



Essex County Council

Essex Police, Fire and Crime Panel

14:00	Thursday, 06 February 2020	Committee Room 1, County Hall, Chelmsford, CM1 1QH
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For information about the meeting please ask for:

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		Pages
1	Membership, Apologies, Substitutions and Declarations of Interest	4 - 4
2	Minutes and Matters Arising To approve as a correct record the minutes of the meeting held on 13 January 2020 and identify matters arising.	5 - 9
3	Questions to the Chairman from members of the Public The Chairman to respond to any questions relevant to the business of the Panel from members of the public. On arrival, and before the start of the meeting, please register with the Democratic Services Officer.	
4	Proposed Essex Police Precept for 2020/2021 Report EPFCP/06/20	10 - 40
5	Proposed Essex Fire and Rescue Service Precept 2020/21 Report EPFCP/07/20	41 - 71
6	Date of next meeting To note that the next meeting will be held on Thursday 13 February 2020 at 2.00pm in Committee Room 1.	

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

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Committee: Essex Police, Fire and Crime Panel

Enquiries to: Victoria Freeman, Senior Democratic Services Officer

Membership, Apologies, Substitutions and Declarations of Interest

Recommendations:

To note

1. Membership as shown below
2. Apologies and substitutions
3. Declarations of interest to be made by Members in accordance with the Members' Code of Conduct

Membership
(Quorum: 5)

Councillor A McGurran
Councillor W Schmitt
Councillor C Hossack
Councillor G Isaacs
Councillor J Lager
Councillor M Lilley
Councillor N Bedford
Councillor M Maddocks
Councillor F Mason
Councillor M Helm
Councillor M Webb
Councillor I Shead
Councillor L McWilliams
Councillor J Redsell
Councillor C Day
John Gili-Ross
Kay Odysseos

Representing

Basildon Borough Council
Braintree District Council (Chairman)
Brentwood Borough Council
Castle Point Borough Council
Chelmsford City Council
Colchester Borough Council
Epping Forest District Council
Essex County Council (Vice-Chairman)
Harlow District Council
Maldon District Council
Rochford District Council
Southend Borough Council
Tendring District Council
Thurrock Council
Uttlesford District Council
Independent Member
Independent Member

Minutes of the meeting of the Essex Police, Fire and Crime Panel, held in Committee Room 1, County Hall, Chelmsford, CM1 1QH on Monday, 13 January 2020

Present:

Councillor	Representing
Wendy Schmitt (Chairman)	Braintree District Council
Aidan McGurran	Basildon Borough Council
Chris Hossack	Brentwood Borough Council
Godfrey Isaacs	Castle Point Borough Council
Mike Lilley	Colchester Borough Council
Malcolm Maddocks	Essex County Council
Mike Webb	Rochford District Council
Lynda McWilliams	Tendring District Council
Joycelyn Redsell	Thurrock Council
Colin Day	Uttlesford District Council

Co-opted Independent Member

Kay Odysseos

Also in attendance

Pippa Brent-Isherwood	Chief Executive, Office of the Essex PFCC
Victoria Freeman	Secretary to the Panel
Roger Hirst	Essex Police, Fire and Crime Commissioner
Rick Hylton	Deputy Chief Fire Officer

1 Membership, Apologies, Substitutions and Declarations of Interest

The report of the Membership, Apologies and Declarations was received.

1. The following apologies were noted:

- Councillor Nigel Bedford, Epping Forest District Council
- Councillor Michael Helm, Maldon District Council
- Councillor Jeremy Lager, Chelmsford City Council
- Councillor Frances Mason, Harlow District Council
- Councillor Ian Shead, Southend-on-Sea Borough Council
- John Gili-Ross, Co-opted Independent Member

An apology for absence was also received from Jane Gardner, Deputy Police, Fire and Crime Commissioner and Jo Turton, Chief Fire Officer.

2. Councillors' declared Code Interests were noted, as follows, and all members participated fully in the meeting:

Name	Nature of Interest
Colin Day	In receipt of a Metropolitan Police Pension and Chairman of the Uttlesford Community Safety Partnership
Chris Hossack	Chairman of the Brentwood Community Safety Partnership
Godfrey Isaacs	Chairman of the Castle Point and Rochford Community Safety Partnership
Malcolm Maddock	In receipt of an Essex Police Pension
Lynda McWilliams	Chairman of the Tendring District Council Community Safety Partnership and her son is a police officer
Joycelyn Redsell	Member of Thurrock Community Safety Partnership
Wendy Schmitt	Chairman of the Braintree Community Safety Partnership
Mike Webb	Chairman of the Castle Point and Rochford Community Safety Partnership

2 Minutes

The minutes of the meeting held on 5 December 2019 were approved as a correct record and signed by the Chairman.

3 Questions from members of the public

There were none.

4 HMICFRS Report - Essex County Fire and Rescue Service

The Panel received report EPFCP/01/20, which shared the publicised report from Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) on Essex County Fire and Rescue Service (ECFRS) as a part of the independent inspection of Fire and Rescue Services.

It was recognised that since the review and inspection of the Service in July 2019, much progress had been made, and that this view had been supported by Her Majesty's Inspectorate. The Commissioner was confident, that when re-inspected, the service would no longer be inadequate, and that good progress would be made. Furthermore, progress had been made in improving the culture of the Service, with the Equal Strategy planned for approval in March 2020.

Technical fire safety had been raised as a key area of concern, and a plan for improvement had been submitted shortly after the inspectorate debrief and a new Protection Strategy and Prevention Strategy was expected in March 2020.

The Commissioner welcomed the report from a service perspective and highlighted that it supported the service's priorities.

In response to questioning, Members were informed that it had been recognised that expert programme management was necessary, therefore dedicated programme managers within the organisation would guide the pathway of improvement.

It was explained that prior to the inspection, in response to previous reports, an exercise had been undertaken to take the work force forward in defining and embedding clear values and behaviour.

In response to questioning, it was explained that the Fire Service had been successful in its prevention activity but needed to reduce the number of seriously injured and to have an ethos and willingness to reduce risks. The new joint Police and Fire Educational Team had reached 6,000 school children across Essex since its implementation, but it was recognised that more could be done on educating secondary school children in road safety.

In response to longer term investment in digital transformation, the Commissioner recognised that a substantial investment in IT infrastructure was needed. Funding had been approved, with work planned over the forthcoming year.

The Panel noted the report.

5 Police IT Implementation Projects - Athena Programme and Emergency Services Mobile Communications Programme (ESMCP)

The Panel received report EPFCP/02/20, which provided an update on major IT implementation projects for Essex Police with a focus on the Athena Programme and the Emergency Services Mobile Communications Programme (ESMCP).

During the presentation of the report, it was explained that Athena was a joint venture in collaboration with nine forces, and was not integrated with any other national database. The option to extend the consortium of forces could be an option, however consideration would need to be given to the sharing of costs in recognition of the changes that the current forces have been through.

Members expressed concern that the Police Intelligence Report (PIR) submission function of the mobile app had been unavailable for a considerable period, however it was explained that this applied to just one section of the ap, which would be available by the end of January 2020.

In response to questioning, it was explained that neither the current systems in place, nor the development of any current system, would have an impact on Athena.

The Panel noted the report.

6 Essex PFCP Budget Half Year Outturn Report 2019/20

The Panel received report EPFCP/03/20, which provided an update on the Essex Police, Fire and Crime Panel's outturn position for the period 1 April 2019 to 30 September 2019 as filed with the Home Office prior to the deadline of 31 October 2019.

The Panel noted the report.

7 The Police, Fire and Crime Commissioner to update the Panel on any ongoing issues

The Commissioner gave a brief verbal update on some ongoing issues.

Precept:- The outline of the settlement for the Fire and Rescue Service had been made on the 20 December 2019 and it was expected that this would go through the consultation process and subsequently be approved. The Policing Funding Settlement for 2020/21 had been delayed and was expected the following week. 2,173 responses had been received from the public consultation which closed on the 12 January 2020. The headlines from the consultation highlighted that of the 2,035 responses received on the precept, 66% were prepared to support an increase, 21% would not, and 12% were unsure. Of the 1,551 respondents who indicated how much of an increase they would support, 18% supported up to £50%, 17% up to £25, 16% up to £20 and 15% up to £10.

Violence and Vulnerability Unit:- £1.1m funding for the current year had been approved on the 29 December 2019 and funding from central government would continue until next year. There was a three year programme in place to make the Unit deliver.

PFCC Office:- The implementation phase of the restructure was coming to an end. Members were advised that Rick Hylton, Deputy Chief Fire Officer, would be acting up in the absence of the Chief Fire Officer, Jo Turton, until her return.

8 Forward Look

The Panel received report EPFCP/04/20, setting out the business proposed to be taken to meetings up to February 2020.

The Chairman advised that she had agreed for the meeting on the 22 January 2020 to be cancelled and for the business to be carried forward to an additional meeting to be arranged for February 2020, alongside those items on the forward plan for the 6 February 2020, with the exception of the precept.

The Panel noted the changes to the report.

9 Dates of future meetings

The Panel received report EPFCP/05/20, setting out the proposed Panel meeting dates for 2020.

The Panel will next meet at 2.00pm on Thursday, 6 February 2020 in Committee Room 1, County Hall. There will be a pre-meeting for Panel Members only, commencing at 1.00pm.

The Panel noted the report.

With no urgent business, the meeting closed at 3.36 pm.

Chairman
13 January 2019

Report title: Proposed Police Precept for 2019/20	
Report to: Essex Police, Fire and Crime Panel	
Report author: Roger Hirst - Police, Fire and Crime Commissioner for Essex	
Date: 6 February 2020	For: Approval
Enquiries to: Abbey Gough (Interim Head of Finance) abbey.gough@essex.police.uk	
County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 To present the PFCC's proposed police precept for 2020/21.
- 1.2 The PFCC has set out his vision and seven policing priorities in the Police and Crime Plan 2016-2020 (follow link: <http://www.essex.pcc.police.uk/priorities-for-essex/police-and-crime-plan/>). The overall level of resources to fund policing and crime reduction work makes an important contribution to building safe and secure communities.
- 1.3 All crime has risen across the country with forces nationally facing the significant challenge of increased violence. The Chief Constable is committed to tackling violence and vulnerability, supporting victims and being a more visible presence to support the priorities in the Police and Crime Plan.
- 1.4 The PFCC completed a public survey on the precept following the 2019 General Election which ran from the 13th December to 12th January 2020. The headlines from the survey were:
 - 2,173 people responded to the survey
 - 66% said they would be willing to support an increase
 - More than 60% indicated they would be willing to pay an extra £20 per year to invest in policing

2. Recommendation

- 2.1 The PFCC proposes a precept increase of 2.94%, equivalent to an increase of £5.67 a year from £192.96 to £198.63 for a Band D property, raising £3.7m of additional council tax receipts which increases to £5.3m following the council tax base increase.
- 2.2 The Police, Fire and Crime Panel is invited to review and report back to the PFCC on his proposed precept.

3. PFCC Precept Proposal

- 3.1 The publication of the Police Finance Settlement was delayed due to the December 2019 General Election, following this the Government decided not to issue a provisional settlement or consultation in December. The Home Office does not have to legally consult on their funding settlement.
- 3.2 On the 22nd January 2020 the Government issued the Police Grant Report 2020/21. In broad terms the Government will:
- Provide PCCs with £10 precept flexibility without triggering a referendum. This has the potential to raise an additional £248m nationally, if the all PCCs decide to maximise their flexibility
 - Provide £700m for the recruitment of 6,000 additional officers nationally by March 2021, with a further £50m being retained centrally by the Home Office to support recruitment costs
- 3.3 Prior to this announcement the PFCC held two Budget Setting Workshops with members of this Panel to discuss the current financial position, working assumptions and expectations ahead of the Government announcement. The PFCC would like to extend his thanks to those members involved and that their contributions were valuable to the 2020/21 budget setting process.
- 3.4 In light of the additional Government funding announced by the Minister for Policing and Crime in the Police Finance Settlement and following two years of significant above inflation precept increases (2018/19 – 7.62%, 2019/20 – 14.16%); the PFCC is seeking an inflationary precept increase at 2.94%. The PFCC will therefore not be maximising the precept flexibility available in 2020/21. The position for Essex is set out in Table A.

Table A: Government Grant 2020/21 compared with 2019/20

Funding	2019/20 £m	2020/21 £m	Difference £m	% Change
Home Office Core Grant	103.551	115.509	11.958	11.5
Home Office Formula Grant (Ex-DCLG Grant)	56.231	56.231	Nil	Nil
Home Office Grant for 20,000 Officer Grant	Nil	3.777	3.777	Nil
Council Tax Freeze Grant	2.133	2.133	Nil	Nil
Council Tax Support Grant	10.992	10.992	<u>Nil</u>	Nil
Council Tax Precept:	123.134	128.392	5.258	4.3%
Collection Fund Surplus	1.545	1.458	-0.087	-5.63%
Total Funding	297.586	318.492	20.906	7%

3.5 The Council Tax precept income shown in the above table consists of two changes from 2019/20 to 2020/21 totalling £5.258m:

- i) An increase in the precept Band D of £5.67 from £192.96 in 2019/20 to £198.63 in 2020/21; an increase of 2.94% and increasing council tax receipts by £3.7m.
- ii) A year on year increase in the tax base from 638,134 to 646,387 for Band D equivalent properties; an increase of 8,253 properties and increasing council tax receipts by £1.6m.

3.6 Looking ahead it is anticipated that future police funding will be addressed through the Spending Review 2020, however detailed timeframes are still to be set.

4. Using additional funds to meet priorities of the Police & Crime Plan

4.1 Presenting the 2020/21 Budget provides a timely opportunity to set out the resources required to meet the seven strategic priorities and aims set out in the Police and Crime Plan for keeping Essex safe. The 2020/21 budget has been developed working alongside the Chief Constable and his Chief Officer Management Team as well as the Police, Fire and Crime Panel budget sub group.

- 4.2 The 2020/21 budget requirement is £318.492m and an analysis of the budget is contained within the following appendices:

Appendix A: Letter from the Chief Constable requesting a precept increase of 2.94% including 2020/21 budget summary and Police Officer Growth Plan 2020/21

Appendix B: 2020/21 Budget Summary

- 4.3 The financial position for the PFCC for 2019/20 currently shows a forecast overspend of £0.3m. This overspend relates to the investigation in Thurrock regarding the deaths of 39 people in a lorry container, a Special Grant application has been submitted by the PFCC. Should this application be approved then the forecast outturn will become a £1.9m underspend and the impact of this outturn on reserves is discussed later in the report.
- 4.4 The 2020/21 budget of £318.492m proposes an increase in spend of £20.902m, compared to 2019/20 budget of £297.586m. This additional spend includes £14.228m to fund new investment and service demand in Essex Police, £5.193m on one off investments. A summary of the movement is shown in Table B.

Table B: Summary of 2020/21 Budget Movements

Budget Movement in 2020/21	£m
Opening budget	297.586
Recurring activity prior to 1 st April 2020	(0.479)
2019/20 Base Budget 1st April 2019	297.107
Inflation and cost pressures	9.664
New investment and service demands	14.228
One off investment	5.193
One off activity	(0.100)
Funding for one off activity	(2.866)
Budget Requirement Before Savings	323.226
Savings	(4.734)
2020/21 Budget Requirement	318.492

- 4.5 Essex Police propose to invest £14.228m in 2020/21 a summary of the new investment and service demand spend is broken down in Table C.

