



**Statement of Accounts for the
Chief Constable of Essex Police
2018/19 FINANCIAL YEAR**

Produced 26th July 2019

Contents

Narrative Report to the Accounts for the Chief Constable of Essex Police	
• Chief Constable's Report	2
• Police and Crime Plan	3
• Performance Framework	17
• Preparation of Narrative Report	19
• Financial Review & Future Outlook	20
• Explanation of Accounting Statements	25
Statement of Responsibilities for the Statement of Accounts for the Chief Constable of Essex Police	27
Chief Constable of Essex: Annual Governance Statement 2018/19	28
Independent Auditor's Report to the Chief Constable of Essex Police	40
<u>Core Financial Statements</u>	
1) Comprehensive Income and Expenditure Statement for the Chief Constable of Essex Police	44
2) Balance Sheet for the Chief Constable of Essex Police	45
3) Cash Flow Statement for the Chief Constable of Essex Police	46
4) Movement in Reserves Statement for the Chief Constable of Essex Police	47
Index of Notes to the Accounts	48
Notes to the Accounts	49
Police Officer Pension Fund Account	72
Glossary of Terms	74
Further Information	76

Narrative Report

1. Chief Constable's Report

- 1.1 Essex Police has continued building on the successes of the previous year and has seen growth in the form of 153 new police constable posts with further establishment growth planned for the coming year.
- 1.2 I have been really proud to see outstanding work from officers and staff alike to strive to help people, keep them safe and catch criminals.
- 1.3 That work has resulted in a further reduction in the numbers of house burglaries as well as a decline in incidents of antisocial behaviour. Essex broadly mirrors the national picture for crime overall, and in particular is reflecting the countrywide rise in the numbers of offences of violence. Investment in this area will see a new Violence and Vulnerability Unit being established bringing together partners and the police to take a long-term problem solving approach to the issue and coordinate prevention, diversion and enforcement.
- 1.4 The work of our Operation Raptor teams in leading the activity to tackle gangs and county line drug activity continues to see success. In 2018 we saw these teams arrest 618 people, seize 93 weapons and obtain prison sentences totalling over 208 years.
- 1.5 In response to the increasing crime levels and the changing landscape of crime – cyber and digital - more constables will be recruited alongside more police staff members and Special Constables to help us meet that challenge.
- 1.6 Recruitment activity will focus on bringing in 215 new constables and 50 police staff posts. We will also be striving to attract more volunteers and special constables as these roles are essential to ensuring continued visibility in our local communities. Such commitments have seen us rise to have the second largest Special Constabulary in the country.
- 1.7 We are progressing with our recruitment activity to attract new officers, staff and volunteers from all of the communities in Essex. A new approach around targeted recruitment saw us more than double the numbers of applications from people from diverse backgrounds. Before the targeted campaign was launched we saw 15 applications across a four-week period. In the month following this rose to 32. I know that we still have some way to go to be fully representative of the communities we serve but I'm confident plans are in place to improve our position. Indeed part of that work also involves the formation of a diversity strategy which formalises our commitment to being a diverse employer.
- 1.8 It's important to reference that this year saw me succeed Stephen Kavanagh in the post of Chief Constable. Stephen had provided strong leadership to the force since May 2014 through some challenging events. I am privileged to have been part of the Essex Police family since April 2017 and now have the honour of leading the force and its commitment to protect and serve the people of Essex.
- 1.9 Since taking up the post in October I have spoken to almost 3,000 members of the force on an internal roadshow to fully understand the challenges faced by my colleagues while also embedding my vision for Essex Police. At those roadshows I have talked about where I see our main effort being focussed, and that's encompassed in four Vs – victims, visibility, violence and vulnerability. Our priorities as a force are underpinned by the Police and Crime Plan as well as our values and the Code of Ethics.
- 1.10 Part of that leadership includes ensuring the organisation looks after its people and I am extremely proud of the services we provide to officers and staff who are affected by the nature of the work they do, especially where there continues to be an increase in the numbers of officers assaulted while on duty. In November our collaborative Health and Wellbeing Team won a prestigious national award for the amazing work which continues around the Feel Well Live Well programme. In addition, our Occupational Health referral waiting list has been dramatically reduced and our managers are better equipped to support their staff back to work after ill-health or injury.

Narrative Report

1.11 Our collaboration activity with both Kent Police and Essex County Fire and Rescue Service is in a good place and we are seeing on going benefits from efficiencies including agreed joint working processes and co-location. The work by our estates professionals to consolidate the buildings we own so we can invest more money back in to policing and making sure we are fit for the future has seen us progressing with plans to maximise the use of those buildings. This will be an ongoing programme of work which is currently focussed around Chelmsford Police Station and the main Police Headquarters estate.

2. Police and Crime Plan

2.1 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'

2.2 The Police and Crime Plan can be found at:

www.essex.pfcc.police.uk/what-we-are-doing/police-and-crime-plan/

3. More Local, Visible Accessible Policing

3.1 Local, visible accessible policing remains an important priority within the Police and Crime Plan and is an area where Essex has been leading the country.

3.2 Essex Police is independently recognised by Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS) as an efficient force that offers good value for money. Following a detailed and robust analysis of Essex Police and demand in the county, the Commissioner and Chief Constable were convinced that to offer the service the people of Essex wanted from their police and to deal with the increased demand being seen across the country it was necessary to secure additional resources.

3.3 Taking the evidence developed in Essex, the Commissioner was appointed as the finance lead for Police and Crime Commissioners across the country and led the work with the Home Office and Treasury to secure additional funding for policing nationally. This work secured the first increase in police funding in seven years. Over the year the benefits of this increase has resulted in 150 officers being recruited, trained and deployed within communities in Essex.

3.4 The Commissioner's national role has continued in 2018-2019 and resulted in a further investment in policing. This is being raised through an increase in the local element of council tax during 2019-2020 allowing for public transparency in the process. This will result in a further increase of 215 officers in the total establishment for the force.

3.5 It is expected that these officers will be recruited, trained and deployed throughout 2019-2020 with final deployment being completed by April 2020. By this stage the number of officers will be more than 3200 and at a level that the original analysis showed would provide a sustainable foundation to tackle demand. While this is significant progress, the Commissioner and Chief Constable are not complacent about the need for Essex Police to see further growth in future years and will continue to work hard together with the Government to press for investment.

3.6 Through the Comprehensive Spending Review process the Commissioner is working on behalf of Police and Crime Commissioners nationally to support the Home Office in its bid to the Treasury for a long term funding solution for policing. Through this the Commissioner is setting out the significant, positive impact proactive, preventative policing can have in Essex and how by investing upfront we can reduce our long term costs whilst also creating the safe and secure communities that allow people to thrive and prosper.

Narrative Report

- 3.7 During 2018-2019 Essex Police has done an excellent job recruiting high quality new officers and by the end of March 2019 there were 3,064 officers (FTE) working for Essex Police against a target of 3,003. This puts them in a good position for the coming year when recruitment will continue until they have reached the full increase in officers of 368. The new officers recruited during 2018-2019 are being trained and deployed in local policing across the county with every district achieving an increase in officers at least in line with that promised as a result of the 2018-2019 precept increase.
- 3.8 At the same time as recruiting more officers there is continuing work to improve the efficiency of the Force. The Commissioner and the Force continue to invest in new technology and improvements in systems and processes as part of the Mobile First Programme. This will help to ensure officers and staff are as effective and efficient as they can be and has saved each officer 28 minutes per shift so far with more savings anticipated. Officers need to be spending as much time as possible out in the community, able to complete basic reporting and admin while they are visible and without having to waste time returning to stations. To achieve this, processes need to be as efficient as possible, using technology to free up officers time and allow them to do more of the highly visible work communities want.
- 3.9 The growth in officers is also matched by the significant growth in the Special Constabulary. In the 2016-2020 Police and Crime Plan the Commissioner committed to doubling the Special Constabulary and there has been significant progress towards achieving this goal. During the year, Essex became both the fastest growing Special Constabulary in the country and the 2nd largest, with the Metropolitan Police Force's Special Constabulary being the only one in the country with more officers.
- 3.10 During 2018-2019 Essex Police Special Constabulary grew by 21 percent or 90 additional officers. In total they contributed 172,556 hours which is 34 percent more than the previous year. Out of the total hours contributed 68,952 hours were in high visibility roles such as local patrols in communities. This is a 54 percent increase compared to the previous year.
- 3.11 This growth is especially impressive given the huge recruitment of regular officers and the understandable decision by many Specials Constables to apply and secure positions as full time officers. In fact it is a sign of how far the Force has come in recent years that having joined the Special Constabulary so many officers decide to become full time officers. The good news is that the Force is not losing Specials; by becoming regular officers it is securing their skills, knowledge and expertise here in Essex.
- 3.12 The work being undertaken to expand the Special Constabulary is another example of the excellent partnership approach being taken across the county. In 2018 the Commissioner and Essex Police launched the Community Specials Programme at the Essex Association of Local Councils. This initiative creates a partnership between Parish or Town Councils and Essex Police where the Council help recruit and partially fund the training of a Special Constable and then, once they are trained, they are deployed within that local community. This has been hugely popular with Parish and Town Councils across Essex with 28 signing up and the first four Community Specials being deployed in Witham and Halstead.
- 3.13 The Employer Supported Policing initiative is a way for businesses to support their staff to contribute as Special Constables within the community. This helps their communities by providing a stronger policing presence and is also helping the individuals and businesses involved by provide excellent training and development opportunities. During the year the number of Special Constables supported through the Employer Supported Policing initiative has grown to 73 an increase of 28 officers.
- 3.14 Essex Police has also continued to grow the Police Cadet Scheme which includes a number of young people referred by schools and other organisations. By the end of the financial year there were 297 active cadets in 10 units across the county. These young people had completed around 25,000 hours of voluntary work supporting public awareness campaigns, providing advice and support direct to communities, and participating in training and parades. Three further units are due to open in Brentwood, Harwich and Uttlesford in early 2019-2020. Of those cadets who have reached the age of 18 and left the scheme, two have gone on to become Special Constables and a further two have gone into jobs with the Force. By the end of 2019 it is anticipated the total number of cadets across the county will reach 400.

Narrative Report

- 3.15 The Active Citizen scheme has also continued to provide a really useful service for the community. There are now 100 Active Citizens across Essex each volunteering on average three hours per week making a combined contribution of 3,000 hours over the year. These volunteers help officers provide community reassurance, provide safety advice and increase the visibility of Essex Police within communities.
- 3.16 In 2017 Essex Police launched its first Public Engagement Strategy with each district developing local plans to understand and systematically engage with their communities. This has led to a significant increase in engagement with a range of innovative and creative approaches being taken, from Street Weeks in Colchester to Coffee with Cops in Harlow. This ongoing engagement is contributing to a gradual increase in the confidence that the public has in Essex Police. While more work is required it is very promising to see these initiatives having an impact.
- 3.17 A key element of this priority is around the accessible nature of policing and one of the main causes of frustration in this area over the last few years has been the difficulties the people have faced when calling 101. Police need to prioritise emergencies, where people need help urgently, so it is right that 999 calls continue to receive the priority that they do. However, it was clear when the Commissioner was elected in 2016 that the 101 service was not good enough and needed to improve. Since then significant changes have been made with extra resources allocated in 2017-2018 and a clear development plan being established and implemented in 2018-2019. This plan included a range of measures from upgrading outdated technology to redeveloping business processes. These are starting to have an impact on the timeliness of the service the public receives. This is being supported by an increase in the number of people choosing to report crime online which has increased by 105 percent during the year. While the performance of 101 is improving it is clear that there is still work to do and this remains an important area of focus for the Commissioner and Essex Police.

4. Anti-social behaviour

- 4.1 The number of anti-social behaviour (ASB) incidents has continued to fall from 49,329 in the previous year to 46,441 this year, a reduction of 5.9 percent. At the same time we have seen the public's confidence that the police understand local issues improve over the last year.
- 4.2 ASB is defined as "any behaviour where the victim is suffering harassment, alarm, distress, nuisance or annoyance." As such it covers a wide range of behaviours some of which will be criminal and others which won't. Given this wide definition the approach to tackling ASB has been focused on developing effective partnership working which supports effective problem solving, so, in short, stopping ASB from happening in the first place.
- 4.3 Effective data sharing and joint working between Essex Police, Councils and housing providers has been shown to foster a stronger problem solving approach and in turn has helped reduce the number of incidents of anti-social behaviour. Across the county there have been some excellent examples of where this type of partnership work is happening.
- 4.4 In Southend the Community Policing Team is co-located with Southend Borough Homes in its Community Hub. This fosters greater information sharing and a joint problem solving approach. This has resulted in all the agencies involved discussing problems and managing investigations and incidents together.
- 4.5 Chelmsford was the first area to develop a formal information sharing agreement and this is now a model that has been replicated across the county. In Braintree, fortnightly hub meetings are held between the Police, Braintree Council, housing providers, Essex County Fire and Rescue Service and other relevant agencies. This has helped the partners focus on proactive responses to issues rather than only dealing with those issues that require an urgent response.
- 4.6 These local arrangements are happening in a variety of ways across the county, giving local people a say in identifying their priorities and bringing all relevant organisations together to achieve them for their communities.

Narrative Report

- 4.7 Working with partners, this year Essex Police also launched the Crime Prevention Strategy which sets out a clear statement of intent on how to prevent crime happening. This strategy aims to tackle the complex causes of crime and community issues which can only be solved by partners working together – whether that’s communities, councils, businesses or the voluntary sector. The launch of the strategy was supported by a countywide campaign ‘Let’s talk about crime’ which gave people simple, easy to follow steps on how to protect themselves and reduce the risk that they may become a victim of crime.
- 4.8 One area of significant growth over 2018-2019 was in the Community Safety Accreditation Scheme (CSAS). This scheme, which is now the largest in England and Wales, was recognised by the Home Office as an example of best practice. It gives accredited people low-level policing powers to issue Fixed Penalty Notices for littering, dog fouling and minor incidents of anti-social behaviour. In Essex there are now 54 Accredited Organisations and 539 Accredited Persons such as community wardens, park rangers, housing officers, anti-social behaviour officers and parking partnership employees. This wider policing family has made a significant direct impact in communities but also fosters closer working relationships and a more locally driven approach to resolving community problems.
- 4.9 Community Safety Partnerships (CSPs) form an important part of local policing with the 13 CSPs guiding local policing priorities. This is further supported by £270,488 of funding which is provided to CSPs from the Commissioner during the financial year, to help them meet their local priorities.
- 4.10 By their nature these local arrangements are driven by local needs so there are a wide variety of different models across Essex. Most policing districts now have a Hub within their area, based in either a local authority office or police station. These allow local partners to be physically based together.
- 4.11 In March, Chelmsford opened a new Hub based at Chelmsford City Council, which hosts the Community Policing Team, Council Services and the new countywide Violence and Vulnerability Unit. A new Hub at Castle Point also opened this year.
- 4.12 In Tendring the Community Safety Hub has been based within Clacton Police Station for a number of years. It includes agencies such as Tendring District Council, Social Care, Victim Support and the Youth Offending Service alongside the Community Policing Team. There is a daily Tasking Conference Call, a monthly Problem Solving Meeting (case based problem solving) and a quarterly Networking Meeting.
- 4.13 Epping Forest District Council has funded police officers to be fully seconded and co-located within its offices. The team has fortnightly tasking processes during which council departments can request police support and, following assessment by the Community Safety Partnership managers and Hub Sergeant, the requests can be accepted or rejected.
- 4.14 There are also Hubs in Basildon, Braintree, Colchester, Southend and Uttlesford, while Brentwood and Maldon police have bases within Council offices.
- 4.15 During 2018-2019, there has been a continued growth in the successful use of restorative justice both to help victims recover and to reduce reoffending among perpetrators. This year there has been an increase in referrals to the Restorative Justice Scheme of 5 percent with a total of 447 cases dealt with over the year. The success of the programme is also shown by the continued positive feedback from participants. This remains high with 94 percent of participants being satisfied with the experience and 81 percent reporting that the process had a positive impact on them.
- 4.16 Promisingly this year there has also been an increase in the range of cases referred to the Scheme with increases in crimes types such as theft offences, public order offences, harassment and malicious communications offences. Cases involving a death have also increased from three referrals in 2017/18 to seven in 2018/19. As a result of the increasing use of restorative justice in these more serious situations, a small number of facilitators received extra training in handling sensitive and complex cases so they could effectively manage cases involving death and abuse.

