



The Police, Fire and Crime
Commissioner for Essex and
the Police, Fire and Crime
Commissioner for Essex
Police Group

2023/2024 Unaudited Statement of Accounts



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Narrative Report 2023/24

Narrative Report

The purpose of the Narrative Report is to provide information on the Police, Fire and Crime Commissioner (PFCC) and PFCC Group, its main objectives and strategies and the principal risks that it faces. The content of the Narrative Report is as follows:

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Narrative Report

The purpose of the Narrative Report is to provide information on the Police Fire and Crime Commissioner and the force, its main objectives and strategies and the principal risks it faces.

Police, Fire and Crime Commissioner's Report



Safe and secure communities are the bedrock on which we build success, prosperity, and well-being for all. Since 2016 all of us together have invested in making our police force, more accessible, more visible and better connected to our local communities.

In April 2023 we hit our growth target with 905 extra officers recruited into the force taking total officers to 3,755, a number which has been sustained throughout 2023/24.

This extra strength is making a difference. In the past twelve months recorded crime has continued to fall, proof that our strategic commitment to preventing crime is working. There was a 6.5 per cent decrease in All Crime in the 12 months to March 2024 compared to the 12 months to March 2023, while violence against the person was down by 10.6 per cent.

Following increased investment in community policing, our officers are working with partner agencies to address the root causes of issues that are inflicting the most harm on communities.

These extra officers are making a difference through focused visible patrols, targeted prevention work and intelligence led proactive work with anti-social behaviour down by 26.8 per cent over the year.

The local approach to tackling crime in our communities was further boosted by the government's £1.1m of funding to tackle ASB hotspots across the county. The funding formed part of the government's Anti-Social Behaviour Strategy designed to deliver high visibility patrols, public engagement, targeted youth outreach and early intervention. Of the eleven areas identified as hotspot zones, all have seen a marked reduction in anti-social behaviour, crime, and disorder, making a real difference to the day to day lives of residents and businesses.

We are continuing to take a robust approach against drug driven violence. We know drugs are inextricably linked with knife crime and gangs and create a cycle of violence that has a devastating impact on communities. By working at a national level with the National Crime Agency, on a local level through the Essex Police Serious Violence Unit, and at a preventative level through our Violence and Vulnerability Unit, we are successfully reducing serious violence in our communities, cutting the number of Organised Crime Gangs operating in the county and driving down knife enabled crime.

Alongside Essex Police and partners, we have been working hard to break the cycle of domestic abuse by supporting victims and taking a preventative approach by tackling aggressive, dysfunctional behaviour early to stop it escalating. Through investment in services and resources and a partnership approach, Essex has seen a reduction of around 13.2 per cent in reports of domestic abuse in the twelve months to March 2024. As Essex Police continue to improve processes and recording of domestic abuse, we hope to see to see rates of domestic abuse reduce further.

Reducing violence and against women and girls (VAWG) is an area that requires continued focus and Essex is utilising a range of initiatives to help women and girls feel safer in their communities. Through the government's

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Safer Street Fund and our own locally funded scheme we have invested £1.5m in 2023/24 to help create safer public spaces. Working together with Community Safety Partnership this is making a difference by creating spaces where people, especially women and girls, feel and are safer. Partnership engagement has been essential in tackling VAWG, with collaborative working leading to the development of several projects such as the Essex County Council VAWG Charter, Project Minerva and the Essex County Council VAWG Mapping Programme.

For people who unfortunately become victims of crime, we continue to fund Victim Support which delivers the overarching support service for victims of crime throughout Essex. Through them we help victims have a more positive experience of the criminal justice system, enable them to feel equipped and empowered to move on independently of victim services and help them to have a 'voice' to express the way a crime has affected them.

However, there is still more to do. We need to continue to drive down drug driven violence by tackling organised criminals while protecting our young and vulnerable people from being exploited.

We need to target neighbourhood crime to address robbery, the surge in vehicle thefts and shoplifting. Crime must fall further and with the investments we have made over the last five years we want a 40 per cent reduction in crime from the twelve months to the end of March 2024.

As the Police and Crime Plan 2021 – 2024 draws to a close, and I reflect on the progress made in the past year, I would like to acknowledge the hard work and commitment of Essex Police alongside the many partners who support and help them to deliver so many impactful initiatives across the county. I would also like to thank the Chief Constable and his senior team for their ongoing commitment, openness and transparency. Together with our police officers and staff, they make a real difference to people's lives and Essex a safe place to live, work and thrive.

Roger Hirst
Police, Fire and Crime Commissioner

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Chief Constable's Report



With the support of the Police, Fire and Crime Commissioner (PFCC) and through the Police Uplift Programme Essex Police is the biggest it has ever been, maintaining an establishment of 3,755 officers.

All forces were set a target of recruiting officers under the Police Uplift Programme, and I'm pleased to report that Essex Police have exceeded this target and we are at our greatest strength in officer numbers in our history with a full time equivalent strength at the end of the year of 3,758 officers. This has been supported by 2,083 police staff, 93 police community support officers and 251 special constables.

As Chief Constable, I am immensely proud to lead such hardworking people who are dedicated

to delivering justice to every victim of crime and who work tirelessly to maintain the trust and confidence of the communities that they serve, help people and keep our county safe.

In March 2023 Baroness Louise Casey published a report into the standards of behaviour and internal culture of the Metropolitan Police Service which exposed significant failings across the organisation which contributed to a culture of misogyny, racism, homophobia and sexism. It is moments like this that make us stop and think as events like these, linked to policing nationally, impact on public confidence across the UK. Policing by consent is fundamental to everything we do. National commentary has recently described trust and confidence as 'hanging by a thread'. Following recent criminal cases involving Metropolitan Police Officers there has justifiably been outrage regarding police services, vetting procedures and professional standards. I am pleased to report that public trust in Essex Police is still high with the most recent public survey showing 74.9% of respondents stating that Essex Police do a good or excellent job. I am, of course, not complacent.

Contributing to this, Essex Police, with the support of communities, the PFCC, criminal justice and community safety partners, has been able to make some real inroads into reducing crime, bringing justice for victims and reducing anti-social behaviour. To the end of March 2024 crime overall has decreased by 6.5% in the previous 12 months, meaning 10,690 fewer unique victims compared to the 12 months to March 2023. Notably this included key reductions in rural crime, domestic abuse, violent crime, violence against woman and girls and sexual violence and numbers killed or seriously injured on our roads. This demonstrates that Essex Police continues to put the new and existing resources at its disposal to best use to protect and serve the county and does so whilst providing some of the best value for money of any force with the 2nd lowest spend per head of population nationally as reported by His Majesty's Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS) in the 2023 Value for Money dashboard.

Across the force, we have been investing in our estates and buildings and we are now seeing much-needed refurbishments and improvements being delivered. Policing is always changing, and where we work must be fit for purpose to take on the demands of the next generation and beyond.

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In addition to investing in our estate we continue to invest in technology and one new area of technology that I'm particularly proud of is Rapid Video Response (RVR). This is a victim focused investigative tool to support victims of domestic abuse and it has been particularly well received with victims feeling more supported with faster response times and more effective evidential capture at the initial point of contact.

Another way that we have used technology over the last year has been Live Facial Recognition technology with it being utilised in Essex within Southend and Chelmsford during October and it led to three people being arrested. Whilst we piloted use of this technology this year using equipment on loan from South Wales police it is something that we intend to invest in next year. The technology is targeted to focus on people wanted in connection with specific offences. It compares live camera feeds of faces against a predetermined database or 'watch list' of people of interest.

I am also pleased to see that our new innovative approach to tackling drug-related offences is paying dividends with a new Drugs Drying Unit set up and running and means we are able to dry and crop cannabis in exactly the same way as the criminals would and importantly, we are able to produce the same level of yield in order to value the drugs accurately and achieve stronger sentences on conviction.

These are just some of the projects that demonstrate how we effectively use our financial resources to improve outcomes for victims of crime.

BJ Harrington
Chief Constable of Essex

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Report of the Chief Financial Officer, PFCC

The Group Accounts for the Police Fire and Crime Commissioner for Essex explain the Group's financial activity during the financial year 2023/24, as well as the financial position at 31st March 2024.

The accounts are prepared and presented in accordance with the Code of Practice on Local Authority Accounting In the United Kingdom 2023/24 (the Code). The Code is prepared under International Financial Reporting Standards (IFRS), which have been adopted as the basis for public sector accounting in the UK.

Results for 2023/24

The Group ended the year on a funding basis, with a deficit of £1.568m funded with a transfer of £0.796m from earmarked reserves and £0.772m from the General Reserve. This deficit excludes adjustments for items required by regulation for the accounting basis, as shown on page 52. The main adjustments are for the cost of pensions, the cost of capital, and other minor technical accounting adjustments. The reconciliation of the adjustments is summarised on page 83 of these accounts.

Where the Money Comes From

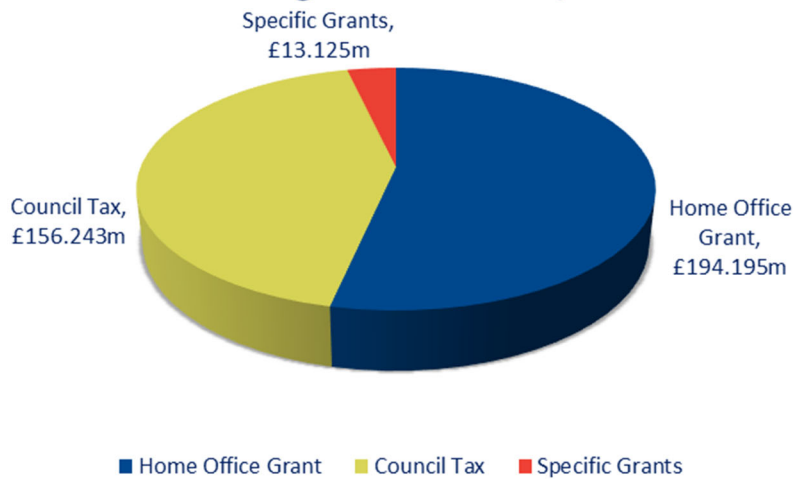
In 2023/24 the PFCC increased the precept by 6.84% (£14.94 per year on a Band D property) enabling us to deliver against the ambitions set out in the Police and Crime Plan 2021 to 2024, the Government's Beating Crime Plan, meeting our legal responsibilities, and our national obligations to the Strategic Policing Requirement and helped to make a significant difference to our ability to positively affect the communities we serve.

The chart below shows an analysis of the PFCC's sources of funding in 2023/24 of £363.563m. The Home Office core grant paid to the PFCC accounted for 53% of the total funding. These grants and the income raised by council tax were used to fund the net revenue expenditure for 2023/24 of £365.131m, with the balance of £1.568m funded by a transfer of £0.796m from earmarked reserves and £0.772m from the General Reserve.



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Funding Sources 2023/24

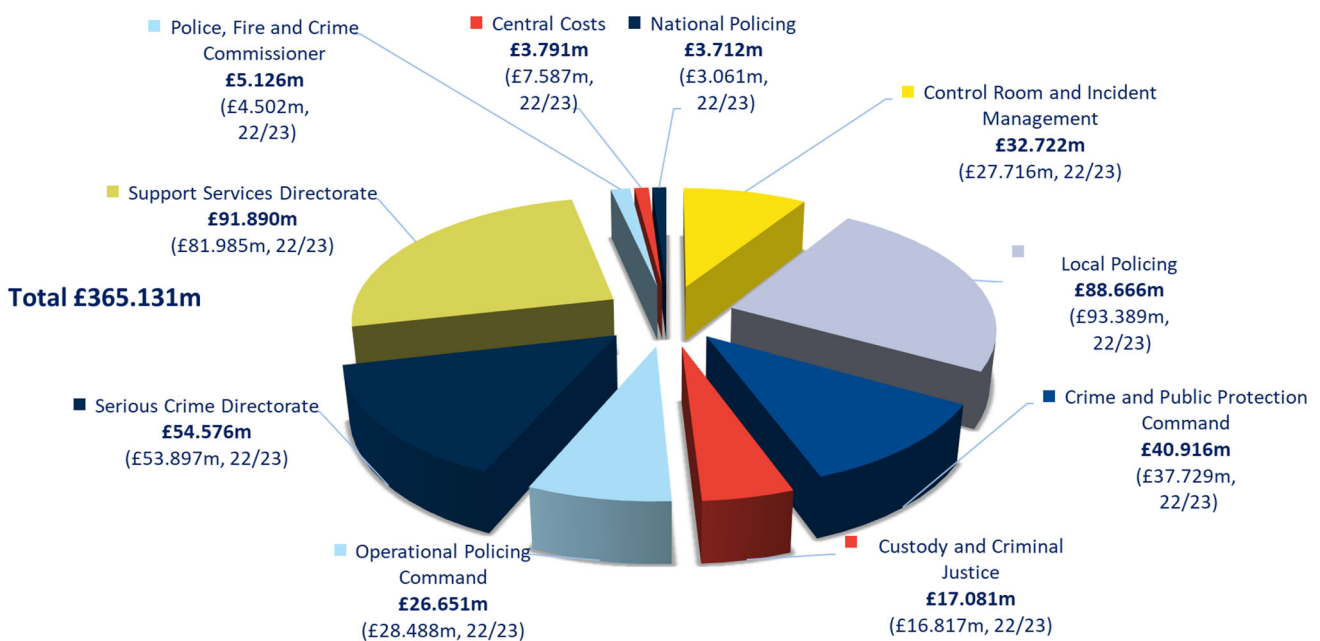


One of the challenges we face is, that nationally, Essex is the second lowest funded force (funding from grants and council tax) per head of population and has the second lowest spend per head of population (Source: HMICFRS 2023 Value for Money Profiles).

Essex Police has a good track record of delivering cash and efficiency savings to maximise the benefit out of every pound we spend. In 2023/24 £12.2m of savings were delivered with £10.7m of these recurring annually, and we continue with an ambitious savings programme into 2024/25 with £11.3m programmed to be delivered.

What the Money is Spent on

The graph below shows an analysis of the Group’s net revenue expenditure.



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Financial Performance

In recognising the respective responsibilities of the PFCC and Chief Constable all assets, liabilities and contracts are in the name and ownership of the PFCC, whereas most police staff along with all police officers and PCSO's are employed by the Chief Constable. The Chief Constable in turn has operational control of police officers, PCSOs and police staff (excluding the PFCC staff). Whilst the PFCC has strategic control of all assets, income, PFCC staff and liabilities and is responsible for establishing most reserves and controlling all cashflow.

The table below shows budgeted and actual net expenditure, with the latter also included in note 9 on page 81 (Expenditure and Funding Analysis). The net expenditure excludes depreciation, pensions liabilities, accumulated absences and other items which do not impact on the transfer to or from the General Reserve. These charges are included and accounted for in the Comprehensive Income and Expenditure Statement (CIES) within the Core Financial Statements in accordance with proper accounting practice. The Expenditure and Funding Analysis shows how the funding has been used and provides a link to the figures reported in the CIES.

The net expenditure budget of £366.120m, as presented at the Police and Crime Panel in February 2023, was funded by £363.687m from budgeted general grants and council tax, with the balance of £2.433m being planned to be transferred from reserves (£3.145m from the General Reserve offset by a £0.712m transfer to earmarked reserves). The actual position for the year was a deficit of £1.568m. The total contribution from the General Reserve for the year was £0.772m, and there was a £0.796m contribution from earmarked reserves.

The main contributing factors for underspending against the net expenditure budget was over achievement of income from specific grants received from the Home Office which included:

- £2.265m for overachievement of the Police Uplift Programme target after the force secured funding for successful recruitment of 55 officers over the original base target headcount
- £0.720m of additional funding to reimburse costs in relation to the Just Stop Oil protest activity at petrochemical distribution sites in West Essex, petrol station forecourts and other sites across Essex. The protests began on 1st April 2022 and a grant had been received in 2022/23 but only covering part of the costs and the PFCC and Chief Constable worked together to seek further financial reimbursement.

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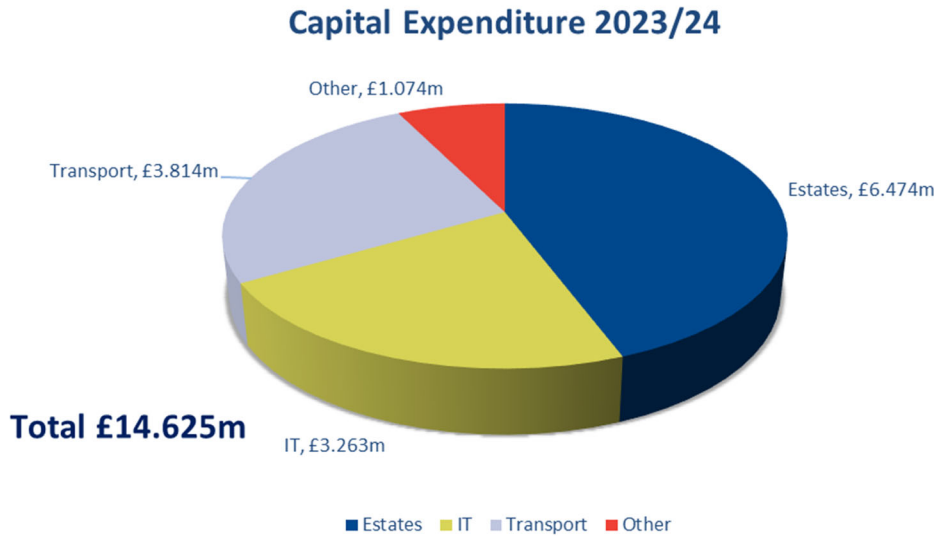
Group - 2023/24 Financial Performance	Original Budget	Virements	Current Budget	Actual	Variance over / (under)
	£000	£000	£000	£000	£000
Employees					
Police Officer pay and allowances	226,792	8,993	235,785	239,313	3,528
PCSO pay and allowances	3,687	124	3,811	3,716	(95)
Police staff pay and allowances	98,909	3,534	102,443	99,561	(2,882)
Ill-health/medical pensions	4,215	(493)	3,722	4,024	302
Training	2,019	(15)	2,004	1,997	(6)
Other employee expenses	399	728	1,128	1,171	43
	336,022	12,871	348,893	349,782	889
Other Service Expenditure					
Premises	12,317	(109)	12,208	12,245	37
Transport	6,934	99	7,033	7,052	19
Supplies & services	42,727	5,571	48,298	49,113	815
Third party payments	7,382	612	7,994	7,976	(18)
	69,359	6,173	75,532	76,386	853
Gross Operating Expenditure	405,381	19,044	424,426	426,168	1,742
Income					
Government grants and contributions	(23,795)	(16,557)	(40,352)	(43,787)	(3,435)
Fees Charges and Other Service Income	(16,279)	(2,582)	(18,861)	(19,290)	(429)
	(40,074)	(19,139)	(59,213)	(63,077)	(3,864)
Net Cost of Services	365,307	(94)	365,213	363,091	(2,122)
Other Expenditure / (Income)					
Other Expenditure / (Income)	(91)	-	(91)	(1,195)	(1,104)
Capital & other adjustments	904	2,402	3,306	3,235	(71)
	813	2,402	3,215	2,040	(1,175)
Net Expenditure	366,120	2,308	368,428	365,131	(3,298)
Sources of Funding					
Police grant	(127,208)	233	(126,976)	(126,976)	-
Formula funding grant	(66,987)	(233)	(67,220)	(67,220)	-
Council tax precept	(154,836)	-	(154,836)	(154,712)	124
Council tax support grant	(10,992)	-	(10,992)	(10,992)	-
Council tax freeze grant	(2,133)	-	(2,133)	(2,133)	-
Collection fund surplus	(1,531)	-	(1,531)	(1,531)	-
	(363,687)	-	(363,687)	(363,563)	124
(Surplus)/Deficit before Transfer to Earmarked Reserves	2,433	2,308	4,741	1,568	(3,173)
Transfer to/(from) Earmarked Reserves	712	(2,308)	(1,596)	(796)	800
Transfer to/(from) the General Reserve	(3,145)	0	(3,145)	(772)	2,373

Capital Expenditure

A capital investment programme of £13.999m for 2023/24 was presented to the Police, Fire and Crime Panel in February 2023, to maintain the infrastructure needed to support an effective and efficient police service. By March 2024 capital approvals had been increased to £19.941m.

The actual capital investment for the period totalled £14.625m, which meant we underspent by £5.316m, which included underspends of £1.138m, offset by overspends of £0.453m and £4.631m of investment that is now expected to be delivered in 2024/25.

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The estates capital expenditure of £6.474m, includes £4.416m on delivering the estates strategy, of this £2.608m has been on the continued refurbishment of the site at Boreham which is a key component of the Strategy and £0.698m on four prefabricated classrooms for the Essex Police College to replace the previous dilapidated units. The remaining capital expenditure on the estate was primarily spent on maintenance.

The capital expenditure on information technology of £3.263m includes expenditure of £2.352m for the annual refresh programme including replacement of servers, printers, docking stations, desktop and laptop computers along with the wider IT infrastructure and telephony network and £0.520m on the roll out of dashcams into our vehicles.

The capital expenditure for transport of £3.814m, included £2.956m on the scheduled fleet replacement programme and £0.200m on a replacement marine unit launch.

Other capital expenditure of £1.074m included investment in body armour of £0.548m, automatic number plate recognition (ANPR) related spend of £0.111m and the balance of £0.415m on other equipment needed to support operational policing.

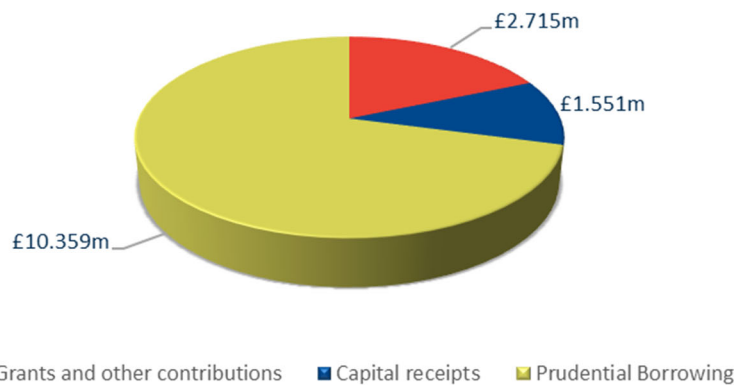
Capital Financing

Capital resources available to fund capital investment come from capital receipts, revenue contributions and government grants and contributions. Where capital investment exceeds these available resources the PFCC can borrow to finance the capital investment providing we can demonstrate we are complying with the Prudential Code of Practice which requires any borrowing to be affordable, prudent and sustainable. There was a need to finance 2023/24 capital investment with £10.359m of prudential borrowing (in this instance this was internally financed using cash resources and did not lead to external long-term borrowing). However, this borrowing has increased the Capital Financing Requirement (CFR) which was £26.554m as at 31st March 2024 compared to £17.028m as at 31st March 2023. Charges are made against future years' revenue budgets to reduce the CFR in the form of a Minimum Revenue Provision (MRP). As cash resources are reducing it is expected that there will be a need to externally borrow in 2024/25 with total capital financing costs (MRP plus interest payment on external borrowing) forecast to increase over the coming years as forecast within the PFCC's Treasury Management Strategy.

Capital financing resources applied in 2023/24 are shown below.

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Capital - Financing Sources



The £2.715m of grants and other contributions included £2.402m that was applied from the Future Capital Funding Reserve which is a revenue earmarked reserve to hold funds for this purpose.

Reserves

The revenue reserves are key to our financial strategy, ensuring that there is some resilience to cope with unpredictable financial pressures and long-term financial commitments, whilst at the same time ensuring we spend today's money on today's residents. Specific earmarked reserves are held to manage known financial liabilities and possible risks.

The main elements of the PFCC's reserve strategy are:

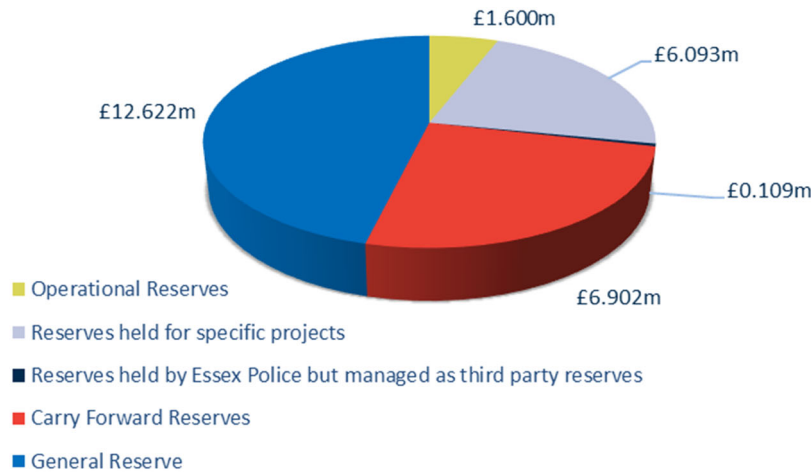
- To establish a General Reserve position of 3% of net revenue expenditure by the end of 2024/25 and to then maintain the General Reserve at 3% by each year end, in the three following years of the Medium Term Financial Strategy, for unknown and/or unforeseeable events;
- Earmarked reserves will be created to cover for possible known significant risks and future commitments;
- The PFCC will apply a prudent approach to reserves and risk management although this will be balanced with ensuring the public of today benefit from today's funding;
- The PFCC will take a long-term approach to protecting, maintaining and investing in all its assets supporting policing for the long term as well as short term;
- Reserves not required for the above purposes will be clearly identified as available for other discretionary opportunities; and
- The PFCC will where possible build up and maintain a level of reserves for investment, borrowing only where the life of the asset and economic environment make it the most efficient way of financing investment.

The General Reserve is held to provide a working balance to protect against unexpected cost pressures. The balance on the General Reserve as at 1st April 2023 was £13.394m. The 2023/24 net withdrawal from the General Reserve of £0.772m reduced the balance to £12.622m, 3.3% of net revenue expenditure budget for 2024/25.

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Earmarked revenue reserves total £14.704m at 31st March 2024 (a reduction of £0.796m since 31st March 2023). Included within these reserves is £0.109m of monies held by Essex Police which is managed as a third-party reserve. The levels of usable reserves at 31st March 2024, are shown in the chart below.

Usable Revenue Reserves as at 31st March 2024



Future Pension Payments and Liabilities

We are required under accounting standards to include the total liability of future pension payments in the Balance Sheet. There are statutory and contractual arrangements in place for funding these pensions. Accounting standards require that the total future assets and liabilities in respect of pension payments to past and present police officers and police staff are fully reflected in the Balance Sheet. Accordingly, the Balance Sheet figures within the accounts (see note 45) include a net liability of £3.248m (2022/23 net liability of £1.023m) for police staff and £2,342.382m net liabilities (2022/23 £2,209.838m net liability) for police officers.

The PFCC group has an agreed position with the pension administrator regarding the future liability provision. The statutory arrangements for funding the police officer pension liability and the PFCC group arrangements for funding any police staff pension deficit, therefore, mean that the financial position of the PFCC group remains sound.

Medium Term Financial Strategy

The significant increase in inflation over the last couple of years has had an impact on the cost of supplies and services and although inflation has slowed down the impact of previous rises is still being managed. However, with staff being such a significant percentage of our costs, the impact is more likely to come from pay award increases. We must also factor in the programmed capital investment over the next five years to support the vision and strategic priorities within the Police and Crime Plan. An ambitious programme of transformation continues to help prepare us to meet the demands of today and the future, involving police estates, technology and an enhanced police operating model.

We will continue to consider the various impacts of our costs in the Medium-Term Financial Strategy (MTFS) as we develop the budget for 2025/26. The MTFS reflects the impact of investment, cost pressures and efficiencies over five years, starting with the first year of the budget being developed. The MTFS we are currently developing considers the period 2025/26 to 2029/30. We consider various scenarios in order that we are able to act promptly to the pressures we might face.

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Acknowledgements

I do hope that the readers of these accounts will find the information valuable and of interest and I would like to acknowledge and thank the Chief Constable's Corporate Finance Department for all the hard work that has gone into producing such a comprehensive set of accounts. I am also very grateful for all their hard work and support throughout the year, with the production of the budget, monitoring statements and updates to the MTFS.

Janet Perry FCCA ACMA CGMA
Chief Financial Officer, PFCC

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Police and Crime Plan

Further investment in crime prevention

Our strategic commitment to focus energy and effort on preventing crime from happening in the first place is working. Through targeted prevention and early intervention work, recorded crime in Essex continued to fall month on month throughout 2023/24, with the number of repeat victims also reducing.

Since 2016 anti-social behaviour has come down 71 per cent and incidents of burglary are down 43 per cent.

There was a 6.5 per cent decrease in All Crime in the 12 months to March 2024 compared to the 12 months to January 2023; this equates to 10,690 fewer offences.

Essex experienced a 16.5 per cent decrease (7,436 fewer) in the number of offences with a repeat victim for the 12 months to March 2024 (37,520 offences).

Following the completion of the police uplift programme in March 2023, 905 extra officers have been added to the force since 2016 with the uplift in numbers sustained throughout 2023/24. This has provided extra strength and capacity to the force allowing it to shift its focus onto prevention and beyond simply providing a reactive rapid response. However, because of the significant uplift in officers the force has 40 per cent of officers with less than five years' experience and a significant number in training. As these officers complete their training and become more experienced, we can expect to see further improvements in capacity and capability over the coming years.

At the core of the crime prevention approach is the investment in community policing, where our officers are local and visible, working with partner agencies, including Safer Essex and the Essex Councils for Voluntary Service to address the root causes of issues that are inflicting the most harm on communities. Our extra officers are starting to make a difference with focused visible patrols, targeted prevention work and intelligence led proactive work.

This local problem-solving approach is working and Essex experienced a 26.8 per cent decrease (5657 fewer) in Anti-Social Behaviour (ASB) incidents for the 12 months to March 2024 compared to the 12 months to January 2023.

Pivotal to this success is the close working relationships at a local level within the Community Safety Partners (CSPs). Through these local partnerships we have ramped up prevention activity in local communities across Essex. This includes the continuation of our Community Safety Development Fund, our regular investment in CSPs and the introduction of anti-social behaviour (ASB) Hotspot Patrols, increased Safer Streets Funding, more funding to tackle gangs and knife crime and a plethora of local community driven initiatives.

In July 2023, the government announced £1.1m of funding specifically to tackle ASB hotspots across the county. The funding formed part of the government's Anti-Social Behaviour Strategy, launched in Chelmsford by the Prime Minister, and designed to deliver high visibility patrols, public engagement, targeted youth outreach and early intervention.

After collating five years of ASB data and feedback from the public and community safety partners, 11 areas were initially identified in Essex as meeting the criteria, with two more areas identified later in the year, taking the total to 13. Since it started 'Operation Dial', has had a huge impact with targeted areas seeing a big drop in anti-social behaviour incidents. Visible patrols are undertaken by the local police, partners, and council enforcement officers. Nights of action and targeted intervention then complement this extra visibility to provide targeted, evidence-led action at the heart of communities.

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Two of the ASB hotspots in Colchester, Greenstead and Cowdray Avenue, benefited from 3,700 extra hours of high visibility patrols, days of action and a youth outreach programme, resulting in a significant reduction of high harm offences and a fall in reports of ASB.

Debden High Street also benefited from 4,157 hours of extra patrols with a focus on arresting persistent offenders, implementing court orders and targeting specific areas of concern. In the 12 months to March 2024, ASB in Epping Forest has decreased by 18.4 per cent.

This activity has been complemented by the government's Safer Streets funding which has continued to have a positive impact on reducing crime, creating communities where people, especially women and girls, feel safer and preventing crime. This central government funding has proved effective and during 2023-2024 the PFCC launched a Local Safer Streets Fund which provided more investment and was funded locally.

Round two of this locally funded programme made £1,722,643 available to communities to improve street safety, with four more areas approved for funding, in addition to the existing six areas. A further £999,967 of Home Office funding via the Safer Streets Round 5 was also made available for Colchester, Basildon and Braintree.

One of the areas, Ninefields in Waltham Abbey, had been suffering ongoing incidents of ASB, and worked with the PFCC to successfully secure £338,000 of Safer Streets funding. This was used to develop targeted community projects tackling neighbourhood crime as well as reducing violence against women and girls. Supported by £169,000 of match funding from community partners including Epping Forest District Council, local interventions included installation of both static and mobile CCTV to target hotspot areas, diversionary activities through the local youth club and a workshop delivered to parents. The combination of interventions has had a positive effect with ASB down 30 per cent in the 12 months to January 2024 in the district. In total, Essex has received £3,164,762 of central government funding and £3,929,575 from its own locally funded programme. These investments have been enhanced by local match funding from partners in each of the areas.

Thanks to partnership prevention work, 2023 saw general offending in the night-time economy (NTE) reduce. In the rolling 12 months to September 2023, there was an 18 per cent reduction in recorded crime within the NTE areas. Throughout the summer, Community Policing Teams provided high visibility patrols and continued to work with partners to provide services to keep people safe, such as SOS buses and street pastors. These help people who may find themselves vulnerable and require assistance in getting home safely.

Southend has been supported by Op Grip funding to provide a safe space on Friday and Saturday nights, where a staffed mobile police station was parked within the NTE area and supported by partners such as street pastors and Community Safety Officers. Local businesses and the public were so supportive of the initiative, it is intended to replicate it in Colchester and Basildon.

Further investment in the reduction of anti-social behaviour has taken place in the area of reducing violence against women and girls. This includes partnership work with Safer Essex on Project Minerva and the Commonplace project which are outlined in the section entitled Reducing Violence Against Women and Girls.

Performance is continuously under review to ensure that Essex Police deliver the best service to the public of Essex when they have need to contact the force. This includes learning from both poor and good performance.

In 2019 Essex Police moved its website platform to the nationally developed "Single Online Home" (SOH) format. It provides the public with the option to report crimes and other matters online as an alternative to calling 101. This improved the accessibility of reporting so members of the public can access the police in different ways that work for them and supports an efficient and effective response.

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The number of online reports increased by 10.9 per cent (3,941 more) in the 12 months to March 2024 compared to the 12 months to March 2023.

In partnership with Essex Police, the Essex County Fire and Rescue Service education team delivers a variety of fire-safety awareness programmes. In 2023/24 there were 675 sessions delivered with over 126,547 young people engaged in topics including Home Safety, firework/Halloween campaigns, knife crime and cyber safety.

While our investment over the last three years has grown significantly and crime levels have started to fall as a result, we have also continued to work hard to push for a change in the Government Police Allocation Formula (PAF). This is used by the government to distribute national funding to forces. This formula has not been changed for many years, is based on outdated demographic data, unreflective of our growing county and significantly disadvantages Essex. The funding formula also does not represent the increased cost of policing to rural areas. More work is required to drive this forward as any change will have significant impacts across the country.

Reducing drug driven violence

Drugs and the associated drug driven violence have a hugely negative and damaging impact on our communities. Drug driven violence, exploitation of vulnerable people, and the destructive harm caused is evident, and we have worked hard to address this serious issue. Drugs are inextricably linked with knife crime and gangs and create a cycle of violence if left unchallenged, resulting in the devastating loss of lives.

In Essex we take a robust approach, working with the National Crime Agency to tackle and reduce the number of gangs and criminals fuelling drug driven violence and on a more local level through the Essex Police Serious Violence Unit, identifying and dismantling county lines, providing a strong, visible community deterrent through proportionate use of stop and search and other community-based activities.

At the preventative level we work effectively with partners through our Violence and Vulnerability Unit by taking a public health approach and investing in activities proven to divert vulnerable people away from a life of crime.

This combined approach is making an impact; there was a 7.8 per cent decrease (1,232 fewer offences) in Violence with Injury offences for the 12 months to March 2024 compared to the 12 months to March 2023.

As of November 2023, Essex had 53 active Organised Crime Groups (OCGs). To tackle this Essex Police Serious Organised Crime Team (SOC) developed a strategy for Clear, Hold, Build (CHB), in Essex. This government led initiative tackles serious organised crime within the community that requires policing and partners to work together in areas that have a high volume of crime, to force our criminals and prevent their return. This is being trailed through the work of Op Mille, which is the regional focus on cannabis cultivation which has links to organised crime and exploitation. The SOC team are working with Safer Essex, through the SOC crime prevention tactical advisor to devise sustained plans, in line with the Clear Hold Build strategy.

Organised Crime Group (OCG) disruptions have been ongoing, with Essex Police conducting 403 OCG disruptions (66 more) over the year. We have also seen a decrease in violence within our communities. Violence with injury offences and knife enabled crimes have fallen by 7.8 per cent and 6.6 per cent respectively in the 12 months to March 2024 compared to the previous 12 months.

In 2022, Essex became one of the pilot forces for Op Grip, the three-year Home Office programme developed to identify and fund hotspot policing for areas significantly impacted by serious violence, including knife crime, drug crime and gangs. This is based around short high-visibility patrols and builds on an initiative first developed in Essex.

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In 2023, Essex became the first force to use Op Grip funding to tackle county lines present in the hotspot areas. Formal Home Office evaluation of Op Grip is yet to occur, but the Essex Police evaluation for year one shows a 7 per cent reduction in serious violence within hotspot areas, demonstrating a positive impact.

The Essex Violence and Vulnerability Unit (VVU), continues to be essential in tackling the growing threat of county lines, drug driven violence and knife crime. We are now five years into the ten-year programme with strong results, a robust programme of activity and a range of successful evidence led interventions that we know are making a difference.

In 2023 the Serious Violence Duty came into effect, this enshrines the principles of multi-agency working into law and ensures that every local area in England and Wales work together to prevent, tackle and reduce serious violence. Essex VVU was established in 2019 and has a track record of delivering positive outcomes, to reduce serious violence, for the residents of Essex and took a countywide lead on implementing the new Duty. The Serious Violence Duty is a result of the positive work undertaken in Essex and other areas, which have been pioneering a prevention public health-based approach to preventing serious violence.

In 2023, the VVU's knife harm campaign (www.essexvvu.co.uk/knives), which encourages parents to talk to their children about knife crime, was timed to coincide with the Knife Angel visiting the county, to stimulate conversation and amplify key messages of the campaign. Evaluation showed that 84 per cent of parents who viewed the campaign felt it was effective at encouraging parents to speak to their children about knife crime, and 80 per cent of parents would be more likely to talk to their children after seeing it.

Through the VVU grants programme, targeted funding was able to foster a strong and robust network of organisations to provide a wide range of interventions in local communities, responding directly to the issues of local young people (vvu-youth-voices-report-2022-2023-final-pdf.pdf (ecvys.org.uk)). These projects came from across the county, from youth clubs, boxing sessions to after school sport activities for at risk children. Across 2023, these VVU grants reached over 3,000 children and young people. This short film outlines some of the projects funded through the VVU community grants [VVU Community Grant Fund in action \(youtube.com\)](https://www.youtube.com/watch?v=...)

In 2023 the VVU continued to invest in detached youth work, engaging with young people within their own environments where they may be putting themselves at risk. Through the VVU detached youth work, in identified areas, locally known and trusted adults supported over 5,000 children and young people. This short film outlines why the detached youth workers are so important and how they build relationships with the young people they meet. [The work of detached youth workers \(youtube.com\)](https://www.youtube.com/watch?v=...)

The Essex VVU capture the views of children, young people and young adults who take part in their programmes to ensure approaches are responsive. In 2023, using the voices of Essex young people and their real-life experience, the VVU created a short film, this tells the journey that some of the young people and young adults on the VVU prevention programmes have made to turn their lives around.

Local Authorities have seen a significant increase in funding as part of the Government's 'From Harm, to Hope' 10-year drug strategy. This will increase the capacity of treatment services in all three top-tier authority areas and presents the opportunity to increase suitable referrals from policing. In the last year the force has rolled out Drug Testing on Arrest (DToA), supported by Home Office grants. Under the scheme, in place since 1st April 2023, drug tests are required for any 'trigger offences'. Since the roll out over 50 per cent of tests carried out in Essex were positive.

The Government's drug strategy required the establishment of Combatting Drug Partnerships. In Essex this has been delivered through the new Southend, Essex and Thurrock (SET) Drugs and Alcohol Partnership and the coming year will see that partnership develop as a key strategic forum to ensure effective use of funding and coordination of services.

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Protecting vulnerable people and breaking the cycle of domestic abuse

Everyone has the right to live their life free from abuse. Protecting the most vulnerable in society, when they need it, can lead to a better quality of life, and help prevent them from becoming repeat victims of crime.

Essex experienced a 12.3 per cent decrease (3,427 fewer) in the number of recorded Domestic Abuse (DA) offences for the 12 months to March 2024 compared to the 12 months to March 2023. It is of note that Stalking & Harassment offences account for about a sixth (17.1 per cent) of all Domestic Abuse investigations and changes to counting rules have led to a reduction in number of offences recorded as Stalking & Harassment. Please see slide 21 for further information.

Essex Police solved 11.2 per cent of DA offences for the 12 months to March 2024 which is the same as the 12 months to March 2023.

There have been two changes in recording process over this time.

- Essex Police were significantly over-recording harassment cases that required changes to comply with Home Office counting rules. Analytical work suggests this change in process accounts for around 4.5 – 5 per cent of the reductions being seen.
- National 'Home Office' recording rules changed in April 2023 meaning multiple offences are now investigated under one crime, rather than multiple crimes which was the previous case.

When factoring out these changes Essex are still seeing a 'true' reduction of around 5.5 per cent to 6 per cent.

Driving this improvement is a real partnership effort. In Essex we have invested in services and resources and work together so that the vulnerable, including those who are victims or at risk of Domestic Abuse, are given the help and support they need.