Table C: Areas of Investment Summary

Areas of Investment	£m
Increase in establishment (151 officers and 44.8 police staff)	6.523
Full year impact of increase in establishment 2019/20 (215 officers and 50 staff)	3.950
Service demand changes	1.111
Revenue consequences of capital programme	0.784
Investment in Force Control Room	0.621
Media and Communications Strategy	0.332
Taser Training	0.278
IT Investment	0.277
Borrowing Requirement Interest Charges	0.149
Other Local Initiatives	0.150
Other Budget Adjustments	0.053
Total	14.228

- 4.6 The investments detailed in Table C and referred to in Table B are focused on some important areas across the organisation, including recruitment, technology, Estates Strategy, Force Control Room and preparedness for changing regulations.

Recruitment and workforce

- 4.7 As part of the 2020/21 Police Grant the Government have provided £750m to support the recruitment of 20,000 additional Police Officers. Of this £50m will be retained centrally to support the recruitment of officers. Of the remaining £700m grant £168m will be ring fenced to support the individual force recruitment targets for 2020/21.
- 4.8 The Government have also stated that this money should be used to make the relevant infrastructure improvements required by forces to enable them to recruit the additional 20,000 officers. The Panel should also note that this money will be released to Essex Police quarterly in arrears subject to evidence on force progress.
- 4.9 Essex will recruit an additional 151 police officers in 2020/21. Of these officers 135 will be funded through the Government's Police Uplift Programme and a further 16 officers will be recruited as a result of continued efficiency savings made by Essex Police. These officers will provide operational policing capabilities and infrastructure support. Further to this 44.8 FTE police staff roles will be recruited to assist the wider business needs associated with the increased workforce.
- 4.10 High level details of where the additional officers will be posted are shown in the table D below with further context provided in the Chief Constables letter to the PFCC (Appendix A).
- 4.11 At the end of March 2021 Essex Police plan to have an officer establishment of 3,369, this is another increase in officer recruitment following on from the 368 additional officers recruited over the last two years. This will mean that Essex Police will have grown by 519 police officers since 2017/18.

- 4.12 This is a highly ambitious recruitment programme, however work has been taking place over the last two years to increase recruitment in the county. Essex Police are therefore in a strong position to deliver against the Government's Police Uplift Programme. A police officer growth plan for 2020/21 has been included within the Chief Constables letter to the PFCC, however it should be noted that these dates and timing are subject to change based on operational requirements.

Table D: Investment in Additional Officers and Staff

4.13

Investment in additional Police Officers and Staff	Officers	Staff
High Harm and Investigations	54.5	
Custody Command	12.0	
Specialist Policing – Traffic Collision Investigation	3.0	2.0
Specialist Policing – Firearms	9.0	1.0
Managing Sexual, Violent Offenders and On-line Investigations	11.0	
Serious Crime – Major Crime Team	7.0	
Local Policing Areas – Briefing and Tasking	6.0	
Learning and Development – recruitment and Training	15.5	
Financial Investigations and Cyber – Detective Inspector	1.0	
Serious Crime – Dedicated Source Unit - Inspector	1.0	
Data Quality Improvement	2.0	
Professional Standards – Police Integrity Reforms	4.0	5.0
Serious Crime – Intelligence Support	3.0	
Resource Management Unit		5.0
Dangerous Dog Manager		1.0
Gangs and County Line Capabilities		2.0
Total – Operational Policing	135.0	16.0
Total – Infrastructure Support	11.0	44.8
Total – Reinvested from shift pattern change	5.0	
Total	151.0	60.8

Technology and Force Control Room

- 4.14 Investment will continue in Essex Police IT infrastructure with £0.277m being invested IT to support the organisations needs and ensure that staff and officers have the correct equipment to perform their roles. This in addition to the capital programme and includes investment in Athena technical refresh.
- 4.15 The Force Control Room (FCR) has experienced a year on year increase in 999 calls, in order to improve call handling capacity it is proposed to increase the number for call handlers by 6FTEs per shift per day. This will assist with the increased demand.
- 4.16 FCR will look to reduce from ten channel to seven channels. It also proposed to increase FCR staff by 10.7FTE to improve the back-up capability within the control room whilst this change is made.

Media and Communications

- 4.17 Following the recruitment of a new Head of Corporate Communications it is proposed to develop the first Media and Communications Strategy since the inception of the media function in 1994. Essex Police will invest £0.331m in development of the strategy and team to communicate and engage with the public of Essex.

Service Demand Changes

- 4.18 Essential investment is required in a range of areas to support increased service provision, in 2020/21, a total of £1.111m will be invested.
- 4.19 Part of the PFCCs Estate Strategy is the redevelopment of the Chelmsford HQ site, this is a significant project and the Estates Team will be restructured to form a sustainable team capable of delivering the change over the next five years. The Estates team have been vital to delivering the PFCCs Estates Strategy and realising high levels of capital receipts which have helped to funded the capital programme and reduce borrowing levels to date.
- 4.20 There has been a year on year increase in the number of people arrested by Essex Police on suspicion of drug driving in Essex, this in turn increases the volume of toxicology submissions. To support the ongoing strategy, £0.318m will be spent on the associated forensic toxicology costs. This investment supports the priorities in the Police and Crime Plan in particular, to improve safety on our roads.
- 4.21 The number of trained Taser officers in Essex has increased and it is essential that their training is up to date, therefore Essex will invest £0.093m in ensuring that these officers have the appropriate refresher training and certifications.

5 Savings and Efficiency

- 5.1 Essex Police have achieved significant savings in recent financial years and continue to do so. The 2020/21 budget requires Essex Police to make cashable savings of £4.734m. The proposal also includes £1.002m of one off cashable savings and £2.220m non-cashable savings. The target set by the PFCC in the MTFS was £6.775, this has been achieved through a combination of cashable and non-cashable savings and results in a surplus of £1.278m.
- 5.2 The Strategic Change Efficiency Saving Plan for 2020/21 has identified the following savings to meet this requirement as detailed in Table E.

Table E: Strategic Change Efficiencies and Savings Plan 2020/21

Saving	Cashable £m	Non-Cashable £m
Estate Disposals revenue (gross)	(0.161)	
Force wide Non-Pay	(0.212)	
Police Officer Overtime - Flex/Shift pattern	(0.500)	
Vacancy Factor increase from 7% to 9% (in year)	(1.303)	
Police Officer & Staff Overtime - Bank Holiday	(0.128)	
Additional Rents - Temporary Storage - Estates	(0.055)	
Coroner Service Funding Agreement	(0.034)	
Specials lower running costs	(0.053)	
Additional Force Wide Non-Pay	(0.223)	
Income Generation	(0.135)	
FSEL – Non pay	(0.010)	
Custody Review	(0.159)	
Criminal Justice Command	(0.049)	
OPC	(0.149)	
Contact Management	(0.135)	
Strategic Change Directorate	(0.105)	
LPA's	(0.094)	
Legal	(0.016)	
Support Services Directorate Total	(1.910)	
SCD	(0.402)	
Flex Pattern		(0.998)
BWV		(1.122)
Vital Signs		(0.040)
Single Online Home		(0.060)
Total	(5.833)	(2.220)
Cashable and Non-Cashable Total		(8.053)

- 5.3 Delivery of the savings plan will be monitored regularly throughout the year by the PFCC via internal reporting mechanisms.

6 Reserves

- 6.1 The forecast general reserve position for Essex at 31st March 2020 is £10.6m, or 3.6% of net revenue expenditure and earmarked reserves of £6.0m to give total of usable reserves of £16.6m. The PFCC is also forecasting to utilise in full all capital receipts received to the 31st March 2020 in order to fund the ongoing capital programme.
- 6.2 The majority of PCCs report a policy of holding minimum general reserves at 3% of net revenue expenditure or less. The current forecast outturn for Essex Police is dependent on the outcome of a Special Grant request submitted by the PFCC to the Government for consideration. This request was in relation to investigation in Thurrock regarding the deaths of 39 people in a lorry container. Should this grant

request be approved the forecast outturn would reflect a £1.7m underspend, this money would be transferred to the General Reserve. Therefore increasing the General Reserve to £10.6m at 31st March 2020 and 3.6% of net revenue expenditure.

- 6.3 We would ask the Panel to note the current uncertainty at this time whilst we await confirmation from government regarding this grant. If the PFCC Special Grant application is not approved the forecast outturn would reflect a £0.3m overspend. No funds would be returned to the General Reserve and a draw down from reserve would be required. This position continues to be monitored closely whilst we await confirmation.
- 6.4 The forecast general reserve position at 31st March 2021 is £10.6m, based on approval of Special Grant. It is planned to maintain this level of general reserve over the medium term. This is the minimum level of general reserve which Essex Police will aim to hold against unforeseen risks, therefore strict financial controls must be maintained.
- 6.5 At the start of 2020/21 the forecast level of earmarked revenue reserves is £6.0m. There are plans in preparation to fully utilise these reserves over the medium term period of the MTFS. A summary of the reserves held is detailed below in Table F:

Table F: Level of Earmarked and Capital Reserves

Reserve	£m at 1 st April 2020	Use as per Home Office Categories
Leased property dilapidations	0.7	General contingency or resource to meet other needs
POCA	2.2	General contingency or resource to meet other needs
Forfeiture monies	0.1	General contingency or resource to meet other needs
Restructuring	0.3	Planned expenditure on projects and programmes over next three years
Transformation	0.4	Planned expenditure on projects and programmes over next three years
Major operations	1.5	General contingency or resource to meet other needs
Operational Transformation	0.5	Funding for specific projects and programmes beyond 2020/21
Police Education Qualification Framework	0.2	Planned expenditure on projects and programmes over next three years
Specials	0.1	Planned expenditure on projects and programmes over next three years
Total Earmarked Reserve	6.0	
Capital Reserve	Nil	

7 Capital Investment Programme

- 7.1 The Capital Programme for the five year period 2020/21 to 2024/25 shows estimated capital expenditure amounting to £23m for 2020/21. A summary of planned expenditure and funding sources is shown in Table G.
- 7.2 Capital projects approved in earlier years have a forecast spend of £13.716m for 2020/21. This includes Estates Business As Usual projects which total £3.186m, which includes the ongoing capitalised maintenance programme. The Estates Strategy spend is forecast at £7.165m this is primarily for the refurbishment of Chelmsford Police Station at £4.768m and the purchase of additional land.
- 7.3 Capital projects subject to approval are £9.232m and this primarily relates to IT and Estates. Significant project work streams during 2020/21 are IT totalling £4.535m with investment of £2.295m for the continuation of the Infrastructure Technical Refresh, this is the programme to replace devices, servers and network upgrades across the force which is essential to ensure that the IT system remains fit for purpose.
- 7.4 The estates programme is split into two; business as usual requires £1m and the Estates Strategy requires £2.860m. All of the projects subject to approval require a stage 2 business case to be presented to the PFCC in order to move to approved status.
- 7.5 The closing funds balance indicates that the PFCC will enter into a borrowing position from 2020/21 onwards in order to fund future capital investment. A significant amount of work has taken place over recent years to dispose of underutilised estate and reinvest the capital receipts into Essex Police. Consideration has been given to interest charges linked to borrowing in the 2020/21 budget setting process.
- 7.6 Options continue to be explored through the Estates Strategy and Treasury Management Strategy however it is possible that the PFCC may enter into a borrowing position by the end of 2019/20.
- 7.7 The total forecast capital expenditure over the period 2020/21 to 2024/25 is £91.735m, this includes forecast expenditure on IT Service of £23.565m, £10.086m on Transport and £45.781m on Estates Strategy. Capital spend to date from 2016/17 including the current 2019/20 forecast totals £41.676m.

Table G: Capital Investment Programme 2020/21 to 2024/15	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Forecast	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	Totals
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance	4,556	(406)	653	7,324	565	(13,222)	(29,814)	(24,240)	(42,145)	4,556
Estimated resources to be generated in year -										
Home Office - Capital Grant	1,102	935	935	956	300	300	300	300	300	5,428
Estates Capital Receipts v43.0 (end of November 2019)	2,857	7,080	12,148	6,213	7,109	3,690	25,125	-	-	64,222
Contributions and Reserves	860	379	765	153	47	-	-	-	-	2,204
Increased Revenue Contributions	726	97	1,000	1,478	1,705	1,000	1,000	1,000	1,000	9,006
TOTAL FORECAST CAPITAL RESOURCES	5,545	8,491	14,848	8,800	9,161	4,990	26,425	1,300	1,300	80,860
Less: Estimated capital payments in year -										
Approved Projects (as presented to the 19/12/19 Strategic Board) -										
IT Services	2,365	3,323	4,081	5,558	871	-	-	-	-	16,198
Transport	1,599	1,818	2,179	2,640	2,056	2,000	-	-	-	12,292
Estates Business as Usual	5,144	1,415	749	2,344	3,186	402	350	-	-	13,590
Estates Strategy	-	343	342	2,148	7,165	109	-	-	-	10,107
Other Services	1,399	533	827	1,139	438	339	28	6	-	4,709
Approved Projects - Total	10,507	7,432	8,178	13,829	13,716	2,850	378	6	-	56,896
Approved Total	10,507	7,432	8,178	13,829	13,716	2,850	378	6	-	56,896
FUNDS BALANCE surplus / (shortfall) - APPROVED PROJECTS	(406)	653	7,324	2,295	(3,990)	(11,082)	(3,767)	(22,946)	(40,845)	
Subject to Approval -										
IT Services	-	-	-	50	4,535	5,337	4,968	4,201	3,653	22,744
Transport	-	-	-	180	-	-	2,030	2,000	2,000	6,210
Estates Business as Usual	-	-	-	-	1,000	1,000	1,000	1,000	1,000	5,000
Estates Strategy	-	-	-	1,500	2,860	12,150	12,000	11,500	-	40,010
Other Services	-	-	-	-	837	245	475	498	496	2,551
Subject to Approval - Total	-	-	-	1,730	9,232	18,732	20,473	19,199	7,149	76,515
Total per department -										
IT Services	2,365	3,323	4,081	5,608	5,406	5,337	4,968	4,201	3,653	38,942
Transport	1,599	1,818	2,179	2,820	2,056	2,000	2,030	2,000	2,000	18,502
Estates Business as Usual	5,144	1,415	749	2,344	4,186	1,402	1,350	1,000	1,000	18,590
Estates Strategy	-	343	342	3,648	10,025	12,259	12,000	11,500	-	50,117
Other Services	1,399	533	827	1,139	1,275	584	503	504	496	7,260
Total per department - Total	10,507	7,432	8,178	15,559	22,948	21,582	20,851	19,205	7,149	133,411
TOTAL FORECAST CAPITAL EXPENDITURE	10,507	7,432	8,178	15,559	22,948	21,582	20,851	19,205	7,149	133,411
CLOSING FUNDS BALANCE surplus / (shortfall) - ALL PROJECTS	(406)	653	7,324	565	(13,222)	(29,814)	(24,240)	(42,145)	(47,994)	(47,994)

8 Medium Term Financial Strategy (MTFS)

- 8.1 The MTFS is based on a precept Band D increase of 2.94% (£5.67) for 2020/21, and 0% thereafter resulting in the following forecast over the next five years:

Table H: Forecast annual savings required over the 5 year medium term

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Annual growth/ (savings) required	(4.7)	(2.8)	(3.5)	(4.5)	(3.1)
Cumulative savings	(4.7)	(7.5)	(11)	(15.5)	(18.6)

- 8.2 The Chief Constable has requested an inflationary increase in the precept over the life of the MTFS, and we will adjust the MTFS accordingly in light of this working assumption.
- 8.3 Table H highlights the need to maintain strict financial control over the course of the medium term, continue to generate efficiencies through selective investment and closer collaborative working with partners.

