



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

## 2022/23 Unaudited Statement of Accounts



# Contents

<b>Contents</b>	<b>Page</b>
<b>Narrative Report</b>	<b>2</b>
<b>Statement of Responsibilities</b>	<b>34</b>
Statement of Responsibilities	<b>35</b>
<b>Independent Auditor's Report</b>	<b>36</b>
<b>Statement of Accounts</b>	<b>43</b>
Introduction	<b>44</b>
Core Financial Statements	<b>44</b>
Notes to the Financial Statements	<b>51</b>
Police Officer Pension Fund Account	<b>134</b>
<b>Annual Governance Statement</b>	<b>137</b>
<b>Glossary of Terms</b>	<b>157</b>
<b>Further Information</b>	<b>163</b>

# Narrative Report 2022/23

# 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:

<b>Contents</b>	<b>Page</b>
<b>Police, Fire and Crime Commissioner's Report</b>	<b>4</b>
<b>Chief Constable's Report</b>	<b>6</b>
<b>Report of the Chief Financial Officer, PFCC</b>	<b>8</b>
<b>Police and Crime Plan</b>	<b>16</b>
<b>Performance Framework</b>	<b>30</b>
<b>Current Structure</b>	<b>30</b>
<b>Future Trends and Risks</b>	<b>32</b>

# 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



This year has marked an important milestone in the development of Essex Police as we have completed our multi-year growth programme. Since 2016 we have increased the annual investment into Essex Police by £86m. This has come from a combination of increased central government funding, local funding through the police precept and efficiency savings.

As a result of this increased investment the Chief Constable has been able to recruit an additional 905 officers, taking the total officer establishment to 3,755. Extra staff and more equipment have also been funded to ensure officers are supported to be out in their communities with the right level of resources to do the job. This is the largest the force has been in its 183-year history.

Throughout the year we have seen a downward trend in long term crime levels. This trend has become more evident since the impact of the COVID-19 pandemic between 2020-2022 passed through our crime data. Overall crime is now below the level seen leading up to the pandemic with a 2.4 % fall between 2019-2020 and 2022-2023. Since 2019-2020 is the last pre-pandemic figure it provides a useful baseline for comparison.

The small reduction in overall crime is supported by the continued reduction in anti-social behaviour and burglary, significant reductions in homicide and early signs of a long-term reduction in violence against the person offences. These patterns, taken together, show a long-term reduction in traditional forms of crimes.

While traditional forms of crime have reduced over the last five years and all crime has reduced compared to the pre-pandemic levels the five-year trend in reported crime has increased. This is because new offences have been introduced, such as stalking and harassment, and changes have been made to how crime is recorded. Essex Police has been rated as outstanding for its crime data accuracy, so we know that the reported level of crimes gives us a good picture of what is happening in communities.

The changes to reporting levels are particularly marked in domestic abuse cases. Since 2016 we have seen a significant increase in the recording of domestic abuse. This has been mainly driven by increased levels of reporting and the positive decision by the government to introduce new offences of stalking and harassment as well as controlling and coercive behaviour. These are awful crimes that have devastating effects and need to be stopped. Nobody should have to go through this and the more we can do to prevent these forms of crime, the more people can live their lives free from fear.

We have worked hard, through the Southend, Essex and Thurrock Domestic Abuse Board, to encourage victims to come forward, to try new innovative approaches to preventing perpetrators from causing harm, while continuing to firmly prosecute those that offend. This year the cumulation of this hard work has started to show with a 7.9% reduction in the number of cases compared to the year before. This is a small but significant start and one that goes against the national trend.

Another continued area of sustained effort has been on our fight against drug driven violence. Essex Police has continued to build its capacity to tackle hardened criminals, organised gangs, drug dealers and county lines,



# Narrative Report

successfully targeting and closing entire lines. This work is supported by our Violence and Vulnerability Unit which works in partnership across Essex to prevent young and vulnerable people from getting involved in gangs. This is having a positive impact with 8,000 children, young people and young adults reached each year in communities and direct interventions.

During the year we have also successfully secured £1.183m from the Home Office's Safer Streets Fund to make our streets safer, especially for women and girls. Together with local match funding from Councils and wider partners we have been able to invest £2.002m in four projects across Essex where local communities have told us they feel unsafe. Ninefields Estate in Waltham Abbey, Witham Town Centre, the Greenstead area of Colchester and Colchester Town Centre will each receive funding for a range of activity to improve the physical environment, promote community involvement, and create safer spaces. This includes investment in redesigning walkways, lighting, CCTV and activities to strengthen community engagement, including with schools, young people and businesses.

The force, together with partners, has also been working hard to prevent violence against women and girls. A new tool has been developed to help Community Safety Partnerships understand areas of concern in their communities and focus their prevention activity. The force has also continued to improve the way sexual offences are investigated, learning from national programmes to work together better with criminal justice partners and ensure victims are at the heart of how they investigate. This has led to a 6.3% reduction in the number of sexual offences committed against females compared to the previous year and a 2.1% increase in the number of cases solved. While there is still much more to do in this area these are important steps in the right direction.

While there remain many challenges to face, at the end of the year we have a police force in Essex that is bigger than it has ever been before. We have strong and productive partnerships with councils, voluntary services and communities. We are well positioned to get crime down and have a committed force which has the tools available to it to make this difference.

As we continue to progress and improve how we keep our communities safe, I recognise the huge commitment and difference that our team in Essex Police makes, and the many partners who support and help them to deliver. I would like to thank each and every one of them for their contribution and in particular the Chief Constable and his senior team for their ongoing commitment, openness and transparency. They make a difference every day and on behalf of the people of Essex I want to thank them for their hard work in making our communities safer.

**Roger Hirst**

**Police, Fire and Crime Commissioner**

# Narrative Report

## Chief Constable's Report

Essex Police has grown to be the biggest it has ever been with an establishment of 3,755 officers, 2,427 police staff, 102, police community support officers and a strength of 327 special constables. Public trust in the force remains high with 75% of people in Essex stating that we do a good or excellent job. Most importantly, reported crime is down by 1.3%. Essex Police continues to put the new and existing resources at its disposal to best use to protect and serve the county. This report relates to the first full financial year since the introduction of the 2022 - 2025 Essex Police Force Plan, which is focused on victims, violence, vulnerability, and visibility.

The number of officers, funded by both central Government and the local precept, increased during 2022/23 with this being the final year of the national police uplift programme. By March 2023, we had an officer establishment of 3,755, an increase of more than 900 since 2016.

My attention now moves towards ensuring that we have an effective recruitment pipeline and focus on retention and progression, developing the capabilities of the hard-working officers, staff and volunteers within the force to ensure that they are appropriately skilled, equipped and enabled to serve the public to the best of their abilities.

As Chief Constable, I am immensely proud to lead such hardworking officers, staff and volunteers 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. Although the public's confidence in Essex Police remains high this is not something that I am complacent about and I am ensuring that we understand our own position against the review findings by adopting a strategy of listening and understanding as well as undertaking an assessment of our practices and processes. Working in conjunction with the Police, Fire and Crime Commissioner (PFCC) our approach to ensuring that we behave with integrity, demonstrate strong commitment to ethical values and respect the rule of the law is explained within the Annual Governance Statement that is included within these Statement of Accounts.

2022/23 has been a particularly busy year with the need to respond to Just Stop Oil protest activity at petrochemical distribution sites in West Essex and petrol station forecourts. Protestors began a prolonged period of disruptions on 1<sup>st</sup> April 2022 using a wide range of tactics simultaneously across multiple sites in Essex. There were further protests in October 2022 including two protestors who scaled the Dartford River Crossing bridge causing it to be closed for two days. The cost to the force was £5.6m. I worked together with the PFCC to approach the Home Office for Special Grant funding and to date the Home Office have reimbursed £4m with the force having to fund the remaining £1.6m.

Following the sad passing of Her Majesty Queen Elizabeth II, we played a key contributory role to the events leading up to and including her funeral. This included an extensive security operation at Stansted airport,



# Narrative Report

---

demonstrating the key role and effectiveness of the Force in providing its contribution to the Strategic Policing Requirement.

We have had many successes during the year but one that has demonstrated exceptional teamwork has been the soft launch of our Rapid Video Response (RVR) in the Force Control Room. RVR is having an immediate positive impact, as an additional and effective way of providing a fast time, face to face consultation with an officer, in response to the needs of our victims of Domestic Abuse. This is seeing faster response times and more effective evidential capture at the initial point of contact, supporting victims to report offences being committed against them. This is just one project that has demonstrated how we effectively use our financial resources to improve outcomes for victims of crime.

***BJ Harrington***  
**Chief Constable of Essex**



# Narrative Report

## Report of the Chief Financial Officer, PFCC

The Group Accounts for the Police Fire and Crime Commissioner for Essex and Essex Police explain the Group's financial activity during the financial year 2022/23, as well as the financial position at 31<sup>st</sup> March 2023.

The accounts are prepared and presented in accordance with the Code of Practice on Local Authority Accounting In the United Kingdom 2022/23 (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 2022/23

The Group ended the year on a funding basis, with a deficit of £3.030m funded with a transfer of £1.606m from earmarked reserves and £1.424m from the General Reserve. This deficit excludes adjustments for items required by regulation for the accounting basis, as shown on page 49. 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 80 of these accounts.



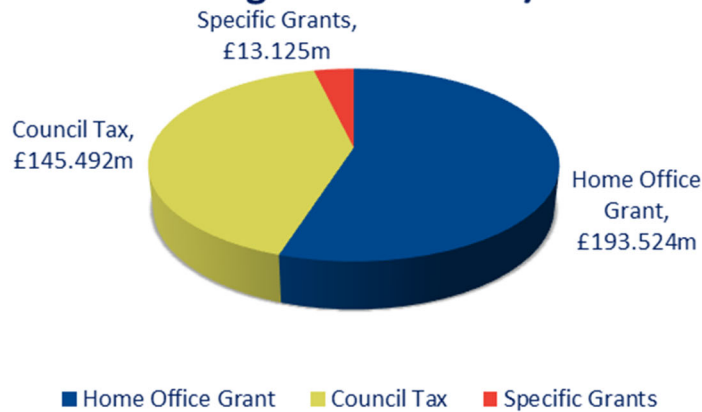
## Where the Money Comes From

In 2022/23 we continued to receive the Essex share of the additional government funding for the Police Uplift Programme, to increase the number of police officers across the country by 20,000. The PFCC increased the precept by 4.79% (£9.99 per year on a Band D property) resulting in an overall level of resources for 2022/23 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 make a significant difference to our ability to positively affect the communities we serve.

The chart below shows an analysis of the PFCC's key sources of funding in 2022/23 of £352.141m. The Home Office core grant paid to the PFCC accounted for 55% of the total funding. These grants and income raised by council tax were used to fund the net revenue expenditure for 2022/23 of £355.171m, with the balance of £3.030m funded by a transfer of £1.606m from earmarked reserves and £1.424m from the General Reserve.

# Narrative Report

## Funding Sources 2022/23

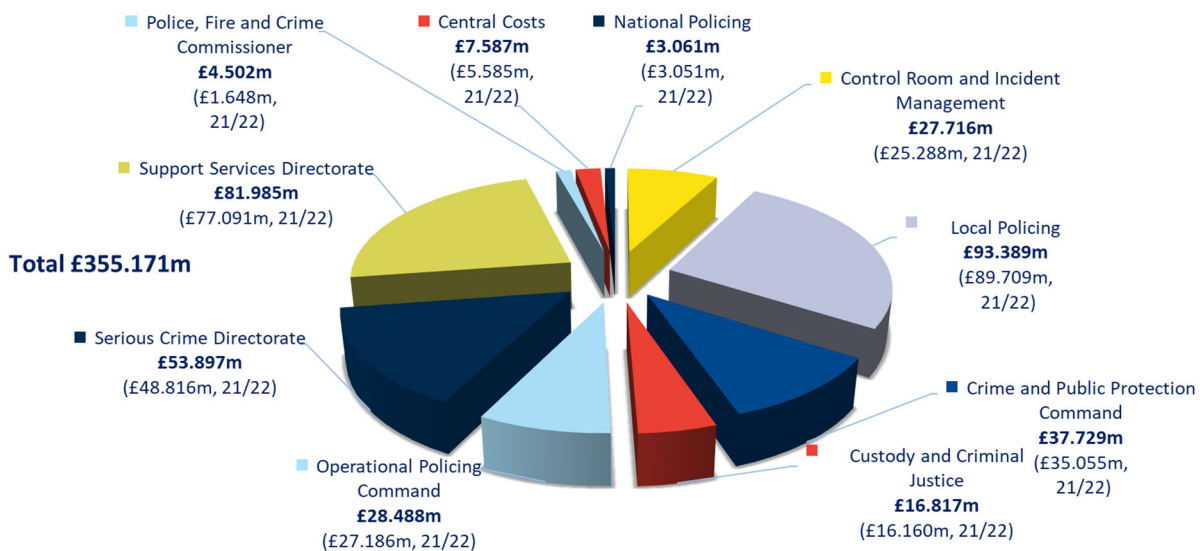


One of the challenges we face is, that nationally, Essex is the second lowest funded force (funding from grants and council tax) per head of population and has the lowest spend per head of population (Source: HMICFRS 2022 Value for Money Profiles).

Essex Police has a good track record of delivering cash and efficiency savings to maximise the benefit out of every penny. In 2022/23 £4.6m savings were delivered with £3.8m of these recurring annually, and there continues to be an ambitious savings programme with £12.2m programmed to be delivered in 2023/24.

## What the Money is Spent on

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



# Narrative Report

## 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 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 PFCC staff). While 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 (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 £351.694m, as presented at the Police and Crime Panel in February 2022, was funded by £352.2m from Budgeted general grants and council tax, with the balance of £0.506m being transferred to reserves (£0.712m to earmarked reserves and £0.206m from the General Reserve). The actual position for the year was a deficit of £3.030m. The total contribution from the General Reserve for the year was £1.424m, and there was a £1.606m contribution from earmarked reserves.

The main contributing factor to the overspend was the need to respond to the Just Stop Oil protest activity at petrochemical distribution sites in West Essex, petrol station forecourts and other sites across Essex which began on 1<sup>st</sup> April 2022. Large numbers of protestors disrupted multiple sites using a range of tactics. In total this cost Essex Police £5.584m. The PFCC and the Chief Constable worked together to seek financial assistance from the Home Office which resulted in £4.003m of funding being received to part cover the costs. This additional income and the fact that Essex Police attracted an additional £1.020m of funding from the Home Office for overachieving on the national police uplift programme, resulted in significantly more income to cover part of the associated overspends against budget.

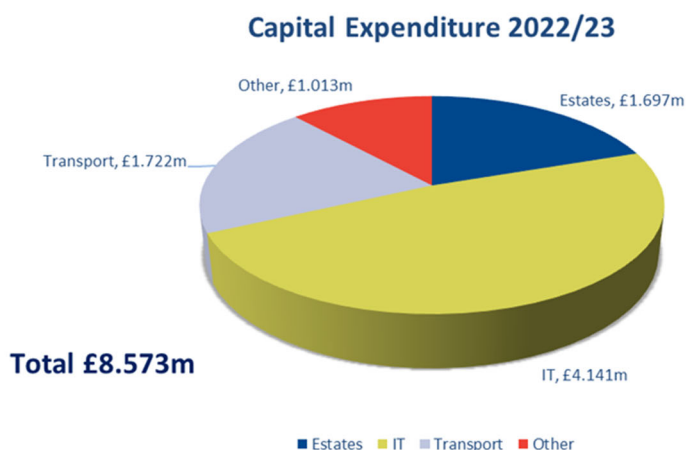
# Narrative Report

Group - 2022/23 Financial Performance	Original Budget	Virements	Current Budget	Actual	Variance over / (under)
	£000	£000	£000	£000	£000
<b>Employees</b>					
Police Officer pay and allowances	215,313	4,678	219,991	223,599	3,607
PCSO pay and allowances	3,615	(124)	3,492	3,455	(37)
Police staff pay and allowances	93,899	1,537	95,436	93,497	(1,939)
Ill-health/medical pensions	4,247	480	4,726	4,735	8
Training	1,852	157	2,009	1,926	(82)
Other employee expenses	547	138	685	803	118
	<b>319,473</b>	<b>6,866</b>	<b>326,339</b>	<b>328,015</b>	<b>1,676</b>
<b>Other Service Expenditure</b>					
Premises	9,611	24	9,635	10,842	1,207
Transport	6,204	112	6,316	7,390	1,074
Supplies & services	42,688	489	43,177	43,708	531
Third party payments	7,874	94	7,968	10,182	2,214
	<b>66,378</b>	<b>719</b>	<b>67,096</b>	<b>72,122</b>	<b>5,026</b>
<b>Gross Operating Expenditure</b>	<b>385,851</b>	<b>7,584</b>	<b>393,435</b>	<b>400,137</b>	<b>6,702</b>
<b>Income</b>	<b>(35,006)</b>	<b>(9,443)</b>	<b>(44,449)</b>	<b>(50,621)</b>	<b>(6,172)</b>
<b>Net Cost of Services</b>	<b>350,845</b>	<b>(1,858)</b>	<b>348,987</b>	<b>349,516</b>	<b>530</b>
<b>Other Expenditure / (Income)</b>					
Other Expenditure / (Income)	52	-	52	(417)	(470)
Capital & other adjustments	796	5,279	6,075	6,072	(3)
	<b>849</b>	<b>5,279</b>	<b>6,128</b>	<b>5,655</b>	<b>(473)</b>
<b>Net Expenditure</b>	<b>351,694</b>	<b>3,421</b>	<b>355,114</b>	<b>355,171</b>	<b>56</b>
<b>Sources of Funding</b>					
Police grant	(126,537)	-	(126,537)	(126,537)	-
Formula funding grant	(66,987)	-	(66,987)	(66,987)	-
Council tax precept	(143,276)	-	(143,276)	(143,276)	-
Council tax support grant	(10,992)	-	(10,992)	(10,992)	-
Council tax freeze grant	(2,133)	-	(2,133)	(2,133)	-
Collection fund surplus	(2,275)	-	(2,275)	(2,215)	59
	<b>(352,200)</b>	<b>-</b>	<b>(352,200)</b>	<b>(352,141)</b>	<b>59</b>
<b>(Surplus)/Deficit before Transfer to Earmarked Reserves</b>	<b>(506)</b>	<b>3,421</b>	<b>2,914</b>	<b>3,030</b>	<b>116</b>
<b>Transfer to/(from) Earmarked Reserves</b>	<b>712</b>	<b>(2,318)</b>	<b>(1,606)</b>	<b>(1,606)</b>	<b>(0)</b>
<b>Transfer to/(from) the General Reserve</b>	<b>(206)</b>	<b>(1,102)</b>	<b>(1,308)</b>	<b>(1,424)</b>	<b>(116)</b>

## Capital Expenditure

A capital investment programme of £17.889m for 2022/23 was presented to the Police, Fire and Crime Panel in February 2022, to maintain the infrastructure needed to support an effective and efficient police service. By March 2023 capital approvals had been increased to £18.510m. However, the force has experienced delays in the delivery of the capital programme including problems with supply chains, shortage of labour and other issues due to the on-going effects of the COVID-19 pandemic. There has also been significant slippage in delivery of the fleet replacement programmes due to issues with the National Vehicle Framework agreement and worldwide shortages of semi-conductor chips. Taking these factors into account, actual capital investment for the period only totalled £8.573m.

# Narrative Report



The estates capital expenditure of £1.697m, includes £1.105m on delivering the estates strategy, of this £0.586m was on the refurbishment of the site at Boreham. The remainder of the estates capital expenditure was primarily spent on maintenance of the estate.

The capital expenditure on information technology of £4.141m includes expenditure of:

- £2.414m 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;
- £0.870m on the roll out of laptops to local policing teams; and
- £0.481m on the migration of a data centre

The capital expenditure for transport of £1.722m, included £1.666m for the annual fleet replacement programme.

Other capital expenditure of £1.013m includes investment in body armour of £0.443m, automatic number plate recognition (ANPR) of £0.287m, and other capital equipment to support operational policing of £0.283m.

## Capital Financing

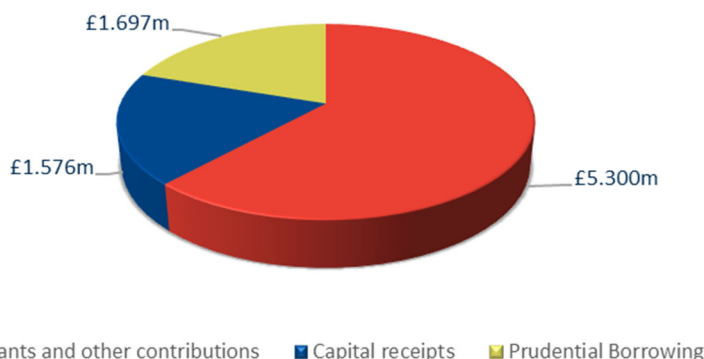
Capital resources available to fund capital investment come from four main sources, primarily from capital receipts, revenue contributions and government grants and contributions. Where capital investment exceeds these available resources the PFCC can borrow to finance the capital investment providing 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 2022/23 capital investment with £1.697m of prudential borrowing (In this instance this was internally financed and did not lead to external borrowing).

Capital financing resources applied in 2022/23 are shown below.



# Narrative Report

## Capital - Financing Sources



The £5.300m of grants and contributions included £5.279m 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. 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.

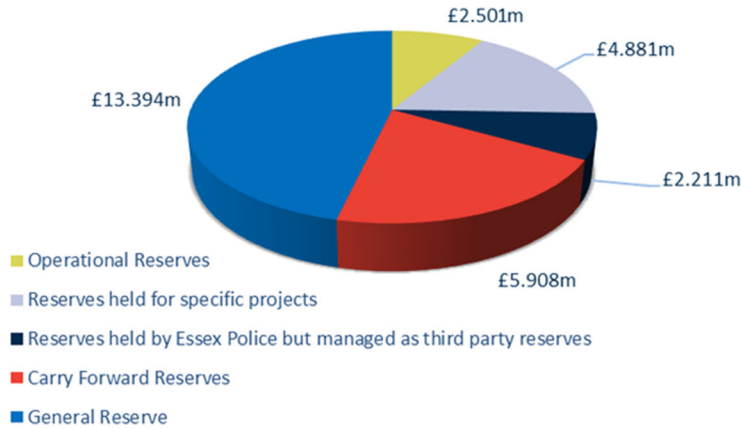
The General Reserve is held to provide a working balance to protect against unexpected cost pressures. The balance on the General Reserve as at 1<sup>st</sup> April 2022 was £14.818m. The 2022/23 net withdrawal from the General Reserve of £1.424m reduced the balance to £13.394m, 3.8% of net revenue expenditure.

Earmarked revenue reserves total £15.501m at 31<sup>st</sup> March 2023 (a reduction of £1.6m since 31<sup>st</sup> March 2022). Included within these reserves is £2.211m of monies held by Essex Police which are managed as third party reserves, mainly comprising of income originating from police seizures which the force has

# Narrative Report

rights to retain, including receipts received through the Asset Recovery Incentive Scheme (ARIS) to fund crime reduction-related expenditure. The levels of usable reserves at 31<sup>st</sup> March 2023, are shown in the chart below.

**Usable Revenue Reserves as at 31st March 2023**



## 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 included within the accounts (see note 43) include net assets of £95.734m (2021/22 net liability of £193.569m) for police staff and £2,209.838m net liabilities (2021/22 £3,297.849m 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. It should be noted that the police staff pension value actually reflects an asset for 2022/23, however this position can change annually.

## Medium Term Financial Strategy

The significant increase in inflation over the last year has had an impact on the cost of supplies and services and is expected to impact further during 2023/24. We have reviewed the impact of these pressures over the next two years and our sensitivity analysis demonstrates we will be able to manage the cost of supplies and services in the short-term. However, with staff being such a significant percentage of our costs, the impact is more likely to come from pay award increases affected by these rising costs. 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 2024/25. 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

# Narrative Report

---

developing considers the period 2024/25 to 2028/29. We have a detailed sensitivity analysis within the MTFs, and we will consider various scenarios, in order that we are able to act promptly to the pressures we might face.

## 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**

# Narrative Report

## Police and Crime Plan

### Further investment in crime prevention

Over the last seven years we have successfully increased investment in policing, to grow the force, increase visibility and accessibility of policing and help to prevent crime. Between April 2022 and the end of March 2023 a further £21.9m has been invested in frontline policing in Essex. Over the last seven years £85.9m has been invested. This has been achieved because of increases in central government funding, increases in the local policing precept and significant improvements in the efficiency of the force enabling more funding to be directed to frontline services.

With this extra investment we have successfully undertaken the biggest police recruitment programme in a generation. By the end of this year, we had completed this programme, meaning there are 905 more officers in Essex Police than there were in 2016. In the last year 200 of those new officers have been recruited.

Essex Police now has an establishment of 3,755 officers, making it the biggest it has been in its 183-year history. This is well above the additional 800 that was committed to in the 2021-24 Police and Crime Plan.

The increase in officers has provided a significant boost to neighbourhood policing, with the focus on driving down crime in our communities. Significant investments have been made in Town Centre Teams with 90 new officers located in key areas across the county, in our Community Safety Teams and in Children and Young People Officers.

Various operations have been implemented across the county including Operation Showboat in Clacton where high visibility patrols have been deployed in the town centre after it was identified as an ASB hotspot following reports of low-level criminal damage, street drinkers and public order offences. During 2022-2023 Acceptable Behaviour Contracts (ABC) were given to 14 youths offending in the area.

