

Performance and Resources Scrutiny Programme 2023/24

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

Title of Report:	2023/24 Month 11 Financial Monitoring Report
Classification of Paper:	Official
Agenda Number:	03.1
Chief Officer:	DCC Prophet
Date Paper was Written:	18th March 2024
Version Number:	1
Report from:	Essex Police: Corporate Finance
Date of Meeting:	26th March 2024
Author on behalf of Chief Officer:	Richard Jones, Head of Financial Performance and Reporting
Date of Approval by Chief Officer	15th March 2024
COG meeting date / date of approval (Please indicate whether paper presented to COG or not)	COG – 15th March 2024

1.0 Purpose of Report

This report identifies the 2023/24 Month 11 position for the Force.

2.0 Recommendations

- 2.1 To note the latest position in the monitoring report.
- 2.2 To note any appropriations to earmarked reserves (virements and journals) that do not require approval, and to recommend approval of any appropriations to earmarked reserves (virements and journals) that do require approval (highlighted in green under *Governance Process*), subject to decision report, as noted in Section 2 and Section 2.1 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 February, Month 11, financial position.

5.0 Current Work and Performance

The Month 11 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 - N/A

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

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

1. Executive Summary

REVENUE

The revenue forecast underspend as at month 11 is £0.750m against the 2023/24 revenue budget of £363.7m (0.21% variance).

Additional funding of £2.265m in relation to an overachievement of 2023/24 Police Officer Uplift is included in the revenue forecast, based on confirmation that the force will be eligible for a payment of £45,000 per officer for the first 45 officers recruited above the force's maintenance headcount and £24,000 per officer for a further 10 above the force's maintenance headcount.

The force variance to current budget at subjective level is detailed in Section 3.3 and Section 3.4 of the report.

WORKFORCE

The Police Officer strength forecast at the end of February is 3,724 FTE and forecast to be 3,755 FTE at year end. The headcount for the end of February is 29 over 3,765. The overspend on Police Officer Pay and Allowances, excluding overtime and Temporary Duty Allowance, is £2.498m.

The Police Staff strength at the end of January is 2,136 FTE. Total vacancies at 31st January are 238 FTEs. The underspend on Police Staff Pay and Allowances, excluding overtime, is £3.158m.

The PCSO strength at the end of January is 96 FTE and forecast to be 95 FTE at year end. The underspend on PCSO Pay and Allowances is £0.131m.

RESERVES

The net appropriations to earmarked reserves for month 11 is £0.025m.

The forecast deficit before appropriations from earmarked reserves and general reserve is £5.195m.

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

A list of planned appropriations to earmarked reserves that are forecast, but yet to be processed, is noted in Section 2.1 of the report.

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

CAPITAL

The capital financial monitoring position for month 11 is a forecast spend of £14.372m, which is a £5.468m underspend against the latest revised budget of £19.840m (27.6% variance).

The financing requirement for unfinanced capital expenditure is forecast at £10.359m which equates to approximately 72% of the year's financing plan. There is no longer expected to be a need for external borrowing in 2023/24 to support capital expenditure, but short-term cashflow related external borrowing may still be required.

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						
ER036/23	Dashcams	114	Capital funding of dashcams project from the Transformation Reserve, based on delivery of dashcams during 2023/24.	Approved under PFCC decision report 117-21	Future Capital Funding Reserve	Transformation Reserve
ER037/23	Dashcams	25	Capital funding of dashcams project from the Transformation Reserve, based on delivery of dashcams during 2023/24.	Approved under PFCC decision report 117-21	Future Capital Funding Reserve	Supplies and Services
Total		139				
Appropriations (from) Earmarked Reserves						
ER038/23	Dashcams	(114)	Capital funding of dashcams project from the Transformation Reserve, based on delivery of dashcams during 2023/24.	Approved under PFCC decision report 117-21	Transformation Reserve	Future Capital Funding Reserve
Total		(114)				
Net appropriation to/(from) Earmarked Reserves		25				

2.1 List of appropriations to Earmarked Reserves – to be approved / endorsed - Month 11

URN	Description	£'000	Commentary/Description	Governance Process	Earmarked Reserve	Subjective Heading
Appropriations to Earmarked Reserves						
ER039/23	Immediate detriment costs relating to the McCloud judgement	889	Costs charged to revenue in 21/22, 22/23 and forecast in 23/24 for the application of immediate detriment in relation to the McCloud judgement for retirements ahead of the formal implementation of the remedy at 1st October 2023. These will now be recharged to the Police Officers Pension fund and funding claimed from the top up grant, with the resulting balance returned to the legal claims earmarked reserve having been appropriated from there previously.	Reversal of appropriation relating to multiple financial years, and returned in connection with its intended use	Legal Claims Reserve	Pensions (Ill Health / Medical)
ER040/23	Live Facial Recognition	237	Transfer of 2023/24 revenue underspends to the Future Capital Funding reserve to fund the Live Facial Recognition Project capital costs for vans and CCTV equipment	Approved under PFCC decision report 021-24	Future Capital Funding Reserve	Supplies & Services
ER041/23	Estates Electrical Testing	186	Transfer of 2023/24 revenue underspends to the Transformation reserve for electrical testing across the Essex Police estate, which is largely deferred until 2024/25	To be PFCC and Chief Officer approved	Transformation Reserve	Premises
ER042/23	Additional licence costs - ICCS and Contact Management Target Operating Model	112	Additional licence costs associated with the Contact Management Target Operating Model and ICCS project	To be PFCC and Chief Officer approved	Transformation Reserve	Supplies & Services
ER043/23	Forfeitures	65	Additional income being recognised based on actuals to date, with the issue of Basildon Court awarding payments to charities having less of an impact than initially expected, to be applied to the forfeitures reserve to fund future bids at the POCA board	To be Chief Officer approved under scheme of virement (<£250k)	Forfeitures Reserve	Fees Charges and Other Service Income
Total (reported at Month 11)		1,489				
ER044/23	PFCC Safer Streets	2,883	Return of PFCC Safer Streets funding of £2.883m to the PFCC Commissioning C/Fwd Reserve, following appropriation from the C/Fwd Reserve at the commencement of the 2023/24 financial year	Reversal of appropriation earlier in the financial year and returned in connection with its intended use	PFCC Commissioning Budget C/Fwd Reserve	Supplies & Services
ER045/23	Chief Constables Operational C/Fwd	100	Forecast appropriation to the Chief Constables Operational C/Fwd Reserve in accordance with financial regulations	As permitted under financial regulations	Chief Constables Operational C/Fwd Reserve	General Reserve
Total (reported prior to Month 11)		2,983				
Forecast appropriations to Earmarked Reserves		4,472				

