

Performance and Resources Scrutiny Programme 2022/23

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

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1.0 **Purpose of Report**

This report identifies the 2021/22 provisional outturn 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 earmarked reserves (virements and journals) that do not require approval, and to endorse and approve the appropriations to earmarked reserves (virements and journals) that do require approval (highlighted in green under Governance Process), subject to decision report approval, as noted in Section 2 of the report.
- 2.3 To approve the year end balances on earmarked reserves of £15.500m and the general reserve of £13.394m (3.8% of the 2022/23 force budget of £352.2m), as noted in section 5 of the report.

3.0 Executive Summary

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

4.0 Introduction/Background

This report sets out the provisional outturn, highlighting the changes from the Month 12 position.

5.0 Current Work and Performance

The provisional outturn financial position is reported in the main body of the report.

6.0 Implications (Issues)

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

6.1 Links to Police and Crime Plan Priorities

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

6.2 Demand

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

6.3 Risks/Mitigation

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

6.4 Equality and/or Human Rights Implications - N/A

6.5 Health and Safety Implications - N/A

7.0 Consultation/Engagement

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

8.0 Actions for Improvement - N/A

9.0 Future Work/Development and Expected Outcome

The force is seeking a full reimbursement of Op Hazel expenditure from the Home Office, which if agreed, would result in additional income of £1.581m and a revenue forecast underspend of £1.465m. Any additional special grant funding agreed for Op Hazel could be applied to the Major Incident reserve, or a Pay Equalisation reserve to fund any pay award in excess of provision made in the MTFs, subject to PFCC decision report.

1. Executive Summary

REVENUE

The provisional outturn overspend is £0.116m against the 2022/23 revenue budget of £352.2m (0.03% variance).

The provisional outturn overspend includes Op Hazel expenditure of £5.584m and receipt of Home Office special grant funding of £4.003m to date. The force is seeking a full reimbursement of Op Hazel expenditure from the Home Office, which if agreed, would result in additional income of £1.581m and a provisional outturn underspend of £1.465m.

The force variance to current budget at subjective level is detailed in Section 3.2 of the report and the movement from Month 12 to provisional outturn is detailed in Section 3.3 of the report.

WORKFORCE

The Police Officer strength at the end of March is 3,743 FTE. The underspend on Police Officer Pay and Allowances, excluding overtime and Temporary Duty Allowance, is £0.923m.

The Police Staff strength at the end of March is 2,146 FTE. Total vacancies at 31st March are 281 FTEs, including 2022/23 force growth posts. The underspend on Police Staff Pay and Allowances, excluding overtime, is £3.122m.

The PCSO strength at the end of March is 94 FTE. The underspend on PCSO Pay and Allowances is £0.037m.

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

RESERVES

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

The provisional outturn incorporates a series of year-end adjustments in support of the statutory work of the department, which could not be confirmed at the time of producing the Month 12 report. Appropriations to earmarked reserves require Chief Officer Group support and/or PFCC approval where stated.

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

CAPITAL

The capital outturn position reflects a spend of £8.573m, which is a £9.937m underspend against the revised budget of £18.510m (53.7% variance).

The financing requirement for unfinanced capital expenditure is £1.697m which equates to 19.8% of the year's financing plan. Based on the actual treasury management position at 31/3/23 there was no external borrowing requirement in 2022/23 apart from some short-term cashflow-related requirements earlier in the year.

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

2. List of Appropriations to/from Earmarked Reserves

2.1 List of Appropriations to Earmarked Reserves

URN	Description	£'000	Commentary/Description	Governance Process	Earmarked Reserve	Subjective Heading
Appropriations to Earmarked Reserves						
ER024/22	PFCC Commissioning Budgets 2022/23 C/Fwd	2,084	PFCC Commissioning Budget net underspend for Community Safety Fund, Community Safety Development Fund, Victims, Violence & Vulnerability and Safer Streets to C/Fwd reserve for use in 2023/24.	To be approved by PFCC	PFCC Commissioning Budget C/Fwd Reserve	Supplies & Services / Income
ER009/22	ESMCP - ICCS Project / Data Centre Migration Project / ESMCP - ESN Project	921	Reported at Month 8 and agreed under PFCC decision report 022-23.	PFCC decision report 022-23	Transformation Reserve	Revenue Consequences of Capital
ER025/22	Operational Transformation Reserve transfer to Transformation Reserve - Estates/IT	340	Closure of Operational Transformation Reserve and transfer of £0.340m to the Transformation Reserve for procurement of ongoing specialist consultancy support to deliver the redevelopment of Essex Police HQ and to continue supporting the Essex Centre for Data Analytics (ECDA).	PFCC decision report 117-22	Transformation Reserve	Supplies & Services / Third Party Payments
ER012/22	In-house capability in Digital Forensics	240	Reported at Month 11 and agreed under PFCC decision report 053-23.	PFCC decision report 053-23	Transformation Reserve	Supplies and Services
ER026/22	Rapid Video Response (RVR) Home Office funding	215	Home Office grant funding for the implementation of RVR that provides an immediate video first response service to an eligible call for service (DA-related), that would have otherwise awaited a physical response. The funding covers the cost of equipment and software licences, together with salaries for the RVR team and others who support the implementation.	In accordance with relevant grant stipulations and proper accounting practice	Restricted Grant Reserve	Income
ER027/22	Future Capital Funding Reserve - POCA Board funding	144	POCA Board approved bid funded from Forfeitures Reserve. Funding to be transferred to Future Capital Funding Reserve to cover related capital expenditure for Covert RF Trackers.	To be approved by Chief Officer Group and PFCC	Future Capital Funding Reserve	Capital expenditure
ER028/22	POCA legacy income	126	Legacy income transferred from the Balance Sheet in accordance with previously agreed annual process.	To be approved by Chief Officer Group and PFCC	POCA Reserve	Income
ER029/22	Forfeitures legacy income	120	Legacy income transferred from the Balance Sheet in accordance with previously agreed annual process.	To be approved by Chief Officer Group and PFCC	Forfeitures Reserve	Income
ER030/22	Future Capital Funding Reserve - POCA Board funding	86	POCA Board approved bid funded from Forfeitures Reserve. Funding to be transferred to Future Capital Funding Reserve to cover related capital expenditure for Drugs Drying Store.	PFCC decision report 022-22	Future Capital Funding Reserve	Capital expenditure
ER031/22	POCA ARIS Income	27	POCA annual income budget exceeded, and as per reserve forecasts, surpluses are transferred to the POCA Reserve, following receipt of final quarter income.	To be approved by Chief Officer Group and PFCC	POCA Reserve	Income
ER032/22	Realignment of PEQF Budget	18	PEQF course cost/subcontractor income net underspend against budget returned to PEQF reserve for use in 2023/24.	To be approved by Chief Officer Group and PFCC	PEQF	Training / Income
ER033/22	Op Dagenham	14	Appropriation for Essex Police element of planned maintenance for future years in respect of jointly-controlled asset managed by Bedfordshire Police.	To be approved by Chief Officer Group and PFCC	Op Dagenham Reserve	Third Party Payments
ER034/22	Forfeitures Income	4	Additional virement to ensure the total forfeitures income budget for 2022/23 (and corresponding appropriation) matches the actual income received in year.	To be approved by Chief Officer Group and PFCC	Forfeitures Reserve	Income
Total		4,339				

