

Performance and Resources Scrutiny Programme 2023

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 2023/24 Month 2 position for the Force.

2.0 Recommendations

- 2.1 To note the latest position for Police Officer, Police Staff, and PCSO Pay and Allowances, in advance of a full reported pay position at month 3.
- 2.2 To note inflationary pressures and material cost pressures for non-pay expenditure; in advance of a full reported non-pay position at month 3.

3.0 Executive Summary

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

4.0 Introduction/Background

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

5.0 Current Work and Performance

The Month 2 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

Additional funds in relation to an overachievement of 2023/24 PUP is estimated to be a maximum of £2.025m, based on confirmation that the force will be eligible for a payment of £45,000 per officer recruited above the force's maintenance headcount (baseline plus total three-year allocation), up to a maximum of 45 officers. This funding is not included in the Month 2 forecast position and will be reflected as soon as there is some level of assurance with regards to achieving the additional recruitment plans.

1. Executive Summary

REVENUE

The revenue forecast overspend as at month 2 is £1.707m against the 2023/24 revenue budget of £363.7m (0.47% variance).

Additional funds in relation to an overachievement of 2023/24 PUP is estimated to be a maximum of £2.025m, based on confirmation that the force will be eligible for a payment of £45,000 per officer recruited above the force's maintenance headcount (baseline plus total three-year allocation), up to a maximum of 45 officers. This funding is not included in the Month 2 forecast position and will be reflected as soon as there is some level of assurance with regards to achieving the additional recruitment plans.

WORKFORCE

The Police Officer strength forecast at the end of May is 3,704 FTE and forecast to be 3,755 FTE at year end. The overspend on Police Officer Pay and Allowances, excluding overtime and Temporary Duty Allowance, is £1.346m.

The Police Staff strength at the end of April is 2,128 FTE. Total vacancies at 30th April are 272 FTEs. The underspend on Police Staff Pay and Allowances, excluding overtime, is £2.907m.

The PCSO strength at the end of April is 93 FTE and forecast to be 95 FTE at year end. The underspend on PCSO Pay and Allowances is £0.119m.

RESERVES

There are no proposed appropriations to/from earmarked reserves as part of the month 2 financial monitoring process.

Any planned appropriations to/from earmarked reserves will first be reported, and approval requested where applicable, at month 3.

FURTHER COMMENTARY

This represents a high level review as at month 2 for pay and significant areas of change on non-pay.

The forecasting of pay is challenging as there are only two months of data, with a forecast for the remaining ten months. This is exacerbated by the leavers and starters information changing from the original budget assumptions for both officers and staff.

The significant non pay changes reflected are inflationary pressures and material cost pressures.

The capital financial monitoring position will first be reported at month 3.

