

Report title: 2024/25 Proposed Police Precept	
Report to: Essex Police, Fire and Crime Panel	
Report author: Police, Fire and Crime Commissioner for Essex	
Date: 1 February 2024	For: Review and endorsement
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County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 To recommend for endorsement the police precept for 2024/25.
- 1.2 To set out the overall level of resources in the proposed budget for 2024/25 and how this will enable us to continue to get crime down, protect the vulnerable, support victims and continue our strategic shift to prevention.

2. Recommendations

- 2.1 The Police, Fire and Crime Panel endorses the PFCC's decision to increase the police precept by 5.55 percent equivalent to an increase of £12.96 a year, from £233.46 to £246.42 for a Band D property, raising an additional £8.695 million of council tax receipts.

3. PFCC's Precept Proposal

- 3.1 The public of Essex have shown a strong and consistent demand for local, visible policing, for the reduction of crime and anti-social behaviour and to live in safe and secure communities where we can all lead happy and prosperous lives.
- 3.2 Since being elected in 2016 the Commissioner has led a local and national drive to increase funding in Policing which has been strongly supported by the Panel and the public of Essex.
- 3.3 The investment by the public, through the police precept and national taxation, into Essex Policing has enabled significant growth in Essex Police and meant that by the end of March 2023, the force had an officer establishment of more than 3,755 police officers. This is an increase of over 900 police officers (an increase of almost 32 percent) since May 2016. This has made Essex Police the biggest and strongest it has been in its 184-year history.

- 3.4 With this extra strength the force, working with partners, has been able to get crime down across Essex with a 6.4 percent reduction in the 12 months to November 2023. Within this reduction in overall crime is a reduction in domestic abuse (16.5 percent), violent crime (9.6 percent reduction in violence with injury), violence against women and girls (14.3 percent decrease in violence against the person offences committed against females) and anti-social behaviour (38.4 percent reduction).
- 3.5 However, it is clear from my public engagements, our independent public survey, the recent precept survey, and feedback from partners across Essex that the public want to see further reductions in crime. They also want to see investment in:
- tackling gang and drug related violence,
 - combating serious and organised crime,
 - improved local neighbourhood policing to target burglary and vehicle theft,
 - bringing down anti-social behaviour,
 - reducing violence against women and girls and
 - break the cycle of domestic abuse.

They want to see crime prevented, the vulnerable protected and victims supported.

- 3.6 The PFCC ran a public precept survey between Tuesday 31st October 2023 to Tuesday 5th December 2023. The headlines from the survey were:
- 2,128 people responded to the survey.
 - 73 percent, who gave a view, wanted to see more investment in policing.
 - 67 percent, who gave a view, said they would be prepared to invest more in policing.
 - 66 percent of people who gave a view said they were prepared to contribute up to £10 per year or more to invest in policing.
 - 52 percent of people who gave a view said they would be prepared to pay up to £15 per year or more.
- 3.7 We must recognise the need to deliver on the public's desire to see further reductions in crime and the challenging financial situation that many of our communities' face. The precept increase we are seeking endorsement for today provides a balanced and proportionate response that reflects the financial challenges we face as a society but also the importance of ensuring we deliver for the public by continuing to get crime down.
- 3.8 On 14 December 2023, the Government issued the Police Provisional funding settlement for 2024/25, which
- Allows £13 precept flexibility without triggering a referendum
 - A Home Office ringfenced specific grant of £11.713 million, which is based on retention of officers recruited through the Police Uplift Programme
- 3.9 As in previous years, prior to the publication of the settlement, two working group meetings were held with members of this Panel to discuss the development of the budget and the assumptions and expectations ahead of the announcement. A further working group meeting was then held on 4 January 2024 and a final working group meeting was held on 18 January 2024, once the impact of the Provisional Financial Settlement had been reflected in the 2024/25 proposed budget. The PFCC would like to once again, record his sincere thanks to those members involved and for their invaluable contribution to the 2024/25 budget setting process.

4. Funding Sources for 2024/25

- 4.1 The 2024/25 proposed budget for the PFCC and Essex Police is being set against the backdrop of a challenging economic environment, every penny we spend needs to be justified. In preparing this proposal we have been through the budgets for the service, and they have been scrutinised thoroughly. We have also continued to improve efficiency, with the proposed budget including a significant £10.409 million of additional recurring savings and efficiencies, which will be reinvested, as well as £0.892 million of additional one-off savings and efficiencies in 2024/25.
- 4.2 The funding position for the PFCC is set out in figure 1, which reflects the funding laid out in the provisional settlement and council tax position from the billing authorities.

