

Performance and Resources Scrutiny Programme 2022/23

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

Title of Report:	2022/23 Month 3 Financial Monitoring Report
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Chief Officer	DCC Prophet
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Author on behalf of Chief Officer:	Richard Jones, Head of Business Partnering and Management Accounting
Date of Approval:	Draft prior to COG approval.

1.0 Purpose of Report

1.1 This report identifies the 2022/23 Month 3 position for the Force.

2.0 Recommendations

2.1 To note the latest position in the monitoring report.

2.2 To note the appropriations to/from earmarked reserves (virements and journals), as noted in Section 2 of the report.

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 June, Month 3, financial position.

5.0 Current Work and Performance

5.1 The Month 3 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

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

Official

8.0 Demand

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

9.0 Risks/Mitigation

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

10.0 Equality and/or Human Rights Implications

N/A

11.0 Health and Safety Implications

N/A

12.0 Consultation/Engagement

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

13.0 Actions for Improvement

N/A

14.0 Future Work/Development and Expected Outcome

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

15.0 Decisions Required by the Police, Fire and Crime Commissioner

15.1 There are no virements/appropriations required for approval.

1. Executive Summary

REVENUE

The revenue forecast overspend as at month 3 is £4.765m against the 2022/23 revenue budget of £352.2m (1.35% variance).

The forecast overspend includes expenditure of £5.9m in connection with Op Hazel (based on the position at the end of June), 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.

The force variance to current budget at subjective level is detailed in Section 3.2 of the report.

WORKFORCE

The Police Officer strength forecast at the end of June is 3,582 FTE and forecast to be 3,755 FTE at year end. The underspend on Police Officer Pay and Allowances is £1.7m.

The Police Staff strength at the end of May is 2,133 FTE. Vacancies at 31st May were 69 FTEs above the vacancy factor of 135 FTEs. Total vacancies are 204 FTEs. The underspend on Police Staff Pay and Allowances is £1.5m.

The PCSO strength at the end of May is 93 FTE and forecast to be 106 FTE at year end. The underspend on PCSO Pay and Allowances is £0.1m.

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

RESERVES

The net appropriation from earmarked reserves for Month 3 is £0.085m.

A list of all appropriations to and from earmarked reserves is noted in Section 2 of the report. The single appropriation to earmarked reserves is to return surplus budget to the Operational Transformation Reserve, following appropriation of the Essex Centre for Data Analytics (ECDA) remaining reserve balance as part of 2022/23 budget setting, for use in 2023/24.

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

CAPITAL

The forecast for month 3 is a year end spend of £15.856m, which is a £5.078m underspend against the latest revised budget of £20.934m (24.3% variance). The variance comprises of slippage of £4.603m, reductions of £0.544m and advanced works from 2023/24 of £0.070m.

The financing requirement for unfinanced capital expenditure is forecast at £6.311m which equates to approximately 40% of the year's financing plan. Based on the latest treasury management information available there may be a need to external borrowing in 2022/23.

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

2. List of Appropriations to/from Earmarked Reserves

URN	Description	£'000	Commentary/Description	Governance Process	Earmarked Reserve	Subjective Heading
Appropriations to Earmarked Reserves						
ER001/22	OTR - Essex Centre for Data Analytics (ECDA)	85	To return OTR surplus budget, following appropriation to the revenue budget as part of 2022/23 budget setting, relating to the cost of ECDA in 2023/24.	Appropriation to Earmarked Reserve for its intended use	Operational Transformation Reserve	Third Party Payments
Total		85				
Appropriations (from) Earmarked Reserves						
ER002/22	Transformation Reserve - Various IT Projects	(130)	To appropriate against workstreams noted within the Transformation Reserve for IT projects, i.e. ESMCP ICCS Replacement, Legacy Digital Data Store, Office 365 Internal Resourcing Team, Digital Interview Recording Project and Infrastructure Technical Refresh Project.	Appropriation from Earmarked Reserve for its intended use	Transformation Reserve	Supplies & Services / Police Staff Pay & Allowances
ER003/22	Pension Remedy Grant	(29)	To appropriate a pension remedy grant received from Government to fund payroll department staff costs.	Appropriation from Earmarked Reserve for its intended use	Legal Claims	Police Staff Pay & Allowances
ER004/22	OTR - IT Research and Development Team	(11)	To appropriate against workstreams noted within the Operational Transformation Reserve in connection with their intended use.	Appropriation from Earmarked Reserve for its intended use	Operational Transformation Reserve	Police Staff Pay & Allowances
Total		(170)				
Net appropriation to/(from) Earmarked Reserves		(85)				

