

**Report reference number:** 078-24

**Classification:** Not protectively marked

**Title of report:**

The Statement of Accounts for the year ended 31 March 2023 for the Police, Fire and Crime Commissioner Group and the Police, Fire and Crime Commissioner

**Area of county / stakeholders affected:** Countywide

**Report by:** Janet Perry, Chief Financial Officer and Strategic Head of Performance and Resources

**Chief Officer:** As above

**Date of report:** 7 May 2024

**Enquiries to:** As above

## 1. Executive Summary

- 1.1. The purpose of this report is to recommend that the PFCC approves the Statement of Accounts for the year ending 31 March 2023 for the Police, Fire and Crime Commissioner Group and the Police, Fire and Crime Commissioner (hereafter referred to as the Statement of Accounts).
- 1.2. The external auditors, Grant Thornton UK LLP, have not yet been able to complete the audit due to the delay in the audit of the Essex Pension Fund and therefore have not received a letter of assurance in respect of that audit.
- 1.3. This report proposes that the Statement of Accounts is published with a publication notice in respect of the delay in receipt of the assurance letter from the audit of the Essex Pension Fund.

## 2. Recommendations

- 2.1. That the PFCC approves the Statement of Accounts, attached at Appendix A, as amended since the draft Statement of Accounts was published on 25 May

2023. The changes made to the draft Statement of Accounts since being published in May 2023 are detailed in figure 1 at section 4 below.

- 2.2. That the PFCC confirms that his signature can be added to the Statement of Accounts at page 35 and page 156.
- 2.3. That the PFCC agrees that the PFCC's signatures in the Statement of Accounts be dated in line with the date the PFCC signs this decision report.
- 2.4. That the PFCC approves the publication of the signed and dated Statement of Accounts.
- 2.5. That the PFCC agrees to a publication notice being published alongside the Statement of Accounts, as detailed below.

### **STARTS**

#### **'Publication notice – PFCC Group and PFCC Statement of Accounts for the year ended 31 March 2023**

*The audit of the Statement of Accounts for the year ended 31 March 2023 for the Police, Fire and Crime Commissioner (PFCC) for Essex and the PFCC for Essex Group has not yet been concluded by the external auditors, Grant Thornton UK LLP. The external auditors have not been able to complete the audit as they are still awaiting receipt of the Letter of Assurance from the auditors of the Essex Pension Fund (Local Government Pension Scheme Audit).*

*The external auditors have stated in their draft Audit Findings Report that "Our work is nearing completion and except for the matter in relation to assurances from the pension fund auditor set out on the previous page<sup>Note 1</sup>, there are no matters of which we are aware that would require modification of our audit opinions for the PFCC's or the Chief Constable's financial statements".*

*Therefore, in the interest of transparency and to provide stakeholders with access to the information in the Statement of Accounts as early as possible, the PFCC has published the Statement of Accounts for the year ended 31 March 2023, the annual governance statement, and the narrative statement.*

*The Audit Findings Report, the Letter of Representation and the Audit Opinion will be added to the publication of the Statement of Accounts, once the audit is concluded and the Audit Opinion is issued.'*

### **ENDS**

Note 1. Refers to assurance from the pension fund auditor and the impact of its delay on the audit report

## **3. Background to the Proposal**

- 3.1. The audited Statement of Accounts was required to be published by 30 September 2023, to meet the statutory reporting requirements.

