
Chief Officer Group

Title: Medium Term Financial Strategy

Date: 15th June 2022

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CHIEF OFFICERS' GROUP
AGENDA ITEM SUMMARY SHEET

Title	Medium Term Financial Strategy
Author	Annette Chan, Chief Accountant
Sponsor	Deputy Chief Constable Andy Prophet
Decisions Sought	To note the Medium-Term Financial Strategy (MTFS) to be presented to the 16 th June Strategic Board and the assumptions within.
Open or Closed Meeting Item?	Open
Finance Implications	This report presents the updated MTFS since the March 2022 Strategic Board.
Resource Implications	N/A
Equality Impact Assessment	N/A
Assessment of Risk	Risk Register URN 452 – Short and Long Term Capital Finance Resources Risk Register URN 1628 – Future Funding
Consultation	N/A

1.0 Purpose of report

The 2022/23 MTFS was approved on 3rd February as part of the 2022/23 budget report to the Police, Fire and Crime Panel and reported to the March Strategic Board. This report sets out the latest forecast, the key assumptions that it is based on and movements since the approved MTFS that will be reported to the June Strategic Board.

2.0 Current position

2.1. The MTFS is a service planning and performance management framework which aims to ensure that resources are directed towards achieving delivery of the vision for the next five years and the Police and Crime Plan.

2.2. A summary of the MTFS approved at the 3rd February 2022 Police, Fire and Crime Panel is shown in Table 1 below. The MTFS shortfall over the four-year period of 2022/23 to 2026/27 was forecast to be £3.7m.

Table 1 – MTFS as at February 2022

			Medium Term Financial Strategy 2022/23 - 2026/27 - Precept Increase 2.5% Annually					
2019/20	2020/21	2021/22*	2022/23	2023/24	2024/25	2025/26	2026/27	5 Year Total
£m	£m	£m	£m	£m	£m	£m	£m	£m
300.3	312.8	338.3	356.1	369.5	375.1	384.0	390.1	1,874.8
			Net Budget Requirement - before appropriations to/from reserves					
2.0	6.7	4.4	(0.2)	(0.6)	0.0	0.0	0.0	(0.8)
			Net Appropriations to/(from) Reserves **					
302.3	319.5	333.9	355.9	368.9	375.1	384.0	390.1	1,874.0
			Budget Requirement (Inc Appropriations to Reserves) - before Savings & Efficiencies					
(4.7)	(4.8)	(3.6)	(3.7)	(3.0)	(3.0)	(3.0)	(3.0)	(15.7)
			Savings & Efficiencies Plan (Cashable)					
297.6	314.7	330.3	352.2	365.9	372.1	381.0	387.1	1,858.3
			Net Budget Requirement - after savings applied					
(297.6)	(314.7)	(330.3)	(352.2)	(363.1)	(373.0)	(379.7)	(386.6)	(1,854.6)
			Total Funding					
0.0	0.0	0.0	0.0	(2.8)	0.9	(1.3)	(0.5)	(3.7)
			Annual (Shortfall)/Surplus					

* Based on Forecast at month 7

** The net budget requirement within this table includes expenditure that will be funded from reserves (subject to approval). Assumptions on the usage of reserves for future years is contained within the Reserves table on Tab D of Appendix B.

2.3. The shortfall in 2023/24 of £2.8m included the following key assumptions:

- 2.5% council tax precept increase;
- Police officers at 3,755 FTEs from the start of the year;
- A 2.5% pay increase for Officers and Staff in September 2022 and September 2023;
- A 1.75% increase in taxbase compared to a 1.73% increase in 2022/23;
- A £1.8m surplus on the Collection Fund (Includes a share of the 2021/22 deficit, which local authorities have been able to spread over 3 years);
- New recurring cashable savings of £3.0m in each year of the MTFS (PFCC target); and

- The Home Office police grants will increase in line with the most recent Comprehensive Spending Review (CSR) with Essex receiving a share of the grant uplift in line with existing funding share allocations.

2.4. The high level summary of the latest MTFS forecast is shown below and the full summary and details are at Appendices A and B. Appendix A is in a revised format compared to previously reported following work with the PFCCs Office to improve understanding of the strategy.

2.5. The table below is adapted for reporting to COG to remove the impact of the PFCC savings target and replace with identified savings to aid understanding of the underlying funding gap. The forecast gap for 2023/24 is currently a deficit of £5.6m reducing to £3.2m if the full £3m of savings are achieved.