3. Revenue

3.1 Revenue Summary

In Month - Month 3			Year to Date - Month 3			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 ³	Variance Over/(Under) Spend - Original Budget	Variance Over/(Under) Spend - Revised Budget
£000	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000
Employees													
<u>Police Officer Pay and Allowances</u>													
17,223	16,546	(677)	51,668	48,739	(2,930)	206,514	160	206,674	48,739	204,966	(1,548)	(1,708)	
637	1,355	718	1,910	3,711	1,801	7,715	(73)	7,641	3,711	9,545	1,830	1,903	
87	123	36	262	300	38	1,085	(38)	1,047	300	1,474	390	427	
0	0	0	0	0	0	0	0	0	0	0	0	0	
17,947	18,025	78	53,841	52,750	(1,090)	215,313	49	215,363	52,750	215,985	672	623	
303	286	(17)	909	824	(85)	3,615	22	3,637	824	3,561	(55)	(76)	
<u>PCSO Pay and Allowances</u>													
<u>Police Staff Pay and Allowances</u>													
7,792	7,224	(568)	23,377	21,467	(1,910)	92,753	754	93,507	21,467	91,982	(771)	(1,525)	
143	339	195	430	537	106	1,146	576	1,722	537	2,330	1,184	608	
7,936	7,563	(373)	23,807	22,004	(1,803)	93,899	1,330	95,229	22,004	94,312	413	(917)	
354	303	(51)	1,062	1,204	143	4,247	0	4,247	1,204	4,201	(46)	(46)	
158	167	9	475	518	43	1,852	46	1,898	518	1,877	25	(21)	
46	83	37	137	99	(38)	547	0	547	99	616	69	69	
26,743	26,427	(316)	80,230	77,399	(2,831)	319,473	1,447	320,921	77,399	320,553	1,079	(368)	
801	746	(55)	2,403	2,161	(242)	9,611	0	9,611	2,161	10,321	710	710	
517	437	(80)	1,552	1,999	447	6,204	2	6,206	1,999	7,043	839	837	
<u>Supplies and Services</u>													
3,469	2,853	(616)	10,407	12,579	2,172	42,242	(616)	41,627	12,579	42,113	(130)	486	
37	0	(37)	111	0	(111)	446	0	446	0	446	0	0	
3,506	2,853	(653)	10,518	12,579	2,061	42,688	(616)	42,072	12,579	42,559	(130)	486	
651	56	(595)	1,953	374	(1,579)	7,874	(62)	7,812	374	10,935	3,061	3,123	
32,219	30,518	(1,700)	96,656	94,512	(2,144)	385,851	771	386,622	94,512	391,410	5,559	4,788	
(2,974)	(3,697)	(722)	(8,923)	(2,439)	6,484	(35,006)	(686)	(35,693)	(2,439)	(35,708)	(702)	(16)	
29,244	26,822	(2,422)	87,732	92,073	4,340	350,845	85	350,930	92,073	355,702	4,857	4,772	
<u>Other Expenditure / (Income)</u>													
4	(1)	(6)	13	(6)	(19)	52	0	52	(6)	52	0	0	
66	0	(66)	199	0	(199)	796	0	796	0	790	(6)	(6)	
29,315	26,820	(2,494)	87,945	92,067	4,123	351,694	85	351,779	92,067	356,544	4,850	4,765	
(29,350)	0	29,350	(88,050)	(84,913)	3,137	(352,200)	0	(352,200)	(84,913)	(352,200)	0	0	
(35)	26,820	26,856	(105)	7,154	7,260	(506)	85	(422)	7,154	4,344	4,850	4,765	
<u>Third Party Payments</u>													
<u>Gross Expenditure</u>													
<u>Income</u>													
<u>Net Cost of Services</u>													
<u>Other Expenditure / (Income)</u>													
<u>Capital and Other Adjustments</u>													
<u>Net Expenditure</u>													
<u>Sources of Finance</u>													
<u>(Surplus)/Deficit before appropriations</u>													
<u>Contribution to/(from) Earmarked Reserves</u>													
<u>Contribution to/(from) General Reserve</u>													
<u>(Surplus)/Deficit after appropriations</u>													
52	(1,035)	(1,087)	157	(1,023)	(1,180)	712	(85)	627	(1,023)	627	(85)	0	
(17)	229	246	(51)	229	281	(206)	0	(206)	229	(4,971)	(4,765)	(4,765)	
(0)	26,015	26,015	(0)	6,361	6,361	(0)	0	(0)	6,361	0	0	0	

