

<b>Report title: 2023/24 Proposed Police Precept</b>	
<b>Report to:</b> Essex Police, Fire and Crime Panel	
<b>Report author:</b> Police, Fire and Crime Commissioner for Essex	
<b>Date:</b> 7 February 2023	<b>For:</b> Review
<b>Enquiries to:</b> Janet Perry, Chief Financial Officer and Strategic Head of Performance and Resources, Essex PFCC E-mail: <a href="mailto:janet.perry@essex.police.uk">janet.perry@essex.police.uk</a>	
<b>County Divisions affected:</b> All Essex	

## 1. Purpose of Report

- 1.1 To present the PFCC's proposed police precept for 2023/24.
- 1.2 The overall level of resources in the proposed budget for 2023/24, will enable us to deliver against the ambitions set out in the Police and Crime Plan 2021 to 2024, the Government's Beating Crime Plan, meeting our legal responsibilities, and our national obligations to the Strategic Policing Requirement and will make a significant difference to our ability to positively affect the communities we serve.
- 1.3 The PFCC completed a public survey on the precept, which ran from 17 October 2022 to 1 December 2022. The headlines from the survey were:
  - 2,349 people responded to the survey
  - 78 percent, who gave a view, said they would like to see Essex Police receive more funding to invest in getting crime down, prevention, protecting the vulnerable and supporting victims
  - 51 percent, who gave a view, said that they were prepared to invest more in policing to help improve the service provided
  - 55 percent, who gave a view, said they were prepared to pay an additional £15 per annum or more to invest in policing.

## 2. Recommendations

- 2.1 The PFCC proposes a precept increase of 6.84 percent equivalent to an increase of £14.94 a year, from £218.52 to £233.46 for a Band D property, raising an additional £9.91 million of council tax receipts.
- 2.2 The Police, Fire and Crime Panel is invited to review and report back to the PFCC on this proposed precept.

## 3. PFCC's Precept Proposal

- 3.1 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. Having secured support from central Government and through both increased precept freedom and more central funding. The investment by the public into Essex Policing means that by the end of March 2023, the force will have an officer establishment of 3,755 police officers, over 900 more police officers (an increase of almost 32 percent) since May 2016.
  - 3.2 These additional officers will make the force the largest and strongest it has ever been. Importantly this extra strength should also enable the force to make significant progress in preventing crime, tackling drug driven violence, protecting the vulnerable and supporting victims of crime.
  - 3.3 On 14 December 2022, the Government issued the Police Provisional funding settlement for 2023/24, which
    - Allows £15 precept flexibility without triggering a referendum
    - A Home Office ringfenced specific grant of £6.181 million, which is based on retention of officers recruited through the Police Uplift Programme
  - 3.4 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 in January 2023, once the impact of the settlement had been reflected in the 2023/24 proposed budget. The PFCC would like to once again, record his sincere thanks to those members involved and for their invaluable contribution to the 2023/24 budget setting process.
4. The 2023/24 proposed budget for Essex Police is being set against the backdrop of a challenging economic environment, with CPI annual inflation at 10.5 percent in December 2022, 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 £10.915 million of additional recurring savings and efficiencies, that will be reinvested, as well as £1.298 million of additional one-off savings and efficiencies in 2023/24.
- 4.1 The funding position for the PFCC is set out in table 1, which reflects the funding laid out in the provisional settlement and council tax position from the billing authorities.

**Table 1: Funding sources for 2023/24 compared to 2022/23**

Sources of funding and specific grants	2021/22	2022/23	2023/24	2023/24 Increase/ (decrease)	
	£m	£m	£m	£m	%
Home Office core police grant	182.565	193.524	194.195	0.672	0.3
Legacy Council tax grants	13.125	13.125	13.125	-	-
<b>Police core settlement grants</b>	<b>195.690</b>	<b>206.649</b>	<b>207.321</b>	<b>0.672</b>	<b>0.3</b>
Council Tax Precept	134.406	143.276	154.836	11.559	8.1
Collection fund surplus	0.214	2.275	1.531	(0.744)	(32.7)
<b>Total funding</b>	<b>330.310</b>	<b>352.200</b>	<b>363.687</b>	<b>11.487</b>	<b>3.3</b>
Police uplift claimable specific grant	2.248	3.035	6.181	3.146	103.7
Pensions specific grant	2.892	2.892	2.892	-	-
<b>Total funding and Home Office specific grants</b>	<b>335.450</b>	<b>358.127</b>	<b>372.760</b>	<b>14.633</b>	<b>4.1</b>

