

Performance and Resources Scrutiny Programme 2022/23

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

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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:	20/09/22 Pre-Meet

1.0 Purpose of Report

1.1 This report identifies the 2022/23 Month 5 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 August, Month 5, financial position.

5.0 Current Work and Performance

5.1 The Month 5 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.

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 force is seeking a full reimbursement of Op Hazel costs from the Home Office via special grant funding, which if agreed, would result in a revenue forecast overspend of £0.639m.

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 5 is £5.413m against the 2022/23 revenue budget of £352.2m (1.54% 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 overspend of £0.639m.

The force variance to current budget at subjective level is detailed in Section 3.2 of the report and the movement from Month 4 to Month 5 is detailed in Section 3.3 of the report

WORKFORCE

The Police Officer strength forecast at the end of August is 3,620 FTE and forecast to be 3,755 FTE at year end. The underspend on Police Officer Pay and Allowances, excluding overtime and Temporary Duty Allowance, is £0.7m.

The Police Staff strength at the end of July is 2,103 FTE. Vacancies at 31st July were 102 FTEs above the vacancy factor of 135 FTEs. Total vacancies are 237 FTEs. The underspend on Police Staff Pay and Allowances, excluding overtime, is £1.3m.

The PCSO strength at the end of July is 97 FTE and forecast to be 101 FTE at year end.

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

RESERVES

A list of all appropriations to and from earmarked reserves is noted in Section 2 of the report, which have a nil net impact.

The in-year financial impact of £1.177m resulting from a £500/annum increase in South East Allowance from 1 September 2022 has been funded from the General Reserve as per the PFCC decision report.

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

CAPITAL

The forecast for month 5 is a year end spend of £15.970m, which is a £5.194 underspend against the latest revised budget of £21.164m (24.5% variance).

The financing requirement for unfinanced capital expenditure is forecast at £6.218m 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, but not until the last quarter of the financial year at least.

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						
ER006/22a	Contribution to Future Capital Funding Reserve from Forfeitures Money Reserve	262	Funding in relation to two capital projects (Drugs Drying Store and Covert Trackers) approved at March 2022 Strategic Board, and now being transferred from the Forfeitures Reserve to the Future Capital Funding Reserve, from where the funding will be drawn down to finance the related capital expenditure forecast in 2022/23	March 2022 Strategic Board + Covert approval	Future Capital Funding Reserve	Forfeitures Money Reserve
Total		262				
Appropriations (from) Earmarked Reserves						
ER006/22b	Contribution to Future Capital Funding Reserve from Forfeitures Money Reserve	(262)	Funding in relation to two capital projects (Drugs Drying Store and Covert Trackers) approved at March 2022 Strategic Board, and now being transferred from the Forfeitures Reserve to the Future Capital Funding Reserve, from where the funding will be drawn down to finance the related capital expenditure forecast in 2022/23	March 2022 Strategic Board + Covert approval	Forfeitures Money Reserve	Future Capital Funding Reserve
Total		(262)				
Net appropriation to/(from) Earmarked Reserves		0				