2. Revenue

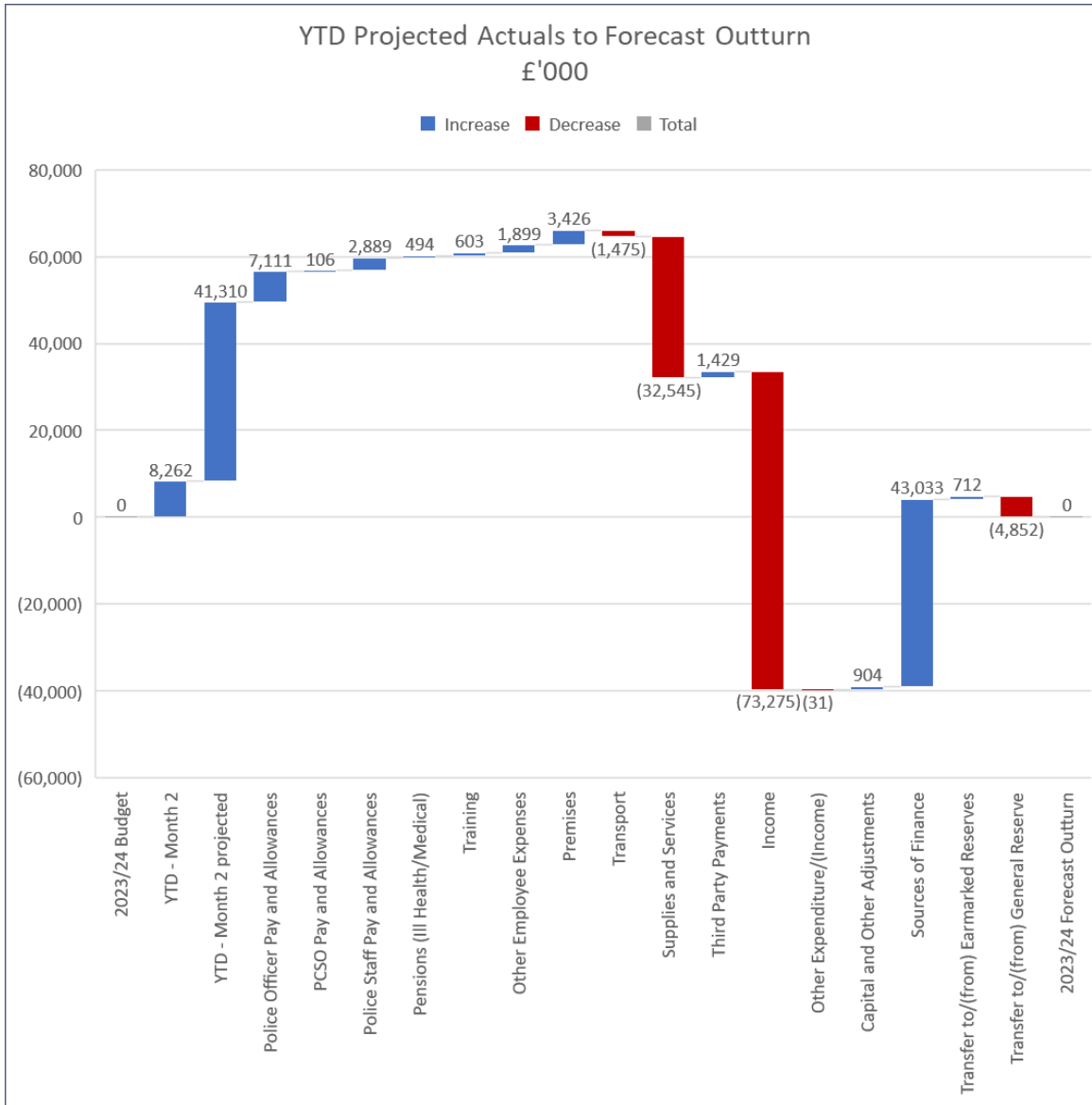
2.1 Revenue Summary

In Month - Month 02			Year to Date - Month 02			Subjective Heading	Full Year					
Budget ¹	Actual	Variance	Budget ¹	Actual	Variance		Original Budget ²	Adjustments to Original Budget	Revised Budget	Year to Date Actual	Year End Forecast	Variance Over/(Under) Spend - Original Budget
£000	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000
						Employees						
						<u>Police Officer Pay and Allowances</u>						
18,218	18,274	56	36,436	35,240	(1,196)	- Police Officer Pay and Allowances	218,616	0	218,616	35,240	219,962	1,346
594	1,438	844	1,188	1,514	326	- Overtime and Operational Performance	7,127	0	7,127	1,514	7,520	393
87	95	7	175	186	11	- Associated Police Pay	1,049	0	1,049	186	1,269	221
0	0	0	0	0	0	- In-Year Savings Shortfall/(Surplus)	0	0	0	0	0	0
18,899	19,806	907	37,799	36,940	(859)	Police Officer Pay and Allowances	226,792	0	226,792	36,940	228,751	1,959
307	290	(17)	615	577	(37)	PCSO Pay and Allowances	3,687	0	3,687	577	3,568	(119)
						<u>Police Staff Pay and Allowances</u>						
8,149	7,147	(1,002)	16,298	15,298	(999)	- Police Staff Pay & Allowances	97,785	0	97,785	15,298	94,878	(2,907)
94	245	151	187	332	144	- Police Staff Overtime and Agency	1,124	0	1,124	332	1,791	667
8,242	7,392	(851)	16,485	15,630	(855)	Police Staff Pay and Allowances	98,909	0	98,909	15,630	96,669	(2,240)
351	322	(29)	703	659	(44)	Pensions (Ill Health / Medical)	4,215	0	4,215	659	4,448	233
168	194	26	337	236	(101)	Training	2,019	0	2,019	236	2,019	0
33	(131)	(165)	67	(250)	(317)	Other Employee Expenses	399	0	399	(250)	399	0
28,002	27,873	(129)	56,004	53,792	(2,212)	Employees Total	336,022	0	336,022	53,792	335,855	(167)
1,026	953	(74)	2,053	1,384	(669)	Premises	12,317	0	12,317	1,384	11,730	(587)
578	619	41	1,156	1,480	324	Transport	6,934	0	6,934	1,480	7,405	471
	0					<u>Supplies and Services</u>						
3,523	4,638	1,114	7,047	12,775	5,729	- Supplies and Services	42,281	0	42,281	12,775	43,659	1,378
37	0	(37)	74	0	(74)	- In-Year Investments	446	0	446	0	446	0
3,561	4,638	1,077	7,121	12,775	5,654	Supplies and Services	42,727	0	42,727	12,775	44,105	1,378
615	1,414	799	1,230	962	(269)	Third Party Payments	7,382	0	7,382	962	7,201	(181)
33,782	35,497	1,715	67,564	70,393	2,829	Gross Expenditure	405,381	0	405,381	70,393	406,295	914
(3,340)	(3,643)	(303)	(6,679)	5,645	12,324	Income	(40,074)	0	(40,074)	5,645	(39,405)	669