Table 2 – MTFS – June 2021

			Medium Term Financial Strategy 2023/24 - 2027/28 - Precept Increase 2.5% Annually						
2020/21	2021/22	2022/23*	2023/24	2024/25	2025/26	2026/27	2027/28	5 Year Total	
£m	£m	£m	£m	£m	£m	£m	£m	£m	
312.8	330.5	356.1	369.3	374.5	382.7	388.6	394.2	1,909.3	
Net Budget Requirement - before appropriations to/from reserves									
6.7	2.7	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	
Net Appropriations to/(from) Reserves **									
319.5	333.2	355.9	369.3	374.5	382.7	388.6	394.2	1,909.3	
Budget Requirement (Inc Appropriations to Reserves) - before Savings & Efficiencies									
(4.8)	(2.9)	(3.7)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(15.0)	
Savings & Efficiencies Plan (Cashable)									
314.7	330.3	352.2	366.3	371.5	379.7	385.6	391.2	1,894.3	
Net Budget Requirement - after savings applied									
(314.7)	(330.3)	(352.2)	(363.1)	(373.0)	(379.7)	(386.6)	(393.9)	(1,896.3)	
Total Funding									
0.0	0.0	0.0	(3.2)	1.5	0.0	1.0	2.7	2.0	
Annual (Shortfall)/Surplus									
Remove Savings Target Included Above			(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(15.0)	
Replace with Savings Identified***			0.6	0.5	0.1	1.2	0.0	2.4	
Adjusted Annual (Shortfall)/Surplus			(5.6)	(1.0)	(2.9)	(0.8)	(0.3)	(10.6)	

* Based on approved budget (to be replaced with forecast after Q1 reporting)

** The net budget requirement within this table includes expenditure that will be funded from reserves (subject to approval). Assumptions on the usage of reserves for future years is contained within the Reserves table on Tab D of Appendix B.

*** It is estimated that £1.5m of non-pay savings could be achieved in 2023/24 and 2024/25 and £0.5m annually thereafter. These have not been included as they are yet to be identified.

2.6. Taking the shortfall that will be reported to Strategic Board (including the assumed £3m savings target), the overall movement for 2023/24 since the March Strategic Board is an increase in the shortfall of £0.4m from £2.8m to £3.2m. This reflects updates for the following areas of the strategy:

- A refreshed assessment of the pay budget requirement for police officers, staff and PCSOs including a revised staff pay award assumption (2.1% for 2022/23 compared to the previously assumption of 2.5%) - reduction
- Revision to the full year impact of the 2022/23 PUP growth - increase

- Revised estimates on the impact of inflation on energy fuel costs – increase (Inflation estimates based on anticipated % rises when contracts renew in October with Gas being inflated by 123.6% and Electricity by 65.9% in Oct 22 and a further 5% from Oct 23)
- Revised estimates for fuel based on the average cost of fuel in April / May 22 continuing at current levels.
- Updated forecast for PEQF and the use of the reserve - reduction
- Updated borrowing costs (MRP) for the period 12 forecast on the capital programme - reduction

Table 3 – MTFs Movement since February Police, Fire and Crime Panel

	MTFS MOVEMENTS / SAVINGS ANALYSIS					
	2023/24	2024/25	2025/26	2026/27	2027/28	5 Year Total
	£m	£m	£m	£m	£m	£m
Overall (Shortfall) / Surplus - Police Fire & Crime Panel 3.2.22	(2.8)	0.9	(1.3)	(0.5)		(3.7)
Total change - increase / (decrease) -	0.4	(0.6)	(1.3)	(1.5)		(3.0)
Overall (Shortfall) / Surplus - June 16th Strategic Board	(3.2)	1.5	0.0	1.0	2.7	(0.7)

Note: This is the first time that a forecast has been provided for 2027/28

2.7. The MTFs is based on numerous assumptions (listed as part of Appendix A) and is used as a forecasting tool. As more information comes to light on factors that impact on the strategy it is updated and reported to COG and Strategic Board. The below table captures some examples of changes in assumptions and the impact that they could have on the overall shortfall or surplus with all of the examples below increasing the funding gap.

Sensitivity Analysis	2023/24	2024/25	2025/26	2026/27	2027/28	5 Year Total
	£m	£m	£m	£m	£m	£m
Inflation						
Fuel Inflation - Our fuel costs increasing by a further 10%	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(1.0)
Gas & Electricity Inflation - Our utility costs increasing by a further 10% at Oct 22 contract renewal (133.6% Gas and 75.9% Electric)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(1.5)
Pay Award						
Officers - Additional 1% pay award in September 23 (currently assumes 2.5%)	(1.0)	(1.9)	(2.2)	(3.0)	(3.4)	(11.5)
Staff - Additional 1% pay award in September 23 (currently assumes 2.5%)	(0.6)	(1.0)	(1.0)	(1.2)	(1.3)	(5.1)
Funding						
0% precept rise in 23/24	(3.6)	(3.7)	(3.8)	(3.9)	(4.1)	(19.1)
0% precept rise in 23/24 and 24/25	(3.6)	(7.4)	(7.7)	(8.0)	(8.4)	(35.1)

Note: Figures in brackets increase the deficit/funding gap

3.0 Savings and Efficiencies Plan

There are minimal cashable savings identified for 2023/24 at this time. Work is progressing to develop the savings plans over the coming months.