3. Revenue

3.1 Revenue Summary

In Month - Month 05			Year to Date - Month 05			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
17,483	16,584	(899)	87,416	81,725	(5,691)	Employees								
681	878	198	3,404	5,278	1,874	Police Officer Pay and Allowances	206,514	3,284	209,798	81,725	209,084	2,570	(714)	908
87	146	59	436	568	131	- Police Officer Pay and Allowances	7,715	454	8,169	5,278	10,804	3,089	2,635	592
0	0	0	0	0	0	- Overtime and Operational Performance	1,085	(38)	1,047	568	1,528	444	481	46
18,251	17,608	(643)	91,256	87,571	(3,685)	- Associated Police Pay	0	0	0	0	0	0	0	0
						- In-Year Savings Shortfall/(Surplus)	215,313	3,701	219,014	87,571	221,416	6,103	2,402	1,545
303	277	(26)	1,515	1,381	(135)	Police Officer Pay and Allowances	3,615	22	3,637	1,381	3,602	(13)	(35)	105
7,795	7,826	31	38,977	37,192	(1,785)	PCSO Pay and Allowances	92,753	793	93,546	37,192	92,256	(497)	(1,290)	1,374
145	287	142	726	1,015	289	Police Staff Pay and Allowances	1,146	596	1,742	1,015	2,662	1,516	920	245
7,941	8,113	173	39,703	38,208	(1,496)	- Police Staff Pay & Allowances	93,899	1,389	95,288	38,208	94,918	1,018	(370)	1,619
354	319	(35)	1,769	1,823	54	- Police Staff Overtime and Agency	4,247	0	4,247	1,823	4,201	(46)	(46)	0
158	106	(52)	791	802	11	Police Staff Pay and Allowances	1,852	46	1,898	802	1,950	98	52	35
46	176	130	228	471	243	Pensions (Ill Health / Medical)	547	0	547	471	642	94	94	25
27,053	26,599	(454)	135,263	130,256	(5,007)	Other Employee Expenses	319,473	5,157	324,631	130,256	326,729	7,255	2,098	3,330
801	791	(10)	4,007	3,650	(356)	Employees Total	9,611	5	9,616	3,650	10,355	744	739	(5)
518	515	(3)	2,592	2,945	353	Premises	6,204	15	6,220	2,945	6,871	667	652	(183)
0	0	0	0	0	0	Transport	42,242	(168)	42,074	20,755	42,304	62	230	82
3,506	4,396	890	17,531	20,755	3,225	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	20,755	42,304	(384)	230	82
3,506	4,396	890	17,531	20,755	3,225	- In-Year Investments	7,874	(62)	7,812	3,243	9,838	1,964	2,026	28
651	537	(114)	3,255	3,243	(12)	Supplies and Services	385,851	4,501	390,352	160,849	396,097	10,246	5,745	3,252
32,529	32,838	309	162,647	160,849	(1,798)	Third Party Payments	(35,006)	(3,230)	(38,236)	(5,679)	(38,406)	(3,400)	(170)	23
(3,186)	(2,017)	1,169	(15,932)	(5,679)	10,252	Gross Expenditure	350,845	1,271	352,116	155,170	357,691	6,846	5,575	3,275
29,343	30,821	1,478	146,715	155,170	8,455	Income	52	0	52	(47)	(103)	(155)	(155)	(55)
4	(22)	(26)	22	(47)	(69)	Net Cost of Services	796	0	796	0	790	(6)	(6)	0
66	0	(66)	32	0	(332)	Other Expenditure / (Income)	351,694	1,271	352,965	155,123	358,378	6,685	5,413	3,220
29,414	30,800	1,386	147,069	155,123	8,054	Capital and Other Adjustments	(352,200)	0	(352,200)	(144,320)	(352,200)	0	0	0
(29,350)	(29,704)	(354)	(146,750)	(144,320)	2,430	Sources of Finance	(506)	1,271	765	10,803	6,178	6,685	5,413	3,220
64	1,096	1,032	319	10,803	10,484	(Surplus)/Deficit before appropriations	712	(95)	618	671	618	(95)	0	0
51	5	(47)	257	671	414	Contribution to/(from) Earmarked Reserves	(206)	(1,177)	(1,383)	(206)	(6,796)	(6,590)	(5,413)	(3,220)
(115)	0	(115)	(576)	(206)	370	Contribution to/(from) General Reserve	(0)	(0)	(0)	11,268	0	0	0	(0)
0	1,101	1,101	0	11,268	11,268	(Surplus)/Deficit after appropriations								

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 - £2.402m 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 £2.3m 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 of £0.3m is recognised due to Home Office Op Grip funding for Officer posts that are already provided for in Pay Budget Setting.

This underspend is offset by 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 (£0.9m) and OPC to reflect significant activity in connection with Force Support Unit (FSU) vacancies, Roads Policing and OPC special operations (£0.4m).

The in-year financial impact of £1.177m resulting from a £500/annum increase in South East Allowance from 1 September 2022 has been funded from the General Reserve as per the PFCC decision report.