Figure 1: Funding sources for 2024/25 compared to previous year

Sources of funding and specific grants	2022/23 £m	2023/24 £m	2024/25 £m	2024/25 Increase/ (decrease) over 2023/24 £m
Home Office core police grant	193.524	194.195	205.752	11.556
Legacy Council tax grants	13.125	13.125	13.125	-
Police core settlement grants	206.649	207.321	218.877	11.556
Council Tax Precept	143.276	154.836	163.530	8.694
Council Tax Base increase			1.789	1.789
Collection fund surplus	2.275	1.531	1.341	(0.189)
Net Budget Requirement	352.200	363.688	385.538	21.850
Police uplift claimable specific grant	3.035	6.181	9.553	3.372
Police Uplift - Additional Recruitment Top Up Grant			2.160	2.160
Pensions specific grant	2.892	2.892	10.290	7.398
Total funding and Home Office specific grants	358.127	372.760	407.541	34.781

Note: An element of Home Office funding for the 20,000 officers national uplift and funding for increases in employer pension contribution rate increases are specific grants and not part of general funding. Therefore, the specific grant reduces the Net Budget Requirement shown in table 2.

- 4.3 The Council tax precept income is driven by two elements:
- A change in the tax base from 663,222 to 670,884 Band D equivalent tax paying properties. This increases council tax receipts by £1.789 million.
 - An increase in the precept of £12.96 from £233.46 in 2023/24 to £246.42 in 2024/25, an increase of 5.55 percent. This increases council tax receipts by £8.694 million.
- 4.4 The Home Office Grant has changed by **£24.486 million** as follows
- The Home Office Core Grant has increased by **£11.556 million**.
 - The Home Office specific grant for Police uplift, has increased by **£5.532 million**. This funding will be based on retention of the additional officers recruited through the national police uplift programme, with monitoring arrangements in place.
 - The Pension specific grant has increased by **£7.398 million**.

5. Using additional funds to meet priorities of the Police and Crime Plan 2021 to 2024

- 5.1 The 2024/25 budget sets out the resources required to continue to meet the strategic priorities set out in the Police and Crime Plan 2021 to 2024, for keeping Essex safe. The 2024/25 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 setting working group.
- 5.2 This proposed budget for 2024/25 will provide a better service to the public by:
- Maintaining the force's record strength and size whilst meeting inflationary cost pressures and rising operational costs, including increasing pay.
 - Enhancing the capacity and capability of the force by investing in the 40 percent of officers with less than 5 years' experience so they can be out and visible in our communities.
 - Better support for victims of crime and extra investment in community safety.
 - Investment in contact management and 101 to improve public accessibility.
 - Improve effectiveness through targeted investment in:
 - Digital Forensics to unlock digital intelligence.
 - Automation of criminal justice file preparation.
 - Streamlined medical assessment to help victims get justice quicker.
 - Building capacity to use data to target offenders.
 - Serious Violence Unit and Op Raptor Teams to target drug gangs.
 - Strengthen our electric infrastructure to prepare for the conversion to electric vehicles.
- 5.3 The cost pressures and demand led growth proposed for the force has been carefully scrutinised and kept to a minimum for 2024/25, concentrating on only essential investment. All growth proposals have been carefully evaluated.
- 5.4 The savings and efficiency plan in place for 2024/25 is again ambitious and all additional investment will be used to the very best effect. It is important that we consolidate our growth, with 40 percent of Essex police officers having less than five years of service, it is essential that we continue to grow the skills required to reduce crime, bringing justice for victims, and building community confidence in Essex Police. Thereby allowing us to sustain and achieve the best benefits from our growth.
- 5.5 The proposed 2024/25 budget has a total expenditure budget (from funding and Home Office specific grants) of **£407.5 million** and a net budget requirement of **£385.5 million**, further detail relating to the proposed budget is contained within the following annexes.
- **Annex 1:** Letter from the Chief Constable requesting a precept increase of 5.55 percent including the 2024/25 budget summary and an additional update letter
 - **Annex 2:** Letter from the PFCC to the Chief Constable in response to his letters at Annex 1
 - **Annex 3:** 2024/25: Budget tables
 - **Annex 4** The assumptions at each stage of developing the MTFs since February 2023 demonstrating the financial impact on 2024/25.