Over the past year Essex Police and partners have been working hard to implement a number of initiatives to tackle domestic abuse, including:

- Project 'DARA' which was introduced in August 2023 as the initial risk assessment tool for police officers to use to improve identification of coercion and control and better risk management.
- Creation of the DA Review Team (DART) to improve consistency in secondary assessments, and improve prevention through the better use of the Domestic Violence Disclosure Scheme (DVDS – Clare's Law)
- Creation of the Rapid Video Response (RVR) team in March 2023. The RVR team is based in the Force Control Room and aims to dramatically improve the initial response to DA calls and victim confidence and satisfaction.
- Training and refocus of the DA Problem Solving Teams (DAPST) targeting highest threat perpetrators to maximise 'prevention' opportunities through the use of a newly designed 'disruptions matrix'.
- Making better use of technology; through national 'proof of concepts' whereby Essex have piloted emerging technologies (Kulpa) to the purchase of existing technology (TecSafe) that are evidenced based to improve victim confidence and safeguarding.

This investment by Essex Police and the PFCC complements the work undertaken by partners across the wider system. In 2023-4, the PFCC continued to work through the SETDAB partnership, which is chaired by the Deputy

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Police, Crime and Fire Commissioner, Jane Gardner, to break the cycle of domestic abuse. Work centred around the partnership outcomes including investing £1m of Home Office and local match funding in initiatives to support and disrupt domestic abuse perpetrators to recognise their abuse, and to change their behaviour, so reducing risk and harm to victims.

The PFCC was also successful in continuing to attract almost £1m of additional Ministry of Justice victims' funding to increase the number of Independent Domestic Violence Advisors (IDVAs) in Essex by around 15. During the year, The SETDAB partnership undertook a commissioning discovery exercise which sought external evaluation of the offer to victims. That exercise obtained feedback from 300 victims, perpetrators and stakeholders and found that there was a high-quality core offer for victims, and victims welcomed the availability of a single point of access which is provided via the Compass service.

Compass is being delivered by a consortium of established domestic abuse support agencies which includes Safe Steps, Changing Pathways and The Next Chapter. The aim is to provide a single point of access for callers to speak with a trained member of staff who will complete an assessment and ensure contact is made with the most appropriate support service. There is an easy-to-use online form for both the public and professionals wishing to make a referral.

Reducing violence against women and girls (VAWG)

Tackling Violence Against Women and Girls (VAWG) has been brought into stark focus in recent years, with national coverage around high profile cases and news stories outside of Essex impacting public confidence in policing nationally, and poor levels of positive outcomes recorded.

In Essex, for the 12 months to March 2024, there was a total of 32,076 VAWG offences recorded which included violence against the person and stalking and harassment. This is a reduction of 7,663 offences on the previous twelve months.

There was a 11.3 per cent (677 fewer) in the number of Sexual Offences committed against females in the 12 months to March 2024 compared to the 12 months to March 2023.

The night-time economy and design of public spaces often affect women's feeling of safety, and a December 2022 survey found that only 41 per cent of females said they felt safe walking alone after dark.

To help tackle this, the PFCC has supported initiatives such as the SOS Bus, Ask for Angela, Purple Flag and Best Bar None to help women feel safer in the night-time economy. Work has also been undertaken along with CSPs to help create safer public spaces, and use of the government's Safer Streets has been instrumental in making local areas safer.

Our local PFCC Safer Streets fund, referenced in our Further Investment in Crime Prevention chapter, has also helped target areas that have not yet accessed national Safer Streets grants. The fund has been allocated to make communities feel safer and is used to improve street lighting and CCTV, install safety measures and support awareness campaigns in key hotspots across Essex.

The Essex Women's Safety Charter has continued to expand, with flagship stores M&S and John Lewis recently enrolling in the scheme. Companies that signed up to the scheme earlier in 2023 undertook a formal six-month review which incorporated a general security assessment, including security practices and identifying security concerns.

On a local level Chelmsford Community Safety Partnership meet regularly with an Essex Police designing out crime officer (DOCO) to discuss on the ongoing development of their Women and Girls safety Charter. The DOCO provides an environmental visual audit or crime prevention advice for businesses who have signed up to

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the Charter and who are suffering a rise in crime or issues that specifically effect women and young girls. Chelmsford Council are producing a tool guide leaflet for the business inclusive of the DOCO's contact details.

Partnership engagement has been essential in tackling VAWG, with collaborative working leading to the development of several projects such as the Essex County Council VAWG Charter, Project Minerva and the Essex County Council VAWG Mapping Programme.

During 2022, as part of Project Minerva, Home Office funded work began to analyse Essex neighbourhoods, utilising academic research led by Nottingham Trent University, along with the PFCC's office, Essex Police, Essex County Council and the Essex County Fire and Rescue Service. The project resulted in the development of detailed local maps showing every hotspot road in the county where women are at increased risk of violence.

Minerva Zones have been shared with the Safer Essex Partnership and Community Safety Partnerships which are working with partners locally to put together bespoke plans to tackle the causes of violence against women and girls in those locations. The PFCC has provided funding for the Minerva zones with areas such as Basildon, Braintree, Brentwood and Rochford, Chelmsford, Colchester, Epping Forest, Southend, Thurrock, and Uttlesford benefiting.

While work has been undertaken with police and partners to reduce VAWG, the investigation of rape and sexual offences still needs significant improvement. Essex Police has implemented learning and guidance from national programmes to improve the investigation of rape and sexual assaults. The programme has a police-academic focus, with a strong research base to provide a framework to contribute to the development of a national operating model. The research has seen a victim-centred approach, support from Independent Sexual Violence Advisors (ISVAs), and strengthening of case files, with early advice from Crown Prosecution Service (CPS) being sought to increase conviction rates.

Police Priority Indicators	12 months to Dec 2019	12 months to Jan 2023	12 months to Jan 2024	Number Difference 2022/23	% Difference 2022/23
Number of violence against the person (including stalking & harassment offences) against females***	35,418	37,746	32,670	-5,076	-13.4
Number of sexual offences against females***	3,811	4,738	4,208	-530	-11.2
Number of sexual offences against females solved***	203	275	318	43	15.6

Essex Police work closely with the Rape and Serious Sexual Violence Offences (RASSO) leads for the region and now have an embedded RASSO Detective Sergeant who works alongside RASSO lawyers as well as performing a gatekeeper role to Child Abuse Investigation Teams (CAIT). This helps streamline cases sent for charging advice and throughout the lifetime of the investigation. They also benefit from regular CPS RASSO and Essex Police RASSO lead meetings.

This is an area that will require continued focus in the coming years to ensure that progress is maintained and Essex continues to learn from the experience elsewhere in the country and does the best it possibly can to prevent violence against women and girls.

Improving support for victims of crime

It is vital we improve the support for victims of crime, so they are encouraged to come forward and get the help and support they are entitled to, enabling them to cope with the immediate impact of crime and to move on from the harm experienced.

In the year to March 2024, Essex experienced a 9.9 per cent decrease (2,203) in the number of offences with a repeat victim compared to the 12 months to March 2023.

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Confidence among victims (from the independent survey jointly commissioned and funded by Essex Police and PFCC) is at 61.5 per cent (results to the 12 months to December 2023). This is 15.5 percentage points lower than confidence of non-victims for the same period (77 per cent).

The PFCC is committed to ensuring victims in Essex receive their entitlements under the Code of Practice for Victims of Crime (VCoP). This is primarily monitored through bi-annual reporting to the Ministry of Justice as well as system-wide compliance checks through the Victim and Witness subgroup of the Essex Criminal Justice Board. The group examines sample cases which are tracked and reviewed through the criminal justice process so that VCoP compliance can be monitored at each stage. The PFCC is also tracking the progress of the Victim and Prisoners Bill, which is likely to strengthen the Code of Practice and introduce additional requirements on PFCCs in monitoring and holding agencies to account for complying with the Code.

Essex Police represents regional forces at the NPCC Victims and Witnesses Governance Group and holds a quarterly regional meeting to inform local activity across the portfolio of work and share good practice. An Essex Police Victims and Witnesses Action Group (VWAG) provides strategic oversight of our service delivery for victims and coordinates work across the force to enhance compliance with the Victims' Code (VC) and increase victim satisfaction and confidence.

A new tactical subgroup was created in early 2023 to coordinate the implementation of the work generated by VWAG, such as the new Victim Closure Discussion document, Victim Engagement Portal, Victim Feedback Panels and Restorative Justice work.

Improvements taking place in 2023 included:

- The Force Performance and Leadership Forum held on the on 29th June 2023 presented an overview of the Victims and Prisoners Bill. The forum allowed for senior leaders across the force to be briefed on the key elements of the Bill for consideration and to begin preparing the organisation.
- Repeat Victim Alert - there are occasions when a victim of multiple crimes has different officers allocated to investigate them, this can cause confusion and frustration. A new process has been established that alerts if they have a repeat victim and if there are any concerns due to this. The information will be sent to the Inspector for the officer dealing with the most recent crime report referenced. It allows for Essex Police to look at the problems holistically and to improve service to the victim.
- Rapid Video Response Team (RVR) - On 22nd August 2023 Essex Police officially launched RVR, following a successful soft launch period. The soft launch included the team carrying out the 1000th consultation and scoring 97 per cent on a satisfaction survey from users of RVR, victims of domestic violence. RVR has been defined in Essex Police as a 'victim focused investigative tool' to support domestic abuse victims.

The PFCC continues to fund Victim Support which delivers the overarching support service for victims of crime throughout Essex. Through them we help victims have a more positive experience of the criminal justice system, enable them to feel equipped and empowered to move on independently of victim services and help them to have a 'voice' to express the way a crime has affected them.

The PFCC oversees the Essex Restorative and Mediation Service which, now in its ninth year, is continuing to provide support for victims, by bringing together people in conflict to give them opportunities to seek answers and understand what drove the crime or incident they were involved in and the impact it had. This restorative approach is designed to help both sides to move on with their lives in a positive way.

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The Multi Agency Victims and Witness Action Team (VWAT) is held every two months and is chaired by the PFCC. This group has attendees from Essex Police, the PFCC, the Crown Prosecution Service and His Majesty's Courts and Tribunals Service, Probation Service, Essex Criminal Justice Board, and commissioned support services. The delivery plan is overseen by the Essex Criminal Justice Board (ECJB) and feeds into their Strategic Plan.

Work with Independent Domestic Violence Advisors (IDVAs) and Independent Stalking Advocate Caseworkers (ISACs) has been expanded to maximise partnership working and further support victims. IDVAs and ISACs are currently in the final stages of vetting to allow them access to police stations to work alongside Domestic Abuse Investigation Teams (DAIT) and the Domestic Abuse Problem Solving Teams (DAPST).

IDVAs and ISACs are vital to maintaining enhanced contact with victims, and anecdotal feedback suggests this access will improve victims' confidence on what is happening with their case. Their interaction delivers a more positive experience of service overall, particularly when explaining what is going to happen next and what the victim can expect. This initiative will shape how we communicate with partners and shape future service delivery for our victims.

Relationships with partners have greatly improved since the launch of the Essex Stalking Intervention Panel (ESIP) as this provides a multi-agency approach to work together and achieve the best outcomes for victims. The ESIP meetings are held on a 6 weekly basis and are chaired by the force lead for stalking. The objective of the meetings is to have a multi-agency approach to the stalking cases selected which are referred in from Multi Agency Risk Assessment Conference (MARAC).

Protecting rural and isolated areas

In Essex, we have made protecting rural and isolated areas a key priority, with the objective to work with rural communities to help them build greater resilience and make them more safe and secure for all.

Rural Crime offences decreased by 5.3 per cent (1,279 fewer offences) in the 12 months to March 2024 compared to the 12 months to March 2023.

Essex Police solved 4.6 per cent fewer (a decrease of 120) Rural Crime offences for the 12 months to March 2024 compared to the 12 months to March 2023, and 17.5 per cent fewer (a decrease of 534) compared to the 12 months to December 2019.

In the 12 months to December 2023 there were 153 recorded Hare Coursing incidents, which is 15.9 per cent lower than the same period in 2022 (182 incidents), a decrease of 29 incidents. This is a sustained reduction from where hare coursing incidents peaked in 12 months to September 2021 (369 incidents). While other factors may have influenced this decline, part of the decrease can be attributed to the positive impact of the cross-border work and the raising of awareness among the public undertaken by the Rural Engagement Team as part of Operation Galileo.

Rural Domestic Abuse (DA) related offences also decreased by 12.2 per cent (Update to March 2024) in the 12 months to March 2024. Rural DA offences account for 17 per cent of all rural crimes, which is more of a proportion than all offences across the Force (16.0 per cent).

In the 12 months to December 2023 Rural Acquisitive crime offences increased by 8.6 per cent (544) to 6,864 when compared to the same period in 2022. Offence levels continue to be lower than those seen prior to the pandemic with volumes having stabilised to a new lower level since the end of the pandemic. An increase in acquisitive offences was seen across Essex, with an of 9.3 per cent to 48,989 offences in 12 months to December 2023 compared to 44,807 offences in the same period in 2022.

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Essex Police is one of only 15 forces who have dedicated Rural Policing Teams. In 2023 the team undertook over a hundred engagements around the county, including school engagements where they conducted road safety and speed enforcement with the children. Instead of issuing speeding drivers with a ticket, they were spoken to by the school children about the impact speeding has outside their schools. The team also continued attending country shows as well as giving presentations to a variety of groups including parish councils, volunteer services and rural organisations.

Essex Police are also continuing their commitment to prevent rural and heritage crime with the innovative launch of a horseback volunteer scheme in Uttlesford. The idea behind the scheme is that horse riders are in a unique position to spot signs of suspicious activity related to offences such as hare coursing, stolen agricultural vehicles, unlawful metal detecting or theft of lead from protected heritage buildings. The horseback volunteers will be trained in what to look out for and will be able to report any concerns or suspicious activity, helping the force target those committing offences and stop criminality before it happens.

Looking ahead to 2024/25, the Rural Engagement Team are planning more engagement with communities to highlight reporting of hare coursing, undertaking more speed awareness in schools and expanding plant and agricultural vehicle operations at Essex ports.

Preventing dog theft

Our objective is to do more to protect our pets and build confidence in how Essex Police handle dog thefts. There were six fewer dog thefts recorded in the 12 months to December 2023 (50), when compared to the same period in 2022 (56). Since 2017 there had been a long-term increase in dog thefts, but the trend appears to have now stabilised.

The number of dog thefts solved for the 12 months to January 2024 (five) has increased by four compared to the 12 months to January 2023 (one). There was an increase of three compared to the 12 months to December 2019 (two).

Confidence in how Essex Police and the organisations they work with are dealing with dog theft (from the independent survey jointly commissioned and funded by Essex Police and PFCC) is at 62.8 per cent for the 12 months to September 2023.

Preventing business crime, fraud and cyber crime

Essex recorded a 9.7 per cent increase (2,025 more) in the number of Business Crime offences and a 12.2 per cent increase (433 more) in the number of these offences which were solved in the 12 months to March 2024 compared to the 12 months to March 2023.

The past 12 months has seen a continued rise in shoplifting, which accounts for approximately 51.8 per cent of business crime. Shoplifting is not a low-level crime; it is having a huge impact on retailers and communities and the proceeds of shoplifting can fund other forms of criminality.

We want our retail areas to be safe for visitors and shop workers, which is why it is vital that we encourage retail owners and their staff to report thefts, anti-social behaviour and assaults.

In the 12 months to March 2024, 2,942 shoplifting offences recorded a solved outcome, an increase of 29.8 per cent on the same period the previous year. The solved rate has seen a proportionally greater increase than the rise in offence volumes.

Essex Police are targeting the individuals who are repeatedly committing theft through an array of initiatives, including Criminal Behaviour Orders (CBOs) that limit perpetrator's ability to reoffend.

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CBOs also tackle the underlying causes of offending and may require offenders to engage in treatment services, such as drug and alcohol addiction support. It is an offence to breach the terms of a CBO and courts can impose a maximum sentence of up to five years' imprisonment or a fine, or both, for an adult convicted of a breach.

Alongside this, Essex Police are helping those who have issues with drugs to combat their addictions by entering treatment programmes as this can be the root of their offending. Officers are also working with businesses by providing specialist crime prevention advice and information about staff security.

The Business Crime Team launched an initiative tackling shop theft by limiting the ability of thieves to sell on their stolen items. Op Pedlar looks to remove the financial incentive for thieves and, therefore, remove the benefits of theft. If one store is known to buy stolen items, then stores nearby are likely to suffer from thefts.

In January 2024, the Essex Police Prevent and Protect Officer together with Security Awareness Special Interests Group (SASIG+) held its second 'combatting cyber fraud through collaboration' conference which attracted speakers and delegates from around Essex and beyond and looked at the issue of cyber fraud.

The Prevent and Protect Officer also works with the Business Crime Team to hold regular virtual business cyber clinics where businesses can get bespoke cyber protective advice. The officer also attends local business networking events and obtains referrals for the Eastern Cyber Resilience Centre, where they can get expert advice and services.

Essex Fraud Protect are recognised as using best practise when supporting victims of romance fraud through their collaboration with Victim Support in running the monthly Romance Fraud Peer Support Group. Essex Fraud Protect have developed a Fraud Toolkit for officers when dealing with and supporting victims.

Essex Cyber Protect Officers have worked with the PFCC's Youth Assembly to train Cyber Ambassadors who can offer advice to their peers. They have also developed a two-year plan aimed at improving reporting by businesses and collaboration. This has involved working with Security Awareness Special Interest Group (SASIG) in hosting three conferences.

The Cyber Prevent Team also remain engaged with the Essex Digital Partnership (EDP). The partnership, made up of cyber technicians from Essex County Council and Essex Fire & Rescue service meet monthly to discuss current threats & trends along with mitigation opportunities, ensuring sharing of information across the counties services to build resilience. EDP have provided funding to purchase Cyber Escape Rooms, a tool designed to highlight cyber security and resilience, in line with the National strategy. These will be used to support a 2yr plan, building resilience within the business and council communities.

The Commissioner and Essex Police continue to work closely with Essex Chambers of Commerce through the Strategic Business Crime Board, which invites businesses from across Essex to have an input into how to tackle business crime in their areas.

Improve safety on our roads

Road crime – speeding, drink or drug driving, and using mobile phones at the wheel – kills more people in this county than all other crimes put together. These deaths, and the devastating impact they have on families and communities across our county, are preventable which is why we are working towards 'Vision Zero', the aspiration to have no road deaths or serious injuries by 2040.

In Essex, promoting safety on our roads is carried out through a partnership approach under the Safer Essex Roads Partnership (SERP) and includes representatives from Essex Police, Essex County Fire & Rescue Service, Essex County Council, Southend on Sea Borough Council, Thurrock Council, National Highways, East of England

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Ambulance Service Trust, Essex and Herts Air Ambulance Service Trust and The Safer Roads Foundation (Registered Charity).

There was a 4.9 per cent decrease (44 fewer) in the number of those Killed or Seriously Injured (KSI) in Essex for the 12 months to March 2024 compared to the 12 months to March 2023.

- 39 fatalities compared to 43 in the previous 12 months
- 820 serious injuries compared to 860 in the previous 12 months
- 2292 Drink driving/drug driving offences
- 2031 driving related mobile phone offences

Speeding and anti-social driving is something we often hear as a major cause of concern for the public. In response, the PFCC part funded three new Roads Policing Speed Enforcement Officers in May 2023. Alongside Roads Police Officers, they are dedicated to tackling road-related crime and provide reassurance to the public in areas where speeding has been raised as a concern.

Raising awareness in schools and in the community is also vital to the prevention of people being killed and seriously injured on Essex roads. In March 2024, the PFCC held a Community Safety Expo which featured a zone dedicated to promoting safety on our roads. Delegates were able to learn more about initiatives including Extra Eyes, road safety in schools and community speed watch.

Essex County Fire and Rescue Service continued to promote road safety through education and information, attending country shows, colleges, and events with their FireBike and Firecar, and the school education team. The safety team also visit schools with the School Speed Watch sessions, that involve children from six priority towns in Essex learning about the dangers of speeding drivers, by allowing them, with a Road Safety and Police Officer, to educate offenders about the dangers and consequences of speeding near to their school.

Encouraging volunteers and community support

Our volunteers both in the PFCC and Essex Police provide an invaluable contribution to our communities. Volunteer opportunities are varied; from preventing crime to providing conflict resolution; overseeing the welfare of service dogs to ensuring the dignity of detainees in custody, we are extremely proud and grateful to those who give up their time to help make Essex a safe place to live, work and thrive.

The Local Policing Support Unit (LPSU) in Essex Police proactively supports, the mobilisation of all Special Constables, Police Support Volunteers, Active Citizens, Accredited Persons and Essex Watch. Essex Watch is the collective name for a variety of specialised Watch schemes within Essex and brings together people with similar interests, or activities to help reduce crime in their communities.

Essex Watch groups have grown to include:

- Allotment
- Business
- Caravan
- Dog
- Essex Horse Rider Volunteers
- Farm and Rural
- Heritage (including Faith Watch)

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- Marine

Encouraging our young people to become part of our volunteer network also continues with Essex Police Volunteer Cadets scheme. Encouraging our young people to become part of our volunteer network also continues with Essex Police Volunteer Cadets scheme. As of March 2024, there were 177 cadets in Essex.

Essex Police Watch Liaison Officers continue to work with Neighbourhood Watch (NHW) to offer crime and fraud prevention advice. There are currently 2,400 NHW Co-ordinators and 88,580 NHW members across the county.

In June 2023, Witham Town Council celebrated 5 years of Community Special Constables. The town was the first to go live with the Community Special Constables Scheme, funding four Community Specials to target crime and antisocial behaviour in the town.

The number of special constables continued to see a downward trend throughout 2023. There were 267 Specials (as of 31 January 2024), which is down 20.1 per cent (67 fewer) compared to January 2023. This is a national trend and one that forces, including Essex, are working hard to understand and reverse.

During January, there were 35 applications to become a Special Constable. Of the 35 applications, 11 (31 per cent) were ethnic minority applications and 6 (17 per cent) female applications. As of January 2024, there were 60 applicants in the pipeline, with 29 in pre-assessment, 24 in pre-employment and 7 re-joiners/transferees.

Essex Police have 25 Cyber Volunteers within the force, an increase of 7 on 2022. Eight of the Cyber Volunteers work in the Prevent and Protect Fraud Team. Seven of these started as Fraud Police Staff Volunteers but have since gained cyber skills. Three Cyber Volunteers continue to work at a high level around Cyber Crime incidents. Two of them (one a university lecturer and the other who has previous experience in Cybercrime work) support the Prevent and Protect manager for the Intelligence team in the Serious Crime Directorate. The other who is an accountant with expertise in economic crime supports the work of the Eastern Region Special Operations Unit (ERSOU).

The PFCC oversees the Independent Custody Visiting Scheme, which enables appointed volunteers to visit police station custody suites at any time of the day or night to check on the treatment of detainees, the conditions in which they are held and that their rights and entitlements are being observed.

In 2023/24, 210 visits were conducted to custody suites and 963 detainees were seen directly by ICVs. The Essex scheme hosted the Eastern Region ICV Conference in November 2023, which brought together ICVs from across Norfolk, Suffolk, Hertfordshire, Bedfordshire and Cambridgeshire to share knowledge and develop ideas.

In 2023 the Essex scheme achieved silver accreditation in the ICVA quality assurance framework, demonstrating the knowledge and professionalism of volunteers and scheme manager.

Volunteers were further recognised for their hard work at the PFCC annual Volunteer Appreciation Event where two ICVs received 20 years of service awards. There are currently 21 active members of the ICV scheme.

The PFCC also oversees the Essex Animal Welfare Scheme, which provides an independent monitoring body on police service dogs. The team of dog welfare volunteers inspect the working conditions of the dogs and provide reports to the PFCC. As of December 2023, Essex Police had 47 dogs, with a variety of skillsets including finding evidence, search and rescue, chasing suspects and sniffer dogs trained to seek out drugs, mobile phones and explosives. In April 2023 the dog welfare volunteers attended a one-day refresher training at Dogs Trust in Basildon where they were taught additional skills and acquired knowledge valuable to their role. There are currently five dog welfare volunteers.

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The Essex Restorative and Mediation Service (ERMS) also sits within the PFCC's remit and works with people who have been involved in conflict, including criminal offences.

In August 2023, ERMS introduced conflict coaching which is a new process that involves working one-on-one with individuals who are experiencing conflict to discuss their approaches to conflict, how those approaches impact on the conflict, and how perhaps they approaches can be adjusted to improve the situation. Eight volunteers are currently upskilled to deliver conflict coaching with plans to upskill more in 2024/25.

In November 2023 ERMS won the prestigious Lord Ferrers Award which acknowledged the outstanding work they deliver across Essex.

The service also holds regular events to recognise the hard work of volunteers, including a PFCC family picnic, the Volunteer Appreciation Event, and a PFCC volunteer Christmas meal. ERMS currently have 33 active volunteers, with a further 7 volunteers waiting for vetting and their initial training.

Supporting our officers and staff

Supporting our officers and staff is essential to ensure they can provide the outstanding service the public in Essex deserve. This is about ensuring our teams reflect the communities they serve, are adequately equipped, trained and supported but also that those who put themselves at risk to help the public are also protected.

The PFCC has worked hard with local MPs to push for a Police Covenant to recognise the contribution officers and staff make in much the same way as the Armed Forces Covenant does for our military.

It was positive that the Police Covenant was enshrined in law as part of the Police, Crime, Sentencing and Courts Act 2022. The covenant is the government's pledge to recognise the bravery, commitment and sacrifices of those who work or have worked in policing.

To help protect officers and staff the PFCC has also supported calls for stronger sentences for assaults on emergency service workers and has supported Essex Police's efforts to provide effective support and investment in health and wellbeing services, acknowledging the difficult and challenging situations that officers and staff may experience in the course of their duties.

The PFCC endorses a supportive culture within Essex Police, Essex Fire and Rescue Service and the PFCC's office with an increase in diversity and an inclusive recruitment and development strategy. The PFCC also seeks to invest in those who volunteer for roles within the PFCC's office including Restorative Justice, Independent Custody Visitors and Dog Welfare Visitors to ensure they feel skilled, valued and appreciated.

The PFCC also endorses the Armed Forces Covenant and supports Essex Police and Essex Fire and Rescue Service efforts to support former, and serving, services personnel. As part of the Defence Employer Recognition Scheme, Essex Police has held a Silver Award since 2014, and has signed a standalone Armed Forces Covenant, which pledges our commitment to supporting former, and serving, services personnel, should they wish to work for Essex Police.

Within Essex Police, there are a number of officers and staff who are former services personnel or indeed serving reservist personnel. The PFCC supports increasing that number, through the ongoing recruitment work our HR Innovation team is doing with the Ministry of Defence.

Supporting frontline officers was identified as an area requiring better support, especially given the increase in officer numbers, most of whom start their policing careers on the frontline. Currently the area is experiencing high turnover, challenging resource levels and a lack of feeling valued and several recommendations have been put forward including:

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- Assessing career progression in Local Policing Teams (LPTs).
- Looking at reward and recognition to create a culture of support and value officers.
- Understanding the quick turnover of officers within LPT and tackle the reasons for moving on.
- Assessing how local, community knowledge and relationships can be maintained when there is high turnover within LPTs

More evaluation has also been undertaken to reflect on the current number of male to female officers and how long it will take to achieve true gender balance. While Essex Police 'We Value Difference' campaign has helped reduce disparity in workforce representation, we know more needs to be done to achieve a fully representative workforce in all respects (ethnicity, gender, disability).

There has been a slight decrease (0.14 per cent points) in the proportion of ethnic minority employees in January 2024 (259) compared to January 2023 (270); this equates to 11 fewer employees. However, in contrast, there has been an increase of 42 compared to December 2019 (217).

In the 12 months to January 2024, 273 new officers started their Essex Police careers. Over the same period, 247 officers left their positions, leading to an overall increase of 26 officers over the last year.

- The average number of hours lost per person due to sickness was less for officers but more for staff in December 2023 when compared to December 2022.
- There was a slight decrease in the proportion of ethnic minority employees at the end of 2023/24 Q3 (260) compared to the same period last year (269); this equates to 9 fewer employees.
- 4.0 per cent of the Essex Police workforce are from ethnic minorities. This is 7.21 per cent lower than the total economically active ethnic minority population.

Following the publication of the Baroness Casey Review in March 2023, analysis has been done to look at what learning Essex Police can take from this report into the Metropolitan Police Service. The report raises important issues about management, culture and staff being properly supported. Following this review Essex Police's Senior Leadership Team has taken a positive, proactive approach to working with teams across the force to identify areas for improvement and positive impact these.

Increasing collaboration

The PFCC continued to monitor the Emergency Service Collaboration Programme through a bi-monthly Strategic Governance Board, which is supported by a monthly Programme Board. This year, the Collaboration Programme increased the estimated 10-year Net Present Value of benefits from £14m to £18.9m, against a target of £15.4m as set out in the local business case for change.

The PFCC's Strategic Governance Board receives annual reviews of projects that have moved to business as usual during the life of the programme. This includes a review of the Collapsed Behind Closed Door project where ECFRS respond to provide quicker access to potentially injured individuals. The estimated 10-year benefits of this project increased from £568,600 to £603,856.

This year, the PFCC also received an update on the Arson Prevention project, including the work of the Fire Investigation Dog, which estimated that £6.9m worth of benefits are attributed to this project over 10 years.

The Tri Service Rural Prevention project expanded to include Uttlesford in 2023. This new role, as well as the previously piloted officer in the Dengie peninsula in Maldon, continues to provide additional visibility and prevention work with the local, rural community.

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The PFCC is also continuing to track progress of the development of a joint Fleet Workshop between Essex Fire & Rescue Service and Essex Police. This is a complex and multi-faceted project that has the potential to provide a state of the art, shared fleet maintenance facility for emergency services.

This year, in an input to the Home Affairs Select Committee on the effectiveness of the PFCC model, that PFCC noted that one of the biggest benefits in terms of collaboration has been bringing together the protection of vulnerable people by emergency services, including through the joint education team, which helps local school pupils understand how to keep themselves safe.

Community Safety Hubs have been successfully set up in nine of the ten districts (Tendring, Colchester, Braintree & Uttlesford, Chelmsford & Maldon, Southend, Castle Point & Rochford, Epping Forest & Brentwood and Basildon). The Hubs are a collaborative led initiative involving Community Policing Teams (CPTs), community safety partnerships, local authorities, housing associations, and the NHS. This partnership provides a localised response to local issues including crime, anti-social behaviour and non-crime incidents. Community Safety Hubs provide a central physical site for collaborative joint working. The development of these Community Safety Hubs is led by Safer Essex.

One district is yet to achieve a co-located hub (Thurrock). Activity was put on hold during the Covid-19 affected period, but agreement has since been reached for a site on council premises.

As part of the Essex Partners' Vision, the partnership created the Essex Centre for Data Analytics (ECDA). This is a joint venture between Essex Police, the PFCC, Essex County Council, and the University of Essex. ECDA's ambition is for Essex to be national leaders in data, using the power of analysis, statistics, machine learning, data science and Artificial Intelligence (AI) to tackle key public policy/social challenges. The last year has been another important year for ECDA. Building on the data ethics framework and the independent ethics committee, ECDA launched the government 'data masterclass for senior leaders' across Essex. Leaders from the police, district councils and the county took part in the masterclass, increasing data literacy in senior leaders across the county. ECDA has further finalised the Essex Data Declaration; led by the Chief Constable, this declaration aims to ensure that all public sector organisations across Essex use and share their data to improve the lives of the people of Essex.

In 2023 ECDA presented the findings of a Domestic Abuse Perpetrators Project. This involved a statistical analysis of DA suspects from which groups of offender types were identified, along with the types of offences they commit.

ECDA are additionally working on the following areas of focus:

- ISTV (Information Sharing to Tackle Violence). This involves working with health sector colleagues to access NHS Accident and Emergency data relating to knife crime.
- Risk of Serious Harm and Homicide to Children. This project aims to identify and test indicators for this type of offending with the University of Essex, who intend to subject the data to rigorous statistical analysis.

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Performance Framework

The PFCC chairs a Performance and Resources Board that holds the Chief Constable and the force to account for the performance of the force officers and staff against the delivery of the Police and Crime Plan.

On a monthly basis, the current performance data of the papers and minutes of the Performance and Resources Board are published on the PFCC website at:

www.essex.pfcc.police.uk/scrutiny/essex-police-performance/

The Police, Fire and Crime Panel receive a quarterly report on the progress against the seven priorities in the Police and Crime Plan.

As at March 2024 four of the twelve PFCC priorities are graded good by Essex Police (Reducing drug driven violence, reducing violence against woman and girls, protecting rural and isolated areas and Dog Theft), seven are rated adequate and one requires improvement (Improving Support for Victims of Crime).

Current Structure

The Police & Crime Commissioner (PCC) was established by the Police Reform and Social Responsibility Act 2011 (PRSRA) as a corporation sole with a separate body of Chief Constable, also as a corporation sole. Mr Roger Hirst was elected Police and Crime Commissioner on 5th May 2016 and re-elected again in May 2021. Jane Gardner is the Deputy Police and Crime Commissioner.

From 1st October 2017, the PCC also took on the governance of Essex County Fire and Rescue Service, becoming the country's first Police, Fire and Crime Commissioner (PFCC). The governance arrangements of the PFCC and Chief Constable are included in the joint Annual Governance Statement.

The Role of the PFCC

The PFCC is directly elected by the public and has a statutory duty to hold the police to account on their behalf for the delivery and performance of the police service in Essex. The PFCC provides the local link between the police and communities, working to translate the legitimate desires and aspirations of the public into action.

The PFCC is responsible for setting the strategic direction and objectives of the force through the Police and Crime Plan, setting an annual budget, monitoring financial outcomes and approving a medium-term financial plan and capital programme in consultation with the Chief Constable.

The PFCC is also responsible for the scrutiny, support and challenge of overall performance of the force including against the policing priorities to protect Essex and holds the Chief Constable to account for the performance of the force's officers and staff. The PFCC prepares and issues an annual report to the Police Fire and Crime Panel on performance against the objectives set within the Plan.

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The PFCC has wider responsibilities than those relating solely to the police force, namely:

- Delivery of community safety and crime reduction
- Ability to bring together Community Safety Partnerships at the force level
- Allocate crime reduction grants within Essex
- Duty to ensure that all collaboration agreements with other local policing bodies and forces deliver better value for money or enhance the effectiveness of policing capabilities and resilience
- Enhancement of the delivery of criminal justice in their area

The Role of the Chief Constable

The Chief Constable is responsible for and accountable to the PFCC for the delivery of efficient and effective policing and the management of resources and expenditure by the police force. He remains operationally independent in the service of the communities of Essex. The Chief Constable is responsible to the public and accountable to the PFCC for leading the force in a way that is consistent with the attestation made by all constables on appointment and ensuring that it acts with impartiality. He has day to day responsibility for the financial management of the force within the framework of the agreed budget allocation and levels of authorisation issued by the PFCC.

The Chief Constable supports the PFCC in the delivery of the strategy and objectives set out in the Plan, and in planning the force's budget. In agreement with the PFCC the Chief Constable enters collaboration agreements with other Chief Constables, other policing bodies and partners that improve the efficiency or effectiveness of policing.

The respective responsibilities of the PFCC and Chief Constable as corporations sole are brought together in legal and accounting terms to form the 'PFCC Group'.

Our Workforce

Essex Police's Diversity, Equality and Inclusion Strategy 2023-2026 recognises that there is a unique life-enhancing power in genuine equality, greater diversity and dignity for all. One of the objectives within this strategy is to attract, recruit, progress and retain a more diverse workforce that better reflects our communities to improve confidence in Essex Police. In 2021, Essex Police continued with the #FitTheBill police officer recruitment campaign, 'We Value Difference', originally launched in 2020, to attract more diversity into the force. Nationally, policing struggles to attract people who are black, Asian, minority ethnic, LGBTQ, female or who declare other protected characteristics. The 'We Value Difference' campaign tackles diversity and inclusion in its entirety and shows that it is our values (Transparency, Impartiality, Integrity and Public Service) which define us and that these values are what policing is most interested in.

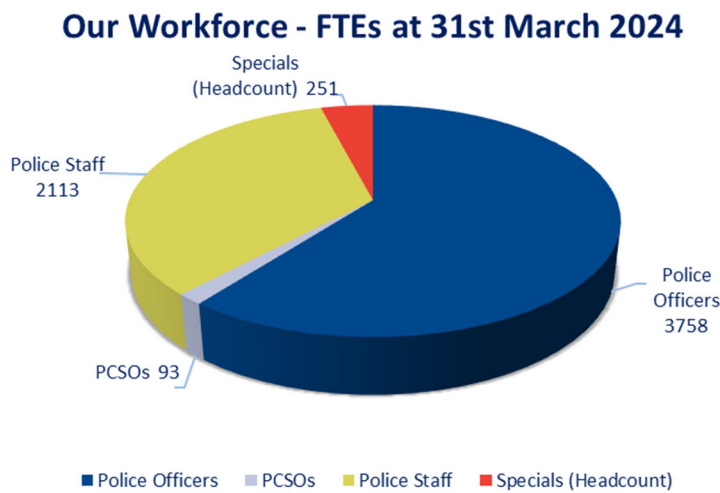


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The campaign is changing the make-up of the force and making it more representative of the communities it services. Application numbers for police officers increased in 2023/24 compared to the previous two years (2,179 applications compared to 2,055 in 2022/23 and 2,099 in 2021/22). With regards to ethnicity, the total proportion of applications from ethnic minority candidates in 2023/24 was 14.78%, which is higher than the previous four financial years. Applications from female candidates, at 39.05% is a marginal reduction compared to the last two years but still remains strong.

During 2023/24 our police officer strength remained stable with 3,758 full-time equivalents (FTE) as at 31st March 2024 compared to 3,743 at 31st March 2023.

The chart below shows the make-up of the workforce for the group as at 31st March 2024:



Essex Police has seen a welcome but rapid period of growth over the last few years as a result of the government’s ambition to recruit an additional 20,000 police officers nationally and reached an establishment of 3,755 in 2022/23. In 2023/24 the establishment of officers remained unchanged. At 3,755 Essex Police is the biggest it has ever been enabling the force to be more effective and efficient. Priorities have shifted to developing the capabilities of the workforce as well as ensuring that there is an effective recruitment pipeline and focus on retention and progression to provide the best service to the public.

In addition to making the most of our own workforce, partnership working and collaboration permeates throughout the force and is fully embedded within both force business planning and delivering services. The force uses a wide variety of different models and approaches to maximise the benefits working in partnership brings. The force collaborates with other forces at a national level, regional and local level and has joint operational and support directorates with Kent Police to maximise efficiency and effectiveness.

Future Trends and Risks

Trends in Crime and the Force’s Long-Term Vision

Despite there being a high demand for policing services, due to both the volume of crime and incidents, and their severity and increasing complexity, in the year to 31st March 2024 there has been a 6.5% decrease with 152,595 offences recorded compared to 163,285 in the previous 12-month period to 31st March 2023.

Prevention remains a key focus of the force building on investment already made during 2019/20 to 2022/23 to strengthen activity to tackle the issues causing the most harm. The force will continue working with partners to deliver against a Crime Prevention Strategy and whole system approach to enable the force to optimise its

Narrative Report

investment. The Force Management Strategy (FMS) aligns existing resources (both financial and people) to unlock additional capacity, capabilities and potential to prevent crime.

Despite the force growing, with its allocation of the additional 20,000 officers nationally and investment from increases in council tax over recent years, Essex Police has a good track record of delivering cash and efficiency savings to maximise the benefit out of every penny. In 2023/24 £12.2m savings were delivered with £10.7m of these recurring annually.

Current and emerging risks and mitigation

The three-year comprehensive spending review provided some certainty over Home Office funding up to 2024/25 which made it easier to consider demand pressures compared to funding levels. One of the challenges the force faces is that it remains the second lowest funded force nationally (funding from grants and council tax), and the ninth lowest in receipt of government grant per head of population. It also has the second lowest spend per head of population. Looking forward into 2025/26 there is uncertainty around the level of Home Office funding that will be received for policing, particularly in light of a general election being expected before the end of 2024.

The legacy detrimental impact of COVID-19 on government finances along with increases in inflation over recent years, driven by both domestic and global factors, has impacted the costs of supplies and services, and this is resulting in significant funding challenges to Essex Police and partners with the potential withdrawal of non-statutory services and these challenges are likely to continue to impact public services for some years to come.

The mitigation to these funding challenges will be the continuation of the work to review services and drive out efficiencies and cashable savings including deliver of an ambitious savings programme for 2024/25 of £11.302m.

In addition to the risks around future funding and increasing costs of services, the following are strategic risks that the force and the PFCC is currently facing which are likely or almost certain to have a major impact:

- **Improvement in the support of victims of crime** – If not achieved public confidence will reduce, increasing harm to victims with the potential for more crime incidents and victims and families become disillusioned with police and the wider criminal justice system.
- **Prevention of business crime, fraud and cyber crime** – Levels of fraud and exploitation, especially of vulnerable people within the community continues to grow, increases in levels of unreported criminality and the business community suffering financially leading to lower levels of economic activity across Essex and increased deprivation and levels of crime.
- **Reduction in violence against women and girls** – If not achieved public confidence will reduce, increasing harm to victims including the potential for more homicides or serious sexual assaults and victims and families become disillusioned with police and the wider criminal justice system.

Strategic risks and associated mitigating actions are reviewed regularly by the force, the PFCC and Joint Audit Committee.