Note: The police uplift claimable specific grant and the pensions specific grant are not part of general funding and instead reduce the net budget requirement, shown in table 2

- 4.2 The Council tax precept income is driven by two elements:
- I. An increase in the precept of £14.94 from £218.52 in 2022/23 to £233.46 in 2023/24, an increase of 6.84 percent. This increases council tax receipts by £9.91 million.
  - II. A change in the tax base from 655,667 to 663,222 Band D equivalent tax paying properties. This increases council tax receipts by £1.65 million.
- 4.3 The Home Office Grant has changed by £3.718 million broken down as follows
- I. The Home Office Core Grant has increased by £0.672 million.
  - II. The Home Office has ringfenced as a specific grant £6.181 million, which is £3.146 million more than last year. This funding will be based on retention of the additional officers recruited through the national police uplift programme, with monitoring arrangements to be confirmed.

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

- 5.1 The 2023/24 budget sets out the resources required to meet the strategic priorities set out in the Police and Crime Plan 2021 to 2024, for keeping Essex safe. The 2023/24 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 2023/24 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 skills and capabilities of additional officers recruited through our five-year growth programme
  - Investing in a larger, more capable and agile team dealing with initial public contact, ensuring the right response to calls for help and better deploying our capacity to the public
  - Placing greater focus on early intervention and prevention through modernisation of the Force Control Room and implementation of a new DA model
  - Increasing capacity to tackle serious and organised crime and to reduce drug driven and other violence and criminality
  - Working better with key partners to drive long term prevention of mental health harm, demand and criminality
  - Maintaining the integrity of the force
  - Investing again in modernising policing capabilities and estates in order to maximise efficiency and effectiveness, enabling the front line to be visible in communities and reduce crime
- 5.3 The proposed budget will allow the strengthening of police accessibility and response to the public through increasing the establishment by 14 staff posts in the Resolution Centre, for greater focus on investigation of crime. In addition, there will be an additional 33 officer posts in the Force Control Room for Rapid Video Response capability, to make immediate contact with Domestic Abuse victims and early commencement of investigations, as well as 30 additional officer posts in the Force Control Room for more effective answering of first contact. There will also be four additional officer posts for training and development in Contact Management.

- 5.4 We will be adopting the new nationally commended and academically supported approach to Domestic Abuse, through 18 additional officer posts to deliver the new Domestic Abuse Risk Assessment (DARA) process.
- 5.5 New officers' skills, knowledge and experience will be developed so they can prevent more crime and respond more effectively to incidents, by enhancing supervision across Local Policing Teams, equipping officers with the right technology to tackle more complex crimes, recruiting a new staff member to enhance support to officers following traumatic incidents and essential personal safety training for officers and staff
- 5.6 The proposed budget includes additional regional serious and organised crime capability through building an additional deployment base and operational team within Essex
- 5.7 This budget will help in building public confidence by learning from complaints and conduct matters and resolving them more quickly, through an additional seven posts in the Police Standards Department to investigate complaints and conduct concerns and ensure standards of integrity
- 5.8 The prevention of crime and harm will be partly achieved by working better with the NHS. This will include Investing in a small Mental Health Team to support the increasing number of investigations with mental health as a contributory factor and by working with partners to prevent and tackle the longer-term drivers of harm and criminality connected with mental ill-health.
- 5.9 The public will be given quicker access to information that they are entitled to in order to keep themselves safe, by an additional eight posts to Information Management, Intelligence and Triage to support responses to 'rights to ask'. The proposed budget also includes three staff posts in Finance to respond to changes in governance requirements and support an increasing capital programme.
- 5.10 The proposed budget provides the support required to deliver a smaller, greener and more efficient policing estate through the Delivery of a five-year Estates Strategy, investing £55 million over five years to release savings to reinvest in tackling crime.
- 5.11 These improvements will be partly achieved through a reallocation of 114 posts within the High Harm Team, Disruptor Team and Central Referral Unit to enable these investments in priority areas.
- 5.12 The cost pressures and demand led growth proposed for the force has been carefully scrutinised and kept to a minimum for 2023/24, concentrating on only essential investment. All growth proposals have been carefully evaluated and 31 police staff posts have been added taking the police staff establishment to 2,427 FTE.
- 5.13 The savings and efficiency plan in place for 2023/24 is 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.

