

PFCC Decision Report

Report reference number: 081-22

Classification: Not protectively marked

Title of report: Year End Appropriation to General Reserve and 2021/22 Draft Unaudited Statement of Accounts

Area of county / stakeholders affected: Countywide

Report by: Matt Tokley, Head of Corporate Accounting

Chief Officer: DCC Andrew Prophet

Date of report: 10th June 2022

Enquiries to: Matt Tokley, Head of Corporate Accounting

1. Executive Summary

This report sets out the Draft Unaudited Statement of Accounts for 2021/22 for the Chief Constable and the PFCC / Group. These are attached in the appendices to this report.

2. Recommendations

To approve the appropriation of the net underspend of **£1.720m** to the **General Reserve**.

To endorse the Draft Unaudited Statement of Accounts 2021/22 for the Chief Constable and the PFCC / Group, noting the outstanding information and the proposed way forward in respect of signing off these accounts in accordance with agreed deadlines.

3. Background to the Proposal

In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC) announced its intentions in respect of the dates which would apply for the 2021/22 accounts and audit process in England, which are currently based on the Accounts and Audit Regulations 2015 (as amended).

In respect of the publication of the unaudited Statement of Accounts, the proposal is for the public inspection period to be commenced by 1st August. Therefore, as this commencement can only happen at the earliest on the first working day after the unaudited accounts are published, this deadline will be 31st July.

Following discussion with the force's external auditors, Grant Thornton, the 2021/22 audit inspection process will commence from mid-July, and internal timetables and reporting deadlines have therefore been aligned to ensure the Statement of Accounts work is completed by this date. The intention is for the draft documents to be signed, published on external websites, and shared with Grant Thornton by no later than the end of June.

4. Proposal and Associated Benefits

The year-end appropriation to the General Reserve totalled **£1.720m**. Based on the closing year-end General Reserve balance of £14.818m, this equated to an overall annual increase on the reserve of £1.656m, including the impact of adjustments processed earlier in the year.

The net earmarked reserves appropriations during 2021/22 were £4.807m, representing a closing balance of £17.107m (total revenue reserves of £31.925m).

The covering report sets out the formal plan for the sign-off of the Statement of Accounts and will provide clarity to the Corporate Finance Team in respect of the agreed way forward for dealing with the remaining adjustments required and ensuring that the PFCC's external auditors (Grant Thornton) have a signed set of accounts in advance of the commencement of the statutory audit in mid-July. In addition, the agreed plan will ensure compliance with statutory deadlines.

In respect of the core financial statements, the force recognised an accounting deficit on the Provision of Services of £142.210m in the Comprehensive Income and Expenditure Statement (£73.915m deficit in 2020/21), mainly relating to pensions service costs. However, Total Comprehensive Income and Expenditure equated to a surplus of £89.920m (£563.069m in 2020/21) once the impact of upward pension and asset revaluations had been reflected. All of these key movements and factors represented technical accounting entries processed for statutory purposes, which have no impact on the taxpayer.

When producing the Statement of Accounts, there is a requirement to use information that comes from other external bodies. Due to the fact that many organisations in the public sector are working to the statutory deadline of 31st July to produce their draft accounts, not all of the relevant information is available yet. In addition, there are some narrative areas and review work still outstanding that may

impact the content of the accounts. We are therefore in a position where we have a draft Statement of Accounts, but this is still subject to change.

The completion and final sign-off of the draft unaudited Statement of Accounts is subject to further amendments, but the PFCC should note that any further adjustments expected to be made to the attached appendices will be immaterial and / or relate to notional areas of the accounts which do impact the General Reserve. The Chief Finance Officers will keep the PFCC abreast of the progress with these issues, and the oversight process for the final draft versions will be agreed in due course.

5. Options Analysis

Whilst the accounts are not expected to change materially, it is not proposed to sign the current version as there is sufficient time available to complete the missing elements and still ensure that the auditors have the accounts prior to their engagement commencing, with no impact to statutory deadlines. In addition, whilst unlikely, there may be further issues which arise prior to the signing date, meaning it is prudent that the respective Section 151 Officers sign off the Draft Unaudited Statement of Accounts once all the information is available for inclusion.

6. Consultation and Engagement

The Corporate Finance team has worked closely with the PFCC's office during the process to create the Statement of Accounts, most notably on the Narrative Report and Annual Government Statement. The PFCC's Chief Financial Officer has also been briefed on previous versions of these accounts and has been actively involved in discussions in respect of the related content.