4.0 Capital Expenditure and Financing

The forward look on the capital programme will be provided for the next MTFS update report. The 2021/22 outturn position has been reported and the impact of this and how it impacts on future years expenditure and financing is not available for this report. It is also expected that the Estates Strategy will have an impact on the capital programme and this is expected for the September Strategic Board.

5.0 Reserves and Provisions

The current forecast on reserves and provisions is shown in Appendix C and summarised in the table overleaf. By 2025/26, revenue reserves are forecast to be £22.6m (£14.6m General Reserve at 3.8% of net revenue expenditure and £8m earmarked reserves).

Table 4 – Forecast Reserves and Provisions

	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
Earmarked Revenue Reserves	11.2	9.8	8.9	8.0
General Reserve	14.6	14.6	14.6	14.6
GR as % of net revenue expenditure	4.1%	4.0%	3.9%	3.8%
Total - Revenue Reserves	25.8	24.4	23.5	22.6

6.0 Conclusion

The MTFS will be presented to the Strategic Board on 16th June and will be continually reviewed and updated during 2022/23.

Medium Term Financial Strategy 2023/24 - 2027/28								Comparison to February PF&CP (5 Yr Totals*)		Comparison to February PF&CP 2023/24		Comments on 2023/24 Movement	Movement Type Ref:	
Line Ref.	2022/23 Budget	2023/24	2024/25	2025/26	2026/27	2027/28	5 Year Total	5 Year Total	Change (reduction)/increase)	2023/24	Change (reduction)/increase)			
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m			
1	Original Budget - Budget Book Net Expenditure (prior year total funding)	330.3	352.2	366.3	371.5	379.7	385.6	1,855.3	1,801.5	53.8	352.2	0.0		OB
2	Adjustment from prior year activity agreed at Budget Setting	0.0	0.5	(1.3)	0.7	0.0	0.0	(0.1)	0.9	(1.0)	0.7	(0.2)	(£164k) Correction of one-off expenditure which had been categorised as recurring at 22/23 budget setting	PY
3	Opening Budget Requirement	330.3	352.7	365.0	372.2	379.7	385.6	1,855.2	1,802.4	52.8	352.9	(0.2)		
4	Pay Award	2.8	4.6	4.8	5.1	5.1	5.4	25.0	23.3	1.7	4.8	(0.2)	Movement includes updates to pay award assumptions including the confirmation of 2.1% for staff compared to the 2.5% assumed at budget setting.	PA
5	Pay Progression	2.3	2.4	2.4	2.4	2.4	2.4	12.0	10.3	1.7	2.0	0.4	Updated estimates of the impact of pay increments for officers, staff and PCSOs.	PP
6	Pay - Other	3.7	(1.3)	0.3	0.3	0.3	0.3	(0.1)	8.1	(8.2)	1.1	(2.4)	Includes an increase to the estimated 'turnover' adjustment for police officers (this reduces the budget for the impact of leavers being replaced with lower paid probationers). Also reflects use of £0.8m included in the opening budget requirement at 22/23 budget setting which had been included to reflect the on-going impact of a possible additional 0.5% pay rise at Sept 22. Assumptions now based on 2.5% for officers and the 2.1% agreed for staff.	PO
7	LGPS Pension Shortfall & Auto Enrolment	0.0	0.6	0.0	0.0	0.5	0.0	1.1	0.6	0.5	0.6	0.0		PS
8	Contractual Inflation	0.9	2.2	0.9	0.5	0.5	0.5	4.6	2.9	1.7	0.5	1.7	Increase in inflation assumptions for gas, electricity and fuel.	IN
9	Contractual & Legal	3.4	0.8	0.4	0.5	0.5	0.0	2.2	5.1	(2.9)	0.9	(0.1)	Movement includes updates to PEOQ forecasts (PEOF also utilises the PEOQ Reserve)	CL
10	COG Approved Investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		CA
11	Committed Change (Includes FYE of PUP)	5.9	6.5	0.0	0.0	0.0	0.0	6.5	12.6	(6.1)	5.8	0.7	Updates to full year impact of 22.23 growth (partially offset by the adjustment referenced at line reference 2)	CC
12	Revenue Impact of Investment	2.1	2.5	2.5	3.1	(0.1)	0.0	8.0	10.4	(2.4)	2.6	(0.1)	Updates based on capital forecasts as at Provisional Outturn for 2021/22	RV
13	New Demand & Budget Growth	8.9	1.6	1.5	1.9	3.0	3.3	11.3	16.5	(5.2)	1.6	0.0		ND
14	Use of One-off Recurring Budget	(3.3)	(3.3)	(3.3)	(3.3)	(3.3)	(3.3)	(16.5)	(16.5)	0.0	(3.3)	0.0		
15	Appropriations to/(from) Reserves	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	(0.8)	0.8	(0.6)	0.6	Removed £0.6m contribution from General Reserve pending a formal review of reserve usage that will be performed once all pressures and savings are clarified.	RS
16	Budget Requirement - before Savings & Efficiencies	356.8	369.3	374.5	382.7	388.6	394.2	1,909.3	1,874.9	34.4	368.9	0.4		
17	Savings - One-off	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	(0.9)	0.9	0.0	0.0		SC
18	Savings - Recurring	(3.7)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(15.0)	(15.7)	0.7	(3.0)	0.0		
19	Net Budget Requirement	352.2	366.3	371.5	379.7	385.6	391.2	5,658.8	1,858.3	36.0	365.9	0.4		
20	Government Funding	(206.6)	(211.9)	(215.4)	(215.4)	(215.4)	(215.4)	(1,073.5)	(1,064.7)	(8.8)	(211.9)	0.0		GF
21	Council Tax - Base	(134.4)	(143.3)	(149.4)	(155.8)	(162.5)	(169.4)	(780.4)	(745.4)	(35.0)	(143.3)	0.0		CT
22	Council Tax - Taxbase change	(2.3)	(2.5)	(2.6)	(2.7)	(2.8)	(3.0)	(13.6)	(12.9)	(0.7)	(2.5)	0.0		CT
23	Council Tax - Precept increase	(6.6)	(3.6)	(3.8)	(4.0)	(4.1)	(4.3)	(19.8)	(22.1)	2.3	(3.6)	0.0		CT
24	Collection Fund	(2.3)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(9.0)	(9.5)	0.5	(1.8)	0.0		CF
25	Total Funding	(352.2)	(363.1)	(373.0)	(379.7)	(386.6)	(393.9)	(1,896.3)	(1,854.6)	(41.7)	(363.1)	0.0		
26	Annual (Shortfall)/Surplus - Cumulative	0.0	(3.2)	1.5	0.0	1.0	2.7	2.0	(3.7)	(5.7)	(2.8)	0.4		