- 5.14 The 2023/24 net budget requirement is £363.7 million, the detailed information relating to the budget is contained within the following appendices:
- Appendix A: Letter from the Chief Constable requesting a precept increase of 6.84 percent including the 2023/24 budget summary and the Police Officer and Police Staff realignment plan for 2023/24
  - Appendix B: Letter from the PFCC to the Chief Constable in response to his letter at Appendix A
  - Appendix C: 2023/24: Budget tables
- 5.15 A high level summary of the changes to the 2022/23 budget, to arrive at the 2023/24 proposed net budget requirement of £363.7 million, is shown in table 2.

**Table 2: Summary of Budget movement from 2022/23 to 2023/24**

<b>Proposed budget for 2023/24</b>	<b>£m</b>
<b>Opening budget (carried forward from 2022/23)</b>	<b>352.200</b>
<b>Recurring activity prior to 1 April 2022</b>	<b>0.541</b>
<b>2023/24 base budget</b>	<b>352.741</b>
<b>Inflation and cost pressures</b>	<b>22.505</b>
<b>New investment and service demands</b>	<b>5.240</b>
<b>One-off investment</b>	<b>1.892</b>
<b>2023/24 base budget plus growth</b>	<b>382.378</b>
<b>Cashable savings and efficiencies - one-off</b>	<b>(1.298)</b>
<b>Increase in Police Uplift Programme specific grant</b>	<b>(3.146)</b>
<b>Funding of one-off activity from reserves</b>	<b>(3.332)</b>
<b>2023/24 net budget requirement (before savings and efficiencies - recurring)</b>	<b>374.602</b>
<b>Cashable savings and efficiencies - recurring</b>	<b>(10.915)</b>
<b>2023/24 net budget requirement</b>	<b>363.687</b>

- 5.16 The increase to the proposed gross budget is £14.633, this is then reduced by the increase in the Home Office specific grant of £3.146 million, which is treated as income rather than funding and has the effect of reducing the increase in the net budget requirement to £11.487 million. The increase in the net budget requirement also includes the full year effect of recurring activity from 2022/23 of £0.541 million, new growth of £29.638 million, related to £23.350 million of inflation and new cost pressures, and £6.288 million of new investment and service demands. These increases are then partially offset by the proposed savings of £12.213 million and, one off expenditure of £3.332 million being funded from reserves,
- 5.17 The proposed new growth of £29.638 million in 2023/24, is detailed in table 3 below

Table 3: Areas of growth for 2023/24

Proposed new cost pressures, investments and service demands for 2023/24	£m
Pay award, increments and LGPS employer contribution	14.823
Southeast allowance increase from £2,500 to £3,000	2.100
Contractual and legal pressures	3.038
Contractual inflation	3.389
<b>Total new cost pressures</b>	<b>23.350</b>
Service demand changes	1.966
Revenue consequences of capital programme	1.588
Estates transformation programme	0.605
Detective Remuneration Incentive Payments - One-off	0.507
Safer Streets and Violence and Vulnerability initiatives	0.444
Taser training	0.223
Creation of insurance reserve to cover future liabilities	0.200
Other new investment and service demands	0.755
<b>Total new investment and service demands</b>	<b>6.288</b>
<b>Total new cost pressures, investments and service demands</b>	<b>29.638</b>

5.18 The Chief Constable has detailed how the investments align to our Police and Crime Plan as follows:

5.19 **Tackling violence in all forms, including violence against women and girls (VAWG)** The primary drivers of violence across the county are domestic abuse, the night-time economy and drug-driven violence. Violence against women and girls has no place in society and alongside being a national priority also remains a top priority in the Force Plan. Through PUP and precept investment we have built capacity and capability within our Local Policing Teams, the first responders to all types of violence. This aligns with the building blocks of prevention, communications and engagement and partnership in the 2021-2024 Police and Crime Plan, and the following priorities:

- Reducing drug driven violence
- Protecting vulnerable people and breaking the cycle of domestic abuse
- Reducing violence against women and girls; and
- Increasing collaboration.