30,442	31,854	1,412	60,885	76,038	15,153	Net Cost of Services	365,307	0	365,307	76,038	366,890	1,583
(8)	12	20	(15)	(9)	6	Other Expenditure / (Income)	(91)	0	(91)	(9)	(91)	0
75	0	(75)	151	0	(151)	Capital and Other Adjustments	904	0	904	0	904	0
30,510	31,866	1,356	61,020	76,028	15,008	Net Expenditure	366,120	0	366,120	76,028	367,703	1,583
(30,307)	(29,610)	697	(60,615)	(67,766)	(7,152)	Sources of Finance	(363,687)	0	(363,687)	(67,766)	(363,563)	124
203	2,256	2,053	405	8,262	7,857	(Surplus)/Deficit before appropriations	2,433	0	2,433	8,262	4,140	1,707
59	0	(59)	119	0	(119)	Contribution to/(from) Earmarked Reserves	712	0	712	0	712	0
(262)	0	262	(524)	0	524	Contribution to/(from) General Reserve	(3,145)	0	(3,145)	0	(4,852)	(1,707)
0	2,256	2,256	0	8,262	8,262	(Surplus)/Deficit after appropriations	0	0	0	8,262	0	0

¹Even monthly profile of Revised Budget

²2023/24 Budget agreed at Police, Fire and Crime Panel

2.2 Year to Date Projected Actuals to Forecast Outturn



Supporting Commentary

YTD – Month 2 projected

Actuals to date, extrapolated for remaining months of the year

Police Officer Pay and Allowances

Impact of joiners/leavers during the year, Detective and AFO Bonus Payments, pay increments, and overtime paid in arrears

Police Staff Pay and Allowances

Impact of staff pay award, further force growth posts, and overtime paid in arrears

Other Employee Expenses

External Assessment and apprenticeship levy year end creditor entries that are yet to be cleared

Premises

Planned and reactive maintenance paid in arrears and subject to year end creditor entries that are yet to be cleared

Transport

Vehicle Insurance premiums paid for the period October 2022 to September 2023 and subject to prepayment

Supplies and Services

Communications and Technology expenditure for IT software and Home Office recharges that are invoiced in full at the start of the financial year

Third Party Payments

2023/24 ATHENA/7 Force/ERSOU/NPAS expenditure to date that is yet to be invoiced

Income

Several year end debtor entries that are yet to be received, namely accrued income entries raised for Home Office PUP grant, externally funded units such as Stansted and Safer Essex Roads Partnership, and PFCC Victims and Violence and Vulnerability commissioning budgets

Sources of Finance

Council Tax Support and Freeze Grant both received in total in the Month of April, rather than the normal monthly instalment that was expected