9 Community Safety Grants

- 9.1 There are three funds supporting the PFCC's allocation of Community Safety Grants with the indicative allocations shown in the Table I below:

Table I: Indicative allocations for 2020/21

Fund	£'000
Community Safety	2,328
Community Safety Development	300
Victims' Commissioning	2,103
Additional central government funding	1,430
Total	6,161

Community Safety Fund

- 9.2 As per previous years, the PFCC's Community Safety Fund will be used to provide grant funding to a range of partner agencies including Community Safety Partnerships, Youth Offending Teams, Drug and Alcohol teams, Neighbourhood Watch, Crimestoppers, and Local Safeguarding Boards.

Community Safety Development Fund (CSDF)

- 9.3 The PFCC will continue to make in-year grant funding available for a range of local community initiatives that support the priorities in the Police and Crime Plan through the CSDF. After two rounds of CSDF applications in 2020/21 the PFCC awarded £238,193 to local community and voluntary sector organisations. The closing date for round three of the CSDF is 31st January 2020.

Victims' Commissioning Fund

- 9.4 The PFCC is currently awaiting confirmation from the Ministry of Justice of the 2020/21 grant settlement, the current working assumption is that this grant will be similar to previous years at £2.1m. In 2019/20 the PFCC for Essex received £2.1m core, this was further supplemented by a transfer from the PFCC's Community Safety Fund. Indicative allocations for 2020/21 are shown in Table J.

Table J: 2020/21 Victims' Commissioning Fund Indicative Allocations

Service	Provider	Annual PFCC cost £k
Referral and Assessment service	Victim Support	550
Independent Domestic Violence Adviser (IDVA)	Safer Places	451
Community based sexual abuse support and Independent Sexual Violence Advocate (ISVA) service	Essex Rape Crisis Partnership	1,056
Sexual Assault Referral Centre (SARC)	Mountain Healthcare	154
Essex Restorative Justice Service	Essex PFCC	215
Commissioning Support	Essex PFCC	45
	Total	2,471

Additional National Funding

- 9.5 The PFCC has been successful in bidding for central government grants and a devolution of some central government funding. These costs are passed directly through the PFCC's office to provider organisations and are detailed in Table K below:

Table K: 2020/21 Additional National Funding

Service	Issuing Department	Provider	Grant Value £k
Devolved Rape Support Funding	Ministry of Justice	Essex Rape Crisis Partnership	270
Violence Reduction Units	Home Office	PFCC with local partners	1,160
		Total	1,430

10 Police Fire and Crime Commissioner (PFCC)

- 10.1 The 2020/21 net revenue budget PFCC will be £1.2m, which is consistent with 2019/20. The PFCC will receive a recharge from Essex PFCCFRA in accordance with the local business case for joint police/fire governance in the region of £0.2m. Due to changes in complaints management legislation the PFCC will undertake additional responsibilities for which further income will be received from Essex Police.
- 10.2 Significant areas of spend within the PFCC for 2020/21 are expected to be staff costs of £1.2m; internal and external audit costs of £0.15m and communication and engagement costs of £0.070m.
- 10.3 The PFCC is currently undergoing an internal restructure which is expected to go live in 2020/21.

11 Robustness of Estimates

- 11.1 Section 25 of the Local Government Act 2003 requires that the Treasurer reports to the PFCC when he is considering his budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so that the PFCC will have authoritative advice available to him when he makes his decision. Section 25 also requires the PFCC to have regard to the report in making his decisions.
- 11.2 The decision on the level of the council tax precept is taken before the year begins and cannot be changed during the year, so allowance for risks and uncertainties that might increase spending above that planned, must be made by:
- i) Making prudent allowances in the estimates for each area of spend
 - ii) Ensuring that there are adequate reserves to draw on if the estimates turn out to be insufficient
- 11.3 The following matters are taken into account when assessing the adequacy of reserves:
- Assumptions about inflation / deflation
 - Estimates of the level and timing of capital receipts
 - Treatment of demand led pressures and savings
 - Financial risks inherent in any significant new development
 - Financial standing (level of borrowing and debt)
 - Track record on budget management
 - Capacity to manage in-year budget pressures
 - Year-end procedures in relation to over and underspends
 - Strength of financial information and reporting arrangements
 - Adequacy of insurance arrangements
- 11.4 The forecast level of general reserve as at 31 March 2020 at £10.6m will represent 3.3% of net revenue expenditure. In addition, there are forecast revenue earmarked reserves of £6m at 31 March 2020. The total level of revenue reserves is one of the

lowest for PCC's in the country. The level of reserves is therefore recognised by the PFCC, Chief Constable and Senior Officers and Staff as being at a minimum and strict financial control is therefore maintained.

Risks

- 11.5 Over recent years the PFCC has been able to maximise the capital resources available through disposal of property surplus to requirements and enable sound capital investment to be undertaken without recourse to borrowing. The timing of both capital receipts and investment in the context of a low level of reserves demands a robust approach to cash flow management, which has been developing over the past year. As the Estate Strategy has progressed there are now fewer capital receipts available to the PFCC, along with a reduction in capital grant received from Government, this means that the PFCC is looking to borrow externally in 2020/21. The Treasury Management Strategy 2020/21, to be published before 1st April 2020, will consider this aspect in more detail however prudent measures will continue to be taken to ensure that the value for money is achieved for the taxpayer.
 - 11.6 The 2020/21 budget proposal is ambitious and has been rigorously developed by the PFCC and Chief Constable. The five year MTFs has a built in pay inflation for officers and staff of 2.5% per year, this is currently a prudent estimate. It should be noted that due to the county's proximity to London staff retention and salaries could be affected by changes to London Weighting and South East Allowance. Any developments in this area will be closely monitored during the year however could lead to a potential budget pressures.
 - 11.7 Discussions continue to take place at a national level regarding service demand changes to national IT programmes and associated costs. These cost pressures have not been confirmed however the PFCC acknowledges that if cost increases are recharged to local forces this will create a budget pressure in year.
 - 11.8 Based on current levels of reserves and the strict financial controls in place between the PFCC and Chief Constable, it is felt that should any of the above risks materialise in 2020/21 the PFCC will be able to respond to them in the year.
-

BJ Harrington
Chief Constable



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23rd January 2020

Dear Commissioner,

I set out below my proposition for the Essex Police Force Budget for financial year April 2020 to March 2021. I do this building on existing assumptions within our Medium Term Financial Strategy (MTFS) around savings and central government funding. It makes a clear proposal to ensure we continue to work towards the ambitions within the Essex Police and Crime Plan as well as meeting our legal responsibilities and our national obligations to the Strategic Policing Requirement. This budget allows us to grow in a sustainable way.

As part of this budget setting process I am asking you to raise the policing element of council tax precept for 2020/21 so that we can continue to work together to make Essex even safer. I hope that nothing within this letter is a surprise as we have sought to build this with dialogue and consultation at every stage.

The Government's ambition to recruit an additional 20,000 police officers nationally and improve police visibility along with your published Police and Crime Plan clearly sets out the need to maintain local, visible and accessible community policing, respond to the growth in high harm and emerging crimes as well as investing in long term infrastructure, technology and skills base.

The provisional settlement from the Government is normally received in December each year, however due to the general election being held on 12th December, the announcement of the provisional settlement was severely delayed and was finally issued on 22nd January. I am appreciative of the planning we undertook with regards to modelling various options of how the grant and the allocation of the funding for the 20,000 officers would be distributed, as this has allowed me to be able to respond quickly.

This letter is based on a budget requirement of £318.492m and a 2.94% precept increase (£5.258m). This budget will enable growth of 151 police officers taking the establishment from 3,218 FTEs to 3,369 FTEs. Table A below sets out the year on year comparison.

Table A - Funding Comparison

Funding Source	2019/20	2020/21	Increase/ (decrease)
	£m	£m	£m
HO Core Police Grant	103.551	115.509	11.958
HO Formula Grant	56.231	56.231	-
HO Grant for 20,000 Officer Growth	-	3.777	3.777
Council Tax Freeze Grant	2.133	2.133	-
Council Tax Support Grant	10.992	10.992	-
Council Tax Precept	123.134	128.392	5.258
Collection Fund Surplus	1.545	1.458	(0.087)
Total	297.586	318.492	20.906

Pensions

In 2019/20 the funding of police officer pensions changed. The employer contribution rose from 24.2% to 31.0%; the force received a new specific pension grant of £2.892m and £3.286m was added to Home Office grants to support funding the additional cost. This budget recognises the Home Office specific pension grant remains unchanged.

2020/21 budget

The Strategic Board on 9th December only considered the MTFs as before the general election results it was difficult to predict the settlement for the force. However, post the election there has been much work reviewing many options for the settlement and the allocation of the £750m across forces. The budget is based on the following:-

- i) A budget settlement for the 6,000 officer growth (20,000 by March 2023) being equal to a 2.26% share (based on Net Revenue Expenditure) of £700m (£750m less a top slice of £50m);
- ii) The Home Office Core Grant has increased, reflecting 76% of the Essex share of £700m allocated for 6,000 officer growth;

- iii) The Home Office will ringfence 24% of the Essex share of £700m allocated for 6,000 officer growth; this will be claimable quarterly in arrears and will be based on recruiting the additional officers, for Essex this is 135 officers.
- iv) Increase the council tax precept by 2.94% (£5.67 per Band D property);
- v) The current year forecast underspend of £1.7m (Period 8) will be maintained and added to the General Reserve. This underspend is dependent on the Home Office approving a Special Grant applied for in the current financial year for Operation Melrose (death of 39 Vietnamese people in a container lorry in October 2019).

Based on our current assumptions there is a balanced budget and MTFS for 2020/21. However the MTFS is forecasting £2.2m deficit for 2021/22, £3.1m deficit in 2022/23, £2.2m deficit in 2023/24 and £3.1m deficit in 2024/25. Although the budget settlement has enabled investment in the force, we will need to continue to find savings in order to balance the budget.

A summary of the budget proposal is shown in Appendix A and Table B below with a more detailed analysis within supporting document B2.

Table B - Budget Movement

Budget Proposal Summary	£m
Opening Budget	297.586
Recurring Activity Prior 1/4/20	(0.479)
2020/21 Base Budget 1/4/19	297.107
Inflation and Cost Pressures	9.664
New Investment & Service Demands	14.228
One-off Investment	5.193
One-off Activity	(0.100)
Funding for One-Off Activity	(2.866)
Budget Requirement Before Savings	323.226
Savings	(4.734)
2020/21 Budget Requirement	318.492

Precept increase

I am now in a position to formally request that you raise the council tax by 2.94%, thereby having a Council Tax Band D of £198.63. This will raise an additional £3.7m, then with the increase in the tax base this equates to £5.258m realising a 2020/21 budget of £318.492m.

It should be noted that the latest inflation information from the Office for National Statistics is that the CPIH (Consumer Price Index including housing costs) was 1.5% over 12 months (to November 2019) and the RPI (Retail Price Index) was 2.2% (to November 2019). Equally in 2019/20 and 2020/21 the MTFS was based on a 2%

pay award for officers and staff, but in September 2019 the pay award was actually 2.5%, this had the impact of an additional cost pressure of £759k in this financial year and an additional cost pressure of £1.301m in this 2020/21 budget proposal.

The budget requirement of £318.492m has only been achievable through good management of the force efficiency and savings plan. This has realised a full year effect cashable saving of £4.734m (£4.832m from the 2020/21 savings programme less £0.097m of undelivered 2019/20 savings). The budget proposal also includes an additional £1.002m of one-off cashable savings in 2020/21 which reduces the financial impact of one-off costs for new investments and brings the total 2020/21 in year cashable savings to £5.833m. In addition to cashable savings there are £2.220m non cashable savings in 2020/21.

As you will see the budget proposal is well balanced, but the growth we propose this coming year will create a cost pressure in the financial year 2021/22. Throughout this budget and in the preceding two years with your support I have delivered growth in policing capability in a sustainable way. The recognition in this year's budget proposal of a rise in precept to take account of inflationary pressures further supports this. In order to allow me to continue to plan and develop the force to further support our shared ambitions to improve the safety of our county over a longer time period, I ask for a commitment for precept increases in line with inflation within the lifetime of the Medium Term Financial Strategy.

There is a high and increasing demand for police services due to both the volume of crime and incidents, their severity and complexity. In 2018/19 crime in Essex increased by 18.3 per cent. This, coupled with the changing crime mix, particularly the disproportionate increase in high harm and more complex crime types, increases the demand the Force faces, which volume alone can mask. Essex Police is a very lean force with the second lowest expenditure per head of population of any force nationally and one of the lowest funded forces in the country (HMICFRS Value for Money Profiles, 2019).

Demand analysis indicates that this trend will continue in terms of both volume and complexity. This has informed decision making for investment in 2020/21 following Home Office announcements in the summer indicating funding for an additional 20,000 police officers nationally.

The 2018/19 and 2019/20 investments made by Essex Police were carefully calculated to ensure that the Force remains local, visible and accessible to communities, responding to the growth in high harm and emerging crimes as well as investing in long term infrastructure, technology and skills.

Essex Police has been assessing the allocation of the additional 45 officers to be recruited in 2019/20 as part of the national ambition of delivering 2,000 officers by March 2020 and planning for a further 90 officers to be provided from Home Office grant in 2020/21.

If agreed, the additional funding from the Home Office Grant will be invested in 135 additional police officers. In addition, through a clear focus on budget management, savings and efficiency we can exceed government plans for investment by a further

16 police officers. Five of these additional officers will be funded from the successful implementation of a new shift pattern in our Local Policing Teams from October 2019, which has reduced the need for sergeant supervision.

Overall, this investment will increase our agreed officer establishment from 3,218 to 3,369 for 2020/21.

In developing prioritised options for investment, we have considered:

- Alignment with PFCC Police & Crime Plan
- Alignment with the Force Plan
- Tackling current and future demand as identified in the Business Planning process and Force Management Statement
- Mitigation of Strategic risks
- Supporting priorities identified in the Control Strategy

In addition, we have also considered whether proposed investment areas assist with addressing areas for improvement (AFIs) identified by HMICFRS.

Table C sets out below how I would invest additional resources for an additional 135 officers, 16 operational policing staff and infrastructure support of 11 police officers and 44.8 staff to service the business needs of the increased workforce.