Narrative Report

- 4.17 This continued growth shows the potential of the scheme both in terms of the impact it can have in changing behaviour and reducing ASB but also in supporting reducing reoffending in more serious offences.
- 4.18 The scheme is also an excellent example of the positive impact of volunteering with all referrals to the Restorative Justice Scheme carried out by a dedicated and well trained team of volunteers. During the 2018-2019 year volunteers undertook almost 2,000 hours of restorative justice work. This really strengthens relationships within the communities we serve and makes the Essex Restorative Justice Scheme one of the most cost effective schemes in the country.
- 4.19 This partnership approach with local communities has also been supported through the Police, Fire and Crime Commissioner's Community Safety Development Fund. This fund has awarded more than £300,000 to different community groups across the county in grants of no more than £20,000. The Fund has supported a wide range of projects which promote community safety. Over the reporting period, the Fund received 99 applications and awarded funding to 25. Each application had to demonstrate how it would make a positive impact on at least one of the Police and Crime Plan Priorities. A panel of independent local representatives assessed the bids to ensure the projects reflect specific community priorities, work with other existing commissioned or grant-funded activity, and provide good value for money for the taxpayer. In order to ensure initiatives align with local priorities and existing activity, applicants also have to engage with their local Community Safety Partnerships.
- 4.20 Recipients of the grants have included The Southend Youth Mixed Martial Arts Project, Witham Hang Out (youth group), Basildon SOS Bus, Colchester United Football Club and Southend Achievement Thorough Football.

Case study – Mixed Martial Arts Programme

- 4.21 Young people who have offended or who are at risk of offending due to anger and emotional challenges are turning their lives around through mixed martial arts.
- 4.22 Southend-on-Sea Borough Council, Southend Combat Academy and the Police, Fire and Crime Commissioner for Essex are working together to set youths on a better path for life.
- 4.23 The Southend Youth Mixed Martial Arts Programme was launched in an effort to encourage young people to channel their emotions in a more positive way by challenging and changing negative thinking patterns and behaviour through disciplines like boxing and kickboxing.
- 4.24 The project has been funded with £5,000 from the Police, Fire and Crime Commissioner for Essex's (PFCC's) Community Safety Development Fund covering three separate courses through the year.
- 4.25 Following the success of the Mixed Martial Arts Programme and the positive outcomes this project has demonstrated for young people the Commissioner has awarded the group a further £14,040. The additional funding will expand the project further and engage young women at risk of exploitation by gangs.

5. Breaking the Cycle of Domestic Abuse

- 5.1 Whilst often hidden from public view, domestic abuse causes significant damage to victims, families and the wider community. Encouraging the reporting of domestic abuse and then ensuring victims are supported and perpetrators are tackled is an important priority in the Police and Crime Plan.
- 5.2 Over the last year there has been another significant increase in the reporting of domestic abuse cases with a 19.6 percent increase in the number of incidents reported to Essex Police. This has been partly driven by the introduction of new legislation around coercive and controlling behaviour and changes to how stalking and harassment cases are recorded. However, the increase also indicates the increasing willingness of victims to come forward and report incidents to the police. This is a positive step and reflects the hard work done at a county and national level with victims to offer them support in a timely and focused way.

Narrative Report

- 5.3 To help with this increased demand, Essex Police strengthened its capacity during 2018-2019 by adding a further 21 officers to specialist Domestic Abuse Investigation Teams (previously known as Juno Teams). This was funded through the increase in the 2018-2019 police precept. These new officers will allow the teams across the county to focus on the earlier arrest of suspects for domestic abuse crimes and therefore promote effective investigation, safeguarding and victim care. A Specialist Domestic Abuse Investigators Course was also developed during the year to provide bespoke domestic abuse training to all current officers involved in high and medium risk domestic abuse crime investigations and those responsible for safeguarding high risk victims. All officers who respond to domestic abuse calls will also receive refresher training on the Harassment Risk Assessment Tool to ensure that cases are identified and supported at the earliest possible opportunity.
- 5.4 Essex Police play a vital role in tackling domestic abuse, however, it is important to recognise that the Force can't solve this issue alone and the causes of domestic abuse and the interventions required to successfully tackle it require a true partnership approach. In Essex, the Police, Fire and Crime Commissioner and Essex Police work closely with other partners through the Southend, Essex and Thurrock Domestic Abuse Board (SETDAB).
- 5.5 Over the last few years the Board has focused on five priority outcomes, including:
- Young People Enjoy Healthy Relationships
 - Victims (Adults and Children) and those at risk or experiencing Domestic Abuse feel and are safe
 - Victims (Adults and children) are able to recover and move on to live independently
 - Perpetrators are prevented from causing physical and emotional harm
 - Communities have a greater awareness of what an abusive relationship is and how to report it and, as a consequence, feel safe
- 5.6 During the last few years, the Commissioner and Essex Police, working through the Partnership Board, has introduced perpetrator pathways which seek to address the behaviour of perpetrators and reduce their offending. This has led to the growth in more holistic approaches to tackling domestic abuse with groups in both Southend and Essex County Council's area looking to pilot operations where perpetrator disruption and rehabilitation are considered alongside the needs of the victims and their family through Multi Agency Risk Assessment Conferences (MARACs). This model, which is used as part of the Columbus Project, takes the learning from the three-year Drive programme pilot. The Drive pilot was a national initiative created in partnership by SafeLives and Respect and funded by Social Finance, the Commissioner and Essex County Council. The Drive programme was able to demonstrate a reduction in the volume and severity of abuse by focusing work on the perpetrator. Essex was one of three areas nationally that piloted the initiative, which is now being rolled-out to a broader number of test areas.
- 5.7 The growth in the number of people reporting incidents of domestic abuse has largely been driven by focused awareness raising campaigns carried out by the Board. This has given the Board a much better picture of the level of domestic abuse across the county. As a result the Board during 2018-2019 has reviewed its strategy and developed an updated set of actions. Because there are now much higher levels of reporting this strategy will be able to bring a more focused approach to addressing the causes of domestic abuse, tackling perpetrators and securing successful outcomes. It is worth noting that securing successful outcomes for Domestic Abuse cases remain challenging with significant more work required. The approach by the Board will include an increase in activities such as early intervention with young people to promote healthy relationships and their personal responsibilities. Where crimes are committed a robust approach must be taken that tackles the offending behaviour and provides the victims with the support they need to cope and recover.
- 5.8 In 2017-2018 the Commissioner on behalf of the SETDAB successfully secured £450,000 funding from the Home Office Violence Against Women and Girls (VAWG) Service Transformation Fund, to be utilised over three years. The funding helped develop a multi-agency VAWG Perpetrator Pathway Model to reduce the harm caused by domestic and sexual abuse across Essex.

Narrative Report

- 5.9 Funding from the programme has helped deliver a number of interventions including the Community Rehabilitation Company led perpetrator programme in prisons where small groups of ten perpetrators work together through a regular, structured programme designed to challenge previous behaviour and reduce the risk of their reoffending. Other projects include providing enhanced victim support through the Essex Rape Crisis Partnership and the Goodman Project which offers one-to-one male mentoring to young men aged 13-18 years who are at risk of entering into abusive relationships or are currently within an abusive relationship.
- 5.10 Another successful project funded through this programme of work has been the Bystander Training project. This provides specialist training to young people to build confidence in reporting cases of sexual violence, challenging abusive behaviour and increasing awareness and willingness to obtain support. The programme is run in partnerships with Essex University and Anglia Ruskin University and has been widely supported by students and led to the development of a healthy relationship campaign as well as increased activity and support from the Student Unions.
- 5.11 During the year a new domestic abuse helpline was commissioned on behalf of the Board and went live from the 1st April 2019. The service is being delivered by Southend on Sea Domestic Abuse Projects (SOSDAP) and is the new point of access for victims of domestic abuse across Southend, Essex and Thurrock; providing information, advice and guidance, and, where appropriate, assessment and access to specialist services. Its function is to increase accessibility to ensure victims of domestic abuse get the right support at the right time. It is accessible 24 hrs a day and callers can speak with a trained member of staff and there will also be an online form for both public and professionals wishing to make a referral via its website.
- 5.12 Over the Christmas period Essex Police also ran the innovative and highly successful Reflect Campaign. This campaign, which was developed in collaboration with support organisations, focused on getting perpetrators to reflect on their behaviour and seek help. This was built around the fact that until confronted by their own actions, many perpetrators aren't able to recognise what they were doing. The campaign focused on triggering this reflection and encouraging them to seek help to alter their behaviour. The campaign resulted in 29 perpetrators seeking help from The Change Project, attracted more views of the Change Project website than would normally view it in five weeks and reached over 1.2 million people. The campaign also contributed to a 9 percent reduction in the number of domestic abuse incidents reported over the Christmas holidays.

6. Reverse the Trend in Serious Violence

- 6.1 During 2018-2019, the number of homicides in Essex has decreased by 41.7 percent with 14 cases over the year. Over the same time there has, however, been an increase of 7.5 percent in violence with injury offences. This increase is partly down to increases in gang and county line fuelled violence, including knife crime.
- 6.2 To combat the growing use of knives and violence Essex Police, along with partners from across the county, are increasing their work with schools and colleges, using targeted stop and search more frequently, alongside other community based policing initiatives, and taking an innovative approach to the long terms causes of violence and vulnerability.
- 6.3 On behalf of the Safer Essex Partnership early in the 2018-2019 year, the Commissioner established a Violence and Vulnerability Framework to set the strategic approach to tackling the long term causes of violence and vulnerability. The Framework took a wider view of the causes of violence and drew on the health based approaches to tackling violent crime which have been successes in other areas.

Narrative Report

- 6.4 The Framework aims to:
- improve visibility and awareness of partnership activity around violence and vulnerability
 - increase the occurrence and effectiveness of prevention and intervention activities
 - identify opportunities to add value to existing and planned activities
 - identify gaps in current and planned activities
 - highlight areas where cross-border and partnership working would be beneficial
- 6.5 The Framework builds on the Government's Serious Violence Strategy and was the first of its kind in the country. Following the development of the Framework, the Commissioner, on behalf of Safer Essex, developed an ambitious bid for funding from the Home Office Early Intervention Youth Fund. This was successful and Essex secured £664,000, over two years, to help tackle the complex issues of serious violence and youth exploitation which have become a significant and growing concern for residents in every area of our county.
- 6.6 This funding has been further supported by Essex County Council which announced it would be making £500,000 available during 2019-2020 to the Police, Fire and Commissioner for Essex to support this important work.
- 6.7 The money is being used to establish a Violence and Vulnerability Unit and fund targeted interventions across the county to divert people from becoming involved in criminal activity. The Unit will include officers from Essex Police, the Youth Offending Service and other agencies. Together they will undertake joint operations, interventions, and ensure relevant data and intelligence is shared, helping all of the agencies involved work more effectively together. Further details of the interventions funded through this programme are outlined under the Tackle Gangs and Organise Crime Priority.
- Sexual Violence**
- 6.8 In February 2018, the Commissioner facilitated a Sexual Violence Round Table with partners from across Essex, including many from the voluntary sector. Following the Round Table the groups recognised the importance of working together to make a difference for victims of sexual violence. This led to a strengthening of the Sexual Abuse Strategic Partnership which now includes senior representatives from Health, police, CRC (Community Rehabilitation Company), public health and the third sector. The strengthened Partnership is currently developing a shared strategy which will cover the whole of Essex and provide a strong, ambitious and consistent approach to tackling this type of serious crime.
- 6.9 One example of how this new partnership approach is making a difference is through the Synergy First Responder Scheme. Started in January 2019, this is a first in the country and gives victims access to relevant support within one working day of reporting an offence to police. The specialist teams are trained to provide initial support at the point someone reports a sexual offence. This includes emotional support, providing detailed information about the criminal justice process and providing access to specialist rape and sexual abuse counselling and advocacy services. Over the first three months the scheme has been running First Responders received 150 calls from victims. All of these people received immediate support and 109 of them have continued to engage and receive ongoing support.
- 6.10 Essex Rape Crisis Partnership also has an accessible direct phone line for victims to speak with an advisor to start getting support. The single Essex wide number was established in January 2017 and since then and the end of March 2019 has received 10,967 calls. A further 31,532 calls have been received through one of the three Essex Rape Centres over the same period.
- 6.11 Victims of sexual abuse also have access to specialist support through Essex Rape Crisis Partnership which offers an accessible and specialist support service through Independent Sexual Violence Advisors (ISVAs) and Community Wrap Around support. This service has proven to be very successful with at least 95 percent of those using the service reporting being more in control of their lives, having better health and wellbeing, being more able to access further support and more able to assert their rights. During 2018-2019 there were 3,724 referrals to the service in relation to sexual violence. This is an increase of 22 percent on the total from the previous year.

Narrative Report

- 6.12 Building on this strong partnership work, during 2018-2019 Essex became one of only five test areas in the country to be given greater powers to support rape victims. The decision by the Home Office gave the Commissioner full control of funding for the support of rape victims. This meant the Partnership has been able to use its local knowledge to plan, prioritise and commission specialist practical and emotional services such as those outlined above.
- 6.13 The move was part of a Government plan to boost funding for rape and sexual abuse support services by 10 percent across the country, bringing it to £24m nationally over the next three years. This has resulted in £245,000 of extra funding in Essex which will go towards vital advice, support and counselling services to help victims cope with and, as far as possible, recover from these devastating crimes.
- 6.14 Through the Community Safety Development Fund, the Commissioner also provides funding for a range of projects to tackle serious violence. Over 2018-2019 funding was provided to Southend Community Educational Trust which uses football to educate young people about the dangers of knife crime. Funding was also provided to Southend Vineyard for its Promise Project. This project supports a small group of trained female volunteers who provide discrete drop-ins for women in the sex industry where in-depth support is offered to help them find routes out of prostitution.
- 6.15 The Commissioner also continues to support local drug and alcohol action teams to combat the issue of drug and alcohol use, which has a strong and proven link to crime. This funding is used by the three upper-tier local authority areas in Essex to supplement their existing funding and activity in this area. Specific funded activity includes the provision of specialist information and advocacy for young people affected by drugs or alcohol, activities with Trading Standards on tackling illegal tobacco, or the “Full Circle” service that works with individuals in the criminal justice system to tackle a range of needs including substance misuse and mental health.

7. Tackle Gangs and Organised Crime

- 7.1 Gangs and organised crime cause serious violence in our communities. They prey on the vulnerable creating a cycle of violence, vulnerability and exploitation. To tackle this problem within society the long term strategy is to disrupt and dismantle gangs and county lines while identifying and safeguarding those at risk of exploitation by these criminal gangs.
- 7.2 The operational approach taken by Essex Police and its partners to deal with the issues of Urban Street Gangs (USGs) and County Lines within Essex is led by the Operation Raptor teams. All three Local Policing Areas (LPAs) have dedicated Operation Raptor enforcement teams which focus on carrying out enforcement activity to disrupt gang activity.
- 7.3 At a regional level, the Kent and Essex Serious Crime Directorate works with the National County Lines Co-ordinating Centre, National Crime Agency, Met Police and Eastern Region police forces to undertake combined enforcement activity that targets the most harmful county line operations in the region including Essex.
- 7.4 Whilst much of this operational activity is covert in nature, the examples below provide a flavour of the important work being carried out to disrupt gang and organised crime activity in Essex.
- In October operational activity in Basildon and Southend resulted in the arrest of 13 people, including a 13-year-old boy for drugs supply offences. As well as securing these arrests, the operation also seized drugs, a ‘zombie’ style knife, knuckleduster and an axe from offenders.
 - In January, activity focussed on two drug lines operating across west Essex resulted in six arrests in Romford, South Ockendon, Tilbury and Dagenham. This was part of a wider intelligence led operation coordinated at a regional level with London and other neighbouring forces. In total, this resulted in 23 search warrants being conducted and more than 60 arrests being made.

Narrative Report

- In March, an operation in the north of the county resulted in 54 people being arrested in a three week crackdown in Colchester and Tendring. During the operation, 136 stop and searches were conducted and officers and partners spoke with more than 600 residents who provided more than 160 pieces of vital intelligence.
- During the year, Thurrock gang culture also achieved local notoriety when local press reported on the C17 gang and their links to serious violence, 'Drill' music videos and drug dealing activity. Working with partners, Essex Police was able to secure gang injunctions on four adults and five juveniles preventing them from entering Grays Town Centre, Beach Riverside Park or Lakeside Shopping Centre. Members were also restricted from making 'Drill' music videos, wearing face coverings and associating with other C17 gang members online.
- Other gang injunctions have been given to three members of the Chelmsford based GM gang, responsible for violence, anti-social behaviour, drug dealing and burglary offences. These orders prevent them from associating with each other and people affected by the gang.
- Following a period of policing activity in Epping Forest District between May and November, 24 men and teenage boys were arrested for involvement in County Line activity.
- During a police operation targeting drug dealing, weapons and anti-social behaviour in Harlow town centre between July and December, 45 arrests were made and 170 people were stopped and searched. This resulted in the seizure of a variety of weapons and drugs and the execution of four drugs warrants at addresses in the town centre. In addition to this three Community Protection Warnings, one Community Protection Notice and two Criminal Behaviour Orders were secured, restricting access to the town centre for those committing offences or responsible for anti-social behaviour.

- 7.5 While this enforcement work is making a significant impact on gangs and organised crime, enforcement alone is not enough. A clear and coordinated approach must be delivered to divert vulnerable people from being drawn into a life of crime and help others escape from this dangerous and corrosive lifestyle. As outlined under the previous priority the establishment of the Violence and Vulnerability Unit during the year, along with the significant funding allocated to the project has provided a coordinated response to tackling this issue within communities.
- 7.6 As part of the work being coordinated by the Violence and Vulnerability Unit, a range of activities has been commissioned to divert people away from a life of crime. There will also be increased investment in awareness and education programmes as well as new, evidence-based interventions to prevent young people from being exploited by criminal gangs.
- 7.7 A wide range of interventions are currently being funded with a detailed, data based analysis of the impact they are having underway to help the Unit understand what is having the biggest impact. An evidence based evaluation programme has also been funded which has identified national and local best practice to inform an evidence based approach to future commissioning.
- 7.8 During 2018-2019 funding was provided for a number of interventions including additional Trauma Informed Training courses which help frontline staff manage trauma. This supports the wellbeing of staff and also maximises attendance and so supports operational activities.
- 7.9 A number of Firebreak courses, which teach basic firefighting skills to help build self-respect and team work, were delivered by Essex County Fire and Rescue Service focusing on individuals at risk of exploitation by criminal gangs. These courses are effective in building confidence and resilience and have proven effective in helping people live safer lives. These sessions were delivered across the county with further courses planned in 2019-2020.

Narrative Report

- 7.10 Focusing on the health sector, a new pilot intervention has also been developed in Basildon with Essex Youth Services. This places youth workers in emergency departments in key hospitals so they can engage with vulnerable young people presenting at accident and emergency departments. The youth workers will work with the young people to build resilience, change behaviour and keep them safe from harm. The youth workers then link in with other support organisations to ensure they receive ongoing support and where appropriate receive further educational or health services.
- 7.11 Additional funding has also been provided to the Children at Risk of Exploitation Programme provided by Children's Society East. This programme provides specialist one-to-one support for children, either vulnerable to exploitation or who have already started to become involved in gang activity. These specialist youth workers work alongside these individuals to move them away from criminality, try to get them to reengage with schools and turn their lives around.
- 7.12 Essex Police in partnership with Essex County Council has recently received a Local Area Research and Intelligence Association (LARIA) award for its multi-agency geo-mapping of gangs and child exploitation, joining up data from across agencies to inform joint decisions with regards to threats and vulnerability in relation to child exploitation.
- 7.13 As part of the national week of action on knife crime, known as operation Sceptre, in March 2019 Essex Police undertook a wide range of activities to raise awareness of the dangers of knife crime and what is being done to tackle it. Activities during the week included looking for hidden weapons, high visibility patrols and intelligence-led stop and search checks. The Force also used knife arches at some of the county's train stations to disrupt criminals using the railway network. Essex Police also took part in knife crime awareness events with community safety partnerships and charities such as Only Cowards Carry, talked to children and young people about the dangers of carrying knives, and worked with Trading Standards teams to raise awareness among shop owners about the law around selling knives and bladed objects.
- 7.14 During 2018-2019 Essex Police and the Police, Fire and Crime Commissioner continued to support the work of Only Cowards Carry. This local charity aims to educate and raise awareness of the dangers of knives and weapons as well as tackling gang culture, drugs and alcohol misuse and bullying which can all lead to increased levels of violent crime.
- 7.15 The charity continues to expand its successful Knife Amnesty Campaign with an additional eight knife amnesty bins introduced since September 2018 bringing the total to 14. Since these bins were introduced in 2015, 47,715 knives and weapons have been taken off our streets.
- 7.16 Only Cowards Carry also runs a successful range of Weapon Awareness Workshops with 161 workshops delivered to secondary schools across Tendring, Chelmsford, Maldon and Brentwood.
- 7.17 Risk-Avert is an award winning early intervention programme delivered by schools focused on year eight pupils (12 – 13 year olds). The programme uses a bespoke survey to identify young people who are vulnerable to or are already engaged in risk-taking behaviours or who have emerging emotional health concerns. Young people participating in the scheme report having a better informed awareness of risk, greater self-awareness and increased ability to handle real world problems. The majority also report improved resilience, wellbeing and a stronger belief in their own ability to succeed.
- 7.18 Modern slavery and human trafficking often go unnoticed within society and in recent years there have been shocking cases of exploitation and violence. To tackle this issue the Commissioner and Essex Police have funded a Modern Slavery and Human Trafficking Coordinator to raise awareness of this crime and some of the types of activities that can indicate this type of crime is happening in the community. They work closely with Safeguarding Boards, businesses and local communities to build that awareness.
- 7.19 Working with the coordinator is a newly formed Modern Slavery and Human Trafficking Investigation Team and a new Victim Navigator is starting in Essex in early 2019-2020. This role will help victims get the support they need and is being provided in collaboration with Hope for Justice.

Narrative Report

8. Protecting Children and Vulnerable People from Harm

- 8.1 Protecting Children and Vulnerable People is a hugely important priority and an area which includes some of the most challenging cases dealt with by police and partner organisations. It covers a wide range of work from safeguarding vulnerable children, to ensuring that all victims of crime get the support they need to cope and recover.
- 8.2 During the 2018-2019 year the Commissioner agreed a new three year, £1.65 million contract with Victim Support to provide general support to victims of crime or people who have been affected by witnessing a crime. The Service aims to empower people when they feel they have lost control and help them get the support they need, when they need it. In practical terms Victim Support teams arrange a meeting to talk and ensure the victim receives emotional support in confidence or get advice on how to make their home more secure. If the team cannot help directly, they will refer callers to any one of 40 specialist partner organisations who can assist.
- 8.3 The new contract included the introduction of a range of new ways for those needing the service to be able to contact the service when they need it, either via phone, online chat, or face-to-face. The service received 47,771 referrals in 2018-2019 from Essex residents who have witnessed a crime or have been a victim of crime.
- 8.4 Through the Strategic Hate Crime Partnership, the Commissioner and Essex Police have been heavily involved in the development of the Hate Crime Strategy for Essex. The strategy outlines five key themes that the Partnership will address. These are:
- 1) Understanding hate crime
 - 2) Preventing hate crime
 - 3) Increasing the reporting of hate crime
 - 4) Increasing access to support for victims
 - 5) Improving the operational response to hate crimes.
- 8.5 During the year, the Commissioner has also funded a Hate Crime Coordinator through Victim Support. This role supports the delivery of the five key themes above by engaging with communities and community groups across Essex and raising awareness of hate crime. This awareness raising activity has been complemented by an increase in the number of Hate Incident Reporting Centres, safe locations where anybody can report a hate incident. These centres have expanded from 43 in 2017-2018 to 67 in 2018-2019, while the number of Hate Crime Ambassadors has grown from 450 to 579.
- 8.6 Through the Community Safety Development Fund the Commissioner has also supported a Modern Slavery Coordinator in Southend. This role has created the Southend Against Modern Slavery Partnership. This partnership aims to:
- facilitate partnership working between community groups, the Police and statutory sector
 - raise awareness within Southend about Modern Slavery
 - work with other agencies to liberate, protect and support trafficked people who have been, or are at risk of being exploited
 - stimulate effective action through cooperation in order to stop Modern Slavery
 - assist in the disruption of the activities of human traffickers
- 8.7 In Colchester, Stop the Traffik developed the Open Door Project to raise awareness with BAME communities of the exploitation of women and girls and promote the channels available to tackle this exploitation. The project undertook a range of activities including the identification of community champions, awareness training events and provision of support to victims.

Narrative Report

- 8.8 Within Essex Police, the Crime and Public Protection Command has responsibility for investigating some of the most serious crimes against the most vulnerable in society and for tackling those offenders who pose the highest risk. Across the county, Public Protection Investigation Units are aligned to each of the Local Policing Areas and investigate the most serious adult and child sexual abuse incidents. As well as providing a robust deterrent to perpetrators and bringing offenders to justice, these units also support the vulnerable.
- 8.9 How rape incidents are managed has also been updated to provide a more balanced approach to how these cases are managed and victims supported. Investigators will now be able to use this revised guidance to manage both robust investigations and incidents which require more of a safeguarding approach. A dedicated resource has been identified in the Rape and Serious Sexual Offences Team to liaise directly with the Crown Prosecution Service to ensure the strongest possible case is put in front of the court. This also means that where necessary a quick and compassionate decision to finalise an investigation and make the appropriate safeguarding referrals can be made. This is shown to help those affected cope and recover more quickly.
- 8.10 During 2018 – 2019, a number of officers were identified to form a dedicated team to investigate non-recent child abuse. This focus has allowed the team to build the specialist skills necessary to deal successfully with these types of cases.
- 8.11 Training has also been rolled out to improve the use of police protection powers which help protect children at risk. Essex Police has continued to work to build strong community connections across all communities in Essex to provide education about sexual offences, female genital mutilation and child chastisement.
- 8.12 In November 2018, the Police Online Investigation Team (POLIT) introduced a proactive monitoring system to identify offenders using the internet to access child abuse images. This has proven to be successful with additional resources provided from across the team to help fully utilise the system. This will ultimately result in more children being safeguarded and more offenders being able to be targeted.
- 8.13 The Commissioner also funded a number of initiatives to help protect the vulnerable. In Basildon the Commissioner has continued to fund the Basildon SOS bus which provides support to vulnerable people in key night time economy locations. Through Beacon House, funding is provided to relieve the poverty and sickness of people who are homeless or at risk of becoming homeless. This holistic service provides activities and therapies to help change the behaviour of those affected so they can develop more sustainable life styles.
- 8.14 Essex Police has recently launched a significant public awareness campaign focused around Breck's Last Game which highlights the dangers of online grooming and child sexual exploitation. It is a collaborative project between Leicestershire, Northamptonshire, Surrey and Essex Police and tells the real story of Surrey teenager Breck Bednar who was killed by Essex computer engineer Lewis Daynes in 2014 after months of online grooming. The main element of the campaign is a dramatised film for use as an education tool. Through use of avatars, the film captures the events leading up to Breck's death and features the 999 call made to police by Daynes. The film is just over 4 minutes long and is designed to be shown to Key Stage 3 and 4 children (11 years upwards).
- 8.15 Helping Hands Essex is a specialist service that provides drug and alcohol support in both a residential and non-residential setting. On completion of the four month programme and staying drug and alcohol free, those supported by the programme transition to a form of care that helps them develop and sustain their recovery as they begin to reintegrate with society.
- 8.16 In April 2018 the Commissioner and Essex County Council, the seven Essex Clinical Commissioning Groups across Essex and NHS England jointly commissioned a new integrated health and justice service. This joined up contracts for police custody healthcare provision, liaison and diversion activity and street triage so that local residents receive an appropriate response as quickly as possible in a suitable setting, for instance a health-based place of safety.

Narrative Report

- 8.17 The new approach provided an integrated, responsive and efficient service to those who come into contact with the Police, helping to divert people away from unnecessary contact with the criminal justice system. The annual value of the contract is £3.8m which is funded via a pooled budget. Performance is monitored by a single, joint group of commissioners from each partner agency.
- 9. Improve safety on our roads**
- 9.1 Working through the Safer Essex Roads Partnership the Police, Fire and Crime Commissioner and Essex Police have continued to work hard to keep the roads in Essex safe. Provisional figures show that over the year, 887 people have been killed or seriously injured on our roads. It is anticipated that once this data is finalised this will be 925, a slight reduction of the number in 2017-2018 which was 926. One area of significant change has been the number of motorcycle casualties which has reduced to 407 from a five year average of 533. The number of young drivers aged between 17-25 involved in collisions, has also reduced to 801, 16 percent below the five year average.
- 9.2 One noticeable trend over the reporting period has been the increase in the number of accidents where drugs, particularly cocaine or cannabis, have been a contributory factor. At the same time the force has seen a 70 percent increase in the number of people arrested for driving while under the influence of drugs and a 11.6 percent increase in the number of people arrested for driving while under the influence of alcohol. To combat this increase in drug related driving offences, Essex Police has provided new training and extra equipment, such as drug wipes, to Community Policing Teams and Local Response Teams. This has helped target drug related offences and help disrupt local drug related crime.
- 9.3 A significant proportion of those people arrested for drug driving have either already been arrested for a similar offence previously or for an offence that indicates they are living a criminal lifestyle. This shows that providing a proactive roads policing service has a broader impact than just catching people for road related offences, it actively disrupts other criminal activity and in particular those linked to illegal drug supply.
- 9.4 During the financial year, roads policing has been used in a number of operations alongside other teams to target locations where intelligence shows criminality is happening and where the road network is being used for criminal activity, such as organised crime, the movement of drugs, vehicle related crime, burglary and violence.
- 9.5 An example of this approach was an operation that happened in November 2018 where the team focused activities around the A13/A127 area. This two day operation resulted in seven arrests for drug driving, one arrest for drink driving, one arrest of somebody wanted for fraud, one arrest of somebody wanted for threats to kill, three arrests for possession of a class A drug, 16 vehicles seized for no insurance, 116 seat belt offences and 64 other traffic offences. These types of operations have a significant impact both on the safety of the roads, but also in tackling crime more generally. It is worth noting that during the year nearly 80 operations like the one highlighted above have been carried out across the county.
- 9.6 Whilst motorcyclists only account for 0.6 percent of road traffic, they make up 22 percent of all of the people killed or seriously injured on the roads of Essex. Young riders between the age of 17-25 account for 35 percent of all motorcycle related serious or fatal casualties. As part of the 2018-2019 Safer Essex Roads Partnership Safety Plan, the partnership focused its efforts on engaging with young people to reduce the number seriously harmed or killed. The Street Spirit campaign was launched as part of this work and offers young riders the opportunity to win a new motorcycle and safety equipment. The site also offers a host of resources around safety equipment, clothing, skills and hazards which are all designed to help make safer decisions on the road.
- 9.7 Excess speed continues to be an area of public concern and as a way of addressing this concern in December 2017, Essex Police launched the Trucam project with Maldon Council. This trial scheme gave Maldon District Council Community Protection Officers the powers and equipment to enforce speed limits within their district. This project has been a great success with 171 deployments in the first three quarters of the year and 1,024 prosecutions.

Narrative Report

- 9.8 While the direct results have been very positive, the opportunity to engage local communities in the selection of the sites has also created a stronger sense of ownership within the local community, helping to improve public confidence.
- 9.9 During the year, there has also been an increase in the number of collisions involving older drivers, especially those aged over 70. There were 384 in this group over the year compared to a five year average of 377. This is part of a longer term trend of an increasing number of collisions within this age group and against a back drop of a general reduction in the overall number of collisions. It is also notable that collisions involving this group are more likely to be serious or fatal. This has led to the identification of a number of at risk groups and individuals, and during 2019-2020, Safer Essex Roads Partnership will be introducing a 90 minute practical course for this high risk group of drivers to help keep them and other road users safe.
- 9.10 During 2018-2019, there has also been considerable growth in the Community Speed Watch Scheme. This is now supported by Essex Fire and Rescue Service which has done a good job revitalising the Scheme and helping it to grow. By December 2018, the Scheme had 87 active groups and over 870 volunteers. In the case of the Harwich Speed Watch Team they have proactively reached out to parish councils outside of their own area to offer support and help. On the back of this development the team has been offered the opportunity to trial Trucam speed detection equipment and use this to enforce speed limits in line with the Maldon trial detailed earlier. The use of volunteers to enforce speed limits in this way will be a first of its kind in the country and shows how by working together with communities, Essex Police can address local concerns and support strong and secure local communities.
- 9.11 During 2018-2019, the Safe Pass scheme was launched by Safer Essex Roads Partnership to reduce the risk to vulnerable road users. In this case cyclists and horse riders. This scheme promotes a safe passing distance of 1.5 meters and has been promoted in Essex through multi agency partnership days in Colchester, Chelmsford, Epping Forest, Southend and Basildon.
- 9.12 Essex Police also received national recognition at the National Transport Awards, winning the Road Safety Traffic Management and Enforcement Category for its Extra Eyes project. This initiative allows road users to forward footage to the police which they believe highlights dangerous or poor behaviour on the roads. During the 2018 calendar year, 2,718 reports were received containing hundreds of pieces of valuable evidence which have in turn led to hundreds of intelligence reports and convictions.

10. Performance Framework

- 10.1 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 at:
- www.essex.pfcc.police.uk/scrutiny/essex-police-performance/
- 10.2 The Police, Fire and Crime Panel receive a quarterly report on the progress against the seven priorities in the Police and Crime Plan.
- 10.3 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 the means by which Stalking & Harassment is now counted (following changes to Home Office Counting Rules), as well as internal improvements Essex Police has employed to ensure better Crime Data Accuracy (CDA). There has, however, also been a genuine rise in the number of crimes that are reported to police (i.e. those crimes that are not subject to changes in Home Office Counting Rules or CDA).