3. Revenue

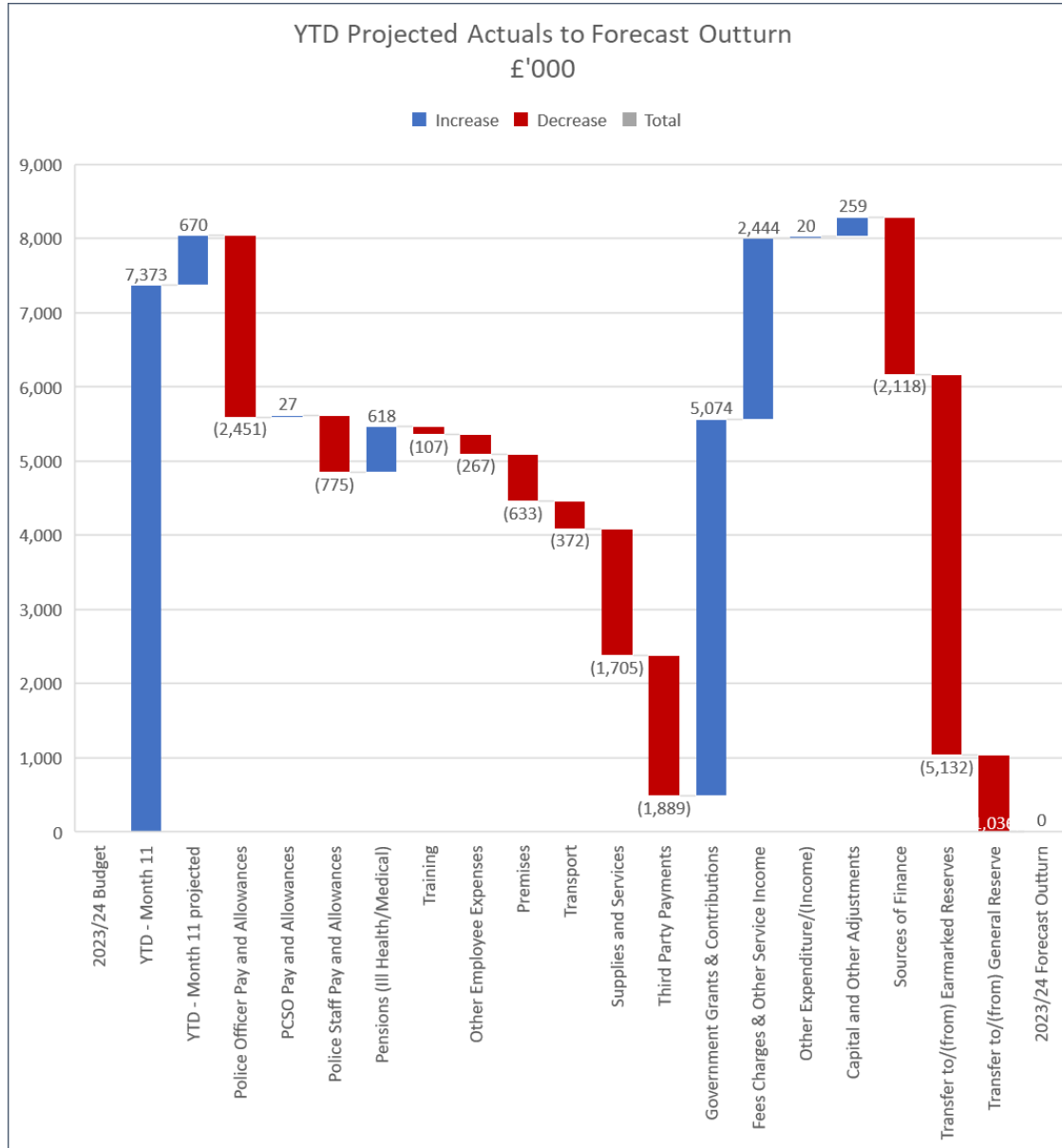
3.1 Revenue Summary

In Month - Month 11			Year to Date - Month 11			Subjective Heading	Full Year					Variance Over/(Under) Spend - Original Budget	Variance Over/(Under) Spend - Revised Budget	Movement from Prior Month - Revised Budget
Budget ¹	Actual	Variance	Budget ¹	Actual	Variance		Original Budget ²	Adjustments to Original Budget	Revised Budget	Year to Date Actual	Year End Forecast			
£000	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000			
18,775	19,528	753	206,522	206,922	401	Employees								
747	657	(91)	8,221	8,769	548	Police Officer Pay and Allowances								
89	115	26	976	1,224	247	218,616	6,681	225,296	206,922	227,794	9,178	2,498	0	
0	0	0	0	0	0	- Police Officer Pay and Allowances	7,127	1,841	8,968	8,769	9,930	2,803	962	(57)
19,611	20,299	689	215,718	216,914	1,196	- Overtime and Operational Performance	1,049	16	1,065	1,224	1,360	311	295	(11)
						- Associated Police Pay	0	0	0	0	0	0	0	0
						- In-Year Savings Shortfall/(Surplus)	226,792	8,537	235,329	216,914	239,084	12,292	3,755	(68)
318	318	0	3,494	3,398	(96)	Police Officer Pay and Allowances								
						PCSO Pay and Allowances								
8,367	8,316	(51)	92,040	88,479	(3,561)	Police Staff Pay and Allowances								
169	167	(2)	1,856	2,140	285	97,785	2,622	100,407	88,479	97,249	(536)	(3,158)	(219)	
8,536	8,483	(53)	93,896	90,620	(3,276)	- Police Staff Pay & Allowances	1,124	900	2,024	2,140	2,384	1,260	360	(40)
						- Police Staff Overtime and Agency	98,909	3,522	102,432	90,620	99,633	724	(2,798)	(259)
384	1,008	623	4,227	4,263	36	Police Staff Pay and Allowances								
172	124	(47)	1,887	1,793	(95)	Pensions (Ill Health / Medical)	4,215	396	4,611	4,263	4,033	(182)	(578)	(883)
71	138	67	782	518	(263)	Training	2,019	40	2,059	1,793	2,063	44	5	(22)
29,091	30,371	1,279	320,004	317,506	(2,498)	Other Employee Expenses	399	453	853	518	832	433	(20)	0
1,031	1,004	(27)	11,337	10,456	(881)	Employees Total								
586	431	(154)	6,441	6,235	(206)	Premises	12,317	51	12,368	10,456	12,039	(278)	(329)	54
4,199	4,009	(190)	46,186	42,808	(3,377)	Transport	6,934	93	7,027	6,235	7,174	240	148	35
0	0	0	0	0	0	Supplies and Services								
4,199	4,009	(190)	46,186	42,808	(3,377)	- Supplies and Services	42,281	8,103	50,384	42,808	48,404	6,124	(1,980)	(119)
						- In-Year Investments	446	(446)	0	0	0	(446)	0	0
653	102	(551)	7,182	5,419	(1,763)	Supplies and Services								
35,559	35,917	358	391,149	382,424	(8,725)	Third Party Payments	7,382	453	7,835	5,419	7,800	419	(34)	(24)
(3,047)	(11,024)	(7,977)	(33,522)	(31,189)	2,333	Gross Expenditure								
(1,572)	(1,483)	90	(17,295)	(14,856)	2,439	Income	405,381	21,327	426,708	382,424	424,744	19,363	(1,964)	(1,295)
(4,620)	(12,507)	(7,887)	(50,817)	(46,045)	4,772	- Government Grants & Contributions	(23,795)	(12,774)	(36,569)	(31,189)	(39,098)	(15,302)	(2,529)	(18)
30,939	23,411	(7,529)	340,332	336,379	(3,953)	- Fees Charges & Other Service Income	(16,279)	(2,589)	(18,867)	(14,856)	(18,651)	(2,373)	216	(255)
						Income								
						Net Cost of Services	(40,074)	(15,362)	(55,436)	(46,045)	(57,749)	(17,675)	(2,313)	(274)
(8)	(66)	(58)	(83)	(980)	(896)	Net Cost of Services								
244	0	(244)	2,680	2,853	173	Other Expenditure / (Income)	(91)	0	(91)	(980)	(1,089)	(998)	(998)	(13)
31,175	23,345	(7,831)	342,929	338,252	(4,677)	Capital and Other Adjustments	904	2,020	2,924	2,853	2,853	1,949	(71)	0
(30,307)	(29,594)	713	(333,380)	(335,208)	(1,828)	Net Expenditure								
868	(6,249)	(7,117)	9,549	3,044	(6,505)	Sources of Finance	(363,687)	0	(363,687)	(335,208)	(363,563)	124	124	0
						(Surplus)/Deficit before appropriations								
							2,433	7,984	10,417	3,044	5,195	2,763	(5,222)	(1,581)
(606)	25	631	(6,666)	(7,272)	(606)	Contribution to/(from) Earmarked Reserves								
(262)	0	262	(2,883)	(3,145)	(262)	Contribution to/(from) General Reserve								
0	(6,224)	(6,224)	0	(7,373)	(7,373)	(Surplus)/Deficit after appropriations								
							0	0	0	(7,373)	0	0	0	0

¹Even monthly profile of Revised Budget

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

3.2 Year to Date Projected Actuals to Forecast Outturn



Supporting Commentary

YTD – Month 11 projected

Actuals to date, extrapolated for remaining months of the year

Police Officer Pay and Allowances

Inclusion of agreed Police Officer pay award from 1 September 2024. Impact of joiners/leavers during the year, Detective and AFO Bonus Payments, pay increments, and overtime paid in arrears

Supplies and Services

Expenditure relating to PFCC Commissioning Budgets, including Safer Streets, and force expenditure in relation to the roll out of new uniform, are forecast to materialise prior to financial year end

Third Party Payments

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

Income – Government Grants & Contributions

Several income streams that are yet to materialise in 2023/24, for example, Home Office PUP grant, and PFCC Victims, Safer Streets, and Violence and Vulnerability commissioning budgets

Income – Fees Charges & Other Service Income

Several income streams that are recharged on a quarterly basis and will be recovered in full as part of year end processes, for example, Safer Essex Roads Partnerships, Disclosure Barring Service and Seconded Officers

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

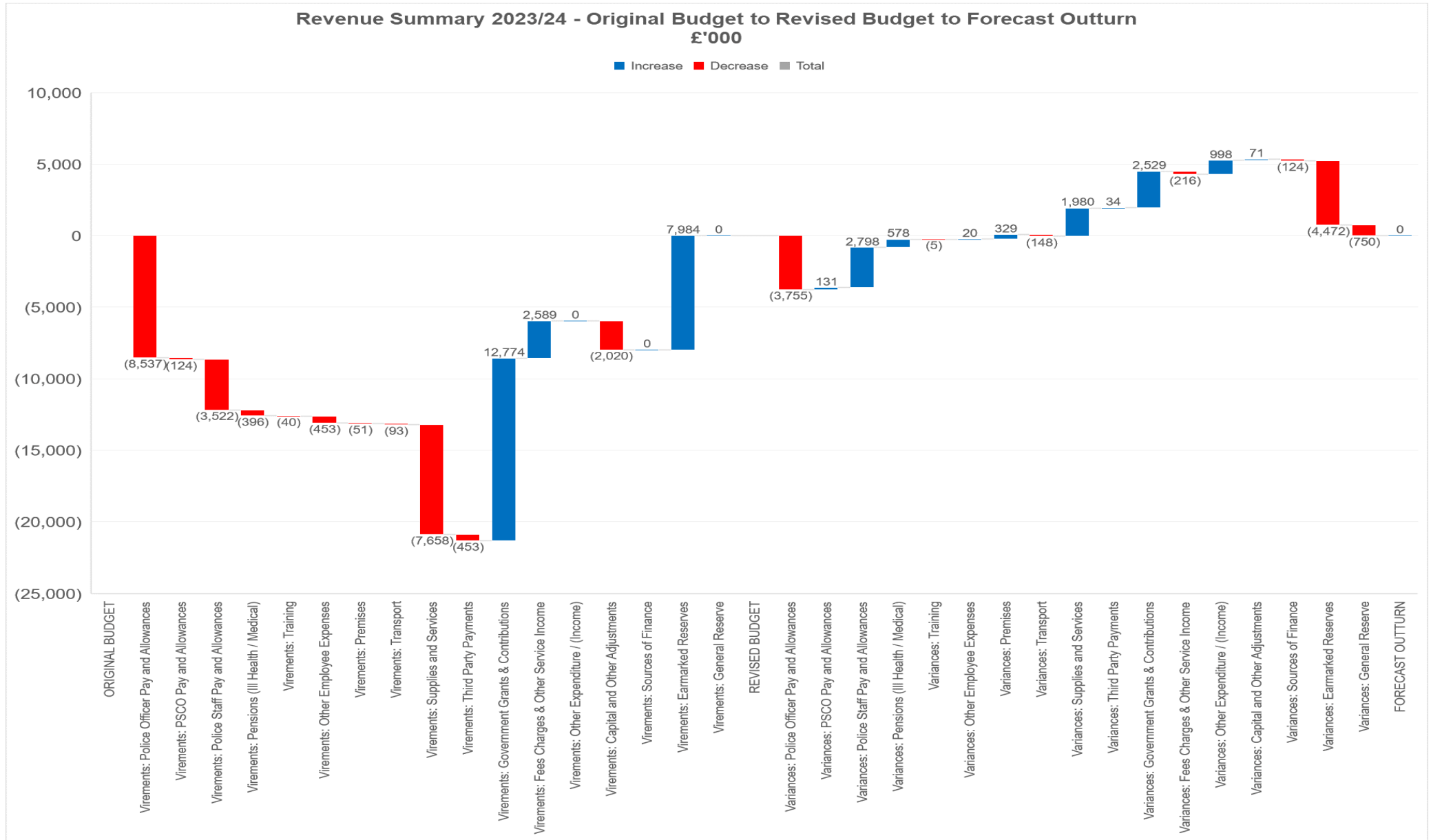
Transfer to/(from) Earmarked Reserve

Appropriations from earmarked reserves performed to date to reflect the annual drawdown from reserves vs an even monthly profile of the budget

Transfer to/(from) General Reserve

Appropriation performed for 2023/24 budget setting contribution from the general reserve, offset by forecast contribution to the general reserve resulting from the revenue forecast underspend position

3.3 Original Budget to Revised Budget to Forecast Outturn



3.4 Revenue Summary – Supporting Commentary

Police Officer Pay and Allowances - £3.755m overspend

Explanation of forecast variance

The forecast includes the agreed 2023/24 Police Officer pay award of 7% that is part funded by the Home Office based on NRE. In addition, the overspend includes changes in recruitment and leaver profiles since budget setting; the impact of additional staff joining the pension scheme following the three yearly pension auto enrolment exercise; Bank Holiday overtime overspend mainly relating to Golden Orb and Op Hallmark; Police Officer overtime overspends for Crime & Public Protection, OPC, Contact Management, SCD, Criminal Justice, Professional Standards, and each of the LPAs, due to vacancy levels and anticipated volumes of activity, with some areas (Contact Management and SCD) funded by way of virement from Police Officer Pay and Police Staff Pay underspends; and Temporary Duty Allowance based on the impact of abstraction from LPA teams for other demands such as Custody and Oscar 1.

Police Staff Pay and Allowances - £2.798m underspend

Explanation of forecast variance

The forecast includes the agreed 2023/24 Police Staff pay award of 7% that is part funded by the Home Office based on NRE. In addition, a net underspend position results from the opening strength being 62 FTE less than budgeted 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, Crime & Public Protection, Support Services, Professional Standards, Professionalism and Strategic Change due to vacancy levels and anticipated volumes of activity, with some areas (Contact Management, SCD and Crime & Public Protection) funded by way of virement from Police Staff Pay underspends.

Explanation of adjustments to Original Budget (virements)

The adjustments from Original Budget to the Revised Budget during Month 10 includes a funding contribution of £86k for the Chief Inspector post connected to the Violence & Vulnerability unit from the PFCC V&V Commissioning Budget.

Previously reported adjustments to Original Budget, up to and including Month 10, total £8.418m.

Explanation of adjustments to Original Budget (virements)

Previously reported adjustments to Original Budget, up to and including Month 10, total £3.516m.

PCSO Pay and Allowances - £0.131m underspend

Explanation of forecast variance

Forecast underspend due to opening strength being less than budgeted establishment, partially offset by the agreed 2023/24 PCSO pay award of 7% that is part funded by the Home Office based on NRE.

