

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:	DCC Prophet – 13th August 2022

1.0 Purpose of Report

1.1 This report identifies the 2022/23 Month 4 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 July, Month 4, financial position.

5.0 Current Work and Performance

5.1 The Month 4 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

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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 The forecast does not include the impact of increasing the Southeast Allowance for police officers currently entitled to receive this to the maximum of £3,000 per annum with effect from September 2020, and an assumption that the police staff pay award will be matched to police officers at £1,900/annum (less the 2.1% already awarded); however, it is intended for these elements to be included in the month 5 forecast.

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 at month 4 is £2.193m against the 2022/23 revenue budget of £352.2m (0.62% variance).

The forecast overspend includes expenditure of £4.774m in connection with Op Hazel (based on the position at the end of July), of which £2.731m is in relation to Mutual Aid contributions. The force is seeking a full reimbursement of costs from the Home Office via special grant funding, which if agreed, would result in a revenue forecast underspend of £2.581m.

The force variance to current budget at subjective level is detailed in Section 3.2 of the report and the movement from Month 3 to Month 4 is detailed in Section 3.3 of the report

WORKFORCE

The Police Officer strength forecast at the end of July is 3,582 FTE and forecast to be 3,755 FTE at year end. The underspend on Police Officer Pay and Allowances is £1.6m.

The Police Staff strength at the end of June is 2,132 FTE. Vacancies at 30th June were 73 FTEs above the vacancy factor of 135 FTEs. Total vacancies are 208 FTEs. The underspend on Police Staff Pay and Allowances is £2.6m.

The PCSO strength at the end of June is 93 FTE and forecast to be 103 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 4 is £0.010m.

A list of all appropriations to and from earmarked reserves is noted in Section 2 of the report.

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

CAPITAL

The forecast for month 4 is a year end spend of £16.123m, which is a £5.041m underspend against the latest revised budget of £21.164m (23.8% variance).

The financing requirement for unfinanced capital expenditure is forecast at £6.343m 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						
N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total		0				
Appropriations (from) Earmarked Reserves						
ER005/22	Op Grip	(10)	Utilisation of Home Office grant received in 2021/22, with agreement to fund 2022/23 Op Grip expenditure.	Appropriation from Earmarked Reserve for its intended use	Restricted Grant Reserve	Police Officer Pay & Allowances / Police Staff Pay & Allowances
Total		(10)				
Net appropriation to/(from) Earmarked Reserves		(10)				