Police and Crime Plan Priorities	Police Priority Indicators	12 months to March 2018	12 months to March 2019	Number Difference	% Difference	Direction of Travel
More local, visible and accessible policing	Percentage of people who have confidence in policing in Essex ¹	-	68.0	-	-	-
	<i>Confidence Interval</i> ²	-	1.1			
	Confidence in the local police (CSEW) ³	47.9	50.4	2.5	-	Improving
	<i>Confidence Interval</i> ²	5.6	4.3			
	Number of all crime offences	134,185	158,689	24,504	18.3	Deteriorating
Crack down on anti-social behaviour	Number of anti-social behaviour incidents	49,329	46,441	-2,888	-5.9	Improving
	Percentage of people who have confidence that the policing response to ASB is improving ⁴	69.0	67.0	-2.0	-	Stable
	<i>Confidence Interval</i> ²	1.1	1.1			
Breaking the cycle of domestic abuse	Number of incidents of domestic abuse	34,992	41,840	6,848	19.6	Deteriorating
	Number of repeat incidents of domestic abuse	15,026	19,133	4,107	27.3	Deteriorating
	Percentage of domestic abuse offences solved	17.7	12.9	-4.8	-	Deteriorating
Reverse the trend in serious violence	Number of homicides	24	14	-10	-41.7	Improving
	Number of violence with injury offences (new definition from Nov 2017)	13,704	14,731	1,027	7.5	Deteriorating
Tackle gangs and organised crime	Number of Organised Criminal Group disruptions ⁵	-	16	-	-	-
	Trafficking of drugs arrests	1,337	1,498	161	12.0	Improving
Protecting children & vulnerable people	Number of child abuse outcomes ⁶	289	200	-89	-30.8	Deteriorating
	Child abuse solved rate	9.4	5.3	-4.1	-	Deteriorating
Improve safety on our roads	Number of driving related mobile phone crime on Essex roads	2,589	2,603	14	0.5	Deteriorating
	Number of driving under the influence of drink and/or drugs on Essex roads	2,221	3,024	803	36.2	Deteriorating
	All people killed or seriously injured (KSI) in road collisions ⁷	923	925	2	0.2	Stable

¹ Question from Essex Police's own confidence and perception survey. Results are for the period 12 months to September 2018.

² The confidence interval is the range +/- between where the survey result may lie. This is mainly influenced by the number of people answering the survey. The more people that answer the survey, the smaller the interval range.

³ Crime Survey for England and Wales (CSEW): 12 months to September 2018 vs. 12 months to September 2017.

⁴ Question from Essex Police's own confidence and perception survey. Results are for the period 12 months to September 2018 versus the same period the previous year.

⁵ Data is for January 2019 to March 2019; no comparison data is available due to changes in the definition of what constitutes an OCG disruption. Activity is now recorded rather than the number of people arrested. If there was a day of action, for example, and five people were arrested, this would formerly have counted as five disruptions, but now will count as one. The change stems from confusion over the previous guidelines, with police forces counting disruptions in different ways.

⁶ Solved outcomes are crimes that result in: charge or summons, caution, crimes taken into consideration, fixed penalty notice, cannabis warning or community resolution.

⁷ 'Killed or Seriously Injured' (KSI) refers to all people killed or seriously injured on Essex's roads, regardless of whether any criminal offences were committed. This is a provisional figure, due to the national recording system (CRASH) being unavailable whilst being updated.

Narrative Report

11. Preparation of Narrative Report

- 11.1 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.
- 11.2 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 2019. 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.
- 11.3 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 2018/19 being met by local council tax payers.
- 11.4 The key duty of the PFCC is to oversee the provision of an efficient and effective police service. The PFCC is responsible for producing the 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.
- 11.5 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.
- 11.6 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.
- 11.7 It should be noted that the Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMRCFRS) Value for Money Profile 2018 confirmed that Essex Police costs has the lowest cost per head of the 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.
- 11.8 The Chief Constable has a statutory duty to approve and publish this Statement of Accounts covering the period 1st April 2018 to 31st March 2019 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.
- 11.9 The Chief Constable Statement of Accounts are part of the PFCC's for Essex Group Statement of Accounts. From 1st 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

12. Financial Review & Future Outlook

- 12.1 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.
- 12.2 The Strategic Change Programme seeks to transform the way that policing is delivered in Essex to ensure it is fit for purpose for the 21st 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.
- 12.3 In setting the budget and precept for 2018/19 the PFCC had to comply with the Government's limit for excessive rises in council tax. This was set at increases of above £12. In January 2018 the PFCC set a precept increase of 7.62% resulting in a band D council tax of £169.02. For each year in office the PFCC has increased the precept up to, but not exceeding, the level determined by the Government to be excessive. This policy was to help address the historic low precept base in Essex in the light of substantial budget savings necessary to support the Governments fiscal plan and also to support local investment in services. After several years of increasing the precept the level of the precept in Essex was still one of the lowest of the shire forces. Following the increase in the Governments limit for precept increases to £24 for 2019/20, the PFCC has increased the precept for 2019/20 by £23.94 from £169.02 to £192.96, an increase of 14.16% in order to invest an additional £8.5m into front line policing services.
- 12.4 The Medium Term Financial Strategy (MTFS) addresses future challenges. The MTFS was approved by the PFCC in January 2018 and over the next five years £21.8m savings are to be found. The MTFS is continually reviewed during the financial year as future challenges are reviewed.
- 12.5 To help fund £9.6m investment in 2018/19, planned savings of £3.5m were identified at 2018/19 budget setting and achieved during 2018/19. The majority of the savings were from non-pay savings, Support Services and the Serious Crime Directorate.

13. Principal Risks and Uncertainties

- 13.1 A risk management strategy is in place to identify and evaluate risk. The Chief Constable has a risk register.
- 13.2 Below are the main risks from the Chief Constable's Risk Register:

- Athena: Business Continuity - Stability and performance issues within the system may lead to intermittent or loss of service.
- Athena: Legal / Contractual - This is a significant and expensive IT enabled change programme and, despite the best efforts and good faith of all concerned, there is the potential for legal / contractual dispute.
- Data Quality: Inadequate data capture and recording may inhibit the Force's ability to identify the risk factors that precede a critical incident.
- Digital Crime; Capacity and Capability: The overarching digital strategy requires management and co-ordination across the force and with multiple external stakeholders. It is possible that progress will be slower than anticipated and that funding and internal capability and capacity will make it difficult to progress in some areas.
- Public Confidence and Victim Satisfaction: Changes to the Force structure and the way in which services are provided to the public and victims could impact on public confidence and victim satisfaction.

Narrative Report

- Essex Police fails to appropriately action all applications within the Information Rights area of business within statutory or judicial timescale.
- General Data Protection Rules (GDPR) Non-Compliance: Failing to prepare for GDPR Compliance, inability to deal with data breach notifications, with the failure to conduct data inventory and mapping.
- Financial Implications Delays to Emergency Services Mobile Communications Programme (EMSCP): Cost will continue to escalate due to the continuing delays of ESMCP and the Emergency Services Network in delivering a credible, comprehensive and fit for purpose communications solution.

13.3 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.

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

14. 2018/19 Financial Performance

14.1 The table below 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 2018/19. 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.

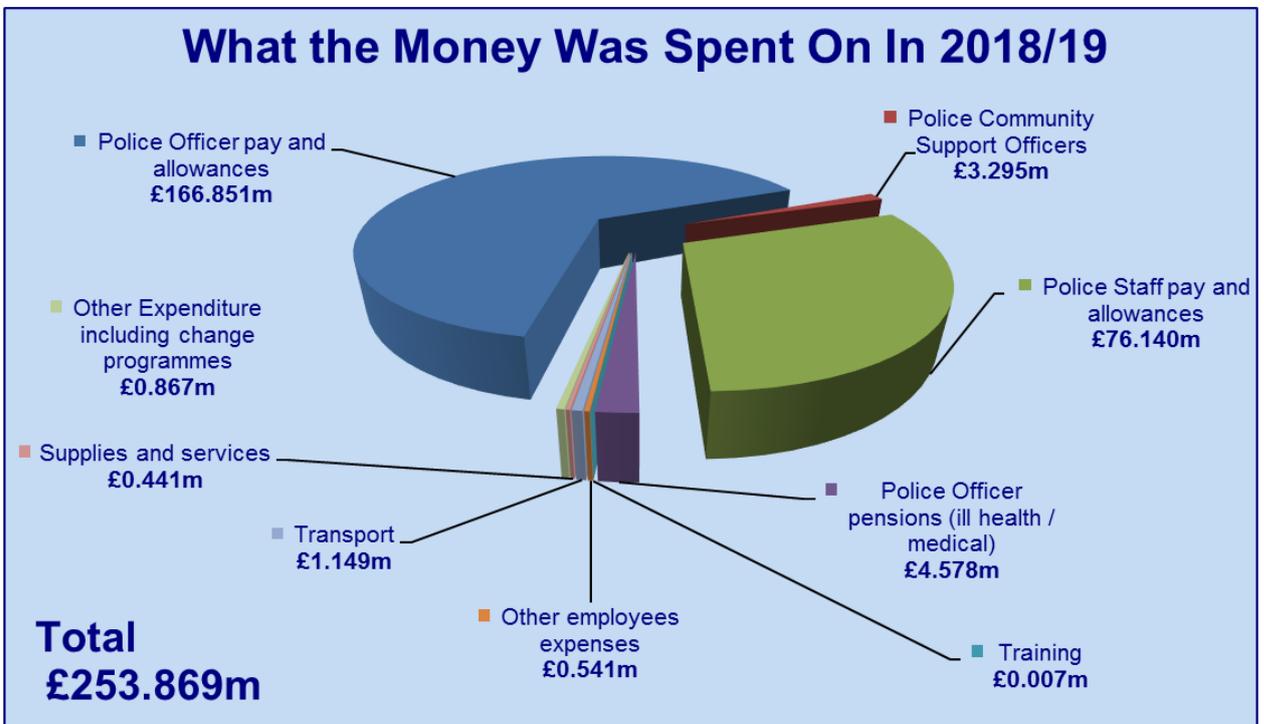
14.2 The management accounting balance overleaf contains the transactions specific to the Chief Constable. All other transactions are included in the PFCC's accounts. The transactions in the PFCC for Essex Group include the combined transactions for the Chief Constable and PFCC's accounts.

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

	Current Budget £000	Actual £000	Variance £000
Police Officer Pay and Allowances	163,827	166,851	3,024
Police Community Support Officers	3,330	3,295	(35)
Police Staff Pay and Allowances	78,452	76,141	(2,311)
Police Officer Pensions (Ill Health / Medical)	4,393	4,578	185
Training	1	7	6
Other Employees Expenses	558	541	(17)
Transport	989	1,149	160
Supplies and Services	346	441	95
Third Party Payments	849	867	18
Other Expenditure Including Change Programmes	673	0	(673)
Gross Revenue Expenditure	253,418	253,870	452
Income	0	0	0
Net Revenue Expenditure	253,418	253,870	452

Narrative Report

- 14.4 The transactions in the table overleaf reflect the Chief Constables transactions and are included within the Statement of Accounts for the PFCC for Essex Group table within the Narrative Report. The Group table also includes the PFCC transactions.
- 14.5 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
 - The Chief Constable's external audit costs
- 14.6 All income and other expenditure is included in the PFCC's accounts.

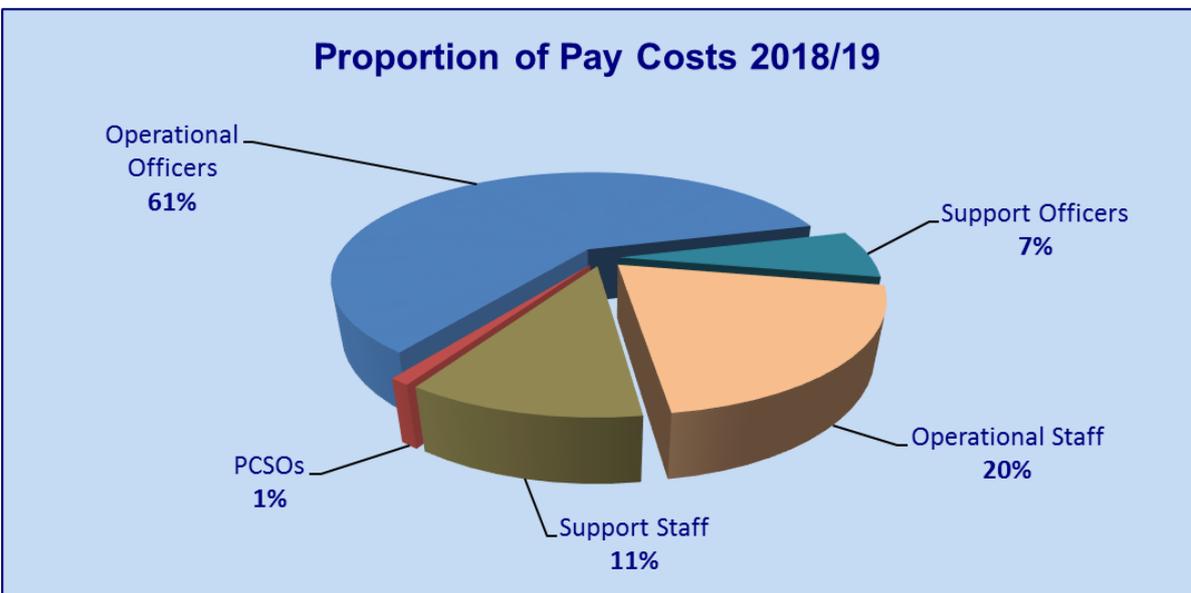
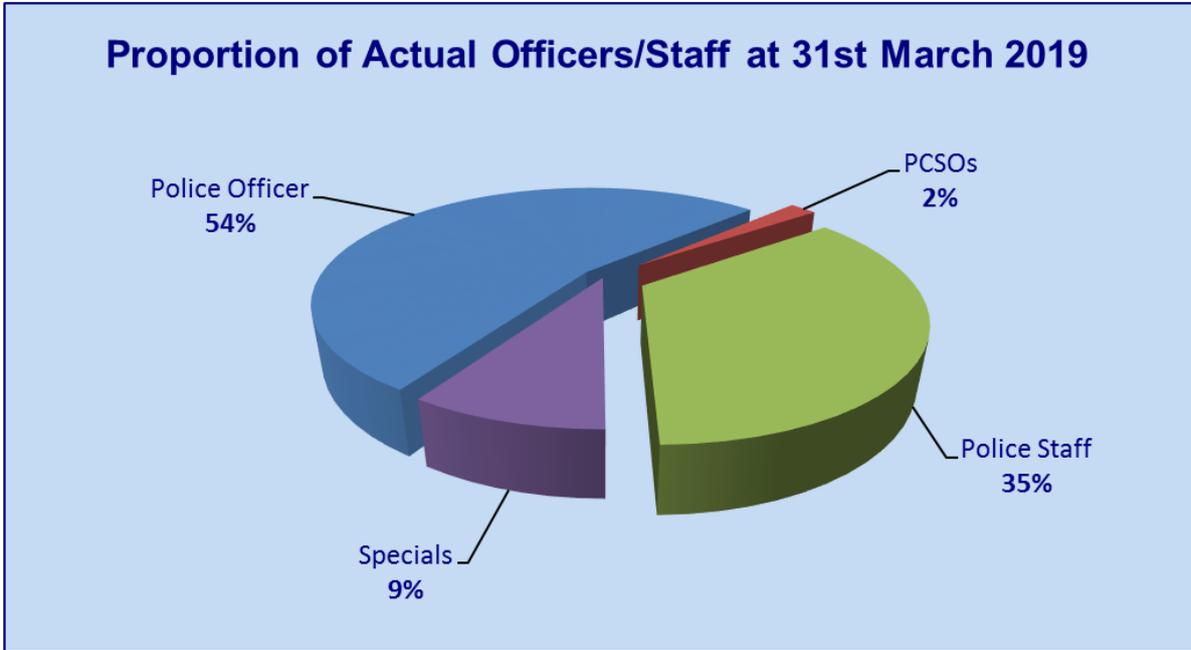


15. Officer and Staff Numbers compared with budget

	Police Officers		PCSOs		Staff		Specials	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs
31st March 2018	2,850	2,950	102	92	2,029	1,982	532	427
Net in-year change	153	114	6	16	39	22	22	90
31st March 2019	3,003	3,064	108	108	2,068	2,004	554	517

