

## Performance and Resources Scrutiny Programme 2021/22

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

<b>Title of Report:</b>	<b>2021/22 Month 7 Financial Monitoring Report</b>
<b>Agenda Number:</b>	<b>xx</b>
<b>Chief Officer</b>	<b>DCC Prophet</b>
<b>Date Paper was Written</b>	<b>18<sup>th</sup> November 2021</b>
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<b>Report from:</b>	<b>Essex Police: Corporate Finance</b>
<b>Date of Meeting:</b>	<b>29<sup>th</sup> November 2021</b>
<b>Author on behalf of Chief Officer:</b>	<b>Richard Jones, Head of Business Partnering and Management Accounting</b>
<b>Date of Approval:</b>	

#### **1.0 Purpose of Report**

1.1 This report identifies the 2021/22 Month 7 position for the Force.

#### **2.0 Recommendations**

- 2.1 To note the contents of the report.
- 2.2 To endorse and approve the appropriations to earmarked reserves (virements and journals), as noted in Section 2 of the report.
- 2.3 To note a future amendment to the actuals within the budget line from Capital and Other Adjustments that are in connection with statutory accounting entries, as noted in Section 3.2 of the report.
- 2.4 To note the decision made at COG on 17<sup>th</sup> November to increase the Police Officer strength by 20 FTE to reach 3,573 FTE by financial year end (not reflected within the figures noted in the Month 7 report).

#### **3.0 Executive Summary**

- 3.1 The revenue forecast underspend as at Month 7 is £4.705m against the 2021/22 revenue budget of £330.3m (1.42% variance), an increase of £0.080m from the Month 6 underspend of £4.625m (1.40% variance). Options are being considered for utilisation of the force underspend over the remaining months of the financial year.
- 3.2 The capital position for Month 7 reflects a forecast underspend of £1.059m, compared to the original approved budget of £19.1m (5.55% variance), an increase of £0.520m from the Month 6 underspend of £0.539m (2.82% variance).
- 3.3 The Police Officer strength forecast at the end of October is 3,537 FTE and forecast to be 3,553 FTE at year end. The overspend on Police Officer Pay and Allowances is £0.8m.

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3.4 The Police staff strength at the end of September is 2,160 FTE. Vacancies at 30<sup>th</sup> September were 7 FTEs above the budgeted vacancy factor. The underspend on Police Staff Pay and Allowances is £0.4m.

### **4.0 Introduction/Background**

4.1 This report sets out the October, Month 7, financial position.

### **5.0 Current Work and Performance**

5.1 The Month 7 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 Plans for utilisation of the force underspend prior to financial year end are currently under review and are due to be considered at COG on the 1st December. There is a proposal to utilise the £2.022m LCTS grant to offset the forecast shortfall in council tax collection fund surplus. Of the remaining £2.7m underspend, a series of bids totalling £1.2m have been submitted by Commands to utilise overtime for operational delivery to prevent and tackle crime priorities (serious violence/high harm), and a further set of bids totalling £2.0m have been submitted for one-off investment in enabling infrastructure and innovation (IT/ Estate/other), with £0.9m of the total requiring a revenue contribution to capital.

### **15.0 Decisions Required by the Police, Fire and Crime Commissioner**

15.1 To endorse and approve the appropriations to earmarked reserves, as noted in Section 2 of the report.

# 1. Executive Summary

## REVENUE

The revenue forecast underspend as at Month 7 is £4.705m against the 2021/22 revenue budget of £330.3m (1.42% variance), an increase of £0.080m from the Month 6 underspend of £4.625m (1.40% variance).

The force variance to current budget at subjective level is detailed in Section 3.2 of the report and the movement from Month 6 to Month 7 is detailed in Section 3.3 of the report.

## WORKFORCE

The Police Officer strength forecast at the end of October is 3,537 FTE and forecast to be 3,553 FTE at year end. The overspend on Police Officer Pay and Allowances is £0.8m (Month 6 - £0.6m).

The Police Staff strength at the end of September is 2,160 FTE. Vacancies at 30th September were 7 FTEs above the vacancy factor of 152 FTEs. Total vacancies are 159 FTEs. The underspend on Police Staff Pay and Allowances is £0.4m (Month 6 - £0.3m).

