

# The 2017-18 Statement of Accounts for the Chief Constable of Essex



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POLICE**

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## Narrative Report

### Chief Constable's Report

Over the past year Essex Police has worked hard to make sure that Essex remains a safe county and understand and improve public confidence and victim satisfaction in the help we provide.

I am proud of the way the force has responded to the challenges in the past decade that have been brought about by financial necessity, changing patterns of both crime types and demand and how we have grasped the opportunities presented by new technology.

That work is manifested over the past year in such diverse areas as the highly effective roll-out of mobile devices for front-line officers, an informed and intelligent approach which has meant the force has a better understanding of current and predicted future demand than ever before, the development of a forward-looking operating model for policing the county and, of course, multiple examples of dedicated work every day from front line to back office.

Our success has been recognised nationally: Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services has graded Essex Police as 'good' in its PEEL inspections of efficiency, effectiveness and legitimacy. Those reports bear testimony to the work of people across the force in making sure that every penny we spend and every decision we take to deploy is done with best information and evidence. I am confident that Essex Police is a force that is ambitious and driven to achieve 'outstanding' gradings in the near future.

Essex, like the rest of England and Wales, is experiencing increase in crime after more than a decade of crime reduction. Pleasingly, dwelling burglary and reported anti-social behaviour incidents in Essex both fell last year, but the crimes that have increased the most are among those which cause the most harm, including sexual assault and violence with injury. That has not only meant incidents which have caused immense loss and pain for residents of the county; it has meant increasing demands on the teams which investigate and solve such complex crimes.

The challenges of policing a large and diverse county on the lowest level of funding per head in the country are never far from my mind. Yet I am proud of our work to attract new recruits – both police constables and Special constables – to Essex Police. They have seen our approach to growing trends bear fruit: our work, for example in tackling the menace of the 'county lines' problem of drug and gang crime saw in 2017 Operation Raptor teams' work secure sentences of a total of 336 years in prison for offenders as well as the recovery of over £1,000,000 in cash or Class A drugs.

I have seen Essex Police embrace the opportunities afforded to policing and public safety of new technology, with Project Crystallise in the North of the county developing a nationwide blueprint for best use of digital investigation and intelligence tools and techniques. With 'online' crimes as diverse as fraud, online grooming of children and hate crime on the internet increasing, that improved and increased capacity is vital.

And yet to counter that new technology we have also broadened and deepened our response to rural crime, with more resource allocated to tackle issues like hare coursing and unauthorised encampments.

Internal to the force, I am extremely proud of the services we provide to officers and staff who are affected by the nature of the work they do, particularly important in a climate where assaults on police officers have increased. Our investment in occupational health services, mindfulness sessions and events reflecting on how past mistakes inspire future success such as the force's first Maria Stubbings Memorial Lecture provide help to our helpers.



## **Narrative Report**

My focus is on providing a force which has clarity on what demand looks like, is resourced and skilled to respond appropriately to that demand and is positive ambitious about its role in partnerships across the county aimed at making us all safer.

With a focus on doing our very best to be as efficient as possible, making sure we provide the local and visible policing communities need and being prepared for the gamut of incidents from national counter terrorism incidents to local problems, Essex Police is a force that pound-for-pound is in a good place and getting better.

### **Police and Crime Plan**

The Police and Crime Plan 2016-2020 sets out the vision and strategic priorities for the PFCC across Essex and seeks to ensure that, wherever possible, crime is prevented from happening in the first place; that the police service is close to the people it serves and the public have confidence in local policing. The Plan sets out the vision for keeping Essex safe:

*'Safe and secure communities are the bedrock on which we build wellbeing and prosperity for all'*

The Police and Crime Plan can be found through the following link:

<http://www.essex.pfcc.police.uk/what-we-are-doing/police-and-crime-plan/>

### **Priority 1 - More local, visible and accessible policing**

This is the first priority in the Police and Crime Plan and a vital element in building the safe and secure communities that are the bedrock on which we build success and wellbeing for all.

Over the next six months, people will start to see more officers out and about as Essex Police recruits, trains and deploys 150 additional officers across the county. They will also start to see the impact of our increased number of Special Constables and the many Active Citizens and Police Cadets who are volunteering to work with Essex Police and make a difference in their communities. Ongoing investment in new technology will continue to extend the amount of time that police officers can spend out and about in their local areas rather than at their desks making them more visible and accessible more of the time.

The work carried out over the last year has started to increase the number of police officers and the capacity within Essex Police and this growth will continued in the coming years. Increasingly, these changes in police numbers, volunteering and investment in technology will reshape Essex Police and offer a better service to the public. This year, significant progress has been made to achieve a more local, visible, and accessible police force.

### **Police Precept**

Financially, for the first time in seven years, Essex Police and the police nationally will be getting a significant increase in their funding. Following the successful negotiation with central Government and the decision to increase the police precept by £12 per year for an average (Band D) property there will be an additional 150 officers in Essex by the end of March 2019. This builds on the 41 additional officers recruited following the 2017/18 precept increase and will be followed by a further increase in police numbers for the 2019/20 financial year.

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### **Growth in Special Constabulary and volunteering**

In terms of volunteering, Essex Police launched the #myotherlife recruitment campaign in May 2017 featuring real Special Constables. Between April 2017 and April 2018 the number of Special Constables has grown from 360 to 427 and is now at the largest number since January 2014. An additional 110 candidates were in pre-employment checks in March 2018 and a further 121 applications were received.

This strong growth in the Special Constabulary is a significant step towards achieving our aim set out in the Police and Crime Plan 2016-2020 to double the number of Specials. This growth is significant especially given that this has been achieved at a time where we are also recruiting heavily for regular officers and many of our Special Constables have taken the opportunity to apply for these positions.

As well as the number of Specials increasing it is also worth noting that the number of hours each Special Constable is working is also increasing. Over the year, Special Constables worked 128,726 hrs, the majority in high visibility, operational duties, and the equivalent to an additional 67 full time officers.

A further development in 2017/18 has been the introduction of Community Special Constables and a growth in the Employer Supported Policing Programme. The Community Special Scheme creates a partnership between town or parish councils and the police, where the council contributes towards the operational costs of Special Constables who, once trained, are allocated to their community. Eight councils have already signed up for the scheme with many agreeing to support more than one Special. A further 18 councils are in active discussions.

This Community Special Programme has been developed in parallel with an increased focus on Business Supported Policing. This scheme works with businesses to make it easier for their staff to train and volunteer as a Special Constable. This has been received positively with five businesses signed up and a further eight looking to join. The scheme currently supports 51 Specials and is being publicised by Essex Chamber of Commerce.

Building on the success of the Special Constable Programme is the continued growth in Active Citizens and Police Cadets. By the end of the reporting period there are 129 Active Citizens across the county and a further 287 Volunteer Police Cadets. These groups get involved in a number of reassurance and operational activities. They support officers at public engagement events, provide high visibility patrols in local communities and work with Neighbourhood Watch and other volunteer partners to support vulnerable victims.

One example of this successful partnership has been the recent #besafeessex campaign which ran in October 2017 and where Neighbourhood Watch, Street Pastors and Active Citizens worked together in town centres across the county to spread the message about the risk of burglary.

### **Making it easier to contact the police**

At the beginning of this reporting period it is fair to acknowledge that the 101 and public contact service was not as good as it should be. Following the small increase in police precept in the 2016/17 financial year, Essex Police were able to invest more resources into this area with an additional 15 police staff members recruited for the Force Control Room to improve the service. Over the first half of the year additional demand meant that these new resources did not make an immediate difference on the service people received. Over the second half of the year progress has been made by introducing new technology and business practices, however, further progress is needed.

## **Narrative Report**

### **Listening to and working with the public**

Effective policing in Essex, like in the rest of the country, is done with the active participation of the wider community. This is why building and strengthening the relationships between Essex Police and the communities within Essex is so important. Over the period of this report the Police, Fire and Crime Commissioner and Deputy Police, Fire and Crime Commissioner have undertaken more than 120 public engagements across the county ranging from online chats and community meetings to organised debates with local media. These events offer a valuable opportunity for the people of Essex to hear directly from them, their elected representatives, their local district police commander, a senior fire officer as well as representatives from their Community Safety Partnerships. People going along can give their views on policing in the local area and discuss the ways that community safety issues can be solved together.

Over this reporting period Essex Police also agreed its Public Engagement Strategy. This commits each policing district to devise, with their communities, their own specific programme of public engagement. These plans have developed over the reporting period and have resulted in a significant increase in the level and scope of public engagement activity. From “Coffee with Cops”, to rural policing sessions, these flexible plans allow activity to be tailored to suit the communities in each district. Improvements will be measured through a recently commissioned independent survey into public perceptions of Essex Police and Policing in Essex.

### **Rural Crime Strategy**

The Rural Crime Strategy was launched in November 2017 and is a great example of Essex Police working in partnership with local communities and other partners. This Strategy sets a clear direction for Essex Police in tackling rural crime, working with the community to build effective participation through Rural Watch and Farm Watch and helping rural communities to keep themselves safe.

This Strategy will be supported by Essex Police's Gypsy, Traveller and Rural Engagement Team (GTRET) which was established in October 2017. This team are focused on reducing crime and anti-social behaviour in rural communities across the county and providing a link between the rural community and local policing teams. They provide extra patrols in rural areas and work with other organisations to tackle issues such as unauthorised traveller encampments, hare coursing and fly-tipping.

The team have taken a lead in Operation Buzzard, a countywide operation which provides a coordinated proactive response to rural crime by bringing together specialist teams, new technology such as the use of drones, and intelligence from our rural communities.

In January 2018 the Essex County Fire and Rescue Service Rural Community Builders pilot was launched. This team work on referrals from partners include Essex Police to identify and visit people and businesses in rural areas of Braintree and Uttlesford to provide direct advice on how to be safe in their homes and businesses.

## Narrative Report

### **Supporting local solutions for local priorities – Community Safety Partnerships**

Community Safety Partnerships (CSPs) exist in all districts of the county. These Partnerships were established as statutory bodies at district and unitary local authority level under the Crime and Disorder Act 1998. Originally known as Crime and Disorder Reduction Partnerships (CDRPs) they were defined as “an alliance of organisations which generate strategies and policies, implement actions and interventions concerning crime and disorder within their partnership area”. CSPs were assigned the role of developing local approaches to deal with issues including anti-social behaviour, substance misuse and re-offending. CSPs were designed to bring together statutory, voluntary and private sector partners to tackle community safety issues.

Local and Community Policing Teams from around the county form a vital element of these CSPs and undertake joint tasking groups to provide coordinated and effective responses to local issues. Essex Police also take local level direction from the priorities identified through the CSP whether that is to focus on tackling anti-social behaviour, rural crime or a different local priority area.

The Police Fire and Crime Commissioner supports the network of CSPs across Essex with approximately £270,000 of funding annually. These grants support local partnerships to undertake activity to support their own priorities and those within the Police and Crime Plan. In addition the Police, Fire and Crime Commissioner also contributes to a central Domestic Homicide Review Fund which covers the costs of Domestic Homicide Reviews and provides resources to support the administration and management of these reviews, providing vital extra capacity for what can be a complex and resource-intensive process.

There are also a number of district-level physical Community Safety Hubs with co-location of community safety workers from different organisations improving joint-working. Some of these Hubs offer a limited public counter service, whilst others focus on the benefits of police, local authorities and other agencies sharing office space, leading to better information sharing and a co-ordinated approach to addressing local issues. Good examples of local Hubs include Tendring, where Police Officers regularly work from council buildings, and Southend where some local authority staff are based with the Police Station.

Community Safety Hubs help to achieve Priority 1 in the Police and Crime Plan 2016-2020, which commits to More Local, Visible and Accessible Policing, particularly with regard to improving communications and enabling CSPs to work with Community Policing Teams and others to set local priorities. The Community Safety Hub Steering Group is a strategic group that meets on a regular basis to review the successes of Hubs and to examine how barriers to their creation and effectiveness can be overcome. Plans are underway to expand two existing co-working arrangements, and to introduce two new ones. Moving forward we will continue to work with CSPs and their organisational members to assist the establishment of more Hubs across the county, to expand the involvement of partners at existing Hubs and to promote their benefits to partner organisations.