¹Even monthly profile of Revised Budget

²2022/23 Budget agreed at Police, Fire and Crime Panel

³Includes Op Hazel expenditure of £5.9m

3.2 Revenue Summary – Supporting Commentary

Police Officer Pay and Allowances - £0.623m overspend

The overspend includes Op Hazel Police Officer Overtime (including Bank Holidays) and associated NI payments totalling £1.5m.

The forecast excluding Op Hazel includes an underspend of £1.9m due to changes in recruitment, leaver, and growth profiles since budget setting, including an increase in forecast leavers from 19 FTE per month to 21 FTE per month.

This underspend is offset by a £0.4m overspend for 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. In addition, there are significant Police Officer Overtime overspends (over and above the overtime and NI spend of £1.5m for Op Hazel) for Contact Management and Crime and Public Protection that have resulted from vacancies and in response to increased investigative requirements, notably in high harm areas where crime rates have risen considerably (£0.6m).

Police Staff Pay and Allowances - £0.917m underspend

The 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, May and June (£0.7m), and maternity savings against established posts (£0.4m). The underspend is partially offset by budgeted savings not expected to be achieved in year (£0.7m) and Police Staff Overtime overspends for Contact Management and Crime and Public Protection resulting from vacancies and the requirement to manage backlogs in various areas, to include referrals, visits, and risk assessments (£0.5m).

The adjustments from Original Budget to the Revised Budget include reprofiling of externally funded activity for the Disclosure Barring Service (£335k) and Seconded Staff (£83k), as well as allocation of Revenue Consequences of Capital in connection with Staff Agency costs relating to the Data Centre Migration project that is live and now business as usual (£565k), all of which have a corresponding budget adjustment against Income and Supplies and Services. Further adjustments include appropriations from earmarked reserves in connection with those listed in Section 2 of the report.

Premises - £0.710m overspend

The overspend is due to a 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.

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Transport - £0.837m overspend

The overspend is due to a financial estimate of inflationary increases for vehicle fuel based on latest prices, over and above provision made within 2022/23 budget setting and reflects expected increase in vehicle parts and equipment expenditure, based largely on the 2021/22 year end outturn position.

Supplies and Services - £0.486m overspend

The overspend relates to accommodation and food provisions provided for Op Hazel.

The adjustments from Original Budget to the Revised Budget reflect the other side of the adjustment noted under Police Staff Pay and Allowances for Revenue Consequences of Capital in connection with Staff Agency costs relating to the Data Centre Migration project (£565k).

Third Party Payments - £3.123m overspend

The overspend is due to Mutual Assistance required from other Police forces for Op Hazel, totalling £3.9m. The Op Hazel overspend is offset by a £0.3m underspend due to a reduction in third party payments to other ERSOU forces; £0.2m underspend for the PNC subscription managed by IT services; £0.1m underspend for 7Forces relating to staff vacancies and IT project delays resulting in reduced expenditure this year; and a £0.1m underspend in NPAS contributions against the base budget, based upon the agreed charging formula.

Income - £0.016m underspend

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 for externally funded activity, all of which have a corresponding forecast adjustment.

Net Contribution from Earmarked Reserves - £0.085m

As noted in Section 2 of the report.

Contribution from General Reserve - £4.765m

As noted in Section 1 of the report.

4. Workforce Analysis

4.1 Police Officer – FTEs and Monthly Financial detail

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

Ref	Strength	2022/23 Budget Setting												Total
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	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	£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 14th June 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	3,524	3,582	3,563	3,624	3,615	3,696	3,677	3,658	3,737	3,716	
18	Leavers (note 7)	(30)	(19)	(23)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(261)
19	Starters (note 8)	1	0	81	2	82	12	102	2	2	100	0	60	444
20	Net change	(29)	(19)	58	(19)	61	(9)	81	(19)	(19)	79	(21)	39	183
21	Officer strength - month end	3,543	3,524	3,582	3,563	3,624	3,615	3,696	3,677	3,658	3,737	3,716	3,755	
22	Difference to 3755fte - over / (under)	(212)	(231)	(173)	(192)	(131)	(140)	(59)	(78)	(97)	(18)	(39)	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	£16.56m	£16.56m	£16.55m	£16.59m	£17.77m	£16.69m	£17.00m	£16.59m	£16.68m	£16.93m	£18.27m	£201.82m
24	2022/23 Leavers				(£0.07m)	(£0.13m)	(£0.20m)	(£0.27m)	(£0.33m)	(£0.40m)	(£0.47m)	(£0.54m)	(£0.60m)	(£3.01m)
25	2022/23 Starters				£0.02m	£0.05m	£0.33m	£0.52m	£0.75m	£0.97m	£0.88m	£1.23m	£1.45m	£6.20m
26	Other Costs				(£0.01m)	£0.00m	(£0.01m)	£0.00m	(£0.01m)	£0.00m	(£0.01m)	£0.00m	£0.00m	(£0.04m)
27	Monthly Actual	£15.63m	£16.56m	£16.56m	£16.49m	£16.51m	£17.89m	£16.94m	£17.41m	£17.16m	£17.08m	£17.62m	£19.11m	£204.97m
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	
28	Strength @ beginning of month (negative=reduction)	(3)	(51)	(53)	(58)	(60)	(62)	(54)	(20)	(22)	(24)	8	4	
29	Leavers (positive number = less leavers)	(11)	0	(4)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(33)
30	Starters	(37)	(2)	(1)	0	0	10	36	0	0	34	(2)	(2)	36
31	Month End Strength Change - FTEs	(51)	(53)	(58)	(60)	(62)	(54)	(20)	(22)	(24)	8	4	0	3
32	Change per month FTEs	(48)	(2)	(5)	(2)	(2)	8	34	(2)	(2)	32	(4)	(4)	
	£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)	(£0.10m)	(£0.32m)	(£0.30m)	(£0.54m)	£0.51m	(£0.62m)	(£0.07m)	(£0.23m)	(£0.45m)	£0.17m	£1.52m	(£1.54m)

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 2021/22 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% pay rise 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 included in the FTE figures

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 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)

	April 12 months	May 11 months	INTAKE June 10 months	July 9 months	INTAKE August 8 months	September 7 months	INTAKE October 6 months	November 5 months	December 4 months	INTAKE 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

	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

	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

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

FTE Changes Impacting Pay Forecasts - 2022/23 Month 3

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
HR data @ 31 May 22	3,755	3,525	3,572	429	15	(260)	(1)	3,755
Change	0	(18)	0	12	(8)	(5)	1	(0)