The PCSO strength at the end of September is 94 FTE and forecast to be 103 FTE at year end. The underspend on PCSO Pay and Allowances is £0.2m (Month 6 - £0.2m).

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

## RESERVES

The net appropriation from earmarked reserves for Month 7 is £0.191m.

A list of all appropriations to and from earmarked reserves is noted in Section 2 of the report. The two appropriations to earmarked reserves are not forecast within the overall figures, and the virements for the appropriations to earmarked reserves have not yet been actioned, pending Chief Officer Group and PFCC approval.

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 5 reflects a forecast underspend of £1.059m, compared to the original approved budget of £19.1m (5.55% variance), an increase of £0.520m from the Month 6 underspend of £0.529m (2.82% variance). The capital tables and commentary are noted in Section 6 of the report.

The financing requirement for unfinanced capital expenditure is forecast at £11.1m. Based on the Q2 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
<b>Appropriations to Earmarked Reserves</b>						
ER016/21	Unutilised PEQF revenue budget for 2021/22	35	To appropriate unutilised PEQF revenue budget to the PEQF reserve to fund future PEQF costs associated with new training programme. The PEQF reserve will be fully utilised in future years as all students will undertake this programme from March 2022	To be approved by Chief Officer Group and PFCC	PEQF Reserve	Supplies & Services
ER017/21	Forfeiture monies income	25	To appropriate unbudgeted income in connection with forfeitures monies to the forfeiture monies earmarked reserve under third party reserves	To be approved by Chief Officer Group and PFCC	Forfeiture Monies Reserve	Income
<b>Total</b>		<b>60</b>				
<b>Appropriations (from) Earmarked Reserves</b>						
ER018/21	Boreham purchase - revenue consequences of capital	(191)	To drawdown from earmarked reserves in connection with revenue consequences resulting from the capital purchase of the Boreham site	2020/21 Closure Process - Decision Report approved	Transformation Reserve	Premises
<b>Total</b>		<b>(191)</b>				
<b>Net appropriation to/(from) Earmarked Reserves</b>		<b>(131)</b>				