## **Narrative Report**

### **Priority 2 - Crack down on anti-social behaviour**

We want to reduce the disruption and distress anti-social behaviour causes people and have been working hard with our Community Safety Partnerships to achieve this. It is positive that this year we have again seen a reduction in the number of Anti-Social Behaviour incidents reported to the police. Across the county during this reporting period anti-social behaviour has reduced by 5.4 per cent or 2,841 offences. While this is a positive result and is the second year that we have seen a reduction, any level of anti-social behaviour can have a significant impact on the quality of people's lives and it is important that we maintain our focus on reducing this further.

### **Working in partnership to find local solutions**

Across the county Essex Police is working closely with partners to identify and target persistent anti-social behaviour. In the Chelmsford district the city council and local police team have established an operation to tackle persistent street drinkers. While the operation is still ongoing it has already had a positive effect with Community Protection Warnings and Notices being issued, one offender referred to drug counselling and a prosecution which is currently going through the court system.

In Colchester, there is now a bespoke Policing, Crime and Harm Reduction Plan which is a partnership approach to tackling Anti-Social Behaviour and issues around the Night Time Economy. Building on the success of Taxi-Watch, Pub-Watch and Face-Watch schemes this plan brings together all of the relevant groups to run specific high visibility activities such as "Street-Weeks" and supports the appropriate use of Dispersal Orders and Public Space Protection Orders.

In the south of the county, joint enforcement teams have been developed with partners who are undertaking joint patrols. These are being supported by the effective use of targeted Civil Orders. In July 2017, a Criminal Behaviour Order was granted following breaches of a Community Protection Notice to an adult who was frequently causing ASB by begging and drinking in Southend town centre. This case was the first in Essex to include a positive condition to engage in counselling sessions for treatment and recovery.

In West Essex there has been a re-organisation of the team to move more officers into the Community Policing Teams.

An operation in Harlow involved responding to concerns from the community, and providing extra support to areas of high Anti-Social Behaviour. This has led to a reduction in the number of incidents.

These examples highlight the positive impact that targeted local solutions carried out in partnership can have within communities and the benefit of targeting activity at some of the most prolific offenders within these communities.

### **Repeat, high harm anti-social behaviour**

A new approach is being trialled to review and manage difficult to resolve cases. This bring together the Local Policing Support Unit, Anti-Social Behaviour officers and the Officer in the Case to fully review persistent cases, ensuring all issues and avenues have been explored and to work with partners to look for ways to engage and resolve issues. The two cases currently being reviewed via this new approach involve highway and housing related Anti-Social Behaviour.



## **Narrative Report**

### **Essex Restorative and Mediation Service**

The Police, Fire and Crime Commissioner directly funds the Essex Restorative and Mediation Service through the use of a grant from the Ministry of Justice. The service receives referrals from a range of organisations including Essex Police, housing organisations and self-referrals, and works with incidents ranging from community Anti-Social Behaviour issues to out of court disposals to serious offences. During 2017/18, 371 cases were sent as referrals to the Restorative and Mediation Service, resulting in 915 people being offered a restorative or mediation approach. More than 100 victims had an opportunity to communicate with the person who had caused them harm.

Satisfaction amongst participants following a restorative approach is high, with an overall rating of 4.9 out of 5 and 86 per cent of respondents saying they felt better as a result of the restorative approach. Of those cases in which facilitators were unable to arrange communication between parties (i.e. one or both parties declined), 63 per cent still reported feeling better after having spoken with one of the facilitators.

The service continues to expand and this year has improved training to enable facilitators to work with more serious post-sentence cases including sexual and domestic harm. This has been in response to an increase in referrals from prisons. There is also an improved service to communities in the introduction of community justice panels which address big issues such as street drinking and Anti-Social Behaviour in public areas.

### **Unlawful encampments**

In October 2017, the Police, Fire and Crime Commissioner published a joint protocol on how to manage unlawful encampments following a series of round table discussions with Essex Police and representatives from district, county and unitary councils.

The shared process and protocol was the first of its kind in the country and provides a fair, robust and clear mechanism for managing unlawful encampments. The group recognised the distress caused to local residents and aimed to set out a procedure that provides greater understanding of how relevant laws will be applied, what factors will be taken into account and who can be contacted for help. This work has been supported by the creation of Essex Police's Gypsy, Traveller and Rural Engagement Team.

### **Priority 3 - Breaking the cycle of domestic abuse**

Domestic abuse, while often hidden from society, has profound and damaging effect on victims and their families. Essex Police and the Police, Fire and Crime Commissioner work with local councils, other statutory bodies and voluntary organisations through the Southend, Essex and Thurrock Domestic Abuse Strategic Partnership. The Partnership works to support victims and their families affected by domestic abuse to feel safe, cope and recover through targeted help and jointly commissioned services; and tackle offending behaviour through robust behaviour change programmes.

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The Southend, Essex and Thurrock Domestic Abuse Strategic Partnership commissioning strategy has five outcomes:

1. Young people enjoy healthy relationships:

To help young people develop a good understanding of healthy relationships and reduce the number of young people who become repeat victims or perpetrators of crime, the Partnership supports the Risk Avert Programme which is being rolled-out across Essex Schools. This Programme delivers targeted activities related to young people's emotional well-being, resilience and self-efficacy. It identifies at risk young people and provides teachers with strategies to build better relationships with their students and tackle risk-taking behaviours.

2. Victims (Adults and Children) and those at risk of experiencing domestic abuse feel and are safe:

The PFCC commission's SaferPlaces to deliver Independent Domestic Violence Advisors (IDVAs) across the county. The purpose of this service is to address the safety of victims at high risk of harm from intimate partners, ex-partners or family members to secure their safety and that of their children. The national SafeLives survey showed that Essex has enough IDVAs to cover 100 per cent of the required service to all high risk victims.

3. Victims (Adults and Children) are able to recover and move on to live independently:

Through the IDVAs the Partnership aims to improve the number of victims who report quality of life improvements, report changes to feelings of safety, have a reduced risk of further harm and stop experiencing all types of abuse. These measures are recorded according to the number of victims who report these changes out of the total number seen by the IDVA service. The national SafeLives benchmark for these indicators is 50 per cent while in Essex all four indicators have consistently achieved 70 per cent or more during the reporting period.

4. Perpetrators are prevented from causing physical and emotional harm:

The Partnership, supported by Essex County Council, Social Finance and Office of PFCC has secured Essex as one of three national Drive Perpetrator Programme pilot sites.

The Drive Perpetrator Programme is an innovative approach to tackling offender behaviour, now in the final year of its three year pilot programme. The programme engages with high risk perpetrators to disrupt their offending behaviour. Cases are selected from the Multi Agency Risk Assessment Conference (MARAC) and then caseworkers work with the perpetrators to change their behaviour. The Programme is showing promising signs of improving the safety of victims by addressing offending behaviour and is due to be independently evaluated in July 2018.

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5. Communities have a greater awareness of what an abusive relationship is and how to report it and as a consequence feel safe:

To achieve this objective the Partnership launched the Domestic Abuse and Older Person (55+) campaign in December 2017. The campaign used real case studies to raise awareness of Domestic Abuse and promote increased reporting. The campaign used a range of media to reach over 1 million Essex residents and resulted in an increase of 33.5% in the number of over 55s reporting Domestic Abuse and an increase of 18.7% in general reporting of Domestic Abuse.

To compliment this work Essex Police also ran the "Reflect Campaign" in late 2017. The campaign was aimed at getting domestic abusers to reflect on and then change their dangerous behaviour. This award winning, multi-agency campaign had a reach of more than 700,000 people, with 30 people seeking direct support to address their behaviours as a result of viewing the campaign.

Working in partnership, the Domestic Abuse Strategic Board was successful, during this reporting period, in a three year, £450,000 partnership bid to the Home Office Violence against Women and Girls Transformation Fund. The funding will improve pathways for responding to perpetrators of domestic and sexual violence and abuse through developing a joint working approach to improve information sharing and targeted service delivery.

The partnership approach to Breaking the Cycle of Domestic Violence is supported by a significant ongoing operational focus on supporting victims and tackling perpetrators within Essex Police and in particular through its specialist Juno teams. These teams are based across the county as part of the district Local Policing Teams and work alongside the Domestic Abuse Investigation Team focussing on protecting vulnerable people at risk of Domestic Abuse.

Both the partnership work and the increased operational effectiveness of the Essex Police teams has supported an increase in awareness of how to report offences of domestic abuse and confidence that when offences are reported, they will be dealt with appropriately. This has been seen in recent levels of reporting. As such it is positive that we are still seeing strong reporting in this area. In 2017/18, 34,992 cases of domestic abuse were reported a 9.3 per cent increase on the previous year.

Domestic abuse cases are classified into three risk levels with appropriate support provided depending on the level of risk and vulnerability involved. While we can be confident that high risk cases are managed effectively there is still more to do to ensure that those cases classified as lower risk are still managed as well as possible. In January 2018, a review of the current classification system and how these domestic abuse allegations are then managed in terms of the approach to victims and perpetrators was started. This will look at what contact is made and when, what level of response is provided, through to investigation and safeguarding.

### **Priority 4 - Reversing the trend in serious violence**

Serious violence remains an area of concern with the number of violence with injury offences increasing during this reporting year nationally and in Essex. While this is partially driven by a new definition of the offence, which was introduced in November 2017, and the national rise is significantly higher than the increase in Essex, this is still a concerning trend.

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During the year, Essex Police has been developing a Violence Prevention Strategy that will provide a coordinated and focused approach to preventing crime. This will be cognisant of, and reflect the priorities outlined in the Home Office's Serious Violence Strategy which was published in April 2018. It is anticipated that the Violence Prevention Strategy will be released during the 2018/19 reporting year.

A significant volume of violent crime is driven by gang activity and the fight against this is led by the Operation Raptor Teams. These teams are embedded within local policing teams across the county and work with local partners to focus on specific types of local gang activity. This can vary according to what is happening in the area and allows activity to be directed to where it will make the most difference.

One example of this type of local activity was an operation in Colchester District aimed at tackling a recent increase in Robbery. Working with partners the team were able to identify that this increase was related to specific groups stealing property such as mobile phones, bags and personal items from victims across the district. The operation was carried out in conjunction with the Community Safety Partnership which brought together Social Care, Youth Offending Teams and Housing. Through this approach the operation led to the identification and arrest of the two ring leaders who were later found guilty and sentenced to nine months in prison.

In Chelmsford, a team was formed including officers from Operation Raptor, CID and the Community Policing Team, working with Metropolitan Police teams to tackle knife crime. This resulted in twenty eight people being arrested, nine knives being seized on arrest, and applications for nine Criminal Behaviour Orders being made.

In the south of the county a recent joint operation between Essex Police and the Metropolitan Police led to the successful arrest of a person for supplying Class A drugs. The suspect had originally claimed he was simply holding a phone for somebody else, however, after research between the two forces evidence was found identifying them as a known gang member and ultimately to their position within the gang hierarchy.

### **Reducing the number of weapons on our streets**

A number of local Community Safety Partnerships have used their annual grant funding from the Police, Fire and Crime Commissioner to deliver knife and weapon awareness sessions through the charity, Only Cowards Carry. These often form part of Crucial Crew sessions held in schools. The Police, Fire and Crime Commissioner has also funded Only Cowards Carry in 2016/17 to install a number of knife amnesty bins throughout Essex. These bins led to the surrender of a significant number of knives and other weapons.

### **Serious sexual offences**

A revised Rape Improvement Plan was developed in December 2017. This highlights the quality of investigations, increasing the focus on proportionate investigations being conducted and examines alternative models for delivering a better quality of service to victims of non-recent offences. The plan includes the development of a closer working arrangement between Essex Police's Crime and Public Protection Command and Crown Prosecution Service and aims to achieve the faster development and submission of case files and improved case quality. The plan also sets out the introduction of regular debriefing sessions to identify best practice and opportunities for improvement and regular recording of suspect interviews to support effective prosecutions.



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The existing analytical process for rape offences is being reviewed to provide clearer detail on offences. The option to allow rape suspects access to the new perpetrator psychological course (currently offered to domestic abuse suspects) is also being explored.