Transfer to/(from) General Reserve

Scheduled appropriation for 2023/24 budget setting contribution from the general reserve and to meet revenue forecast overspend position

2.3 Main Forecast Movements

Forecast Outturn Variance Summary up to Month 2

	Forecast Outturn Variance £m	
Police Officer Pay and Allowances	1.9	The forecast overspend includes changes in recruitment and leaver profiles since budget setting; Bank Holiday overtime overspend mainly relating to Golden Orb and Op Hallmark; Police Officer overtime overspends for Crime & Public Protection, Contact Management, SCD, Professional Standards, and LPA West, due to vacancy levels and anticipated volumes of activity; and Temporary Duty Allowance based on the impact of abstraction from LPA teams for other demands such as Custody and Oscar 1.
PCSO Pay	(0.1)	Forecast underspend due to opening strength being less than budgeted establishment.
Police Staff Pay and Allowances	(2.2)	The forecast underspend includes the impact of the opening strength being 109 FTE less than budgeted; net leavers in April partially offset by forecast net increases in Force Control Room, Resolution Centre and Detention staff during the financial year; and a reduction in the in-year savings forecast due to slippage. The forecast underspend is partially offset by Police Staff overtime overspends for Contact Management, SCD, Professional Standards, Crime & Public Protection and Professionalism, due to vacancy levels and anticipated volumes of activity.
Pensions (Ill Health/Medical)	0.2	Forecast overspend due to the 2023/24 pension increase being agreed at 10.1% whereas the budget included an inflationary uplift of only 3.1%, based on the anticipated pay award.
Premises	(0.6)	Forecast underspend to reflect a one-off Rates refund for Chelmsford HQ and Southend following rates valuations appeals.
Transport	0.5	Forecast overspend for vehicle parts and equipment expenditure for the first 2 months of the financial year indicates a further cost pressure for the year due to demand and supplier increases.
Supplies & Services	1.4	The forecast overspend includes communications and technology expenditure based on ongoing ITD contracts and project provisions, with the main variances relating to Airwave indexation increases and one-off high level budget reductions applied as part of the 2023/24 budget setting process where expenditure remains forecast to materialise (£0.8m); the custody medical provision and SARC contract have met with an inflationary increase, mainly due to the increase in NHS staffing costs, with new contracts to be negotiated with potential 7F collaboration (£0.2m); there is a national increase in volume of Dangerous Dogs being housed by Police Forces, which will represent a cost pressure for 2024/25 budget setting (£0.1m); and the Home Office recharge for Comms Intel Data is higher than budgeted (£0.3m).
Third Party Payments	(0.2)	Forecast underspend due to a reduction in third party payments to other ERSOU forces.
Income	0.7	Forecast deficit for Magistrates Costs Awarded income budget as a result of Roads Policing restructure, on the basis that monthly income does not reflect the additional court spaces being filled, largely due to the higher number of individuals opting for repayment plans and reduction in amount being deductible from benefits.
Sources of Finance	0.1	Forecast deficit relating to an adjustment to core council tax funding from Thurrock Council as a result of the ongoing intervention at Thurrock and related delay in budget decisions for 2023/24, with information received after the force budget setting position was confirmed.
Month 2 Forecast Outturn Variance	1.7	Overspend