# 3. Revenue

## 3.1 Revenue Summary

In Month - Month 7			Year to Date - Month 7			Subjective Heading	Full Year							
Budget <sup>1</sup>	Actual	Variance	Budget <sup>1</sup>	Actual	Variance		Original Budget <sup>2</sup>	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
15,896	15,871	(24)	111,269	110,266	(1,003)	<b>Employees</b>								
731	578	(153)	5,115	4,892	(223)	<u>Police Officer Pay and Allowances</u>								
97	125	28	680	713	33	- Police Officer Pay and Allowances	189,122	1,624	190,746	110,266	191,488	2,366	741	186
(7)	0	7	(51)	0	51	- Overtime and Operational Performance	6,707	2,061	8,769	4,892	9,059	2,351	290	70
16,716	16,574	(142)	117,012	115,870	(1,142)	- Associated Police Pay	1,064	101	1,165	713	1,375	311	210	50
						- In-Year Savings Shortfall/(Surplus)	62	(149)	(88)	0	0	(62)	88	0
						<b>Police Officer Pay and Allowances</b>	<b>196,955</b>	<b>3,638</b>	<b>200,593</b>	<b>115,870</b>	<b>201,921</b>	<b>4,966</b>	<b>1,329</b>	<b>306</b>
298	251	(47)	2,086	1,935	(151)	<b>PCSO Pay and Allowances</b>	<b>3,574</b>	<b>2</b>	<b>3,576</b>	<b>1,935</b>	<b>3,380</b>	<b>(195)</b>	<b>(196)</b>	<b>(5)</b>
7,333	7,846	513	51,331	51,462	131	<u>Police Staff Pay and Allowances</u>								
138	165	26	968	1,156	188	- Police Staff Pay & Allowances	86,572	1,423	87,995	51,462	87,594	1,022	(402)	(69)
7,471	8,011	539	52,299	52,618	319	- Police Staff Overtime and Agency	1,137	522	1,660	1,156	1,975	837	315	(60)
375	296	(79)	2,622	2,382	(241)	<b>Police Staff Pay and Allowances</b>	<b>87,709</b>	<b>1,946</b>	<b>89,655</b>	<b>52,618</b>	<b>89,568</b>	<b>1,859</b>	<b>(87)</b>	<b>(129)</b>
160	145	(15)	1,117	1,176	59	Pensions (Ill Health / Medical)	4,496	0	4,496	2,382	4,172	(324)	(324)	0
58	161	104	403	251	(152)	Training	1,882	32	1,914	1,176	1,895	12	(20)	(2)
25,077	25,438	361	175,539	174,232	(1,308)	Other Employee Expenses	1,526	(835)	691	251	575	(952)	(117)	(9)
847	671	(177)	5,931	5,028	(904)	<b>Employees Total</b>	<b>296,143</b>	<b>4,782</b>	<b>300,925</b>	<b>174,232</b>	<b>301,510</b>	<b>5,367</b>	<b>585</b>	<b>162</b>
486	1,827	1,341	3,399	4,682	1,283	Premises	9,978	190	10,168	5,028	9,797	(181)	(371)	(59)
3,037	2,461	(577)	21,262	24,635	3,373	Transport	5,805	22	5,826	4,682	5,795	(10)	(32)	3
23	0	(23)	161	0	(161)	<u>Supplies and Services</u>								
3,060	2,461	(600)	21,423	24,635	3,212	- Supplies and Services	36,406	43	36,449	24,635	34,621	(1,785)	(1,828)	(75)
659	565	(94)	4,613	3,747	(866)	- In-Year Investments	465	(189)	276	0	80	(385)	(196)	(19)
(2,646)	(2,765)	(119)	(18,520)	(18,375)	145	<b>Supplies and Services</b>	<b>36,871</b>	<b>(146)</b>	<b>36,725</b>	<b>24,635</b>	<b>34,701</b>	<b>(2,170)</b>	<b>(2,023)</b>	<b>(94)</b>
6	(0)	(7)	45	(0)	(45)	Third Party Payments	9,347	(1,440)	7,907	3,747	7,521	(1,826)	(386)	(129)
62	(559)	(621)	431	(7,938)	(8,369)	Income	(29,690)	(2,058)	(31,748)	(18,375)	(34,006)	(4,316)	(2,258)	38
27,552	27,636	85	192,861	186,010	(6,851)	Other Expenditure / (Income)	77	0	77	(0)	8	(69)	(69)	0
(27,526)	(28,947)	(1,421)	(192,681)	(192,195)	486	Capital and Other Adjustments <sup>3</sup>	739	0	739	(7,938)	588	(151)	(151)	0
26	(1,310)	(1,336)	180	(6,185)	(6,365)	<b>Net Expenditure</b>	<b>329,270</b>	<b>1,349</b>	<b>330,619</b>	<b>186,010</b>	<b>325,914</b>	<b>(3,356)</b>	<b>(4,705)</b>	<b>(80)</b>
74	(265)	(340)	520	(798)	(1,317)	Sources of Finance	(330,310)	0	(330,310)	(192,195)	(330,310)	0	0	0
(100)	(2,022)	(1,922)	(700)	(1,200)	(500)	<b>(Surplus)/Deficit before appropriations</b>	<b>(1,040)</b>	<b>1,349</b>	<b>309</b>	<b>(6,185)</b>	<b>(4,396)</b>	<b>(3,356)</b>	<b>(4,705)</b>	<b>(80)</b>
(0)	(3,598)	(3,598)	(0)	(8,182)	(8,182)	Contribution to/(from) Earmarked Reserves <sup>3</sup>	2,240	(1,349)	891	(798)	891	(1,349)	0	0
						Contribution to/(from) General Reserve	(1,200)	0	(1,200)	(1,200)	3,505	4,705	4,705	80
						<b>Budget Requirement</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(8,182)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>

<sup>1</sup>Even monthly profile of Revised Budget<sup>2</sup>2021/22 Budget agreed at Police, Fire and Crime Panel<sup>3</sup>Remapping of the account code used for appropriation to the capital financing reserve has been made between *Capital and Other Adjustments* and *Contribution to/(from) Earmarked Reserves*

## 3.2 Revenue Summary – Supporting Commentary

- **Police Officer Pay and Allowances - £1.329m overspend**

### **Explanation of forecast variance**

The overspend is due to opening strength being 44 FTE more than budget, 5 FTE less leavers up to September, and an adjustment to the joiner recruitment profile since budget setting to reflect 54 FTE less. 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 £211k for SCD and £143k for OPC. The SCD overspend is currently subject to a 2022/23 budget setting bid in recognition of the size of the directorate and the ongoing resourcing requirement in response to proactive and reactive demand. 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 is also subject to a 2022/23 budget setting bid. This overspend is anticipated to increase and is a confirmed area for utilisation of the force underspend.