* 5 Years Totals Comparison - compares totals for 2022/23 to 2026/27 as reported at Feb 22 Police, Fire and Crime Panel to totals for 2023/24 to 2027/28 as reported in this MTFS

		2023/24	2024/25	2025/26	2026/27	2027/28	5 Year Total
	£m	£m	£m	£m	£m	£m	£m
Funding Changes							
	£m	£m	£m	£m	£m	£m	£m
Main Government Cash Funding Increase/(Reduction)	10.9	5.3	3.5	0.0	0.0	0.0	8.8
Total Government Grant - non specific	10.9	5.3	3.5	0.0	0.0	0.0	8.8
Council Tax & Collection Fund Cash Funding Increase/(Reduction)	8.9	5.6	6.4	6.7	6.9	7.3	32.9
Overall Cash Funding Increase/(Reduction)	21.9	10.9	9.9	6.7	6.9	7.3	41.7
Percentage Funding Increase/(Reduction)	6.6%	3.1%	2.7%	1.8%	1.8%	1.9%	

Key % Assumptions						
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Overall change in Home Office grants	5.6%	2.6%	1.7%	0.0%	0.0%	0.0%
Increase in Council Tax	4.79%	2.50%	2.50%	2.50%	2.50%	2.50%
Change in Taxbase	1.87%	1.75%	1.75%	1.75%	1.75%	1.75%
Inflation Recurring - Officers Pay	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Inflation Recurring - Staff/PSCOs Pay	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Savings & Efficiencies - Cashable only							
	2022/23 Budget £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	5 Year Total £m
Savings & Efficiencies Plan (S&EP) - <u>cashable</u>	(3.7)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(15.0)
Annual (Shortfall)/Surplus after cashable S&EP - to be (found) / invested - <u>cashable</u>	0.0	(3.2)	1.5	0.0	1.0	2.7	2.0
Total S&EP for all <u>cashable</u> savings	(3.7)	(6.2)	(1.5)	(3.0)	(2.0)	(0.3)	(13.0)

Medium Term Financial Strategy 2023/24 - 2027/28

Line Ref	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
1	Original Budget - Budget Book Net Expenditure (prior year total funding)	330.3	352.2				
1a	Opening Budget Requirement			366.3	371.5	379.7	385.6
2	Adjustment from prior year activity agreed at Budget Setting	-	0.5	(1.3)	0.7	-	-
3	Opening Budget Requirement	330.3	352.7	365.0	372.2	379.7	385.6
	Unavoidable Cost Pressures						
4	Pay - Sept Pay Award - prior year (5 months - April to August)	0.1	1.8	2.0	2.1	2.1	2.2
5	Pay - Sept Pay Award - current year (7 months - Sept to March)	2.7	2.8	2.8	3.0	3.0	3.2
6	Pay - In Year activity - increments	2.3	2.4	2.4	2.4	2.4	2.4
7	Pay - In Year activity - Turnover (Inc 21/22 Growth not yet achieved)	(1.1)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)
8	Pay - in year activity - Other (Inc. impact on allowances, NI, Pension and Apprenticeship Levy)	2.3	0.9	2.5	2.5	2.5	2.5
9	Increase to Employers NI Contributions of 1.25% from 2022/23	2.5					
10	LGPS Pension shortfall (Tri-annual Actuarial review)	-	0.5	-	-	0.5	
11	Auto Enrolment to Pension schemes	-	0.1	-	-	-	
12	Contractual Inflation & De-flation	0.9	2.2	0.9	0.5	0.5	0.5
13	Policing Education Qualifications Framework (PEQF)	-	0.1	0.1	-	-	
14	Investment approved by COG since 2022/23 budget setting	-	-	-	-	-	
15	Operational and Support contractual and legal cost pressures, including Motor insurance	1.4	-	-	-	-	
16	Total Unavoidable Cost Pressures	11.1	8.6	8.5	8.3	8.8	8.6
	New Investment & Service Demand Changes						
17	New investment - Recurring	1.5	-	-	-	-	
18	2022/23 Police Uplift - recurring	5.7	3.3	-	-	-	
19	22/23 Police Officers funded by Precept increase	1.9	0.2				
20	PUP Ring Fenced Grant (Income)	(3.0)	-	-	-	-	
21	PUP Ring Fenced Grant Remove Prior Year	2.2	3.0				
22	Increase South East Allowance by £500 to £2,500	2.0	-	-	-	-	
23	Increases of less than £10k on non-pay budgets	-	0.1	0.1	0.1	0.1	
24	Service demand changes including Estates Services restructure	1.2	-	-	-	-	
25	Reduction in Special Branch Expenditure	(0.9)					
26	Borrowing Requirement - interest charges	-	0.1	0.1	0.1	-	
27	Borrowing Requirement - Minimum Revenue Requirement (MRP)	-	0.2	0.8	1.8	0.4	
28	Capital Programme (Approved) - Revenue Consequences	0.3	0.1	-	0.1	(0.5)	
29	Capital Programme (Proposed) - Revenue Consequences	0.2	0.6	0.2	0.1	-	
30	Expenditure/(Income) offsetting appropriations to/from Reserves	0.1	-	-	-	-	
31	PFCC - Investment Bids	1.6	0.4	0.5	-	0.1	
32	Total New Investment	12.8	8.0	1.7	2.2	0.1	-
	One-off Costs						
34	Capital Programme (Approved) - One-off revenue costs	0.9	-	-	0.1	-	
35	Capital Programme (Proposed) - One-off revenue costs	0.7	1.5	1.4	0.9	-	
36	Bank Holiday's - one-off	0.7	0.2	(0.2)	-	-	
37	Contractual and legal cost pressures - one-off	1.3	0.5	0.5	0.5	0.5	
38	Service Demand Changes - one-off	0.9	0.9	0.9	0.9	0.9	
39	New Investment - One-Off	1.5	-	-	-	-	
40	Difference in full year and current year savings	(0.9)	-	-	-	-	
41	One-off Investment approved by COG since 2020/21 Budget Setting	-	-	-	-	-	
42	Expenditure/(Income) offsetting appropriations to/from Reserves	0.1	-	-	-	-	
43	Subtotal of One-off Costs	5.2	3.1	2.6	2.4	1.4	-

44	Appropriations To/(From) Earmarked Reserve							
45	Appropriation to/(from) Earmarked Reserves	-	-	-	-	-	-	-
46	Appropriation to IT Convergence Reserve - one off	-	-	-	-	-	-	-
47	Appropriation to Productivity Reserve - One-off	-	-	-	-	-	-	-
48	Appropriations To/(From) Earmarked Reserves	-	-	-	-	-	-	-
49	Appropriations To/(From) General Reserve							
50	Appropriation (from) /to General Reserve - One Off	(0.2)	-	-	-	-	-	-
51	Appropriation (from) /to General Reserve - Chief Constables Reserve - One Off	-	-	-	-	-	-	-
52	Appropriation (from) /to General Reserve for Carryforwards - One C	-	-	-	-	-	-	-
53	Appropriations To/(From) General Reserve	(0.2)	-	-	-	-	-	-
54	Total Appropriations To/(From) Reserves	(0.2)	-	-	-	-	-	-
55	One-off expenditure (reduced)/increased to match funding available for one-off activity	-	0.2		0.9	1.9	3.3	6.3
56	Removal of one-off expenditure up to the short term budget	(3.3)	(3.3)	(3.3)	(3.3)	(3.3)	(3.3)	(16.5)
57	One-off expenditure balance from short term funding	1.7	-	(0.7)	-	-	-	(0.7)
58	Budget Requirement - before Savings & Efficiencies	355.9	369.3	374.5	382.7	388.6	394.2	1,909.3
59	Savings & Efficiencies Plan (S&EP) - cashable	(3.7)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(15.0)
60	Net Budget Requirement	352.2	366.3	371.5	379.7	385.6	391.2	1,894.3
Funding								
<i>Home Office Police Grant</i>								
61	HO Police Grant (23/24 includes £12m PUP)	(117.5)	(131.8)	(135.3)	(135.3)	(135.3)	(135.3)	(537.7)
62	HO Funding for Police Uplift 2022/23 (180 Officers, less ring fenced grant)	(9.0)	-	-	-	-	-	-
63	Total Home Office Police Grant	(126.5)	(131.8)	(135.3)	(135.3)	(135.3)	(135.3)	(537.7)
<i>Home Office Formula Grant</i>								
64	HO Formula Grant	(67.0)	(67.0)	(67.0)	(67.0)	(67.0)	(67.0)	(335.0)
65								
66	Total Home Office Formula Grant	(67.0)	(67.0)	(67.0)	(67.0)	(67.0)	(67.0)	(335.0)
<i>Other Non Specific Grants</i>								
67	Council Tax Freeze Grant 2011/12	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)	(10.5)
68	Council Tax Support Grant	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)	(55.0)
69	Total Specific Grants	(13.1)	(13.1)	(13.1)	(13.1)	(13.1)	(13.1)	(65.5)
70	Government main grants	(206.6)	(211.9)	(215.4)	(215.4)	(215.4)	(215.4)	(1,073.5)
71	Total Government Funding	(206.6)	(211.9)	(215.4)	(215.4)	(215.4)	(215.4)	(1,073.5)
Council Tax Requirement								
72	Council Tax - Base	(134.4)	(143.3)	(149.4)	(155.8)	(162.5)	(169.4)	(780.4)
73	Council Tax - Taxbase change	(2.3)	(2.5)	(2.6)	(2.7)	(2.8)	(3.0)	(13.6)
74	Council Tax - Precept increase	(6.6)	(3.6)	(3.8)	(4.0)	(4.1)	(4.3)	(19.8)
75	Collection Fund Taxbase adjustment for unconfirmed authorities	-	-	-	-	-	-	-
75	Total Council Tax Requirement	(143.3)	(149.4)	(155.8)	(162.5)	(169.4)	(176.7)	(813.8)
76	Total Resource Funding (Gov. grants and Council Tax)	(349.9)	(361.3)	(371.2)	(377.9)	(384.8)	(392.1)	(1,887.3)
77	Council Tax - (Surplus)/Deficit on Collection Fund	(2.3)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(7.2)
78	Total Funding	(352.2)	(363.1)	(373.0)	(379.7)	(386.6)	(393.9)	(1,896.3)
79	Annual (Shortfall)/Surplus - Cumulative	-	(3.2)	1.5	-	1.0	2.7	2.0

80	Main Government Cash Funding Increase/(Reduction)	10.9	5.3	3.5	-	-	-	8.8
81	Total Government Grant - non specific	10.9	5.3	3.5	-	-	-	8.8
82	Council Tax Funding Increase/(Reduction)	8.9	6.1	6.4	6.7	6.9	7.3	33.4
83	Collection Fund Increase/(Reduction)	2.1	(0.5)	-	-	-	-	(0.5)
84	Overall Cash Funding Increase/(Reduction)	21.9	10.9	9.9	6.7	6.9	7.3	41.7
85	Percentage Funding Increase/(Reduction)	6.6%	3.1%	2.7%	1.8%	1.8%	1.9%	

A. Key % Assumptions

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
86	Change in Home Office Police Grant	6.0%	absolute figure	absolute figure	0.0%	0.0%	0.0%
87	Change in Home Office Formula Grant	5.8%	0.0%	0.0%	0.0%	0.0%	0.0%
88	Change in Council Tax Support and Freeze grant	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
89	Change in Government main grants (Includes PUP)	5.6%	2.6%	1.7%	0.0%	0.0%	0.0%
90	Change in Home Office Pension Grant	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
91	Increase in Council Tax	4.79%	2.50%	2.50%	2.50%	2.5%	2.5%
92	Change in Taxbase	1.87%	1.75%	1.75%	1.75%	1.75%	1.75%
93	Inflation Recurring - Officers Pay	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
94	Inflation Recurring - Staff/PSCOs Pay	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
95	Inflation - Non pay - various as only specific contractual inflation is used. There is no general inflation.						

B. Key Assumptions

- 96 Council Tax increase of 4.79% in 2022/23, and then 2.5% annually
- 97 Government Grants funding is based on 0% increase from 2022/23 with the exception of the main Police Grant which has been updated to reflect an estimated allocation of the national growth in funding announced in the 3 year Comprehensive Spending Review.
- 98 The Borrowing Requirement and revenue consequences of this are continually under review as the capital program is updated.

C. Key Principles

- 99 From 2016/17 one off costs are no longer funded from General Reserves. A recurring budget for short term projects of £3.5m was created. The current level
- 100 Variances in the number of Bank Holiday's in a financial year will be managed within the recurring short term budget.

D. Areas for Future Consideration and Further Reviews

- 101 Airwave switch off is delayed to 2024/25. Costs are continually under review

E. Scenarios

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m	£m
<u>1% change (+ / -) in:</u>						
102	Council Tax:	1.4	1.5	1.5	1.6	1.7
103	Government Grant:	2.1	2.1	2.2	2.2	2.2
104	Total	3.5	3.6	3.7	3.8	3.9
<u>0.5% change (+ / -) in:</u>						
105	Council Tax:	0.7	0.7	0.7	0.8	0.8
106	Government Grant:	1.0	1.1	1.1	1.1	1.1
107	Total	1.7	1.8	1.8	1.9	1.9