- 3.2. The PFCC was unable to publish the Statement of Accounts on 30 September 2023 and approved the publication of a Delayed Notice as detailed below through decision report 154-23:

*“The audit of the Statement of Accounts for the year ended 31 March 2023 for the Police, Fire and Crime Commissioner (PFCC) for Essex and the PFCC for Essex Group by the external auditors, Grant Thornton UK LLP, has not yet commenced. According to the Accounts and Audit (Amendment) Regulations 2022, where the audit of accounts relating to the financial year beginning in 2022 has not been concluded before 30th September 2023 the PFCC must issue a notice stating that it has not been able to publish the Statement of Accounts and its reasons for this.*

*The external auditors, Grant Thornton UK LLP, have allocated an October 2023 start date for the audit of the Statement of Accounts for the year ended 31 March 2023 for the Police, Fire and Crime Commissioner (PFCC) for Essex and the PFCC for Essex Group, and therefore the audit has not yet been started.*

*The audit and issue of the audit opinion for the Statement of Accounts for the year ended 31 March 2023 is expected to conclude during January 2024, after which the Statement of Accounts and the audit opinion will be published as soon as is reasonably practical.*

*The latest unaudited Statement of Accounts for the year ended 31 March 2023 is available on the PFCC’s website, subject to conclusion of the audit.”*

- 3.3. The external auditors, Grant Thornton UK LLP, have not yet been able to complete the audit due to the delay in the audit of the Essex Pension Fund. However, with this being the only part of the audit outstanding, it is recommended that the Statement of Accounts be published, to ensure that transparency regarding the financial position for the year ending 31 March 2023 is made available as soon as possible and not delayed any further.
- 3.4. The Statement of Accounts should be published with a publication notice in respect of the assurances not being available from the audit of the Essex Pension Fund.

#### **4. Proposal and Associated Benefits**

- 4.1. The draft Statement of Accounts was reviewed in May 2023 by both the Joint Audit Committee and the Strategic Board. The changes to the Statement of Accounts since that time, as a consequence of the audit, are detailed in figure 1 below.

Figure 1					
	Issue	Detail	Financial Impact	Core Financial Statements	Notes to the Accounts

1	<b>Application of final IAS 19 position for the Local Government Pension Scheme (LGPS)</b>	The final disclosure for the LGPS based on <i>actual</i> fund performance was received 31/5/2023, which was too late for the published unaudited accounts deadline. These figures are now included.	<b>£7.943m</b> additional costs	All <b>Pages 45 to 50</b>	<b>9 &amp; 10</b> Expenditure Funding Analysis <b>Pages 77 to 82</b> <b>33.</b> Adjustments between Accounting Basis & Funding Basis <b>Pages 104 to 107</b> <b>38.3</b> Pensions Reserve <b>Page 111</b> <b>43.</b> Defined Benefit Pension Schemes <b>Pages 125 to 133</b>
2	<b>Application of IFRIC 14 for LGPS</b>	The impact of IFRIC 14 to its IAS 19 LGPS position, removes the pension scheme asset for the PFCC, leaving a <b>£1.023m</b> scheme liability balance for the PFCC Group. This reflects the application of an asset ceiling that would limit the ability to recognise the assets previously disclosed.	<b>£88.814m</b> additional costs	All <b>Pages 45 to 50</b>	<b>9 &amp; 10.</b> Expenditure Funding Analysis <b>Pages 77 to 82</b> <b>33.</b> Adjustments between Accounting Basis & Funding Basis <b>Pages 104 to 107,</b> <b>38.3</b> Pensions Reserve <b>Page 111</b> <b>43.</b> Defined Benefit Pension Schemes <b>Pages 125 to 133</b>
3	<b>Assumptions &amp; Uncertainties – PPE</b>	Updated wording for PPE-related assumptions	N/A	N/A	<b>6.</b> Assumptions made about the future and Other Major Sources of Estimation Uncertainty <b>Pages 73 to 75</b>
4	<b>Contingent Liabilities – Allard</b>	Updated narrative included for Allard legal claims, to incorporate latest position as at the point of producing final version of the accounts	N/A	N/A	<b>7.</b> Contingent Liabilities <b>Page 76</b>
5	<b>Contingent Liabilities – Business Cases</b>	Narrative relating to potential impact of employee-related business cases removed based on materiality	N/A	N/A	<b>7.</b> Contingent Liabilities <b>Page 76</b>
6	<b>Future Capital Funding Reserve Presentation</b>	Balance Sheet 'Restatement' for 21/22 comparatives removed and instead replaced by explanatory note, with mirroring adjustments also included within Earmarked Reserves disclosure	N/A	Balance Sheet <b>Page 47</b>	<b>35.</b> Transfers to/from Earmarked Reserves <b>Page 109</b>
7	<b>Balance Sheet titles</b>	References to 31st March now included, as well as existing financial years	N/A	Balance Sheet <b>Page 47</b>	N/A