The forecast includes an overspend of £208k 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)**

There have been no further adjustments to the Original Budget in Month 7. Previously reported adjustments to Original Budget, up to and including Month 6, total £3.638m.

- **PCSO Pay and Allowances - £0.196m underspend**

### **Explanation of forecast variance**

Includes 10 FTE joiners planned for November and 3 FTE joiners for March to reach a year end strength of 103 FTE, compared to a budget setting strength of 103 FTE. The March intake is still to be confirmed and would have minimal financial impact for 2021/22.

- **Police Staff Pay and Allowances - £0.087m underspend**

### **Explanation of forecast variance**

The Police Staff strength at the end of September is 2,160 FTE and total vacancies are 159 FTEs (7 FTEs above the budgeted vacancy factor of 152 FTEs). The October payroll includes a net reduction in strength of 10 FTE, which contributes to the force underspend of £0.402m on the Police Staff Pay and Allowances line (0.46% 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)**

There have been no further adjustments to the Original Budget in Month 7, aside from an £86k adjustment for Police Staff Agency placements for Occupational Health and Criminal Justice that are funded from Police Staff pay underspends, that sit within the Police Staff Pay and Allowances subjective heading. Previously reported adjustments to Original Budget, up to and including Month 6, total £1.946m.

- **Pensions (Ill Health/Medical) - £0.324m underspend**

### **Explanation of forecast variance**

Leavers profile updated based on latest information received. Forecast reflects five constables and one sergeant, compared to the budgeted amount of ten leavers. Proposals to reduce this budget have been included as part of 2022/23 budget setting to reflect anticipated lower levels of retirement decisions.

- **Other Employee Expenses - £0.117m 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 - £0.371m underspend**

### **Explanation of forecast variance**

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.

### **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).

## Official

- **Supplies and Services - £2.058m underspend**

### **Explanation of forecast variance**

Includes previously reported underspends at Month 6 in respect of Communications and Technology (£0.7m), Forensic Services (£0.6m), Revenue Consequences – one-off (£0.4m), Revenue Consequences – recurring (£0.2m), Council Tax Sharing Agreement (£0.3m) 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 forecast changes at Month 7 include an additional £0.1m underspend in relation to Communications and Technology and Forensic Services forecast updates.

- **Third Party Payments - £0.386m underspend**

### **Explanation of forecast variance**

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 as at quarter 2.

### **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 6, total £1.440m.

- **Income - £2.283m underspend**

### **Explanation of forecast variance**

The underspend includes £2.022m for the Local Council Tax Support Grant, which aims to address the impact of reductions in Council Tax due to Covid-19. It is proposed to utilise these funds to offset the forecast shortfall in council tax collection fund surplus as part of 2022/23 budget setting.

The underspend also includes income in connection with a £0.3m surplus projected for mutual assistance for Op Trelawney (G7 Summit in Cornwall) and £0.1m funding for Op BackSpin, previously held for return to the Home Office, which has now received Home Office approval to be released to the force accounts. The underspend is partially offset by a £0.2m agreed reduction in recharge to Manchester Airport Group for the Policing of Stansted Airport in the first quarter of the financial year.

### **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 and Police Staff Pay and Allowances. Previously reported adjustments to Original Budget, up to and including Month 6, total £2.058m.



## Official

- **Capital and Other Adjustments - £0.151m underspend**

### **Explanation of forecast variance**

Forecast underspend is for Minimum Revenue Provision (MRP) charges in relation to previous years capital expenditure.

- **Net Contribution from Earmarked Reserves - £1.349m**

As noted in Section 3.1 of the report (excludes the two appropriations requested for approval in Section 2 of the report). The detailed breakdown is noted in Section 5 of the report.

- **Contribution to General Reserve - £4.705m**

As noted in Section 3.1 of the report. The movements from Month 6 to Month 7 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. 1/12<sup>th</sup> per month) and the actuals reflect the position at the end of each month, without any adjustments for accruals and prepayments.