2. Police Staff - Budget Based on Establishment (please see note below)*						
	Current Position - FTEs		Financial Forecasting FTEs			
	Establishment @ 100%	Strength @ month end	Establishment @ 100% at 1st April 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			16	(28)
HR data @ 31 May 22	2,337	2,133			25	(42)
Change	0	(6)	0	0	9	(14)

* 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 date @ 30 April 22	103	93	103	94	12	(9)	0	97
HR data @ 31 May 22	103	93	103	94	20	(8)	0	106
Change	0	0	0	0	8	1	0	9

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
HR data @ 31 May 22	458	600
Change	(1)	0

5. Detailed Reserves Analysis

Earmarked Reserves and Provisions - Opening and Closing Balances							
Reserve	1st April 2022 - Opening Balance	Budget Setting Contribution / (Allocation) 2022/23	In-Year Contribution 2022/23	In-Year Allocation 2022/23	31st March 2023 - Closing Balance	Forecast Year End Balance	Description of Earmarked Reserve
1 Reserves held by Essex Police but managed as third party reserves							
Op Dagenham Maintenance Reserve	£0.092m	-	-	-	£0.092m	£0.092m	Essex share of maintenance reserve held by each of the 7F to fund the cost of minor repairs to multi-occupancy building held for Op Dagenham.
Total	£0.092m	£0.000m	£0.000m	£0.000m	£0.092m	£0.092m	
2 Project Reserves							
N/A	-	-	-	-	-	-	N/A
Total	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	
3 Ringfenced Reserve							
Proceeds of Crime Act	£2.047m	(£0.391m)			£1.656m	£2.759m	POCA Reserve holds receipts received through the Asset Recovery Incentive Scheme to fund crime reduction related expenditure.
Forfeiture Monies Reserve	£0.426m	£0.025m	£0.035m	-	£0.486m	£0.486m	Forfeiture Monies Reserve holds funds transferred from the Misuse of Drugs Act Seizures Fund.
Restructuring Reserve	£1.023m	-	-	-	£1.023m	£1.023m	Reserve to help fund future years restructuring costs (Redundancies, LGPS Financial Strain and relocation expenses).
Operational Transformational Reserve (OTR)	£0.479m	(£0.139m)	£0.085m	(£0.011m)	£0.414m	£0.414m	OTR report is submitted to OPFCC Performance and Resources Board on a quarterly basis. Drawdown requested to utilise remaining fund in 2022/23.
Transformation Reserve	£1.110m	-	-	(£0.130m)	£0.980m	£0.980m	Reserve to help fund the one-off costs of implementing the IT and Estates Transformation Strategies.
Data Analytics Reserve	£0.028m	(£0.028m)	-	-	-	-	Data Analytics and Visualisation Tool to be delivered in 2020/21 and into 2021/22. RECOMMEND CLOSURE OF THIS RESERVE - NIL BALANCE.
Legal Reserve	£1.316m	-	-	(£0.029m)	£1.287m	£1.287m	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	£0.326m	(£0.046m)	-	-	£0.280m	£0.280m	PEQF mobilisation costs to be used for the introduction of the new PEQF training programme.
Restricted Grant and Contributions Reserve	£0.103m	-	-	-	£0.103m	-	Reserve to hold balances of restricted grants and contributions to allow balances to be held until eligible spend incurred.
Total	£6.858m	(£0.579m)	£0.120m	(£0.170m)	£6.229m	£7.229m	
4 Operational Reserves							
Major Operational Reserve	£1.500m	£0.000m	£0.000m	£0.000m	£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	£0.229m	(£0.229m)	£0.000m	£0.000m	-	-	COVID Roadmap Violence Reduction Reserve to be utilised in 2021/22 for the purposes of Operation Sunshade, which aims to address violent crime reduction surrounding the easing of lockdown measures, including additional enforcement of COVID regulations at Stansted Airport which are still to be developed. Removed as part of 2022/23 budget setting. RECOMMEND CLOSURE OF THIS RESERVE - NIL BALANCE.
Chief Constables Operational C/Fwd	£0.750m	£0.000m	£0.000m	£0.000m	£0.750m	£0.750m	Operational Carry Forward resulting from the 2019/20 and 2020/21 force underspend.
Specials Constabulary Reserve	£0.145m	(£0.145m)	£0.000m	£0.000m	-	-	Reserve to fund ongoing (non-pay) activities associated with the growth of the Special Constabulary. RECOMMEND CLOSURE OF THIS RESERVE - NIL BALANCE.
Future Capital Funding	£4.358m	£1.665m	£0.000m	£0.000m	£6.023m	£0.100m	Reserve to apply revenue financing to fund the force capital programme
Total	£6.982m	£1.291m	£0.000m	£0.000m	£8.273m	£2.350m	
5 PFCC Reserves							
Commissioning Grants / Safer Streets	£3.174m	-	-	-	£3.174m	£3.174m	Includes PFCC Commissioning Budget C/Fwd of £1.418m and Safer Streets funding of £1.755m
Total	£3.174m	£0.000m	£0.000m	£0.000m	£3.174m	£3.174m	
6 General Reserve							
General Reserve	£14.818m	(£0.206m)	-	(£4.765m)	£9.847m	£9.847m	The 2022/23 General Reserve opening balance is £14.818m, which represents 4.2% of the 2022/23 force budget of £352.2m. The in-year allocation of £4.765m reflects the month 3 overspend resulting from the inclusion of Op Hazel expenditure
Total Revenue Reserves	£31.924m	£0.506m	£0.120m	(£4.935m)	£27.615m	£22.692m	