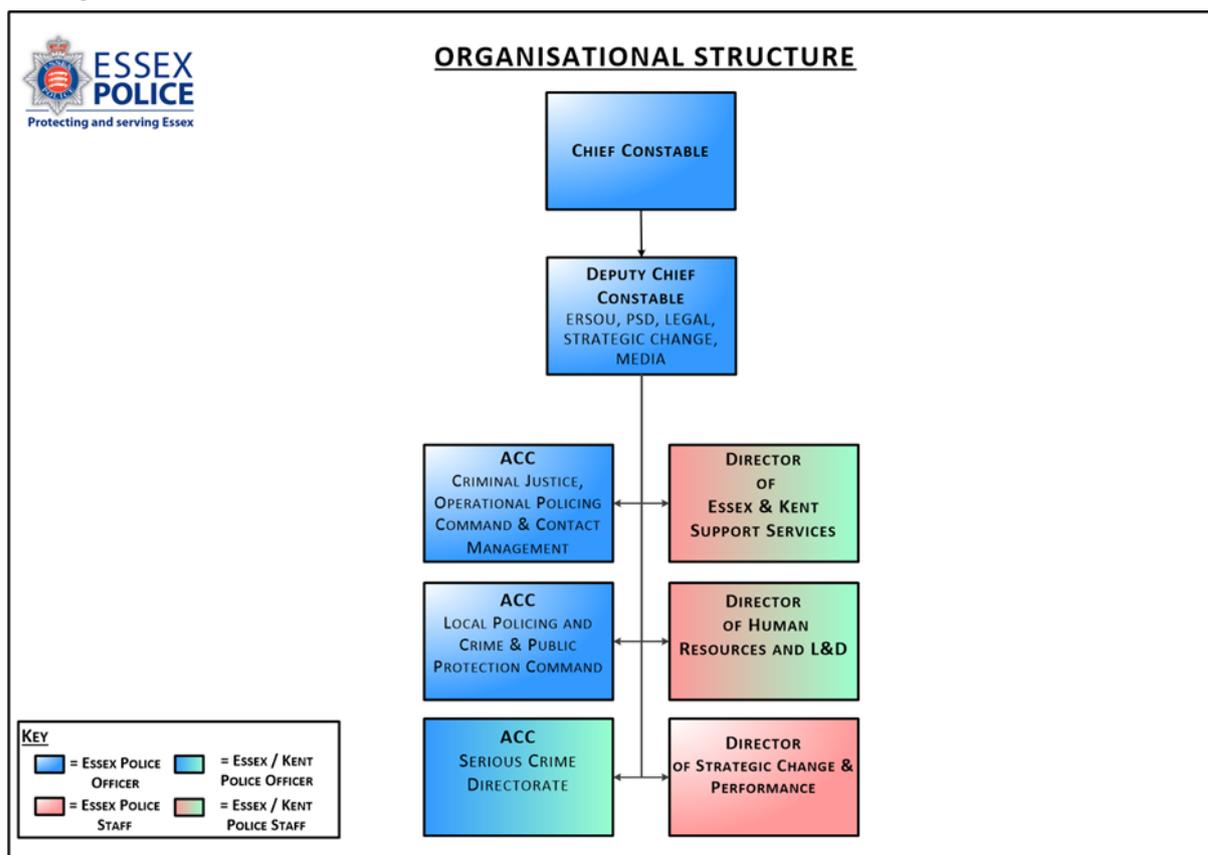
Narrative Report

- 15.1 The table overleaf shows in 2018/19 the budgeted police officer numbers increased by 153 FTE's and by the end of the year the strength had increased by 114 FTE's, exceeding the budget by 61 FTE's. The budgeted FTE's in 2019/20 is 3,218, an increase of 215, and the 2018/19 increase has assisted in meeting the 2019/20 target. The table shows the PCSOs numbers increased by 16 FTE's during the year, the number of police staff has increased by 22 FTE's and the Specials increased by 90 FTE's.



Narrative Report

15.2 The organisational staff structures for Essex Police is shown below.



16. Statutory Framework

- 16.1 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.
- 16.2 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).
- 16.3 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

- 16.4 The Chief Constable has operational control of Police Officers, PCSOs and Police Staff (excluding OPFCC staff). The PFCC has strategic control of all assets, income, OPFCC staff and liabilities and is responsible for establishing most reserves and controlling all cashflow.
- 16.5 The accounts are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2018/19: Based on International Financial Reporting Standards (IFRS).

17. Explanation of Accounting Statements

17.1 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) 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.
- **Balance Sheet** - this sets out the assets and liabilities of the Chief Constable as at 31st March 2019. 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.

Narrative Report

- **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.

v) **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.

vi) **Glossary of Terms**

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

17.2 A review of the Statement of Accounts has taken place with the view of providing clearer, simpler and more transparent information. The accounts have been streamlined and the main changes are:

- Intra group adjustments note: the table showing the movement has been removed and replaced by a bullet point list providing more relevant information.
- Police Pension Fund: the table showing the net assets and liabilities of the Fund has been removed as it is not a material disclosure and had nil values.

Statement of Responsibilities

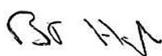
The Chief Constable's responsibilities

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
26th July 2019

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 2019.



Deborah A. Martin BA (Hons), FCPFA
Chief Finance Officer of the Chief Constable
26th July 2019

Annual Governance Statement

Introduction

This statement sets out the Chief Constable's arrangements with the Police, Fire and Crime Commissioner (PFCC) in relation to the six core principles of good governance, namely:

1. Focussing on the purpose of the PFCC and Chief Constable and on outcomes for the community including citizens and service users, creating and implementing a vision for the local area.
2. Ensuring that both the PFCC and Chief Constable perform effectively in clearly defined roles, responsibilities and functions in order to support the aims and objectives of the PFCC, whilst achieving a common purpose.
3. Promoting the values for the PFCC and Chief Constable and demonstrating good governance through practise and behaviour.
4. Making informed and transparent decisions which will stand up to risk management and robust examination by the public, independent Joint Audit Committee and the Police, Fire and Crime Panel (PFCCP).
5. Developing the capacity and capability of the PFCCP to ensure the PFCC and his office deliver effectively.
6. Engaging with the people of Essex, key stakeholders, partners and the third sector to guarantee robust local accountability.

Each section of the Annual Governance Statement recognises that the PFCC and Chief Constable, wherever possible, share a common set of policies and procedures underpinning the Scheme of Governance. Moreover, there is the joint use of systems and procedures therefore only exceptions to this arrangement will be highlighted.

The statement is in five main parts covering:

- a) The scope of responsibility
- b) The purpose of the Governance Framework
- c) The Governance Framework
- d) Value for Money Arrangements
- e) Significant Governance Issues

There are a numbers of statutory responsibilities that flow from the Police Reform and Social Responsibility (PRSR) Act 2011 that set out specific responsibilities for the PFCC, Chief Constable, Chief Executive, Treasurer for the PFCC and Chief Finance Officer for the Chief Constable (CFO).

1. Scope of Responsibility

- 1.1 The PFCC is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The PFCC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 The Chief Constable is responsible for maintaining the Queen's Peace and has discretion over the direction and control over the force's officers and staff. Further, the Chief Constable is responsible to the public and accountable to the PFCC for supporting the PFCC in the delivery of the Police and Crime Plan.
- 1.3 In discharging this overall responsibility, the PFCC is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained throughout the year and that arrangements are in place for the management of risk. In exercising this responsibility the PFCC places reliance on the Chief Constable of Essex Police to support the governance and risk management processes.

Annual Governance Statement

- 1.4 During the year there was regular one-to-one contact on a two weekly basis between the PFCC and Chief Constable in order to ensure that matters are dealt with within their respective responsibilities. In addition, the formal meetings are interspersed with informal contact between the PFCC and Chief Constable.
- 1.5 There were formal governance meetings between senior PFCC and force officers and staff each month dealing separately with financial and performance monitoring. The minutes of these meetings are publicised on the PFCC's website.
- 1.6 The PFCC's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2012). The Treasurer and CFO are bound by professional standards and specific legislative responsibilities. In Attorney General v De Winton 1908 it was established that the Treasurer/CFO is not merely a servant of the authority (PFCC/Chief Constable) but holds a fiduciary responsibility to local taxpayers. The PRSR Act 2011 requires the Treasurer/CFO to comply with relevant provisions within the Local Government Acts.
- 1.7 The Scheme of Governance operating during the year incorporated the following:
 1. Constitution and Scheme of Consent
 2. Specified Information Order
 3. Information Sharing Agreement: Essex Police and the Police, Fire and Crime Commissioner for Essex
 4. Information Sharing Agreement: Police, Fire and Crime Commissioner for Essex and Police and Crime Panel for Essex
 5. Financial Management Code of Practice for the Police Service of England and Wales
 6. Scheme of Delegation
 7. Policing Protocol Order 2011
 8. Voluntary Code of Conduct
 9. The Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012
 10. Appointment of Chief Constables
 11. The Police, Fire and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012
 12. The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012
 13. Protective Marking Procedure
 14. Financial and Procurement Regulations
 15. Anti-Fraud & Corruption Strategy
 16. Statutory Guidance for Police Collaboration
 17. Police Reform and Social Responsibility Act 2011

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

During 2018/19, a number of these documents, including the Constitution, Information Sharing Agreements, Code of Conduct and Anti-Fraud & Bribery policy, have been thoroughly reviewed and updated.

- 1.8 This statement is compliant with regulation 6(1) of the Accounts and Audit Regulations 2015, in relation to the publication of a statement on internal control.

Annual Governance Statement

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the PFCC is directed and controlled and the activities through which it accounts to and engages with the community. It enables the PFCC to monitor the achievement of its Police and Crime Plan and to consider whether these objectives have led to the delivery of appropriate, cost effective services, including achieving value for money.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the PFCC's and Chief Constable's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, managing them effectively, efficiently and economically.
- 2.3 The PFCC's Scheme of Governance incorporates a framework of arrangements that ensures value for money is achieved for the people in Essex. One of the ways this is delivered is through the Essex and Kent collaboration

3. The Governance Framework

- 3.1 The good governance standard for public service sets out the six core principles. The key elements of the systems and processes that comprise the governance arrangements have been put in place by the PFCC and how they adhere to them is set out as follows:

- 1) ***Focusing on the purpose of the PFCC and on outcomes for the community including citizens and service users, creating and implementing a vision for the local area.***

The PFCC made his commitments and areas of focus for policing clear in his Police and Crime Plan (the Plan), which has been widely consulted upon. The Plan indicates how these areas of focus will be delivered, paying due regard to the Strategic Policing Requirement, as set by the Home Secretary.

The PFCC has developed a performance framework that will monitor and support the delivery of the areas of focus set within the Plan. This framework, which is fully supported by the Chief Constable, provides the mechanism for monitoring the implementation of the PFCC's areas of focus together with defining activities that are routine and considered as business as usual, i.e. fulfilling the legal obligations of the PFCC.

The PFCC has clear contact details on the website for members of the community to raise issues or concerns with him. A process is in place to respond to any issues / concerns raised, aiding the focus on outcomes for the local community. The PFCC visited each district to meet with local people to understand and respond to their specific needs, aiding the creation of a vision for the local area.

Annual Governance Statement

2) *Ensuring the PFCC performs effectively in clearly defined roles, responsibilities and functions in order to support the aims and objectives of the PFCC, whilst achieving a common purpose*

The governance arrangements for the PFCC have been developed in accordance with the PRSR Act 2011, statutory Policing Protocol, Home Office Financial Management Code of Practise (FMCP) and existing guidance on financial and governance matters which continue to apply. The scheme of delegation, financial regulations and contract regulations are in accordance with the FMCP to enable effective accountability and to govern the relationship between the PFCC and Essex Police. There is a decision making framework that ensures all PFCC decisions are published and available for public scrutiny.

There are agreed terms of reference for the PFCC and Chief Constable and Joint Audit Committee.

3) *Promoting the values for the PFCC and demonstrating good governance through practice and behaviour.*

The PFCC has signed up to a Code of Conduct incorporating the 7 Nolan principles relating to public life and also the Police Code of Ethics. The Code of Conduct has been updated this financial year as part of the review of the Constitution and the wider policy and strategy framework that supports this.

The PFCC has also adopted an Ethics and Integrity Framework which has likewise been subject to review during 2018/19. At the time of writing, an updated Framework is due to come forward to SMT for consultation later in March 2019, prior to formal approval by the PFCC.

Moreover, the PFCC has approved and adopted a policy on anti-fraud and bribery which clearly sets out the procedures that will be in operation. This policy is designed to encourage prevention, promote detection and identify a clear pathway for investigation of fraudulent and / or corrupt activities or behaviour. Alongside this, Essex Police adopts the “Four Ps” approach to tackle corruption:

Prevent – Incorporates recommendations from the Independent Office for Police Conduct (IOPC) and HMICFRS and seeks innovative approaches to identifying vulnerability factors, reporting them and educating staff on how to identify and manage vulnerable members of staff.

Protect – Incorporates improvements and investment in protective monitoring capability across all areas of business and working with partners to mitigate risk through their own performance frameworks.

Pursue – Prosecuting and disrupting people engaged in corruption, including working in partnership with internal and external stakeholders to achieve these goals.

Prepare - Introducing work flows and processes to ensure that the threat of corruption is mitigated in a methodical, efficient manner, making use of identified best practice.

An Integrity and Anti-Corruption Board chaired by the Deputy Chief Constable meets quarterly to understand integrity and anti-corruption issues across Essex Police to ensure that the force is adopting a balanced and proportionate response to them, and also to ensure that Essex Police is operating within an ethical framework that promotes, reinforces and supports the highest standards expected of staff.

Annual Governance Statement

The College of Policing has issued the Code of Ethics, which sets and defines the exemplary standards of behaviour for everyone who works in policing. The Chief Constable also has several policies which cover discipline, standards, use of social media and an anonymous e-mail for confidential reporting to the Professional Standards Department. All staff employed by the Police, Fire and Crime Commissioner are bound by the Essex Police terms and conditions and staff policies.

Essex Police's Professional Standards Department (PSD) deals with public complaints and matters relating to the conduct of police officers and staff, in liaison with the IOPC where necessary.

Essex Police introduced an Ethics Committee in October 2017 and its PSD has now joined a new Regional Ethics Board which met for the first time in August 2018. The Essex Police Learning the Lessons Board was introduced in November 2017 to bring together the College of Policing with EP's Legal, HR and Strategic Change teams as well as PSD on a quarterly basis to consider common themes surrounding complaint / conduct matters and litigation and to explore what more can be done to address these issues.

The Police, Fire and Crime Panel's Ethics and Integrity Sub-Committee scrutinises compliance with the PFCC's Ethics and Integrity Framework and with the Police Code of Ethics. The Sub-Committee received a detailed presentation from the Chief Constable on this topic at its meeting in September 2018.

4) *Making informed and transparent decisions which will stand up to risk management and robust scrutiny by the public, the Police, Fire and Crime Panel (PFCCP) and the Joint Audit Committee (JAC)*

The PFCC and Chief Constable's decision making process is set out in the Scheme of Governance. All significant PFCC decisions are taken following a written report on the subject matter which includes consideration of risk. During 2018/19 the Decision Report template has been updated to set out very clearly the range of alternative options considered in arriving at the decision, and also to specify any governance boards that have considered and / or approved in principle the decision prior to the Decision Report being submitted to the PFCC for sign off.

The PFCC has a duty to ensure that it acts in accordance to the law and legislation. This has been fulfilled through the Financial and Procurement Regulations (including contract standing orders), and supporting policies and procedures were produced to ensure officers and staff within both the PFCC and Force understood their responsibilities. Compliance with them was and will continue to be reviewed. In January 2019 the PFCC and Chief Constable signed the Seven Force Procurement Function S22a agreement, this includes new procurement thresholds and new governance arrangements for the joint procurement of goods and services. Work will continue to ensure oversight of this function, including by the PFCC's Section 151 Officer being a member of the Strategic Governance Board overseeing this stream of work.

The PFCC complied with a clear decision making policy that requires the oversight of both statutory officers within the PFCC, namely the Monitoring Officer and Treasurer. This ensures that both legal and financial implications are clearly stated prior to any decision being taken. All decisions made by the PFCC are formally recorded and made available on the website for public information and scrutiny.

In addition, the PFCC's performance against the Plan is regularly reported to the PFCCP for its challenge and support as appropriate.

The independent JAC has responsibility for monitoring and reviewing the effectiveness of risk management arrangements, processes and the system of internal controls. The PFCC and Chief Constable continue to use the risk management policy and framework that complies with CIPFA guidance.

Annual Governance Statement

The JAC meets formally at least four times a year and continues to support the PFCC and Chief Constable's responsibility for enhancing public trust and confidence in the governance of the PFCC and Essex Police.

The Terms of Reference of the JAC were previously supplemented to include the functions of the Audit Panel. The prime responsibility of the Audit Panel is to oversee the procurement of external auditor services and recommend a preferred supplier to the PFCC and Chief Constable.