A new risk assessment is being devised for rape victims to ensure that better support is provided, and to assist with the prevention of offences. Feedback from Independent Sexual Violence Advisers (ISVAs) is also now being received across Essex Police and incorporated into officers Continuous Professional Development.

The Police, Fire and Crime Commissioner hosted a multi-agency roundtable event in February 2018, which brought together key stakeholders and included testimony from a survivor of sexual abuse about their experiences and the harm they endured. The event aimed to improve understanding of the key issues in tackling sexual abuse across Essex, find out the needs of those experiencing sexual abuse, and considers a partnership approach to combatting sexual abuse. In particular the session identified that partners wanted a clear referral pathway that was consistent across Essex and that awareness of sexual abuse should be promoted amongst all stakeholders, including opportunities for training to professionals.

Following on from this roundtable the refreshed Essex Sexual Abuse Support Partnership (SASP) Board, which includes the Police, Fire and Crime Commissioner, Essex Police, local authorities, criminal justice and health partners, have committed to work collaboratively to develop a partnership sexual abuse strategy. This will set out and monitor key shared outcomes in relation to sexual abuse, including working towards a jointly commissioned sexual abuse support pathway that provides a holistic, countywide service for victims to enable them to cope and recover from harm.

The Independent Sexual Violence Advisor (ISVA) and community based support service that is commissioned by the Police, Fire and Crime Commissioner has been highlighted as an example of good practice in the 2016 Home Office Violence Against Women and Girls commissioning toolkit.

### **Priority 5 - Tackle gangs and organised crime**

Gangs and organised crime groups are involved in a large number of criminal activities including the exploitation of vulnerable people, drugs and violent crime. At a strategic level the Police, Fire and Crime Commissioner has been leading a sub-group on behalf of Safer Essex to develop a Violence and Vulnerability Framework. This will bring together activity being undertaken to disrupt, tackle and target gangs at both a county level filtering all the way to local neighbourhood actions. This framework, which is currently under development, is due to be published in 2018/19 and will provide greater opportunities to coordinate activities between partners and deliver an even more coordinated approach across the county.

### **Drug and Alcohol Action Teams**

Drugs, drug addiction and crime resulting from drug addiction are all closely related to gangs and organised crime. As a preventative measure the Police, Fire and Crime Commissioner makes an annual contribution of more than £500,000 to local drug and alcohol action teams to provide substance misuse services that address issues in relation to community safety, crime reduction and reducing re-offending. This includes tackling reoffending, supporting recovery, drug testing on arrest, and young people's substance misuse services.

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### **Examples of local operations**

At an operational level, the fight against gangs is led through Essex Police's Operation Raptor Team - a well-established team that provides a robust and proactive approach to tackling gangs. In the 2017/18 financial year, Essex Police disrupted 86 organised gangs in Essex and made 1167 arrests for the trafficking of drugs. In terms of trafficking arrests this is about the same as last year whilst the number of disruptions is a relatively new measure so comparative data isn't available.

During a three month period in North Essex the Operation Raptor Team executed 12 warrants, stopped and searched 20 people, made 86 arrests, charged 14 people and got 26 convictions. Nine of those convicted are serving 24 years in prison between them. Other results include, five people referred to the National Referral Mechanism (a framework for identifying victims of human trafficking or modern slavery), 1,278 wraps of crack cocaine and heroin, 15 grams of uncut heroin (valued between £15,000 - £20,000), £260 worth of cannabis, nine weapons and £4,465 cash being seized as a result of the Raptor teams work during this three month period alone.

At the start of October 2017, Essex Police launched an Operation as part of their fight against those involved in gang crime and the illegal drugs trade. Teams from across the force, including Operation Raptor, the Operational Support Group (OSG), Roads Policing, and Public Protection, and the community and local policing teams were involved. They used a variety of tactics including: automated number plate recognition (ANPR) operations to target known criminals using the roads; working with neighbouring forces to target criminals crossing county borders to commit crime; and covert and high visibility patrols in key areas. The operation resulted in more than 53 people being arrested; 1,000 wraps of Class A drugs – including heroin, cocaine and crack cocaine – being seized, as well as nearly £4,000 in cash. During a warrant in Chadwell St Mary, officers seized 272 cannabis plants and following a warrant in Colchester, four people were arrested and two later charged with possessing with intent to supply Class A drugs.

In December 2017, Essex Police, working with partners, secured a conviction against members of the Jay Boys Gang, a county line drugs gang operating from London who earned between £2,000 and £3,000 per day. The gang were sentenced to a collective total over more than 41 years. As well as cracking down on those who are committing offences a significant amount of effort is also invested in preventative measures to help stop vulnerable people being coerced into a life of crime by becoming a member of a gang.

### **Supporting the victims of human trafficking and modern day slavery**

197 offences of human trafficking and modern day slavery were recorded in Essex over this reporting period, compared to 62 the year before. This large increase is a result of both new legislation (The Modern Slavery Act 2015) and significant work to increase awareness amongst partners and communities. 1,000 frontline professionals have received awareness training to help them spot the signs of modern day slavery, including people from healthcare, education, faith groups and the homeless sector. A further 19 people have also been trained to deliver further training in the future.

The Modern Slavery Police Transformation Unit recently issued a position summary for Kent and Essex that states that both forces have well established modern slavery structures in place with regards to governance arrangements, multi-agency partnerships, strategic and tactical modern slavery response and training programmes.

## **Narrative Report**

A recent example of the success of this programme is the Modern Slavery/Human Trafficking investigation in Waltham Abbey, where a woman was recovered from a lorry. The victim would not engage in the criminal justice process but was safeguarded into the National Referral Mechanism process. However, after consultation with the Crown Prosecution Service, the lorry driver was charged with assault.

### **Priority 6 - Protecting children and vulnerable people**

Protecting children and those most vulnerable people in our society is an important focus for Essex Police and the Police, Fire and Crime Commissioner. Working with partners and the Southend, Thurrock and Essex Safeguarding Boards we help to hold to account the statutory bodies involved and are held to account by the other members. These boards have independent chairs and add an important element of scrutiny to the way safeguarding is managed in the three areas providing opportunities to share best practice and coordinate activity.

Essex Police, Fire and Crime Commissioner is responsible for the provision of victims support services and manages a grant from the Ministry of Justice of £2.8million to support victims to cope and recover from the impact of crime. The Police, Fire and Crime Commissioner also directly funds the Community Safety Fund of £2.4m and the Community Safety Development Fund of £0.3m, both of these funds support the delivery of the Police and Crime Plan, including a focus on protecting children and vulnerable people.

As part of the range of victims support services provided, The Police, Fire and Crime Commissioner went out to market to procure the countywide victim referral and assessment service in 2017/18. This service offers support to victims of crime to help them cope and recover from their experience in line with the Ministry of Justice's Code of Practice for victims of crime. Victim Support was successful in the procurement exercise. The service has the primary aim of ensuring that people are supported to cope and recover after being victims of crime and increase levels of victim satisfaction. The service provides practical and emotional support which can be delivered face-to-face, over the phone or using web-chat facilities. It also works with local specialist services to ensure victims that require additional support are referred or signposted to appropriate organisations.

The Police Fire and Crime Commissioner also commissions the Essex Rape Crisis Partnership (ERCP) a specialist service which provides a countywide Independent Sexual Violence Advisors (ISVAs) service as referred to under priority three. Independent Sexual Violence Advisors, or ISVAs, play an important role in supporting victims of sexual violence. They are victim-focused advocates who work with people who have experienced rape and sexual abuse to help them to navigate the criminal justice system and access the services they need. This service represents an important step in providing consistency and predictability to a vital victim service which has historically struggled to access sustainable funding.

The Police, Fire and Crime Commissioner also uses the Ministry of Justice funding to provide additional support to vulnerable victims of child sexual abuse, including those at risk of, or experiencing, child sexual exploitation. Working with the Children's Society and the Centre for Action on Rape and Abuse (CARA), the fund is used to promote awareness of the signs of abuse and provide direct support to those that have been victims of abuse or exploitation.

## **Narrative Report**

### **Mental Health Act**

A significant change during 2017/18 was the introduction of Section 136 of the Mental Health Act which removed a police station from the definition of a recognised 'place of safety' for 136 arrests. Only in special very cases where the threat would be unmanageable at a hospital can a detainee now be taken to a police station. This has had an important impact on how people experiencing a mental health crisis are supported. In Essex a collaborative approach with representatives from local councils, the health sector and Essex Police established a coordinated approach to managing this legislative change. This has led to a drastic reduction in the number of people experiencing a mental health crisis being placed in police custody as a place of safety. Instead a number of more appropriate places of safety have been identified around the county to support these people and help them recover and access support services. During the reporting period only 14 people were detained in custody compared to 150 during the previous reporting period.

The introduction of the Street Triage Team in 2016/17 has also led to significant improvements to the service provided. This is a joint team made up of officers from Essex Police and mental health workers from local NHS providers. It gives advice and support to officers encountering people in crisis and directs intervention where appropriate. The team delivers a much more appropriate service whilst also reducing pressure on the resources of Essex Police and partners.

The Police, Fire and Crime Commissioner working with Essex Police, Essex County Council, local Clinical Commissioning Groups and NHS England has recently commissioned a new Integrated Health and Justice Service. This five year contract has been awarded to Essex Partnership University NHS Foundation Trust (EPUT) who will deliver healthcare to vulnerable people who may find themselves inadvertently coming into contact with criminal justice agencies.

### **Improving reporting of hate crime**

Over the last year Hate Incident Reporting Centres (HIRCs) have been available across Essex and there are now 43 reporting centres active within the county. This is part of an initiative to make third party reporting facilities available to the whole of Essex by 2018. To support these centres training has been provided to over 450 Hate Crime Ambassadors (HCA's) countywide, including 48 youth council ambassadors in the West of Essex.

As part of the Strategic Hate Crime Prevention Partnership (SHCPP) Essex Police is working with partners including Essex County Council, Essex County Fire and Rescue Service, Education, Community Safety Partnerships, & Victim Support and other third parties to develop and launch a hate crime strategy for the county to run from 2018-2021. This strategy will adopt a multi-agency approach to understand and prevent hate crime while promoting the reporting of hate crime along with improving support for victims.

To build awareness of how to report hate crime Essex Police launched an awareness campaign for National Hate Crime awareness Week (NHCAW) which ran from 14th-20th October 2017. This campaign used infographics on social media to help develop people's understanding of hate crime; it also held 20 face-to-face events countywide, and these were supported by HIRCs to recruit organisations and individuals to the HIRC networks.



## **Narrative Report**

### **Priority 7 - Improve safety on our roads**

Policing our roads is an important element of both crime reduction and community safety. It is important to remember that driving related offences such as speeding, drink and drug driving, and using a phone whilst driving cause more serious injuries and deaths than all other forms of crime in our county.

The road network also plays a vital part in wider criminality, providing access to the county to criminals for a range of activities. This includes a number of high priority offences such as drug dealing, gang activity, modern day slavery, burglary, child sexual exploitation and vehicle crime.

The network also provides easy access for crime groups that operate within London and may wish to extend their activities to communities within our county. Beyond these larger conurbations the road network also provides access to rural communities where incidents of fly-tipping, hare coursing and the theft of agricultural machines can cause significant harm to communities and rural businesses.

### **Making our roads safer**

Effective policing of our road network will make our county safer and in 2017/18 we have seen a continuation in the ongoing reduction in the number of people killed or seriously injured on our roads. During the reporting period, 923 people have been killed or seriously injured on our roads compared to 977 in the previous year. This is a 5.5 per cent reduction.

Working through the Safer Essex Roads Partnership, the last year has seen real progress in how, together, the Partnership can make the roads of Essex safer. The introduction of the Extra Eyes scheme has provided a successful mechanism for motorists to share footage from their dash cams. This allows access to more intelligence and better evidence but also reaffirming, in a modern context, the importance of communities and the police working together to keep our county safe.

Within the first few months of the scheme being launched in December 2017, 79 reports had been received by Essex Police with 39 identifying enough supporting evidence highlighting risk to support a prosecution.

