

PFCC Decision Report

Report reference number: 109-24

Classification: Not protectively marked

Title of report: Publication of the Unaudited Statement of Accounts for 2023/24

Area of county / stakeholders affected: Countywide

Report by:

Janet Perry, Chief Financial Officer & Strategic Head of Performance and Resources

Date of report: 27 June 2024

Enquiries to: As above

1. Executive Summary

- 1.1. The Unaudited Statement of Accounts for 2023/24 was not published to the statutory deadline of 31 May 2024. This was due to there being a delay in the receipt of the IAS 19 police officer pension fund valuation, and therefore the PFCC agreed that we should publish a notice of delay to that effect. We have now received the outstanding information and this report is therefore seeking approval to publish the Unaudited Statement of Accounts for 2023/24, hereafter referred to as “the Unaudited Statement of Accounts”.

2. Recommendation

- 2.1. To agree that the Unaudited Statement of Accounts appended to this report should be published now that we that we have received the IAS 19 police officer pension valuation and have included the impact within the Unaudited Statement of Accounts.

3. Background to the proposal

- 3.1. The Statement of Accounts was produced with the intention of publication by 31 May 2024, which is the statutory deadline for publication. The IAS 19 police officer pension fund valuation arranged by the pension administrator was not available and therefore the financial impact of any change in valuation of the police officer pension fund was not reflected. All other matters were complete and ready for publication by 31 May 2024.

- 3.2. It was agreed by the PFCC that, to allow the Section 151 officers to meet their statutory and professional obligations, the publication of the Unaudited Statement of Accounts would be delayed. A delay of publication notice was therefore agreed to keep the public informed around the intention to publish as soon as we were able to.
- 3.3. A delay of publication notice was published on 31 May 2024 as follows:

**Police, Fire and Crime Commissioner for Essex Group and
the Police, Fire and Crime Commissioner (PFCC)**

ACCOUNTS AND AUDIT REGULATIONS 2015 NOTICE

**Delayed Publication and Public Inspection of the Statement of
Accounts and Audit Opinion for the PFCC for Essex and the
PFCC for Essex Group, in respect of the year ended 31 March
2024**

**The Accounts and Audit Regulations 2015 – Regulation 15, as
amended by the Accounts and Audit (Amendment)
Regulations 2021, and by the Accounts and Audit
(Amendment) Regulations 2022**

The Accounts and Audit (Amendment) Regulations require the PFCC to publish the Unaudited Statement of Accounts for the financial year ending 31 March 2024 and make these available for public inspection by 1 June 2024. The publication of the Unaudited Statement of Accounts 2023/24 will be delayed. The delay has arisen due to the valuation of the police officer pension liability not being available from the pension administrator before 31 May 2024. Once the PFCC receives the police officer pension valuation we will publish the Unaudited Statement of Accounts as soon as is reasonably practicable.

Public Inspection Period

The PFCC is also unable to commence the 30-day statutory period for public inspection of the accounting records for the financial year ended 31 March 2024 by the first working day in June as required by paragraph 15 of the Accounts and Audit Regulations 2015 (as amended). This is in part due to the delay in being able to publish the Unaudited Statement of Accounts but also due to the requirement that the name and address of the local auditor is included within the inspection notice.

The audit of the 2022/23 financial statements is the final year of the audit contract with Grant Thornton UK LLP. New external auditors have been procured however they cannot be formally appointed until Grant Thornton UK LLP has signed off the 2022/23 audit opinion, whereby they can duly resign as external auditors. Once the new incoming auditors have been appointed, the

inspection notice will be published which will include the name and address of the local auditor so that this 30-day inspection period can commence.

2022/23 Comparative Balances

The audit of the Statement of Accounts for the year ended 31 March 2023 for the Chief Constable, the Police, Fire and Crime Commissioner for Essex and the Police, Fire and Commissioner 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). Whilst these documents remain subject to receipt of the final audit opinion from Grant Thornton, the Statement of Accounts for the year ended 31 March 2023 has been published incorporating all known changes following completion of audit fieldwork, with these figures also included within the Statement of Accounts for the year ended 31 March 2024 as draft comparables. Once the final audit opinion is received for the 2022/23 accounts, any subsequent / further changes will also be incorporated into the comparative balances within the final published 2023/24 Statement of Accounts.

- 3.4. We initially received the pension IAS 19 valuation adjustments for police officers on 7 June 2024. However, due to an issue identified with the comparative figures used within the reports, we subsequently requested for these to be reissued. The corrected reports were received on 14 June 2024.

4. Proposal and Associated Benefits

- 4.1. The proposal will mean that, in the interests of openness and transparency, the Unaudited Statement of Accounts will be published without any further delay.