5.6 A high-level summary of the changes to the 2023/24 budget, to arrive at the 2024/25 proposed total expenditure budget (from funding and Home Office specific grants) of **£407.5 million** and the net budget requirement of **£385.5 million**, is shown in figure 2.

Figure 2: Summary of budget movements from 2023/24 to 2024/25

Proposed Budget for 2024/25	Net Budget Requirement	Total expenditure budget (from total funding and Home Office specific grants)
	2024/25 £m	2024/25 £m
Opening budget (carried forward from 2023/24)	363.687	372.761
Recurring activity prior to 1 April	1.993	1.993
2024/25 Base Budget	365.680	374.754
Pay pressures	33.249	33.249
Contractual and Legal	3.523	3.523
New Investment and Service Demands	4.478	4.478
One-off investment	1.544	1.544
2024/25 Base Budget plus Growth	408.474	417.547
Savings (Recurring)	(10.409)	(10.409)
Savings (One-Off)	(0.893)	(0.893)
Total before changes to Specific Grants and Reserve Adjustments	397.172	406.246
Increase in Pension Contribution Grant	(6.744)	0.000
Increase in Police Uplift Claimable Specific Grant	(3.372)	0.000
Police Uplift Additional Recruitment Top Up Grant	(2.160)	0.000
Grant for Administering Pensions Remedy (One-off)	(0.654)	0.000
Net Contribution to Reserves (One-off)	1.294	1.294
2024/25 Proposed Budget	385.537	407.541

5.7 The increase to the total expenditure budget (from funding and Home Office specific grants) is **£34.780 million**. This increase includes the full year effect of recurring activity from 2023/24 of **£1.993 million**, new growth of ***£42.794 million**. The increase is then partially offset by the proposed savings of **£11.301 million** and increased by a contribution to reserves of **£1.294 million**.

5.8 The proposed growth of ***£42.794 million** in 2024/25, is detailed in the table at figure 3.

Figure 3: 2024/25 Growth

2024/25 cost pressures, service demands and investments	£m
Pay awards	22.462
Pay uplift from increased staff skills and experience	4.044
Increase in employer's pension contributions and administration costs	7.398
Appropriation to reserves of pension administration costs	(0.654)
Total pay pressures	33.249
Contractual and legal pressures	2.671
Contractual inflation	0.852
total pay and non pay cost pressures	36.771
Enhancing policing capacity and capability	2.261
Revenue consequences of capital investment programme	1.469
Maintain essential policing infrastructure	0.592
Other investments and service demands	0.156
Total investments and service demands	4.478
Enhancing policing capacity and capability (one-off)	0.931
Revenue consequences of capital programme (one-off)	0.699
Other including contractual and legal pressures (one-off)	0.175
Cost of policing bank holidays (below that funded in base)	(0.261)
Total one-off investments and cost pressures	1.544
Total cost pressures, service demands and investments	42.794

5.9 The total expenditure budget (from funding and Home Office specific grants) and the net budget requirement, as shown in figure 2, are allocated by subjective heading in the proposed summary revenue budget in the table at figure 4.

Figure 4: Proposed net revenue budget requirement subjective summary for 2024/25

Proposed net revenue budget requirement subjective summary	2023/24	2023/24	2024/25
	Original Budget	Forecast Outturn (Month 8)	Proposed Budget
	£m	£m	£m
Employees			
Police Officer pay and allowances	226.792	237.377	253.256
PCSO pay and allowances	3.687	3.687	3.567
Police staff pay and allowances	98.909	99.832	103.072
Ill-health/medical pensions	4.215	4.965	4.770
Training	2.019	2.053	1.611
Other employee expenses	0.399	0.725	0.392
	336.022	348.639	366.668
Other Service Expenditure			
Premises	12.317	11.898	11.650
Transport	6.934	7.143	6.433
Supplies and services	42.727	50.424	46.826
Third party payments	7.382	7.836	7.466
	69.359	77.302	72.375
Gross Expenditure	405.381	425.941	439.043
Income			
Government grants and contributions - Other	(14.722)	(27.644)	(16.720)
Fees charges and other service income	(16.279)	(17.725)	(18.045)
	(31.001)	(45.369)	(34.765)
Other Expenditure / (Income)			
Interest (receivable) / payable	(0.091)	(0.998)	(0.168)
Capital and other adjustments	0.904	2.959	1.284
	0.813	1.961	1.116
Reserves			
Transfer to/(from) Earmarked Reserves	0.712	(6.944)	1.297
Transfer to/(from) the General Reserve	(3.145)	(2.953)	0.850
	(2.433)	(9.896)	2.147
Total Expenditure (from total funding and Home Office specific grants)	372.761	372.637	407.541
Home Office Specific Grants			
Government grants - Police Uplift Programme	(6.181)	(6.181)	(11.713)
Government grants - Pensions	(2.892)	(2.892)	(10.290)
	(9.073)	(9.073)	(22.003)
Net Budget Requirement	363.687	363.563	385.538