The re-launch of Community Speed Watch Volunteers, supported by Essex County Fire and Rescue Service has reinvigorated this important scheme. During the 2017 calendar year, a total of 15,050 warning letters have been sent to drivers as a result of Community Speed Watch Volunteer activity with 217 members of the public trained bringing the number of registered groups to 90 and the number of volunteers to 504.

In November 2017, Essex Police and the Police, Fire and Crime Commissioner in partnership with Maldon District Council, started a trial of Community Protection Officers employed by Maldon District Council enforcing speed limits across the district. This pilot has taken advantage of new technology and legislation to provide an innovative response to local concerns. Fifty four enforcement sites across the Maldon District have been selected based upon road traffic collision casualty data or in response to local community consultation.

Through the Safer Essex Roads Partnership, significant work has continued throughout the year to raise awareness of the dangers of driving unsafely, focusing on changing the behaviours of high risk and vulnerable groups. This has included campaigns focused at specific road users such as those aged between 16-25 year of age and those aged over 76.

## Narrative Report

### Performance Framework

The PFCC chairs a Performance and Resources Board that holds the Chief Constable and the force to account for the performance of the force officers and staff against the delivery of the Police and Crime Plan. On a monthly basis, the current performance data of the papers and minutes of the Performance and Resources Board are published on the OPFCC website.

<http://www.essex.pfcc.police.uk/scrutiny/essex-police-performance/>

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

Crime, including violent crime, has risen. This is in line with the national trend for crime increase (Essex is not an outlier when compared to other UK police forces). Some of this increase will be due to changes in crime recording.

The increase in crime has led to heightened demand on officers, which in turn has contributed to a decreasing solved rate. Solved rates are declining nationally (Essex is not an outlier when compared to other UK police forces).

The number of incidents of domestic abuse is also increasing. However, there is no national comparison data available. There is nothing further to indicate whether – or how much of – the increase in incidents of domestic abuse may be attributed to media campaigns or initiatives that encourage reporting.

Police and Crime Plan Priorities	Police Priority Indicators	12 months to March 2017	12 months to March 2018	Number Difference	% Difference	Direction of Travel
<b>Priority 1 - More local, visible and accessible policing</b>	Percentage of people who have confidence in policing in Essex <sup>1</sup>	-	82.6	-	-	-
	<i>Confidence Interval</i>	-	1.2			
	Confidence in the local police (CSEW) <sup>2</sup>	59.8	47.9	-11.9	-	Deteriorating
	<i>Confidence Interval</i>	4.2	5.6			
	Number of all crime offences	120,665	134,185	13,520	11.2	Deteriorating
<b>Priority 2 - Crack down on anti-social behaviour</b>	Number of anti-social behaviour incidents	52,170	49,329	-2,841	-5.4	Improving
	Percentage of people who have confidence that the policing response to ASB is improving <sup>1</sup>	-	69.1	-	-	-
	<i>Confidence Interval</i>	-	1.5			
<b>Priority 3 - Breaking the cycle of domestic abuse</b>	Number of incidents of domestic abuse	32,009	34,992	2,983	9.3	Deteriorating
	Number of repeat incidents of domestic abuse <sup>3</sup>	-	15,026	-	-	-
	Percentage of domestic abuse offences solved	26.2	17.7	-8.4	-	Deteriorating
<b>Priority 4 - Reverse the trend in serious violence</b>	Number of homicides	15	24	9	60.0	Deteriorating
	Number of violence with injury offences (new definition from Nov 2017)	12,542	13,704	1,162	9.3	Deteriorating
<b>Priority 5 - Tackle gangs and organised crime</b>	Number of Organised Criminal Group disruptions <sup>4</sup>	26	17	-9	-34.6	Deteriorating
	Trafficking of drugs arrests	1,238	1,196	-42	-3.4	Deteriorating
<b>Priority 6 - Protecting children &amp; vulnerable people</b>	Number of child abuse outcomes <sup>5</sup>	332	278	-54	-16.3	Deteriorating
	Child abuse solved rate	13.5	9.8	-3.7	-	Deteriorating
<b>Priority 7 - Improve safety on our roads</b>	Number of driving related mobile phone crime on Essex roads	4,424	2,557	-1,867	-42.2	Improving
	Number of driving under the influence of drink and/or drugs on Essex roads	1,718	2,221	503	29.3	Deteriorating
	All people killed or seriously injured (KSI) in road collisions <sup>6</sup>	977	923	-54	-5.5	Improving

<sup>1</sup> These questions are from the recently commissioned confidence and perception survey, which began in June 2017 and are for the period April 2017 to September 2017.

<sup>2</sup> Crime Survey for England and Wales (CSEW) - 12 months to September 2017 vs. 12 months to September 2016.

<sup>3</sup> The number of repeat incidents of domestic abuse is for the 12 months to March 2018. The previous period cannot be produced due to a change in how this measure is captured.

<sup>4</sup> The number of Organised Criminal Group disruptions are for the period January 2018 to March 2018 vs. October 2017 to December 2017.

<sup>5</sup> All solved outcomes (outcomes 1,2,3,4,6,7 & 8).

<sup>6</sup> 'Killed or Seriously Injured' refers to all people killed or seriously injured on Essex's roads, regardless of whether any criminal offences were committed.

## **Narrative Report**

### **Preparation of Narrative Report**

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 31st March 2018. 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 PFCC sets the budget for policing in the county. The majority of the PFCC's funding is provided by Government Grant with around one third of gross expenditure in 2017/18 being met by local council tax payers.

The key duty of the PFCC is to oversee the provision of an efficient and effective police service. The PFCC 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 PFCC.

The PFCC 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 light of the continuing reduction in grant funding over the medium-term it has needed to have strong financial management controls in place during 2017/18.

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 known as Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services HMRCFRS) Value for Money Profile 2017 confirmed that Essex Police costs £148.80 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 2017 to 31st March 2018 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.

The Chief Constable Statement of Accounts are part of the PFCC's for Essex Group Statement of Accounts. From 1<sup>st</sup> October 2017 the PCC took on the governance of Essex County Fire and Rescue Service becoming the PFCC. The governance arrangements of the PFCC and Chief Constable are set out in the Annual Governance Statement in the PFCC for Essex Group Statement of Accounts.



## **Narrative Report**

### **Financial Review**

In recognising the respective responsibilities of the PFCC and Chief Constable all assets, liabilities and contracts remained in the name and ownership of the PFCC whereas the majority of police staff along with Police Officers and PCSO's are employed by the Chief Constable. The PFCC chairs the Strategic Board which governs major programmes of change including the Strategic Change Programme.

The Strategic Change Programme seeks to transform the way that policing is delivered in Essex to ensure it is fit for purpose for the 21<sup>st</sup> century. The programme involves transformation of the police estate, a greater use and deployment of technology to improve policing responses and free up police time, improved public contact and engagement, and a stronger focus on local policing. The programme includes investment in mobile policing and reviewing and managing demand across the county.

### **Principal Risks and Uncertainties**

A risk management strategy is in place to identify and evaluate risk. The Chief Constable has a risk register.

Below are the main risks from the Chief Constables Risk Register:

- If the force is unable to manage existing and future demand through the use of technology and more efficient business processes it may not be able to provide an effective service that protects people from harm.
- Historical lack of investment in the IT infrastructure creates a risk that critical IT systems may fail periodically, causing lack of access to operationally important data/information during the repair process, or in the worst case scenario, permanent loss of data.

The Chief Constable's risks are mitigated by additional resources in place to manage demand within Contact Management, the introduction of mobile devices for police officer and investment in the Infrastructure Modernisation programme.

The strategic risks are reviewed and challenged by the Joint Audit Committee on a regular basis.

### **2017/18 Financial Performance**

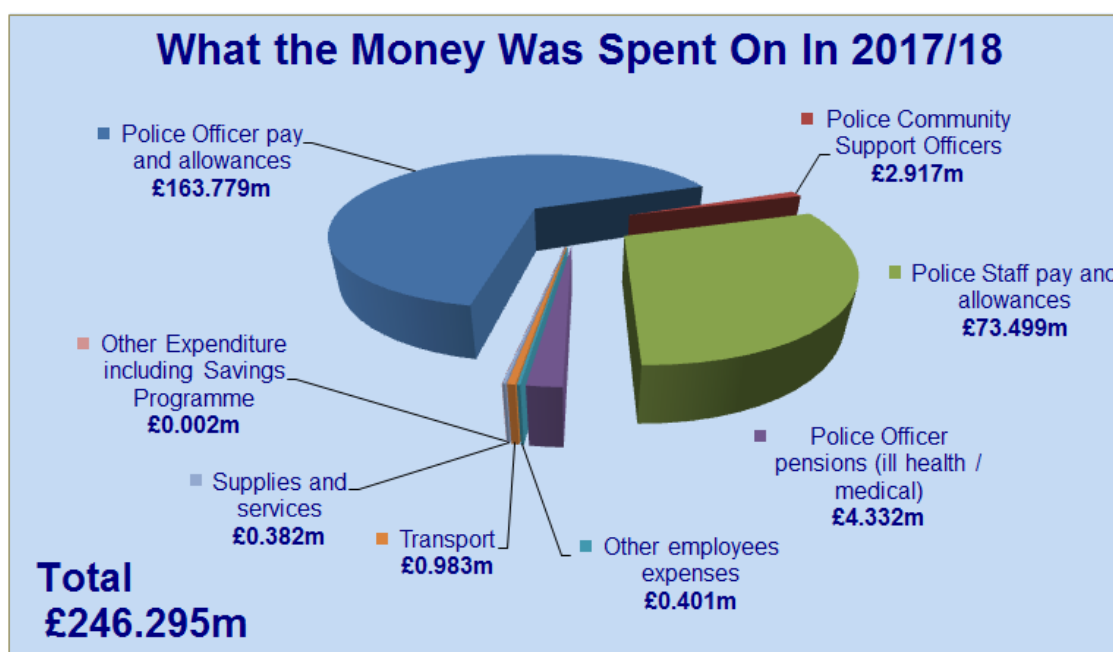
The table overleaf shows budgeted and actual net revenue expenditure in a form representing the management accounting balance for the Chief Constable. The management accounting balance is the form recognised in setting the PFCC budget and council tax precept for 2017/18. The Net Revenue Expenditure excludes pension liabilities, accumulated absences and other items which do not have an impact on the transfer to or from the General Reserve. These charges are included and accounted for in the Comprehensive Income and Expenditure Statement (CIES) within the Core Financial Statements in accordance with proper practice.

The management accounting balance overleaf contains the transactions specific to the Chief Constable. All other transactions are included in the PFCC's accounts. The transactions in the PFCC for Essex Group include the combined transactions for the Chief Constable and PFCC's accounts.

The Expenditure and Funding Analysis reconciles the difference between the management accounting balance and the accounting balance in the CIES.

## Narrative Report

	Budget	Actual	Variance over / (under)
	£000	£000	£000
Police Officer pay and allowances	161,893	163,779	1,886
Police Community Support Officers	3,205	2,917	(288)
Police Staff pay and allowances	77,147	73,499	(3,648)
Police Officer pensions (ill health / medical)	4,288	4,332	44
Other employees expenses	413	401	(12)
Transport	969	983	14
Supplies and services	303	382	79
Other expenditure including Savings Programme	(552)	2	554
<b>Gross Revenue Expenditure</b>	<b>247,666</b>	<b>246,295</b>	<b>(1,371)</b>
Income	(2,747)	(2,811)	(64)
<b>Net Revenue Expenditure</b>	<b>244,919</b>	<b>243,484</b>	<b>(1,435)</b>



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

- Pay, allowances & expenses for:
  - Police officers
  - PCSO's
  - Police staff (excluding those employed by the Office of the PFCC for Essex Police)
- Police officer medical pensions
- Operational income & mutual aid expenditure
- The Chief Constable's external audit costs

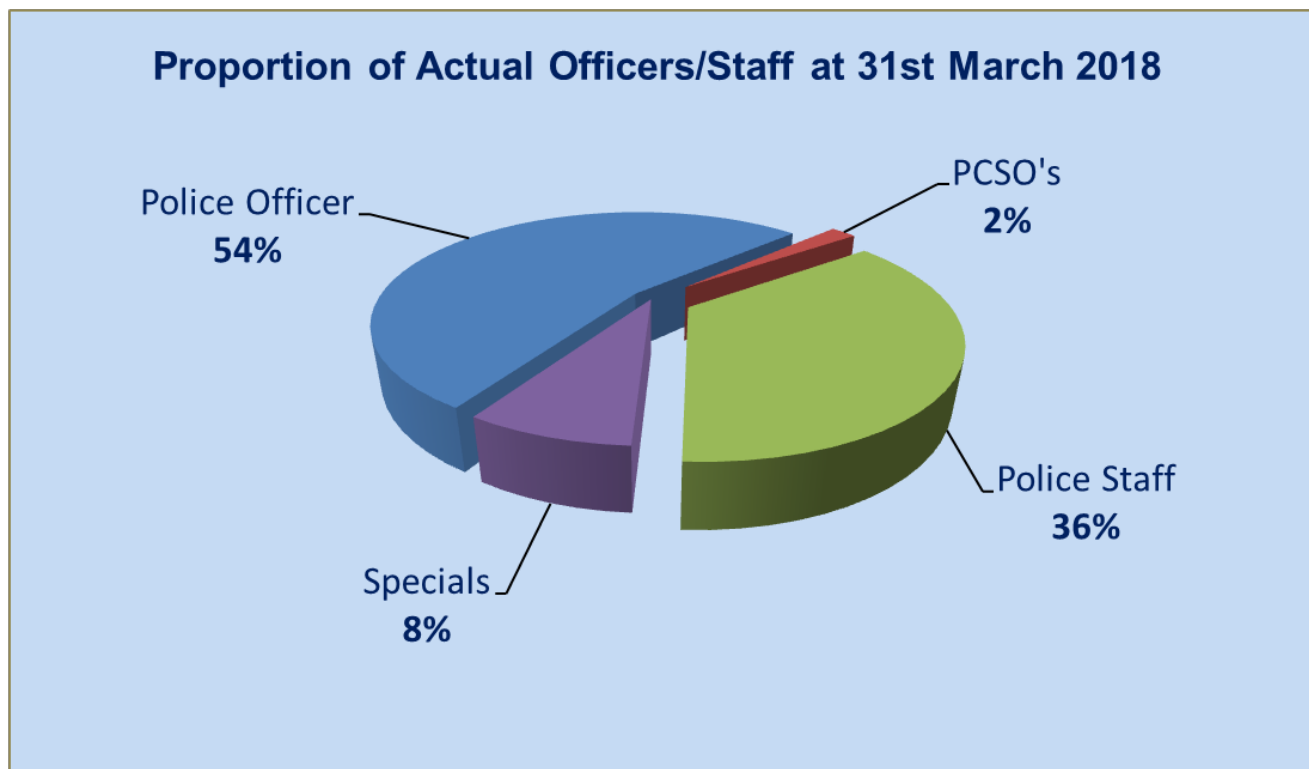
All other income and expenditure is included in the PFCC's accounts.

## Narrative Report

### Officer and Staff Numbers compared with 2017/18 Budget

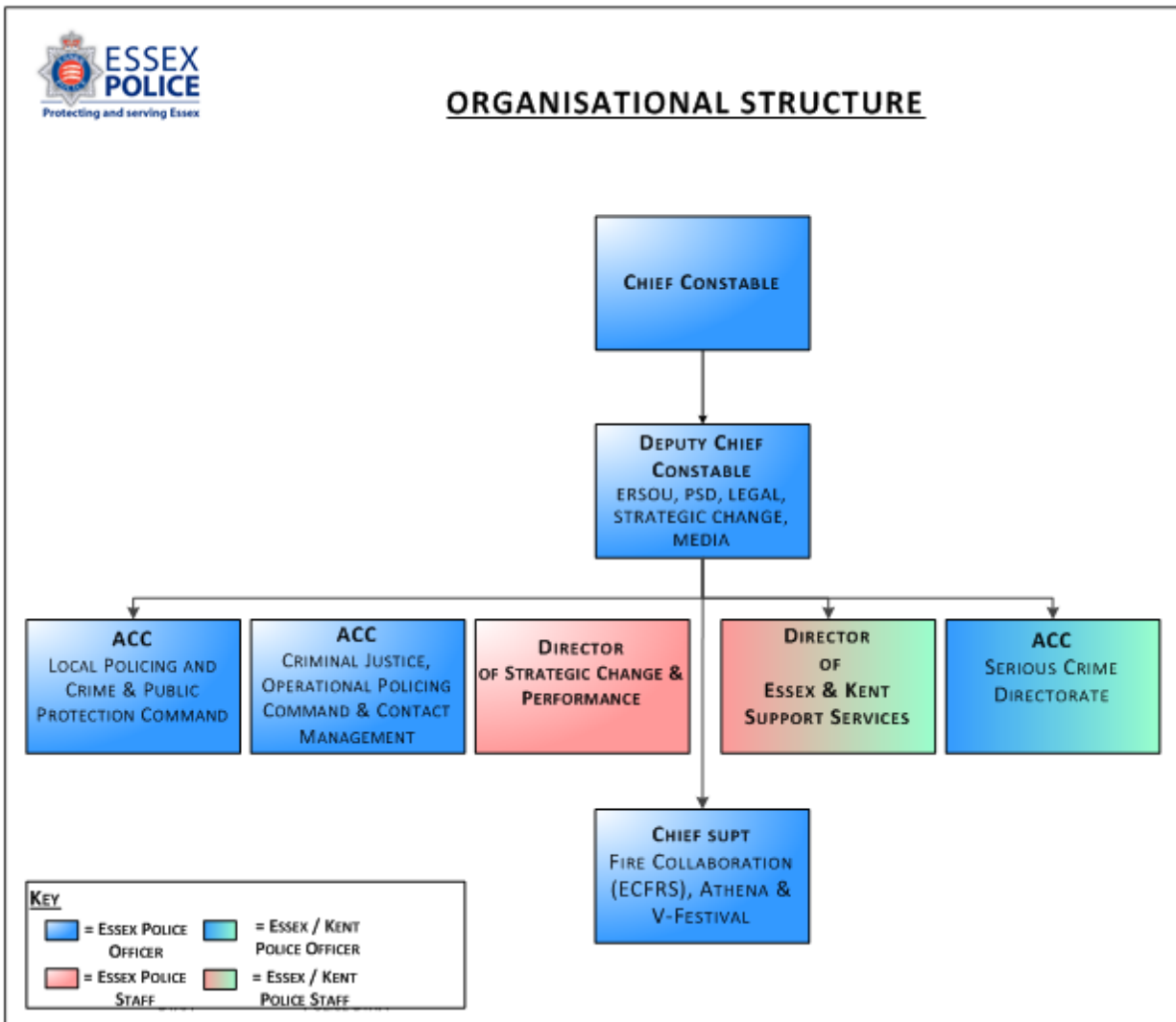
	Police Officers		PCSOs		Staff		Specials	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs
1 <sup>st</sup> April 2017	2,850	2,800	100	96	1,989	1,921	345	360
Net in-year change	0	150	2	(4)	40	61	187	67
<b>31st March 2018</b>	<b>2,850</b>	<b>2,950</b>	<b>102</b>	<b>92</b>	<b>2,029</b>	<b>1,982</b>	<b>532</b>	<b>427</b>

The above table shows that police officer numbers increased in the year by 150 FTE's, exceeding the budget by 100 FTE's. The budgeted FTE's in 2018/19 is 3,000, an increase of 150, and the 2017/18 increase has assisted in meeting the 2018/19 target. The table shows the PCSO numbers reduced by 4 FTE's during the year, the number of Police Staff has increased during the year by 61 FTE's and the Specials increased by 67 FTE's.



## Narrative Report

The organisational staff structure for Essex Police is shown below.



### Statutory Framework

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 1st April 2014 and all staff, except those working directly in the Office of the PCC (OPCC), transferred to the corporation sole of Chief Constable.

From 1st October 2017, the Police and Crime Commissioner also took on the governance of Essex County Fire and Rescue Service, becoming the country's first Police, Fire and Crime Commissioner (PFCC).

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.

## Narrative Report

The Chief Constable has operational control of Police Officers, PCSOs, Police Staff (excluding OPFCC staff) and income for seconded officers, PCSO funding and mutual aid. The PFCC has strategic control of all assets, OPFCC 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 2017/18: Based on International Financial Reporting Standards (IFRS).

### Explanation of Accounting Statements

The Statement of Accounts consists of the following sections:

**i) Annual Governance Statement**

This sets out the PFCC's and Chief Constable's combined governance arrangements and a review of the effectiveness of those arrangements. The Annual Governance Statement is set out in the Statement of Accounts for the Police, Fire and Crime Commissioner for Essex Group.

**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**

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 Expenditure and Funding Analysis brings together local performance reported on the basis of expenditure measured under proper accounting practices.

**v) Core Financial Statements**

These comprise:

- **Comprehensive Income and Expenditure Statements** - these 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 PFCC sets a precept (i.e. the police share of council tax) to cover expenditure classified in accordance with regulations and this will be very different to the accounting cost.



## Narrative Report

- **Balance Sheet** - this sets out the assets and liabilities of the Chief Constable as at 31st March 2018. Net assets of the Chief Constable (assets less liabilities) are matched by reserves held by him. 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 Statements** - 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.

## Statement of Responsibilities

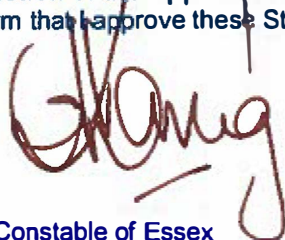
### **The Chief Constable's responsibilities**

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.

### **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  
27<sup>th</sup> July 2018

### **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 31st March 2018.



Deborah A. Martin BA (Hons), FCPFA  
Chief Finance Officer of the Chief Constable  
27<sup>th</sup> July 2018

## **Annual Governance Statement**

The PFCC for Essex and the Chief Constable of Essex have agreed a combined Annual Governance Statement for 2017/18.

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

## Independent Auditor's Report

### INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF ESSEX POLICE

#### Opinion

We have audited the financial statements of the Chief Constable of Essex Police for the year ended 31 March 2018 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, the related notes 1 to 18 and the Expenditure and Funding Analysis to the Chief Constable 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 2017/18.

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 2018 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 2017/18.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Chief Constable for Essex Police in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the "*Statement of Accounts for the Chief Constable of Essex Police 2017/18 FINANCIAL YEAR*", other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

## Independent Auditor's Report

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Local Audit and Accountability Act 2014 Arrangements to secure economy, efficiency and effectiveness in the use of resources**

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, the Chief Constable for Essex Police put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

### **Matters on which we report by exception**

We report 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.

### **Responsibilities of the Chief Finance Officer**

As explained more fully in the "*Statement of Responsibilities*" set out on page 26, the Chief Finance Officer 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 2017/18, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Constable either intends to cease operations, or have no realistic alternative but to do so.

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 for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



## Independent Auditor's 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 2017, 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 2018.

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.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable of Essex Police 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.

### **Certificate**

We certify that we have completed the audit of the accounts of the Chief Constable of Essex Police in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

### **Use of our report**

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.

MARK HODGSON

ERNST & YOUNG LLP

Mark Hodgson (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Cambridge

Date: 27 July 2018

*The maintenance and integrity of the Chief Constable of Essex Police'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 internal force reporting format, as detailed within the Narrative Report.