5. Options Analysis

- 5.1. There is no alternative option to consider. We are required by statute to publish the Unaudited Statement of Accounts.

6. Consultation and Engagement

- 6.1. The PFCC's Chief Financial Officer has worked closely and been actively involved in discussions with the Essex Police Corporate Finance team in respect of the Unaudited Statement of Accounts

7. Strategic Links

- 7.1. The Unaudited Statement of Accounts concerns the management of the PFCC's and Chief Constable's revenue and capital resources and therefore underwrites all the priorities and workstreams identified within the Police and Crime Plan.

8. Police operational implications

- 8.1. There are no direct police operational implications arising from the publication of the Unaudited Statement of Accounts.

9. Financial implications

- 9.1. The year-end revenue underspend is £3.073m and the final capital outturn including slippage is £14,625m. The changes in the unaudited Statement of Accounts when compared to the provisional Statement of Accounts presented to the Joint Audit Committee on 30 May 2024 and the Strategic Board on 30 May 2024 are detailed below.

Key changes

- 9.2. The accounts have been fully updated with the impact of the latest IAS 19 police officer pension figures received from the PFCC's actuary (via the pension administrator, Essex County Council). Whilst these updates impact on numerous disclosures throughout the accounts, the changes to the PFCC Group core financial statements are as follows:

Changes to the PFCC Group core financial statements

- 9.2.1. Comprehensive Income & Expenditure Statement – a reduction in the Provision of Police Services for the PFCC / Group of £12.601m (now £360.215m compared to the previous £372.816m), with the revised deficit on the Provision of Police Services now £70.450m (previously a surplus of £21.222m) and Total Comprehensive Income & Expenditure now totalling £144.178m (previously £11.634m). The main reasons for these movements include £104.273m of interest costs relating to the liability held, as well as £40.872m of additional remeasurements by the actuary.
- 9.2.2. Balance Sheet – an increase in the total liability held of £132.544m (now £2.342bn compared to the previous £2.209bn).
- 9.2.3. Cashflow Statement – a revised value for the adjustment to the surplus on the provision of services for non-cash movements of £78.278m (previously a deficit of £13.394m).
- 9.2.4. Movement in Reserves Statement – a corresponding increase in the total reserves to those now being reported in the Balance Sheet.

Other changes

- 9.2.5. Accounting policies review – some immaterial accounting policies removed in accordance with revised CIPFA guidance issued in respect of the 2023/24 Statement of Accounts. The applicable policies removed are Loss Allowance, Inventories & Long-Term Contracts, Capital Grants & Contributions, and Revenue Expenditure funded from Capital.
- 9.2.6. Critical Judgements – narrative updated for key judgements relating to property, plant and equipment and pensions.
- 9.2.7. Financial instrument disclosures - now fully updated.
- 9.2.8. Full reconciliation / cross-casting – this has now been undertaken throughout the documents with some correcting entries to formulae and narrative being actioned as a result of this exercise.
- 9.2.9. CFO sign-off dates - all now updated to 28 June 2024.

10. Legal implications

- 10.1. The publication of the Unaudited Statement of Accounts will ensure that the PFCC and the Chief Constable meet their statutory obligation.

11. Staffing implications

- 11.1. There are no direct staffing implications arising from the publication of the Unaudited Statement of Accounts.

12. Equality and Diversity implications

- 12.1. There are no expectations that this decision will impact any individual with protected characteristics, either more or less favourably than any other individual.

13. Risks and Mitigations

- 13.1. The Unaudited Statement of Accounts has not yet been published. We should not delay the publication any longer, as there is the risk of reputational damage in not being open and transparent with stakeholders.

14. Governance Boards

- 14.1. The Extraordinary Joint Audit Committee of 30 May 2024
- 14.2. The Extraordinary Strategic Board of 30 May 2024
- 14.3. The Joint Audit Committee of 28 June 2024

15. Links to Future Plans

- 15.1. The Unaudited Statement of Accounts links into and aligns with the PFCC's Medium-Term Financial Strategy (MTFS) and the overall framework for the ongoing monitoring and scrutiny of financial performance at Essex Police, to ensure resources are available and affordable in relation to the strategic priorities of the PFCC.

16. Background papers

- 16.1. The Unaudited Statement of Accounts 2023-24

Report Approval

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



Chief Executive / M.O.

Sign:

Print: P. Brent-Isherwood

Date: 28 June 2024

Chief Financial Officer

Sign:



Print: Janet Perry

Date 27 June 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

2. Of Appendix?

YES

NO

NO

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

Decision and Final Sign Off

I agree the recommendations to this report:

Sign: 

Print: Roger Hirst

PFCC

Date signed: 03/07/2024

I do not agree the recommendations to this report because:

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Sign:

Print:

PFCC/Deputy PFCC

Date signed: