

The 2016-17 Statement of Accounts for the Chief Constable of Essex



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POLICE**

Protecting and serving Essex

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Narrative Report

Introduction

The Narrative Report is prepared in accordance with the requirements of the Accounts and Audit Regulations 2015. The statement must include comment by the Chief Constable on financial performance, economy, efficiency and effectiveness in its use of resources over the financial year.

These accounts set out the overall financial position of the Chief Constable of Essex Police, who is responsible for Essex Police for the year ended 31 March 2017. The overriding purpose of this Narrative Report is to inform readers on matters that are most significant to our financial position as well as our financial and non-financial performance.

It is vital that the Chief Constable has the right resources to deliver an effective and efficient police service to the people of Essex. Having the right level of funding is a key part of that and each year the Police and Crime Commissioner (PCC) sets the budget for policing in the county. The majority of the PCC's funding is provided by Government Grant with around one third of gross expenditure in 2016/17 being met by local council tax payers.

The key duty of the PCC is to oversee the provision of an efficient and effective police service. The PCC is responsible for producing an annual Crime and Policing Plan and for managing overall expenditure within the budget, although responsibility for day to day financial management is delegated to the Chief Constable within the annual budget set and the financial framework agreed by the PCC.

The PCC has worked hard with the Chief Constable to deliver policing services that represent good value for money and ensure a healthy financial position is retained during these challenging economic conditions. In the light of the continuing reduction in grant funding over the medium-term it has needed to have strong financial management controls in place during 2016/17.

The Chief Constable has a successful record of delivery of sustainable efficiency savings over a number of years and the need to maintain this strong record will be important in the years ahead.

It should be noted that the HMIC (Her Majesty's Inspectorate of Constabulary - from July 2017 now known as Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services HMICFRS) Value for Money Profile 2016 confirmed that Essex Police costs £148.50 per head of the population, which is the lowest net revenue expenditure per head of population in England and Wales, as well as having one of the lowest levels of Band D council tax in the country. The force has been historically underfunded but remains committed to investing in the future; the saving plans focus on rationalisation of buildings and modernising the workforce which in turn will allow investment in the IT infrastructure, the estate and improved digital working.

The Chief Constable has a statutory duty to approve and publish this Statement of Accounts covering the period 1st April 2016 to 31st March 2017 and it has been compiled in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom.

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The Accounting Statements

In 2011/12 the Police Reform and Social Responsibility Act 2011 was passed and introduced new elected local policing bodies in the form of PCCs, for each policing area, to replace the previous Police Authorities. With effect from 22nd November 2012, all property, rights and liabilities which immediately before that time were property, rights and liabilities of the Essex Police Authority were transferred to the PCC as the new PCC for Essex. A second stage transfer took place on 1 April 2014 and all staff, except those working directly in the Office of the PCC (OPCC), transferred to the corporation sole of Chief Constable.

These phased transfers are of a legal consideration and for accounting purposes the concept 'substance over form' requires that transactions and events must be recorded in the financial statements, rather than just their legal form in order to present a true and fair view of the affairs of the entity. These accounts are produced in line with this concept and present the entity's financial position as set out in its financial regulations, scheme of delegations and other local arrangements.

The Chief Constable has operational control of Police Officers, PCSOs, Police Staff (excluding OPCC staff) and income for seconded officers, PCSO funding and mutual aid. The PCC has strategic control of all assets, OPCC staff and liabilities and is responsible for establishing most reserves and controlling all cashflow.

The accounts are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2016/17: Based on International Financial Reporting Standards (IFRS).

The Statement of Accounts consists of the following sections:

i) Combined Annual Governance Statement for the PCC for Essex and the Chief Constable of Essex Police

This sets out the PCC's and Chief Constable's governance arrangements and a review of the effectiveness of those arrangements

ii) Statement of Responsibilities for the Statement of Accounts

This states the Chief Constable and the Chief Finance Officer of the Chief Constable's responsibilities in the administration of the financial affairs and in the preparation of the Statement of Accounts for the Chief Constable.

iii) Independent Auditor's Report to the Chief Constable of Essex Police

This states the auditor's opinion on whether the Statement of Accounts gives a true and fair view of the financial position and operations of the Chief Constable.

iv) Expenditure and Funding Analysis

The new Expenditure and Funding Analysis brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund.

v) Core Financial Statements

These comprise:

- **Comprehensive Income and Expenditure Statement** - this shows the accounting cost in the year to the Chief Constable of providing services rather than the amount to be funded from taxation. This distinction is very important in interpreting the accounts. The PCC 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.

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- **Balance Sheet** - this sets out the assets and liabilities of the Chief Constable as at 31 March 2017. Net assets of the Chief Constable (assets less liabilities) are matched by reserves held. Reserves are reported in two categories:
 - Useable reserves – these are reserves that the Chief Constable may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their usage. 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 Statement** - this shows the movement in the year on the different reserves held by the Chief Constable. The net increase/decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Chief Constable.
- **Cash Flow Statement** – this summarises the inflows and outflows of cash with third parties. The statement shows how the Chief Constable 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 Chief Constable are funded by way of taxation and grant income or from recipients of the services provided by the Chief Constable. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Chief Constables' future service delivery.

vi) 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 Chief Constable, which explain the basis on which the Chief Constable's financial transactions are presented.

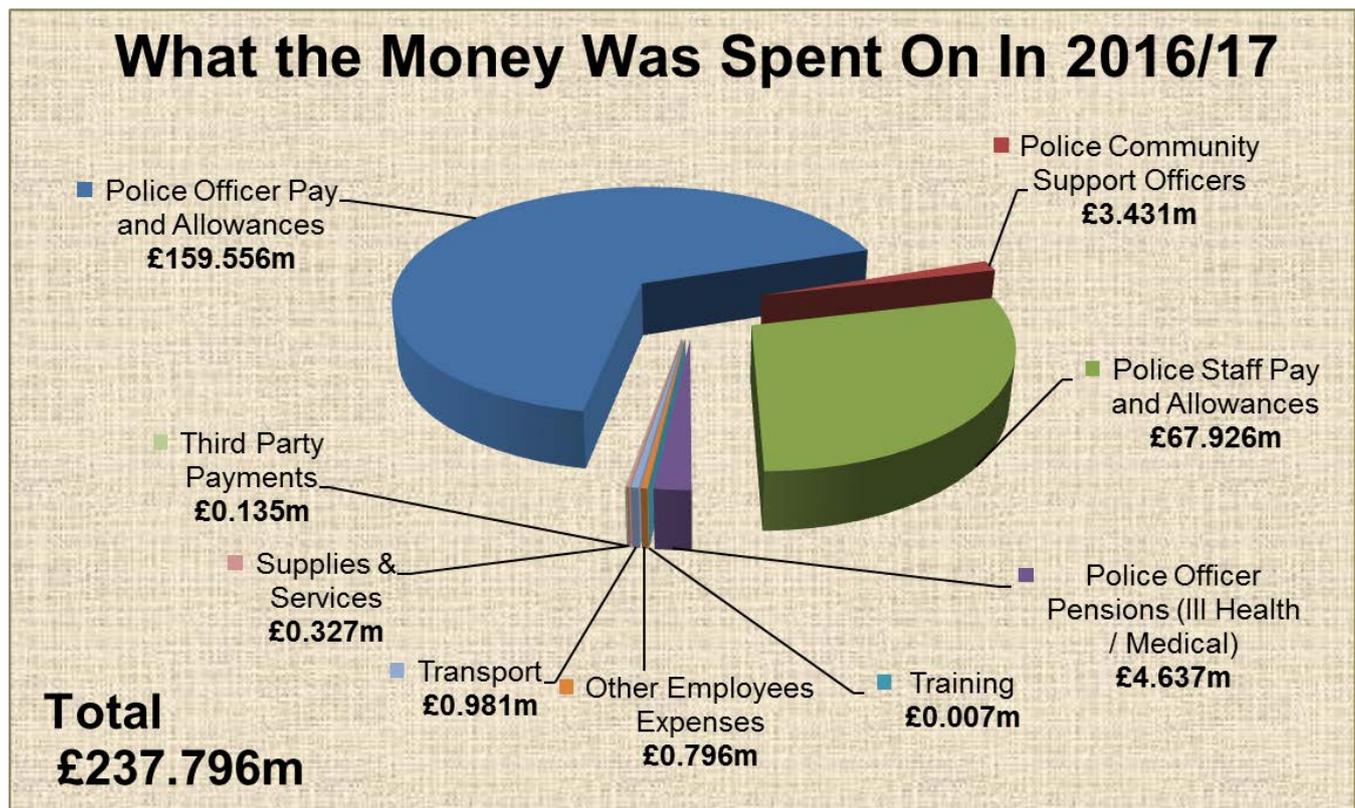
vii) Glossary of Terms

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

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Revenue Summary

	Budget	Actual	Variance
	£000	£000	£000
Police Officer Pay and Allowances	160,044	159,556	(488)
Police Community Support Officers	3,506	3,431	(75)
Police Staff Pay and Allowances	68,875	67,926	(949)
Police Officer Pensions (Ill Health / Medical)	4,561	4,637	76
Training	1	7	6
Other Employees Expenses	879	796	(83)
Transport	978	981	3
Supplies And Services	255	327	72
Third Party Payments	23	135	112
Other Expenditure including savings programme	(1,350)	0	1,350
Gross Revenue Expenditure	239,122	237,796	(1,326)
Income	(2,385)	(2,543)	(158)
Net Revenue Expenditure	235,387	235,253	(134)



Following the phase two transfer from the PCC to the Chief Constable on 1st April 2014, the transactions in the Chief Constable accounts above relate to: -

<ul style="list-style-type: none"> ● Pay, allowances & expenses for: Police Officers, PCSOs and Police Staff (excluding those employed by the Office of the PCC for Essex) 	<ul style="list-style-type: none"> ● Operational income & Mutual aid expenditure.
<ul style="list-style-type: none"> ● Police Officer medical pensions. 	<ul style="list-style-type: none"> ● The Chief Constables External Audit costs.
All other income and expenditure is included in the PCC's accounts	

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The Chief Constable is responsible for delivering policing, having regard to the requirements of the PCC as set out in his Police and Crime Plan, and other statutory needs including the Strategic Policing Requirement, as published by the Home Office in July 2012.