	2016/17 Net Expenditure Chargeable to the General Fund	2016/17 Adjustment between Funding & Accounting basis	2016/17 Net Expenditure in the Comprehensive Income and Expenditure Statement	2017/18 Net Expenditure Chargeable to the General Fund	2017/18 Adjustments Between Funding & Accounting basis	2017/18 Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
<b>Financial Resources Consumed - Chief Constable</b>	235,253	26,055	261,308	243,485	55,579	299,064
Intra Group Adjustment for Chief Constable's Net Service Cost	(235,253)	(38,167)	(273,420)	(243,485)	(41,183)	(284,668)
<b>Net Cost of Provision of Police Services - Chief Constable</b>	0	(12,112)	(12,112)	0	14,396	14,396
Other Income and Expenditure	0	89,859	89,859	0	86,781	86,781
<b>(Surplus)/Deficit on Provision of Police Services - Chief Constable</b>	<b>0</b>	<b>77,747</b>	<b>77,747</b>	<b>0</b>	<b>101,177</b>	<b>101,177</b>

## 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.

	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net Expenditure £000	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure £000
Employee Expenses	262,408	0	262,408	300,507	0	300,507
Premises	0	0	0	0	0	0
Transport	981	0	981	983	0	983
Other service expenditure	327	0	327	383	0	383
Third party payments	136	0	136	2	0	2
Depreciation amortisation and impairment	0	0	0	0	0	0
Contribution to reserves and provisions	0	0	0	0	0	0
Fees charges and other service income	0	(2,243)	(2,243)	0	(2,497)	(2,497)
Government Grants and contributions	0	(300)	(300)	0	(314)	(314)
<b>Financial Resources Consumed - Chief Constable</b>	<b>263,851</b>	<b>(2,543)</b>	<b>261,308</b>	<b>301,875</b>	<b>(2,811)</b>	<b>299,064</b>
Intra Group Adjustment for Chief Constables Net Service Cost	0	(273,420)	(273,420)	0	(284,668)	(284,668)
<b>Net Cost of Provision of Police Services - Chief Constable</b>	<b>263,851</b>	<b>(275,963)</b>	<b>(12,112)</b>	<b>301,875</b>	<b>(287,479)</b>	<b>14,396</b>
Net Interest on the defined benefit pensions liability						
-Police Officers	85,036	0	85,036	81,331	0	81,331
-Police Staff	4,823	0	4,823	5,450	0	5,450
<b>Financing and Investment Income and Expenditure</b>	<b>89,859</b>	<b>0</b>	<b>89,859</b>	<b>86,781</b>	<b>0</b>	<b>86,781</b>
<b>(Surplus)/Deficit on Provision of Police Services - Chief Constable</b>	<b>353,710</b>	<b>(275,963)</b>	<b>77,747</b>	<b>388,656</b>	<b>(287,479)</b>	<b>101,177</b>
Remeasurement of the net defined benefit liability						
-Police Officers	539,749	0	539,749	0	(193,341)	(193,341)
-Police Staff	59,756	0	59,756	0	(37,789)	(37,789)
<b>Other Comprehensive Income and Expenditure</b>	<b>599,505</b>	<b>0</b>	<b>599,505</b>	<b>0</b>	<b>(231,130)</b>	<b>(231,130)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>953,215</b>	<b>(275,963)</b>	<b>677,252</b>	<b>388,656</b>	<b>(518,609)</b>	<b>(129,953)</b>

The Comprehensive Income and Expenditure Statement includes a segmental analysis which requires local authorities to report performance on the basis of how they operate, monitor and manage financial performance.

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 gains of £231.130m in 2017/18 compared to actuarial losses of £599.505m in 2016/17. Note 17 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.

	2016/17	2016/17	2017/18	2017/18
	£000	£000	£000	£000
<b>Long-term assets total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current assets				
11 Short term debtors	1,515		1,526	
<b>Current assets total</b>		<b>1,515</b>		<b>1,526</b>
Current liabilities				
12 Short term creditors	(5,624)		(5,228)	
<b>Current liabilities total</b>		<b>(5,624)</b>		<b>(5,228)</b>
Long term liabilities				
17 Pensions liabilities - Police Officers	(2,939,083)		(2,830,260)	
17 Pensions liabilities - Police Staff	(199,429)		(178,706)	
<b>Long term liabilities total</b>		<b>(3,138,512)</b>		<b>(3,008,966)</b>
<b>Net liabilities</b>		<b>(3,142,621)</b>		<b>(3,012,668)</b>
14 Unusable reserves				
Pensions liabilities - Police Officers	2,939,083		2,830,260	
Pensions liabilities - Police Staff	199,429		178,706	
Accumulating Compensated Absences	4,109		3,702	
Adjustment Account				
<b>Unusable reserves total</b>		<b>3,142,621</b>		<b>3,012,668</b>
<b>Total reserves</b>		<b>3,142,621</b>		<b>3,012,668</b>

I certify that the statement of accounts give a true and fair view of the financial position of the Chief Constable's accounts at 31st March 2018.

These financial statements replace the unaudited financial statements certified by Deborah Martin, Chief Finance Officer of the Chief Constable on 25th May 2018



Deborah A Martin BA (Hons) FCPFA  
Chief Finance Officer of the Chief Constable  
27th July 2018

## 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.

	2016/17		2017/18	
	£000	£000	£000	£000
<b>Deficit on the provision of services:-</b>		<b>77,747</b>		<b>101,177</b>
<b>Adjustments for non-cash movements:-</b>				
Movement in pension liability	(76,785)		(101,583)	
Movement in accumulated absences liability	(962)		406	
<b>Total adjustments for non-cash movements</b>		<b>(77,747)</b>		<b>(101,177)</b>
<b>Net cash flows from operating activities</b>		<b>0</b>		<b>0</b>
<b>Net decrease/(increase) in cash and cash equivalents</b>		<b>0</b>		<b>0</b>
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
<b>Movement in cash equivalents</b>		<b>0</b>		<b>0</b>



## Core Financial Statements

### Movement In Reserves Statement

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

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	
<b>Balance at 1 April 2016</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,465,369</b>	<b>2,465,369</b>	
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	
<b>Total Comprehensive Income and Expenditure</b>	<b>77,747</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>77,747</b>	<b>599,505</b>	<b>677,252</b>	
Adjustments between accounting basis and funding basis under regulations	(77,747)	0	0	0	0	(77,747)	77,747	0	
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>677,252</b>	<b>677,252</b>	
Transfers (to)/from Reserves	0	0	0	0	0	0	0	0	
<b>(Increase)/Decrease in Year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>677,252</b>	<b>677,252</b>	
<b>Balance at 31 March 2017 c/f</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,142,621</b>	<b>3,142,621</b>	

2017/18									
	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	
<b>Balance at 1 April 2017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,142,621</b>	<b>3,142,621</b>	
Deficit on provision of services (accounting basis)	101,177	0	0	0	0	101,177	0	101,177	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(231,130)	(231,130)	
<b>Total Comprehensive Income and Expenditure</b>	<b>101,177</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>101,177</b>	<b>(231,130)</b>	<b>(129,953)</b>	
Adjustments between accounting basis and funding basis under regulations	(101,177)	0	0	0	0	(101,177)	101,177	0	
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(129,953)</b>	<b>(129,953)</b>	
Transfers (to)/from Reserves	0	0	0	0	0	0	0	0	
<b>(Increase)/Decrease in Year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(129,953)</b>	<b>(129,953)</b>	
<b>Balance at 31 March 2018 c/f</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,012,668</b>	<b>3,012,668</b>	

## Notes relating to the Accounts: General

### **1 Creation of Police, Fire & 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 (Police and Crime Commissioner) 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. On the 1st October 2017 the Police & Crime Commissioner became the first PCC in the country to receive approval from the Home Secretary to take on the governance of the fire and rescue service in addition to his existing role with the police service. This change was approved after submitting a detailed business case to the Home Office after a period of local consultation. The new name of the PCC is now the Police, Fire and Crime Commissioner (PFCC).

#### **Accounting principles**

The accounting recognition of assets, liabilities and reserves during the first period of transition, 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.

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 1st April 2014 and all staff, except those working directly in the Office of the PCC, transferred to the corporation sole of Chief Constable.

Statutory and local arrangements determine that the PFCC 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 PFCC from the police fund and all non-operational income and funding is received by the PFCC. The PFCC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

## 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. These adjustments reflect the financial resources consumed by the Chief Constable on behalf of the PFCC. The corresponding recharge to the PFCC accounts includes a further adjustment to ensure the intra-group recharge is calculated on a funding basis rather than accounting regulations. This includes adjustments for IAS 19 pensions costs and movements in respect of compensated absences accruals. There are no outstanding intra group balances at year end, as the PFCC 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 2016/17			Intra group balances for 2017/18		
	PCC £000	Chief Constable £000	Group £000	PFCC £000	Chief Constable £000	Group £000
Opening balance as at 1 <sup>st</sup> April	0	0	0	0	0	0
PFCC resources consumed at the request of the Chief Constable	(273,420)	273,420	0	(284,668)	284,668	0
PFCC Intra group adjustment	273,420	(273,420)	0	284,668	(284,668)	0
<b>Closing balance 31st March</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 3 Notes to the Expenditure and Funding Analysis

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
<b>Net Cost of Services</b>	<b>0</b>	<b>25,093</b>	<b>962</b>	<b>26,055</b>
Intra-group funding adjustment	0	(38,167)	0	(38,167)
Other Income and Expenditure	0	89,859	0	89,859
<b>(Surplus)/Deficit on provision of Police Services</b>	<b>0</b>	<b>76,785</b>	<b>962</b>	<b>77,747</b>

2017/18				
	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
<b>Net Cost of Services</b>	<b>0</b>	<b>55,986</b>	<b>(407)</b>	<b>55,579</b>
Intra-group funding adjustment	0	(41,183)	0	(41,183)
Other Income and Expenditure	0	86,781	0	86,781
<b>(Surplus)/Deficit on provision of Police Services</b>	<b>0</b>	<b>101,584</b>	<b>(407)</b>	<b>101,177</b>

#### Notes

- 1) Includes depreciation, impairment, revaluation gains, disposals, capital financial, capital grants and grant
- 2) Remove pension contribution paid, replace current service cost, plus net interest on financing and investment income and expenditure.
- 3) Includes council tax adjustments and movement on the accumulated absences liability.

## Notes relating to the Accounts: General

### 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 18, the PFCC and Chief Constable has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- a) Joint Activities. The PFCC and Chief Constable participates in some joint activities with the Police and Crime Commissioner for Kent, in particular a shared Serious Crime Directorate and Support Services Directorate. The PFCC and Chief Constable also participates in some joint activities with other Eastern Region Authorities. These activities are deemed by the PFCC and the Chief Constable to be jointly controlled activities in accordance with the Code of Practice. Accordingly, the Statement of Accounts does not include group accounts for these activities. Further details of joint activities are shown in the Related Party Transactions note 31 in the PFCC 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 the 27th July 2018 by Deborah Martin BA (Hons), FCPFA, 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 17 that shows a variance of +1% or -1% in the assumptions.

**Notes relating to the Accounts: Comprehensive Income & Expenditure Statement**

**8 Officers Remuneration (including Exit Packages)**

The following table identifies the number of police officers and staff whose remuneration was £50,000 or more. The numbers of officers and staff are shown in remuneration bands of £5,000. 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	2016/17			2017/18		
	Police Officers	Police Staff	Total	Police Officers	Police Staff	Total
£50,000 - £54,999	214	18	232	251	23	274
£55,000 - £59,999	135	7	142	170	3	173
£60,000 - £64,999	32	1	33	41	4	45
£65,000 - £69,999	10	3	13	18	1	19
£70,000 - £74,999	5	2	7	9	2	11
£75,000 - £79,999	2	3	5	8	1	9
£80,000 - £84,999	11	0	11	8	2	10
£85,000 - £89,999	3	1	4	4	0	4
£90,000 - £94,999	1	0	1	0	1	1
£95,000 - £99,999	1	1	2	0	0	0
£100,000 - £104,999	0	0	0	0	0	0
<b>Total</b>	<b>414</b>	<b>36</b>	<b>450</b>	<b>509</b>	<b>37</b>	<b>546</b>

The numbers above exclude police officers and staff disclosed in the following NPCC Rank Officers Remuneration tables. However, three police officers have elements of pay in both tables for 2017/18. These relate to Chief Superintendents that were Acting Assistant Chief Constable and Temporary Assistant Chief Constable's for a period of 2017/18. The element of remuneration for the period they were Chief Officers has been removed for the purposes of calculating the above table.

The role of Digital Investigating and Intelligence Co-Ordinator is included in the above table for 2016/17 as a shared partnership post. During 2016/17 100% costs were reimbursed from the National Police Chiefs' Council (NPCC). No costs are included for 2017/18 as the post ceased in August 2017.