5.20 **Crime prevention and visibility in our communities building on previous** There is much to build on from the previous investment of resources in Community Policing and Town Centre Teams, providing highly visible preventative policing in key locations. This aligns with the building blocks of prevention, communications and engagement, volunteering and partnership in the 2021-2024 Police and Crime Plan, and the following priorities:

- Further investment in crime prevention
- Protecting vulnerable people and breaking the cycle of domestic abuse
- Protecting rural and isolated areas
- Preventing business crime, fraud and cyber crime

- Improving safety on our roads
- Encouraging volunteers and community support; and
- Increasing collaboration.

#### 5.21 Investigating crime and building an even more professional police force

Investing in supervision levels across Local Policing Teams and the review of the operating model for the Contact Management Command to further support the Force Control Room in the sustained development of investigative skills and outcomes. Alongside this review is the ongoing work to transition from the domestic abuse risk assessment of DASH to that of DARA and the allocation of the resources required to support domestic abuse victims as a result. This aligns with the building blocks of communications and engagement and partnership in the 2021-2024 Police and Crime Plan, and the following priorities:

- Protecting vulnerable people and breaking the cycle of domestic abuse
- Reducing violence against women and girls
- Preventing business crime, fraud and cybercrime
- Improving safety on our roads
- Supporting our officers and staff; and
- Increasing collaboration.

5.22 The three year national Police Uplift Programme will be completed by the end of March 2023 and will see Essex Police grow to 3,755 police officers and 2,396 police staff. The net budget requirement as shown in table 2, is allocated by subjective heading in the proposed summary revenue budget in table 4 below

**Table 4: Proposed net revenue budget requirement subjective summary for 2023/24**

Proposed net revenue budget requirement subjective summary	2022/23	2022/23	2023/24
	Original Budget	Forecast Outturn (Month 8)	Proposed Budget
	£000	£000	£000
<b>Employees</b>			
Police Officer pay and allowances	215,313	222,102	226,792
PCSO pay and allowances	3,615	3,424	3,687
Police staff pay and allowances	93,899	93,916	98,909
Ill-health/medical pensions	4,247	4,173	4,215
Training	1,852	1,962	2,019
Other employee expenses	547	760	399
	<b>319,473</b>	<b>326,337</b>	<b>336,022</b>
<b>Other Service Expenditure</b>			
Premises	9,611	10,788	12,317
Transport	6,204	6,821	6,934
Supplies & services	42,688	43,022	42,727
Third party payments	7,874	10,285	7,382
	<b>66,378</b>	<b>70,915</b>	<b>69,359</b>
<b>Gross Expenditure</b>	<b>385,851</b>	<b>397,253</b>	<b>405,381</b>
<b>Income</b>	<b>(35,006)</b>	<b>(41,161)</b>	<b>(40,074)</b>
<b>Net Cost of Services</b>	<b>350,845</b>	<b>356,092</b>	<b>365,307</b>
<b>Other Expenditure / (Income)</b>			
Interest (receivable) / payable	52	(214)	(91)
Capital & other adjustments	796	793	904
	<b>849</b>	<b>579</b>	<b>813</b>
<b>Net Expenditure</b>	<b>351,694</b>	<b>356,671</b>	<b>366,120</b>
Transfer to/(from) Earmarked Reserves	712	465	712
Transfer to/(from) the General Reserve	(206)	(4,935)	(3,145)
<b>Net Budget Requirement</b>	<b>352,200</b>	<b>352,200</b>	<b>363,687</b>



## 6. Efficiencies and Savings

- 6.1 The Government has publicly stated the expectation to see over £100 million of cashable efficiency savings nationally per annum delivered from police force budgets by 2024/25.
- 6.2 Essex Police has achieved significant savings in recent financial years and continues to do so. The 2023/24 budget includes cashable savings of £12.213 million with a full year effect of £10.915 million.
- 6.3 The proposed budget includes the following identified efficiencies and savings to be delivered in 2023/24, as shown in table 5 below:

Table 5: Efficiency and Savings Plan for 2023/24

Savings and efficiencies plan -2023/24	2023/24 In year £	2023/24 Full year £
Force wide non-pay	3,444,044	3,255,544
Force wide non-pay - rates saving	306,000	306,000
Vacancy factor increase	1,823,493	1,126,471
Income generation	30,000	30,000
Transformation programme	1,047,306	1,396,408
Roads Policing Unit restructure	715,418	715,418
Removal of base budget used for one-off pressures	3,345,724	3,345,724
The NPCC cyber grant	166,000	166,000
Third party contributions	177,389	177,389
Home Office grant - Operation Grip	306,345	0
Other operational budget	41,000	41,000
Externally funded post	50,000	50,000
Information Management	100,000	100,000
IT directorate savings	660,160	204,637
<b>Total</b>	<b>12,212,879</b>	<b>10,914,591</b>