Police Pensions (Ill Health/Medical) - £0.578m underspend

Explanation of forecast variance

The forecast underspend relates to costs charged to revenue in 21/22, 22/23 and forecast in 23/24 for the application of immediate detriment in relation to the McCloud judgement for retirements ahead of the formal implementation of the remedy at 1st October 2023. These will now be recharged to the Police Officers Pension fund and funding claimed from the top up grant with the resulting balance returned to the legal claims earmarked reserve having been appropriated from there previously. The forecast underspend is offset by the 2023/24 pension increase being agreed at 10.1% whereas the budget included an inflationary uplift of only 3.1%.

Premises - £0.329m underspend

Explanation of forecast variance

Forecast underspend of £0.6m to reflect a one-off rates refund for Chelmsford HQ and Southend following rates valuations appeals, offset by a forecast overspend of £0.3m in relation to the Trade Waste contract, which is under further review.

Explanation of adjustments to Original Budget (virements)

Previously reported adjustments to Original Budget, up to and including Month 10, total £0.124m.

Explanation of adjustments to Original Budget (virements)

Previously reported adjustments to Original Budget, up to and including Month 10, total £0.396m.

Explanation of adjustments to Original Budget (virements)

Nothing significant to report.

Transport - £0.148m overspend

Explanation of forecast variance

Forecast overspend for force mileage rate and car allowance claims based on expenditure to date resulting from a change to force policy based on new national guidelines, and vehicle parts and equipment expenditure to reflect expenditure incurred to date; largely offset by a forecast underspend in respect of vehicle fuel, resulting from a reduction in fuel prices and fewer miles incurred, and a reduction in the vehicle insurance premium following conclusion of the tendering process and negotiations between SEERPIC forces.

Supplies and Services - £1.980m underspend

Explanation of forecast variance

The forecast includes an underspend in relation to PFCC Safer Streets activity, where funding was appropriated from the PFCC Commissioning C/Fwd Reserve at the commencement of the 2023/24 financial year to reflect planned expenditure, which is now due to materialise in future years (£2.9m), a reduction in revenue consequences of capital reflecting estates expenditure for the TSU Accommodation project and CCTV replacement custody suites project now being financed from alternative revenue sources, in addition to an overall review of IT projects requirement across the remainder of the financial year (£0.7m), a reduction in respect of contingencies for PPA claims now being discharged based on updated legal advice (£0.1m), a net decrease in respect of the Council Tax Sharing Agreement based on billing authorities updating their forecast positions as at Q3 23/24 for Council Tax collection (£0.1m), and a reduction in the Forensic Analysis forecast where monthly expenditure to date has been sporadic, and as a result, difficult to forecast since the introduction of the NGP Forensic Services Contract from 1st April 2023 (£0.1m).

Explanation of adjustments to Original Budget (virements)

Nothing significant to report.

These underspends are partially offset by an overspend in relation to one-off expenditure associated with the roll out of replacement uniform items (£0.3m); insurance claims position for the force resulting in an overspend in relation to eight material claims notified during 23/24 (£0.5m); communications and technology expenditure based on ongoing ITD contracts and project provisions, with the main variances relating to Data Centre, Airwave and DAMS (£0.1m); the custody medical provision and SARC contract are forecast to meet 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 (£0.2m); the Home Office recharge for Comms Intel Data is higher than budgeted (£0.3m); and PFCC Public and Partner engagement, internal audit and external audit are forecast to overspend (£0.2m).

Explanation of adjustments to Original Budget (virements)

Previously reported adjustments to Original Budget, up to and including Month 10, total £7.646m.

Third Party Payments - £0.034m underspend

Explanation of forecast variance

The forecast includes an underspend resulting from the NPCC Science and Technology Strategy workstream being no longer required, which is offset by an overspend associated with ERSOU ROCU expenditure following a financial monitoring update from the lead force.

Income – Government Grants & Contributions - £2.529m surplus

Explanation of forecast variance

The forecast includes a forecast surplus in respect of additional funds relating to an overachievement of 2023/24 PUP of £2.265m, based on confirmation that the force will be eligible for a payment of £45,000 per officer for the first 45 officers recruited above the force's maintenance headcount (baseline plus total three-year allocation) and £24,000 per officer for a further 10 recruited above the force's maintenance headcount. In the event that the PUP headcount target of 55 over is not met by financial year end, the force will forego income of £24,000 per officer for the first ten officers, and £30,000 per officer thereafter.

Income – Fees, Charges & Other Service Income - £0.216m deficit

Explanation of forecast variance

The forecast includes a forecast deficit for the Magistrates Costs Awarded income budget as a result of the Roads Policing restructure, on the basis that monthly income does not reflect the additional court spaces being filled. This overspend is partially offset by forecast income receipts, above budget assumptions, for insurance recoveries, historic business rates recovery, information rights income, vehicle seizures recovery and immigration income.

Explanation of adjustments to Original Budget (virements)

Previously reported adjustments to Original Budget, up to and including Month 10, total £0.453m.

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, PCSO Pay and Allowances, Supplies & Services, Third Party Payments, and appropriations to earmarked reserves, for Home Office funding and externally funded activity, all of which have a corresponding forecast adjustment.

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, PCSO Pay and Allowances, Supplies & Services, Third Party Payments, and appropriations to earmarked reserves, for Home Office funding and externally funded activity, all of which have a corresponding forecast adjustment.

Other Expenditure/(Income) - £0.998m surplus

Explanation of forecast variance

Forecast surplus due to a net interest movement resulting from a decrease in interest payable due to a revised cashflow forecast following confirmation of additional government grant funding in the year and additional investment income now being forecast.

Sources of Finance - £0.124m deficit

Explanation of forecast variance

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.

Contribution to Earmarked Reserves - £4.472m

Explanation of forecast variance

As noted in Section 2.1 of the report.

Contribution to General Reserve - £0.750m

Explanation of forecast variance

As noted in Section 1 of the report in terms of the revenue forecast underspend position for the force.

Explanation of adjustments to Original Budget (virements)

Nothing to report.

Explanation of adjustments to Original Budget (virements)

Nothing to report.

Explanation of adjustments to Original Budget (virements)

As noted in Section 5 of the report.

Explanation of adjustments to Original Budget (virements)

Nothing to report.

3.5 Main Forecast Movements since last month

Main Changes to Forecast Outturn Variance since Month 10

	Change in Forecast Outturn Variance £m	
Month 10 Forecast Outturn Variance	(0.7)	Underspend
Police Staff Pay and Allowances	(0.2)	The reduction in forecast is primarily due to the cancellation of bulk intakes for Force Control Room and Resolution Centre staff ahead of the implementation of the Contact Management Target Operating Model (£0.1m) and a reduction in forecast pay costs for the PFCC's office (£0.1m).
Pensions (Ill Health / Medical)	(0.9)	The reduction in forecast relates to costs charged to revenue in 21/22, 22/23 and forecast in 23/24 for the application of immediate detriment in relation to the McCloud judgement for retirements ahead of the formal implementation of the remedy at 1st October 2023. These will now be recharged to the Police Officers Pension fund and funding claimed from the top up grant with the resulting balance returned to the legal claims earmarked reserve having been appropriated from there previously.
Supplies and Services	(0.1)	The reduction in forecast includes underspends in relation to the roll out of replacement uniform due to some items having to be returned due to quality issues, and therefore delayed until 2024/25, in addition to a limited level of staffing resource available to finalise the roll out prior to financial year end; and additional licence costs associated with the Contact Management Target Operating Model and ICCS project, which is proposed to be appropriated to the Transformation Reserve for delivery in 2024/25 (£0.112m). These underspends are partially offset by an increase to external audit fees following confirmation of the fee proposal; a movement in relation to the charge required to revenue to increase the loss allowance in relation to bad and doubtful debts following a review of current debtors; and an increase to the expenditure planned in connection with PFCC Public/Partner engagement prior to financial year end.
Income - Fees Charges & Other Service Income	(0.3)	The increase in forecast relates to the following areas: Mutual assistance income increase resulting from Op Brock and other force deployments during the final quarter of the financial year; an increase to the forecast for vehicle recovery income based on increased income realised during the second half of the financial year; and an increase in forecast recoveries from third party insurers for damage caused to police vehicles based on increased income realised during the final quarter of the financial year.
Contributions to Earmarked Reserves	1.5	The increase in forecast relates to the following areas: Costs charged to revenue in 21/22, 22/23 and forecast in 23/24 for the application of immediate detriment in relation to the McCloud judgement for retirements ahead of the formal implementation of the remedy at 1st October 2023. These will now be recharged to the Police Officers Pension fund and funding claimed from the top up grant with the resulting balance returned to the legal claims earmarked reserve (£0.889m); the transfer of 2023/24 revenue underspends to the Future Capital Funding reserve to fund the Live Facial Recognition Project capital costs for vans and CCTV equipment (£0.237m); the transfer of 2023/24 revenue underspends to the Transformation reserve for electrical testing across the Essex Police estate, which is largely deferred until 2024/25 (£0.186m), and additional licence costs associated with the Contact Management Target Operating Model and ICCS project (£0.112m); and additional income being recognised based on actuals to date, with the issue of Basildon Court awarding payments to charities having less of an impact than initially expected, to be applied to the forfeitures reserve to fund future bids at the POCA board (£0.065m).
Further Variances	(0.1)	Various changes across the force to reflect latest information which are less than £100k, including Police Officer Overtime (£57k) and Police Staff Overtime and Agency (£40k).
Month 11 Forecast Outturn Variance	(0.8)	Underspend

4. Workforce Analysis

4.1 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	3,702	3,721	3,706	3,673	3,742	3,725	3,708	3,749	3,731	3,724	
16	Leavers	(26)	(24)	(23)	(19)	(32)	(24)	(19)	(17)	(14)	(19)	(12)	(23)	(251)
17	Joiners (note 7)	3	6	41	4	0	94	0	0	55	1	4	56	264
20	Other Adjustments (note 8)	(0)	0	1	0	(1)	(1)	1	1	(1)	0	1	(2)	(1)
21	Net change	(23)	(18)	19	(15)	(33)	69	(18)	(16)	40	(18)	(7)	31	12
22	Officer strength - month end	3,720	3,702	3,721	3,706	3,673	3,742	3,725	3,708	3,749	3,731	3,724	3,755	
23	Difference to 3755fte - over / (under)	(35)	(53)	(34)	(49)	(82)	(13)	(30)	(47)	(6)	(24)	(31)	0	
24	Officer headcount - month end	3,793	3,775	3,793	3,775	3,742	3,813	3,795	3,778	3,819	3,802	3,794	3,825	
25	Difference to PUP headcount 3765 - over/(under) (note 9)	28	10	28	10	(23)	48	30	13	54	37	29	60	
Actuals /Forecast £	Actual £											Forecast £		Total £m
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
26	Costed Strength before joiners/leavers	£16.97m	£18.27m	£17.90m	£18.13m	£18.22m	£19.78m	£19.48m	£19.58m	£19.26m	£19.81m	£19.53m	£20.72m	£227.64m
27	Leavers												(£0.09m)	(£0.09m)
28	Joiners												£0.05m	£0.05m
29	Other Costs												£0.19m	£0.19m
30	Monthly Actual	£16.97m	£18.27m	£17.90m	£18.13m	£18.22m	£19.78m	£19.48m	£19.58m	£19.26m	£19.81m	£19.53m	£20.86m	£227.78m
Variance from Budget Setting														
	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		
31	Strength @ beginning of month (negative=reduction)	(12)	(2)	2	(23)	(16)	(27)	(2)	3	8	5	9	24	
32	Leavers (positive number = less leavers)	8	(1)	0	4	(9)	(1)	4	6	9	4	11	0	36
33	Joiners	2	5	(26)	3	(1)	27	(1)	(1)	(12)	0	3	(22)	(23)
32	Other Adjustments	(0)	0	1	0	(1)	(1)	1	1	(1)	0	1	(2)	(1)
33	Month End Strength Change - FTEs	(2)	2	(23)	(16)	(27)	(2)	3	8	5	9	24	0	12
34	Change per month FTEs	10	4	(25)	7	(11)	25	4	6	(4)	4	15	(24)	
	Actual £											Forecast £		Total £m
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
35	Monthly Financial Change	(£1.13m)	£0.26m	(£0.24m)	£0.08m	£0.26m	£1.33m	£1.12m	£1.31m	£0.87m	£1.51m	£1.32m	£2.48m	£9.16m

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
- 9 The PUP requirement is to surpass a headcount of 3,765 by 45 officers, plus an additional 10 officers (total 55 officers)

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, 10, or 13 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, 10 or 13 FTE less leavers per month is £0.113m, £1.126m or £1.464m, 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						
	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	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£
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			(98,835)			(69,184)			(39,534)				(207,553)
Net Impact													112,647

	April	May	June	July	August	September	October	November	December	January	February	March	Total
	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 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			(988,349)			(691,845)			(395,340)				(2,075,534)
Net Impact													1,126,469

	April	May	June	July	August	September	October	November	December	January	February	March	Total
	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 13 FTE less Leavers	640,401	587,034	533,667	480,300	426,934	373,567	320,200	266,834	213,467	160,100	106,733	53,367	4,162,604
Estimated Impact of 39 FTE less probationer			(1,284,854)			(899,398)			(513,942)				(2,698,194)
Net Impact													1,464,410

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

FTE Changes Impacting Pay Forecasts - 2023/24 Month 11

1. Police Officers - Budget Based on Strength

	Current Position - FTEs		Financial Forecasting FTEs					Strength at 31st March 2024
	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	
Budget Setting			3,755	275	12	(287)	0	3,755
HR data @ 31 December 2023	3,755	3,749	3,743	245	31	(262)	(2)	3,755
HR data @ 31 January 2024	3,755	3,731	3,743	231	33	(251)	(1)	3,755
Change		(18)		(14)	2	11	1	0

2. Police Staff - Budget Based on Establishment (please see note below)*

	Current Position - FTEs		Financial Forecasting FTEs			
	Establishment @ 100%	Strength @ month end	Establishment @ 100% at 1st April 2023	Vacancy Factor Establishment @ 1st April 2023 *	Actual starters to date	Actual leavers to date
Budget Setting			2,374	2,208		
HR data @ 31 December 2023	2,374	2,137			175	(183)
HR data @ 31 January 2024	2,374	2,136			194	(203)
Change		(1)			19	(20)

* 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 @ 31 December 2023	99	96	99	94	5	(4)	0	95
HR data @ 31 January 2024		96	99	94	5	(4)	0	95
Change		0			0	0	0	0

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 @ 31 December 2023	266	427
HR data @ 31 January 2024	267	427
Change	1	