The JAC has made a significant contribution in providing a first class level of independent assurance to the PFCC and Chief Constable during the year and has not hesitated to address important and sometimes very challenging issues. This has included briefings and assurance on significant Essex Police IT programmes and the ongoing Police and Fire collaboration programme. It is anticipated that its contribution will not only continue but be enhanced during 2019/20 and beyond.

5) *Developing the capacity and capability of the PFCC to ensure the PFCC and his office deliver effectively.*

Staff continue to receive annual performance reviews, in which personal objectives are set. The objectives considered the role individual staff members had within the PFCC. Strategic objectives that focus on and help deliver the areas of focus within the Police and Crime Plan are included. The reviews take into account any training undertaken during the year.

The PFCC and Chief Constable continue to use the risk management policy and framework that complies with CIPFA guidance. During 2018/19, the PFCC moved away from a 4x4 risk scoring matrix to a 5x5 matrix, thus making the impact of mitigations on individual risk scores more apparent. Essex Police is due to move towards a 5x5 matrix later in 2019.

6) *Engaging with the people of Essex, key stakeholders, partners and the third sector to guarantee robust local accountability.*

Since taking office the PFCC has held public meetings in each of the 14 districts and unitary areas, where the people of Essex were able to challenge the PFCC in how he is holding the Chief Constable to account for the delivery of policing. Notes for each of the meetings are made available on the website, along with issues raised at each of these events and any subsequent outcomes.

The PFCC meets with key stakeholders, partners and the third sector to gauge their views and work collaboratively wherever possible. Forums continue to be held with specific groups, discussing issues such as victim support, rural crime and business crime. These forums enhanced the partnership working across all areas and link directly with the delivery of the Police and Crime Plan.

Consultation with the public, partners, key stakeholders and the third sector all feed into the strategic planning cycle to ensure that the views of those consulted will continue to influence the delivery of the PFCC's priorities.

Between 6th November and 27th November 2018 the PFCC undertook a survey to understand the views of Essex residents about raising the level of policing precept in Essex. There were 4,187 responses to the survey. Over two-thirds (71%) of people said that in general they would be prepared to invest more in policing to help improve the service provided. Almost three-quarters (73%) of those who gave a view said they would be prepared to contribute at least £20 more per year to invest in policing. The full 'Report on Survey Findings' can be found on the PFCC website.

Annual Governance Statement

4. Value for Money Arrangements

- 4.1 The PFCC has responsibility for ensuring that the governance arrangements support good value for money and thereby conducted a review of the effectiveness of the governance framework, including
- The system of internal audit
 - The system of internal control
- 4.2 The governance framework is subject to ongoing monitoring for effectiveness by the PFCC's Treasurer and Chief Executive. This will be further informed by the work of the External Auditors and by continuing Internal Audit reviews. There are also monthly performance and finance monitoring meetings between the PFCC, DPFCC, Chief Constable and senior staff whereby the Chief Constable is held to account for ensuring value for money for the provision of policing services.
- 4.3 The roles and processes applied in maintaining and reviewing effectiveness of the governance framework are outlined as follows:

PFCC

- 4.4 The PFCC has overall responsibility for the discharge of all powers and duties placed upon it, including a statutory duty to 'maintain an efficient and effective police force'. The review and maintenance of the governance framework is undertaken by the PFCC in a close working relationship with his Chief Executive and Monitoring Officer, the Chief Constable and his senior staff including the Chief Finance Officer. The PFCC's and Chief Constable's JAC has responsibility for overseeing these arrangements and will continue to discuss governance issues, referring reports to the PFCC and Chief Constable when appropriate.

Essex Police

- 4.5 The Chief Constable has responsibility for reviewing the effectiveness of the governance framework within the Force. This review is informed by the work of the Director for Strategic Change and Performance and the Risk Manager within the Force who have responsibility for the development and maintenance of the governance environment. In preparing this Annual Governance Statement a joint approach has been adopted by the PFCC and Chief Constable.
- 4.6 The Corporate Services Department within Essex Police carries out an annual compliance and review programme. The rationale for this work is to assist senior managers to:
- Evaluate the reliability and integrity of specific data created and held by the force
 - Evaluate the force's compliance with legislation and associated national standards
 - Evaluate compliance with the force policies and authorised professional practice
 - Provide recommendations that improve force performance and compliance levels
 - Reduce the likelihood of personal and corporate financial and reputational risk
 - Assist in assessing the effectiveness of the force's risk mitigation and control(s)
 - Identify potential inappropriate, unethical and non-compliant activity
 - Assist in ensuring Essex Police is 'fit and healthy' going forward
- 4.7 Outcomes from these reviews inform decision making that is dependent on assumed data accuracy and provides reassurance, both internally and externally, that performance information is accurate and will withstand scrutiny.

Annual Governance Statement

Internal Audit

4.8 In maintaining and reviewing the governance framework the PFCC's Treasurer and Chief Constable's Chief Finance Officer place reliance on the work undertaken by Internal Audit and in particular, Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control. For 2018/19 the Internal Auditor's opinion is as follows:

PFCC

4.9 "The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."

Essex Police

4.10 "The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."

4.11 The internal audit service was subjected to competitive tender during 2015/16 as a result of which RSM were awarded the three year contract with the option to extend.

External Audit

4.12 External Audit is an essential element in ensuring public accountability and stewardship of public resources and the corporate governance of the PFCC's services, with their annual letter particularly providing comment on financial aspects of corporate governance, performance management and other reports.

4.13 Following a competitive procurement process the PFCC and Chief Constable have appointed a new External Auditor. Grant Thornton will act as the External Auditor for a five year period commencing from the 2018/19 financial year.

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)

4.14 In July 2017 HMIC became Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).

4.15 Review and assurance mechanisms that are charged with promoting the effectiveness and efficiencies of policing, improving performance and sharing good practise nationally (such as the Health and Safety Inspectorate) are also relied upon.

4.16 HMICFRS's review of Police Effectiveness, Efficiency and Legitimacy (PEEL) assessed Essex Police in 2018 as follows:

- How effectively does the force reduce crime and keep people safe? – good
- How efficiently does the force operate and how sustainable are its services to the public? – good
- How legitimately does the force treat the public and its workforce? - good

Annual Governance Statement

4.17 HMICFRS noted that:

“The force is good at preventing crime and anti-social behaviour. It is good at investigating crime and has continued to improve how it identifies and protects vulnerable people. It does this through more effective joint working with partners and greater use of protective powers.

Essex Police is ambitious in its planning for the future and wants to be at the forefront of innovative practice. The force understands its demand well. It uses this information to develop robust financial and workforce plans to make sure it uses its resources as efficiently as possible.

The force continues to uphold an ethical culture and promote standards of professional behaviour well. But it has more to do to assure itself that it has the capacity and capability to root out corruption.”

4.18 HMICFRS PEEL assessment in 2018 saw Essex Police awarded a ‘Good’ across the board, this is consistent with the previous review in 2017.

4.19 HMICFRS noted that;

“Essex Police is good at reducing crime and keeping people safe.

The force is good at investigating crime. Its investigations give satisfactory results. In 2017, we found the force should supervise investigations better. Its specialist departments have got better at guiding and supervising investigations. But investigations by uniformed response officers could be improved with better guidance.

Essex Police is good at protecting vulnerable people. It identifies vulnerability when people first contact the police. It actively looks for hidden harm. Increasing demand has stretched the force’s ability to respond to emergency and non-emergency calls. But it is working to rectify this by increasing capacity and improving efficiency.

In 2017, we assessed the force as good at:

- *preventing crime and tackling anti-social behaviour; and*
- *tackling serious and organised crime.”*

4.20 In addition to the above HMICFRS highlighted the following area for improvement;

“The force needs to improve how it ensures its workforce behaves ethically and lawfully. We saw the force has an ethical culture. But it failed to vet its workforce before the national deadline, despite hard work by the vetting unit. It says it will be up to date by late spring 2019.”

Annual Governance Statement

5. Significant Governance Issues

- 5.1 Following the new governance arrangements with Essex County Fire and Rescue Service the PFCC is reviewing the current Scheme of Governance highlighted in Section 1.7 with a view to furthering good governance across a range of areas.
- 5.2 Targeted capital investment with a clear service and/or financial return is being applied to the main demand categories of estate, IT and fleet in order to maximise the benefit to citizens of Essex. This work is presented and monitored by the PFCC through the Strategic Board. The governance structure to support this work is being further enhanced and will be incorporated into the new Scheme of Governance.
- 5.3 The Emergency Services Strategic Collaboration Board has been established to consider collaborative options with Essex Police, Essex County Fire and Rescue Service and other blue light partners such as the East of England Ambulance Service. The board oversees the development of collaborative opportunities and the long term strategic direction of the collaboration programme.
- 5.4 The significant contribution made by the JAC in providing independent scrutiny across the work of both the PFCC and Chief Constable is fully recognised. The PFCC plans to bring the work of the JAC to the attention of the PFCP and vice versa in order to facilitate the work of each party.
- 5.5 During 2018/19, two governance issues were identified:
- 1) It came to the attention of the PFCC that a Decision Report classified as Restricted had been published on the PFCC's website. The document was immediately taken down and a thorough review instigated to ensure that the same was not true of any other document published on the website. As a result of this incident, more stringent checks and balances have been introduced into the existing procedures for publication of decision sheets; approval of redactions and publication of documents to the PFCC's website. The PFCC's Publication Protocol is also under review, with an updated version due to be approved in Quarter 1 of 2019/20.
 - 2) Whilst not constituting a breach, a review by the incoming Monitoring Officer identified that a large proportion of the policies and strategies governing the business of the PFCC had expired and that multiple versions of some such documents were published to the PFCC's website and / or on the shared drive used by staff. Furthermore, a small number of policies and strategies that had previously been formally decommissioned had been inappropriately re-instigated by officers without following the appropriate approval process. In response to this, a thorough policy review plan was put in place to ensure that all expired policies and strategies are updated by the end of the 2018/19 financial year.
- 5.6 The progress made in addressing the governance matters from the 2018/19 AGS is shown below.
- 5.7 On 1st October 2018, the PFCC marked the one year anniversary of joint governance of Essex Police and Essex County Fire and Rescue Service. The PFCC is responsible for ensuring that arrangements are in place to deliver an efficient and effective fire and rescue service as well as an efficient and effective police force for the county.

Annual Governance Statement

Table 1: Progress made against the 2018/19 governance matters

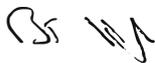
Title	Action	Expected delivery	Position at 31st March 2019
Overall demand on policing	The ability of the Force to manage existing and future demand, with an effective operating model of policing using the efficiency gains enabled by investment in new technology.	Additional 150 officers to be recruited. Improvements in demand management, particularly in local policing to be demonstrated by March 2019 following precept increase to fund the recruitment of 150 new officers.	The 2018/19 approved budget outlined plans to recruit 150 additional officers in Essex funded by the increased precept. During the year these officers have been recruited, trained and are being deployed across Essex.
Government grant formula review	To continue to promote the case for an improved Government police grant allocation and longer term settlement.	Provisional grant settlement for 2019/20 announced in December 2018.	The 2019/20 Police Settlement granted the PFCC the freedom to increase the precept up to £24; in Essex the precept was increased by 14.16% to £192.96, an increase of £23.94 for a Band D property.
Public confidence and victim satisfaction	To ensure that public confidence in Essex Police continues to improve through increasing police performance and effective communication and public engagement.	Full year comparison of commissioned survey of public confidence and user satisfaction data available March 2019.	Results on a rolling 12 months basis in 2018 compared to 2017 show a high degree of stability across all measures; confidence at a local level has remained stable.
Fire collaboration	To continue to promote collaboration work streams between Essex Police and Essex County Fire and Rescue Service, achieving greater efficiencies across both services.	Detailed collaboration plans and savings to be in place by March 2019.	Collaboration projects are monitored through the Emergency Services Strategic Collaboration Board and other governance arrangements. A number of outline business cases have been developed at March 2019.

Annual Governance Statement

Significant governance issues that are relevant for 2019/20 are shown in Table 2 below:

Table 2: Governance considerations for 2019/20

Title	Action	Expected delivery
Demand Management	The ability of the Force to manage existing and future demand, with an effective operating model of policing using the efficiency gains enabled by investment in new technology.	Additional 215 officers to be recruited through the additional policing precept. Further improvements in demand management to be demonstrated by March 2020 as impact of additional officers is seen.
Comprehensive Spending Review 2019	To continue to promote the case for an improved Government police grant allocation by working with the APCC, NPCC, and PACCTS to deliver an evidence based response to the Home Office. This response will inform the HM Treasury decision.	Provisional grant settlement for 2020/21 to be announced in December 2019 and outcome of the CSR is expected in 2019/20
Public confidence and victim satisfaction	To ensure that public confidence in local communities continues to improve through increasing police performance and effective communication and public engagement.	Public and victims satisfaction in local policing to maintain a positive trend throughout 2019/20.
Blue light collaboration	To promote collaborative working across blue light services, including greater efficiencies between Essex Police and Essex County Fire and Rescue Service and the successful transition to the 7Force Procurement Function	Plans for collaborative procurement savings through the 7Force Procurement to be developed by March 2020
Police Misconduct Regulations	Changes to police complaint system are expected to take effect in 2019/20 as part of the Home Office Improving Police Integrity Programme. Discussions are taking place between the PFCC and Chief Constable to establish the most effective system for Essex.	Legislation is expected to be enacted in 2019/20 by parliament and following this the PFCC and Chief Constable will implement the agreed approach.



Chief Constable of Essex



Chief Finance Officer of the Chief Constable of Essex

Independent Audit Report

Independent auditor's report to the Chief Constable of Essex Police

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Chief Constable of Essex Police (the 'Chief Constable') for the year ended 31 March 2019. The financial statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement in Reserves Statement, and notes to the financial statements, including a summary of significant accounting policies, and include the Police Officer Pension Fund Account financial statements comprising the Fund Account. 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 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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. We are independent of the Chief Constable 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 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 Finance Officer of the Chief Constable's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer of the Chief Constable has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable'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 Chief Finance Officer of the Chief Constable is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Audit Report

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 of the Chief Constable 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Chief Constable gained through our work in relation to the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- 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 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Chief Constable and the Chief Finance Officer of the Chief Constable for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Constable is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer of the Chief Constable. The Chief Finance Officer of the Chief Constable is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Audit Report

In preparing the financial statements, the Chief Finance Officer of the Chief Constable 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 there is an intention by government that the services provided by the Chief Constable will no longer be provided.

The Chief Constable is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that 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 2019.

Responsibilities of the Chief Constable

The Chief Constable is responsible for putting in place proper arrangements for securing 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 review of the Chief Constable's arrangements for securing 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 be satisfied that the Chief Constable has made 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.

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 in November 2017, as to whether in all significant respects 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 2019.

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 be satisfied that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Independent Audit Report

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements 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.

Use of our report

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Grady

Paul Grady, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

London

31 July 2019

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.

	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure £000	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net Expenditure £000
Employee Expenses	300,507	0	300,507	399,045	0	399,045
Transport	983	0	983	1,150	0	1,150
Other service expenditure	383	0	383	441	0	441
Third party payments	2	0	2	867	0	867
Fees charges and other service income	0	(2,497)	(2,497)	0	0	0
Government Grants and contributions	0	(314)	(314)	0	0	0
Financial Resources Consumed - Chief Constable	301,875	(2,811)	299,064	401,503	0	401,503
Intra Group Adjustment for Chief Constables Net Service Cost	0	(284,668)	(284,668)	0	(294,335)	(294,335)
Net Cost of Provision of Police Services - Chief Constable	301,875	(287,479)	14,396	401,503	(294,335)	107,168
Net Interest on the defined benefit pensions liability						
-Police Officers	81,331	0	81,331	71,290	0	71,290
-Police Staff	5,450	0	5,450	4,518	0	4,518
	86,781	0	86,781	75,808	0	75,808
Financing and Investment Income and Expenditure						
(Surplus)/Deficit on Provision of Police Services - Chief Constable	388,656	(287,479)	101,177	477,311	(294,335)	182,976
Remeasurement of the net defined benefit liability						
-Police Officers	0	(193,341)	(193,341)	74,535	0	74,535
-Police Staff	0	(37,789)	(37,789)	0	(19,783)	(19,783)
Other Comprehensive Income and Expenditure	0	(231,130)	(231,130)	74,535	(19,783)	54,752
Total Comprehensive Income and Expenditure	388,656	(518,609)	(129,953)	551,846	(314,118)	237,728

The Comprehensive Income and Expenditure Statement includes a segmental analysis which requires public sector entities 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

With effect from 2018/19 the decision has been taken to reclassify all income previously recognised in the Chief Constable accounts, in respect of recharges and funding for Police Officers and staff, to the PFCC accounts. Based on materiality the 2017/18 figures have not been restated for this change and therefore the income shown in the Comprehensive Income and Expenditure Statement for 2018/19 is not comparable to the previous year in either sets of these accounts. The figures will be comparable and consistent going forward.