**Figure 1 (continued)**

	<b>Issue</b>	<b>Detail</b>	<b>Financial Impact</b>	<b>Core Financial Statements</b>	<b>Notes to the Accounts</b>
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8	<b>Cashflow Statement</b>	Note reference for 'Net Cashflows from Operating Activities' line corrected	N/A	Cashflow <b>Page 48</b>	N/A
9	<b>Notes to Expenditure Funding Analysis (EFA)</b>	Reference to 'Restatement' within headings for 21/22 comparatives removed based on materiality	N/A	N/A	<b>10. Expenditure Funding Analysis – Other Adjustments Pages 81 to 82</b>
10	<b>Leases</b>	Disclosure corrected based on revised working paper, including updated table and narrative for non-cancellable property leases	<b>£0.156m</b> additional minimum lease payments owing, <b>£0.150m</b> less sub-lease payments due, <b>£0.435m</b> less costs incurred through CIES	N/A	<b>18. Leases Page 91</b>
11	<b>Property, Plant &amp; Equipment (PPE) – split of movements</b>	Disclosure updated to show corrected split of gains/losses to the CIES and Revaluation Reserve	<b>£0.025m</b> additional costs through Revaluation Reserve, <b>£0.025m</b> reduced costs through CIES	N/A	<b>19. Property, Plant &amp; Equipment Page 93</b>
12	<b>Land &amp; Buildings - Revaluations</b>	Corrected profile of revaluations updated within disclosure	<b>£82.438m</b> Land & Buildings, and <b>£7.364m</b> reprofiled across years	N/A	<b>19. Property, Plant &amp; Equipment Page 94</b>
13	<b>Debtors</b>	Tables re-formatted to show loss allowance specifically against trade debtors' line	<b>£0.086m</b> loss allowance re-presented between various lines	N/A	<b>23. Debtors Pages 98 to 99</b>
14	<b>Property, Plant &amp; Equipment (PPE) &amp; Assets Held for Sale (AHFS)</b>	Disclosure updated to show corrected split of gains/losses to the CIES and Revaluation Reserve	<b>£0.280m</b> newly classified AHFS assets, <b>£0.001m</b> additional costs through Revaluation Reserve, <b>£0.281m</b> extra asset disposals	N/A	<b>26. Assets Held for Sale Page 100</b>

**Figure 1 (continued)**

	Issue	Detail	Financial Impact	Core Financial Statements	Notes to the Accounts
15	<b>Seized Monies</b>	Explanatory notes in relation to seizures monies held on behalf of third parties updated/enhanced	N/A	N/A	<b>25. Cash and Cash Equivalents Page 100</b> <b>27. Creditors Page 101</b>
16	<b>Collection Fund Adjustment Account (CFAA)</b>	Additional disclosure included, setting out details/reasoning for the amended layout of the note, including how the closing balance from the 21/22 SoA reconciles to the new disclosure	N/A	N/A	<b>38.4. Collection Fund Adjustment Account Page 112</b>
17	<b>Benefits in Kind</b>	Figures now available and included within Senior Officers Remuneration note	<b>£0.024m</b> of benefits in kind payments now included	N/A	Senior Officers' Remuneration Note <b>Page 87</b>
18	<b>Provisions</b>	Updated narrative included in respect of Insurance Provision movement	N/A	N/A	<b>28. Provisions Page 102</b>

4.2. The proposal in this report will mean that the PFCC is now able to approve, sign and publish the Statement of Accounts for the year ended 31 March 2023 which, although after the statutory deadline, is still statutorily required.