- 6.4 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 £13.8 million, or 3.9 percent of net revenue expenditure, earmarked reserves are forecast to be £8.3 million, with the total revenue reserves forecast being £22.2 million.
- 7.2 The CIPFA recommended level of general reserves is 3 percent of net revenue expenditure. The proposed budget includes using the general reserve to fund one off expenditure in 2023/24, which will bring the general reserve balance to £10.7 million, or 2.9 percent of net revenue expenditure. The general reserve will then be built back up to 3 percent in 2024/25 and will be maintained at that level going forward.
- 7.3 The level of revenue reserves forecast over the next five years is shown in table 6 and the detail of the revenue reserves for 2023/24 is shown in table 7.

**Table 6: Earmarked Reserves and General Reserve**

2020/21 £m	2021/22 £m	2022/23 £m		2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
12.3	17.1	8.3	Earmarked revenue reserves	7.4	6.9	7.5	6.3	6.3
13.2	14.8	13.8	General reserve	10.7	11.4	11.7	11.9	12.2
25.5	31.9	22.2	Total - revenue reserves	18.1	18.3	19.2	18.2	18.5
4.2%	4.5%	3.9%	General reserve as a % of net revenue expenditure	2.9%	3.0%	3.0%	3.0%	3.0%

**Table 7: Earmarked Reserves and General Reserve for 2023/24**

Reserves 2023/24	1 April 2023 Forecast Opening Balance £m	Budget Setting Contribution / (Allocation) £m	In-Year Contribution £m	In-Year Allocation £m	31 March 2024 Forecast Closing Balance £m
<u>Reserves held by Essex Police, managed as third party reserves</u>					
Op Dagenham Maintenance Reserve	0.092				0.092
<b>Total</b>	<b>0.092</b>				<b>0.092</b>
<u>Ringfenced Reserve</u>					
Proceeds of Crime Act	1.450			(0.463)	0.987
Forfeiture Monies Reserve	0.189		0.125	(0.100)	0.214
Restructuring Reserve	0.423				0.423
Transformation Reserve	1.310				1.310
Legal Reserve	1.316			(0.333)	0.983
PEQF Reserve	0.280	(0.187)			0.093
<b>Total</b>	<b>4.968</b>	<b>(0.187)</b>	<b>0.125</b>	<b>(0.896)</b>	<b>4.009</b>
<u>Operational Reserves</u>					
Future Capital Funding	0.100		1.131	(1.131)	0.100
<b>Total</b>	<b>0.100</b>		<b>1.131</b>	<b>(1.131)</b>	<b>0.100</b>
<u>PFCF Reserves</u>					
Commissioning Grants 2020/21 to 2021/22	3.174				3.174
<b>Total</b>	<b>3.174</b>				<b>3.174</b>
<u>General Reserve</u>					
General Reserve	13.833			(3.145)	10.688
<b>Total</b>	<b>13.833</b>			<b>(3.145)</b>	<b>10.688</b>
<b>Total Revenue Reserves</b>	<b>22.167</b>	<b>(0.187)</b>	<b>1.256</b>	<b>(5.172)</b>	<b>18.064</b>

## 8. Capital Investment Programme

- 8.1 The Capital Programme for 2023/24 includes planned capital expenditure of £13.999 million. A summary of the forecast expenditure and funding sources over the next five years is shown in table 8 below.
- 8.2 Capital projects which have been approved have a forecast expenditure of £5.216 million in 2023/24, of which Estates has a forecast of £3.353 million, transport has a forecast of £1.295 million, and IT has a forecast of £0.517 million.
- 8.3 The capital projects which are still subject to approval, have a forecast expenditure of £8.783 million in 2023/24, of which IT Services has a forecast of £3.526 million, transport has a forecast of £2.2 million and Estates has a forecast of £2.03 million.
- 8.4 The forecast capital expenditure over the five years from 2023/24 to 2027/28 is £105.853 million.
- 8.5 In 2023/24, capital receipts of £4.1 million are forecast to be applied to the financing of the capital expenditure.