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

**Year to Date Actuals:** The year to date credit actuals of £8.2m include various budget lines with credit actuals of £7.9m 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* and the entries are subject to removal for Month 8 reporting.

**Police Officer Pay and Allowances:** The year to date variance reflects a £1.1m underspend, however the forecast variance is a £1.3m overspend. This is because the forecast reflects the probationer intakes to reach an end of year position of 3,553 FTE, whilst the year to date variance reflects actuals in relation to a maximum of 3,537 FTE (as noted at the end of October), compared to a monthly budget profile based on an end of year position of 3,553 FTE.

**Supplies and Services:** The year to date variance reflects a £3.2m overspend, however the forecast variance is a £2.1m 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 £8.4m underspend, however the forecast variance is a £0.2m underspend for Minimum Revenue Provision (MRP) charges in relation to previous years capital expenditure. The difference is due to the presence of various budget lines feeding into this category, which are causing the current actual to date of £7.938m. 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 actuals to date therefore merely represent timings issues for notional values, and by continuing to include these lines in the report they only serve to misstate the presentation of the revenue monitoring position. Based on these facts and to assist with transparency it is therefore proposed that these elements will be removed for the Period 8 report onwards, leaving just the MRP budget line within this category going forward. The proposed adjustment would have no impact on the original budget agreed by the Police Fire and Crime Panel, and only has the effect of removing the current actuals to date of £7.938m. The professional opinion of both s151 officer's is that these transactions should not be shown within the management accounts.

## 3.3 Main Forecast Movements since Month 6

### Main Changes to Forecast Outturn Variance since Month 6

	Change in Forecast Outturn Variance £m	
<b>Month 6 Forecast Outturn Variance</b>	<b>(4.6)</b>	<b>Underspend</b>
Police Officer Pay and Allowances	0.3	Includes change in profile of leavers, probationer joiners and transferee joiners (£0.2m); an increase to Police Officer overtime of £20k for Op Oak (death of Sir David Ames) and £20k for Op Lava (murder of two teenage boys in Brentwood); and an increase of £50k to 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. CJC custody shift pattern change has resulted in extra spend and pressure on LPA custody cohort.
Police Staff Pay and Allowances	(0.1)	Includes net reduction in strength of 10 FTE in the October payroll.
Supplies and Services	(0.1)	Includes additional underspends in relation to Communications and Technology, due to a £50k credit received from Networks BT contract, and Forensic Services forecast updates based on a continued reduction in expenditure compared to budget, as reported at Month 6.
Third Party Payments	(0.1)	Reduction in ERSOU forecast for Local Special Branch recharge, primarily due to officer vacancies.
Further Variances	(0.1)	Various changes across the force to reflect latest information which are less than £100k, including £59k for Premises related expenditure.
<b>Month 7 Forecast Outturn Variance</b>	<b>(4.7)</b>	<b>Underspend</b>