Further investment in partnership working is also continuing, with Essex Police implementing a 'whole system' approach to reducing crime, which encompasses earlier intervention and diversion, to help break cycles of crime. This means by working with partners such as Safer Essex, Community Safety Partnerships and voluntary services Essex Police can take a long-term problem-solving approach that actively addresses the root causes of issues such as domestic abuse (DA), ASB and Violence Against Women and Girls. A key example of this type of initiative was Operation Union in Southend over the summer of 2022. Due to its success in preventing crime and bolstering public confidence, it will return in 2023 working once again with partners, providing a visible policing presence in the Southend area to engage, respond and proactively deter offending at identified hotspots.

In March 2023 the government launched their National Anti-Social Behaviour (ASB) Action Plan and Essex Police was chosen as one of 10 forces to receive investment in hotspot policing. The Action Plan built on many of the good initiatives tried in Essex. Essex experienced a 31.4% decrease (9,618 fewer) in ASB incidents for the 12 months to March 2023 compared to the 12 months to March 2022. There was a decrease of 49.8% ASB reports in the 12 months to March 2023 compared to the 12 months to December 2019 (20,919 fewer incidents). The 2019 figure is used as it avoids the impact on crime recording from the national COVID lockdowns.

To ensure the downward trend in ASB is maintained, a newly formed Local Policing Support Unit Strategic Coordination Group was introduced earlier in the year to coordinate and direct specific mobilisations of Police Volunteers, Specials, Accredited Persons and Active Citizens (over 1,500 people) across all 10 policing districts. These mobilisations help drive down ASB by providing high levels of visibility in targeted areas to support Neighbourhood Policing Teams. They are shown to have a significant positive impact on levels of ASB. This

# Narrative Report

initiative also supports the positive impact the Community Safety Engagement Officers (CSEOs) have had in increasing levels of engagement with local communities since they were first introduced in 2020.

This positive, proactive and targeted approach to preventing crime is starting to have an impact and there was a decrease in all crime rates of 1.3% for the 12 months to March 2023 compared to the 12 months to March 2022. When compared to the 12 months to December 2019, all crime decreased by 2.9%; this equates to 4,933 fewer offences. In our latest Crime Harm Data, the force has seen a slight increase from 14.1 to 14.5. (These scores are based on the level of harm caused by each offence and is calculated by using the default length of sentence and offender would receive). These are measures for the 12 months up to January 2023 and the 12 months over the same period a year before. This shows us that, while all crime is starting to go down, we continue to see a shift in the types of crimes being committed from lower-level offences to those that would attract a longer custodial sentence.

Over the year public confidence has also reduced from the record high of 80.1% in the 12 months to December 2021 to 75% in the 12 months to December 2022. This is still well above the pre-pandemic level of 64.7% which was measured in the 12 months to December 2019. This measure tracks the number of residents who rate Essex Police as either good or excellent. The survey reaches over 8,000 people per year and provides a reliable statistical analysis of confidence in policing in Essex.

In terms of accessibility, Essex Police received 27,708 fewer 101 calls to the Force Control Room (FCR) over the last 12 months to March 2023 (229,895 calls) compared to the 12 months to March 2022 (257,603). This is a 10.8% reduction. There was a 21.6% decrease compared to the 12 months to December 2019 (293,049 calls).

More concerning was that 37.5% of 101 calls were abandoned in March 2023, an increase of 25.5 % points when compared to the same period the year before (12.0%). There was an increase of 3.5 % points when compared to December 2019 (34.0%). The average wait time increased by over nine minutes in March 2023 when compared to March 2022, and an increase of over five minutes when compared to December 2019. A similar pattern can be seen in the Resolution Centre where there has been a 19.1% decrease in calls compared to the 12 months to December 2019 (107,347 calls). Over this period 17.7% of calls were abandoned in March 2023, a decrease of 5.8 % points when compared to December 2019 (23.5%). The average wait time increased by over six minutes in March 2023 when compared to March 2022, and an increase of over two minutes when compared to December 2019.

This is a worrying trend and, due to performance in this area, Contact Management is subject to one of the force's major change programmes, which aims to optimise and improve its processes.

On a more positive note, the number of online reports increased by 47.2% (11,538 more) compared to the 12 months to December 2019.

## Reducing drug driven violence

Drugs have a huge impact on our communities. They lead to violence, the exploitation of vulnerable people and a destructive cycle of harm and crime.

It is vital we protect young or vulnerable people from gangs while we deal with the hardened criminals who prey on them and protect our communities from criminal activity that is the cause of increased violence.

To tackle drug-driven violence we have been investing in both prevention, through our Violence and Vulnerability Unit, and enforcement, by working with the National Crime Agency and investing in the Essex Police Serious Violence Unit.

In 2021-2022, we increased our investment in the Essex Police Serious Violence Unit and the Serious Crime Directorate and recruited a further 30 officers to these teams. This growth has had a significant impact over the



# Narrative Report

last 12 months with the number of drug related homicides reducing from seven to three in the 12 months to March 2023.

Essex Police also conducted 25.3% more Organised Crime Group (OCG) disruptions (85 more) for the 12 months to March 2023 compared to the 12 months to March 2022. This continues a significant year on year increase in our activity to tackle the hardened criminals that fuel drug driven crime in our county.

The Serious Crime Directorate (SCD) continues to develop intelligence and lead on enforcement activity against Class A drug supply networks. This enforcement extends from those involved in importation, local distributors and street level dealers within the county. Through this layered and targeted approach, utilising a range of overt and covert tactics, we are making Essex a more difficult environment for individuals and gangs to target vulnerable people through drugs supply.

The use of Criminal Behaviour Orders (CBOs) as a preventative tool is well established in Essex. A safeguarding and diversion approach is being taken regarding the youths that are operating within the county lines. The Raptor Teams provide a force-wide response in preventing, dismantling, and disrupting violent street gangs who cause harm to communities. Within each Raptor team there is a Safeguarding Officer who is part of the multi-agency Violence and Vulnerability Unit, supervised by a central Detective Sergeant working with partners in a 'public health approach' to try to prevent violence and young people from joining or being affiliated to gangs through active community engagement and partnership working.

This additional local investment, combined with additional central government funding to support the National Drugs Strategy, and the increased use of innovative enforcement tactics, such as using human trafficking charges, has led to a significant improvement in investigations and prevention activity. Our data shows that the level of violence related to drugs is either falling or steady across the county and the level of risk associated with county lines has fallen dramatically since October 2021.

As well as tackling those who drive drug driven crime, we have also significantly increased our investment in activity to prevent young or vulnerable people from being drawn into a life of crime. Following confirmation in April 2022 that the Essex Violence and Vulnerability Unit would receive three years of Home Office investment and investment from local partners a three-year business case was developed to expand the programme with £8.3m to be invested in prevention activity over the next three years. This extra investment is being used to tackle serious violence and drug driven harm linked to gangs and county lines for those under 25 years of age.

The Violence and Vulnerability Unit delivers a number of diversions for children, young people and young adults. This includes professional early help teams who work closely with schools to understand and intervene at earlier points with a child and their family. They work alongside the School Enrichment Project that works with young people in identified schools through activities that help them develop a positive relationship with trusted adults. In the first half of 2022-23, 124 children and young people took part in this programme. Following the project, those ready to learn increased by 31%, while persistent non-attenders reduced from 71% to 47%.

Meanwhile, the Fearless Futures / Knife Crime Violence Model is also being used across the county. These approaches use focused deterrence through tailored interventions in response to identified behaviours for high-risk individuals. They work with these young people to communicate the consequences of violence and offer support with positive routes away from crime. Between April and September 2022 there were 42 less offences – totalling £92,862 'avoided costs'.

## Protecting vulnerable people and breaking the cycle of domestic abuse

Giving a voice to those who need protection, supporting the vulnerable and reducing the number of people who fall victim to crime in their communities or their homes is key in reducing the level of harm in our communities.

# Narrative Report

Domestic abuse is a devastating and destructive crime that accounts for 32.4% of violent crime in the county. It involves controlling, coercive or threatening behaviour, violence and abuse. It affects an unacceptable number of victims, which is why breaking the cycle of domestic abuse is a priority.

Essex experienced a 9.1% decrease (2,815 fewer) in the number of recorded domestic abuse offences for the 12 months to March 2023 compared to the 12 months to March 2022. The force recorded 1,019 fewer offences in the three months to March 2023 compared to the three months to March 2022 (6,419 v. 7,438). This is a significant result and one that goes against the national trend.

Currently, stalking and harassment offences account for about a fifth (19.9%) of all domestic abuse investigations. Having identified examples of over-reporting in this area, Essex Police is in the process of auditing and – where appropriate – correcting stalking and harassment offences which have been recorded too many times. This is having an impact on the data for these offences. The force recorded 1,019 fewer offences in the three months to March 2023 (6,419) compared to the three months to March 22 (7,438).

The Southend, Essex and Thurrock Domestic Abuse Board (SETDAB) is chaired by the Deputy Police, Fire and Crime Commissioner, Jane Gardner, and coordinates the work to tackle domestic abuse across Essex. It commissions a range of specialist victim and perpetrator services and works closely with Essex Police to target perpetrators.

The Commissioner, along with SETDAB partners, commissions a range of services from Victim Support which offers the first line of support to more specialist services such as Next Chapter, Safe Steps and Changing Pathways which are co-commissioned with Essex County Council, Southend-on-Sea City Council and Thurrock Council.

These services deliver an integrated domestic abuse support service including refuges, Independent Domestic Violence Advisors (IDVAs) and community-based support. These co-commissioned services include the delivery of the Compass Helpline, a seven-day-a-week, single point of access which provides advice and support for victims and professionals.

Synergy Rape Crisis Partnership, a service for victims of rape and sexual abuse including historic child sexual abuse, is also commissioned to deliver specialist support across the county, including therapeutic support, advocacy, counselling and Independent Sexual Violence Advisors (ISVAs). Synergy offers a single point of contact for victims of abuse, ensuring help and advice can be found in a consistent and accessible way.

Essex Police has an important role in safeguarding victims, reducing vulnerability and tackling perpetrators. It solved 3.0% (98) fewer DA offences for the 12 months to March 2023 compared to the 12 months to March 2022 and solved 180 fewer offences in the three months to March 2023 compared to the three months to March 2022 (876 v. 696).

There was a 5.5% decrease (1,647 fewer) in DA offences and a 4.7% increase (141 more) in the number of DA offences solved for the 12 months to March 2023 compared to the 12 months to December 2019.

In the last year we successfully secured £503,000 in funding from the Home Office and invested this in support for survivors of sexual abuse and domestic violence in Essex. This means that we have been able to increase funding to organisations such as Synergy Rape Crisis Partnership, The Children's Society, Wilderness Foundation and specialist domestic abuse charities such as Safe Steps, and Next Chapter.

The PFCC also contributed funding to services including £30,000 to the Community J9 Domestic Abuse Initiative which brings training to residents who are keen to recognise domestic abuse and learn how to respond to survivors.

# Narrative Report

Essex Police is continuing the programme of investment in dedicated officers in the Domestic Abuse Problem Solving Teams who work in collaboration with other partners to support high volume, repeat victims and tackle repeat perpetrators.

Following the tragic murder of Ashley Wadsworth, police reviewed how they use data to identify the highest risk perpetrators. Using extensive research by Essex analysts they developed the 'Operation Puffin perpetrator cohort', designed by employing known indicators of domestic homicides based upon both the risks posed by the perpetrator and the relationship. This means officers are now looking more at the type of behaviour which might indicate increased risk, including coercive and controlling behaviour, stalking and a history of violence.

The Claire's Law process has also been reviewed and officers are being encouraged to utilise the 'right to know' aspect where appropriate. Partner agencies can also make applications. Under this review, consideration is being given to having an automatic referral made into the Domestic Violence Disclosure Scheme (DVDS) for any partner or recent ex-partner of a high-risk offender identified through Operation Puffin.

A lot of work has been put into domestic abuse awareness campaigns including raising awareness for young people; recognising abusive behaviours and seeking support to change; older people's awareness and support services; awareness of stalking behaviours and support services and increased community awareness through our J9 initiative.

Between August and October 2023 domestic abuse experts delivered training to over 1,200 Local Policing officers, who are first responders to calls of domestic abuse. The training focused on officer behaviours and initial interactions with DA victims, better identification of coercion and control, and preventative order training, with the outcome being an improved level and quality of the initial response helping the identification and prevention of DA.

We have also been working with partners around human trafficking, modern slavery and organised immigration crime. Together with Essex Police, Justice and Care and Essex Chambers of Commerce, we hosted the Exploited into Essex conference that brought together agencies, businesses and law enforcement from across the country with the overriding message that exploitation will not be tolerated in Essex.

## Reducing violence against women and girls (VAWG)

We will not tolerate male violence, abuse and misogyny against women and girls in any form.

In Essex, VAWG offences reduced by 7% in the 12 months to March 2023 compared to the 12 months to March 2022 (2,777 fewer offences). A high volume of VAWG offences can be attributed to Stalking and Harassment which account for 40% of recorded offences. While this represents a serious challenge for police it is important that victims feel confident in coming forward and that Essex Police is aware of the level of crime that is happening across our communities.

However, there are many strands which policing cannot tackle alone such as education, the prevalence of VAWG in our communities, and the risks posed by offences committed on the internet. As a result, partnership engagement is key in tackling VAWG and several projects have been developed to promote collaborative working with partners including the Essex County Council VAWG Charter; Southend, Essex, and Thurrock Domestic Abuse Board (SETDAB); Essex Violence and Vulnerability Unit; and Multi Agency Public Protection (MAPPA) and Multi-Agency Risk Assessment Conferences (MARAC) and the Operation Minerva and the Essex County Council VAWG Mapping Programme.

During 2022, the Minerva Home Office funded work began with an analysis of every neighbourhood in Essex, with Nottingham Trent University working with Essex Police, Essex County Council and Essex County Fire and

# Narrative Report

Rescue Service. The project has so far 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 who are working with partners locally to put together bespoke plans to tackle the causes of violence against women and girls in those locations.

During the year we have also successfully secured £1.183m from the Home Office's Safer Streets Fund to make our streets safer, especially for women and girls. Together with local match funding from Councils and wider partners we have been able to invest £2.002m in four projects across Essex where local communities have told us they feel unsafe. These areas follow the success of projects in the Bunny Walk area of Chelmsford and Gray's Town Centre in Thurrock. Both areas benefited from significant funding through earlier rounds of this fund and have seen significant increases in local confidence as a result.

Ninefields Estate in Waltham Abbey, Witham Town Centre, the Greenstead area of Colchester and Colchester Town Centre will each receive funding for a range of activity to improve the physical environment, promote community involvement, and create safer spaces. This includes investment in redesigning walkways, lighting, CCTV and activities to strengthen community engagement, including with schools, young people and businesses.

The Commissioner continues to invest in services to support victims, and we work hard across the county with our partner agencies to encourage survivors of domestic abuse and sexual violence to come forward, seek support and report abuse. This includes working with Synergy Essex and rape and sexual abuse specialist services.

Since 2016 the increase in recorded rape is stark and presents significant challenges to investigators trying to manage the sheer volume of cases. There has been a 153% increase in overall recorded rape from 2016 – 2021, a trend that continued in 2022. DA related rapes have also increased exponentially, a 244% growth from July 2016 to July 2022.

Despite these increases Essex continues to outperform other eastern region forces significantly in terms of the investigation length for rape investigations and the solved outcome figures. These measures place Essex fifth in the Most Similar Group (MSG) rankings. However, the investigation and prosecution of rape and sexual offences is an area nationally that is undergoing significant scrutiny, and this is equally the case in Essex. Our current solved rates are still woefully low and much more work needs to be done both nationally and locally in Essex to drive further improvement.

There is some indication that positive progress is starting to be made. Essex experienced a 7.0% decrease (2,777 fewer) in the amount of Violence Against the Person (VAP) offences committed against females in the 12 months to March 2023 compared to the 12 months to March 2022. There was a 4.4% increase (1,544 more) in the number of VAP offences committed against females in the 12 months to March 2023 compared to the 12 months to December 2019.

There was a 6.3% decrease (317 fewer) in the number of sexual offences committed against females in the 12 months to March 2023 compared to the 12 months to March 2022, and a 22.8% increase (868 more) compared to the 12 months to December 2019. Essex Police solved six more of these offences in the 12 months to March 2023 compared to the 12 months to March 2022 and solved 95 more compared to the 12 months to December 2019. While more work is needed, the increase in the total number of cases solved is a positive step.

The four largest crime categories are Stalking and Harassment, Violence with Injury, Violence without Injury, and Public Order Offences. Since 2016 domestic abuse has consistently accounted for 45% - 50% of VAWG incidents.

Essex Police's reporting is significantly higher than other forces (bringing our overall solved rate down) due in part to the overall efficiency of the Essex Crime Registrars. As mentioned previously, the force is reviewing its

# Narrative Report

recording approach for stalking and harassment offences to ensure resolve any over-reporting. Essex Police has been graded as outstanding by the HMICFRS in respect of our crime recording accuracy and integrity.

Operation Soteria Bluestone is a national academic study funded by the Home Office looking at ways in which the police and the judiciary can improve, by taking a more victim focused approach, by police and the Crown Prosecution Service working better together and by introducing more victim focused ways to provide evidence in court. Essex has been involved from the start monitoring progress, findings and sharing learning.

Many of the recommendations from the project are already in place in Essex, so in many respects, Essex is ahead of the curve, particularly having long established specialist teams investigating these high harm offences, a trauma informed approach to dealing with victims and a solid working relationship with both Independent Sexual Violence Advisors and the Crown Prosecution Service.

However, we recognise there is still much to do in the VAWG arena and it will continue to need significant focus for the next few years.

## Improving support for victims of crime

Our objective is to recognise and prevent the harm caused to victims and protect those who are most at risk of becoming the victims of crime.

Over the last year we have allocated over £5m to support victims. This is a significant increase compared to the previous year when we allocated £2.336m and is a result of increased funding from the Ministry of Justice of £2.3m and additional funding from partners. Our investment in victims' services has been going up each year since 2016-2017 and reflects our growing efforts to provide the best possible level of support.

As well as specialist services, this funding is used to commission 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 funding also pays for our Essex Restorative and Mediation Service. This service is delivered by the Police, Fire and Crime Commissioner for Essex's team and brings 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. A 2022 independent report by WhyMe? suggested that Restorative Justice in Essex delivered benefits in excess of £500,000; reflecting a £12 benefit for every £1 invested.

Essex Police, as part of investigating a crime, has a duty to support victims under the Victims' Code of Practice. That support may be varied and will be determined by the needs of the victim and the complexity of the investigation. Essex Police continues to look to ways to provide greater support, with particular focus on maintaining victim engagement throughout the process. Its specialist teams provide a wide range of support. In addition, there has been recognition of the positive impact that IDVAs and ISVAs have had on maintaining victim engagement in the process. 19% more victims support criminal prosecutions where an ISVA is involved and, as a result, we have been able to invest more to increase the level of service available.

In 2022, the PFCC successfully applied for an additional £730,000 of funding from central government to bolster domestic abuse and sexual abuse services, including more funding for local IDVAs and ISVAs to support victims and survivors through the criminal justice process.

Essex's specialist sexual and domestic abuse support services continue to provide an excellent level of support to victims, with our specialist sexual abuse service reporting that, between December 2022 and the end of



# Narrative Report

March 2023, 92% of those engaged in its community-based services felt more in control of their lives and 95% reported improved health and well-being. The single points of access for victims of domestic abuse and sexual abuse mean clearer and more consistent pathways of referral and support, meaning victims know where and how to access support and can expect the same level of service regardless of where in Essex they might live.

Post charge, the CPS and ISVA work together to carry out joint visits to victims who are at high risk of disengaging in the criminal justice process. A great deal of the Witness Care work relates to overcoming hurdles to court attendance, whether this be arranging transport or providing information on the process to address concerns.

Essex Police has a good working relationship with support service providers across Essex and work together with them in support of victims of crime.

Essex experienced a 6.9% decrease (3,305 fewer) in the number of offences with a repeat victim for the 12 months to March 2023 (44,575 offences) compared to the 12 months to March 2022 (47,880 offences) and a 4.4% increase (1,871 more) compared to the 12 months to December 2019 (42,704 offences). Except for August 2022, the year-on-year change for repeat victimisation has decreased each month since March 2022.

The number of individual repeat victims decreased by 1.5% (336 fewer) for the 12 months to March 2023 (22,148 individual victims) compared to the 12 months to March 2022 (22,484 individual victims). There was an increase of 3.9% (841 more) compared to the 12 months to December 2019 (21,307 individual victims).

The average number of days taken to investigate high harm offences increased to 52.1 in March 2023 compared to 43.7 in March 2022 (8.4 days more). There was an increase of 7.9 days compared to December 2019 (44.2 days).

## Protecting rural and isolated areas

Essex has a large rural community that makes a huge contribution to our county. We already work well with our rural communities, but we want to make an even bigger difference to their safety and security by helping them build greater resilience, prioritise the crime that matters to them, support victims and protect the vulnerable.

During the past year we have updated the Rural Crime Strategy, so it is relevant and reflective of the needs of communities in Essex. The focus is on preventing crime by building on the strength of rural communities to get crime down together. We have also listened to our rural communities and know they want a better flow of intelligence, more targeted enforcement, and even more visible policing as this helps them feel safe and reassured.

Through continued investment in tackling rural crime, and with Essex Police currently having one of the largest Rural Engagement Teams in the country, we have seen a reduction in types of rural crimes in 2022.

Rural crime decreased by 0.7% (159 fewer offences) in the 12 months to March 2023 compared to the 12 months to March 2022. During this period all crime decreased by 1.3%. Comparing this to the 12 months to December 2019 (the last figures available prior to the COVID pandemic) rural crime decreased by 9.2% (2,423 fewer offences) compared to all crime in Essex decreasing by 2.9%.

Essex Police solved 0.5% (-12) fewer rural crime offences for the 12 months to March 2023 compared to the 12 months to March 2022, and 15.4% fewer (a decrease of 470) compared to the 12 months to December 2019.

Over recent years Essex Police has been very successful in tackling hare coursing, working with regional forces to provide a coordinated and targeted approach. As a result of this, hare coursing is no longer the main type of wildlife incident recorded in Essex, following a statistically significant reduction in the 12 months to December

# Narrative Report

2022 versus the 12 months to December 2021. With 173 fewer incidents it is now third after trespass incidents and stray horse incidents.

The Rural Engagement Team works closely with traveller communities across Essex ensuring a positive and proactive approach is undertaken in tackling crime, protecting victims and supporting the vulnerable. Anti-social unauthorised encampments are dealt with robustly and as a result the number in Essex has continued to decrease year on year, dropping from 228 in 2018 to 60 in 2022 (a reduction of 168).

The Tri-Service Rural Community Officer pilot in the Dengie ran successfully up until March 2022 at which point it was extended following an evaluation showing the effectiveness of the scheme. The approach has now been expanded with a second Tri-Service Officer appointed in March 2023 in Uttlesford. Tri-Service Officers works with partner agencies such as parish councils and the National Farmers' Union, and put activities in place to keep people safe, reduce crime, raise the profile of all the services, and to promote health and wellbeing. The collaborative role on the Dengie has seen 25% more residents receive an at-home safe and well visit, previously carried out by the fire and rescue service.

## Preventing dog theft

Though incidents of dog theft remain low in Essex, the prevention of dog theft is a key objective. Essex Police's Local Policing Support Unit takes ownership of the crime with the Rural Engagement Team taking responsibility for proactive work, investigation standards and community dog events.

Essex Police is now fully integrated into the National Pet Taskforce, effectively tackling crime through review of all investigations, introduction of a proactive ability to respond to intelligence, and joined up working with partners including Crime Stoppers, the RSPCA, and Dog Watch.

Six priorities were identified to tackle dog theft in Essex:

- Improve data recording by adding details of stolen animals, to allow improved searching and greater data accuracy.
- Ensure representation of Essex Police at the National Police Working Group.
- Ensure consistent media messaging in line with the National strategy.
- Consider implementation of preventative measures (DNA, UV marking) to reassure dog owners.
- Respond effectively to intelligence around illegal breeding.
- Work with Operation Opal to improve the national intelligence picture.

There were seven fewer dog thefts in Essex for the 12 months to March 2023 compared to the 12 months to March 2022, making 53 in total.

Significant work was undertaken in 2022 to promote the issue of dog theft via a new leaflet distributed to key partners such as vets, the Dogs Trust, the RSPCA, dog groomers, pet stores, and country parks to raise awareness of preventing dog theft.

We will continue to work with charities and partners to introduce campaigns and promotional activity to increase awareness of dog theft and promote prevention activity, so people know how to keep their dog safe.

# Narrative Report

## Preventing business crime, fraud and cyber crime

The trend for business crime was relatively stable until March 2020, when restrictions were introduced in response to the COVID-19 pandemic. This resulted in large decreases in the number of offences recorded each month. Since April 2021, although offences have been increasing, they remain below levels seen prior to the COVID-19 pandemic.

There was a 12.8% decrease (3,075 fewer) in the number of business crime offences and a 31.0% decrease (1,515 fewer) in the number of business crimes solved in the 12 months to March 2023 compared to the 12 months to December 2019.