Statement of Responsibilities

Statement of Responsibilities

Statement of Responsibilities for the Statement of Accounts for the PFCC for Essex and the PFCC for Essex Group

The Commissioner's responsibilities

The Commissioner is required:

- To make arrangements for the proper administration of his financial affairs and to ensure that one of his officers (the Chief Financial Officer to the Police, Fire & Crime Commissioner) has the responsibility for the administration of those affairs
- To manage his affairs to secure economic, efficient and effective use of resources and safeguard its assets
- To approve the audited Statement of Accounts

Completion of the Approval Process by the PFCC for Essex

I approve these Statement of Accounts

Roger Hirst
Police, Fire and Crime Commissioner
xxxxxx 2024

The Chief Financial Officer to the PFCC's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Commissioner's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in The United Kingdom ('The Code of Practice'). In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code of Practice

The Chief Finance Officer has also:

- Ensured that proper accounting records are kept which are up to date and compliant
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the Statement of Accounts have been prepared in accordance with proper accounting practices and provide a true and fair view of the financial position of the Commissioner at 31st March 2024 and its income and expenditure for the year then ended.



Janet Perry FCCA ACMA CGMA
Chief Financial Officer to the PFCC
28th June 2024

Independent Auditors Report

Independent Auditor's Report

Independent Auditor's Report

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Statement of Accounts 2023/24

Introduction

Introduction

The Statement of Accounts consists of the following sections:

Core Financial Statements

These comprise:

- **Comprehensive Income and Expenditure Statements (CIES)** - these show the accounting cost in the year to the Police, Fire and Crime Commissioner for Essex Group and the Police, Fire and Crime Commissioner for Essex (referred to hereafter as the PFCC and PFCC Group) of providing services rather than the amount to be funded from taxation. This distinction is very important in interpreting the accounts. The PFCC sets a precept (i.e. the police share of council tax) to cover expenditure classified in accordance with regulations and this will be very different to the accounting cost
- **Balance Sheet** - this sets out the assets and liabilities of the PFCC and the PFCC Group as at 31st March 2024. Net assets of the PFCC (assets less liabilities) are matched by reserves held. Reserves are reported in two categories:
 - Usable reserves** – these are reserves that the PFCC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. For example, capital reserves can only be applied to fund capital expenditure or to repay debt and not to fund revenue expenditure
 - Unusable reserves** - hold unrealised gains and losses such as those arising from revaluations
- **Movement in Reserves Statements** - this shows the movement in the year on the different reserves held by the PFCC and the Group. The net increase/decrease before transfers to earmarked reserves line shows the statutory General Reserve balance before any discretionary transfers to or from earmarked reserves undertaken by the PFCC
- **Cash Flow Statement** – this summarises the inflows and outflows of cash with third parties. The statement shows how the PFCC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the PFCC are funded by way of taxation and grant income or from recipients of the services provided by the PFCC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PFCC's future service delivery

Notes to the Financial Statements

These comprise an index of notes and a detailed analysis of the summarised financial information in the Core Financial Statements. These also set out the accounting policies adopted by the PFCC, which explain the basis on which the PFCC's financial transactions are presented. One of the key notes is the **Expenditure and Funding Analysis** which provides a reconciliation between the cost of providing services, chargeable to the General Reserve, and the accounting cost of providing services in the year.

Glossary of Terms

This explains the technical accounting and financial terms used in this document.

Statement of Accounts – Financial Statements

Comprehensive Income and Expenditure Statement – PFCC Group

For the years ended 31st March 2023 and 31st March 2024

This statement shows the full cost in the year of providing policing services rather than the amount to be funded from taxation. It includes liabilities such as pensions and employee benefits where there is a neutral impact upon the amounts funded from council tax. As an example, the actual cost of police staff pay and allowances under the funding basis was £99.561m in 2023/24 compared to £93.497m in 2022/23 (an increase of £6.064m). This compares to the same figures under the accounting basis (as per the table below) showing a £14.273m decrease, with £19.482m of additional employee benefit costs in 2022/23 contributing to the net reduction over the two years. For further details please refer to the Expenditure and Funding Analysis in note 9.

	2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000	2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000
<i>Employees</i>						
Police officer pay and allowances	262,975	-	262,975	227,403	-	227,403
PCSO pay and allowances	3,455	-	3,455	3,716	-	3,716
Police staff pay and allowances	112,799	-	112,799	98,526	-	98,526
Ill-health/medical pensions	4,735	-	4,735	4,024	-	4,024
Training	1,926	-	1,926	1,997	-	1,997
Other employee expenses	803	-	803	1,171	-	1,171
	386,693	-	386,693	336,837	-	336,837
<i>Other service expenditure</i>						
Premises	12,564	-	12,564	16,094	-	16,094
Transport	8,875	-	8,875	8,699	-	8,699
Other service expenditure	48,590	-	48,590	53,999	-	53,999
Third party payments	10,182	-	10,182	7,976	-	7,976
	80,210	-	80,210	86,768	-	86,768
<i>Income</i>						
Fees charges and other service income	-	(17,355)	(17,355)	-	(19,290)	(19,290)
Government grants and contributions	-	(33,287)	(33,287)	-	(44,100)	(44,100)
	-	(50,642)	(50,642)	-	(63,390)	(63,390)
Provision of Police Services - PFCC Group	466,904	(50,642)	416,262	423,605	(63,390)	360,215
(Gain)/loss on the disposal of non current assets	-	127	127	108	-	108
Other Operating Expenditure	-	127	127	108	-	108
Net interest on the defined benefit pensions liability						
- Police officers	84,805	-	84,805	104,273	-	104,273
- Police staff	4,855	-	4,855	-	(310)	(310)
Net interest (receivable)/payable	-	(417)	(417)	-	(1,195)	(1,195)
Financing and Investment Income and Expenditure	89,660	(417)	89,243	104,273	(1,505)	102,768
Police grant	-	(126,537)	(126,537)	-	(126,976)	(126,976)
Formula funding	-	(66,987)	(66,987)	-	(67,220)	(67,220)
Council tax precept	-	(146,600)	(146,600)	-	(155,741)	(155,741)
Council tax support grant	-	(10,992)	(10,992)	-	(10,992)	(10,992)
Council tax freeze grant	-	(2,133)	(2,133)	-	(2,133)	(2,133)
Pensions top up grant	-	(29,527)	(29,527)	-	(29,579)	(29,579)
Taxation and Non-Specific Grant Income	-	(382,776)	(382,776)	-	(392,641)	(392,641)
(Surplus)/Deficit on Provision of Police Services - PFCC Group	556,565	(433,710)	122,855	527,986	(457,536)	70,450
Other Comprehensive Income and Expenditure						
(Surplus)/deficit on revaluation of fixed assets	-	(2,031)	(2,031)	-	(382)	(382)
Remeasurement of the net defined benefit liability						
- Police officers	(1,183,783)	-	(1,183,783)	70,451	-	70,451
- Police staff	(305,867)	-	(305,867)	-	(57,943)	(57,943)
Adjustment for IFRIC 14 asset ceiling						
- Police Staff	88,814	-	88,814	61,602	-	61,602
	(1,400,836)	(2,031)	(1,402,867)	132,053	(58,325)	73,728
Total Comprehensive Income and Expenditure	(844,271)	(435,741)	(1,280,012)	660,039	(515,861)	144,178

Statement of Accounts – Financial Statements

Comprehensive Income and Expenditure Statement – PFCC

For the years ended 31st March 2023 and 31st March 2024

The group's account shows the full cost in the year of providing policing services rather than the amount funded from taxation. This means that it includes liabilities such as pensions and employee benefits where there is a neutral impact upon the amounts funded from council tax. The PFCC's account does not include direct pay costs for police officers, PCSOs, staff (other than those employed by the PFCC), or seconded officers and mutual aid. These costs are reported in the Chief Constable's Statement of Accounts and Group Comprehensive Income and Expenditure Statement (CIES).

The figures below include all transactions incurred in the provision of police services, relating to any contractual arrangements, with the exception of contracts of employment, which fall under the Chief Constable e.g. they do not represent the running costs of the PFCC. For example, the actual cost of PFCC staff under the funding basis was £1.747m in 2023/24. The rest of the CIES balance (£0.467m) mostly relates to agency/contractual costs for the wider force. In addition, the £1.954m training costs in 2023/24 relate to contractual training for all police officers and staff.

	2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000	2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000
<i>Employees</i>						
Police staff pay and allowances	2,515	-	2,515	2,214	-	2,214
Training	1,906	-	1,906	1,954	-	1,954
Other employee expenses	667	-	667	422	-	422
	5,087	-	5,087	4,590	-	4,590
<i>Other service expenditure</i>						
Premises	12,564	-	12,564	16,094	-	16,094
Transport	7,527	-	7,527	7,008	-	7,008
Supplies & Services	47,591	-	47,591	53,175	-	53,175
Third party payments	6,994	-	6,994	7,553	-	7,553
	74,676	-	74,676	83,830	-	83,830
<i>Income</i>						
Fees charges and other service income	-	(17,355)	(17,355)	-	(19,290)	(19,290)
Government grants and contributions	-	(33,287)	(33,287)	-	(44,100)	(44,100)
	-	(50,642)	(50,642)	-	(63,390)	(63,390)
Provision of Police Services - PFCC (before Intra-Group Funding)	79,763	(50,642)	29,122	88,420	(63,390)	25,030
Intra Group Funding for Chief Constable's Net Service Cost	358,251	-	358,251	377,687	-	377,687
Net Cost of Provision of Police Services - PFCC	438,014	(50,642)	387,372	466,107	(63,390)	402,717
(Gain)/loss on the disposal of non current assets	-	127	127	108	-	108
Other Operating Expenditure	-	127	127	108	-	108
Net interest on the defined benefit pensions liability						
- Police staff	50	-	50	-	(6)	(6)
Net interest (receivable)/payable	-	(417)	(417)	-	(1,195)	(1,195)
Financing and Investment Income and Expenditure	50	(417)	(367)	-	(1,201)	(1,201)
Police grant	-	(126,537)	(126,537)	-	(126,976)	(126,976)
Formula funding	-	(66,987)	(66,987)	-	(67,220)	(67,220)
Council tax	-	(146,600)	(146,600)	-	(155,741)	(155,741)
Council tax support grant	-	(10,992)	(10,992)	-	(10,992)	(10,992)
Council tax freeze grant	-	(2,133)	(2,133)	-	(2,133)	(2,133)
Pensions top up grant	-	(29,527)	(29,527)	-	(29,579)	(29,579)
Taxation and Non-Specific Grant Income	-	(382,776)	(382,776)	-	(392,641)	(392,641)
(Surplus)/Deficit on Provision of Police Services - PFCC	438,064	(433,709)	4,355	466,215	(457,232)	8,983
Other Comprehensive Income and Expenditure						
(Surplus)/deficit on revaluation of fixed assets	-	(2,031)	(2,031)	-	(382)	(382)
Remeasurement of the net defined benefit liability						
- Police staff	(3,116)	-	(3,116)	-	(489)	(489)
Adjustment for IFRIC 14 asset ceiling						
- Police Staff	809	-	809	568	-	568
	(2,307)	(2,031)	(4,338)	568	(871)	(303)
Total Comprehensive Income and Expenditure	435,757	(435,740)	17	466,783	(458,103)	8,680

Statement of Accounts – Financial Statements

Balance Sheet - PFCC Group and PFCC

For the years ended 31st March 2023 and 31st March 2024

The Balance Sheet shows the value of the assets and liabilities recognised by the PFCC. The net liabilities of the PFCC are matched by the reserves held by the PFCC.

Note	2022/23		2023/24	
	31st March 2023		31st March 2024	
	PFCC £000	Group £000	PFCC £000	Group £000
Non current assets				
19 Property, plant & equipment	107,448	107,448	110,575	110,575
20 Intangible assets	747	747	526	526
23 Long term debtors	23	23	23	23
Non current assets total	108,218	108,218	111,124	111,124
Current assets				
22 Inventories	1,261	1,261	1,575	1,575
23 Short term debtors	48,672	48,672	47,337	47,337
25 Cash and cash equivalents	970	970	-	-
26 Assets held for sale	3,016	3,016	3,075	3,075
Current assets total	53,919	53,919	51,987	51,987
Current liabilities				
27 Cash and cash equivalents	-	-	(633)	(633)
28 Short term borrowing	-	-	(5,194)	(5,194)
29 Short term creditors	(32,531)	(35,650)	(35,488)	(39,365)
30 Provisions	(3,391)	(3,391)	(4,233)	(4,233)
Current liabilities total	(35,922)	(39,041)	(45,548)	(49,425)
Non current liabilities				
45 Pensions liabilities - Police officers	-	(2,209,838)	-	(2,342,382)
45 Pensions liabilities - Police staff	-	(1,023)	(29)	(3,248)
Non current liabilities total	-	(2,210,861)	(29)	(2,345,630)
Net assets/(liabilities)	126,215	(2,087,765)	117,534	(2,231,944)
Usable reserves				
37 General Reserve	(13,394)	(13,394)	(12,622)	(12,622)
37 Earmarked revenue reserves	(15,501)	(15,501)	(14,704)	(14,704)
38 Capital Receipts Reserve	-	-	-	-
Usable reserves total	(28,895)	(28,895)	(27,327)	(27,327)
Unusable reserves				
Revaluation Reserve	(17,951)	(17,951)	(17,909)	(17,909)
Capital Adjustment Account	(76,231)	(76,231)	(69,712)	(69,712)
Pensions Reserve - Police officers	-	2,209,838	-	2,342,382
Pensions Reserve - Police staff	-	1,023	29	3,248
Collection Fund Adjustment Account	(3,169)	(3,169)	(2,668)	(2,668)
Accumulated Absences Account	31	3,150	53	3,930
Unusable reserves total	(97,319)	2,116,661	(90,208)	2,259,271
Total Reserves	(126,215)	2,087,765	(117,534)	2,231,944

I certify that the Statement of Accounts give a true and fair view of the financial position of the PFCC/Group and its income and expenditure for the year ended 31st March 2024.



Janet Perry FCCA ACMA CGMA, Chief Financial Officer to the PFCC, 28th June 2024

Statement of Accounts – Financial Statements

Cash Flow Statements

For the years ended 31st March 2023 and 31st March 2024

The cash flow statements show the changes in cash and cash equivalents of the PFCC and the PFCC Group during the reporting period. These statements have been prepared using the indirect method in accordance with the accounting standard IAS 7 Statement of Cash Flows.

The cash flow statements show how the PFCC generates and uses cash and cash equivalents (liquid investments) by classifying cash flows as operating, financing and investing activities:

- The amount of net cash flows arising from operating activities is a key indicator of the extent to which the PFCC and PFCC Group are funded by taxation and grant income, or from the recipients of services provided
- Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PFCC and the PFCC Group's future service delivery
- Cash flows arising from financing activities are useful in estimating future demand on cash flows by providers of capital (such as borrowing or lease commitments) to the PFCC and PFCC Group

The cash flow statement for the PFCC Group also highlights the continued need for cash to enable investment in non-current assets that are partly financed from operating activities, as well as operating policing demands.

Cash Flow Statement for PFCC Group

Note	2022/23 Group £000	2023/24 Group £000
Net (Surplus)/Deficit on the Provision of Services:-	122,855	70,450
32 Adjustment to (surplus)/deficit on the provision of services for non-cash movements	(118,180)	(78,278)
32 Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	(9,329)	1,864
32 Net cash flows from operating activities	(4,654)	(5,964)
33 Net cash flows from investing activities	7,901	12,761
34 Net cash flows from financing activities	-	(5,194)
Net (increase)/decrease in cash and cash equivalents	3,248	1,603
Cash and cash equivalents at the beginning of the reporting period	4,218	970
Cash and cash equivalents at the end of the reporting period	970	(633)
Movement in cash equivalents	(3,248)	(1,603)

Cash Flow Statement for PFCC

Note	2022/23 PFCC £000	2023/24 PFCC £000
Net (Surplus)/Deficit on the Provision of Services	4,355	8,983
32 Adjustment to (surplus)/deficit on the provision of services for non-cash movements	320	(16,811)
32 Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	(9,329)	1,864
32 Net cash flows from operating activities	(4,654)	(5,964)
33 Net cash flows from investing activities	7,901	12,761
34 Net cash flows from financing activities	-	(5,194)
Net (increase)/decrease in cash and cash equivalents	3,248	1,603
Cash and cash equivalents at the beginning of the reporting period	4,218	970
Cash and cash equivalents at the end of the reporting period	970	(633)
Movement in cash equivalents	(3,248)	(1,603)

Statement of Accounts – Financial Statements

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the PFCC Group, analysed into 'usable reserves' and 'unusable reserves'. The Balance Sheet provides a split of what is included within each of these headings.

The (Surplus)/Deficit on the Provision of Services line shows the true economic cost of providing policing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Reserve for council tax setting purposes. The (increase)/decrease before the 'Transfers to Usable Reserves' line shows the General Reserve balance before any discretionary transfers to or from earmarked reserves.

Movement in Reserves Statement – PFCC Group

For the year ended 31st March 2023

	2022/23 Group Usable Reserves			Capital Receipts	Total Usable	Total Unusable	Total Reserves
	General	Earmarked	Total General & Earmarked Reserves				
	£000	£000	£000	£000	£000	£000	£000
Balance at 1st April 2022	(14,818)	(17,107)	(31,925)	(927)	(32,852)	3,400,629	3,367,776
(Surplus)/deficit on provision of services (accounting basis)	122,855	-	122,855	-	122,855	-	122,855
Other Comprehensive Income and Expenditure	-	-	-	-	-	(1,402,867)	(1,402,867)
Total Comprehensive Income and Expenditure	122,855	-	122,855	-	122,855	(1,402,867)	(1,280,012)
Adjustments between accounting basis and funding basis under regulations	(119,825)	-	(119,825)	927	(118,898)	118,898	-
Net (Increase)/Decrease before Transfers to Usable Reserves	3,030	-	3,030	927	3,957	(1,283,969)	(1,280,012)
Transfers (to)/from Usable Reserves	(1,606)	1,606	-	-	-	-	-
(Increase)/Decrease in year	1,424	1,606	3,030	927	3,957	(1,283,969)	(1,280,012)
Balance at 31st March 2023	(13,394)	(15,501)	(28,895)	-	(28,895)	2,116,661	2,087,765

Movement in Reserves Statement – PFCC Group

For the year ended 31st March 2024

	2023/24 Group Usable Reserves			Capital Receipts	Total Usable	Total Unusable	Total Reserves
	General	Earmarked	Total General & Earmarked Reserves				
	£000	£000	£000	£000	£000	£000	£000
Balance at 1st April 2023	(13,394)	(15,501)	(28,895)	-	(28,895)	2,116,661	2,087,765
(Surplus)/deficit on provision of services (accounting basis)	70,450	-	70,450	-	70,450	-	70,450
Other Comprehensive Income and Expenditure	-	-	-	-	-	73,728	73,728
Total Comprehensive Income and Expenditure	70,450	-	70,450	-	70,450	73,728	144,178
Adjustments between accounting basis and funding basis under regulations	(68,881)	-	(68,881)	-	(68,881)	68,881	-
Net (Increase)/Decrease before Transfers to Usable Reserves	1,569	-	1,569	-	1,569	142,609	144,178
Transfers (to)/from Usable Reserves	(797)	797	-	-	-	-	-
(Increase)/Decrease in year	772	797	1,569	-	1,568	142,609	144,178
Balance at 31st March 2024	(12,622)	(14,704)	(27,327)	-	(27,327)	2,259,271	2,231,944

Statement of Accounts – Financial Statements

Movement in Reserves Statement – PFCC

For the year ended 31st March 2023

	2022/23 PFCC Usable Reserves			Capital Receipts	Total Usable	Total Unusable	Total Reserves
	General	Earmarked	Total General & Earmarked Reserves				
	£000	£000	£000	£000	£000	£000	£000
Balance at 1st April 2022	(14,818)	(17,107)	(31,925)	(927)	(32,852)	(93,381)	(126,233)
(Surplus)/deficit on provision of services (accounting basis)	4,355	-	4,355	-	4,355	-	4,355
Other Comprehensive Income and Expenditure	-	-	-	-	-	(4,338)	(4,338)
Total Comprehensive Income and Expenditure	4,355	-	4,355	-	4,355	(4,338)	17
Adjustments between accounting basis and funding basis under regulations	(1,326)	-	(1,326)	927	(399)	399	-
Net (Increase)/Decrease before Transfers to Usable Reserves	3,030	-	3,030	927	3,956	(3,939)	17
Transfers (to)/from Usable Reserves	(1,606)	1,606	-	-	-	-	-
(Increase)/Decrease in year	1,424	1,606	3,030	927	3,956	(3,939)	17
Balance at 31st March 2023	(13,394)	(15,501)	(28,895)	-	(28,895)	(97,319)	(126,215)

Movement in Reserves Statement – PFCC

For the year ended 31st March 2024

	2023/24 PFCC Usable Reserves			Capital Receipts	Total Usable	Total Unusable	Total Reserves
	General	Earmarked	Total General & Earmarked Reserves				
	£000	£000	£000	£000	£000	£000	£000
Balance at 1st April 2023	(13,394)	(15,501)	(28,895)	-	(28,895)	(97,319)	(126,214)
(Surplus)/deficit on provision of services (accounting basis)	8,983	-	8,983	-	8,983	-	8,983
Other Comprehensive Income and Expenditure	-	-	-	-	-	(303)	(303)
Total Comprehensive Income and Expenditure	8,983	-	8,983	-	8,983	(303)	8,680
Adjustments between accounting basis and funding basis under regulations	(7,414)	-	(7,414)	-	(7,414)	7,414	-
Net (Increase)/Decrease before Transfers to Usable Reserves	1,569	-	1,569	-	1,569	7,111	8,680
Transfers (to)/from Usable Reserves	(797)	797	-	-	-	-	-
(Increase)/Decrease in year	772	797	1,569	-	1,569	7,111	8,680
Balance at 31st March 2024	(12,622)	(14,704)	(27,327)	-	(27,327)	(90,207)	(117,534)

Statement of Accounts – Notes to the Financial Statements

Introduction

This section contains notes which are intended to aid interpretation of the financial statements (as set out on page 47 to 53) and provide further information on the financial performance of the Police, Fire and Crime Commissioner and the Police, Fire and Crime Commissioner Group during 2023/24. The notes set out within this section are as follows:

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Statement of Accounts – Notes to the Financial Statements

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Statement of Accounts – Notes to the Financial Statements

1. Creation of Police, Fire & Crime Commissioner and Chief Constable Single Entities

Introduction

Following the Police Reform and Social Responsibility Act 2011 (The Act) Essex Police Authority was replaced on 22nd November 2012 with two 'corporation sole' bodies, the Police and Crime Commissioner (PCC) and the Chief Constable. It was the Government's intention that the reforms under the Act were phased in over a period of several years. On the 1st October 2017 the Police & Crime Commissioner became the first PCC in the country to receive approval from the Home Secretary to take on the governance of the fire and rescue service in addition to his existing role with the police service. This change was approved after submitting a detailed business case to the Home Office after a period of local consultation. The name of the PCC is now the Police, Fire and Crime Commissioner (PFCC).

Accounting Principles

The accounting recognition of assets, liabilities and reserves during the first period of transition, reflected the powers and responsibilities of the PCC as designated by the Act and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2012. This accounting relationship is also underpinned by the relationships as defined by local regulations, local agreement and practice. On 22nd November 2012, the assets, liabilities and reserves of the Police Authority were transferred directly to the PCC and during the first phase of transition remained under the PCC's control.

Revised legislation came into effect on 1st April 2013 granting the Chief Constable the same status as local authorities under Sections 21 and 22 of the Local Government Act 2003. This enables the Chief Constable to apply the statutory override for employee benefits, which means that the Chief Constable must take responsibility for the cost of employing officers, PCSO and staff.

A second stage transfer took place on 1st April 2014 and all staff, except those employed by the Office of the PCC, transferred to the corporation sole of Chief Constable.

The powers and responsibilities of the PFCC were updated by the Home Office in July 2018 as set out in the Revised Financial Management Code of Practice (for the Police Forces of England and Wales).

All payments for the Group are made by the PFCC from the police fund and all income and funding is received by the PFCC. The PFCC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

The Chief Constable and PFCC have recognised the expenditure and income associated with day-to-day direction and control and the PFCC's funding to support the Chief Constable in the Chief Constable's Accounts, with the main sources of funding (i.e. central government grants and council tax) and the majority of balances being shown in the PFCC's accounts. Transactions in respect of operational police officer and staff costs, and transfer liabilities to the Chief Constable's Balance Sheet for employment and post-employment benefits are also recognised in the Chief Constable's Comprehensive Income and Expenditure Statement (CIES) in accordance with International Accounting Standard 19 (IAS 19).

The rationale behind transferring the liability for employment benefits is that IAS 19 states that the employment liabilities should follow employment costs. Because employment costs are shown in the Chief Constable CIES, on the grounds that the Chief Constable is exercising day-to-day direction and control over police officers and police staff, it follows that the employment liabilities are therefore shown in the Chief Constable Balance Sheet.

Statement of Accounts – Notes to the Financial Statements

2. Summary of Significant Accounting Policies

These are categorised as follows:

Policies applying to the PFCC Group

- 2.1 General Principles
- 2.2 Accruals of Income and Expenditure
- 2.3 Overhead and Support Services
- 2.4 Employee Benefits
- 2.5 Prior Period Adjustments, Changes in Accounting Policy, and Estimates & Errors
- 2.6 Revenue Recognition
- 2.7 Events after the Reporting Period
- 2.8 Retirement Benefits – Police Staff
- 2.9 Retirement Benefits – Police Officers
- 2.10 Contingent Assets and Liabilities

2.1 General Principles

The Statement of Accounts summarises the PFCC's and the Chief Constable's financial transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024. Essex Police is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and this requires the preparation to be in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom, supported by International Financial Reporting Standards (IFRS) and statutory guidance, issued under Section 12 of the 2003 Act.

The accounts have been prepared on a going concern basis principally using an historic cost convention, modified to account for the revaluation of certain categories of non-current assets, and financial instruments.

2.2 Accruals of Income and Expenditure

Activity is accounted for in the year in which it takes place, not simply when cash payments are made or received. In particular:

- Supplies and services are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet
- In accordance with IFRS 15, revenue from contracts with customers is recognised when goods and/or services are transferred to the service recipient in accordance with the performance obligations specified in the contract
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected
- The PFCC Group generally adopts a minimum accruals threshold of £5,000 for each of its year-end entries

Statement of Accounts – Notes to the Financial Statements

2.3 Overhead and Support Services

The costs of overhead and support services are included within the subjective analysis of income and expenditure analysis shown in the Comprehensive Income & Expenditure Statement (CIES), in accordance with the CIPFA Code of Practice. The CIES follows the requirement to report in accordance with the format used by management to make strategic decisions.

2.4 Employee Benefits

Short Term Benefits

Short-term benefits are those due to be settled within twelve months of the year end. They include such benefits as salaries, allowances, paid annual leave and paid sick leave, and they are recognised as an expense for services in the year in which police officers and police staff provide service to the PFCC.

The PFCC recognises liabilities at the Balance Sheet date in respect of the following benefits:

- Outstanding annual leave entitlements
- Time off in lieu (TOIL)

These are measured at the average pay rate per grade of police officer/police staff member.

The initial accruals at the IFRS adoption date are recognised on the Balance Sheet in the Short-Term Accumulated Absences Account (liabilities), matched by a corresponding balance in the Accumulated Absences Account (unusable reserves).

Subsequent increases and decreases in these liabilities are recognised as a charge or credit to the CIES, which are then reversed out through the Movement in Reserves Statement to ensure that there is no impact upon the General Reserve and the amount chargeable to council taxpayers. Within the Balance Sheet there is a corresponding increase or decrease in the Short-Term Accumulated Absences Account and the Accumulated Absences Reserve.

Long Term Benefits

The PFCC recognises liabilities at the Balance Sheet date in respect of long-term disability benefits (i.e. injury and ill health award) for police officers.

The Commissioner regards the measurement of long-term disability benefits as being subject to the same degree of uncertainty as the measurement of other post-employment benefits.

These benefits are therefore accounted for in the same way as defined post-employment benefits, i.e. as actuarial gains and losses, through the Police Officer Pension Scheme liability account and the Pension Reserve (for police officers). An allowance of 3% has been included in the value of the active liabilities and current service cost as an allowance for future injury awards.

Statement of Accounts – Notes to the Financial Statements

2.5 Prior Period Adjustments, Changes in Accounting Policy and Estimates & Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events, and conditions on the PFCC's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

2.6 Revenue Recognition

The PFCC recognises revenue in accordance with IFRS 15 Revenue from Contracts with Customers. This approach applies when the customer is deemed to be a service recipient, a party that has contracted with the PFCC to obtain goods or services resulting from the PFCC's normal operating activities in exchange for consideration.

Any revenue received from such contracts is measured by the PFCC at the fair value of the consideration received or receivable by the service recipient, with recognition fully realised when goods or services have been fully delivered, or in the example of contracts, where key milestones have been reached based on pre-agreed performance criteria between the PFCC and the service recipient.

Consideration received in advance is recognised as deferred revenue in the Balance Sheet and released as income is earned, in accordance with IFRS 15. Interest income is accrued by reference to the principal amount outstanding, and at the interest rate applicable.

Non-exchange transactions are outside of the scope of IFRS 15 in respect of performance-based criteria needing to be fulfilled by the PFCC before any associated revenue is recognised.

2.7 Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- a) Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- b) Those that are an indication of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial impact

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Statement of Accounts – Notes to the Financial Statements

2.8 Retirement Benefits - Police Staff

Police Staff (including Police Community Support Officers) are eligible to join the Local Government Pension Scheme (LGPS). This is also a defined benefits scheme administered by Essex County Council. The scheme is funded, meaning that there are investment assets built up to meet future pension liabilities.

The Scheme is accounted for as follows:

- The liabilities of the LGPS are included in the Balance Sheet on an actuarial basis using the projected unit method. This is an assessment of the future payments that will be made in relation to retirement benefits, based on the same set of assumptions as identified for police officers
- Liabilities are discounted to their value at current prices, based on the market yields at the reporting date on high quality corporate bonds
- The assets of the Fund are included in the Balance Sheet as follows:
 - Quoted securities are included at realisable values (i.e. current bid price)
 - All other assets are included at fair value
- The change in the net pension liability is analysed into the following components:
 - Current service cost: the increase in liabilities as a result of years of retirement benefits earned this year - charged to the CIES
 - Past service cost (gain): the increase (decrease) in liabilities from current year decisions, the effect of which relate to retirement benefits earned in previous years - charged (credited) to the CIES
 - Interest cost: the expected increase in the present value of liabilities during the year as they move one year closer to being paid - charged to the Financing and Investment Income and Expenditure line in the CIES
 - Remeasurements comprising the expected return on plan assets: the annual investment return on the fund assets based on an average of the expected long-term return debited/credited to Net Operating Expenditure in the CIES
 - Gains/losses on settlement and curtailments: the result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees - charged to the CIES
 - Actuarial gains and losses: changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to Other Comprehensive Income and Expenditure in the CIES
 - Contributions paid to the Essex County Council Pension Fund: cash paid as employer's contributions to the pension fund

Statutory provisions limit the PFCC to raising council tax to cover the amounts payable by the PFCC to the pension fund in the year. In the Movement in Reserves Statement therefore, appropriations to and from the Pensions Reserve remove the notional debits and credits for retirement benefits and replace them with charges for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

Statement of Accounts – Notes to the Financial Statements

2.9 Retirement Benefits - Police Officers

There are three Police Officer Pension Schemes, these are defined benefit schemes, administered by Essex County Council on behalf of the Chief Constable who is the Scheme Manager. The schemes are unfunded, meaning that there are no investment assets built up to meet pensions liabilities:

- Police Officers in service on or before 31st March 2006 were admitted to the **1987 Police Pensions Scheme**
- Police Officers in service between 1st April 2006 and 31st March 2015 were admitted to the **2006 Police Pension Scheme**
- Police Officers in service on or after the 1st April 2015 are admitted to the **2015 Police Pension Scheme** also known as the ' **CARE**' (**Career Average Revalued Earnings**) scheme

The Police Pension Scheme 1987 and 2006 are being phased out. Following the cessation of transitional and tapered protections from 1st April 2022, all active officers within these schemes were transferred to the 2015 CARE scheme. Officers who were previously within one of these schemes remain entitled to retirement benefits under their legacy scheme (for the applicable period they were in that scheme) as a result of the McCloud/Sargeant remedy which was implemented in October 2023.

More detail on each of the schemes can be found in the Police Pension Fund Account section on page 140 and an explanation regarding the McCloud/Sargeant judgements and remedy is included in note 45 to the accounts.

The expenditure and income in respect of these schemes are accounted for in the Police Pensions Fund Account with the exception of injury and some ill health retirement payments which are charged to the CIES. The Pensions Top Up Grant, receivable by the Fund, is initially credited to the CIES, and then transferred to the Police Pensions Fund Account via the Movement in Reserves Statement.

The liability for future payments that will be made in relation to retirement benefits has been assessed by the Scheme's actuaries based on assumptions about mortality rates, employee turnover rates, and projections of future earnings for current employees.

The cost of future retirement benefits when they are earned by serving police officers are recognised in the CIES in accordance with IAS 19, Accounting for Retirement Benefits, and therefore form part of the Net Deficit for the Year. They are subsequently reversed out in the Movement in Reserves Statement.

Police Pension Reserve

From 1st April 2013 the Police Reform and Social Responsibility Act 2011 (Transitional Provision) Order 2013 enables the Police Officer Pension Reserve to be classified as unusable.

2.10 Contingent Assets and Liabilities

The Group recognises material contingent assets and liabilities which arise from past events whose existence can only be confirmed by the occurrence of one of more uncertain future events, which are not wholly within the Group's control. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Statement of Accounts – Notes to the Financial Statements

Policies applying to the PFCC

2.11	Income
2.12	Council Tax Income
2.13	Reserves
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2.15	Value Added Tax
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2.20	Donated Assets
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2.24	Cash and Cash Equivalents

2.11 Income

The PFCC is the recipient of all funding, including government grants, precept and other sources of income, related to policing and crime reduction and funding for the Chief Constable is via the PFCC. The PFCC is responsible for allocating this funding in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.

2.12 Council Tax Income

The PFCC raises council tax income by precepting upon the fourteen district, borough and unitary councils in Essex. In their capacity as billing authorities, these councils are regarded as acting as agents for the PFCC. Each billing authority credits the council tax income that it collects to its Collection Fund and pays to the PFCC the precept or demand for the year, plus or less the PFCC's share of the surplus or deficit on the Collection Fund for the previous year.

The PFCC is required to include in its CIES its share of the accrued council tax income of each billing authority, i.e. the PFCC's precept upon the billing authority plus or less its share of council tax debtors and creditors.

Council tax income is accounted for in the PFCC's financial statements as follows:

Comprehensive Income & Expenditure Statement (CIES) and Movement in Reserves Statement

The accrued council tax income is credited to the CIES. In order that there is a neutral impact upon the General Reserve, the difference between the accrued council tax income and the amount to be credited to the General Reserve under statute is transferred to the Collection Fund Adjustment Account via an adjusting item in the Movement in Reserves Statement.

Balance Sheet

The PFCC's share of each billing authority's council tax debtor and creditor balances and impairment allowance for doubtful debts is recognised in the Balance Sheet.

The council tax income adjustment on the Movement in Reserves Statement is taken to the Collection Fund Adjustment Account.

Statement of Accounts – Notes to the Financial Statements

2.13 Reserves

The PFCC maintains a General Reserve to cover contingencies and manage cash flows, and earmarked reserves representing funds set aside for specific purposes. Reserves are created by appropriating amounts in the Movements in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the CIES and the reserve is then appropriated back into the Movements in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are held to manage the accounting processes for tangible non-current assets and retirement benefits, which do not represent usable resources for the PFCC. These reserves are explained in the relevant policies.

2.14 Provisions

The PFCC accounts for provisions in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

A provision shall be recognised when:

- the PFCC has a present obligation (legal or constructive) as a result of a past event
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation

If the above conditions are not met, no provision shall be recognised.

Should the above criteria be recognised, provisions are charged to the CIES in the year that the PFCC becomes aware of the obligation, based on the best estimate of the likely settlement value. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year, and where it becomes more likely that a payment will not now be required, or a lower settlement than anticipated will be made, the provision is reversed and credited back to the CIES.

When some, or all, of the payment required to settle a provision is expected to be met by a third party, only the element of the provision attributable to the PFCC is recognised in the CIES (with the income element netted off). However, the element representing the reimbursed income from the third party is only recognised if it is absolutely certain that this will be received when the obligation is settled.

2.15 Value Added Tax

Apart from the exceptions noted in the paragraph below, the CIES excludes all amounts relating to Value Added Tax (VAT) as, when collected, it is payable to Her Majesty's Revenue and Customs (HMRC) with all VAT paid also recoverable from the same process.

VAT receivable is excluded from income. VAT payable is included as an expense or capitalised only to the extent that it is not recoverable from HMRC. Where the VAT is irrecoverable it is included in the relevant section of the Group's CIES, or if the expenditure relates to an asset, is capitalised as part of the value of that asset. Irrecoverable VAT relates to VAT charged which under legislation is not reclaimable (e.g. leased cars with private use element).

Statement of Accounts – Notes to the Financial Statements

2.16 Property, Plant and Equipment

Property, plant and equipment are tangible assets that have a physical substance and are held for use in the provision of services on a continuing basis.

Recognition: Expenditure on the acquisition or creation of new assets or the enhancement of existing assets is capitalised, provided that these assets yield benefit to the PFCC for a period of more than one year.

The PFCC operates a de minimis limit below which items will not be charged to capital on the grounds of materiality. The limit for individual items is £10,000 except for vehicles where a £7,500 limit applies. An exception to this covers certain equipment items which are individually below the de minimis, but when aggregated exceed the limit, e.g. IT hardware, body armour. In addition, where one type of asset is normally capitalised in accordance with the above rules the PFCC will in some cases also capitalise the subsequent replacement of the same type of assets (regardless of some of these instances being below de minimis) to ensure a consistent approach is applied, and the equipment in question continues to be categorised together e.g. ANPR cameras.

Expenditure that maintains, but does not add to, the future economic benefits or service potential of the asset (e.g. repairs and maintenance) is charged to the CIES as it is incurred.

From 1st April 2010, where a significant component of an asset is replaced or enhanced, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount of the asset.

Measurement: Assets and components are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset or component into working condition for its intended use.

Assets are carried in the Balance Sheet using the following measurement bases:

- Assets under construction - historic cost
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- Land and buildings – current value, for which existing use value is used, net of accumulated depreciation
- Vehicles, plant and equipment - historic cost less depreciation as a proxy for fair value
- Specialised assets where no active market exists (e.g. radio masts) – depreciated replacement cost

Land and buildings are revalued at least every five years by an external valuer in accordance with the Royal Institution of Chartered Surveyors (R.I.C.S.) Valuation Standards. However, to ensure that the Balance Sheet reflects the current value of assets at a materially correct level, those assets with a net book value at 1st April 2023 in excess of £2m have also been revalued. This approach will continue to be reviewed annually.

An increase in an asset value following revaluation is matched by a credit to the Revaluation Reserve to recognise unrealised gains unless the increase reverses a previous impairment loss or revaluation decrease on the same asset.

A reduction in an asset value following revaluation, which is not identified as impairment, is matched by a debit to the Revaluation Reserve to the extent of any credit balance in respect of the asset. Any difference is charged to the CIES and then transferred to the Capital Adjustment Account.

Statement of Accounts – Notes to the Financial Statements

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007, the date of its formal implementation. Gains arising before that date were consolidated into the Capital Adjustment Account.

Derecognition: An asset is derecognised when it is disposed of or when no future economic benefits or service potential are expected from its use or disposal.

When an asset is disposed of the residual value of the asset in the Balance Sheet is written off to the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the CIES as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account and reported through the Movement in Reserves Statement. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account and reported through the Movement in Reserves Statement.

The PFCC derecognises both plant & equipment and intangible assets where the following two factors are met - 1) the assets have been recognised for at least seven years since their original capitalisation date, and 2) the relevant department cannot otherwise provide specific confirmation that the assets still exist and/or they cannot retrieve documentation to support this assertion.

Capital Receipts: Proceeds from the disposal of assets in excess of £10,000 are categorised as capital receipts and can be used to fund new capital expenditure. Any unused receipts are held in the Capital Receipts Reserve.

Depreciation: All assets with a determinable finite life are depreciated by allocating the value of each asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is not provided on freehold land, where it is deemed to have an unlimited useful life. For all other assets a depreciation charge is made from the date they become available for use and up to the date of disposal.

Components of an asset are recognised for depreciation purposes where the cost of the component is significant in relation to the total cost of the asset.

Depreciation is calculated on the following basis:

- Buildings – straight line allocation over the economic life of the building as determined by the PFCC's property valuers, assuming no residual value
- Plant, vehicles and equipment – straight line allocation over the economic life of the assets, assuming no residual value
- Components – straight line allocation over the economic life of the assets, assuming no residual value. The residual value, useful life and depreciation method are reviewed at each financial year end

Although depreciation is calculated on the estimated economic life of the specific individual asset concerned, approximate average depreciation periods are as follows:

- Buildings 20-60 years
- Vehicles 3-8 years
- Plant, IT and equipment 3-30 years
- Marine vessels 10-25 years

Typically, the standard estimated economic lives used by the force in practice are 40 years for buildings and seven years for short-life assets such as vehicles or plant & IT.