6. Capital

6.1 Capital Summary

CAPITAL PROGRAMME 2022/23 MONTH 3 MONITORING POSITION SUMMARY REPORT

	2022/23 Original Budget PF&C Panel	2022/23 Subject to Approvals Funding Distribution	2022/23 Other Approved Changes	2022/23 Revised Budget	2022/23 Actuals to end of June 2022	2022/23 Forecast Outturn	2022/23 Forecast Budget Variance (Appendix 1)
	£000	£000	£000	£000	£000	£000	£000
EXPENDITURE -							
ANPR projects	123	110	70	303	287	303	-
Estates projects	5,308	-	2,162	7,469	148	3,795	(3,676)
IT projects	1,998	2,917	803	5,718	890	5,496	(220)
Transport projects	1,324	2,200	210	3,734	192	2,606	(1,129)
OPC projects	455	-	(384)	71	0	21	(50)
SCD projects	0	-	38	38	3	38	-
Other projects	103	237	146	486	41	483	(3)
<i>Subject to Approval projects</i>	8,579	(5,464)	-	3,115	0	3,115	(0)
TOTAL EXPENDITURE	17,889	-	3,045	20,934	1,561	15,856	(5,078)
FINANCING -							
Capital Receipts	4,420	-	(161)	4,259		4,259	-
Revenue Contributions	5,579	-	(413)	5,166		5,166	-
Capital Grant	32	-	88	120		120	-
External & Other Income	0	-	-	-		0	-
Financing Requirement	7,858	-	3,531	11,389		6,311	(5,078)
TOTAL FINANCING	17,889	-	3,045	20,934	1,561	15,856	(5,078)

- 1 The revised budget reflects all changes to the capital programme since the original budget was approved at the PF&C Panel, including the allocation of subject to approval funding into the approved programme, as well as other changes such as slippage carried forward from the previous year, and other approved budget changes from the PFCC governance process.
- 2 The forecast budget variance reflects all in-year changes to the capital programme compared to the revised budget. The forecast £5.078m underspend incorporates slippage carried forward to 2023/24, and other changes, as set out in Appendix 1.
- 3 The financing model has been updated as per the separate working paper.
- 4 There are no actuals to date in the financing column as this process is undertaken at year-end (hence the shading applied to this column).
- 5 The term financing requirement refers to the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income i.e. an underlying need to borrow for capital purposes. This need to borrow can include external borrowing from bodies such as the Public Works Loans Board (PWLB) or other public sector bodies. It also includes internal borrowing whereby forces fund capital expenditure from a temporary surplus of cash. For treasury management purposes, and based on the 2022/23 Treasury Management Strategy, the total external borrowing requirement is currently estimated to peak at £6.31m within the table above. In relation to the total financing requirement set out in the above report, any shortfall compared to the external borrowing value would be fully met by a corresponding amount of internal borrowing. This latter issue is not applicable as at month 3.