5. Detailed Reserves Analysis

Earmarked Reserves and Provisions - Opening and Closing Balances									
Reserve	1st April 2023 - Opening Balance	Base Budget Allocations from Earmarked Reserves	Budget Setting Contribution / (Allocation) 2023/24	In-Year Contribution 2023/24	In-Year Allocation 2023/24	31st March 2024 Closing Balance	Forecast In-Year Contribution/ (Allocation)	Forecast Year End Balance	Description of Earmarked Reserve
1 Reserves held by Essex Police but managed as third party reserves									
Op Dagenham Maintenance Reserve	£0.101m		-	-	-	£0.101m	-	£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	£0.101m	£0.000m	£0.000m	£0.000m	£0.000m	£0.101m	£0.000m	£0.101m	
2 Ringfenced Reserve									
Proceeds of Crime Act	£1.696m	(£0.300m)	-	£0.034m	(£0.080m)	£1.350m	£0.096m	£1.446m	POCA Reserve holds receipts received through the Asset Recovery Incentive Scheme to fund crime reduction related expenditure. Includes budgeted allocation of £0.3m for Financial Investigator posts.
Forfeiture Monies Reserve	£0.414m		-	£0.238m	(£0.218m)	£0.434m	£0.215m	£0.649m	Forfeiture Monies Reserve holds funds transferred from the Misuse of Drugs Act Seizures Fund.
Restructuring Reserve	£0.963m		-	-	(£0.179m)	£0.785m	(£0.099m)	£0.685m	Reserve to help fund future years restructuring costs (Redundancies, LGPS Financial Strain and relocation expenses). Awaiting the outcome of business case consultations to determine any drawdown from reserve.
Transformation Reserve	£2.347m		-	-	(£1.527m)	£0.820m	£0.298m	£1.118m	Reserve to help fund the one-off costs of implementing the IT, Estates and Digital Forensic Transformation Strategies. The forecast appropriations to the reserve are for electrical testing across the Essex Police estate, which is largely deferred until 2024/25, and additional licence costs associated with the Contact Management Target Operating Model and ICCS project.
Legal Reserve	£0.836m		-	-	(£0.564m)	£0.272m	£0.748m	£1.020m	Reserve established to fund the cost of one-off commitments for legal claims (Allard & Ors v Devon, Cornwall Constabulary and McCloud v Sargeant). The forecast appropriations to the reserve includes costs charged to revenue in 21/22, 22/23 and forecast in 23/24 for the application of immediate detriment in relation to the McCloud judgement for retirements ahead of the formal implementation of the remedy at 1st October 2023. These will now be recharged the Police Officers Pension fund and funding claimed from the top up grant.
PEQF Reserve	£0.298m		(£0.187m)	-	-	£0.111m	-	£0.111m	PEQF mobilisation costs to be used for the introduction of the new PEQF training programme. Includes budgeted allocation of £0.187m for external training costs.
Restricted Grant and Contributions Reserve	£0.436m		-	-	(£0.293m)	£0.143m	(£0.006m)	£0.137m	Reserve to hold balances of restricted grants and contributions to allow balances to be held until eligible spend incurred.
Insurance Reserve	-		£0.200m	-	-	£0.200m	-	£0.200m	Reserve to hold balances to help manage the impact of volatile claim trends on revenue, and to assist with any unforeseen shortfalls in respect of premium cover. Includes annual budgeted contribution of £0.2m to the reserve.
Total	£6.991m	(£0.300m)	£0.013m	£0.272m	(£2.862m)	£4.114m	£1.251m	£5.365m	

Earmarked Reserves and Provisions - Opening and Closing Balances

Reserve	1st April 2023 - Opening Balance	Base Budget Allocations from Earmarked Reserves	Budget Setting Contribution / (Allocation) 2023/24	In-Year Contribution 2023/24	In-Year Allocation 2023/24	31st March 2024 Closing Balance	Forecast In-Year Contribution/ (Allocation)	Forecast Year End Balance	Description of Earmarked Reserve
3 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. These reserves are typically 1% of the force budget.
Chief Constables Operational C/Fwd	£0.650m		-	-	-	£0.650m	£0.100m	£0.750m	Operational Carry Forward resulting from the 2021/22 force underspend. Forecast in-year contribution of £0.1m resulting from force underspend, in accordance with financial regs.
Future Capital Funding	£1.001m	£1.000m	-	£0.264m	(£2.020m)	£0.245m	£0.231m	£0.476m	Reserve to apply revenue financing to fund the force capital programme. Includes annual budgeted contribution of £1m. The forecast appropriation to reserves includes the transfer of 2023/24 revenue underspends in order to fund the Live Facial Recognition Project capital costs for vans and CCTV equipment.
Total	£3.151m	£1.000m	£0.000m	£0.264m	(£2.020m)	£2.395m	£0.331m	£2.726m	
4 PFCC Reserves									
Commissioning Grants / Safer Streets	£5.258m		-	-	(£3.639m)	£1.619m	£2.883m	£4.502m	Includes PFCC Commissioning Budget C/Fwd of £2.375m and Safer Streets funding of £2.883m. The CSF, CSDF, Victims and Safer Streets Commissioning C/Fwd has been drawdown from reserves in anticipation of utilisation in 2023/24, however the Safer Streets expenditure is no longer expected to be required in 2023/24, so it is forecast to return to the C/Fwd Reserve at financial year end. The V&V C/Fwd has been retained for use in 2025/26, when Home Office funding is forecast to cease.
Total	£5.258m	£0.000m	£0.000m	£0.000m	(£3.639m)	£1.619m	£2.883m	£4.502m	
5 General Reserve									
General Reserve	£13.394m		(£3.145m)	-	-	£10.249m	£0.750m	£10.999m	The 2023/24 General Reserve opening balance is £13.394m, which represents 3.7% of the 2023/24 force budget of £363.7m. The 2023/24 General Reserve closing balance is £10.999m, which represents 3.0% of the 2023/24 force budget of £363.7m. Includes £3.145m budgeted contribution to the reserve to fund one-off cost pressures.
Total Revenue Reserves	£28.895m	£0.700m	(£3.132m)	£0.536m	(£8.521m)	£18.478m	£5.216m	£23.693m	

6. Capital

6.1 Capital Summary

CAPITAL PROGRAMME 2023/24 MONTH 11 MONITORING POSITION SUMMARY REPORT

	2023/24 Original Budget PF&C Panel	2023/24 Subject to Approvals Funding Distribution	2023/24 Other Approved Changes (Table 6.3.1)	2023/24 Revised Budget	2023/24 Actuals (to end of reporting period)	2023/24 Forecast Outturn	2023/24 Forecast Budget Variance (Table 6.3.2)	2023/24 Previous Month Forecast Outturn	2023/24 Movement to Previous Month (Table 6.3.3)
	£000	£000	£000	£000	£000	£000	£000	£000	£000
EXPENDITURE -									
ANPR projects	0	110	5	115	124	124	9	124	0
Estates projects	3,353	1,215	3,217	7,785	5,406	6,500	(1,285)	6,499	1
IT projects	542	3,052	821	4,415	2,360	3,015	(1,400)	2,998	17
Transport projects	1,295	2,214	1,183	4,692	3,282	3,968	(724)	3,964	4
OPC projects	26	454	(324)	156	81	135	(21)	135	0
SCD projects	0	24	15	39	32	35	(4)	39	(4)
Other projects	0	237	340	577	529	575	(2)	575	0
<i>Subject to Approval projects</i>	8,783	(7,306)	584	2,061	0	20	(2,041)	133	(113)
TOTAL EXPENDITURE	13,999	0	5,841	19,840	11,814	14,372	(5,468)	14,467	(95)
FINANCING -									
Capital Receipts	4,100	0	1,813	5,913		1,550	(4,363)	2,758	(1,208)
Revenue Contributions	1,131	0	950	2,081		2,400	319	2,026	374
Capital Grant	0	0	0	0		0	0	0	0
External & Other Income	0	0	0	0		63	63	63	0
Financing Requirement	8,768	0	3,078	11,846		10,359	(1,487)	9,620	739
TOTAL FINANCING	13,999	0	5,841	19,840	11,814	14,372	(5,468)	14,467	(95)

Notes

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 £5.468m underspend incorporates slippage carried forward to 2024/25, and other changes, as set out in Table 6.3.2.
3. The financing model has been updated as per the separate working paper
4. There are no actuals to date in the financing column as this process is undertaken at year-end (hence the shading applied to this column).
5. The term financing requirement refers to the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income i.e. an underlying need to borrow for capital purposes. This need to borrow can include external borrowing from bodies such as the Public Works Loans Board (PWLB) or other

public sector bodies. It also includes internal borrowing whereby forces fund capital expenditure from a temporary surplus of cash. For treasury management purposes and based on the latest 2023/24 Treasury Management report (reported at the March 2024 Strategic Board), a net surplus of circa £4m is expected by the end of 2023/24. Whilst not mandatory, an additional amount of circa £6m may be sourced via external borrowing to meet the PFCC's £10m minimum threshold for liquidity purposes and compliance with MiFID II legislation. 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

Budget position

The starting budget position of **£13.999m** as set at the February 2023 Police Fire & Crime Panel, has been uplifted to a revised budget of **£19.840m** as at month 11. The increase of £5.841m also comprises slippage to existing approved budget brought forward from 2022/23 as well as new approved capital projects.