Performance Report

The previous Police and Crime Commissioner, Mr Nick Alston, left his post in May 2016. During his time in office Mr Alston set the Police and Crime Plan detailing eight policing priorities to protect Essex. These were as follows:-

1. Reducing Domestic Abuse
2. Supporting Our Victims of Crime
3. Reducing Youth Offending and Re-Offending in General
4. Tackling Consequences of Alcohol and Drug Abuse, and Mental Health Issues
5. Improving Road Safety
6. Improving Crime Prevention
7. Increasing Efficiency in Policing through Collaborative Working and Innovation
8. Ensuring Local Solutions meet Local Problems

The current Police and Crime Commissioner Mr Roger Hirst was subsequently elected in May 2016. The performance achieved during 2017/18 will be based on the new Police and Crime Plan priorities which commenced in February 2017. These will be reported on in the 2017/18 Statement of Accounts.

The following detail lists the performance against the Police and Crime Plan as set out by Mr Nick Alston.

1. **Reducing Domestic Abuse**

1. Reducing Domestic Abuse Data to Mar 2017 (unless stated otherwise)	Last 12 months	Current 12 months	% movement
Number of domestic abuse incidents	30,719	32,009	4.2%
Number of repeat incidents of domestic abuse	N/A	1,157	N/A
Number of individual repeat victims of domestic incidents	N/A	939	N/A
Number of individual repeat victims of domestic crime	N/A	300	N/A
Number of domestic abuse offences	12,779	13,697	7.2%
Number of repeat offenders of domestic abuse	36	45	25.0%
Domestic abuse solved rate	30.7%	26.2%	4.5%

The number of repeat incidents of domestic abuse is for the month of March 2017. Due to the change in how this measure is captured, the previous period is not able to be produced. This is the same for the number of individual repeat victims of domestic incidents and crime.

The number of repeat offenders of domestic abuse is for the months of September 2015 and September 2016. The time lag is due to Essex Police following the national re-offending definition that allows six months for the offender to be identified and the appropriate disposal made.

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Following the HMIC PEEL inspection in 2015, Essex Police has significantly invested in training and communications so that officers and staff are fully aware of their responsibilities in terms of protecting the most vulnerable within our communities. Initiatives have sought to influence the culture, attitudes and actions of frontline officers and staff, and their managers. In March 2016 HMIC conducted an inspection revisit. This revisit assessed progress made against the two causes of concern and three areas for improvement in the PEEL: Police effectiveness 2015 (vulnerability) – An inspection of Essex Police, which HMIC published on 15 December 2015. Following this inspection, HMIC acknowledged the significant progress made by Essex Police. In order to continue the improvements, Essex Police has refreshed its Domestic Abuse action plan for 2016-17, setting out how it intends to improve its response to domestic abuse.

Multi Agency Risk Assessment Teams (MARATs)

Since July 2016 we have introduced 3 static MARATs (multi-agency risk assessment teams) in Thurrock, Southend and Essex. In comparison to the 11 community MARATs previously held monthly across the county, the new structure not only provides a cost saving but has reduced the post incident case hearing waiting time of 6 weeks to 12-14 days. Information is shared between partners at an earlier stage. Multi-agency safeguarding plans are generated and implemented more swiftly.

Public Protection Operations Centre

Within Essex Police, The Public Protection Operations Centre was implemented in September 2016. The purpose of the centre was for initial research, intelligence gathering, risk assessment and the triage of public protection incidents and referrals to Essex Police, through provision of a centralised function. This will enable the command to implement a consolidated and consistent approach to public protection matters. Responsibility for Domestic Abuse incident attendance, investigation and safeguarding remains as before. However, The Operations Centre Assessment Team will provide background checks for named victim(s) and suspect(s), and details of children connected to either party, to assist FCR to determine response risk assessment and incident attending officers with completion of safeguarding risk assessments / provision and welfare checks. The Domestic Violence Disclosure Scheme process (Right to Know and Right to Ask) will be co-ordinated by the Operations Centre Administration Team.

Juno teams

Juno teams investigate all high risk domestic abuse and the majority of medium risk domestic abuse across the county. Safeguarding for high risk cases (whether or not a crime has occurred) is currently delivered by the Central Referral Unit. Juno teams have increased the percentage of officers either accredited or on the pathway to ICIDP (Initial Crime Investigation Development Programme) accreditation.

Operation Drive

Operation Drive (based in Tendring) is a perpetrator intervention programme aimed at high risk perpetrators. The project commenced delivery in March 2016.

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2. *Supporting our Victims of Crime*

2. Supporting Victims of Crime Data to Mar 17	Last 12 months	Current 12 months	% movement
User Satisfaction - Making contact with the police	90.4%	87.4%	(3.0%)
Confidence interval	1.6%	1.7%	
User Satisfaction - Action taken by the police	72.8%	70.1%	(2.7%)
Confidence interval	2.1%	2.5%	
User Satisfaction - Being kept informed of progress	65.3%	64.0%	(1.3%)
Confidence interval	2.3%	2.7%	
User Satisfaction - Their treatment by staff	88.4%	85.4%	(3.0%)
Confidence interval	1.5%	1.6%	
User Satisfaction - The overall service provided	73.8%	70.4%	(3.4%)
Confidence interval	2.0%	2.1%	
Emergency incidents attended within standard (90% attended within 15 mins in urban areas or 20 mins in rural areas)	76.2%	76.7%	0.5%
Emergency calls answered within standard (90% within 10 seconds)	83.6%	83.4%	(0.2%)
Ensure that the average waiting time for a person calling our switchboard (non-emergency calls) is no more than 15 seconds	6	10	4.0

This presents a key priority for the PCC.

Essex Police surveys victims through an independent research company and seeks consent from victims who are dissatisfied with the level of service to have their information passed to the Quality of Service Team. This provides an opportunity to help improve the service they originally received as far as is possible, with the aim of leaving victims feeling better supported, listened to and confident in Essex Police.

The rolling year results show that victims' satisfaction levels have fallen compared to the previous 12 months across all aspects of service delivery. However, the survey only covers certain crime types: dwelling burglary, vehicle crime and non-serious violent crime. The force is looking to extend the breadth of victim feedback in the future.

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Essex is placed 41st nationally for 'whole experience'. It is recognised that there is considerable scope for improvement. A key area of focus for the force is the timeliness and quality of feedback to victims of crime. We aim to better support, inform and manage the expectations of victims, and agree with them how often they will receive updates on the status of their case. This will ensure the force continues to meet its statutory obligations under the Victims' Code.

The force encourages feedback from all victims, both positive and negative, to ensure it continues to learn how services can be improved. In addition, the OPCC seeks feedback from victims through the services that it commissions, to ensure that victims receive the best possible service from local providers.

The Victim Focus and Public Confidence board chaired by the DCC is currently finalising a new programme of work. This will take an informed approach, which listens to the voice of victims, understands their experiences and views.

The most significant piece of work will be a new model for victim contact, updates and support. Terms of reference are being developed to scope and implement a new Victims Hub to deliver a single point of contact for all victims of crime.

Finally, the force is working with the OPCC to seek a delivery partner to obtain the public views and experiences of Policing and Criminal Justice in Essex. The project will include a booster sample for victims to enable a wide range of crime categories, ages and victim backgrounds to be captured. This will include insight from those that are entitled to an enhanced service under the Victims' Code of Practice (vulnerable, intimidated, persistently targeted and victims of the most serious crime). This insight will help inform the policy and practice of the force.

Force Control Room (FCR)

The Key Performance Indicators (KPI) for the FCR reflects the command and control function. All grade 1 (Urban) and grade 2 (Rural) incidents are to be allocated within 3 minutes of the call card being saved.

There has been an agreement to uplift resourcing in the FCR. This is primarily to assist with maintaining and improving the 999 response to the public, with overall demand continuing to increase due to reductions in other areas of Essex Police (front counters, PCSO's), and taking on more work from front line officers.

Response

Essex Police aims to attend all emergency calls in urban areas within 15 minutes and rural areas within 20 minutes. The force's performance is monitored daily and any failures to meet those times are recorded with the reason why. In the 12 months up to March 2017, the force attended 77% of emergency response incidents within target. Although this is below the 90% target for attendance, performance was up 0.5% when compared to the previous 12 months

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3. *Reducing Youth Offending and Re-offending in General*

3. Reducing Youth Offending and Reoffending in General Data for Sept 2016*	Last 12 months	Current 12 months	% movement
The number of youth offenders	255	239	(6.3%)
The number of adult offenders	1,286	1,228	(4.5%)
The number of youth offenders who re-offend	49	44	(10.2%)
The number of adult offenders who re-offend	272	264	(2.9%)
Youth re-offending rate	19.2%	18.4%	(0.8%)
Adult re-offending rate	21.2%	21.5%	0.3%

- *The number of offenders in a month will be based on offences committed in a specific month that have been 'Solved'. The report will always be 6 months in arrears to allow for a person to be identified and then recorded as responsible having been dealt with by means of one of the approved Home Office positive recorded crime outcome methods.*
- *The number of those individual offenders who have re-offended will be determined by identifying if in the preceding 12 months an individual has been recorded as responsible for another offence.*

This produces figures showing the number of individual youth and adult offenders who committed an offence in a particular month, the number of those individuals who have re-offended within 12 months of being dealt with by Essex Police for another offence and therefore the percentage of the month's offenders who are re-offenders.

Adult Re-Offending and Integrated Offender Management (IOM)

The IOM team continues to promote the IOM scheme within the policing commands by regularly attending briefings with front line officers. Furthermore, IOM has opened a Twitter account and will be sending regular updates on the team's activities around offender management. This has been well received by the local community, which include members of the public as well as partner agencies and neighbouring police forces.

Reducing re-offending workshops continue to take place and offer the opportunity to make further contacts with other partner agencies. These contacts are invaluable to the IOM team as it offers additional opportunities to address the offenders' needs, and steer them away from re-offending. The upcoming launch of 'Full Circle', a service which works with offenders, will be attended by a number of the IOM team to see if there are any additional services available to the team.