Statement of Accounts – Notes to the Financial Statements

Non-financial assets such as surplus assets are measured at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The fair value measurement of an asset or liability is based on the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the PFCC takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The valuation techniques used are those most appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Unobservable inputs for the asset or liability

Componentisation Policy

The componentisation policy applies from 1st April 2010 where an item of property, plant and equipment is enhanced, acquired or revalued. Recognition will follow capital expenditure where:

- A new component is added to an asset
- An existing component of an asset is refurbished or upgraded
- A component of an asset is replaced
- A new asset is acquired or constructed
- An existing asset is revalued

To be separately recognised a component must be identified as part of a material asset and exceed the PFCC's de minimis level.

In accordance with the Code, the carrying amount of a replaced or restored component of an asset is derecognised, with the carrying amount of the new component being recognised. This accounting treatment applies regardless of whether the replaced part had been depreciated separately. Where it is not possible to determine the carrying amount of the replaced part, the cost of the new part is used as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

Statement of Accounts – Notes to the Financial Statements

Material assets and the PFCC's de minimis for components

The PFCC operates a policy of only separately identifying components which are 20% or more (and greater than £100,000) of the total asset value. Where the component element is below this level it is included as part of the main structure of the building.

Property assets

Where appropriate the PFCC separates assets between the following components:

- Land
- Main building structure/fabric (to include roof)
- Windows
- Plant and engineering (including IT infrastructure)
- Custody facilities
- Radio masts

All police houses will only be separated into land and buildings under the component policy. This reflects the relatively low value of individual assets and the PFCC's policy relating to the disposal of police housing.

All surplus properties will not be separated under the component policy as the valuation of these assets are at the highest and best use based on what is realistically receivable, rather than values based on its current use.

All other property assets will only be separated into separate components where the total asset value is equal to or greater than £500,000. Assets below this value will continue to be separated into land and buildings only. This reflects the relatively low value of individual assets and the significant proportion of each asset value that relates to land, which is not depreciated.

The impact of the above exclusions is unlikely to result in a material misstatement of the accounts (i.e. depreciation charges and the asset's carrying amount).

Equipment assets

The PFCC analyses all capital equipment purchases and separates these into components as appropriate. This continues the policy applied before the introduction of IFRS. As an example, IT projects are separated between hardware and software components.

Vehicle and marine assets

All of the fleet is below the £100,000 de minimis set for the componentisation policy.

Revaluation Reserve balances

Revaluation Reserve balances for property are recorded by asset with separate balances held for their respective land and building elements.

In accordance with guidance contained within LAAP Bulletin 86 (Componentisation of Property, Plant & Equipment under the 2010/11 IFRS-based Code) the Revaluation Reserve balance for a building will not be allocated across the various components that are recognised.

Statement of Accounts – Notes to the Financial Statements

All other assets are held at historic cost and are not revalued.

Future revaluation gains or losses on property are to be allocated across components.

Impairment of assets

At the end of each financial year the PFCC assesses its assets for indication of impairment. This occurs where an asset is carried at an amount which exceeds the amount that could be recovered through use or sale of the asset.

Any impairment loss identified as part of this review, or as a result of a valuation exercise, is accounted for as follows:

- An impairment loss on a revalued asset is recognised in the Revaluation Reserve to the extent of any credit balance for that asset. The difference is then accounted for in CIES
- A loss which does not result from revaluation is recognised in the CIES

As an impairment loss is not a proper charge to council tax, the amount is transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement. At the end of each financial year the PFCC also assesses whether an impairment loss from previous reporting periods may no longer exist. In such circumstances, an estimate of the recoverable amount of the asset(s) is made. The reversal of an impairment loss is made up to the carrying amount that would have been determined for the asset if no impairment had been previously recognised. Any excess above the carrying amount is treated as a revaluation gain and taken to the Revaluation Reserve.

Charges to the Comprehensive Income and Expenditure Statement (CIES)

In respect of charges to revenue for non-current assets the CIES is charged with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets
- Impairment losses on assets
- Amortisation of intangible assets such as software licences

The PFCC is not required to raise council tax to cover depreciation, impairment losses or amortisation. However, the PFCC is required to make a prudent provision from revenue to contribute towards the reduction in its overall borrowing requirements, in the form of Minimum Revenue Provision (MRP) which reduces the Capital Financing Requirement (CFR). Depreciation, impairment losses and amortisation are therefore replaced by revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two amounts. For further details please refer to paragraph 2.2121.

2.17 Intangible Assets

Expenditure on the PFCC's intangible fixed assets, covering purchased computer software licences, is capitalised and disclosed separately. These assets are measured at cost as fair value cannot easily be determined. Intangible assets are amortised to the CIES from when the assets are available for use on an equal basis over their economic lives. The residual value assumed for intangible assets is normally zero. The amortisation period and method is reviewed at least annually at the end of each financial year.

Statement of Accounts – Notes to the Financial Statements

An asset is derecognised on disposal or when no future economic benefits are expected from the asset. The gain or loss from derecognition is recognised in the CIES. These amounts are then transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

2.18 Assets Held for Sale

Assets are classified as held for sale where they meet strict criteria in accordance with the Code. Assets held for sale are measured at the lower of their carrying amount and fair value (market value) less costs to sell at initial reclassification and at the end of each reporting date (i.e. 31st March), and are not subject to depreciation.

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Reserve in the Movement in Reserves Statement.

2.19 Non-Current Assets Out of Use

Where an asset does not qualify as held for sale there may be a circumstance where the asset will not be reclassified back to the asset classification from where it originally came i.e. assets that are surplus to service needs but that do not meet the definition of either investment property or assets held for sale. In this instance the asset is held as a 'surplus asset' under Property, Plant and Equipment.

2.20 Donated Assets

Assets which are transferred to the PFCC at nil value or acquired at less than fair value are treated as donated assets.

Donated assets transferred to the PFCC for nil consideration are recognised immediately at fair value as an asset on the Balance Sheet. Where there are no conditions attached to the transfer, or the PFCC has already met the conditions, the asset is recognised in the CIES as income. Where conditions have not been satisfied, the asset is credited to the Donated Assets Account and only recognised in the CIES once the conditions are satisfied.

Where a donated asset is acquired for less than fair value, the difference between the fair value of the asset and the consideration paid is recognised in the CIES as income. Where the transfer has a condition, the difference is recognised in the Donated Assets Reserve until the condition is met.

Donated assets are revalued and depreciated in line with the accounting policies for Property, Plant and Equipment.

Statement of Accounts – Notes to the Financial Statements

2.21 Minimum Revenue Provision

Where the PFCC finances capital expenditure by debt it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum value since 2008. The Local Government Act 2003 requires the PFCC to have regard to the Ministry of Housing, Communities & Local Government (MHCLG), now known as the Department for Levelling Up, Housing and Communities (DLUHC), Guidance on Minimum Revenue Provision most recently issued in 2018. The broad aim of the guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits or, in the case of borrowing supported by government grants, reasonably commensurate with the period implicit in the determination of those grants. The guidance requires the PFCC to approve an annual MRP statement each year and recommends a number of options for calculating a prudent amount of MRP.

For capital expenditure incurred before 1st April 2008, MRP will be determined as 4% of the Capital Financing Requirement in respect of that expenditure. The PFCC has used this policy in respect of the unfinanced element of capital expenditure dating from this period, in accordance with option 2 of the guidance.

For expenditure after the 31st March 2008 the PFCC has chosen the 'Asset Life Method' for its MRP calculations. This is where MRP is determined by reference to the life of the asset being financed, normally by the equal instalment method or alternatively the annuity method. Estimated life periods will be determined in accordance with the asset lives specified in the Property, Plant & Equipment accounting policy (as referred to in 2.17). These charges will commence in the year after the asset becomes operational e.g. unfinanced capital expenditure incurred during 2023/24 will not be subject to an MRP charge until 2024/25.

Purchase of freehold land will be charged over 50 years. MRP on expenditure not related to non-current assets but which has been capitalised by regulation or direction, will be charged over 20 years (as per Option 3 of the guidance).

As it may not always be feasible to assess the useful economic life of some individual assets, asset lives will be measured on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, where applicable, expenditure will be grouped together in a manner which reflects the nature of the main component of assets and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

Further information in respect of the PFCC's approach to MRP is included within the annual Capital Strategy and Treasury Management Strategy documents.

2.22 Leases

Leases are classified as either finance leases or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. Where the lease transfers substantially all the risks and rewards to the PFCC it is accounted for as finance lease. All other lease arrangements are treated as operating leases.

In determining the accounting arrangements for an agreement where the PFCC is the lessee, consideration is given to the substance of the transaction rather than the form of the agreement. The PFCC applies a number of tests to help determine the classification of the lease at its inception.

Where material, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. When the land has an indefinite economic life, the land element is normally classified as an operating lease.

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Finance leases: The PFCC recognises finance leases as assets and liabilities at the lower of the fair value of the property or the present value of the minimum lease payments. Assets recognised as finance leases are depreciated in accordance with the policy for depreciation of owned assets and are revalued in the same way as the PFCC's other assets.

Operating leases: Rentals payable are charged to the CIES on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

Arrangements containing a lease: An arrangement that conveys the right to use an asset in return for payment, but which does not take the legal form of a lease, may be accounted for as an embedded lease. An assessment is made whether fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use that asset. This assessment is made at the inception of the arrangement.

Where an embedded lease is identified, it is assessed to determine whether this is a finance or operating lease. The accounting treatment applied is in accordance with the lease accounting policy.

Transition to IFRS 16

The above accounting policies adopted by the PFCC are encompassed within the framework of the IAS 17 accounting standard which is being phased out at the end of 2023/24. With effect from 1st April 2024 the PFCC will adopt the IFRS 16 leasing standard, at which point its approach to lease accounting will change. For further details of the expected changes as well as the estimated impact on these accounts, please see note 3.

2.23 Financial Instruments

Adoption of IFRS 9

The PFCC adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018. The main elements of this standard relate to the remeasurement and reclassification of financial assets (as detailed in the section below) as well as the earlier recognition of impairments for these assets where applicable.

Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, government grants and statutory items, do not give rise to financial instruments.

Financial Assets

A financial asset is a right to future economic benefits controlled by the PFCC that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets, or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the PFCC. The financial assets held by the PFCC during the year are accounted for under the following three classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the PFCC's business model is to collect those cash flows) comprising:
 - Cash in hand
 - Force bank accounts with Lloyds bank
 - Fixed term deposits banks and building societies

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- Loans to UK local authorities
- Certificates of deposit and covered bonds issued by banks and building societies
- Treasury bills and gilts issued by the UK Government
- Bonds issued by multilateral development banks and large companies
- Lease receivables
- Trade receivables for goods and services provided
- Fair value through Other Comprehensive Income (where cash flows are solely payments of principal and interest and the PFCC's business model is to both collect those cash flows and sell the instrument; and equity investments that the PFCC has elected into this category) comprising:
 - Bonds issued by banks, building societies, the UK Government, multilateral development banks and large companies, that the PFCC holds to sell if cash flow needs demand
 - Pooled bond, equity and property funds managed by fund managers held as strategic investments
 - Equity investments held for service purposes, and
 - Trade receivables for goods and services provided that may be sold to a debt collection agency
- Fair Value through Profit and Loss (all other financial assets) comprising:
 - Money market funds managed by fund managers
 - Pooled bond, equity and property funds managed by fund managers
 - Equity investments
 - Loans where the cash flows are not solely payments of principal and interest

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the PFCC.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the PFCC and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the PFCC.

The majority of the PFCC's financial liabilities held are measured at amortised cost and comprise:

- Long-term loans (where applicable) from the Public Works Loan Board (PWL) and commercial lenders:
 - Short-term loans from UK local authorities
 - Authorised overdraft facility with Lloyds bank
 - Lease payables

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- Trade payables for goods and services received

Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including treasury bills and shares in money market funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at the Balance Sheet date, using the following methods and assumptions:

- Loans borrowed by the PFCC are valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans
- The fair values of other long-term loans and investments are discounted at the market rates for similar instruments with similar remaining terms to maturity at the Balance Sheet date
- The fair values of financial guarantees are estimated based on the likelihood of the guarantees being called and the likely payments to be made
- The fair values of finance lease assets and liabilities are calculated by discounting the contractual cash flows (excluding service charge element) at the appropriate AA-rated corporate bond yield
- No early repayment or impairment is recognised for any financial instrument
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount

Fair values are split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

2.24 Cash and Cash Equivalents

The PFCC's cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

The PFCC defines cash as money held at the bank and/or in overdraft. The PFCC defines cash equivalents as those funds that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash equivalents shall include investments placed in instant access call accounts and money market funds which are readily convertible to known amounts of cash, with insignificant risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and which form an integral part of the PFCC's cash management. Where the PFCC has a net overdraft position with offsetting balances in other accounts, a negative cash and cash equivalents balance will be recorded in the Balance Sheet. Where the PFCC has a gross overdraft position without any option to offset other account balances, this will be recorded as a bank overdraft within the Balance Sheet, with any further cash equivalents presented separately within current assets.

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3. Accounting Standards that have been issued but have not yet been adopted

In reference to paragraph 3.3.2.13 of the 2023/24 Code, changes in accounting policy should be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapts IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of accounts (in this case the 2024/25 Code).

This means that only the standards listed below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a) IFRS 16 Leases issued in January 2016 (but only for those entities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year – the PFCC falls into this category and a further disclosure around the expected impact of this accounting standard is therefore included further below within this note)
- b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
 - specify that an entity's right to defer settlement must exist at the end of the reporting period
 - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
 - clarify how lending conditions affect classification, and
 - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments
- c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
 - a temporary execution to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
 - targeted disclosure requirements for affected entities
- f) Supplier Finance Arrangements (Amendments to IAS 17 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:

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- assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
- understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it

Noting that further content in relation to a) IFRS 16 is included below, it is likely that though they provide clarifications, items b), c) and d) will not have a significant impact on the PFCC's financial statements. In addition, there will be limited application of items e) and f).

IFRS 16 Leases

Essex Police will adopt the Accounting Standard IFRS 16 from the 1st April 2024. This note is intended to disclose the impact the new standard will have when it is adopted in the Statement of Accounts for 2024/25.

1 - As Lessee

IFRS 16 was issued by the IASB in 2016. Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the Balance Sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as 'pay as you go' arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset. IFRS 16 is therefore an important new standard.

Property Operational leases where market rental as a proxy can be used to assess the Right of Use (RoU) fair value

Five leases have been identified where the current rental is considered to be market value and therefore allows the computation of the lease liability, to be computed at the present value of the remaining lease payments discounted at the PFCC's incremental borrowing rate. The impact is to introduce an RoU value of £1.5m, offset by equal liabilities as at 1st April 2024. The pay as you go arrangement will be removed resulting in the Net Cost of Policing Services (NCS) being reduced by £0.236m, compensated by interest charges and a minimum revenue provision (MRP) which will neutralise the impact on the PFCC's usable reserves.

Property Operational leases where rentals are below market value require a professional fair valuation

The impact is to introduce an RoU value of £0.098m, offset by £0.059m liabilities, and a £0.039m gain through the Surplus/Deficit on the Provision of Police Services (SDPS) as at 1st April 2024. The pay as you go arrangement will be removed resulting in the NCS being reduced by £0.012m, compensated by interest charges and MRP which will neutralise the impact on the PFCC's usable reserves.

Property Nil consideration or Peppercorn rental leases

There are seven leases where no rental is currently paid by Essex Police, and these assets are effectively donated to the force, and have previously been unreported in the Statement of Accounts. However, under IFRS 16 these will now be included. The leases being valued at RoU as at 1st April 2024 total £4.3m, with an equal increase in the non-distributable reserves. During 2024/25 depreciation charges will increase as a result (approx. £0.200m) but these charges will not impact the usable reserves, due to a statutory compensatory adjustment also being included.

Vehicles, Plant, Furniture and Equipment leases

Low value leases are excluded, with the PFCC adopting a low value threshold of £10,000, which is consistent with the capital de minimis figure (excluding vehicles) as well as the threshold being applied by many other Essex local authorities. Short term leases are also excluded, where these are for durations of one year or less.

Car Leasing Superintendent and Senior Staff Scheme

The Car leasing scheme operated by the force for Superintendents and senior staff has 25 vehicles leased inward

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from Lex Autos. The vehicles are then leased out to individual members of staff largely on a concessionary basis. The impact is to introduce an RoU value of £0.469m, offset by equal liabilities as at 1st April 2024. The pay as you go arrangement will be removed resulting in the NCS being reduced by £0.193m, compensated by interest charges and MRP which will neutralise the impact on the PFCC's reserves.

Other Equipment Leases

There are not likely to be any leased assets in respect of IT equipment such as printers due to anything applicable being below the low value threshold and short-term duration exemptions. Therefore, no applicable assets need to be identified and brought into the accounts at the 1st April 2024 on the RoU basis.

2 - As Lessor

A lessor is not required to make any adjustments on transition for leases in which it is a lessor and shall account for those leases applying IFRS 16 from the date of initial application, excepts as follows:

An intermediate lessor shall:

- a) reassess subleases that were classified as operating leases applying IAS 17 and are ongoing at the date of initial application, to determine whether each sublease should be classified as an operating lease or a finance lease applying IFRS 16
- b) for subleases that were classified as operating leases applying IAS 17 but as finance leases applying IFRS 16, account for the sublease as a new finance lease entered into at the date of initial application

The PFCC has identified one instance of sub-lease income for leased out assets and this will result in an increase in the short-term debtors balance as at 1st April 2024 of £0.045m. 4.2.3.12 of the code states that *where a lease has been reclassified as a finance lease on transition to IFRS 16, income received will continue to be treated as revenue, and therefore there will be no revenue consequences.*

For lessors, nil consideration finance leases are required to be identified, with the asset provided to the third party required to be derecognised, and any unguaranteed residual value recognised, where applicable. EP have not identified any such leases.

4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 2, the PFCC and Chief Constable has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are explained below.

Joint Activities

The PFCC and Chief Constable participates in some joint activities with the Police and Crime Commissioner for Kent, in particular a shared Serious Crime Directorate and Support Services Directorate. The PFCC and Chief Constable also participate in some joint activities with other Eastern Region Authorities. These activities are deemed by the PFCC and the Chief Constable to be jointly controlled activities in accordance with the Code of Practice. Accordingly, the Statement of Accounts does not include group accounts for these activities. Further details of joint activities are shown in note 43, Jointly Controlled Operations and Collaborative Activity.

Governance

On the 1st October 2017 the PFCC took on the governance of the Essex County Fire and Rescue Service (ECFRS), under the joint governance model. Under this model the Police, Fire and Crime Commissioner (PFCC) comprises two legal entities, the PFCC and the Police, Fire and Crime Commissioner Fire and Rescue Authority (PFCCFRA) which remain separate corporation soles. It should be noted that ECFRS continues to be a brand name for

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operational activities of the PFCCFRA. The Chief Constable was not impacted by this change, and their activities continue to be maintained within a separate corporation sole.

The PFCC is responsible for the formal oversight of Essex Police and the Chief Constable, including setting the strategic direction and holding the police to account; whilst the Chief Constable has direction and control over the force's officers and staff. To fully understand how police and criminal justice funds are spent a set of group accounts is created for these two separate legal entities. For accounting purposes, the PFCC is the parent entity of the Chief Constable, and together form the Group.

The accounts of the PFCCFRA remain separate and are not included within the PFCC Group Accounts, this is because the PFCC entity does not have control over the activities of PFCCFRA. All financial and governance decisions relating to ECFRS are made by the PFCCFRA and this control is embodied within the Commissioner. In making this judgement the PFCC has considered section 9.1 of the Code of Practice on Local Authority Accounting which sets out the requirement for accounting for group accounts. Paragraph 9.1.2.30 of the Code sets out the criteria which must be met to control an entity; the PFCC does not meet these requirements for PFCCFRA and therefore their activities are not included in the PFCC Group Accounts.

5. Events after the Reporting Period

When an event occurs after the Balance Sheet date the PFCC is required to assess the accounting impact of this in accordance with the guidance of IAS 10. When such an event provides evidence of conditions that existed at the Balance Sheet date an adjusting event occurs, and the amounts recognised in the Statement of Accounts are amended to take account of any changes arising from the adjusting event in question. However, when an event occurs that is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted but disclosed as a separate note instead. All events after the Balance Sheet date are reflected and reviewed up to the date when the Statement of Accounts is authorised for issue.

There have been no material events between the year-end and the date of approval of these accounts which are applicable to IAS 10, which require adjustment to these financial statements.

6. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Code requires management to disclose judgements, estimates and assumptions that the PFCC has made about the future, as well as other major sources of estimation uncertainty. These disclosures are limited to those estimates that have a significant risk of resulting in a material adjustment to the accounts within the next financial year. Therefore, these disclosures are restricted to assets and liabilities whose carrying amount is dependent on estimates that require complex judgements, and where there is a risk that a correction or re-estimation with material effect in the next year might be required.

The key judgements and estimation of uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment – valuations	The PFCC adopts a rolling programme for its revaluation of non-current assets, with each asset valued at least once every five years. In addition, with effect from 2019/20 onwards, the PFCC values all assets > £2m (net book value) on an annual basis, thus reducing the impact of the potential swing in values by adopting the rolling programme for higher-value assets.	For 2023/24 the valuation date for the applicable assets being valued that year is the 31 st January, with a market review process undertaken at the 31 st March to ensure: a) these assets have not changed value materially in the subsequent one-month period, and b) the remainder of the assets in the rolling programme have not changed value materially during the accounting period.

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Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Property, Plant and Equipment – valuations (continued)</p>	<p>Where the PFCC uses material accounting estimates for areas such as the valuations of land and buildings, this work is undertaken with the involvement of a third-party specialist – in this case, the force valuer Wilks, Head and Eve. Whilst the underlying information comes from a third party the PFCC understands that it is solely responsible for these estimates which are ultimately included within the financial statements.</p> <p>The revaluation programme in place and the use of a specialist valuer means the PFCC is comfortable that its non-current assets are accurately valued based on accurate and up to date assumptions. However, the ever-changing property market, including the impact of the macro-economic sector and variable market conditions, encompassing fluctuating market values and rental yields, means this position is subject to constant volatility.</p> <p>Based on an assessment of the valuer’s approach to the revaluations including in the 2023/24 Statement of Accounts, and specifically those relating to operational assets valued at existing use value (EUV) which comprise the largest element of the work undertaken, the key assumptions for individual valuations include average market rental levels, investment yields, comparable market assets, the current established use of the asset continuing in perpetuity, as well as an expectation that additional expenditure on assets will maintain the asset in a serviceable condition rather than significantly increasing its value.</p>	<p>Based on the year-end assessment, the PFCC is satisfied with its valuer’s conclusion that there have been no material movements between the 31st January valuation date and the 31st March year-end date, and therefore no further adjustments have been deemed necessary in these accounts. Furthermore, an assessment of the cumulative potential impact on the PFCC’s remaining assets had they all been revalued on an annual basis over the preceding five-year period, equates to a cumulative under-valuation of £0.066m as at 31st March 2024 (less than 0.5% of the year-end operational land and buildings asset value). This calculation excludes one asset where the PFCC has incurred significant expenditure over the last two financial years which, if included, would distort the under/over-valuation reported in these accounts e.g. ensuring that the variance reported within this disclosure remains principally as a result of the rolling programme approach.</p> <p>The PFCC is aware that should assumptions by the valuer deviate from those expected, the sensitivity of such movements needs to be measured carefully to ensure the valuations are not misstated. These include office sector rental markets increasing by more than 2.4% across the eastern region as presently expected based on the 2023/24 performance or, in the case of residential properties, a decline in housing growth of less than the assumed (0.6%) in the eastern region. In both cases the PFCC would consult its valuer to assess whether such circumstances would mean a material impact to the EUV valuations obtained.</p> <p>Should market conditions worsen and non-current assets decrease in value, the PFCC will assess the impact by including the relevant downward revaluation figures in the 2024/25 Statement of Accounts, with the equivalent value taken through the Comprehensive Income and Expenditure Statement to recognise this loss. In this event, the PFCC will review its asset disposal policy to understand whether potential sales can be deferred thus maximising capital receipts in future, whilst the PFCC will also review its wider asset base to understand whether further valuations are required to reflect any other market impairment issues.</p>

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Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Pensions Liability – actuary roll - forward approach</p>	<p>In determining the value of the employer liabilities for the LGPS scheme the actuary has rolled forward the results from the most recent funding valuation, using the financial and demographic assumptions set for accounting purposes. An allowance is made for actual pension increase experience as standard. After each triennial valuation the accounting liabilities are recalculated using up to date membership data and results. This may result in additional experience items which then need to be incorporated into subsequent accounting reports.</p> <p>In respect of the Police Officer Pension Scheme the latest valuation was undertaken at the 1st April 2020, with the next valuation due to be undertaken as at 31st March 2024. This is primarily to review and reset contribution rates going forward based upon the liability position. Nevertheless, based on the material value of the police officer pension liability, the PFCC has opted for a full member by member valuation approach this year, meaning the figures included in the 2023/24 Statement of Accounts should be more timely and accurate.</p>	<p>The roll forward approach adopted by the actuary means experience items may emerge representing the difference between the actual experience of the members of the fund, and the experience that had been assumed for them in previous accounting reports. As an example, if members died earlier than assumed this will result in an actuarial gain as the liabilities will be lower than estimated in the roll forward, or if members received higher than assumed salary increases then there will be an actuarial loss as the liabilities will be higher than estimated.</p> <p>In summary, the roll forward method adopted by the actuary is less accurate than the use of a full actuarial valuation, however the impact is mitigated by the inclusion of the aforementioned experience items which are incorporated into subsequent accounting reports. For police officers, the use of the full member by member approach in 2023/24 means the likelihood of actual results deviating from the estimated position is far less than when the previous approach was adopted.</p>
<p>Pensions Liability – sensitivity of variable factors</p>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the level at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the PFCC with expert advice about the assumptions to be applied.</p> <p>A small amendment to the discount or mortality rates used to calculate future pension liabilities can potentially have a material impact on the values recognised in the Balance Sheet and can be critical to accurate decision making when assessing future financial challenges. However, the various assumptions interact in complex ways and the PFCC will therefore work closely with its actuaries when determining these rates so the impact of any changes can be fully understood.</p>	<p>The various potential impacts of these uncertainties are illustrated in the relevant table in note 45 that shows the outcome should a variance of +0.1% or -0.1% occur based on the current assumptions. In addition, the effects on the net pension liability of changes in individual assumptions can be measured.</p> <p>A 0.1% increase in the discount rate assumption for Police Staff pensions would result in a decrease in the pension liability of £8.392m. An increase of one year on mortality rate assumptions for members of the Police Officer Pension Scheme (covering the 1987, 2006 and 2015 CARE schemes) would result in an increase to the pension liability of £87.193m. Subsequent actions arising for the PFCC and the Chief Constable may include the potential requirement to increase deficit contributions in this scenario.</p>

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7. Contingent Liabilities

The PFCC and Chief Constable recognise material contingent liabilities, which arise from past events, whose existence can only be confirmed by the occurrence of one or more uncertain future events, which are not wholly within the PFCC's and Chief Constable's control.

Based on the criteria included in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* no contingent liabilities have been disclosed in the 2023/24 Statement of Accounts. In respect of the previously disclosed contingent liability in respect of the Allard & Ors v Devon and Cornwall Constabulary legal case, please refer to note 30 for further detail.

8. Date of authorisation of the Statement of Accounts for issue

The Statement of Accounts was authorised for issue on 28th June 2024 by Janet Perry FCCA ACMA CGMA, Chief Financial Officer to the PFCC.

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9. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis (EFA) is to demonstrate to taxpayers how the funding available to the PFCC and PFCC Group (i.e. government grants, and council tax) for the year has been used in providing services in comparison with those resources consumed or earned by forces in accordance with generally accepted accounting practices. This analysis brings together performance reported on the basis of expenditure measured under proper accounting practices, with statutorily defined charges to the General Reserve. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

EFA for the PFCC Group – 2022/23

	Total Adjustments				Total adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement
	Net expenditure chargeable to the General Reserve	Adjustments for capital purposes (EFA note 1)	Net charge for pensions adjustments (EFA note 2)	Other differences (EFA note 3)		
	£000	£000	£000	£000	£000	£000
Police officer pay and allowances	223,599	-	40,494	(1,118)	39,376	262,975
PCSO pay and allowances	3,455	-	-	-	-	3,455
Police staff pay and allowances	93,497	-	19,652	(350)	19,302	112,799
Ill-health/medical pensions	4,735	-	-	-	-	4,735
Training	1,926	-	-	-	-	1,926
Other employee expenses	803	-	-	-	-	803
Premises	10,842	1,722	-	-	1,722	12,564
Transport	7,390	1,485	-	-	1,485	8,875
Supplies & services	43,708	4,881	-	-	4,881	48,590
Third party payments	10,182	-	-	-	-	10,182
Fees charges and other service income	(17,355)	-	-	-	-	(17,355)
Government grants and contributions	(33,266)	(21)	-	-	(21)	(33,287)
Net Cost of Service	349,516	8,068	60,146	(1,468)	66,746	416,262
Income from council tax	(145,492)	-	-	(1,108)	(1,108)	(146,600)
Non-specific government grant income	(206,649)	-	(29,527)	-	(29,527)	(236,176)
Other income and expenditure	5,655	(5,945)	89,660	-	83,715	89,369
(Surplus)/Deficit on Provision of Services	3,030	2,123	120,279	(2,576)	119,826	122,855

(Surplus)/Deficit to Earmarked Reserves and General Reserve	3,030
Opening Earmarked Reserves and General Reserve balance at 1 st April 2022 (includes Future Capital Funding Reserve)	(31,925)
Less (surplus)/deficit on Earmarked and General Reserve balance in Year	3,030
Closing Earmarked Reserves and General Reserve balance at 31st March 2023	(28,895)

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EFA for the PFCC – 2022/23

	Total Adjustments					Net expenditure in the Comprehensive Income and Expenditure Statement
	Net expenditure chargeable to the General Reserve	Adjustments for capital purposes (EFA note 1)	Net charge for pensions adjustments (EFA note 2)	Other differences (EFA note 3)	Total adjustments	
	£000	£000	£000	£000	£000	£000
Police staff pay and allowances	2,253	-	258	4	262	2,515
Training	1,906	-	-	-	-	1,906
Other employee expenses	667	-	-	-	-	667
Premises	10,842	1,722	-	-	1,722	12,564
Transport	6,043	1,485	-	-	1,485	7,527
Supplies & services	42,709	4,881	-	-	4,881	47,591
Third party payments	6,994	-	-	-	-	6,994
Fees charges and other service income	(17,355)	-	-	-	-	(17,355)
Government grants and contributions	(33,266)	(21)	-	-	(21)	(33,287)
Cost of Service	20,792	8,068	258	4	8,329	29,122
Intra group adjustment for CC's net service cost	328,724	-	29,527	-	29,527	358,251
Net Cost of Services	349,516	8,068	29,785	4	37,856	387,373
Income from council tax	(145,492)	-	-	(1,108)	(1,108)	(146,600)
Non-specific government grant income	(206,649)	-	(29,527)	-	(29,527)	(236,177)
Other income and expenditure	5,655	(5,945)	50	-	(5,895)	(241)
(Surplus)/Deficit on Provision of Services	3,030	2,123	308	(1,104)	1,326	4,355
(Surplus)/Deficit to Earmarked Reserves and General Reserve	3,030					
Opening Earmarked Reserves and General Reserve balance at 1 st April 2022 (includes Future Capital Funding Reserve)	(31,925)					
Less (surplus)/deficit on Earmarked and General Reserve balance in Year	3,030					
Closing Earmarked Reserves and General Reserve balance at 31st March 2023	(28,895)					

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EFA for the PFCC Group – 2023/24

	Net expenditure chargeable to the General Reserve	Adjustments for capital purposes (EFA note 1)	Total Adjustments Net charge for pensions adjustments (EFA note 2)	Other differences (EFA note 3)	Total adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
Police officer pay and allowances	239,313	-	(12,601)	691	(11,910)	227,403
PCSO pay and allowances	3,716	-	-	-	-	3,716
Police staff pay and allowances	99,561	-	(1,124)	90	(1,034)	98,526
Ill-health/medical pensions	4,024	-	-	-	-	4,024
Training	1,997	-	-	-	-	1,997
Other employee expenses	1,171	-	-	-	-	1,171
Premises	12,245	3,849	-	-	3,849	16,094
Transport	7,052	1,647	-	-	1,647	8,699
Supplies & services	49,113	4,886	-	-	4,886	53,999
Third party payments	7,976	-	-	-	-	7,976
Fees charges and other service income	(19,289)	-	-	-	-	(19,289)
Government grants and contributions	(43,787)	(313)	-	-	(313)	(44,100)
Net Cost of Service	363,091	10,069	(13,725)	781	(2,875)	360,216
Income from council tax	(156,243)	-	-	501	501	(155,742)
Non-specific government grant income	(207,321)	-	(29,579)	-	(29,579)	(236,900)
Other income and expenditure	2,040	(3,128)	103,963	-	100,835	102,875
(Surplus)/Deficit on Provision of Services	1,568	6,941	60,659	1,282	68,882	70,450
(Surplus)/Deficit to Earmarked Reserves and General Reserve	1,568					
Opening Earmarked Reserves and General Reserve balance at 1 st April 2023	(28,895)					
Less (surplus)/deficit on Earmarked Reserves and General Reserve balance in year	1,568					
Closing Earmarked Reserves and General Reserve balance at 31st March 2024	(27,327)					

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EFA for the PFCC – 2023/24

	Net expenditure chargeable to the General Reserve	Adjustments for capital purposes (EFA note 1)	Total Adjustments		Total adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement
			Net charge for pensions adjustments (EFA note 2)	Other differences (EFA note 3)		
	£000	£000	£000	£000	£000	£000
Police staff pay and allowances	2,236	-	(44)	22	(22)	2,214
Training	1,954	-	-	-	-	1,954
Other employee expenses	422	-	-	-	-	422
Premises	12,245	3,849	-	-	3,849	16,094
Transport	5,362	1,647	-	-	1,647	7,009
Supplies & services	48,289	4,886	-	-	4,886	53,175
Third party payments	7,553	-	-	-	-	7,553
Fees charges and other service income	(19,289)	-	-	-	-	(19,289)
Government grants and contributions	(43,787)	(313)	-	-	(313)	(44,100)
Cost of Service	14,985	10,069	(44)	22	10,047	25,032
Intra group adjustment for CC's net service cost	348,107	-	29,579	-	29,579	377,687
Net Cost of Services	363,092	10,069	29,535	22	39,626	402,719
Income from council tax	(156,243)	-	-	501	501	(155,742)
Non-specific government grant income	(207,321)	-	(29,579)	-	(29,579)	(236,900)
Other Income and Expenditure	2,040	(3,128)	(6)	-	(3,134)	(1,094)
(Surplus)/Deficit on Provision of Services	1,568	6,941	(50)	523	7,414	8,984
(Surplus)/Deficit to Earmarked Reserves and General Reserve	1,568					
Opening Earmarked Reserves and General Reserve balance at 1 st April 2023	(28,895)					
Less (surplus)/deficit on Earmarked Reserves and General Reserve balance in year	1,568					
Closing Earmarked Reserves and General Reserve balance at 31st March 2024	(27,327)					

Statement of Accounts – Notes to the Financial Statements

10. Notes to the Expenditure and Funding Analysis

PFCC Group

Capital Adjustments - Group		
	2022/23	2023/24
	£000	£000
Adjustments for Capital Purposes (EFA Note 1)		
Additional items included within the Comprehensive Income and Expenditure Statement		
Depreciation and revaluations - property	1,722	3,849
Depreciation and revaluations - vehicles and vessels	1,485	1,646
Depreciation and revaluations - plant, equipment, I.T. and intangibles	4,881	4,886
Specific capital grants	(21)	(313)
Total adjustments included within the Net Cost of Services	8,068	10,068
Remove items included within net expenditure chargeable to the General Reserve balance		
Minimum revenue provision	(793)	(833)
Revenue contribution to capital	(5,279)	(2,402)
Add items included within the Comprehensive Income and Expenditure Statement		
Net (gain)/loss on disposal of non-current assets	127	108
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	(5,945)	(3,127)
Total adjustments	2,123	6,941

Pensions Adjustments - Group		
	2022/23	2023/24
	£000	£000
Adjustments for Pensions (EFA Note 2)		
Additional items included within the Comprehensive Income and Expenditure Statement		
Costs recognised in respect of IAS 19 - officers	40,494	(12,601)
Costs recognised in respect of IAS 19 - staff	19,652	(1,124)
Total adjustments included within the Net Cost of Services	60,146	(13,725)
Additional items included within the Comprehensive Income and Expenditure Statement		
Costs recognised in respect of IAS 19 - officers	84,805	104,273
Costs recognised in respect of IAS 19 - staff	4,855	(310)
Police Officer Pension Grant	(29,527)	(29,579)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	60,133	74,384
Total adjustments	120,279	60,659

Other Adjustments - Group		
	2022/23	2023/24
	£000	£000
Adjustments for other differences (EFA note 3)		
Additional items included within the Comprehensive Income and Expenditure Statement		
Movement on accumulated absences liability - officers	(1,118)	691
Movement on accumulated absences liability - staff	(350)	90
Total adjustments included within the Net Cost of Services	(1,468)	781
Additional items included within the Comprehensive Income and Expenditure Statement		
Movement on Collection Fund Adjustment Account	(1,108)	501
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	(1,108)	501
Total adjustments	(2,576)	1,282

Statement of Accounts – Notes to the Financial Statements

PFCC

Capital Adjustments - PFCC		
	2022/23	2023/24
	£000	£000
Adjustments for Capital Purposes (EFA Note 1)		
Additional items included within the Comprehensive Income and Expenditure Statement		
Depreciation and revaluations - property	1,722	3,849
Depreciation and revaluations - vehicles and vessels	1,485	1,646
Depreciation and revaluations - plant, equipment, I.T. and intangibles	4,881	4,886
Specific capital grants	(21)	(313)
Total adjustments included within the Net Cost of Services	8,068	10,068
Remove items included within the Net expenditure chargeable to the General Reserve Balance		
Minimum revenue provision	(793)	(833)
Revenue contribution to capital	(5,279)	(2,402)
Additional items included within the Comprehensive Income and Expenditure Statement		
Net (gain)/loss on disposal of non-current assets	127	108
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	(5,945)	(3,127)
Total adjustments	2,123	6,941
Pensions Adjustments - PFCC		
	2022/23	2023/24
	£000	£000
Adjustments for Pensions (EFA Note 2)		
Additional items included within the Comprehensive Income and Expenditure Statement		
Costs recognised in respect of IAS 19	258	(44)
Chief constable intra-group adjustment in respect of Police Officer Pension Scheme	29,527	29,579
Total adjustments included within the Net Cost of Services	29,785	29,535
Additional items included within the Comprehensive Income and Expenditure Statement		
Costs recognised in respect of IAS 19	50	(6)
Police Officer Pension Grant	(29,527)	(29,579)
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	(29,477)	(29,585)
Total adjustments	308	(50)
Other Adjustments - PFCC		
	2022/23	2023/24
	£000	£000
Adjustments for other differences (EFA note 3)		
Additional items included within the Comprehensive Income and Expenditure Statement		
Movement on accumulated absences liability - staff	4	22
Total adjustments included within the Net Cost of Services	4	22
Additional items included within the Comprehensive Income and Expenditure Statement		
Movement on Collection Fund Adjustment Account	(1,108)	501
Total adjustments included within the (Surplus)/Deficit on the Provision of Services	(1,108)	501
Total adjustments	(1,104)	523

Statement of Accounts – Notes to the Financial Statements

11. Intra Group Adjustments

This note provides an explanation for an intra group adjustment within the respective accounts. These adjustments reflect the financial resources consumed by the Chief Constable on behalf of the PFCC. The corresponding recharge to the PFCC accounts includes a further adjustment to ensure the intra-group recharge is calculated on a funding basis rather than accounting regulations. This includes adjustments for IAS 19 pensions costs and movements in respect of accumulated absences accruals. With the exception of the intra-group balance referred to at the bottom of this disclosure, the PFCC paid all financial resources consumed at the request of the Chief Constable and the intra-group adjustment (as referred to above) offsets the Chief Constable's consumption of resources.

For the 2023/24 accounting statements the value of the intra-group adjustment is £377.687m (2022/23, £358.251m). This figure is represented as follows:

- Financial resources consumed 2023/24 - £347.786m (£387.140m in 2022/23)
- **Plus** funding basis adjustment in respect of IAS 19 - £30.659m (£30.361m deduction in 2022/23)
- **Less** funding basis adjustment in respect of Accumulated Absences - £0.758m (£1.472m addition in 2022/23)

In respect of outstanding intra group balances at the 31st March 2024, the PFCC recognised a creditor of £1.479m with the Chief Constable, representing employee-related commitments at year-end.

12. Officers' Remuneration

Police officer remuneration is based on the recommendations of an external organisation known as the Independent Police Remuneration Body and is therefore subsequently agreed by the Home Secretary.

An element of the Chief Constable's pay can be varied up or down at the discretion of the PFCC. The rate of pay is set at a national level and the salary for the Chief Constable of Essex is comparable to forces of a similar size across the country. For the Chief Constable and Deputy Chief Constable a force weighting is applied in relation to the population that the force covers.

The PFCC's pay is set by an external organisation known as the Senior Salaries Review Body, which is overseen by the Home Secretary. The pay for senior members of police staff at Chief Officer level is based on Assistant Chief Constable salary levels across the force.

Remuneration includes basic salary, overtime, allowances, expenses (so far as the expenses are chargeable to United Kingdom Income Tax) and, where applicable, redundancy payments. For the purposes of the bandings tables, it excludes employer's pension contributions.

The following table identifies the number of senior police officers and staff whose remuneration was £50,000 or more. The numbers of officers and staff are shown in remuneration bands of £5,000.

Senior police officers are defined by the CIPFA Guidance as those at Chief Superintendent rank and above.

Statement of Accounts – Notes to the Financial Statements

PFCC Group

Remuneration Band	2022/23			2023/24		
	Police Officers	Police Staff	Total	Police Officers	Police Staff	Total
£50,000 - £54,999	-	50	50	-	53	53
£55,000 - £59,999	-	25	25	-	46	46
£60,000 - £64,999	1	13	14	-	11	11
£65,000 - £69,999	-	7	7	-	15	15
£70,000 - £74,999	1	-	1	-	2	2
£75,000 - £79,999	-	7	7	-	3	3
£80,000 - £84,999	-	1	1	-	2	2
£85,000 - £89,999	-	1	1	-	2	2
£90,000 - £94,999	5	3	8	1	1	2
£95,000 - £99,999	5	1	6	4	1	5
£100,000 - £104,999	-	-	-	6	-	6
£105,000 - £109,999	-	1	1	1	1	2
£110,000 - £114,999	-	1	1	-	1	1
Total for Group	12	110	122	12	138	150

PFCC

Remuneration Band	2022/23	2023/24
	Police Staff	Police Staff
£50,000 - £54,999	2	-
£55,000 - £59,999	2	3
£60,000 - £64,999	-	-
£65,000 - £69,999	2	1
£70,000 - £74,999	-	1
£75,000 - £79,999	2	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	1	-
£95,000 - £99,999	1	-
Total for PFCC	10	5

The numbers above exclude police officers and staff disclosed in the following Senior Officers' Remuneration tables. However, for 2022/23 the figures included the Police Fire and Crime Commissioner's Senior Officers' – these have been omitted from the 2023/24 figures included in the tables above.

The figures above include the following staff who are employed by Essex Police as part of a collaborative arrangement, under which only a proportion of the costs remain with the force. The residual costs are recharged to partnering forces. More detail on these joint arrangements is include in note 43.

- Two members of the Seven Force Procurement team (7FP team) for whom we retain 21.72% of costs
- Thirty-three members who are employed as part of Essex Police collaborative agreements with Kent Police, for whom we retain 50% of costs

All figures include officers and staff seconded to other police forces, government departments and other public bodies.

Statement of Accounts – Notes to the Financial Statements

Senior Officers' Remuneration note

The following section sets out the remuneration of the Chief Officers as well as senior employees of the PFCC Group and the PFCC:

PFCC Group – 2022/23

	2022/23				Total Remuneration
	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension contributions (note 4)	
	£	£	£	£	
Chief Constable - BJ Harrington	176,366	8,481	4,960	-	189,807
Deputy Chief Constable	138,813	5,668	2,792	43,032	190,305
Assistant Chief Constable	120,330	-	11,844	37,302	169,476
Assistant Chief Constable (note 5)	18,501	1,021	1,137	7,997	28,656
Temporary Assistant Chief Constable	131,202	-	12,273	36,786	180,261
Temporary Assistant Chief Constable	110,333	-	8,069	34,199	152,601
Temporary Assistant Chief Constable (note 6)	120,330	8,573	4,960	37,302	171,165
Chief Finance Officer of the Chief Constable	100,174	-	5,400	18,933	124,507
Director of Strategic Change and Performance (note 7)	113,700	-	-	21,308	135,008
Director of Continuous Improvement & Analysis (note 8)	24,564	-	970	4,643	30,177
Temporary Director of Essex & Kent Support Services (note 9)	17,917	-	873	3,386	22,176
Police, Fire & Crime Commissioner	91,442	-	-	-	91,442
Deputy Police, Fire & Crime Commissioner	76,575	-	-	14,473	91,048
Chief Executive - Police, Fire and Crime Commissioner	99,924	-	-	18,886	118,810
Strategic Head of Performance and Resources for the PFCC	76,072	-	-	14,378	90,450
Total for Group	1,416,243	23,743	53,278	292,625	1,785,889

PFCC – 2022/23

	2022/23				Total Remuneration
	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension Contributions (note 4)	
	£	£	£	£	
Police, Fire & Crime Commissioner	91,442	-	-	-	91,442
Deputy Police, Fire & Crime Commissioner	76,575	-	-	14,473	91,048
Chief Executive - Police, Fire and Crime Commissioner	99,924	-	-	18,886	118,810
Strategic Head of Performance and Resources for the PFCC	76,072	-	-	14,378	90,450
Total for PFCC	344,013	-	-	47,737	391,750

- The salary figures show just salary costs (i.e. they do not include allowances)
- Benefits in kind represent the monetary value of force-provided vehicles that are untaxable through the payroll system
- Allowances, where applicable, include housing, rent and monthly car lease allowances
- Employer pension contributions are an employer cost and are not received by the employee
- The Assistant Chief Constable was promoted into post on 30th January 2023 and the costs shown are from this point to the end of the year. Had they been in the Assistant Chief Constable post for the full year, their costs would have been £107,502 plus allowances.
- The Temporary Assistant Chief Constable was on secondment to another force for the entirety of 2022/23. The costs shown have been recharged to the seconded force.
- The Director of Strategic Change and Performance left the position on 8th February 2023 and the costs shown are up to this point. Had they been in post for the full duration of 2022/23 their salary would have been

Statement of Accounts – Notes to the Financial Statements

£127,532 plus allowances. The position was subsequently replaced by the Director of Continuous Improvement & Analysis post.

8. The Director of Continuous Improvement & Analysis post, which replaced the Director of Strategic Change and Performance post, was appointed to on 9th January 2023 and the costs shown are from this point to the end of the year. Had they been in post for the full year their salary would have been £107,502 plus allowances.
9. The Director of Essex & Kent Support services took up the post temporarily on 1st February 2023 following the resignation of the substantive post holder who was employed by Kent Police. The role is joint funded by Kent Police and the costs shown represents 100% of those incurred from the date of appointment, 50% of these costs have been recharged to Kent. Had they been in post for the full year the cost of 100% of their salary would have been £107,502 plus allowances.

Members of the Essex Police Chief Officer Team

In addition to the police officers and police staff shown in the table above, the Essex Police Chief Officer Management Team also included the following shared posts paid via the Kent Police payroll with 50% of their costs were recharged to Essex Police during 2022/23. Their remuneration is disclosed in full in the Kent Police Statement of Accounts:

- Director of Essex/Kent Support Services – 1st April 2022 – 31st January 2023
- Assistant Chief Constable
- Director of Human Resources

Senior Officers' Remuneration Note

PFCC Group – 2023/24

	2023/24				Total Remuneration £
	Salary (note 1) £	Benefits in Kind (note 2) £	Allowances (note 3) £	Employers Pension contributions (note 4) £	
Chief Constable - BJ Harrington	188,845	1,244	4,960	-	195,049
Deputy Chief Constable	145,305	4,310	3,000	45,044	197,659
Assistant Chief Constable	126,067	1,482	7,229	39,081	173,859
Assistant Chief Constable	113,157	3,394	2,629	35,075	154,255
Temporary Assistant Chief Constable (note 5)	113,955	-	10,424	35,326	159,705
Temporary Assistant Chief Constable (note 6)	90,443	-	6,059	28,037	124,539
Temporary Assistant Chief Constable (note 7)	126,068	8,146	4,960	39,081	178,255
Chief Finance Officer of the Chief Constable	104,005	-	5,400	20,489	129,894
Director of Continuous Improvement & Analysis	113,556	605	2,088	22,370	138,619
Temporary Director of Essex & Kent Support Services (note 8)	31,499	-	1,582	5,294	38,375
Director of Essex & Kent Support Services (note 9)	80,394	358	2,076	15,838	98,666
Police, Fire & Crime Commissioner	91,600	-	-	-	91,600
Deputy Police, Fire & Crime Commissioner	79,703	-	-	15,701	95,404
Chief Executive - Police, Fire and Crime Commissioner	104,005	-	-	20,489	124,494
Strategic Head of Performance and Resources for the PFCC	79,473	-	-	15,656	95,129
Total for Group	1,588,075	19,539	50,407	337,481	1,995,502

Statement of Accounts – Notes to the Financial Statements

PFCC – 2023/24

	2023/24					Total Remuneration £
	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension Contributions (note 4)		
	£	£	£	£		
Police, Fire & Crime Commissioner	91,600	-	-	-		91,600
Deputy Police, Fire & Crime Commissioner	79,703	-	-	15,701		95,404
Chief Executive - Police, Fire and Crime Commissioner	104,005	-	-	20,489		124,494
Strategic Head of Performance and Resources for the PFCC	79,473	-	-	15,656		95,129
Total for PFCC	354,781	-	-	51,846		406,627

1. The salary figures show just salary costs (i.e. they do not include allowances)
2. Benefits in kind represent the monetary value of force-provided vehicles that are untaxable through the payroll system
3. Allowances, where applicable, include housing allowance, south-east allowance, and monthly car allowances where these are paid as a cash alternative or as a reimbursement for a private lease arrangement. These arrangements have been agreed in preference to a force provided lease vehicle which are reflected in the Benefits in Kind figures.
4. Employer pension contributions are an employer cost and are not received by the employee
5. The Temporary Assistant Chief Constable was in role until their retirement on 28th April 2023. They were reappointed to the role from 5th June 2023, returning under the retiree returner scheme. The costs shown incorporate remuneration relating to both the period prior to retirement and the period since returning, to the end of the year. Had they been in the Temporary Assistant Chief Constable post for the full year, their costs would have been £126,068 plus allowances.
6. The position occupied by the Temporary Assistant Chief Constable was a temporary role which ended on 31st December 2023 and the costs shown are from the start of year to the position end date. Had they been in the Assistant Chief Constable post for the full year, their costs would have been £122,853 plus allowances.
7. The Temporary Assistant Chief Constable was on secondment to another force for the entirety of 2023/24. The costs shown have been recharged to the seconded force.
8. The Temporary Director of Essex & Kent Support Services undertook the role temporarily from the start of the financial year until 16th July 2023 following the appointment of the substantive post holder. The role is joint funded by Kent Police and the costs shown represents 100% of those incurred up to the end date of their temporary role, 50% of these costs have been recharged to Kent. Had they been in post for the full year the cost of their salary would have been £111,893 plus allowances.
9. The Director of Essex & Kent Support Services was appointed to the position on 17th July 2023 and the costs shown are from this point to the end of the year. The role is joint funded by Kent Police and the costs shown represents 100% of those incurred from the date of appointment to the end of the year, 50% of these costs have been recharged to Kent. Had they been in post for the full year the cost to Essex Police of their salary would have been £111,893 plus allowances.

Members of the Essex Police Chief Officer Team

In addition to the police officers and police staff shown in the table above, the Essex Police Chief Officer Management Team also included the following shared posts paid via the Kent Police payroll with 50% of their costs were recharged to Essex Police during 2023/24. Their remuneration is disclosed in full in the Kent Police Statement of Accounts:

Statement of Accounts – Notes to the Financial Statements

- Assistant Chief Constable
- Director of Human Resources

13. Termination Benefits

Exit Packages (Police Staff)

The numbers of exit packages with the cost of the compulsory and other redundancies that have been charged to the Comprehensive Income and Expenditure Statement (CIES) are set out in the tables below.

These figures relate only to police staff, police officers are officers under the Crown and not employees, and as such cannot be made redundant.

It should be noted that the pension strain is an employer cost and is not received by the employee.

The disclosure incorporates information in respect of the net movement on the Severance Provision in-year, providing the total value charged to the CIES for the exit packages disclosed.

Exit package cost band	2022/23			Cost of Exit Packages		Total
	Number of Exit Packages			Severance	Pension Strain	
	Compulsory Redundancies	Other Departures Agreed	Total Number of Exit Packages	£	£	
£20,001 - £40,000	1	-	1	28,614	-	28,614
£40,001 - £60,000	2	-	2	62,911	37,949	100,860
Total	3	-	3	91,525	37,949	129,474
Other adjustments included in the Comprehensive Income and Expenditure Statement						
Increase/(decrease) to Severance Provision						(1,789)
Total charged to the Comprehensive Income and Expenditure Statement						127,685

Exit package cost band	2023/24			Cost of Exit Packages		Total
	Number of Exit Packages			Severance	Pension Strain	
	Compulsory Redundancies	Other Departures Agreed	Total Number of Exit Packages	£	£	
£0 - £20,000	5	-	5	36,079	9,447	45,526
£20,001 - £40,000	3	-	3	52,322	19,130	71,452
£40,001 - £60,000	1	-	1	26,084	27,962	54,046
£60,001 - £80,000	1	-	1	22,074	57,168	79,242
Total	10	-	10	136,559	113,707	250,266
Other adjustments included in the Comprehensive Income and Expenditure Statement						
Increase/(decrease) to Severance Provision						10,426
Contribution to severance and pension strain costs for 7F collaboration						1,517
Total of other adjustments to the Comprehensive Income and Expenditure Statement						11,943
Total charged to the Comprehensive Income and Expenditure Statement						262,209

For the group there were ten employee contracts terminated in 2023/24 (three employees in 2022/23). In addition, there was a contribution made towards the cost of redundancy for an employee of the Seven Force collaborative team, employed by a partner force. This contribution is recognised here under the other adjustments included in the Comprehensive Income and Expenditure Statement.

Statement of Accounts – Notes to the Financial Statements

A provision for £0.010m has been created in respect of future possible redundancies in 2024/25.

The total charged to the CIES is £0.252m (£0.128m in 2022/23).

For the PFCC there were no employee contracts terminated in 2023/24 (nil in 2022/23), therefore no severance payment or enhancement of pension strain liabilities were incurred.

14. External Audit Costs

	2022/23 PFCC £000	2022/23 Group £000	2023/24 PFCC £000	2023/24 Group £000
External audit costs				
Fees payable with regard to agreed audit fee plan for the designated financial year, in respect of external audit services carried out by the appointed auditor	73	85	180	258
Total	73	85	180	258

15. Income from Service Recipients

IFRS 15 requires the PFCC to recognise revenue from its contracts with service recipients. This income is included within fees, charges and other service income within the Comprehensive Income and Expenditure Statement and is detailed in the below table.

	2022/23 £000	2023/24 £000
Credited to Provision of Police Services (inside the scope of IFRS 15)		
Stansted Airport policing	(6,000)	(6,647)
Seconded officers and external funding	(1,523)	(1,496)
Collaborative activity with other forces	(1,774)	(2,210)
National Driver Offender Retraining Scheme (NDORS)	(2,645)	(2,976)
Vehicle seizures	(537)	(568)
Sale of assets	(181)	(245)
Fees and charges	(720)	(1,499)
Reimbursements and contributions	(597)	(907)
Sub-total	(13,977)	(16,548)
Credited to Provision of Police Services (outside the scope of IFRS 15)	(3,378)	(2,742)
Total Fees, Charges and Other Service Income	(17,355)	(19,290)

Statement of Accounts – Notes to the Financial Statements

16. Government Grants and Contributions

The PFCC credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2022/23 £000	2023/24 £000
Credited to Taxation and Non Specific Grant Income		
Police Grant	(126,537)	(126,976)
Formula Funding	(66,987)	(67,220)
Council Tax Precepts	(146,600)	(155,741)
Council Tax Support Grant	(10,992)	(10,992)
Council Tax Freeze Grant	(2,133)	(2,133)
Pension Top Up Grant	(29,527)	(29,579)
Total	(382,776)	(392,641)
Credited to Provision of Police Services		
Eastern Region Special Operations Unit (ERSOU) Grants	(4,596)	(5,222)
Home Office Grants		
Operation Hazel	(4,003)	(720)
Police Pension Grant	(2,892)	(2,892)
Officer Pay Award Grant	(1,573)	(7,418)
Police Uplift Programme (PUP) Grant	(4,055)	(8,446)
Local Partnership Funding	(2,072)	(2,543)
PFCC Grants & Commissioning Partnership Funding	(9,051)	(9,954)
Support to Specific Police Operations	(1,760)	(1,944)
Proceeds of Crime Act Grant	(439)	(774)
CRB/DBS Grant	(2,024)	(2,520)
Other Grants	(822)	(1,667)
Total	(33,287)	(44,100)

The CRB/DBS Grant has been split out from the 'Other Grants' line where it was previously presented. The 2022/23 comparative figure has also been adjusted in the above table to show a like for like presentation.

17. Impairment of Assets

Paragraph 4.7.4.2(1) of the Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services, and to Other Comprehensive Income and Expenditure.

A review of property assets which were not formally revalued in 2023/24 was undertaken in conjunction with the PFCC's valuers. The review of asset valuations comprised an assessment of the PFCC's property portfolio and general movement in property values. This concluded that there are no grounds to substantiate any material change in values to properties not valued in-year. It also concluded that it would be reasonable to not make any specific annual adjustment for market conditions in relation to police housing.

Statement of Accounts – Notes to the Financial Statements

18. Leases

The PFCC has a number of non-cancellable property leases that are accounted for as operating leases. The future minimum lease payments due in future years are:

	2022/23	2023/24
	£000	£000
Not later than one year	123	243
Later than one year and not later than five years	378	709
Later than five years (per annum)	16	383
Total	517	1,335

The total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases at the 31st March 2024 is a total of £0.000m (£0.164m at 31st March 2023). The 2023/24 figure now excludes a number of leases in respect of radio masts on police buildings which are no longer considered to be non-cancellable arrangements.

Expenditure charged into the Comprehensive Income and Expenditure Statement during 2023/24 was as follows:

- £0.156m minimum lease payments
- £0.085m contingent rents
- (£0.000) sub-lease receivables

Statement of Accounts – Notes to the Financial Statements

19. Property, Plant and Equipment

The following two tables show the movements for 2022/23.

	Land and Buildings	Plant and Equipment	Vehicles	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1st April 2022	83,025	22,955	14,674	6,235	2,234	129,123
Additions	815	5,388	1,742	-	374	8,319
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,248	-	-	579	-	1,827
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,128)	-	-	78	-	(1,050)
Derecognition - Disposals	-	(1,418)	(1,156)	-	-	(2,574)
Asset reclassifications:						
- Within PPE	863	360	-	486	(1,709)	-
- Held for Sale	(1,419)	-	-	-	-	(1,419)
At 31st March 2023	83,404	27,285	15,260	7,378	899	134,226
Accumulated Depreciation and Impairment						
At 1st April 2022	(545)	(12,565)	(9,559)	-	-	(22,669)
Depreciation Charge	(1,222)	(4,564)	(1,451)	(91)	-	(7,328)
Depreciation written out to the Revaluation Reserve	187	-	-	77	-	264
Depreciation written out to the Surplus/Deficit on the Provision of Services	614	-	-	-	-	614
Derecognition - Disposals	-	1,391	950	-	-	2,341
At 31st March 2023	(966)	(15,738)	(10,060)	(14)	-	(26,778)
Net Book Value						
At 31st March 2022	82,480	10,390	5,115	6,235	2,234	106,454
At 31st March 2023	82,438	11,547	5,200	7,364	899	107,448

Statement of Accounts – Notes to the Financial Statements

The following two tables show the movements for 2023/24.

	Land and Buildings	Plant and Equipment	Vehicles	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1st April 2023	83,404	27,285	15,260	7,378	899	134,226
Additions	5,321	5,600	3,585	-	-	14,506
Revaluation increases/(decreases) recognised in the Revaluation Reserve	24	-	-	(123)	-	(99)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,520)	-	-	(1)	-	(3,521)
Derecognition - Disposals	-	(3,307)	(1,674)	-	-	(4,981)
Asset reclassifications:						
- Within PPE	868	21	-	-	(889)	-
- Held for Sale	(585)	-	-	(485)	-	(1,070)
At 31st March 2024	85,512	29,599	17,171	6,769	10	139,061
Accumulated Depreciation and Impairment						
At 1st April 2023	(966)	(15,738)	(10,060)	(14)	-	(26,778)
Depreciation Charge	(1,224)	(4,594)	(1,626)	(94)	-	(7,538)
Depreciation written out to the Revaluation Reserve	206	-	-	76	-	282
Depreciation written out to the Surplus/Deficit on the Provision of Services	865	-	-	32	-	897
Derecognition - Disposals	-	3,276	1,373	-	-	4,649
At 31st March 2024	(1,119)	(17,056)	(10,313)	-	-	(28,486)
Net Book Value						
At 31st March 2023	82,438	11,547	5,200	7,364	899	107,448
At 31st March 2024	84,395	12,543	6,858	6,769	10	110,575

For details of the valuation basis applied for each of the categories in the tables above, refer to accounting policy 2.16 Property, Plant and Equipment.

Statement of Accounts – Notes to the Financial Statements

Land & Buildings - Revaluations

The PFCC has a programme of regularly revaluing its land and property assets in accordance with the Code.

A total of 68 of the PFCC's existing land and building assets were revalued as at 31st January 2024 by external professionally qualified valuers, Wilks, Head and Eve, with the engagement led by Guy Harbord MA MRICS IRRV (Hons). This work also included those included within the Assets Held for Sale disclosure (note 26). As required by the Code and the PFCC's accounting policies, significant components were separately valued in relation to selected property assets.

The below table shows the valuations profile for the property, plant and equipment assets held at the 31st March 2024, as disclosed in note 19. For each land and building asset an annual revaluation will be applied at least once every five years, with a market review process undertaken annually to ensure that carrying values remain materially correct in the intervening periods. No adjustments have been applied following the market review process during the last five years.

Property, Plant and Equipment held at 31st March 2024 - valuation profile	Land and buildings	Plant and equipment	Vehicles	Surplus assets	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
Carried at historical cost	892	12,543	6,858	-	10	20,303
Carried at current value based on valuations in the year ending:						
31st March 2024	53,051	-	-	6,769	-	59,820
31st March 2023	2,495	-	-	-	-	2,495
31st March 2022	21,345	-	-	-	-	21,345
31st March 2021	4,463	-	-	-	-	4,463
31st March 2020	2,149	-	-	-	-	2,149
Total	84,395	12,543	6,858	6,769	10	110,575

The above table demonstrates that over 54% (£59.820m) of the total property, plant and equipment asset value held at 31st March 2024 were revalued during this financial year. The remaining assets were either valued in earlier financial years or were held at historical cost.

Statement of Accounts – Notes to the Financial Statements

Jointly Controlled Assets

As part of the collaborative arrangements between Essex Police, Kent Police and their collaborative partners in the Seven Force Consortium (7F) a number of assets have been jointly purchased specifically for joint / collaborative operations. The following table sets out jointly controlled assets that were held at 31st March 2024, where the PFCC's proportion is included in the preceding disclosures.

Jointly Controlled Assets with Kent Police and Seven Forces Programme	Total Net Book Value of Joint Assets at 31st March 2024	Percentage Contributed by Essex Police	Essex Police Net Book Value of Joint Assets at 31st March 2024
	£000	%	£000
DNA Clean Room	24	50.0	12
SCD - Specialist Equipment	14	50.0	7
ERSOU - Property Interest	1,185	13.0	154
ERSOU - Specialist Equipment	6	50.0	3
SCD - Back Record Conversion	38	50.0	19
ERSOU - Property Interest #2	7,211	9.5	685
Digital Fingermark Imaging and Capture System	32	50.0	16
SAP Technical Refresh - Shared Platform	198	50.0	99
Driver Management Module	35	21.2	7
PowerEdge Server - new 21/22	8	50.0	4
Oracle Database Application	399	50.0	199
Total	9,149		1,205

Fair Value Disclosures for Surplus Assets

Details of the PFCC's surplus property assets at 31st March 2024 are as follows:

Recurring Fair Value Measurement	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as at 31 st March 2024
	£000	£000	£000	£000
Surplus Operational Buildings	-	4,183	-	4,183
Surplus Land	-	2,586	-	2,586
Total	-	6,769	-	6,769

20. Intangible Assets

The PFCC accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and software developed for the PFCC by third parties. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the PFCC. The useful lives assigned to the major software suites used by the PFCC of five years are: Athena, SAP System Licences, Emergency Services Mobile Communications Programme (ESCMP), Integrated Communication Control System (ICCS) Replacement, SCD Replacement Software and the Infrastructure Modernisation Programme.

Statement of Accounts – Notes to the Financial Statements

The carrying amount of intangible assets is amortised on a straight-line basis. The movement on intangible asset balances during the year is as follows:

	2022/23 Purchased Software Licences £000	2023/24 Purchased Software Licences £000
Gross book value at start of year	5,805	6,016
Movement in year		
Additions	255	94
Disposals and deletions	(44)	0
Gross book value at end of the year	6,016	6,110
Accumulated amortisation at start of year	(4,961)	(5,268)
Movement in year		
Amortisation on disposals and deletions	44	0
Amortisation for the year	(351)	(316)
Accumulated amortisation at end of the year	(5,268)	(5,584)
Net book value at end of the year	747	526

Carrying Amount (Major Software Suites only)

	31 st March 2023 £000	31 st March 2024 £000	Remaining Amortisation Period
SAP Systems Licences	89	69	24 months
Infrastructure Modernisation Programme	26	-	-
Athena Phase 2	20	5	1 months
Tech Refresh Licences 2022/23	100	77	48 months

Statement of Accounts – Notes to the Financial Statements

21. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of capital expenditure incurred by the PFCC that has yet to be financed. This CFR balance reduces as the related assets are used by the PFCC and Minimum Revenue Provision (MRP) is allocated to the revenue account. The movement in the CFR is analysed in the second part of this note.

	2022/23 £000	2023/24 £000
Opening Capital Financing Requirement	16,123	17,029
Capital Investment		
Property, plant and equipment	8,319	14,531
Intangible assets	255	94
Total Capital Investment	8,574	14,625
Sources of Finance		
Capital receipts	(1,576)	(1,551)
Government grants and contributions	(21)	(313)
Revenue funding	(5,279)	(2,402)
Total Sources of Finance	(6,876)	(4,266)
Minimum revenue provision	(793)	(833)
Closing Capital Financing Requirement	17,029	26,554
Explanation of movements in year		
Net increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	906	9,526
Increase/(decrease) in Capital Financing Requirement	906	9,526

The MRP of £0.833m is offsetting the CFR brought forward. A reconciliation to the Balance Sheet in respect of the year-end CFR, is presented in the table below.

	2022/23 £000	2023/24 £000
Closing Capital Financing Requirement (as per above table)	17,029	26,554
Balance Sheet		
Property, plant and equipment	107,448	110,575
Intangible assets	747	526
Assets held for sale	3,016	3,075
Net assets	111,211	114,176
Revaluation Reserve	(17,951)	(17,909)
Capital Adjustment Account	(76,231)	(69,712)
Unusable reserves	(94,181)	(87,621)
Closing Capital Financing Requirement (as per Balance Sheet)	17,029	26,554

Statement of Accounts – Notes to the Financial Statements

The estimated value of significant commitments under capital contracts totalled £0.999m at 31st March 2024 (£0.225m at 31st March 2023).

22. Inventories

The PFCC holds the following inventories within its balance sheet. In respect of vehicle parts these are held at historic cost, with the other elements recognised on an average cost basis.

	2022/23		2023/24	
	Opening Balance	Purchases	Expensed to CIES	Closing Balance
	£000	£000	£000	£000
Vehicle parts	216	1,788	(1,808)	196
Uniform	933	1,179	(771)	1,341
CS spray, prisoner supplies, general stock	112	7	(81)	38
Closing Balance	1,261	2,974	(2,660)	1,575

23. Debtors

Long term debtors

The long-term debtors figure of £0.023m (2022/23 £0.023m) represents pay advances made in previous years to new police officers, which are recoverable at the end of the officers' service with Essex Police. These advances are no longer made, and the balance will therefore reduce over time as officers retire or transfer to other police forces.

Short term debtors

The short-term debtors disclosed in the balance sheet are classified as follows:

	2022/23		2023/24	
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Trade receivables	4,608	4,608	4,922	4,922
Less loss allowance for doubtful debts	(86)	(86)	(83)	(83)
	4,522	4,522	4,839	4,839
Payments in advance	10,768	10,768	10,405	10,405
Income accruals	21,470	21,470	21,145	21,145
Council Tax-related	9,317	9,317	10,195	10,195
VAT-related	2,592	2,592	790	790
Other debtors	3	3	(37)	(37)
	44,150	44,150	42,498	42,498
Closing Balance	48,672	48,672	47,337	47,337

The group debtors position in the above table excludes intra-group balances held by the Chief Constable at year-end, relating to employee liabilities rechargeable to the PFCC.

Short term debtors with service recipients

The above debtors figures include an element of receivables which relate to assets arising from contracts with service recipients, as per IFRS 15. The following disclosure restates these debtors figures to split out this element, showing the opening and closing balances split between contractual and non-contractual assets.

Statement of Accounts – Notes to the Financial Statements

	2022/23 PFCC £000	2022/23 Group £000	2023/24 PFCC £000	2023/24 Group £000
Included within Debtors (inside the scope of IFRS 15)				
Trade receivables	4,608	4,608	4,839	4,839
Income accruals	3,117	3,117	3,499	3,499
	7,725	7,725	8,338	8,338
Included within Debtors (outside the scope of IFRS 15)				
Payments in advance	10,768	10,768	10,405	10,405
Income accruals	18,353	18,353	17,646	17,646
Council Tax-related	9,317	9,317	10,195	10,195
VAT-related	2,592	2,592	790	790
Other debtors	(83)	(83)	(37)	(37)
	40,947	40,947	38,999	38,999
Total Debtors	48,672	48,672	47,337	47,337

24. Short-Term Investments

The PFCC discloses its year-end short-term investments, which typically have a fixed maturity date which is no longer than twelve months from the end of the accounting period. There were no such investments held as at 31st March 2024.

25. Cash and Cash Equivalents - Debtors

Cash and Cash Equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These funds are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. There were no such balances held as at 31st March 2024 however the PFCC did recognise a *Cash and Cash Equivalents – Creditors* balance which is further detailed within note 27.

	2022/23 £000	2023/24 £000
Current Assets		
Operational bank accounts	917	-
Petty cash advances	53	-
Closing Balance	970	-

For 2022/23 year-end £4.130m of third-party balances were omitted from the Cash and Cash Equivalents total. For further details, please see the explanation provided in relation to monies held on behalf of third parties in note 41.

Statement of Accounts – Notes to the Financial Statements

26. Assets Held for Sale

	2022/23 £000	2023/24 £000
Opening Balance	2,173	3,016
Expenditure on existing Assets Held for Sale		
Additions	-	24
Reclassifications - Property, Plant & Equipment		
Assets newly classified as held for sale	1,419	1,070
Revaluation gains/(losses)		
Revaluation Reserve	(33)	195
Comprehensive Income and Expenditure Statement	-	92
Asset disposals	(543)	(1,323)
Closing Balance	3,016	3,075

Assets qualify as being held for sale where they meet all of the following criteria:

- Available for immediate sale
- A sale is highly probable
- The asset is being actively marketed
- Completion of the sale is expected within one year of the date of classification

At 31st March 2024, six assets met the above criteria (31st March 2023, seven properties).

27. Cash and Cash Equivalents - Creditors

In accordance with the Code, the PFCC has recognised a creditor balance in respect of Cash and Cash Equivalents, in relation to its operational banking position as at the 31st March 2024. This is on the basis that cash will also include bank overdrafts that are repayable on demand and that are integral to the PFCC's cash management. The categorisation of such arrangements will typically be demonstrated by the presence of netting-off processes within the PFCC's banking arrangements, as well as the overall bank balance fluctuating from being in credit to being overdrawn. The applicable balances for the PFCC are presented in the table below.

	2022/23 £000	2023/24 £000
Current Liabilities		
Operational bank accounts	-	(633)
Closing Balance	-	(633)

Statement of Accounts – Notes to the Financial Statements

28. Short Term Borrowing

The Code specifies that arrangements for netting off bank overdraft balances (as detailed in note 27) will not be applicable in certain instances of borrowing relationships. These exclusions include any liabilities recognised in relation to trust funds. For 2023/24 year-end £5.194m of third-party balances have been classified as short-term borrowing in the form of trust funds. These balances relate to seizures of monies held in the PFCC's bank account at year-end, with the previous year comparable amount omitted being £4.130m, which was netted off Cash and Cash Equivalents - Debtors (see note 25).

	2022/23	2023/24
	£000	£000
Current Liabilities		
Trust funds	-	(5,194)
Closing Balance	-	(5,194)

29. Creditors

The short-term creditors disclosed in the balance sheet are classified as follows:

	2022/23	2022/23	2023/24	2023/24
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Trade payables	(13,230)	(13,230)	(12,988)	(12,988)
Expenditure accruals	(8,581)	(8,581)	(9,789)	(9,789)
Receipts in advance	(78)	(78)	(160)	(160)
Council Tax-related	(6,148)	(6,148)	(7,527)	(7,527)
Compensated absences	(31)	(3,150)	(53)	(3,930)
Other employee-related	(1,860)	(1,860)	(2,054)	(2,054)
Other creditors	(2,603)	(2,603)	(2,917)	(2,917)
Closing Balance	(32,531)	(35,650)	(35,488)	(39,365)

The group creditors position in the above table excludes intra-group balances held by the PFCC at year-end, relating to employee liabilities rechargeable from the Chief Constable.

£5.194m of third-party balances have been omitted from the Creditors total for 2023/24 year-end with a corresponding adjustment presented within the Cash and Cash Equivalents – Creditors disclosure (note 27). These adjustments relate to seizures of monies held in the PFCC's bank account at year-end, which are treated as creditors upon receipt. For reporting purposes, both the cash and creditor elements are removed at year-end on the basis the PFCC does not have economic rights to this cash, and likewise should not reflect any related creditor if this cash is removed from the Balance Sheet. The previous year comparable amount omitted was £4.130m.

Short term creditors with service recipients

The above creditors figures include an element of payables which relate to liabilities arising from contracts with service recipients, as per IFRS 15. The following disclosure restates these creditors figures to split out this element, showing the opening and closing balances split between contractual and non-contractual liabilities in respect of customer-related obligations only.

Statement of Accounts – Notes to the Financial Statements

	2022/23 PFCC £000	2022/23 Group £000	2023/24 PFCC £000	2023/24 Group £000
Included within Creditors (outside the scope of IFRS 15)				
Other short-term creditors	(32,531)	(35,650)	(35,488)	(39,365)
	(32,531)	(35,650)	(35,488)	(39,365)
Total Creditors	(32,531)	(35,650)	(35,488)	(39,365)

30. Provisions

The PFCC maintained three provisions during 2023/24 as follows:

Insurance Provision:

	2022/23 £000	2023/24 £000
Opening Balance	(2,724)	(3,391)
Additional provisions made in-year	(1,742)	(2,170)
Amounts used in-year	1,075	1,629
Closing Balance	(3,391)	(3,932)

The PFCC has made a provision of £3.932m for the settlement of outstanding insurance claims that fail to be met under the 'excess' clauses of the PFCC's insurance policies. It is not certain that all valid claims have yet been received by the PFCC at the Balance Sheet date. Estimates of outstanding claim values depends on a number of factors and assumptions around future claim trends and development. An actuarial review of the appropriateness of the provision is undertaken annually by insurance consultants. 2023/24 saw an increase in actual in-year claims expenditure of £0.554m costed from the provision (equating to £1.629m) but based on an offsetting £2.170m increase in respect of the estimated value of additional outstanding claims in progress at the end of the financial year, the net movement on the provision equated to an increase of £0.541m. This comprised a combination of employer, public and motor liability claims.

Severance Provision:

	2022/23 £000	2023/24 £000
Opening Balance	(35)	-
Additional provisions made in-year	-	(10)
Amounts used in-year	33	-
Reverse unused provisions	2	-
Closing Balance	-	(10)

In addition to the review of contingent liabilities as referenced in note 7, an assessment of workforce related business cases determined that none met the criteria required to create a provision.

Statement of Accounts – Notes to the Financial Statements

Legal Claims Provision

	2022/23	2023/24
	£000	£000
Opening Balance	-	-
Additional provisions made in-year	-	(291)
Closing Balance	-	(291)

The additional Legal Claims Provision recognised in year relates to the Allard & Ors v Devon and Cornwall Constabulary legal case, for which the PFCC and Chief Constable for Essex Police, along with other PCC's, PFCC's and Chief Constables, has previously recognised a contingent liability. This claim relates to undercover officers in Devon and Cornwall Police claiming under Police Regulations that they were entitled to on-call payments due to having to respond to communications outside their normal working hours. The basis of the claim was that they had been 'recalled to duty' and were therefore entitled to overtime payments. The case was upheld against Devon and Cornwall at the High Court and the ruling applies to all other Home Office forces.

Following updated guidance/confirmation from the NPCC Finance Coordination Committee there has been agreement in principle that the cost of the undercover claims should now be met nationally via net revenue expenditure (NRE). Recognising the test cases have now concluded and gone in the claimants favour the consensus across all forces is these costs should be reflected within the 2023/24 Statements of Accounts.

Following an assessment of this updated position against IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and based on the fact the test cases have shown that there is likely to be a transfer of economic benefit from the PFCC to claimants as claims are made, the PFCC has determined that their share of these costs should be recognised as a provision rather than a contingent liability. This decision acknowledges the fact that of the estimated total cost of claims (including interest) equating to £14m, the PFCC's cost share has been confirmed as £0.291m.

In respect of further potential costs in respect of the Allard judgement, including those relating to Covert Human Intelligence Source (CHIS) claims, no further contingent liability has been recognised in these accounts based on the PFCC being unable to measure the related obligation with certainty, but nonetheless expecting this to be immaterial for the purposes of inclusion/disclosure within these accounts.

31. Capital Grants & Contributions – Receipts in Advance

The PFCC receives a number of capital grants and contributions, these can only be recognised as income when the applicable conditions attached to them are fully met, and there is confirmation that the monies will not need to be returned to the contributor. There have been no capital grants received in the previous two years for which conditions have not been fully met and therefore no income was held in this account at either 2022/23 or 2023/24 year-end.

Statement of Accounts – Notes to the Financial Statements

32. Cashflow – Operating Activities

The cashflows for operating activities included the following items:

	2022/23	2022/23	2023/24	2023/24
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Interest received	418	418	1,202	1,202
Interest paid	-	-	(6)	(6)
Total	418	418	1,195	1,195

The Surplus/Deficit on the Provision of Services has been adjusted for the following non-cash movements:

	2022/23	2022/23	2023/24	2023/24
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Depreciation	(7,327)	(7,327)	(7,525)	(7,525)
Impairment and valuation changes	(411)	(411)	(2,532)	(2,532)
Amortisation	(351)	(351)	(325)	(325)
(Increase)/decrease in impairment for bad debts	30	30	3	3
(Increase)/decrease in creditors	1,247	2,716	(2,956)	(3,715)
Increase/(decrease) in debtors	8,913	8,913	(1,338)	(1,338)
Increase/(decrease) in inventories	(63)	(63)	314	314
Movement in pension liability	(308)	(120,279)	49	(60,659)
Carrying amount of non-current assets (including assets held for sale) sold / derecognised	(776)	(776)	(1,658)	(1,658)
Other non-cash items charged to the Surplus/Deficit on the Provision of Services	(632)	(632)	(843)	(843)
Total	320	(118,180)	(16,811)	(78,278)

The Surplus/Deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities (and which are also included in notes 33 and 34 where applicable):

	2022/23	2022/23	2023/24	2023/24
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Proceeds from short-term investments (not considered to be cash equivalents) and long-term investments	(9,999)	(9,999)	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	650	650	1,551	1,551
Any other items for which the cash effects are investing or financing cash flows	20	20	313	313
Total	(9,329)	(9,329)	1,864	1,864

Statement of Accounts – Notes to the Financial Statements

33. Cashflow – Investing Activities

	2022/23	2022/23	2023/24	2023/24
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	8,573	8,573	14,625	14,625
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(650)	(650)	(1,551)	(1,551)
Other receipts from investing activities	(23)	(23)	(313)	(313)
Total	7,901	7,901	12,761	12,761

34. Cashflow – Financing Activities

	2022/23	2022/23	2023/24	2023/24
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Cash receipts of short and long-term borrowing	-	-	(5,194)	(5,194)
Net cash flows from investing activities	-	-	(5,194)	(5,194)

35. Adjustments between Accounting Basis and Funding Basis under Regulations

The following tables identify the adjustments that have been made to the Total Comprehensive income and Expenditure in the CIES recognised by the PFCC Group in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the PFCC Group to meet future capital and revenue expenditure.