The 2022/23 slippage of £2.537m brought forward comprises IT related projects of £0.727m, Estates related projects of £1.005m, Transport slippage of £0.757m, and other immaterial balances totalling £0.048m.

Additional budgetary movement includes £0.580m of business cases approved as Stage C's where no previous Stage B budget setting bid was submitted, £0.938m mainly comprised of refiled subject to approvals, and £1.694m of previous subject to approval funding from future years which has now been approved. The latter relates to the Boreham Infrastructure MIP4 project with funds advanced from future years, having been approved at the March 2023 Strategic Board.

Since the original budget was approved there have been £7.306m of business cases approved, previously categorised as subject to approval. The impact of these approvals is reflected within the 'subject to approvals' columns in the capital tables within this report.

The £7.306m approved at the boards include the following material schemes:

- £3.052m of IT projects relating to the Infrastructure Technical Refresh programme
- £0.110m for the ANPR 2023/24 equipment replacement programme as part of the forces annual rolling programme
- £0.237m relating to the body armour replacement rolling programme 2023/24
- £2.2m for the Fleet Replacement rolling programme 2023/24
- £1.215m of Estates projects including £0.150m for Harlow Rest Area, £0.250m for Capitalised Maintenance, £0.400m Boreham Infrastructure and £0.225m TSU Accommodation - MIP3 (Disposals Provision Facility 3/5)

- £0.400m of OPC projects relating to the Marine Launch

Forecast Position – Summary

The forecast for month 11 is a year-end spend of £14.372m, reflecting a forecast underspend of (£5.468m) against the current budget of £19.840m, compared to the previous month 10 reported underspend of (£5.373m). The decrease in the forecast spend since the previous month equates to (£0.095m), relating to approved budgets only.

Forecast Variances

The forecast underspend of (£5.468m) comprises slippage of (£4.585m) and an underspend of (£1.305m), both offset by a net forecast overspend of £0.422m.

Forecast slippage of (£4.585m) (from 2023/24 to 2024/25)

The four principle areas being forecast to slip into 2024/25 are Estates, Transport, IT and Subject to Approvals, and are comprised of:

Estates - which is expected to slip (£1.488m) into future years compared to (£1.510m) in month 10, with the material variances comprising:

- Harwich & Dovercourt Collaboration project of (£0.797m), including (£0.669m) additional slippage in month 10, based on delayed contractual negotiations impacting the final delivery of the project
- (£0.190m) relating to Laindon CEL being re-profiled to 2024/25 following the recognition of this new approved bid in month 6
- (£0.274m) relating to the Capital Maintenance Programme with various maintenance work no longer expecting to be commissioned in 2023/24

Transport - which is expected to slip by (£0.713m) relating to both the 2022/23 and 2023/24 replacement programmes due to continuing delays with deliveries of parts, and ongoing uncertainty in respect of forecasting when deliveries will arrive compared to what the suppliers are indicating.

IT – who are reporting a slippage of (£0.864m) in month 11 compared to (£0.881m) in month 10, principally comprising (£0.628m) relating to Infrastructure Technical Refresh, due to delays with strategic decisions pending around future and current purchase of servers, and subsequent/ongoing delays with approval and governance. An additional (£0.111m) relating to Specials Body Worn Video & Mobile First has been slipped based on the refresh of this equipment not now expected to be delivered until 2025/26.

Subject to Approvals – which continues to report slippage of (£1.496m), mainly relating to the impact of updated subject to approval bids being included in the current year programme, principally for Estates, with various projects refreshed and reprofiled in line with the Estates Strategy and start dates deferred to 2024/25 onwards. The capital projects reprofiled to 2024/25 include HQ Refurbishment of (£0.250m), Boreham Infrastructure (£0.328m), Disposal Revisions (£0.500m) and Estates Transformation

(£0.330m).

Net forecasts overspend of £0.422m

Estates - £0.282m being reported in month 11 including an in-month movement of £0.041m relating to Laindon CEL Phase 2. The other overspend includes £0.164m originally recognised in month 5 relating to additional expenditure for the CCTV project.

IT – including advanced works of £0.117m of which £0.074m relates to Dashcams.

Net forecast underspend of (£1.305m)

The two principle areas are IT and Subject to Approvals, and are comprised of:

IT – forecasting an underspend of (£0.653m) with no movements in month 11, mainly comprising Infrastructure Technical Refresh (£0.591m) with the ongoing impact of agile working and the overall review of the IT capital programme influencing the original replacement programme, resulting in the reduction of IT hardware such as servers, workstations being replaced by laptops, and a reduction in licence requirements.

Subject to Approvals – Comprising (£0.545m) of forecast underspend movement, with the main variance being (£0.349m) for the Contact Management Workforce Management Tool which is no longer on the basis this will now be a revenue-based solution. For month 11 a further (£0.113m) has been removed from the remaining contingency balance for projects below the de minimis Stage A threshold, leaving a remaining forecast of £0.020m for the new Marine Unit purchase currently in progress and expected to be finalised in 2023/24.

Financing

The financing plan for 2023/24 reflects the optimal allocation of capital resources over the medium-term financial period to minimise costs to the force. The forecast for capital receipts has reduced to £1.550m for month 11, reflecting the delay with the sale of Harlow MIT, Ongar Police Station, and 35 Kingston Avenue. These amounts have been offset by additional non-property capital receipts recognition relating to Transport. £0.063m of grants & contributions are also forecast to be received, with all these resources forecast to be used in financing the capital programme in 2023/24.

£1.001m of revenue contributions were also brought forward from 2022/23 to fund the 2023/24 capital programme. This, together with £1.499m of additional revenue in 2023/24, 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 £10.359m which equates to approximately 72% of the year's financing plan. Based on the latest treasury management information available, there is no longer expected to be a need for further external borrowing in 2023/24 (see 6.1, note 5). This follows the two instances of external borrowing for the year to date which were for short-term cashflow-related

requirements.

6.3 Capital Summary – Supporting Tables

6.3.1 Other Approved Budget Changes

CAPITAL PROGRAMME 2023/24 MONTH 11 MONITORING POSITION
OTHER APPROVED BUDGET CHANGES

	Slippage b/f	SB - Changes to Existing Programme*	SB - New Projects Approved	Budget Advanced from Future years	Delegated Authority - Changes from New Projects and to Existing Programme*	Total Movements
	£000	£000	£000	£000	£000	£000
OTHER APPROVED BUDGET CHANGES						
ANPR projects	5	-	-	-	-	5
Estates projects	1,005	62	456	1,694	-	3,217
IT projects	727	-	94	-	-	821
Transport projects	757	400	-	-	26	1,183
OPC projects	10	(400)	-	-	66	(324)
SCD projects	15	-	-	-	-	15
Other projects	18	292	30	-	-	340
<i>Subject to Approval projects</i>	-	584	-	-	-	584
TOTAL	2,537	938	580	1,694	92	5,841

*changes to existing programme relate to differences in values between budget setting bid compared to final approved business case