Operation Olive: Voluntary Electronic Tagging

IOM continues to use the Buddi Tags to manage the prolific offenders on the IOM cohort. The Buddi Administrator has been working on Operation Olive and is delivering training to various commands within Essex Police. This has proved successful, as a number of key departments actively seek the use of the Buddi Tag to manage their offenders.

Cross border monitoring continues to expand with additional forces sharing their data base to enable tighter offender management. Regular contact is made with neighbouring forces to ensure offences are not being committed cross border.

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Youth Reoffending

Youth reoffending continues to reduce. Children and Young People (C&YP) officers are now embedded within Community Safety Hubs and are working with those most likely to offend/ reoffend within their districts. The impact of their inception will take some time to establish. A review of community resolutions which are commonly used as an outcome for young people who have offended has been carried out, and re-education of staff with regards to the use of appropriate interventions rather than words of advice is being promoted. This will ensure that C&YP receive the correct intervention to address and understand the impact of their offence/behaviour on their victim. Or in the case of drug offences, the effect it will have on them and their future. We consider that this positive step will help address behaviour long-term and subsequently reduce reoffending.

This approach is further reflected in the triage process now provided by all three Youth Offending services across Essex. This allows children and young people who have committed their first offence to be assessed to ensure the correct intervention is applied in each case.

The Youth Cadet program continues to be rolled out. The cadet program is actively seeking to recruit vulnerable young people who are at risk of being victims of crime or are likely to commit crime. Some have already offended and are being supported in trying to address their behaviour and change their life path.

4. Tackling Consequences of Alcohol and Drug Abuse and Mental Health Issues

4. Tackling Consequences of Alcohol and Drug Abuse, and Mental Health Issues Data to Mar 17	Last 12 months	Current 12 months	% movement
The number of night-time economy crimes	6,812	7,013	3.0%
% Positive for drug testing on arrest	N/A	N/A	N/A
Prosecution of Class A drug suppliers	198	330	66.7%

Each area is working with partners (particularly local community safety partnerships) to address the problems associated with the night-time economy (NTE). A robust approach to licensing inspection by local authorities and police is a key element in support of reducing offences within the NTE. The licensing inspection process (Operation Benison) has been reviewed and developed further since January 2016, ensuring a more targeted and intrusive inspection process for those premises identified as needing more support to reduce incidents of crime associated with their premises.

From the Proceeds of Crime Act (POCA) sourced monies, Essex Police has now purchased a number of Alcoblow units calibrated at twice the drink/drive limit. These devices are being made available to local licensed premises to provide a 'depersonalised' and non-subjective way of door staff refusing entry to people that are already intoxicated, whether that be from 'pre-loading' or consumption at other premises. Trials in other force areas have shown that these devices can be successful in reducing violent crime. It is also suggested that those refused entry are likely to be less aggressive when refusal is based on the use of a device rather than the opinion of door staff. It is intended that, in conjunction with the use of the Alcoblow units, door staff using the devices will be provided with alcohol awareness/treatment leaflets to assist them in providing support to intoxicated people.

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Night-Time Economy (NTE)

We continue to develop our data collection capability to analyse and identify areas that require a joint problem solving approach to address incidents. Using the Cardiff and West Midlands examples of data usage, we have expanded our data trawl to door staff management and SOS bus services in the north of the county. This has already identified licensed premises that may need support or enforcement to tackle excessive alcohol consumption resulting in vulnerability, risk of injury through inebriation or occurrences of violence fuelled by alcohol/substance misuse.

5. Improving Road Safety

5. Improving Road Safety Data to Mar 17	Last 12 months	Current 12 months¹	% movement
All people killed or seriously injured (KSI) in road collisions	843	987	17.1%
KSI - Fatalities	57	52	(8.8%)
KSI - Serious injuries	786	935	19.0%
Number of Collisions	760	897	18.0%
The number of people KSI in powered two wheeled vehicles	206	243	18.0%
The number of young car drivers (17 - 25 years) KSI in road collisions	154	178	15.6%
The number of pedestrians KSI in road collisions	158	163	3.2%
The number of cyclists KSI in road collisions	94	94	0.0%
The number of children and young people (0 - 17 years) KSI in road collisions	83	114	37.3%
The number of drink drivers KSI in road collisions	47	21	(55.3%)
The number of drug drivers KSI in road collisions	16	n/a	-
Number of car drivers aged 76+ KSI in road collision	47	31	(34.0%)

¹ Data for 2016/17 are provisional as not all reports in the CRASH system over the last quarter have been verified and finalised.

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Essex Police continues to utilise the CRASH system in its day to day business. The most significant development has been the dramatic growth of Road Traffic Collisions (RTC) reported online by members of the public.

As part of a collaborative Eastern Region Roads Policing project, the online RTC recording developed by Essex Police is to be adopted by all 6 Eastern Region police forces. This will improve not only the quality of service for the public but aims to streamline our back office processes, leading to potential long term efficiencies.

Enforcement activity to prevent KSI's occurring is provided largely through operations undertaken by the Safer Essex Roads Partnership (SERP) which responds to priority districts and routes identified as having a high number of collisions resulting in serious injury.

Operation Beacon has been established by Roads Policing to gather intelligence opportunities. This focuses on an ever increasing group of riders who demonstrate a behaviour that is of significant risk to themselves and other road users, using un-licenced, unregistered motorcycles and routinely wearing no protective clothing. Riders and vehicles are often involved in, or linked to, criminal activity.

Key current policing activity to reduce RTCs:

- Eastern Region Roads Policing joint Road Safety / Road Crime Operations.
- Operation DRAGOON developing intelligence to target 'high end offenders' and multiple offenders.
- Maximising the use of technology to improve driving behaviour and captures reports of anti – social behaviour.
- Review of Motorcycle (P2W) Casualty Reduction Strategy for 2017/18.
- Development of night time speed enforcement deployment strategy maximising best use of technology.
- Working closely with SERP regarding education and engagement of all road users.
- Pro-active intelligence led operations targeting the so called fatal four (excess speed, no seat belt, mobile phone and drug/drink driving).

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6. Crime Prevention

6. Improving Crime Prevention Data to Mar 2017 (unless stated otherwise)	Last 12 months	Current 12 months	% movement
The number of all crime offences	111,022	120,665	8.7%
The number of victim based crime offences	99,894	105,770	5.9%
The number of repeat victims of crime	N/A	1,728	N/A
The solved crime rate	21.25%	19.47%	(1.8%)
The number of anti-social behaviour incidents	52,732	52,170	(1.1%)
The % of people agreeing that the Police and Local Council are dealing with crime and ASB in this area	60.3%	57.3%	(3.0%)
Confidence Interval	4.1%	3.9%	
The % of people who think the Police are doing a good job in this area	56.9%	59.8%	2.9%
Confidence Interval	5.2%	4.2%	

The number of repeat victims of crime is for the month of March 2017. Due to the change in how this measure is captured, the previous period is not able to be produced.

The last two measures in the table above are from the Crime Survey for England and Wales. Data are for the 12 months to September 2016.

Overall Crime has increased by 8.7% in the 12 months to March 2017 compared with the same period the previous year. Essex Police continues to campaign to address under-reporting of offences, focusing on the message that reduced resources need to be intelligence led, so all crimes need to be reported in order for an accurate picture to be obtained. Crime figures traditionally go up over the summer months as children are off school, and there are more opportunities for crime, e.g. thefts from gardens. Over the summer period Essex sees a significant increase in visitors to the county with holiday makers visiting the coast and also music festivals. These visitors attract more crime.

Essex Police, together with partners, continues to campaign to address under-reporting of offences, including a number of high profile campaigns regarding domestic violence, burglary, knife and gang crime that we have run jointly with key partners such as Community Safety Partnerships, Crimestoppers, Trading Standards and various charities.

The work of the National Retail Crime Group encourages major retailers to report offences more robustly, and businesses who have signed up to this scheme have seen a marked increase in their reported offences. These figures also reflect a national increasing trend in violent crime. Essex Police are working with key partners and other forces to tackle specific areas of violent crime. In addition, other key areas of Crime Prevention activity include burglary, business crime, and rural crime.

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7. *Increased efficiency through collaborative working*

7. Increased Efficiency in Policing Through Collaborative Working and Innovation

Make savings of £17.6 million by 31/03/2017 (as part of our overall requirement to realise savings of £33.1 million between 2015/16 and 2019/20)

A significant proportion of the savings for 2016/17 have already been achieved and firm plans are in place for the remainder.

Detailed progress is reported via the monthly Budgetary Control Report.

Strategic Change

The Strategic Change Team presented to Chief Officers' Management Group (COMG) on future demand and a number of recommendations were supported. Some of this work is now being progressed via the Demand Management Group. The outcome of this work will create capacity within the force, which will allow investment in emerging areas of demand.

The Future

Roger Hirst, the Police and Crime Commissioner for Essex, took up office on 11th May 2016. His Police and Crime Plan details seven policing priorities to protect Essex.

These are:

1. More local, visible and accessible policing
2. Crack down on anti-social behaviour
3. Breaking the cycle of domestic abuse
4. Reverse the trend in serious violence
5. Tackle gangs and organised crime
6. Protecting children and vulnerable people
7. Improve safety on our roads

Reporting against the new Police and Crime Plan commenced in February 2017. Key cross cutting enablers such as Blue Light integration, effective use of IT and digital engagement, strategic finance, partnership working and transformation of the police estate will underpin its effective delivery.

Statement of Responsibilities

The Chief Constable's responsibilities

The Chief Constable is required:

- to make arrangements for the proper administration of his financial affairs and to ensure that one of his officers (the Chief Finance Officer of the Chief Constable) 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 Statement of Accounts by 30 September 2017.

Completion of the Approval Process by the Chief Constable of Essex

I confirm that I approve these Statement of Accounts following completion of the audit.

Chief Constable of Essex
4 September 2017

The Chief Finance Officer of the Chief Constable's Responsibilities

The Chief Finance Officer of the Chief Constable is responsible for the preparation of the Statement of Accounts for the Chief Constable of Essex 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 Finance Officer of the Chief Constable 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 of the Chief Constable has also:

- ensured that proper accounting records are kept which are up to date;
- 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 Chief Constable at 31 March 2017.