Shoplifting accounts for approximately 47.2% of business crime and increased by 13.4% in 2022/23, although it has decreased compared to pre pandemic levels - (10,563 Mar 2020 v 9896 March 2023). In the past year the Business Crime Team has actively sought, and been successful in, obtaining criminal behaviour orders (CBO) against those who continue to commit crime against local businesses. A CBO is a set of conditions placed on an individual by a court, which will prevent the person from causing further harm against the business. The conditions could include banning the individual from entering a particular shop or area such as a town centre for a defined amount of time. If the person breaches the order, it could result in a prison sentence. This has been successful in these cases as it is often a small number of people committing a large volume of crime so targeted, intelligence led tactics can have a big impact.

There was a 10.4% decrease in the number of fraud offences related to business crime in the 12 months to March 2023 compared to the 12 months to March 2022. This equates to 38 fewer offences. There was also a 32.2% decrease in the 12 months to March 2023 compared to the 12 months to December 2019. This equates to 156 fewer offences.

In January 2023, the Essex Police Prevent and Protect Officer together with Security Awareness Special Interests Group (SASIG+) held a conference 'combatting cyber fraud through collaboration' 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 whereby 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.

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. It also continues to support and engage with the Business Crime Team to share best practice and advice to help prevent businesses becoming a victim of crime.

## Improve safety on our roads

On average, five people are killed on our roads every day in England. Many more suffer life changing injuries. While there was a significant reduction in the number of people killed or seriously injured on our roads leading up to the COVID 19 pandemic, since 2022 the numbers have increased as poor driving has increased. To tackle this, the Commissioner along with Essex Police and our partners in the Safer Essex Roads Partnership, have committed to 'Vision Zero' – an aspiration to achieve zero road deaths and serious injuries on the roads of Essex by 2040.

There was a 4.5% increase (38 more) in the number of those killed or seriously injured (KSI) in Essex for the 12 months to March 2023 compared to the 12 months to March 2022, with the rate of increase slowing more

# Narrative Report

recently. The number of KSIs also increased by 67 in the 12 months to March 2023 compared to the 12 months to December 2019.

- 45 people died on Essex roads during 2022.
- Death and serious injuries have reduced by 52% between 2005 and 2021.
- 32% of collisions involving death and serious injury involve speed related factors.
- 46% of road deaths occur on rural roads.
- The annual cost of injuries in Essex sits at £205m. £104m Social Care, £19m Emergency response, £4m Police Investigation, lost output £65m, £12.5 property damage

During 2022, Essex Police refreshed its Roads Policing Strategy to align with the Vision Zero ambition and meeting the Police and Crime Plan priority to improve safety on our roads. It is underpinned by four pillars:

- Preventing harm and saving lives
- Tackling crime
- Driving technology and innovation
- Changing minds

The prevention work being carried out includes Operation Calla which is focused on young people and car enthusiasts and works through engaging with drivers by supporting legal driving and reducing anti-social behaviour associated with car meets. Sadly, motorcycle deaths and injuries in the county remain too high and Essex Police has been conducting dedicated patrols along known motorcycle routes with the aim of reducing collisions involving motorcycles.

Our partners also work together on designated days across the county to provide education, and enforcement if required, around poor driving. Each partner has differing responsibilities which, when combined, allow for collaborative focus on road safety throughout Essex.

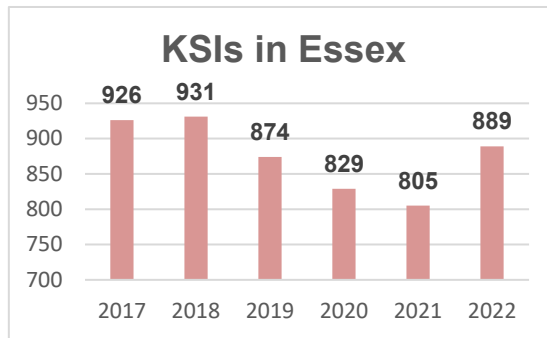
Throughout the past year, better use of technology is being developed through initiatives such as improving Essex Police public contact systems - so people can report poor driving more easily, enhancing investigations, and streamlining enforcement and offence processing as well as working with partners on further innovation.

Engagement activity has been taking a broader look at how to reduce people killed and seriously injured by changing driver attitudes through education courses such as the National Driver Offender Retraining Courses and influencing and educating members of the public through social media posts. During 2022/23 Essex Roads Policing Unit's Twitter account had 23k followers and growing.

There was a 12.1% decrease (305 fewer offences) in drink / drug driving offences for the 12 months to March 2023 compared to the 12 months to March 2022. There was a 15.5% decrease (239 fewer offences) in drink driving and a 6.7% decrease (66 fewer offences) in drug driving. There was also a 33.1% decrease (1,097 fewer offences) in drink / drug driving offences for the 12 months to March 2023 compared to the 12 months to December 2019. Of these offences, there was an 11.3% decrease (166 fewer offences) in drink driving and a 50.5% decrease (931 fewer offences) in drug driving. All these offence types are primarily driven by police proactivity in relation to road safety.

# Narrative Report

The county is also benefiting from major road network infrastructure projects, such as the A12 upgrade, which includes the very latest roadside technology to manage and enforce critical road traffic offences, helping towards casualty reduction.



## Encouraging volunteers and community support

We know that encouraging more members of our communities to come forward as volunteers can help towards preventing crime and we are extremely proud of and grateful for those who gave up their valuable time over the year to help support our communities.

Essex Police provides many volunteering opportunities, including serving communities as a Special Constable, providing crime prevention advice to neighbours as an Active Citizen or supporting young people as part of the Volunteer Police Cadets scheme. The Commissioner also has volunteer schemes including Essex Restorative Justice Mediators, Independent Custody Visitors and volunteers who work with the Essex Police dog unit to check on the welfare of police dogs.

Within Essex Police, the Citizens in Policing and the Special Constabulary play an integral part in supporting the force. In 2022, the Local Policing Support Unit (LPSU) introduced a Strategic Co-ordination Group which proactively supports the mobilisation of all Special Constables, Police Support Volunteers, Active Citizens, Accredited Persons and, where appropriate, our Volunteer Police Cadets, with local operations and initiatives.

Essex Watch Liaison Officers continue to work with Neighbourhood Watch (NHW) to offer crime and fraud prevention advice. During 2022/23 the Essex Watch scheme has continued to grow its members including an increase in Dog Watch, Farm and Rural Watch and Heritage Watch volunteers, all helping to keep communities safer. The key positives of the watch schemes are that they are tailored to specific individuals that are linked by their work, activities or interests. For example, Dog Watch brings together individual dog walkers or owners who regularly walk their dogs in areas they know and where they are likely to spot suspicious or unusual activity in that area, whereas Business Watch is aimed at businesses within a defined location so that each business can take part in the overall security of that area.

The Special Constabulary remains an important source of recruits into the regular constabulary, and this has contributed to the decline in Specials over the year. The Special Constabulary headcount is currently 317 (as of March 2023). This is down 30.8% (141 fewer) compared to March 2022. Compared to the 12 months to December 2019 this is down 38.9% (202 fewer). The pandemic also saw a significant change, as when restrictions lifted and the cost of living changed many Special Constables were faced with difficult decisions around change of lifestyle, cost of living and personal circumstances which had an impact on their volunteering hours and time to support Essex Police. While our Special Constabulary remains the second largest, after the Met, in the country the challenges of maintaining and rebuilding the size and strength of this important part of the force is significant. However, Essex Police and the Commissioner continue actively to promote the Specials through campaigns such as 'My Other Life' which looks to attract volunteers from across a range of communities.



# Narrative Report

Encouraging our young people to become part of our volunteer network also continues with Essex Police Volunteer Cadets scheme. Currently there are 220 Volunteer Police Cadets and 86 Volunteer Cadet Leaders across 13 Cadet Units across the county. The cadets also are part of the Strategic Co-ordination Group and support their Local Community Policing Teams with events.

The PFCC also runs volunteer schemes including the Independent Custody Visiting Scheme which has 15 active members and the Animal Welfare Scheme that has 3 active members. In the past year the scheme manager implemented a new ICV induction training programme designed to equip volunteers to carry out their roles effectively and ensure detainees' rights and entitlements are being adhered to in police custody suites across Essex. The scheme is expanding its volunteer base with four new ICVs joining in 2022, and to support them in their new roles, the scheme has additionally set up a mentor scheme for new volunteers with experienced ICVs.

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 June 2022 the scheme received sign off to mediate between domestic abuse survivors and their perpetrators, something that it had not covered before, and which was a huge vote of confidence in the proven efficacy of the scheme. There are currently 37 active ERMS volunteers.

## Supporting our officers and staff

Despite several high-profile police misconduct cases nationally, confidence in police in Essex remains high. However, the Chief Constable and the Commissioner fully acknowledge the importance of upholding and maintaining a framework which sets the standards and behaviours of officers and staff through strategies such as the Diversity, Equality and Inclusion Strategy and the Professionalism Strategy.

Essex Police has strong marketing and media campaigns through #Fit the Bill and #We Value Difference, supporting a continuous programme of outreach and recruitment work with the aim of securing the very best talent and maximising diversity, equality and inclusion. In the 12 months to March 2023, 423 new officers took their oaths of allegiance and started their Essex Police careers. The new officers pledged their commitment to police with the consent of every community at a time when the force is welcoming more new colleagues from a range of different backgrounds.

Of the 2017 applications to March 2023, a total of 272 were from minorities. By March 2023 the officer ethnic minority position had increased to 4.10% (as a proportion of all officers). This was measured against the economically active population in Essex from the 2011 Census Data which is 6.56%. The number of females applying to become police officers remains consistently around 40%. By March 2023 the number of female officers represented 37.09%, the highest ever position, as a proportion of all officers.

Supporting and investing in staff welfare continues, with the force receiving several awards from external bodies for the innovative services it provides over the year. It has also embedded many of the processes that the national Police Covenant will seek to introduce nationally. The Police Covenant is a government-led initiative which aims to ensure that officers, staff, volunteers and their families are not disadvantaged as a result of their service in the police.

Officers being assaulted in the line of duty is totally unacceptable and both the Chief Constable and the Commissioner have pushed for the doubling of sentences for assaults on Emergency Service Workers. As of 28th June 2022, the maximum impossible prison term for offences of common assault or battery committed against an emergency worker was doubled from 12 months to 24 months.

# Narrative Report

## Increasing collaboration

We aim to build a culture of collaboration and continue to unlock resources to reinvest into our emergency services in Essex. Through our Emergency Services Collaboration we have secured benefits (Net Present Value) over 10 years of over £14m. This is against a target benefit of £15.4m by 2027. These savings are being reinvested in the services to help provide a more efficient and effective service and ultimately provide better provision to the people of Essex.

Over the year significant projects have been undertaken through this collaboration. The decision was taken during the year to build a new police station in Harwich on the current site of the Dovercourt Fire and Rescue Service. Not only will this provide an efficient use of resources, it will also help promote operational collaboration between the teams at a local level. While the planning process for this is being undertaken, capital funding has been allocated with the 2023-2024 budget with construction expected to start in January 2024.

Following the successful completion of a Tri-Service Rural Community Prevention Officer, all three services (Essex Police, Essex County Fire and Rescue Service and the East of England Ambulance Service) have agreed to extend the programme. A dedicated Tri-Service Rural Community Prevention Officer has been recruited to work in the Uttlesford area to see how well the initiative can be applied in other areas. The first pilot took place in the Dengie area of Maldon and had a significant impact on the level of prevention work undertaken by each of the services. This visible, coordination role is having a positive impact and a further role was added in April 2023 to cover Uttlesford.

Working alongside our Community Safety Partnerships and academic partners the Board has also developed a hot-spot mapping tool, which identifies hyper-local 'Minerva zones' which are more vulnerable to VAWG offences. These zones have been shared with Community Safety Partnerships which are in the process of identifying and implementing prevention initiatives to proactively address potential activity.

Significant work has also been undertaken in addressing the recommendations from the inquiry into the Manchester Arena Bombing, the development of a joint fleet workshop and a coordinated approach to dealing with new developments in Essex. The work on new developments has already resulted in Essex emergency services being one of the few areas to be included in the local design guides and is continuing to build capacity and influence which is helping to deliver a safer, lower risk, built environment.

The Joint Education Team, which consists of six members and is funded by both Essex Police and Essex County Fire and Rescue Service, has proven to be very effective. The team provide a catalogue of safety education programmes for young people covering home safety, cyber safety, arson and hoax call prevention, knife crime prevention, gangs awareness, road safety, hate crime prevention, anti-social behaviour prevention and firework safety. Since the early stages of the collaboration, the number of young people engaged by these teams has grown by 55% while also delivering benefits of £1,582,214 (Net Present Value) over 10 years.

In 2022-23 the PFCC also received an update report on the Collapsed Behind Closed Doors project, which means medical professionals can reach those in need of emergency attention quicker, reducing the likelihood of serious injury. As well as improving the speed of this response, the project has profiled cost savings of around £600,000 over a 10-year period.

# Narrative Report

## 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/](http://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 2023 three of the twelve PFCC priorities are graded good by Essex Police (Reducing drug driven violence, Protecting Vulnerable People and Breaking the Cycle of Domestic Abuse and Dog Theft), seven are rated adequate and two require improvement (Improving Support for Victims of Crime and Improving Safety on our Roads).

## 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 5<sup>th</sup> May 2016 and re-elected again in May 2021. Jane Gardner is the Deputy Police and Crime Commissioner.

From 1<sup>st</sup> 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.

# Narrative Report

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 and 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 2020-2025 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.

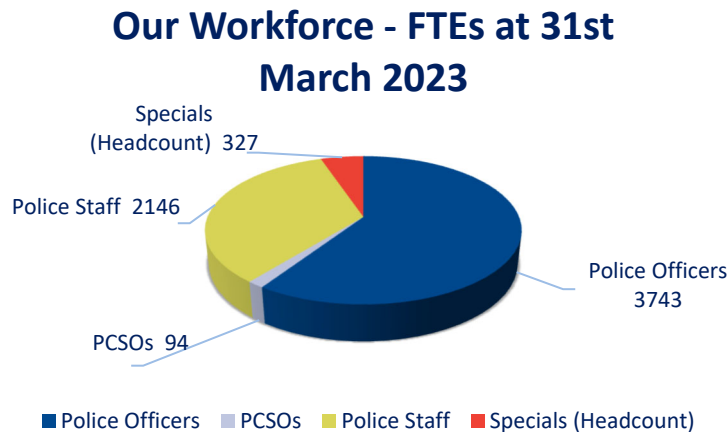


# Narrative Report

The campaign is changing the make-up of the force and making it more representative of the communities it services. Whilst application numbers for police officers slowed in 2022/23 compared to previous years, ethnic minority and female proportions have remained strong. The officer ethnic minority position was 4.11% (as a proportion of all officers) as at 31<sup>st</sup> March 2023 compared to 4.36% a year earlier and female officers represented 37.09% as at 31<sup>st</sup> March 2023 compared to 35.84% on 31<sup>st</sup> March 2022.

During 2022/23 our police officer strength increased by 171 full-time equivalents (FTE) to 3,743.

The chart below shows the make-up of the workforce for the group as at 31<sup>st</sup> March 2023



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. In 2022/23 the police officer establishment grew by 200 additional officers, 180 of which were funded by the national uplift programme and 20 by an increase in precept. At an officer establishment of 3,755 Essex Police is the biggest it has ever been enabling the force to be more effective and efficient. 2022/23 was the final year of the governments uplift programme and moving into 2023/24 the focus is on investment to consolidate the growth and continue the positive progress already made in protecting and serving the people of Essex. Priorities are now shifting 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 31<sup>st</sup> March 2023 there has been a 1.3% decrease with 163,285 offences recorded compared to 165,518 in the previous 12 month period to 31<sup>st</sup> March 2022.

Prevention remains a key focus of the force building on investment already made during 2019/20 to 2022/24 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, Essex Police has a good track record of delivering cash and efficiency savings to maximise the benefit out of every penny. In 2022/23 £4.6m savings were delivered with £3.8m of these recurring annually.

## Current and emerging risks and mitigation

The three-year comprehensive spending review has provided some certainty over Home Office funding up to 2024/25 which will make it easier to consider demand pressures compared to future funding levels. One of the challenges the force faces is that it is 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 lowest spend per head of population.

The detrimental impact of COVID-19 on government finances along with significant increases in inflation over the last year, 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 impact public services for some years to come. Also, with uncertainty over the level of nationally agreed pay awards likely to be agreed over and above the 2% budgeted for in 2023/24 there is likely to be a significant impact on Essex Police if this is not funded by the Home Office.

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 2023/24 of £12.212m.

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:

- **Operation Hazel Cost not fully funded by Home Office** – Costs for Operation Hazel (the Essex Police response to the Just Stop Oil protestor activity) total £5.584m with £4.003m funded by the Home Office. £1.584m remains unfunded impacting on financial resilience due to the need to draw on reserves which will need to be replenished.
- **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.
- **Protecting vulnerable people and breaking the cycle of domestic abuse and reduction in violence against women and girls** – A risk of increase in harm to victims with the potential for more domestic homicides or serious sexual assaults. Priority may not be realised due to various potential issues including conflicting priorities against police budgets

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 2023

### 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 31<sup>st</sup> March 2023 and its income and expenditure for the year then ended.

Janet Perry FCCA ACMA CGMA  
Chief Financial Officer to the PFCC  
XXXXXX 2023

# **Independent Auditors Report**

# Independent Auditor's Report

---



# Independent Auditor's Report

---

# Independent Auditor's Report

---

# Independent Auditor's Report

---

# Independent Auditor's Report

---

# Independent Auditor's Report

---



# Statement of Accounts 2022/23

# Introduction

---

## Introduction

The Statement of Accounts consists of the following sections:

### Core Financial Statements

These comprise:

- **Comprehensive Income and Expenditure Statements** - 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 31<sup>st</sup> March 2023. 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 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023

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 officer pay and allowances under the funding basis was £223.599m in 2022/23 compared to £204.178m in 2021/22 (an increase of £19.421m). This compares to the same figures under the accounting basis (as per the table below) showing a £16.697m decrease, with £35.938m of additional employee benefit costs in 2021/22 contributing to the net reduction over the two years. For further details please refer to the Expenditure and Funding Analysis in note 9.

	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000	2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000
<i>Employees</i>						
Police officer pay and allowances	279,672	-	279,672	262,975	-	262,975
PCSO pay and allowances	3,351	-	3,351	3,455	-	3,455
Police staff pay and allowances	112,494	-	112,494	112,799	-	112,799
Ill-health/medical pensions	4,243	-	4,243	4,735	-	4,735
Training	1,935	-	1,935	1,926	-	1,926
Other employee expenses	439	-	439	803	-	803
	<b>402,133</b>	-	<b>402,133</b>	<b>386,693</b>	-	<b>386,693</b>
<i>Other service expenditure</i>						
Premises	10,615	-	10,615	12,564	-	12,564
Transport	7,838	-	7,838	8,875	-	8,875
Other service expenditure	42,333	-	42,333	48,590	-	48,590
Third party payments	7,756	-	7,756	10,182	-	10,182
	<b>68,542</b>	-	<b>68,542</b>	<b>80,210</b>	-	<b>80,210</b>
<i>Income</i>						
Fees charges and other service income	-	(15,786)	(15,786)	-	(17,355)	(17,355)
Government grants and contributions	-	(26,661)	(26,661)	-	(33,287)	(33,287)
	-	<b>(42,447)</b>	<b>(42,447)</b>	-	<b>(50,642)</b>	<b>(50,642)</b>
<b>Provision of Police Services - PFCC Group</b>	<b>470,675</b>	<b>(42,447)</b>	<b>428,228</b>	<b>466,904</b>	<b>(50,642)</b>	<b>416,262</b>
(Gain)/loss on the disposal of non current assets	-	(911)	(911)	-	127	127
<b>Other Operating Expenditure</b>	-	<b>(911)</b>	<b>(911)</b>	-	<b>127</b>	<b>127</b>
Net interest on the defined benefit pensions liability						
- Police officers	65,880	-	65,880	84,805	-	84,805
- Police staff	4,675	-	4,675	4,855	-	4,855
Net interest (receivable)/payable	-	(12)	(12)	-	(417)	(417)
<b>Financing and Investment Income and Expenditure</b>	<b>70,555</b>	<b>(12)</b>	<b>70,543</b>	<b>89,660</b>	<b>(417)</b>	<b>89,243</b>
Police grant	-	(119,328)	(119,328)	-	(126,537)	(126,537)
Formula funding	-	(63,237)	(63,237)	-	(66,987)	(66,987)
Council tax precept	-	(136,496)	(136,496)	-	(146,600)	(146,600)
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	-	(30,275)	(30,275)	-	(29,527)	(29,527)
Capital grant	-	(251)	(251)	-	-	-
<b>Taxation and Non-Specific Grant Income</b>	-	<b>(362,713)</b>	<b>(362,713)</b>	-	<b>(382,776)</b>	<b>(382,776)</b>
<b>(Surplus)/Deficit on Provision of Police Services - PFCC Group</b>	<b>541,230</b>	<b>(406,803)</b>	<b>135,147</b>	<b>556,565</b>	<b>(433,710)</b>	<b>122,855</b>
<b>Other Comprehensive Income and Expenditure</b>						
(Surplus)/deficit on revaluation of fixed assets	-	(7,473)	(7,473)	-	(2,031)	(2,031)
Remeasurement of the net defined benefit liability						
- Police officers	(143,081)	-	(143,081)	(1,183,783)	-	(1,183,783)
- Police staff	(74,569)	-	(74,569)	(305,867)	-	(305,867)
Adjustment for IFRIC 14 asset ceiling						
- Police Staff	-	-	-	88,814	-	88,814
	<b>(217,650)</b>	<b>(7,473)</b>	<b>(225,123)</b>	<b>(1,400,836)</b>	<b>(2,031)</b>	<b>(1,402,867)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>323,580</b>	<b>(413,556)</b>	<b>(89,976)</b>	<b>(844,271)</b>	<b>(435,741)</b>	<b>(1,280,012)</b>

# Statement of Accounts – Financial Statements

## Comprehensive Income and Expenditure Statement – PFCC

For the years ended 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023

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 £1.408m in 2022/23. The rest of the CIES balance (£1.107m) mostly relates to agency/contractual costs for the wider force. In addition, the £1.906m training costs in 2022/23 relate to contractual training for all police officers and staff.

	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000	2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000
<i>Employees</i>						
Police staff pay and allowances	2,265	-	2,265	2,515	-	2,515
Training	1,891	-	1,891	1,906	-	1,906
Other employee expenses	407	-	407	667	-	667
	<b>4,563</b>	-	<b>4,563</b>	<b>5,087</b>	-	<b>5,087</b>
<i>Other service expenditure</i>						
Premises	10,615	-	10,615	12,564	-	12,564
Transport	6,894	-	6,894	7,527	-	7,527
Supplies & Services	42,017	-	42,017	47,591	-	47,591
Third party payments	7,738	-	7,738	6,994	-	6,994
	<b>67,264</b>	-	<b>67,264</b>	<b>74,676</b>	-	<b>74,676</b>
<i>Income</i>						
Fees charges and other service income	-	(15,786)	(15,786)	-	(17,355)	(17,355)
Government grants and contributions	-	(26,661)	(26,661)	-	(33,287)	(33,287)
	-	<b>(42,447)</b>	<b>(42,447)</b>	-	<b>(50,642)</b>	<b>(50,642)</b>
<b>Provision of Police Services - PFCC (before Intra-Group Funding)</b>	<b>71,827</b>	<b>(42,447)</b>	<b>29,380</b>	<b>79,763</b>	<b>(50,642)</b>	<b>29,122</b>
Intra Group Funding for Chief Constable's Net Service Cost	331,463	-	331,463	358,251	-	358,251
<b>Net Cost of Provision of Police Services - PFCC</b>	<b>403,290</b>	<b>(42,447)</b>	<b>360,843</b>	<b>438,014</b>	<b>(50,642)</b>	<b>387,372</b>
(Gain)/loss on the disposal of non current assets	-	(911)	(911)	-	127	127
<b>Other Operating Expenditure</b>	-	<b>(911)</b>	<b>(911)</b>	-	<b>127</b>	<b>127</b>
Net interest on the defined benefit pensions liability						
- Police staff	41	-	41	50	-	50
Net interest (receivable)/payable	-	(12)	(12)	-	(417)	(417)
<b>Financing and Investment Income and Expenditure</b>	<b>41</b>	<b>(12)</b>	<b>29</b>	<b>50</b>	<b>(417)</b>	<b>(367)</b>
Police grant	-	(119,328)	(119,328)	-	(126,537)	(126,537)
Formula funding	-	(63,237)	(63,237)	-	(66,987)	(66,987)
Council tax	-	(136,496)	(136,496)	-	(146,600)	(146,600)
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	-	(30,275)	(30,275)	-	(29,527)	(29,527)
Capital grant	-	(251)	(251)	-	-	-
<b>Taxation and Non-Specific Grant Income</b>	-	<b>(362,713)</b>	<b>(362,713)</b>	-	<b>(382,776)</b>	<b>(382,776)</b>
<b>(Surplus)/Deficit on Provision of Police Services - PFCC</b>	<b>403,331</b>	<b>(406,083)</b>	<b>(2,752)</b>	<b>438,064</b>	<b>(433,709)</b>	<b>4,355</b>
<b>Other Comprehensive Income and Expenditure</b>						
(Surplus)/deficit on revaluation of fixed assets	-	(7,473)	(7,473)	-	(2,031)	(2,031)
Remeasurement of the net defined benefit liability						
- Police staff	(496)	-	(496)	(3,116)	-	(3,116)
Adjustment for IFRIC 14 asset ceiling						
- Police Staff				809	-	809
	<b>(496)</b>	<b>(7,473)</b>	<b>(7,969)</b>	<b>(2,307)</b>	<b>(2,031)</b>	<b>(4,338)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>402,835</b>	<b>(413,556)</b>	<b>(10,721)</b>	<b>435,757</b>	<b>(435,740)</b>	<b>17</b>

# Statement of Accounts – Financial Statements

## Balance Sheet - PFCC Group and PFCC

For the years ended 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023

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.

In respect of the 2021/22 comparative figures an updated presentation has been adopted for the usable reserves with the Future Capital Funding Reserve, previously shown separately, now amalgamated within earmarked revenue reserves. This is consistent with the prior period adjustment previously actioned for this issue within the Movement in Reserves Statement in the 2021/22 Statement of Accounts, with the total usable reserves within the Balance Sheet unchanged from those previously reported.

Note	2021/22		2022/23	
	31st March 2022		31st March 2023	
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
<b>Non current assets</b>				
19	106,454	106,454	107,448	107,448
20	843	843	747	747
23	26	26	23	23
	<b>107,323</b>	<b>107,323</b>	<b>108,218</b>	<b>108,218</b>
<b>Current assets</b>				
24	9,999	9,999	-	-
22	1,324	1,324	1,261	1,261
23	39,729	39,729	48,672	48,672
25	4,218	4,218	970	970
26	2,173	2,173	3,016	3,016
	<b>57,443</b>	<b>57,443</b>	<b>53,919</b>	<b>53,919</b>
<b>Current liabilities</b>				
27	(33,775)	(38,366)	(32,531)	(35,650)
28	(2,759)	(2,759)	(3,391)	(3,391)
	<b>(36,534)</b>	<b>(41,125)</b>	<b>(35,922)</b>	<b>(39,041)</b>
<b>Non current liabilities</b>				
43	-	(3,297,849)	-	(2,209,838)
43	(1,999)	(193,569)	-	(1,023)
	<b>(1,999)</b>	<b>(3,491,418)</b>	<b>-</b>	<b>(2,210,861)</b>
	<b>126,233</b>	<b>(3,367,776)</b>	<b>126,215</b>	<b>(2,087,765)</b>
<b>Net assets/(liabilities)</b>				
<b>Usable reserves</b>				
35	(14,818)	(14,818)	(13,394)	(13,394)
35	(17,107)	(17,107)	(15,501)	(15,501)
36	(927)	(927)	-	-
	<b>(32,852)</b>	<b>(32,852)</b>	<b>(28,895)</b>	<b>(28,895)</b>
<b>Unusable reserves</b>				
	(16,938)	(16,938)	(17,951)	(17,951)
	(76,409)	(76,409)	(76,231)	(76,231)
	-	3,297,849	-	2,209,838
	1,999	193,569	-	1,023
	(2,061)	(2,061)	(3,169)	(3,169)
	27	4,618	31	3,150
	<b>(93,381)</b>	<b>3,400,629</b>	<b>(97,319)</b>	<b>2,116,661</b>
	<b>(126,233)</b>	<b>3,367,776</b>	<b>(126,215)</b>	<b>2,087,765</b>
	<b>(126,233)</b>	<b>3,367,776</b>	<b>(126,215)</b>	<b>2,087,765</b>
	<b>(126,233)</b>	<b>3,367,776</b>	<b>(126,215)</b>	<b>2,087,765</b>

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 XXXXXX 2023.

Janet Perry FCCA ACMA CGMA, Chief Financial Officer to the PFCC, 31<sup>st</sup> May 2023



# Statement of Accounts – Financial Statements

## Cash Flow Statements

For the years ended 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023

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	2021/22	2022/23
	Group £000	Group £000
<b>Net (Surplus)/Deficit on the Provision of Services:-</b>	<b>135,147</b>	<b>122,855</b>
30 Adjustment to (surplus)/deficit on the provision of services for non-cash movements	(149,720)	(118,180)
30 Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	5,483	(9,329)
30 Net cash flows from operating activities	<b>(9,090)</b>	<b>(4,654)</b>
31 Net cash flows from investing activities	10,184	7,901
<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>1,094</b>	<b>3,248</b>
Cash and cash equivalents at the beginning of the reporting period	5,312	4,218
Cash and cash equivalents at the end of the reporting period	4,218	970
<b>Movement in cash equivalents</b>	<b>(1,094)</b>	<b>(3,248)</b>

## Cash Flow Statement for PFCC

Note	2021/22	2022/23
	PFCC £000	PFCC £000
30 <b>Net (Surplus)/Deficit on the Provision of Services</b>	<b>(2,752)</b>	<b>4,355</b>
30 Adjustment to (surplus)/deficit on the provision of services for non-cash movements	(11,821)	320
30 Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	5,483	(9,329)
30 <b>Net cash flows from operating activities</b>	<b>(9,090)</b>	<b>(4,654)</b>
31 Net cash flows from investing activities	10,184	7,901
<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>1,094</b>	<b>3,248</b>
Cash and cash equivalents at the beginning of the reporting period	5,312	4,218
Cash and cash equivalents at the end of the reporting period	4,218	970
<b>Movement in cash equivalents</b>	<b>(1,094)</b>	<b>(3,248)</b>

# 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 31<sup>st</sup> March 2022

	2021/22 Group Usable Reserves							
	General	Earmarked	Total General & Earmarked Reserves	Capital Receipts	Capital Grants Unapplied	Total Usable	Total Unusable	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1<sup>st</sup> April 2021</b>	<b>(13,162)</b>	<b>(12,300)</b>	<b>(25,462)</b>	-	-	<b>(25,462)</b>	<b>3,483,213</b>	<b>3,457,751</b>
(Surplus)/deficit on provision of services (accounting basis)	135,147	-	135,147	-	-	135,147	-	135,147
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(225,123)	(225,123)
<b>Total Comprehensive Income and Expenditure</b>	<b>135,147</b>	<b>-</b>	<b>135,147</b>	<b>-</b>	<b>-</b>	<b>135,147</b>	<b>(225,123)</b>	<b>(89,976)</b>
Adjustments between accounting basis and funding basis under regulations	(141,610)	-	(141,610)	(927)	-	(142,537)	142,537	-
<b>Net (Increase)/Decrease before Transfers to Usable Reserves</b>	<b>(6,463)</b>	<b>-</b>	<b>(6,463)</b>	<b>(927)</b>	<b>-</b>	<b>(7,390)</b>	<b>(82,586)</b>	<b>(89,976)</b>
Transfers (to)/from Usable Reserves	4,807	(4,807)	-	-	-	-	-	-
<b>(Increase)/Decrease in year</b>	<b>(1,656)</b>	<b>(4,807)</b>	<b>(6,463)</b>	<b>(927)</b>	<b>-</b>	<b>(7,390)</b>	<b>(82,586)</b>	<b>(89,976)</b>
<b>Balance at 31<sup>st</sup> March 2022</b>	<b>(14,818)</b>	<b>(17,107)</b>	<b>(31,925)</b>	<b>(927)</b>	<b>-</b>	<b>(32,852)</b>	<b>3,400,629</b>	<b>3,367,776</b>

## Movement in Reserves Statement – PFCC Group

For the year ended 31<sup>st</sup> March 2023

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

# Statement of Accounts – Financial Statements

## Movement in Reserves Statement – PFCC

For the year ended 31<sup>st</sup> March 2022

	2021/22 PFCC Usable Reserves					Total Usable £000	Total Unusable £000	Total Reserves £000
	General £000	Earmarked £000	Total General & Earmarked Reserves £000	Capital Receipts £000	Capital Grants Unapplied £000			
<b>Balance at 1<sup>st</sup> April 2021</b>	<b>(13,162)</b>	<b>(12,300)</b>	<b>(25,462)</b>	-	-	<b>(25,462)</b>	<b>(90,051)</b>	<b>(115,513)</b>
(Surplus)/deficit on provision of services (accounting basis)	(2,752)	-	(2,752)	-	-	(2,752)	-	(2,752)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(7,969)	(7,969)
<b>Total Comprehensive Income and Expenditure</b>	<b>(2,752)</b>	<b>-</b>	<b>(2,752)</b>	<b>-</b>	<b>-</b>	<b>(2,752)</b>	<b>(7,969)</b>	<b>(10,721)</b>
Adjustments between accounting basis and funding basis under regulations	(3,710)	-	(3,710)	(927)	-	(4,638)	4,638	-
<b>Net (Increase)/Decrease before Transfers to Usable Reserves</b>	<b>(6,462)</b>	<b>-</b>	<b>(6,462)</b>	<b>(927)</b>	<b>-</b>	<b>(7,390)</b>	<b>(3,331)</b>	<b>(10,721)</b>
Transfers (to)/from Usable Reserves	4,807	(4,807)	-	-	-	-	-	-
<b>(Increase)/Decrease in year</b>	<b>(1,655)</b>	<b>(4,807)</b>	<b>(6,462)</b>	<b>(927)</b>	<b>-</b>	<b>(7,390)</b>	<b>(3,331)</b>	<b>(10,721)</b>
<b>Balance at 31<sup>st</sup> March 2022</b>	<b>(14,818)</b>	<b>(17,107)</b>	<b>(31,925)</b>	<b>(927)</b>	<b>-</b>	<b>(32,852)</b>	<b>(93,381)</b>	<b>(126,233)</b>

## Movement in Reserves Statement – PFCC

For the year ended 31<sup>st</sup> March 2023

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

# 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 44 to 50) and provide further information on the financial performance of the Police, Fire and Crime Commissioner and the Police, Fire and Crime Commissioner Group during 2022/23. The notes set out within this section are as follows:

Note		Page
<b>Notes Relating to the Accounts - General</b>		
1	Creation of Police, Fire & Crime Commissioner and Chief Constable Single Entities	53
2	Summary of Significant Accounting Policies	54
3	Accounting Standards that have been issued but have not yet been adopted	72
4	Critical Judgements in Applying Accounting Policies	72
5	Events after the Reporting Period	73
6	Assumptions made about the Future and Other Major Sources of Estimation Uncertainty	73
7	Contingent Liabilities	76
8	Date of authorisation of the Statement of Accounts for issue	76
<b>Notes Relating to the Accounts – Comprehensive Income &amp; Expenditure Statement</b>		
9	Expenditure and Funding Analysis	77
10	Notes to the Expenditure and Funding Analysis	81
11	Intra Group Adjustments	83
12	Officers' Remuneration	83
13	Termination Benefits	88
14	External Audit Costs	89
15	Income from Service Recipients	90
16	Grant Income	90
17	Impairment of Assets	91
18	Leases	91
<b>Notes Relating to the Accounts – Balance Sheet</b>		
19	Property, Plant and Equipment	92
20	Intangible Assets	96
21	Capital Expenditure and Financing	97
22	Inventories	98
23	Debtors	98
24	Short-Term Investments	99

# Statement of Accounts – Notes to the Financial Statements

Note		Page
25	Cash and Cash Equivalents	100
26	Assets Held for Sale	100
27	Creditors	101
28	Provisions	102
29	Capital Grants – Receipts in Advance	102
<b>Notes Relating to the Accounts – Cash Flow Statement</b>		
30	Cashflow – Operating Activities	103
31	Cashflow – Investing Activities	103
32	Cashflow – Financing Activities	103
<b>Notes Relating to the Accounts – Movement in Reserves Statement</b>		
33	Adjustments between Accounting Basis and Funding Basis under Regulations	104
34	Purpose of Earmarked Reserves	108
35	Transfers to/from Earmarked Reserves	109
36	Capital Receipts Reserve	110
37	Usable Reserves	110
38	Unusable Reserves	110
38.1	Revaluation Reserve	110
38.2	Capital Adjustment Account	111
38.3	Pensions Reserve	111
38.4	Collection Fund Adjustment Account	112
38.5	Accumulated Absences Account	113
<b>Notes Relating to the Accounts – Supplementary Notes</b>		
39	Financial Instruments – Overview	114
40	Financial Instruments – Risks	116
41	Jointly Controlled Operations and Collaborative Activity	119
42	Related Parties	123
43	Defined Benefit Pension Schemes	125

# 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 22<sup>nd</sup> 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 1<sup>st</sup> 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 22<sup>nd</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 2022/23 financial year and its position at the year-end of 31<sup>st</sup> March 2023. 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 its each 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, in accordance with the CIPFA Code of Practice. The Comprehensive Income & Expenditure Statement 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.

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 Comprehensive Income and Expenditure Statement, 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 Comprehensive Income and Expenditure Statement
  - 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 Comprehensive Income and Expenditure Statement
  - 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 Comprehensive Income and Expenditure Statement
  - 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 Comprehensive Income and Expenditure Statement
  - 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 Comprehensive Income and Expenditure Statement
  - 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 Comprehensive Income and Expenditure Statement
  - 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

# Statement of Accounts – Notes to the Financial Statements

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.

## 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 31<sup>st</sup> March 2006 were admitted to the **1987 Police Pensions Scheme**
- Police Officers in service between 1<sup>st</sup> April 2006 and 31<sup>st</sup> March 2015 were admitted to the **2006 Police Pension Scheme**
- Police Officers in service on or after the 1<sup>st</sup> 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. Active officers within these schemes were brought into the CARE scheme on 1<sup>st</sup> April 2015 unless they had entitlement to full transitional or tapered protection. These protections ceased with effect from 1<sup>st</sup> April 2022 when all active members were transferred to the 2015 CARE scheme. Officers who were previously within one of these schemes may be entitled to retirement benefits under their legacy scheme as a result of the McCloud/Sargeant remedy which is due to be implemented in October 2023.

More detail on each of the schemes can be found in the Police Pension Fund Account section on page 134 and an explanation regarding the McCloud/Sargeant judgements and remedy is included in note 43 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 Comprehensive Income and Expenditure Statement. The Pensions Top Up Grant, receivable by the Fund, is initially credited to the Comprehensive Income and Expenditure Statement, 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 Comprehensive Income and Expenditure Statement in accordance with IAS19, 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 1<sup>st</sup> 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.

# Statement of Accounts – Notes to the Financial Statements

---

## 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.

## Policies applying to the PFCC

2.11	Income
2.12	Council Tax Income
2.13	Reserves
2.14	Provisions
2.15	Value Added Tax
2.16	Loss Allowance
2.17	Inventories and Long-Term Contracts
2.18	Property, Plant and Equipment
2.19	Intangible Assets
2.20	Assets Held for Sale
2.21	Non-Current Assets Out of Use
2.22	Capital Grants and Contributions
2.23	Donated Assets
2.24	Minimum Revenue Provision
2.25	Revenue Expenditure Funded from Capital
2.26	Leases
2.27	Financial Instruments
2.28	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 Comprehensive Income & Expenditure Statement 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.

# Statement of Accounts – Notes to the Financial Statements

---

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

## Comprehensive Income & Expenditure Statement and Movement in Reserves Statement

The accrued council tax income is credited to the Comprehensive Income & Expenditure Statement. 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.

## **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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement.



# Statement of Accounts – Notes to the Financial Statements

---

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 Comprehensive Income and Expenditure Statement (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

The Comprehensive Income and Expenditure Statement excludes all amounts related to Value Added Tax (VAT) as, when collected, it is payable to HM Revenue and Customs and all VAT paid is recoverable from it.

## 2.16 Loss Allowance

An allowance is made in the Balance Sheet for potential losses in respect of bad and doubtful debts, based on an age analysis of the outstanding debt at the Balance Sheet date. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that may not be collected.

A share of the impairment allowances for the doubtful council tax debts in respect of each billing authority is also included in the Balance Sheet. These allowances are determined by each billing authority in accordance with its own policy for doubtful debts.

## 2.17 Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet on an average cost basis with the exception of vehicle parts, which are included at historic cost.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

## 2.18 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.

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 Comprehensive Income and Expenditure Statement as it is incurred.

From 1<sup>st</sup> 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.

# Statement of Accounts – Notes to the Financial Statements

---

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 1<sup>st</sup> April 2022 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 Comprehensive Income and Expenditure Statement and then transferred to the Capital Adjustment Account.

The Revaluation Reserve contains revaluation gains recognised since 1<sup>st</sup> 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 Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement 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.

With effect from 2021/22 onwards 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,

# Statement of Accounts – Notes to the Financial Statements

---

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.

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:

# Statement of Accounts – Notes to the Financial Statements

---

- 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 1<sup>st</sup> 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.

### 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

# Statement of Accounts – Notes to the Financial Statements

---

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.

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 Comprehensive Income and Expenditure Statement
- A loss which does not result from revaluation is recognised in the Comprehensive Income and Expenditure Statement

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

# Statement of Accounts – Notes to the Financial Statements

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

In respect of charges to revenue for non-current assets the Comprehensive Income and Expenditure Statement 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 2.24.

## 2.19 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 Comprehensive Income and Expenditure Statement 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.

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 Comprehensive Income and Expenditure Statement. These amounts are then transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

## 2.20 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. 31<sup>st</sup> 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 Comprehensive Income and Expenditure Statement. 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 Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as

# Statement of Accounts – Notes to the Financial Statements

---

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.

## 2.21 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.

## 2.22 Capital Grants and Contributions

All capital grants and contributions received by the PFCC are accounted for on an accruals basis and, where they have no conditions, are initially recognised as income in the Comprehensive Income and Expenditure Statement.

Where the grant or contribution has a condition attached then the grant is not recognised as income until that condition is met. In those circumstances the grant is recognised as a receipt in advance. A condition is assumed to be attached where it conveys a requirement to return the grant if the condition is not met.

Where the grant is subsequently used to finance capital expenditure it is credited to the Capital Adjustment Account. Alternatively, where capital expenditure has not yet been incurred (but the underlying condition has been met) the grant is retained within the Comprehensive Income and Expenditure Statement with a separate appropriation to the Capital Grants Unapplied Account.

## 2.23 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 Comprehensive Income and Expenditure Statement as income. Where conditions have not been satisfied, the asset is credited to the Donated Assets Account and only recognised in the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement 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.

## 2.24 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



# Statement of Accounts – Notes to the Financial Statements

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 1<sup>st</sup> 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 31<sup>st</sup> 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 2022/23 will not be subject to an MRP charge until 2023/24.

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.

## 2.25 Revenue Expenditure Funded from Capital

Some items of expenditure are permitted to be funded from capital resources that under normal accounting practice would be charged to the Comprehensive Income and Expenditure Statement. This expenditure does not result in a non-current asset being included on the Balance Sheet.

These charges will normally be grants or expenditure on property not owned by the PFCC. This expenditure is charged to the Comprehensive Income and Expenditure Statement. To avoid any impact on council tax, the charge is then moved to the Capital Adjustment Account.

## 2.26 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.

# Statement of Accounts – Notes to the Financial Statements

---

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.

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 Comprehensive Income and Expenditure Statement 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.

## 2.27 Financial Instruments

### Adoption of IFRS 9

The PFCC adopted the IFRS 9 Financial Instruments accounting standard with effect from 1<sup>st</sup> 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
  - Loans to UK local authorities
  - Certificates of deposit and covered bonds issued by banks and building societies

# Statement of Accounts – Notes to the Financial Statements

---

- 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 (PWLB) and commercial lenders:
  - Short-term loans from UK local authorities
  - Authorised overdraft facility with Lloyds bank
  - Lease payables
  - Trade payables for goods and services received

# Statement of Accounts – Notes to the Financial Statements

---

## 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

## **2.28 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.

In the Cash Flow Statement, 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. In the Balance Sheet, with effect from 2021/22, an alternative presentation has been adopted whereby any applicable overdraft balances are included in short-term creditors.

# Statement of Accounts – Notes to the Financial Statements

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

In reference to paragraph 3.3.2.13 of the 2022/23 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 2023/24 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 2023/24 Code and relevant for additional disclosures that will be required in the 2022/23 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Updating a reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

Whilst they are expected to lead to improved financial reporting, it is not anticipated that the first two matters above will significantly impact the PFCC's financial statements, and in the case of the Conceptual Framework changes it is likely that there will be limited application only.

In respect of IFRS 16 leases CIPFA/LASAAC have deferred mandatory implementation of this standard into the Code until 2024/25. The PFCC did have an option to voluntarily implement this standard for the 2022/23 financial statements but have chosen not to apply this. The PFCC does recognise however that the proposed changes set out in IFRS 16 represents high quality information, and it will therefore take the opportunity in the 2023/24 financial statements to set out the expected impact of this standard in more detail.

## 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 41, Jointly Controlled Operations and Collaborative Activity.

# Statement of Accounts – Notes to the Financial Statements

---

## Governance

On the 1<sup>st</sup> 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 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:

# Statement of Accounts – Notes to the Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p><b>Property, Plant and Equipment – valuations</b></p>	<p>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 &gt; £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.</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 2022/23 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>For 2022/23 the valuation date for the applicable assets being valued that year is the 28<sup>th</sup> February, with a market review process undertaken at the 31<sup>st</sup> 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.</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 28<sup>th</sup> February valuation date and the 31<sup>st</sup> 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 £0.954m as at 31<sup>st</sup> March 2023 (approximately 1% of the year-end operational land and buildings asset value). This calculation excludes two assets with significant capital expenditure during 2022/23 which, if included, would distort the under-valuation disclosed within these accounts.</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 decreasing by more than 0.8% across the eastern region as presently expected during 2022/23 or, in the case of residential properties, a decline in housing growth of less than the assumed (1%) and 2.0% 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 2023/24 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>



# Statement of Accounts – Notes to the Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p><b>Pensions Liability – actuary roll - forward approach</b></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, meaning the actuary roll-forward approach has been applied to this scheme again in the 2022/23 Statement of Accounts.</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.</p>
<p><b>Pensions Liability – sensitivity of variable factors</b></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 43 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 £8.626m. 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 £82.364m. Subsequent actions arising for the PFCC may include the potential requirement to increase deficit contributions.</p>

# Statement of Accounts – Notes to the Financial Statements

---

## 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.

### **Allard & Ors v Devon and Cornwall Constabulary**

The PFCC and Chief Constable for Essex Police, along with other PCC's, PFCC's and Chief Constables, have a contingent liability arising from the Allard & Ors v Devon and Cornwall Constabulary legal case. 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.

At the Balance Sheet date there were five undercover officer test cases with peculiarities that differ from CHIS (Covert Human Intelligence Source) claims. The Allard ruling made against the CHIS claims appears to have been hinged on current police regulations 2003 as the defining body, however the nature and role of an undercover officer is very different to that of CHIS. The court case which will enable the judge to make a ruling in respect of the interpretation of police regulations to that of the role of undercover officers (and cover officers who support them) has now concluded, and an assessment will now be undertaken by the force solicitor to specifically understand the impact on Essex Police. Following payment of five claims in 2023/24 there are approximately 17 further claims outstanding for the PFCC at the Balance Sheet date, including both CHIS and undercover elements, however these numbers remain subject to change based on the impact assessment required following the outcome of the test cases.

Therefore, in respect of the 2022/23 accounts, the PFCC has assessed the potential financial value of all applicable claims at the Balance Sheet date using the criteria for IAS 37 Provisions, Contingent Liabilities and Contingent Assets. For the five claims paid out in 2023/24 no provision has been recognised in these accounts based on materiality. For the remaining claims outstanding, a contingent liability has been disclosed based on a present obligation arising from past events (the initial legal case), but where it is not yet probable that an outflow of resources will be required, and the obligation cannot be measured with reliable certainty, including whether it will be material.

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

The Statement of Accounts was authorised for issue on XXXXXX 2023 by Janet Perry FCCA ACMA CGMA, Chief Finance Officer to the PFCC.

# Statement of Accounts – Notes to the Financial Statements

## 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 – 2021/22

	Net expenditure chargeable to the General Reserve	Adjustments for capital purposes (EFA note 1)	Net charge for pensions adjustments (EFA note 2)	Total Adjustments 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	204,178	-	76,432	(938)	75,494	279,672
PCSO pay and allowances	3,351	-	-	-	-	3,351
Police staff pay and allowances	89,980	-	23,154	(641)	22,513	112,494
Ill-health/medical pensions	4,243	-	-	-	-	4,243
Training	1,935	-	-	-	-	1,935
Other employee expenses	439	-	-	-	-	439
Premises	9,491	1,124	-	-	1,124	10,615
Transport	6,254	1,585	-	-	1,585	7,839
Supplies & services	38,081	4,252	-	-	4,252	42,333
Third party payments	7,756	-	-	-	-	7,756
Fees charges and other service income	(15,786)	-	-	-	-	(15,786)
Government grants and contributions	(26,661)	-	-	-	-	(26,661)
<b>Net Cost of Service</b>	<b>323,261</b>	<b>6,961</b>	<b>99,586</b>	<b>(1,579)</b>	<b>104,968</b>	<b>428,229</b>
Income from council tax	(134,610)	-	-	(1,887)	(1,887)	(136,497)
Non-specific government grant income	(195,691)	(251)	(30,275)	-	(30,526)	(226,217)
Other income and expenditure	576	(1,499)	70,555	-	69,056	69,632
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(6,463)</b>	<b>5,211</b>	<b>139,866</b>	<b>(3,466)</b>	<b>141,610</b>	<b>135,147</b>
<b>(Surplus)/Deficit to Earmarked Reserves and General Reserve</b>	<b>(6,463)</b>					
Opening Earmarked Reserves and General Reserve balance at 1 <sup>st</sup> April 2021 (includes Future Capital Funding Reserve)	(25,462)					
Less (surplus)/deficit on Earmarked and General Reserve balance in Year	(6,463)					
<b>Closing Earmarked Reserves and General Reserve balance at 31<sup>st</sup> March 2022</b>	<b>(31,925)</b>					

# Statement of Accounts – Notes to the Financial Statements

## EFA for the PFCC – 2021/22

	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 staff pay and allowances	1,919	-	349	(3)	346	2,265
Training	1,891	-	-	-	-	1,891
Other employee expenses	407	-	-	-	-	407
Premises	9,491	1,124	-	-	1,124	10,615
Transport	5,309	1,585	-	-	1,585	6,894
Supplies & services	37,765	4,252	-	-	4,252	42,017
Third party payments	7,739	-	-	-	-	7,739
Fees charges and other service income	(15,786)	-	-	-	-	(15,786)
Government grants and contributions	(26,661)	-	-	-	-	(26,661)
<b>Cost of Service</b>	<b>22,074</b>	<b>6,961</b>	<b>349</b>	<b>(3)</b>	<b>7,307</b>	<b>29,381</b>
Intra group adjustment for CC's net service cost	301,187	-	30,275	-	30,275	331,463
<b>Net Cost of Services</b>	<b>323,261</b>	<b>6,961</b>	<b>30,624</b>	<b>(3)</b>	<b>37,582</b>	<b>360,843</b>
Income from council tax	(134,610)	-	-	(1,887)	(1,887)	(136,497)
Non-specific government grant income	(195,691)	(251)	(30,275)	-	(30,526)	(226,217)
Other income and expenditure	576	(1,499)	41	-	(1,458)	(882)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(6,463)</b>	<b>5,212</b>	<b>390</b>	<b>(1,890)</b>	<b>3,711</b>	<b>(2,752)</b>
<b>(Surplus)/Deficit to Earmarked Reserves and General Reserve</b>	<b>(6,463)</b>					
Opening Earmarked Reserves and General Reserve balance at 1 <sup>st</sup> April 2021 (includes Future Capital Funding Reserve)	(25,462)					
Less (surplus)/deficit on Earmarked and General Reserve balance in Year	(6,463)					
<b>Closing Earmarked Reserves and General Reserve balance at 31<sup>st</sup> March 2022</b>	<b>(31,925)</b>					

It should be noted that the 2021/22 surplus appropriated to earmarked reserves and the General Reserve of £6.463m shown above, includes £3.752m being transferred to the Future Capital Funding Reserve. Due to a difference in the internal and external reporting lines during 2021/22 this was included within the Net Cost of Services line within the Narrative report. Reporting lines were realigned for 2022/23.

# Statement of Accounts – Notes to the Financial Statements

## EFA for the PFCC Group – 2022/23

	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 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)
<b>Net Cost of Service</b>	<b>349,516</b>	<b>8,068</b>	<b>60,146</b>	<b>(1,468)</b>	<b>66,746</b>	<b>416,262</b>
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
<b>(Surplus)/Deficit on Provision of Services</b>	<b>3,030</b>	<b>2,123</b>	<b>120,279</b>	<b>(2,576)</b>	<b>119,826</b>	<b>122,855</b>
<b>(Surplus)/Deficit to Earmarked Reserves and General Reserve</b>	<b>3,030</b>					
Opening Earmarked Reserves and General Reserve balance at 1 <sup>st</sup> April 2022 (includes Future Capital Funding Reserve)	(31,925)					
Less (surplus)/deficit on Earmarked Reserves and General Reserve balance in year	3,030					
<b>Closing Earmarked Reserves and General Reserve balance at 31<sup>st</sup> March 2023</b>	<b>(28,895)</b>					

# Statement of Accounts – Notes to the Financial Statements

## EFA for the PFCC – 2022/23

	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	2,253	-	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)
<b>Cost of Service</b>	<b>20,792</b>	<b>8,068</b>	<b>258</b>	<b>4</b>	<b>8,329</b>	<b>29,122</b>
Intra group adjustment for CC's net service cost	328,724	-	29,527	-	29,527	358,251
<b>Net Cost of Services</b>	<b>349,516</b>	<b>8,068</b>	<b>29,785</b>	<b>4</b>	<b>37,856</b>	<b>387,373</b>
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)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>3,030</b>	<b>2,123</b>	<b>308</b>	<b>(1,104)</b>	<b>1,326</b>	<b>4,355</b>
<b>(Surplus)/Deficit to Earmarked Reserves and General Reserve</b>	<b>3,030</b>					
Opening Earmarked Reserves and General Reserve balance at 1 <sup>st</sup> April 2022 (includes Future Capital Funding Reserve)	(31,925)					
Less (surplus)/deficit on Earmarked Reserves and General Reserve balance in year	3,030					
<b>Closing Earmarked Reserves and General Reserve balance at 31<sup>st</sup> March 2023</b>	<b>(28,895)</b>					

# Statement of Accounts – Notes to the Financial Statements

## 10. Notes to the Expenditure and Funding Analysis

### PFCC Group

Capital Adjustments - Group		
	2021/22	2022/23
	£000	£000
<b><u>Adjustments for Capital Purposes (EFA Note 1)</u></b>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Depreciation and revaluations - property	1,124	1,722
Depreciation and revaluations - vehicles and vessels	1,585	1,485
Depreciation and revaluations - plant, equipment, I.T. and intangibles	4,252	4,881
Specific capital grants	-	(21)
<b>Total adjustments included within the Net Cost of Services</b>	<b>6,961</b>	<b>8,068</b>
<i>Remove items included within net expenditure chargeable to the General Reserve balance</i>		
Minimum revenue provision	(588)	(793)
Revenue contribution to capital	-	(5,279)
<i>Add items included within the Comprehensive Income and Expenditure Statement</i>		
Net (gain)/loss on disposal of non-current assets	(911)	127
Non-specific capital grants	(251)	-
<b>Total adjustments included within the (Surplus)/Deficit on the Provision of Services</b>	<b>(1,750)</b>	<b>(5,945)</b>
<b>Total adjustments</b>	<b>5,212</b>	<b>2,123</b>

Pensions Adjustments - Group		
	2021/22	2022/23
	£000	£000
<b><u>Adjustments for Pensions (EFA Note 2)</u></b>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Costs recognised in respect of IAS 19 - officers	76,432	40,494
Costs recognised in respect of IAS 19 - staff	23,154	19,652
<b>Total adjustments included within the Net Cost of Services</b>	<b>99,586</b>	<b>60,146</b>
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Costs recognised in respect of IAS 19 - officers	65,880	84,805
Costs recognised in respect of IAS 19 - staff	4,675	4,855
Police Officer Pension Grant	(30,275)	(29,527)
<b>Total adjustments included within the (Surplus)/Deficit on the Provision of Services</b>	<b>40,280</b>	<b>60,133</b>
<b>Total adjustments</b>	<b>139,866</b>	<b>120,279</b>

Other Adjustments - Group		
	2021/22	2022/23
	£000	£000
<b><u>Adjustments for other differences (EFA note 3)</u></b>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Movement on accumulated absences liability - officers	(938)	(1,118)
Movement on accumulated absences liability - staff	(641)	(350)
<b>Total adjustments included within the Net Cost of Services</b>	<b>(1,579)</b>	<b>(1,468)</b>
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Movement on Collection Fund Adjustment Account	(1,887)	(1,108)
<b>Total adjustments included within the (Surplus)/Deficit on the Provision of Services</b>	<b>(1,887)</b>	<b>(1,108)</b>
<b>Total adjustments</b>	<b>(3,466)</b>	<b>(2,576)</b>



# Statement of Accounts – Notes to the Financial Statements

PFCC

Capital Adjustments - PFCC		
	2021/22	2022/23
	£000	£000
<b><u>Adjustments for Capital Purposes (EFA Note 1)</u></b>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Depreciation and revaluations - property	1,124	1,722
Depreciation and revaluations - vehicles and vessels	1,585	1,485
Depreciation and revaluations - plant, equipment, I.T. and intangibles	4,252	4,881
Specific capital grants	-	(21)
<b>Total adjustments included within the Net Cost of Services</b>	<b>6,961</b>	<b>8,068</b>
<i>Remove items included within the Net expenditure chargeable to the General Reserve Balance</i>		
Minimum revenue provision	(588)	(793)
Revenue contribution to capital	-	(5,279)
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Net (gain)/loss on disposal of non-current assets	(911)	127
Non-specific capital grants	(251)	-
<b>Total adjustments included within the (Surplus)/Deficit on the Provision of Services</b>	<b>(1,750)</b>	<b>(5,945)</b>
<b>Total adjustments</b>	<b>5,212</b>	<b>2,123</b>
Pensions Adjustments - PFCC		
	2021/22	2022/23
	£000	£000
<b><u>Adjustments for Pensions (EFA Note 2)</u></b>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Costs recognised in respect of IAS 19	349	258
Chief constable intra-group adjustment in respect of Police Officer Pension Scheme	30,275	29,527
<b>Total adjustments included within the Net Cost of Services</b>	<b>30,624</b>	<b>29,785</b>
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Costs recognised in respect of IAS 19	41	50
Police Officer Pension Grant	(30,275)	(29,527)
<b>Total adjustments included within the (Surplus)/Deficit on the Provision of Services</b>	<b>(30,234)</b>	<b>(29,477)</b>
<b>Total adjustments</b>	<b>390</b>	<b>308</b>
Other Adjustments - PFCC		
	2021/22	2022/23
	£000	£000
<b><u>Adjustments for other differences (EFA note 3)</u></b>		
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Movement on accumulated absences liability - staff	(3)	4
<b>Total adjustments included within the Net Cost of Services</b>	<b>(3)</b>	<b>4</b>
<i>Additional items included within the Comprehensive Income and Expenditure Statement</i>		
Movement on Collection Fund Adjustment Account	(1,832)	(1,108)
<b>Total adjustments included within the (Surplus)/Deficit on the Provision of Services</b>	<b>(1,832)</b>	<b>(1,108)</b>
<b>Total adjustments</b>	<b>(1,835)</b>	<b>(1,104)</b>

# 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 2022/23 accounting statements the value of the intra-group adjustment is £358.251m (2021/22, £331.463m). This figure is represented as follows:

- Financial resources consumed 2022/23 - £387.140m (£398.849m in 2021/22)
- **Less** funding basis adjustment in respect of IAS 19 - £30.361m (£68.962m in 2021/22)
- **Plus** funding basis adjustment in respect of Accumulated Absences in-year reduction - £1.472m (£1.576m in 2021/22)

In respect of outstanding intra group balances at the 31<sup>st</sup> March 2023, the PFCC recognised a creditor of £1.430m 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.

# Statement of Accounts – Notes to the Financial Statements

## PFCC Group

Remuneration Band	2021/22			2022/23		
	Police Officers	Police Staff	Total	Police Officers	Police Staff	Total
£50,000 - £54,999	-	34	34	-	50	50
£55,000 - £59,999	-	24	24	-	25	25
£60,000 - £64,999	-	8	8	1	13	14
£65,000 - £69,999	-	2	2	-	7	7
£70,000 - £74,999	-	5	5	1	-	1
£75,000 - £79,999	-	3	3	-	7	7
£80,000 - £84,999	1	3	4	-	1	1
£85,000 - £89,999	1	1	2	-	1	1
£90,000 - £94,999	6	1	7	5	3	8
£95,000 - £99,999	2	1	3	5	1	6
£100,000 - £104,999	-	1	1	-	-	-
£105,000 - £109,999	-	1	1	-	1	1
£110,000 - £114,999	-	-	-	-	1	1
<b>Total for Group</b>	<b>10</b>	<b>84</b>	<b>94</b>	<b>12</b>	<b>110</b>	<b>122</b>

## PFCC

Remuneration Band	2021/22	2022/23
	Police Staff	Police Staff
£55,000 - £59,998	3	2
£55,000 - £59,999	-	2
£60,000 - £64,999	1	-
£65,000 - £69,999	1	2
£70,000 - £74,999	1	-
£75,000 - £79,999	-	2
£90,000 - £94,999	-	1
£95,000 - £99,999	-	1
<b>Total for PFCC</b>	<b>6</b>	<b>10</b>

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

The numbers above exclude police officers and staff disclosed in the following Senior Officers' Remuneration tables. However, the staff figures include three members of the Seven Force Procurement team (7FP team), of which only 21.7% of costs remain with Essex Police. The residual element of their costs are recharged to the six remaining forces. 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 – 2021/22

	2021/22					Total Remuneration £
	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension contributions (note 4)		
	£	£	£	£		
Chief Constable - BJ Harrington	175,257	14,640	4,960	-		194,857
Deputy Chief Constable (note 5)	70,359	2,127	922	19,684		93,092
Deputy Chief Constable (note 6)	74,207	2,215	1,074	21,567		99,063
Assistant Chief Constable (note 7)	54,990	2,745	926	18,484		77,145
Temporary Assistant Chief Constable (note 8)	118,284	15,965	4,960	36,663		175,872
Assistant Chief Constable	112,595	-	10,552	34,902		158,049
Temporary Assistant Chief Constable	110,755	-	10,264	34,330		155,349
Temporary Assistant Chief Constable (note 9)	90,489	-	5,033	27,693		123,215
Temporary Assistant Chief Constable (note 10)	56,051	-	3,949	18,869		78,869
Chief Finance Officer of the Chief Constable	97,866	-	5,400	18,497		121,763
Director of Strategic Change and Performance	128,112	-	-	24,213		152,325
Police, Fire & Crime Commissioner	89,700	-	-	-		89,700
Deputy Police, Fire & Crime Commissioner	82,877	-	-	15,664		98,541
Chief Executive - Police, Fire and Crime Commissioner	97,866	-	-	18,497		116,363
Head of Finance for the PFCC (note 11)	51,369	-	-	9,708		61,077
Chief Financial Officer for the PFCC (note 12)	3,270	-	-	619		3,889
<b>Total for Group</b>	<b>1,414,047</b>	<b>37,692</b>	<b>48,040</b>	<b>299,390</b>		<b>1,799,169</b>

### PFCC – 2021/22

	2021/22					Total Remuneration £
	Salary (note 1)	Benefits in Kind (note 2)	Allowances (note 3)	Employers Pension contributions (note 4)		
	£	£	£	£		
Police, Fire & Crime Commissioner	89,700	-	-	-		89,700
Deputy Police, Fire & Crime Commissioner	82,877	-	-	15,664		98,541
Chief Executive - Police, Fire and Crime Commissioner	97,866	-	-	18,497		116,363
Head of Finance for the PFCC (note 11)	51,369	-	-	9,708		61,077
Chief Financial Officer for the PFCC (note 12)	3,270	-	-	619		3,889
<b>Total for PFCC</b>	<b>325,082</b>	<b>-</b>	<b>-</b>	<b>44,488</b>		<b>369,570</b>

- 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 Deputy Chief Constable left the force on 15<sup>th</sup> September 2021 and the costs shown are up to this point. Had they remained in post for the full duration of 2021/22, their salary would have been £137,703 plus allowances.
- The Deputy Chief Constable was promoted into post on 16<sup>th</sup> September 2021 and costs shown are from this point to the end of the year. Had they been in the Deputy Chief Constable post for the full year, their costs would have been £137,703 plus allowances

# Statement of Accounts – Notes to the Financial Statements

---

7. The Assistant Chief Constable was promoted into the role of Deputy Chief Constable in September 2021. The costs shown are for up to this point. Had they been in the Assistant Chief Constable post for the full year, their costs would have been £119,220 plus allowances
8. The Temporary Assistant Chief Constable was on secondment to another force for the entirety of 2021/22. The costs shown have been recharged to the seconded force
9. The Temporary Assistant Chief Constable was seconded to another force until 19<sup>th</sup> September 2021 and their costs for this period have been recharged to the seconded force. They finished the secondment and went on the Strategic Command Course until 23<sup>rd</sup> January 2022 when they took up an Assistant Chief Constable role in another force. The costs shown are up to this point. Had they been in post for the full duration of 2021/22 their salary would have been £110,484 plus allowances
10. The Temporary Assistant Chief Constable was in post from 20<sup>th</sup> September 2021 and the costs shown are from this point. Had they been in post for the full duration of 2021/22 their salary would have been £105,600 plus allowances
11. The Head of Finance for the PFCC left the position on 15<sup>th</sup> March 2022 and the costs shown are up to this point. Had they been in post for the full duration of 2021/22 their salary would have been £53,694 plus allowances
12. The role of S151, filled by the Head of Finance for the PFCC until 15<sup>th</sup> March 2022, was subsequently incorporated into the responsibilities of the Chief Financial Officer for the PFCC. The costs shown are from 16<sup>th</sup> March 2022. Had they been fulfilling this role for the entirety of 2021/22 their salary would have been £74,586 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 2021/22. Their remuneration is disclosed in full in the Kent Police Statement of Accounts:

- Director of Essex/Kent Support Services
- Temporary Assistant Chief Constable – 1<sup>st</sup> April 2021 to 30<sup>th</sup> January 2022
- Assistant Chief Constable – with effect from 24<sup>th</sup> January 2022
- Director of Human Resources

# Statement of Accounts – Notes to the Financial Statements

## Senior Officers' Remuneration Note

### 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
<b>Total for Group</b>	<b>1,416,243</b>	<b>23,743</b>	<b>53,278</b>	<b>292,625</b>		<b>1,785,889</b>

### 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
<b>Total for PFCC</b>	<b>344,013</b>	<b>-</b>	<b>-</b>	<b>47,737</b>		<b>391,750</b>

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, rent and monthly car lease allowances
4. Employer pension contributions are an employer cost and are not received by the employee
5. The Assistant Chief Constable was promoted into post on 30<sup>th</sup> 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
6. 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
7. The Director of Strategic Change and Performance left the position on 8<sup>th</sup> 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 £127,532 plus allowances. The position was subsequently replaced by the Director of Continuous Improvement & Analysis post

# Statement of Accounts – Notes to the Financial Statements

8. The Director of Continuous Improvement & Analysis post, which replaced the Director of Strategic Change and Performance post, was appointed to on 9<sup>th</sup> 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 1<sup>st</sup> 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 – 1<sup>st</sup> April 2022 – 31<sup>st</sup> January 2023
- 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 are set out in the tables below.

These figures relate only to police staff, police officers are officers under the Crown 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 Comprehensive Income and Expenditure Statement for the exit packages disclosed.

Exit package cost band	2021/22			Cost of Exit Packages		Total
	Number of Exit Packages		Total Number of Exit Packages	Severance	Pension Strain	
	Compulsory Redundancies	Other Departures Agreed				
				£	£	£
£0 - £20,000	3	-	3	27,926	-	27,926
£20,001 - £40,000	2	-	2	39,693	21,494	61,187
<b>Total</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>67,619</b>	<b>21,494</b>	<b>89,113</b>
<i>Other adjustments included in the Comprehensive Income and Expenditure statement</i>						
Increase/(decrease) to Severance Provision						(55,064)
<b>Total charged to the Comprehensive Income and Expenditure statement</b>						<b>34,049</b>



# Statement of Accounts – Notes to the Financial Statements

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

For the group there were three employee contracts terminated in 2022/23 (five employees in 2021/22). Of these, one was a joint funded post under the Athena collaborative agreement with nine other forces. However, the agreement does not currently provide for the sharing of redundancy costs with the other forces and as such the total cost of the exit package is expected to be met by Essex Police.

In 2021/22 a provision of £0.035m was created in the group accounts relating to possible future redundancies, however only £0.033m was required resulting in £0.002m being returned to revenue.

No additional provision has been created in respect of future possible redundancies in 2023/24.

The total charged to the CIES is £0.128m (£0.034m in 2021/22).

For the PFCC there were no employee contracts terminated in 2022/23 (nil in 2021/22), therefore no severance payment or enhancement of pension strain liabilities were incurred.

## 14. External Audit Costs

External Audit Costs	2021/22	2021/22	2022/23	2022/23
	PFCC £000	Group £000	PFCC £000	Group £000
<u>Fees payable</u>				
- with regard to agreed audit fee plan for the designated financial year, in respect of external audit services carried out by the appointed auditor	47	59	73	85
<b>Total</b>	<b>47</b>	<b>59</b>	<b>73</b>	<b>85</b>

In addition to the costs set out above, the CIES for 2022/23 also includes fee variations in respect of the 2020/21 and 2021/22 audit years. These costs total £0.058m for the PFCC, and £0.005m for the Chief Constable.

# Statement of Accounts – Notes to the Financial Statements

## 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.

	2021/22 £000	2022/23 £000
<b>Credited to Provision of Police Services (Inside the scope of IFRS 15)</b>		
Stansted Airport policing	(5,310)	(6,000)
Seconded officers and external funding	(1,547)	(1,523)
Collaborative activity with other forces	(1,980)	(1,774)
National Driver Offender Retraining Scheme (NDORS)	(1,994)	(2,645)
Vehicle seizures	(459)	(537)
Sale of assets	(324)	(181)
Fees and charges	(499)	(720)
Reimbursements and contributions	(614)	(597)
<b>Sub-total</b>	<b>(12,728)</b>	<b>(13,977)</b>
<b>Credited to Provision of Police Services (outside the scope of IFRS 15)</b>	<b>(3,059)</b>	<b>(3,378)</b>
<b>Total Fees, Charges and Other Service Income</b>	<b>(15,786)</b>	<b>(17,355)</b>

## 16. Grant Income

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

	2021/22 £000	2022/23 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Police Grant	(119,328)	(126,537)
Formula Funding	(63,237)	(66,987)
Council Tax Precepts	(136,496)	(146,600)
Council Tax Support Grant	(10,992)	(10,992)
Council Tax Freeze Grant	(2,133)	(2,133)
Pension Top Up Grant	(30,275)	(29,527)
Capital Grants	(251)	-
<b>Total</b>	<b>(362,713)</b>	<b>(382,776)</b>
<b>Credited to Provision of Police Services</b>		
Eastern Region Special Operations Unit (ERSOU) Grants	(3,986)	(4,596)
Home Office Grants		
Home Office Operation Hazel	-	(4,003)
Police Pension Grant	(2,892)	(2,892)
Home Office Officer Pay Award Grant	-	(1,573)
Police Uplift Programme (PUP) Grant	(2,248)	(4,055)
Local Partnership Funding	(1,711)	(2,072)
PFCC Grants & Commissioning Partnership Funding	(7,449)	(9,051)
Council Tax Related Grants	(2,268)	-
Support to Specific Police Operations	(2,348)	(1,760)
Proceeds of Crime Act Grant	(733)	(439)
Other Grants	(3,027)	(2,846)
<b>Total</b>	<b>(26,661)</b>	<b>(33,287)</b>

# Statement of Accounts – Notes to the Financial Statements

The Police Uplift Programme (PUP) grant reflects the element of ring-fenced funding in the year that must be claimed. In the subsequent year the whole grant is added to the core grant funding, therefore the reduction in grant income shown in the table above does not reflect a reduction in overall funding.

## 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 2022/23 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.

## 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:

	2021/22	2022/23
	£000	£000
Not later than one year	112	123
Later than one year and not later than five years	428	378
Later than five years (per annum)	27	16
<b>Total</b>	<b>567</b>	<b>517</b>

The total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases at the 31<sup>st</sup> March 2023 is a total of £0.164m (£0.314m at 31<sup>st</sup> March 2022). These figures include a number of non-cancellable leases in respect of radio masts on police buildings.

Expenditure charged into the Comprehensive Income and Expenditure Statement during 2022/23 was as follows:

- £0.113m minimum lease payments
- £0.023m contingent rents
- (£0.019m) sub-lease receivables

# Statement of Accounts – Notes to the Financial Statements

## 19. Property, Plant and Equipment

The following two tables show the movements for 2021/22.

