	61	56	0	(12)	(38)	119
Other projects	44	33	0	0	(19)	(147)	(90)
<i>Subject to Approval projects</i>	-	(5,190)	0	0	(1,795)	(3,593)	(10,578)
TOTAL VARIANCES TO BUDGET	5,599	-	3,495	(667)	(4,191)	(10,972)	(6,736)