Deborah A. Martin BA (Hons), CPFA
Chief Finance Officer of the Chief Constable
4 September 2017

Annual Governance Statement

The PCC for Essex and the Chief Constable of Essex have agreed a combined Annual Governance Statement for 2016/17.

This statement is set out in the Statement of Accounts for the Police and Crime Commissioner for Essex Group.

Independent Audit Report

Opinion on the Chief Constable of Essex Police's financial statements

We have audited the financial statements of the Chief Constable of Essex Police for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the: Chief Constable of Essex Police Movement in Reserves Statement; Chief Constable of Essex Police Comprehensive Income and Expenditure Statement; Chief Constable of Essex Police Balance Sheet; Chief Constable of Essex Police Cash Flow Statement; Chief Constable of Essex Police Pension Fund Account Statement and the related notes 1 to 19 and the Expenditure and Funding Analysis to the Chief Constable of Essex Police's Accounts.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the Chief Constable of Essex Police in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable of Essex Police for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer of the Chief Constable and auditor

As explained more fully in the *Statement of Responsibilities* set out on page 16, the Chief Finance Officer of the Chief Constable is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Chief Constable of Essex Police's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer of the Chief Constable; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the *Chief Constable of Essex Police Statement of Accounts 2016/17* to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Audit Report

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Essex Police as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the Chief Constable of Essex Police Statement of Accounts 2016/17 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in the use of resources

Chief Constable's responsibilities

The Chief Constable is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Independent Audit Report

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, the Chief Constable of Essex Police put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Chief Constable's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

*Mark Hodgson (senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Appointed Auditor Cambridge*

5 September 2017

*The maintenance and integrity of the Chief Constable of Essex's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis (EFA) is to demonstrate to council tax payers how the funding available to the Chief Constable 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 Fund.

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The EFA is a note to the Financial Statements rather than a primary statement itself, however, it is positioned here as it provides a link from the figures reported in the Comprehensive Income and Expenditure Statement to the General Fund Balance and Usable Revenue Reserves.

	2015/16 Net Expenditure Chargeable to the General Fund	2015/16 Adjustment between Funding & Accounting basis	2015/16 Net Expenditure in the Comprehensive Income and Expenditure Statement	2016/17 Net Expenditure Chargeable to the General Fund	2016/17 Adjustments Between Funding & Accounting basis	2016/17 Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
Financial Resources Consumed - Chief Constable	243,277	33,323	276,600	235,253	26,055	261,308
Intra Group Adjustment for Chief Constable's Net Service Cost	(243,277)	(37,721)	(280,998)	(235,253)	(38,167)	(273,420)
Net Cost of Provision of Police Services - Chief Constable	0	(4,398)	(4,398)	0	(12,112)	(12,112)
Other Income and Expenditure	0	84,918	84,918	0	89,859	89,859
(Surplus)/Deficit on Provision of Police Services - Chief Constable	0	80,520	80,520	0	77,747	77,747

Core Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation accounts.

	Restated 2015/16 Gross Expenditure £000	Restated 2015/16 Gross Income £000	Restated 2015/16 Net Expenditure £000	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net Expenditure £000
Employee Expenses	278,061	0	278,060	262,408	0	262,408
Premises	0	0	0	0	0	0
Transport	916	0	916	981	0	981
Other service expenditure	391	0	391	327	0	327
Third party payments	185	0	185	136	0	136
Depreciation amortisation and impairment	0	0	0	0	0	0
Contribution to reserves and provisions	(1,163)	0	(1,163)	0	0	0
Fees charges and other service income	0	(1,789)	(1,789)	0	(2,243)	(2,243)
Government Grants and contributions	0	0	0	0	(300)	(300)
Financial Resources Consumed - Chief Constable	278,390	(1,789)	276,600	263,851	(2,543)	261,308
Intra Group Adjustment for Chief Constables Net Service Cost	0	(280,998)	(280,998)	0	(273,420)	(273,420)
Net Cost of Provision of Police Services - Chief Constable	278,390	(282,787)	(4,398)	263,851	(275,963)	(12,112)
Net Interest on the defined benefit pensions liability						
-Police Officers	80,199	0	80,199	85,036	0	85,036
-Police Staff	4,719	0	4,719	4,823	0	4,823
Financing and Investment Income and Expenditure	84,918	0	84,918	89,859	0	89,859
(Surplus)/Deficit on Provision of Police Services - Chief Constable	363,308	(282,787)	80,520	353,710	(275,963)	77,747
Remeasurement of the net defined benefit liability						
-Police Officers	(129,585)	0	(129,585)	539,749	0	539,749
-Police Staff	(22,603)	0	(22,603)	59,756	0	59,756
Other Comprehensive Income and Expenditure	(152,188)	0	(152,188)	599,505	0	599,505
Total Comprehensive Income and Expenditure	211,120	(282,787)	(71,668)	953,215	(275,963)	677,252

Following the 'Telling the Story' review (see note below) of the presentation of local authority financial statements, the 2016/17 Code changed the segmental reporting arrangements for the Comprehensive Income and Expenditure Statement (as well as introducing the Expenditure Funding Analysis). The Comprehensive Income and Expenditure Statement now includes a segmental analysis which requires local authorities to report performance on the basis of how they operate, monitor and manage financial performance. The 2015/16 figures have also been restated in accordance with this requirement. This restatement solely relates to the reporting segments shown within the 'Financial Resources Consumed - Chief Constable' section. Previously these segments were based upon the statutory Service Reporting Code of Practice breakdown.

The review referred to above was a CIPFA/LASAAC consultation process entitled 'Telling the Story, Improving the Presentation of Local Authority Financial Statements'. This consultation ran between July and October 2015 and resulted in the above amendments being included in the 2016/17 Code.

The transactions in the accounts relate to: -

- Police Officer pay and allowances
- PCSO pay and allowances
- Police Staff pay and allowances
- Police Officer pension liabilities
- Police Officer and PCSO accumulative absences liabilities
- The Chief Constables external audit costs
- Operational income

There were actuarial losses of £599.505m in 2016/17 compared to actuarial gains of £152.188m in 2015/16. Note 18 provides further information on the Defined Benefit Pension Scheme.

Core Financial Statements

Balance Sheet

The Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable.

	2015/16	2015/16	2016/17	2016/17
	£000	£000	£000	£000
Long-term assets	0	0	0	0
Current assets				
12 Short term debtors	1,585		1,515	
Current assets total	1,585	1,585	1,515	1,515
Current liabilities				
13 Short term creditors	(4,732)		(5,624)	
Current liabilities total	(4,732)	(4,732)	(5,624)	(5,624)
Long term liabilities				
18 Pensions liabilities - Police Officers	(2,331,316)		(2,939,083)	
18 Pensions liabilities - Police Staff	(130,906)		(199,429)	
Long term liabilities total	(2,462,222)	(2,462,222)	(3,138,512)	(3,138,512)
Net liabilities	(2,465,369)	(2,465,369)	(3,142,621)	(3,142,621)
15 Unusable reserves				
Pensions liabilities - Police Officers	2,331,316		2,939,083	
Pensions liabilities - Police Staff	130,906		199,429	
Accumulating Compensated Absences				
Adjustment Account	3,147		4,109	
Unusable reserves total	2,465,369	2,465,369	3,142,621	3,142,621
Total reserves	2,465,369	2,465,369	3,142,621	3,142,621

I certify that the statement of accounts give a true and fair view of the financial position of the Chief Constable's accounts at 31 March 2017.

These financial statements replace the unaudited financial statements certified by Deborah Martin, Chief Finance Officers of the Chief Constable on 31 May 2017.

Deborah A Martin BA (Hons) CPFA
 Chief Finance Officer of the Chief Constable
 4 September 2017

Core Financial Statements

Cash Flow Statement

The Cash Flow Statement shows the changes in cash equivalents of the Chief Constable during the reporting period. The Chief Constable does not operate a bank account and therefore the overall balance on this statement is nil.

	2015/16		2016/17	
	£000	£000	£000	£000
Deficit on the provision of services:-		80,520		77,747
Adjustments for non cash movements:-				
Movement in pension liability	(83,066)		(76,785)	
Movement in accumulated absences liability	2,546		(962)	
Total adjustments for non cash movements		(80,520)		(77,747)
Net cash flows from operating activities		0		0
Net decrease/(increase) in cash and cash equivalents		0		0
Cash and cash equivalents at the beginning of the reporting period		0		0
Cash and cash equivalents at the end of the reporting period		0		0
Movement in cash equivalents		0		0

Core Financial Statements

Movement In Reserves Statement

This statement shows the movement during the year on the different reserves held by the Chief Constable.

2015/16								
	Usable Reserves					Total Usable	Total Unusable	Total Reserves
	General	Earmarked	Future capital funding	Capital Receipts	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2015	0	0	0	0	0	0	2,537,037	2,537,037
Deficit on provision of services (accounting basis)	80,520	0	0	0	0	80,520	0	80,520
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(152,188)	(152,188)
Total Comprehensive Income and Expenditure	80,520	0	0	0	0	80,520	(152,188)	(71,668)
Adjustments between accounting basis and funding basis under regulations	(80,520)	0	0	0	0	(80,520)	80,520	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	(71,668)	(71,668)
Transfers (to)/from Reserves	0	0	0	0	0	0	0	0
(Increase)/Decrease in Year	0	0	0	0	0	0	(71,668)	(71,668)
Balance at 31 March 2016 c/f	0	0	0	0	0	0	2,465,369	2,465,369

2016/17								
	Usable Reserves					Total Usable	Total Unusable	Total Reserves
	General	Earmarked	Future capital funding	Capital Receipts	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2016	0	0	0	0	0	0	2,465,369	2,465,369
Deficit on provision of services (accounting basis)	77,747	0	0	0	0	77,747	0	77,747
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	599,505	599,505
Total Comprehensive Income and Expenditure	77,747	0	0	0	0	77,747	599,505	677,252
Adjustments between accounting basis and funding basis under regulations	(77,747)	0	0	0	0	(77,747)	77,747	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	677,252	677,252
Transfers (to)/from Reserves	0	0	0	0	0	0	0	0
(Increase)/Decrease in Year	0	0	0	0	0	0	677,252	677,252
Balance at 31 March 2017 c/f	0	0	0	0	0	0	3,142,621	3,142,621

Notes relating to the Accounts: General

1 Creation of Police & Crime Commissioner and Chief Constable

Following the Police Reform and Social Responsibility Act 2011 (The Act) Essex Police Authority was replaced on 22nd November 2012 with two 'corporation sole' bodies, the PCC for Essex 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. These financial statements show the financial positions of the Chief Constable for the fifth year of operation.

Accounting principles

The accounting recognition of assets, liabilities and reserves during the first period of transition, reflects the powers and responsibilities of the PCC as designated by the Act and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2012. This accounting relationship is also underpinned by the relationships as defined by local regulations, local agreement and practice. On 22nd November 2012, the assets, liabilities and reserves of the Police Authority were transferred directly to the PCC and during this first phase of transition remained under the PCC's control. Statutory and local arrangements determine that the PCC holds all assets, liabilities and the reserves except for the IAS 19 pension and the accumulated absences liabilities. All payments for the Group are made by the PCC from the police fund and all non-operational income and funding is received by the PCC. The PCC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

In 2013/14 the first phase of the transfer took place and the Chief Constable and PCC adopted a new accounting policy and recognised the operational police officer and PCSO expenditure and the PCC's funding to support the Chief Constable in the Chief Constable's Accounts, with most police staff pay, other expenditure and income, including the main sources of funding (i.e. central government grants and council tax) being shown in the PCC's Accounts. Transactions in respect of operational police officer and PCSO costs and 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 (IAS19).

The rationale behind transferring the liability for employment benefits is that IAS19 states that the employment liabilities should follow employment costs. Because employment costs are shown in the Chief Constable's CIES, on the grounds that the Chief Constable is exercising day-to-day direction and control over police officers and PCSOs, it follows that the employment liabilities are therefore shown in the Chief Constable's Balance Sheet.

Revised legislation came into effect on 1st April 2013 granting the Chief Constable the same status as local authorities under Sections 21 and 22 of the Local Government Act 2003. This enables the Chief Constable to apply the statutory override for employee benefits.

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

Notes relating to the Accounts: General

2 Intra Group Adjustments

The table below shows the movement through an intra group account within the respective accounts during 2015/16 and 2016/17. These adjustments reflect the financial resources consumed by the Chief Constable on behalf of the Police & Crime Commissioner. The corresponding recharge to the PCC 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 compensated absences accruals. There are no outstanding intra group balances at year end, as the PCC paid all financial resources consumed at the request of the Chief Constable and the intra-group adjustment (as referred to above) offset the Chief Constable's consumption of resources.

	Intra group balances for 2015/16			Intra group balances for 2016/17		
	PCC £000	Chief Constable £000	Group £000	PCC £000	Chief Constable £000	Group £000
Opening balance as at 1 st April	0	0	0	0	0	0
PCC resources consumed at the request of the Chief Constable	(280,998)	280,998	0	(273,420)	273,420	0
PCC Intra group adjustment	280,998	(280,998)	0	273,420	(273,420)	0
Closing balance 31 March 2017	0	0	0	0	0	0

3 Notes to the Expenditure and Funding Analysis

2015/16				
	Adjustment for Capital Purposes (see note 1)	Net change for Pension Adjustment (see note 2)	Other differences (see note 3)	Total Adjustments
	£000	£000	£000	£000
Net Cost of Services	0	35,869	(2,546)	33,323
Intra-group funding adjustment	0	(37,721)	0	(37,721)
Other Income and Expenditure	0	84,918	0	84,918
(Surplus)/Deficit on Service	0	83,066	(2,546)	80,520

2016/17				
	Adjustment for Capital Purposes (see note 1)	Net change for Pension Adjustment (see note 2)	Other differences (see note 3)	Total Adjustments
	£000	£000	£000	£000
Net Cost of Services	0	25,093	962	26,055
Intra-group funding adjustment	0	(38,167)	0	(38,167)
Other Income and Expenditure	0	89,859	0	89,859
(Surplus)/Deficit on Service	0	76,785	962	77,747

Notes

- 1) Includes depreciation, impairment, revaluation gains, disposals, capital financial, capital grants and grant conditions.
- 2) Remove pension contribution paid, replace current service cost, plus net interest on financing and investment income and expenditure.
- 3) Includes premiums and discounts, and Council Tax adjustments.

Notes relating to the Accounts: General

4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 19, the PCC 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:

- a) Joint Activities. The PCC 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 PCC and Chief Constable also participates in some joint activities with other Eastern Region Authorities. These activities are deemed by the PCC 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 these activities are shown in the Related Party Transactions note 30 in the PCC accounts.

5 Events After the Reporting Period

There have been no material post balance sheet events between the year-end and the date of approval of these accounts which require adjustment to these financial statements.

6 Date of Authorisation of the Statement of Accounts for Issue

The Statement of Accounts was authorised for issue on 4 September 2017 by Deborah Martin BA (Hons), CPFA, Chief Finance Officer of the Chief Constable.

7 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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 set out in the table below:-

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate 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 Chief Constable with expert advice about the assumptions to be applied.	These are illustrated on the table on note 18 that shows a variance of +1% or -1% in the assumptions.

Notes relating to the Accounts: Comprehensive Income & Expenditure Statement

8 Officers Remuneration

The following table identifies the number of police officers and staff whose remuneration was £50,000 or more during 2015/16 and 2016/17. The numbers of officers and staff are shown in remuneration bands of £5,000. They include officers and staff seconded to other police forces, government departments and other public bodies.

Remuneration includes basic salary, overtime, allowances, expenses (so far as the expenses are chargeable to United Kingdom Income Tax) and where applicable, redundancy payments. It excludes employer's pension contributions:-

Remuneration Band	2015/16			2016/17		
	Police Officers	Police Staff	Total	Police Officers	Police Staff	Total
£50,000 - £54,999	208	10	218	214	18	232
£55,000 - £59,999	122	8	130	135	7	142
£60,000 - £64,999	29	4	33	32	1	33
£65,000 - £69,999	11	1	12	10	3	13
£70,000 - £74,999	5	2	7	5	2	7
£75,000 - £79,999	3	2	5	2	3	5
£80,000 - £84,999	3	1	4	11	0	11
£85,000 - £89,999	7	1	8	3	1	4
£90,000 - £94,999	0	0	0	1	0	1
£95,000 - £99,999	0	0	0	1	1	2
Total	388	29	417	414	36	450

These numbers exclude police officers and staff disclosed in the following remuneration tables.

The role of Digital Investigating and Intelligence Co-Ordinator is included in the above table but is a shared partnership post. During 2015/16 the related costs of this post were split three ways with contributions received from the Home Office and the College of Policing. For 2016/17 100% costs have been reimbursed from the National Police Chiefs' Council (NPCC).

NPCC Rank Officers Remuneration

2015/16				
	Salary (including allowances- note 1)	Benefits in kind (note 2)	Employers Pension contributions (note 3)	Total remuneration
	£	£	£	£
Chief Constable - S Kavanagh (note 4)	196,780	7,755	0	204,535
Deputy Chief Constable (note 5)	98,277	1,697	17,329	117,303
Deputy Chief Constable (note 6)	46,003	3,092	9,391	58,486
Temporary Deputy Chief Constable (note 7)	59,352	806	11,259	71,417
Assistant Chief Constable (note 8)	71,223	4,282	14,412	89,917
Assistant Chief Constable (note 9)	73,460	0	12,685	86,145
Assistant Chief Constable	124,081	0	21,730	145,811
Temporary Assistant Chief Constable (note 10)	42,140	14	7,740	49,894
Chief Finance Officer of the Chief Constable (note 11)	82,661	2,412	10,829	95,902
Director of Strategic Change & Performance (note 12)	0	0	0	0
Total	793,977	20,058	105,374	919,409

Notes relating to the Accounts: Comprehensive Income & Expenditure Statement

- 1) The salary column includes basic salary plus, where applicable, housing allowance, rent allowance and Chief Officers' allowance.
- 2) Benefits in kind represent the monetary value of motor cars, either made available to officers as part of the Chief Officers' allowance or leased by officers under the Essex Police Car Provision Scheme.
- 3) Employer pension contributions are an employer cost and are not received by the employee.
- 4) The Chief Constable was paid an uplift of 10% which is awarded at the discretion of the PCC upon appointment. The allowance figure of £29,730 consists of the Chief Officer Allowance of £22,809 (15% of basic salary) plus a housing allowance of £6,921 but excludes the contributions paid of £4,550 by the Chief Constable for his lease car. For 2016/17 the allowances figure has been split out further. If the 2015/16 allowances had been restated to reflect the 2016/17 presentation, the allowance figure would be £25,180, made up of £18,259 for 12% stipend and £6,921 housing allowance. The total remuneration would have been £199,985.
- 5) This Deputy Chief Constable retired on 25th November 2015 and the costs shown are the earnings up to that date. Had they remained in post for the whole year, their salary would have been £125,964 plus allowances.
- 6) An Assistant Chief Constable was promoted to Deputy Chief Constable on 25th November 2015 and the costs shown are the earnings from that date. Had they been in post for the whole year, their salary would have been £125,964 plus allowances.
- 7) An Assistant Chief Constable was promoted to Temporary Deputy Chief Constable of the Seven Force Strategic Collaboration Programme on 2nd November 2015 and the costs shown are the earnings from that day. Although 100% of the costs are shown, each of the seven collaborating forces contribute. Had they been in post for the whole year, their salary would have been £125,964 plus allowances.
- 8) This Assistant Chief Constable was promoted to Deputy Chief Constable on 25th November 2015 (note 7 refers) and the costs shown are the earnings up to that date. If they remained in post for the whole year, their salary would have been £105,945 plus allowances.
- 9) This Assistant Chief Constable was promoted to Temporary Deputy Chief Constable of the Seven Force Strategic Collaboration Programme on 2nd November 2015 (note 8 refers) and the costs shown are the earnings up to that day. If they had been in post for the whole year, their salary would have been £102,822 plus allowances.
- 10) The Temporary Assistant Chief Constable came into post on 30th October 2015 and the costs shown are the earnings from that day. If they had been in post for the whole year, their salary would be £96,597 plus allowances.
- 11) During 2015/16 the Chief Finance Officer received back pay of £1,260 relating to 2014/15.
- 12) The Director of Strategic Change & Performance came into post on 21st March 2016. No costs are included in the 2015/16 accounts for this post. If they had been in post for the whole year, their salary would have been £96,597 plus allowances.

Members of the Essex Police Chief Officer Team

In addition to the police officers and police staff shown in the table on the previous page, the Essex Police Chief Officer Management Team also included the following shared posts:-

- a) Director of Essex/Kent Support Services
- b) Director of Essex/Kent Human Resources

These post holders were on the Kent Police payroll and 50% of their costs were recharged to Essex Police during 2015/16. Their remuneration is disclosed in full in the Kent Police Statement of Accounts.

Notes relating to the Accounts: Comprehensive Income & Expenditure Statement

2016/17					
	Salary (note 1)	Benefits in kind (note 2)	Allowances (note 3)	Employers Pension contributions (note 4)	Total remuneration
	£	£	£	£	£
Chief Constable - S Kavanagh (note 5)	168,934	9,321	25,032	0	203,287
Deputy Chief Constable	126,699	8,076	6,226	30,661	171,662
Temporary Deputy Chief Constable	126,699	6,883	11,025	30,661	175,268
Assistant Chief Constable	106,177	0	22,226	25,695	154,098
Temporary Assistant Chief Constable (note 6)	72,063	0	5,366	17,459	94,888
Temporary Assistant Chief Constable (note 7)	80,948	0	5,549	19,988	106,485
Acting Assistant Chief Constable (note 8)	0	0	0	0	0
Acting Assistant Chief Constable (note 8)	0	0	0	0	0
Chief Finance Officer of the Chief Constable	83,611	673	2,515	10,953	97,752
Director of Strategic Change & Performance (note 9)	100,017	0	3,515	13,102	116,634
Total	865,148	24,953	81,454	148,519	1,120,074

- 1) The salary figures show salary costs (i.e. they do not include allowances).
- 2) Benefits in kind represent the monetary value of motor cars, either made available to officers as part of the Chief Officers' allowance or leased by officers under the Essex Police Car Provision Scheme.
- 3) Allowances, where applicable, include housing allowance, rent allowance, car allowance and Chief Officers' stipend.
- 4) Employer pension contributions are an employer cost and are not received by the employee.
- 5) The Chief Constable was paid an uplift of 10% which is awarded at the discretion of the PCC upon appointment. The Chief Constable is also entitled to a stipend of up to 15% of basic salary. The Chief Constable actually received £18,111 equating to a 12% stipend. The allowances figure of £25,032 includes £18,111 stipend and £6,921 housing allowance.
- 6) The Temporary Assistant Chief Constable was seconded out of their role for a period during 2016/17 to undertake training. During this period they did not fulfil their Temporary Assistant Chief Constable duties. This resulted in a reduction of salary of £14,534. Had they remained in post all year the costs would have been £85,176.
- 7) The Temporary Assistance Chief Constable came into post on the 9th May 2016 and costs shown are the earnings from this date. Had they been in post for the whole year, their salary would have been £91,075 plus allowances.
- 8) The two Acting Assistant Chief Constables came into post on the 20th March 2017. No costs are included in the 2016/17 accounts for these posts. Had they been in post for the whole year, their individual salary cost would have been £97,160 plus allowances.
- 9) The Director of Strategic Change and Performance came into post on the 21st March 2016. The costs shown include the salary and allowances received for this period.

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:-

- a) Director of Essex/Kent Support Services
This post holder was on the Kent Police payroll and 50% of their costs were recharged to Essex Police during 2016/17. Their remuneration is disclosed in full in the Kent Police Statements of Accounts.
- b) Temporary Assistant Chief Constable
In reference to note 6 the Temporary Chief Constable role for the duration of secondment was filled by a member of the Kent Police Chief Officer team. Their remuneration is disclosed in full in the Kent Police Statement of Accounts.

Notes relating to the Accounts: Comprehensive Income & Expenditure Statement

9 Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies that have been charged to the Comprehensive Income and Expenditure Statement are set out in the table below:-

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0 - £20,000	93	5	10	4	103	9
£20,001 - £40,000	21	2	2	4	23	6
£40,001 - £60,000	11	3	1	0	12	3
£60,001 - £80,000	1	2	0	0	1	2
Total	126	12	13	8	139	20

	Total Cost of Exit Packages in Each Band					
	2015/16			2016/17		
	Severance	Pension Strain	Total	Severance	Pension Strain	Total
£0 - £20,000	£926,572	£13,540	£940,112	£97,861	£13,958	£111,819
£20,001 - £40,000	£350,498	£294,106	£644,604	£158,878	£23,764	£182,642
£40,001 - £60,000	£190,590	£381,755	£572,345	£34,381	£127,883	£162,264
£60,001 - £80,000	£20,995	£46,040	£67,035	£45,626	£77,798	£123,424
Total	£1,488,655	£735,441	£2,224,096	£336,746	£243,403	£580,149

The 2015/16 figures include the effect of the reduction in PCSOs for the force.

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

10 Termination Benefits

There were 20 employees contracts terminated in 2016/17 (139 employees in 2015/16), incurring the following liabilities:

- £0.337m severance payments (£1.489m for 2015/16)
- £0.243m enhancement of retirement benefits/pension strain (£0.735m for 2015/16)

In addition to the amounts included in the bandings, an amount of £36,878 was credited to the Comprehensive Income and Expenditure Statement in 2016/17, representing the difference between estimates recognised in the previous year and actual amount paid in the current year.

11 External Audit Costs

	2015/16 £000	2016/17 £000
<u>Fees payable to Ernst & Young LLP</u>		
- with regard to external audit services carried out by the appointed auditor	19	19
	19	19

Notes relating to the Accounts: Balance Sheet

12 Short-term Debtors

	2015/16 £000	2016/17 £000
Central Government Bodies	0	0
Other Local Authorities	1,585	1,515
Public Corporations and Trading Funds	0	0
Other Entities & Individuals	0	0
Balance at 31 March	1,585	1,515

13 Short-term Creditors

	2015/16 £000	2016/17 £000
Central Government Bodies	0	0
Other Local Authorities	0	0
NHS Bodies	0	0
Public Corporations & Trading Funds	0	0
Other Entities & Individuals	(4,732)	(5,624)
Balance at 31 March	(4,732)	(5,624)

Notes relating to the Accounts: Movement in Reserves Statement

14 Adjustments between Accounting Basis and Funding Basis under Regulations

This note identifies the adjustments that have been made to the total comprehensive income and expenditure recognised by the Chief Constable during 2015/16 and 2016/17 in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Chief Constable to meet future capital and revenue expenditure.

2015/16	General Reserve £000	Total Usable Reserves £000	IAS19 Pensions Reserve- Police Officers £000	IAS19 Pensions Reserve- Police Staff £000	Accum Absences Account £000	Total Unusable Reserves £000	Total all Reserves £000
Adjustments involving the IAS19 Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(159,214)	(159,214)	139,587	19,627	0	159,214	0
Less direct payments to pensioners payable in the year	76,148	76,148	(66,606)	(9,542)	0	(76,148)	0
Adjustments involving the Accumulating Absences Account							
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	2,546	2,546	0	0	(2,546)	(2,546)	0
Total	(80,520)	(80,520)	72,981	10,085	(2,546)	80,520	0

2016/17	General Reserve £000	Total Usable Reserves £000	IAS19 Pensions Reserve- Police Officers £000	IAS19 Pensions Reserve- Police Staff £000	Accum Absences Account £000	Total Unusable Reserves £000	Total all Reserves £000
Adjustments involving the IAS19 Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(153,368)	(153,368)	134,733	18,635	0	153,368	0
Less direct payments to pensioners payable in the year	76,583	76,583	(66,715)	(9,868)	0	(76,583)	0
Adjustments involving the Accumulating Absences Account							
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	(962)	(962)	0	0	962	962	0
Total	(77,747)	(77,747)	68,018	8,767	962	77,747	0

Notes relating to the Accounts: Movement in Reserves Statement

15 Unusable Reserves

15.1 Compensating Absences Adjustment Account

The Compensated Absences Adjustment Account 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 March.

	2015/16	2016/17
	£000	£000
Balance at 1 April	5,692	3,147
Settlement or cancellation of accrual made at the end of the preceding year	(5,692)	(3,147)
Amounts accrued at the end of the current year	3,147	4,109
Balance at 31 March	3,147	4,109

15.2 Pensions Reserve

	2015/16			2016/17		
	Police Officers	Police Staff	Total	Police Officers	Police Staff	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April	2,387,920	143,424	2,531,344	2,331,316	130,906	2,462,222
Actuarial (gains)/losses on pensions assets and liabilities	(129,585)	(22,603)	(152,188)	539,749	59,756	599,505
Reversal of items relating to retirement benefits debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	139,587	19,627	159,214	134,733	18,635	153,368
Employer's pensions contributions and direct payments to pensioners payable in the year	(66,606)	(9,542)	(76,148)	(66,715)	(9,868)	(76,583)
Balance at 31 March	2,331,316	130,906	2,462,222	2,939,083	199,429	3,138,512

Notes to the Accounts: Supplementary Notes

16 Contingent Liabilities

The Chief Constable of Essex, along with other Chief Constables and the Home Office, currently has over 70 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations. In the case of the Judiciary claims the claimants were successful and in the Firefighters case the respondents were successful. Both of these judgements are subject to appeal, the outcome of which may determine the outcome of the Police claims. The Tribunal has yet to set a date for a preliminary or substantive Police hearing. Legal advice suggests that there is a strong defence against the Police claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful. For these reasons, no provision has been made in the 2016/17 Accounting Statements.

The Allard & Ors v Devon and Cornwall Constabulary claim relates to an appeal against a ruling that police handlers who were required to respond to communications outside their normal working hours had been 'recalled to duty' and were therefore entitled to overtime payments. The appeal was dismissed but the claimants' cross appeal against the amount of overtime was allowed. There are currently around 30 claims lodged in respect of this case and the force is currently engaging legal advice in respect of potential financial liabilities which may subsequently arise. For these reasons, no provision has been made in the 2016/17 Accounting Statements.

17 Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) has introduced changes in accounting policy which will be required from 1st April 2017. If these had been adopted for the financial year 2016/17 there would be no known material changes. Once further information becomes available, any 2016/17 changes will be restated in the 2017/18 financial statements.

These standards are:-

- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration (as per paragraph 6.5.5.1 (m) of the 2017/18 code)

18 Defined Benefit Pension Schemes

Transactions Relating to Retirement Benefits

The Chief Constable recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge the Chief Constable is required to make against the General Reserve, 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 Chief Constable's accounts during the year.

Police Officer Pension Schemes

	Police Officer Pension Scheme	
	2015/16 £000	2016/17 £000
<u>Comprehensive Income & Expenditure Statement</u>		
Cost of Services:		
Service cost	59,388	49,697
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	80,199	85,036
Total Post Employment Benefit charged to the Deficit on the Provision of Services	139,587	134,733
Other Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Change in financial assumptions	(137,471)	578,564
Change in demographic assumptions	0	(38,814)
Experience (gain)/loss on defined benefit obligation	7,886	0
Remeasurements	(129,585)	539,750
Total Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement	10,002	674,483
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the Deficit on the Provision of Services for post employment benefits	(139,587)	(134,733)
<u>Actual amount charged against the General Reserve for pensions in the year</u>		
Retirement benefits payable to retired police officers	66,606	66,715

Notes to the Accounts: Supplementary Notes

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £539.750m (gains of £129.585m in 2015/16) have been included in Other Comprehensive Income & Expenditure.

Local Government Pension Scheme

	Local Government Pension Scheme	
	2015/16 £000	2016/17 £000
<u>Comprehensive Income & Expenditure Statement</u>		
Service cost	14,788	13,704
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	4,719	4,823
Administration expenses	120	108
	4,839	4,931
Total Post Employment Benefit charged to the Deficit on the Provision of Services	19,627	18,635
Other Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets in excess of interest	2,480	(40,604)
Other actuarial gains/(losses) on assets	0	850
Change in financial assumptions	(25,070)	108,151
Change in demographic assumptions	0	(609)
Experience (gain)/loss on defined benefit obligation	(13)	(8,033)
Total Remeasurements	(22,603)	59,755
Total Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement	(2,976)	78,390
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the Deficit on the Provision of Services for post employment benefits	(19,627)	(18,635)
Actual amount charged against the General Reserve for pensions in the year		
Employer's contribution payable to scheme	9,542	9,868

Actuarial gains and losses

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £59.755m (£22.603m gains in 2015/16) have been included in Other Comprehensive Income & Expenditure.

Total actuarial gains and losses

The total actuarial losses recognised in the Comprehensive Income & Expenditure Statement for Police Officer and Police Staff schemes are £599.505m (£152.188m gains in 2015/16).

Notes to the Accounts: Supplementary Notes

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Chief Constable's obligation in respect of defined benefit plans are:-

	Police Officer Pension Scheme	
	2015/16	2016/17
	£000	£000
Present value of the defined benefit obligation	(2,331,316)	(2,939,083)
Defined Benefit Obligation at start of year	(2,331,316)	(2,939,083)
Unrecognised past service cost	0	0
Net liability in balance sheet	(2,331,316)	(2,939,083)

	Local Government Pension Scheme	Local Government Pension Scheme
	2015/16	2016/17
	£000	£000
Present value of funded obligation	(385,378)	(507,007)
Fair value of scheme assets (bid value)	256,045	309,206
Net liability	(129,333)	(197,801)
Present value of unfunded obligation	(1,574)	(1,628)
Net liability in balance sheet	(130,907)	(199,429)

Assets and Liabilities in Relation to Retirement Benefits

The following tables reconcile the present values of the liabilities and assets of the police officer pension schemes:

<u>Liabilities</u>	Police Officer Pension Scheme	
	2015/16	2016/17
	£000	£000
Defined Benefit Obligation at start of year	(2,387,920)	(2,331,316)
Current Service Cost	(59,388)	(49,697)
Interest Cost	(80,199)	(85,036)
Change in Financial Assumptions	137,471	(578,564)
Change in Demographic Assumptions	0	38,814
Experience gain/loss on defined benefit obligation	(7,886)	0
Estimated benefits paid net of transfers in	80,742	80,170
Contributions by Scheme Participants	(14,136)	(13,455)
Defined Benefit Obligation at end of year	(2,331,316)	(2,939,083)

<u>Assets</u>	Police Officer Pension Scheme	
	2015/16	2016/17
	£000	£000
Contributions by Employer	66,606	66,715
Contributions by Participants	14,136	13,455
Net Benefits Paid Out	(80,742)	(80,170)
Closing Fair Value of Assets	0	0

Notes to the Accounts: Supplementary Notes

The following table reconciles the present value of the liabilities and assets of the Local Government Pension Scheme attributable to the Chief Constable.

<u>Liabilities</u>	Local Government Pension Scheme	
	2015/16 £000	2016/17 £000
Balance at start of year	(388,879)	(386,952)
Current Service Cost	(14,617)	(12,600)
Interest Cost	(13,145)	(14,623)
Change in financial assumptions	25,070	(108,151)
Change in demographic assumptions	0	609
Experience gain on defined benefit obligation	13	8,033
Contributions by scheme participants	(3,612)	(3,438)
Benefits/transfers paid	8,301	9,503
Unfunded pension payments	88	88
Past service costs/(gains)	(171)	(1,104)
Balance at end of year	(386,952)	(508,635)

<u>Assets</u>	Local Government Pension Scheme	
	2015/16 £000	2016/17 £000
Balance at start of year	245,454	256,045
Interest on assets	8,426	9,800
Return on assets less interest	(2,480)	40,604
Other actuarial gains/(losses)	0	(850)
Administration expenses	(120)	(108)
Employer contributions including unfunded	9,542	9,868
Contributions by scheme participants	3,612	3,438
Benefits paid	(8,389)	(9,591)
Balance at end of year	256,045	309,206
Net liability at start of year	(143,425)	(130,907)
Net liability at end of year	(130,907)	(199,429)

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.

Notes to the Accounts: Supplementary Notes

Basis for Estimating Assets and Liabilities

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

The dates of the last full valuations are:

1. Essex County Council Pension Fund: 31 March 2016
2. Police Pension Schemes: 31 March 2014

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:

	Local Government Pension Scheme		Police Officer Pension Schemes	
	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	25.2	24.3	30.0	24.4
Female	27.7	26.9	32.4	27.1
Retiring today:				
Male	22.9	22.1	27.5	22.2
Female	25.3	24.6	29.9	24.7
Rate of Inflation (RPI)	3.4%	3.6%	3.3%	3.6%
Rate of Inflation (CPI)	2.5%	2.7%	2.4%	2.7%
Rate of Increase in Salaries	4.3%	4.2%	4.1%	4.4%
Rate of Increase in Pensions	2.5%	2.7%	2.4%	2.7%
Discount Rate	3.8%	2.8%	3.7%	2.8%

The Police Officer Pension Schemes have no assets to cover their liabilities. The Local Government Pension Scheme assets consist of the following categories:

	2015/16		2016/17	
	£000		£000	
Equities	173,293	68.0%	211,193	68.0%
Government bonds	7,549	3.0%	11,699	4.0%
Other bonds	12,290	5.0%	12,567	4.0%
Property	30,492	12.0%	30,082	10.0%
Cash/Liquidity	8,318	3.0%	9,307	3.0%
Alternative assets	11,384	4.0%	20,622	7.0%
Other managed funds	12,719	5.0%	13,736	4.0%
Total	256,045	100.0%	309,206	100.0%

The liabilities show the underlying commitments that the Chief Constable has in the long term to pay retirement benefits. The total liability of £3,138.5m has a substantial impact upon the net worth of the Chief Constable as recorded in the Balance Sheet.

Statutory arrangements for funding the deficit, however, mean that the financial position of the Chief Constable remains healthy.

The deficit on the Local Government Scheme 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.

The total contribution expected to be made to the Local Government Pension Scheme by the Chief Constable in the year to 31 March 2018 is £9.280m. Expected contributions for the Police Officer Pension Schemes in the year to 31 March 2018 by the employer are £25.710m.

Notes to the Accounts: Supplementary Notes

The following assumptions have also been made:

- police officers will exchange half their commutable pension for cash at retirement
- police staff will exchange 60% of their commutable pension for cash at retirement
- police officers will retire when they are first eligible to do so without reduction
- police staff will retire at one retirement age for all tranches of benefit, which will be the pension weighted average retirement age
- 10% of police staff will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits

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

The following tables identify the impact of a variance of +0.1% and -0.1% in the assumptions:-

Police Officers	£000	£000	£000
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,881,206	2,939,083	2,998,261
Projected service cost	73,524	75,889	78,335
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,945,469	2,939,083	2,932,739
Projected service cost	76,167	75,889	75,613
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,991,875	2,939,083	2,887,438
Projected service cost	78,057	75,889	73,796
<u>Adjustment to mortality age rating assumption</u>	+1 Year	None	-1 Year
Present value of total obligation	3,056,663	2,939,083	2,826,153
Projected service cost	78,309	75,889	73,543

Police Staff	£000	£000	£000
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	497,386	508,635	520,150
Projected service cost	19,692	20,228	20,779
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	510,651	508,635	506,639
Projected service cost	20,228	20,228	20,228
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	518,135	508,635	499,360
Projected service cost	20,779	20,228	19,691
<u>Adjustment to mortality age rating assumption</u>	+1 Year	None	-1 Year
Present value of total obligation	526,921	508,635	491,002
Projected service cost	20,873	20,228	19,603

Policies Applying to the Chief Constable

19. Summary of Significant Accounting Policies

These are categorised as follows:-

Policies applying to the PCC Group

- 19.1 General Principles
- 19.2 Accruals of Income and Expenditure
- 19.3 Overhead and Support Services
- 19.4 Employee Benefits
- 19.5 Prior Period Adjustments, Changes in Accounting Policy and Estimates & Errors
- 19.6 Revenue Recognition
- 19.7 Events after the Reporting Period
- 19.8 Retirement Benefits – Police Staff
- 19.9 Contingent Assets and Liabilities
- 19.10 Income

19.1 General Principles

The Statement of Accounts summarises the PCC's and the Chief Constable's financial transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. 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 2016/17, supported by International Financial Reporting Standards (IFRS) and statutory guidance, issued under Section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historic cost modified by the revaluation of certain categories of non-current assets and financial.

19.2 Accruals of Income and Expenditure Group

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.
- 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.

19.3 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 *Service Reporting Code of Practice on Local Authority Accounting 2016/17*. The Comprehensive Income & Expenditure Statement follows the requirement to report in accordance with the format used by management to make strategic decisions, as per the CIPFA *Code of Practice on Local Authority Accounting 2016/17*.

Policies Applying to the Chief Constable

19.4 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 Chief Constable.

The Chief Constable recognises liabilities at the balance sheet date in respect of the following benefits:-

- outstanding annual leave entitlements
- time off in lieu

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 Accumulating Absences Account, matched by a corresponding liability in the Accumulating Absences Adjustment Account within the Unusable Reserves section.

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 Tax payers. Within the balance sheet there is a corresponding increase or decrease in the Short Term Accumulating Absences Account and the Accumulating Absences Adjustment Account.

Long Term Benefits

The Chief Constable 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 Chief Constable 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.

In accordance with this view, the Chief Constable has adopted an IPSAS 25 (International Public Sector Accounting Standards) interpretation of long term disability benefits, which means that it accounts for these benefits in the same way as defined post-employment benefits, i.e. as actuarial gains and losses, through the police officer pensions scheme liabilities and the police officer pension scheme reserve..

19.5 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 Chief Constable'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.

19.6 Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable and represents the amounts receivable for goods or services provided in the normal course of business net of discounts and VAT. Revenue is recognised when goods are delivered and title has passed. The provision of services contains many aspects and revenue is only recognised when all related work has been completed. Consideration received in advance is recognised as deferred revenue in the Balance Sheet and released as income is earned. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Policies Applying to the Chief Constable

19.7 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 effect.

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

19.8 Retirement Benefits - Police Staff

Police Staff (including Police Community Support Officers) are eligible to join the Local Government Pension Scheme (LGPS). This is 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 a set of assumptions as supplied by our actuary.
- 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:
 - i. Quoted securities are included at realisable values (i.e. Current bid price).
 - ii. All other assets are included at fair value
- The change in the net pension liability is analysed into the following components:
 - a) 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 within Net Cost of Services.
 - b) 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 – debited/credited to the Comprehensive Income and Expenditure Statement within Net Cost of Services.
 - c) Interest cost: the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Surplus/Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement.
 - d) 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 Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.
 - e) 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 – debited/credited to the Comprehensive Income and Expenditure Statement within Net Cost of Services.
 - f) 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 – debited/credited to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.
 - g) Contributions paid to the Essex Council Pension Fund: cash paid as employer's contributions to the pension fund.

Policies Applying to the Chief Constable

In the Movement in Reserves Statement there are, therefore, appropriations to and from the Pensions Reserve to 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.

19.9 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.

19.10 Income

The PCC is the recipient of most funding, including government grants, precept and other sources of income, related to policing and crime reduction and most funding for the Chief Constable is via the PCC. The PCC 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. The Chief Constable is responsible for the income from seconded officers, mutual aid and PCSO's.

Policies applying to the Chief Constable

19.11 Retirement Benefits

Police Officers

The following schemes are:

- a) Police Officers in service on or before 31 March 2006 are admitted to the 1987 Police Pensions Scheme
- b) Police Officers in service between 1 April 2006 and 31st March 2015 are admitted to the 2006 Police Pension Scheme
- c) Police Officers in service on or after the 1st April 2015 are admitted to the 2015 Police Pension Scheme
- d) Police Officers forced to retire through injury are admitted to the Police Officer Injury awards Scheme

These schemes are defined benefit schemes, administered by Essex County Council. The schemes are unfunded, meaning that there are no investment assets built up to meet pensions liabilities.

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.

19.12 Police Pension Reserve

From 1 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.

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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.

	2015/16		2016/17	
	£000	£000	£000	£000
Contributions receivable				
Employer (21.3% of Pensionable Pay from 2015/16)	(22,051)		(20,650)	
Serving police officers	(14,136)		(13,414)	
Capital equivalent payment for ill health	(388)		(1,121)	
Transfers in				
Individual transfers in from other schemes	(784)		(886)	
Total Receipts		(37,359)		(36,071)
Benefits payable				
Pensions	56,328		58,246	
Commutations and lump sum payments	13,577		18,561	
Lump sum death benefits	76		101	
NIC on pension funds	10		30	
Payments to and on account of leavers				
Refund of contributions	25		86	
Individual transfers out to other schemes	182		26	
Payments in respect of 2015/16 benefits		70,198		77,050
Benefits payable - backdated in respect of Milne v GAD				
Pensions	97		0	
Commutations and lump sum payments	6,360		0	
Interest on commutations and lump sum payments	1,428		0	
Payments in respect of Milne v GAD		7,885		0
Total Payments		78,083		77,050
Sub total for the year before transfer from the PCC of amount equal to the deficit		40,724		40,979
Transfer of amount from the PCC of amount equal to the deficit - annual benefits (21.3%)	(29,837)		(38,167)	
Transfer of amount from the PCC of amount equal to the deficit - additional funding payable (2.9%)	(3,002)		(2,812)	
Transfer of amount from the PCC of amount equal to the deficit - Milne v GAD	(7,885)		0	
Transfer of amount from the PCC of amount equal to the deficit - Total		(40,724)		(40,979)
Net Amount Payable for the year		0		0

Police Officer Pension Fund Account

CARE Scheme

The CARE (Career Average Revalued Earnings) scheme was introduced from 1 April 2015. This is the only scheme open to new officers. Existing officers will be brought into the scheme on 1 April 2015 unless they have full transitional protection or tapered protection. Injury and ill health awards continue to be paid from the PCC's operating account. The employer rate is 21.3% (with an additional 2.9% top up contribution payable by the PCC, directly to the Home Office).

Milne v GAD

In May 2015, the Pensions Ombudsman (Ombudsman) published their Final Determination in the case of Milne v Government Actuaries Department (GAD). This case centred on whether GAD had a proactive responsibility to review the commutation factors used in the calculation of the lump sum payments made to pensioners when they opt to take an increased amount of their pension benefit in that form.

The Ombudsman found in favour of the plaintiff, which meant that for all Police Pension Scheme 1987 cases where pension entitlements were drawn between 1 December 2001 and 1 December 2006 recalculation of lump sum payments should take place based upon revised commutation factors issued by GAD, including adjustments for interest.

The 2015/16 financial statements include benefits payable totalling £7.886m in respect of this matter, with all of this cost fully refundable from the Home Office. There were no further transactions arising applicable to the 2016/17 Police Officer Pension Fund account. There are however some minor liabilities remaining in the force balance sheet in respect of the 2015/16 benefits payable.

The following table identifies the net assets and liabilities of the Fund:

	2015/16 £000	2016/17 £000
Unpaid pension benefits	0	0
Amounts owing from the General Reserve	0	0
Total Net Assets	0	0

The above statement does not include liabilities to pay pensions and other benefits after the Balance Sheet date. The liabilities for future retirement benefits are disclosed in note 18 to the Chief Constable's core financial statements.

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.

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.

APPROPRIATIONS - Amounts transferred to or from revenue or capital reserves.

ASSET - An item that has a value, for example, land & buildings, vehicles, equipment, cash.

BUDGET – A statement of the PCC's plans in financial terms. A budget is prepared and approved by the Chief Constable before the start of each financial year and is used to monitor actual expenditure throughout the year.

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.

CORPORATION SOLE – A legal entity consisting of a single incorporated office, occupied by a single individual.

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 Chief Constable 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.

CURTAILMENT – 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 Chief Constable money at the end of the financial year.

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.

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.

FINANCIAL REGULATIONS – A written code of procedures approved by the PCC, intended to provide a framework for proper financial management.

FINANCIAL REPORTING STANDARDS (FRS) – These standards are developed by the Accounting Standards Board and regulate the preparation and presentation of financial statements. The Companies Act 1985 requires compliance to these Standards or disclosures in the notes if there are any material departures from those Standards.

FINANCIAL YEAR - The period of twelve months for the accounts commencing 1st April.

Glossary of Terms

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 PCC in return for past or future compliance with certain conditions relating to the activities of the PCC.

GROUP (ACCOUNTS) – The consolidated position of both the Chief Constable of Essex and the Police & Crime Commissioner for Essex.

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 PCC 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.

LIABILITY – An obligation of an entity arising from past transactions or events, the settlement of which may result in the transfer or use of assets, provision of service statement of the PCC's plans in financial terms. A budget is prepared and approved by the PCC before the start of each financial year and is used to monitor actual expenditure throughout the year.

LONG-TERM ASSETS – Tangible assets that yield benefits to the Chief Constable for a period of more than one year.

MERGER ACCOUNTING – A method of accounting for a business combination.

NPCC – National Police Chiefs' Council.

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.

PENSION FUND – A fund which makes pension payments on retirement of its participants.

POLICE GRANT – A grant paid by the Government to PCCs as a proportion of the Formula Spending Share or FSS.

PRECEPT – The income which the PCC requires the District Councils 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

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.

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.

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.

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.

UNUSABLE RESERVES – Reserves that represent the net value of fixed 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.

Further Information

Further information about the Chief Constable's accounts is available from:

Corporate Finance
Business Centre
Chelmsford Road
Great Dunmow
Essex
CM6 1LW

Telephone 01245 452615

E-mail: Publicfinanceenquiriesessex@essex.pnn.police.uk

In addition, members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press. The audit of the accounts has been formally concluded and this is reflected in the independent auditor's report.

General information about the Chief Constable can be obtained by visiting:
<http://www.essex.police.uk/>