Explanation of adjustments to Original Budget (virements)

The adjustment from Original Budget to the Revised Budget during Month 4 is to reflect funding from the General Reserve to meet the in-year cost of £1.177m associated with increasing the South East allowance by £500/annum from 1 September 2022, as per the PFCC decision report. Previously reported adjustments to Original Budget, up to and including Month 4, total £2.524m.

Police Staff Pay and Allowances - £0.370m underspend

Explanation of forecast variance

The underspend includes material variances in relation to the impact of net leavers to date (£1.8m), the impact of the opening force funded strength being 30.5 FTE less than budget (£1.0m), 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 by

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the impact of increasing the forecast for the Staff pay award based on a £1,900 increase for all grades from 1 September 2022, which is yet to be confirmed (£2.1m), budgeted savings relating to the 2021/22 savings programme 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 (£0.7m).

Explanation of adjustments to Original Budget (virements)

Previously reported adjustments to Original Budget, up to and including Month 4, total £1.389m.

Premises - £0.739m 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 - £0.652m overspend

Explanation of forecast variance

The overspend includes an 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, partially offset by an underspend in relation to vehicle insurance premiums following confirmation of the premium element relating to the period October 2022 to March 2023. The decrease reflects the revised allocation of premium across SEERPIC forces, based on claims experience and vehicle numbers and this is the reason for the reduction in overspend since last month.

Supplies and Services - £0.230m 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)

Previously reported adjustments to Original Budget, up to and including Month 4, total £0.614m.

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Third Party Payments - £2.026m 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 - £0.170m surplus

Explanation of forecast variance

The forecast includes recovery of force overhead expenditure of £0.146m following a detailed review of the Stansted Overhead recharge calculation, which forms part of an agreed contract amendment 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.

Other Expenditure/(Income) - £0.155m surplus

Explanation of forecast variance

Increases in base rate over and above budgeted expectations, as well as the additional opportunities available in the investment market, means interest receivable forecast returns are now higher than originally expected.

Contribution from General Reserve - £5.413m

As noted in Section 1 of the report in terms of the revenue forecast overspend position for the force. The adjustment from Original Budget to the Revised Budget during Month 4 is to reflect funding from the General Reserve to meet the in-year cost of £1.177m associated with increasing the South East allowance by £500/annum from 1 September 2022, as per the PFCC decision report.