3. Workforce Analysis

3.1 Police Officer – FTEs and Monthly Financial detail

2023/24 - Police Officers Pay/Strength - Using 2023/24 Budget Setting Model

Ref	2023/24 Budget Setting													
	Strength	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs
1	Strength @ beginning of month (note 1)	3,755	3,722	3,700	3,744	3,722	3,700	3,744	3,722	3,700	3,744	3,722	3,700	
2	Leavers	(34)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(287)
3	Joiners - Probationers	0	0	66	0	0	66	0	0	66	0	0	77	275
4	Joiners - Transferees	1	1	1	1	1	1	1	1	1	1	1	1	12
5	Total Joiners	1	1	67	1	1	67	1	1	67	1	1	78	287
6	Net change	(33)	(22)	44	(22)	(22)	44	(22)	(22)	44	(22)	(22)	55	0
7	Officer strength - month end	3,722	3,700	3,744	3,722	3,700	3,744	3,722	3,700	3,744	3,722	3,700	3,755	
8	Difference to 3,755 FTEs - over / (under)	(33)	(55)	(11)	(33)	(55)	(11)	(33)	(55)	(11)	(33)	(55)	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
9	1st April 2023 Strength (note 2)	£18.24m	£18.24m	£18.24m	£18.24m	£18.24m	£18.60m	£18.60m	£18.60m	£18.60m	£18.60m	£18.60m	£18.60m	£221.43m
10	Leavers (note 3)	(£0.14m)	(£0.24m)	(£0.34m)	(£0.43m)	(£0.53m)	(£0.63m)	(£0.72m)	(£0.82m)	(£0.92m)	(£1.01m)	(£1.11m)	(£1.20m)	(£8.08m)
11	Joiners - Probationers	£0.00m	£0.00m	£0.22m	£0.22m	£0.22m	£0.44m	£0.44m	£0.44m	£0.65m	£0.65m	£0.65m	£0.91m	£4.84m
12	Joiners - Transferees	£0.01m	£0.01m	£0.02m	£0.02m	£0.03m	£0.03m	£0.04m	£0.04m	£0.05m	£0.05m	£0.06m	£0.07m	£0.43m
13	Total Joiners	£0.01m	£0.01m	£0.23m	£0.24m	£0.25m	£0.47m	£0.47m	£0.48m	£0.70m	£0.71m	£0.72m	£0.98m	£5.27m
14	Monthly Budget (note 4 & 5)	£18.10m	£18.01m	£18.14m	£18.05m	£17.96m	£18.45m	£18.36m	£18.27m	£18.39m	£18.30m	£18.21m	£18.38m	£218.62m

2023/24 Forecast Strength														
Strength		Actual FTE		Forecast FTE										Total FTEs
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
		FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	
15	1st April 2023 Strength	3,743	3,720	3,704	3,728	3,706	3,685	3,745	3,724	3,702	3,747	3,725	3,704	
16	Leavers	(26)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(279)
17	Joiners (note 7)	3	7	47	1	2	83	2	1	68	1	2	74	291
20	Other Adjustments (note 8)	(0)	0	0	0	0	0	0	0	0	0	0	0	(0)
21	Net change	(23)	(16)	24	(22)	(21)	60	(21)	(22)	45	(22)	(21)	51	12
22	Officer strength - month end	3,720	3,704	3,728	3,706	3,685	3,745	3,724	3,702	3,747	3,725	3,704	3,755	
23	Difference to 3755fte - over / (under)	(35)	(51)	(27)	(49)	(70)	(10)	(31)	(53)	(8)	(30)	(51)	0	
Actuals /Forecast £		Actual £		Forecast £										Total
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
24	Costed Strength before joiners/leavers	£16.97m	£18.27m	£17.97m	£18.00m	£18.15m	£19.22m	£18.45m	£18.60m	£18.53m	£18.62m	£18.69m	£19.30m	£220.77m
25	Leavers			(£0.09m)	(£0.17m)	(£0.26m)	(£0.35m)	(£0.44m)	(£0.53m)	(£0.62m)	(£0.70m)	(£0.79m)	(£0.88m)	(£4.82m)
26	Joiners			£0.01m	£0.16m	£0.16m	£0.17m	£0.44m	£0.43m	£0.44m	£0.74m	£0.66m	£0.69m	£3.92m
27	Other Costs			£0.01m	£0.01m	£0.01m	£0.01m	£0.01m	£0.01m	£0.01m	£0.01m	£0.01m	£0.01m	£0.10m
28	Monthly Actual	£16.97m	£18.27m	£17.91m	£18.01m	£18.06m	£19.05m	£18.47m	£18.51m	£18.36m	£18.66m	£18.57m	£19.12m	£219.96m
Variance from Budget Setting														
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
		FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
29	Strength @ beginning of month (negative=reduction)	(12)	(2)	4	(16)	(16)	(15)	1	2	2	3	3	4	
30	Leavers (positive number = less leavers)	8	0	0	0	0	0	0	0	0	0	0	0	8
31	Joiners	2	6	(20)	0	1	16	1	0	1	0	1	(4)	4
32	Other Adjustments	(0)	0	0	0	0	0	0	0	0	0	0	0	(0)
33	Month End Strength Change - FTEs	(2)	4	(16)	(16)	(15)	1	2	2	3	3	4	0	12
34	Change per month FTEs	10	6	(20)	0	1	16	1	0	1	0	1	(4)	
35	Monthly Financial Change	(£1.13m)	£0.26m	(£0.23m)	(£0.04m)	£0.10m	£0.60m	£0.11m	£0.24m	(£0.03m)	£0.36m	£0.36m	£0.74m	£1.34m