6.2 Capital Summary – Supporting Commentary

The starting budget position of **£17.889m** as set at the 3rd February 2022 Police Fire & Crime panel, has been uplifted to a revised budget of **£20.934m** as at month 3. The increase of £3.045m comprises mainly of slippage of existing approved budget brought forward from 2021/22.

The 2021/22 slippage brought forward comprises of:

- IT related projects of £0.803m, the main projects include £0.109m for the Infrastructure Tech Refresh programme and £0.445m for the Dash Cams project.
- £1.850m relates to various projects from the Estates 2021/22 programme. The main projects include £0.769m replacement Portacabin, £0.103m for Chelmsford police station, £0.205m Harwich and Dover court collaboration project, £0.170m for Boreham C block refurbishment, £0.150m for the conference regeneration project, £0.160m for PAC access and various other smaller projects from 2021/22 with a value of £0.621m.
- Transport slippage of £0.210m is mainly related to the slippage of the early years of fleet replacements programme of £0.186 and £0.024m for the quadbike and Marine unit projects.
- Other areas of slippage include £0.070k for APNR capital programme, SCD slippage of £0.420 for various capital projects.

Since the original budget was approved there has been £5.464m of business cases, previously categorised as 'subject to approval', that were approved at the March and June Strategic Boards. The impact of these approvals is reflected within the 'subject to approvals' columns in the capital tables contained within this report.

The £5.464m of schemes approved at the boards includes:

- £2.774m of IT projects relating to the Technical Refresh programme for servers, network components, laptops and the Specials Body Worn Video and Mobile project for £0.112m.
- £2.200m for the vehicle replacement programme 2022/23.
- £0.110m for the ANPR 22/23 equipment replacement programme as part of the forces annual rolling programme.
- £0.237 for other projects.

Forecast

The forecast for month 3 is a year end spend of £15.856m which is a (£5.078m) variance against the latest revised budget of £20.934m. The movement of (£5.078m) comprises of slippage of £4.603m, reductions of £0.544m and advanced works from 2023/24 of £0.070m.

Slippage of £4.603m (from 2022/23 to 2023/24)

The three areas being forecast to slip into 2023/24 are Estates, Transport and IT and are comprised of:

Estates - which is expected to slip £3.301m into future years, the main projects contributing to the slippage include:

- Harwich & Dovercourt Collaboration project of £1.513m, this includes slippage of the project from 2021/22. There was a delay in the approval of the scheme with contractual negotiations in 2021/22 impacting the final delivery of the project. It should be noted that latest cost

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estimates indicate an increase of circa £2.33m which is not currently reflected within the capital programme, based mainly on increasing costs for construction.

- Other projects reporting to slip of £1.788m including Locker Replacement programme of £0.075m, capitalised maintenance programme of £0.414m, CCTV Replacement to Custody Suites of £0.752m, Boreham C block refurbishment for £0.536m and various other smaller slippage totalling to £0.011m.
- Reductions of £0.375m including Conference Room regeneration, £0.150m for the assembly hall, upgrade of Faith Rooms for £0.066m, EPC - Replacement Portacabins for £0.136m and a reduction of £0.023m for various small projects.

Transport - which is expected to slip by £1.120m relating to both the 2021/22 and 2022/23 Fleet Replacement programmes

IT - reported a small slippage of £0.182m relating to Infrastructure Technical Refresh of £0.149m due to revised stage two business case for the programme and £0.033m reduction for Legacy Digital Data store and COSMOS replacement.

Reductions of £0.544m

Estates – the main reductions are for the Replacement Portacabin of £0.136m, slipped from 2021/22 but the previously approved amount is now not fully required. The Conference Room Regeneration of £0.150m which is no longer required, £0.066m for the upgrade of faith rooms as the project has been completed and £0.033m for other smaller projects.

IT - reduction of budget of £0.108m, including the Digital Interview Replacement (CODES) of £0.084m and £0.024m on other projects.

Other - £0.048m reduction for Firearms & Component Parts with the remaining £0.014m on other smaller projects.

Advanced Works of £0.070m

IT – advanced works of £0.070m for the Data Centre Migration project.

General Update

Transport teams 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. This, and the worldwide shortage of semi-conductor chips and now the war with Russia and Ukraine has significantly delayed delivery and this is the principal reason for the slippage being recognised within this area of the capital programme.

The capital programme continues to report significant slippage for the period. The pandemic continues to present significant challenges for the feasibility and delivery of the capital programme due to the impact of COVID-19 in 2021-22 and the way this has shaped capital spending plans for 2022/23 and future years. In addition, other external forces including the slow economic recovery, high inflation, overall global and regional recession and increase in energy costs all contributing to the delay in the delivery of the PFCC capital programme. The force continues to be faced with practical issues including problems with supply chains and shortage of labour. In addition, there are internal resourcing issues in respect of recruiting to key vacant positions within Estates Services contributing considerably to the delay in delivery of their major capital schemes.

The financing plan for 2022-23 position reflects the optimal allocation of capital resources over the medium-term financial period to minimise costs to the force. Capital receipts are forecast to be

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£4.29m for 2022/23, £4.26m of this money is being used in financing the Capital Programme in 2022/23.

£4.357m of revenue contributions were brought forward from 2021/22 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 across this period.

The financing requirement for unfinanced capital expenditure is forecast at £6.311m which equates to approximately 40% of the year's financing plan. Based on the latest treasury management information available there may be a need to external borrowing in 2022/23.

Appendix 1

CAPITAL PROGRAMME 2022/23 MONTH 3 MONITORING POSITION EXPENDITURE FORECAST VARIANCE REPORT

	Additions	Advanced Works	Reductions	Slippage c/f	Total Variances
	£000	£000	£000	£000	£000
FORECAST OUTTURN VARIANCES					
ANPR projects	-	-	-	-	-
Estates projects	-	-	(375)	(3,301)	(3,676)
IT projects	-	70	(108)	(182)	(220)
Transport projects	-	-	(9)	(1,120)	(1,129)
OPC projects	-	-	(50)	-	(50)
SCD projects	-	-	-	-	-
Other projects	-	-	(3)	-	(3)
<i>Subject to Approval projects</i>	-	-	-	-	-
TOTAL VARIANCES TO BUDGET	-	70	(544)	(4,603)	(5,078)

Appendix 2

CAPITAL PROGRAMME 2022/23 FULL YEAR MONITORING POSITION

	Original Budget	Slippage brought forward from 2021/22	Subject to Approval Approved in year	Additions	Advanced Works	Reductions	Slippage c/f	2022/23 Forecast Outturn
	£000	£000	£000	£000	£000	£000	£000	£000
FULL YEAR POSITION								
ANPR projects	123	70	110	-	-	-	-	303
Estates projects	5,308	2,162	-	-	-	(375)	(3,301)	3,795
IT projects	1,998	803	2,917	-	70	(109)	(182)	5,496
Transport projects	1,324	210	2,200	-	-	(8)	(1,120)	2,606
OPC projects	455	(384)	-	-	-	(50)	-	21
SCD projects	0	38	-	-	-	-	-	38
Other projects	103	146	237	-	-	(3)	-	483
<i>Subject to Approval projects</i>	8,579	-	(5,464)	-	-	-	-	3,115
TOTAL VARIANCES	17,889	3,045	-	-	70	(545)	(4,603)	15,856