3.3 Main Forecast Movements since Month 4

Main Changes to Forecast Outturn Variance since Month 4

	Change in Forecast Outturn Variance £m	
Month 4 Forecast Outturn Variance	2.2	Overspend
Police Officer Pay and Allowances	1.5	<p>The Month 5 position includes the financial impact resulting from a £500/annum increase in South East Allowance from 1 September 2022, that has been funded from the General Reserve as per the PFCC decision report, and so does not have any impact on the movement in variance against budget.</p> <p>There is a reported overspend of £0.6m due to the impact of changes in the probationer recruitment profile, primarily due to 14 FTE more transferees forecast to join in September and 7 FTE less leavers in August than previously forecast, in addition to some further overspends accumulating to £0.3m, i.e. associated NI payments on increased expenditure in respect of overtime and allowances. In respect of Officer overtime, there is a £0.4m increase for OPC to reflect significant activity in connection with Force Support Unit (FSU) vacancies, Roads Policing and OPC special operations; and a £0.2m increase to the Contact Management overspend related to costs incurred to achieve target grade of service whilst managing considerable shortfall in staffing.</p>
PCSO Pay and Allowances	0.1	Includes £0.1m increase resulting from the impact of increasing the forecast for the pay award for all PCSO pay grades to £1,900 from 1 September 2022.
Police Staff Pay and Allowances	1.6	Includes £2.1m increase resulting from the impact of increasing the forecast for the pay award for all Staff pay grades to £1,900 from 1 September 2022, partially offset by a reduction of £0.6m due to net leavers in July and August. In respect of Staff overtime, there is a £0.1m increase to the Contact Management overspend related to costs incurred to achieve target grade of service whilst managing considerable shortfall in staffing.
Transport	(0.2)	Reduction in vehicle insurance premiums following confirmation of the premium element relating to the period October 2022 to March 2023. The decrease reflects the revised allocation of premium across SEERPIC forces, based on claims experience and vehicle numbers.
Further Variances	0.2	Various changes across the force to reflect latest information which are less than £100k, including £93k for Communications and Technology (part of Supplies and Services), £35k for Training related expenditure and £28k for Third Party Payments.
Month 5 Forecast Outturn Variance	5.4	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												
		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
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 August 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	3,620	3,615	3,690	3,663	3,642	3,721	3,700	
18	Leavers	(28)	(19)	(21)	(22)	(18)	(29)	(29)	(29)	(21)	(21)	(21)	(21)	(279)
19	Starters (note 7)	1	0	81	1	75	24	104	2	0	100	0	77	464
20	Other Adjustments (note 8)	(2)	0	(0)	0	0	0	0	0	0	0	0	(1)	(2)
21	Net change	(29)	(18)	60	(21)	56	(5)	75	(27)	(21)	79	(21)	55	183
22	Officer strength - month end	3,543	3,525	3,585	3,564	3,620	3,615	3,690	3,663	3,642	3,721	3,700	3,755	
23	Difference to 3755fte - over / (under)	(212)	(230)	(170)	(191)	(135)	(140)	(65)	(92)	(113)	(34)	(55)	(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	
24	Costed Strength before starters/leavers	£15.63m	£16.56m	£16.56m	£16.42m	£16.56m	£17.82m	£16.71m	£17.02m	£16.56m	£16.66m	£16.93m	£21.60m	£205.03m
25	2022/23 Leavers					£0.00m	(£0.09m)	(£0.18m)	(£0.28m)	(£0.34m)	(£0.41m)	(£0.48m)	(£0.55m)	(£2.33m)
26	2022/23 Starters					£0.00m	£0.31m	£0.56m	£0.81m	£1.02m	£0.92m	£1.27m	£1.49m	£6.38m
27	Other Costs					£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m
28	Monthly Actual	£15.63m	£16.56m	£16.56m	£16.42m	£16.56m	£18.04m	£17.09m	£17.55m	£17.24m	£17.17m	£17.72m	£22.54m	£209.08m
Variance from Budget Setting														
	Actual FTE				Forecast FTE									
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	
	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	
29	Strength @ beginning of month (negative=reduction)	(3)	(51)	(52)	(55)	(59)	(66)	(54)	(26)	(36)	(40)	(8)	(12)	
30	Leavers (positive number = less leavers)	(9)	0	(2)	(3)	1	(10)	(10)	(10)	(2)	(2)	(2)	(2)	(51)
31	Starters	(37)	(2)	(1)	(1)	(7)	22	38	0	(2)	34	(2)	15	56
32	Other Adjustments	(2)	0	(0)	0	0	0	0	0	0	0	0	(1)	(2)
33	Month End Strength Change - FTEs	(51)	(52)	(55)	(59)	(66)	(54)	(26)	(36)	(40)	(8)	(12)	(0)	3
34	Change per month FTEs	(48)	(1)	(3)	(4)	(7)	12	28	(10)	(4)	32	(4)	12	
	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	
35	Monthly Financial Change	(£1.11m)	(£0.10m)	(£0.32m)	(£0.37m)	(£0.49m)	£0.66m	(£0.47m)	£0.07m	(£0.15m)	(£0.36m)	£0.27m	£4.95m	£2.57m

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	Starters includes probationers, transferees and rejoiners
8	Other adjustments include miscellaneous losses and gains e.g. officers going on secondment or career break. It also includes net adjustments to part time hours

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)

	INTAKE		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

	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 5

1. Police Officers - Budget Based on Strength

	Current Position - FTEs		Financial Forecasting FTEs					Strength at 31st March 2023
	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	
Budget Setting			3,575	384	24	(228)	0	3,755
HR data @ 30 June 22	3,755	3,585	3,572	456	15	(286)	(2)	3,755
HR data @ 31 July 22	3,755	3,564	3,572	437	27	(279)	(2)	3,755
Change	0	(21)	0	(19)	12	7	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 @ 30 June 22	2,340	2,130			54	(75)
HR data @ 31 July 22	2,340	2,103			58	(106)
Change	0	(27)	0	0	4	(31)