6. Efficiencies and Savings

- 6.1 Essex Police has achieved significant savings in recent financial years and continues to do so. The 2023/24 budget includes cashable savings of £11.301 million with a full year effect of £10.409 million.
- 6.2 The proposed budget for 2024/25 includes the following identified efficiencies and savings to be delivered in 2024/25, as shown in figure 5 below:

Figure 5: Efficiency and Savings Plan for 2024/25

2024/25 Savings and efficiencies plan	One-Off	In Year	Full Year
	£m	Recurring £m	Recurring £m
Vehicle Insurance	(0.206)	(0.260)	(0.260)
Investment Income	-	(0.400)	(0.400)
NPCC Payments	-	(0.250)	(0.250)
Gas - reduction in units	-	(0.286)	(0.286)
Mobile data	-	(0.120)	(0.120)
Specials Duty Allowance	-	(0.134)	(0.134)
IT Software (projects and BAU licences)	-	(0.597)	(0.597)
Other non pay	(0.013)	(1.139)	(1.139)
Staff Vacancy Factor	-	(3.815)	(3.815)
PCSOs	-	(0.423)	(0.423)
IT Business case	-	(0.404)	(0.404)
Property Stores (CJ)	-	(0.212)	(0.283)
Custody Suites - ID Officers	-	(0.092)	(0.100)
PSE Investigator Roles	-	(0.148)	(0.148)
Business Cases approved for Police Staff Efficiency	-	(0.604)	(0.671)
Business Cases approved for Officer Rank changes	-	(0.096)	(0.129)
Multi Agency Hub funded post	(0.067)	-	-
Transformation Reserve - Op Javelin/Enabling Services	(0.159)	-	-
Restricted grant reserve removal	(0.113)	-	-
Modern Slavery and Organised Immigration Crime Programme funding	(0.080)	-	-
Estate Disposals revenue (gross)	-	(0.151)	(0.151)
Income Recovery	(0.255)	(0.663)	(0.663)
Vehicle Hire Saving	-	(0.075)	(0.075)
Overtime review	-	(0.357)	(0.357)
Recruitment Lag for Small Departments	-	(0.186)	(0.186)
	(0.893)	(10.409)	(10.589)

- 6.3 Delivery of the efficiency and savings plan will be monitored regularly throughout the year by the PFCC through the relevant Boards.

7. Reserves

- 7.1 The forecast general reserve at 31 March 2023, is forecast to be £10.441 million, or 2.9 percent of net revenue expenditure, earmarked reserves are forecast to be £7.638 million, with the total revenue reserves forecast being £18.079 million.

7.2 The CIPFA recommended level of general reserves is 3 percent of net revenue expenditure. The proposed budget includes building up the general reserve towards 3 percent following the one-off expenditure in 2023/24, being funded from the general reserve. By the end of 2024/25, the general reserve will have reached 2.9 percent of net revenue expenditure. The general reserve will then be built back up to 3 percent in 2025/26 and will be maintained at that level going forward. The level of revenue reserves forecast over the next five years is shown in figure 6.

Figure 6: Earmarked Reserves and General Reserve

2023/24	2023/24	Revenue Reserves	2024/25	2025/26	2026/27	2027/28	2028/29
31 March 2024	31 March 2024		31 March 2025	31 March 2026	31 March 2027	31 March 2028	31 March 2029
£m	£m		£m	£m	£m	£m	£m
8.334	7.638	Earmarked Revenue Reserves	6.803	6.291	6.274	6.267	6.437
13.833	10.441	General Reserve	11.291	12.391	12.891	13.441	13.991
22.167	18.079	Total Revenue Reserves	18.094	18.682	19.165	19.708	20.428
3.9%	2.9%	General Reserve as % of net revenue expenditure/budget	2.9%	3.0%	3.0%	3.0%	3.0%

8. Capital Investment Programme

8.1 The Capital Programme for 2024/25 includes planned capital expenditure of £22.711 million. A summary of the forecast expenditure and funding sources over the next five years is shown in figure 7 below.