Table C

Investment in additional Police Officers and Staff	Officers	Staff
	FTE	FTE
High Harm & Investigations	54.5	
Custody Command	12.0	
Specialist Policing - Traffic Collision Investigation	3.0	2.0
Specialist Policing - Firearms	9.0	1.0
Managing Sexual, Violent Offenders and on-line investigations	11.0	
Serious Crime - Major Crime Team	7.0	
Local Policing Areas - Briefing & Tasking	6.0	
Learning and Development - recruitment & training	15.5	
Financial Investigations and Cyber - Detective Inspector	1.0	
Serious Crime - Dedicated Source Unit - Inspector	1.0	
Dedicated Taser Training Team	6.0	
Data Quality Improvement	2.0	
Professional Standards - Police Integrity Reforms	4.0	5.0
Serious Crime - Intelligence Support	3.0	
Resource Management Unit (RMU)		5.0
Dangerous Dogs Manager		1.0
Gang & County Line Capabilities		2.0
Total - Operational Policing	135.0	16.0
Total - Infrastructure Support	11.0	44.8
Total - Reinvestment from shift pattern change	5.0	-
Total	151.0	60.8

It should be noted that 112.5 of the 135 officers (83%) will be allocated into frontline policing and investigation, this includes the additional 5 officers created as a result of shift pattern change (15 sergeants converted to 20 PCs) who will be posted to Community Policing Teams.

The following areas are planned for Operational Policing investment.

- Creation of 20 officer posts in our existing Community Safety Hubs to create a firm focus on increasing community confidence and developing the widest prevention agenda to reduce harm and crime with partners and communities.
- High Harm and Investigations - having made significant investment in uniformed front-line officers in 2018/19 and 2019/20, the priority for the allocation of additional officers is to improve our front-line investigative capacity. As part of the allocation we plan to strengthen pro-active management and prevention work in the Management of Sexual Offenders and Violent Offenders (MOSOVO) and Police On-line Investigations Teams (POLIT). This will increase our capability and capacity in this highest of harm areas, supporting vulnerable people, investigating and tackling violence and abuse and keeping people safe. The last significant investment in this area was in 2015 and the evidence shows that demand in this area continues to grow. This directly supports our shared ambitions as well as keeping pace with referrals from other agencies (NCA/CEOP).
- Dedicated Custody Sergeants – Custody is the gateway to many investigations and especially those that are high harm. Whilst often viewed as ancillary, having an effective and self-sufficient custody is essential to facilitate the investigation of offence and protecting the community. With the on-going and long-term development of the custody estate this investment means we can better bring offenders to justice, discharge our duties of care whilst minimising the impact on officers deployed in communities and across the force.
- Serious Traffic Collision Investigations – the proposed increase will allow for greater investigative capability and capacity to effectively deal with major investigations concerning death on the road which will ensure the county is safer. It will directly support the Police and Crime Plan as well as mitigating impact on personnel. Increased resourcing allows for this with a greater spread of work and therefore reducing officer exposure to traumatic incidents. The two new staff posts will administer the increased volume of road incident reports generated from the public via Single On-line Home and the large amount of Road Collision Records (RCR) requests received from the public.
- Force Support Unit (Firearms) – Tackling serious violence, gangs and organised crime along with providing further capability to deal with the most violent and dangerous offenders in the county in possession of firearms & bladed weapons. This allows us to maintain our armed response vehicle capability in support of keeping the public and officers safe. This investment allows a sustainable solution that is not as heavily reliant on officers working

overtime and is in line with the current Armed Policing Strategic Threat & Risk Assessment [APSTRA] resourcing levels.

- Major Crime Team – Increased capability to deal with serious and organised criminality and to mobilise major incident responses to tackle the most serious crimes quickly and professionally.
- Local Policing – Briefing and Tasking Officers – investment in resources for each Local Policing Area (LPA) to ensure a consistent approach is taken to the briefing and tasking of officers across the LPA in accordance with the Control Strategy for the force.
- Learning and Development - investment in additional officers to support the growing organisation and the need to maintain continuous professional development of an increasingly inexperienced workforce.
- Financial Investigations and Cyber Detective Inspector – To improve the supervision and resilience over Financial Investigations, Cyber Crime, Primary Investigations, Suspicious Activity Reports (SARs), Complex Fraud and Volume Fraud.
- Serious Crime - Dedicated Source Unit (DSU) Inspector - to address increased work pressure and increase resilience, particularly in the controlled use of covert human intelligence sources (CHIS).
- Serious Crime - Intelligence Support Officers – Increase resources to review and action the increasing level of intelligence reports which have been growing since 2015.
- Taser Training Team – Establish a dedicated Taser training team to continue to upskill 320 additional officers to use Taser and continue with requalification/refresher training of Specially Trained Officers (STOs) ensuring audits and records are maintained efficiently. The dedicated Taser training team will ensure that policing objectives are met within the force plan to support officers attending violent incidents, manage the response to OCG (Organised Criminal Groups) and reverse trends in violent crime. This supports the protection of the public and officers as well as the maintenance of the highest standards of training to ensure police legitimacy.
- Data Quality – additional resources to assist with implementing the Essex Police Data Quality Improvement Plan and maintain data quality rectification activities in future years. This reflects the increasing importance of data management around crime fighting and legitimacy as well as changing standards and expectations through GDPR. The activities in the plan focus on data quality improvement, primarily within Athena in support of operational policing functions.
- Professional Standards – Police Integrity Reforms - ensure Professional Standards Department have the capability and capacity to deal with current and future demand in PSD investigations and take responsibility of all

Misconduct and Gross Misconduct investigations and address initial complaint assessment, recording and management. A growing workforce and focus on learning as well as professional conduct, creates greater pressure in Professional Standards Department. This investment is essential in order to ensure that public confidence is maintained.

- Resource Management Unit (RMU) - increase the staffing levels of the RMU by 5 Duties Administrators. This meets the additional requirement to manage a force that will have grown by 18% or 519 officers by the end of this budget cycle.
- Dangerous Dogs Manager - This role is currently being completed by a PC abstracted from his main Essex Dog Section role. The creation of this role will allow for the officer to return to his main dog handling role. This is an evolving role due to changes in legislation and cost implications for the force around kennelling.

In addition, investment is required in infrastructure support resources to enable the recruitment and introduction of the growth in police officer numbers and sustain a larger operational police force which will have grown by 519 over 3 successive years from an agreed officer establishment of 2850 police officers in 2017/18 to 3,369 for 2020/21. The necessary investment will be in the areas of Vetting, IT, HR, Learning & Development, Business Centre, Payroll, Transport and Strategic Change resources.

Appendix B sets out a draft financial plan of recruiting to 3,369 officers by the end of the financial year at an additional cost of £4.174m. The full year effect for 2021/22 is £6.133m.

The Force has an ambitious recruitment campaign and expects to exceed the 2019/20 agreed establishment of 3,218 officers, with the intakes of new recruits of 80 in February 2020 and 53 in March 2020, this means we will be at 3,273.5 police officer strength at the 31st March 2020, 55.5 over establishment for 2019/20.

The final detail of the recruitment and training plan is subject to ongoing review. It will take into account variables such as the ability to attract, select and undertake vetting of suitable candidates as well as the forces capacity to provide the mandatory training.

Savings and efficiency plan

Essex Police is absolutely committed to maximising the benefit out of every penny the force spends in its efforts to continue work that will modernise the service and continue to drive efficiency.

The proposed change to funding will not diminish our commitment to find new, more efficient ways of working for the people and businesses of Essex.

The identified savings and efficiencies for the force in 2020/21 total £5.833m cashable (£4.832m recurring), and include police overtime savings from the

introduction of new shift patterns (£0.5m), savings from non-pay and contractual reviews within Support Services Directorate (£1.910m) an increase in the vacancy factor from 7% to 9% for police staff (£1.303m) in 2020/21 only. Additionally, the force has also identified £2.220m non-cashable savings, predominately from body worn video. The target set for the force by yourself was 2.25% of the MTFS and this was £6.775m; this has been met by combining the cashable and non-cashable savings.

It should however be recognised that following many years of identifying significant cashable savings, it will become increasingly difficult to identify this quantum of cashable savings in future years without negatively impacting on the service provided.

Investment

I have set out below in Table D how the force intends to maximise the benefits derived from a precept rise. This includes the increase in officer and staff establishments, the supporting infrastructure including non-pay costs, investment of staff in the Force Control Room, investment of staff in Media & Communications, capital programme revenue consequences and interest charges, IT investment, service demands e.g. Estate Department restructuring, forensics, and the data quality team.

Table D - Investment

Proposed Areas of Investment	£m
Increase in establishment (151 officers & 44.8 staff)	6.523
Full year impact of increase in establishment 2019/20 (215 officers and 50 staff)	3.950
Service Demand Changes	1.111
Revenue Consequences of Capital Programme	0.784
Investment in Force Control Room	0.621
Media & Communications Strategy	0.332
Taser Training	0.278
IT investment	0.277
Borrowing Requirement Interest Charges	0.149
Other Local Initiatives	0.150
Other Budget Adjustments	0.053
2020/21 Budget Requirement	14.228

Appendix C sets out the supporting documents that will be forwarded to your Acting Treasurer to support this budget proposal.

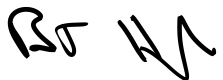
The Future

We continue to have the second lowest spend per head of population in the UK (HMICFRS Value for Money profile 2019). Our proximity to London and diversity of challenges in Essex mean that we face all of the rural pressures alongside the urban demands of increases in violence, county lines drug supply, and serious and organised crime. As you know, in the past two years we have been building a

sustainable model and in some cases rebuilding critical areas that were necessarily rationalised to maintain the operational frontline. It is my ambition for this to be a challenging but sustainable budget for the future of policing in the county of Essex. This budget is not without risk, but these risks are considered and balanced to achieve our shared ambitions for a safer county.

The cost of living in Essex is comparable with London. Officers and staff are competing against London salaries; if we wish to continue to recruit and retain the best talent, we must ensure we are competitive using levers such as the south east allowances and market supplements. These will inevitably impact on the affordability of our pay budget and whilst within this budget these are not a factor these become increasingly essential to retain a skilled workforce over the life of our financial plan.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'BJ Harrington'.

BJ Harrington
Chief Constable

2020/21 Budget Overview		
Line Ref:		£000
1	2019/20 Original Budget	297,586
2	Activity occurring before 1st April 2020	(479)
3	2020/21 Starting Budget after adjustment to 2019/20 base for activity occurring before 1st April 2020	297,107
4	Unavoidable Cost Pressures	9,664
5	New Investment	14,228
6	One-off Activity - operational and support	5,093
7	One-off Activity budget	(2,866)
8	2020/21 Budget requirement - before Strategic Change Savings	323,226
9	Source of Funding	
10	Government Grants	184,865
11	Grant for 20,000 Officers Investment	3,777
12	Council Tax precept	128,392
13	Collection Fund surplus	1,458
14	2020/21 Total Funding	318,492
15	Surplus / (deficit) - before Strategic Change Savings and Efficiencies	(4,734)
16	Strategic Change Savings and Efficiencies	(4,734)
17	Annual (Shortfall) / Surplus after achieving Strategic Change Savings and Efficiencies	0
18	Council Tax	
19	Council Tax Band D (2019/20 £192.96 , 2018/19 £169.02, & 2017/18 £157.05)	£198.63
20	CT Increase 2.94% (2019/20 14.16%, 2018/19 7.62% & 2017/18 3.25%)	2.94%
21	Increased cost to Band D property/pa (2019/20 £23.94, 2018/19 £11.97 & £4.9	£5.67
22	Additional income generated from precept increase (£m)	3.7
23	Additional Weekly Cost (2019/20 46 Pence, 2018/19 23 pence & 10 pence 2017	£0.11
24	Tax base - number of properties (2019/20 638.134m, 2018/19 628.600m and 2	£646,387

A decrease of (£0m) to the 2020/21 Original Budget

Includes pay rises to 2.5%, employer pension increase from 15.3 to 18.9%, contractual inflation and Contractual & Legal bids. Assumes Officers in revenue bids funded from 135 Growth

Includes investment of 135 additional police officers and the associated infrastructure £6.3m, £4m for the Full Year Effect of 215 officer growth in 2019/20, £1.6m new revenue investment, £1.1m for Service Demand changes and £0.8m contribution to capital.

Includes one-off investment for the 135 officer growth of £0.9m, new revenue investment - £2.2m, Service Demand changes - £0.5m, revenue consequences of capital - £2.0m, Contractual & Legal Pressures - £0.2m, Bank Holiday adjustment of £0.2m. These costs are offset by £1m of one-off savings over and above the recurring savings included in line reference 16

The Original Budget includes the base budget for one-off activity. It is removed here to avoid double counting the one-off budget requirement

Grant uplift of 7.5% (Home Office Police Grant and Ex CLG Grant combined)

Based on 24% of the additional Home Office grant for 20/21 officer growth - awarded as recruitment targets are met.

Based on Final Tax Base Figures.

Based on Final figures from all districts and boroughs.

Appendix B

Police Officer Growth Plan 2020/21

Line Ref		Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	
1	Previous Month End Strength	3,237.5	3,273.5	3,250.5	3,227.5	3,280.5	3,267.5	3,324.5	3,301.5	3,278.5	3,344.5	3,321.5	3,358.5	3,335.5	
2	Leavers	(22)	(23.0)	(23.0)	(23.0)	(23.0)	(23.0)	(23.0)	(23.0)	(23.0)	(23.0)	(23.0)	(23.0)	(23.0)	(276.0)
3	Joiners - to cover attrition	2.5	-	-	70.0	-	40.0	-	-	80.0	-	29.5	-	56.5	276.00
4	Joiners - growth	50.5	-	-	6.0	10.0	40.0	-	-	9.0	-	30.5	-	-	95.50
5	Re-investment of Officers (Note 1)	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Joiners - Total (Note 2)	58.00	-	-	76.0	10.0	80.0	-	-	89.0	-	60.0	-	56.5	371.50
7	Strength at end of month	3,273.5	3,250.5	3,227.5	3,280.5	3,267.5	3,324.5	3,301.5	3,278.5	3,344.5	3,321.5	3,358.5	3,335.5	3,369.0	3,305
8	Target	3,218	3,369.0	3,369.0	3,369.0	3,369.0	3,369.0	3,369.0	3,369.0	3,369.0	3,369.0	3,369.0	3,369.0	3,369.0	Average Strength
9	Variance	55.5	(118.5)	(141.5)	(88.5)	(101.5)	(44.5)	(67.5)	(90.5)	(24.5)	(47.5)	(10.5)	(33.5)	0.0	
10	% Variance	1.7%	(3.5%)	(4.2%)	(2.6%)	(3.0%)	(1.3%)	(2.0%)	(2.7%)	(0.7%)	(1.4%)	(0.3%)	(1.0%)	0.0%	

Note 1 As a result of the shift pattern change, 15 Sergeants have been converted to 20 PCs, realising a net growth of 5 PCs

This table facilitates a financial profile that has been used for costing purposes. The actual profile of the recruitment of new officers is yet to be determined as the pattern of recruitment is complex and a more detailed analysis is to be completed over the coming weeks. This will take into account variables included but not limited to the ability to attract, select and undertake

Note 2 vetting of suitable candidates as well as the forces capacity to provide the mandatory training.