Notes

- 1 The budget was built on the assumption that at the start of April 2023 we would have reached the approved establishment of 3,755 FTE.
- 2 The 1st April 2023 strength is not profiled on a monthly basis for budget setting and the above shows the annual amount divided over 12 months with a 2.0% payrise in September i.e. there is no profile adjustment for incremental increases.
- 3 Leavers could be at any rank but assumed to be at constable level for the purpose of profiling the monthly budget. Figures are cumulative.
- 4 The monthly budget for joiners is based on the profile and entry routes assumed at budget setting.
- 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 joiners and leavers.
- 7 Joiners 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

3.2 Modelling of Financial impact from changes to Officers leaver and joiner profile

The table below seeks to model the estimated financial impact from 1, 5, or 10 FTE less leavers than the leavers projections supplied by HR, with an even adjustment to the intakes scheduled for June, September, December and March (no financial impact) 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 £0.113m, £0.563m or £1.126m, 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			Total
	April	May	June	July	August	September	October	November	December	January	February	March	
	12 months	11 months	10 months	9 months	8 months	7 months	6 months	5 months	4 months	3 months	2 months	1 month	
	£	£	£	£	£	£	£	£	£	£	£	£	£
Estimated Impact of 1 FTE less Leaver	49,262	45,156	41,051	36,946	32,841	28,736	24,631	20,526	16,421	12,315	8,210	4,105	320,200
Estimated Impact of 3 FTE less probationer joiner			(98,835)			(69,184)			(39,534)				(207,553)
	Net Impact												112,647
	£	£	£	£	£	£	£	£	£	£	£	£	£
Estimated Impact of 5 FTE less Leavers	246,308	225,782	205,257	184,731	164,205	143,680	123,154	102,628	82,103	61,577	41,051	20,526	1,601,001
Estimated Impact of 15 FTE less probationer joiner			(494,175)			(345,922)			(197,670)				(1,037,767)
	Net Impact												563,235
	£	£	£	£	£	£	£	£	£	£	£	£	£
Estimated Impact of 10 FTE less Leavers	492,616	451,565	410,513	369,462	328,411	287,359	246,308	205,257	164,205	123,154	82,103	41,051	3,202,003
Estimated Impact of 30 FTE less probationer joiner			(988,349)			(691,845)			(395,340)				(2,075,534)
	Net Impact												1,126,469

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

FTE Changes Impacting Pay Forecasts - 2023/24 Month 2

1. Police Officers - Budget Based on Strength								
	Current Position - FTEs		Financial Forecasting FTEs					
	Establishment Target	Strength @ month end	Strength at 1st April 2023	Starters for the year	Transferees for the year	Leavers for the year	Other adjustments e.g. change in hours	Strength at 31st March 2024
Budget Setting			3,755	275	12	(287)	0	3,755
HR data @ 30 April 23	3,755	3,720	3,743	265	26	(279)	(0)	3,755
Change			(12)	(10)	14	8	(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 2023	Vacancy Factor Establishment @ 1st April 2023 *	Actual starters to date	Actual leavers to date
Budget Setting			2,427	2,256		
HR data @ 30 April 23	2,400	2,128			11	(30)
Change						

* Vacancy Factor is 10% for most areas with the main exceptions being FCR, Resolution Centre, PFCC's Office and externally funded posts which have a 0% Vacancy Factor