There were net actuarial losses of £54.752m in 2018/19 compared to actuarial gains of £231.130m in 2017/18. Note 20 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.

	2017/18	2017/18	2018/19	2018/19
	£000	£000	£000	£000
Non current assets total	0	0	0	0
Current assets				
15 Short term debtors	1,526		787	
Current assets total	1,526	1,526	787	787
Current liabilities				
16 Short term creditors	(5,228)		(3,814)	
Current liabilities total	(5,228)	(5,228)	(3,814)	(3,814)
Non current liabilities				
20 Pensions liabilities - Police Officers	(2,830,260)		(3,067,043)	
20 Pensions liabilities - Police Staff	(178,706)		(180,326)	
Non current liabilities total	(3,008,966)	(3,008,966)	(3,247,369)	(3,247,369)
Net assets/(liabilities)	(3,012,668)	(3,012,668)	(3,250,396)	(3,250,396)
19 Unusable reserves				
Pensions liabilities - Police Officers	2,830,260		3,067,043	
Pensions liabilities - Police Staff	178,706		180,326	
Accumulating Compensated Absences	3,702		3,027	
Adjustment Account				
Unusable reserves total	3,012,668	3,012,668	3,250,396	3,250,396
Total reserves	3,012,668	3,012,668	3,250,396	3,250,396

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 2019.

These financial statements replace the unaudited financial statements certified by Deborah Martin, Chief Finance Officer of the Chief Constable on 24th May 2019.



Deborah A Martin BA (Hons) FCPFA
Chief Finance Officer of the Chief Constable
26th July 2019

Core Financial Statements

Cash Flow Statement

The Cash Flow Statement shows the changes in cash equivalents of the Chief Constable during the reporting period. These statements have been prepared using the indirect method in accordance with the accounting standard IAS 7 *Statement of Cash Flows*.

The Chief Constable does not operate a bank account and therefore the overall balance on this statement is nil.

	2017/18		2018/19	
	£000	£000	£000	£000
Net Surplus/Deficit on the provision of services:-		101,177		182,976
Adjustment to surplus or deficit on the provision of services for noncash movements		(101,177)		(182,976)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0		0
Net cash flows from operating activities		0		0
Net cash flows from investing activities		0		0
Net cash flows from financing activities		0		0
Net (increase)/decrease in cash and cash equivalents		0		0
Cash and cash equivalents at the beginning of the reporting period		0		0
Cash and cash equivalents at the end of the reporting period		0		0
Movement in cash equivalents		0		0

Movement In Reserves Statement

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

	2017/18						Total Usable £000	Total Unusable £000	Total Reserves £000
	Usable Reserves								
	General £000	Earmarked £000	Future capital funding £000	Capital Receipts £000	Capital Grants Unapplied £000				
Balance at 1 April 2017	0	0	0	0	0	0	3,142,621	3,142,621	
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)	
Total Comprehensive Income and Expenditure	101,177	0	0	0	0	101,177	(231,130)	(129,953)	
Adjustments between accounting basis and funding basis under regulations	(101,177)	0	0	0	0	(101,177)	101,177	0	
Net (Increase)/Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	(129,953)	(129,953)	
Transfers (to)/from Reserves	0	0	0	0	0	0	0	0	
(Increase)/Decrease in Year	0	0	0	0	0	0	(129,953)	(129,953)	
Balance at 31 March 2018 c/f	0	0	0	0	0	0	3,012,668	3,012,668	

Core Financial Statements

2018/19									
	Usable Reserves						Total Usable	Total Unusable	Total Reserves
	General	Earmarked	Future capital funding	Capital Receipts	Capital Grants Unapplied				
	£000	£000	£000	£000	£000	£000	£000	£000	
Balance at 1 April 2018	0	0	0	0	0	0	3,012,668	3,012,668	
Deficit on provision of services (accounting basis)	182,976	0	0	0	0	182,976	0	182,976	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	54,752	54,752	
Total Comprehensive Income and Expenditure	182,976	0	0	0	0	182,976	54,752	237,728	
Adjustments between accounting basis and funding basis under regulations	(182,976)	0	0	0	0	(182,976)	182,976	0	
Net (Increase)/Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	237,728	237,728	
Transfers (to)/from Reserves	0	0	0	0	0	0	0	0	
(Increase)/Decrease in Year	0	0	0	0	0	0	237,728	237,728	
Balance at 31 March 2019 c/f	0	0	0	0	0	0	3,250,396	3,250,396	

Notes to the Accounts - Index

	<u>Page</u>	
<u>Notes relating to the Accounts: General</u>		
1	Creation of Police, Fire & Crime Commissioner and Chief Constable	49
2	Policies Applying to the PFCC Group and Chief Constable	50
3	Accounting Standards that have been issued but have not yet been adopted	54
4	Critical Judgements in Applying Accounting Policies	54
5	Events After the Reporting Period	54
6	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	54
7	Contingent Liabilities	55
8	Date of Authorisation of the Statement of Accounts for Issue	55
<u>Notes relating to the Accounts: Comprehensive Income & Expenditure Statement</u>		
9	Expenditure and Funding Analysis	56
10	Note to the Expenditure and Funding Analysis	56
11	Intra Group Adjustments	57
12	Officers Remuneration (including Exit Packages)	57
13	Termination Benefits	60
14	External Audit Costs	60
<u>Notes relating to the Accounts: Balance Sheet</u>		
15	Short-term Debtors	61
16	Short-term Creditors	61
<u>Notes relating to the Accounts: Cash Flow Statement</u>		
17	Operating Activities	62
<u>Notes relating to the Accounts: Movement in Reserves Statement</u>		
18	Adjustments between Accounting Basis and Funding Basis under Regulations	63
19	Unusable Reserves	64
19.1	Compensating Absences Adjustment Account	64
19.2	Pensions Reserve	64
<u>Notes to the Accounts: Supplementary Notes</u>		
20	Defined Benefit Pension Schemes	65

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, reflected the powers and responsibilities of the PCC as designated by the Act and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2012. This accounting relationship is also underpinned by the relationships as defined by local regulations, local agreement and practice. On 22nd November 2012, the assets, liabilities and reserves of the Police Authority were transferred directly to the PCC and during 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 a day-to-day direction and control over police officers and PCSO's, 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 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.

Policies Applying to the Chief Constable

2. Summary of Significant Accounting Policies

These are categorised as follows:-

Policies applying to the PFCC Group

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

2.1 General Principles

The Statement of Accounts summarises the PFCC's and the Chief Constable's financial transactions for the 2018/19 financial year and its position at the year-end of 31st March 2019. 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 2018/19, supported by International Financial Reporting Standards (IFRS) and statutory guidance, issued under Section 12 of the 2003 Act.

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

2.2 Accruals of Income and Expenditure 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.

2.3 Overhead and Support Services

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

Policies Applying to the Chief Constable

2.4 Employee Benefits

Short Term Benefits

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the 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.

2.6 Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable by the service recipient 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

2.7 Events After the Reporting Period

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

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

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

2.8 Retirement Benefits - Police Staff

Police Staff (including Police Community Support Officers) are eligible to join the Local Government Pension Scheme (LGPS). This is 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.

2.9 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.

Policies applying to the Chief Constable

2.10 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.

2.11 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.

Notes relating to the Accounts: General

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

Paragraph 3.3.2.13 of The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (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 2018/19 and 2019/20 financial statements in respect of accounting changes that are introduced in the 2019/20 code are:-

- *Annual Improvements to IFRS Standards 2014 - 2016 Cycle*
- *IFRIC 22 Foreign Currency Transactions and Advance Consideration*
- *IFRIC 23 Uncertainty over Income Tax Treatments*

It is not expected that any of the above changes will have a material impact upon the financial statements.

4 Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- 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 39 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 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 20 that shows a variance of +0.1% or -0.1% in the assumptions.

Notes relating to the Accounts: General

7 Contingent Liabilities

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

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

In respect of the 2018/19 accounts, the Force has assessed the financial value of 99 claims at the balance sheet date, some of which have already been paid and some of which are still outstanding. In respect of the outstanding element these claims can all be reliably measured and a provision has therefore been created in the 2018/19 accounts. However, there is still uncertainty in respect of further claims arising and as these liabilities cannot be reliably measured at the present time, due to both the timings and amounts not yet being ascertained, no provision has been made for this element in the accounting statements.

8 Date of Authorisation of the Statement of Accounts for Issue

The Statement of Accounts was authorised for issue on the 26th July 2019 by Deborah Martin BA (Hons),

Notes relating to the Accounts: Comprehensive Income & Expenditure Statement

9 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.

	2017/18 Net Expenditure Chargeable to the General Reserve	2017/18 Adjustment between Funding & Accounting basis	2017/18 Net Expenditure in the Comprehensive Income and Expenditure Statement	2018/19 Net Expenditure Chargeable to the General Reserve	2018/19 Adjustments Between Funding & Accounting basis	2018/19 Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
Financial Resources Consumed - Chief Constable	243,485	55,579	299,064	253,870	147,633	401,503
Intra Group Adjustment for Chief Constable's Net Service Cost	(243,485)	(41,183)	(284,668)	(253,870)	(40,465)	(294,335)
Net Cost of Provision of Police Services - Chief Constable	0	14,396	14,396	0	107,168	107,168
Other Income and Expenditure	0	86,781	86,781	0	75,808	75,808
(Surplus)/Deficit on Provision of Police Services - Chief Constable	0	101,177	101,177	0	182,976	182,976

10 Note to the Expenditure and Funding Analysis

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
Financial Resources Consumed	0	55,986	(407)	55,579
Intra-group funding adjustment	0	(41,183)	0	(41,183)
Other Income and Expenditure	0	86,781	0	86,781
(Surplus)/Deficit on provision of Police Services	0	101,584	(407)	101,177
2018/19				
	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
Financial Resources Consumed	0	148,309	(676)	147,633
Intra-group funding adjustment	0	(40,465)	0	(40,465)
Other Income and Expenditure	0	75,808	0	75,808
(Surplus)/Deficit on provision of Police Services	0	183,652	(676)	182,976

Notes

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

Notes relating to the Accounts: Comprehensive Income & Expenditure Statement

11 Intra Group Adjustments

The Comprehensive Income & Expenditure Statement includes an intra-group adjustment between the Chief Constable and PFCC accounts. This 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.

For the 2018/19 accounting statements the value of the intra-group adjustment is £294.335m (2017/18, £284.668m). This figure is represented as follows:-

- : Financial resources consumed = £401.502m
- : Funding basis adjustment (IAS 19) = (£107.842m)
- : Funding basis adjustment (Compensated Absences) = £0.675m
- : Intra-group adjustment 2018/19 = £294.335m

12 Officers Remuneration (including Exit Packages)

The following table identifies the number of police officers and staff whose remuneration was £50,000 or more.

Remuneration includes basic salary, overtime, allowances, expenses (so far as the expenses are chargeable

Remuneration Band	2017/18			2018/19		
	Police	Police Staff	Total	Police	Police Staff	Total
£50,000 - £54,999	251	23	274	250	18	268
£55,000 - £59,999	170	3	173	198	15	213
£60,000 - £64,999	41	4	45	48	1	49
£65,000 - £69,999	18	1	19	22	4	26
£70,000 - £74,999	9	2	11	16	2	18
£75,000 - £79,999	8	1	9	3	1	4
£80,000 - £84,999	8	2	10	10	0	10
£85,000 - £89,999	4	0	4	2	2	4
£90,000 - £94,999	0	1	1	3	0	3
£95,000 - £99,999	0	0	0	0	1	1
£100,000 - £104,999	0	0	0	0	0	0
Total	509	37	546	552	44	596

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 and one police officer has an element of pay in both tables for 2018/19. These relate to Chief Superintendents that were Acting Assistant Chief Constable and Temporary Assistant Chief Constables for a period of 2017/18 or 2018/19. The element of remuneration for the period they were Chief Officers has been removed for the purposes of calculating the above table.

The increase in police officers included in the above table includes officers paid following the settlement of claims linked to the Allard & Ors v Devon and Cornwall Constabulary legal case.

Notes relating to the Accounts: Comprehensive Income & Expenditure Statement

NPCC Rank Officers Remuneration

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
Total	837,257	41,067	67,029	144,023	1,089,376

- 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

2018/19					
	Salary (note 1)	Benefits in kind (note 2)	Allowances (note 3)	Employers Pension contributions (note 4)	Total remuneration
	£	£	£	£	£
Chief Constable - S Kavanagh (note 5)	87,359	6,375	22,620	0	116,354
Chief Constable - BJ Harrington (note 6)	82,060	896	2,440	19,859	105,255
Deputy Chief Constable (note 7)	118,255	7,044	8,412	28,438	162,149
Deputy Chief Constable (note 8)	12,483	854	190	3,021	16,548
Assistant Chief Constable (note 9)	95,764	8,055	1,810	23,175	128,804
Assistant Chief Constable	105,710	0	8,895	25,582	140,187
Acting Assistant Chief Constable (note 10)	9,572	0	285	2,316	12,173
Chief Finance Officer of the Chief Constable	91,485	0	5,400	13,997	110,882
Director of Strategic Change and Performance	118,009	0	0	18,055	136,064
Total for Group	720,697	23,224	50,052	134,443	928,416

- 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) Chief Constable Stephen Kavanagh left the force on the 3rd October 2018. During the period of 1st April 18 - 3rd October 18 he was paid an uplift of 10% which is awarded at the discretion of the PCC upon appointment. The Chief Constable was 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 £12,570 includes £9,054 stipend and £3,516 housing allowance.
- 6) Chief Constable Harrington started in post on the 4th October 2018. The costs shown are his salary and allowances from this date. During this period he was paid an uplift of 10% which is awarded at the discretion of the PFCC upon appointment. Had he been in post for the full year, his salary would have been £157,570 plus allowances.
- 7) The Deputy Chief Constable returned to force from secondment on the 1st April 2018 and left force on the 24th February 2019. The costs shown are their salary and allowances up until this date. Had they been in post for the full year their costs would have been £129,996 plus allowances.
- 8) The current Deputy Chief Constable started in post on the 25th February 2019. The costs shown are their salary and allowances from this point. Had they been in post for the full year their costs would have been £129,996 plus allowances.
- 9) The Assistant Chief Constable left post on 24th February 2019 and the costs shown are their salary and allowances up to this point. Had they remained in post for the full year their costs would have been £105,954 plus allowances.
- 10) The Acting Assistant Chief Constable started in post on 25th February 2019 and the costs shown are their salary and allowances from this point. Had they been in post for the full year their costs would have been £99,688.

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 is on the Kent Police payroll and 50% of their costs were recharged to Essex Police during 2018/19. Their remuneration is disclosed in full in the Kent Police Statement of Accounts.
- b) Deputy Chief Constable
The post holder was seconded into force from the 10th April 2017 until 3rd October 2018. During this period 100% of their costs were recharged to Essex Police.
- c) Assistant Chief Constable
This post holder is on the Kent Police payroll and 50% of their costs were recharged to Essex Police during 2018/19. This post holder has been on secondment to Operation Magenta from 4th September 2018. Their costs are recovered by Kent Police, with 50% reimbursed to Essex Police. Their remuneration is disclosed in full in the Kent Police Statement of Accounts.
- d) Acting Assistant Chief Constable
This post holder is covering the secondment of the ACC in note c) above. The post holder is on the Kent Police payroll and 50% of their costs were recharged to Essex Police during 2018/19. Their remuneration is disclosed in full in the Kent Police Statement of Accounts.
- e) Director of Human Resources
The post holder is on the Kent Police payroll and 50% of their costs were recharged to Essex Police during 2018/19. 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	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0 - £20,000	0	5	0	0	0	5
£20,001 - £40,000	0	2	0	1	0	3
£40,001 - £60,000	0	0	0	0	0	0
£60,001 - £80,000	0	1	1	0	1	1
£80,001 - £100,000	0	0	0	0	0	0
£100,001 - £150,000	1	1	0	0	1	1
Total	1	9	1	1	2	10

Cost of Exit Packages						
	2017/18			2018/19		
	Severance	Pension Strain	Total	Severance	Pension Strain	Total
£0 - £20,000	£0	£0	£0	£28,967	£0	£28,967
£20,001 - £40,000	£0	£0	£0	£68,461	£32,346	£100,807
£40,001 - £60,000	£0	£0	£0	£0	£0	£0
£60,001 - £80,000	£28,177	£47,104	£75,281	£24,838	£53,227	£78,065
£80,001 - £100,000	£0	£0	£0	£0	£0	£0
£100,001 - £150,000	£42,722	£83,985	£126,707	£45,353	£91,018	£136,371
Total	£70,899	£131,089	£201,988	£167,619	£176,591	£344,210

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

13 Termination Benefits

There were 10 employees contracts terminated in 2018/19 (2 employees in 2017/18), incurring the following liabilities:

- £0.168m severance payments (£0.071m for 2017/18)
- £0.177m pension strain (£0.131m for 2017/18).