Supporting Financial Documents

Setting a budget is complex and it is important to provide transparency in relation to the various elements that comprise the budget. I have therefore attached a number of appendices that cover specific aspects of the budget and each one then breaks down the detail financial information. The appendices are:-

- A1 = MTFS Summary
- A2 = MTFS Detail
- B = 2020/21 Budget Overview – Chief Constable’s Proposal
- B2 = 2020/21 Budget Summary – Chief Constable’s Proposal
- C = 2020/21 Pay Budget Breakdown
- D = 2020/21 Contractual and Legal Cost Pressures
- E = 2020/21 Service Demand Changes
- F = 2020/21 New Revenue Investment
- G = 2020/21 Non-Pay Savings and Efficiency
- H = 2020/21 Cashable and Non-cashable Savings
- I = 2020/21 Savings and Efficiency Plan
- J = Reserves Overview
- K = Capital Resources and Expenditure Forecast 2016/17 to 2024/25
- L = Capital Programme - Approved Projects
- M = Capital Programme - Projects Subject to Approval
- N = Capital Programme - Revenue Consequences
- O = 135 Officer Growth
- P = Operational Staff Growth
- Q = Infrastructure Staff and Officers
- R = 2020/21 Budget - Subjective Analysis (to follow)

APPENDIX B		
Line Ref:	2020/21 Budget Summary	
		£000
1	2019/20 Original Budget	297,586 Opening budget as per 2019/20 Budget Setting MTFS
2	Recurring Activity Occurring Before 1st April 2020	
3	Adjustments from previous budget settings no longer required / achievable	
4	Remove prior year one-off funding/income	(1,581)
5	Adjustment from Prior Year Activity Agreed at Budget Setting	451
6	2020/21 One-off projects agreed at 2019/20 Budget Setting - one-off	651
7	Total Recurring Activity Occurring Before 1st April 2020	(480)
8	2020/21 Starting Budget after adjustment to 2019/20 base for activity occurring before 1st April 2020	297,107 A decrease of (£0m) to the 2020/21 Original Budget
9	Unavoidable Cost Pressures	
10	Recurring Pay Changes	1,734 Sept 2019 2.5% payrise for April to August 2020
11	Recurring Pay inflation	2,997 Based on 2.5% from Sept 2020
12	Pensions Increase from 15.3 to 18.9%	955 Includes £34k for impact of pension change for posts included within Service Demand and New Revenue Investment Bids
13	Policing Education Qualification Framework (PEQF)	100
14	Pay (not inflation) e.g. increments/turnover	180
15	Auto Enrolment	200
16	Contractual Inflation & De-flation	733
17	Operational and Support Contractual and Legal cost pressures	2,765
18		
19	Total Unavoidable Cost Pressures	9,664
20	New Investment & Service Demand Changes	
21	2020/21 (20,000 Officers) - increase 135 police officers - Pay only (Recurring)	4,174 135 Officers (Pay Only) based on profile of April - 45.5 FTE, July - 15, Sept - 39, Jan - 35.5
22	2020/21 (20,000 Officers) - Revenue Non Pay Costs - (Recurring)	402 On-going Non Pay Costs for the 135 Officers
23	2020/21 16 Staff to Support the Officer Growth - Pay Only (Recurring)	343 16 Support Staff (recruitment for July 2020)
24	2020/21 Staff to Support the Officer Growth - Revenue Non Pay Costs (Recurring)	6 On-going Non Pay Costs for the 16 Support Staff
25	Infrastructure to support the growth - 11 Officers (Pay Only)	547 Infrastructure of 11 Officers to support the growth (recruitment for July 2020)
26	Infrastructure to support the growth - Officers (Recurring revenue Non Pay Costs)	24 On-going Non Pay Costs for the 11 Infrastructure Officers
27	Infrastructure to support the growth - 44.8 Staff (Pay Only) - Recurring	756 Infrastructure of 44.8 Staff to support the growth (recruitment over July & October 2020). Includes Vetting, Bus. Services, Occ Health, HR, L&D, IT,
28	Infrastructure to support the growth - Staff (Recurring revenue Non Pay Costs)	18 On-going Non Pay Costs for the 44.8 Infrastructure Staff
29	Other Infrastructure Costs - Recurring	253 Includes Media and Occupational Health Costs
30	Increases of less than £10k on non-pay budgets	53 Increase in 5 budgets of £10k or less. Includes increases for IT, Bank Charges and Drug & Alcohol Testing.
31	Service demand changes	1,111
32	New revenue investment	1,658
33		
34	Capital Programme (Approved) - Revenue Consequences	636 Updated following Strategic Board of 9th December
35	Capital Programme (Proposed) - Revenue Consequences (75%)	148 Updated following Strategic Board of 9th December
36	Borrowing Requirement Interest Charges	149
37	Increase police officers of 215 in 2019/20 - additional full year police officer costs:	
38	Pay , NI and Pension	3,950 Police officers were increased to 3218 FTE's in 2019/20. The 2019/20 budget was increased by £7.8m. This represents the additional budget requirement to increase to FYE for this growth for Pay, NI and Pensions
39	Total New Investment & Service Demand Changes	14,227

Line Ref:	<u>2020/21 Budget Summary</u>		
		£000	
40	One-off Activity		
41	2020/21 (20,000 Officers) - Revenue Non Pay Costs - (One-Off)	65	One-Off Non Pay Costs for the 135 Officers
42	2020/21 (20,000 Officers) - capital contribution (One-off)	305	One-Off Contribution to Capital Costs for the 135 Officers
43	2020/21 Staff to Support the Officer Growth - Revenue Non Pay Costs (One-off)	7	One-Off Non Pay Costs for the 16 Support Staff
44	2020/21 Staff to Support the Officer Growth - Capital Contribution (One-off)	34	One-off Contribution to Capital Costs for the 16 Support Staff
45	Infrastructure to support the growth - Officers Revenue Non Pay Costs - (One-Off)	1	One-Off Non Pay Costs for 11 Infrastructure Officers
46	Infrastructure to support the growth - Officers (Capital Contribution)	272	One-Off Contribution to Capital Costs for the 11 Infrastructure Officers (Includes Force Lockers)
47	Infrastructure to support the growth - Staff (Revenue Non Pay Costs)	19	One-Off Non Pay Costs for the 44.8 Infrastructure Staff
48	Infrastructure to support the growth - Staff (Capital Contribution)	94	One-Off Contribution to Capital Costs for the 44.8 Infrastructure Staff
49	Other Infrastructure Costs - One-off	111	Police Now Training Costs
50	Capital Programme (Approved) - One-off revenue costs	520	Updated following Strategic Board of 9th December
51	Capital Programme (Proposed) - One-off revenue costs (75%)	1,563	Updated following Strategic Board of 9th December
52	Operational and Support Contractual and Legal cost pressures - One-off	162	
53	Service demand changes - One-off	505	
54	New revenue investment - one-off	2,202	
55	Pensions Remedy Work (One-off addition to SLA)	34	
56	Activity funded from the General Reserve - one-off		
57	Bank Holidays - One-off	200	
58	One-off shortfall/(surplus) in savings (Difference between Full Year Effect and Current Year)	(1,001)	Includes 2% additional vacancy factor (police staff) as one-off savings in 2020/21 which equates to £1.3m. (Raising the vacancy factor from 7% to 9%). The £1m represents the "20/21 non-recurring savings" i.e. above the 20/21 Full Year Effect included in the savings section below"
59	Total One-off Activity	5,094	

Line Ref:	2020/21 Budget Summary		
		£000	
	Funding from Reserves - One-off		
	Transfer from earmarked reserves		
60	Transfer from POCA Reserve for contribution to Detective Bonus Payments	0	
61			
62	Total Transfer from earmarked reserves	0	
	Transfer from the General Reserve		
63	Total Transfer from the General Reserve	0	
64	Total one-off activity	5,094	
65	One-off costs funded by permanent budget for one-off activity (includes transfers to reserves)	(2,866)	The Original Budget includes the base budget for one-off activity. It is removed here to avoid double counting the one-off budget requirement.
66	One-off expenditure above / (below) the £2.9m funding for one-off activity	2,228	One-off activity above the funding available for one-off spend
67	2020/21 Budget requirement before Strategic Change Savings	323,226	
	Source of Funding		
68	HO Core Police Grant - 11.5% change	115,509	2019/20 £103.551m, 2018/19 & 2017/18 £101.347m (2016/17 £102.783m)
69	HO formula Grant (ex DCLG grant) - 0% change	56,231	2019/20 £56.231m 2018/19 & 2017/18 £55.149m (2016/17 £55.933m)
70	Council Tax Freeze grant (2011/12) - 0% change	2,133	2019/20 £2.133m, 2018//19 & 2017/18 £2.133m (2016/17 £2.133m)
71	Council Tax Support Grant - 0% change	10,992	2019/20 £10.992m, 2018/19 & 2017/18 £10.992m (2016/17 £10.992m) - for reduction in taxbase from 2013/14
72	Council Tax precept	128,392	2019/20 £123.134m (2018/19 £106.246m)
73	Collection Fund surplus	1,458	2019/20 £1.545m (2018/19 £1.562m, 2017/18 £1.902m, 2016/17 £1.794m, & 2015/16 £1.680m)
74	Ring Fenced Grant (national 20,000 Officers Investment)	3,777	Based on 24% of the additional Home Office grant for 20/21 officer growth - awarded as recruitment targets are met.
75	2020/21 Total Funding	318,492	2019/20 £297.586m, 2018/19 £277.429m (2017/18 £268.946m).
77	Surplus / (deficit) - before Strategic Change Savings and Efficiencies	(4,733)	
	FUNDED BY:		
	Strategic Change Savings and Efficiencies in 2020/21		
78	Strategic Change Programme - Essex Savings & Efficiencies	(2,519)	
79	Strategic Change Programme - Collaboration Savings & Efficiencies	(2,312)	
80	Strategic Change Programme - Technical inter-year changes	0	
81	Total Strategic Change Savings and Efficiencies in 2020/21	(4,831)	
82	Strategic Change Programme - Underachievement of prior years savings	97	
83	Total Strategic Change Savings and Efficiencies in 2020/21	(4,734)	
84	Annual (Shortfall) /Surplus after achieving Strategic Change Savings and Efficiencies	1	
85	Council Tax Band D (2019/20 £192.96 , 2018/19 £169.02, & 2017/18 £157.05)	£ 198.63	
86	CT Increase 2.94% (2019/20 14.16%, 2018/19 7.62% & 2017/18 3.25%)	2.94%	
87	Increased cost to Band D property/pa (2019/20 £23.94, 2018/19 £11.97 & £4.95 2017/18)	£ 5.67	
88	Additional income generated from precept increase (£m)	3.7	
89	Additional Weekly Cost (2019/20 46 Pence, 2018/19 23 pence & 10 pence 2017/18)	0.11	
90	Tax base - number of properties (2019/20 638.134m, 2018/19 628.600m and 2017/18 620)	646,387	

Agenda Item 5
PFCP/07/20

Report title: Proposed Essex Fire and Rescue Service Precept for 2020-21	
Report to: Essex Police, Fire and Crime Panel	
Report author: Glenn McGuinness, Assistant Director of Finance, Essex Police, Fire and Crime Commissioner Fire and Rescue Authority	
Date: 6 February 2020	For: Approval
Enquiries to: Glenn McGuinness - glenn.mcguinness@Essex-fire.gov.uk	
County Divisions affected: All Essex	

The Essex Police, Fire and Crime Commissioner's report on the proposed Fire and Rescue Service precept for 2020/21, is attached.

ESSEX POLICE, FIRE AND CRIME COMMISSIONER
FIRE & RESCUE AUTHORITY
Essex County Fire & Rescue Service



Meeting	Police Fire and Crime Panel	Agenda Item	
Meeting Date	6 th February 2020	Report Number	
Report Author:	Glenn McGuinness – Assistant Director of Finance		
Presented By	Neil Cross & Glenn McGuinness		
Subject	Draft - Budget 2020-21		
Type of Report:	Discussion / Decision		

RECOMMENDATIONS

1 a. The Police, Fire and Crime Commissioner proposes a precept increase of 1.99% equivalent to an increase of £1.44 a year from £72.45 to £73.89 for a band D council tax property raising £935k of additional council tax receipts. Total council tax funding has increased by £1,618k with the remaining £683k resulting from tax base growth.

1 b. The budget for 2020-21 is drawn up on the basis that existing reserves of £1,618k are utilised in the year.

1 c. To note the impact of the continuing relaxation of public sector pay restraint on the budget and precept of the Authority. In this context, the Authority has provided for 2% across the board pay inflation at a cost of c. £1,126k in 2020-21.

1 d. The budget is prepared on the basis that the medium term financial and action plan to 31st March 2024 ensures that a balanced budget without using reserves is achieved for the 2021-22 financial year.

KEY AREAS OF INVESTMENT

It is important to note that ECFRS has a number of key areas of investment that are required as part of meeting the priorities set out in the Fire & Rescue Plan and addressing the challenges set out in the HMICFRS Report. These areas are identified in the table below and the investment expenditure will be monitored and tracked through the ECFRS Change Board and reported into the Performance and Resources Board which is overseen by the PFCC Commissioner.