* 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					Strength at 31st March 2023
	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	
Budget Setting			103	103	0	0	0	103
HR data @ 30 June 22	103	97	103	94	17	(8)	0	103
HR data @ 31 July 22	103	97	103	94	17	(10)	0	101
Change	0	0	0	0	0	(2)	0	(2)

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 June 22	434	600
HR data @ 31 July 22	422	600
Change	(12)	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	£0.053m	(£0.262m)	£0.242m	£0.242m	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)	£0.138m	(£0.442m)	£5.975m	£6.985m	
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. Residual element of funding for COVID regulations at Stansted Airport was 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	£0.262m	-	£6.285m	£0.100m	Reserve to apply revenue financing to fund the force capital programme
Total	£6.982m	£1.291m	£0.262m	£0.000m	£8.535m	£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)	-	(£6.590m)	£8.022m	£8.022m	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 £6.590m reflects the month 5 overspend resulting from the inclusion of Op Hazel expenditure and the General Reserve funding of the increase to the South East Allowance from 1 September 2022.
Total Revenue Reserves	£31.924m	£0.506m	£0.400m	(£7.032m)	£25.798m	£20.623m	

6. Capital

6.1 Capital Summary

CAPITAL PROGRAMME 2022/23 MONTH 5 MONITORING POSITION SUMMARY REPORT

	2022/23 Original Budget PF&C Panel	2022/23 Subject to Approvals Funding Distribution	2022/23 Other Approved Changes (Appendix 1)	2022/23 Revised Budget	2022/23 Actuals to end of August 2022	2022/23 Forecast Outturn	2022/23 Forecast Budget Variance (Appendix 2)
	£000	£000	£000	£000	£000	£000	£000
EXPENDITURE -							
ANPR projects	123	110	70	303	287	292	(11)
Estates projects	5,308	0	2,248	7,556	392	3,700	(3,856)
IT projects	1,998	2,917	803	5,718	1130	5,454	(264)
Transport projects	1,324	2,200	210	3,734	380	2,652	(1,082)
OPC projects	455	-	(384)	71	-	21	(50)
SCD projects	-	-	182	182	47	182	-
Other projects	103	237	146	486	158	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	2,394	15,970	(5,194)
FINANCING -							
Capital Receipts	4,420	-	82	4,502		3,713	(789)
Revenue Contributions	5,579	-	(301)	5,278		6,006	728
Capital Grant	32	-	(32)	-		32	32
External & Other Income	0	-	-	-		0	-
Financing Requirement	7,858	-	3,526	11,384		6,219	(5,165)
TOTAL FINANCING	17,889	-	3,275	21,164	1,811	15,970	(5,194)

- 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 £5.194m 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 Q1 2022/23 Treasury Management report, the total external borrowing requirement is currently estimated to peak at £1.8m for the current year (excluding the £10m required to meet short-term cashflow commitments). 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.

6.2 Capital Summary – Supporting Commentary

The starting budget position of **£17.889m** as set on the 3rd of February 2022 at the Police Fire & Crime Panel, was uplifted to a revised budget of **£21.164m** in month 4 with no further changes in month 5.

In addition to the £0.821m of additional uplifts to the programme following business cases being approved which exceeded their budgeted values, the remainder of the current budget movement comprised of slippage brought forward from 2021/22. This includes:

- £1.752m relates to various projects from the Estates 2021/22 programme. This includes £0.769m for replacement portacabins, as well as other slippage (all in excess of £0.1m) for various projects such as Chelmsford Police Station, the Harwich and Dovercourt collaboration project, Boreham C Block refurbishment, the Conference Regeneration project and PAC access
- Transport slippage of £0.210m is mainly related to the slippage of the early years of fleet replacement programmes of £0.186m as well as minor slippages relating to the Quadbikes and Marine unit projects
- IT-related projects of £0.393m were mainly offset by the corresponding reduction to the OPC projects line of (£0.384m), relating to the reclassification of the Dashcams project

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 5.