14 External Audit Costs

	2017/18 £000	2018/19 £000
<u>Fees payable</u>		
- with regard to external audit services carried out by the appointed auditor	19	12
	19	12

In 2017/18 the external auditors were Ernst & Young. With effect from 1st April 2018 the external auditors are Grant Thornton.

Notes relating to the Accounts: Balance Sheet

15 Short-term Debtors

	2017/18 £000	2018/19 £000
Funding from the PFCC	1,526	787
Balance at 31st March	1,526	787

The classification of short-term debtors has been updated for the 2018/19 accounts based on the revised guidance in the Code which permits classifications based on the judgement of the Chief Constable.

16 Short-term Creditors

	2017/18 £000	2018/19 £000
Compensated Absences	(3,702)	(3,027)
Other Employee Related	(1,526)	(787)
Balance at 31st March	(5,228)	(3,814)

The classification of short-term creditors has been updated for the 2018/19 accounts based on the revised guidance in the Code which permits classifications based on the judgement of the Chief Constable.

Notes Relating to the Accounts: Cash Flow Statement

17 Operating Activities

	2017/18	2018/19
	£000	£000
The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:		
(Increase)/decrease in creditors	406	676
Movement in pension liability	(101,583)	(183,652)
Other non-cash items charged to the net surplus or deficit on the provision of services	0	0
	(101,177)	(182,976)

Notes relating to the Accounts: Movement in Reserves Statement

18 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.

2017/18	General Reserve	Total Usable Reserves	IAS19 Pensions Reserve- Police Officers	IAS19 Pensions Reserve- Police Staff	Accumulated Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the IAS19 Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(180,796)	(180,796)	153,836	26,960	0	180,796	0
Less direct payments to pensioners payable in the year	79,213	79,213	(69,319)	(9,894)	0	(79,213)	0
Adjustments involving the Accumulating Absences Account							
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	406	406	0	0	(406)	(406)	0
Total	(101,177)	(101,177)	84,517	17,066	(406)	101,177	0

2018/19	General Reserve	Total Usable Reserves	IAS19 Pensions Reserve- Police Officers	IAS19 Pensions Reserve- Police Staff	Accumulated Absences Account	Total Unusable Reserves	Total all Reserves
	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the IAS19 Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(263,534)	(263,534)	231,849	31,685	0	263,534	0
Less direct payments to pensioners payable in the year	79,883	79,883	(69,601)	(10,282)	0	(79,883)	0
Adjustments involving the Accumulating Absences Account							
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different to remuneration chargeable for the year in accordance with statutory requirements	675	675	0	0	(675)	(675)	0
Total	(182,976)	(182,976)	162,248	21,403	(675)	182,976	0

Notes relating to the Accounts: Movement in Reserves Statement

19 Unusable Reserves

19.1 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.

	2017/18 £000	2018/19 £000
Balance at 1st April	4,109	3,702
Settlement or cancellation of accrual made at the end of the preceding year	(4,109)	(3,702)
Amounts accrued at the end of the current year	3,702	3,027
Balance at 31st March	3,702	3,027

19.2 Pensions Reserve

	2017/18			2018/19		
	Police Officers £000	Police Staff £000	Total £000	Police Officers £000	Police Staff £000	Total £000
Balance at 1st April	2,939,083	199,429	3,138,512	2,830,260	178,706	3,008,966
Actuarial (gains)/losses on pensions assets and liabilities	(193,340)	(37,789)	(231,129)	74,535	(19,783)	54,752
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	153,836	26,960	180,796	231,849	31,685	263,534
Employer's pensions contributions and direct payments to pensioners payable in the year	(69,319)	(9,894)	(79,213)	(69,601)	(10,282)	(79,883)
Balance at 31st March	2,830,260	178,706	3,008,966	3,067,043	180,326	3,247,369

Notes to the Accounts: Supplementary Notes

20 Defined Benefit Pension Schemes

Transactions Relating to Retirement Benefits

The Chief Constable recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge the Chief Constable is required to make against the General Reserve, however, is based on the cash payable in the year, and therefore the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement. The following transactions have been made in the Chief Constable's accounts during the year.

Police Officer Pension Schemes

	Police Officer Pension Scheme	
	2017/18 £000	2018/19 £000
<u>Comprehensive Income & Expenditure Statement</u>		
Cost of Services:		
Service cost	72,505	160,559
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	81,331	71,290
Total Post Employment Benefit charged to the Deficit on the Provision of Services	153,836	231,849
Other Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Change in financial assumptions	(98,913)	153,078
Change in demographic assumptions	108,844	(78,543)
Experience (gain)/loss on defined benefit obligation	(203,272)	0
Remeasurements	(193,341)	74,535
Total Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement	(39,505)	306,384
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the Deficit on the Provision of Services for post employment benefits	(153,836)	(231,849)
<u>Actual amount charged against the General Reserve for pensions in the year</u>		
Retirement benefits payable to retired police officers	69,319	69,602

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 losses of £74.535m (gains of £193.341m in 2017/18) have also been included in Other Comprehensive Income & Expenditure.

Notes to the Accounts: Supplementary Notes

Local Government Pension Scheme

	Local Government Pension Scheme	
	2017/18 £000	2018/19 £000
<u>Comprehensive Income & Expenditure Statement</u>		
Service cost	21,402	27,030
Financing and Investment Income & Expenditure:		
Net interest on the defined liability	5,450	4,518
Administration expenses	108	137
	5,558	4,655
Total Post Employment Benefit charged to the Deficit on the Provision of Services	26,960	31,685
Other Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets in excess of interest	(13,884)	(18,961)
Other actuarial gains/(losses) on assets	0	0
Change in financial assumptions	(23,905)	29,928
Change in demographic assumptions	0	(30,750)
Experience (gain)/loss on defined benefit obligation	0	0
Total Remeasurements	(37,789)	(19,783)
Total Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement	(10,829)	11,902
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the Deficit on the Provision of Services for post employment benefits	(26,960)	(31,685)
Actual amount charged against the General Reserve for pensions in the year		
Employer's contribution payable to scheme	9,893	10,282

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 £19.783 (£37.789m gains in 2017/18) have also been included in Other Comprehensive Income & Expenditure.

Total actuarial gains and losses

The total actuarial losses recognised in the Comprehensive Income & Expenditure Statement for Police Officer and Police Staff schemes are £54.752m (£231.130m gains in 2017/18).

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	
	2017/18	2018/19
	£000	£000
Present value of the defined benefit obligation	(2,830,260)	(3,067,043)
Defined benefit obligation at start of year	(2,830,260)	(3,067,043)
Unrecognised past service cost	0	0
Net liability in Balance Sheet	(2,830,260)	(3,067,043)

	Local Government Pension Scheme	Local Government Pension Scheme
	2017/18	2018/19
	£000	£000
Present value of funded obligation	(513,569)	(546,802)
Fair value of scheme assets (bid value)	336,415	367,943
Net liability	(177,154)	(178,859)
Present value of unfunded obligation	(1,552)	(1,467)
Net liability in Balance Sheet	(178,706)	(180,326)

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	
	2017/18	2018/19
	£000	£000
Defined benefit obligation at start of year	(2,939,083)	(2,830,260)
Current service cost	(72,505)	(65,815)
Past service cost	0	(94,744)
Interest cost	(81,331)	(71,290)
Change in financial assumptions	98,913	(153,078)
Change in demographic assumptions	(108,844)	78,543
Experience gain/loss on defined benefit obligation	203,272	0
Estimated benefits paid net of transfers in	82,702	83,171
Contributions by scheme participants	(13,384)	(13,570)
Defined benefit obligation at end of year	(2,830,260)	(3,067,043)

<u>Assets</u>	Police Officer Pension Scheme	
	2017/18	2018/19
	£000	£000
Contributions by employer	69,319	69,602
Contributions by participants	13,384	13,569
Net benefits paid out	(82,703)	(83,171)
Closing fair value of assets	0	0

Notes to the Accounts: Supplementary Notes

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

<u>Liabilities</u>	Local Government Pension Scheme	
	2017/18 £000	2018/19 £000
Balance at start of year	(508,635)	(515,121)
Current service cost	(21,149)	(21,021)
Past service cost	(253)	(6,009)
Interest cost	(14,173)	(13,315)
Change in financial assumptions	23,905	(29,928)
Change in demographic assumptions	0	30,750
Contributions by scheme participants	(3,579)	(3,772)
Benefits/transfers paid	8,676	10,058
Unfunded pension payments	87	88
Balance at end of year	(515,121)	(548,270)

<u>Assets</u>	Local Government Pension Scheme	
	2017/18 £000	2018/19 £000
Balance at start of year	309,206	336,415
Interest on assets	8,723	8,797
Return on assets less interest	13,884	18,961
Administration expenses	(108)	(137)
Employer contributions including unfunded	9,893	10,282
Contributions by scheme participants	3,579	3,772
Benefits paid	(8,762)	(10,146)
Balance at end of year	336,415	367,944
Net liability at start of year	(199,429)	(178,706)
Net liability at end of year	(178,706)	(180,326)

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	
	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000
Life expectancy from age 65 (police staff) and age 60 (police officers)				
Retiring in 20 years time:				
Male	24.4	22.9	23.7	23.0
Female	27.0	25.4	26.1	25.5
Retiring today:				
Male	22.2	21.3	21.9	21.3
Female	24.7	23.6	24.2	23.7
Rate of Inflation (RPI)	3.3%	3.4%	3.3%	3.4%
Rate of Inflation (CPI)	2.3%	2.4%	2.3%	2.4%
Rate of Increase in Salaries	3.8%	3.9%	3.8%	3.9%
Rate of Increase in Pensions	2.3%	2.4%	2.3%	2.4%
Discount Rate	2.6%	2.5%	2.6%	2.4%

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

	2017/18		2018/19	
	£000		£000	
Equities	219,562	66.0%	229,077	62.0%
Government bonds	22,380	7.0%	19,529	5.0%
Other bonds	12,497	4.0%	21,504	6.0%
Property	31,911	9.0%	32,715	9.0%
Cash/Liquidity	11,569	3.0%	9,690	3.0%
Alternative assets	24,850	7.0%	35,876	10.0%
Other managed funds	13,645	4.0%	19,552	5.0%
Total	336,414	100.0%	367,943	100.0%

The liabilities show the underlying commitments that the Chief Constable has in the long term to pay retirement benefits. The total liability of £3,247m 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 2020 is £10,178m. Expected contributions for the Police Officer Pension Schemes in the year to 31st March 2020 by the employer are £26,726m.

Notes to the Accounts: Supplementary Notes

The following assumptions have also been made:

- Police officers and staff will exchange half of their commutable pension for cash at retirement.
- Police officers will retire when they are first eligible to do so without reduction.
Police officers and staff will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

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

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

Police Officers	£000	£000	£000
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,003,797	3,067,042	3,131,836
Projected service cost	93,631	96,375	99,206
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,075,700	3,067,042	3,058,473
Projected service cost	97,339	96,375	95,423
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,123,114	3,067,042	3,012,245
Projected service cost	98,239	96,375	94,580
<u>Adjustment to mortality age rating assumption</u>	+1 Year	None	-1 Year
Present value of total obligation	3,186,605	3,067,042	2,952,102
Projected service cost	99,449	96,375	93,396

Police Staff	£000	£000	£000
<u>Adjustment to discount rate</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	536,103	548,270	560,725
Projected service cost	21,227	21,806	22,402
<u>Adjustment to long term salary increase</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	549,890	548,270	546,665
Projected service cost	21,806	21,806	21,806
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	+0.0%	-0.1%
Present value of total obligation	559,100	548,270	537,691
Projected service cost	22,401	21,806	21,226
<u>Adjustment to mortality age rating assumption</u>	+1 Year	None	-1 Year
Present value of total obligation	567,260	548,270	529,921
Projected service cost	22,520	21,806	21,115

Guaranteed Minimum Pension (GMP) Equalisation

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

The valuation assumptions for GMP adopted within the 2018/19 accounts is that the fund will pay limited increases for members that have reached the state pension age (SPA) by the 6th April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the assumption is that the Fund will be required to pay the entire inflationary increase.

Therefore, based on the above assumptions already being included within the IAS 19 figures disclosed within the 2018/19 accounts, the Chief Constable has not made any further financial adjustments in respect of GMP.

Notes to the Accounts: Supplementary Notes

Transitional Provisions in the Police Pension Regulations 2015

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 December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. On 27 June the Supreme Court refused leave to appeal on the McCloud case. The government respects the Court's decision and going forward will engage fully with the Employment Tribunal to agree how the discrimination will be remedied. In light of this it is envisaged that the Court will require changes to arrangements for employees who were transferred to the new schemes potentially including Police Pension Scheme members. This would lead to an increase in Police Pension Scheme liabilities and our actuaries (The Government Actuary Department) using specific assumptions and applying these across the Police scheme as a whole have estimated the potential increase in scheme liabilities for the Chief Constable of Essex Police to be approximately 3.1% or £94.744m of pension scheme liabilities. This increase is reflected in the IAS19 Disclosure as a Past Service Cost. The actuaries have highlighted that this estimate is based on one potential remedy, the potential impact of any difference in the profile of the force's membership compared with the scheme as a whole and that the figures are highly sensitive to assumptions around short term earnings growth.

The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Police Pension Fund Regulations 2007. These require a police authority to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

With regard to the LGPS a similar adjustment to past service costs within the IAS19 Disclosure has been made for the McCloud judgment. This corresponds to a 3.1% or £5.679m increase in liabilities. The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates.

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.

	2017/18		2018/19	
	£000	£000	£000	£000
Contributions receivable				
Employer (21.3% of Pensionable Pay)	(20,983)		(21,457)	
Serving police officers	(13,384)		(13,568)	
Capital equivalent payment for ill health	(821)		(1,006)	
Transfers in				
Individual transfers in from other schemes	(447)		(609)	
Total Receipts		(35,635)		(36,640)
Benefits payable				
Pensions	61,005		64,702	
Commutations and lump sum payments	18,489		14,296	
Annual and lifetime allowance tax payments	0		713	
Lump sum death benefits	108		0	
NIC on pension funds	4		0	
Interest on commutations and lump sum payments	0		12	
Payments to and on account of leavers				
Refund of contributions	43		106	
Individual transfers out to other schemes	25		195	
Total Payments		79,674		80,026
Sub total for the year before transfer from the PFCC of amount equal to the deficit		44,040		43,386
Transfer of amount from the PFCC of amount equal to the deficit - annual benefits (21.3%)	(41,183)		(40,465)	
Transfer of amount from the PFCC of amount equal to the deficit - additional funding payable (2.9%)	(2,857)		(2,921)	
Transfer of amount from the PFCC of amount equal to the deficit - Total		(44,040)		(43,386)
Net Amount Payable for the year		0		0

Police Officer Pension Fund Account

Pension Schemes

There are currently three schemes in operation which feed into the Police Officer Pension Fund. These are as follows:-

- The Police Pension Scheme 1987 – a defined benefit statutory scheme administered in accordance with the Police Pensions Regulations 1987. This is the oldest scheme currently in operation and is based on final salary. Membership will gradually be phased out over the medium term as officers are tapered into the CARE scheme (see below). 1987 scheme members had the choice to move to the 2006 scheme (also see below) when this was introduced, but the number of transfers were minimal.
- The Police Pension Scheme 2006 – a defined benefit statutory scheme administered in accordance with the Police Pensions Regulations 2006. This is an additional final salary-based scheme which is also being slowly phased out and tapered into the CARE scheme. Membership eligibility for both the 1987 and 2006 schemes is now closed.
- The Police Pension Scheme 2015 or 'CARE' (Career Average Revalued Earnings) scheme - a defined benefit statutory scheme administered in accordance with the Police Pensions (Consequential Provisions) Regulations 2015. This was introduced from 1st April 2015 and is the only scheme open to new officers. Existing officers were brought into the scheme on 1st April 2015 unless they had full transitional protection or tapered protection. Injury and ill-health awards continue to be paid from the Chief Constable's operating account. The employer rate is 21.3% (with an additional 2.9% top-up contribution payable by the Chief Constable, directly to the Home Office).

The table on the previous page showing the movements on the Police Officer Pension Fund for the year does not include liabilities to pay pensions and other benefits after the Balance Sheet date. The liabilities for future retirements benefits are disclosed in note 40 of the PFCC/Group accounts.

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
Essex Police Headquarters
PO Box 2
Springfield
Chelmsford
Essex
CM2 6DA

Telephone 01245 452615
E-mail: public.finance.enquiries@essex.pnn.police.uk

General information about Essex Police can be obtained at:
www.essex.police.uk