## 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 14th October 2021														
Strength	Actual FTE						Forecast							
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	
	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	
17	1st April 2021 Strength	3,413	3,409	3,392	3,438	3,415	3,494	3,473	3,537	3,520	3,503	3,547	3,530	
18	Leavers (note 7)	(8)	(20)	(16)	(24)	(19)	(22)	(15)	(19)	(19)	(19)	(19)	(19)	(218)
19	Starters (note 8)	4	2	62	1	98	1	79	2	2	63	2	42	358
20	Net change	(4)	(18)	46	(23)	79	(21)	64	(17)	(17)	44	(17)	23	140
21	Officer strength - month end	3,409	3,392	3,438	3,415	3,494	3,473	3,537	3,520	3,503	3,547	3,530	3,553	
22	Difference to 3553fte - over / (under)	(144)	(161)	(115)	(138)	(59)	(80)	(16)	(33)	(50)	(6)	(23)	(0)	
Actuals /Forecast £	Actual £						Forecast £							
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
23	Costed Strength before starters/leavers	£14.89m	£15.60m	£15.40m	£15.68m	£15.72m	£16.73m	£15.77m	£15.96m	£15.62m	£15.75m	£15.72m	£17.27m	£190.11m
24	2021/22 Leavers	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	(£0.06m)	(£0.13m)	(£0.19m)	(£0.25m)	(£0.31m)	(£0.94m)
25	2021/22 Starters	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.24m	£0.41m	£0.46m	£0.60m	£0.67m	£2.38m
26	Other Costs	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	(£0.01m)	(£0.01m)	(£0.01m)	(£0.01m)	(£0.01m)	(£0.01m)	(£0.06m)
27	Monthly Actual	£14.89m	£15.60m	£15.40m	£15.68m	£15.72m	£16.73m	£15.76m	£16.13m	£15.89m	£16.01m	£16.06m	£17.62m	£191.49m
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	27	17	13	14	14	(66)	(5)	(5)	
29	Leavers (positive number = less leavers)	11	(1)	3	(5)	0	(3)	4	0	0	0	0	0	10
30	Starters	(4)	(80)	60	(1)	(10)	(1)	(3)	0	(80)	61	0	4	(54)
31	Month End Strength Change - FTEs	51	(30)	33	27	17	13	14	14	(66)	(5)	(5)	(1)	(44)
32	Change per month FTEs	7	(81)	63	(6)	(10)	(4)	1	0	(80)	61	0	4	
	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	
33	Monthly Financial Change	(£0.47m)	£0.01m	(£0.11m)	£0.25m	(£0.06m)	£1.03m	(£0.17m)	£0.28m	(£0.19m)	£0.01m	£0.14m	£1.66m	£2.37m

**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)
	<b>Net Impact</b>																							<b>127,578</b>	

	April		May		June		July		August		September		October		November		December		January		February		March <sup>2</sup>		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)
	<b>Net Impact</b>																							<b>637,888</b>	

	April		May		June		July		August		September		October		November		December		January		February		March <sup>2</sup>		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)
	<b>Net Impact</b>																							<b>1,275,777</b>	

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

FTE Changes Effecting Pay Forecasts - 2021/22 Month 7

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
<b>Budget Setting</b>			3,369	388	24	(228)	0	3,553
HR data @ 31 Aug 21	3,553	3,494	3,413	336	24	(219)	(1)	3,553
HR data @ 30 Sept 21	3,553	3,473	3,413	335	23	(217)	(1)	3,553
<b>Change</b>		<b>(21)</b>	<b>0</b>	<b>(1)</b>	<b>(1)</b>	<b>2</b>	<b>0</b>	<b>0</b>

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
<b>Budget Setting</b>			2,327	2,175		
HR data @ 31 Aug 21	2,319	2,162			96	(88)
HR data @ 30 Sept 21	2,319	2,160			112	(106)
<b>Change</b>	<b>0</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>(18)</b>

\* 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
<b>Budget Setting</b>			103	103	0	0	0	103
HR data @ 31 Aug 21	103	94	105	101	10	(11)	0	100
HR data @ 30 Sept 21	103	94	105	101	13	(11)	0	103
<b>Change</b>	<b>0</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>

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

4. Specials - Headcount	Actual Strength	Target Strength
<b>Budget Setting</b>		600
HR data @ 31 Aug 21	524	600
HR data @ 30 Sept 21	518	600
<b>Change</b>	<b>(16)</b>	<b>0</b>