**Table 8: Capital Programme**

2022/23 £000	Capital Expenditure and Sources of Financing	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	TOTAL £000
	<b>Capital Expenditure</b>						
292	ANPR	110	125	125	125	125	610
1,317	Estates Business as Usual	1,488	1,585	1,300	1,300	975	6,648
1,368	Estates Strategy	3,895	11,520	16,030	12,050	10,780	54,275
5,205	I.T. Services	4,043	10,213	6,394	2,872	6,075	29,597
70	OPC	451	0	0	0	0	451
961	Other	487	237	250	250	0	1,224
276	SCD	30	0	0	0	0	30
2,520	Transport	3,495	2,233	2,240	2,500	2,550	13,018
<b>12,008</b>	<b>Total Capital Expenditure *</b>	<b>13,999</b>	<b>25,913</b>	<b>26,339</b>	<b>19,097</b>	<b>20,505</b>	<b>105,853</b>
	<b>Sources of Financing</b>						
(2,812)	Capital receipts	(4,100)	(4,650)	(7,009)	(8,597)	(7,769)	(32,125)
(46)	Grants & contributions	0	0	0	0	0	0
(6,185)	Revenue funding	(1,131)	(1,131)	0	(2,000)	(1,000)	(5,262)
(2,965)	Required Financing	(8,768)	(20,132)	(19,330)	(8,500)	(11,736)	(68,466)
<b>(12,008)</b>	<b>Total</b>	<b>(13,999)</b>	<b>(25,913)</b>	<b>(26,339)</b>	<b>(19,097)</b>	<b>(20,505)</b>	<b>(105,853)</b>
<b>11,664</b>	<b>*of which approved</b>	<b>5,216</b>	<b>2,168</b>	<b>111</b>	<b>92</b>	<b>86</b>	<b>7,674</b>

8.6 The capital programme will require financing in order to fund the proposed expenditure in 2023/24. 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 MTFS, as shown at table 9, is based on a precept increase of 6.84 percent for 2023/24 and a 2.5 percent increase in the precept, each year thereafter, resulting in the following forecast over the next five years:

**Table 9: Latest Medium Term Financial Strategy**

Actual / Forecast			Medium Term Financial Strategy 2023/24 to 2027/28					
2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	5 Year Total £m
312.8	330.5	365.7	377.9	382.9	392.3	400.9	409.0	1,963.1
6.7	2.7	(9.8)	(3.3)	0.0	0.0	0.0	0.0	(3.3)
319.5	333.2	355.9	374.6	382.9	392.3	400.9	409.0	1,959.7
(4.8)	(2.9)	(3.7)	(10.9)	(3.0)	(3.0)	(3.0)	(3.0)	(22.9)
314.7	330.3	352.2	363.6	379.9	389.3	397.9	406.0	1,936.8
(314.7)	(330.3)	(352.2)	(363.7)	(380.0)	(386.9)	(394.1)	(401.7)	(1,926.3)
0.0	0.0	0.0	0.0	0.0	(2.4)	(3.8)	(4.3)	(10.5)

9.2 There is a need to continue to deliver further efficiencies and savings over the medium term.

## **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 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

10.4 The forecast level of general reserve at 31 March 2023 of £13.8 million will represent 3.9 percent of net revenue expenditure. In addition, there are forecast revenue earmarked reserves of £8.3 million at 31 March 2023. The level of reserves are 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 2022/23, which is now looking less likely. The forecast shows that external borrowing is very likely to be required in 2023/24. Prudent measures will continue to be taken to ensure that value for money is achieved for the taxpayer.

- 11.2 The 2023/24 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 percent. With inflation running at current levels, it is unlikely that this will be the recommendation of the Police Remuneration Review Body in 2023/24. Therefore, if the pay award does exceed 2%, we will have an additional cost pressure to address.
- 11.3 PFCCs / PCCs are continuing to work with Treasury and the Home Office to ensure we have a good understanding of the impact on Public Sector Pensions from the cases of McCloud and Sergeant. We will include any further impacts in future versions of the MTFS once more information is available.
- 11.4 The Funding Formula for Policing has been under review. The review is still in process, our expectation is that Essex as one of the most tightly funded forces nationally 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.
- 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.