**Notes relating to the Accounts: Comprehensive Income & Expenditure Statement**

**NPCC Rank Officers Remuneration**

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
<b>Total</b>	<b>865,148</b>	<b>24,953</b>	<b>81,454</b>	<b>148,519</b>	<b>1,120,074</b>

- 1) The salary figures show just salary costs (i.e. they do not include allowances).
- 2) Benefits in kind represent the monetary value of 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 Assistant 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 on the previous page, 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 Statement of Accounts.

b) Temporary Assistant Chief Constable

In reference to note 6 the Temporary Assistant 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**

2017/18					
	Salary (note 1)	Benefits in kind (note 2)	Allowances (note 3)	Employers Pension contributions (note 4)	Total remuneration
	£	£	£	£	£
Chief Constable - S Kavanagh (note 5)	170,623	10,295	24,561	0	205,479
Deputy Chief Constable (note 6)	127,224	8,778	6,525	30,788	173,315
Temporary Deputy Chief Constable (note 7)	88,979	4,037	12,534	20,937	126,487
Assistant Chief Constable (note 8)	83,707	6,359	1,704	20,129	111,899
Assistant Chief Constable (note 9)	97,681	7,544	3,802	23,639	132,666
Acting Assistant Chief Constable (note 10)	21,647	0	6,457	5,239	33,343
Temporary Assistant Chief Constable (note 11)	49,128	0	2,494	11,889	63,511
Temporary Assistant Chief Constable (note 12)	14,653	343	800	3,309	19,105
Chief Finance Officer of the Chief Constable	86,052	0	4,738	13,166	103,956
Director of Strategic Change & Performance	97,563	3,711	3,414	14,927	119,615
<b>Total</b>	<b>837,257</b>	<b>41,067</b>	<b>67,029</b>	<b>144,023</b>	<b>1,089,376</b>

- 1) The salary figures show just salary costs (i.e. they do not include allowances).
- 2) Benefits in kind represent the monetary value of 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 PFCC upon appointment. The Chief Constable is also entitled to a stipend of up to 15% of basic salary. The Chief Constable actually received £17,640 stipend equating to 11%. The allowances figure of £24,561 includes £17,640 stipend and £6,921 housing allowance.
- 6) The DCC has been seconded out of force since the 1st April 2017. The costs shown have been recharged to the seconded force by invoice.
- 7) The Temporary Deputy Chief Constable of the Seven Forces Strategic Collaboration Programme retired on the 4th December 2017. Although 100% of their costs are shown, each of the seven collaborating forces contributed. Had they been in post for the whole year, their salary would have been £127,966 plus allowances.
- 8) The Assistant Chief Constable came into post on the 25th May 2017. Had they been in post for the whole year, their salary would have been £98,132 plus allowances.
- 9) The Assistant Chief Constable came into post on the 20th April 2017. The post holder was Acting Assistant Chief Constable until they were made permanent.
- 10) The Acting Assistant Chief Constable returned to their substantive rank on the 2nd July 2017. The costs shown are up to this date. Had they been in this post for the whole year, their salary would have been £104,433 plus allowances.
- 11) The Temporary Assistant Chief Constable returned to their substantive rank on the 1st October 2017. The costs shown are up to this date. Had they been in this post for the whole year, their salary would have been £100,778 plus allowances.
- 12) The Temporary Assistant Chief Constable returned to their substantive rank on the 29th May 2017. The costs shown are up to this date. Had they been in this post for the whole year, their salary would have been £96,029 plus allowances.

**Members of the Essex Police Chief Officer Team**

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

- 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 2017/18. Their remuneration is disclosed in full in the Kent Police Statement of Accounts.
- b) Deputy Chief Constable  
The post holder has been seconded into force since the 10th April 2017 and has remained on the payroll of their host force. During 2017/18 100% of their costs were recharged to Essex Police.
- c) Assistant Chief Constable  
This post holder was on the Kent Police payroll and 50% of their costs were recharged to Essex Police during 2017/18. This post holder replaced the Acting Assistant Chief Constable referred to in note 10. Their remuneration is disclosed in full in the Kent Police Statement of Accounts.

**Notes relating to the Accounts: Comprehensive Income & Expenditure Statement**

**Exit Packages**

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

Number of Exit Packages						
Exit package cost band	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0 - £150,000	12	1	8	1	20	2

Cost of Exit Packages						
	2016/17			2017/18		
	Severance	Pension Strain	Total	Severance	Pension Strain	Total
	£0 - £150,000	£336,746	£243,403	£580,149	£70,899	£131,089

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

**9 Termination Benefits**

There were two employees contracts terminated in 2017/18 (20 employees in 2016/17), incurring the following liabilities:

- £0.071m severance payments (£0.337m for 2016/17)
- £0.131m pension strain (£0.243m for 2016/17).

**10 External Audit Costs**

	2016/17 £000	2017/18 £000
Fees payable to Ernst & Young LLP		
- with regard to external audit services carried out by the appointed auditor	19	19
	<u>19</u>	<u>19</u>

## Notes relating to the Accounts: Balance Sheet

### 11 Short-term Debtors

	2016/17 £000	2017/18 £000
Central Government Bodies	0	0
Other Local Authorities	1,515	1,526
Public Corporations and Trading Funds	0	0
Other Entities & Individuals	0	0
<b>Balance at 31st March</b>	<b>1,515</b>	<b>1,526</b>

### 12 Short-term Creditors

	2016/17 £000	2017/18 £000
Central Government Bodies	0	0
Other Local Authorities	0	0
NHS Bodies	0	0
Public Corporations & Trading Funds	0	0
Other Entities & Individuals	(5,624)	(5,228)
<b>Balance at 31st March</b>	<b>(5,624)</b>	<b>(5,228)</b>

## Notes relating to the Accounts: Movement in Reserves Statement

### 13 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 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.

	General Reserve £000	Total Usable Reserves £000	IAS19 Pensions Reserve- Police Officers £000	IAS19 Pensions Reserve- Police Staff £000	Accumulated Absences Account £000	Total Unusable Reserves £000	Total all Reserves £000
<b>2016/17</b>							
<b>Adjustments involving the IAS19 Pensions Reserve</b>							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(153,368)	<b>(153,368)</b>	134,733	18,635	0	<b>153,368</b>	<b>0</b>
Less direct payments to pensioners payable in the year	76,583	<b>76,583</b>	(66,715)	(9,868)	0	<b>(76,583)</b>	<b>0</b>
<b>Adjustments involving the Accumulating Absences Account</b>							
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)	<b>(962)</b>	0	0	962	<b>962</b>	<b>0</b>
<b>Total</b>	<b>(77,747)</b>	<b>(77,747)</b>	<b>68,018</b>	<b>8,767</b>	<b>962</b>	<b>77,747</b>	<b>0</b>

	General Reserve £000	Total Usable Reserves £000	IAS19 Pensions Reserve- Police Officers £000	IAS19 Pensions Reserve- Police Staff £000	Accumulated Absences Account £000	Total Unusable Reserves £000	Total all Reserves £000
<b>2017/18</b>							
<b>Adjustments involving the IAS19 Pensions Reserve</b>							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(180,796)	<b>(180,796)</b>	153,836	26,960	0	<b>180,796</b>	<b>0</b>
Less direct payments to pensioners payable in the year	79,213	<b>79,213</b>	(69,319)	(9,894)	0	<b>(79,213)</b>	<b>0</b>
<b>Adjustments involving the Accumulating Absences Account</b>							
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	406	<b>406</b>	0	0	(406)	<b>(406)</b>	<b>0</b>
<b>Total</b>	<b>(101,177)</b>	<b>(101,177)</b>	<b>84,517</b>	<b>17,066</b>	<b>(406)</b>	<b>101,177</b>	<b>0</b>

## Notes relating to the Accounts: Movement in Reserves Statement

### 14 Unusable Reserves

#### 14.1 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 31st March.

	2016/17 £000	2017/18 £000
<b>Balance at 1st April</b>	<b>3,147</b>	<b>4,109</b>
Settlement or cancellation of accrual made at the end of the preceding year	(3,147)	(4,109)
Amounts accrued at the end of the current year	4,109	3,702
<b>Balance at 31st March</b>	<b>4,109</b>	<b>3,702</b>

#### 14.2 Pensions Reserve

	2016/17			2017/18		
	Police Officers £000	Police Staff £000	Total £000	Police Officers £000	Police Staff £000	Total £000
<b>Balance at 1st April</b>	<b>2,331,316</b>	<b>130,906</b>	<b>2,462,222</b>	<b>2,939,083</b>	<b>199,429</b>	<b>3,138,512</b>
Actuarial (gains)/losses on pensions assets and liabilities	539,749	59,756	599,505	(193,340)	(37,789)	(231,129)
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	134,733	18,635	153,368	153,836	26,960	180,796
Employer's pensions contributions and direct payments to pensioners payable in the year	(66,715)	(9,868)	(76,583)	(69,319)	(9,894)	(79,213)
<b>Balance at 31st March</b>	<b>2,939,083</b>	<b>199,429</b>	<b>3,138,512</b>	<b>2,830,260</b>	<b>178,706</b>	<b>3,008,966</b>

## Notes to the Accounts: Supplementary Notes

### **15 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 and in 2016/17 these claims were heard in the Employment Tribunal. In 2017/18 the Judiciary and Firefighter claims were heard in the Appeal Tribunal. Subsequent to this the respondents are appealing against the Appeal Tribunal judgements. In the case of the Firefighters the claimants are also appealing against aspects of the judgement. The outcome of these further appeals may influence the outcome of the Police claims. The Tribunal has agreed to stay the Police hearing and the Home Office has requested that the stay is extended in light of the further appeals. In the event that the Police claims are successful it is unclear what remedy would be applied, whether this would require further legislation and who it would impact. Given the fact that the Judiciary and Firefighter claims are subject to further appeal and the Police claims are yet to be heard, and the uncertainty regarding remedy and quantum at this point in time it is not possible to provide an estimate of the financial effect in the event that the claims are partially or fully successful. Therefore it has been assessed that the Chief Constable has no liability at the Balance Sheet date.

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 40 claims lodged in respect of this case and whilst the outcome of the legal case is not in doubt the force is currently engaging legal advice in respect of the related financial liabilities which may arise. These liabilities cannot be reliably measured at the present time as both the timings and amount of payments are yet to be ascertained. For these reasons, no provision has been made in the 2017/18 Accounting Statements.

### **16 Accounting Standards that have been issued but have not yet been adopted**

Paragraph 3.3.4.3 of The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code) requires the disclosure of information relating to the impact of accounting changes that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant year. The standards that may be relevant for additional disclosures that will be required in the 2017/18 and 2018/19 financial statements in respect of accounting changes that are introduced in the 2018/19 code are:-

- Amendments to IAS 7 *Statement of Cash Flows*: Disclosure Initiative

It is not expected that any changes from this standard will have a material impact upon the financial statements.

### **17 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.



**Notes to the Accounts: Supplementary Notes**

**Police Officer Pension Schemes**

	Police Officer Pension Scheme	
	2016/17 £000	2017/18 £000
<b><u>Comprehensive Income &amp; Expenditure Statement</u></b>		
Cost of Services:		
Service cost	49,697	72,505
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	85,036	81,331
<b>Total Post Employment Benefit charged to the Deficit on the Provision of Services</b>	<b>134,733</b>	<b>153,836</b>
<b>Other Post Employment Benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>		
Remeasurement of the net defined benefit liability comprising:		
Change in financial assumptions	578,564	(98,913)
Change in demographic assumptions	(38,814)	108,844
Experience (gain)/loss on defined benefit obligation	0	(203,272)
<b>Remeasurements</b>	<b>539,750</b>	<b>(193,341)</b>
<b>Total Post Employment Benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>674,483</b>	<b>(39,505)</b>
<b><u>Movement in Reserves Statement</u></b>		
Reversal of net charges made to the Deficit on the Provision of Services for post employment benefits	(134,733)	<b>(153,836)</b>
<b><u>Actual amount charged against the General Reserve for pensions in the year</u></b>		
Retirement benefits payable to retired police officers	<b>66,715</b>	<b>69,319</b>

In addition to the recognised gains and losses included in the Surplus/Deficit on Provision of Police Services section of the Comprehensive Income and Expenditure Statement, actuarial gains of £193.341m (losses of £539.750m in 2016/17) have also been included in Other Comprehensive Income & Expenditure.