## 5. Options Analysis

5.1. The PFCC's Chief Financial Officer has no material concerns to raise with the PFCC and has found no material reason to suggest the Statement of Accounts should not be signed and published. Any delay in signing the Statement of Accounts will mean that the Audit Opinion will be further delayed.

5.2. Alternatively, we could wait for the assurance letter from the auditors of the Essex Pension Fund to be issued to our auditors. However, the audit of the pension scheme has not yet commenced, and the auditors of the Essex Pension Fund have only offered an assurance to our external auditors that they will have completed their audit by the end of September 2024. It is therefore not recommended that we wait for this assurance letter before signing the Statement of Accounts, or before publication.

## 6. Consultation and Engagement

- 6.1. There is no consultation required with staff, representative bodies, other forces, other emergency services or external agencies in signing the accounts. However, the PFCC's Strategic Board and Joint Audit Committee have reviewed the proposal, as detailed in section 14 below.

## **7. Strategic Links**

- 7.1. The Statement of Accounts show the income and expenditure for the year ended 31 March 2023, which includes the financial resources used to support the required performance to meet the priorities and objectives within the Police and Crime Plan.

## **8. Police operational implications**

- 8.1. There are no direct operational implications arising from this decision report.

## **9. Financial implications**

- 9.1. As set out in the Statement of Accounts.

## **10. Legal implications**

- 10.1. The Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting and the Accounts and Audit Regulations 2015. Although not published by the deadline, the publication of the final Statement of Accounts is still required by statute.

## **11. Staffing implications**

- 11.1. There are no staffing implications directly arising from this decision.

## **12. Equality, Diversity, and Inclusion implications**

- 12.1. The publication of the Statement of Accounts is not expected to have any inequitable impacts relating to the protected characteristics of any individual.

## **13. Risks and Mitigations**

- 13.1. The publication of the Statement of Accounts after the statutory deadline carries a reputational risk. However, the draft Statement of Accounts was published to the deadline, and therefore with the exception of the points in figure 1, all the information was available to stakeholders in the draft Statement of Accounts.

## **14. Governance Boards**

- 14.1. The PFCC / Essex Police Strategic Board on 22 April 2024
- 14.2. The Joint Audit Committee on 26 April 2024

## **15. Links to Future Plans**

15.1. The financial position in the Statement of Accounts is information that is used as part of setting long term plans however their signing and publication does not impact any long-term plans.

## **16. Background Papers and Appendices**

16.1. Appendix A - Statement of Accounts



**Report Approval**

The report will be signed off by the PFCC's Chief Executive and Chief Financial Officer prior to review and sign off by the PFCC / DPFCC.

Chief Executive / M.O.

Sign:



Print: P. Brent-Isherwood

Date: 8 May 2024

Chief Financial Officer

Sign



Print: Janet Perry

Date: 7 May 2024

**Publication**

Is the report for publication?

YES

NO

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'None' if applicable)

None

If the report is not for publication, the Chief Executive will decide if and how the public can be informed of the decision.

**Redaction**

If the report is for publication, is redaction required:

1. Of Decision Sheet?	YES	<input type="checkbox"/>	2. Of Appendix?	YES	<input type="checkbox"/>
	NO	<input checked="" type="checkbox"/>		NO	<input checked="" type="checkbox"/>

If 'YES', please provide details of required redaction:

N/A

Date redaction carried out: .....

**Chief Finance Officer / Chief Executive Sign Off – for Redactions only**

If redaction is required, the Treasurer or Chief Executive is to sign off that redaction has been completed.

Sign: .....

Print: .....

**Chief Executive / Chief Finance Officer**

**Date signed:**

**Decision and Final Sign Off**

I agree the recommendations to this report:

Sign: 

Print: Roger Hirst

**Date signed:** 16/05/2024

I do not agree the recommendations to this report because:

.....

Sign:

Print:

**PFCC/Deputy PFCC**

**Date signed:**