PFCC Group - 2022/23	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve- Police Officers	Pensions Reserve- Police Staff	Collection Fund Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account												
<u>Reversal of items debited or credited to the CIES</u>												
Charges for depreciation of non current assets	(7,326)			(7,326)		7,326					7,326	-
Amortisation of intangible assets	(351)			(351)		351					351	-
Revaluations and impairments for Property, Plant & Equipment	(411)			(411)		411					411	-
Write out net asset value debited as part of the gain/loss on disposal to the CIES	(776)			(776)		776					776	-
Net write off of revaluation gains in respect of asset disposals in year				-	1,018	(1,018)					-	-
<u>Insertion of items not debited or credited to the CIES</u>												
Statutory provision for the financing of capital investment	793			793		(793)					(793)	-
Capital Expenditure charged against the General Reserve	5,279			5,279		(5,279)					(5,279)	-
Adjustments involving the Capital Grants Unapplied Account												
Capital grants and contributions credited to CIES that have been applied to usable reserves	21		(21)	-							-	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure			21	21		(21)					(21)	-
Adjustments involving the Capital Receipts Reserve												
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	650	(650)		-							-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		1,576		1,576		(1,576)					(1,576)	-
Adjustments involving the Pensions Reserve												
Reversal of items relating to retirement benefits debited or credited to the CIES	(206,830)			(206,830)			168,452	38,378			206,830	-
Employers' pension contributions and direct payments to pensioners payable in the year	86,551			86,551			(72,680)	(13,871)			(86,551)	-
Adjustments involving the Collection Fund Adjustment Account												
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	1,108			1,108					(1,108)		(1,108)	-
Adjustments involving the Accumulating Absences Account												
Amounts by which officer remuneration charged to the CIES on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	1,468			1,468						(1,468)	(1,468)	-
Total	(119,825)	927	-	(118,898)	1,018	177	95,772	24,507	(1,108)	(1,468)	118,898	-

PFCC - 2022/23	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve- Police Officers	Pensions Reserve- Police Staff	Collection Fund Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account												
<u>Reversal of items debited or credited to the CIES</u>												
Charges for depreciation of non current assets	(7,326)			(7,326)		7,326					7,326	-
Amortisation of intangible assets	(351)			(351)		351					351	-
Revaluation losses on Property, Plant & Equipment	(411)			(411)		411					411	-
Write out net asset value debited as part of the gain/loss on disposal to the CIES	(776)			(776)		776					776	-
Net write off of revaluation gains in respect of asset disposals in year				-	1,018	(1,018)					-	-
<u>Insertion of items not debited or credited to the CIES</u>												
Statutory provision for the financing of capital investment	793			793		(793)					(793)	-
Capital Expenditure charged against the General Reserve	5,279			5,279		(5,279)					(5,279)	-
Adjustments involving the Capital Grants Unapplied Account												
Capital grants and contributions credited to CIES that have been applied to usable reserves	21		(21)	-							-	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure			21	21		(21)					(21)	-
Adjustments involving the Capital Receipts Reserve												
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	650	(650)		-							-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		1,576		1,576		(1,576)					(1,576)	-
Adjustments involving the Pensions Reserve												
Reversal of items relating to retirement benefits debited or credited to the CIES	(505)			(505)				505			505	-
Employers' pension contributions and direct payments to pensioners payable in the year	197			197				(197)			(197)	-
Adjustments involving the Collection Fund Adjustment Account												
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	1,108			1,108					(1,108)		(1,108)	-
Adjustments involving the Accumulating Absences Account												
Amounts by which officer remuneration charged to the CIES on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	(4)			(4)						4	4	-
Total	(1,326)	927	-	(399)	1,018	177	-	308	(1,108)	4	399	-

PFCC Group - 2023/24	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve- Police Officers	Pensions Reserve- Police Staff	Collection Fund Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account												
<u>Reversal of items debited or credited to the CIES</u>												
Charges for depreciation of non current assets	(7,525)			(7,525)		7,525					7,525	-
Amortisation of intangible assets	(325)			(325)		325					325	-
Revaluations and impairments for Property, Plant & Equipment	(2,532)			(2,532)		2,532					2,532	-
Write out net asset value debited as part of the gain/loss on disposal to the CIES	(1,658)			(1,658)		1,658					1,658	-
Net write off of revaluation gains in respect of asset disposals in year				-	423	(423)					-	-
<u>Insertion of items not debited or credited to the CIES</u>												
Statutory provision for the financing of capital investment	833			833		(833)					(833)	-
Capital Expenditure funded from the Revenue Account	2,402			2,402		(2,402)					(2,402)	-
Adjustments involving the Capital Grants Unapplied Account												
Capital grants and contributions credited to CIES that have been applied to usable reserves	313		(313)	-							-	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure			313	313		(313)					(313)	-
Adjustments involving the Capital Receipts Reserve												
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	1,551	(1,551)		-							-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		1,551		1,551		(1,551)					(1,551)	-
Adjustments involving the Pensions Reserve												
Reversal of items relating to retirement benefits debited or credited to the CIES	(151,714)			(151,714)			137,912	13,802			151,714	-
Employers' pension contributions and direct payments to pensioners payable in the year	91,055			91,055			(75,819)	(15,236)			(91,055)	-
Adjustments involving the Collection Fund Adjustment Account												
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(501)			(501)					501		501	-
Adjustments involving the Accumulating Absences Account												
Amounts by which officer remuneration charged to the CIES on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	(780)			(780)						780	780	-
Total	(68,881)	-	-	(68,881)	423	6,518	62,093	(1,434)	501	780	68,881	-

PFCC - 2023/24	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve- Police Officers	Pensions Reserve- Police Staff	Collection Fund Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account												
<u>Reversal of items debited or credited to the CIES</u>												
Charges for depreciation of non current assets	(7,525)			(7,525)		7,525					7,525	-
Amortisation of intangible assets	(325)			(325)		325					325	-
Revaluation losses on Property, Plant & Equipment	(2,532)			(2,532)		2,532					2,532	-
Write out net asset value debited as part of the gain/loss on disposal to the CIES	(1,658)			(1,658)		1,658					1,658	-
Net write off of revaluation gains in respect of asset disposals in year	-			-	423	(423)					-	-
<u>Insertion of items not debited or credited to the CIES</u>												
Statutory provision for the financing of capital investment	833			833		(833)					(833)	-
Capital Expenditure charged against the General Reserve	2,402			2,402		(2,402)					(2,402)	-
Adjustments involving the Capital Grants Unapplied Account												
Capital grants and contributions credited to CIES that have been applied to usable reserves	313		(313)	-							-	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure			313	313		(313)					(313)	-
Adjustments involving the Capital Receipts Reserve												
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	1,551	(1,551)		-							-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		1,551		1,551		(1,551)					(1,551)	-
Adjustments involving the Pensions Reserve												
Reversal of items relating to retirement benefits debited or credited to the CIES	(206)			(206)				206			206	-
Employers' pension contributions and direct payments to pensioners payable in the year	256			256				(256)			(256)	-
Adjustments involving the Collection Fund Adjustment Account												
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(501)			(501)					501		501	-
Adjustments involving the Accumulating Absences Account												
Amounts by which officer remuneration charged to the CIES on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	(22)			(22)						22	22	-
Total	(7,414)	-	-	(7,414)	423	6,518	-	(50)	501	22	7,414	-

Statement of Accounts – Notes to the Financial Statements

36. Purpose of Earmarked Reserves

The following notes explain the purpose of the earmarked reserves on which there was a movement during, or a balance at the end of, 2023/24:

- 1) The **PFCC Carry Forward Reserve** represents amounts carried forward from the financial year just ended to the new financial year to meet specific financial commitments, as directly requested/approved by the Police, Fire and Crime Commissioner.
- 2) The **Chief Constable's Carry Forward Reserve** represents amounts carried forward from the financial year just ended to the new financial year to meet specific financial commitments, as directly requested by the Chief Constable, and approved by the Police, Fire and Crime Commissioner.
- 3) The **Forfeitures/Drugs Fund Reserve** holds funds transferred to the PFCC from the Misuse of Drugs Act Seizures Fund. These funds are subsequently transferred from the reserve into the Comprehensive Income & Expenditure Statement in order to fund the costs of operations mounted to tackle drug related crime and drug abuse.
- 4) The **Transformation Reserve** (formerly referred to as Investment in Estates and IT Strategies) was first created in 2015/16 and helps to fund the one-off costs of implementing the Estates and IT Strategies.
- 5) The **Operation Dagenham Maintenance Reserve** (formerly known as the Leased Property Dilapidation & Maintenance Reserve) funds the cost of minor repairs to a multi-occupancy building jointly owned by the Seven Force Consortium (7F). The reserve represents the Essex Police share of this maintenance reserve.
- 6) The **Proceeds of Crime Act (POCA) Reserve** holds receipts received through the Asset Recovery Incentive Scheme (ARIS), to fund crime reduction-related expenditure.
- 7) The **Redundancy and Relocation Reserve** was originally created in 2014/15 and supports the costs associated with strategic change programmes.
- 8) The **Major Operational Reserve** was initially created in 2016/17 to fund in-year shortfalls on major incidents that are not reimbursed by the Home Office. Generally additional expenditure above 1% of the force's annual budget is reimbursed by the Home Office.
- 9) The **Legal Claims Reserve** was originally created in 2016/17 to fund one-off costs of future legal claims. This includes expected costs of ongoing legal cases in relation to Allard & Ors and McCloud/Sargeant, where potential liabilities to the PFCC remain uncertain in terms of timing and value.
- 10) The Policing Education Qualification Framework (PEQF) is a framework for the education of police officers and police staff. The **PEQF Reserve** was initially created in 2019/20 to fund one-off costs for the introduction of this training programme.
- 11) The **Restricted Grant Reserve** is used for unspent balances of grants received for specific purposes which have yet to be fully utilised.
- 12) The **Future Capital Funding Reserve** is used as an enabling facility to finance future capital expenditure arising in both new and existing projects.
- 13) The **Insurance Reserve** was created in 2023/24 to help manage the impact of volatile claim trends on revenue, and to assist with any other one-off related / unforeseen shortfalls.

Statement of Accounts – Notes to the Financial Statements

37. Transfers to/from Earmarked Reserves

This note summarises the amounts set aside from the General Reserve in earmarked reserves to provide financing for future expenditure plans, as well as the amounts posted back from earmarked reserves to meet revenue expenditure commitments in 2023/24. Note 36 provides further details of the purpose of each of the earmarked reserves.

	Balance at 31 st March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31 st March 2024 £000
Earmarked Reserves				
PFCC Carry Forward Reserve (1)	5,258	(756)	1,650	6,152
Chief Constable's Carry Forward Reserve (2)	650	-	100	750
Forfeitures/Drugs Fund Reserve (3)	414	(223)	113	304
Transformation Reserve (4)	2,348	(1,527)	798	1,618
Operation Dagenham Maintenance Reserve (5)	101	(6)	14	109
POCA Reserve (6)	1,696	(744)	462	1,414
Redundancy & Relocation Reserve (7)	963	(179)	-	784
Major Operational Reserve (8)	1,500	-	-	1,500
Legal Claims Reserve (9)	836	(522)	555	869
PEQF Reserve (10)	298	(187)	-	111
Restricted Grant Reserve (11)	436	(292)	449	593
Future Capital Funding Reserve (12)	1,001	(2,402)	1,501	100
Insurance Reserve (13)	-	-	400	400
Sub total	15,501	(6,838)	6,042	14,704
Unallocated Reserves				
General Reserve	13,394	(3,845)	3,073	12,622
Total Specific/General Reserves	28,895	(10,683)	9,115	27,326

38. Capital Receipts Reserve

The Capital Receipts Reserve reflects the cash settlements receivable from the sale of non-current assets. This income is used for financing capital expenditure.

	2022/23 £000	2023/24 £000
Opening Balance	(927)	-
Capital receipts received		
In-year receipts	(650)	(1,551)
Capital receipts applied		
Used for financing capital expenditure	1,576	1,551
Closing Balance	-	-

39. Usable Reserves

The year-end balances and the movements in the PFCC's usable reserves are detailed in the Movement in Reserves Statement.

Statement of Accounts – Notes to the Financial Statements

40. Unusable Reserves

The tables on the following pages describe the unusable reserves.

40.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the PFCC, which arise from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are realised

The reserve contains only revaluation gains accumulated since 1st April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2022/23 £000	2023/24 £000
Opening Balance	(16,938)	(17,951)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		
Upward revaluation of assets	(6,904)	(6,567)
Downward revaluation of assets and impairment losses	4,873	6,186
Amount written off to the Capital Adjustment Account		
Depreciation of revaluation gains	185	159
Accumulated gains on assets sold or scrapped	320	681
Accumulated gains/(losses) from previous years	513	(417)
Closing Balance	(17,951)	(17,909)

40.2 Capital Adjustment Account

The Capital Adjustment Account is a reserve used to adjust the accounting items related to non-current assets that have been recognised in the Comprehensive Income and Expenditure Statement. It is used to remove accounting charges and to also ensure that the financing of non-current assets is appropriately levied to the local taxpayer. It shows the extent to which non-current assets have been financed from internal sources. Note 35 provides details of the source of all the transactions posted to this reserve, apart from those involving the Revaluation Reserve.

Statement of Accounts – Notes to the Financial Statements

	2022/23 £000	2023/24 £000
Opening Balance	(76,409)	(76,231)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Net charges for depreciation and impairment of non current assets	7,326	7,538
Revaluation (gains)/losses on Property, Plant and Equipment	411	2,532
Amortisation of Intangible Assets	351	316
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	776	1,655
Adjusting amounts written out of the Revaluation Reserve	(1,018)	(423)
Net written out amount of the cost of non current assets consumed in the year	(68,563)	(64,613)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,576)	(1,551)
Capital Grants and Other Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	(21)	(313)
Statutory provision for the financing of Capital Investment charged against the General Reserve	(793)	(833)
Capital Expenditure charged against the General Reserve	(5,279)	(2,402)
Closing Balance	(76,231)	(69,712)

40.3 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits, and for funding benefits in accordance with statutory provisions. The PFCC accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as they are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, and changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the PFCC makes employer contributions to pension funds or when pensions are eventually paid out when police officers retire.

The debit balance on the Police Officer Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees compared to the resources the PFCC has set aside to meet them. This is partially offset by a surplus in the LGPS Reserves for Police Staff Pensions. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2022/23 Group			2023/24 Group		
	Police Officers £000	Police Staff £000	Total £000	Police Officers £000	Police Staff £000	Total £000
Opening Balance	3,297,849	193,569	3,491,418	2,209,838	1,023	2,210,861
Actuarial (gains)/losses on pensions assets and liabilities	(1,183,783)	(305,867)	(1,489,650)	70,451	(57,943)	12,508
Reversal of items relating to retirement benefits debited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	168,452	38,378	206,830	137,912	13,802	151,714
Employer's pensions contributions and direct payments to pensioners payable in the year	(72,680)	(13,871)	(86,551)	(75,819)	(15,236)	(91,055)
Adjustment for IFRIC14 asset ceiling	-	88,814	88,814	-	61,602	61,602
Closing Balance	2,209,838	1,023	2,210,861	2,342,382	3,248	2,345,630

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	2022/23			2023/24		
	PFCC			PFCC		
	Police Officers £000	Police Staff £000	Total £000	Police Officers £000	Police Staff £000	Total £000
Opening Balance	-	1,999	1,999	-	-	-
Actuarial (gains)/losses on pensions assets and liabilities	-	(2,307)	(2,307)	-	(489)	(489)
Reversal of items relating to retirement benefits debited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-	505	505	-	206	206
Employer's pensions contributions and direct payments to pensioners payable in the year	-	(197)	(197)	-	(256)	(256)
Adjustment for IFRIC 14 asset ceiling	-	809	809	-	568	568
Closing Balance	-	-	-	-	29	29

For an explanation of the asset ceiling adjustment in respect of IFRIC 14 please refer to note 45.

40.4 Collection Fund Adjustment Account

The Code requires that council tax income included in the CIES for the year should be prepared on an accruals basis. The cash received from the billing authorities is therefore adjusted for the PFCC's share of the actual opening and closing balances on the Collection Fund. These adjustments are then taken to the Collection Fund Adjustment Account (CFAA) and included as a reconciling item within the Movement in Reserves Statement to ensure that only the statutory amount is credited to the General Reserve.

The Code also requires the PFCC to account for its share of net council tax arrears and prepayments within the Balance Sheet. This is offset by an associated balance that reflects the difference between the net attributable share of cash received by billing authorities from council tax debtors and creditors, and the amounts paid to the PFCC (known as 'net cash'). The applicable values owed to/from billing authorities in respect of council tax, as well as the movement and closing balance on the CFAA at year-end, are shown in the below table.

	2023/24				
	(Surplus) / Deficit	Net	Net	Net	(Surplus) / Deficit
	Opening Balance £000	Arrears £000	Prepayments £000	Cash £000	Closing Balance £000
Basildon	118	605	(215)	(485)	95
Braintree	(471)	501	(190)	242	(553)
Brentwood	(236)	574	(208)	(106)	(260)
Castle Point	(176)	473	(103)	(252)	(118)
Chelmsford	225	1,667	(246)	(1,574)	153
Colchester	104	253	(301)	(116)	164
Epping Forest	158	516	(258)	(410)	152
Harlow	(852)	1,536	(164)	(359)	(1,013)
Maldon	(186)	155	(127)	153	(181)
Rochford	(55)	623	(80)	(499)	(44)
Southend	(920)	422	(371)	896	(947)
Tendring	(685)	930	(414)	(440)	(76)
Thurrock	(217)	364	(113)	(238)	(13)
Uttlesford	25	147	(258)	137	(26)
	(3,169)	8,766	(3,048)	(3,051)	(2,668)

Statement of Accounts – Notes to the Financial Statements

40.5 Accumulated Absences Account

The Accumulated Absences Account is an unusable reserve which absorbs the differences that would otherwise arise on the General Reserve from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Reserve is neutralised by transfers to or from the account.

	2022/23	2022/23	2023/24	2023/24
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Opening Balance	27	4,618	31	3,150
Settlement or cancellation of accrual from previous year	(27)	(4,618)	(31)	(3,150)
Amounts accrued for revised liability value at the end of the current year	31	3,150	53	3,930
Closing Balance	31	3,150	53	3,930

The balance on the Accumulated Absences account (and corresponding unusable reserve) has increased compared to the 2022/23 balance due to both an increase in the volume of hours being accrued for, and the impact of the 2023/24 pay award and employer pension contribution rate increases in both the Police Officer Pension Scheme and LGPS, impacting on the hourly rates used in the accrual calculation.

Statement of Accounts – Notes to the Financial Statements

41. Financial Instruments – Overview

Introduction

The following disclosures in respect of financial instruments have been prepared on the basis of the IFRS 9 accounting standard which has been adopted with effect from the 1st April 2018. For further information on this as well as further detail on financial assets, financial liabilities and the related use of fair values, please see accounting policy 2.23.

Financial Instruments – Balances

Financial Assets

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Financial Assets	2022/23	2023/24
	£000	£000
Cash & Cash Equivalents		
<u>Held at amortised cost:</u>		
Within scope of IFRS 9	970	-
Total Cash and Cash Equivalents	970	-
Short Term Debtors		
<u>Held at amortised cost:</u>		
Within scope of IFRS 9	7,576	8,441
Loss allowance for doubtful debts	(86)	(83)
Total Short Term Debtors	7,490	8,358
Total Financial Assets	8,460	8,358

All of the above financial assets are classified as short-term. There were no long-term financial assets held at the 31st March 2024. Interest accrued has not been included in any of the above categories based on materiality.

There were no financial assets classified at Fair Value through Other Comprehensive Income. For 2023/24 year-end there were also no short-term investment balances.

Financial instruments held at fair value through profit and loss are typically classified as Level 1 within the fair value hierarchy. These relate to money market funds held by the PFCC, which are part of the liquid investments element within Cash and Cash Equivalents, and which also includes call accounts (the latter of which are valued at amortised cost for the purpose of financial instrument classification).

The debtors lines in the Balance Sheet include £38.979m (2022/23, £41.182m) short-term and £0.023m (2022/23, £0.023m) long-term debtors that do not meet the definition of a financial asset, on the basis they relate to non-exchange transactions.

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Financial Liabilities

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities	2022/23	2023/24
	£000	£000
Cash & Cash Equivalents		
<u>Held at amortised cost:</u>		
Within scope of IFRS 9	-	(633)
Total Cash and Cash Equivalents	-	(633)
Short Term Creditors		
<u>Held at amortised cost:</u>		
Within scope of IFRS 9	(22,518)	(24,597)
Total Short Term Creditors	(22,518)	(24,597)
Short Term Borrowing		
<u>Held at amortised cost:</u>		
Within scope of IFRS 9	-	(5,194)
Total Short Term Borrowing	-	(5,194)
Provisions		
<u>Held at amortised cost:</u>		
Within scope of IFRS 9	(3,391)	(3,932)
Total Provisions	(3,391)	(3,932)
Total Financial Liabilities	(25,909)	(34,356)

There were no financial liabilities classified at Fair Value through Profit and Loss or Fair Value through Other Comprehensive Income, nor were there any long-term financial liabilities at year-end.

The creditors lines on the Balance Sheet include £14.768m (2022/23, £13.132m) of short-term creditors and £0.301m (2022/23, £0.000m) of provisions, that do not meet the definition of a financial liability as they relate to non-exchange transactions.

In addition to the £5.194m of short-term borrowing held by the PFCC at 31st March 2024 (as included in the table above, and further explained in note 28) the PFCC also has an internal borrowing requirement of £26.555m (as per note 21). This comprises £22.491m of unfinanced capital expenditure from 2020/21 onwards, and a further £4.064m of unfinanced capital expenditure incurred before 1st April 2008.

Fair Values

Where the PFCC holds financial instruments at amortised cost there is an expectation that these values are materially equivalent to their fair value as at the reporting date.

Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

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Gains and Losses	2022/23 £000	2023/24 £000
Financial Assets - Investment Income		
<u>Held at amortised cost:</u>		
Within scope of IFRS 9	(418)	(1,201)
Total Gains	(418)	(1,201)
Financial Liabilities - Interest Payable		
<u>Held at amortised cost:</u>		
Within scope of IFRS 9	1	6
Total Losses	1	6
Net (Gain)/Loss recognised within the (Surplus)/Deficit on Provision of Services	(417)	(1,195)

The PFCC has closely reviewed its financial instruments at the Balance Sheet date to assess any potential depreciation in value of the investments held. The PFCC considers the value of its financial assets in the context of IFRS 9 Financial Instruments and specifically the Expected Credit Loss (ECL) model. This requires the PFCC to make judgements about both the value of investments at the Balance Sheet date as well as any anticipated future losses based on current knowledge.

The PFCC has assessed that there are no anticipated credit losses to recognise in the 2023/24 Statement of Accounts, either in respect of financial assets held at amortised cost or those held at fair value through profit and loss. The economic outlook for the PFCC's financial assets has been taken into account in making this assessment, with consideration to the risk of default, the exposure to that default risk and any estimated loss as a result of the default. Whilst the PFCC accepts the ongoing impact will need to be monitored closely going forward (as described in the measures set out within note 42) there is no evidence that credit losses need to be recognised at the current time, based on the investments held and the counterparties that these monies are held with.

42. Financial Instruments – Risks

The PFCC complies with the CIPFA Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities, both revised and updated in 2021.

In line with the Treasury Management Code, the PFCC approves a Treasury Management Strategy (TMS) before the commencement of each financial year. The TMS sets out the parameters for the management of risks associated with financial instruments. The PFCC also sets Prudential Indicators and Treasury Management Indicators specifying the arrangements to be followed to manage these risks.

The TMS includes an Investment Strategy in compliance with the MHCLG (now known as DLUHC) Guidance on Local Government Investments. The Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The PFCC's TMS along with the Prudential Indicators and Treasury Indicators, seek to achieve a suitable balance between risk and return, however the emphasis has been on security of funds over the preceding twelve-month period.

The main risks covered are:

- Credit Risk: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the PFCC

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- Liquidity Risk: The possibility that the PFCC might not have the cash available to make contracted payments on time
- Market Risk: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices

Credit Risk: Treasury Investments

The PFCC manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the TMS. These include commercial entities with a minimum long-term credit rating of A, the UK government and other local authorities. Other financial instruments such as money market funds have specific criteria applied. Recognising that credit ratings are imperfect predictors of default, the PFCC has regard to other measures when selecting commercial entities for investment.

Specific limits are placed on the amount of money that can be invested in fixed-term investments with either UK or non-UK financial institutions (other than the UK government or local authorities), as well as the durations of time for these investments. Specific criteria also applies to Lloyds Bank plc as the PFCC's provider of operational banking arrangements. In addition, the PFCC sets limits for investments in other financial instruments.

The below table overleaf summarises the credit risk exposure during 2023/24 in respect of the PFCC's treasury investment portfolio, by credit rating and remaining time to maturity.

Approved counterparty criteria where investments placed during 2023/24

Treasury investment counterparties and limits 2023/24	Maximum time limit	Counterparty limit £	Sector limit £
UK central government (including DMADF facility)	10 years	Unlimited	Unlimited
UK local authorities & other government entities	5 years	£5m	Unlimited
Secured investments - UK (between A and AAA) fixed	1 year	£2m	Unlimited
Secured investments - Non-UK (between A and AAA) fixed term-duration	6 mths	£2m	Unlimited
Lloyds Bank plc (operational bank account) where at least A	1 year	£2m	n/a
Lloyds Bank plc (operational bank account) where below A	Overnight	£1m	n/a
Banks, Building societies and registered providers - UK unsecured (between A and AAA) fixed term duration	1 year	£2m	Unlimited
Banks, Building societies and registered providers - Non-UK unsecured (between A and AAA) fixed term duration	6 mths	£2m	50%
Banks, Building societies and registered providers - unsecured (between A and AAA) with same day access e.g. call accounts	n/a	£5m	Unlimited
Money market funds (minimum AAA rated)	n/a	£5m	Unlimited
Strategic pooled funds	Separate approval to be sought from PFCC office		
No published credit ratings (non-government)	n/a	n/a	n/a
Other investments	n/a	n/a	n/a

There have been no significant issues or concerns in respect of credit risk for treasury investments during 2023/24, and the PFCC does not expect any losses from non-performance for these investments in the

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future. However, treasury management performance will continue to be reviewed during 2024/25, with a need to ensure that appropriate arrangements are in place to manage credit risks arising. This will need to incorporate the potential impact of a money market fund getting into difficulties, potential downgrades of UK banks and building societies, as well as multiple business failure in the UK and the related effect on tax base economic activity. Should any of these issues arise the PFCC's response to this additional risk will be to apply extra prudence when making investments, with a greater focus on counterparty worthiness and reduced durations for investments. This will include discussion and consultation with the PFCC's treasury management advisors.

The following analysis summarises the PFCC's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

Trade Receivables	2022/23	2023/24
	£000	£000
Neither past due or impaired	4,282	4,145
Between 31 and 60 days	(52)	179
Between 61 and 90 days	214	467
Over 90 days	164	131
Total	4,608	4,922

Loss allowances on trade receivables have been generally calculated by reference to the PFCC's historic experience of default (currently assessed to be materially unchanged from the previous calculation of 0.05%). Following a review of outstanding balances at the 31st March 2024, this provision value has been assessed at £0.083m, representing a reduction of £0.003m being applied through the CIES. In respect of the calculation of any further potential bad debts, receivables are deemed to have suffered a significant increase in credit risk where they are 30 or more days past due and they are determined to be credit impaired where they are 90 or more days past due.

Where the value of the loss allowance is not sufficient, trade receivables are written off to the (Surplus)/Deficit on the Provision of Services when they are past due, with a bad debt being recognised. There were no material charges of this nature during 2023/24.

Liquidity Risk

The PFCC manages its liquidity position through the use of call accounts, notice accounts and money market funds. In respect of the latter, five funds are now in use by the PFCC, to assist with its liquidity management. The PFCC will keep the liquidity of its investment portfolio under ongoing review and to ensure is available as and when required in the shorter-term. In addition, the PFCC may need to consider their ability to convert investments to cash at short notice, although it is not currently expected that this approach will be required.

The PFCC has ready access to borrowing at favourable rates from the Public Works Loan Board (PWLb) and UK local authorities, and at higher rates from banks and building societies. There is no perceived risk that the PFCC will be unable to raise finance to meet its commitments, however the PFCC is expecting to require external borrowing to fund its capital programme in 2024/25 (whilst this was previously expected in 2023/24, slippage in the programme meant that this was not actually required). Further detail in respect of the PFCC's borrowing approach and medium-term financial commitments, as well as the related governance process, are set out in the 2024/25 TMS.

Market Risk: Interest Rate Risk

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The PFCC is exposed to risk in terms of its exposure to interest rate movements on its investments and (where applicable) its borrowings. Movements in interest rates have a varying impact for the PFCC. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense will rise
- Borrowings at fixed rates – the fair value of the liabilities will fall
- Investments at variable rates – the interest income will rise
- Investments at fixed rates – the fair value of the assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and interest receivable from variable rate borrowings and investments respectively, will be posted to the (Surplus)/Deficit on the Provision of Services. Monetary movements for investments measured at fair value (where used) will typically be reflected in Other Comprehensive Income.

The TMS aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. As at 31st March 2024 and based on the actual treasury management position, the PFCC held no investments at either fixed or variable rates (31st March 2023, £4.1m at variable rates, £0.0m at fixed rates).

The PFCC manages its exposure to interest rate risk by the use of a specific TM indicator with its TMS and Treasury Management Outturn Report. The figures included in this indicator reflect the potential impact of a rise or decrease in the base rate by 1%, and the potential adverse impact which could arise in each instance. The indicator for interest rate rises is based upon the potential exposure to additional interest payable. The indicator for interest rate reductions is based upon the potential exposure to reduced levels of investment income.

Market Risk: Price Risk

The PFCC does not currently invest in equity shares or other similar financial instruments and therefore has no exposure to losses arising from movements in the price of shares.

Market Risk: Foreign Exchange

The PFCC has no financial assets or liabilities that are denominated in foreign currencies and therefore has no exposure to losses arising from movements in exchange rates. From time to time the PFCC purchases specialist goods and services from countries outside the United Kingdom. These goods and services are denominated into Euros and therefore a modest exchange rate risk may sometimes emerge in respect of outstanding balances.

43. Jointly Controlled Operations and Collaborative Activity

The Group in conjunction with other parties participates in a number of joint operations that involve the use of the assets and resources of the parties rather than the establishment of a separate entity. The Group recognises the assets that it controls and the liabilities that it incurs on its Balance Sheet, with the PFCC/Group share of these set out in note 19. Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Group and other parties, with the assets being used to obtain benefits for all the parties.

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The joint operations do not involve the establishment of a separate entity (e.g. they are not classified as a joint venture). The Group accounts for only its share of the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of interests in the operation, and income that it earns from the arrangement.

In accordance with IFRS 11, any joint operation recognised must meet the definition of joint control where decisions about the relevant activities of the arrangement require the unanimous consent of all the parties sharing control. The PFCC/Group has one arrangement which meets this criteria, as follows:

The Eastern Region Special Operations Unit (ERSOU)

ERSOU was established 1st April 2010 as a joint arrangement originally between six forces, but from 2016/17 it comprises seven forces - Hertfordshire, Cambridgeshire, Essex, Suffolk, Norfolk, Bedfordshire and Kent (the Seven Forces Consortium, hereafter referred to as 7F), to provide one serious and organised crime unit for the eastern region. ERSOU is run by a management board where all forces are equally represented and decisions are made with the unanimous consent of all forces. Therefore, each force's share of costs are consolidated into their own financial statements.

The ERSOU income and expenditure statement for 2023/24 is shown below:

	2022/23				2023/24			
	Home Office Grant £000	Running Costs £000	Depreciation £000	(Surplus)/ Deficit £000	Home Office Grant £000	Running Costs £000	Depreciation £000	(Surplus)/ Deficit £000
Bedfordshire	(1,089)	3,156	46	2,112	(796)	3,475	96	2,775
Cambridgeshire	(1,376)	3,985	46	2,655	(1,010)	4,410	105	3,505
Essex	(1,962)	4,591	32	2,661	(1,997)	5,578	56	3,637
Hertfordshire	(1,958)	5,671	74	3,788	(1,442)	6,295	162	5,015
Kent	(1,344)	4,372	16	3,044	(1,366)	5,412	34	4,080
Norfolk	(1,552)	4,495	58	3,001	(1,137)	4,961	127	3,951
Suffolk	(1,198)	3,468	47	2,317	(879)	3,837	101	3,059
Total	(10,479)	29,739	318	19,579	(8,627)	33,968	681	26,022

Whilst the £3.637m in the table above is the reported share of ERSOU costs for Essex in 2023/24, the actual costs chargeable to the taxpayer in the year will differ. This is due to timings and adjustments from the previous accounting period, as well as the depreciation element, which is chargeable to the CIES but not the taxpayer. In addition, the CIES includes capital recharges which are not itemised out in the above table.

Other Joint Operations Outside the Scope of IFRS 11

Whilst not meeting the criteria of a joint operation in accordance with IFRS 11 due to the definition of control, the following arrangements have involved material transactions with partnering forces during the year, and otherwise represent similar arrangements to the detail set out above.

Kent Collaborative Agreement

Essex Police has collaborative agreements with Kent Police covering the Serious Crime Directorate and the Support Services Directorate, the latter of which includes Business Services, IT Services, Transport Services, Human Resources, Learning & Development, and Payroll Services. Each of these are categorised as joint operations as decisions are made with the unanimous consent of both forces. Therefore, each force's share of assets, liabilities, income and expenditure are consolidated into their own financial statements.

The amount received from Kent Police during 2023/24 in respect of contributions to joint departments was £13.860m (2022/23 £13.700m). The amount paid to Kent Police for the year 2023/24 in respect of contributions to joint departments was £12.261m (2022/23 £14.463m).

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Athena

Athena is an IT system covering case preparation, custody, investigation management and intelligence. It is a one stop policing solution for intelligence, investigative management, custody and case preparation. The contract between Essex and Northgate Information Systems Ltd was signed in December 2011 and was initially developed for the 7F within the region. West Mercia and Warwickshire joined the consortium in 2016 and the benefits and liabilities of the Athena contract are shared between the nine forces through a Section 22 Athena Collaborative Service Agreement, largely in proportion to their net revenue expenditure. Athena continues to be developed, working closely with Connect forces.

The Strategic Athena Management Board (SAMB) consists of the PFCC and Chief Constable of the nine Athena forces with equal voting rights. Athena development and day to day management is delegated by participating forces to the Athena Management Organisation (AMO). Essex acts as the lead force for managing all income and expenditure incurred by the AMO. This mainly covers payments to suppliers, salary costs of the personnel seconded to the AMO from founder forces, together with other overheads. All costs and refunds to forces for their seconded staff are then aggregated and net costs recovered from participating forces in accordance with the terms of the Athena Collaborative Service Agreement.

The original Athena contract period envisaged a go live date of 2013 followed by a ten-year maintenance contract. Moreover, during the first four years of the contract Essex owned the master licence and any additional force joining the Athena family would lower the cost for all member forces. Warwickshire and West Mercia joined as part of Wave 2 in 2015/16 with fixed payments per quarter. In March 2021 the Athena contract, which was due to end in April 2024, was extended by another five years until April 2029.

Essex went live with Athena on 1st April 2015 with the other founder forces joining during 2016/17, 2017/18 and 2018/19. A joint team between Essex Police and Kent Police had been set up to manage the local implementation of the system but this arrangement has now ceased, and each force has their own team.

In classifying the Athena Agreement in accordance with IFRS 11 a joint arrangement is where two or more parties have joint control. Furthermore, joint control is the contractually agreed sharing of control of an arrangement which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. The Strategic Athena Management Board (SAMB) is the highest level board consisting of the PFCC/PCCs and Chief Constables of the nine forces. The SAMB has control over significant activities and funding arrangements of Athena, and each board member has one vote (18 votes in total). Decisions by the SAMB do not need to be unanimous but require a majority. On this basis, the Athena arrangement is not classified as a joint arrangement and is also not subject to IFRS 12 disclosures as there is no separate entity.

The following table identifies the shared costs of the Athena system:

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	2022/23		2023/24	
	Share of Athena system costs	Recharge of AMO Management costs	Share of Athena system costs	Recharge of AMO Management costs
	£000	£000	£000	£000
Bedfordshire	157	349	125	331
Cambridgeshire	199	441	159	419
Hertfordshire	290	644	232	612
Kent	438	974	350	926
Norfolk	226	525	181	478
Suffolk	174	406	139	368
Essex	410	911	327	865
Warwickshire	104	243	104	240
West Mercia	160	354	108	315
Total	2,158	4,847	1,725	4,554

Seven Forces Strategic Collaboration Programme (7FSCP)

This team was originally set up in October 2015 with resources contributed across the Seven Force Consortium (7F) and the costs shared based on net revenue expenditure (NRE). Following the decision at the 7F Summit to move to a 7F Network the 7F Programme Team went through consultation in December 2021 and has been reduced to a small team whose objective is to implement agreed business cases, with funding for these resources approved until autumn 2023. Due to ongoing implementation of the Forensic Case Management system this reduced resource has now been extended for 2024/25.

In 2023/24 the budgeted team establishment consists of 1 FTE Police Officer C/Supt Business Change & Benefits and 1 FTE Staff Programme Manager with another and 5 FTE Police Staff roles to support DAMS and Forensics project implementation. Under consultation proposal all project resource was originally assumed removed by financial year 2024/25. Resource extension was previously agreed as £0.178m for 2024/25 to the end of October 2024 but this has now been increased by a further £0.153m in 2024/25 and £0.165m in 2025/26 for the new project timeline extension to the end of September 2025.

The 7F Network is being set up with a separate senior responsible officer (SRO) leading and will be a business as usual (BAU) function. The Network Director was appointed in July 2022 and the Project Manager in March 2023. The initial transition to the 7F Firearms Training Compliance function commenced on 1st April 2018, with the posts of 7F Chief Firearms Instructor (CFI), 7F Deputy CFI, the Training Delivery Manager and the Strategic Risk Assessment (STRA) Coordinator role all established during the early period. Other costs were incurred to enable the longer-term development of the 7F function (i.e. 7F Chronicle and Airbox/Mosaic) and, for the majority of the period, all of these costs were shared on a NRE apportionment basis by all seven forces. As part of the 7F programme changes, the budget for the Firearms Superintendent post (which has previously been funded from the core 7F Programme Team) was transferred to CFI BAU for 2022/23 and has subsequently been extended a further year for 2023/24 as a regional cost share post.

The Eastern Region Summit approved a full business case (FBC) for a single 7F procurement function in July 2018. The Seven Force Procurement Team (7FP team) was originally allocated a budget based on an initial time period of three years, and the team officially went live in January 2020. Due to a restructure which went live in quarter 1, the 2023/24 budget is built based on the agreed 2022/23 funding which includes 2.5% abatement. This is being restated for 2024/25 with pay rise and MRS (Market Rate Supplement)

In 2020 the decision was made by the 7F Deputy Chief Constables to set up the 7F ESMCP Regional Programme Team with 8 x FTE posts were agreed. As the work matured within ESMCP it was established

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there was a further requirement for 2 x FTE posts to support the coverage strand of the programme. These posts work across the three emergency services and as such the cost is shared by the three organisations. The police aspect of the funding for these posts was taken from the ESMCP budget underspend. Currently the FTE of the ESMCP Team is below establishment and the national ESMCP Programme has been going through the re-lotting process for the last few months. This process has been far more complex than originally anticipated. The 2023/24 resource establishment for ESMCP was budgeted 10 FTE but only 3.50 FTE strength.

The implementation of the Forensic CMS began in 2021/22 and costs will continue across the five-year life of the project. Due to further delays in 2023/24 the full system hosting costs and licensing are not yet being incurred.

	2022/23	2023/24
	Share of Collaboration Costs	
	£000	£000
Bedfordshire	144	144
Cambridgeshire	182	183
Essex	297	342
Hertfordshire	259	261
Kent	314	359
Norfolk	205	206
Suffolk	159	159
Total	1,560	1,654

44. Related Parties

The PFCC Group is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the PFCC Group or be controlled or influenced by the Group. Disclosure of transactions allows readers to assess the extent to which the PFCC may have been constrained in its ability to operate independently or may have secured the ability to limit another party to interact freely with the Group.

PFCC/Chief Constable

The PFCC has direct control over the group's finances and is responsible for setting the Police and Crime Plan. The Chief Constable operates within the budget set by the PFCC, to deliver the aims and objectives set out in the Police and Crime Plan. Further information on the separate entities within Essex Police which comprise the PFCC Group, can be found in note 1 (Creation of PFCC and Chief Constable Single Entities).

Central Government

Central government has effective control over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates and provides the majority of its funding in the form of general and specific grants. Details of central government funding are identified within the Comprehensive Income and Expenditure Statement, and the grants income analysis (note 16).

Included within this funding income is the annual top-up grant from the Home Office, relating to the Police Officer Pension Scheme, the equivalent value of which neutralises the annual deficit arising on the fund (see the Police Officer Pension Fund note).

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Essex Police, Fire and Crime Commissioner Fire and Rescue Authority (EPFCCFRA) Collaboration

The Police and Crime Commissioner (PCC) became the Police, Fire and Crime Commissioner (PFCC) on 1st October 2017. During the year the PFCC and Deputy PFCC were responsible for the governance of the Essex County Fire and Rescue Service alongside their responsibilities for Essex Police.

The costs of staff pay and associated costs for the PFCC, Deputy PFCC and any applicable staff relating to their work at Essex County Fire and Rescue Service (ECFRS) are recharged on a direct basis. In addition to this, there is a joint arrangement for collaborative projects which is run by a joint Emergency Services Collaboration Programme Board and Strategic Governance Board. The amount received from ECFRS during 2023/24 was £0.588m. The amount paid to ECFRS during 2023/24 was £0.306m.

Local Government Pension Scheme (LGPS)

The PFCC/Group are members of the Essex Pension Fund, one of over 100 funds in the UK which together comprise the Local Government Pension Scheme (LGPS). This is a statutory defined benefit scheme which is provided for police staff (including PCSO's). The scheme is funded, meaning that there are investment/fund assets built up to meet future liabilities.

Due to the material transactions and related assets/liabilities arising from the scheme, and its impact on the PFCC/Group (as set out in note 45) influence is recognised in respect of both Essex County Council (who run the scheme) and the LGPS entity itself.

Other Public Bodies (subject to common control by central government)

Material transactions with other public bodies, where not already set out within this disclosure, can be found within note 43 (Joint-Controlled Operations and Collaborative Activity).