8.2 Capital projects which have been approved have a forecast expenditure of £14.115 million in 2024/25, of which Estates has a forecast of £6.681 million, transport has a forecast of £1.000 million, and IT has a forecast of £6.409 million.

8.3 The capital projects which are still subject to approval, have a forecast expenditure of £8.596 million in 2024/25, of which IT Services has a forecast of £4.675 million, transport has a forecast of £2.159 million and Estates has a forecast of £1.140 million.

8.4 The forecast capital expenditure over the five years from 2024/25 to 2028/29 is £97.698 million, as follows.

- 2024/25 - £22.711 million
- 2025/26 - £17.278 million
- 2026/27 - £24.448 million
- 2027/28 - £17.680 million
- 2028/29 - £15.581 million
- **Total - £97.698 million**

8.5 In 2024/25, capital receipts of £4.260 million are forecast to be applied to the financing of the capital expenditure.

Figure 7: Capital Programme

2023/24	Capital Expenditure and Sources of Financing	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30 to 2033/34	Total 2023/24 to 2033/34
£m		£m	£m	£m	£m	£m	£m	£m
	Capital Expenditure							
0.115	ANPR	0.120	0.120	0.120	0.120	0.120	-	0.715
2.139	Estates Business as Usual	1.425	1.300	1.300	1.300	1.300	-	8.763
5.403	Estates Strategy	6.396	5.678	14.413	7.665	7.000	51.750	98.306
3.309	I.T. Services	11.083	5.599	4.496	4.414	3.467	-	32.367
0.501	OPC	-	-	-	-	-	-	0.501
0.761	Other	0.528	0.500	0.500	0.500	0.250	-	3.039
0.092	SCD	-	-	-	-	-	-	0.092
3.439	Transport	3.159	4.081	3.619	3.681	3.444	19.181	40.604
15.759	*Total Capital Expenditure	22.711	17.278	24.448	17.680	15.581	70.931	184.388
	Financing							
(4.298)	Capital receipts	(4.260)	(5.125)	(1.700)	-	(6.281)	(11.720)	(33.383)
(0.063)	Grants and contributions	-	-	-	-	-	-	(0.063)
(2.020)	Revenue funding	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)	(5.100)	(12.120)
(9.377)	Financing Requirement	(17.451)	(11.153)	(21.748)	(16.680)	(8.300)	(54.112)	(138.821)
(15.757)	Total Sources of Financing	(22.711)	(17.278)	(24.448)	(17.680)	(15.581)	(70.931)	(184.388)
15.572	*Of which approved	14.115	0.871	0.092	0.092	-	-	30.742

8.6 The capital programme will require financing in order to fund the proposed expenditure in 2024/25. Both the interest costs and Minimum Revenue Provision (MRP) associated with this financing have been reflected in the revenue budget.

9. Medium Term Financial Strategy (MTFS)

9.1 The Essex Police MTFS that was presented to the Police, Fire and Crime Panel in December 2023 showed the following position as laid out in figure 8.

Figure 8 Essex Police MTFS presented to the December 2023 EPFCP

Actual / Forecast			Medium Term Financial Strategy 2024/25 to 2028/29						
2021/22	2022/23	2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	5 Year Total
£m	£m	£m		£m	£m	£m	£m	£m	£m
332.0	359.8	387.8	Net budget requirement (before appropriations to/from reserves)	410.2	416.2	427.0	438.9	446.1	2,138.4
2.7	(3.0)	(11.9)	Net appropriations to/(from) reserves	1.2	1.2	0.3	0.4	0.4	3.3
334.7	356.8	375.9	Net budget requirement (after appropriations to/from reserves and before savings and efficiencies)	411.3	417.3	427.3	439.3	446.5	2,141.7
(2.9)	(3.7)	(10.9)	Savings and Efficiencies Plan- Recurring	(8.8)	(3.0)	(3.0)	(3.0)	(3.0)	(20.8)
(1.5)	(0.9)	(1.3)	Savings and Efficiencies Plan- One off	(2.7)	(3.2)	(3.0)	(4.3)	(1.4)	(14.5)
330.3	352.2	363.7	Net budget requirement (after appropriations to/from reserves and savings and efficiencies)	399.8	411.2	421.3	432.0	442.1	2,106.4
(330.3)	(352.2)	(363.7)	Total funding	(391.6)	(398.5)	(405.7)	(413.3)	(421.1)	(2,030.1)
0.0	0.0	0.0	Annual (shortfall)/surplus	(8.3)	(12.7)	(15.6)	(18.8)	(20.9)	(76.3)

9.2 At this time, the deficit in 2024/25 was £8.3 million, based on the following key assumptions:

- A 7 percent pay increase from September 2023 and pay awards of 2.5 percent each year from 2024/25 onwards.
- Police officer FTEs at 3,755 from the start of 2024/25
- Pay progression of £2 million annually
- Inflation of £1.6 million for 2024/25 and £1 million annually thereafter
- £8.7 million of recurring efficiency savings in 2024/25, and a further £3 million of recurring efficiency savings each year thereafter
- The general reserve held at 2.8 percent in 2024/25 and 3 percent from 2025/26 onwards.
- The Home Office police grants in line with the most recent Comprehensive Spending Review (CSR), with Essex receiving a share of the grant uplift in line with existing funding share allocation.
- Council tax precept 2.5 percent annually
- A 1.75 percent increase in the tax base annually and a surplus of £1.5 million on the collection fund annually.

9.3 The MTFS table at figure 9, shows that the deficit of £8.3 million for 2024/25, has now reached a break-even position, every element of the budget has been thoroughly scrutinised, as well as the full flexibility of the precept being applied, in order to reach break-even. The deficits in future years increase each year and further efficiencies and savings will need to be identified. The changes in the 2024/25 position are

- Pay progression has now been based on the September 2023 staff in post
- Inflationary pressures have reduced to £0.9 million for 2024/25, mainly due to energy and fuel price reductions.
- The General reserve is at 2.9 percent for 2024/25

- The Provisional Financial settlement published on 14 December 2023 is now included and has resulted in a £0.9 million benefit related to the pension rate increase for employers.
- Further recurring savings of £1.6 million have been identified, with recurring savings now being £10.409 million in 2024/25
- A precept increase of 5.55 percent equivalent to an increase of £12.96 a year, from £233.46 to £246.42 for a Band D property, raising an additional £8.695 million of council tax receipts in 2024/25
- The tax base increase has reduced to 1.16 percent for 2024/25
- The collection fund surplus has reduced by £0.2 million in 2024/25,

Figure 9: Summary Medium Term Financial Strategy

Actual / Forecast			Medium Term Financial Strategy 2024/25 to 2028/29					
2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	5 Year Total
£m	£m	£m	£m	£m	£m	£m	£m	£m
332.0	359.8	386.7	395.5	408.5	428.1	447.2	463.6	2,142.9
			Net budget requirement (before appropriations to/from reserves)					
2.7	(3.0)	(10.8)	1.3	1.4	0.8	0.8	0.8	5.0
			Net appropriations to/(from) reserves					
334.7	356.8	375.9	396.8	409.9	428.9	448.0	464.4	2,147.9
			Net budget requirement (after appropriations to/from reserves and before savings and efficiencies)					
(2.9)	(3.7)	(10.9)	(10.4)	(3.0)	(3.0)	(3.0)	(3.0)	(22.4)
			Savings and Efficiencies Plan- Recurring					
(1.5)	(0.9)	(1.3)	(0.9)	(2.5)	(2.2)	(1.7)	(1.7)	(8.9)
			Savings and Efficiencies Plan- One off					
330.3	352.2	363.7	385.5	404.4	423.7	443.3	459.7	2,116.6
			Net budget requirement (after appropriations to/from reserves and savings and efficiencies)					
(330.3)	(352.2)	(363.7)	(385.5)	(391.0)	(397.1)	(403.3)	(409.8)	(1,986.7)
			Total funding					
0.0	0.0	0.0	0.0	(13.4)	(26.6)	(40.0)	(50.0)	(129.9)
			Annual (shortfall)/surplus					

9.4 The table at figure 10 shows the detail of the MTFs and the impact of the changes since the December 2023 Police Fire and Crime Panel meeting, when the last draft of the 2024/25 budget was presented.

9.5 The table at figure 11 shows the reconciliation between the 2023/24 budget and the 2024/25 proposed budget.

Figure 10: Detailed Medium Term Financial Strategy

Medium Term Financial Strategy 2024/25 to 2028/29							Changes since the MTFS at February 2023 EPFCP	Changes since the MTFS at December 2023 EPFCP	Explanation of changes since December 2023 EPFCP
							2024/25	2024/25	
	2024/25	2025/26	2026/27	2027/28	2028/29	5 Year total	(reduction) / increase	(reduction) / increase	
	£m	£m	£m	£m	£m	£m	£m	£m	
Opening net budget requirement	363.7	385.5	404.3	423.6	443.2	2,020.4	0.0	0.0	
Prior year activity agreed at budget setting	2.0	(0.5)	(1.4)	(0.8)	(0.8)	(1.4)	0.0	0.0	
Pay award	22.5	7.5	7.4	7.7	8.0	53.1	18.5	2.9	Based on Sept staff in post and pension rate increase on pay award (1)
Pay progression	7.5	8.1	8.3	8.4	8.9	41.2	5.1	5.5	Based on Sept staff in post and pension rate increase on pay progression (1)
Pay other	(3.4)	(0.7)	0.7	0.3	(0.0)	(3.1)	(5.2)	(8.1)	Balance of pension rate increase offset by grant for pension rate increase (1)
LGPS pension shortfall and auto enrolment	0.0	0.6	1.2	0.3	0.0	2.1	0.0	0.0	
Contractual inflation	0.9	1.0	1.0	1.0	1.0	4.9	(1.1)	(0.8)	Reducing cost of energy & fuel/other changes to contractual inflation (2)
Contractual and legal	1.9	1.5	2.3	1.8	1.8	9.3	1.5	(1.0)	Grant to cover cost of pension remedy, offset by earmarked reserve (1)
Committed change (includes FYE of PUP)	(5.5)	0.0	0.0	0.0	0.0	(5.5)	(11.7)	(11.7)	PUP funding now to be treated as grant income rather than as funding (1)
Revenue impact of investment - recurring	1.5	4.0	3.1	3.7	0.4	12.6	0.6	0.4	Changes to pressures from revenue impact of investment (3)
Revenue impact of investment - one-off	0.7	0.2	0.0	0.0	0.0	1.0	(0.2)	(1.2)	Ongoing assessment of one off pressures (3)
New demand and budget growth - recurring	3.0	0.1	0.2	0.1	0.1	3.5	2.4	(0.5)	reductions to growth requests (3)
New demand and budget growth - one-off	1.0	1.2	0.9	0.9	0.9	4.9	0.1	(0.0)	
Appropriations to/(from) reserves	1.3	1.4	0.8	0.8	0.8	5.0	1.3	0.1	£0.7m to earmarked reserve re cost of pension remedy (1) £ 0.2m from reserves for one off costs (3)
Net budget requirement (before savings and efficiencies)	396.9	409.9	428.8	447.9	464.3	2,147.8	11.1	(14.5)	
Savings and efficiencies (cashable - recurring)	(10.4)	(3.0)	(3.0)	(3.0)	(3.0)	(22.4)	(7.4)	(1.6)	Additional savings identified (4)
Savings and efficiencies (cashable - one-off)	(0.9)	(2.5)	(2.2)	(1.7)	(1.7)	(9.0)	1.8	1.8	PUP funding now to be treated as grant income rather than as funding (1)
Net budget requirement (after savings and efficiencies)	385.5	404.3	423.6	443.2	459.7	2,116.3	5.6	(14.3)	
Opening funding	(363.7)	(385.5)	(391.0)	(397.0)	(403.3)	(1,940.5)	0.0	0.0	
Government funding	(11.6)	0.0	0.0	0.0	0.0	(11.6)	(1.9)	9.7	PUP funding now treated as grant income rather than as funding (1)
Council Tax - Taxbase change	(1.8)	(1.6)	(1.7)	(1.8)	(1.9)	(8.8)	0.9	0.9	Tax base reduction from 1.75% to 1.16% (5)
Council Tax - Precept increase	(8.7)	(4.2)	(4.3)	(4.5)	(4.6)	(26.3)	(4.8)	(4.8)	Increase of precept to £13 (5.55%) (6)
Collection fund change	0.2	0.3	0.0	0.0	0.0	0.5	0.2	0.2	Adjustments to collection fund based on returns from districts (5)
Total funding	(385.5)	(391.0)	(397.0)	(403.3)	(409.7)	(1,986.5)	(5.6)	6.0	
Annual (shortfall)/surplus	0.0	(13.4)	(26.6)	(40.0)	(50.0)	(129.9)	0.0	8.3	
								0.9	(1) Financial Settlement
								0.8	(2) Reductions in inflation
								1.4	(3) Changes in growth
								1.6	(4) Increase in Savings
								(1.1)	(5) Reduction in tax base increase and collection fund
								4.8	(6) Increase in precept to £13
								8.3	Total

Figure 11: Reconciliation of the 2023/24 budget to the 2024/25 proposed budget.