3. PCSOs - Budget Based on Establishment								
	Current Position - FTEs		Financial Forecasting FTEs					
	Establishment @ month end	Strength @ month end	Establishment @ 1st April 2023	Strength at 1st April 2023	Starters for the year	Leavers for the year	Other adjustments e.g. change in hours	Strength at 31st March 2024
Budget Setting			102	102				
HR data @ 30 April 23	99	93	99	94	8	(7)	0	95
Change								

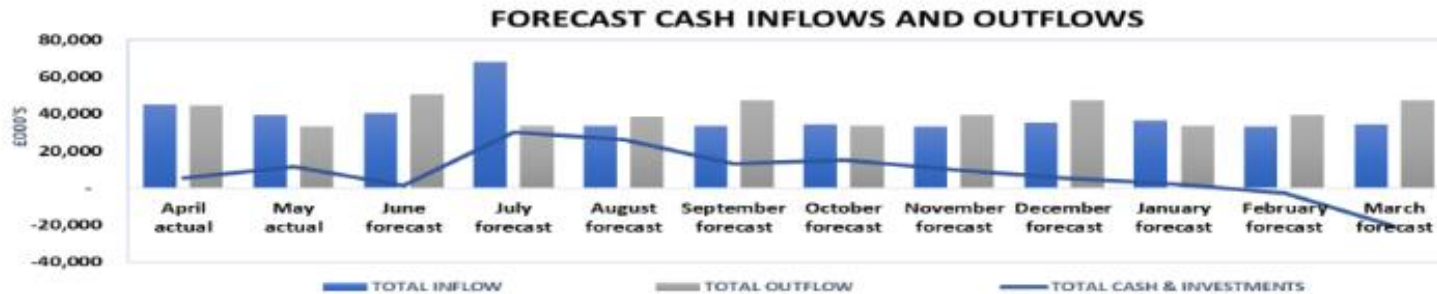
Note: The PCSO Establishment includes 9 FTE partnership funded posts which are externally funded

4. Specials - Headcount	Actual Strength	Target Strength
Budget Setting		427
HR data @ 30 April 23	312	427
Change		

4. Cashflow Forecast



Cashflow Actual – May 2023



	Forecast £000	Actual £000	Variance £000
Expenditure			
Supplier payments	10,350	9,241	(1,109)
Capital - property acquisitions	0	0	0
HMRC payments	7,050	7,373	323
Essex LGPS payments	1,500	1,603	103
Payroll	14,100	15,020	920
Total cash outflow	33,000	33,237	237
Income			
Govt grant	(18,439)	(20,239)	(1,800)
Precepts	(13,268)	(13,319)	(51)
Other net receipts	(7,118)	(5,890)	1,228
Total cash inflow	(38,825)	(39,448)	(623)
Total cash (inflow)/outflow	(5,825)	(6,211)	(386)

MAY COMMENTARY

Expenditure

Supplier payments were £1.109m lower than forecast representing a significant timings variance to the expected profile of payments processed by Business Services. Other variances include an increase of £0.323m in HMRC payments for pensions due to one-off lump sum payments and other pay related adjustments.

The other significant variance related to Payroll which was £1m higher than the plan anticipated. This included £0.580m relating to uniform and support staff mainly due to additional payments for the Easter and May bank holidays. Other variances of £0.340m included £0.100m for apprenticeship levy, £0.051m relating to AFT (Accounting for TAX) and £0.270m relating various payroll related expenditure including lump sum payments to pensioners.

Income

Government grants exceeded the plan by £1.800m. This variance primarily relating to £4.057m of PUP grant funding from the Home Office, offset by other central grants which had already been received, with the onward cashflow model subsequently updated for the remainder of the year. The other net receipts shortfall of £1.228m related to the delay in the sale of Harlow MIT for £1.650m back to March 2024 (as included in the Plan) as well as other variances comprising the difference, relating to Kent collaborative receipts, VAT reimbursements and other miscellaneous receipts.

External Borrowing/Financing

The actual cashflow position in April reflected a significant decrease when £4m of short-term external borrowing was undertaken temporarily, however based upon the most recent quarter one treasury management report it is expected that £21m of external borrowing will be required before year-end.

EXPENDITURE ANALYSIS

MAY EXPENDITURE SUMMARY



Investments @ 31st May 23