2.2 List of Appropriations from Earmarked Reserves

URN	Description	£'000	Commentary/Description	Governance Process	Earmarked Reserve	Subjective Heading
Appropriations (from) Earmarked Reserves						
ER035/22	Capital Expenditure Funded by Revenue via Future Capital Funding Reserve	(5,293)	Technical appropriation to reflect financing of the capital programme with revenue funding from the Future Capital Funding Reserve.	Technical	Future Capital Funding Reserve	Capital & Other Adjustments
ER036/22	Immediate Detriment Payments	(393)	Use of the Legal Claims Reserve (pensions element) for interim funding of one-off costs in relation to the early application of the McCloud Vs Sargeant remedy for immediate detriment police pension cases. It is expected these costs will be reclaimable from the Home Office Police Pension Scheme grant on implementation of Phase 2 of the remedy, expected in October 2023.	Appropriation from Earmarked Reserve for its intended use	Legal Claims Reserve	Pensions (Ill Health/Medical)
ER037/22	Operational Transformation Reserve transfer to Transformation Reserve - Estates/IT	(340)	Closure of Operational Transformation Reserve and transfer of £0.340m to the Transformation Reserve for procurement of ongoing specialist consultancy support to deliver the redevelopment of Essex Police HQ and to continue supporting the Essex Centre for Data Analytics (ECDA).	PFCC decision report 117-22	Operational Transformation Reserve	Supplies & Services / Third Party Payments
ER038/22	Scheme Sanction Charge	(87)	Use of the Legal Claims Reserve (pensions element) to fund of one-off historical Police Pension Scheme Sanction Charges, chargeable to the revenue account, identified as part of the balance sheet reconciliation work recommended in the 2021/22 Audit findings report.	Appropriation from Earmarked Reserve for its intended use	Legal Claims Reserve	Pensions (Ill Health/Medical)
ER039/22	Forfeitures appropriations	(86)	POCA Board approved bids for drawdown from Forfeitures Reserve, relating to capital expenditure for Drugs Drying Store.	PFCC decision report 022-22	Forfeitures Reserve	Supplies & Services / Capital Expenditure
ER040/22	Operational Transformation Reserve transfer to General Reserve - Estates/IT	(74)	Closure of Operational Transformation Reserve and transfer of £0.074m to the General Reserve for closed projects for FCR Digital Hubs and IT Research & Development Team.	PFCC decision report 117-22	Operational Transformation Reserve	General Reserve
ER041/22	Forfeitures appropriations	(44)	POCA Board approved bids for drawdown from Forfeitures Reserve, relating to capital expenditure for Covert RF Trackers, offset by original budgeted appropriation value of £100k.	Appropriation from Earmarked Reserve for its intended use	Forfeitures Reserve	Supplies & Services / Capital Expenditure
ER042/22	Joint Fleet Workshop Consultancy	(40)	Partial use of transformation reserve funding which was set aside to support Estate Services transformational projects. This reserve was held to fund specialist consultancy to deliver a new joint fleet workshop at Boreham with ECFRS.	PFCC decision report 004-21	Transformation Reserve	Supplies & Services
ER043/22	Op Caesar	(12)	Closure of specific element of the earmarked restricted grants reserve, applying funding for the running costs of quad bikes that were provided as part of a partnership project with Thurrock Council.	PFCC decision report 171-21	Restricted Grant Reserve	Training / Transport / Supplies & Services
ER044/22	Op Dagenham annual maintenance	(5)	Appropriation to cover Essex Police element of actual maintenance costs in 2022/23 in respect of jointly-controlled asset managed by Bedfordshire Police.	Appropriation from Earmarked Reserve for its intended use	Op Dagenham Reserve	Premises
Total		(6,374)				
Net appropriation to/(from) Earmarked Reserves		(2,035)				