	Forecast 2019-20	Forecast 2020-21	Total Revenue Investment	Capital Expenditure Investment by March 2021	Total Investment by March 2021
Investment Infrastructure Plan					
On-Call Development Programme	150	250	400	0	400
Operational Training & Development	900	500	1,400	548	1,948
Investment in Technical Fire Safety	0	500	500	500	1,000
ICT Transformation	627	922	1,549	1,280	2,829
Resource of support functions and non-pay costs	25	25	50	0	50
LGPS Pension deficit	0	284	284	0	284
Rolling Budgets Reserve	85	0	85	0	85
					0
Total Investment	1,787	2,481	4,268	2,328	6,596

FINANCIAL TABLES

Table 1 - Income and Funding

Funding 2019-20 & 2020-21	2019-20 Budget	2020-21 Budget	2020-21 Budget
	£'000	£'000	£'000
Operational Income			
Urban Search & Rescue	(£857)	(£857)	£0
Firelink	(£608)	(£628)	(£20)
Business Rate Relief Support	(£819)	(£1,175)	(£356)
Pensions Top Up	(£3,517)	(£3,517)	£0
Other	(£118)	(£11)	£107
Grant Income	(£5,918)	(£6,188)	(£270)
Other Operational Income	(£1,387)	(£1,351)	£36
Total Operational Income	(£7,305)	(£7,539)	(£234)
Sources of Finance			
Revenue support Grant	(£8,337)	(£8,473)	(£136)
National Non-Domestic Rates	(£16,196)	(£16,519)	(£323)
Total Local Government Finance Settlement	(£24,533)	(£24,992)	(£459)
Collection Fund Surplus	(£643)	(£400)	£243
Council Tax Precept	(£46,233)	(£47,851)	(£1,618)
Total Council Tax	(£46,876)	(£48,251)	(£1,375)
Total Funding	(£71,409)	(£73,243)	(£1,834)
Council Tax Base (Band D Equiv)	638,134	647,706	9,572
Rate of Council Tax Increase	2.99%	1.99%	
Council Tax (Band D)	£72.45	£73.89	£1.44

Table 2 - Forecast against budget position 2019-20

Description	2019-20 Budget £'000s	2019-20 Forecast £'000s	Forecast Variance £'000s	Forecast Variance %
Firefighters	34,251	33,591	(661)	-2%
On-Call Fire-Fighters	6,692	6,592	(100)	-2%
Control	1,438	1,476	38	3%
Support Staff	13,918	13,633	(285)	-2%
Total Employment Costs	56,299	55,292	(1,008)	-2%
Support Costs	2,196	2,103	(94)	-4%
Premises & Equipment	10,464	10,345	(120)	-1%
Other Costs & Services	3,399	3,199	(200)	-6%
Firefighters Pension costs	2,250	2,228	(22)	-1%
Lease & Interest Charges	1,393	1,297	(96)	-7%
Statutory Provision for Capital Financing	5,100	5,100	-	0%
Total Other Costs	24,803	24,271	(532)	-2%
Gross Expenditure	81,102	79,563	(1,539)	-2%
Total Operational Income	(7,305)	(7,530)	(225)	3%
Net Expenditure	73,797	72,033	(1,764)	-2%
Funding				
Revenue Support Grant	(8,337)	(8,337)	-	0%
National Non-Domestic Rates	(16,254)	(16,625)	(371)	2%
Council Tax Collection Account	(643)	(643)	-	0%
Council Tax receipts	(46,233)	(46,233)	-	0%
NNCR (Surplus)/deficit	58	(82)	(140) ++	
Contributions to/(from) Reserves	(2,388)	(113)	2,275	-95%
Total Funding	(73,797)	(72,033)	1,764	-2%

Table 3 - Budget Summary including use of Reserves

Description	2019-20 Budget £'000s	2019-20 Forecast £'000s	2020-21 Budget £'000s	Variance from 2019-20 Forecast £'000s	Variance from 2019-20 Forecast %
Firefighters	34,251	33,591	34,633	1,042	3.1%
On-Call Fire-Fighters	6,692	6,592	6,893	301	4.6%
Control	1,438	1,476	1,368	(108)	(7.3%)
Support Staff	13,918	13,633	14,715	1,082	7.9%
Total Employment Costs	56,299	55,292	57,609	2,318	4.2%
Support Costs	2,196	2,103	2,174	72	3.4%
Premises & Equipment	10,464	10,345	10,678	333	3.2%
Other Costs & Services	3,399	3,199	3,298	99	3.1%
Firefighters Pension costs	2,250	2,228	2,276	48	2.2%
Lease & Interest Charges	1,393	1,297	1,265	(32)	(2.5%)
Statutory Provision for Capital Financing	5,100	5,100	5,100	0	0.0%
Total Other Costs	24,803	24,271	24,790	519	2.1%
Gross Expenditure	81,102	79,563	82,400	2,837	3.6%
Total Operational Income (as para 55)	(7,305)	(7,530)	(7,539)	(9)	0.1%
Net Expenditure	73,797	72,033	74,861	2,828	3.9%
Funding					
Revenue Support Grant	(8,337)	(8,337)	(8,473)	(136)	1.6%
National Non-Domestic Rates	(16,254)	(16,625)	(16,519)	106	(0.6%)
Council Tax Collection Account	(643)	(643)	(400)	243	(37.8%)
Council Tax receipts	(46,233)	(46,233)	(47,851)	(1,618)	3.5%
NNCR (Surplus)/deficit	58	(82)	0	82	(100.0%)
Contributions to/(from) Reserves	(2,388)	(113)	(1,618)	(1,504)	1327.9%
Total Funding	(73,797)	(72,033)	(74,861)	(2,828)	3.9%

Table 4 - Capital Expenditure Budget and Programme

Summary Capital Programme to 2023/24	Revised Budget 2019-20	Forecast 2019/20	Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
New Premises						
Service Workshops	100	-	750	1,250	3,000	-
Existing Premises						
Asset Protection	2,000	1,900	2,000	2,000	2,000	2,000
Training Facilities Improvement	-	-	548	310	703	400
Asset Improvement Works	500	-	500	700	-	-
Total Property	2,600	1,900	3,798	4,260	5,703	2,400
Equipment	385	111	364	183	22	937
Information Technology						
Projects	1,425	1,220	1,900	575	160	-
Total Information Technology	1,425	1,220	1,900	575	160	-
Vehicles						
New Appliances	-	-	1,260	1,680	1,505	1,505
Other Vehicles	1,480	1,161	860	678	665	707
Total Vehicles	1,480	1,161	2,120	2,358	2,170	2,212
Total Capital Expenditure	5,890	4,392	8,182	7,376	8,055	5,549

BACKGROUND

2. This budget has been prepared taking into account the work currently being undertaken to achieve a balanced budget, without the need to use reserves by 2021-22.

Table 3 shows that reserves of £1,618k will need to be utilised in 2020-21 to meet the business as usual resource needs of the Service. The main reasons for this are:

- Pay inflation following a relaxation of public sector pay policy, the 2020-21 budget includes 2% across the board pay inflation a cost of c. £1,126k.
- The Authority plans to covert 4 day crewed appliances to crewing using an on-call shift pattern. One appliance is scheduled to convert in 2020.

The impact of this is that anticipated savings of £330k for 6 firefighters have been realised in the budget for 2020-21.

The budget shows that, it will be necessary to utilise reserves of £1,618k to meet the business as usual resource needs of the service in 2020-21. Additional key areas of investment will be funded from reserves.

On this basis the budget will need to be approved on condition that the medium term efficiency plan covering the period to 31st March 2024 contains robust measures to ensure that a balanced budget is achieved, without the need to use reserves, by no later than the 2021-22 financial year.

3. The government has previously announced a programme of reforms to the local government finance system. These reforms include a review of the business rates retention system and of the funding formula that determines the annual local government finance settlement. A further factor is that a comprehensive spending review is also planned in time for the 2021-22 financial year.

These reforms are fundamental, it will therefore be essential that enough time is set aside to properly consult with local authorities.

The government plans to carry out a multi-year spending review once the reforms to local government financing and the spending review are completed.

To reflect on the foregoing, on the 20th December the government announced the "one-year" provisional local government finance settlement for 2020-21 on a flat cash basis plus an

inflationary increase of 1.6%

4. Following a budget shaping exercise the budget process has involved departmental managers working with finance colleagues to determine the staffing and resource requirements for 2020-21.
5. In particular, there continues to be a close relationship between the whole-time firefighter headcount budget for 2020-21 and the agreement around crewing levels in the Dispute Resolution Agreement (2017) with the FBU. Any move away from the agreed crewing levels would be seen as a breach of that agreement and could potentially lead to a new dispute being raised by the FBU.
6. The Chief Finance Officers report on the budget as required under section 25 of the Local Government Act 2003 is attached at Appendix 1.

RISK IMPLICATIONS

The main risk areas associated with the budget are summarised below:

NATIONAL PAY SETTLEMENTS

The representatives for the employers and employees on the National Joint Council are continuing to negotiate Firefighter Pay Rates. An increase in firefighters pay of 2% was agreed from 1st July 2019, in this context the FBU have lodged a pay claim of 17% and negotiations are continuing regarding a longer term settlement.

It seems likely that public sector pay increases will continue as we move into 2021, our medium-term financial planning demonstrates that the service will need to make savings to meet future pay pressures.

This budget has been prepared including an across the board 2% provision for pay increases. The cost of this is c. £1,126k per annum.

FIREFIGHTERS PENSION SCHEMES

As part of the 2016 Pension Valuation Her Majesty's Treasury announced Public Sector Pension Valuations 'Directions' which increased the Employer Contribution rates from 2019-20. This affects the Firefighter Pension Schemes.

The main change was in the discount rate from 3% to 2.4%, which converts future pension payments into present day value.

The full expected ongoing cost impact of this for Essex is c. £3.8m per annum.

The government has, in 2019-20, supported most of this additional cost burden with a section 31 grant of £3.5m.

We expect this grant will also be made in 2020-21 on a "flat cash" basis, with no inflationary increase this has therefore been included in the income budget for 2020-21.

We anticipate that the pensions grant will be dealt with as part of the spending review, in 2020. The future grant income to support the pension cost burden is therefore uncertain for this material item.

FUNDING

The position for funding post March 2021 is not known at this stage. The Authority is preparing a new medium-term financial plan 2020 to 2024, based on a range of assumptions to deal with the financial challenges ahead and to ensure financial sustainability.

Given the foregoing the Authority plans to exercise prudence and use precept flexibility to increase council tax by 1.99% in 2020-21.

FUNDING RISKS

7. There are risks around future funding, these include actual levels of government section 31 grants the local government finance settlement and collection rates for council tax and national non-domestic rates.

For 2020-21 the provisional local government finance settlement announced on 20th December is based on a “roll forward” settlement plus inflation (c.1.6%), this to provide immediate funding stability.

This was as previously indicated in the – Local Government Finance Settlement - Technical Consultation document published in October 2019.

8. Factors influencing council tax collection rates will be changes in the underlying economy, perhaps resulting from Brexit. These may impact in 2021-22, as each billing authority will determine their collection rates based on their current experience any shortfall will impact on the collection account in 2021-22. In addition, the Authority has established earmarked reserves of £200k to mitigate the impact of any shortfall.
9. These timescales mean that the budget for 2020-21 can be agreed knowing that funding changes are unlikely to be a material factor

FINANCIAL IMPLICATIONS

10. The following sections provide the analysis of the key income and expenditure headings for the Authority's budget:

LOCAL GOVERNMENT FINANCE SETTLEMENT

11. The provisional local government finance settlement for 2020-21 was to be announced in December 2019.
12. The basis of the provisional settlement for 2020-21 including the profile of Revenue Support Grant and National Non-Domestic Rates (NNDR) is set out in the table below:

Local Government Finance Settlement	2019-20 £'m	2020-21 £'m
Revenue Support Grant	8.3	8.5
Share of NDR	6.3	6.4
Tariff/Top-Up	9.9	10.1
Total	24.5	25.0

13. For 2020-21, the level of revenue support grant is £8,473k some £136k higher than the current year, this is an increase of 1.6%. In addition, the Authority will retain 1% of national non-domestic rates (business rates) worth an estimated £6,462k and receive a top-up grant of £10,057k. In total, these amounts for business rates are £500k higher than the current year.

NATIONAL NON DOMESTIC RATES

14. Within the overall amount of funding there is an element funded by the Authority's share (1%) of national non-domestic rates. For 2020-21, decisions by the government to extend relief for small businesses and other policy changes mean that £1.175k (£1,175k for 2019-20) of the business rates expected will be funded by a section 31 government grant.
15. In addition, the government assumes that the Authority's share of national non-domestic rates from the billing authorities will be £6,462k for 2020-21. The exact amount may vary from this level, the Authority holds an earmarked reserve of £200k to manage this uncertainty, and it is proposed that any shortfall in the final level of billing authority sourced funding is managed through this reserve.
16. To help maximise the local share of national non-domestic rates the Authority has supported pooling arrangements with the County Council, Southend Borough Council and all 12 District Councils. In addition, the pooling authorities submitted a bid to be a pilot area for business rates retention in both 2018-19 and 2019-20, these bids were not successful.
17. Under the current pooling arrangements, a larger share of any gains in the level of these rates will be retained locally and apportioned within the pool. Because of this, it is estimated that the Authority will receive c. £371k in additional business rates in 2019-20. Any gains from the pooling arrangements are uncertain and difficult for the Authority to estimate. On this basis no provision is included in the budget for 2020-21 any amounts actually received in 2020-21 will be treated as a contribution to reserves.

COUNCIL TAX

18. For 2020-21, the provisional local government finance settlement includes 2% as the threshold for the increase in council tax that will require a referendum. For 2019-20 the threshold was 3%.
This paper recommends that the Authority use this flexibility to increase council tax by 1.99%. This precept increase (c.£935k) will be primarily used to fund 2% pay inflation (cost £1,126k).
19. The recommended increase in council tax will contribute to an additional £1,618k growth in the Authority's funding. This is made up of precept increase (£935k - 1.99%) and tax base growth (£683k - 1.5%).
20. The position regarding the tax base of the Authority remains strong with increases through better collection arrangements and growth. The council tax sharing arrangements are supported by in-year monitoring of the progress in collection and an early assessment of the impact of changes to the billing authorities Council Tax support schemes.

21. The Authority has aligned itself with the County Council and the Essex Police and agreed with the billing authorities to share the precepting authorities' gains from technical changes in Council Tax with the billing authority.

22. The rate of growth in the council tax base is 1.5% for 2020-21. This is slightly lower than the anticipated growth.

COLLECTION ACCOUNT

23. With the continued growth in the tax base, the council tax collection account is expected to show a positive balance of £400k in 2020-21 (£643k for 2019-20). The Authority has an earmarked reserve to absorb any negative movement on the collection account fund, but it is not expected there will be a call on this reserve in 2020-21.

2019-20 FORECAST REVENUE BUDGET POSITION (TABLE 2)

24. The forecast outturn has been reviewed to reflect the position at the end of September 2019, this forecast is summarised below, and this position is reflected in the comparative figures used in this report.

25. The forecast shows that we expect to use reserves of £113K in the year, this is better than the original planned use of reserves of £2,388k in the year, as presented to the Police Fire and Crime Panel on 24th January 2019.

This improvement is as a result of robust financial controls and will reduce the planned draw on reserves in 2019-20 by £2,275k. The main reasons for the improved position overall are:

- The underspend on firefighter costs is a result of the actual numbers of firefighters being continuously below budget. Please note that included in these figures are additional costs arising from a settlement with day crewed firefighters regarding changes in contractual arrangements (£500k).
- A combination of both lower headcount and activity levels for on-call firefighters will account for an underspend of (£100k)
- An underspend for Support Staff of £285K for Business as Usual activities.

USABLE RESERVES

26. At 31 March 2019, the Authority had £21.9m of usable reserves. These is made up of:

- a. Earmarked reserves of £5.7m, these are specific reserves set aside to manage key financial risks and to provide funding for future expenditure plans.
- b. Capital receipts reserve of £8.3m, these can only be used to fund capital expenditure.
- c. General reserves of £7.9m. These provide a working balance to help cushion the impact of unexpected events and as a means of smoothing out large fluctuations in spending requirements and/or funding available.