2024/25 cost pressures and additional sources of funding		
	£m	£m
Opening net budget requirement (carried forward from 2023/24)		363.7
2024/25 cost pressures		
Recurring activity prior to 1 April		2.0
<u>Pay award, pay progression and other pay</u>		
Pay award	22.5	
Pay progression and other pay	4.0	26.5
Committed change (includes FYE of PUP)		(5.5)
<u>Non pay Inflation / contractual and legal</u>		
Non pay inflation	0.9	
Contractual and legal	1.9	2.8
<u>New investment and service demands</u>		
Enhanced policing capacity / capability	2.3	
Maintain essential policing infrastructure	2.1	
Deliver force environmental ambitions and invest to save	0.1	4.5
One-off investment		
Enhanced policing capacity / capability	0.9	
Maintain essential policing infrastructure	0.8	1.7
Reserves at 2.9%		1.3
Total 2024/25 cost pressures		33.2
2024/25 Net budget requirement (before savings and efficiencies)		396.8
Opening funding (carried forward from 2023/24)		(363.7)
2024/25 additional sources of funding		
Cashable savings and efficiencies - recurring		(10.4)
Cashable savings and efficiencies - one-off		(0.9)
Increase in Government Funding		(11.6)
Tax base increase		(1.8)
Precept increase		(8.7)
Collection fund		0.2
Total 2024/25 additional sources of funding		(33.2)
2024/25 Total funding		(396.8)
2024/25 Annual (shortfall)/surplus		0.0

10. Robustness of estimates

- 10.1 Section 25 of the Local Government Act 2003 requires that the Section 151 Officer reports to the PFCC when considering his budget and council tax precept. 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.
- 10.2 The decision on the level of the council tax precept is taken before the year begins, so allowance for risks and uncertainties that might increase spending above that planned must be made by:

- Making prudent allowances in the estimates for each area of spend
- Ensuring that there are adequate reserves to draw on if the estimates turn out to be insufficient.

10.3 The following matters are considered 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

10.4 The forecast level of general reserve at 31 March 2024 of £10.441 million will represent 2.9 percent of net revenue expenditure. In addition, there are forecast revenue earmarked reserves of £7.638 million at 31 March 2024. The level of reserves is kept under careful scrutiny, to ensure that resources are used to reduce crime now, whilst still maintaining the necessary level of reserves. The PFCC, Chief Constable, senior officers and staff recognise this, and strict financial control is therefore maintained.

11. Risks

11.1 Over recent years the PFCC has maximised the capital resources available through disposal of property surplus to requirements, enabling sound capital investment to be undertaken without having recourse to external 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 even further developed over the past year. As the Estate Strategy has progressed there are now fewer capital receipts available to the PFCC, at the same time there has been a reduction in capital grant received from Government. The PFCC was expecting to borrow externally in 2023/24, which is now looking less likely. The forecast shows that external borrowing is highly likely to be required in 2024/25. Prudent measures will continue to be taken to ensure that value for money is achieved for the taxpayer.

11.2 The 2024/25 budget proposal is well measured and has been rigorously developed by the PFCC and Chief Constable. The five-year MTFS has built-in pay inflation for officers and staff at 2.5 percent. With inflation running at current levels, it is unlikely that this will be the recommendation of the Police Remuneration Review Body in 2024/25. Therefore, if the pay award does exceed 2.5 percent, we will have an additional cost pressure to address.

11.3 PFCC has continued to work with Treasury and the Home Office to ensure there was a good understanding of the impact on Public Sector Pensions from the cases of McCloud and Sergeant. The additional cost of employer's rate of pension has been funded in 2024/25.

11.4 The Funding Formula for Policing has been under review and is ready for consultation. Essex as one of the most tightly funded forces nationally and would benefit from an updated, improved, and fairer Funding Formula. Once the review is complete there will be a government decision regarding the pace at which allocations are adjusted. The PFCC is taking a leading role in these discussions and will ensure that Essex is in the best position possible as a result of the Funding Formula review and consultation.

11.5 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, the PFCC will be able to respond to them in the year.

12. Next Steps

12.1 I am seeking the Panel's endorsement for this precept increase, which recognises the challenging financial environment we face, and at the same time acknowledges the importance of ensuring we deliver on the public's desire to see further reductions in crime.

12.2 With the Panel's endorsement of the precept increase, the proposed budget for 2024/25, will be approved through the PFCC's usual governance process