	Land and Buildings	Plant and Equipment	Vehicles	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>						
<b>At 1<sup>st</sup> April 2021</b>	<b>69,705</b>	<b>28,762</b>	<b>14,582</b>	<b>5,775</b>	<b>5,187</b>	<b>124,011</b>
Additions	5,724	2,821	1,359	-	1,963	11,867
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,935	-	-	370	-	6,305
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(393)	-	-	90	-	(303)
Derecognition - Disposals	-	(3,981)	(1,267)	-	-	(5,248)
Derecognition - Other	-	(4,647)	-	-	-	(4,647)
Assets reclassified (to)/from						
- Within PPE	4,916	-	-	-	(4,916)	-
- Held for Sale	(2,862)	-	-	-	-	(2,862)
<b>At 31<sup>st</sup> March 2022</b>	<b>83,025</b>	<b>22,955</b>	<b>14,674</b>	<b>6,235</b>	<b>2,234</b>	<b>129,123</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 1<sup>st</sup> April 2021</b>	<b>(1,196)</b>	<b>(17,160)</b>	<b>(8,984)</b>	<b>(15)</b>	<b>-</b>	<b>(27,355)</b>
Depreciation Charge	(1,174)	(3,934)	(1,545)	(83)	-	(6,736)
Depreciation written out to the Revaluation Reserve	1,040	-	-	82	-	1,122
Depreciation written out to the Surplus/Deficit on the Provision of Services	652	-	-	16	-	668
Derecognition - Disposals	-	3,882	970	-	-	4,852
Derecognition - Other	-	4,647	-	-	-	4,647
Assets reclassified (to)/from						
- Within PPE	133	-	-	-	-	133
<b>At 31<sup>st</sup> March 2022</b>	<b>(545)</b>	<b>(12,565)</b>	<b>(9,559)</b>	<b>-</b>	<b>-</b>	<b>(22,669)</b>
<b>Net Book Value</b>						
<b>At 31<sup>st</sup> March 2021</b>	<b>68,510</b>	<b>11,602</b>	<b>5,599</b>	<b>5,760</b>	<b>5,187</b>	<b>96,658</b>
<b>At 31<sup>st</sup> March 2022</b>	<b>82,480</b>	<b>10,390</b>	<b>5,115</b>	<b>6,235</b>	<b>2,234</b>	<b>106,454</b>

# Statement of Accounts – Notes to the Financial Statements

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
<b>Cost or Valuation</b>						
<b>At 1<sup>st</sup> April 2022</b>	<b>83,025</b>	<b>22,955</b>	<b>14,674</b>	<b>6,235</b>	<b>2,234</b>	<b>129,123</b>
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)
Derecognition - Other	-	-	-	-	-	-
Assets reclassified (to)/from						
- Within PPE	863	360	-	486	(1,709)	-
- Held for Sale	(1,419)	-	-	-	-	(1,419)
<b>At 31<sup>st</sup> March 2023</b>	<b>83,404</b>	<b>27,285</b>	<b>15,260</b>	<b>7,378</b>	<b>899</b>	<b>134,226</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 1<sup>st</sup> April 2022</b>	<b>(545)</b>	<b>(12,565)</b>	<b>(9,559)</b>	<b>-</b>	<b>-</b>	<b>(22,669)</b>
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
<b>At 31<sup>st</sup> March 2023</b>	<b>(966)</b>	<b>(15,738)</b>	<b>(10,060)</b>	<b>(14)</b>	<b>-</b>	<b>(26,778)</b>
<b>Net Book Value</b>						
<b>At 31<sup>st</sup> March 2022</b>	<b>82,480</b>	<b>10,390</b>	<b>5,115</b>	<b>6,235</b>	<b>2,234</b>	<b>106,454</b>
<b>At 31<sup>st</sup> March 2023</b>	<b>82,438</b>	<b>11,547</b>	<b>5,200</b>	<b>7,364</b>	<b>899</b>	<b>107,448</b>

For details of the valuation basis applied for each of the categories in the tables above, refer to accounting policy 2.18 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 42 of the PFCC's existing land and building assets were revalued as at 28<sup>th</sup> February 2023 by external professionally qualified valuers, Wilks, Head and Eve, with the engagement led by Guy Habbord 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 31<sup>st</sup> March 2023, 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 2023 - valuation profile	Land and buildings £000	Plant and equipment £000	Vehicles £000	Surplus assets £000	Assets under construction £000	Total £000
<b>Carried at historical cost</b>	572	11,547	5,200	-	899	<b>18,218</b>
<b>Carried at current value based on valuations in the year ending:</b>						
31st March 2023	53,903	-	-	6,946	-	<b>60,849</b>
31st March 2022	20,361	-	-	418	-	<b>20,779</b>
31st March 2021	4,444	-	-	-	-	<b>4,444</b>
31st March 2020	2,470	-	-	-	-	<b>2,470</b>
31st March 2019	688	-	-	-	-	<b>688</b>
<b>Total</b>	<b>82,438</b>	<b>11,547</b>	<b>5,200</b>	<b>7,364</b>	<b>899</b>	<b>107,448</b>

The above table demonstrates that over 57% (£60.849m) of the total property, plant and equipment asset value held at 31<sup>st</sup> March 2023 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 31<sup>st</sup> March 2023, 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 2023	Percentage Contributed by Essex Police	Essex Police Net Book Value of Joint Assets at 31st March 2023
	£000	%	£000
DNA Clean Room	30	50	15
SCD - Specialist Equipment	50	50	25
ERSOU - Building Purchase	1,203	13	156
ERSOU - Specialist Equipment	15	50	8
SCD - Forensics Management Software	3	50	2
SCD - Specialist Equipment #2	12	50	6
SCD - Back Record Conversion	116	50	58
ERSOU - Building Purchase #2	7,324	9.5	696
SAP Technical Refresh - Shared Platform	190	50	95
Driver Management Module	94	21.2	20
PowerEdge Server - new 21/22	23	50	12
Oracle Database Application	332	50	166
<b>Total</b>	<b>9,392</b>		<b>1,258</b>

## Fair Value Disclosures for Surplus Assets

Details of the PFCC's surplus property assets at 31<sup>st</sup> March 2023 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 <sup>st</sup> March 2022
	£000	£000	£000	£000
Surplus Buildings	-	4,585	-	4,585
Surplus Land	-	2,779	-	2,779
<b>Total</b>	-	<b>7,364</b>	-	<b>7,364</b>



# Statement of Accounts – Notes to the Financial Statements

## 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 (ESMCP), Integrated Communication Control System (ICCS) Replacement, SCD Replacement Software and the Infrastructure Modernisation Programme.

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:

	2021/22 Purchased Software Licences £000	2022/23 Purchased Software Licences £000
<b>Gross book value at start of year</b>	<b>9,984</b>	<b>5,805</b>
<b>Movement in year</b>		
Additions	303	255
Disposals and deletions	(4,482)	(44)
<b>Gross book value at end of the year</b>	<b>5,805</b>	<b>6,016</b>
<b>Accumulated amortisation at start of year</b>	<b>(9,088)</b>	<b>(4,961)</b>
<b>Movement in year</b>		
Amortisation on disposals and deletions	4,482	44
Amortisation for the year	(355)	(351)
<b>Accumulated amortisation at end of the year</b>	<b>(4,961)</b>	<b>(5,268)</b>
<b>Net book value at end of the year</b>	<b>843</b>	<b>747</b>

### Carrying Amount (Major Software Suites only)

	31 <sup>st</sup> March 2022 £000	31 <sup>st</sup> March 2023 £000	Remaining Amortisation Period
SAP Systems Licences	165	89	36 months
ESMCP ICCS Replacement	112	-	-
SCD Replacement Software	60	-	-
Infrastructure Modernisation Programme	47	26	24 months
Athena Phase 2	34	20	12 months
Tech Refresh Licences 22/23	-	100	60 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.

	2021/22 £000	2022/23 £000
<b>Opening Capital Financing Requirement</b>	<b>9,097</b>	<b>16,123</b>
<b>Capital Investment</b>		
Property, plant and equipment	11,867	8,319
Intangible assets	303	255
<b>Total Capital Investment</b>	<b>12,170</b>	<b>8,574</b>
<b>Sources of Finance</b>		
Capital receipts	(4,305)	(1,576)
Government grants and contributions	(251)	(21)
Revenue funding (incl. use of internal funds)	0	(5,279)
<b>Total Sources of Finance</b>	<b>(4,556)</b>	<b>(6,876)</b>
Minimum revenue provision	(588)	(793)
<b>Closing Capital Financing Requirement</b>	<b>16,123</b>	<b>17,029</b>
<b>Explanation of movements in year</b>		
Net increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	7,026	906
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>7,026</b>	<b>906</b>

The MRP of £0.793m 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.

<b>Closing Capital Financing Requirement (as per above table)</b>	<b>16,123</b>	<b>17,029</b>
<b>Balance Sheet</b>		
Property, plant and equipment	106,454	107,448
Intangible assets	843	747
Assets held for sale	2,173	3,016
<b>Net assets</b>	<b>109,470</b>	<b>111,211</b>
Revaluation Reserve	(16,938)	(17,951)
Capital Adjustment Account	(76,409)	(76,231)
<b>Unusable reserves</b>	<b>(93,347)</b>	<b>(94,181)</b>
<b>Closing Capital Financing Requirement (as per Balance Sheet)</b>	<b>16,123</b>	<b>17,029</b>

The estimated value of significant commitments under capital contracts totalled £0.225m at 31<sup>st</sup> March 2023 (£0.421m at 31<sup>st</sup> March 2022). The reduction is primarily due to refurbishment works at properties nearing completion as at the end of 2022/23.

# Statement of Accounts – Notes to the Financial Statements

## 22. Inventories

	Vehicle Parts		Uniform		CS Spray Prisoner Supplies General Stock PPE Stock		Total	
	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000
<b>Opening Balance</b>	<b>333</b>	<b>381</b>	<b>880</b>	<b>832</b>	<b>111</b>	<b>112</b>	<b>1,323</b>	<b>1,324</b>
Purchases	1,566	1,830	748	748	2	1	2,316	2,579
Recognised as an expense in the year	(1,518)	(1,995)	(796)	(647)	(1)	(1)	(2,315)	(2,642)
<b>Closing Balance</b>	<b>381</b>	<b>216</b>	<b>832</b>	<b>933</b>	<b>112</b>	<b>112</b>	<b>1,324</b>	<b>1,261</b>

## 23. Debtors

### Long term debtors

The long-term debtors figure of £0.023m (2021/22 £0.026m) 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:

	2021/22 PFCC £000	2021/22 Group £000	2022/23 PFCC £000	2022/23 Group £000
Trade receivables	4,405	4,405	4,608	4,608
Less loss allowance for doubtful debts	(117)	(117)	(86)	(86)
	<b>4,288</b>	<b>4,288</b>	<b>4,522</b>	<b>4,522</b>
Payments in advance	6,064	6,064	10,768	10,768
Income accruals	17,874	17,874	21,470	21,470
Council Tax-related	8,323	8,323	9,317	9,317
VAT-related	3,177	3,177	2,592	2,592
Other debtors	3	3	3	3
	<b>35,441</b>	<b>35,441</b>	<b>44,150</b>	<b>44,150</b>
<b>Closing Balance</b>	<b>39,729</b>	<b>39,729</b>	<b>48,672</b>	<b>48,672</b>

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.

The layout of this disclosure has been updated for 2022/23 to show the loss allowance for doubtful debts being netted off trade receivables, as this allowance directly relates to this balance. There are no changes to the closing short-term debtors value in 2021/22 as a result of this presentational change.

# Statement of Accounts – Notes to the Financial Statements

## 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.

	2021/22 PFCC £000	2021/22 Group £000	2022/23 PFCC £000	2022/23 Group £000
<b>Included within Debtors (inside the scope of IFRS 15)</b>				
Trade receivables	4,405	4,405	4,608	4,608
Income accruals	2,640	2,640	3,117	3,117
	<b>7,045</b>	<b>7,045</b>	<b>7,725</b>	<b>7,725</b>
<b>Included within Debtors (outside the scope of IFRS 15)</b>				
Payments in advance	6,064	6,064	10,768	10,768
Income accruals	15,234	15,234	18,353	18,353
Council Tax-related	8,323	8,323	9,317	9,317
VAT-related	3,177	3,177	2,592	2,592
Other debtors	(114)	(114)	(83)	(83)
	<b>32,684</b>	<b>32,684</b>	<b>40,947</b>	<b>40,947</b>
<b>Total Debtors</b>	<b>39,729</b>	<b>39,729</b>	<b>48,672</b>	<b>48,672</b>

## 24. Short-Term Investments

The table below shows the PFCC's 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 31<sup>st</sup> March 2023. Please refer to the Financial Instruments section in note 39 for further details.

Short-Term Investments	2021/22 £000	2022/23 £000
Central government bodies	4,999	-
Local government bodies	5,000	-
<b>Total</b>	<b>9,999</b>	<b>-</b>

# Statement of Accounts – Notes to the Financial Statements

## 25. Cash and Cash Equivalents

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. The balance is made up of the elements shown in the table below:

	2021/22	2022/23
	£000	£000
<b>Current Assets</b>		
Liquid investments	4,046	-
Operational bank accounts	119	917
Petty cash advances	53	53
<b>Closing Balance</b>	<b>4,218</b>	<b>970</b>

For 2022/23 year-end £4.130m of third-party balances have been omitted from the Cash and Cash Equivalents total. The previous year comparable amount omitted was £4.015m. For further details, please see the explanation provided in relation to monies held on behalf of third parties in note 39.

## 26. Assets Held for Sale

	2021/22	2022/23
	£000	£000
<b>Opening Balance</b>	<b>3,556</b>	<b>2,173</b>
Assets newly classified as held for sale:		
Property, Plant and Equipment	2,729	1,419
Revaluation gains/(losses):		
Revaluation Reserve	46	(33)
Comprehensive Income and Expenditure Statement	(232)	-
Asset disposals	(3,926)	(543)
<b>Closing Balance</b>	<b>2,173</b>	<b>3,016</b>

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 31<sup>st</sup> March 2023, seven assets met the above criteria (31<sup>st</sup> March 2022, five properties).

# Statement of Accounts – Notes to the Financial Statements

## 27. Creditors

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

	2021/22	2021/22	2022/23	2022/23
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Trade payables	(15,890)	(15,890)	(13,230)	(13,230)
Expenditure accruals	(8,460)	(8,460)	(8,581)	(8,581)
Receipts in advance	(192)	(192)	(78)	(78)
Council Tax-related	(6,263)	(6,263)	(6,148)	(6,148)
Compensated absences	(27)	(4,618)	(31)	(3,150)
Other employee-related	(1,219)	(1,219)	(1,860)	(1,860)
Other creditors	(1,724)	(1,724)	(2,603)	(2,603)
<b>Closing Balance</b>	<b>(33,775)</b>	<b>(38,366)</b>	<b>(32,531)</b>	<b>(35,650)</b>

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.

For 2022/23 year-end £4.130m of third-party balances have been omitted from the Creditors total with a corresponding adjustment in Cash and Cash Equivalents (note 25). 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 £4.015m.

### 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.

	2021/22	2021/22	2022/23	2022/23
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
<b>Included within Creditors (inside the scope of IFRS 15)</b>				
Receipts in Advance	(48)	(48)	-	-
	<b>(48)</b>	<b>(48)</b>	-	-
<b>Included within Creditors (outside the scope of IFRS 15)</b>				
Other short-term creditors	(33,727)	(38,318)	(32,531)	(35,650)
	<b>(33,727)</b>	<b>(38,318)</b>	<b>(32,531)</b>	<b>(35,650)</b>
<b>Total Creditors</b>	<b>(33,775)</b>	<b>(38,366)</b>	<b>(32,531)</b>	<b>(35,650)</b>

# Statement of Accounts – Notes to the Financial Statements

## 28. Provisions

The PFCC maintained two provisions during 2022/23 as follows:

### Insurance Provision (see note 6 for further details):

	2021/22	2022/23
	£000	£000
<b>Opening Balance</b>	<b>(3,032)</b>	<b>(2,724)</b>
Additional provisions made in-year	(697)	(1,742)
Amounts used in-year	1,005	1,075
<b>Closing Balance</b>	<b>(2,724)</b>	<b>(3,391)</b>

The PFCC has made a provision of £3.391m 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. 2022/23 saw an increase in actual in-year claims expenditure of £0.070m (equating to £1.075m) but based on an offsetting £1.742m 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 £0.667m. This comprised a combination of employer, public and motor liability claims.

### Severance Provision:

	2021/22	2022/23
	£000	£000
<b>Opening Balance</b>	<b>(140)</b>	<b>(35)</b>
Additional provisions made in-year	(35)	-
Amounts used in-year	50	33
Reverse unused provisions	90	2
<b>Closing Balance</b>	<b>(35)</b>	<b>-</b>

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.

## 29. Capital Grants – 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 2021/22 or 2022/23 year-end.



# Statement of Accounts – Notes to the Financial Statements

## 30. Cashflow – Operating Activities

The cashflows for operating activities included the following items:

	2021/22		2022/23	
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Interest received	12	12	418	418
<b>Total</b>	<b>12</b>	<b>12</b>	<b>418</b>	<b>418</b>

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

	2021/22		2022/23	
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Depreciation	(6,738)	(6,738)	(7,327)	(7,327)
Impairment and valuation changes	133	133	(411)	(411)
Amortisation	(356)	(356)	(351)	(351)
(Increase)/decrease in impairment for bad debts	39	39	30	30
(Increase)/decrease in creditors	(2,340)	(763)	1,247	2,716
Increase/(decrease) in debtors	1,739	1,739	8,913	8,913
Increase/(decrease) in inventories	-	-	(63)	(63)
Movement in pension liability	(390)	(139,866)	(308)	(120,279)
Carrying amount of non-current assets (including assets held for sale) sold/derecognised	(4,321)	(4,321)	(776)	(776)
Other non-cash items charged to the net Surplus/Deficit on the Provision of Services	413	413	(632)	(632)
<b>Total</b>	<b>(11,821)</b>	<b>(149,720)</b>	<b>320</b>	<b>(118,180)</b>

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 31 and 32 where applicable):

	2021/22		2022/23	
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-	-	(9,999)	(9,999)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,232	5,232	650	650
Any other items for which the cash effects are investing or financing cash flows	251	251	20	20
<b>Total</b>	<b>5,483</b>	<b>5,483</b>	<b>(9,329)</b>	<b>(9,329)</b>

## 31. Cashflow – Investing Activities

	2021/22		2022/23	
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	12,170	12,170	8,573	8,573
Purchase of short-term and long-term investments	3,499	3,499	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,232)	(5,232)	(650)	(650)
Other receipts from investing activities	(254)	(254)	(23)	(23)
<b>Total</b>	<b>10,184</b>	<b>10,184</b>	<b>7,901</b>	<b>7,901</b>

## 32. Cashflow – Financing Activities

There were no items in either 2021/22 or 2022/23 which met the classification of financing activities to be adjusted for cashflow purposes.

### 33. 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 - 2021/22	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	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	£000
<b>Adjustments involving the Capital Adjustment Account</b>													
<u>Reversal of items debited or credited to the CIES</u>													
Charges for depreciation of non current assets	(6,738)			(6,738)		6,738						6,738	-
Amortisation of intangible assets	(356)			(356)		356						356	-
Revaluations and impairments for Property, Plant & Equipment	134			134		(134)						(134)	-
Write out net asset value debited as part of the gain/loss on disposal to the CIES	(4,321)			(4,321)		4,321						4,321	-
Net write off of revaluation gains in respect of asset disposals in year				-	1,474	(1,474)						-	-
<u>Insertion of items not debited or credited to the CIES</u>													
Statutory provision for the financing of capital investment	588			588		(588)						(588)	-
Capital Expenditure charged against the General Reserve	-			-		-						-	-
<b>Adjustments involving the Capital Grants Unapplied Account</b>													
Capital grants and contributions credited to CIES that have been applied to usable reserves	251		(251)	-								-	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure			251	251		(251)						(251)	-
<b>Adjustments involving the Capital Receipts Reserve</b>													
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	5,232	(5,232)		-								-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		4,305		4,305		(4,305)						(4,305)	-
<b>Adjustments involving the Pensions Reserve</b>													
Reversal of items relating to retirement benefits debited or credited to the CIES	(223,327)			(223,327)				182,081	41,246			223,327	-
Employers' pension contributions and direct payments to pensioners payable in the year	83,461			83,461				(70,044)	(13,417)			(83,461)	-
<b>Adjustments involving the Collection Fund Adjustment Account</b>													
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	1,887			1,887						(1,887)		(1,887)	-
<b>Adjustments involving the Accumulating Absences Account</b>													
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	1,579			1,579							(1,579)	(1,579)	-
<b>Total</b>	<b>(141,610)</b>	<b>(927)</b>	<b>-</b>	<b>(142,537)</b>	<b>1,474</b>	<b>4,663</b>	<b>-</b>	<b>112,037</b>	<b>27,829</b>	<b>(1,887)</b>	<b>(1,579)</b>	<b>142,537</b>	<b>-</b>

PFCC - 2021/22	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	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	£000
<b>Adjustments involving the Capital Adjustment Account</b>													
<u>Reversal of items debited or credited to the CIES</u>													
Charges for depreciation of non current assets	(6,738)			(6,738)		6,738						6,738	-
Amortisation of intangible assets	(356)			(356)		356						356	-
Revaluation losses on Property, Plant & Equipment	134			134		(134)						(134)	-
Write out net asset value debited as part of the gain/loss on disposal to the CIES	(4,321)			(4,321)		4,321						4,321	-
Net write off of revaluation gains in respect of asset disposals in year	-			-	1,474	(1,474)						-	-
<u>Insertion of items not debited or credited to the CIES</u>													
Statutory provision for the financing of capital investment	588			588		(588)						(588)	-
Capital Expenditure charged against the General Reserve	-			-		-						-	-
<b>Adjustments involving the Capital Grants Unapplied Account</b>													
Capital grants and contributions credited to CIES that have been applied to usable reserves	251		(251)	-								-	-
Use of the Capital Grants Unapplied Account to finance new capital expenditure			251	251		(251)						(251)	-
<b>Adjustments involving the Capital Receipts Reserve</b>													
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	5,232	(5,232)		-								-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		4,305		4,305		(4,305)						(4,305)	-
<b>Adjustments involving the Pensions Reserve</b>													
Reversal of items relating to retirement benefits debited or credited to the CIES	(571)			(571)					571			571	-
Employers' pension contributions and direct payments to pensioners payable in the year	181			181					(181)			(181)	-
<b>Adjustments involving the Collection Fund Adjustment Account</b>													
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	1,887			1,887						(1,887)		(1,887)	-
<b>Adjustments involving the Accumulating Absences Account</b>													
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	3			3							(3)	(3)	-
<b>Total</b>	<b>(3,710)</b>	<b>(927)</b>	<b>-</b>	<b>(4,638)</b>	<b>1,474</b>	<b>4,663</b>	<b>-</b>	<b>-</b>	<b>390</b>	<b>(1,887)</b>	<b>(3)</b>	<b>4,638</b>	<b>-</b>

PFCC Group - 2022/23	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	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	£000
<b>Adjustments involving the Capital Adjustment Account</b>													
Reversal of items debited or credited to the CIES													
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)						-	-
Insertion of items not debited or credited to the CIES													
Statutory provision for the financing of capital investment	793			793		(793)						(793)	-
Capital Expenditure funded from the Revenue Account	5,279			5,279		(5,279)						(5,279)	-
<b>Adjustments involving the Capital Grants Unapplied Account</b>													
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)	-
<b>Adjustments involving the Capital Receipts Reserve</b>													
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)	-
<b>Adjustments involving the Pensions Reserve</b>													
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)	-
<b>Adjustments involving the Collection Fund Adjustment Account</b>													
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)	-
<b>Adjustments involving the Accumulating Absences Account</b>													
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)	-
<b>Total</b>	<b>(119,825)</b>	<b>927</b>	<b>-</b>	<b>(118,898)</b>	<b>1,018</b>	<b>177</b>	<b>-</b>	<b>95,772</b>	<b>24,507</b>	<b>(1,108)</b>	<b>(1,468)</b>	<b>118,898</b>	<b>-</b>

PFCC - 2022/23	General Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	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	£000
<b>Adjustments involving the Capital Adjustment Account</b>													
<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)	-
<b>Adjustments involving the Capital Grants Unapplied Account</b>													
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)	-
<b>Adjustments involving the Capital Receipts Reserve</b>													
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)	-
<b>Adjustments involving the Pensions Reserve</b>													
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)	-
<b>Adjustments involving the Collection Fund Adjustment Account</b>													
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)	-
<b>Adjustments involving the Accumulating Absences Account</b>													
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	-
<b>Total</b>	<b>(1,326)</b>	<b>927</b>	<b>-</b>	<b>(399)</b>	<b>1,018</b>	<b>177</b>	<b>-</b>	<b>-</b>	<b>308</b>	<b>(1,108)</b>	<b>4</b>	<b>399</b>	<b>-</b>

# Statement of Accounts – Notes to the Financial Statements

## 34. 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, 2022/23:

- 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 **Operational Transformation Reserve** was first created in 2018/19 to fund one-off investments that will enable the enhancement and transformation of our future capability, capacity and effectiveness in delivering our ambitions. The reserve has been fully utilised in 2022/23.
- 11) The **Special Constabulary Reserve** was originally set up in 2018/19 to support the expenditure required to increase the number of Special Constables. The reserve has been fully utilised in 2022/23.
- 12) 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.
- 13) The **Data Analytics Reserve** was first created in 2019/20 to support the cost of introducing a new data analytics tool. The reserve has been fully utilised in 2022/23.
- 14) The **COVID Roadmap Violence Reduction Reserve** was originally set up in 2020/21 for the purpose of Operation Sunshade, which aims to address violent crime reduction surrounding the easing of lockdown measures. The remaining balance was returned to the General Reserve as planned within the Medium-Term Financial Strategy for 2022/23.
- 15) The **Restricted Grant Reserve** is used for unspent balances of grants received for specific purposes which have yet to be fully utilised.
- 16) The **Future Capital Funding Reserve** is used as an enabling facility to finance future capital expenditure arising in both new and existing projects.

# Statement of Accounts – Notes to the Financial Statements

## 35. 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 2022/23. Note 34 provides further details of the purpose of each of the earmarked reserves.

In respect of the 2021/22 comparative figures an updated presentation has been adopted with the Future Capital Funding Reserve, previously shown separately as 'held for capital purposes', now included with the rest of the earmarked reserves reflecting the fact that these monies are revenue funds in nature. This is consistent with the prior period adjustment previously actioned for this issue within the Movement in Reserves Statement in the 2021/22 Statement of Accounts, with the total specific/general reserves within this disclosure unchanged from those previously reported.

	Balance at 31 <sup>st</sup> March 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Balance at 31 <sup>st</sup> March 2023 £000
<b>Earmarked Reserves</b>				
PFCC Carry Forward Reserve (1)	3,174	-	2,084	5,258
Chief Constable's Carry Forward Reserve (2)	750	(100)	-	650
Forfeitures/Drugs Fund Reserve (3)	426	(230)	218	414
Transformation Reserve (4)	1,110	(263)	1,501	2,348
Operation Dagenham Maintenance Reserve (5)	92	(5)	14	101
POCA Reserve (6)	2,047	(505)	154	1,696
Redundancy & Relocation Reserve (7)	1,023	(60)	-	963
Major Operational Reserve (8)	1,500			1,500
Legal Claims Reserve (9)	1,316	(480)		836
Operational Transformational Reserve (10)	479	(564)	85	-
Special Constabulary Reserve (11)	145	(145)		-
PEQF Reserve (12)	326	(46)	18	298
Data Analytics Reserve (13)	28	(28)		-
COVID Roadmap Violence Reduction Reserve (14)	229	(229)		-
Restricted Grant Reserve (15)	103	(93)	426	436
Future Capital Funding Reserve (16)	4,358	(5,279)	1,921	1,001
<b>Sub total</b>	<b>17,107</b>	<b>(8,027)</b>	<b>6,421</b>	<b>15,501</b>
<b>Unallocated Reserves</b>				
General Reserve	14,818	(1,498)	74	13,394
<b>Total Specific/General Reserves</b>	<b>31,925</b>	<b>(9,525)</b>	<b>6,495</b>	<b>28,895</b>



# Statement of Accounts – Notes to the Financial Statements

## 36. 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.

	2021/22 £000	2022/23 £000
<b>Opening Balance</b>	-	(927)
<b>Capital receipts received</b>		
In-year receipts	(5,232)	(650)
<b>Capital receipts applied</b>		
Used for financing capital expenditure	4,305	1,576
<b>Closing Balance</b>	(927)	-

## 37. Usable Reserves

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

## 38. Unusable Reserves

The tables on the following pages describe the unusable reserves.

### 38.1 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 1<sup>st</sup> 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.

	2021/22 £000	2022/23 £000
<b>Opening Balance</b>	(10,939)	(16,938)
<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>		
Upward revaluation of assets	(10,365)	(6,904)
Downward revaluation of assets and impairment losses	2,892	4,873
<b>Amount written off to the Capital Adjustment Account</b>		
Depreciation of revaluation gains	140	185
Accumulated gains on assets sold or scrapped	1,334	320
Accumulated gains from previous years	-	513
<b>Closing Balance</b>	(16,938)	(17,951)

# Statement of Accounts – Notes to the Financial Statements

## 38.2 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 33 provides details of the source of all the transactions posted to this reserve, apart from those involving the Revaluation Reserve.

	2021/22 £000	2022/23 £000
<b>Opening Balance</b>	<b>(81,073)</b>	<b>(76,409)</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
Net charges for depreciation and impairment of non current assets	6,738	7,326
Revaluation (gains)/losses on Property, Plant and Equipment	(134)	411
Amortisation of Intangible Assets	356	351
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	4,321	776
Adjusting amounts written out of the Revaluation Reserve	(1,474)	(1,018)
<b>Net written out amount of the cost of non current assets consumed in the year</b>	<b>(71,266)</b>	<b>(68,563)</b>
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,305)	(1,576)
Capital Grants and Other Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	(251)	(21)
Statutory provision for the financing of Capital Investment charged against the General Reserve	(588)	(793)
Capital Expenditure charged against the General Reserve	-	(5,279)
<b>Closing Balance</b>	<b>(76,409)</b>	<b>(76,231)</b>

## 38.3 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.

# Statement of Accounts – Notes to the Financial Statements

	2021/22			2022/23		
	Group			Group		
	Police Officers £000	Police Staff £000	Total £000	Police Officers £000	Police Staff £000	Total £000
<b>Opening Balance</b>	<b>3,328,893</b>	<b>240,309</b>	<b>3,569,202</b>	<b>3,297,849</b>	<b>193,569</b>	<b>3,491,418</b>
Actuarial (gains)/losses on pensions assets and liabilities	(143,081)	(74,569)	<b>(217,650)</b>	(1,183,783)	(305,867)	<b>(1,489,650)</b>
Reversal of items relating to retirement benefits debited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	182,081	41,246	<b>223,327</b>	168,452	38,378	<b>206,830</b>
Employer's pensions contributions and direct payments to pensioners payable in the year	(70,044)	(13,417)	<b>(83,461)</b>	(72,680)	(13,871)	<b>(86,551)</b>
Adjustment for IFRIC 14 asset ceiling	-	-	-	-	88,814	<b>88,814</b>
<b>Closing Balance</b>	<b>3,297,849</b>	<b>193,569</b>	<b>3,491,418</b>	<b>2,209,838</b>	<b>1,023</b>	<b>2,210,861</b>

	2021/22			2022/23		
	PFCC			PFCC		
	Police Officers £000	Police Staff £000	Total £000	Police Officers £000	Police Staff £000	Total £000
<b>Opening Balance</b>	-	<b>2,105</b>	<b>2,105</b>	-	<b>1,999</b>	<b>1,999</b>
Actuarial (gains)/losses on pensions assets and liabilities	-	(496)	<b>(496)</b>	-	(2,307)	<b>(2,307)</b>
Reversal of items relating to retirement benefits debited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-	571	<b>571</b>	-	505	<b>505</b>
Employer's pensions contributions and direct payments to pensioners payable in the year	-	(181)	<b>(181)</b>	-	(197)	<b>(197)</b>
Adjustment for IFRIC 14 asset ceiling	-	-	-	-	809	<b>809</b>
<b>Closing Balance</b>	-	<b>1,999</b>	<b>1,999</b>	-	-	-

For an explanation of the asset ceiling adjustment in respect of IFRIC 14 please refer to note 43.

## 38.4 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.

The layout of the 2022/23 disclosure has been updated to provide additional information, breaking out the (surplus)/deficit for each local authority, as well as providing a further analysis of the constituent elements which comprise the year-end balances. The 2021/22 year-end position of (£2.061m), as included in the prior year accounts disclosure, remains visible in the first column.

# Statement of Accounts – Notes to the Financial Statements

	2022/23				
	(Surplus) / Deficit Opening Balance	Net Arrears	Net Prepayments	Net Cash	(Surplus) / Deficit Closing Balance
	£000	£000	£000	£000	£000
Basildon	77	689	(245)	(562)	118
Braintree	(163)	568	(189)	92	(471)
Brentwood	(111)	472	(155)	(81)	(236)
Castle Point	(19)	330	(121)	(33)	(176)
Chelmsford	25	1,473	(225)	(1,473)	225
Colchester	(167)	209	(489)	176	104
Epping Forest	(152)	389	(310)	(237)	158
Harlow	(971)	1,277	(173)	(252)	(852)
Maldon	(93)	367	(86)	(95)	(186)
Rochford	(16)	35	(81)	101	(55)
Southend	143	480	(410)	850	(920)
Tendring	(564)	1,314	(440)	(189)	(685)
Thurrock	(130)	339	(107)	(15)	(217)
Uttlesford	79	129	(275)	121	25
	<b>(2,061)</b>	<b>8,071</b>	<b>(3,306)</b>	<b>(1,597)</b>	<b>(3,169)</b>

## 38.5 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 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Reserve is neutralised by transfers to or from the account.

	2021/22	2021/22	2022/23	2022/23
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
<b>Opening Balance</b>	<b>30</b>	<b>6,197</b>	<b>27</b>	<b>4,618</b>
Settlement or cancellation of accrual from previous year	(30)	(6,197)	(27)	(4,618)
Amounts accrued for revised liability value at the end of the current year	27	4,618	31	3,150
<b>Closing Balance</b>	<b>27</b>	<b>4,618</b>	<b>31</b>	<b>3,150</b>

There was a significant increase in the liability value (and corresponding unusable reserve) at the end of 2020/21 due to higher carry forward thresholds for both officers and staff as a result of COVID-related factors. The balance on the Accumulated Absences account reduced in 2021/22 and in 2022/23 has reduced again returning to align with balances held pre-COVID.

# Statement of Accounts – Notes to the Financial Statements

## 39. 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 1<sup>st</sup> 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 2.27.

### Financial Instruments – Balances

#### Financial Assets

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

<b>Financial Instruments Overview</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
<b>Financial Assets</b>		
<i>At amortised cost:</i>		
Principal	9,999	-
<b>Total Investments</b>	<b>9,999</b>	<b>-</b>
<i>At amortised cost:</i>		
Principal	4,218	970
<b>Total Cash and Cash Equivalents</b>	<b>4,218</b>	<b>970</b>
<i>At amortised cost:</i>		
Receivables	8,294	7,576
Loss Allowance	(117)	(86)
<b>Included in Debtors</b>	<b>8,177</b>	<b>7,490</b>
<b>Total Financial Assets</b>	<b>22,394</b>	<b>8,460</b>

All of the above financial assets are classified as short-term. There were no long-term financial assets held at the 31<sup>st</sup> March 2023. 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 2022/23 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). It should be noted that whilst the PFCC held £1.6m of money market funds at the 31<sup>st</sup> March 2023 they are not included in the above table as they, together with £1.5m of other cash balances, have been deemed to relate to monies held on behalf of third parties that are not part of Cash and Cash Equivalents at the Balance Sheet date.

The debtors lines on the Balance Sheet include £41.182m (2021/22, £31.552m) short-term and £0.023m (2021/22, £0.026m) long-term debtors that do not meet the definition of a financial asset, on the basis they relate to non-exchange transactions.

# Statement of Accounts – Notes to the Financial Statements

## Financial Liabilities

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

Financial Liabilities	Short Term	
	2021/22	2022/23
	£000	£000
<i>At amortised cost:</i>		
Payables	(23,863)	(22,518)
<b>Included in Creditors</b>	<b>(23,863)</b>	<b>(22,518)</b>
<i>At amortised cost:</i>		
Provisions	(2,759)	(3,391)
<b>Total Long-term Liabilities</b>	<b>(2,759)</b>	<b>(3,391)</b>
<b>Total Financial Liabilities</b>	<b>(26,622)</b>	<b>(25,909)</b>

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 £13.132m (2021/22, £14.503m) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

The PFCC does not hold any external borrowings at the 31<sup>st</sup> March 2023 but has an internal borrowing requirement of £17.028m (as per note 21). This comprises £12.464m of unfinanced capital expenditure from 2020/21 onwards, and a further £4.564m 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:

Gains and Losses	2021/22	2022/23
	£000	£000
<b>Financial Assets</b>		
<i>At amortised cost:</i>		
Interest income	(12)	(418)
<b>Interest and Investment Income</b>	<b>(12)</b>	<b>(418)</b>
<b>Interest Payable and Similar Charges</b>	<b>-</b>	<b>1</b>
<b>Net (gain)/loss recognised within the (Surplus)/Deficit on Provision of Services</b>	<b>(12)</b>	<b>(417)</b>

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.

# Statement of Accounts – Notes to the Financial Statements

The PFCC has assessed that there are no anticipated credit losses to recognise in the 2022/23 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 40) 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.

## 40. 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
- **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 for 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 2022/23 in respect of the PFCC's treasury investment portfolio, by credit rating and remaining time to maturity.



# Statement of Accounts – Notes to the Financial Statements

## Approved counterparty criteria where investments placed during 2022/23

Treasury investment counterparties and limits 2022/23	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 term-duration	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	50%
Strategic pooled funds	Separate approval to be sought from PFCC Office		
No published credit rating (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 2022/23, and the PFCC does not expect any losses from non-performance for these investments in the future. However, treasury management performance will continue to be reviewed during 2023/24, 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	2021/22 £000	2022/23 £000
Neither past due or impaired	4,216	4,282
Between 31 and 60 days	(22)	(52)
Between 61 and 90 days	6	214
Over 90 days	205	164
<b>Total</b>	<b>4,405</b>	<b>4,608</b>

Loss allowances on trade receivables have been generally calculated by reference to the PFCC's historic experience of default (currently assessed at 0.05%). Following a review of outstanding balances at the 31<sup>st</sup> March 2023, this provision value has been assessed with a reduction of £0.031m 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.

# Statement of Accounts – Notes to the Financial Statements

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 2022/23.

## 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 2023/24. 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 2023/24 TMS.

## Market Risk: Interest Rate Risk

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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the (Surplus)/Deficit on the Provision of Services as appropriate.

The TMS aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. As at 31<sup>st</sup> March 2023 and based on the actual treasury management position, £0.0m (31<sup>st</sup> March 2022: £9.9m) of short-term investments were exposed to fixed rates with £4.1m (31<sup>st</sup> March 2022: £8.1m) of liquid investments exposed to variable rates.

If all interest rates had been 1% higher (with all other variables held constant) the increased investment income would be:

# Statement of Accounts – Notes to the Financial Statements

	2021/22	2022/23
	£000	£000
Increase in interest receivable on variable rate investments (based on year-end Balance Sheet position)	81	41
<b>Total</b>	<b>81</b>	<b>41</b>

This additional income would flow through to the (Surplus)/Deficit on the Provision of Services. This indicator can also be used to indicate the additional yield which the PFCC could earn in respect of diversifying its TMS. The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

## 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.

## 41. 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.

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.

# Statement of Accounts – Notes to the Financial Statements

The ERSOU income and expenditure statement for 2022/23 is shown below:

	2021/22				2022/23			
	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	(641)	2,596	(61)	1,894	(1,089)	3,156	46	2,112
Cambridgeshire	(822)	3,331	(63)	2,447	(1,376)	3,985	46	2,655
Essex	(1,599)	3,603	(54)	1,950	(1,962)	4,591	32	2,661
Hertfordshire	(1,164)	4,718	(101)	3,453	(1,958)	5,671	74	3,788
Kent	(929)	3,381	(36)	2,416	(1,344)	4,372	16	3,044
Norfolk	(926)	3,754	(80)	2,749	(1,552)	4,495	58	3,001
Suffolk	(706)	2,861	(64)	2,091	(1,198)	3,468	47	2,317
<b>Total</b>	<b>(6,785)</b>	<b>24,244</b>	<b>(459)</b>	<b>17,000</b>	<b>(10,479)</b>	<b>29,739</b>	<b>318</b>	<b>19,579</b>

Please note that whilst the £2.661m in the table above is the reported share of ERSOU costs for Essex in 2022/23, 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 2022/23 in respect of contributions to joint departments was £13.700m (2021/22 £14.381m). The amount paid to Kent Police for the year 2022/23 in respect of contributions to joint departments was £14.463m (2021/22 £12.245m).

### **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

# Statement of Accounts – Notes to the Financial Statements

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 1<sup>st</sup> 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:

	2021/22		2022/23	
	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	135	338	157	349
Cambridgeshire	171	427	199	441
Hertfordshire	249	624	290	644
Kent	376	964	438	974
Norfolk	194	512	226	525
Suffolk	150	395	174	406
Essex	352	882	410	911
Warwickshire	89	227	104	243
West Mercia	137	273	160	354
<b>Total</b>	<b>1,853</b>	<b>4,642</b>	<b>2,158</b>	<b>4,847</b>

## 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.

In 2022/23 the budgeted team establishment consists of 1 x FTE Chief Superintendent for Business Change & Benefits, 1 x FTE Staff Programme Manager and another 12 x FTE staff roles to provide a programme management office (PMO) as well as specific roles to support the Digital Asset Management System (DAMS) and Forensics projects implementation. Funding has now been extended to the end of 2023/2024 for the

# Statement of Accounts – Notes to the Financial Statements

Programme Manager and supporting project posts to allow for delivery of DAMS and Forensic Case Management System (CMS).

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. These posts and an administrative role not yet recruited into have funding agreed until 2024/25.

The initial transition to the 7F Firearms Training Compliance function commenced on 1<sup>st</sup> 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. With the scaling down of the 7F Programme Team, the 7F accountant role was originally due to finish at the end of June 2022, however CFO's have now agreed to extend this until December 2022. This will allow this role to continue supporting 7F Commercial Services and other 7F BAU functions, as well as ongoing projects, whilst assessing the need for such a role on a long-term basis. The 7F accountant role was further extended until September 2023 and is currently under review for further extension or alternative regional finance arrangements thereafter.

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 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 implementation of the Forensic CMS began in 2021/22 and costs will continue across the five-year life of the project. Due to project delays no further milestones were met so no further invoices were received in 2022/2023. Payments are being negotiated for 2023/24 with a reduced hosting fee anticipated until go-live.

	<b>2022/23 Share of Collaboration costs £000</b>
Bedfordshire	144
Cambridgeshire	182
Essex	297
Hertfordshire	259
Kent	314
Norfolk	205
Suffolk	159
<b>Total</b>	<b>1,560</b>

# Statement of Accounts – Notes to the Financial Statements

## 42. 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).

In addition, year-end amounts due to and from central government are analysed within the footnote of the breakdowns provided for debtors (note 23) and creditors (note 27).

### 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 1<sup>st</sup> 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 actual cash received from ECFRS during 2022/23 was nil but £0.266m relating to this financial year was accrued and reflected in the CIES in 2022/23. The amount paid to ECFRS during 2022/23 was £0.363m.

### 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.



# Statement of Accounts – Notes to the Financial Statements

---

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 43) 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 41 (Joint-Controlled Operations and Collaborative Activity).

## **Officers**

A process to determine any related party transactions arising from relationships that serving Chief Officers hold, is undertaken at year-end. This process covers Essex-based Chief Officers as well as those employed by Kent Police which undertake joint roles for both forces.

The PFCC as a serving councillor for Brentwood Borough Council has a related party relationship with this entity in his role as Commissioner. During 2022/23 the PFCC office has recognised £126,846 of expenditure in respect of premises costs at Brentwood Borough Council, encompassing £75,250 for rental and £51,596 for service charges. The increased amounts incurred in 2022/23 include the impact of backdated rental and service charge adjustments. There were no other material transactions arising from this relationship in 2022/23 nor between these entities, except for council tax billing and collection activities which are required by statute.

Of the other declarations of interest received no other Chief Officer has undertaken any material transactions with the PFCC/Group.

# Statement of Accounts – Notes to the Financial Statements

## 43. 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 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 Comprehensive Income and Expenditure Statement. The following transactions have been made in the PFCC Group's accounts during the year:

### Police Officer Pension Schemes

	Totals	
	2021/22	2022/23
	£000	£000
<b>Comprehensive Income &amp; Expenditure Statement</b>		
Cost of Services:		
Service cost	116,201	83,647
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	65,880	84,805
<b>Total Post Employment Benefit charged to the (Surplus)/Deficit on the Provision of Services</b>	<b>182,081</b>	<b>168,452</b>
<b>Other Post-Employment Benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>		
Remeasurement of the net defined benefit liability comprising:		
Change in financial assumptions	(149,319)	(1,364,981)
Change in demographic assumptions	-	
Experience (gain)/loss on defined benefit obligation	6,238	181,198
<b>Remeasurements</b>	<b>(143,081)</b>	<b>(1,183,783)</b>
<b>Total Post Employment Benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>39,000</b>	<b>(1,015,331)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services for post employment benefits	(182,081)	(168,452)
Actual amount charged against the General Reserve for pensions in the year - retirement benefits payable to retired police officers	70,044	72,680
<b>Movement in Reserves Statement</b>	<b>(112,037)</b>	<b>(95,772)</b>

# Statement of Accounts – Notes to the Financial Statements

## Local Government Pension Scheme (LGPS) - Police Staff

	Local Government Pension Scheme			
	2021/22	2021/22	2022/23	2022/23
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
<b>Comprehensive Income &amp; Expenditure Statement</b>				
<b>Net Cost of Provision of Police Services:</b>				
Service cost	529	36,346	453	33,226
Administration expenses	1	225	2	297
	<b>530</b>	<b>36,571</b>	<b>455</b>	<b>33,523</b>
<b>Financing and Investment Income &amp; Expenditure:</b>				
Net interest on the defined liability	<b>41</b>	<b>4,675</b>	<b>50</b>	<b>4,855</b>
<b>Total</b>	<b>571</b>	<b>41,246</b>	<b>505</b>	<b>38,378</b>
<b>Other</b>				
<b>Remeasurement of the net defined benefit liability comprising:</b>				
Return on plan assets in excess of interest	(209)	(37,242)	70	11,683
Other actuarial (gains)/losses on assets	-	-	(865)	(5,036)
Change in financial assumptions	(298)	(39,027)	(3,361)	(343,404)
Change in demographic assumptions	-	-	(119)	(15,494)
Experience (gain)/loss on defined benefit obligation	11	1,700	1,159	46,384
<b>Other remeasurements:</b>				
Adjustment for IFRIC 14 asset ceiling	-	-	809	88,814
<b>Total Remeasurements</b>	<b>(496)</b>	<b>(74,569)</b>	<b>(2,307)</b>	<b>(217,053)</b>
<b>Total</b>	<b>75</b>	<b>(33,323)</b>	<b>(1,802)</b>	<b>(178,675)</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services for post employment benefits	(571)	(41,246)	(505)	(38,378)
Employer's contribution payable to scheme	181	13,417	197	13,871
<b>Net Movement in Reserves Statement</b>	<b>(390)</b>	<b>(27,829)</b>	<b>(308)</b>	<b>(24,507)</b>

## Settlements/Curtailments

With effect from 2020/21 the IAS 19 standard requires, when the impact is material, that when determining any past service cost or gain/loss on settlement, the net defined benefit liability is remeasured using current assumptions and the fair value of plan assets at the time of the event. In 2022/23 there were no events in the LGPS that have been treated as material special events in respect of these requirements.

## 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 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.

# Statement of Accounts – Notes to the Financial Statements

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	
	2021/22	2022/23
	£000	£000
Present value of the defined benefit obligation	(3,297,849)	(2,209,838)
<b>Net liability in Balance Sheet</b>	<b>(3,297,849)</b>	<b>(2,209,838)</b>

	Local Government Pension Scheme			
	2021/22	2021/22	2022/23	2022/23
	PFCC £000	Group £000	PFCC £000	Group £000
Present value of funded obligation	(5,007)	(708,406)	(3,322)	(441,659)
Fair value of scheme assets (bid value)	3,008	516,186	4,131	530,473
<b>Gross asset/(liability)</b>	<b>(1,999)</b>	<b>(192,220)</b>	<b>809</b>	<b>88,814</b>
Adjustment for IFRIC14 asset ceiling	-	-	(809)	(88,814)
<b>Adjusted Gross asset/(liability)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Present value of unfunded obligation	-	(1,349)	-	(1,023)
<b>Net asset/(liability) in Balance Sheet</b>	<b>(1,999)</b>	<b>(193,569)</b>	<b>-</b>	<b>(1,023)</b>

# Statement of Accounts – Notes to the Financial Statements

## 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:

	Police Officer Pension Scheme	
	2021/22	2022/23
	£000	£000
<b>Defined benefit obligation at start of year</b>	<b>(3,328,893)</b>	<b>(3,297,849)</b>
Current service cost	(116,201)	(83,647)
Interest cost	(65,880)	(84,805)
Change in financial assumptions	149,319	1,364,981
Experience gain/loss on defined benefit obligation	(6,238)	(181,198)
Estimated benefits paid net of transfers in	86,113	89,279
Contributions by scheme participants	(16,069)	(16,599)
<b>Defined benefit obligation at end of year</b>	<b>(3,297,849)</b>	<b>(2,209,838)</b>

	Police Officer Pension Scheme	
	2021/22	2022/23
	£000	£000
Contributions by employer	70,044	72,680
Contributions by participants	16,069	16,599
Net benefits paid out	(86,113)	(89,279)
<b>Closing fair value of assets</b>	<b>-</b>	<b>-</b>

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

Liabilities	Local Government Pension Scheme			
	2021/22	2021/22	2022/23	2022/23
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
<b>Balance at start of year</b>	<b>(4,627)</b>	<b>(702,190)</b>	<b>(5,007)</b>	<b>(709,755)</b>
Current service cost	(529)	(36,281)	(453)	(33,132)
Past service cost	-	(65)	-	(94)
Interest cost	(95)	(13,993)	(131)	(18,375)
Change in financial assumptions	298	39,027	3,361	343,404
Change in demographic assumptions	-	-	119	15,494
Experience loss/gain on defined benefit obligation	(11)	(1,700)	(1,159)	(46,384)
Contributions by scheme participants	(78)	(4,565)	(83)	(4,681)
Benefits/transfers paid	35	9,931	31	10,757
Unfunded pension payments	-	81	-	84
<b>Balance at end of year</b>	<b>(5,007)</b>	<b>(709,755)</b>	<b>(3,322)</b>	<b>(442,682)</b>

# Statement of Accounts – Notes to the Financial Statements

Assets	Local Government Pension Scheme			
	2021/22	2021/22	2022/23	2022/23
	PFCC	Group	PFCC	Group
	£000	£000	£000	£000
<b>Balance at start of year</b>	<b>2,522</b>	<b>461,881</b>	<b>3,008</b>	<b>516,186</b>
Interest on assets	54	9,318	81	13,520
Return on assets less interest	209	37,242	(70)	(11,683)
Other actuarial gains/losses	-	-	865	5,036
Administration expenses	(1)	(225)	(2)	(297)
Employer contributions including unfunded	181	13,417	197	13,871
Contributions by scheme participants	78	4,565	83	4,681
Benefits paid	(35)	(10,013)	(31)	(10,841)
<b>Balance at end of year</b>	<b>3,008</b>	<b>516,186</b>	<b>4,131</b>	<b>530,473</b>
<b>Net asset/(liability) at start of year</b>	<b>(2,105)</b>	<b>(240,309)</b>	<b>(1,999)</b>	<b>(193,570)</b>
<b>Net asset/(liability) at end of year</b>	<b>(1,999)</b>	<b>(193,570)</b>	<b>809</b>	<b>87,791</b>

## 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:

	2021/22		2021/22		2022/23		2022/23	
	PFCC		Group		PFCC		Group	
	£000	%	£000	%	£000	%	£000	%
Equities	1,805	60%	309,934	60%	2,380	58%	305,563	58%
Government bonds	72	3%	12,323	3%	60	1%	7,758	1%
Other bonds	132	4%	22,604	4%	-	0%	-	0%
Property	247	8%	42,336	8%	338	8%	43,446	8%
Cash/Liquidity	76	3%	13,097	3%	133	3%	17,104	3%
Alternative assets	372	12%	63,788	12%	654	16%	83,957	16%
Other managed funds	304	10%	52,104	10%	566	14%	72,645	14%
<b>Total</b>	<b>3,008</b>	<b>100%</b>	<b>516,186</b>	<b>100%</b>	<b>4,131</b>	<b>100%</b>	<b>530,473</b>	<b>100%</b>

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
- 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

# Statement of Accounts – Notes to the Financial Statements

The total employer contributions expected to be made to the LGPS in the year to 31<sup>st</sup> March 2024 are £14.466m for the Group and £0.240m for the PFCC. The expected employer contributions for the Police Officer Pension Scheme in the year to 31<sup>st</sup> March 2024 is £42.377m.