Forecast

The projected capital position for month 5 reflects an underspend of £5.194m compared to the previous reported underspend of £5.041m. The minor movement of £0.153m was mainly due to reduction in forecast spend in relation to Boreham C Block refurbishment of £0.086m, £0.039m for the Estates Capital Maintenance Programme and £0.030m relating to IT for the ESMCP ESN project. There were no other significant movements in month 5 to report.

The £5.194m forecast underspend is mainly comprised of three areas – forecast slippage c/f, forecast underspends and forecast overspends, the main elements of which are set out in the following paragraphs.

Forecast Slippage c/f of £4.847m (from 2022/23 to 2023/24)

There are three main areas of spend for the 2022/23 programme which are being forecast to slip into 2023/24, relating to Estates, Transport and IT. These are comprised of:

Estates - which is expected to slip £3.487m 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

Official

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 £0.467m, CCTV Replacement to Custody Suites of £0.752m, Boreham C Block refurbishment for £0.622m 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 – who are reporting a small slippage of £0.238m. £0.149m relates to Infrastructure Technical Refresh, £0.026m slippage for the Audio-Visual Upgrade in the Assembly Hall, £0.030m relating to the ESMCP ESN project as well as a £0.033m reduction for Legacy Digital Data store and COSMOS replacement.

Forecast Underspend of £0.787m

Estates – the main reductions are for the replacement portacabins of £0.136m and Chelmsford Police Station of £0.101m, which slipped from 2021/22 with the previously approved amount now no longer fully required. Other significant slippage includes the Conference Room Regeneration of £0.150m also 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 £0.084m for Digital Interview Replacement (CODES), Dispatch Communication Server reduced spend 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.

Forecast Overspend of £0.440m

IT – total forecast overspends of £0.167m including 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) related overspend of £0.058m.

Estates – total forecast overspend of £0.128m comprising minor amounts for various projects.

Transport – this forecast overspend relates to earlier years fleet replacement programme budget allocations, totalling £0.074m.

Other Projects – this is comprised of additional body armour requirements relating to police officer uplifts, totalling £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.

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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. In respect of capital receipts available to the PFCC, the majority of these are typically forecast to be used to finance the capital programme in the same year. For month 5 the forecast for capital receipts receivable in 2022/23 has reduced to £2.832m, mainly due to a delay in the sale of Leigh Police Station. All of these are due to be used to finance 2022/23 capital expenditure, along with £0.928m of unused receipts brought forward from 2021/22.

£4.357m of revenue contributions were also 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 £6.219m which equates to nearly 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, but not until the last quarter of the financial year at least.

APPENDIX 1

CAPITAL PROGRAMME 2022/23 MONTH 5 MONITORING POSITION

	Slippage b/f	SB - Changes to Existing Programme*	SB - New Projects Approved	Delegated Authority - Changes to Existing	Delegated Authority - New Projects Approved	Total Movements
	£000	£000	£000	£000	£000	£000
APPENDIX 1 - OTHER APPROVED BUDGET CHANGES						
ANPR projects	70	-	-	-	-	70
Estates projects	1,752	411	86	-	-	2,249
IT projects	393	410	-	-	-	803
Transport projects	210	-	-	-	-	210
OPC projects	(384)	-	-	-	-	(384)
SCD projects	38	-	144	-	-	182
Other projects	146	-	-	-	-	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 5 MONITORING POSITION

	Additions £000	Forecast Overspend £000	Forecast Underspend £000	Slippage c/f £000	Total Variances £000
APPENDIX 2 - FORECAST OUTTURN VARIANCES					
ANPR projects	0	1	(12)	0	(11)
Estates projects	0	128	(496)	(3,487)	(3,855)
IT projects	0	167	(192)	(238)	(263)
Transport projects	0	74	(35)	(1,121)	(1,082)
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)	(4,847)	(5,194)