

2022/23 Draft Budget Update

Agenda Item 5

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Report title: 2022/23 Draft Budget Update	
Report to: Essex Police, Fire and Crime Panel	
Report author: Police, Fire and Crime Commissioner for Essex	
Date: 09 December 2021	For: Noting and comment
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County Divisions affected: All Essex	

1. Purpose of Report

This report provides an update on the 2022/23 draft budgets for Essex Police and Essex County Fire and Rescue Service, including the background issues and latest assumptions being used in drafting the 2022/23 budgets.

2. Recommendation

To note the current assumptions in the latest drafts of the 2022/23 budgets for Essex Police and Essex County Fire and Rescue Service.

3. Context

- 3.1. Whilst the 2022/23 budgets are being drafted against the backdrop of the economic uncertainty following periods of lockdown and furlough, the three-year Comprehensive Spending Review (CSR), announced on 27 October 2021, has provided a greater level of certainty in respect of overall funding levels.
- 3.2. The detailed funding settlements and levels of government grant are expected to be published during the first two weeks of December.

4. Essex Police – Draft Budget 2022/23

- 4.1. The latest position for the Essex Police Draft Budget for 2022/23 is as laid out in figure 1 below:

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Figure 1 Essex Police Draft Budget 2022/23

Actual / Forecast			Draft Budget for 2022/23	
2019/20 £m	2020/21 £m	2021/22 £m		2022/23 £m
300.3	312.8	333.8	Opening Budget Requirement	328.4
		(1.0)	Adjustment from prior year	1.9
			Contractual Inflation	0.9
			Contractual & legal cost pressures	1.4
			2.5% pay rise in September 2022 and annualy thereafter	2.7
			In year Pay activity: increments, turnover, allowances, NI, Pensions	5.1
			1.25% Increase in employers' NI	2.6
			Capital programme: revenue consequences, financing (MRP)	0.8
			2022/23 Revenue and capital bids pending approval	7.9
			South East Pay Allowance £500 increase	2.0
			Additional Police Officers	1.5
			Removal of non recurrent expenditure from short term budget	(3.3)
300.3	312.8	332.8	Net Budget Requirement - before savings applied	351.9
(4.7)	(4.8)	(4.4)	Savings & Efficiencies Plan (Cashable)	(3.7)
295.6	308.0	328.4	Net Budget Requirement - after savings applied	348.2
(297.6)	(314.7)	(330.3)	Opening Funding	(330.3)
			HO Funding Police Uplift 2022/23 (52 Officers) *	(2.6)
			Council Tax - Taxbase change	(1.0)
			Council Tax - (Surplus)/Deficit on Collection Fund	
			Employers National Insurance contrbtutions 80%	(2.0)
			Funded by Council Tax @5% in 2022/23	(6.8)
(297.6)	(314.7)	(330.3)	Total Funding with adjusted collecton rate increase and NI fully funded	(342.7)
2.0	6.7	1.9	Annual (Shortfall)/Surplus	(5.5)
2.0	6.7	1.9	Net Appropriations to/(from) Reserves	(2.9)
	(0.0)	(0.0)	Annual (Shortfall)/Surplus	(2.6)

* The 52 officers are already being recruited in 2021/22. Further PUP funding is expected for approximately 100 additional Officers

4.2. The assumptions in the Essex Police Draft Budget 2022/23 at figure 1 include:

- A Pay Award of 2.5% in 2022/23
- £3.7m of savings identified for 2022/23
- A precept increase of 5%
- Development bids of £11.4m which are targeted on:
 - Preventing crime and enhancing visibility
Building on previous investments in Community Policing and Town Centre Teams, providing highly visible preventative policing in key locations.
 - Tackling violence
The primary drivers of violence across the county are domestic abuse, the night-time economy and drug-driven violence. A key area for consideration is building the capacity and capability of Local Policing Teams, the first responders to all types of violence.
 - Enhancing capability and professionalism
Investing in the immediate supervision of front-line policing across Local Policing Teams and the Force Control Room, developing a proactive capability to ensure the highest standards of professionalism including in areas such as attitudes and behaviour towards women and girls.