An analysis of the reserves is shown in the table below:

Analysis of Reserves	31st March 2019 - Actual	Transfers 2019-20	Use of Reserves 2019-20	31st March 2020 Forecast	Transfers 2020-21	Use of Reserves 2020-21	31st March 2021 Forecast	Comment
On-Call Demand Pressures	600			600			600	To provide for exceptional in-year demand pressure
On-Call - Support	400		(150)	250		(250)	0	On-call recruitment and retention initiatives
Operational Training Reserve	1,000	400	(900)	500		(500)	0	Project to invest in operational training initiatives
Spend to Save Reserve	808		(25)	783		(25)	758	Fund to support savings initiatives
Innovation and Transformation	1,960	1,250	(627)	2,583		(922)	1,661	To facilitate new improvement and efficiency initiatives in line with the Fire and Rescue Plan and new IRMP requirements.
Investment in technical Fire Safety	0	0	0	0	500	(500)	0	Funds set aside to support increase investment
Rolling Budgets Reserve	85		(85)	0			0	One off spend 2019-20 to support culture project
Taxbase and Collection Account Reserve	200		0	200			200	To cope with fluctuations in collection account
NNDR Collection Reserve	200		0	200			200	To cope with fluctuations NNDR
Business Continuity Reserve	150		0	150			150	Business events not covered through risk protection funding.
LGPS Pension payment				0	284	(284)	0	LGPS Pensions Deficit first year payment
Risk Protection	250		0	250			250	Expected limit of calls from our insurers.
Total Earmarked Reserves	5,653	1,650	(1,787)	5,516	784	(2,481)	3,819	
General Reserve	7,935	(1,650)	(113)	6,172	(784)	(1,618)	3,770	Assumed reduce to 3.6m c.5% budget
Capital Receipts Reserve	8,335			8,335			8,335	Depends on capital receipts from house sales
Total Usable Reserves	21,923	0	(1,900)	20,023	0	(4,099)	15,924	

Although useable reserves were £21.9m at 31st March 2019 the cash balances of the Authority were £11.7m at that date. The main reason for this is that cash balances have been used to fund capital expenditure in order to reduce the borrowing costs of the Authority.

27. The Chief Finance Officers report on the 2019-20 budget at appendix 1 deals with detailed proposals for reserves.

28. The development of the Fire and Rescue Plan and new IRMP for the period 2020 to 2024 will be designed to ensure that the Authority moves towards a balanced budget, without the need to use reserves by the 2021-22 financial year.

BUDGET SUMMARY INCLUDING USE OF RESERVES 2020-21 - TABLE 3

29. The budget for 2020-21 has been drawn up by the Service Leadership Team and with department managers to determine the staffing and resource requirements for 2020-21.

30. The budget for 2020-21 is compared to the budget and most recent forecast for 2019-20 in table 3 above.

31. The budget for 2020-21 shows the need to utilise reserves of £1,618k in order to balance the budget.

32. Provision for across the board inflation of 2% (c. £1,126k) is included in pay budgets. In most other cases budget managers absorb non-pay inflationary pressures within department budgets. This absorption of non-pay inflations accounts for real savings of £340k in the 2020-21 budget.

33. The budget shows an increase in net expenditure of £2,828k the main reasons for this increase are:

- Increase in employment costs of £2.318k, this includes, pay inflation c. £1,126k, increased costs for on-call firefighters (c. £90k) support staff pay increments (£204k) and headcount changes as shown in the tables below.
- Increases in other costs include premises and equipment (£333k for ICT support including new Control systems).

STAFF NUMBERS

34. Employment costs equate to c.77 % of the Authority's total revenue budget, with the numbers of firefighters employed the most significant element.
The budget reflects further recruitment and planned retirements of firefighters in the year.

35. Overall staff numbers are summarised below:

Staff Budget (Average)	2019-20 Budget	Changes	2020-21 Budget
Wholetime Firefighters	666.0	-8.0	658.0
On-Call (retained) Firefighters	453.8	4.4	458.3
Control Staff	33.5	0.0	33.5
Support Staff - Employees	296.5	3.8	300.3
Total	1449.8	0.2	1450.0

The reduction in wholetime firefighters relates to the conversion of a day crewed appliance to an on-call appliance, in the year.

WHOLETIME FIREFIGHTERS

36. The average budgeted numbers of whole-time firefighters in 2019-20 and 2020-21 by role are set out below:

Wholetime Firefighter Budget	2019-20 Budget	Changes	2020-21 Budget
Chief, Deputy Chief and Assistant Chief Fire Officers (Brigade Managers)	2.0	1.0	3.0
Area Manager	3.0	0.0	3.0
Group Manager	13.0	0.0	13.0
Station Manager	43.0	0.0	43.0
Watch Manager	128.0	1.0	129.0
Crew Manager	82.0	-2.0	80.0
Firefighter	395.0	-8.0	387.0
Total	666.0	-8.0	658.0

ON-CALL (RETAINED) FIREFIGHTERS

37. The numbers of on-call firefighters has been budgeted on an FTE basis. The Service has established an On-call Development Programme, sponsored by the CFO/CEO, which, along with other things, will be looking to improve the recruitment and the retention of On-call firefighters, review their current terms and conditions and identify areas where additional support would be most effective.

38. The recruitment and retention of on-call firefighters' project is a key element of the changes agreed for 2020 and through 2024. The Authority is not currently meeting recruitment and retention targets for on-call firefighters; a reserve of £400K has therefore been set aside for support to improve on-call recruitment.

39. The on-call pay budget reflects expected levels of activity and makes no allowance for any abnormal activity levels such as flooding, prolonged summer drought or strikes. An

earmarked reserve of £600k exists should significant unforeseen activity be undertaken.

SUPPORT STAFF CHANGES

40. The support staff budget for 2020-21 includes provision for 2.9 additional staff for collaboration with Essex Police. The additional costs are covered by funding from government grants for collaboration.

STAFF COSTS

41. In addition to the numbers of staff employed, a number of other elements influence the overall employment costs. These are discussed in the sections below.

PAY RATES

42. The budget for firefighter pay includes additional expenditure on overtime where out duties are worked; including the payment of allowances for pre-arranged out-duties.
43. The budget for firefighters pay is based on the latest pay rates agreed in July 2019; in addition, provision is included in the budget for a further 2% increase from July 2020.

PENSION SCHEMES

FIREFIGHTER PENSION SCHEMES

44. There were significant changes in the pension schemes for firefighters in 2017. Changes in contribution rates for firefighters pension schemes came into effect from April 2019. Following a revaluation of firefighters' pension schemes the national average increase is material at 12.6% of pensionable pay. This equates to an additional gross cost burden of c. £3.8m and is allowed for in the budget. Government has paid a section 31 grant of £3.5m to fund c.92% of the cost for 2019-20, it is anticipated this grant will continue on a flat cash basis in 2020-21.

The Authority is required to budget for lump sum charges arising from the ill-health retirement of firefighters. These costs can be spread over three years, starting in the year in which the ill-health retirement occurs. In addition, the Authority has to fund the cost of the residual amount of injury scheme payments previously included in the pension budget. The pension injury payments increase in line with inflation and represent a considerable burden for the Authority. The budget for 2020-21 is £2.2m. The level of ill-health retirements has fallen considerably in recent years and provision has been made for one such retirement in 2020-21.

LOCAL GOVERNMENT PENSION SCHEME

45. There was an actuarial review of the local government pension scheme as at 31 March 2020 and this resulted in an increase in the employers' contribution rate from 16.2% to 19.9%. This additional cost of £313K has been included in the budget.

46. The budget makes provision for the rates of employers National Insurance contributions and the new apprenticeship levy introduced from 1 April 2017. The budget includes £200k for this levy in 2020-21.

INFLATION

47. Some specific allowances are included within the budget bids for expected inflationary increases in business rates, utilities and fuel. Budget holders have absorbed other inflationary pressures. Pay inflation of 2% is included in pay budgets.

NON-STAFF COSTS & COLLABORATION SAVINGS

48. For non-staffing costs, the budget is derived from the outturn expenditure for 2018-19 “normalised” to exclude the impact of any non-recurring expenditure. This base figure has then been adjusted for efficiency gains and to reflect the impact of specific changes planned for the next year.

SPRINKLER FUNDING

49. The budget makes no specific provision for additional sprinkler funding as the planned expenditure in 2020-21 will be from the existing agreed spend to save reserve. The Authority is currently working with local authorities to help fund projects in vulnerable areas.

RISK PROTECTION

50. The Authority’s risk protection arrangements are provided through the Fire and Rescue Indemnity Company Ltd (FRIC) in a risk sharing arrangement with eight other Fire and Rescue Authorities. Contributions to FRIC are in line with the insurance premiums paid in the previous year.

REVENUE BUDGET PROVISION FOR CAPITAL FINANCING

51. The Authority is required to make a statutory provision to fund capital expenditure from council tax. This provision is based on the historic cost depreciation charge for the assets that are purchased.
52. The Commissioner is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement) through a revenue charge (the minimum revenue provision for capital financing - MRP).
The Authority uses the depreciation method for any increase in the capital-financing requirement based on the average annual depreciation charge for assets purchased.

The capital financing charge for 2020-21 is £5.1m.

INCOME

53. The budget reflects a realistic assessment of income from a range of sources including aerial sites for telephony, re-charges to EFA trading etc. These are analysed in the table below;

Operational Income	2019-20 Budget £'000	2019-20 Forecast £'000s	2020-21 Budget £'000	Variance from 2019-20 Forecast £'000s	Variance from 2019-20 Forecast %
Grant Income					
Urban Search & Rescue	(£857)	(£857)	(£857)	(£0)	0.0%
Firelink	(£608)	(£628)	(£628)	£0	0.0%
Business Rate Relief Support	(£819)	(£935)	(£1,175)	(£240)	25.7%
Pensions Top Up	(£3,517)	(£3,517)	(£3,517)	£0	0.0%
Other	(£118)	(£149)	(£11)	£138	(92.6%)
Total Grant Income	(£5,918)	(£6,086)	(£6,188)	(£102)	(66.9%)
Other Operational Income					
Cycle to Work Scheme	(£20)	(£22)	(£20)	£2	(8.1%)
Childcare Vouchers	(£69)	(£69)	(£69)	£0	0.0%
Canteen Income	(£68)	(£76)	(£68)	£8	(10.1%)
Sale of Vehicle Spares	(£20)	(£25)	(£25)	£0	(0.8%)
Aerial Sites	(£140)	(£145)	(£150)	(£5)	3.7%
Solar Panel Income	(£50)	(£44)	(£50)	(£6)	12.8%
Hydrant Tests	(£90)	(£87)	(£90)	(£3)	3.0%
Lease Cars - Employee Contributions	£0	(£3)	£0	£3	(100.0%)
Service Charges	(£1)	(£2)	(£1)	£1	(68.7%)
Secondments	(£58)	(£91)	(£92)	(£1)	1.1%
Community Safety general	£0	(£31)	£0	£31	(100.0%)
Labour Credit	(£50)	(£64)	(£55)	£9	(14.4%)
Section 13/16	(£45)	(£58)	(£45)	£13	(22.6%)
Provision of Hire Vehicles & Equipment	(£2)	(£10)	(£2)	£8	(80.4%)
Interest Received Short Term Investments	(£40)	(£47)	(£45)	£2	(3.5%)
Community Safety Youth Work	(£320)	(£194)	(£175)	£19	(9.6%)
Shared Services Income	(£242)	(£292)	(£371)	(£79)	27.0%
Reimbursements from EFA(T)	(£108)	(£114)	(£94)	£21	(18.2%)
Other Miscellaneous Income	(£64)	(£71)	£0	£71	(100.0%)
Other Operational Income	(£1,387)	(£1,445)	(£1,351)	£94	(6.5%)
Total Operational Income	(£7,305)	(£7,530)	(£7,539)	(£9)	0.1%

54. Government Grant income includes Urban Search and Rescue (£857K), Fire link (£628K), Business Rates Support (£1,175K) and firefighter pensions costs (£3,517k)

CAPITAL BUDGET 2020-21

55. The affordability of the overall capital programme remains a key factor for the Authority in the next few years. Only if the overall capital programme can deliver financial benefits to offset the additional revenue burden of its financing costs will the projects outlined in this section be initiated.
56. Most significant projects already require PFCC approval before they can be initiated. All projects coming forward for approval will be required to demonstrate how the financing costs will be met and whether this will be from efficiencies generated by the project or from other areas.
57. The proposed budget is set out in table 4 above. The most significant projects are on a new service workshops facility, property asset protection and renovation of Shoeburyness station. ICT includes the ICT transformation programme, new control system band investment for technical fire safety systems support. Vehicle spend includes planned replacements for light vehicles and vans.
58. A further review of capital expenditure will be carried out based on the Fire and Rescue Plan and Integrated Risk Management Plan (IRMP) to assess requirements from 2020 to 2024. This will be carried out during 2020.

59. CAPITAL RECEIPTS AND CAPITAL GRANTS

The Authority is required to dispose of surplus assets, it is expected that as a result of the project for conversion of four day crewed stations to the on-call crewing system a number of houses previously required to support the day crewing system will be disposed of in the by 31st March 2022. The balance sheet value for these houses was £7.4m at 31st March 2019.

FUNDING CAPITAL EXPENDITURE

60. The cash generated from the proposed income and expenditure budget is £5.1m. This will be used towards financing capital expenditure in the year.

EQUALITY AND DIVERSITY IMPLICATIONS

61. None

WORKFORCE ENGAGEMENT

62. Representative bodies will be involved and engaged, as plans are developed to move to a balanced budget position by 2021-22.

LEGAL IMPLICATIONS

63. The Commissioner must agree a budget and set a precept by the end of February 2020.

HEALTH & SAFETY IMPLICATIONS

64. None.



Essex County
Fire & Rescue Service

Medium Term Financial Plan

2020 - 2024





Overview

Context

Economic Backdrop

Funding

Efficiency Targets

Capital Investment

Use of Reserves

How We Spend Your Money

Context

Our Medium Term Financial Plan (MTFP) is set in the context of three key areas, namely:

- **The funding of pay inflation**
- **Reduction in the Local Government Finance Settlement**
- **Impact of the Comprehensive Spending Review**

And the two beliefs, that we should:

- **Work as a value-for-money organisation**
- **Demonstrate our efficiency and effectiveness**

Our financial challenge across the next four years is clear:

Inflation pressures are placed on us to the value of circa £5.5m

Our budgets are likely to increase by circa £1.2m

Our efficiency savings need to address a gap of circa £4.3m

Balance the budget with no use of reserves by 2021/22

This Medium Term Financial Plan seeks to address these challenges. An overview of our approach can be seen in the infographic on the following spread.

Economic Backdrop

Over the last year there has been continued volatility, not only in relation to the Authority's own budgetary position, but also in the wider economy. Political uncertainty leaves a hard-to-factor context to all planning; it seems prudent to plan for the climate we know and to build in resilience to weather future instability. The figures in this document are based upon the best information available at the time of publication.

The current rate of inflation is just under 2% which has had a knock-on effect in terms of expectations around pay awards for both uniformed and non-uniformed staff.

Essex County Fire and Rescue Service (ECFRS) is in receipt of a number of grants, there is uncertainty about the future availability of these income streams.