7. Strategic Links

The paper concerns the management and statutory accounting for the PFCC Group's income, expenditure and reserves, which represent the key resources underwriting all the priorities and workstreams identified within the Police and Crime Plan.

8. Police operational implications

The link between finances and operational activity is set out in the Narrative Report included in both the Chief Constable's and PFCC's / Group's Draft Unaudited Statement of Accounts. This includes performance data, analysis of the priorities of the Police and Crime Plan and the related progress made, as well as commentaries from the Chief Constable and the PFCC.

9. Financial implications

The Draft Unaudited Statement of Accounts sets out the financial performance in the year, telling the story of how local financial reporting links into a statutory accounting presentation format. The documents include the core financial statements together

with a set of related disclosures and narrative which provide supporting information for all these statements, to assist the reader's understanding.

10. Legal implications

The Accounts and Audit Regulations 2015 came into force on 1st April 2015. The statutory requirement to publish the Statement of Accounts and the dates by which these are required, including public inspection dates, are prescribed within these regulations.

11. Staffing implications

There are no specific staffing implications. However, the Draft Unaudited Statement of Accounts includes various employee-related information, including content relating to senior officers, within the supporting disclosures which the PFCC is requested to note.

12. Equality, Diversity and Inclusion implications

There is no impact of this decision report in respect of issues relating to equality, diversity or human rights. The narrative report within the Draft Unaudited Statement of Accounts does however set out detail of the force's campaign to achieve a more diverse and inclusive workforce, and the progress to date which has been achieved in accordance with the overarching Diversity, Equality and Inclusion Strategy 2020-2025.

13. Risks and Mitigations

Failure to comply with statutory requirements and deadlines - Whilst the PFCC is not required to have its Draft Unaudited Statement of Accounts signed off until 31st July 2022, failure to achieve this before the commencement of the statutory audit in mid-July will mean that the PFCC's external audit timetable may be compromised, and also jeopardise the final audit being completed in time for the final Statement of Accounts being signed off by 30th September 2022.

14. Governance Boards

The extracts of the Statement of Accounts, encompassing the Narrative Report, Annual Governance Statement and Officers Remuneration disclosures, were presented to the Chief Officers Group (COG) on 19th May, as well as the PFCC's Performance and Resources Board on 18th May. At the following COG meeting, on 1st June, the provisional outturn for 2021/22 was also presented, followed by the PFCC's Performance and Resources Board on 30th May.

15. Links to Future Plans

These documents link into and align with the PFCC's Medium-Term Financial Strategy (MTFS) and the overall framework for the ongoing monitoring and scrutiny of financial performance at Essex Police, to ensure resources are available and affordable in relation to the strategic priorities of the PFCC.

16. Background Papers and Appendices

The key background papers are the two Draft Unaudited Statement of Accounts for the Chief Constable and the PFCC / Group, and the covering report to the PFCC's Strategic Board.

Appendices – Draft Unaudited Statement of Accounts and covering report



2021-22 CC SoA
10.06.22 V3.2.pdf



2021-22 PFCC
Group SoA 10.06.22



2021-22 Draft
Unaudited SOA Report

Report Approval

The report will be signed off by the PFCC's Chief Executive and Chief Finance Officer prior to review and sign off by the PFCC / DPFCC.

Chief Executive / M.O.

Sign: 

Print: P. Brent-Isherwood

Date: 20 October 2022

Chief Finance Officer

Sign: 

Print: Janet Perry

Date: 20 November 2022

Publication

Is the report for publication?

YES

NO

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'None' if applicable)

None

If the report is not for publication, the Chief Executive will decide if and how the public can be informed of the decision.

Redaction

If the report is for publication, is redaction required:

1. Of Decision Sheet? YES
NO

2. Of Appendix? YES
NO

If 'YES', please provide details of required redaction:

N/A

Date redaction carried out:

Chief Finance Officer / Chief Executive Sign Off – for Redactions only

If redaction is required, the Treasurer or Chief Executive is to sign off that redaction has been completed.

Sign:

Print:

Chief Executive / Chief Finance Officer

Decision and Final Sign Off

I agree the recommendations to this report:



Sign:

Print: ROGER HIRST

PFCC

Date signed: 25 November 2022

I do not agree the recommendations to this report because:

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Sign:

Print: