

Performance and Resources Scrutiny Programme 2022/23

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

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Author on behalf of Chief Officer:	Richard Jones, Head of Business Partnering and Management Accounting
Date of Approval:	COG – 29th June 2022

1.0 Purpose of Report

1.1 This report identifies the 2022/23 Month 2 position for the Force.

2.0 Recommendations

2.1 To note the latest position for Police Officer, Police Staff, and PCSO Pay & Allowances, in advance of a full reported pay position at month 3.

2.2 To note the financial implications resulting from Op Hazel; inflationary pressures for electricity, gas, and vehicle fuel; and an initial forecast for ERSOU activity, in advance of a full reported non-pay position at month 3.

3.0 Executive Summary

3.1 Noted within Section 1 of the main body of the report.

4.0 Introduction/Background

4.1 This report sets out the May, Month 2, financial position.

5.0 Current Work and Performance

5.1 The Month 2 financial position is reported in the main body of the report.

6.0 Implications (Issues)

6.1 The implications are reported in the main body of the report.

7.0 Links to Police and Crime Plan Priorities

Official

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.

14.2 Revised recruitment plans, to include additional intakes, will be included within the month 3 report.

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 overspend as at month 2 is £2.480m against the 2021/22 revenue budget of £352.2m (0.70% variance).

The forecast overspend includes expenditure of £5.8m in connection with Op Hazel (based on the position at the end of May), of which £3.9m is in relation to Mutual Aid contributions. The force is seeking a full reimbursement of costs from the Home Office via special grant funding.

WORKFORCE

The Police Officer strength forecast at the end of May is x,xxx FTE and forecast to be 3,755 FTE at year end. The underspend on Police Officer Pay and Allowances is £1.2m.

The Police Staff strength at the end of April is 2,139 FTE. Vacancies at 30th April were 63 FTEs above the vacancy factor of 135 FTEs. Total vacancies are 198 FTEs. The underspend on Police Staff Pay and Allowances is £2.5m.

The PCSO strength at the end of April is 93 FTE and forecast to be 97 FTE at year end. The underspend on PCSO Pay and Allowances is £0.1m.

RESERVES

Two separate appropriations from earmarked reserves that impact upon Police Staff Pay and Allowances are forecast within the month 2 position, however the virements will be processed and reported within the month 3 financial monitoring report.

The forecast appropriations are for joint funding of a Payroll and Pensions Manager from the Pension Remedy Grant, held against the Legal Claims Reserve (£29k) and Office 365 Project Team funding from the Transformation Reserve (£23k).

FURTHER COMMENTARY

This is a high level review as at month 2 (31st May 2022) for pay and significant areas of change on non-pay; the first full report will be produced at the end of month 3. The forecasting of pay is challenging as there are only two months of data, with a forecast for the remaining ten months. This is exacerbated by the leavers and starters information changing from the original budget assumptions for both officers and staff. The significant non pay changes reflected are Operation Hazel and inflation.

Revised recruitment plans, to include additional intakes, and a review of delivery against pay savings targets for 2022/23, will be completed and included in the month 3 report.

The capital monitoring position will be reported at month 3.

2. Revenue

2.1 Revenue Summary

In Month - Month 2			Year to Date - Month 2			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
£000	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000
						Employees						
						<u>Police Officer Pay and Allowances</u>						
17,209	16,619	(590)	34,419	32,193	(2,226)	- Police Officer Pay and Allowances	206,514	0	206,514	32,193	205,330	(1,184)
643	1,954	1,311	1,286	2,356	1,071	- Overtime and Operational Performance	7,715	0	7,715	2,356	9,022	1,307
90	101	11	181	177	(4)	- Associated Police Pay	1,085	0	1,085	177	1,180	96
0	0	0	0	0	0	- In-Year Savings Shortfall/(Surplus)	0	0	0	0	0	0
17,943	18,674	731	35,886	34,726	(1,160)	Police Officer Pay and Allowances	215,313	0	215,313	34,726	215,532	218
301	267	(34)	603	538	(65)	PCSO Pay and Allowances	3,615	0	3,615	538	3,533	(82)
						<u>Police Staff Pay and Allowances</u>						
7,729	7,451	(279)	15,459	14,243	(1,216)	- Police Staff Pay & Allowances	92,753	0	92,753	14,243	90,241	(2,511)
96	275	179	191	198	7	- Police Staff Overtime and Agency	1,146	0	1,146	198	1,297	151
7,825	7,726	(99)	15,650	14,441	(1,209)	Police Staff Pay and Allowances	93,899	0	93,899	14,441	91,539	(2,361)
354	303	(51)	708	904	196	Pensions (Ill Health / Medical)	4,247	0	4,247	904	4,247	0
154	142	(13)	309	351	42	Training	1,852	0	1,852	351	1,852	0
46	145	99	91	16	(75)	Other Employee Expenses	547	0	547	16	547	0
26,623	27,257	634	53,246	50,976	(2,270)	Employees Total	319,473	0	319,473	50,976	317,249	(2,225)
801	1,670	869	1,602	1,415	(187)	Premises	9,611	0	9,611	1,415	10,281	670
517	448	(69)	1,034	1,562	528	Transport	6,204	0	6,204	1,562	6,429	225
						<u>Supplies and Services</u>						
3,520	1,814	(1,706)	7,040	9,726	2,686	- Supplies and Services	42,242	0	42,242	9,726	42,667	425
37	0	(37)	74	0	(74)	- In-Year Investments	446	0	446	0	446	0
3,557	1,814	(1,744)	7,115	9,726	2,612	Supplies and Services	42,688	0	42,688	9,726	43,113	425
656	667	11	1,312	318	(994)	Third Party Payments	7,874	0	7,874	318	11,439	3,565
32,154	31,855	(299)	64,308	63,997	(312)	Gross Expenditure	385,851	0	385,851	63,997	388,511	2,660
(2,917)	(3,214)	(297)	(5,834)	1,258	7,092	Income	(35,006)	0	(35,006)	1,258	(35,135)	(128)
29,237	28,641	(596)	58,474	65,254	6,780	Net Cost of Services	350,845	0	350,845	65,254	353,377	2,532
4	(3)	(8)	9	(4)	(13)	Other Expenditure / (Income)	52	0	52	(4)	52	0
66	0	(66)	133	0	(133)	Capital and Other Adjustments	796	0	796	0	796	0
29,308	28,637	(670)	58,616	65,250	6,634	Net Expenditure	351,694	0	351,694	65,250	354,226	2,532
(29,350)	(28,578)	772	(58,700)	(54,088)	4,612	Sources of Finance	(352,200)	0	(352,200)	(54,088)	(352,200)	0
(42)	59	101	(84)	11,162	11,246	(Surplus)/Deficit before appropriations	(506)	0	(506)	11,162	2,026	2,532
59	(0)	(59)	119	12	(106)	Contribution to/(from) Earmarked Reserves	712	0	712	12	661	(52)
(17)	0	17	(34)	0	34	Contribution to/(from) General Reserve	(206)	0	(206)	0	(206)	0
0	59	59	0	11,174	11,174	(Surplus)/Deficit after appropriations	0	0	0	11,174	2,480	2,480

2.2 Main Forecast Movements

Forecast Outturn Variance Summary up to Month 2

	Forecast Outturn Variance £m	
Police Officer Pay and Allowances	(1.2)	Changes in recruitment, leaver and growth profiles since budget setting.
Police Staff Pay and Allowances	(2.5)	Underspend includes material variances in relation to the impact of the opening force funded strength being 30.5 FTE less than budget (£1.0m), the impact of net leavers in April and May (£0.8m), and maternity savings against established posts (£0.4m).
PCSO Pay	(0.1)	Underspend due to opening strength being less than budgeted establishment.
Premises	0.7	Overspend resulting from financial estimate of inflationary increase for electricity and gas that take effect from October 2022, over and above provision made within 2022/23 budget setting.
Transport	0.2	Overspend resulting from financial estimate of inflationary increases for vehicle fuel based on latest prices, over and above provision made within 2022/23 budget setting.
Third Party Payments	(0.3)	Underspend due to a reduction in third party payments to other ERSOU forces.
Further Variances	(0.1)	Various changes across the force to reflect latest information which are less than £100k, including £52k for forecast appropriations from earmarked reserves.
Month 2 Forecast Outturn Variance (Excluding Op Hazel)	(3.3)	Underspend
Op Hazel (Third Party Payments, etc.)	5.8	Overspend resulting from the Essex Police operational response to the Just Stop Oil protests that commenced on 1 April 2022. The expenditure forecast as at Month 2 is £5.8m, which includes Mutai Aid expenditure of £3.9m. The force is seeking a full reimbursement of costs from the Home Office via special grant funding.
Month 2 Forecast Outturn Variance	2.5	Overspend

3. Workforce Analysis

3.1 Police Officer – FTEs and Monthly Financial detail

2022/23 - Police Officers Pay/Strength - Using 2022/23 Budget Setting Model

Ref	2022/23 Budget Setting													
	Strength	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	FTEs
1	Strength @ beginning of month (note 1)	3,575	3,594	3,577	3,640	3,623	3,686	3,669	3,716	3,699	3,682	3,729	3,712	
2	Leavers	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(228)
3	Starters - To cover attrition			53		34		32			51		34	204
4	Starters - Transferees	2	2	2	2	2	2	2	2	2	2	2	2	24
5	Starters - Growth	36		27		46		32			13		26	180
6	Starters	38	2	82	2	82	2	66	2	2	66	2	62	408
7	Net change	19	(17)	63	(17)	63	(17)	47	(17)	(17)	47	(17)	43	180
8	Officer strength month end	3,594	3,577	3,640	3,623	3,686	3,669	3,716	3,699	3,682	3,729	3,712	3,755	
9	Difference to 3,755 FTEs - over / (under)	(161)	(178)	(115)	(132)	(69)	(86)	(39)	(56)	(73)	(26)	(43)	0	
	Budget	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
10	1st April 2022 Strength (note 2)	£16.64m	£16.64m	£16.64m	£16.64m	£16.64m	£17.06m	£17.06m	£17.06m	£17.06m	£17.06m	£17.06m	£17.06m	£202.64m
11	2022/23 Leavers (note 3)	(£0.09m)	(£0.19m)	(£0.28m)	(£0.38m)	(£0.47m)	(£0.56m)	(£0.66m)	(£0.75m)	(£0.85m)	(£0.94m)	(£1.04m)	(£1.14m)	(£7.35m)
12	2022/23 Starters - Constables (to cover attrition)	£0.00m	£0.00m	£0.16m	£0.16m	£0.27m	£0.27m	£0.37m	£0.37m	£0.37m	£0.52m	£0.52m	£0.63m	£3.62m
13	2022/23 Starters - Transferees	£0.01m	£0.02m	£0.03m	£0.05m	£0.06m	£0.07m	£0.08m	£0.09m	£0.10m	£0.11m	£0.13m	£0.14m	£0.89m
14	2022/23 Starters - Growth	£0.18m	£0.18m	£0.32m	£0.32m	£0.55m	£0.55m	£0.71m	£0.71m	£0.71m	£0.78m	£0.78m	£0.91m	£6.71m
15	2022/23 Starters - Total	£0.19m	£0.20m	£0.51m	£0.53m	£0.88m	£0.89m	£1.16m	£1.17m	£1.18m	£1.41m	£1.43m	£1.67m	£11.22m
16	Monthly Budget (note 4 & 5)	£16.74m	£16.66m	£16.88m	£16.79m	£17.05m	£17.38m	£17.56m	£17.48m	£17.39m	£17.53m	£17.45m	£17.59m	£206.51m

2022/23 Outturn Strength - Based on HR information received 12th May 2022 (note 9)														
Strength	Actual FTE			Forecast FTE									Total	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs		
17	1st April 2022 Strength	3,572	3,543	3,528	3,609	3,590	3,651	3,642	3,723	3,704	3,685	3,746	3,727	
18	Leavers (note 7)	(30)	(17)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(256)
19	Starters (note 8)	1	2	102	2	82	12	102	2	2	82	2	49	440
20	Net change	(29)	(15)	81	(19)	61	(9)	81	(19)	(19)	61	(19)	28	183
21	Officer strength - month end	3,543	3,528	3,609	3,590	3,651	3,642	3,723	3,704	3,685	3,746	3,727	3,755	
22	Difference to 3755fte - over / (under)	(212)	(227)	(146)	(165)	(104)	(113)	(32)	(51)	(70)	(9)	(28)	0	
Actuals /Forecast £	Actual £			Forecast £									Total	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
23	Costed Strength before starters/leavers	£15.63m	£16.55m	£16.42m	£16.23m	£16.27m	£17.44m	£16.37m	£16.69m	£16.26m	£16.36m	£16.58m	£18.00m	£198.80m
24	2022/23 Leavers			(£0.07m)	(£0.13m)	(£0.20m)	(£0.27m)	(£0.33m)	(£0.40m)	(£0.47m)	(£0.54m)	(£0.60m)	(£0.67m)	(£3.68m)
25	2022/23 Starters			£0.18m	£0.40m	£0.45m	£0.73m	£0.93m	£1.16m	£1.38m	£1.29m	£1.59m	£1.78m	£9.89m
26	Other Costs			£0.03m	£0.03m	£0.03m	£0.03m	£0.03m	£0.04m	£0.03m	£0.03m	£0.04m	£0.03m	£0.32m
27	Monthly Actual	£15.63m	£16.55m	£16.56m	£16.53m	£16.55m	£17.93m	£17.00m	£17.49m	£17.20m	£17.14m	£17.61m	£19.14m	£205.33m
Variance from Budget Setting														
	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	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
28	Strength @ beginning of month (negative=reduction)	(3)	(51)	(49)	(31)	(33)	(35)	(27)	7	5	3	17	15	
29	Leavers (positive number = less leavers)	(11)	2	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(28)
30	Starters	(37)	0	20	0	0	10	36	0	0	16	0	(13)	32
31	Month End Strength Change - FTEs	(51)	(49)	(31)	(33)	(35)	(27)	7	5	3	17	15	0	3
32	Change per month FTEs	(48)	2	18	(2)	(2)	8	34	(2)	(2)	14	(2)	(15)	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
33	Monthly Financial Change	(£1.11m)	(£0.11m)	(£0.32m)	(£0.26m)	(£0.50m)	£0.55m	(£0.56m)	£0.01m	(£0.19m)	(£0.39m)	£0.16m	£1.55m	(£1.18m)

Notes

- 1 The budget was built on the assumption that at the start of April 2022 there would be 20 strength over and above the approved establishment of 3,555 as a result of the decisions to press ahead with recruiting to achieve the planned 200 officer growth in 2022/23
- 2 The 1st April 2022 strength is not profiled on a monthly basis for budget setting and the above shows the annual amount divided over 12 months with a 2.5% payrise in September i.e. there is no profile adjustment for incremental increases.
- 3 Leavers could be at any rank but assumed to be at experienced constable level 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.
- 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 Revised recruitment plans, to include additional intakes that were agreed in June 2022, are not included

3.2 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 January to maintain an end of year projection of 3,755 FTE Officers. The financial impact of 1, 5 or 10 FTE less leavers per month is £0.121m, £0.607m or £1.214m, respectively. The same would apply in reverse for more leavers.

Estimated impact of changes to leavers and joiners profiles

Cost/(Saving)

	INTAKE		INTAKE		INTAKE		INTAKE		INTAKE				
	April 12 months	May 11 months	June 10 months	July 9 months	August 8 months	September 7 months	October 6 months	November 5 months	December 4 months	January 3 months	February 2 months	March 1 month	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£
Estimated Impact of 1 FTE less Leaver per month	54,385	49,853	45,321	40,789	36,256	31,724	27,192	22,660	18,128	13,596	9,064	4,532	353,500
Estimated Impact of 3 FTE less probationers joiner per intake			(85,253)		(68,203)		(52,431)			(26,216)			(232,103)
													Net Impact
													121,397

	INTAKE		INTAKE		INTAKE		INTAKE		INTAKE				
	April 12 months	May 11 months	June 10 months	July 9 months	August 8 months	September 7 months	October 6 months	November 5 months	December 4 months	January 3 months	February 2 months	March 1 month	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£
Estimated Impact of 5 FTE less Leavers per month	271,925	249,265	226,605	203,945	181,280	158,620	135,960	113,300	90,640	67,980	45,320	22,660	1,767,500
Estimated Impact of 15 FTE less probationer joiners per intake			(426,265)		(341,015)		(262,155)			(131,080)			(1,160,515)
													Net Impact
													606,985

	INTAKE		INTAKE		INTAKE		INTAKE		INTAKE				
	April 12 months	May 11 months	June 10 months	July 9 months	August 8 months	September 7 months	October 6 months	November 5 months	December 4 months	January 3 months	February 2 months	March ² 1 month	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£
Estimated Impact of 10 FTE less Leavers per month	543,850	498,530	453,210	407,890	362,560	317,240	271,920	226,600	181,280	135,960	90,640	45,320	3,535,000
Estimated Impact of 30 FTE less probationer joiners per intake			(852,530)		(682,030)		(524,310)			(262,160)			(2,321,030)
													Net Impact
													1,213,970

3.3 Police Officers, Police Staff, PCSOs and Specials - FTEs

FTE Changes Impacting Pay Forecasts - 2022/23 Month 2

1. Police Officers - Budget Based on Strength								
	Current Position - FTEs		Financial Forecasting FTEs					
	Establishment Target	Strength @ month end	Strength at 1st April 2022	Starters for the year	Transferees for the year	Leavers for the year	Other adjustments e.g. change in hours	Strength at 31st March 2023
Budget Setting			3,575	384	24	(228)	0	3,755
HR data @ 30 April 22	3,755	3,543	3,572	417	23	(255)	(2)	3,755
Change								

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 2022	Vacancy Factor Establishment @ 1st April 2022 *	Actual starters to date	Actual leavers to date
Budget Setting			2,318	2,183		
HR data @ 30 April 22	2,337	2,139			28	(16)
Change						

* Vacancy Factor is 7% for departments with less than 30 FTE and 8% for departments with more than 30 FTE for all areas except for FCR, Resolution Centre, PFCC's Office and externally funded 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 2022	Strength at 1st April 2022	Starters for the year	Leavers for the year	Other adjustments e.g. change in hours	Strength at 31st March 2023
Budget Setting			103	103	0	0	0	103
HR data @ 30 April 22	103	93	103	94	12	(9)	0	97
Change								

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 April 22	459	600
Change		