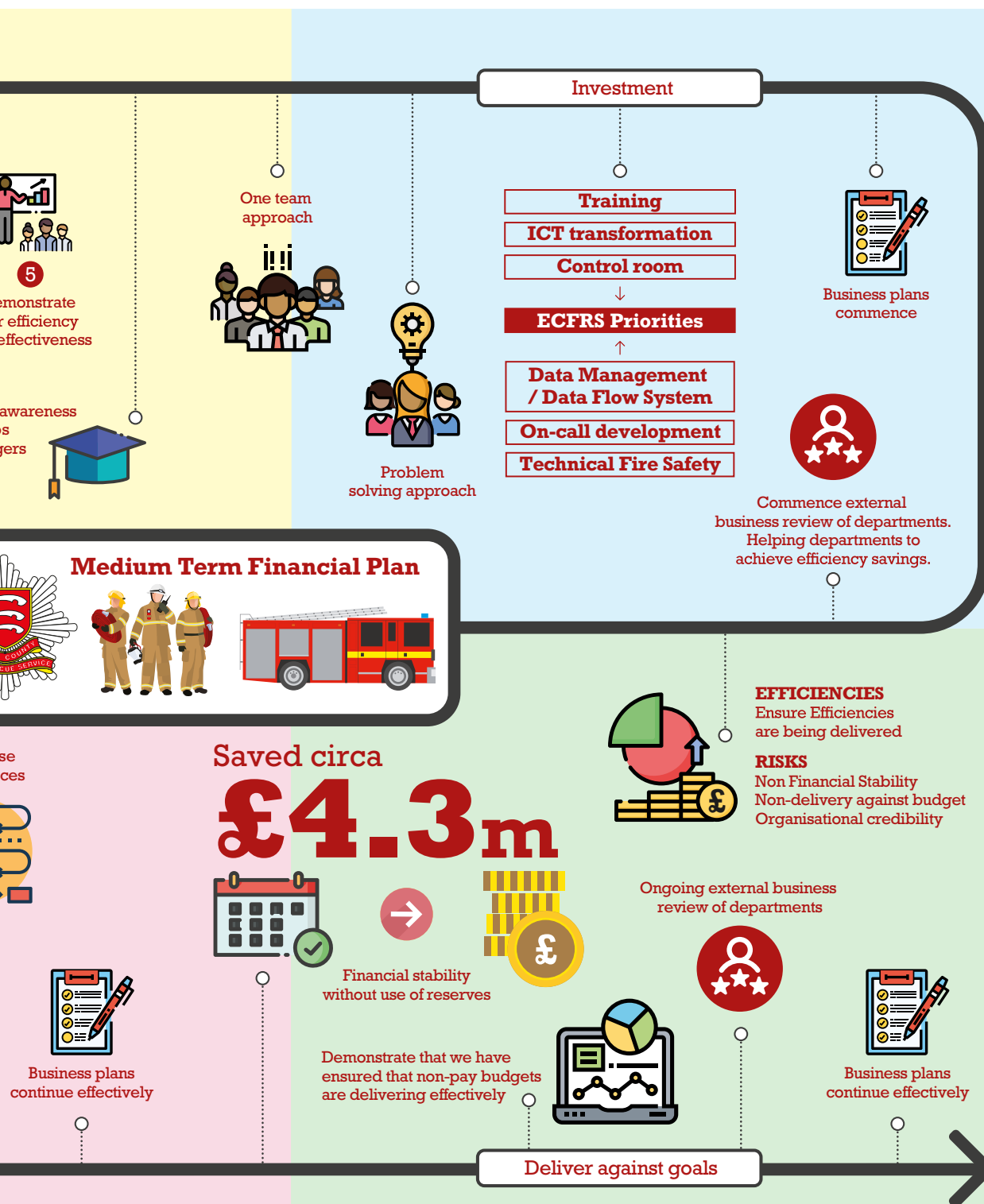
We anticipate, for at least for one year, better funding from Local Government Finance Settlement. These figures can be seen in the Funding section.

Post Grenfell Inquiry, there is an anticipated financial impact due to expected changes in the legislative landscape resulting in an increased demand upon resourcing, training, and technical fire safety activity. The Local Government Association (LGA) and National Fire Chiefs Council (NFCC) anticipate new burdens around this area of Fire and Rescue Service delivery.



Overview of the ECFRS MTFP Approach







Funding

Improvements in efficiency and low net recruitment meant that the financial out-turn for 2018-19 was c.£2m better than the planned budget. We have factored these cost savings into the future model, building cost savings already made into the projections and reducing the future savings requirement to £4,335k, or c.6% of the overall budget.

Future levels of local government finance settlements from 2021-22, are assumed at a reduction of 5% each financial year from 2021-22 to 2023-24.

Our funding settlement will be for one year only in 2020-21, the details of the local government funding settlement for 2020-21 are expected to be announced by Government in December.

From 2020-21 the Government is expected to announce 2% as the threshold for the increase in Council Tax that will require a referendum. The Home Office is encouraging lobbying for increased precept flexibility for Fire Authorities. This MTFP assumes an annual precept rise of 2%. The council tax base of the Authority remains strong with continued growth of 1.5% per annum assumed.

As part of the 2016, pension valuation Her Majesty's Treasury announced public sector pension valuations direction that substantially increased employer contribution rates from 2019-20. This affects all firefighters pension schemes. For 2019-20, the government has funded c. 91% of the additional cost to the Authority by way of a section 31 grant of £3.516k. This grant is assumed to continue on a flat-cash basis until 2023-24.

ECFRS is currently in receipt of a number of additional section 31 grants, these total £2,660k and include:

- **USAR (£857k) - set to March 2020**
- **FireLink (£628k)**
- **Business Rates Relief (£1,175k)**

FireLink figures may change because of the new Emergency Services Mobile Communications Programme (ESMCP) arrangements, which will allow us to deliver a much better voice and data service to the Emergency Services.

The Business Rates Relief (BRR) grant may be incorporated into the new business rates system.



£114

**The annual cost of
Essex Fire and Rescue Service
to an average 'Band D' household**

Summary Revenue Budget Estimates

All figures are £000's	2019/20	2020/21	2021/22	2022/23	2023/24
Total Employment Costs	56,299	57,830	58,987	60,167	61,280
Total Non-pay Costs	24,803	24,697	25,142	25,513	25,877
Gross Expenditure	81,102	82,528	84,129	85,680	87,157
Operational Income	(7,305)	(7,555)	(7,706)	(7,860)	(8,016)
Net Expenditure	73,797	74,973	76,423	77,820	79,140
Revenue Support Grant	8,337	8,470	6,962	5,515	4,103
National Non-Domestic Rates	16,196	16,514	16,778	17,047	17,320
Council Tax Collection Amount	643	400	400	400	400
Council Tax Precepts	46,233	47,851	49,526	51,259	53,053
Funding	71,409	73,235	73,666	74,221	74,876
Contribution (to) or from Reserves	2,388	1,618	(29)	(24)	(92)
Total Resources	73,797	74,853	73,637	74,198	74,785
Savings Required		120	2,666	836	733
Cumulative Savings Required		120	2,787	3,623	4,355

Analysis of Additional Council Tax

All figures are £000's	2020/21	2021/22	2022/23	2023/24
Council Tax Base Growth	683	718	743	769
Council Tax Precept Increase	935	957	990	1,025
Council Tax Increase	1,618	1,675	1,733	1,794



Efficiency Targets

In short, the budget pressures exceed the increases in funding; the requirement to balance the budget without use of reserves leaves a deficit of £4.3m, to recover over a period of four years.

Our Efficiency Target sets out how savings will be achieved by 2023/24. The challenge is not insignificant, and yet we step into the next financial year with quiet confidence, in full recognition of what is ahead. ECFRS has a good track record of achieving its operational goals below budget, and in the past has delivered in-year savings which have been transferred to reserves. The Key Financial Controls Audit over the last eight years gives us substantial assurance in this regard.

The total budget pressures across four years are predominantly linked to pay inflation and annual inflation. We are also forecasting an increased spend in on-call activity to support our day-crewed conversion project. In addition to the efficiency savings set out in this MTFP, we are asking budget holders to achieve 10% efficiency savings in their non-pay budgets, starting from September 2019.

We have in place a transformation team, with the capability and capacity to lead change as required. Major investment projects, already underway include:

**ICT transformation;
training;
control room;
data management;
on-call development;
technical fire safety;
all of which contribute cost benefits.**

Arriving at the Efficiency Requirement Figure

All figures in £000's	2020/21	2021/22	2022/23	2023/24	TOTAL
Total cost pressures	1,509	1,450	1,397	1,320	5,677
(increase)/decrease in funding	(1,389)	1,216	(561)	(587)	(1,321)
Savings required	120	2,666	836	733	4,355





Capital Investment

The Capital Programme is being developed in line with the proposals detailed in the Fire and Rescue Plan and new IRMP, to support and maintain the key assets and infrastructure across the organisation.

Capital Programme Overview

All figures in £000's	2020/21	2021/22	2022/23	2023/24
Property	2,500	2,700	2,000	2,000
Equipment	364	183	22	937
ICT Transformation (including technical fire safety)	1,900	575	160	0
Vehicles	2,120	2,358	2,170	2,212
Training	547	310	704	401
Total Capital Expenditure	7,432	6,126	5,055	5,549



Use of reserves to support the revenue budget

The table below shows the current position on reserves; this will be further developed once fully-costed innovation and change proposals have been developed as part of the ongoing development of this Medium Term Financial Plan.

Earmarked Reserves Overview

All figures in £000's	2019/20	2020/21	2021/22	2022/23	2023/24
Earmarked reserves brought forward	5,653	5,516	3,819	3,819	3,819
Transfer from General Reserve	1,650	784	295	305	
Total Earmarked Reserves	7,303	6,300	4,114	4,124	3,819
Total Revenue Expenditure	(1,787)	(2,481)	(295)	(305)	0
Reserves at year-end	5,516	3,819	3,819	3,819	3,819

The projection for 2020/21 forecasts the use of £1,618k of reserves to balance the budget.

All figures are £000's	2020/21	2021/22	2022/23	2023/24
Contribution (to) or from Reserves	1,618	(29)	(24)	(92)
Total Funding (including reserves)	74,853	73,637	74,198	74,785

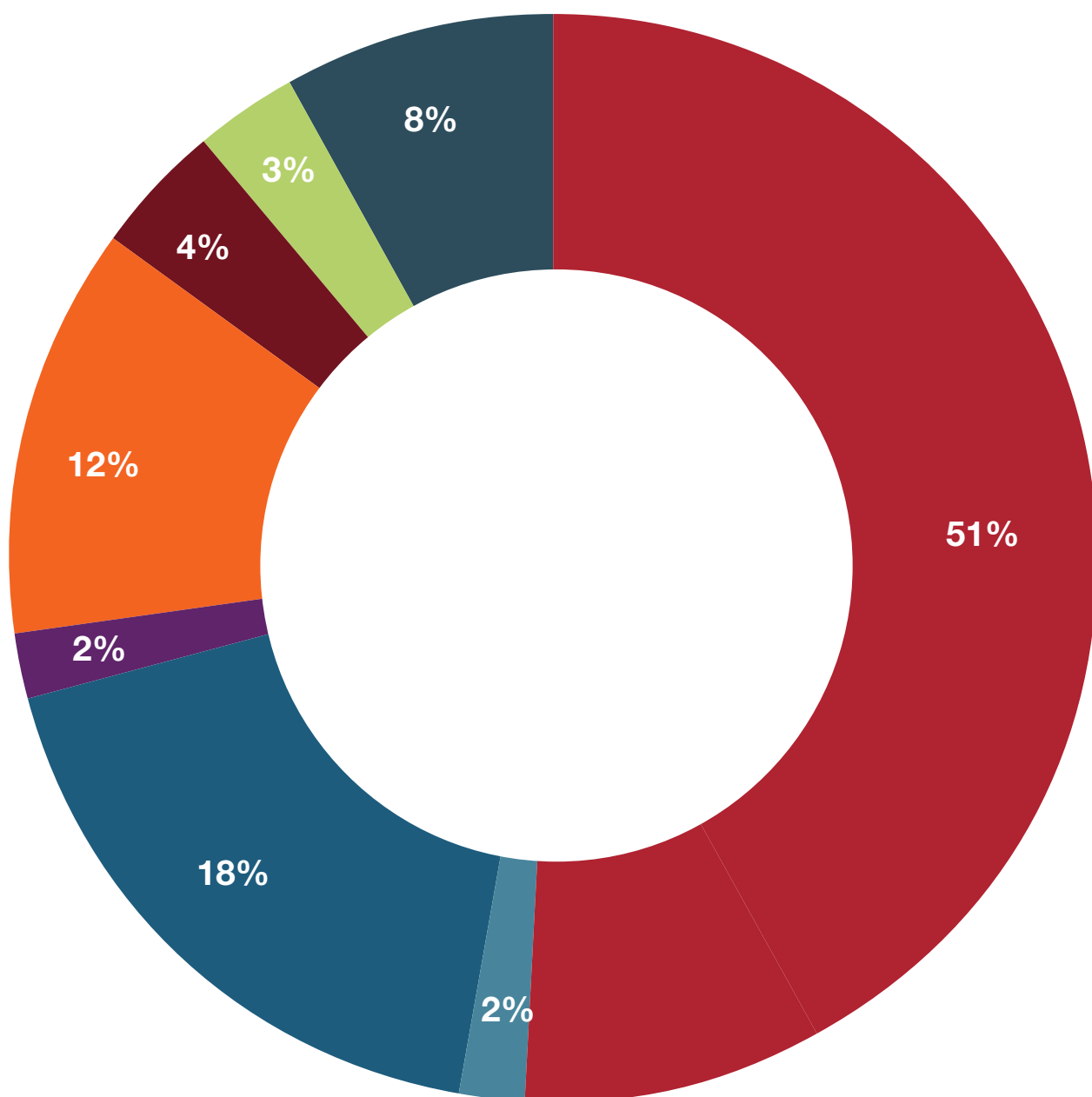


How we spend your money

The chart opposite gives an illustration of how ECFRS allocates grant and revenue funding. The figures shown are an average across the four-year forecast to the end of the financial year 2023-24, and are for illustrative purposes.

- Firefighters
- Control
- Support Staff
- Support Costs
- Premises & Equipment
- Other Services
- Pension Scheme
- Financing







Summary

Context

The funding of pay inflation

Reduction in the Local Government
Finance Settlement

Impact of the Comprehensive
Spending Review

Work as a value-for-money
organisation

Demonstrate our efficiency and
effectiveness

Funding

Local Government Finance
Settlements reducing from 2021/22

Precept rise of 2%

Council Tax base growth 1.5%

Significant funding gap

Economic Backdrop

The current rate of inflation is just
under 2%

Uncertainty of grants

Precept increase

Post Grenfell implications

Capital Investment

In line with the IRMP and Fire and
Rescue Plan, investments in:

Property

Equipment

ICT Transformation

Vehicles

Training Infrastructure

Use of Reserves

Reserves will be used to balance
the budget in 2020/21

Aim to balance the budget without
use of reserves by 2021/22

Glossary

Funding Allocation

51% Firefighters
2% Control
18% Support Staff
2% Support Costs
12% Premises & Equipment
4% Other Services
3% Pension Scheme
8% Financing

Efficiency Target

Increased funding, £1.2m over a four-year period
Inflation costs pressures £5.5m
Efficiency savings of £4.3m required
Balance the budget without use of reserves by 2021/22

MTFP

Medium Term Financial Plan

ECFRS

Essex County Fire and Rescue Services

LGA

Local Government Association

NFCC

National Fire Chiefs Council

USAR

Urban Search and Rescue

FireLink

A new wide area radio system being introduced in England, Wales and Scotland for the fire service.

Business Rates Relief

Business Rates are charged on most non-domestic properties.



Essex County
Fire & Rescue Service

Medium Term Financial Plan 2020 - 2024



essex-fire.gov.uk