# 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 October 2021 - Closing Balance	Forecast Year End Balance	Description of Earmarked Reserve
<b>1 Reserves held by Essex Police but managed as third party reserves</b>							
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.
<b>Total</b>	<b>£0.110m</b>	<b>£0.000m</b>	<b>£0.000m</b>	<b>£0.000m</b>	<b>£0.110m</b>	<b>£0.110m</b>	
<b>2 Project Reserves</b>							
IT Convergence	£0.000m	£1.200m		(£0.064m)	£1.136m	£1.136m	Essex share of 4F ICT convergence identified as part of 2021/22 Budget Setting.
<b>Total</b>	<b>£0.000m</b>	<b>£1.200m</b>	<b>£0.000m</b>	<b>(£0.064m)</b>	<b>£1.136m</b>	<b>£1.136m</b>	
<b>3 Ringfenced Reserve</b>							
Proceeds of Crime Act	£2.134m	(£0.402m)	£0.100m	(£0.163m)	£1.669m	£1.841m	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	(£0.056m)	£1.078m	£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			(£0.350m)	£0.481m	£0.302m	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	(£0.817m)	£1.061m	£1.017m	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		£0.086m		£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 Sargeant judgement. Awaiting legal advice before utilisation of the reserve.
PEQF Reserve	£0.291m				£0.291m	£0.291m	PEQF mobilisation costs to be used for the introduction of the new PEQF training programme.
<b>Total</b>	<b>£6.317m</b>	<b>(£0.402m)</b>	<b>£1.300m</b>	<b>(£1.385m)</b>	<b>£5.830m</b>	<b>£5.315m</b>	
<b>4 Operational Reserves</b>							
Major Operational Reserve	£1.500m				£1.500m	£1.500m	It is good practice to hold a reserve for dealing with major incidents that will not be reimbursed by the Home Office e.g. Colchester murders, Operation Henley. These reserves are typically 1% of the force budget.
COVID Roadmap Violence Reduction Reserve	£1.532m			(£1.303m)	£0.229m	£0.229m	COVID Roadmap Violence Reduction Reserve to be utilised in 2021/22 for the purposes of Operation Sunshade, which aims to address violent crime reduction surrounding the easing of lockdown measures, including additional enforcement of COVID regulations at Stansted Airport which are still to be developed.
Chief Constables Operational C/Fwd	£1.000m				£1.000m	£0.800m	Operational Carry Forward resulting from the 2019/20 and 2020/21 force underspend.
Specials Constabulary Reserve	£0.145m				£0.145m	£0.000m	Reserve to fund ongoing (non-pay) activities associated with the growth of the Special Constabulary.
Future Capital Funding	£0.606m	£1.442m	£0.103m		£2.151m	£1.829m	Balance will be utilised in 2021/22 and/or subsequent years - see capital narrative within the monitoring report for detailed explanation of the figures.
<b>Total</b>	<b>£4.783m</b>	<b>£1.442m</b>	<b>£0.103m</b>	<b>(£1.303m)</b>	<b>£5.025m</b>	<b>£4.358m</b>	
<b>5 PFFC Reserves</b>							
Commissioning Grants 2020/21 to 2021/22	£1.089m				£1.089m	£1.089m	£1.089m for OPCC commissioning grants are carried forward to 2021/22.
<b>Total</b>	<b>£1.089m</b>	<b>£0.000m</b>	<b>£0.000m</b>	<b>£0.000m</b>	<b>£1.089m</b>	<b>£1.089m</b>	
<b>6 General Reserve</b>							
General Reserve	£13.162m	(£1.200m)	£4.705m		£16.667m	£16.667m	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 £2.022m received in relation to the Local Council Tax Support grant.
<b>Total Revenue Reserves</b>	<b>£25.461m</b>	<b>£1.040m</b>	<b>£6.108m</b>	<b>(£2.752m)</b>	<b>£29.857m</b>	<b>£28.675m</b>	
<b>7 Provisions</b>							
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.
<b>Total</b>	<b>£3.172m</b>	<b>£0.000m</b>	<b>£0.000m</b>	<b>£0.000m</b>	<b>£3.172m</b>	<b>£3.032m</b>	



## 6. Capital

### 6.1 Capital Summary

#### CAPITAL PROGRAMME 2021/22 MONTH 7 MONITORING POSITION SUMMARY REPORT

	2021/22 Original Budget PF&C Panel	2021/22 Actuals to end of October 2021	2021/22 Forecast Outturn	2021/22 Forecast Budget Variance (Appendix 1)
	£000	£000	£000	£000
<b>EXPENDITURE -</b>				
ANPR projects	230	134	233	3
Estates projects	6,239	5,509	8,222	1,983
IT projects	1,361	870	2,660	1,299
Transport projects	301	314	1,498	1,197
OPC projects	-	21	209	209
SCD projects	-	53	119	119
Other projects	351	145	348	(3)
<i>Subject to Approval projects</i>	<i>10,597</i>	<i>-</i>	<i>4,731</i>	<i>(5,866)</i>
<b>TOTAL EXPENDITURE</b>	<b>19,079</b>	<b>7,046</b>	<b>18,020</b>	<b>(1,059)</b>
<b>FINANCING -</b>				
Capital Receipts	5,620	4,844	6,259	639
Revenue Contributions	3,046	-	321	(2,725)
Capital Grant	251	125	251	-
External & Other Income	303	-	56	(247)
Financing Requirement	9,859	2,076	11,133	1,274
<b>TOTAL FINANCING</b>	<b>19,079</b>	<b>7,045</b>	<b>18,020</b>	<b>(1,059)</b>

Note 1 - Changes to the capital programme, incorporating slippage from 2020/21 and other in-year changes, including variances already reported to the PFCC Performance, Resources and Scrutiny Board, will be reflected in the 'Forecast Budget Variance' column, and analysed out within the supporting Appendix 1 table.