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: 31<sup>st</sup> March 2022
- Police Pension Schemes: 31<sup>st</sup> 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			
	2021/22 PFCC	2021/22 Group	2022/23 PFCC	2022/23 Group
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	n/a	22.4	n/a	22.5
Female	n/a	24.9	n/a	25.0
Retiring today:				
Male	n/a	21.1	n/a	21.1
Female	n/a	23.4	n/a	23.5
Rate of Inflation (RPI)	n/a	3.55%	n/a	3.40%
Rate of Inflation (CPI)	n/a	3.20%	n/a	2.95%
Rate of Increase in Salaries	n/a	4.20%	n/a	3.95%
Rate of Increase in Pensions	n/a	3.20%	n/a	2.95%
Discount Rate	n/a	2.60%	n/a	4.80%

	Local Government Pension Scheme			
	2021/22 PFCC	2021/22 Group	2022/23 PFCC	2022/23 Group
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	23.0	23.0	22.3	22.3
Female	25.1	25.1	25.0	25.0
Retiring today:				
Male	21.6	21.6	21.1	21.1
Female	23.7	23.7	23.5	23.5
Rate of Inflation (RPI)	3.55%	3.55%	3.20%	3.20%
Rate of Inflation (CPI)	3.20%	3.20%	2.90%	2.90%
Rate of Increase in Salaries	4.20%	4.20%	3.90%	3.90%
Rate of Increase in Pensions	3.20%	3.20%	2.90%	2.90%
Discount Rate	2.60%	2.60%	4.80%	4.80%



# Statement of Accounts – Notes to the Financial Statements

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	3,242	3,322	3,404	434,305	442,682	451,308
Projected service cost	189	197	205	12,597	13,073	13,567
<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	3,333	3,322	3,311	443,505	442,682	441,867
Projected service cost	197	197	196	13,082	13,073	13,064
<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	3,395	3,322	3,252	450,639	442,682	434,960
Projected service cost	205	197	189	13,573	13,073	12,590
<u>Adjustment to mortality age rating assumption</u>	+1 year	None	-1 Year	+1 year	None	-1 Year
Present value of total obligation	3,410	3,322	3,236	457,492	442,682	428,400
Projected service cost	204	197	189	13,534	13,073	12,623

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	2,173,219	2,209,838	2,247,454
Projected service cost	27,925	30,253	30,821
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,215,341	2,209,838	2,204,382
Projected service cost	30,281	30,253	30,224
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,242,598	2,209,838	2,177,990
Projected service cost	30,839	30,253	27,908
<u>Adjustment to mortality age rating assumption</u>	+ 1 Year	None	-1 Year
Present value of total obligation	2,292,202	2,209,838	2,130,669
Projected service cost	31,447	30,253	29,088

## 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 (1<sup>st</sup> April 2015 – 31<sup>st</sup> March 2022). To be eligible members must have been in a pre-2015 scheme at 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2015 and have some element of transitional protection. This choice will be deferred for members until retirement.

# Statement of Accounts – Notes to the Financial Statements

---

The IAS 19 pensions figures included in the 2022/23 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 Chief Constable and incorporated into the accounting results with effect from 31<sup>st</sup> March 2019 onwards. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31<sup>st</sup> March 2023.

The Chief Constable 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 2022/23 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 2023/24, 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 pension fund 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 police authority in the form of a central government top-up grant.

In recognition that there will be members who will be retiring ahead of the formal introduction of the McCloud/Sargeant Remedy in October 2023, the Chief Constable, as the scheme manager for the Essex 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 will have the option to receive legacy pension scheme benefits or those available under the reformed CARE scheme, for service within the remedy period (1<sup>st</sup> April 2015 – 31<sup>st</sup> March 2022). In 2022/23 the impact of these immediate detriment payments total £0.393m, made up of additional payments for lump sums of £0.347m plus £0.069m of annual pension payments, offset by £0.023m of additional contributions from officers.

It should be noted that any pension paid under immediate detriment is based on the force's interpretation of the remedy in advance of the legislation. These immediate detriment pensions will need to be revisited and recalculated once the government has agreed its final approach. The expectation is that the costs incurred in both 2022/23 and 2021/22 will be reclaimed through the Home Office Police Officer Pension grant following the implementation of the second phase of the remedy in October 2023.

## **Compensation Claims**

In addition to the remedy, related compensation claims for injury to feelings have been lodged in two litigation cases:

### Aarons & Ors

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

### Penningtons

As at 31<sup>st</sup> March 2023, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

# Statement of Accounts – Notes to the Financial Statements

---

## 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 23<sup>rd</sup> 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 5<sup>th</sup> 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 6<sup>th</sup> April 2016. The valuation assumptions for GMP adopted within the 2021/22 financial statements is that the fund will pay limited increases for members that have reached the state pension age (SPA) by the 6<sup>th</sup> 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 above assumptions already being included in the 2022/23 financial statements the PFCC/Group have not made any further financial adjustments in respect of GMP, and in the meantime the PFCC awaits further updates on the government's decision.

# 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 1<sup>st</sup> 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 1<sup>st</sup> April 2015 unless they had full transitional or tapered protection. These protections ceased with effect from 1<sup>st</sup> 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 is due to be implemented in October 2023.

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 43 of the PFCC/Group accounts.

# Police Officer Pension Fund Account

	2021/22	2022/23
	£000	£000
<b>Contributions receivable</b>		
Employer 31% of Pensionable Pay	(36,612)	(38,554)
Serving police officers [Note 1]	(15,691)	(16,497)
Capital equivalent payment for ill health [Note 2]	(520)	(433)
<b>Transfers in</b>		
Individual transfers in from other schemes [Note 3]	(832)	(509)
<b>Total Receipts</b>	<b>(53,655)</b>	<b>(55,993)</b>
<b>Benefits payable</b>		
Pensions	71,277	74,137
Commutations and lump sum payments	12,017	10,562
Annual and lifetime allowance tax payments	-	584
Lump sum death benefits	390	-
<b>Payments to and on account of leavers</b>		
Refund of contributions	225	233
Individual transfers out to other schemes [Note 3]	21	4
<b>Total Payments</b>	<b>83,930</b>	<b>85,520</b>
<b>Sub total for the year before transfer from the PFCC of amount equal to the deficit</b>	<b>30,275</b>	<b>29,527</b>
Transfer of amount from the PFCC equal to the deficit	(30,275)	(29,527)
<b>Transfer of amount from the PFCC of amount equal to the deficit - Total</b>	<b>(30,275)</b>	<b>(29,527)</b>
<b>Net Amount Payable for the year</b>	<b>-</b>	<b>-</b>

## 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.

	2021/22 £000	2022/23 £000
<b>Current Assets</b>		
Funding to meet Deficit due from Essex Police (Via Home Office grant)	79	
<b>Current Liabilities</b>		
Unpaid Pension Benefits	(79)	-
<b>Net Assets</b>	-	-

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 2022/23, 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 corporation's 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. 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 2011
- The Strategic Policing Requirement
- 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 Policy
- 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](http://www.essex.pfcc.police.co.uk) or can be obtained from the PFCC, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB.

3.3 The Government published an updated Strategic Policing Requirement on 20 February 2023. The implications of this and any subsequent gaps in local arrangements are currently being analysed and will inform any necessary alterations to the governance framework in 2023/24.

3.4 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



# Annual Governance Statement

---

## 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 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 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 the year, 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 was updated in April 2022 and 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 Quarter 3 of 2022/23. At the time of writing, the report is expected to be published later in April 2023.
- 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

# Annual Governance Statement

---

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 has responded proactively with a strategy which seeks to listen, understand, consolidate, and respond to the views of our organisation and our 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 will be discussed with both internal and external stakeholders in the near future and will form the basis of follow-up activity where necessary. Rather than having separate governance and scrutiny for this activity, we will maximise our existing governance infrastructure to ensure any issues raised during our assessment are adopted by the most appropriate area of business.

- 4.8 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.
- 4.9 Complaints against the Chief Constable are considered by the PFCC, again in liaison with the Independent Office for Police Conduct (IOPC) where necessary. During the 2022/23, the Commissioner received nine complaints against the Chief Constable. This is more than were received in 2021/22 but still a significant reduction from 21 in 2020 and 22 in 2019. None of the nine complainants has so far provided the detail required to investigate their complaints, however correspondence regarding one of these cases remained ongoing at the end of the financial year.
- 4.10 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 do not have to be shared with the complainant.

# Annual Governance Statement

---

4.11 During 2022/23, 153 requests for reviews were received, of which 34 were deemed to be invalid (e.g. because they had been directed to the incorrect Relevant Review Body, so were redirected to the IOPC, or were out of time or otherwise ineligible for progression), two were withdrawn and 117 were completed. Of the 117 reviews undertaken, 19 were upheld and 98 were not upheld. As a result of the completed reviews:

- 18 recommendations were made
- 28 organisational learning points were identified
- 46 oversights were identified

## 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. Following the re-election of PFCC Hirst in May 2021, work was undertaken to develop the Police and Crime Plan for the new electoral term. The content of the new Plan was informed by a range of evidence sources and stakeholder engagement activities including:
- Various internal documents, such as the PFCC's Annual Report for 2020/2021, papers to the PFCC's Strategic Board and Performance and Resources Board, and the results of the ongoing independent public confidence and victim satisfaction survey jointly commissioned by the PFCC and the Chief Constable
  - The four strategic policing pillars set out by the Home Secretary earlier in 2021
  - The major national documents concerning policing, in particular the Beating Crime Plan, the Policing Vision covering the period 2017/2025, the Strategic Policing Requirement, and the new National Crime and Policing Measures
  - A range of presentations from police leads on each of the draft priority areas, followed by extensive discussion and debate with a wide range of police colleagues
  - Workshop discussions with over 100 partner organisations including local councils, charities, victim support groups, advisory groups, and interest groups

# Annual Governance Statement

---

- A range of feedback gained through presentations to various multi-agency groups and special interest groups such as Safer Essex (the countywide strategy group in relation to community safety), the Essex Partners Board, the Basildon Diversity Forum, and other disability advisory groups.
  - Feedback obtained through a public survey
  - Feedback obtained through a Youth Voice project undertaken by the Essex Council for Voluntary Youth Services
- 5.5 In total, over 1,000 people were involved in discussions regarding the development of the Police and Crime Plan with a further 1,500 people participating in the public survey. The Chief Constable and, through them, Essex Police's Chief Officer Group, were engaged in the development process throughout. The PFCC and the Police, Fire and Crime Panel also ran a series of workshops to ensure that Panel members were able to inform the development of the Plan throughout the process. 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.
- 5.6 The PFCC completed their annual public survey on the precept for the following year between 17<sup>th</sup> October and 1st December 2022. 2,349 people responded (a 14.5% increase on the previous year). 51% of those who responded to the question stated that they would be prepared to invest more in policing to improve the service provided. 75% of respondents who indicated how much more they were prepared to contribute stated that they would pay a further £10 per year. 55% 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 2023.
- 5.7 The PFCC's overarching Communications and Engagement Strategy 2022/24 was approved in February 2022, to align with the formal launch of the new Police and Crime Plan. Essex Police also has its own comprehensive engagement strategy.
- 5.8 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.
- 5.9 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.
- 5.10 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. The Correspondence Standards were reviewed and updated in April 2022. The Complaints and Expression of Dissatisfaction Policy was also reviewed and updated in 2022/23 to reflect organisational learning since the national reform of the police complaints system and the implementation of the updated Police (Complaints and Misconduct) Regulations in February 2020, as well as to reflect the requirements of the Elected Local Policing Bodies (Specified Information) (Amendment) Order 2021 in relation to complaints handling, and to discharge a recommendation made to the

# Annual Governance Statement

---

PFCC by the Complaints Sub-Committee of the Essex Police, Fire and Crime Panel. 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.

- 5.11 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 2022, overall confidence and satisfaction with Essex Police remained high, with 75% of respondents believing that Essex Police does a good or excellent job, with 66% having confidence in local policing. Whilst lower than the figures for the previous 12 months (80% and 76% respectively), this indicates that the arrangements described above are proving effective.

## 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.
- 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 include 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

# Annual Governance Statement

---

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)
- 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.



# Annual Governance Statement

---

## 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 2022/23 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. This year’s programme has seen investments and uplifts in key areas aligned to the priorities identified in the Police and Crime Plan, including:
- Tackling all forms of violence (including Violence Against Women and Girls (VAWG), Domestic Abuse and Drug Driven Violence, with resources into Local Policing High Harm Investigation Teams and Child Abuse Investigation Teams those supporting Multi-Agency Risk Assessment Conferences (MARACs))
  - Preventing crime and increasing police visibility in communities (through Town Centre Teams, Local Policing Teams and at Stansted Airport, as well as through additional investment in the Force Control Room, Performance Analysis, the Estates Team and Media and Communications)
  - Investigating crime and building an even more professional force (investing in the Serious Crime Directorate, Information Management, additional leadership sergeants and skills trainers and in the counter corruption and professional standards teams, as well as establishing a Peer Support and TRiM Coordinator and an additional Force Chaplain)
- 8.2 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.
- 8.3 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 expediently within their respective responsibilities.
- 8.4 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.
- 8.5 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. Within the PFCC’s office, following a successful pilot in February 2022, a revised approach to PDRs was rolled out during the year that is more tailored to these job roles and the business of the PFCC. The new scheme has been well received by staff.
- 8.6 The PFCC has continued to invest where possible in the development of all staff, including those charged with governance. For example, the Strategic Head of Policy and Public Engagement (the Deputy Monitoring Officer) has been supported during the year to start working towards the Chartered Governance Qualifying Programme delivered by the Chartered Governance Institute. He is being supported to complete the qualification in 2023/24.

# Annual Governance Statement

---

- 8.7 The work requirements of the Chief Constable's Corporate Finance Department have changed considerably over recent years with an increase in governance and scrutiny that comes from a growing force, a greater emphasis on the Medium Term Financial Strategy and Capital Programme as well as a more intense external audit having changed to a 'major local audit' since the 2021/22 statutory audit. To create the additional capacity needed to meet these challenges the Corporate Finance Department will be restructuring at management level in 2023/24, specifically adding a Head of Financial Strategy post to support the planning and governance requirements, which will then allow the Chief Accountant and Head of Corporate Accounting to fulfil the statutory work concerning the Statement of Accounts.
- 8.8 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 Joint Audit Committee (JAC) agreed to endorse the Statement for a further two years, or until any significant change in the PFCC's operating environment. Following this, the Statement was re-launched to staff to ensure their awareness at the PFCC's whole team meeting in April 2022.
- 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.



# Annual Governance Statement

---

- 9.5 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.
- 9.6 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 (2014).
- 9.7 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

- 9.8 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 2022/23 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*.
- 9.9 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.
- 9.10 In January 2022 an advisory report was issued by the internal auditors on Off Payroll Workers (IR35). It concluded that, although processes had been implemented to manage IR35 risk, these required improvement. The force set up a working group with all the key stakeholders which meets monthly. Good progress has been made with many new processes in place by 31st March 2022 and formal training well underway.
- 9.11 A partial assurance opinion was received following an internal audit of the application of the Victims' Code within the Resolution Centre and Control Room which found that the force has formal procedures in place to support the victims' process and is completing monthly dip-sampling of individual officers' cases, however there were several areas of non-compliance. Though the report was issued in 2022/23, the fieldwork related to cases triaged between June 2021 and March 2022. Three medium and two high priority actions were agreed by management, though it should be noted that the force was aware of the issues and had already embedded additional controls to address them prior to the conclusion of the audit.
- 9.12 A partial assurance opinion was received following a joint internal audit with Kent Police of pensions which found some missing and incomplete documentation relating to new pension set-ups and insufficient evidence that pension overpayments were being robustly chased for recovery. Auditors were also not provided with information requested to enable them to complete testing around the pensions payroll process. Again, though the report was issued in 2022/23, it related to work undertaken during 2021/22. Two medium priority actions were agreed by management.

# Annual Governance Statement

---

- 9.13 A partial assurance opinion was received following a joint internal audit with Kent Police of procurement activity below £50k, after auditors found inconsistent use of e-Forms and a low level of compliance with the requirement to obtain three quotations for contracts valued at between £5,000 and £50,000. In addition, single tender actions had not always been completed where relevant and assurance checks had not been performed by the forces to confirm whether orders below £50,000 had been processed in line with the Financial Regulations and evidenced value for money. Though the report was issued in 2022/23, the fieldwork was related to the period April 2021 to February 2022. Management has agreed one high priority action to be completed by the end of December 2022 and one medium priority action to be completed by the end of January 2023.

## External Audit

- 9.14 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)

- 9.15 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 2022/23, 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 2022/23 included briefings and assurance on fleet electrification, use of social media and cyber security. The committee has also sat as the Auditor Panel to oversee the re-tender of the external audit contract in readiness for the 2023/24 financial year. JAC papers are published on the PFCC's website unless restricted.
- 9.16 In February 2023, the JAC considered the outcomes of the annual review of its effectiveness that had been carried out earlier in the year through a survey of the Chair and independent members, the PFCC and the chief officers who support the Committee. This found that:
- Independent Members are given adequate opportunities to understand, challenge and support the PFCC and Essex Police. They have good understanding of the internal governance arrangements and of the organisations' strategic objectives.
  - Statutory officers and executive members have adequate access to the Independent Members outside of JAC meetings.
  - Communication from internal auditors to committee members is frequent, timely and provides a clear summary of the work performed, the results and recommendations arising from this, and any mitigating actions taken.
  - Committee members have assurance that compliance matters are being dealt with appropriately and that measures are in place to mitigate the risk of fraud or misuse of public funds.

It was also noted that agenda setting, forward planning and tracking of the implementation of actions arising from meetings had improved since the last review.

- 9.17 As a result of the review, and in order to enhance its practice further, it was agreed that the committee will consider whether the PFCC and Essex Police have adopted appropriate accounting policies in December each year, when there remains adequate opportunity to influence these.

# Annual Governance Statement

---

9.18 New terms of reference were subsequently approved by the JAC in March 2023 which require the minutes of and all papers presented to the JAC to be published (unless protectively marked), in order to ensure transparency of process, review and scrutiny, and also to allow urgent decisions to be taken via email where necessary.

## His Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS)

9.19 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.

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 February 2023, progress against three was RAG rated "green", progress against eight was deemed to be "amber" and one (relating to call handling performance) was rated "red".

9.20 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 Access to Information Policies were adopted by the PFCC in April 2022. Information Sharing Agreements and Data Processing Contracts are in place to govern such arrangements between the PFCC, Essex Police and other parties. Appropriate privacy notices are published and issued to the public, employees and volunteers, and 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).

9.21 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".

# Annual Governance Statement

---

## 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.
- 10.5 The Joint Audit Committee (JAC), sitting as the Auditor Panel, 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.

# Annual Governance Statement

---

## 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 1<sup>st</sup> 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 £4m, which is greater than £2.1m entitlement under the Special Grant conditions; the force has therefore had to fund £1.6m 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 seeks to explore either a Level 2 or a Level 3 deal. A Level 3 deal incorporating the whole Greater Essex footprint would include the creation of a new Mayoral Combined County Authority (MCCA) and a directly elected mayor, who could subsume 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. Whilst the PFCC, their Chief Executive and Monitoring Officer and the Chief Constable are actively engaged in the discussions around this and will be represented on the negotiating team with the Government, only the three upper tier local authorities (Essex County Council, Southend-on-Sea City Council and Thurrock Council) would be the constituent members of any new Mayoral Combined County Authority and would have to consent to any devolution deal and subsequent creation of an MCCA and directly elected mayor.
- 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 <sup>st</sup> March 2023
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>Recruit an additional 200 police officers, of which 180 will be funded from the national Police Uplift Programme (10 of whom are designated for the ROCU and mandated by the Home Office grant conditions) and 20 of which will be funded from the precept uplift. Increase the police staff establishment by 68.4 FTE as part of the 2022/23 Force Growth Programme.</p> <p>Increase the number of Specials throughout 2022/23 in line with the aspiration to achieve 600 by 31<sup>st</sup> March 2023.</p> <p>Continue to increase ethnic minority and female officer representation throughout 2022/23.</p> <p>Further improvements in demand management to be demonstrated by March 2023 as the impact of additional officers and continued investment in technology is seen. Deliver total planned cashable savings of £4.662m (£3.756m recurring) and non-cashable savings of £3.906m, creating a combined total of £8.568m in year savings and efficiency.</p>	<p>Total headcount strength as at 31<sup>st</sup> March 2023 was 3,816 (500 over the PUP base and 51 officers above Essex Police’s PUP target). Total FTE strength was 3,743. As at 31<sup>st</sup> March 2023, the Force Growth Programme had successfully recruited 53.9 of the 72.4 staff growth posts for 2022/23, which had either landed, or were scheduled to land before 31<sup>st</sup> March 2023. This equates to 79% of total staff growth achieved and left 18.5 staff posts actively being recruited to at that time.</p> <p>As at 31<sup>st</sup> March 2023, the number of Specials had reduced to 327, partly due to an increase in attrition (including to join Essex Police as an officer recruit).</p> <p>As at 31<sup>st</sup> March 2023, the representation of ethnic minority officers had increased to 4.1% of all officers. Female officer representation had also continued to increase, with the headcount being the highest ever on record.</p> <p>As at 31<sup>st</sup> March 2023 cashable savings of £4.622m (£3.774m recurring) and non-cashable savings of £3.906m were achieved.</p>
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. Workshops to be delivered by the Home Office are expected in 2023/24.

Title	Action	Expected Delivery	Position as at 31 <sup>st</sup> March 2023
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 2022/23, with reduced disparities in confidence and satisfaction between victims and non-victims and between white and non-white ethnic minority respondents.	<p>In Quarter 3 of 2022/23, 75% of respondents to the SMSR survey thought that Essex Police was doing a good or excellent job (down from 80% the previous year). In a reversal of previous trends, respondents other than those who were White British / Irish were more likely than White British / Irish respondents to think that Essex Police was doing a good or excellent job, at 79% and 75% respectively. Victims were still less likely than non-victims (at 61% compared with 77%) to think that Essex Police was doing a good or excellent job.</p> <p>66% of respondents had confidence in local policing (a significant drop from 76% the previous year). Again, in a reversal of previous trends, respondents other than those who were White British / Irish were more likely than White British / Irish respondents to think that Essex Police was doing a good or excellent job, at 72% and 66% respectively. Victims were still less likely than non-victims (at 47% compared with 69%) to think that Essex Police was doing a good or excellent job.</p>
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	<p>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.</p> <p>Respond positively to anticipated new legislation relating to forensic science investigations and accreditation.</p> <p>Develop, commission, and begin to implement a series of "Wave 2" initiatives as part of the Essex Emergency Services Collaboration Programme.</p>	<p>The blue light collaboration programme is on track to deliver total net present value benefits after 10 years (in 2017/18) of £14.6m.</p> <p>The preferred option for the joint operating model of the shared fleet workshop was identified in Quarter 4 of 2022/23. The second phase of building design and initial planning feasibility work is currently underway. The specification is also being developed for an external specialist consultancy to develop the Full Business Case (FBC), with a target date of November 2023.</p>



Title	Action	Expected Delivery	Position as at 31 <sup>st</sup> March 2023
			<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.</p> <p>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>
Levelling Up agenda	Continue to work with and through Essex Leaders and Chief Executives to inform the Essex response to the Levelling Up White Paper.	If desired, Essex is able to access 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. So far, three detailed engagement sessions have been held with officials, along with an initial session with the Minister. At the time of writing, the next key milestones are further Ministerial engagement on 5 <sup>th</sup> June, followed by the meeting of the Essex Leaders and Chief Executives on 8 <sup>th</sup> June. The outline timetable is currently working towards having draft text for a devolution deal by the end of October 2023, for public and stakeholder consultation over the autumn / winter.

## Significant governance issues for 2023/24

Significant governance issues for consideration in 2023/24 are identified below:

Title	Action	Expected Delivery
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 police staff establishment by 31.6 FTE as part of the 2023/24 Force Growth Programme. Increase the number of Specials throughout 2023/24. Continue to increase ethnic minority and female officer representation throughout 2023/24. 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. 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.
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.	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.

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. Full Business Case for the shared fleet workshop to be delivered in November 2023 and building design to be complete in December 2023, in order that the new building can be completed in 2026.
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 Levelling Up White Paper (“By 2030, homicide, serious violence and neighbourhood crime will have fallen”).

## 12. Conclusion

15

- 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.

The Police, Fire & Crime Commissioner

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 1<sup>st</sup> 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 31<sup>st</sup> March for supplies and services received after 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to effect 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:

Corporate Finance  
Essex Police Headquarters  
PO Box 2  
Springfield, Chelmsford, Essex  
CM2 6DA

Telephone 01245 452615  
E-mail: [corporate.accounting@essex.police.uk](mailto: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/>