3. Revenue

3.1 Revenue Summary

In Month - Month 04			Year to Date - Month 04			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	Movement from Prior Month - Revised Budget
£000	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000	£000
17,385	16,403	(983)	69,540	65,142	(4,399)	Employees								
681	688	7	2,723	4,399	1,676	Police Officer Pay and Allowances	206,514	2,107	208,621	65,142	206,999	485	(1,622)	86
87	122	34	349	422	72	- Police Officer Pay and Allowances	7,715	454	8,169	4,399	10,212	2,497	2,043	140
0	0	0	0	0	0	- Overtime and Operational Performance	1,085	(38)	1,047	422	1,483	398	435	8
18,153	17,212	(941)	72,612	69,962	(2,650)	- Associated Police Pay	0	0	0	0	0	0	0	0
						- In-Year Savings Shortfall/(Surplus)	215,313	2,524	217,837	69,962	218,694	3,381	857	234
303	280	(24)	1,212	1,104	(108)	Police Officer Pay and Allowances	3,615	22	3,637	1,104	3,497	(118)	(140)	(64)
						PCSO Pay and Allowances								
7,795	7,899	104	31,182	29,366	(1,816)	Police Staff Pay and Allowances	92,753	793	93,546	29,366	90,881	(1,872)	(2,665)	(1,139)
145	191	46	581	728	148	- Police Staff Pay & Allowances	1,146	596	1,742	728	2,417	1,271	675	67
7,941	8,090	150	31,763	30,094	(1,668)	- Police Staff Overtime and Agency	93,899	1,389	95,288	30,094	93,299	(601)	(1,989)	(1,072)
354	300	(54)	1,416	1,523	107	Police Staff Pay and Allowances	4,247	0	4,247	1,523	4,201	(46)	(46)	0
158	179	20	633	696	63	Pensions (Ill Health / Medical)	1,852	46	1,898	696	1,915	63	17	38
46	197	151	182	295	113	Training	547	0	547	295	616	69	69	0
26,955	26,257	(698)	107,818	103,675	(4,143)	Other Employee Expenses	319,473	3,981	323,454	103,675	322,222	2,749	(1,232)	(864)
801	698	(104)	3,205	2,859	(346)	Employees Total	9,611	5	9,616	2,859	10,360	749	744	35
518	431	(88)	2,073	2,429	356	Premises	6,204	15	6,220	2,429	7,054	849	834	(3)
	0					Transport	42,242	(168)	42,074	16,360	42,222	(20)	148	(338)
3,506	3,780	274	14,025	16,360	2,335	Supplies and Services	446	(446)	0	0	0	(446)	0	0
0	0	0	0	0	0	- Supplies and Services	42,688	(614)	42,074	16,360	42,222	(466)	148	(338)
3,506	3,780	274	14,025	16,360	2,335	- In-Year Investments	7,874	(62)	7,812	2,706	9,810	1,936	1,998	(1,125)
						Supplies and Services	385,851	3,325	389,176	128,029	391,669	5,818	2,493	(2,294)
651	2,332	1,681	2,604	2,706	102	Third Party Payments	(35,006)	(3,230)	(38,236)	(3,662)	(38,430)	(3,424)	194	(178)
32,431	33,498	1,066	129,725	128,029	(1,697)	Gross Expenditure	350,845	95	350,940	124,366	353,239	2,394	2,299	(2,472)
(3,186)	(1,223)	1,964	(12,745)	(3,662)	9,083	Income	52	0	52	(25)	(48)	(100)	(100)	(100)
29,245	32,275	3,030	116,980	124,366	7,386	Net Cost of Services	796	0	796	0	790	(6)	(6)	0
						Other Expenditure / (Income)	351,694	95	351,788	124,341	353,981	2,288	2,193	(2,572)
4	(19)	(24)	17	(25)	(43)	Capital and Other Adjustments	(352,200)	0	(352,200)	(114,617)	(352,200)	0	0	0
66	0	(66)	265	0	(265)	Sources of Finance	(506)	95	(412)	9,725	1,781	2,288	2,193	(2,572)
29,316	32,255	2,940	117,263	124,341	7,078	(Surplus)/Deficit before appropriations	712	(95)	618	666	618	(95)	0	0
(29,350)	(29,704)	(354)	(117,400)	(114,617)	2,783	Contribution to/(from) Earmarked Reserves	(206)	0	(206)	(206)	(2,399)	(2,193)	(2,193)	2,572
(34)	2,552	2,586	(137)	9,725	9,862	Contribution to/(from) General Reserve	(0)	(0)	(0)	10,185	0	0	0	(0)
						(Surplus)/Deficit after appropriations	(0)	(0)	(0)	10,185	0	0	0	(0)
51	1,689	1,638	206	666	460									
(17)	(435)	(418)	(69)	(206)	(137)									
(0)	3,806	3,806	(0)	10,185	10,185									

¹Even monthly profile of Revised Budget

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

³Includes Op Hazel expenditure of £4.8m

3.2 Revenue Summary – Supporting Commentary

Police Officer Pay and Allowances - £0.857m overspend

Explanation of forecast variance

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 £2.9m 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, with a further increase to 29 FTE per month for the 3-month period from September to November. Further underspend is recognised due to Home Office Op Grip funding for Officer posts that are already provided for in Pay Budget Setting (£0.3m).

This underspend is partially offset through the inclusion of the pay award agreed in July, net of Home Office contribution (£1.4m) and an 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 (£0.4m).

In addition, there is a significant Police Officer Overtime overspend (over and above the overtime and NI spend of £1.5m for Op Hazel) to cover vacancies in Contact Management and Crime and Public Protection in response to increased investigative requirements, notably in high harm areas where crime rates have risen considerably (£0.7m).