Earmarked Reserves and Provisions - Opening and Closing Balances

Reserve	2021/22	2022/23					2023/24					2024/25					2025/26				
	Forecast Year End Balance	1st April 2022 - Opening Balance	Budget Setting Contribution / (Allocation) 2022/23	In-Year Contribution 2022/23	In-Year Allocation 2022/23	Forecast Year End Balance - 31st March 2023	1st April 2023 - Opening Balance	Budget Setting Contribution / (Allocation) 2023/24	In-Year Contribution 2023/24	In-Year Allocation 2023/24	Forecast Year End Balance - 31st March 2024	1st April 2024 - Opening Balance	Budget Setting Contribution / (Allocation) 2024/25	In-Year Contribution 2024/25	In-Year Allocation 2024/25	Forecast Year End Balance - 31st March 2025	1st April 2025 - Opening Balance	Budget Setting Contribution / (Allocation) 2025/26	In-Year Contribution 2025/26	In-Year Allocation 2025/26	Forecast Year End Balance - 31st March 2026
Reserves held by Essex Police but managed as third party reserves																					
Op Dagenham Maintenance Reserve	£0.092m	£0.092m	£0.000m	£0.000m	£0.000m	£0.092m	£0.000m	£0.000m	£0.000m	£0.092m	£0.092m	£0.000m	£0.000m	£0.000m	£0.092m	£0.092m	£0.000m	£0.000m	£0.000m	£0.092m	
Total	£0.092m	£0.092m	£0.000m	£0.000m	£0.000m	£0.092m	£0.000m	£0.000m	£0.000m	£0.092m	£0.092m	£0.000m	£0.000m	£0.000m	£0.092m	£0.092m	£0.000m	£0.000m	£0.000m	£0.092m	
Ringfenced Reserve																					
Proceeds of Crime Act	£2.047m	£2.047m	(£0.090m)	£1.577m	(£0.776m)	£2.758m	£0.000m	(£0.125m)	(£0.764m)	£1.869m	£1.869m	£0.000m	(£0.224m)	(£0.665m)	£0.980m	£0.980m	£0.000m	(£0.224m)	(£0.652m)	£0.104m	
Forfeiture Monies Reserve	£0.426m	£0.426m	£0.025m	£0.000m	£0.000m	£0.451m	£0.000m	£0.125m	(£0.100m)	£0.476m	£0.476m	£0.000m	£0.125m	(£0.100m)	£0.501m	£0.501m	£0.000m	£0.125m	(£0.100m)	£0.526m	
Restructuring Reserve	£1.023m	£1.023m	£0.000m	£0.000m	(£1.023m)	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	
Operational Transformational Reserve (OTR)	£0.479m	£0.479m	(£0.139m)	£0.000m	(£0.043m)	£0.297m	£0.000m	£0.000m	£0.000m	£0.297m	£0.297m	£0.000m	£0.000m	£0.000m	£0.297m	£0.297m	£0.000m	£0.000m	£0.000m	£0.297m	
Transformation Reserve	£1.110m	£1.110m	£0.000m	£0.000m	(£0.207m)	£0.903m	£0.000m	£0.000m	£0.000m	£0.903m	£0.903m	£0.000m	£0.000m	£0.000m	£0.903m	£0.903m	£0.000m	£0.000m	£0.000m	£0.903m	
Data Analytics Reserve	£0.028m	£0.028m	(£0.028m)	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	
Legal Reserve	£1.316m	£1.316m	£0.000m	£0.000m	(£0.333m)	£0.983m	£0.000m	£0.000m	(£0.333m)	£0.650m	£0.650m	£0.000m	£0.000m	(£0.075m)	£0.575m	£0.575m	£0.000m	£0.000m	£0.000m	£0.575m	
PEQF Reserve	£0.326m	£0.326m	(£0.046m)	£0.000m	(£0.048m)	£0.232m	£0.000m	£0.000m	(£0.232m)	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	
Restricted Grant and Contributions Reserve	£0.103m	£0.103m	£0.000m	£0.000m	(£0.103m)	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	
Total	£6.858m	£6.858m	(£0.278m)	£1.577m	(£2.533m)	£5.624m	£0.000m	£0.000m	(£1.429m)	£4.195m	£4.195m	£0.000m	(£0.099m)	(£0.840m)	£3.256m	£3.256m	£0.000m	(£0.099m)	(£0.752m)	£2.405m	
Operational Reserves																					
Major Operational Reserve	£1.500m	£1.500m	£0.000m	£0.000m	£0.000m	£1.500m	£1.500m	£0.000m	£0.000m	£1.500m	£1.500m	£0.000m	£0.000m	£0.000m	£1.500m	£1.500m	£0.000m	£0.000m	£0.000m	£1.500m	
COVID Roadmap Violence Reduction Reserve	£0.230m	£0.230m	(£0.230m)	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	
Chief Constables Operational C/Fwd	£0.750m	£0.750m	£0.000m	£0.000m	£0.000m	£0.750m	£0.750m	£0.000m	£0.000m	£0.750m	£0.750m	£0.000m	£0.000m	£0.000m	£0.750m	£0.750m	£0.000m	£0.000m	£0.000m	£0.750m	
Specials Constabulary Reserve	£0.145m	£0.145m	(£0.145m)	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	
Future Capital Funding	£4.358m	£4.358m	£1.665m	£1.000m	(£6.923m)	£0.100m	£0.100m	£1.025m	(£1.025m)	£0.100m	£0.100m	£0.000m	£1.025m	(£1.025m)	£0.100m	£0.100m	£0.000m	£1.000m	(£1.000m)	£0.100m	
Total	£6.983m	£6.983m	£1.290m	£1.000m	(£6.923m)	£2.350m	£0.000m	£1.025m	(£1.025m)	£2.350m	£2.350m	£0.000m	£1.025m	(£1.025m)	£2.350m	£2.350m	£0.000m	£1.000m	(£1.000m)	£2.350m	
PFCC Reserves																					
Commissioning Grants 2020/21 to 2021/22	£3.174m	£3.174m	£0.000m	£0.000m	£0.000m	£3.174m	£3.174m	£0.000m	£0.000m	£3.174m	£3.174m	£0.000m	£0.000m	£0.000m	£3.174m	£3.174m	£0.000m	£0.000m	£0.000m	£3.174m	
Total	£3.174m	£3.174m	£0.000m	£0.000m	£0.000m	£3.174m	£3.174m	£0.000m	£0.000m	£3.174m	£3.174m	£0.000m	£0.000m	£0.000m	£3.174m	£3.174m	£0.000m	£0.000m	£0.000m	£3.174m	
General Reserve																					
General Reserve	£14.818m	£14.818m	(£0.205m)	£0.000m	£0.000m	£14.613m	£14.613m	£0.000m	£0.000m	£14.613m	£14.613m	£0.000m	£0.000m	£0.000m	£14.613m	£14.613m	£0.000m	£0.000m	£0.000m	£14.613m	
Total Revenue Reserves	£31.925m	£31.925m	£0.807m	£2.577m	(£9.456m)	£25.853m	£0.000m	£1.025m	(£2.454m)	£24.424m	£24.424m	£0.000m	£0.926m	(£1.865m)	£23.485m	£23.485m	£0.000m	£0.901m	(£1.752m)	£22.634m	