**Notes to the Accounts: Supplementary Notes**

**Local Government Pension Scheme**

	Local Government Pension Scheme	
	2016/17 £000	2017/18 £000
<b><u>Comprehensive Income &amp; Expenditure Statement</u></b>		
Service cost	13,704	21,402
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	4,823	5,450
Administration expenses	108	108
	<b>4,931</b>	<b>5,558</b>
<b>Total Post Employment Benefit charged to the Deficit on the Provision of Services</b>	<b>18,635</b>	<b>26,960</b>
<b>Other Post Employment Benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets in excess of interest	(40,604)	(13,884)
Other actuarial gains/(losses) on assets	850	0
Change in financial assumptions	108,151	(23,905)
Change in demographic assumptions	(609)	0
Experience (gain)/loss on defined benefit obligation	(8,033)	0
<b>Total Remeasurements</b>	<b>59,755</b>	<b>(37,789)</b>
<b>Total Post Employment Benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>78,390</b>	<b>(10,829)</b>
<b><u>Movement in Reserves Statement</u></b>		
Reversal of net charges made to the Deficit on the Provision of Services for post employment benefits	(18,635)	(26,960)
<b>Actual amount charged against the General Reserve for pensions in the year</b>		
Employer's contribution payable to scheme	<b>9,868</b>	<b>9,893</b>

**Actuarial gains and losses**

In addition to the recognised gains and losses included in the Surplus/Deficit on Provision of Police Services section of the Comprehensive Income and Expenditure Statement, actuarial gains of £37.789m (£59.755m losses in 2016/17) have also been included in Other Comprehensive Income & Expenditure.

**Total actuarial gains and losses**

The total actuarial gains recognised in the Comprehensive Income & Expenditure Statement for Police Officer and Police Staff schemes are £231.130m (£599.505m losses in 2016/17).

## 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	
	2016/17	2017/18
	£000	£000
Present value of the defined benefit obligation	(2,939,083)	(2,830,260)
<b>Defined benefit obligation at start of year</b>	<b>(2,939,083)</b>	<b>(2,830,260)</b>
Unrecognised past service cost	0	0
<b>Net liability in Balance Sheet</b>	<b>(2,939,083)</b>	<b>(2,830,260)</b>

	Local Government Pension Scheme	Local Government Pension Scheme
	2016/17	2017/18
	£000	£000
Present value of funded obligation	(507,007)	(513,569)
Fair value of scheme assets (bid value)	309,206	336,415
<b>Net liability</b>	<b>(197,801)</b>	<b>(177,154)</b>
Present value of unfunded obligation	(1,628)	(1,552)
<b>Net liability in Balance Sheet</b>	<b>(199,429)</b>	<b>(178,706)</b>

### 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	
	2016/17	2017/18
	£000	£000
<b>Defined Benefit Obligation at start of year</b>	<b>(2,331,316)</b>	<b>(2,939,083)</b>
Current service cost	(49,697)	(72,505)
Interest cost	(85,036)	(81,331)
Change in financial assumptions	(578,564)	98,913
Change in demographic assumptions	38,814	(108,844)
Experience gain/loss on defined benefit obligation	0	203,272
Estimated benefits paid net of transfers in	80,170	82,702
Contributions by scheme participants	(13,455)	(13,384)
<b>Defined benefit obligation at end of year</b>	<b>(2,939,083)</b>	<b>(2,830,260)</b>

<u>Assets</u>	Police Officer Pension Scheme	
	2016/17	2017/18
	£000	£000
Contributions by employer	66,715	69,319
Contributions by participants	13,455	13,384
Net Benefits paid out	(80,170)	(82,703)
<b>Closing fair value of assets</b>	<b>0</b>	<b>0</b>

## 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	
	2016/17 £000	2017/18 £000
<b>Balance at start of year</b>	<b>(386,952)</b>	<b>(508,635)</b>
Current service cost	(12,600)	(21,149)
Interest cost	(14,623)	(14,173)
Change in financial assumptions	(108,151)	23,905
Change in demographic assumptions	609	0
Experience gain on defined benefit obligation	8,033	0
Contributions by scheme participants	(3,438)	(3,579)
Benefits/transfers paid	9,503	8,676
Unfunded pension payments	88	87
Past service costs/(gains)	(1,104)	(253)
<b>Balance at end of year</b>	<b>(508,635)</b>	<b>(515,121)</b>

<u>Assets</u>	Local Government Pension Scheme	
	2016/17 £000	2017/18 £000
<b>Balance at start of year</b>	<b>256,045</b>	<b>309,206</b>
Interest on assets	9,800	8,723
Return on assets less interest	40,604	13,884
Other actuarial gains/(losses)	(850)	0
Administration expenses	(108)	(108)
Employer contributions including unfunded	9,868	9,893
Contributions by scheme participants	3,438	3,579
Benefits paid	(9,591)	(8,762)
<b>Balance at end of year</b>	<b>309,206</b>	<b>336,415</b>
<b>Net liability at start of year</b>	<b>(130,907)</b>	<b>(199,429)</b>
<b>Net liability at end of year</b>	<b>(199,429)</b>	<b>(178,706)</b>

### Expected return on scheme assets

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

## 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: 31st March 2016
2. Police Pension Schemes: 31st March 2017

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	
	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	24.3	24.4	24.4	23.7
Female	26.9	27.0	27.1	26.1
Retiring today:				
Male	22.1	22.2	22.2	21.9
Female	24.6	24.7	24.7	24.2
Rate of Inflation (RPI)	3.6%	3.3%	3.6%	3.3%
Rate of Inflation (CPI)	2.7%	2.3%	2.7%	2.3%
Rate of Increase in Salaries	4.2%	3.8%	4.4%	3.8%
Rate of Increase in Pensions	2.7%	2.3%	2.7%	2.3%
Discount Rate	2.8%	2.6%	2.8%	2.6%

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

	2016/17		2017/18	
	£000		£000	
Equities	211,193	68.0%	219,562	66.0%
Government bonds	11,699	4.0%	22,380	7.0%
Other bonds	12,567	4.0%	12,497	4.0%
Property	30,082	10.0%	31,911	9.0%
Cash/Liquidity	9,307	3.0%	11,569	3.0%
Alternative assets	20,622	7.0%	24,850	7.0%
Other managed funds	13,736	4.0%	13,645	4.0%
<b>Total</b>	<b>309,206</b>	<b>100.0%</b>	<b>336,414</b>	<b>100.0%</b>

The liabilities show the underlying commitments that the Chief Constable has in the long term to pay retirement benefits. The total liability of £3,009.0m 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 31st March 2019 is £9.743m. Expected contributions for the Police Officer Pension Schemes in the year to 31st March 2019 by the employer are £26.110m.

## 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:-

<b>Police Officers</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,771,804	2,830,259	2,890,095
Projected service cost	62,751	64,951	67,233
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,836,059	2,830,259	2,824,502
Projected service cost	65,052	64,951	64,851
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	2,884,384	2,830,259	2,777,363
Projected service cost	67,135	64,951	62,843
<u>Adjustment to mortality age rating assumption</u>	+1 Year	None	-1 Year
Present value of total obligation	2,941,476	2,830,259	2,723,373
Projected service cost	67,023	64,951	62,943

<b>Police Staff</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	503,706	515,121	526,806
Projected service cost	19,528	20,060	20,607
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	516,606	515,121	513,648
Projected service cost	20,060	20,060	20,060
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	525,344	515,121	505,135
Projected service cost	20,608	20,060	19,526
<u>Adjustment to mortality age rating assumption</u>	+1 Year	None	-1 Year
Present value of total obligation	533,641	515,121	497,262
Projected service cost	20,700	20,060	19,440

## Policies Applying to the Chief Constable

### **18. Summary of Significant Accounting Policies**

These are categorised as follows:-

#### **Policies applying to the PFCC Group**

- 18.1 General Principles
- 18.2 Accruals of Income and Expenditure
- 18.3 Overhead and Support Services
- 18.4 Employee Benefits
- 18.5 Prior Period Adjustments, Changes in Accounting Policy and Estimates & Errors
- 18.6 Revenue Recognition
- 18.7 Events after the Reporting Period
- 18.8 Retirement Benefits – Police Staff
- 18.9 Contingent Assets and Liabilities
- 18.10 Income

#### **18.1 General Principles**

The Statement of Accounts summarises the PFCC's and the Chief Constable's financial transactions for the 2017/18 financial year and its position at the year-end of 31st March 2018. 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.

#### **18.2 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.

#### **18.3 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 2017/18. 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 2017/18.



## Policies Applying to the Chief Constable

### **18.4 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..

### **18.5 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.

### **18.6 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

### 18.7 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

### 18.8 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.

### **18.9 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.

### **18.10 Income**

The PFCC 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 PFCC. The PFCC is responsible for allocating this funding in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations. The Chief Constable is responsible for the income from seconded officers, mutual aid and PCSO's.

## **Policies applying to the Chief Constable**

### **18.11 Retirement Benefits**

#### **Police Officers**

The following schemes are:

- a) Police Officers in service on or before 31st March 2006 are admitted to the 1987 Police Pensions Scheme
- b) Police Officers in service between 1st 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.

### **18.12 Police Pension Reserve**

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

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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.

	2016/17		2017/18	
	£000	£000	£000	£000
<b>Contributions receivable</b>				
Employer (21.3% of Pensionable Pay from 2015/16)	(20,650)		(20,983)	
Serving police officers	(13,414)		(13,384)	
Capital equivalent payment for ill health	(1,121)		(821)	
<b>Transfers in</b>				
Individual transfers in from other schemes	(886)		(447)	
<b>Total Receipts</b>		<b>(36,071)</b>		<b>(35,635)</b>
<b>Benefits payable</b>				
Pensions	58,246		61,005	
Commutations and lump sum payments	18,561		18,489	
Lump sum death benefits	101		108	
NIC on pension funds	30		4	
<b>Payments to and on account of leavers</b>				
Refund of contributions	86		43	
Individual transfers out to other schemes	26		25	
<b>Total Payments</b>		<b>77,050</b>		<b>79,674</b>
<b>Sub total for the year before transfer from the PFCC of amount equal to the deficit</b>		<b>40,979</b>		<b>44,040</b>
Transfer of amount from the PFCC of amount equal to the deficit - annual benefits (21.3%)	(38,167)		(41,183)	
Transfer of amount from the PFCC of amount equal to the deficit - additional funding payable (2.9%)	(2,812)		(2,857)	
<b>Transfer of amount from the PFCC of amount equal to the deficit - Total</b>		<b>(40,979)</b>		<b>(44,040)</b>
<b>Net Amount Payable for the year</b>		<b>0</b>		<b>0</b>

## Police Officer Pension Fund Account

### **CARE Scheme**

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

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

	2016/17 £000	2017/18 £000
Unpaid pension benefits	0	0
Amounts owing from the General Reserve	0	0
<b>Total Net Assets</b>	<b>0</b>	<b>0</b>

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 17 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 PFCC'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.

**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.

**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 PFCC, intended to provide a framework for proper financial management.

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

**GOVERNMENT GRANTS** - Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to a PFCC in return for past or future compliance with certain conditions relating to the activities of the PFCC.

**GROUP (ACCOUNTS)** – The consolidated position of both the Chief Constable of Essex and the Police Fire & 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.



## Glossary of Terms

**INCOME & EXPENDITURE ACCOUNT** – The main revenue fund of the PFCC into which the precept, government grants and other income are paid, and from which the costs of providing services are met.

**INTEREST INCOME** – The money earned from the investment of surplus cash.

**INTEREST COSTS (PENSIONS)** – For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

**INTERNATIONAL ACCOUNTING STANDARDS (IAS)** – Standards for the preparation and presentation of financial statements, published between 1973 and 2017 by the International Accounting Standards Committee.

**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 PFCC's plans in financial terms. A budget is prepared and approved by the PFCC before the start of each financial year and is used to monitor actual expenditure throughout the year.

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

**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.

**PFCC** – Police, Fire and Crime Commissioner

**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.

**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: [public.finance.enquiries@essex.pnn.police.uk](mailto:public.finance.enquiries@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/>