The forecast does not include the impact of increasing the Southeast Allowance for police officers currently entitled to receive this to the maximum of £3,000 per annum with effect from September 2020, however it is intended for this to be included in the month 5 forecast.

Explanation of adjustments to Original Budget (virements)

The adjustments from Original Budget to the Revised Budget during Month 4 include a Home Office contribution to the Officer pay award (£1.610m), and external funding for Op Grip – Police Officer Pay and Overtime (£0.645m), mutual assistance income for Op Unity – Commonwealth Games (£0.120m), and Serious Violence Unit operational activity funded by the National County Lines Coordination Centre (£0.100m), all of which have a corresponding budget adjustment against Income.

Police Staff Pay and Allowances - £1.989m underspend

Explanation of forecast variance

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 to date (£1.2m), maternity savings against established posts (£0.5m), and delays in the recruitment of staff growth posts (45.5 FTE still to be recruited) and existing staff being recruited to staff growth posts which create vacancies elsewhere (£0.3m). The underspend is partially offset

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by budgeted savings not expected to be achieved in year, relating to the 2021/22 savings programme (£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 (£0.6m).

The forecast does not include an assumption that the police staff pay award will be matched to police officers at £1,900/annum (less the 2.1% already awarded), however it is intended for this to be included in the month 5 forecast.

Explanation of adjustments to Original Budget (virements)

Previously reported adjustments to Original Budget, up to and including Month 3, total £1.330m.

Premises - £0.744m overspend

Explanation of forecast variance

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.

Transport - £0.834m overspend

Explanation of forecast variance

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 on the 2021/22 year end outturn position.

Supplies and Services - £0.148m overspend

Explanation of forecast variance

The overspend relates to accommodation and food provisions provided for Op Hazel, partially offset by a reduction in forensic analysis costs based on average monthly submission spends to date of £0.140m versus budgeted expenditure of £0.190m per month. A market renegotiation of Forensic Services is scheduled for 2023/24, and it is unclear at this stage whether the outcome of that process will facilitate a future saving against budget.

Explanation of adjustments to Original Budget (virements)

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).

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Third Party Payments - £1.998m overspend

Explanation of forecast variance

The overspend is due to Mutual Assistance required from other Police forces for Op Hazel, totalling £2.8m. 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 - £0.194m surplus

Explanation of forecast variance

The forecast includes recovery of force expenditure of £0.146m following a detailed review of the Stansted Overhead recharge calculation, which forms part of an agreed contract increase for 2022/23.

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 for Home Office funding and externally funded activity, all of which have a corresponding forecast adjustment.

Net Contribution from Earmarked Reserves - £0.095m

As noted in Section 2 of the report.

Contribution from General Reserve - £2.193m

As noted in Section 1 of the report.

3.3 Main Forecast Movements since Month 3

Main Changes to Forecast Outturn Variance since Month 3

	Change in Forecast Outturn Variance £m	
Month 3 Forecast Outturn Variance	4.8	Overspend
Police Officer Pay and Allowances	0.2	Includes the net impact of the Officer pay award agreed in July (£1.4m), offset by changes to the probationer recruitment profile, to reflect more leavers in the proceeding months and further intakes towards the end of the financial year (£1.0m), plus Home Office Op Grip funding for Officer posts that are already provided for in Pay Budget Setting (£0.3m). The ongoing response to staffing shortages within Contact Management has increased the officer overtime overspend by £0.1m as officers undertake necessary duties to maintain the required service.
Police Staff Pay and Allowances	(1.1)	Includes the impact of net 16 FTE leavers in July 2022, delays in the recruitment of staff growth posts (45.5 FTE still to be recruited) and existing staff being recruited to staff growth posts which create vacancies elsewhere.
Supplies and Services	(0.4)	Reduction in Forensic Analysis costs of £0.4m based on average monthly submissions spend to date of £0.140m versus budgeted expenditure of £0.190m per month. A market renegotiation of Forensic Services is scheduled for 2023/24, and it is unclear at this stage whether the outcome of that process will facilitate a future saving against budget.
Third Party Payments	(1.1)	Mutual Aid claims for Op Hazel have resulted in a lower cost to the force than was forecast at the beginning of the operation. A significant number of claims have now been verified and accounted for (84%), with all remaining claims being followed up with individual forces.
Income	(0.1)	Includes a recovery of force expenditure of £0.1m following a detailed review of the Stansted Overhead recharge calculation, which forms part of an agreed contract increase for 2022/23.
Interest Receivable	(0.1)	Increases in base rate over and above budgeted expectations, as well as the additional opportunities available in the investment market, means forecast returns are now higher than originally expected.
Month 4 Forecast Outturn Variance	2.2	Overspend