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iv. Targeted investments in the training arena

To not only supplement the development of new officers, but to develop the crime and investigative training for more experienced officers.

- 4.3. The assumptions in the latest draft budget for 2022/23 result in Essex Police showing a deficit of £2.6m at the end of 2022/23. This deficit will be closed as assumptions are updated, through the use of reserves and following the prioritisation of the development bids. The final budget for 2022/23 is expected to be break even.

5. Essex County Fire and Rescue Service – Draft Budget for 2022/23

- 5.1. The latest position for the Essex County Fire and Rescue Service Draft Budget for 2022/23 is as laid out in the Medium-Term Financial Strategy (MTFS) at figure 2 below:

Figure 2 Essex Fire and Rescue Service Draft MTFS and Draft Budget for 2022/23

Medium Term Financial Strategy 2021/22-2024/25						
	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Net Budget Requirement - Baseline	73.1	73.2	74.2	75.6	77.1	300.1
Specific Costs funded by Earmarked Reserves	0.1	2.4	1.5	0.4	0.0	4.3
Total Funding	(73.9)	(73.0)	(74.1)	(75.5)	(76.9)	(299.5)
Annual (Shortfall)/Surplus - Funded From Earmarked Reserves	(0.1)	(2.4)	(1.5)	(0.4)	0.0	(4.3)
Annual (Shortfall)/Surplus - Funded From General Fund	0.8	(0.2)	(0.1)	(0.1)	(0.2)	(0.6)

- 5.2. The assumptions in the Essex County Fire and Rescue Service Draft Budget 2022/23, as shown in the MTFS at figure 2, include:
- An unplanned Pay Award in 2021/22 (1.5% to Grey Book staff confirmed and 1.75% offered to Green Book staff)
 - A Pay Award in 2022/23 of 2%
 - £2m savings identified for 2022/23
 - A precept increase of 1.99% (Band D - £73.89 to £75.46).
 - The Local Government Finance Settlement will be flat cash.
- 5.3. The assumptions in the current draft budget for 2022/23 result in the Essex County Fire and Rescue Service showing a small deficit of £0.1m. This deficit will be closed as assumptions are updated and through the use of reserves. The final budget for 2022/23 is expected to be break even.
- 5.4. A precept increase of up to £5 is still under consideration at a national level. This flexibility in Council Tax Precept of £5 would generate a further £2.2m of additional funding per annum and would allow further investment in Fire Protection / Prevention, Training, and On Call Support as presented in figure 3 below.

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Figure 3 Essex Fire and Rescue Service Precept flexibility

Medium Term Financial Strategy 2021/22-2024/25					
	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Annual (Shortfall)/Surplus - Funded From General Fund	(0.2)	(0.1)	(0.0)	(0.1)	(0.4)
Additional Council Tax Funding		2.2	2.2	2.2	6.6
Additional Baseline Budget Investments:					
Fire Protection Officers & Fire Protection Capability		(1.3)	(1.3)	(1.3)	(3.9)
On Call Liaison Officers		(0.3)	(0.3)	(0.3)	(0.9)
Group Trainers		(0.3)	(0.3)	(0.3)	(0.9)
On Call Trainers		(0.3)	(0.3)	(0.3)	(0.9)
Total Additional Investment		(2.2)	(2.2)	(2.2)	(6.6)
Revised Annual (Shortfall)/Surplus - Funded From General Fund	(0.2)	(0.1)	(0.0)	(0.1)	(0.4)

6. Next steps

- 6.1. The budget for 2022/23 and the MTFS for both Essex Police and Essex County Fire and Rescue Service will be presented to the PFCC's respective December Strategic Boards. The MTFS and budget are being developed as further information on the assumptions become clearer, including the provisional announcement of the detailed funding settlements and levels of government grant, due in mid-December. The PFCC will also continue to work with the Panel Budget Setting Working Group. We have already had two very helpful meetings and a further one is planned before the next formal Panel meeting.
- 6.2. The 2022/23 budget, the MTFS and the proposed 2022/23 precept for Essex Police and Essex County Fire and Rescue Service will then be presented to the Panel on 03 February 2022.