6.3.2 Forecast Expenditure Variances

CAPITAL PROGRAMME 2023/24 MONTH 11 MONITORING POSITION
FORECAST EXPENDITURE VARIANCES

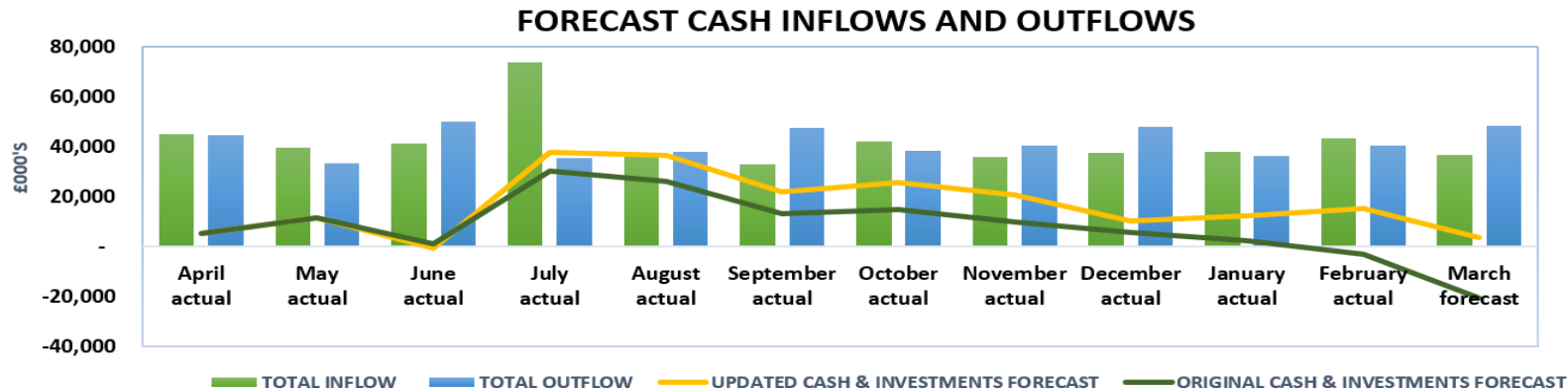
	Additions	Forecast Overspend	Forecast Underspend	Slippage c/f	Total Variances
	£000	£000	£000	£000	£000
FORECAST OUTTURN VARIANCES					
ANPR projects	0	9	0	0	9
Estates projects	0	282	(79)	(1,488)	(1,285)
IT projects	0	117	(653)	(864)	(1,400)
Transport projects	0	12	(23)	(713)	(724)
OPC projects	0	0	(1)	(20)	(21)
SCD projects	0	0	(4)	0	(4)
Other projects	0	2	0	(4)	(2)
<i>Subject to Approval projects</i>	0	0	(545)	(1,496)	(2,041)
TOTAL	0	422	(1,305)	(4,585)	(5,468)

6.3.3 Forecast Outturn Monthly Movement

CAPITAL PROGRAMME 2023/24 MONTH 11 MONITORING POSITION FORECAST OUTTURN VARIANCE MOVEMENTS SINCE PRIOR MONTH

	Changes in Forecast Outturn Variance	Explanation
	£000	
Month 10 Forecast Outturn	14,467	
Capitalised Maintenance Programme	78	Previous slippage now forecast to spend due to increase for urgent remedial works required at Chelmsford HQ
Lockers Replacement (Force Growth Programme)	(65)	Slippage to 2024/25 in line with forecast expenditure due to delays with main contractual works at Chelmsford Police Station
Subject to approval < £50k	(111)	Removal of remaining subject to approval contingency balance for projects < £50k (with exception of £20k retained for Marine Unit purchase expected in month 12)
Net impact of other immaterial movements < £50k (reductions, underspends and slippage)	3	Various
Month 11 Forecast Outturn	14,372	

7. Cashflow Forecast



February Summary	Forecast £000	Actual £000	Variance £000
Expenditure			
Supplier payments	11,295	9,147	(2,148)
HMRC payments	8,002	7,877	(125)
Essex LGPS payments	1,700	1,730	30
Payroll	20,737	21,726	989
Total cash outflow	41,734	40,480	(1,254)
Income			
Govt grant	(22,421)	(22,679)	(258)
Precepts	(13,299)	(13,299)	0
Other net receipts	(6,890)	(7,478)	(588)
Total cash inflow	(42,610)	(43,456)	(846)
Total cash (inflow)/outflow	(876)	(2,976)	(2,100)

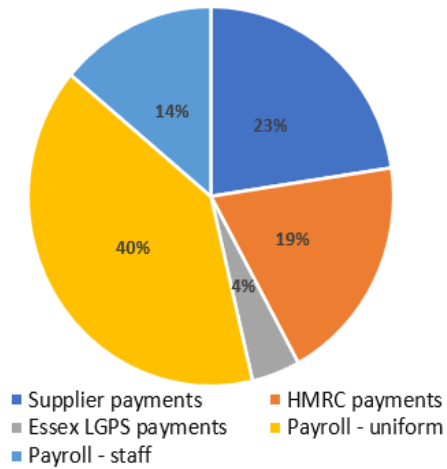
February Commentary

Expenditure
Supplier payments were £2.148m lower than forecast, with the four weekly BACS runs averaging to a net reduction of £0.5m each, compared to the forecast. These values are nonetheless expected to increase in March.

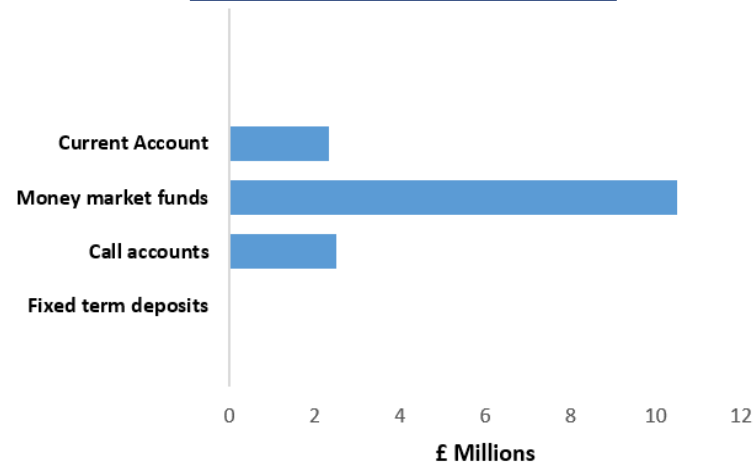
The other significant variance related to payroll which was £0.989m higher than anticipated comprising £0.456m of core payroll costs, including an element of additional overtime payments. Other contributing costs included £0.399m for Accounting for Tax purposes, and £0.110m for January Apprenticeship Levy payments.

The £0.258m increase in government grants was due to additional monies relating to DA Perpetrator Intervention funding from the Home Office. The other net receipts variance principally related to additional VAT reimbursements of £0.353m and extra Counter Terrorism funding of £0.214m.

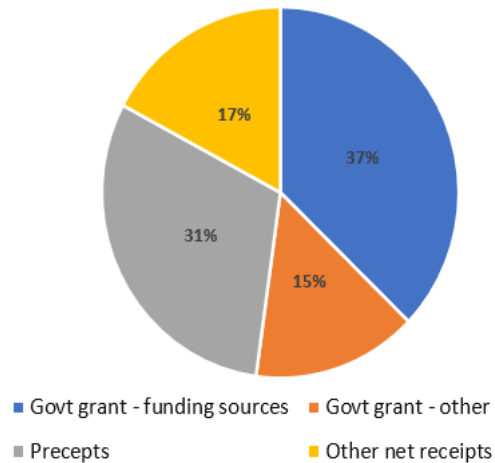
February Expenditure Breakdown



Investments @ 29th February



February Income Breakdown



External Borrowing/Financing

The PFCC cashflow position is expected to remain in credit for the remainder of the calendar year with a surplus balance of circa £3-4m by the end of 2023/24. Due to MiFiD requirements and for liquidity/cash management purposes, the PFCC may choose to source additional short-term external borrowing at this time, thus meeting the minimum cash threshold requirement of £10m.