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	
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 15th July 2022 - updated by Mr Leicester 25th July 2022														
Strength	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	
17	1st April 2022 Strength	3,572	3,543	3,525	3,585	3,564	3,616	3,597	3,670	3,643	3,624	3,703	3,682	
18	Leavers (note 7)	(30)	(18)	(21)	(23)	(25)	(29)	(29)	(29)	(21)	(21)	(21)	(21)	(288)
19	Starters (note 8)	1	0	81	2	77	10	102	2	2	100	0	94	471
20	Net change	(29)	(18)	60	(21)	52	(19)	73	(27)	(19)	79	(21)	73	183
21	Officer strength - month end	3,543	3,525	3,585	3,564	3,616	3,597	3,670	3,643	3,624	3,703	3,682	3,755	
22	Difference to 3755fte - over / (under)	(212)	(230)	(170)	(191)	(139)	(158)	(85)	(112)	(131)	(52)	(73)	(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	£15.63m	£16.56m	£16.56m	£16.42m	£16.66m	£17.79m	£16.73m	£17.02m	£16.61m	£16.70m	£16.95m	£20.51m	£204.14m
24	2022/23 Leavers					(£0.08m)	(£0.17m)	(£0.26m)	(£0.36m)	(£0.42m)	(£0.49m)	(£0.56m)	(£0.62m)	(£2.96m)
25	2022/23 Starters					£0.02m	£0.29m	£0.47m	£0.70m	£0.91m	£0.83m	£1.18m	£1.42m	£5.82m
26	Other Costs					£0.00m	£0.00m	£0.00m	£0.00m	(£0.01m)	£0.00m	£0.00m	£0.00m	(£0.01m)
27	Monthly Actual	£15.63m	£16.56m	£16.56m	£16.42m	£16.60m	£17.91m	£16.94m	£17.36m	£17.09m	£17.04m	£17.57m	£21.31m	£206.99m
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)	(52)	(55)	(59)	(70)	(72)	(46)	(56)	(58)	(26)	(30)	
29	Leavers (positive number = less leavers)	(11)	1	(2)	(4)	(6)	(10)	(10)	(10)	(2)	(2)	(2)	(2)	(60)
30	Starters	(37)	(2)	(1)	0	(5)	8	36	0	0	34	(2)	32	63
31	Month End Strength Change - FTEs	(51)	(52)	(55)	(59)	(70)	(72)	(46)	(56)	(58)	(26)	(30)	(0)	3
32	Change per month FTEs	(48)	(1)	(3)	(4)	(11)	(2)	26	(10)	(2)	32	(4)	30	
	£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)	(£0.37m)	(£0.45m)	£0.53m	(£0.62m)	(£0.12m)	(£0.30m)	(£0.49m)	£0.12m	£3.72m	£0.48m

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

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 4

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 @ 31 May 22	3,755	3,525	3,572	429	15	(259)	(2)	3,755
HR data @ 30 June 22	3,755	3,585	3,572	456	15	(286)	(2)	3,755
Change	0	60	0	27	0	(27)	(0)	(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 @ 31 May 22	2,337	2,133			25	(43)
HR data @ 30 June 22	2,340	2,132			54	(73)
Change	3	(1)	0	0	29	(30)

* 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 @ 31 May 22	103	93	103	94	20	(8)	0	106
HR data @ 30 June 22	103	93	103	94	17	(8)	0	103
Change	0	0	0	0	(3)	0	0	(3)