Officers

A process to determine any related party transactions arising from relationships that serving senior officers hold, is undertaken at year-end. This process covers Essex-based senior officers as well as those employed by Kent Police which undertake joint roles for both forces. In addition, the independent members of the Joint Audit Committee are also incorporated within this exercise.

The PFCC as a serving councillor for Brentwood Borough Council has a related party relationship with this entity in his role as Commissioner. During 2023/24 the PFCC office has recognised £0.156m of expenditure in respect of premises costs at Brentwood Borough Council, encompassing £0.098m for rental and £0.058m for service charges. The increased amounts incurred in 2023/24 include the impact of backdated rental and service charge adjustments. There were no other material transactions arising from this relationship in 2023/24 nor between these entities, except for council tax billing and collection activities which are required by statute.

Based on the declarations of interest received back (with all recipients providing a response) no other applicable relationships or material transactions have been disclosed which involve the PFCC/Group, during 2023/24.

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45. Defined Benefit Pension Schemes

Transactions Relating to Retirement Benefits

The PFCC Group recognises the cost of retirement benefits in the Comprehensive Income and Expenditure Statement (CIES) when they are earned by serving police officers and police staff, rather than when the benefits are eventually paid as pensions.

The charge the PFCC Group is required to make against council tax however, is based on the cash payable in the year, and therefore the real cost of retirement benefits is reversed out of the CIES. The following transactions have been made in the PFCC Group's accounts during the year:

Police Officer Pension Schemes

	Totals	
	2022/23	2023/24
	£000	£000
(Surplus)/Deficit on the Provision of Services		
Provision of Police Services:		
Service cost	83,647	33,639
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	84,805	104,273
Total Post-Employment Benefit charged to the (Surplus)/Deficit on the Provision of Services	168,452	137,912
Other Comprehensive Income & Expenditure		
Remeasurement of the net defined benefit liability comprising:		
Change in financial assumptions	(1,364,981)	(37,700)
Change in demographic assumptions	-	51,201
Experience (gain)/loss on defined benefit obligation	181,198	56,950
Total Other Post-Employment Benefit charged to Other Comprehensive Income & Expenditure	(1,183,783)	70,451
Total Post-Employment Benefit charged to the Comprehensive Income & Expenditure Statement	(1,015,331)	208,363
Movement in Reserves Statement		
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services for post employment benefits	(168,452)	(137,912)
Actual amount charged against the General Reserve for pensions in the year - retirement benefits payable to retired police officers	72,680	75,819
Movement in Reserves Statement	(95,772)	(62,093)

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Local Government Pension Scheme (LGPS) - Police Staff

	Local Government Pension Scheme			
	2022/23	2022/23	2023/24	2023/24
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
(Surplus)/Deficit on the Provision of Services				
Net Cost of Provision of Police Services:				
Service cost	453	33,226	209	13,744
Administration expenses	2	297	3	368
	455	33,523	212	14,112
Financing and Investment Income & Expenditure:				
Net interest on the defined liability	50	4,855	(6)	(310)
Total Post Employment Benefit charged to the (Surplus)/Deficit on the Provision of Services	505	38,378	206	13,802
Other Comprehensive Income & Expenditure				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets in excess of interest	70	11,683	(322)	(40,020)
Other actuarial (gains)/losses on assets	(865)	(5,036)	-	-
Change in financial assumptions	(3,361)	(343,404)	(136)	(13,486)
Change in demographic assumptions	(119)	(15,494)	(41)	(5,781)
Experience (gain)/loss on defined benefit obligation	1,159	46,384	10	1,344
Other remeasurements:				
Adjustment for IFRIC 14 asset ceiling	809	88,814	568	61,602
Total Other Post-Employment Benefit charged to Other Comprehensive Income & Expenditure	(2,307)	(217,053)	79	3,659
Total Post-Employment Benefit charged to the Comprehensive Income & Expenditure Statement	(1,802)	(178,675)	285	17,461
Movement in Reserves Statement				
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services for post-employment benefits	(505)	(38,378)	(206)	(13,802)
Employer's contribution payable to scheme	197	13,871	256	15,236
Movement in Reserves Statement	(308)	(24,507)	50	1,434

Settlements/Curtailments (Special Events)

In respect of curtailments, there were four former employees of the force who became entitled to unreduced early retirement benefits during 2023/24. The capitalised cost of the additional benefits on IAS 19 compliant assumptions is calculated at £0.132m. This figure has been included within the service cost within the CIES, as reflected in the above table.

In respect of settlements, there were no liabilities settled at a cost materially different to their accounting value during 2023/24.

IFRIC 14 – Application of the Asset Ceiling

The PFCC is required to take notice of IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, following the LGPS moving from a net defined benefit liability to a net defined benefit asset position in 2022/23, and the need to consider whether there is an asset ceiling

Statement of Accounts – Notes to the Financial Statements

that would limit the PFCC's ability to recognise this asset. Where the PFCC has a surplus in a defined benefit plan, it is required to measure the related asset arising at the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is a specified estimate of the present value of the economic benefit which the employer can realise, either through a) refunds or b) by gaining economic benefit through reductions in future contributions.

The PFCC has discussed these requirements with its actuary and in respect of a) has determined that the PFCC does not have an unconditional right to a refund based on the existing regulations of the LGPS and as such the possibility of economic benefit in this form has been disregarded. For b), two forms of contributions have been identified – primary rate, the cost of future accruals which are paid based on active members, and the secondary rate, typically relating to an employer-specific surplus/deficit. Upon review of these contributions going forward, it has been determined that this represents a de-facto minimum funding requirement, specifically relating to the future primary rate contributions which should be measured over the same period as the service cost, and thus beyond the period of the current contribution schedule. An asset ceiling therefore applies in the form of contributions needing to meet this minimum funding requirement before any economic benefit gained from reductions can be recognised.

Based on an application of these calculations to the PFCC Group's IAS 19 position at the Balance Sheet date, £88.814m has been recognised as an actuarial loss through Other Comprehensive Income and Expenditure, with a £1.023m net defined benefit liability now being recognised rather than the previous asset. For the PFCC, this equates to a £0.809m actuarial loss, with no asset or liability now being recognised at the Balance Sheet date.

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the PFCC Group's obligation in respect of defined benefit plans are:

	Police Officer Pension Scheme	
	2022/23	2023/24
	£000	£000
Present value of the defined benefit obligation	(2,209,838)	(2,342,382)
Net liability in Balance Sheet	(2,209,838)	(2,342,382)

	Local Government Pension Scheme			
	2022/23	2022/23	2023/24	2023/24
	PFCC £000	Group £000	PFCC £000	Group £000
Present value of funded obligation	(3,322)	(441,659)	(3,596)	(449,247)
Fair value of scheme assets (bid value)	4,131	530,473	4,983	601,632
Gross asset/(liability)	809	88,814	1,387	152,385
Adjustment for IFRIC14 asset ceiling	(809)	(88,814)	(1,416)	(154,679)
Adjusted Gross asset/(liability)	-	-	(29)	(2,294)
Present value of unfunded obligation	-	(1,023)	-	(954)
Net asset/(liability) in Balance Sheet	-	(1,023)	(29)	(3,248)

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Assets and Liabilities in Relation to Retirement Benefits

The following table reconciles the present values of the liabilities and assets of the Police Officer Pension Scheme:

<u>Liabilities</u>	Police Officer Pension Scheme	
	2022/23	2023/24
	£000	£000
Opening Balance	(3,297,849)	(2,209,838)
Current service cost	(83,647)	(33,639)
Interest cost	(84,805)	(104,723)
Change in financial assumptions	1,364,981	37,700
Experience gain/loss on defined benefit obligation	(181,198)	(56,950)
Estimated benefits paid net of transfers in	89,279	94,206
Contributions by scheme participants	(16,599)	(18,387)
Closing Balance	(2,209,838)	(2,342,832)

<u>Assets</u>	Police Officer Pension Scheme	
	2022/23	2023/24
	£000	£000
Contributions by employer	72,680	75,819
Contributions by participants	16,599	18,387
Net benefits paid out	(89,279)	(94,206)
Closing Balance	-	-

The following tables reconciles the present value of the liabilities and assets of LGPS attributable to the PFCC.

<u>Liabilities</u>	Local Government Pension Scheme			
	2022/23	2022/23	2023/24	2023/24
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Opening Balance	(5,007)	(709,755)	(3,322)	(442,682)
Current service cost	(453)	(33,132)	(209)	(13,612)
Past service cost	-	(94)	-	(132)
Interest cost	(131)	(18,375)	(161)	(21,030)
Change in financial assumptions	3,361	343,404	136	13,486
Change in demographic assumptions	119	15,494	41	5,781
Experience loss/gain on defined benefit obligation	(1,159)	(46,384)	(10)	(1,344)
Contributions by scheme participants	(83)	(4,681)	(96)	(4,952)
Benefits/transfers paid	31	10,757	25	14,193
Unfunded pension payments	-	84	-	91
Closing Balance	(3,322)	(442,682)	(3,596)	(450,201)

Statement of Accounts – Notes to the Financial Statements

Assets	Local Government Pension Scheme			
	2022/23		2023/24	
	PFCC £000	Group £000	PFCC £000	Group £000
Opening Balance	3,008	516,186	4,131	530,473
Interest on assets	81	13,520	206	25,603
Return on assets less interest	(70)	(11,683)	322	40,020
Other actuarial gains/losses	865	5,036	-	-
Administration expenses	(2)	(297)	(3)	(368)
Employer contributions including unfunded	197	13,871	256	15,236
Contributions by scheme participants	83	4,681	96	4,952
Benefits paid	(31)	(10,841)	(25)	(14,284)
Closing Balance	4,131	530,473	4,983	601,632
IFRIC 14 - Asset Ceiling Adjustment at 31st March	(809)	(88,814)	(1,416)	(154,679)
Net asset/(liability) at 1st April	(1,999)	(193,570)	809	87,791
Net asset/(liability) at 31st March	-	(1,023)	(29)	(3,248)

Expected return on scheme assets

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed assets investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The Police Officer Pension Scheme has no assets to cover its liabilities. The LGPS assets consist of the following categories:

	2022/23		2022/23		2023/24		2023/24	
	PFCC		Group		PFCC		Group	
	£000	%	£000	%	£000	%	£000	%
Equities	2,380	58%	305,563	58%	2,760	55%	333,245	55%
Government bonds	60	1%	7,758	1%	89	2%	10,749	2%
Other bonds	0	0%	0	0%	-	0%	-	0%
Property	338	8%	43,446	8%	344	7%	41,527	7%
Cash/Liquidity	133	3%	17,104	3%	123	2%	14,842	2%
Alternative assets	654	16%	83,957	16%	758	16%	91,470	16%
Other managed funds	566	14%	72,645	14%	909	18%	109,799	18%
Total	4,131	100%	530,473	100%	4,983	100%	601,632	100%

The liabilities show the underlying commitments that the PFCC has in the long term to pay retirement benefits. The net liability of £2.122bn has a substantial impact upon the net worth of the PFCC as recorded in the Balance Sheet.

Statutory arrangements for funding the deficit, however, mean that the financial position of the Group remains healthy:

- The deficit on the LGPS will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary

Statement of Accounts – Notes to the Financial Statements

- Police Pensions are charged to the Police Pensions Fund Account, and any shortfall between the value of pensions paid in year and the receipts into the account from employer and employee contributions is funded from top-up grant from the government

The total employer contributions expected to be made to the LGPS in the year to 31st March 2025 are £16.273m for the Group and £0.326m for the PFCC. The expected employer contributions for the Police Officer Pension Scheme in the year to 31st March 2025 is £44.834m.

The assets and liabilities of the LGPS and the liabilities of the Police Officer Pension Scheme have been assessed by Barnett Waddingham, an independent firm of actuaries.

The dates of the last full valuations are:

- Essex County Council Pension Fund: 31st March 2022
- Police Pension Schemes: 31st March 2020

The liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels and other factors.

The principal assumptions used by the actuaries are as follows:

	Police Officer Pension Scheme			
	2022/23 PFCC	2022/23 Group	2023/24 PFCC	2023/24 Group
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	n/a	22.5	n/a	22.5
Female	n/a	25.0	n/a	24.7
Retiring today:				
Male	n/a	21.2	n/a	21.3
Female	n/a	23.5	n/a	23.4
Rate of Inflation (RPI)	n/a	3.40%	n/a	3.30%
Rate of Inflation (CPI)	n/a	2.95%	n/a	2.95%
Rate of Increase in Salaries	n/a	3.95%	n/a	3.95%
Rate of Increase in Pensions	n/a	2.95%	n/a	2.95%
Discount Rate	n/a	4.80%	n/a	4.90%

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	Local Government Pension Scheme			
	2022/23	2022/23	2023/24	2023/24
	PFCC	Group	PFCC	Group
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	22.3	22.3	22.0	22.0
Female	25.0	25.0	24.7	24.7
Retiring today:				
Male	21.1	21.1	20.8	20.8
Female	23.5	23.5	23.3	23.3
Rate of Inflation (RPI)	3.20%	3.20%	3.10%	3.13%
Rate of Inflation (CPI)	2.90%	2.90%	2.90%	2.90%
Rate of Increase in Salaries	3.90%	3.90%	3.90%	3.90%
Rate of Increase in Pensions	2.90%	2.90%	2.90%	2.90%
Discount Rate	4.80%	4.80%	4.95%	4.95%

Although the post-retirement mortality assumptions are consistent with the previous year, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's (CMI) model, CMI_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI.

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table on the previous page.

The following table identifies the impact of a variance of +0.1% and -0.1% in the assumptions:

Police Staff	PFCC			Group		
	£000	£000	£000	£000	£000	£000
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,511	3,596	3,684	441,809	450,201	458,841
Projected service cost	227	237	247	12,685	13,169	13,670
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,607	3,596	3,585	450,995	450,201	449,415
Projected service cost	237	237	236	13,177	13,169	13,159
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,675	3,596	3,520	458,214	450,201	442,422
Projected service cost	247	237	227	13,677	13,169	12,678
<u>Adjustment to mortality age rating assumption</u>	+1 year	None	-1 Year	+1 Year	None	-1 Year
Present value of total obligation	3,694	3,596	3,500	465,609	450,201	435,344
Projected service cost	247	237	227	13,677	13,169	12,674

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Police Officers	Police Officer Pension Scheme		
	£000	£000	£000
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,305,631	2,342,382	2,380,113
Projected service cost	30,061	32,728	33,502
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,344,921	2,342,382	2,339,855
Projected service cost	31,772	32,728	31,722
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,378,260	2,342,382	2,307,436
Projected service cost	33,525	32,728	30,039
<u>Adjustment to mortality age rating assumption</u>	+ 1 Year	None	-1 Year
Present value of total obligation	2,429,575	2,342,382	2,258,508
Projected service cost	33,042	32,728	30,484

McCloud/Sargeant Judgement & Remedy

The McCloud/Sargeant judgements refer to the 2018 Court of Appeal ruling that found part of the protections included in the 2015 CARE Scheme reforms of the Police Officer Pensions schemes unlawfully discriminated against younger members of the schemes, as only older scheme members were allowed to remain in the final salary schemes.

Following consultation on the transitional arrangements, HM Treasury stated that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (1st April 2015 – 31st March 2022). To be eligible members must have been in a pre-2015 scheme at 31st March 2012 and 31st March 2015 and have some element of transitional protection. This choice will be deferred for members until retirement.

The IAS 19 pensions figures included in the 2023/24 Statement of Accounts include an allowance to reflect the remedy which was described and included within the previous three sets of financial statements for the PFCC Group (2019/20 – 2022/23) and incorporated into the accounting results with effect from 31st March 2019 onwards. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31st March 2024.

The PFCC does not believe that there are any material differences between the approach underlying the estimated allowance and the remedy and no further adjustments in relation to associated future pension liabilities have been included in the 2023/24 accounting statements.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2024/25, although this timetable is subject to change.

Police Pension Fund Regulations 2007 requires a police force to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the Police Officer Pension Scheme does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the force in the form of a central government top-up grant.

In recognition that there were members who retiring ahead of the formal introduction of the McCloud/Sargeant Remedy in October 2023, the Chief Constable, as the scheme manager for the Essex

Statement of Accounts – Notes to the Financial Statements

Police Officer Pension scheme, has adopted an interim measure for processing retirements for members, who meet eligibility criteria for immediate detriment. This is on the basis that not to do so would be disregarding the fiduciary duty under Section 61 of the Equality Act 2010 to prevent discrimination.

At the point of retirement, an officer has the option to receive legacy pension scheme benefits or those available under the reformed CARE scheme, for service within the remedy period (1st April 2015 – 31st March 2022). It has now been confirmed that the costs incurred in both 2023/24 and the two prior years are reclaimable from the Home Office through the Police Officer Pension Grant. The total amount of costs expecting to be reclaimed through this mechanism as at 31st March 2024 is £0.555m.

Compensation Claims

In addition to the remedy, related compensation claims have been lodged in two active litigation cases, Aarons and Penningtons:

Aarons & Ors

The Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the McCloud remedy is brought into force from 1st October 2023, and fully implemented. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts.

Penningtons

As at 31st March 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's recent Lloyds ruling on the equalisation of GMP's between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the impact this ruling has on the value of pension liabilities.

On the 23rd March 2021 the government published the outcome to its GMP Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5th April 2021. This is a permanent extension of the existing interim solution that has applied to members with a GMP reaching SPA on or after 6th April 2016.

The valuation assumptions for GMP adopted within the 2023/24 financial statements is that the fund will pay limited increases for members that have reached the SPA by the 6th April 2016, with the government providing the remainder of the inflationary increase. For members that reach SPA after this date, the assumption is that the fund will be required to pay the entire inflationary increase. Therefore, based on the actuary assumptions being consistent with the consultation outcome (as already included in the 2023/24 financial statements) the PFCC/Group does not believe that any further adjustments are required in respect of the value placed on the liabilities as a result of the above outcome.

Police Officer Pension Fund Account

Introduction

The Police Officer Pensions Fund Account was established under the Police Pension Fund Regulations 2007 (SI 2007 No. 1932). It is administered on behalf of the Chief Constable by Essex County Council.

The Fund receives income each year from:

- Contributions from the employer based on a percentage of pay
- Contributions from serving police officers
- Other receipts

Pensions to retired police officers, lump sum payments and other benefits are paid from the Fund. The Fund is topped up by the Group if the contributions are insufficient to meet the cost of pension payments. The Group receives a Police Pension Top Up Grant from the Home Office for an amount equal to the deficit on the Fund.

The Fund is not backed by any investment assets, and its outgoings are funded entirely from the receipts identified above. The Fund accounts solely for the benefits payable in the financial year and does not account for benefits payable after the period end. The following table identifies the movements on the Police Officer Pension Fund Account for the year.

Pension Schemes

- **The Police Pension Scheme 1987** – a defined benefit statutory scheme administered in accordance with the Police Pensions Regulations 1987. This is the oldest scheme currently in operation and is based on final salary. This scheme has been phased out with all active officers from this scheme being transferred to the CARE scheme (see below)
- **The Police Pension Scheme 2006** – a defined benefit statutory scheme administered in accordance with the Police Pensions Regulations 2006. This scheme has also been phased out with all active officers from this scheme transferring to the CARE scheme (see below). Membership eligibility for both the 1987 and 2006 schemes is now closed
- **The Police Pension Scheme 2015 or 'CARE' (Career Average Revalued Earnings) scheme** - a defined benefit statutory scheme administered in accordance with the Police Pensions (Consequential Provisions) Regulations 2015. This was introduced from 1st April 2015 and is the only scheme open to new officers. Existing members were transferred to this scheme from the 1987 and 2006 schemes on 1st April 2015 unless they had full transitional or tapered protection. These protections ceased with effect from 1st April 2022 when all active members were transferred to the 2015 CARE scheme.

Officers who were previously within either of the 1987 or 2006 schemes may be entitled to retirement benefits under their legacy scheme as a result of the McCloud/Sargeant remedy which was implemented in October 2023 (see note 45).

Injury pensions and related lump sums and an additional contribution to the costs of ill-health awards are paid from the Chief Constable's revenue account.

The table on the following page showing the movements on the Police Officer Pension Fund for the year does not include liabilities to pay pensions and other benefits after the Balance Sheet date. The liabilities for future retirements benefits are disclosed in note 45.

Police Officer Pension Fund Account

	2022/23	2023/24
	£000	£000
Contributions receivable		
Employer 31% of Pensionable Pay	(38,554)	(42,484)
Serving police officers [Note 1]	(16,497)	(18,393)
Capital equivalent payment for ill health [Note 2]	(433)	(613)
Transfers in		
Individual transfers in from other schemes [Note 3]	(509)	(421)
Total Receipts	(55,993)	(61,911)
Benefits payable		
Pensions	74,137	81,054
Commutations and lump sum payments	10,562	9,600
Annual and lifetime allowance tax payments	584	547
Lump sum death benefits	-	1
Payments to and on account of leavers		
Refund of contributions	233	249
Individual transfers out to other schemes [Note 3]	4	39
Total Payments	85,520	91,490
Sub total for the year before transfer from the PFCC of amount equal to the deficit	29,527	29,579
Transfer of amount from the PFCC equal to the deficit	(29,527)	(29,579)
Transfer of amount from the PFCC of amount equal to the deficit - Total	(29,527)	(29,579)
Net Amount Payable for the year	-	-

Notes to the Police Officer Pension Fund Account

Note 1 – Police officers make contributions based on a % on pensionable pay:

Annualised rate of pensionable earnings	Member contributions rate by scheme		
	1987	2006	2015
£27,000 or less	14.25%	11.00%	12.44%
More than £27,000 but less than £60,000	14.25%	12.05%	13.44%
£60,000 or more	15.05%	12.75%	13.78%

Note 2 - Capital equivalent payments are additional contributions made by Essex Police to the Pension Fund in respect of officers who retired in year due to ill health, calculated as two times the final salary.

Note 3 - Transfers represent lump sums transferred to and from other pension scheme providers depending on whether the police officer was joining or leaving the force.

Police Officer Pension Fund Account

Police Officer Pension Fund Asset Statement

This statement shows the assets and liabilities of the three Police Pension Schemes which do not form part of the Police, Fire and Crime Commissioner and the Police, Fire and Crime Commissioner Police Group Statement of Accounts. The amounts included typically relate to pension lump sums and other liabilities due in the financial year being reported, which were not actually paid to the recipient until the following financial year. These liabilities (where applicable) are offset by a corresponding debtor from the Home Office.

	2022/23	2023/24
	£000	£000
Current Assets		
Funding to meet Deficit due from Essex Police (Via Home Office grant)		
Current Liabilities		
Unpaid Pension Benefits	-	-
Net Assets	-	-

For further information on the Police Officer Pension Fund Account please refer to the accounting policies section, paragraph 2.9 'Retirement Benefits – Police Officers'.

Annual Governance Statement

1. Introduction

The Police, Fire and Crime Commissioner (PFCC) and Chief Constable have conducted a review of the effectiveness of the governance framework that has been in place during 2023/24, including the system of internal audit and the system of internal control. This statement summarises the outcomes of that review, which has been conducted against the seven principles of good governance defined within the Chartered Institute of Public Finance and Accountancy's (CIPFA's) and the Society of Local Authority Chief Executives' (SOLACE's) joint *Delivering Good Governance in Local Government Framework 2016*.

2. Scope of Responsibilities

- 2.1 The PFCC is responsible for securing the maintenance of Essex Police and ensuring that it is effective and efficient. They are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The PFCC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way their functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.
- 2.2 The Chief Constable is responsible for maintaining the King's Peace and has discretion over the direction and control of the force's officers and staff. The Chief Constable is responsible to the public and accountable to the PFCC for supporting the PFCC in the delivery of the Police and Crime Plan.
- 2.3 The relationship between the PFCC and the Chief Constable is defined by the PFCC's democratic mandate to hold the Chief Constable to account as well as by primary legislation and common law which provides clarity on the legal principles that underpin operational independence and the office of Constable.
- 2.4 The review and maintenance of the PFCC's governance framework is undertaken by the PFCC in a close working relationship with the Chief Executive and Monitoring Officer, the Chief Constable and their senior staff including the Chief Finance Officers. The Chief Constable has responsibility for reviewing the effectiveness of the governance framework within the force. This review is informed by the work of Essex Police's Assistant Chief Officer: Continuous Improvement and Analytics and the Head of Continuous Improvement, who have responsibility for the development and maintenance of the governance environment. In preparing this Annual Governance Statement, a joint approach has been adopted by the PFCC and Chief Constable, covering the arrangements in place within both corporations sole.
- 2.5 The effectiveness of the governance framework and value for money arrangements are also subject to ongoing monitoring by the PFCC's Chief Finance Officer and Chief Executive and Monitoring Officer. This is informed by the work of the External Auditors and by continuing Internal Audit reviews as well as through the work plans of the PFCC's Strategic and Performance and Resources Boards. During 2023/24, this has been augmented by a specific piece of work considering the learning from those local authority areas that have issued section 114 notices and the improvements we may need to implement to our local governance arrangements in response. The PFCC's and Chief Constable's Joint Audit Committee also has responsibility for overseeing these arrangements and will raise and scrutinise governance issues when appropriate.
- 2.6 The Police Reform and Social Responsibility Act 2011 sets out specific responsibilities for the Chief Executive and Monitoring Officer and for the Chief Finance Officers (CFOs) to the PFCC and Chief Constable. The CFOs are bound by both professional standards and specific legislative responsibilities set out principally in the Police Reform and Social Responsibility Act 2011 and the various Local Government Acts. They are not merely servants of the authority (the PFCC / Chief Constable) but also hold a fiduciary responsibility to local taxpayers.

Annual Governance Statement

3. The Governance Framework

3.1 The governance framework comprises the systems and processes, culture and values by which the work of the PFCC is directed and controlled, and the activities through which the Commissioner accounts to and engages with the community. It enables the PFCC to monitor the achievement of their Police and Crime Plan effectively and to evaluate whether these objectives have led to the delivery of appropriate, cost-effective services that have delivered value for money.

3.2 The Scheme of Governance operating during the year incorporated the following:

- The Constitution, including the Schemes of Delegation and Consent
- The Elected Local Policing Bodies (Specified Information) Order 2011 and the Elected Local Policing Bodies (Specified Information) (Amendment) Orders 2012, 2013 and 2021
- Information Sharing Agreement: Essex Police and the Police, Fire and Crime Commissioner
- Information Sharing Protocol: Police, Fire and Crime Commissioner and Police, Fire and Crime Panel
- Revised Financial Management Code of Practice for the Police Forces of England and Wales and Fire and Rescue Authorities created under section 4A of the Fire and Rescue Services Act 2004
- Policing Protocol Order 2023
- The Strategic Policing Requirement 2023
- The PFCC's Voluntary Code of Conduct and Business Interests – Staff Declaration Policy
- The Police (Complaints and Misconduct) Regulations 2020
- The Police, Fire and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012
- The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012
- Government Security Classifications
- Financial and Contract Standing Orders
- Anti-Fraud & Bribery Commitment
- Statutory Guidance for Police Collaboration

Copies of the PFCC's governing documents are available on the PFCC's website at www.essex.pfcc.police.co.uk or can be obtained from the PFCC, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB.

3.3 The *Delivering Good Governance in Local Government Framework 2016* sets out seven core principles of good governance. The key elements of the governance arrangements put in place by the PFCC in respect of each of these principles are set out in the sections that follow.

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4. Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- 4.1 The PFCC has signed up to a Code of Conduct incorporating the seven Nolan Principles relating to public life as well as the Police Code of Ethics. This means that the PFCC is bound by the same exemplary standards of behaviour expected of everyone who works in policing. The PFCC has also adopted an Ethics and Integrity Framework which provides a more comprehensive record of how the Commissioner and their staff are expected to apply the values, behaviours and conduct that underpin their work. The framework also sets out expectations in respect of transparency to the public, thereby helping to build public trust and confidence in the PFCC and their team. The national Code of Ethics was updated and re-launched in January 2024, and the Force Plan has been updated to make specific reference to this. The Police, Fire and Crime Panel’s Ethics and Integrity Sub-Committee scrutinises compliance with the PFCC’s Ethics and Integrity Framework and with the Police Code of Ethics.
- 4.2 The PFCC and Chief Constable have approved and adopted a joint Anti-Fraud and Bribery Commitment which was last reviewed and updated during 2022/23 and takes a zero-tolerance approach to fraud and misappropriation and applies to all their employees as well as consultants, vendors, contractors, and other parties who have a business relationship with the PFCC or Essex Police.
- 4.3 The Chief Constable has adopted several further policies which cover discipline, standards, whistleblowing and an anonymous e-mail address for confidential reporting to the Professional Standards Department. In May 2022, Essex Police launched its new 2022 – 2025 Professionalism Strategy. This is supported by a Professionalism Delivery Plan and a clear set of Supervisory Standards. During 2022/23, the PFCC and the Chief Constable also invested in a Professionalism Engagement Team to educate the workforce further about the professionalism agenda and to build its confidence to identify and challenge inappropriate behaviour quickly and effectively.
- 4.4 All staff employed by the PFCC are bound by the Essex Police terms and conditions and Human Resources policies. In addition, the PFCC has adopted a clear policy governing the declaration of external business interests by staff, which ensures that any potential conflicts of interest are managed and mitigated appropriately.
- 4.5 Essex Police (EP) introduced an Ethics Committee in October 2017, and its Professional Standards Department (PSD) participates in a Regional Ethics Board which met for the first time in August 2018. Essex Police’s Learning the Lessons Board was introduced in November 2017 to bring together the College of Policing with the force’s Legal, HR and Strategic Change teams as well as PSD on a quarterly basis to consider common themes featuring in complaint / conduct matters and litigation and to explore what more can be done to address these issues. In addition, an Integrity and Anti-Corruption Board chaired by the Deputy Chief Constable meets quarterly to understand relevant issues arising within Essex Police; to ensure that the force is adopting a balanced and proportionate response to them, and to ensure that Essex Police is operating within an ethical framework that promotes, reinforces, and supports the highest standards expected of staff. A representative of the PFCC attends these meetings.
- 4.6 Following the murder of Sarah Everard in March 2021, the then Home Secretary used her powers under section 54 (2B) of the Police Act 1996 to commission His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services to carry out a thematic inspection of the police’s vetting and counter-corruption arrangements, including an assessment of forces’ abilities to detect and deal with misogynistic and predatory behaviours by police officers and staff. On 2 November 2022, HMICFRS published its findings, which identified five areas of improvement and made 43 recommendations to police forces nationally. Although Essex was not one of the forces inspected as part of the thematic review, a separate inspection of Essex Police’s vetting and counter-corruption arrangements was undertaken in November 2022. The report was published on 16 June 2023 and concluded that Essex Police is “Good” at vetting, IT monitoring and counter-corruption work, with a low appetite for risk in these areas. As part of its inspection, HMICFRS found that the force has a counter-corruption control strategy based on the 4P

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(pursue, prepare, protect and prevent) approach which clearly sets out the priorities identified in its counter-corruption strategic threat assessment (STA) and how these will be tackled.

- 4.7 At the same time, and also in response to the murder of Sarah Everard, the then Home Secretary commissioned a further independent review of the Metropolitan Police Service, specifically looking at the standards of behaviour and internal culture within the service. Baroness Casey led the review and published her findings in March 2023 where she exposed significant failings across the organisation which had contributed to a culture of misogyny, racism, homophobia and sexism. The findings have been widely scrutinised since their publication and the impact on policing and communities beyond the MPS area have been widespread. In Essex, the Chief Constable responded proactively with a strategy which seeks to listen, understand, consolidate, and respond to the views of Essex Police and its stakeholders. In doing so, we have been able to assess our own position against Baroness Casey's findings as well as undertake an assessment of our practices and processes. This has been consolidated into a report which was shared through the PFCC's Performance and Resources Board in June 2023 and with the Joint Audit Committee and the Police, Fire and Crime Panel's Ethics and Integrity Sub-Committee in September 2023.
- 4.8 Also, in consequence of the murder of Sarah Everard, the Part 1 report of Lady Angiolini's Inquiry was published on 29 February 2024 and made 26 recommendations relating to vetting, recruitment and the investigation of prior offences. An initial internal assessment of Essex Police's compliance with the recommendations indicates that the force is fully compliant with 15 of them and is working towards full compliance with a further six. The force is not yet compliant with five of the recommendations, all of which require changes to be made to the Authorised Professional Practice (APP) on Vetting nationally before Essex Police can implement them. During 2024/25, the force will implement the recommendations fully and evaluate their impact on the force and its workforce.
- 4.9 Essex Police's PSD deals with public complaints and matters relating to the conduct of police officers (other than the Chief Constable) and staff, in liaison with the Independent Office for Police Conduct (IOPC) where necessary. The PFCC's office audits a sample of complaints handled by Essex Police each quarter, the findings of which are discussed with the Deputy Chief Constable, alongside a statistical report produced by the force on complaints, grievances, and disciplinary cases. This assists in improving the quality of service provided and identifying where further training, development and / or communications to staff may be required in order to enhance the public's experience. A version of the report discussed is published on the Commissioner's website for transparency. A live data dashboard is also in development which, in due course, will allow both the PFCC and the force to monitor such data in real time.
- 4.10 Complaints against the Chief Constable are considered by the PFCC, again in liaison with the Independent Office for Police Conduct (IOPC) where necessary. During 2023/24, the Commissioner received nine complaints against the Chief Constable, which is the same number as was received in 2022/23 and significantly lower than the number received in previous years.
- 4.11 Since February 2020, the PFCC has also been responsible for reviewing complaints recorded and handled by Essex Police that do not meet the criteria for referral to the Independent Office for Police Conduct (IOPC). Upheld reviews can result in recommendations for improvement or remedy being made to the force which must receive a response within 28 days, advising whether the recommendation is accepted, along with any action taken or planned in response to this. The force may also propose an alternative to the original recommendation. Implementation of the actions carried out by the force in response to recommendations is monitored through the PFCC's usual scrutiny processes, including the quarterly meetings with Essex Police's Professional Standards Department (PSD) described above. Reviews can also result in the identification of 'organisational learning' and 'oversights' for the force. These do not require a formal response but are summarised in reports to the quarterly meetings with PSD, allowing themes to be identified and further monitoring to be put in place where this would be beneficial. Organisational learning points are shared with the complainant to provide reassurance that their complaint has resulted in improved practice and to inspire confidence. Oversights are additional concerns / learning that emerge from the undertaking of the review, but which do not form part of the original complaint, so

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do not have to be shared with the complainant.

4.12 During 2023/24, 117 requests for reviews were received (36 fewer than the previous year). Of these, 17 were deemed to be invalid (e.g. because they had been directed to the incorrect Relevant Review Body, so were redirected to the IOPC, were out of time, did not provide a letter of authority where required, or were otherwise ineligible for progression), and one was withdrawn. Of the remaining 99, 43 were completed, five of which were upheld and 38 of which were not upheld. As a result of the completed reviews:

- 9 recommendations were made
- 13 organisational learning points were identified
- 3 oversights were identified
- Of the 56 live reviews, 30 were completed by the end of the financial year and awaiting sign-off. The recommendations of the reviewers suggest a higher proportion of these are likely to be upheld than those finalised during the year. The residual 26 remained under review.

5. Principle B – Ensuring openness and comprehensive stakeholder engagement

- 5.1 All decisions made by the PFCC are formally recorded and made available (unless restricted) on the PFCC's website for public information and scrutiny. They are also (again, unless restricted) reported to and scrutinised by the Police, Fire and Crime Panel which is made up of elected representatives from each district, borough, city, and unitary authority in Essex plus two independent members. Panel meetings take place at least four times a year and are open to the public. Records of its meetings (including agendas papers, minutes, and webcasts) are published on Essex County Council's website. Where information cannot be shared with the Panel, a clear justification for this will be provided and consideration will be given by the Monitoring Officer as to how the Panel can be informed of the decision, for example through a confidential briefing.
- 5.2 The decision report template requires report authors to set out the consultation and engagement that has been carried out with staff, representative bodies, other forces and / or emergency services, external agencies and the public when formulating the recommendation(s) put to the PFCC.
- 5.3 In terms of wider public engagement, Article 2 of the PFCC's Constitution sets out citizens' rights and responsibilities, whilst Article 3 describes the powers, functions, and duties of the PFCC, including in relation to their arrangements for obtaining the views of the community on policing.
- 5.4 The PFCC makes their commitments and areas of focus for policing clear principally through their Police and Crime Plan. Amongst other data points, the priorities within the Police and Crime Plan reflect an extensive programme of public and stakeholder consultation, which engaged with over 100 partner organisations (including local councils, charities, victim support groups, advisory groups, and interest groups). Over 1,000 people were involved in workshop discussions regarding the development of the Plan with a further 1,500 people participating in a public survey during 2021. This extensive engagement process ensured that the PFCC's strategic priorities reflect views and experiences of our communities, service users and partner organisations. A full equality impact assessment was also undertaken, to ensure that the Plan meets its statutory obligations and contributes to delivering an equitable and fair criminal justice system for the people of Essex. Following the re-election of the PFCC in May 2024, a similar process will be undertaken during 2024 to develop the Police and Crime Plan for the new term.
- 5.5 The PFCC completed their annual public survey on the precept for the following year between 31 October and 5 December 2023. 2,128 people responded (a 9.4% reduction on the previous year). 67% of those who responded

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to the question stated that they would be prepared to invest more in policing to improve the service provided. 62% of respondents who indicated how much more they were prepared to contribute stated that they would pay a further £10 per year. 52% were prepared to pay an additional £15 per year. These findings informed the proposals in respect of precept setting that the PFCC made and had approved via the Police, Fire and Crime Panel in February 2024.

- 5.6 The PFCC's overarching Communications and Engagement Strategy 2022/24 was approved in February 2022, to align with the formal launch of the Police and Crime Plan for the period. Essex Police also has its own comprehensive engagement strategy.
- 5.7 As part of their Communications and Engagement Strategy, the PFCC holds public meetings at least once a year in each of the 14 districts and unitary areas, where the people of Essex are able to challenge the PFCC on how he is holding the Chief Constable to account for the delivery of policing. The COVID-19 pandemic meant that this engagement was hosted predominantly online during 2020/21 and 2021/22, with the result that reached a much larger and more diverse audience than traditional methods. Post-pandemic, the PFCC's approach to public engagement has included a combination of face to face and online events. For transparency, the notes of each of these meetings are made available on the PFCC's website, along with the issues raised at each of these events and any subsequent outcomes.
- 5.8 The PFCC also meets regularly with local Councillors and MPs in order to afford other elected representatives the opportunity to raise any concerns or offer any suggestions for improvement in relation to policing and crime in Essex. Forums also continue to be held with specific groups, discussing issues such as victim support, rural crime, and business crime. These forums enhance partnership working in key areas and link directly with the delivery of the Police and Crime Plan.
- 5.9 The PFCC publishes clear contact details on their website that members of the community can use to raise issues or concerns directly with them. The PFCC's Correspondence Standards and Complaints and Expression of Dissatisfaction Policy set out how contact made with the PFCC will be responded to. On a regular basis, the PFCC and Chief Constable also issue proactive press releases and engage in media interviews to explain the nature and role of their work and to answer questions relating to this.
- 5.10 The PFCC and Chief Constable jointly commission a public confidence and victim satisfaction survey of 7,700 people every year. The results of this are reported on a quarterly basis to the PFCC via their Performance and Resources Board and to a wider group of stakeholders and partners via the Safer Essex partnership. The results show that, for the 12 months to December 2023, overall confidence and satisfaction with Essex Police remained high, with 75% of respondents believing that Essex Police does a good or excellent job. This was consistent with the results for the previous 12 months, with those aged under 35 (79%) and respondents from ethnic minorities (81%) being more likely to respond positively to this question. 66% stated that they had confidence in local policing, which was also consistent with the previous 12 months. Again, respondents from ethnic minorities (74%) were significantly more likely than White British / Irish respondents (65%) to respond positively to this question.

6. Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

- 6.1 The Police and Crime Plan sets out the PFCC's vision and the target outcomes to be achieved during the electoral term, along with the indicators through which the performance of the force will be judged. The Plan sets out the resources available to deliver these and is used as the basis for all strategic planning.
- 6.2 The PFCC recognises the need to focus on the long term. The template for decision reports presented to the PFCC therefore requires the report author to set out clearly the proposal and its associated benefits, along with its links to future plans.

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- 6.3 Requests for investment are presented to the PFCC in the form of a business case. The business case template requires the presentation of the strategic, economic, commercial, financial and management cases for change along with the anticipated benefits of the proposal in terms of both cashable and non-cashable savings, cost avoidance and non-financial benefits.
- 6.4 Authors of decision reports are also required to articulate the equality, diversity and inclusion implications of their proposal, attaching a full Equality Impact Assessment where initial screening has indicated that there may be an adverse or disproportionate impact on people with any protected characteristics. This ensures that steps are taken where necessary to mitigate any adverse impact where possible and to ensure fair access to services.
- 6.5 In determining the Most Economically Advantageous Tender (MEAT), all procurement exercises undertaken during the year included consideration of the social value to be obtained from the contract, with this accounting for a minimum of 10% weighting in the evaluation criteria, using the national Themes, Outcomes and Measures (TOMs) Framework.

7. Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

- 7.1 The PFCC's decision making process is set out in the Constitution. Within this, the PFCC has adopted a number of principles of decision making, including a presumption in favour of openness and transparency, the need for consultation with interested parties, and the need to give reasons and explanations for a decision. All significant PFCC decisions are taken following consideration of a written report on the subject which includes consideration of risks and potential alternative options. All decision reports are required to be approved by both the PFCC's statutory officers (namely the Monitoring Officer and the Chief Finance Officer) before they are progressed to the PFCC. This ensures that legal and financial / resource implications are clearly understood prior to any decision being taken.
- 7.2 A clear budget setting timetable, covering both revenue and capital budgets, is approved annually by the PFCC and ensures that budgets are prepared in accordance with strategic objectives and the Medium-Term Financial Strategy. Within this, a series of engagement meetings between the PFCC and the Chief Constable and their respective senior teams, alongside formal reports to the PFCC's Strategic Board and the Police, Fire and Crime Panel at key stages of the process, ensure that the Medium-Term Financial Strategy and annual budgets integrate and balance service priorities, affordability and other resource constraints over both the medium and longer term. Throughout the process, scenario planning and sensitivity analysis are undertaken to ensure that decision-makers remain alive to ongoing matters that may pose a threat to service delivery and affordability, along with changes in the external environment that may arise during the budgetary period.
- 7.3 Alongside the PFCC's scrutiny programme, the Strategic Change Directorate within Essex Police delivers an annual compliance and review programme designed to assist senior managers to:
- Evaluate the reliability and integrity of specific data created and held by the force
 - Evaluate the force's compliance with legislation and associated national standards
 - Evaluate compliance with the force policies and authorised professional practice
 - Provide recommendations that improve force performance and compliance levels
 - Reduce the likelihood of personal and corporate financial and reputational risk
 - Assist in assessing the effectiveness of the force's risk mitigation and control(s)

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- Identify potential inappropriate, unethical, and non-compliant activity
- Assist in ensuring Essex Police is 'fit and healthy' going forward

Outcomes from these reviews inform robust decision making and provide reassurance, both internally and externally, that the performance and other information on which decisions are made is accurate and will withstand scrutiny.

- 7.4 At a more operational level, a multi-agency Out of Court Disposal Scrutiny Panel has been established to conduct independent reviews of a selection of cases that have been resolved through use of an out of court disposal determined by either Essex Police or the Crown Prosecution Service. Its aim is to determine whether the method of disposal was appropriate based on the information / evidence available to the decision maker at the time and, by doing so, increase public understanding, confidence, and trust in this method of case disposal. The panel cannot change the outcome of the case but, where it is appropriate to do so, can give feedback at an organisational level or to individuals of any agency involved in a case. Through this process, the Panel promotes best practice and identifies potential policy development or training needs for consideration by the force or other agencies.

8. Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it

- 8.1 The Force Growth Programme for 2023/24 was approved by the PFCC as part of budget setting and its implementation has been monitored throughout the year by the PFCC’s Performance and Resources Board. The national Police Uplift Programme (PUP) ended in 2022/23, so planned growth for 2023/24 was originally funded from force budget setting and the precept uplift. Through this, the establishment was increased by 31.61 FTE staff posts in areas such as Corporate Finance, Business Services, the Resource Management Unit, Estates, HR, the Mental Health team in the Crime and Public Protection Command, Continuous Improvement and Analytics, and Roads Policing, in order to ensure the force is supported by specialist staff teams working with and supporting areas that have seen increased workload, particularly relating to previous years’ growth. As at the end of March 2024, 29.61 FTE of these additional staff posts had been recruited to, leaving two posts in Estates vacant and 94% of the planned staff growth achieved.
- 8.2 For 2023/24, the original uplift requirement was for the force to achieve a headcount of 3,765 officers. However, as a result of two separate recruitment agreements, the force was able to recruit an additional 55 officers in the financial year, bringing the overall headcount requirement to 3,820. The force ended the financial year with an officer headcount of 3,827 (seven above the increased headcount requirement).
- 8.3 During the year, the PFCC’s Office also saw investment. In September 2023, a new Governance and Standards Officer role was created to implement the requirements of the PFCC’s Accessibility Strategy and to support administration of the PFCC’s decision-making process and complaints programme, as well as the conduct of Police Appeal Tribunals and Misconduct Hearings. Later in the year, two new posts of Complaints Manager and Staff Officer to the PFCC were created and recruited to, which have been filled since April and May 2023 respectively.
- 8.4 The Constitution is clear that the PFCC must not fetter the operational independence of the Essex Police force and the Chief Constable who leads it. There is a clear expectation that the PFCC and Chief Constable will work together to safeguard the principal of operational independence, while also ensuring that the PFCC is not fettered in fulfilling their statutory role. The Schemes of Delegation and Consent, and Financial and Procurement Regulations act in accordance with the Financial Management Code of Practice to enable effective accountability and to govern the relationship between the PFCC and the Chief Constable of Essex Police.

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- 8.5 The Chief Constable is expected to ensure that the PFCC is informed of their decisions and operational activity in a timely fashion that enables the PFCC to hold the Chief Constable to account for the totality of policing within the force area. This is achieved through the PFCC's formal governance structures (Performance and Resources and Strategic Boards) as well as through direct contact between the two corporation soles. During the year there were regular formal performance meetings between the PFCC and Chief Constable, also attended by the PFCC's Chief Executive and Monitoring Officer, to ensure that matters were dealt with expeditiously within their respective responsibilities.
- 8.6 To exercise the functions of their office effectively, access is needed by the PFCC to information, officers, and staff within the Essex Police force, which must not either be unreasonably withheld or obstructed by the Chief Constable or fetter the Chief Constable's direction and control of the force. Such access to information is governed by an Information Sharing Agreement (ISA) between the two corporation soles.
- 8.7 With effect from 2023/24, the Chief Executive and Monitoring Officer now delivers an input around governance to all new Chief Inspectors and police staff equivalents, so that they understand the role of the PFCC and are supported to comply with the formal governance processes.
- 8.8 All staff and officers of the Essex Police force and the PFCC's office are subject to an annual Performance Development Review (PDR) and mid-year review to support their development and value their contributions. Within the force, this directly influences access to promotion and career development programmes.
- 8.9 Staff and officers of both the force and the PFCC have access 24 hours a day, seven days a week to an Employee Assistance Programme (EAP) by telephone, online or via an app. The offer includes a range of counselling and wellbeing services along with debt management advice and a legal and financial helpline. All staff and officers also have access to 'Feel Well, Live Well', a wellbeing programme specifically designed to support police officers and staff by developing their individual resilience and equipping them with strategies and tools to deal with everyday life, either in the workplace or at home. This is supported by a range of virtual wellbeing sessions, including a module specifically designed for leaders. In addition, Occupational Health and Physiotherapy Services provide dedicated, professional medical support to individuals employed by the force and the PFCC by helping to manage the relationship between health and work. Besides this, a Trauma Risk Incident Management (TRiM) welfare-led process and protocol are in place to assess and support the response of staff, officers and volunteers who are or have been exposed to a potentially traumatic event(s) at work.

9. Principle F – Managing risks and performance through robust internal control and strong public financial management

- 9.1 In discharging their overall responsibilities, the PFCC is responsible for putting in place proper arrangements for the governance of their affairs and facilitating the exercise of their functions, which includes ensuring a sound system of internal control is maintained throughout the year and that arrangements are in place for the management of risk. In exercising these responsibilities, the PFCC places reliance on the Chief Constable of Essex Police to support the governance and risk management processes.
- 9.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can only provide reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the PFCC's and Chief Constable's policies, aims and objectives, and to evaluate, and wherever possible reduce, the likelihood of those risks being realised, and the impact should they be realised.
- 9.3 The PFCC and Chief Constable continue to use risk management policies and frameworks that comply with CIPFA guidance and which clearly allocate responsibilities for managing individual risks. In March 2022, the planned biennial review of the PFCC's Risk Appetite Statement was carried out, with the result that the Joint Audit

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Committee (JAC) agreed to endorse the Statement for a further two years, or until any significant change in the PFCC's operating environment.

- 9.4 Both the PFCC's and the force's strategic risk registers are reported to the Joint Audit Committee (JAC) at every meeting, having first been reviewed through the appropriate internal governance structures. Key collaborative projects and programmes of work, such as the Essex Emergency Services Collaboration Programme, have their own risk registers which are likewise regularly reviewed by all partners through the appropriate governance boards to ensure that they remain accurate and up-to-date and drive activity to reduce risk where possible. There is also a standing item on each agenda of the JAC under which officers update the committee on any potential fraud identified or debtors written off since the last meeting.
- 9.5 During 2023/24, the force and the PFCC's office introduced a regular programme of "Joint Star Chambers" to come to an agreed position wherever possible in terms of the current risk score in respect of failure to achieve each of the PFCC's strategic priorities, and what further actions can be taken to reduce this.
- 9.6 Once key policies, strategies, projects, programmes of work and investments have been approved through the processes described earlier in this statement, their implementation is scheduled for regular monitoring via the appropriate governance board to ensure that the PFCC's service delivery plans remain on target and that the anticipated outcomes and benefits are realised. Significant projects are also subject to detailed post-implementation reviews in order to capture lessons learnt and to inform future work.
- 9.7 The PFCC's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Financial Officer of the Chief Constable (2016).
- 9.8 Additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by various other bodies as follows:

Internal Audit

- 9.9 In maintaining and reviewing the governance framework, the PFCC's and Chief Constable's Chief Finance Officers place reliance on the work undertaken by Internal Audit and, in particular, on its independent opinion on the adequacy and effectiveness of the system of internal control. For 2023/24 the Internal Auditor's opinion is as follows, for both the PFCC and Essex Police:
- The organisation has an adequate and effective framework for risk management, governance, and internal control.
 - However, our work has identified further enhancements to the framework of risk management, governance, and internal control to ensure that it remains adequate and *effective*.
- 9.10 A robust process is in place to track the implementation of recommendations and actions arising from internal audits across both Essex Police and the PFCC, which is overseen by the force's Chief Finance Officer and reported to the Joint Audit Committee on a quarterly basis. As well as reporting on closed recommendations and actions, this highlights those that have been presented to the CFO to close but where further evidence is required before this can be agreed, as well as those that are outside of their due date and for which no evidence has yet been presented. Throughout the year, this process ensured continued good progress in implementing the areas for improvement identified through the internal audit plan.
- 9.11 A partial assurance opinion was received following an internal audit on Problem Solving which found that the application and knowledge of the Problem Solving Hub and how the Force evidence and track use of it was inconsistent. As the audit was conducted only a short time after the launch of the Hub (one week after its launch) the audit was focused on the awareness of its existence and its potential rather than its content. Three

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low, two medium and one high priority actions were agreed by management.

- 9.12 A partial assurance opinion was received for an audit of Public and Victim Contact. Although the audit confirmed that training, policies and procedures are in place to guide key processes surrounding victim contact and effective controls for documentation of crimes, there were some issues identified with adhering to stipulated timeframes regarding allocation of a crime to an officer within 48 hours. There were also some weaknesses surrounding the documentation and audit trail of the Victim Care Cards being presented to victims. One high, four medium and two low priority actions were agreed with management.

External Audit

- 9.13 External Audit is another essential element in ensuring public accountability and stewardship of public resources and the corporate governance of the PFCC's services, with the External Auditor's annual letter in particular providing comment on financial aspects of corporate governance, performance management and other reports.

Joint Audit Committee (JAC)

- 9.14 The independent Joint Audit Committee (JAC) has responsibility for monitoring and reviewing the effectiveness of the risk management arrangements and the systems of internal control operated by both the PFCC and the Chief Constable. The JAC meets formally at least four times a year and continues to support the PFCC and Chief Constable in discharging their responsibilities for enhancing public trust and confidence in the PFCC and Essex Police. During 2023/24, the JAC has continued to provide a first-class level of independent assurance to the PFCC and Chief Constable and has not hesitated to address important and sometimes very challenging issues. The Committee's work plan for 2023/24 included briefings and assurance on the force's vetting and counter-corruption work, the local response to the Casey Review of the Metropolitan Police Service, the force's approach to recruitment and retention, how the force is delivering against its environmental ambitions in respect of fleet and estate transformation and the force's Medium Term Financial Strategy (MTFS). The committee has also sat as the Auditor Panel to oversee the re-tender and mobilisation of the external audit contract. JAC papers are published on the PFCC's website unless restricted.

His Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS)

- 9.15 HMICFRS's sixth PEEL (police effectiveness, efficiency, and legitimacy) inspection of Essex Police, carried out in 2021/22, was published in October 2022 and found that:

- Essex Police is **good** in terms of:
 - Its treatment of the public
 - Developing a positive workforce
 - Its use of resources
 - Tackling serious and organised crime
- Essex Police is adequate at:
 - Investigating crime
 - Preventing crime
 - Protecting vulnerable people
 - Managing offenders
- Essex Police **requires improvement** in terms of how it responds to the public (particularly in relation to call handling).

These judgements reflected the force's own self-assessment, the Force Management Statement, strategic investment decisions and the force's change programme.

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The inspection report identified 12 Areas for Improvement (AFIs), relating to how the force responds to the public, prevents and investigates crime, manages offenders, protects vulnerable people and how it uses its resources. The report did not raise any “Causes of Concern”. Essex Police and the PFCC have robust governance processes for managing progress against each of the AFIs. As at December 2023, four had been closed, progress against two was RAG rated “green”, and progress against six was deemed to be “amber”.

9.16 In May 2023, HMICFRS reported in its inspection of the eastern region’s response to serious and organised crime (SOC). This found that the Eastern Region Special Operations Unit (ERSOU) is “Good” at tackling serious and organised crime. The report concluded that:

- ERSOU has developed its intelligence collection to better understand the regional threat from SOC
- All forces in the region use the same system for recording intelligence
- ERSOU uses technology to analyse its performance against Organised Crime Groups (OCGs)
- ERSOU seeks to improve its workforce
- ERSOU debriefs its teams about SOC operations to learn and improve
- ERSOU is good at disrupting SOC threats
- ERSOU has supported the establishment of the National Intelligence Service

However, it also commented that:

- ERSOU should take more of a leadership role to improve how it operates and shares best practice
- The assessment of SOC threats is inconsistent across the region
- The legal agreement that establishes regional collaboration was out of date and should be refreshed
- ERSOU has the capability to conduct financial investigations, but cannot always support forces

HMICFRS also found that Essex Police is “Good” at tackling serious and organised crime, commenting that:

- The force has processes in place to help understand its SOC threats
- The force has effective governance to manage the response to SOC
- The force has sufficient resources to tackle SOC
- The force makes sure that Lead Responsible Officers (LROs) have sufficient capacity to manage SOC
- Relevant training to manage SOC is available
- The force has a lifetime management approach to high-risk SOC offenders
- The force works with partner organisation to disrupt SOC

However, the report also stated that the force should improve how learning from SOC disruption activity is shared and identified an area for improvement around how Essex Police records disruptions on the national database.

HMICFRS identified three Areas for Improvement (AFIs) relating to how ERSOU and its constituent forces work to tackle serious and organised crime, how they procure and deploy technical surveillance equipment, and how the region manages organised criminals in prison.

9.17 As set out at paragraph 4.6 above, an HMICFRS inspection of Essex Police’s vetting and counter-corruption arrangements was undertaken in November 2022. The report was published on 16 June 2023 and concluded that Essex Police is “Good” at vetting, IT monitoring and counter-corruption work, with a low appetite for risk in these areas. As part of its inspection, HMICFRS found that the force has a counter-corruption control strategy based on the 4P (pursue, prepare, protect and prevent) approach which clearly sets out the priorities identified in its counter-corruption strategic threat assessment (STA) and how these will be tackled.

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- 9.18 Both the PFCC and Essex Police have effective arrangements in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. These include robust Data Protection, Information Security and Records Retention and Disposal Policies, as well as detailed Data Asset Registers which are regularly reviewed through the appropriate internal governance structures. Updated Data Protection and Record Retention and Disposal Policies were adopted by the PFCC in March 2024, along with updated privacy notices. Information Sharing Agreements and Data Processing Contracts are in place to govern such arrangements between the PFCC, Essex Police and other parties. Any potential or actual data security breaches are reported, investigated and responded to in line with the requirements set out by the Information Commissioner's Office (ICO).
- 9.19 HMICFRS reported the findings of its Crime Data Integrity Inspection of Essex Police on 8th October 2019. The inspectorate found Essex Police's performance to be outstanding in this area, making it only the third force of the 39 inspected at that point in the programme to be judged outstanding on the first inspection. The inspectorate estimated that Essex Police records 95.8% (with a confidence interval of + 1.53%) of the crimes reported to it and noted that the force had "substantially improved its crime recording accuracy" since 2014 and that "Victims are at the forefront of its crime recording arrangements".

10. Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

- 10.1 Alongside approved decision reports, the PFCC ensures that relevant data about their office and the force is published on either their website or Essex Police's as part of their Publication Protocol. This includes the disclosable interests of the PFCC, their Deputy and staff and other information required to be published under the Elected Local Policing Bodies (Specified Information Order) 2011 and the Elected Local Policing Bodies (Specified Information) (Amendment) Orders 2012, 2013 and 2021.
- 10.2 During the year, the PFCC and Chief Constable continued to develop and refine the performance framework that is used to monitor and support the delivery of the Police and Crime Plan. Progress against this framework is reported monthly to the PFCC's Performance and Resources Board and six-monthly to the Police, Fire and Crime Panel. Performance information presented to the PFCC's monthly Performance and Resources Board is also published on the PFCC's website, whilst performance reports presented to the Police, Fire and Crime Panel are published on Essex County Council's website.
- 10.3 The PFCC's Annual Report provides a fuller picture to the public, service users, the Joint Audit Committee, the Police, Fire and Crime Panel and other stakeholders on the progress made during the year on delivering the priorities within the Police and Crime Plan and the performance, both operational and financial, of the PFCC and Essex Police. This is fully aligned to the Statement of Accounts and is independently audited as part of the closure of accounts process. An accessible summary of this Annual Governance Statement is included within the Annual Report.
- 10.4 The PFCC's Financial and Procurement Regulations include a section on joint working arrangements which sets out the governance arrangements in respect of partnership working, collaboration arrangements, regional working and consortia, as well as the arrangements that apply with regard to external funding and work for third parties. The document sets out the responsibilities of all partners engaged in joint working arrangements, the individual responsibilities of the PFCC and the Chief Constable, and the key principles that must apply to all joint working arrangements, which include requirements that risk assessments are prepared before entering into such arrangements; that project appraisal is in place to assess the viability of the project in terms of resources, staff and expertise; that audit, control, accounting and taxation requirements are fully understood and complied with, and that an appropriate exit strategy is produced. Financial and performance monitoring information relating to regional working and other collaborative arrangements is reported twice a year to the PFCC's Performance and Resources Board.

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- 10.5 The Joint Audit Committee (JAC), considers and makes recommendations to the PFCC and the Chief Constable on the provision of internal auditors, including their appointment, assessment of their performance and (if necessary) their dismissal. The JAC also approves – but does not direct – the internal audit strategy and annual internal audit plan, ensuring that these are consistent with professional standards, that they meet the audit needs of the PFCC and the Chief Constable, and provide adequate coverage for the purpose of obtaining appropriate levels of assurance over the adequacy of the risk management, governance and internal control environment of both corporation soles. The JAC has a role to play too in considering the findings of internal audit reports and the assurance provided, and ensuring the adequacy of the responses provided by the PFCC and the Chief Constable.
- 10.6 The Internal Audit service has direct access to all senior officers and employees. Equally, the PFCC, Chief Constable, Chief Finance Officers and Monitoring Officer have free and confidential access to the Head of Internal Audit and the External Auditor. The JAC has likewise established effective communications, both through formal meetings and outside of these, with the PFCC, the Chief Constable, the Chief Finance Officers, the Monitoring Officer, the Head of Internal Audit and the External Auditor.

11. Significant Governance Issues

Operation Hazel

- 11.1 This is the Essex Police operational response to the Just Stop Oil (JSO) sustained protest activity at petrochemical distribution sites in West Essex and petrol station forecourts. On 1st April 2022 large numbers of JSO protestors disrupted multiple sites in Essex simultaneously and used a wide range of tactics to cause significant disruption. These were sustained protests that included site incursion, static road protests, lock on to tankers and lock on at heights in high-risk secure areas of petrochemical sites. Further protests occurred including two protesters who scaled the bridge on the Dartford River Crossing in October 2022 causing it to be closed for two days.

The cost to the force was £5.6m. The Chief Constable and the PFCC worked together and approached the Home Office for a Special Grant requesting that the 1% force contribution was waived. The Home Office reimbursed the force £4.0m in 2022/23, which is greater than £2.1m entitlement under the Special Grant conditions. Then in April 2024 the Home Office reimbursed the force a further £0.7m, taking the full contribution up to £4.7m which was 85% of the total cost; the force has therefore had to fund £0.8m towards the cost of Operation Hazel.

Development of Devolution Proposition for Greater Essex

- 11.2 In June 2022, Essex Leaders and Chief Executives (ELCE) agreed to progress the exploration of a devolution deal for Greater Essex. Following a series of discussions, an Expression of Interest was submitted to the Government in March 2023 which sought to explore either a Level 2 or a Level 3 deal. A Level 3 deal incorporating the whole Greater Essex footprint would have included the creation of a new Mayoral Combined County Authority (MCCA) and a directly elected mayor, who could have subsumed the powers and functions currently exercised by the PFCC. Under this governance model, any such functions and powers that are vested in the wider MCCA, as opposed to the mayor directly, could threaten the operational independence, direction and control of the Chief Constable. However, in January 2024, the Minister for Levelling Up confirmed that the Government will not be pursuing a devolution deal with Greater Essex any further during this parliament. Partners across Greater Essex will now focus on building on the good partnership working that has been undertaken across the county to get us to the point of submitting the expression of interest, and look to see what the direction of travel is in terms of devolution following the General Election.
- 11.3 Progress made in addressing the significant governance issues identified in last year's AGS is summarised on the pages that follow.

Title	Action	Expected Delivery	Position as at 31 st March 2024
Demand Management	Secure the ability of the force to manage existing and future demand, with an effective operating model of policing using the efficiency gains enabled by investment in new technology. Continue to encourage members of the public to report crime online.	<p>Increase the police staff establishment by 31.6 FTE as part of the 2023/24 Force Growth Programme.</p> <p>Increase the number of Specials throughout 2023/24.</p> <p>Continue to increase ethnic minority and female officer representation throughout 2023/24.</p> <p>Deliver the Contact Management Operational Change Programme, including growing the Contact Centre by 30 officers by end of May 2023, implementing Rapid Video Response (including implementation of the required technology and the creation of an RVR Team), and implementing the new operating model by the end of December 2023.</p> <p>Deliver total planned cashable savings of £12.212m (£10.915m recurring) and non-cashable savings of £4.696m, creating a combined total of £16.908m in year savings and efficiency</p>	<p>As at the end of March 2024, 29.61 FTE of these additional staff posts had been recruited to, leaving two posts in Estates vacant and 94% of the planned staff growth achieved. In addition, as a result of two separate recruitment agreements, the force was able to recruit an additional 55 officers in the financial year, bringing the overall headcount requirement to 3,820. The force ended the financial year with an officer headcount of 3,827 (seven above the increased headcount requirement).</p> <p>Whilst Essex Police still has the second largest Special Constabulary in the country, recruitment and retention of Specials has remained challenging throughout 2023/24. There were 251 Specials at the end of March 2024, compared with 327 at the end of March 2023 (a reduction of 23.2%, or 76 Special Constables).</p> <p>There was a slight decrease (from 4.11% to 4.07%) in the proportion of the total workforce that is from an ethnic minority in March 2024 compared with March 2023. This represented a reduction from 270 ethnic minority employees to 263 (-7). The proportion of police officers from an ethnic minority rose from 4.09% to 4.14%, however the proportion of police staff fell from 4.16% to 4.16%. The proportion of applications from ethnic minority candidates in 2023/24 was 14.78%, which is higher than the previous four years and 16 new joiners (6.04%) were from an ethnic minority, which is an improvement on 2022/23 (4.74%).</p>

Title	Action	Expected Delivery	Position as at 31 st March 2024
			<p>41.51% of new joiners in 2023/24 were female, which is a slight reduction compared to 2022/23 (43.5%) and 2021/22 (44.62%). However, the headcount of 1,436 and proportion of 37.59% is the highest on record.</p> <p>Essex Police introduced RVR in March 2023 as an alternative method for responding to lower priority domestic abuse incidents. Initial data shows a reduction in the average time to attend DA incidents as well as in the average time spent dealing with an incident at scene or via RVR. A new Victim's Engagement Portal went live across the force in December 2023 and a new telephony system was installed in January 2024. The new Target Operating Model in the Contact Management Command launched in April 2024 and a new workforce management solution is anticipated for delivery in summer 2024. The force has seen an improvement in channel shift over the period, with more people reporting online.</p> <p>Monitoring of the Efficiency and Savings Plan as at March 2024 identifies an in-year over achievement against the plan of £3.8m. This is largely attributable to a significant contribution from the vacancy factor (£3.2m) and force wide non-pay savings (£1.13m). However, there is a forecast full year short fall of £0.335m. The main contribution to this shortfall is lower than anticipated income realisation through Magistrates' courts. The non-cashable savings remain unchanged at a value of £4.696m.</p>

Title	Action	Expected Delivery	Position as at 31 st March 2024
Review of the police funding formula	To continue to promote the case for an improved Government police funding formula by working with the APCC, NPCC and PACCTS to deliver an evidence-based response to the Home Office. This response will inform the HM Treasury decision.	Essex benefits from an updated and improved funding formula.	The Chief Finance Officers continue to work with the APCC, NPCC and PACCTS to ensure that the impact of the police funding formula on Essex is understood. The Home Office has not advanced this work in 2023/24.
Public confidence and victim satisfaction	Continue to enhance the public's understanding of the work and successes of Essex Police, thereby increasing public satisfaction and confidence.	Improvements in public and victim satisfaction and confidence in local policing during 2023/24, with reduced disparities in confidence and satisfaction between victims and non-victims and between white and non-white ethnic minority respondents.	For the 12 months to December 2023, overall confidence and satisfaction with Essex Police remained high, with 75% of respondents believing that Essex Police does a good or excellent job. This was consistent with the results for the previous 12 months, with those aged under 35 (79%) and respondents from ethnic minorities (81%) being more likely to respond positively to this question. Victims (69%) remained less likely than non-victims (77%) to believe Essex Police is doing a good or excellent job. 66% stated that they had confidence in local policing, which was also consistent with the previous 12 months. Again, respondents from ethnic minorities (74%) were significantly more likely than White British / Irish respondents (65%) to respond positively to this question. Whilst non-victim confidence had remained stable at 69%, victim confidence had improved slightly, from 47% in 2023 to 49% in 2024.
Blue light collaboration	To promote collaborative working across blue light services, including greater efficiencies between Essex Police and the Essex County Fire and Rescue Service and through the Essex and Kent Police Shared Services directorate	Continue to progress shared fleet workshops across Essex Police and the Essex County Fire and Rescue Service, along with further estate sharing in Harwich and Dovercourt. Full Business Case for the shared fleet workshop to be delivered in November 2023 and building design to be complete in December	Issues arose with the contract awarded for the design and build of the new facility in Dovercourt and this work is currently being re-tendered. The Full Business Case relating to the joint fleet workshop was commissioned in April 2023. In December 2023, it was agreed to move to the Royal Institute of British Architects (RIBA) Stage 3

Title	Action	Expected Delivery	Position as at 31 st March 2023
		2023, in order that the new building can be completed in 2026.	(the development and design phase). Legal advice has been obtained in relation to potential delivery vehicles / models. Financial advice / modelling is currently being obtained. Full and final decision (including capital bid and contract award for the detailed design) due to be recommended in Autumn 2024. A decision on the delivery model will need to be taken before this. Final capital bid and contract award expected to be considered in summer 2025, with completion in May 2027.
			<p>Shared use of estate in Harwich and Dovercourt is in delivery and currently RAG rated green in terms of timescales and amber in terms of cashable, non-cashable and non-financial benefits. Nine projects were identified in “Wave 2”, of which two have been terminated, one has not yet started, one is at the Outline Business Case (OBC) stage, two are in delivery and three have transitioned to business as usual.</p> <p>The shared Serious Crime Directorate has delivered £18.5m savings to Essex since its inception in 2010. Further savings of £990,000 have been offered for 2023/24. The Forensics Redesign Business Case was launched in October 2022 and will reduce the number of teams from five to three and make modest savings for each force of around £25,000 when implemented in June 2023.</p> <p>The shared Transport Service has delivered £5.7m revenue, capital and efficiency savings across Essex and Kent since 2011.</p>

Title	Action	Expected Delivery	Position as at 31 st March 2023
Devolution	Continue to work with and through Essex Leaders and Chief Executives to negotiate an ambitious but appropriate devolution deal for Greater Essex.	Greater Essex secures a robust and fit for purpose devolution deal, accompanied by a simplified, long term funding settlement. Essex is well placed to deliver Mission 11 of the White Paper (By 2030, homicide, serious violence and neighbourhood crime will have fallen).	Following a series of discussions, an Expression of Interest was submitted to the Government in March 2023 which sought to explore either a Level 2 or a Level 3 deal. However, in January 2024, the Minister for Levelling Up confirmed that the Government will not be pursuing a devolution deal with Greater Essex any further during this parliament. Partners across Greater Essex will now focus on building on the good partnership working that has been undertaken across the county to get us to the point of submitting the expression of interest, and look to see what the direction of travel is in terms of devolution following the General Election.

Significant governance issues for 2024/25

Significant governance issues for consideration in 2024/25 are identified below:

Title	Action	Expected Delivery
Police and Crime Plan	Develop and agree a new Police and Crime Plan for the 2024 – 2028 electoral term.	Police and Crime Plan 2024 – 2028 endorsed by the Police, Fire and Crime Panel by October 2024.
Demand Management	Secure the ability of the force to manage existing and future demand, with an effective operating model of policing using the efficiency gains enabled by investment in new technology. Continue to encourage members of the public to report crime online.	Increase the number of Specials throughout 2024/25. Continue to increase ethnic minority and female officer representation throughout 2024/25. Deliver the eight strands of the major change programme for 2024/25 (increasing the capability and capacity of the Local Policing Teams, custody transformation, contact management operational change programme, operational / investigative change, long-term strategic investment in estates, medium- to long-term investment in technology, finance / supplies and services, and welfare, wellbeing and workplace). Deliver the 2024/25 Efficiency and Savings Plan, consisting of cashable savings of £10.409m in year, with £10.589m full year effect, and a further £0.893m one-off savings.
Review of the police funding formula	To continue to promote the case for an improved Government police funding formula by working with the APCC, NPCC and PACCTS to deliver an evidence-based response to the Home Office. This response will inform the HM Treasury decision.	Essex benefits from an updated and improved funding formula.
Public confidence and victim satisfaction	Continue to enhance the public’s understanding of the work and successes of Essex Police, thereby increasing public satisfaction and confidence. Recommission the independent, longitudinal Public Confidence and Victim Satisfaction Survey to allow better understanding of and insight into the drivers of public confidence and victim satisfaction.	Improvements in public and victim satisfaction and confidence in local policing during 2024/25, with reduced disparities in confidence and satisfaction between victims and non-victims.

Title	Action	Expected Delivery
Blue light collaboration	To promote collaborative working across blue light services, including greater efficiencies between Essex Police and the Essex County Fire and Rescue Service and through the Essex and Kent Police Shared Services directorate	Continue to progress shared fleet workshops across Essex Police and the Essex County Fire and Rescue Service, along with further estate sharing in Harwich and Dovercourt. Capital bid and contract award for the detailed design of the fleet workshop to be considered in autumn 2024. Final capital bid and contract award to be considered in summer 2025, to enable completion in May 2027.
Police misconduct, vetting and performance	Implement and monitor the impact of the Government's proposed changes to the police misconduct, vetting and performance regime.	Police (Conduct) (Amendment) Regulations 2024 implemented with effect from 7 May 2024. Remaining changes to be implemented in two further tranches (timescales TBC) throughout the year.

12. Conclusion

- 12.1 In line with previous years, we continue to be satisfied that the governance arrangements described above provide a high level of assurance and that such arrangements remain fit for purpose.
- 12.2 Notwithstanding this, we propose over the coming year to take additional steps to address the issues identified in this statement and to enhance further our governance arrangements. The proposed actions will ensure that our governance processes remain effective in a changing environment and we will continue to monitor their implementation and operation, including through our risk management and assurance processes.

Roger Hirst
The Police, Fire & Crime Commissioner

Pippa Brent-Isherwood
Chief Executive and Monitoring Officer to the PFCC

Glossary of Terms

Accrual – The recognition, in the correct accounting period, of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

Accrued Benefits – The benefits for service up to a given point in time, whether vested rights or not.

Actuarial Gains and Losses – For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

Actuarial Valuation – A valuation of assets held, an estimate of the present value of benefits to be paid, and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

Agency Services – The provision of services by an authority (the agent) on behalf of another authority, which is legally responsible for providing those services. The responsible authority reimburses the authority providing the service.

ANPR – Automatic Number Plate Recognition

Appropriations - Amounts transferred to or from revenue or capital reserves.

Asset - An item owned by the PFCC, which has a value, for example, land & buildings, vehicles, equipment, cash.

Assets Under Construction – The cost of work done on an uncompleted project at the balance sheet date.

Budget – A statement of the PFCC’s plans in financial terms. A budget is prepared and approved by the PFCC before the start of each financial year and is used to monitor actual expenditure throughout the year.

Capital Adjustment Account – An account which reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

Capital Expenditure - Expenditure on new assets or on the enhancement of existing assets so as to prolong their life or enhance market value.

Capital Grant – Grant from Central Government used to finance schemes in the capital programme. Where capital grants are receivable, these are used, as far as possible, to finance capital expenditure to which they relate in the year that the grant is received.

Capital Receipts – The proceeds from the sale of an asset, which may be used to finance new capital expenditure or to repay outstanding loan debt, as laid down within rules set by Central Government.

Cashflow Statement – This statement summarises the inflows and outflows of cash.

CIPFA – The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

Contingency – The sum of money set aside to meet unforeseen expenditure or liability.

Collection Fund – A fund administered by each District Council into which individuals’ council tax payments are paid. The PFCC precepts on the Fund to finance part of the net revenue expenditure.

Glossary of Terms

Componentisation – The separate recognition, depreciation and derecognition of parts (components) of assets. This is based on the concept that various components of an asset are identified and depreciated separately if they have differing patterns of benefits, useful lives and are significant relative to the total cost of the asset.

Council Tax – The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

Creditors – Individuals or organisations to whom the PFCC owes money at the end of the financial year.

Current Assets and Liabilities – Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.

Current Service Costs (Pensions) – The increase in the present value of a defined benefit scheme's liabilities expected to arise from the employee service in the current period.

Curtailement – For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Debtors – Individuals or organisations who owe the PFCC money at the end of the financial year.

Deferred Liabilities – Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

Deferred Pensions – Individuals who have ceased to be active members but are entitled to benefits payable at a later date.

Defined Benefit Scheme – A pension scheme which defines the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

Depreciation – An annual charge to reflect the extent to which an asset has been worn out or consumed during the financial year.

Direct Revenue Financing – Resources provided from the PFCC's revenue budget to finance the cost of capital projects.

Discretionary Benefits – Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the PFCC's discretionary powers.

Earmarked Reserves – These represent monies set aside that can only be used for a specific purpose.

ECFRS – Essex County Fire and Rescue Service

Expected Rate of Return on Pension Assets – For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items – Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the PFCC and are not expected to recur.

Fair Value - The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Glossary of Terms

Finance and Operating Lease – A Finance lease transfers all of the risks and rewards of ownership of a fixed asset to the lessee. If these leases are used, the assets acquired have to be included within the fixed assets in the balance sheet at the market value of the asset involved. With an operating lease the ownership of the asset remains with the leasing company and an annual rent is charged to the Income & Expenditure Account.

Financial Assets – Cash, an equity instrument of another entity or a contractual right to receive cash, or another Financial Instrument, or to exchange Financial Instruments under favourable conditions.

Financial Instruments (FI) – contracts that give rise to a financial asset of one entity and a financial liability of another entity.

Financial Liabilities – A contractual obligation to deliver cash, or another FI, or to exchange FIs under favourable conditions.

Financial Regulations – A written code of procedures approved by the PFCC, intended to provide a framework for proper financial management.

Financial Year - The period of twelve months for the accounts commencing 1st April.

Formula Spending Share (FSS) – An assessment by central government of how much a PFCC needs to spend to provide a common level of service having regard to the individual circumstances. It is used to distribute Police Grant.

Future Capital Funding Reserve – Created to provide an alternative source of financing capital expenditure, and to ensure some stability in the level of capital programmes that can be financed each year.

Going Concern – The concept that the PFCC will remain in operational existence for the foreseeable future, in particular that the Comprehensive Income & Expenditure Statement and Balance Sheet assume no intention to curtail significantly the scale of operations.

Government Grants - Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to a PFCC in return for past or future compliance with certain conditions relating to the activities of the PFCC.

Group (Accounts) – The consolidated position of both the Chief Constable of Essex and the Police & Crime Commissioner.

IAS19 Retirement Benefits – An accounting standard that requires the recognition of long-term commitments made to employees in respect of retirement benefits in the year in which they are earned.

Impairment – Where events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable, e.g. a significant decline in market value or evidence of obsolescence or physical damage. The impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Income & Expenditure Account – The main revenue fund of the PFCC into which the precept, government grants and other income are paid, and from which the costs of providing services are met.

Interest Income – The money earned from the investment of surplus cash.

Interest Costs (Pensions) – For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Accounting Standards (IAS) – Standards for the preparation and presentation of financial statements, published between 1973 and 2017 by the International Accounting Standards Committee.

Glossary of Terms

Investments (Pension Fund) – The investments of the Pension Fund will be accounted for in the statements of that Fund. Authorities, however, are also required to disclose the attributable share of pension scheme assets associated with their underlying obligations.

JAC – Joint Audit Committee

LCTS – Local Council Tax Support

Minimum Revenue Provision (MRP) – The statutory minimum amount which the PFCC is required to set aside on an annual basis as a provision to redeem debt.

Net Book Value – The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost – The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NCTPHQ – National Counter Terrorism Policing Headquarters

Non-Current Assets – Tangible or intangible assets that yield benefits to the PFCC for a period of more than one year.

Non-Operational Assets – Non-operational assets are fixed assets held by the PFCC but not directly occupied or used in the delivery of services. They include surplus properties awaiting disposal and assets that are under construction.

NPCC – National Police Chiefs' Council.

Operational Assets – Fixed assets held and occupied, used or consumed by the PFCC in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Outturn – The actual amount spent in the financial year.

Past Service Cost – For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Payments In Advance – These represent payments prior to 31st March for supplies and services received after 1st April.

Pension Fund – A fund which makes pension payments on retirement of its participants.

PFCC – Police Fire and Crime Commissioner.

Police Grant – A grant paid by the Government to PFCCs as a proportion of the Formula Spending Share or FSS.

Precept – The income which the PFCC requires Essex billing authorities to raise from council tax on its behalf.

Projected Unit Method – An accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. The scheme liabilities at the valuation date relate to:

- a) The benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases.
- b) the accrued benefits for members in service at the valuation date.

Glossary of Terms

Property, Plant & Equipment (PPE) – Assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Provision – An amount set aside to provide for a liability that is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

Prudential Borrowing – Shortfall in funding available to finance capital expenditure in the year that it is incurred after applying capital receipts, capital grants and contributions and direct revenue financing. Prudential Borrowing increases the Capital Financing Requirement (CFR) which, as defined by the Prudential Code, is a measure of the underlying need to borrow for capital purposes, although this does not necessarily result in a need to take out external loans if in a positive net cashflow position.

Public Works Loan Board (PWLB) – A government agency which provides longer term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

Receipts In Advance – These represent income received prior to 31st March for supplies and services provided by the Authority after 1st April.

Reserves – Monies set aside by the PFCC either to be earmarked for specific purposes, or generally held to meet unforeseen or emergency expenditure (General Reserve).

Retirement Benefits – All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revaluation Reserve – The account records unrealised net gains (if any) from revaluations made after 1st April 2007.

Revenue Expenditure and Income – Day to day expenses mainly salaries and wages, general running expenses and the minimum revenue provision cost. Charges for goods and services.

Revenue Contributions to Capital – Contribution from the Comprehensive Income & Expenditure Statement to finance capital expenditure and thus reduce the requirement to borrow.

Service Reporting Code of Practice – A code of practice issued by CIPFA, which provides a consistent and comparable basis for financial reporting across local authorities in the United Kingdom.

Scheme Liabilities – The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Settlement – An irrevocable action that relieves the employer of a primary responsibility for an obligation and eliminates significant risks relating to these obligations as well as any assets used to impact the settlement.

Sponsorship – The voluntary provision of non-public fund, services, equipment or other resources that enables the police to enhance or extend the normal service provided.

Transfer Values – Payment made by one pension scheme to another in respect of accrued pension rights when a member of a scheme changes pensionable employment.

Unusable Reserves – Reserves that represent the net value of non-current assets and pensions & other liabilities, but which cannot be applied to fund expenditure or reduce local taxation.

Usable Reserves – Reserves that can be applied to fund expenditure or reduce local taxation.

Glossary of Terms

Vested Rights – In relation to a defined benefit scheme, these are:

- For active members, benefits to which they would unconditionally be entitled on leaving the scheme
- For deferred pensioners, their preserved benefits
- For pensioners, pensions to which they are entitled

Vested rights include where appropriate the related benefits for spouses or other dependants.

Further Information

Further Information

Further information about the PFCC Group and PFCC's accounts is available from:

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Telephone 01245 452615
E-mail: corporate.accounting@essex.police.uk

In addition, members of the public have a statutory right to inspect the accounts before the audit is completed. The accounts are available for inspection on the PFCC website (as per the website address below). The audit of the accounts has been formally concluded and this is reflected in the independent auditor's report.

General information about the PFCC for Essex can be obtained by visiting: <https://www.essex.pfcc.police.uk/>