3. Revenue

3.1 Revenue Summary

In Month - Month 13			Year to Date - Month 13			Subjective Heading	Full Year						
Budget ¹	Actual	Variance	Budget ¹	Actual	Variance		Original Budget ²	Adjustments to Original Budget	Revised Budget	Provisional Outturn 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
17,483	1,065	(16,418)	227,278	208,872	(18,406)	Employees							
763	705	(57)	9,914	13,169	3,255	<u>Police Officer Pay and Allowances</u>	206,514	3,281	209,795	208,872	2,358	(923)	119
87	31	(56)	1,132	1,558	426	- Police Officer Pay and Allowances	7,715	1,437	9,151	13,169	5,454	4,017	167
0	0	0	0	0	0	- Overtime and Operational Performance	1,085	(40)	1,045	1,558	473	513	(38)
18,333	1,802	(16,531)	238,324	223,599	(14,725)	- Associated Police Pay	0	0	0	0	0	0	0
						- In-Year Savings Shortfall/(Surplus)	215,313	4,678	219,991	223,599	8,286	3,607	248
291	0	(291)	3,783	3,455	(328)	Police Officer Pay and Allowances							
						<u>PCSO Pay and Allowances</u>	3,615	(124)	3,492	3,455	(160)	(37)	38
7,786	325	(7,461)	101,223	90,315	(10,908)	<u>Police Staff Pay and Allowances</u>	92,753	684	93,437	90,315	(2,438)	(3,122)	(55)
167	241	75	2,166	3,182	1,016	- Police Staff Pay & Allowances	1,146	853	1,999	3,182	2,036	1,183	32
7,953	566	(7,387)	103,389	93,497	(9,892)	- Police Staff Overtime and Agency	93,899	1,537	95,436	93,497	(402)	(1,939)	(23)
394	675	281	5,120	4,735	(386)	Police Staff Pay and Allowances							
167	94	(74)	2,176	1,926	(250)	Pensions (Ill Health / Medical / Other costs)	4,247	480	4,726	4,735	488	8	197
57	296	239	742	804	62	Training	1,852	157	2,009	1,926	74	(82)	(32)
27,195	3,433	(23,762)	353,534	328,015	(25,519)	Other Employee Expenses	547	138	685	804	256	119	27
803	641	(162)	10,438	10,842	404	Employees Total	319,473	6,866	326,339	328,015	8,542	1,676	454
526	406	(121)	6,843	7,390	547	Premises	9,611	24	9,635	10,842	1,231	1,207	9
0	0	0	0	0	0	Transport	6,204	112	6,316	7,390	1,186	1,074	385
3,598	4,939	1,341	46,775	43,708	(3,067)	<u>Supplies and Services</u>	42,242	935	43,177	43,708	1,466	531	1,302
0	0	0	0	0	0	- Supplies and Services	446	(446)	0	0	(446)	0	0
3,598	4,939	1,341	46,775	43,708	(3,067)	- In-Year Investments	42,688	489	43,177	43,708	1,020	531	1,302
664	1,383	719	8,632	10,182	1,550	Supplies and Services							
32,786	10,802	(21,985)	426,222	400,137	(26,084)	Third Party Payments	7,874	94	7,968	10,182	2,308	2,214	(138)
(3,704)	(12,901)	(9,197)	(48,153)	(50,621)	(2,468)	Gross Expenditure	385,851	7,584	393,435	400,137	14,286	6,702	2,012
29,082	(2,100)	(31,182)	378,069	349,516	(28,553)	Income	(35,006)	(9,443)	(44,449)	(50,621)	(15,615)	(6,172)	(577)
4	(43)	(47)	57	(417)	(474)	Net Cost of Services	350,845	(1,858)	348,987	349,516	(1,329)	530	1,435
506	0	(506)	6,582	6,072	(510)	Other Expenditure / (Income)	52	0	52	(417)	(470)	(470)	(89)
29,593	(2,142)	(31,735)	384,707	355,171	(29,536)	Capital and Other Adjustments	796	5,279	6,075	6,072	5,276	(3)	(0)
(29,350)	0	29,350	(381,550)	(352,141)	29,409	Net Expenditure	351,694	3,421	355,114	355,171	3,478	57	1,346
243	(2,142)	(2,385)	3,157	3,030	(127)	Sources of Finance	(352,200)	0	(352,200)	(352,141)	59	59	47
(134)	3,395	3,529	(1,740)	(1,606)	134	(Surplus)/Deficit before appropriations	(506)	3,421	2,914	3,030	3,537	116	1,393
(109)	(1,219)	(1,110)	(1,417)	(1,424)	(7)	Contribution to/(from) Earmarked Reserves	712	(2,318)	(1,606)	(1,606)	(2,318)	(0)	(1,261)
0	34	34	0	0	0	Contribution to/(from) General Reserve	(206)	(1,102)	(1,308)	(1,424)	(1,218)	(116)	(132)
						(Surplus)/Deficit after appropriations	0	0	0	0	0	0	0

¹Even monthly profile of Revised Budget

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

³Includes Op Hazel expenditure of £5.584m, less £4.003m Home Office funding agreed to date

3.2 Revenue Summary – Supporting Commentary

Police Officer Pay and Allowances - £3.607m overspend

Explanation of forecast variance

The overspend includes Op Hazel Police Officer Overtime (including Bank Holidays) and associated NI payments totalling £2.0m.

The provisional outturn excluding Op Hazel includes an underspend due to changes in recruitment, leaver, and growth profiles since budget setting (£2.0m). Further underspend includes the impact of the reduction in Employers National Insurance rate from November 2022 (£0.6m) and Home Office Op Grip funding for Officer posts that are already provided for in Pay Budget Setting (£0.3m).

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 (£0.5m). The Bank Holiday overtime budget is also overspent due to an additional unbudgeted Bank Holiday on the 19th September 2022 and higher than anticipated resourcing across the five bank holidays over the Christmas and New Year period. (£0.6m).

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 (£1.0m), SCD to reflect the level of vacancies and activity experienced within the Major, Economic and Cyber budget (£0.3m), the three Local Policing areas in relation to demand and vacancies within Local Policing and Domestic Abuse Investigation Teams (£0.3m), and OPC to reflect significant activity in connection with Force Support Unit (FSU) vacancies, Roads Policing and OPC special operations (£0.1m).

Explanation of adjustments to Original Budget (virements)

Previously reported adjustments to Original Budget, up to and including Month 12, total £4.622m.

Police Staff Pay and Allowances - £1.939m underspend

Explanation of forecast variance

The provisional outturn underspend includes material variances in relation to the impact of net leavers/joiners to date (£2.5m), the impact of the opening force funded strength being 30.5 FTE less than budget (£1.0m), maternity savings against established posts (£0.5m), delays in the recruitment of staff growth posts (34.5 FTE still to be recruited) and existing staff recruited to staff growth posts which create vacancies elsewhere (£0.6m), and the impact of the reduction in Employers National Insurance rate from November 2022 (£0.3m). The underspend is partially offset by the impact of the Staff pay award that was agreed on the 24th October 2022 by the Police Staff Council (£1.7m), 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 (£0.8m).

Explanation of adjustments to Original Budget (virements)

Previously reported adjustments to Original Budget, up to and including Month 12, total £1.567m.

Premises - £1.207m overspend

Explanation of forecast variance

The overspend is following receipt of updated pricing information from our energy supplier with effect from October 2022, which has been used to determine the provisional outturn expenditure for gas and electricity, over and above provision made within 2022/23 budget setting.

Transport - £1.074m 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, plus one-off backdated force mileage claims following the change of policy regarding the rules associated with home to work mileage. This overspend is 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.

Supplies and Services - £0.531m overspend

Explanation of forecast variance

The overspend includes an adjustment to the Council Tax Sharing Agreement position, resulting in £0.3m of extra costs being recognised to match precept schedule adjustments for 2022/23, plus the impact resulting from the difference in the 2021/22 year-end accrual estimate compared to the actual shareback adjustment; an increase of £0.4m relating to insurance claims following a detailed review of the outstanding claims position as at the end of November, with the number of open liability claims increasing significantly since the previous year-end; and accommodation and food provisions provided for Op Hazel, and communications and technology dual running costs of the Data Centre; both of which are offset by a reduction in forensic analysis costs based on average monthly submission spends to date (£240k of the reported underspend has been appropriated to the Transformation Reserve to support the implementation and embedding of the new Digital Forensic Services structure in 2023/24, following PFCC decision report approval). The provisional outturn includes Revenue Consequences of Capital underspends of £0.921m that have been appropriated to the Transformation Reserve at financial year end, which has been approved via PFCC decision report.

Official

Third Party Payments - £2.214m overspend

Explanation of forecast variance

The overspend is due to Mutual Assistance required from other Police forces for Op Hazel, totalling £3.0m. The overspend is partially 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; £0.2m 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 - £6.172m surplus

Explanation of forecast variance

The provisional outturn includes income of £4.003m due for receipt from the Home Office in relation to Op Hazel Special Grant funding, based on two separate special grant amounts of £1.503m and £2.5m that have been received to date. In addition, the provisional outturn includes additional Home Office funding of £1.020m for the overachievement of Police Uplift Programme allocation by 51 Officers (headcount), £0.2m surplus income for Op London Bridge mutual assistance to the Metropolitan Police and Thames Valley Police, and recovery of force overhead expenditure of £0.2m following a detailed review of the Stansted Overhead recharge calculation, which forms part of an agreed contract amendment for 2022/23. There are smaller instances of surplus income, above forecast assumptions, which have materialised at provisional outturn stage, as noted in the Table at Section 3.3.

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, Police Staff Pay and Allowances and appropriations to earmarked reserves, for Home Office funding and externally funded activity, all of which have a corresponding provisional outturn adjustment.

Other Expenditure/(Income) - £0.470m surplus

Explanation of forecast variance

The provisional outturn includes returns on investments that are higher than originally anticipated due to increases in base rate over and above budgeted expectations, as well as the additional opportunities available in the investment market, plus a reduction in interest payable for short term loans due to the expected borrowing being lower than the original forecast.

Contribution from General Reserve - £0.116m

As noted in Section 1 of the report, the provisional outturn overspend is £0.116m. The adjustment from Original Budget to the Revised Budget is to reflect funding from the General Reserve to meet the in-year cost of £1.176m associated with increasing the South East allowance by £500/annum from 1 September 2022, as per the PFCC decision report, which is partially offset by a contribution to the general reserve of £0.074m following closure of the Operational Transformation Reserve at financial year end.

3.3 Main Forecast Movements since Month 12

Main Changes to Provisional Outturn Variance since Month 12

	Change in Outturn £m	Virement - Appropriation £m	Change in Outturn Variance £m	
Month 12 Forecast Outturn Variance	0.0		0.0	Underspend (£0.016m)
Police Officer Pay and Allowances	0.2		0.2	The increase in outturn variance includes pay adjustments in relation to provisional outturn of £0.1m and overtime overspends totalling £0.1m for Crime and Public Protection, SCD, and each of the LPAs, over and above forecast assumptions.
Pensions (Ill Health/Medical/Other costs)	0.7	0.5	0.2	The outturn includes an appropriation from the Legal Claims Reserve of £0.5m for interim funding of one-off costs in relation to the early application of the McCloud Vs Sargeant remedy for immediate detriment police pension cases (£0.393m) and to fund of one-off historical Police Pension Scheme Sanction Charges (£0.087m). The increase in outturn variance relates to one-off historical Police Pension Scheme Sanction Charges (£0.195m), chargeable to the revenue account, identified as part of the balance sheet reconciliation work recommended in the 2021/22 Audit findings report, which is not subject to funding from earmarked reserves.
Transport	0.4		0.4	The increase in outturn variance includes an increase in vehicle parts, equipment, tyres and fuel, partly resulting from delayed supplier invoices that have resulted in unaccounted spend at financial year end, and one-off backdated force mileage claims based on year end accruals, following the change of policy regarding the rules associated with home to work mileage.
Supplies & Services	0.2	(1.1)	1.3	The increase in outturn variance includes a virement to reflect appropriations to the Transformation Reserve for IT Projects (£0.921m) and Digital Forensics (£0.240m) that were previously forecast and subject to PFCC decision report approval. In addition, the increase includes an updated insurance claims position for year-end encompassing both liability and motor claims, with additional costs now needing to be included within the Insurance Provision; higher than average forensic supplier submission invoices for the final two months of the year ahead of the introduction of the national pricing agreement from 1 April 2023; significant accommodation costs materialising at financial year end, over and above forecast assumptions; and legal fees for professional services (including Lower Thames Crossing, which is subject to funding from Highways England) that materialised at financial year end, over and above forecast assumptions. These overspends have been partially offset by communications and technology underspends resulting from the delay in the Data Centre Migration Project and ICCS Supplier Replacement Project, and an underspend relating to various capital projects where revenue consequences elements were less than expected due to related slippage/underspend of the underlying capital projects.
Supplies & Services - PFCC Commissioning Budgets	(2.1)	(2.1)	0.0	The outturn includes an appropriation to the PFCC Commissioning Budgets C/Fwd Reserve for £2.084m, which wasn't previously forecast, pending completion of year end closure work.
Third Party Payments	(0.1)		(0.1)	The reduction in outturn variance is due to 7 Force underspends relating to Procurement, IT Projects and Vetting.
Income	(1.1)	(0.5)	(0.6)	The outturn includes a series of appropriations to earmarked reserves totalling £0.5m for Rapid Video Response (RVR) Home Office funding, POCA legacy income, forfeitures legacy income and POCA ARIS income. The reduction in outturn variance includes surplus income resulting from a Home Office grant for Rapid Video Response which offsets already budgeted pay costs; income from Devon and Cornwall for a secondment for an established post; Income from HM Prisoner and Probation Service in relation to Operation Safeguard; grant income from Highways Income to fund legal fees in connection with the Lower Thames Crossing; grant income received from the Redmond Review Implementation relating to reviews of the current backlog of audit difficulties; an increase in vehicle seizure income as a result of an ongoing dispute with our recovery operative seeking money owed to the force; an uplift in insurance recoveries and income from external bodies for vehicle repairs due to increased recovery rates within the Insurance team.
Other Expenditure/(Income)	(0.1)		(0.1)	The reduction in outturn variance includes additional investment income exceeding forecast levels, with the majority relating to money market funds and call accounts
Contribution to/(from) Earmarked Reserves	2.0	3.2	(1.2)	The outturn includes the appropriations to and from earmarked reserves, as stated under the headings Pensions (Ill Health/Medical/Other costs), Supplies & Services (including PFCC Commissioning Budgets) and Income. The reduction in outturn variance includes a virement to reflect appropriations to the Transformation Reserve for IT Projects (£0.921m) and Digital Forensics (£0.240m) that were previously forecast and subject to PFCC decision report approval, and £0.1m due to the reversal of the decision taken at Month 12 to replenish the Chief Constables Operational C/Fwd Reserve to a level of £0.750m (from £0.650m), following confirmation of the provisional outturn overspend of £0.116m.
Provisional Outturn Variance	0.1	0.0	0.1	Overspend (£0.116m)

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														
Strength	Actual FTE													
	Apr FTEs	May FTEs	Jun FTEs	Jul FTEs	Aug FTEs	Sep FTEs	Oct FTEs	Nov FTEs	Dec FTEs	Jan FTEs	Feb FTEs	Mar FTEs	Total FTEs	
17	1st April 2022 Strength	3,572	3,543	3,525	3,585	3,564	3,621	3,602	3,686	3,661	3,637	3,697	3,688	
18	Leavers	(28)	(19)	(21)	(22)	(18)	(29)	(21)	(27)	(27)	(15)	(13)	(12)	(252)
19	Starters (note 7)	1	0	81	1	77	9	105	3	3	74	2	67	422
20	Other Adjustments (note 8)	(2)	0	(0)	0	(1)	0	(0)	(1)	(0)	2	2	1	1
21	Net change	(29)	(18)	60	(21)	58	(19)	84	(25)	(24)	61	(9)	55	171
22	Officer strength - month end	3,543	3,525	3,585	3,564	3,621	3,602	3,686	3,661	3,637	3,697	3,688	3,743	
23	Difference to 3755fte - over / (under)	(212)	(230)	(170)	(191)	(134)	(153)	(69)	(94)	(118)	(58)	(67)	(12)	
Actuals /Forecast £	Actual £													
	Apr £m	May £m	Jun £m	Jul £m	Aug £m	Sep £m	Oct £m	Nov £m	Dec £m	Jan £m	Feb £m	Mar £m	Total £m	
24	Costed Strength before starters/leavers	£15.63m	£16.56m	£16.56m	£16.42m	£16.56m	£18.68m	£17.65m	£17.99m	£17.95m	£17.66m	£18.18m	£19.03m	£208.87m
25	2022/23 Leavers													£0.00m
26	2022/23 Starters													£0.00m
27	Other Costs													£0.00m
28	Monthly Actual	£15.63m	£16.56m	£16.56m	£16.42m	£16.56m	£18.68m	£17.65m	£17.99m	£17.95m	£17.66m	£18.18m	£19.03m	£208.87m
Variance from Budget Setting														
	Apr FTEs	May FTEs	Jun FTEs	Jul FTEs	Aug FTEs	Sep FTEs	Oct FTEs	Nov FTEs	Dec FTEs	Jan FTEs	Feb FTEs	Mar FTEs	Total FTEs	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
29	Strength @ beginning of month (negative=reduction)	(3)	(51)	(52)	(55)	(59)	(65)	(67)	(30)	(38)	(45)	(32)	(24)	
30	Leavers (positive number = less leavers)	(9)	0	(2)	(3)	1	(10)	(2)	(8)	(8)	4	6	7	(24)
31	Starters	(37)	(2)	(1)	(1)	(6)	7	39	1	1	8	0	5	14
32	Other Adjustments	(2)	0	(0)	0	(1)	0	(0)	(1)	(0)	2	2	1	1
33	Month End Strength Change - FTEs	(51)	(52)	(55)	(59)	(65)	(67)	(30)	(38)	(45)	(32)	(24)	(12)	(9)
34	Change per month FTEs	(48)	(1)	(3)	(4)	(5)	(2)	37	(8)	(7)	14	8	12	
35	Monthly Financial Change	(£1.11m)	(£0.10m)	(£0.32m)	(£0.37m)	(£0.49m)	£1.30m	£0.09m	£0.51m	£0.56m	£0.13m	£0.73m	£1.44m	£2.36m

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 Outturn

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 @ 28 February 23	3,755	3,688	3,572	401	21	(252)	1	3,743
HR Data @ 31 March 23	3,755	3,743	3,572	401	21	(252)	1	3,743
Change	0	55	0	0	0	(0)	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 @ 28 February 23	2,428	2,117			231	(265)
HR Data @ 31 March 23	2,427	2,146			275	(281)
Change	(1)	28	0	0	44	(16)

* 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 @ 28 February 23	102	99	103	94	16	(14)	(1)	95
HR Data @ 31 March 23	102	94	103	94	16	(15)	(1)	94
Change	0	(5)	0	0	0	(1)	0	(1)

Note: The PCSO Establishment includes 11 FTE partnership funded posts which are externally funded

4. Specials - Headcount	Actual Strength	Target Strength
Budget Setting		600
HR Data @ 28 February 23	340	600
HR Data @ 31 March 23	327	600
Change	(13)	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	Description of Earmarked Reserve
1 Reserves held by Essex Police but managed as third party reserves						
Op Dagenham Maintenance Reserve	£0.092m	-	£0.014m	(£0.005m)	£0.101m	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	£0.014m	(£0.005m)	£0.101m	
2 Project Reserves						
N/A	-	-	-	-	-	N/A
Total	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m	
3 Ringfenced Reserve						
Proceeds of Crime Act	£2.047m	(£0.391m)	£0.154m	(£0.114m)	£1.696m	POCA Reserve holds receipts received through the Asset Recovery Incentive Scheme to fund crime reduction related expenditure.
Forfeiture Monies Reserve	£0.426m	-	£0.218m	(£0.230m)	£0.414m	Forfeiture Monies Reserve holds funds transferred from the Misuse of Drugs Act Seizures Fund.
Restructuring Reserve	£1.023m	-	-	(£0.060m)	£0.963m	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	(£0.425m)	-	OTR marked for closure following 2022/23, with residual balance transferred to the Transformation Reserve for remaining projects and general reserve for closed projects. RECOMMEND CLOSURE OF THIS RESERVE - NIL BALANCE.
Transformation Reserve	£1.110m	-	£1.501m	(£0.263m)	£2.348m	Reserve to help fund the one-off costs of implementing the IT, Estates and Digital Forensic Transformation Strategies. The 2022/23 in-year contribution includes Revenue Consequences of Capital underspends for IT projects of £0.921m, the procurement of ongoing specialist consultancy support to deliver the redevelopment of Essex Police HQ and to continue supporting the Essex Centre for Data Analytics (ECDA) totalling £0.340m, and Forensic Analysis underspend of £0.240m to support the implementation and embedding of the new Digital Forensic Services structure in 2023/24.
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	-	-	(£0.480m)	£0.836m	Reserve established to fund the cost of one-off commitments for legal claims (Allard & Ors v Devon, Cornwall Constabulary and McCloud v Sargeant). The 2022/23 drawdown is in relation to interim funding of £0.393m of one-off costs which are reclaimable from the Home Office grant on implementation of Phase 2 of the remedy, expected in October 2023. In addition, £0.087m of one-off historical Police Pension Scheme Sanction Charges, chargeable to the revenue account and identified as part of the balance sheet reconciliation work recommended in the 2021/22 Audit findings report, have been met from the reserve.
PEQF Reserve	£0.326m	(£0.046m)	£0.018m	-	£0.298m	PEQF mobilisation costs to be used for the introduction of the new PEQF training programme.
Restricted Grant and Contributions Reserve	£0.103m	-	£0.426m	(£0.093m)	£0.436m	Reserve to hold balances of restricted grants and contributions to allow balances to be held until eligible spend incurred.
Total	£6.858m	(£0.604m)	£2.401m	(£1.665m)	£6.990m	
4 Operational Reserves						
Major Operational Reserve	£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. 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	-	-	(£0.100m)	£0.650m	Operational Carry Forward resulting from the 2022/23 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	£1.616m	£0.305m	(£5.279m)	£1.001m	Reserve to apply revenue financing to fund the force capital programme
Total	£6.982m	£1.242m	£0.305m	(£5.379m)	£3.151m	
5 PFCC Reserves						
Commissioning Grants / Safer Streets	£3.174m	-	£2.084m	-	£5.258m	Includes PFCC Commissioning Budget C/Fwd of £2.428m and Safer Streets funding of £2.830m.
Total	£3.174m	£0.000m	£2.084m	£0.000m	£5.258m	
6 General Reserve						
General Reserve	£14.818m	(£0.206m)	£0.074m	(£1.292m)	£13.394m	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 contribution of £0.074m is the balance of the Operational Transformation Reserve that was closed at the end of the financial year. The in-year allocation reflects the funding of the increase to the South East Allowance of £1.176m and £0.116m representing the 2022/23 provisional force overspend. The 2022/23 General Reserve closing balance is £13.394m, which represents 3.8% of the 2022/23 force budget of £352.2m.
Total Revenue Reserves	£31.925m	£0.432m	£4.878m	(£8.341m)	£28.894m	

6. Capital

6.1 Capital Summary

	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 Outturn	2022/23 Outturn Variance to Budget (Appendix 2)	2022/23 Previous Month Forecast Outturn	2022/23 Forecast Movement to Previous Month Forecast Outturn
	£000	£000	£000	£000	£000	£000	£000	£000
EXPENDITURE -								
ANPR projects	123	110	70	303	287	(16)	292	(5)
Estates projects	5,308	0	2,248	7,555	1,697	(5,858)	1,885	(188)
IT projects	1,998	2,917	803	5,718	4,141	(1,577)	4,360	(219)
Transport projects	1,324	2,200	242	3,766	1,722	(2,044)	1,331	391
OPC projects	455	46	(384)	117	75	(42)	61	14
SCD projects	-	40	182	222	207	(15)	222	(15)
Other projects	103	237	146	486	443	(43)	444	(1)
<i>Subject to Approval projects</i>	<i>8,579</i>	<i>(5,550)</i>	<i>(2,686)</i>	<i>343</i>	<i>-</i>	<i>(343)</i>	<i>50</i>	<i>(50)</i>
TOTAL EXPENDITURE	17,889	-	621	18,510	8,573	(9,937)	8,645	(72)
FINANCING -								
Capital Receipts	4,420	-	(1,608)	2,812	1,576	(1,236)	1,578	(2)
Revenue Contributions	5,579	-	606	6,185	5,279	(906)	5,162	117
Capital Grant	32	-	46	78	0	(78)	0	-
External & Other Income	0	-	-	-	21	21	21	-
Financing Requirement	7,858	-	1,577	9,435	1,697	(7,738)	1,884	(187)
TOTAL FINANCING	17,889	-	621	18,510	8,573	(9,937)	8,645	(72)

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.

The forecast budget variance reflects all in-year changes to the capital programme compared to the revised budget. The underspend of £9.937m incorporates slippage carried forward to 2023/24, and other changes, as set out in Appendix 1.

The financing model has been updated as per the separate working paper

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).

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 actual Treasury Management position at 31/3/23 no external borrowing was required for 2022/23.

CAPITAL PROGRAMME 2022/23 OUTTURN OUTTURN VARIANCE MOVEMENTS SINCE PREVIOUS MONTH

	Changes in Outturn Variance £000	Explanation
Month 12 Forecast Outturn Variance	(9.833)	
Boreham C Block Refurbishment	(0.062)	Slippage with major refurbishment works due to internal procurement and governance issues. The latter includes a further funding request which was submitted as a Stage C Business Case and subsequently approved at the March Strategic Board.
Harwich & Dovercourt Collaboration (EP / ECFRS)	(0.054)	Due to delay in purchase of land, and related delays with design stage work
Infrastructure Technical Refresh	(0.119)	Further slippage due to reprofiling the of the overall IT programme
ESMCP Project - ICCS Supplier Replacement	(0.065)	Delays due to procurement of telephony hardware
Fleet replacement programme	0.357	Earlier delivery of vehicles than previously anticipated, reversing the previous slippage being reported
Subject to Approval projects	(0.050)	Stage A's not approved in year
Other movements < £50k	(0.112)	Various
Final Outturn Variance	(9.937)	

6.2 Capital Summary – Supporting Commentary

Budget position

The budget position was revised to £18.478m in month 6 primarily due to several projects in the 2022/23 subject to approvals list being either withdrawn or resubmitted as part as of the 2023/24 budget setting process.

In addition to the £2.686m reductions referred to above, the remainder of the current budget movement for the year (up until outturn) was a net £3.275m increase, mainly comprising £2.224m slippage brought forward from 2021/22. In addition, included in the outturn position was an additional £0.032m relating to the approval of a Transport business case for the purchase of motorcycles, bringing the total budget up to the final position of £18.510m.

Since the original budget was approved there has been £5.550m of business cases, previously categorised as subject to approval, that have been approved at Strategic Boards during the year (up to and including the January 2023 board), as well as outside of these boards where applicable. The impact of these approvals is reflected within the 'Subject to Approvals Funding Distribution' column in the capital tables contained within this report.

Movement since previous month

The outturn position for capital is £8.573m reflecting an underspend of £9.937m, which is a reduction of £0.104m from the month 12 forecast underspend of £9.833m, £0.032m of which was offset by additional budget approval.

Variances

The £9.937m underspend is mainly comprised of three areas – slippage c/f, underspends and overspends, the main elements of which are set out in the following paragraphs.

Slippage c/f of £8.714m (from 2022/23 to 2023/24)

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

Estates - which slipped £5.445m into future years, including £1.699m relating to Harwich & Dovercourt, £1.123m Capitalised Maintenance Programme, £0.933m CCTV replacement to custody suites, and £0.668m replacement portacabins.

Transport – reporting slippage of £2.051m for outturn relating to both the 2021/22 and 2022/23 Fleet Replacement programmes, due to further delays in the delivery of vehicles. This figure includes a reduction within the outturn position of £0.393m relating to vehicles delivered earlier than expected.

IT – who have reported slippage of £1.093m for outturn, principally relating to Dashcams (£0.455m) due to issues with the suitability of the IT equipment provided by the supplier, and Infrastructure Technical Refresh (£0.408m), due to the reprofiling of the overall IT capital programme.

Underspend of £1.827m – mainly relating to Estates & IT

Estates – who have reported a total underspend of £0.425, relating to a number of projects including works at HQ Conference Room Regeneration/Assembly Hall and Chelmsford Police Station.

IT – who have reported an underspend of £0.738m, £0.488m of which relates to Infrastructure Technical Refresh.

Official

Subject to Approval Projects – which has reported a total reduction of £0.307m including £0.250m of Stage A bids contingency balance not utilised in the year.

Other projects – reflecting a total reduction of £0.224m, principally relating to body armour underspends.

Overspend of £0.604m

IT – comprising overspends across various projects of £0.256m including advanced works of £0.078m for the Data Centre Migration project, ICCS-related overspend of £0.058m, and a number of smaller variances below £0.050m.

Transport – this overspend relates to earlier years fleet replacement programme budget allocations, totalling £0.076m.

Other Projects – this is comprised of additional body armour requirements relating to police officer uplifts totalling £0.231m.

Financing update

The financing plan for 2022/23 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 actual amount receivable in 2022/23 was £0.650m. All of these receipts have been used to finance 2022/23 capital expenditure, along with £0.927m of unused receipts brought forward from 2021/22.

£4.358m of revenue contributions were also brought forward from 2021/22. These funds, together with £0.921m of the £1.921m revenue contribution in 2022/23 have funded the current year programme and reduced the immediate financial burden on the revenue account over the coming years from high Minimum Revenue Provision (MRP) charges that would otherwise be required. The financing requirement for unfinanced capital expenditure was £1.697m equating to 19.8% of the year's financing. Based on the cashflow position at 31st March 2023 it can be confirmed that with the exception of some short-term cashflow related debt earlier in the year, no other external borrowing was required in 2022/23.

In respect of the variance between the forecast financing approach at month 12 and the actual resources used for outturn, the main movement related to the application of revenue contributions, with a £0.117m increase relating to additional short-term spend for vehicles. The corresponding reduction impacted the financing requirement (£0.187m decrease) which also encompassed the £0.072m overall expenditure variance since month 12.

**CAPITAL PROGRAMME 2022/23 OUTTURN
OTHER APPROVED BUDGET CHANGES**

	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
OTHER APPROVED BUDGET CHANGES						
ANPR projects	70		-	-	-	70
Estates projects	1,752	411	86	-	-	2,248
IT projects	393	410	-	-	-	803
Transport projects	210		32	-	-	242
OPC projects	(384)		-	-	-	(384)
SCD projects	38	-	144	-	-	182
Other projects	146		-	-	-	146
Subject to Approval projects	-	(2,686)	-	-	-	(2,686)
TOTAL	2,224	(1,865)	262	-	-	621

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

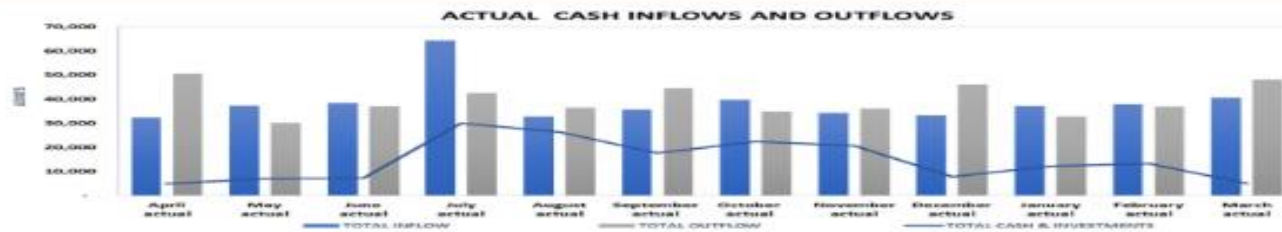
**CAPITAL PROGRAMME 2022/23 OUTTURN
EXPENDITURE VARIANCES**

	Additions	Overspend	Underspend	Slippage c/f	Total Variances
	£000	£000	£000	£000	£000
OUTTURN VARIANCES					
ANPR projects	0	1	(12)	(4)	(16)
Estates projects	0	12	(425)	(5,445)	(5,857)
IT projects	0	256	(738)	(1,093)	(1,577)
Transport projects	0	76	(72)	(2,051)	(2,045)
OPC projects	0	28	(50)	(20)	(41)
SCD projects	0	0	(0)	(15)	(15)
Other projects	0	231	(224)	(50)	(44)
Subject to Approval projects	0	0	(307)	(36)	(343)
TOTAL	0	604	(1,827)	(8,714)	(9,937)

7. Cashflow Forecast



Cashflow Actual – March 2023



	Forecast £000	Actual £000	Variance £000	MARCH COMMENTARY
Expenditure				Expenditure.
Supplier payments	13,930	14,027	97	Supplier payments were £0.097m higher than forecast reflecting a variance to the expected profile of payments processed by Business Services. Other variances include an increase of £0.833m in HMRC payments for pensions due to one-off lump sum payments and other pay related adjustments including Accounting for Tax (AFT) payments.
Capital - property acquisitions	0	0	0	
HMRC payments	6,245	7,128	883	The other significant variance related to Payroll which was £0.499m higher than the plan anticipated. This included £0.420m relating to pensioners, mainly due to the 10.1% increased contribution rate for April 2023 onwards, which was incorporated into the 31st March payment run.
Essex LGPS payments	1,507	1,507	0	
Payroll	25,000	25,499	499	
Total cash outflow	46,682	48,161	1,479	
Income				Income.
Govt grant	(17,220)	(20,646)	(3,426)	Government Grants exceeded the plan by £3.42m. This variance primarily related to Op Hazel for £2.5m but also included £0.998m of Violence Reduction Unit Q3 grant. The other net receipts variance of £0.997m related to the Counter Terrorian reimbursement of £1.26m offset by a reduction of £0.514m relating to Stansted Airport, with the remainder of the variance related to VAT reimbursements of £0.531m.
Precepts	(11,288)	(11,288)	0	
Other net receipts	(7,178)	(8,057)	(879)	
Total cash inflow	(35,686)	(39,991)	(4,305)	
Total cash (inflow)/outflow	10,996	8,170	(2,826)	External Borrowing/Financing. It can now be confirmed that there was no external borrowing requirement in 2022/23 with the force holding a £5.1m cash/investments surplus as at 31st March 2023.