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 @ 31 May 22	458	600
HR data @ 30 June 22	434	600
Change	(24)	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	-	-	(£0.010m)	£0.093m	-	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	(£0.180m)	£6.219m	£7.229m	
4 Operational Reserves							
Major Operational Reserve	£1.500m	-	-	-	£1.500m	£1.500m	It is good practice to hold a reserve for dealing with major incidents that will not be reimbursed by the Home Office e.g. Colchester murders, Operation Henley. These reserves are typically 1% of the force budget.
COVID Roadmap Violence Reduction Reserve	£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. Removed as part of 2022/23 budget setting. RECOMMEND CLOSURE OF THIS RESERVE - NIL BALANCE.
Chief Constables Operational C/Fwd	£0.750m	-	-	-	£0.750m	£0.750m	Operational Carry Forward resulting from the 2019/20 and 2020/21 force underspend.
Specials Constabulary Reserve	£0.145m	(£0.145m)	-	-	-	-	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	-	-	£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)	-	(£1.943m)	£12.669m	£12.669m	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	(£2.123m)	£30.427m	£25.514m	

6. Capital

6.1 Capital Summary

CAPITAL PROGRAMME 2022/23 MONTH 4 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 July 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	291	(12)
Estates projects	5,308	0	2,248	7,556	249	3,825	(3,731)
IT projects	1,998	2,917	803	5,718	982	5,483	(235)
Transport projects	1,324	2,200	210	3,734	229	2,651	(1,083)
OPC projects	455	-	(384)	71	(1)	21	(50)
SCD projects	-	-	182	182	3	182	-
Other projects	103	237	146	486	61	555	69
<i>Subject to Approval projects</i>	8,579	(5,464)	-	3,115	0	3,115	-
TOTAL EXPENDITURE	17,889	-	3,275	21,164	1,811	16,123	(5,041)
FINANCING -							
Capital Receipts	4,420	-	82	4,502		4,502	-
Revenue Contributions	5,579	-	(301)	5,278		5,278	-
Capital Grant	32	-	(32)	-		-	-
External & Other Income	0	-	-	-		-	-
Financing Requirement	7,858	-	3,526	11,384		6,343	(5,041)
TOTAL FINANCING	17,889	-	3,275	21,164	1,811	16,123	(5,041)

- 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 £5.04m underspend incorporates slippage carried forward to 2023/24, and other changes, as set out in Appendix 1.
- 3 The financing model has been update 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 on the 3rd February 2022 Police Fire & Crime panel, has been uplifted to a revised budget of **£21.164m** as at month 4 compared to £20.934m at month 3. The increase of £0.230m included two capital projects added during the year including the Radio Frequency Tracking project for £0.144m agreed outside of the Strategic Board decision process due to its covert nature and the Drug Drying Facilities project for £0.086m approved at the March 2022 Strategic Board.

The remainder comprises of slippage brought forward from 2021/22 and were:

- IT related projects of £0.803m, the main projects including £0.109m for the Infrastructure Tech Refresh programme and £0.445m for the Dashcams 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 Dovercourt 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 £0.186m and £0.024m for the Quadbikes and Marine unit projects.
- Other areas of slippage include £0.070m for ANPR capital programme and 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 Funding Distribution' column in the capital tables contained within this report. It should be noted that there were no additional schemes approved in month 4.

Forecast

The projected capital position for month 4 reflects an underspend £5.041m compared to the previous reported underspend of £5.078m. The variance of £0.267m is mainly due to the two capital projects as mentioned in the report above for £0.230m, added to the revised programme in month 4. The overall variance after accounting for the increase of £0.230m included in the revised budget in month was £0.037m. This was comprised of:

- Overall slippage of £0.054m relating to Estate projects including forecast overspend for the EPC Replacement Portacabin programme of £0.199m offset by underspend of £0.101m for Chelmsford Police Station. Other elements of underspend of £0.072m in total relate to various programmes including slippage of £0.029m for the Capital Maintenance Programme, £0.050m for Locker replacements offset by an increase in expenditure of £0.009m relating to various other smaller projects.
- The total IT slippage of £0.013m comprises an underspend of £0.084m offset by overspends on various projects of £0.097m and slippage of £0.026m. The reduction included £0.058m for the Dispatch Communication server scheme and £0.026m for the Infrastructure Technical programme and slippage of £0.026m for the Infrastructure

Official

Technical refresh scheme. The underspend was offset by overspends of £0.058m for ESMCP Project - ICCS Supplier replacement scheme, £0.026m for Taser Tracking and £0.013m relating to ESMCP project – ESN.

The other areas of variance including overspend of £0.045m relating to the Fleet replacement programme due to vehicles delivered earlier than expected. Increases of £0.144m relating to the Radio Frequency Tracking system is now included in the revised budget for month 4.

Forecast Slippage c/f of £4.69m (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 £3.362m into future years, with the main projects contributing to the slippage including:

- Harwich & Dovercourt Collaboration project £1.513m, including slippage 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 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 totalling £1.850m including the Locker Replacement programme of £0.125m, 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 £0.016m

Transport - which is expected to slip by £1.121m relating to both the 2021/22 and 2022/23 Fleet Replacement programmes.

IT - reported a small slippage of £0.208m relating to Infrastructure Technical Refresh, £0.149m due to revised stage two business cases, £0.026m slippage for Audio Visual upgrade Assembly Hall and £0.033m reduction for Legacy Digital Data store and COSMOS replacement.

Projects Forecast to Underspend of £0.787m

Estates – the main reductions are for the replacement portacabin of £0.136m and Chelmsford Police Station of £0.101m, slipped from 2021/22 with the previously approved amount now no longer fully required and. Other significant slippage includes the Conference Room Regeneration of £0.150m which is no longer required, £0.066m for the upgrade of faith rooms (the project has been completed) and £0.043m for other smaller projects.

IT - reduction of forecast of £0.192m, including the Digital Interview Replacement (CODES) £0.084m, Dispatch Communication Server of £0.058m and £0.050m on other projects.

Other - £0.48m reduction for Firearms & Component Parts with the remaining £0.052m on other smaller projects.

Official

Projects Forecast to Overspend of £0.440m

IT – advanced works of £0.070m for the Data Centre Migration project, £0.013m for ESMCP (ESN project), Taser tracking of £0.026m and ESMCP (ICCS supplier replacement) project £0.058m.

Estates - significant overspend include £0.119m for the replacement portacabins and £0.009m for other smaller projects.

Transport – this overspend relates to the earlier fleet replacement programme totalling £0.073m.

Other Project – this is comprised of body armour (police officer uplift) of £0.072m.

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. There are forecast to be £4.5m of capital receipts available in 2022/23 and the majority of these are forecast to be used to finance 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 £6.34m which equates to approximately 40% of the year's financing plan. Based on the latest treasury management information available there may be a need for external borrowing in 2022/23.

CAPITAL PROGRAMME 2022/23 MONTH 4 MONITORING POSITION

	Slippage b/f	SB -	SB -	Delegated	Delegated	Total
	£000	Changes to Existing Programme*	New Projects Approved	Authority - Changes to Existing	Authority - New Projects Approved	Movements
APPENDIX 1 - OTHER APPROVED BUDGET CHANGES						
ANPR projects	70		0	0	0	70
Estates projects	1,752	411	86	0	0	2,249
IT projects	393	410	0	0	0	803
Transport projects	210		0	0	0	210
OPC projects	(384)		0	0	0	(384)
SCD projects	38	0	144	0	0	182
Other projects	146		0	0	0	146
TOTAL	2,224	821	230	-	-	3,275

*including differences in values between budget setting bid compared to final approved business case

CAPITAL PROGRAMME 2022/23 MONTH 4 MONITORING POSITION

	Additions	Forecast	Forecast	Slippage c/f	Total
	£000	Overspend	Underspend	£000	Variances
APPENDIX 2 - FORECAST OUTTURN VARIANCES					
ANPR projects	0	1	(12)	0	(11)
Estates projects	0	128	(496)	(3,362)	(3,730)
IT projects	0	167	(192)	(208)	(233)
Transport projects	0	73	(35)	(1,121)	(1,083)
OPC projects	0	0	(50)	(1)	(51)
SCD projects	0	0	0	0	0
Other projects	0	72	(3)	0	69
<i>Subject to Approval projects</i>	0	0	0	0	0
TOTAL VARIANCES	0	440	(787)	(4,692)	(5,041)