Note 2 - 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 (PWL) 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 £11.1m within the above table, this would therefore be fully met by a corresponding amount of internal borrowing.

## 6.2 Capital Summary – Supporting Commentary

The capital position for month 7 reflects a forecast underspend of £1.059m 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 5 there has been a further forecast underspend of £520,000 which is now included in the overall position.

The £520,000 reduction in forecast for month 7 is based on the following changes:

- **Slippage of £572k** in the main relate to IT projects, Data centre migration project slippage of £551k, £79k slippage relate to Infrastructure Technical Refresh and £108K relating to ESMCP Projects (ICCS Replacement). Offset against this has been some reductions in previously reported slippage totalling £171k, including £132k further orders which have now been placed for the Fleet Replacement Programme.
- **Other reductions of £14k** include £13k relating to Mobile First (Option 2 / Integrated Software) which is now being covered by the Tech Refresh budget.
- **Other additions of £64k**, comprising the remaining movement including £10k for CSI Accommodations upgrade and £49k for Digital interview replacement (CODES).

The reason for the slippage now being reported for the Data Centre Migration project relates to suppliers unable to deliver goods because of current market conditions. Specifically, this relates to the worldwide shortage of silicon.

The total £1.059m forecast underspend being recognised at month 7 is therefore comprised as follows:

- 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 completed on the 24th August 2021.
- **Additions of £2.2m** including the Data Centre Migration Project (£1.3m) and other smaller reductions including Chelmsford Police Station the Infrastructure Technical Refresh 2021/22 Programme, digital interview Replacement programme as well as other capital IT projects.
- **Advanced works of £0.7m** relating to monies already spent on the Infrastructure Technical Refresh 2021/22 project in the earlier 2020/21 period.
- **Reductions of £2.6m** including Data Centre Provision (£1.4m) which has now been superseded by the new migration solution approved instead, subject to approval projects no longer required (£0.3m), and various IT-related reductions (£0.6m).
- **Slippage of £5.6m into future years** including the Fleet Replacement Programme (£1.3m), Estates projects (£2.5m), IT projects (£1m), Dashcams (£0.3m) and various projects still at the 'subject to approval' stage (£0.4m).

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. 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.

## Official

In respect of the wider capital programme, it is currently anticipated that the remainder of the subject to approval projects (£4.7m) will progress to the PFCC Strategic Board during 2021/22, and the Capital Management Board will actively scrutinise the progression of these projects to full approval stage. It is therefore assumed that the applicable forecasts for these projects will be fully spent.

The financing plan for month 7 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 £7.1m for 2021/22, with £4.8m already received as at the end of October 2021. £6.3m of this money is being forecast to be using in financing the Capital Programme in 2021/22.

£1.8m 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 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 £11.1m which equates to approximately 62% of the year's financing plan. Based on the Q2 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 7 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
<b>FORECAST OUTTURN VARIANCES</b>							
ANPR projects	-	-	12	-	(9)	-	3
Estates projects	4,918	948	1,550	-	(1,639)	(2,484)	3,293
IT projects	259	1,420	543	(667)	(609)	(957)	(11)
Transport projects	319	2,200	1	-	-	(1,324)	1,196
OPC projects	6	528	-	-	(23)	-	511
SCD projects	53	11	56	-	-	(302)	(182)
Other projects	44	33	-	-	-	(80)	(4)
<i>Subject to Approval projects</i>	-	(5,140)	-	-	(310)	(416)	(5,866)
<b>TOTAL VARIANCES TO BUDGET</b>	<b>5,599</b>	<b>-</b>	<b>2,162</b>	<b>(667)</b>	<b>(2,590)</b>	<b>(5,563)</b>	<b>(1,059)</b>